

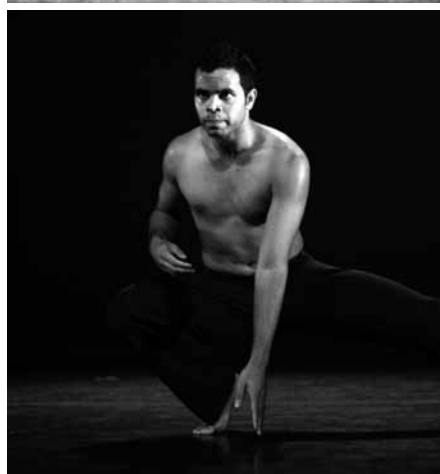
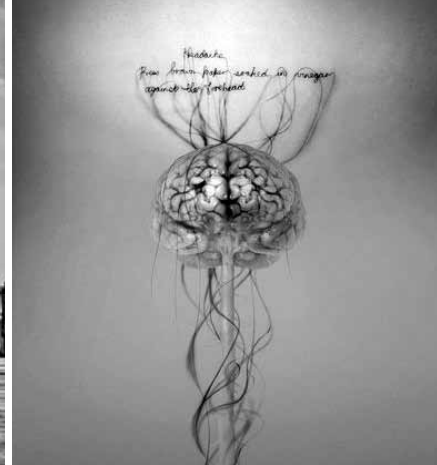


Australian Government



Australia Council
Annual Report

11
12



“As the primary funding body for the arts, since its inception the Australia Council has played a central role in ensuring the vitality and resilience of the Australian arts sector. Committed and knowledgeable staff, and engaged and passionate peer assessors have, on behalf of the community, seriously assumed their responsibilities to support and nurture ‘excellence’ among Australia’s practitioners and organisations. They have helped to create an artistic environment which has enriched Australia’s fabric in countless ways.”

Independent Review of the Australia Council, May 2012



“Our vision is to enrich our nation by supporting the practice and enjoyment of the arts.”



“Our mission is to support the creation, presentation and appreciation of distinctive cultural works by providing assistance to Australian artists and making their works accessible to the public.”



“We see an Australian culture that is engaging with the arts in new and inspiring ways.”



“We see the arts as a vital part of Australia’s culture. All Australians should experience the arts through education and in their communities.”





“We see the arts as the bedrock of a creative economy. They are a key contributor to our nation’s prosperity.”

“We see an Australia in which artists are appreciated for how they tell our stories, able to respond to the challenges of our time, and continually finding new ways to create.”



“We see a collaborative, creative and innovative Australian arts culture which is distinct, excellent and influential – nationally and internationally.”



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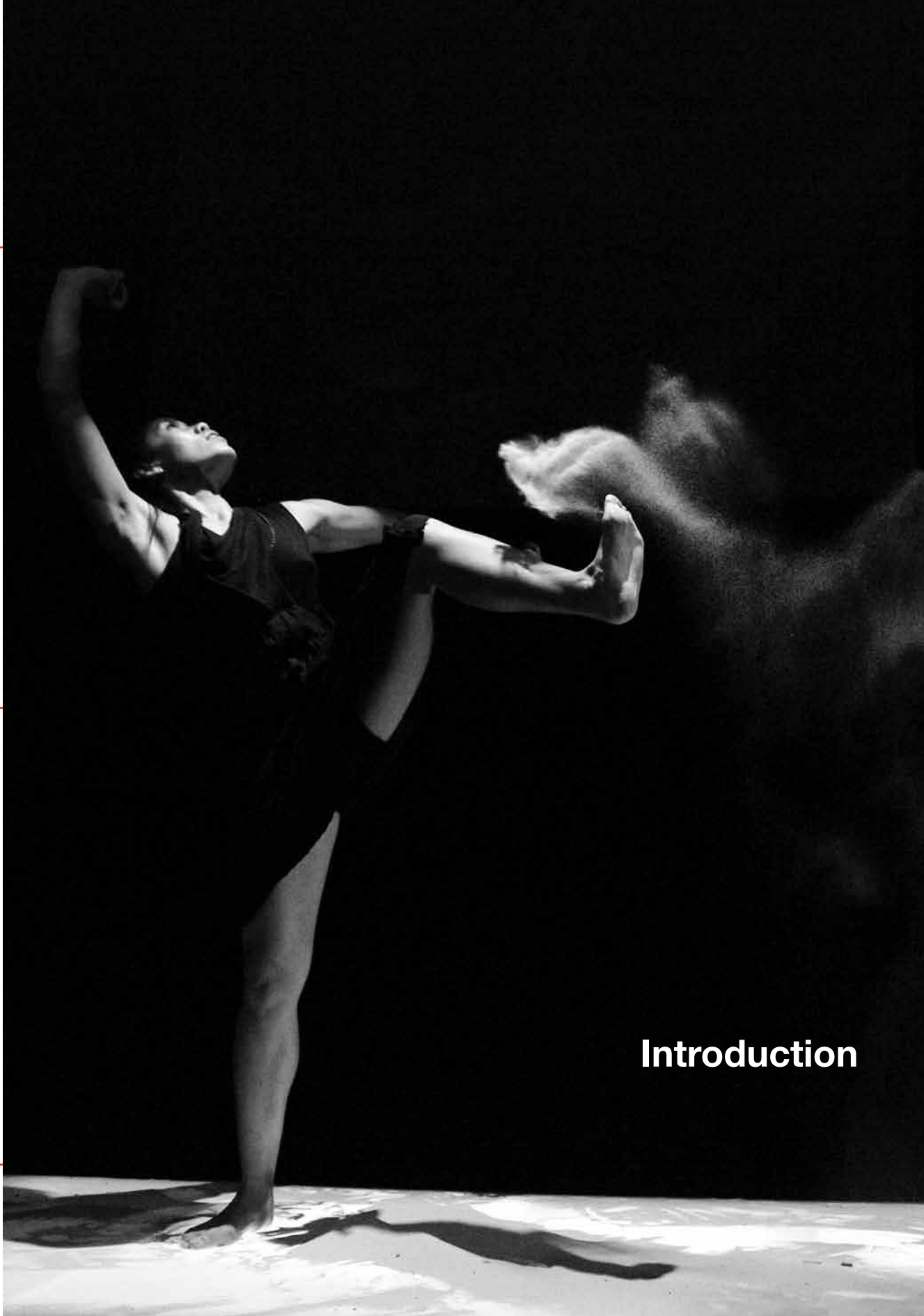
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Introduction



Year at
a glance
2011–12

\$164.5 million

total grant and project funding to artists
and arts organisations

13 million

attendances at Australia Council
supported events

1,922

Australia Council grants and projects

7,656

new artistic works created with
Australia Council support

5,137

new artistic works presented with
Australia Council support

1,011

individual artists funded (directly and devolved)

168

organisations funded through Key
Organisations' multi-year grants and
the Major Performing Arts Board

Letter from the Chair



The Hon Simon Crean MP

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

1 September 2012

Dear Minister,

This 2011–12 annual report of the Australia Council has been approved by the governing council on 30 August 2012.

Under Section 9 of the *Commonwealth Authorities and Companies Act 1997*, the directors of the Australia Council are responsible for the preparation and content of a report of operations in accordance with the *Commonwealth Authorities and Companies Act Finance Minister's Orders*. The following report of operations was adopted by resolution of the Australia Council on 30 August 2012.

The Australia Council's \$164.5 million of funding in 2011–12 made an impressive contribution to the capacity of our artists to create and share their work with Australians and the world. Indeed, over the past year Australia Council funding supported the creation of 7,656 new artworks and the presentation, performance, publication and exhibition of 5,137 artworks. All of this work makes a powerful impact on the vitality and wellbeing of artists and communities across the country.

The past year has seen strong additions to the Australia Council's governing council. In 2011–12 we welcomed Lee-Ann Buckskin as Chair of the Aboriginal and Torres Strait Islander Arts Board, Sophie Cunningham as Chair of the Literature Board, and Stephen Armstrong as Chair of the Theatre Board. I would also like to acknowledge James Strong's (AO) hard work and commitment to the arts as Chair of the Australia Council over the past six years. He has left behind an efficient and dynamic organisation that is prepared to embrace the opportunities of the coming year.

I am delighted to have been appointed Chair of the Australia Council at such an important moment in the history of arts and culture in Australia, particularly as the Government proceeds with the development of the National Cultural Policy and the outcomes of the review of the Australia Council.

I look forward to working with you to ensure that we continue to invest in artists and excellent art for all Australians.

Yours faithfully,

Rupert Myer AM

Chair, Australia Council

“The grant helped me achieve a level of professional practice in visual arts that was impossible before. My grant year has been my most successful year of artistic practice to date.”

Dara Gill
2010 ArtStart and Jump Mentorship recipient

“In a world that is increasingly risk-averse, our job as artists is to embrace risk, danger and adventure in our work; reflecting the entire spectrum of human possibility from the most vile to the most hopeful.”

Marion Potts
Artistic Director, Malthouse Theatre Company

Image: Dara Gill, *Untitled (Survey with stones)*, 2011. Stones, rope, timber, c lipboards, paper. Survey from Found Book. Dimensions Variable. Photo: Dara Gill



**Year in review
2011–12**

Mission

The Australia Council is the Australian Government's arts funding and advisory body. The Australia Council's mission is to support the creation, presentation and appreciation of distinctive cultural works by providing assistance to Australian artists and making their works accessible to the public.

The Council plays a crucial role in supporting artists and arts organisations to create and present their work, improve and develop their skills, and tour and promote their work to wider audiences. It also develops new audiences for the arts nationally and internationally, and promotes an appreciation of the value of the arts to Australians.

The Council's national focus reflects the culture and creativity of both regional and urban communities and honours its statutory obligation to ensure access to and participation in the arts by all Australians.

The Council's overarching guiding principle is the support of artistic excellence through the arm's length, peer review of grants to artists and arts organisations. This is enabled by its artform boards and panels, whose members are made up of Australia's leading arts practitioners.

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

Structure of the Australia Council



The governing council

The governing body of the Australia Council is called 'the council'. Members of the council are appointed by the Minister for the Arts and are chosen for their experience, passion and skill. They are non-executive directors and together, form a group of artists, educators, business managers, administrators and arts audience members.

The council members represent the community and the various artforms, and share a strong commitment to seeing the arts in Australia thrive. They generously share their knowledge and expertise, and bring a wide variety of perspectives to the Australia Council.

Council members as of 30 June 2012:



Mr James Strong AO
Chair (NSW)

Appointed Chair of the Australia Council for three years from 1 July 2006 and re-appointed for an additional three years from 1 July 2009. Member of the Audit and Finance Committee; Chairman of Woolworths Limited and Kathmandu Limited; Non-executive Director of Qantas Airways Limited; Director of Story Bridge Adventure Climb Pty Ltd and the Australian Grand Prix Corporation; Member of the Nomura Australia Advisory Board; Chairman, Organising Committee for the ICC Cricket World Cup 2015.



Mr John W. H. Denton
Deputy Chair (Vic)

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



Ms Kathy Keele
Chief Executive Officer (NSW)

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



Mr Stephen Armstrong
Chair, Theatre Board (Vic)

Appointed to the Australia Council as Chair of the Theatre Board for three years on 16 August 2011. Mr Armstrong replaces Ms Rosalba Clemente whose term ended on 25 March 2011. Mr Armstrong is an independent producer and consultant, board director for Chunky Move, Trustee for the Victorian Actors' Benevolent Trust and a philanthropic program manager for the Myer Foundation.



Ms Lee-Ann Buckskin
Chair, Aboriginal and Torres Strait Islander Arts Board (SA)

Appointed to the Australia Council as Chair of the Aboriginal and Torres Strait Islander Arts Board for three years on 16 May 2012. Ms Buckskin replaces Dr Mark Bin Bakar whose term ended on 29 April 2012. Ms Buckskin works for Carclew Youth Arts in South Australia and is a member of the South Australian Museum's Aboriginal Advisory Committee.



Ms Sophie Cunningham
Chair, Literature Board (Vic)

Appointed to the Australia Council as Chair of the Literature Board for three years on 16 May 2012. Ms Cunningham replaces Professor Dennis Haskell who resigned on 9 December 2011. Ms Cunningham is a board member of The Stella Prize, Mentor of JUMP and Course Director for the Faber Academy.



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

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



Dr Matthew Hindson AM
Chair, Music Board (NSW)

Appointed to the Australia Council as Chair of the Music Board for three years from 27 March 2009, and reappointed for a further three year term to 26 March 2015. Dr Hindson is a renowned composer and Chair, Composition and Music Technology Unit, Sydney Conservatorium of Music; Music Curator, Campbelltown Arts Centre; Composer in residence for 2012 at Australian National Academy of Music, and has a commission in 2012 with Musica Viva.



Mr Kenneth Lloyd AM
Community interest representative (SA)

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



Ms Samantha Mostyn
Community interest representative (NSW)

Appointed to the Australia Council as a community interest representative and a member of the council for three years from 16 June 2010. Ms Mostyn is Commissioner; Australian Football League, Commissioner of the National Mental Health Commission, Director of Citigroup Pty Ltd; Director, Australian Volunteers International and Sydney Theatre Company; Member, AFL SportsReady; Director, Transurban Group; Independent non-executive director, Virgin Blue Holdings Ltd; and Deputy Chair of Diversity Council of Australia.



Ms Chrissy Sharp
Chair, Dance Board (Vic)

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



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

Appointed to the Australia Council as Chair of the Visual Arts Board for three years from 27 December 2006. Re-appointed for a further three years on 5 February 2010. Professor Snell is the Director, Cultural Precinct, University of Western Australia; Perth art reviewer for *The Australian* newspaper; Chair, University of Western Australia Publishing.

Message from the CEO



The 2011–12 financial year was a momentous one for the Australia Council on many fronts. It was marked by a review, the end of the term of our Chair James Strong AO and the launch of the Creative Australia Artists Grants program, one of the most significant grants programs in many years.

Alongside these significant events, the Australia Council maintained its focus on investing in excellent art across the country and providing all Australians with the opportunity to enjoy and participate in the arts. More than 13 million Australians attended arts events supported by the Council. Efforts to promote the arts to communities were given a boost by the announcement of Geoffrey Rush as Australian of the Year, the first actor in many years to be awarded this prestigious title. Given his longstanding and deep commitment to Australian theatre and film, this was a very pleasing choice.

Artistic excellence was foremost in the Council's mind for the announcement of the Creative Australia Artists Program in August 2011. In the ensuing months, a series of ground-breaking funding opportunities were announced and awarded through the Literature Board, Aboriginal and Torres Strait Islander Arts Board, and the Inter-Arts Office. The highlight of the program was the announcement of the recipients of the inaugural Creative Australia Fellowships in May 2012. A total of 11 exceptional artists – five established and six early-career artists – have been given the precious gift of time and space to develop their arts practice and undertake ambitious projects.

During the reporting period, the Council hosted a number of major events for the arts and culture sector. The most significant was the 5th World Summit of Arts and Culture held in Melbourne (3–6 October 2011), which the Council co-hosted with the International Federation of Arts Councils and Culture Agencies (IFACCA). The Summit, which was guided by the theme 'Creative Intersections', brought together government and cultural leaders from more than 80 countries to explore how artists can give a voice to diverse communities and concerns through collaborations with experts from a range of non-arts disciplines. The Summit was a great success, fostering many new partnerships and furthering the development of arts and cultural policy internationally.

In December 2011, the Minister for the Arts, the Hon Simon Crean MP, announced a review of the Council, led by Angus James and Gabrielle Trainor. The review, conducted within the context of the development of the National Cultural Policy, culminated in the release of a report in May 2012, which included 18 recommendations for reform. The Council is poised to implement appropriate reforms in 2012–13 pending the outcomes of the National Cultural Policy.

The period of the review coincided with the end of James Strong's (AO) second term as Chair. James guided the Council through an eventful six years with his distinct, down-to-earth approach to leadership. He ensured the governing council always measured its decisions by the degree it assisted Australian artists to make art for Australia and for audiences around the world.

In 2011, the Australian Government announced its intention to review the purpose and governance arrangements of the Australia Council and the appropriateness of its legislation. The Council welcomed the opportunity to reflect on the impact of the Council in nurturing a robust and vibrant arts sector over the past 37 years and to propose reforms that ensure the ongoing relevance of the Council in the 21st century.

Looking to 2012–13, the Australia Council is in experienced hands with the appointments of Rupert Myer AM as Chair and Robyn Archer AO as Deputy Chair. These appointments provide a powerful combination of business skills and contemporary arts practice, which will guide the Council through the next critical phase.

The Council's ability to reach the arts sector and the broader community is strengthened by the expertise of each member of the governing council and the members of the respective artform boards and committees. Many of these members are artists themselves, and are committed to the wellbeing of their peers and their arts practice. Throughout the past year they have been strong advocates for the role of the Council, potential reform, and the importance of creativity in our society.

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

A handwritten signature in black ink, reading 'Kathy Keele'.

Kathy Keele
CEO, Australia Council

Report from the CEO

Core to the work of the Arts Funding division is arm's length, peer assessment of applications for grants to support the creation of new work, the presentation and promotion of work, and professional development opportunities such as residencies and fellowships.

Year in review

Arts Funding

The Australia Council's commitment to supporting artists and their art throughout Australia is demonstrated by the grants awarded to artists and arts organisations through the artform boards, committees and panels of the Arts Funding division. Core to the work of the division is arm's length, peer assessment of applications for grants to support the creation of new work, the presentation and promotion of work, and professional development opportunities such as residencies and fellowships.

In addition to assessing and awarding grants to artists and arts organisations, the division's artform boards and committees developed specific initiatives based on their respective sector plans. These plans provide a road map for priorities, directions and initiatives and were reviewed and revised during the reporting period.

The division's boards, committees and panels worked together to offer a number of cross-artform grants and initiatives in 2011–12.

Theatre, Dance and Inter-Arts collaborated on Mobile States, an initiative to increase presentation opportunities, awareness and appreciation of contemporary performance practice. Collaboration across all artforms has led to the launch of the Australia Council Creative Australia Fellowships which encourage and support early career and established artists to develop interdisciplinary and innovative work.

The Inter-Arts Office launched its Creative Development New Art initiative. Seven artists and groups were funded through this program, which supports the creation of ambitious, new, experimental art. The successful projects include artists exploring new ecological practices, community and architectural partnerships, game art, augmented-reality and site-specific art. Collaborations between all artforms boards, the Community Partnerships Committee and the Inter-Arts Office have led to an increase of jointly-funded initiatives.

The Music Board concluded Soundclash, an initiative which supported the development of innovative, risk-taking contemporary popular music, by funding musically successful experimentation across genres such as rock, hip hop, pop, and electronic dance music. The board supported 40 artists during this four-year initiative. The board also undertook a sector-wide consultation on music recording to advise the government on current issues and options relating to the role of government in supporting music recording.

The Visual Arts Board conducted a review of the Key Organisations portfolio which resulted in two new organisations being supported with triennial funding: West Space in Melbourne, an artist-run initiative, exhibiting artists and collectives working on inter-disciplinary projects; and 4A Centre for Contemporary Asian Art in Sydney which supports visual arts representing excellent and innovative contemporary Asian and Australian culture.

Seven artists and groups were funded through the Creative Development New Art initiative, which supports the creation of ambitious, new, experimental art. The successful projects include artists exploring new ecological practices, community and architectural partnerships, game art, augmented-reality and site-specific art.

The Theatre Board invested in two initiatives aimed at building theatre-making capacity in the Northern Territory. Six diverse and exciting Northern Territory works, including Indigenous, visual theatre, new texts and an opera, were funded through Theatre's New Territory Fund and the NT+1 initiative. The board also partnered with the Major Performing Arts Board to promote greater engagement with culturally and linguistically diverse artists through the In the Mix initiative.

To provide artists with supportive structures to create, present and tour theatre and dance work, the Dance and Theatre Boards partnered with Arts SA to extend the Managing and Producing Services (MAPS) program, the successful joint initiative with Arts New South Wales, Arts Queensland, Arts Victoria and Western Australia's Department of Culture and the Arts. As a result, audiences intrastate, nationally and internationally have been able to see a greater variety of work by Australian theatre and dance groups.

In response to the increasing popularity of multimedia-enabled smart tablets as a platform for the digital distribution of literature and other forms of writing, the Literature Board's Digital Publishing initiative supported four established literary magazines to create dynamic tablet editions and specialised e-books. *Australian Book Review (ABR)*, *Griffith REVIEW*, *Meanjin* and *Overland* received funding to create interactive tablet editions of their magazine and specialised e-books.

Following a review of its multi-year funded organisations in 2011, the Dance Board welcomed three new companies as Key Organisations, Emerging: BalletLab, KAGE and Shaun Parker & Company. All are making a significant impact to the contemporary dance scene nationally and internationally.

In September 2011, the Community Partnerships Committee awarded two awards – the Ros Bower and the Kirk Robson. The Ros Bower Award was presented to Kharen Harper for her outstanding life-long contribution to community arts and cultural development. The Kirk Robson Award was awarded to Shakthi Sivanathan for his achievements as a young Australian artist, working with some of Australia's most marginalised communities to produce art about social issues.

The Arts Funding division also manages the following Australian Government initiatives: Artists in Residence, ArtStart, Creative Community Partnerships, Opportunities for Young and Emerging Artists, and the Creative Australia Artists Grants (see page 43 for more details on these initiatives in 2011–12).

To maximise the effectiveness of its grants programs and processes, the Council undertook a Client Satisfaction Survey in 2011 which assisted the division to review its online grants processes and improve online support provided to grant applicants.

Report from the CEO (continued)

During 2011, the companies funded through Arts Organisations demonstrated an extensive reach into the Australian community, with some 3 million attendances at performances, 0.6 million attendances at schools and education programs and 4.6 million attendances at exhibitions.

Arts Organisations

In 2011–12, Arts Organisations oversaw funding to 168 triennially-funded key organisations and major performing arts (MPA) companies. The division supported the sector in the important areas of financial viability, artistic vibrancy and good governance, providing a range of services to assist these companies in improving capacity and sustainability. Services included business planning assistance, management and leadership training, and the provision of a range of forums and resources in the areas of marketing, digital innovation and organisational governance.

During 2011–12, the companies funded by Arts Organisations demonstrated an extensive reach into the Australian community, with some 3 million attendances at performances, 0.6 million attendances at schools and education programs and 4.6 million attendances at exhibitions.

In August 2011, the federal and state governments agreed to a new funding framework to underpin and enhance the MPA companies. The new framework aligns with federal and state government aspirations for the companies, in terms of increased access and audience numbers, artistic excellence, nurturing young talent, diversification of income sources and excellence in governance.

In April 2012, Arts Organisations implemented a new internal structure to better service all the arts organisations supported by the Australia Council. Program managers within the division manage a portfolio of companies, comprising small to major, ensuring a transfer of knowledge between each sector in terms of artistic programming, financial management and governance. This will lead to improved capacity building and skills development in the sector.

Throughout 2011–12, arts organisations supported by the Council continued to create dynamic, accessible and artistically-vibrant work such as:

- NEW11, the Australian Centre for Contemporary Art's (ACCA) annual commissions exhibition, offered 10 artists from around Australia the opportunity to make something new and have it exhibited.
- The State Opera of South Australia (SOSA) staged its stunning co-production of Jake Heggie's *Moby Dick*, with partners the Dallas Opera, San Diego Opera, San Francisco Opera and Calgary Opera, to great acclaim. The opera was conducted by Timothy Sexton, the newly appointed Chief Executive and Artistic Director of SOSA.
- The Sydney Theatre Company built upon its already strong international reputation with triumphant performances in Europe and the USA by strong casts led by Co-Artistic Director, Cate Blanchett, in adaptations of Chekhov's *Uncle Vanya*, directed by Tamás Ascher and Strauss's *Gross und Klein*, directed by Benedict Andrews. *Gross und Klein*'s Paris season sold out soon after opening night. During the visit, Cate was awarded the prestigious *Chevalier de l'Ordre des Arts et des Lettres*, one of France's highest cultural honours.

In 2011–12, the Sydney Theatre Company built upon its already strong international reputation with triumphant performances in Europe and the USA.

- The Australian Ballet commenced celebrations for its 50th anniversary, with both retrospective and new work being celebrated on stage. Through the course of its history, the Ballet has sold over 12 million tickets to its performances, employed over 550 dancers, funded 237 new commissions, amassed a repertoire of 389 ballets by 144 choreographers and toured to 37 countries.

Aboriginal and Torres Strait Islander Arts

In 2011–12, the Aboriginal and Torres Strait Islander Arts (ATSIA) division focused on increasing the canon of Indigenous artistic and creative works.

ATSIA Board members met with culture bosses and custodians in meetings in Fitzroy Crossing (Western Australia), Mount Lofty Station (Northern Territory), Cairns (Queensland) and Adelaide (South Australia) to highlight the role cultural bosses and custodians play in ensuring cultural knowledge informs the artistic and cultural expression of songs, dances and paintings.

The ACCELERATE Indigenous Cultural Leadership program in partnership with the British Council saw eight successful participants attend the United Kingdom program throughout which 34 arts and cultural institutions provided mentoring and advice.

Leading visual artist Reko Rennie was funded to exhibit at the Scope Art Fair in New York City, 2012 and the National Indigenous Arts Infrastructure Program continued to build capacity and leadership in Indigenous arts. Both the Black Arm Band and Ilbjerri Theatre were invited to participate in the London 2012 Olympic Arts Festival.

The ATSIA board holds annual national workshops to increase the capacity of Indigenous arts organisations to respond to environmental influences and challenges. In 2012 these workshops focused on the use of social media and digital communication tools and the importance of governance. The board also dedicated funds to support Indigenous artists' participation in the International Symposium on Electronic Art in 2013 (\$30,000) and increase engagement in the digital environment.

The National Indigenous Arts Awards were presented on 27 May 2012 at the Sydney Opera House. Musician Warren H. Williams received the prestigious Red Ochre Award for his outstanding lifetime achievement in the arts. The inaugural \$20,000 Dreaming Award for artists aged 18–26 years was awarded to Nakkiah Lui, to develop a major theatre work on Indigenous youths' engagement with the law, with mentorship by Belvoir St Theatre and Indigenous theatre practitioner, Andrea James. Fellowships were awarded to distinguished new-media artist Jenny Fraser to undertake '*midden*', a major experimental media arts creative project remix; and Gurumul Yunupingu, to create multi-sensory artistic installations presenting the world's oldest living culture using the latest technology.

Report from the CEO (continued)

In 2012, the Australia Council supported a strong and unprecedented representation of Australian visual art at dOCUMENTA (13), one of the most prestigious events on the visual arts calendar, held in Kassel, Germany, every five years.

In focusing on innovative practice, the board supported a wide range of excellent arts projects in 2011–12, from 21st Century Stories Creative Australia Artist Grants, through which artists will reflect on the first decade of this century and its events, to Big hART's critically acclaimed *Namatjira*, which was performed in Albert Namatjira's homeland community, Ntaria. This event received wide media coverage which included the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS).

As part of the Indigenous Theatre Strategy, the board supported a special edition of *RealTime* magazine focussing on Indigenous theatre – *Real Blak* – and a national Indigenous Playwrights' Festival. The board also invested \$300,000 in a three-year national Indigenous literature strategy. The aim is to provide better opportunities for Aboriginal and Torres Strait Islander writers to participate in, share ideas about and strengthen the practice of writing, as well as develop careers and businesses based on sustainability, visibility and support.

In pursuit of diversified models of support for the arts, the board asked artists supported under the 21st Century Stories initiative to experiment with crowdsourcing to build and extend their practice and projects. This follows the success of the *I Am Eora* project funded by the board (\$50,000) which raised over \$300,000 from private investors. Through the 21st Century Stories initiative, eight new Indigenous works have been funded, including one awarded to Wesley Enoch, to research, write and workshop a new play called *The Chairman*.

In 2011–12, the Aboriginal and Torres Strait Islander Arts division reduced the duration of board meetings and improved the turnaround time for funding proposals, as part of an overall strategy aimed at greater efficiency.

Arts Development

The Arts Development division aims to increase participation in Australia's arts – nationally and internationally. This is achieved through strategic investment in research and by connecting arts, markets and audiences.

The Australia Council's research and strategic analysis program delivers practical research to inform both the Council and the sector. In 2011–12, 20 research and evaluation projects were conducted. The published reports achieved a strong response. For example, the *Women in Theatre* report (Lally & Miller, 2012) achieved solid media coverage and the Connect Arts website, established in 2011 to encourage the use of online media, achieved 15,000 visitors and 2,500 downloads of the report. In 2011–12, the Council partnered in 12 Australian Research Council (ARC) research projects.

In October 2011, the research program included an analysis of the Council's performance as a service provider. This was conducted via an independent survey of grant applicants, which found positive responses about how well the Council does its job. The survey also highlighted areas for improvement in communications, the online application process, and feedback to clients. In addition to the research program, all staff members were trained in the Council's new evaluation framework, a method to assist staff to analyse projects and data using program logic.

Market Development's activities incorporated a focus on building partners in Asia, which included a partnership with the Korean Arts Management Service (KAMS) to develop four new work collaborations between Australian and Korean artists, and supporting attendance at the Korean International Art Fair and the Seoul Performing Arts Market.

In 2011–12, the Council delivered programs across all artforms to increase market exposure and sales for Australian arts. Highlights included:

- The Visual Arts program supported the representation of 42 Australian artists at international art fairs. Gallerists held 98 meetings and achieved 19 major sales.
- The publishing program supported 28 publishers and represented 514 authors and 215 Australian book titles at International Book Fairs. The inbound publishers' programs secured 427 meetings during Adelaide Writers' Week with discussions on 22 international deals.
- The Theatre and Dance Going Global program supported 33 Australian performing arts tours to 17 countries.
- The International Performing Arts Markets Travel Fund supported 41 market visits by Australian artists, producers and company representatives and one showcase performance.
- Live On Stage supported 25 Australian bands and their managers to attend international music markets such as SXSW (USA), The Great Escape (UK), Babel Med (France) and WOMEX (Denmark). This resulted in over 300 international meetings and connections, generating more than \$1 million in projected sales.
- A focus on Indigenous arts with a skills-development program for producers, and an Indigenous performer showcase at the Australian Performing Arts Market (APAM).
- The development of a National Touring Framework to assist the Australia Council and the sector make decisions and reforms regarding touring.
- The Australia Council supported an unprecedented representation of Australian visual art at dOCUMENTA (13).

Market activities incorporated a focus on building partners in Asia, which included a partnership with the Korean Arts Management Service (KAMS) to develop four new work collaborations between Australian and Korean artists, and supporting attendance at the Korean International Art Fair and the Seoul Performing Arts Market.

The Council strengthened support for Australian artists globally with the decision to rebuild the Australian pavilion in Venice. Denton Corker Marshall's striking granite building was chosen from a shortlist of six leading architectural firms. The pavilion redevelopment will be realised with private support. In November 2011, it was announced that Simryn Gill, a NSW based artist who works across multiple media, will represent Australia at the 2013 Venice Biennale.

In support of the Council's aim for vigorous engagement with the arts sector, the division's marketing and audience development programs focus on strong sector dialogue. In 2011–12, the Marketing and Audience Development team transformed the Council's existing quarterly print magazine, *Artery*, into a dynamic online publication showcasing the very best of Australian arts. Sharing information via a monthly e-news and social media platforms has substantially increased the level of online engagement with the Council. The team also delivered marketing summits in Perth (August, 2011) and Melbourne (May, 2012), each providing more than 200 arts marketers and managers with valuable professional development and networking opportunities.

Report from the CEO (continued)

Corporate Resources

Corporate Resources continued to provide services and information to both the organisation and external stakeholders in an efficient, timely and positive manner. A key project for the division in 2012 was the introduction of a new finance system to streamline transactional processes and provide more flexible and timely reporting.

A number of system improvements were undertaken following feedback from the Council's client survey, including modifying the online system for grant applications to simplify the uploading of applicants' supporting material. Various projects focusing on integrating systems to assist the management of information and day-to-day operations were also undertaken.

The Human Resources team continued to refine the Council's learning and development Skill Up! Program to ensure staff members are better trained and informed, with regard to the skills and information they need to do their jobs.

The five pillars of Skill Up! are:

- Step Up – Business skills
- Shape Up – Systems skills (GMS, TRIM, Felix)
- Spark Up – Project management and evaluation skills
- Geek Up – Digital and social media skills
- Roll Up – Arts and culture information and updates.

A new three-year Enterprise Agreement was negotiated with staff and union representatives.

Risk management initiatives included recovery testing of technology systems, reviewing and testing business continuity plans and fraud control policy and procedures. The division also embedded debt recovery action for grants that remain unacquitted and led a review of work, health and safety policy and procedures, holding training sessions for all staff, to improve awareness and understanding of their obligations.

The Australia Council focused on four Strategic Priorities in 2011–12: Innovative Practice, Realising the Potential of Broadband for the Arts, Diversified Models for Support and Cultural Leadership.

The Creative Australia Artists program, launched in 2011, will see \$10 million dollars awarded to individual artists over a five-year period. A highlight of the program was the announcement of the recipients of the inaugural Creative Australia Fellowships in May 2012. Eleven exceptional artists have been given the precious gift of time and space to develop their arts practice and undertake ambitious projects.

Strategic Priorities

Strategic Priorities 2011–12

The Australia Council's artform sector plans underpin the development of the Council's Strategic Priorities, which in 2011–12, addressed gaps and issues commonly experienced across the arts sector.

The four Strategic Priorities for 2011–12 were: Innovative Practice, Realising the Potential of Broadband for the Arts, Diversified Models for Support, and Cultural Leadership.

Innovative Practice

This strategic priority was developed to increase the Council's investment in new forms of artistic expression and presentation platforms, as well as support artists in the research and development of their practice at various stages of their careers. It continues to be addressed principally through the Creative Australia Artists program, made possible through the Government's 2010 election commitment of \$10 million to individual artists over a five-year period.

This program, launched in August 2011, incorporates a number of unique funding programs, all aimed at supporting innovative arts practice. In May 2012 the Creative Australia Fellowships were awarded to 11 artists. The five established artists (each awarded \$100,000 over one year) were: Guy Ben-Ary (WA), Mic Gruchy (NSW), Antony Hamilton (Vic), Cat Jones (NSW) and Gaelle Mellis (SA). The six early-career artists (each awarded \$60,000 over two years) were: Lauren Brincat (NSW), Micheala Gleave (NSW), Matthew Prest (NSW), Lee Serle (Vic), Annabel Smith (WA) and Gian Slater (Vic).

Additional opportunities delivered through the Creative Australia Artists program were: Book2 – an initiative for writers to complete that 'all-too-difficult' second book; the New Art Creative Development initiative for artists to create 12 large-scale artworks over a five-year period; and 21st Century Stories, designed for Aboriginal and Torres Strait Islander artists to create and present 10 new works about the way society has transformed in the first decade of the 21st century.

Realising the Potential of Broadband for the Arts

High speed broadband is transforming the way art is produced, distributed and experienced. *Realising the Potential of Broadband for the Arts*, which builds on the former *Arts Content in the Digital Era* strategic priority, was established to assist the sector to understand and learn the enormous possibilities offered by this technology. In 2011–12, many exciting programs have been launched as a result of this strategic priority, including the Geeks in Residence program, the Broadband Arts Initiative and the Hive Production Fund.

The National Broadband Network (NBN) Geeks in Residence program placed two 'geeks' in Armidale and Brunswick – the first two NBN rollout areas – to act as consultants to the local arts communities. The program delivered 20 digital capacity-building workshops in these areas over a two-month period, with over 130 participants attending. The program concluded with a showcase in Armidale in December 2011.

Report from the CEO (continued)

With the rise of crowdfunding globally, the Australia Council, led by its philanthropic arm, Artsupport Australia, embarked on a national strategy to build the arts sector's competence and confidence in crowdfunding as an effective tool for increasing private giving to arts and culture in Australia.

The Broadband Arts Initiative, announced in December 2011, supports arts projects that utilise 'next generation high-capacity broadband'. There was an overwhelming response to this initiative, with over 500 enquiries and 119 proposals received. Four successful projects were awarded in May 2012.

The Hive Production Fund, supported by the Australia Council, ABC TV, Screen Australia and the Adelaide Film Festival, invests in the creation of one-off, ambitious collaborations with artists and filmmakers, with bold and imaginative cross-platform ideas and strategies. Three innovative productions, selected in November 2011, will have their world premieres at the 2013 Adelaide Film Festival and later air on ABC platforms.

Diversified Models for Support

Support for artists comes in many forms: financial, mentoring, new models, partnerships and collaborations, as well as delivery methods such as touring. This strategic priority aims to improve and expand these support structures for artists and arts organisations.

A focus for 2011–12 was to strengthen Australia's touring network which is diffused across many stakeholders: federal, state and local funding authorities, peak bodies, presenters, venues and companies. The Australia Council commissioned the creation of a National Touring Framework, released in June 2012, to create improved touring networks for artists and arts organisations. The Council will continue to work on this framework with the sector in 2012–13.

New in early 2012, was the establishment of the Independent Producers initiative. This program aims to increase the professional capacity of emerging independent producers, offering them more support to manage practical issues such as: building market knowledge more efficiently, managing the expectations of artists, general industry standards and approaches to advocacy.

With the rise of crowdfunding globally, the Council, led by its philanthropic arm Artsupport Australia, embarked on a national strategy to build the arts sector's competence and confidence in crowdfunding as an effective tool for increasing private giving to arts and culture in Australia. In the first of a three-pronged approach, Artsupport Australia's state managers provided mentoring for a number of projects, utilising crowdfunding. The success rate for this pilot was 100 percent. To supplement what was learnt through the pilot, the Queensland University of Technology was commissioned to undertake research investigating motivations and barriers to crowdfunding in Australia. In the second half of 2012 this research, along with practical tips and case studies, will be shared with the sector via a national crowdfunding roadshow across nine locations in Australia.

Through its artform sector plans and strategic priorities, the Australia Council has targeted its support to the arts sector as a whole and continues to consider ways to innovate. The Council will also continue to reduce costs through greater efficiencies to provide maximum funding to artists.

Cultural Leadership

In the 2010–11 financial year, the Australia Council identified the need to develop existing leaders in the arts sector and to invite the country's future arts leaders. Cultural leadership continued as a strategic priority for the Council in 2011–12, with a focus on capacity building and research.

For the second consecutive year the Council offered the Emerging Leaders Development Program to provide mentoring and coaching for mid-career arts managers. This forms part of the Council's commitment to supporting individuals who have the talent and ability to become the senior arts leaders of tomorrow. The Council also offered training for the arts sector's more established leaders to deepen their knowledge and skills through initiatives such as the Arts Executive Leadership and Executive Mentoring programs.

To address the lack of opportunities and sustainable career pathways for women in creative leadership, the Theatre Board partnered with the Major Performing Arts Board and the Research and Strategic Analysis unit to support a suite of initiatives. Key elements include the *Women in Theatre* report (Lally & Miller, 2012), the Creating Pathways reporting tool for Major Performing Arts theatre companies and a series of industry forums for women directors and playwrights.

Funding overview

The Australia Council invested over \$164.5 million in artists and arts organisations across the nation in 2011–12, compared to \$163.8 million in the previous financial year.

The Council supported the full spectrum of arts activity during 2011–12, from small grants to individual artists, to multi-million dollar funding to major performing arts organisations.

The Council's \$164.5 million investment enabled artists to create 7,656 new works in 2011–12 and to present, perform, publish or exhibit 5,137 new works. There were more than 13 million attendances at Australia Council funded events throughout 2011–12.

This \$164.5 million investment also funded 1,922 grants and projects. Of this, \$97.3 million went to major performing arts companies, over \$27.5 million to board grants and over \$16.1 million to government initiatives (see Figure 1).

Of the 1,922 grants and projects provided by the Council in 2011–12, 903 grants were given to individual artists and 1,019 grants were given to organisations (figures for individual artists include artists working together as groups, outside of formal structures). These grants were awarded following the review of the 6,004 applications received. There was an increase of 315 applications on the previous financial year (see Figure 4), which reflects interest in the new Creative Australia Fellowships initiative and an increase in the numbers of applications received by the Community Partnerships Committee and Music Board.

The \$164.5 million investment incorporated \$51.2 million for the nation's orchestras; \$21.6 million for opera; \$10.8 million for other music artists and organisations; \$15.7 million for visual artists and organisations; \$23.4 million for theatre companies and artists; \$16.8 million for dance artists and companies; \$5.9 million for writers, publishers and literary organisations; \$13.1 million for multi-artform artists and organisations; and \$4 million in miscellaneous funding, including sector building and audience development initiatives and programs (see Figure 2).

The Australia Council's total funding for 2011–12 also included:

- \$8.4 million for international activities by Australian artists and arts organisations
- \$7.6 million for arts and cultural activities with a predominantly Indigenous focus
- \$12 million for arts and cultural activities with a predominantly regional focus.

Figure 1: Grant and program funding

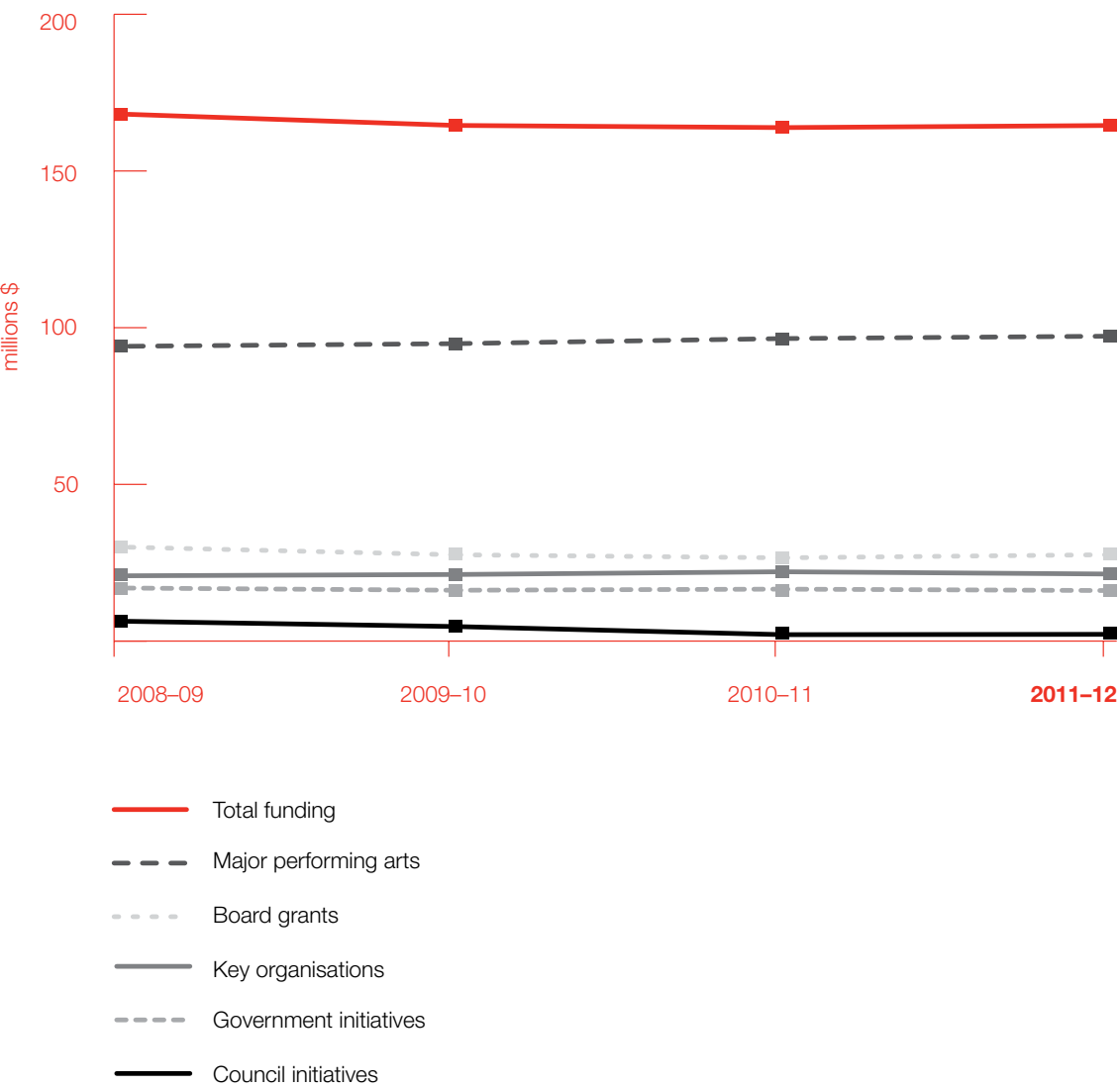


Figure 2: Total funding by artform 2011–12

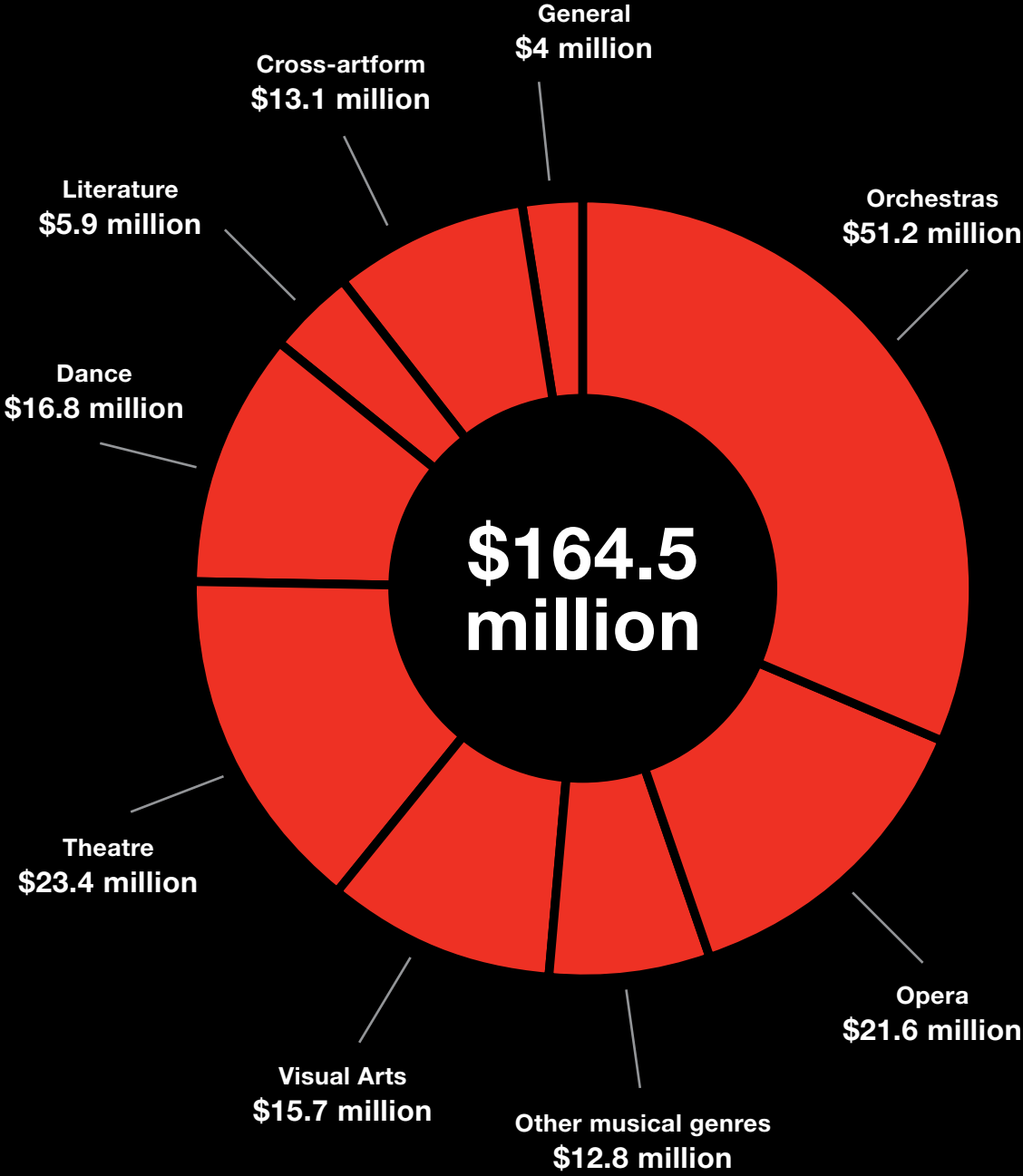
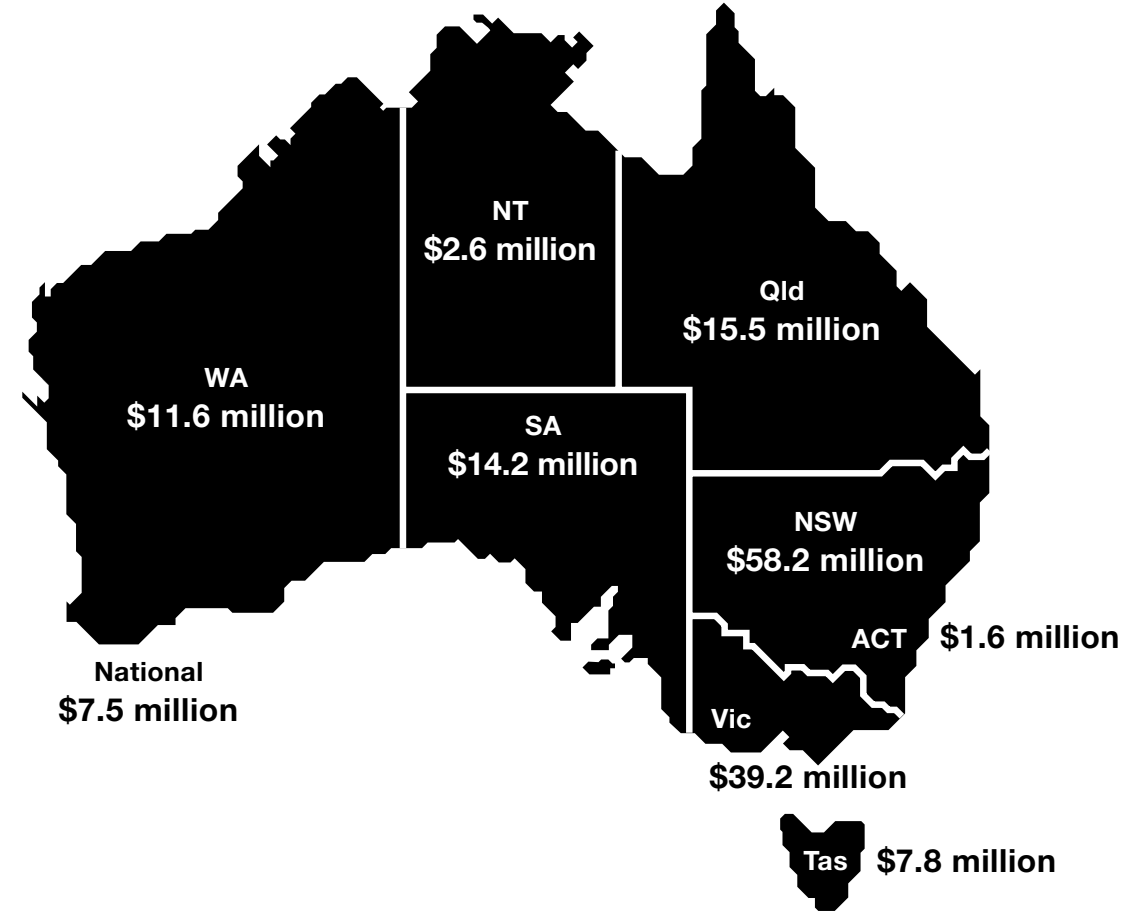


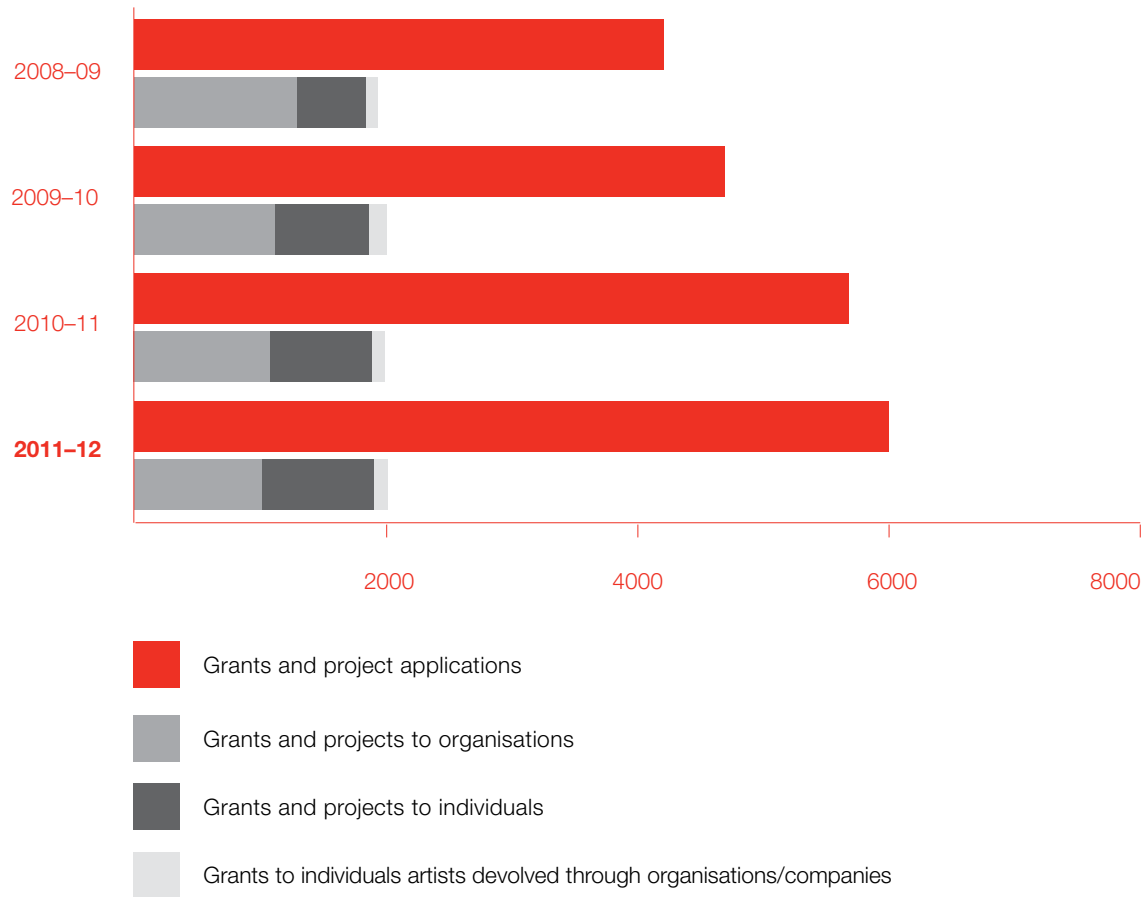
Figure 3: Total funding by state and territory 2011–12



	Cross Artform \$	Dance \$	Literature \$	Music \$	Theatre \$	Visual Arts \$	General* \$	Total \$
NSW	3,413,421	5,371,723	1,734,287	33,834,333	7,733,221	4,892,352	1,249,574	58,228,911
Vic	2,551,462	7,161,228	1,532,738	16,845,975	7,909,667	2,770,114	408,000	39,179,184
QLD	1,313,394	1,207,827	421,770	8,642,388	2,158,921	1,413,850	354,046	15,512,196
SA	1,564,494	831,979	307,995	8,057,657	1,843,097	1,347,061	277,626	14,229,909
WA	883,283	759,388	571,734	7,237,426	1,044,082	954,477	176,250	11,626,640
Tas	301,546	202,657	251,000	5,991,593	484,283	413,773	115,000	7,759,852
NT	381,478	323,955	289,520	510,916	374,385	557,510	187,000	2,624,764
ACT	55,000	255,534	100,000	130,700	112,064	475,426	471,250	1,599,974
Nat	1,943,748	337,754	246,520	3,108,401	619,914	643,695	619,227	7,519,259
Overseas	693,030	387,735	421,609	1,204,719	1,099,583	2,265,752	157,753	6,230,180
Total	13,100,856	16,839,780	5,877,172	85,564,108	23,379,217	15,734,009	4,015,726	164,510,869

NB: Table includes rounding to the nearest dollar.
* Non-specific artform sector support such as strategic planning and market and audience development.

Figure 4: Total applications, grants and projects



	2008-09	2009-10	2010-11	2011-12
Grant and project applications	4,216	4,700	5,689	6,004*
Grants and projects approved includes:	1,846	1,873	1,897	1,922
– Grants and projects to organisations	1,294	1,121	1,085	1,019
– Grants and projects to individuals (including artists working together as groups outside of formal structures)	552	752	812	903
– Grants to individual artists devolved through organisations/companies	93	143	105	108

*Increase relates to Creative Australia Fellowship applications and increases in applications to Music and Community Partnerships.

Figure 5: Total funding by division/board 2011-12*

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	National	Overseas	Total
Arts Development	No.** 34	11	6	5	2	0	1	0	37	192	288
	\$ 1,376,945	801,561	99,825	351,000	135,044	0	40,000	0	1,537,832	1,953,275	6,295,482
Arts Funding	No. 60	80	20	4	5	6	0	4	887,277	434,040	230
	\$ 928,221	832,862	214,586	80,000	110,000	58,040	0	40,000	887,277	434,040	3,585,026
Arts Organisations	No. 17	10	5	5	6	2	1	1	13,485	186,000	50
	\$ 497,560	249,000	134,000	118,000	43,250	15,000	5,000	2,900	13,485	186,000	1,264,195
Aboriginal and Torres Strait Islander Arts	No. 18	9	7	17	6	1	6	1	244,878	301,640	77
	\$ 480,073	140,638	132,533	116,282	157,701	20,000	205,181	25,044	244,878	301,640	1,823,970
Community Partnerships	No. 30	36	17	11	10	5	9	3	536,760	47,777	133
	\$ 1,851,696	1,860,277	1,335,781	846,495	636,467	324,796	438,850	60,000	536,760	47,777	7,938,899
Dance	No. 13	19	3	6	9	1	0	0	50,000	53,844	55
	\$ 596,173	409,341	89,531	159,842	314,049	75,000	0	0	50,000	53,844	1,747,780
Inter-Arts Office	No. 14	13	3	4	1	4	0	0	3	4	46
	\$ 326,668	308,253	49,842	218,219	33,636	61,750	0	0	54,118	66,400	1,118,886
Key Organisations***	No. 36	35	19	18	11	5	8	6	9	3	150
	\$ 8,809,847	5,471,718	2,637,473	2,759,860	1,638,715	811,544	1,095,914	984,501	1,021,372	230,000	25,460,944****
Literature	No. 40	46	11	8	12	7	4	3	12	39	182
	\$ 935,906	1,082,772	297,000	197,000	318,000	251,000	140,000	100,000	244,120	287,243	3,853,041
Major Performing Arts	No. 45	17	19	5	10	2	1	1	7	4	111
	\$ 39,338,090	25,354,616	9,332,706	8,260,734	7,772,486	5,931,093	203,934	100,700	1,865,693	100,866	98,260,918
Music	No. 53	44	18	9	6	2	1	1	14	62	210
	\$ 932,064	804,785	416,648	162,827	101,535	30,500	50,000	30,000	334,985	768,596	3,631,940
Theatre	No. 33	39	13	12	7	2	15	2	5	10	138
	\$ 1,186,575	1,133,817	524,546	607,115	200,824	75,429	350,885	112,064	181,664	254,998	4,627,917
Visual Arts	No. 46	36	14	15	8	6	6	7	34	80	252
	\$ 969,093	729,544	247,725	352,535	164,933	105,700	95,000	144,765	547,075	1,545,501	4,901,871
Total grants and programs	439	395	155	119	93	43	52	29	152	445	1,922
Total \$	58,228,911	39,179,184	15,512,196	14,229,909	11,626,640	7,759,852	2,624,764	1,599,974	7,519,259	6,230,180	164,510,869

NB: Table includes rounding to the nearest dollar.
 **Funding by division includes government and Council initiative allocations delivered by each division.
 ***Number of grants and projects.
 ****Funding from artform boards, ATSLA, Community Partnerships and Inter-Arts.
 *****Includes other funding provided by Key Organisations, such as company development, in addition to core grants.

“Through my ArtStart program I have gained the opportunity to find, research and network with companies and dance artists whose work I am particularly interested in and which resonates with my own practice. It allowed me freedom to invest in my work, learn from other people’s artistic practice, update my marketing material and support fantastic networking opportunities.”

Helen Duncan
2011 ArtStart recipient

“Being a recipient of a writing grant from the Australia Council ... brings about its own kudos. It has inspired in me a new confidence and approach to how I see myself within the arts scene. An acknowledgement which I never quite expected.”

Michelle St Anne
2011 New Work – Emerging grant recipient for Writing for Performance

Image: Helen Duncan. Photo: Jeremy Phillips



**Statement
of outcome**

2

Strategic plan

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

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

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

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

Objectives

Objective 1

Invest in the development and production of excellent Australian artistic work.

Objective 2

Assist the presentation of artistically vibrant works, nationally and internationally.

Objective 3

Promote access to, participation in and appreciation of the arts by Australians.

Objective 4

Assist the development of Australian arts infrastructure.

Objective 5

Provide policy development, research and advisory services to promote the arts.

Results: objectives

In 2011–12, with the Australia Council's support, artists presented, performed, published or exhibited 5,137 new works.

Objective 1

Invest in the development and production of excellent Australian artistic work

The Australia Council invests in artistic production and the development of artistic practice by providing grants and other forms of financial support to individual artists and arts organisations. This support enables them to create new work and pursue professional development opportunities through residencies, mentorships and fellowships. The Council also celebrates excellence with awards that recognise outstanding achievement or artistic potential. Throughout 2011–12, 7,656 new artistic works were created with the Council's support.

In 2011–12, the Australia Council received 6,004 grant and project applications which resulted in:

- 1,019 grants to arts organisations
- 903 grants to individual artists including:
 - 57 artist residencies
 - 33 fellowships
- 108 grants to individual artists which were devolved through organisations/companies.

Notable examples of the Council's investment in the development and production of excellent Australian artistic work in 2011–12 included:

- The Creative Australia Book2 Grants – a huge hit in the literature sector – were awarded to Anna Krien, Nam Le and Favel Parrett to assist them to work on the often notoriously elusive second book.
- Support from the Music Board for composer Elena Kats-Chernin to create a new work incorporating 30 pianos and 60 pianists, to be performed at the 2012 Soundstream Adelaide New Music Festival.
- A partnership between the Inter-Arts Office, Music, Theatre and Visual Arts boards led to the inaugural Indigenous Experimental Art Fund (IEAF), which will invest in contemporary Indigenous media, interdisciplinary and hybrid-art practitioners over the next three years.

Results: objectives (continued)

In 2011–12, the Australia Council supported artists and companies to engage in international market development opportunities across 32 countries, generating over \$11 million in sales and over 3,500 new relationships and connections.

Objective 2

Assist the presentation of artistically vibrant works, nationally and internationally

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

In 2011–12, the Council supported the:

- presentation of 1,026 Australian works by Key Organisations
- presentation of 260 Australian works by the major performing arts companies, including 103 new Australian works
- presentation of work by Australian artists in 65 countries.

The Council supports Australia's presence at major events on the international cultural calendar and international touring. Highlights in 2011–12 included:

- An unprecedented representation of eight Australian artists at dOCUMENTA (13), the prestigious visual arts exhibition, held every five years in Kassel, Germany.
- Back to Back Theatre with Theatre Board investment, toured its critically acclaimed play, *Ganesh Versus the Third Reich*, across the UK, Europe and the USA.
- Three distinct group exhibitions profiled the work of Australia's leading media artists as part of the 16th International Symposium on Electronic Art (14th–21st September 2011) Exhibition Program in Istanbul, Turkey. A total of 14 artists exhibited works across diverse practices such as virtual art, robotics and media arts.

The Australia Council's support for presenting artistically vibrant works spans the nation, from cities to remote areas. Highlights for 2011–12 included:

- The State Opera of South Australia staged its stunning co-production of Jake Heggie's *Moby Dick*, with partners the Dallas Opera, San Diego Opera, San Francisco Opera and Calgary Opera, to great acclaim.
- SOUND CIRCUS found a home in outback NSW with Music Board support, which saw the installation of site-specific sound art works in distinctive locations such as Mutawintji, Sturt National Parks, a sheep station, the Dog Fence, and the Moomba gasfields.

In 2011–12, 1.33 million Australians living in regional areas attended a performance, workshop or exhibition presented by the Australia Council's 168 multi-year funded arts organisations and 1.28 million children participated in schools' programs presented by these organisations.

Objective 3

Promote access to, participation in and appreciation of the arts by Australians

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

Each year the Council supports the presence of Australian artists and arts organisations at a changing array of one-off, biennial and triennial projects which contribute to increased access to, participation in, and appreciation of the arts in Australian communities. In 2011–12, there were more than 13 million attendances at Australia Council supported events.

Organisations funded by the Council are deeply involved in schools across the nation, both in regard to the education curriculum and also in building children's lifelong appreciation of the arts. In addition to their regular performances and exhibitions, these organisations recorded more than 600,000 attendances at schools and education programs during the reporting period.

Further notable examples of audience development included investment in the Queensland Music Festival, to bring together musicians and people from regional communities, stretching from Charleville to Far North Queensland, to create music and tell their stories; and Get Reading! which promoted books and reading across the country through an extensive nationwide media campaign, and for the first time, included a year-round author-reading program.

In 2011–12, the Council promoted the value of the arts to the community through regular publications, including its sector-news platform, *Artery*, which is now available in online, mobile and tablet formats; the biannual Indigenous arts publication, *Arts Yarn Up*, and a new Council-wide monthly e-newsletter.

Results: objectives (continued)

In 2011–12, the Australia Council's 168 multi-year funded organisations employed 16,382 artists (3,080 full-time equivalents).

In 2011–12, the Australia Council facilitated over \$17 million for artists and organisations across the country through its philanthropic initiative, Artsupport Australia.

Objective 4

Assist the development of Australia's arts infrastructure

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

Notable examples of the Council's commitment to developing arts infrastructure in 2011–12 included:

- Supporting the Residential Editorial Program, an intensive skills development workshop to support mid-career editors to become more adept at assisting writers to publish their best possible book.
- The Dance and Theatre Boards partnering with Arts SA to create a South Australian chapter of the highly successful Managing and Producing Services (MAPS for Artists) initiative, bolstering production and audience development support for artists in South Australia.
- The Emerging Leaders Development Program, which provides mentoring for up-and-coming arts leaders, was held for a second year in 2012 following its success in 2011.

Objective 5

Provide policy development, research and advisory services to promote the arts

The Australia Council plays a national leadership role in undertaking and commissioning robust research and analysis to inform strategic planning, monitoring, evaluation and advocacy work by the Council and the arts sector.

The Research and Strategic Analysis (RSA) team's priorities for 2011–12 were:

- conduct and communicate practical and influential research
- optimise engagement and sharing of knowledge
- build an evaluative culture.

In 2011–12, an example of the Council's delivery of research and policy development was the organisation's work on the community relevance of the arts, and the delivery of the *Measuring Cultural Value* forum. This forum investigated how research can contribute to more sophisticated public funding decisions for arts and culture, and featured a keynote address from Hasan Bakshi, Director of Creative Industries at Nesta (UK), an independent charity with a mission to help people and organisations bring great ideas to life.

Through its Artsupport Australia initiative, the Council provides advisory services on philanthropy and giving. In 2011–12, Artsupport Australia worked closely with the cultural, corporate and philanthropic sectors to increase cultural giving to artists and arts organisations, facilitating over \$17 million in philanthropic income from donations and foundation grants. This was achieved through mentoring and brokering programs undertaken by its director and six state and territory managers.

Results: deliverables

The Australia Council's deliverables are to:

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

Figure 6: The Australia Council's performance against its deliverables

		2008–09	2009–10	2010–11	2011–12
Total funding	\$	168.1m	164.5m	163.8m	164.5m
Grants and projects	No.	1,846	1,873	1,897	1,922
Organisations funded:					
Key organisations	\$	20.8m	21.2m	22.1m	21.4m
Organisations funded:					
Major performing arts	\$	94.1m	94.9m	96.5m	97.3m
Grants to organisations	No.	1,294	1,121	1,085	1,019
Grants to individual artists (funded directly)	No.	552	752	812	903
Grants to individual artists devolved through organisations/companies	No.	93	143	105	108
Countries presented in	No.	70	58	66	65
Grants supporting Australian artists internationally	\$	7.3m	6.3m	7.2m	8.4m
Grants supporting Australian artists internationally	No.	397	362	418	578

Figure 7: Key performance indicators, demonstrating the performance of the program in achieving its objectives and contributing to the Australia Council's outcomes*

	2008–09	2009–10	2010–11	2011–12
Number of new works created	5,526	6,911	7,541	7,656
Number of new works exhibited, performed and published	5,414	8,728	6,989	5,137

*Figures reflect new works created and presented within the reporting period.

Figure 8: Attendance numbers at Australia Council supported events*

	2008–09	2009–10	2010–11	2011–12
Project grants	3,229,380	3,982,933	6,478,701	4,793,609
Key organisations	6,409,200	7,176,409	6,922,075	5,305,438
Major performing arts	3,376,063	2,939,639	3,057,757	2,939,011
Total	13,014,643	14,098,981	16,458,533	13,038,058

*Variations reflect major national and international one-off and recurrent exhibitions and festivals.

Results: government initiatives

ArtStart has proved to be a valuable strategic intervention during what is often a challenging transition period for early-career artists, with recipients citing increased confidence, business, artistic and financial skills as gains from their ArtStart year. To date, ArtStart has distributed \$6 million to 621 recent graduates.

In 2011–12, the Australia Council managed a number of Australian Government initiatives, the majority of which were funded through its appropriation.

Artists in Residence (AIR)

The Artists in Residence (AIR) initiative is managed by the Australia Council's Community Partnerships section. AIR aims to expose Australian students to the benefits of creative practice by creating opportunities for artists and teachers to work together on developing effective teaching methods and practices for the arts. In 2012, AIR provided \$1.3 million to professional artists, enabling them to broaden their experience and share their skills while providing Australian school and university students with greater exposure to creative practice. Since 2009, over 200 residencies have taken place in schools across the country.

AIR is now an ongoing Australian Government initiative and the Council will continue its partnerships with state and territory governments to deliver more residencies in 2012–13. This will include working strategically with pre-service teacher training institutions to develop meaningful professional development opportunities for artists and teachers during residencies, and soliciting new proposals from jurisdictions as to the implementation and drivers of AIR for the next three years.

ArtStart

ArtStart provides small business start-up grants to artists of all disciplines who have recently graduated from tertiary or TAFE studies. Each ArtStart grant provides up to \$10,000 for services, equipment, resources and activities that will assist graduates to build an income-generating career in the arts practice they have studied. ArtStart has proved to be a valuable strategic intervention during what is often a challenging transition period for early-career artists, with recipients citing increased confidence, business, artistic and financial skills as gains from their ArtStart year. Also evident are the new networks, markets, career opportunities, sponsorships and grants that recipients have leveraged as a result. To date, ArtStart has distributed \$6 million to 621 recent graduates. ArtStart is currently funded by the Australian Government for a period of four years (2009–10 to 2012–13).

Canberra and Darwin Symphony Orchestras

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

In 2011–12 the Creative Communities Partnership initiative provided \$2.7 million to large scale projects benefiting communities.

Creative Australia Artist Grants

Creative Australia Artist Grants is a \$10 million five-year initiative (2011–2015) that provides funding to artists for the creation and presentation of new Australian works of art. This program commenced in 2011, with Creative Australia New Work grants offered through the Inter-Arts Office, the Literature Board and the Aboriginal and Torres Strait Islander Arts Board. In 2012, the Australia Council also announced the first round of Creative Australia Fellowships for established artists and for early-career artists to the value of \$100,000 and \$60,000 respectively.

In the first year of this initiative the Council distributed \$900,000 to:

- a Major Festivals Initiative for a new work Development Site
- seven artists for New Art projects
- three writers for Book2 grants
- eight 21st Century Stories grants
- 11 established and early-career artists for Creative Australia Fellowships.

Creative Communities

In 2011–12, the Creative Communities Partnerships initiative provided \$2.7 million to large-scale projects benefitting communities.

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

In 2011–12 the Australia Council approved an additional five proposals amounting to \$1.8 million with some commitments extending into future fiscal years.

Get Reading!

This \$1.6 million initiative encourages Australians to discover the joy of reading. Independent research company AMR Interactive found one-in-five readers (21 percent) was aware of the Get Reading! campaign with a third of all readers (33 percent) aware of Get Reading's main campaign: *50 Books You Can't Put Down*. These results were higher than those of the 2010 campaign. However, overall book sales reflect the broader difficulties facing the book sector. Nielsen Bookscan reported an increase of 115 percent in the volume of Get Reading! titles compared to the preceding five weeks, despite a 38 percent decrease in total sales volume as compared to 2010.

Results: government initiatives (continued)

Through the Opportunities for Young and Emerging Artists (OYEA) initiative, artists have developed and presented new works including experimental installations, new plays, dance works, visual arts exhibitions and music compositions. They have reached audiences of tens of thousands of Australians, furthered their creative careers and made new connections.

Major Festivals Initiative (MFI)

The Major Festivals Initiative (MFI) supports the commissioning, development and showcasing of new Australian performing arts productions of scale for presentation at Australia's major international arts festivals. Members include the Adelaide Festival of Arts, Brisbane Festival, Darwin Festival, Melbourne Festival, Perth International Arts Festival, Sydney Festival and Ten Days on the Island (Tasmania). In 2011–12, the \$750,000 per annum fund supported Chunky Move and Victorian Opera's *Assembly*, Force Majeure's *Never Did Me Any Harm*, Arena Theatre Company's *House of Dreaming* and Black Lung Theatre and Whaling Firm's *Savages*. The initiative also supported the first of three Development Sites (via an additional \$500,000 commitment over five years through Creative Australia) in Melbourne. Development Sites provide a forum to profile new work-in-progress to MFI members and other potential presenters and partners.

Melba Foundation

In 2004, the Melba Foundation received a grant of \$5 million over five years from the Australian Government to develop and disseminate high-quality Australian music recordings, nationally and internationally. In 2009 the Government announced the continuation of its support of the Melba Foundation with a grant of \$2.25 million for a three-year fixed term from 2009–10 to 2011–12, at a reduced amount each year, in order to sustain the organisation while it builds income from non-government sources, and in recognition of the foundation's contribution to the vibrancy and sustainability of the Australian music industry.

Opportunities for Young and Emerging Artists

In 2011–12, the Opportunities for Young and Emerging Artists (OYEA) initiative provided just over \$1.7 million through nine programs that combine opportunities for development and presentation of new work, sector development, development of professional skills and engagement of young artists and audiences. Through these programs young and emerging artists have developed and presented new works that range from experimental installations, new plays, dance works, visual art exhibitions and music compositions. They have also directed performances, created graphic novels, craft and design works, recorded CDs and established websites and blogs. They have reached audiences of tens of thousands of Australians, furthered their creative careers and made new connections.

Since its implementation in 2003–04, the Visual Arts and Craft Strategy has significantly increased the vitality and sustainability of Australia's contemporary visual arts sector.

Visual Arts and Craft Strategy

The Visual Arts and Craft Strategy (VACS) was developed as a joint initiative of all Australian governments in response to the *2002 Report of the Contemporary Visual Arts and Craft Inquiry (The Myer Report, 2002)*. Since its implementation in 2003–04, the VACS has significantly increased the vitality and sustainability of Australia's contemporary visual arts sector. The Australian Government contributes half of the total funding for the VACS, with state and territory governments providing the balance.

In 2011–12, the VACS delivered its ninth year of funding to the contemporary visual arts and craft sector.

- VACS Stage I (December 2003 – June 2007) provided \$39 million over four years.
- VACS Stage II (2007–08 to 2010–11) was a \$49.4 million four-year joint strategy delivered by the federal, state and territory governments. The VACS funding focused on four key areas: support for infrastructure, expanding the market, support for individual artists and support for Indigenous arts and craft.
- VACS Stage III (2011–12 to 2014–15) is a \$55.3 million joint federal, state and territory government funding package. It supports contemporary visual arts and craft organisations across Australia, providing assistance to individual artists, artist-run initiatives and projects.

In 2011–12, the Australia Council administered \$5.3 million of the VACS funding, including \$1 million in direct grants to individual artists. The remaining funds were delivered to key organisations, artist-run initiatives and projects. Highlights for 2011–12 included:

- The 18th Biennale of Sydney's *All our Relations* showcase of more than 220 works by over 100 Australian and international artists at major venues across Sydney.
- Perth Institute of Contemporary Art's *Hatched*, Various Artists, National Graduate Show (21 April–10 June 2012) presented, for the 21st time, an annual survey of the best of Australia's art school graduates.
- Support for the upcoming 7th Asia Pacific Triennial of Contemporary Art presented by the Queensland Art Gallery (8 December 2012–14 April 2013), which will feature new and recent work by over 140 artists from 25 countries across the region.

“It’s a great achievement to receive this award. I hope it helps make it easier for the younger people from the bush to follow in my footsteps.”

Warren H Williams

2012 Recipient of the Red Ochre Award, for outstanding, lifelong contributions to Aboriginal and Torres Strait Islander arts at home and abroad

“My belief is that something fantastic will come from this – some fantastic new works, shows and performances will emerge from these collaborations. For my work to be recognised as a valuable contribution to the lives of the people is about the best feeling you can have. The fellowship will allow me the luxury of exploring my creative interests. Having more creation time is the key value.”

Antony Hamilton

Recipient of a 2012 Creative Australia Fellowship for an established artist

Image: Warren H Williams. Photo: Karen Steains



**About the
Australia Council**

3

About the Australia Council

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

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

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

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

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

The functions of the Australia Council are to:

- Formulate and carry out policies designed to:
 - promote excellence in the arts
 - provide and encourage the provision of opportunities for persons to practise the arts
 - promote the appreciation, understanding and enjoyment of the arts
 - promote the general application of the arts in the community
 - foster the expression of a national identity by means of the arts
 - uphold and promote the right of persons to freedom in the practise of the arts
 - promote the knowledge and appreciation of Australian arts by persons in other countries
 - promote incentives for, and recognition of, achievement in the practice of the arts
 - encourage the support of the arts by the states, local governing bodies and other persons and organisations.
- Furnish advice to the Government of the Commonwealth, either of its own motion or upon request made to it by the Minister, on matters connected with the promotion of the arts or otherwise relating to the performance of its functions.
- Do anything incidental or conducive to the performance of any of the foregoing functions.

Corporate governance

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

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

All new members of the council are provided with an induction program where they receive a copy of the Australia Council's *Governance Manual and the General Guidance for Directors of Statutory Authorities* publication, provided by the Office for the Arts in the Department of Regional Australia, Local Government, Arts and Sport.

The manual contains a section that outlines appropriate ethical standards with regard to, amongst other things, directors' obligations, confidentiality and disclosure of the Council's business, conflicts of interest, political activity, sponsored travel and acceptance of gifts. A Code of Conduct, which every member of the council, its boards and committees is expected to comply with, has been drawn up with regard to the responsibility entrusted to these members and the fundamental principles and values that guide the work of the Australia Council.

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

See page 52 for members of the Australia Council's artform boards as at 30 June 2012.

During 2011–12, the governing council met seven times:

17 August 2011	Sydney
21 October 2011	Melbourne
14 December 2011	Sydney
9 February 2012	Perth
4 April 2012	Melbourne
18 May 2012	Sydney
22 June 2012	Sydney

Ministerial responsibilities

The Minister for the Arts, the Hon Simon Crean MP, has been the Minister with responsibility for the Australia Council since 14 September 2010.

Department of Regional Australia, Local Government, Arts and Sport representative

The Department of Regional Australia, Local Government, Arts and Sport has observer status on the council. Mr Richard Eccles, Deputy Secretary, Arts and Sport Group, Department of Regional Australia, Local Government, Arts and Sport, was the appointed observer throughout 2011–12.

Staff representative

Australia Council employees elect a staff representative to represent them and act as an observer of the governing council. Sigrid Langker, Division Administrator, Aboriginal and Torres Strait Islander Arts, was the staff representative for 2011–12, with support from Thom Scire, Program Officer, Community Partnerships.

Changes to council membership from 2011–12

Mr Stephen Armstrong was appointed Chair of the Theatre Board on 16 August 2011, replacing Ms Rosalba Clemente. Ms Sophie Cunningham was appointed Chair of the Literature Board on 16 May 2012, replacing Professor Dennis Haskell. Ms Lee-Ann Buckskin was appointed Chair of the Aboriginal and Torres Strait Islander Arts Board on 16 May 2012, replacing Dr Mark Bin Bakar.

Figure 9: Schedule of attendance at council meetings from 2011–12

Name	Meetings held while a member	Meetings attended
James Strong AO	7	7
John W. H. Denton	7	4
Kathy Keele	7	7
Stephen Armstrong	6	6
Dr Mark Bin Bakar	7	6
Lee-Ann Buckskin	0	0
Sophie Cunningham	1	1
Professor Dennis Haskell	2	1
Louise Herron	7	7
Dr Matthew Hindson AM	7	6
Kenneth Lloyd AM	7	7
Sam Mostyn	7	5
Chrissy Sharp	7	5
Professor Ted Snell AM	7	7

Ministerial directions

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

Council directions

The *Australia Council Act 1975* requires that the text of all Council directions to its committees during the year be included in the Australia Council's annual report. The Council did not issue directions to any of its committees during 2011–12.

Artform boards

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

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

Artform boards must include people who practise, have practised, or are otherwise associated with the arts, as well as a number of community interest representatives, as the Minister deems appropriate. Members may initially be appointed for four years. Generally, appointments are for three years and are renewable for a continuous period not exceeding six years. Chairs of boards are appointed by the Minister for the Arts and are also members of the governing council.

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

Peers

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

Peers also provide 'in-the-field' assessments and general policy advice to the boards, as commissioned. Under the *Council's Conflict of Interest Code*, board members and peers may not assess or advise on their own grant applications or grant applications through which they would be major beneficiaries via a third party. In 2011–12, 17 peers provided external assessments of initiatives or performances and 41 peers participated in board and committee grants assessment meetings.

Funding decisions by senior officers

Certain senior officers of the Australia Council are delegated power to make grants and pursue particular purposes already approved by the Council or its boards. When doing so, the senior officers concerned may consider assessment reports by peer experts, or panels of peer experts. In 2011–12, 104 peers made recommendations to senior officers regarding funding decisions.

Artform board members at 30 June 2012

Aboriginal and Torres Strait Islander Arts Board

Lee-Ann Buckskin	Chair, SA
Leo Akee	Torres Strait
Jeanette James	Tas
Melissa Lucashenko	NSW
Rachael Maza-Long	Vic
Desmond “Kootji” Raymond	NT
Monica Stevens	Qld

Literature Board

Sophie Cunningham	Chair, Vic
Dyan Blacklock	SA
Patricia Cornelius	Vic
Stuart Glover	Qld
Walter Nelson	Qld
James Roy	NSW
Brenda Walker	WA

Music Board

Dr Matthew Hindson AM	Chair, NSW
Nicky Bomba	Vic
Deborah Conway	Vic
Lawrence English	Qld
Kathleen Letch	NSW
Johannes Luebbers	WA
Michelle Morris	NT
Gabriella Smart	SA

Visual Arts Board

Professor Ted Snell AM	Chair, WA
Dr Kate Daw	Vic
Sean Kelly	Tas
Dr Danie Mellor	NSW
Dr Victoria Reichelt	Qld
Catherine Truman	SA
Angela Valamanesh	SA
Mari Velonaki	NSW

Dance Board

Chrissy Sharp	Chair, Vic
Sandra Collins	NSW
Matthew Morse	NSW
Michelle Ryan	Qld
Elizabeth Walsh	Tas
Carol Wellman	SA
Michael Whaites	WA

Major Performing Arts Board

Louise Herron	Chair, NSW
Frank Cooper	WA
Timothy Cox AO	NSW
Chum Darvall	NSW
Christopher Freeman AM	Qld
Mary-Ellen King	Vic

Theatre Board

Stephen Armstrong	Chair, Vic
Humphrey Bower	WA
Jo Duffy	NT
Helen Hristofski	NSW
Suellen Maunder	Qld
Steve Mayhew	SA
Fiona Winning	NSW

Artform boards
(continued)

Committees and advisory bodies

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

Appeals Committee

The Australia Council has delegated powers to the Appeals Committee to consider and determine any appeal from a board, committee or senior officer of the Council in regard to a decision by the Council Chair and Chief Executive Officer to rescind a previously approved grant. Membership of the Appeals Committee comprises any two of the non-board Chair members of the governing council, the Deputy Chair of the council (or Chair if the deputy has participated in the decision to rescind subject to an appeal) and a board Chair member of the council not involved in the decision previously. No appeals were received during 2011–12 and the Appeals Committee did not meet.

Audit and Finance Committee

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

The committee is authorised to request information from employees of the Council, including internal auditors, discuss matters with external auditors and seek independent professional advice as it considers necessary. Minutes of the committee meetings are included in the Council’s papers and the Chair of the committee reports on relevant matters at council meetings. The committee has an advisory role and is not delegated to act on the Council’s behalf unless specifically directed to through resolution. The committee is chaired by a member of the Council and includes the Chair of the Council, the Deputy Chair, one other Council member and the Chief Executive Officer. The Audit and Finance Committee met six times in 2011–12.

Figure 10: Attendance at audit and finance committee meetings

Name	Eligible to attend	Meetings attended
John W.H. Denton (Chair)	6	6
James Strong AO	6	6
Kathy Keele	6	6
Kenneth Lloyd AM	6	6

Artform boards
(continued)

Community Partnerships Committee
The Community Partnerships Committee provides strategic, advisory and policy guidance to the Community Partnerships section. The committee's key responsibilities are to oversee and deliver funding support and grant programs for community partnerships initiatives and community cultural development activities. The committee is also responsible for overseeing the Australia Council's strategic engagement with arts in the community, youth and the arts, education and the arts, arts in a multicultural Australia, regional arts and arts and health. The Community Partnerships Committee met three times during 2011–12.

Figure 11: Attendance at community partnerships committee meetings

Name	Meetings held while a member	Meetings attended
Jeremy Smith (Deputy Chair)	3	3
Claudia Chidiac	3	3
Sally Marsden	1	1
Lorna Martin	1	1
Imelda Rivers	2	1
Marline Zaibak	3	3

Decisions Review Committee
The Decisions Review Committee determines requests for the review of grant-related decisions, as received from grant applicants who have grounds to dispute decision procedures in relation to their applications.

The committee does not assess the artistic merit of applications. Its purpose, under the Australia Council's direction, is to ensure the boards, committees and senior officers have followed correct decision-making procedures. The membership comprises the Chief Executive Officer and at least three governing council members, none of whom may be board Chairs. The Decisions Review Committee did not meet in 2011–12. As at 30 June 2012, Kathy Keele was Chair of the committee.

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

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

Organisation

On 30 June 2012, the Australia Council comprised the Office of the Chief Executive Officer and five divisions: Arts Funding, Aboriginal and Torres Strait Islander Arts, Arts Organisations, Arts Development and Corporate Resources.

Organisational structure

The Chief Executive Officer (CEO) is responsible to the governing council for the conduct of the Australia Council's affairs. In conjunction with the Council 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 Office for the Arts (OFTA) located within the Department of Regional Australia, Local Government, Arts and Sport, concerning the Australian Government's arts policies.

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

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

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

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

Arts Development is responsible for three areas: research and strategic analysis, market development and marketing and audience development. The division delivers programs to increase knowledge about the arts and enable the arts to reach more audiences, nationally and internationally. The division also supports the sector via skills and capacity building and through the development of strategic relationships and networks.

Corporate Resources is responsible for the Australia Council's human resources, financial services, business information, records management, information technology and office support functions.

Organisation (continued)

Staff profile

The Australia Council's staff profile reflects the diversity, flexibility and skills required to meet the changing needs of a dynamic arts sector. Staffing levels as at 30 June 2012 were 121.1 Fulltime Equivalent (FTE) employees compared to 112.6 FTE employees as at 30 June 2011 (see Figure 12). The representation of employees in the targeted equal opportunity groups as at 30 June 2011 is shown as a percentage of total employees in Figure 13.

Employees are appointed under Section 41 of the Australia Council Act 1975 on terms and conditions set out in the Australia Council Enterprise Agreement 2011–14 and on individual employment agreements (common law contracts). Only members of the Australia Council's leadership team are employed on individual employee agreements (common law contracts), as they are regarded as equivalent to the Australian Public Service Senior Executive Service (SES).

Figure 12: Number of staff (FTE) by division at 30 June 2012

Division	2009–10	2010–11	2011–12
Aboriginal and Torres Strait Islander Arts	8.0	5.0	7.0
Arts Development	26.8	24.0	26.4
Arts Funding	45.2	47.2	50.2
Arts Organisations	12.6	11.8	10.0
Corporate Resources	14.8	11.8	12.8
Office of the CEO and Artsupport Australia	14.2	12.8	14.7
Total	121.6	112.6	121.1

Figure 13: Representation of employees in equal employment opportunity groups as at 30 June 2012

Group	2009–10	2010–11	2011–12
Women	74.6%	74.14%	69.11%
Aboriginal and Torres Strait Islanders	3.97%	3.45%	3.25%
Disability	3.17%	1.72%	1.63%
Non-English speaking background	12.7%	10.34%	8.1%

Executive team as at 30 June 2012

Kathy Keele

Chief Executive Officer

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

Lydia Miller

Executive Director

Aboriginal and Torres Strait Islander Arts

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

Rose Hiscock

Executive Director

Arts Development

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

Libby Christie

Executive Director

Arts Funding

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

Tony Grybowski

Executive Director

Arts Organisations

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

Robin Cowdery

Executive Director

Corporate Resources

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

Accountability

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

Service charter

The Australia Council's service charter reflects its commitment to quality client service. It describes the service standards that clients and other stakeholders can expect. In 2011–12, there were eight written complaints. The Council resolved all of these within the charter's service standards. The most common complaints related to unsuccessful applications to funding categories. The service charter can be viewed at: australiacouncil.gov.au/servicecharter

Social inclusion

The Australia Council is committed to ensuring it delivers and supports, across all areas of the organisation's business, services and initiatives that are socially and culturally inclusive. The Council contributes to the Australian Government's Social Inclusion agenda through its Cultural Engagement Framework (CEF). The CEF aims to ensure an effective integration of strategies to support artistic excellence across the diversity of Australian society and provide opportunities for all Australians to participate in and enjoy the arts. For more information on the CEF: australiacouncil.gov.au/cef

Freedom of information

The Australia Council is an agency subject to the *Freedom of Information Act 1982* (FOI Act). As such, it is required to publish information for the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a Section 8 statement in an annual report. The Council website provides details of the information published in accordance with the IPS requirements at: australiacouncil.gov.au/foi/ips

Risk management

The Australia Council has a Risk Management Framework that provides a 'whole-of-Council' approach to managing any form of risk in a systematic, transparent and credible manner. This framework aims to provide principles and guidelines to assist staff to identify, evaluate and effectively manage all significant risks. The principles outlined in this framework are embedded into the diverse decision-making processes of the organisation. Refresher training on subject matters such as good decision making, delegations, fraud, privacy and freedom of information, record management, writing minutes and work, health and safety were provided to staff during 2011–12. The Council also undertook an audit of its Fraud Control Policy and Plan, performed a fraud risk assessment and updated its existing fraud risk register.

External review

Judicial decisions and reviews by outside bodies

During 2011–12, there were no judicial decisions or decisions of administrative tribunals that have had, or may have, a significant impact on the Australia Council's operations. Nor were there any reports on the operations of the Australia Council by the Auditor General (other than the report on the financial statements) or by a parliamentary committee.

Australian National Audit Office

There were no reviews or audits of the Australia Council during 2011–12, other than an annual review of its financial statements and specific government initiatives.

Insurance

The Australia Council's insurance policies for 2011–12 included cover for directors' and officers' liability. The premium paid for this insurance cover was \$12,113. This covered a liability limit of \$100 million.

Fraud control

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

Review of operations

The first section of this annual report outlines the Australia Council's performance in 2011–12 against the objectives set out in the Council's Strategic Plan 2010–12. These objectives support the achievement of the Council's vision and mandate.

Significant events

No significant events in the context of Section 15 of the *Commonwealth Authorities and Companies Act* occurred during 2011–12. This Section deals with the need to notify the responsible Minister of events such as proposals to form a company, partnership or trust, to acquire or dispose of, or commence or cease business activities, or to make other significant changes.

Workplace

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

Enterprise Agreement

The Australia Council Enterprise Agreement became effective on 23 November 2011 for a three-year period. The terms of agreement incorporated a 3 percent salary increase upon the inception of the agreement, a further 3 percent base salary increase on the first year anniversary, and a 3.2 percent increase on the second year anniversary. It covers all employees, other than the Leadership team. Members of the Council's Leadership team are regarded as Senior Executive Staff (SES) equivalent. The Enterprise Agreement will be renegotiated in 2014.

Work Health and Safety (WHS)

Work Health and Safety (WHS) information is provided in accordance with Section 4 of the Work Health and Safety (WHS) Act 2011.

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

In 2011–12, the Council continued to ensure the workplace health, safety and welfare of its employees and contractors, with all new employees completing online WHS compliance training as part of their induction.

No undertakings were required under Section 4 of the Act, which requires that statistics of any accidents or dangerous occurrences during 2011–12 are notified. No investigations were conducted during 2011–12 that relate to undertakings carried on by the employer.

No tests were conducted on any plant, substance or thing in the course of such investigations and no directions were given to the Australia Council under Section 4 of the Act. Nor were there any notices given under Section 4 during the year.

Advertising

The Australia Council uses advertising for a range of purposes: to recruit staff, publicise initiatives and grant program closing dates, to invite clients to public information sessions and to call for tenders. The total cost of staff recruitment advertising was \$24,662 in 2011–12 compared to \$24,239 in 2010–11. The cost of advertising for all other purposes was \$23,438 in 2011–12 compared to \$31,328 in 2010–11.

Green Council

The Green Council is a network of staff interested in environmental management which supports the Australia Council's activities to champion environmental sustainability. The Green Council promotes environmental stewardship and provides a platform for staff involvement in the development and implementation of environmental programs. The group was established in January 2011 and is represented by 15 staff members from various departments. The focus for 2011–12 was to decrease energy consumption, which staff reduced by 7 percent.

Ecologically sustainable development

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

Energy consumption

kWh	
2010–11	712,428
2011–12	662,031

Paper consumption

Reams per year (A4 80gsm copy paper)	
2010–11	1,770
2011–12	1,340

Recycled paper/cardboard

Weight (kg)	
2010–11	15,080
2011–12	2,360

Co-mingle (glass, plastic and aluminium)

Weight (kg)	
2010–11	3,280
2011–12	1,590

“Theatre Kantaka’s *Bargain Garden*, a collaboration with Ensemble Offspring, has been supported by the Australia Council from its inception to presentation, allowing us to fully realise our vision for this project.”

Carlos Bomes
Theatre Kantaka, 2011 grant recipient (theatre)

“The nation should be confident that government investment in the arts is wise, self-sustaining and a significant adornment to the nation’s balance sheet.”

Rupert Myer AM
Chair, Australia Council

Image: Theatre Kantaka *Bargain Garden*. Photo: Heidrun Lhor



**Financial
review**

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INDEPENDENT AUDITOR'S REPORT

To the Minister for the Arts

I have audited the accompanying financial statements of the Australia Council for the year ended 30 June 2012, which comprise: a Statement by the Council Members, Chief Executive and Chief Financial Officer; the Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; and Notes comprising a Summary of Significant Accounting Policies.

Council Members's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

Independence

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

Opinion

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

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australia Council's financial position as at 30 June 2012 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

30 August 2012

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

In our opinion, the attached financial statements for the year ended 30 June 2012 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the Commonwealth Authorities and Companies Act 1997, as amended.

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

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



Rupert Myer AM
Chair
30 August 2012



Kathy Keele
Chief Executive
30 August 2012



Robin Cowdery
Executive Director
Corporate Resources
30 August 2012

Statement of comprehensive income for the period ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Expenses			
Employee benefits	3A	(12,841)	(12,666)
Supplier expenses	3B	(10,398)	(8,566)
Grants and programs	3C	(164,511)	(163,841)
Depreciation and amortisation	3D	(659)	(680)
Finance costs	3E	(36)	-
Losses from asset sales and disposals	3F	-	(5)
Total expenses		(188,445)	(185,758)
Less			
Own-source income			
Own-source revenue			
Interest	4A	3,041	3,071
Rental income	4B	65	63
Other revenue	4C	2,415	2,422
Total own-source revenue		5,521	5,556
Total own-source income		5,521	5,556
Net cost of services		182,924	180,202
Revenue from Government	4D	182,918	181,483
(Deficit) Surplus attributable to the Australian Government		(6)	1,281
Other comprehensive income			
Asset revaluations		(647)	-
Total other comprehensive income (loss)		(647)	-
Total comprehensive income (loss) attributable to the Australian Government		(653)	1,281

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

Balance sheet as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Assets			
Financial Assets			
Cash and cash equivalents	5A	21,197	20,153
Trade and other receivables	5B	1,487	4,091
Total financial assets		22,684	24,244
Non-Financial Assets			
Land and buildings	6A, D	1,462	2,009
Plant and equipment	6B, D	155	166
Other	6C, D	1,215	1,339
Intangibles	6E	921	979
Other non-financial assets	6F	199	271
Total non-financial assets		3,952	4,764
Total assets		26,636	29,008
Liabilities			
Payables			
Suppliers	7A	(1,780)	(1,740)
Grants and programs	7B	(2,467)	(4,483)
Other payables	7C	(512)	(539)
Total payables		(4,759)	(6,762)
Provisions			
Employee provisions	8A	(1,634)	(1,386)
Other provisions	8B	(718)	(682)
Total provisions		(2,352)	(2,068)
Total liabilities		(7,111)	(8,830)
Net assets		19,525	20,178
Equity			
Reserves		3,984	4,965
Retained surplus		15,541	15,213
Total equity		19,525	20,178

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

Statement of changes in equity for the period ended 30 June 2012

	Retained earnings		Asset revaluation surplus		Other reserves		Total equity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Opening balance								
Balance carried forward from previous period	15,213	14,019	2,983	2,983	1,982	1,895	20,178	18,897
Adjusted opening balance	15,213	14,019	2,983	2,983	1,982	1,895	20,178	18,897
Comprehensive income								
Surplus (deficit) for the period	(6)	1,281	-	-	-	-	(6)	1,281
Other comprehensive income – asset revaluations	-	-	(647)	-	-	-	(647)	-
Total comprehensive income	(6)	1,281	(647)	-	-	-	(653)	1,281
Transfers (from)/to Reserves								
Transfer (from)/to Asset Revaluation Reserve	-	-	-	-	-	-	-	-
Transfer (from)/to Get Reading! Reserve	425	(86)	-	-	(425)	86	-	-
Transfer (from)/to Asher Estate Bequest	7	5	-	-	(7)	(5)	-	-
Transfer (from)/to Orchestras Review Reserve	-	-	-	-	-	-	-	-
Transfer (from)/to Young & Emerging Reserve	-	-	-	-	-	-	-	-
Transfer (from)/to Visual Arts Craft Strategy Reserve	(98)	(6)	-	-	98	6	-	-
Sub-total transfers (from)/to Reserves	334	(87)	-	-	(334)	87	-	-
Closing balance as at 30 June	15,541	15,213	2,336	2,983	1,648	1,982	19,525	20,178

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

Cash flow statement

for the period ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Operating activities			
Cash received			
Receipts from Government		184,589	179,812
Interest		3,072	3,064
Net GST received		687	245
Other		2,694	2,600
Total cash received		191,042	185,721
Cash used			
Employees		(12,541)	(12,549)
Suppliers		(10,364)	(8,396)
Grants and programs		(166,527)	(162,297)
Total cash used		(189,432)	(183,242)
Net cash from operating activities	9	1,610	2,479
Investing activities			
Cash used			
Purchase of property, plant and equipment and intangibles		(566)	(707)
Total cash used		(566)	(707)
Net cash used by investing activities		(566)	(707)
Financing activities			
Net cash from financing activities		-	-
Net increase (decrease) in cash held		1,044	1,772
Cash and cash equivalents at the beginning of the reporting period		20,153	18,381
Cash and cash equivalents at the end of the reporting period	5A	21,197	20,153

Schedule of contingencies

as at 30 June 2012

There were no contingent assets or liabilities at 30 June 2012.

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

Schedule of commitments

as at 30 June 2012

	2012 \$'000	2011 \$'000
By type		
Commitments receivable		
Sublease rental income	23	53
Net GST recoverable on commitments	29,981	12,999
Total commitments receivable	30,004	13,052
Commitments payable		
Other commitments		
Operating leases	20,868	22,992
Grant and project commitments	309,592	120,593
Total other commitments	330,460	143,585
Total commitments payable	330,460	143,585
Net commitments by type	300,456	130,533
By maturity		
Commitments receivable		
One year or less	13,341	11,136
From one to five years	16,075	1,082
Over five years	588	834
Total commitments receivable	30,004	13,052
Commitments payable		
Operating lease commitments		
One year or less	3,210	2,998
From one to five years	11,017	10,708
Over five years	6,641	9,286
Total operating lease commitments	20,868	22,992
Grant and project commitments		
One year or less	143,532	119,463
From one to five years	166,060	1,130
Over five years	-	-
Total grant and project commitments	309,592	120,593
Total commitments payable	330,460	143,585
Net commitments by maturity	300,456	130,533

Note: Commitments are GST inclusive where relevant. Sublease rental commitments receivable relates to the sublease of office space at 372 Elizabeth Street, Surry Hills. 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. Other commitments relate to grants and projects and comprise commitments payable of \$241.283m to Major Performing Arts Board companies and \$68.309m of support for the arts funding under grant agreements in respect of which the recipient is yet to comply with certain requirements or meet eligibility.

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

Notes to and forming part of the financial statements

- 1** Summary of significant accounting policies
- 2** Events after the reporting period
- 3** Expenses
- 4** Income
- 5** Financial assets

- 6** Non-financial assets
- 7** Payables
- 8** Provisions
- 9** Cash flow reconciliation
- 10** Remuneration of council members

- 11** Related party disclosures
- 12** Senior executive remuneration
- 13** Remuneration of auditors
- 14** Financial instruments
- 15** Reporting of outcomes

1 Summary of significant accounting policies

1.1 Objectives of the entity

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

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

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

1.2 Basis of preparation of the financial statements

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

The financial statements have been prepared in accordance with:

- a) Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

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

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

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

1.3 Significant accounting judgements and estimates

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

- The fair value of land and buildings, the library, musical instruments and works of art have been taken to be the market value of similar assets as determined by independent valuers. Plant and Equipment assets are at cost less accumulated depreciation.

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

1 Summary of significant accounting policies (continued)

1.4 New Australian accounting standards

Adoption of new Australian accounting standard requirements

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

Future Australian accounting standard requirements

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

1.5 Comparative figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required. Within the Changes in Equity schedule the transfers between other reserves during 2010–2011 were reclassified. Note 12: Senior Executive Remuneration comparatives were adjusted for changes in remuneration package bands and disclosure requirements.

1.6 Revenue

Revenue from the sale of goods is recognised when:

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

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

Receivables for goods and services, which have 28 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed as at end of reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest and grant return revenues are recognised on an accrual basis. Revenue from fundraising on receipt.

Resources received free of charge

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

Revenue from Government

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

1.7 Gains

Sale of assets

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

1.8 Employee benefits

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

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

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

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the entity is estimated to be less than the annual entitlement for sick leave.

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

Separation and redundancy

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

Superannuation

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

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

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

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

1.9 Leases

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

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

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

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

The Council has no finance leases.

1 Summary of significant accounting policies (continued)

1.10 Grants and programs expense and payables

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

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

1.11 Cash

Cash and cash equivalents 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.

1.12 Financial assets

The Council classifies its financial assets in the following categories:

- held-to-maturity investments
- loans 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.

Held-to-maturity investments

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

Loans and receivables

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

Impairment of financial assets

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

1.13 Financial liabilities

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

Other financial liabilities

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

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

1.14 Contingent liabilities and contingent assets

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

1.15 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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

1.16 Property, plant and equipment and other assets

Asset recognition threshold

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

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

Revaluations

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

Asset Class	Fair value measured at
Land	Market selling price
Buildings excluding leasehold improvements	Market selling price
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Depreciated replacement cost
Other	Market selling price

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

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

Depreciation

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

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

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

Asset class	2012	2011
Buildings on freehold land	40 years	40 years
Buildings on leasehold land	50–75 years	50–75 years
Leasehold improvements	10 years	10 years
Plant and equipment	3–50 years	3–50 years
Other – library	3–50 years	3–50 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 2012. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

Derecognition

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

1.17 Intangibles

The Council's intangibles 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 entity's software are three years (2010–11:3 years).

All software assets were assessed for indications of impairment as at 30 June 2012.

1.18 Taxation

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

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

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

2 Events after the reporting period

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

3 Expenses

	2012	2011
	\$'000	\$'000

Note 3A: Employee benefits

Core

Wages and salaries	(9,181)	(9,057)
Superannuation:		
– Defined contribution plans	(526)	(554)
– Defined benefit plans	(248)	(279)
– Other private schemes	(317)	(260)
Leave and other entitlements	(222)	(40)
Separation and redundancies	(40)	(86)
Total employee benefits – core	(10,534)	(10,276)

Programs

Wages and salaries	(2,103)	(2,100)
Superannuation:		
– Defined contribution plans	(97)	(77)
– Defined benefit plans	(2)	(11)
	(84)	(123)
Leave and other entitlements	(21)	(30)
Separation and redundancies	-	(49)
Total employee benefits – programs	(2,307)	(2,390)
Total employee benefits	(12,841)	(12,666)

Note 3B: Supplier expenses

Core

Provision of goods and services – external parties	(2,585)	(2,587)
Operating lease rentals – external parties:		
– Minimum lease payments	(2,236)	(2,280)
– Workers compensation expenses	(55)	(70)
Total supplier expenses – core	(4,876)	(4,937)

Programs

Provision of goods and services – external parties	(5,522)	(3,629)
Total supplier expenses – programs	(5,522)	(3,629)
Total supplier expenses	(10,398)	(8,566)

3 Expenses (continued)

	2012 \$'000	2011 \$'000
Note 3C: Grants and programs		
Board grants	(27,555)	(26,572)
Council Initiatives	(2,155)	(2,051)
Government Initiatives	(16,122)	(16,579)
Key Organisations	(21,395)	(22,116)
Major Performing Arts	(97,284)	(96,523)
Total grants and programs	(164,511)	(163,841)
Note 3D: Depreciation and amortisation		
Depreciation:		
– Infrastructure, plant and equipment	(63)	(137)
– Buildings	(49)	(43)
Total depreciation	(112)	(180)
Amortisation:		
Intangibles		
– Computer software	(547)	(500)
Total amortisation	(547)	(500)
Total depreciation and amortisation	(659)	(680)
Note 3E: Finance costs		
Movement in make good provision	(36)	-
Total finance costs	(36)	-
Note 3F: Losses from asset sales and disposals		
Property, plant and equipment:		
– Proceeds from disposals	-	-
– Carrying value of asset disposed	-	(5)
Total losses from asset sales and disposals	-	(5)

4 Income

	2012 \$'000	2011 \$'000
Own-source revenue		
Note 4A: Interest		
Deposits	3,041	3,071
Total interest	3,041	3,071
Note 4B: Rental income		
Operating lease:		
– Other	65	63
Total rental income	65	63
Note 4C: Other revenue		
Returned grants	512	743
Income from fund raising:		
– Venice Biennale	371	861
Department of Foreign Affairs and Trade:		
– Festival of Pacific Arts	100	-
– Community Arts Replacement Project	15	-
Arts ACT:		
– Local stages ACT initiative	25	-
Arts NSW:		
– Artsupport state manager	80	80
– MAPS project	150	50
Arts QLD:		
– Artsupport state manager	80	80
– MAPS project	50	-
– ADVICE project	-	60
– Fundraising professional development subsidy scheme	-	16
Arts VIC:		
– MAPS project	50	25
– Artsupport state manager	80	80
– ADVICE project	-	60
Arts WA:		
– Artsupport state manager	80	80
– ADVICE project	-	30
– Geeks in residence	-	25

4 Income (continued)

	2012	2011
	\$'000	\$'000

Note 4C: Other revenue (continued)

Arts SA:

– Artsupport state manager	50	-
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Contributions from other non-government entities:

– Creative Communities Partnership	4	-
– Artsupport masterclass	46	37
– Marketing Summit	94	27
– Samstag ISCP residency program	50	-
– World Summit	516	24
– Qantas Young and Emerging Indigenous Art Award Sponsorship	-	10
– Arts Executive Leadership Program	15	45
– Opportunities for Young and Emerging Artists' Longitudinal Study	-	18
– Other	47	71

Total other revenue	2,415	2,422
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Revenue from Government

Note 4D: Revenue from Government

Department of Prime Minister and Cabinet and

Department of Regional Australia, Local Government, Arts and Sport:

– CAC Act Appropriation	175,010	173,935
– Get Reading!	1,600	2,000
– Visual Arts & Craft Strategy	5,308	5,548
– Creative Australia Artist Grants	1,000	-
Total revenue from Government	182,918	181,483

5 Financial assets

	2012	2011
	\$'000	\$'000

Note 5A: Cash and cash equivalents

Cash on hand or on deposit	21,197	20,153
Total cash and cash equivalents	21,197	20,153

Note 5B: Trade and other receivables

Goods and Services:

– Goods and services – external parties	87	254
Total receivables for goods and services	87	254

Department of Prime Minister and Cabinet

Receivable	-	1,671
Total receivable from Department of Prime Minister and Cabinet	-	1,671

Other receivables:

– GST receivable from the Australian Taxation Office	1,313	2,001
– Loans – Australian Music Centre	46	93
– Interest	33	64
– Other	8	8
Total other receivables	1,400	2,166
Total trade and other receivables (net)	1,487	4,091

Receivables are expected to be recovered in:

– No more than 12 months	1,487	3,996
– More than 12 months	-	95
Total trade and other receivables (net)	1,487	4,091

Receivables are aged as follows:

– Not overdue	1,464	3,992
– Overdue by:		
– 0 to 30 days	-	30
– 31 to 60 days	23	2
– 61 to 90 days	-	-
– More than 90 days	-	67
Total receivables (net)	1,487	4,091

6 Non-financial assets

	2012 \$'000	2011 \$'000
Note 6A: Land and buildings		
Land:		
Land at fair value	149	149
Buildings on freehold land:		
– Fair value	430	769
– Accumulated depreciation	(81)	(67)
Total buildings on freehold land	349	702
Leasehold improvements:		
– Fair value	3,798	3,787
– Accumulated depreciation	(3,676)	(3,701)
Total leasehold improvements	122	86
Buildings on leasehold land:		
– Fair value	1,187	1,358
– Accumulated depreciation	(345)	(286)
Total buildings on leasehold land	842	1,072
Total land and buildings	1,462	2,009

Land and Buildings (excluding leasehold improvements at 372 Elizabeth Street, Surry Hills NSW Australia) were revalued at 30 June 2012 by an independent valuer, Jones Lang LaSalle. The valuations were in accordance with the revaluation policy stated in Note 1. A net revaluation decrement of \$545,124 was debited to the asset revaluation reserve and included in the equity section of the balance sheet (2011:\$NIL). The carrying amount of \$1.462m (2011:\$2.009m) includes these revaluation figures.

No indicators of impairment were found for leasehold improvements.

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

	2012 \$'000	2011 \$'000
Note 6B: Plant and equipment and other		
Plant and equipment:		
– Fair value	695	676
– Accumulated depreciation	(540)	(510)
Total plant and equipment	155	166
Note 6C: Other		
Other:		
– Fair value	1,215	1,600
– Accumulated depreciation	-	(261)
Total other	1,215	1,339

“Other” includes the library, musical instruments and works of art.

The cello musical instrument was revalued at 30 June 2012 to reflect foreign exchange rate movements.

The library was revalued as at 30 June 2012. The library valuation was in accordance with the revaluation policy stated in Note 1 and was completed by Simon Taaffe, an independent approved valuer.

Works of art were revalued as at 30 June 2012. The works of art valuation was in accordance with the revaluation policy stated in Note 1 and was completed by an independent valuer, McWilliam and Associates Pty Ltd (Sydney).

A net revaluation decrement of \$101,722 was debited to the asset revaluation reserve and included in the equity section of the balance sheet (2011:\$NIL). The net decrement was also expensed. The carrying amount of \$1.215m above (2011:\$1.339m) includes these revaluation figures.

Per accounting standard requirements, the accumulated depreciation balances have been netted off against fair values when recognising the revaluation movements.

No assets within the “other” category are expected to be sold or disposed of within the next 12 months, with the exception of the cello which is currently subject to sale negotiations.

6 Non-financial assets (continued)

Note 6D: Land and buildings, plant and equipment and other

Reconciliation of the opening and closing balances of land and buildings, plant and equipment and other 2012

	Land	Buildings	Total land & buildings	Plant & equipment	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

As at 1 July 2011

Gross book value	149	5,915	6,064	676	1,600	8,340
Accumulated depreciation and impairment	-	(4,055)	(4,055)	(510)	(261)	(4,826)
Net book value 1 July 2011	149	1,860	2,009	166	1,339	3,514

Additions:

– By purchase	-	47	47	30	-	77
– Revaluations and impairments recognised in other comprehensive income	-	(545)	(545)	-	(102)	(647)
– Depreciation expense	-	(49)	(49)	(41)	(22)	(112)

Other movements

(restatement on revaluations):

– Cost	-	(427)	(427)	-	(283)	(710)
– Accumulated depreciation	-	427	427	-	283	710

Disposals:

– Cost	-	-	-	(11)	-	(11)
– Accumulated depreciation	-	-	-	11	-	11

Net book value 30 June 2012	149	1,313	1,462	155	1,215	2,832
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Net book value as of 30 June 2012

represented by:

– Gross book value	149	4,990	5,139	695	1,215	7,049
– Accumulated depreciation and impairment	-	(3,677)	(3,677)	(540)	-	(4,217)

Net book value 30 June 2012	149	1,313	1,462	155	1,215	2,832
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Note 6D: Land and buildings, plant and equipment and other (continued)

Reconciliation of the opening and closing balances of land and buildings, plant and equipment and other 2011

	Land	Buildings	Total land & buildings	Plant & equipment	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

As at 1 July 2010

Gross book value	149	5,868	6,017	729	1,590	8,336
Accumulated depreciation and impairment	-	(4,012)	(4,012)	(460)	(234)	(4,706)
Net book value 1 July 2010	149	1,856	2,005	269	1,356	3,630

Additions	-	47	47	9	13	69
Depreciation expense	-	(43)	(43)	(110)	(27)	(180)

Disposals:

– Cost	-	-	-	(62)	(3)	(65)
– Accumulated depreciation	-	-	-	60	-	60

Net book value 30 June 2011	149	1,860	2,009	166	1,339	3,514
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Net book value as of 30 June 2011

represented by:

– Gross book value	149	5,915	6,064	676	1,600	8,340
– Accumulated depreciation and impairment	-	(4,055)	(4,055)	(510)	(261)	(4,826)

Net book value 30 June 2011	149	1,860	2,009	166	1,339	3,514
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6 Non-financial assets (continued)

	2012 \$'000	2011 \$'000
Note 6E: Intangibles		
Computer software:		
– Internally developed – in use	3,132	2,643
– Purchased	11	11
– Accumulated amortisation	(2,222)	(1,675)
Total computer software	921	979
Total intangibles	921	979

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months other than the current Finance System, OpenPlus, which is being replaced by Microsoft Dynamics GP from 1 July 2012.

Reconciliation of the opening and closing balances of intangibles 2012

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
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As at 1 July 2011

Gross book value	2,643	11	2,654
Accumulated amortisation and impairment	(1,669)	(6)	(1,675)
Net book value 1 July 2011	974	5	979

Additions:

– By purchase or internally developed	489	-	489
– Amortisation	(545)	(2)	(547)
Net book value 30 June 2012	918	3	921

Net book value as of 30 June 2012 represented by:

– Gross book value	3,132	11	3,143
– Accumulated amortisation and impairment	(2,214)	(8)	(2,222)
Net book value 30 June 2012	918	3	921

Note 6E: Intangibles (continued)

Reconciliation of the opening and closing balances of intangibles 2011

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
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As at 1 July 2010

Gross book value	2,010	6	2,016
Accumulated amortisation and impairment	(1,169)	(6)	(1,175)
Net book value 1 July 2010	841	-	841

Additions	633	5	638
Amortisation	(500)	-	(500)
Net book value 30 June 2011	974	5	979

Net book value as of 30 June 2011 represented by:

– Gross book value	2,643	11	2,654
– Accumulated amortisation and impairment	(1,669)	(6)	(1,675)
Net book value 30 June 2011	974	5	979

	2012 \$'000	2011 \$'000
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Note 6F: Other non-financial assets

Prepayments	199	271
Total other non-financial assets	199	271

Total other non-financial assets – are expected to be recovered in:

– No more than 12 months	199	271
Total other non-financial assets	199	271

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

7 Payables

	2012	2011
	\$'000	\$'000

Note 7A: Suppliers

Trade creditors and accruals	(616)	(772)
Operating lease rentals	(1,164)	(968)
Total suppliers payables	(1,780)	(1,740)

Suppliers payables expected to be settled within 12 months:

– External parties	(616)	(772)
Total	(616)	(772)

Suppliers payables expected to be settled in greater than 12 months:

– External parties	(1,164)	(968)
Total	(1,164)	(968)
Total suppliers payables	(1,780)	(1,740)

Settlement was usually made within 30 days.

Note 7B: Grants and programs

Private sector:

– Other	(2,467)	(4,483)
Total grants and programs	(2,467)	(4,483)

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

– No more than 12 months	(2,467)	(4,483)
Total grants and programs	(2,467)	(4,483)

Settlement was usually made according to the terms and conditions of each grant. This was usually within 30 days of performance or eligibility.

Note 7C: Other payables

Wages and salaries	(497)	(420)
Prepayments received/unearned income	-	(75)
Other	(15)	(44)
Total other	(512)	(539)

8 Provisions

	2012	2011
	\$'000	\$'000

Note 8A: Employee provisions

Leave	(1,634)	(1,386)
Total employee provisions	(1,634)	(1,386)

Employee provisions are expected to be settled in:

– No more than 12 months	(1,213)	(1,029)
– More than 12 months	(421)	(357)
Total employee provisions	(1,634)	(1,386)

Note 8B: Other provisions

Provision for restoration obligations	(718)	(682)
Total other provisions	(718)	(682)

Other provisions are expected to be settled in:

– More than 12 months	(718)	(682)
Total other provisions	(718)	(682)

	Provision for restoration	Total
	\$'000	\$'000
Carrying amount 1 July 2011	(682)	(682)
Unwinding of discount	(36)	(36)
Change in discount rate	(76)	(76)
Decrease in make good cost	76	76
Total movement in make good provision	(36)	(36)
Closing balance 2012	(718)	(718)

The Council currently has an agreement (2011:1) for the leasing of premises, which has a provision requiring the Council to restore the premises to their original condition at the conclusion of the lease. The Council has made a provision to reflect the present value of this obligation.

9 Cash flow reconciliation

	2012 \$'000	2011 \$'000
Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement		
Cash and cash equivalents as per:		
– Cash flow statement	21,197	20,153
– Balance sheet	21,197	20,153
Difference	-	-
Reconciliation of net cash from operating activities:		
– Net cost of services	(182,924)	(180,202)
– Add revenue from Government	182,918	181,483
Adjustments for non-cash items:		
– Depreciation/amortisation	659	680
– Losses from asset sales and disposals	-	5
– Finance cost – unwinding discount	36	-
Changes in assets/liabilities:		
– (Increase)/decrease in net receivables	2,603	(1,318)
– (Increase)/decrease in prepayments	72	(177)
– Increase/(decrease) in employee provisions	325	55
– Increase/(decrease) in supplier and other payables	(63)	409
– Increase/(decrease) in grants and programs payable	(2,016)	1,544
Net cash from operating activities	1,610	2,479

10 Remuneration of council members

	2012 No.	2011 No.
The number of council members of the Australia Council included in these figures are shown below in the relevant remuneration bands:		
Less than \$150,000	13	13
Total	13	13
	\$	\$
Total remuneration received or due and receivable by council members of the Australia Council	365,901	370,367

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

11 Related party disclosures

Governing council members

Members of the governing council during the financial year were:

Name

Keele, Kathy*
 Armstrong, Stephen
 Bin Bakar, Mark
 Buckskin, Lee-Ann
 Cunningham, Sophie
 Denton, John W. H. (Deputy Chair)
 Haskell, Dennis
 Herron, Louise
 Hindson, Matthew AM
 Lloyd, Kenneth AM
 Mostyn, Samantha
 Sharp, Chrissy
 Snell, Ted (Edgar) AM, Cit WA
 Strong, James AO (Chair)

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

11 Related party disclosures (continued)

Other transactions with directors or director-related entities

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

Ms Robyn Archer AO was appointed Deputy Chair of the Australia Council on 1 July 2012 and therefore was not a related party during the 2011–12 period.

Mr Stephen Armstrong is employed by the Myer Foundation and is an Independent producer and consultant. He is a board director of Chunky Move, Trustee, Victorian Actors' Benevolent Trust, and a consultant to the Trawalla Foundation. All contracts and transactions between these entities and the Council are based on normal terms and conditions and there is no personal benefit to the Councillor.

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

Ms Lee-Ann Buckskin is employed by the Carclew Youth Arts, North Adelaide, and is a member of the SA Museum Aboriginal Advisory Committee. All contracts and transactions between these entities and the council are based on normal terms and conditions and there is no personal benefit to the Councillor.

Ms Sophie Cunningham is a board member of the Stella Prize, published by Text Publishing, University of New South Wales. She is also a Mentor with Jump and a course director for the Faber Academy, which is run by Allen & Unwin Publishers. Any contracts and transactions between this entity and the Council are based on normal terms and conditions and there is no personal benefit to the Councillor.

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

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

Dr Matthew Hindson AM is the Chair, Composition and Music Technology Unit, Sydney Conservatorium of Music, the music curator for the Campbelltown Arts Centre and composer in residence for 2012 at the Australian National Academy of Music (ANAM). He also has a commission in 2012 with Musica Viva. All contracts and transactions between these entities and the Council are based on normal terms and conditions and there is no personal benefit to the Councillor.

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

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

Mr Kenneth Lloyd AM is a former employee of South Australia (SA) Department for the Arts and Cultural Development (now Arts SA), the Art Gallery of South Australia and Country Arts SA. All contracts and

transactions between these entities and the Council are based on normal terms and conditions and there is no personal benefit to the Councillor.

Mr Rupert Myer AM was appointed Chair of Australia Council on 1 July 2012 and therefore was not a related party during the 2011–2012 year.

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

Ms Chrissy Sharp was a director of the Wheeler Centre for Books, Writing and Ideas. There were no related party transactions with this entity during the year.

Professor Ted (Edgar) Snell, AM, Cit WA: There were no related party transactions during the year.

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

12 Senior executive remuneration

Note 12A: Senior executive remuneration expenses for the reporting period

	2012	2011
	\$	\$
Short-term employee benefits:		
– Salary (including annual leave taken)	1,862,135	1,651,648
– Changes in annual leave provisions	142,725	116,125
– Performance bonuses	178,291	139,157
– Superannuation (inc. leave related superannuation on-cost)	203,441	196,100
Total short-term employee benefits	2,386,592	2,103,030
Other long-term benefits:		
– Long-service leave	39,806	26,443
Total other long-term benefits	39,806	26,443
Termination benefits	-	32,433
Total employment benefits	2,426,398	2,161,906

Notes:

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

12 Senior executive remuneration (continued)

Note 12B: Average annual reportable remuneration paid to substantive senior executives during the reporting period

Average annual reportable remuneration ¹	2012					
	Senior executives	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
– less than \$150,000	17	95,061	18,557	24	294	113,936
– \$150,000 to \$179,999	2	142,176	16,707	-	-	158,883
– \$180,000 to \$209,999	5	155,552	17,864	-	15,718	189,134
– \$210,000 to \$239,999	2	175,663	24,782	6,500	20,087	227,032
– \$330,000 to \$359,999	1	260,976	49,840	-	36,364	347,180
Total	27					

Average annual reportable remuneration ¹	2011					
	Senior executives	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
– less than \$150,000	18	92,452	19,404	19	1,110	112,985
– \$150,000 to \$179,999	3	140,352	15,163	-	4,682	160,197
– \$180,000 to \$209,999	4	159,530	19,263	-	15,082	193,875
– \$210,000 to \$239,999	1	168,090	25,814	13,000	20,000	226,904
– \$360,000 to \$389,999	1	289,969	49,999	-	40,754	380,722
Total	27					

Notes:

- This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
- 'Reportable salary' includes the following:
 - gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)
 - reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits)
 - exempt foreign employment income.
- The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per individuals' payment summaries.

- 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.
- Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.
- The number of senior executives reflects staff movements throughout the year.

Note 12C: Other highly paid staff

During the reporting period, there were no other employees (2011:nil) whose salary plus performance bonus were \$150,000 or more.

13 Remuneration of auditors

	2012 \$'000	2011 \$'000
Financial statement audit services were provided by the Australian National Audit Office:		
– Australia Council	46	46
– Get Reading! (Government initiative)	-	2
– Visual Arts and Craft Strategy (Government initiative)	5	4
Total	51	52

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

14 Financial instruments

	2012	2011
	\$'000	\$'000

Note 14A: Categories of financial instruments

Financial assets

Held-to-maturity:

– Cash on hand/at bank	21,197	20,153
Total	21,197	20,153

Loans and receivables:

– Receivables for goods and services	128	326
– Loan	46	93
Total	174	419
Carrying amount of financial assets	21,371	20,572

Financial liabilities

Other financial liabilities

– Trade and other creditors	(1,128)	(1,311)
– Grant and programs	(2,467)	(4,483)
Total	(3,595)	(5,794)
Carrying amount of financial liabilities	(3,595)	(5,794)

Note 14B: Net income and expense from financial assets

Held-to-maturity:

– Interest revenue (refer Note 4A)	3,041	3,071
Net gain/(loss) held-to-maturity	3,041	3,071
Net gain/(loss) from financial assets	3,041	3,071

Note 14C: Fair value of financial instruments

	Carrying amount	Fair value	Fair value
	2012	2012	2011
	\$'000	\$'000	\$'000

Financial assets:

– Cash at bank	21,197	21,197	20,153
– Receivables for goods and services	128	128	326
– Loan	46	46	93
Total	21,371	21,371	20,572

Note 14C: Fair value of financial instruments (continued)

	Carrying amount	Fair value	Fair value
	2012	2012	2011
	\$'000	\$'000	\$'000

Financial liabilities:

– Trade and other creditors	(1,128)	(1,128)	(1,311)
– Grants and programs	(2,467)	(2,467)	(4,483)
Total	(3,595)	(3,595)	(5,794)

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

Note 14D: Credit risk

The Council is exposed to minimum credit risk as the majority of loans and receivables are cash and CAC Act appropriation payments made under law (which guarantees fixed amounts of funding that the entity can drawdown as required). All amounts owed by Australian Taxation Office are in the form of goods and services tax refunds. The maximum exposure to credit risk is the risk that arises from potential default of debtors. This amount is equal to the total amount of goods and services trade receivables and loans (2012:\$174,000 and 2011:\$419,000). The Council holds no collateral to mitigate against credit risk.

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

	Not past due nor impaired	Not past due nor impaired
	2012	2011
	\$'000	\$'000

Cash at bank	21,197	20,153
Receivables for goods and services	105	227
Loan	46	93
Total	21,348	20,473

	0 to 30 days	31 to 60 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000

Ageing of financial assets that were past due but not impaired for 2012

Receivable for goods and services	-	23	-	23
Total	-	23	-	23

14 Financial instruments (continued)

Note 14D: Credit risk (continued)

	0 to 30 days \$'000	31 to 60 days \$'000	90+ days \$'000	Total \$'000
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Ageing of financial assets that were past due but not impaired for 2011

Receivable for goods and services	30	2	67	99
Total	30	2	67	99

Note 14E: Liquidity risk

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

	On demand \$'000	Within 1 year \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
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Maturities for non-derivative financial liabilities 2012:

– Trade and other creditors	-	(1,128)	-	-	(1,128)
– Grants and programs	-	(2,467)	-	-	(2,467)
Total	-	(3,595)	-	-	(3,595)

Maturities for non-derivative financial liabilities 2011:

– Trade and other creditors	-	(1,311)	-	-	(1,311)
– Grants and programs	-	(4,483)	-	-	(4,483)
Total	-	(5,794)	-	-	(5,794)

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

Note 14F: Market risk

Foreign currency risk

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

Interest rate risk

The Council manages its interest rate risk by holding surplus funds with banks (per s18 of the CAC Act) and in accordance with its investment policy.

15 Reporting of outcomes

Net cost of outcome delivery

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

	Outcome 1		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Departmental expenses	(188,445)	(185,758)	(188,445)	(185,758)
Other own-source income	5,521	5,556	5,521	5,556
Net cost/(contribution) of outcome delivery	(182,924)	(180,202)	(182,924)	(180,202)

Major classes of expense, income, assets and liabilities by outcome

	Outcome 1		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000

Expenses:

– Employees	(12,841)	(12,666)	(12,841)	(12,666)
– Suppliers	(10,398)	(8,566)	(10,398)	(8,566)
– Grants and programs	(164,511)	(163,841)	(164,511)	(163,841)
– Depreciation and amortisation	(659)	(680)	(659)	(680)
– Finance costs	(36)	-	(36)	-
– Loss (gain) on sale and disposal of assets	-	(5)	-	(5)
Total	(188,445)	(185,758)	(188,445)	(185,758)

Income:

– Income from government	182,918	181,483	182,918	181,483
– Interest	3,041	3,071	3,041	3,071
– Other	2,480	2,485	2,480	2,485
Total	188,439	187,039	188,439	187,039

15 Reporting of outcomes (continued)

Major classes of expense, income, assets and liabilities by outcome (continued)

	Outcome 1		Total	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Assets:				
– Cash and cash equivalent	21,197	20,153	21,197	20,153
– Trade and other receivables	1,487	4,091	1,487	4,091
– Land and buildings	1,462	2,009	1,462	2,009
– Plant and equipment	155	166	155	166
– Other	1,215	1,339	1,215	1,339
– Intangibles	921	979	921	979
– Other non-financial assets	199	271	199	271
Total	26,636	29,008	26,636	29,008
Liabilities:				
– Suppliers	(1,780)	(1,740)	(1,780)	(1,740)
– Grants and programs	(2,467)	(4,483)	(2,467)	(4,483)
– Other payables	(512)	(539)	(512)	(539)
– Employee provisions	(1,634)	(1,386)	(1,634)	(1,386)
– Other provisions	(718)	(682)	(718)	(682)
Total	(7,111)	(8,830)	(7,111)	(8,830)

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“It is no exaggeration to say that it [the Australian arts sector] has transformed in its sophistication and scope. Australia now punches far above its weight on the international arts stage, it fosters great innovation and creativity and there are real and sustainable career paths in Australia for artists working at the highest level of achievement across all artforms. The Australia Council has played a significant role in this transformation.”

Independent Review of the Australia Council, May 2012



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