

AUSTRALIA COUNCIL
**ANNUAL
REPORT**

2013 TO 2014

Letter of transmittal

Minister for the Arts
Parliament House
Canberra ACT 2600


19 September 2014

Dear Minister,

On behalf of the Board of the Australia Council, I am pleased to submit the Australia Council annual report for 2013-14.

Under Section 9 of the *Commonwealth Authorities and Companies Act 1997*, the Board members of the Australia Council are responsible for the preparation and content of a report of operations in accordance with the *Commonwealth Authorities (Annual Reporting) Orders 2011* and the *Australia Council Act 2013*. The following report of operations and financial statements were adopted by resolutions of the Board on 19 September 2014 and 26 August 2014 respectively.

Yours faithfully,



Rupert Myer AM
Chair, Australia Council

CONTENTS

Our Purpose	2
Report from the Chair	4
Report from the CEO	6
<hr/>	
Section 1: Agency Overview 2013–14	9
About the Australia Council	11
Funding overview	16
Council grant and initiative funding by area of practice	22
Government initiatives	27
<hr/>	
Section 2: Report on Performance Outcomes	31
Access and audience	33
Support for culturally diverse projects and events	34
Support for new Australian art work	35
Research and development projects	36
Expenditure Mix	37
Australia Council specific key performance indicators	38
<hr/>	
Section 3: Management and Accountability	41
The Australia Council Board	42
Corporate Governance	46
External Review	54
Management of Human Resources	55
<hr/>	
Section 4: Financial Statements	61
Compliance index	111

Cover image: *This Fleeting World*

The Centre for Australasian Theatre was supported to develop a new intercultural performance in Cairns, entitled *This Fleeting World*.

Centre for Australasian Theatre, Centre of Contemporary Arts, Cairns, 2013.



OUR PURPOSE

Brothers Wreck, 2014, Belvoir

A new work by emerging Indigenous playwright Jada Alberts, and directed by Leah Purcell, *Brothers Wreck* was an exploration of grief and loss. *Brothers Wreck* was presented by Belvoir, a Major Performing Arts Company, and supported by the Balnaves Foundation in 2014.

Image credit: Brett Boardman

The Australia Council is the Australian Government's arts funding and advisory body. The Council's purpose is to champion and invest in Australian arts. We do this by supporting excellence across all art forms and leveraging our investment in the arts to support and build a vibrant arts ecology.

The Council is a national advocate for the arts and works to increase national and international engagement.

The Council's purpose is supported by the outcome statement outlined in the Portfolio Budget Statements 2013-14 for the former Regional Australia, Local Government, Arts and Sport Portfolio, being 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 Australia Council respects Indigenous communities and cultures. Readers should be aware that this report may contain images or references to members of the Indigenous community who have passed away.

REPORT FROM THE CHAIR

The work of this past year reflects a pivotal moment in the history of the Australia Council. It marks a new chapter for the Council to build on the strengths and achievements of the previous decades while forging new and exciting ways of making more visible the vitality of Australian arts and culture.

Setting the scene for this work are the findings of the Council's 2014 report *The Arts in Daily Life: Australian Participation in the Arts*. Drawing from a national survey conducted in 2013 the report tells a compelling story about the growing ways in which Australian's engage with the arts, and their increasing appreciation of its capacity to enrich our lives. This research is an example of the Council's commitment to strengthening the evidence base for how we understand and talk about arts and culture in Australia.

This year included a key focus on the development of a five year strategy for the Council. This strategy sets out the Council's vision for the arts, one that we have developed following the Australia Council Review in 2012, through sustained dialogue with artists and all those who present, produce and support the arts. It is intended to capture broad ambitions: local, national, regional and international. Our vision to reflect and support a culturally ambitious nation is underpinned by a commitment to keeping artists at the centre of everything we do.

The Board members of the Australia Council have played a critical role in providing oversight during this year of transition, and in the development of the strategy. I would particularly like to acknowledge

their thoughtful contributions and strong commitment to the arts. We have made a deliberate choice to hold our Board meetings in metropolitan and regional locations around the country, and will continue to do so. It has been a great privilege for the Board to engage with the arts sector and broader community in each location, gaining critical insights into the opportunities and challenges they face. It has been a wonderful reminder of the artistically engaged and connected communities that exist across the nation, and the way a vibrant arts and culture can stimulate an imaginative population.

We are ever mindful of the role that audiences at home and abroad play in supporting Australian artistic practice, whether it be through attending theatre, music and other performances, the art market, buying Australian literary works or playing Australian games online. I am confident that the Council's strategy will deliver the best of the arts to more Australians, and that the proposed world-wide network of arts managers and partners will bring the pleasure and inspiration of Australia's arts to new global audiences.

Responding to our new legislation, the Council has maintained our commitment to enabling and celebrating artistic excellence, and further embedding the role of peer assessment in our grant decision making. In April a new pool of peer assessors was established, made up of over 500 artists and arts practitioners from across the country. These experts are now actively involved in the assessment of our grants. Developing a new grants model has been the most critical piece of work for the Council this year. Our responsibility is to the entire ecology of arts organisations across the country: small,

medium and large organisations as well as individual artists. We are very conscious that a healthy ecology is a necessary pre-condition for the long term sustainability of the arts.

Ensuring there is continued support for this rich and dynamic arts sector in Australia, and our profile internationally, requires an evolving approach to arts funding. The Council has a renewed focus on leveraging our support to encourage greater investment in the arts from a variety of sources. Part of this involves our strategic partnerships with all spheres of government, Commonwealth, State and Territory and Local, to deliver initiatives like the highly successful Artists in Residence program or Cultural Places pilot initiative. At other times it will include opportunities to maximise our investment by co-mingling public and private funds to deliver major projects with significant impact. This year has seen the fruits of this kind of co-mingling with projects like the Venice Biennale and Keir Choreographic Awards.

This exceptional year at the Australia Council has relied heavily on the leadership of Chief Executive Tony Grybowski and his highly committed team of staff who bring deep expertise from across the sector. My sincere thanks to them on behalf of the Board and



the arts sectors they serve. The Council is also most appreciative of the support of the Attorney General and Minister for the Arts, Senator the Hon George Brandis QC and the Ministry for the Arts within the Attorney General's Department, particularly throughout this period of reform and the development of the new five year strategy.

It is my particular pleasure to serve as the Chair of the Australia Council as it seeks to champion and invest in the arts. I look forward to the continued vibrancy of Australian arts and the possibilities both known and unknown that are to be realised through the strategy developed this year.

Rupert Myer AM
Chair, Australia Council

OUR VISION TO REFLECT AND SUPPORT A CULTURALLY AMBITIOUS NATION IS UNDERPINNED BY A COMMITMENT TO KEEPING ARTISTS AT THE CENTRE OF EVERYTHING WE DO.

REPORT FROM THE CEO



It has been a transformational year for the Australia Council as the organisation has worked through the process of implementing key reforms which respond to our new legislation and which will lay the foundation for a streamlined and responsive organisation. The reforms over the past year had a significant impact on the priorities and resources of the Australia Council, as existing programs and activities continued to be delivered efficiently while the development and implementation of major organisational change was undertaken. These reforms will increase our efficiency, improve access to our support, and respond to the changing needs of a vibrant and evolving arts sector.

Key projects included the development of new Strategic and Corporate Plans, the development of the new grants model and the implementation of the revised peer assessment structure. The Australia Council's commitment to excellence was reaffirmed in the new legislation and clearly reflected in our planning. It was also a year marked by artistic excellence and innovative collaborations across the sector, as Australian artists and arts organisations created and presented vibrant work nationally and internationally.

The Australia Council's new Strategic Plan sets out a bold aspiration for arts and culture in this country and outlines the priority areas for the organisation over the next five years. The plan is about recognising the enormous potential of Australia as a culturally ambitious nation and the role of the Australia Council, as a champion and investor, in helping to realise that potential.

**THE AUSTRALIA COUNCIL'S
NEW STRATEGIC PLAN
SETS OUT A BOLD
ASPIRATION FOR ARTS
AND CULTURE IN THIS
COUNTRY AND OUTLINES
THE PRIORITY AREAS FOR
THE ORGANISATION OVER
THE NEXT FIVE YEARS.**

The reform to the Australia Council's grants model responds to sustained sector consultation and is a vital part of realising the goals in the Strategic Plan. The new model will enable an increasingly diverse range of artists and organisations to apply for funding towards the creation of excellent work and a wide range of arts activity. Art form based peer assessment remains central to grant decisions, and the new model ensures that a large and diverse pool of experts from the sector can be drawn from.

Our role as a champion and advocate for the arts includes a strong focus on the national evidence base for the arts. Over the course of the year the Australia Council developed an enhanced research, evaluation and data collection plan which will deliver new insights into the sector. The 2014 *Arts in the Daily Life: Australian Participation in the Arts* report is a key example of this work. This research measured public attitudes and participation in the arts, both as audiences and as creators. *Arts in the Daily Life* provided tangible evidence that the arts are an intrinsically important part of Australians' lives, measuring 2013 findings with the findings from the 2009 study.

Attitudes about the arts are increasingly positive, and the depth of engagement has increased, with more Australians making art as well as being inspired by the work of others. It is particularly exciting to see more Australians valuing the central role that Indigenous arts and culture play in our nation's cultural fabric.

It has been my privilege to lead the Australia Council during a time of such transformation, which will enable us to support and celebrate our richly diverse and evolving arts sector. My sincere thanks to the Board, panel members and staff, whose expertise, commitment and passion make such an extraordinary contribution to the creative life of our country.



Tony Grybowski
Chief Executive Officer,
Australia Council



Danae Valenza, *Colour Piano for Chromatic Portraits*, 2014. Installation view *NEW14*, Originally commissioned by the Australian Centre for Contemporary Art for *NEW14*.

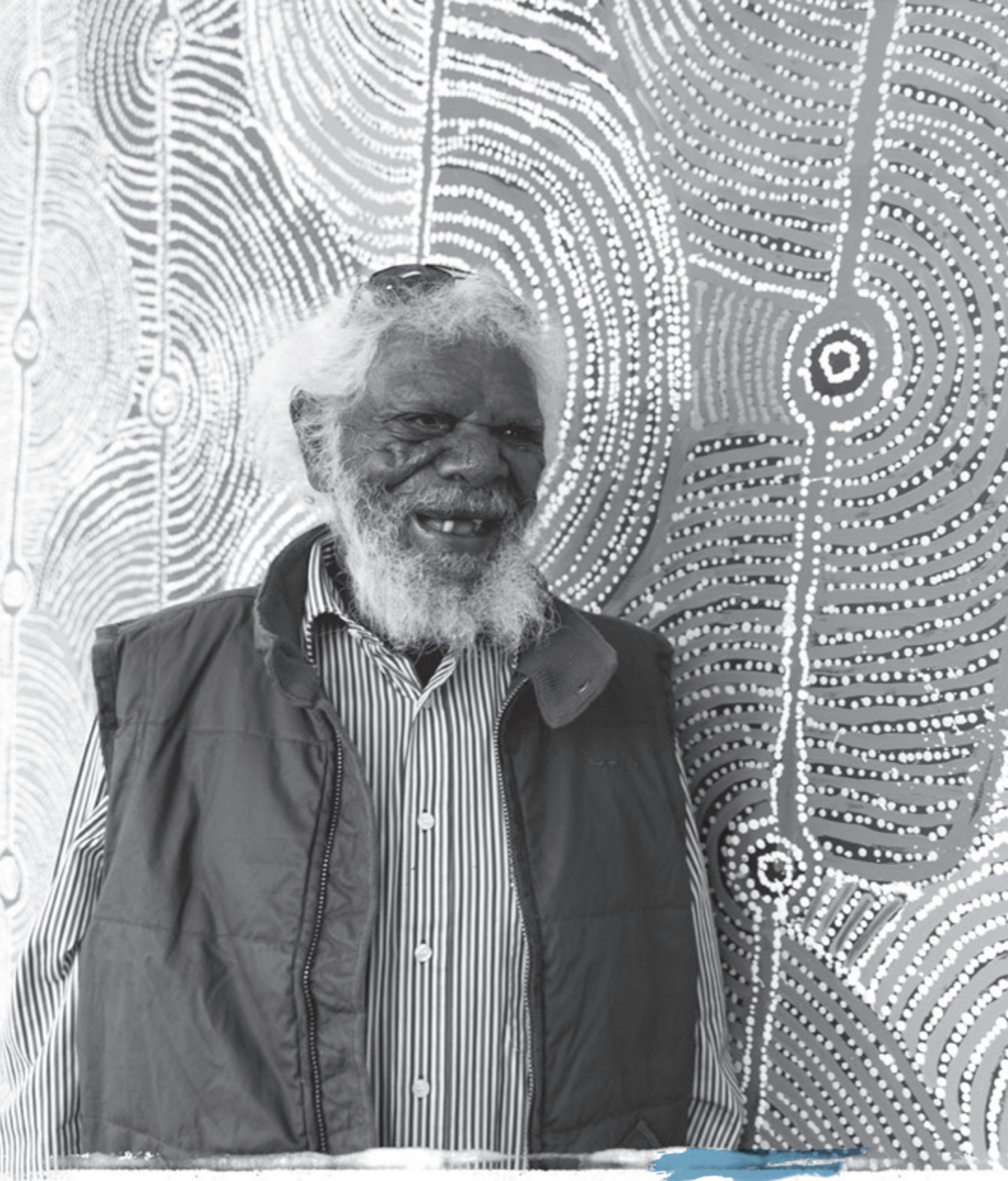
The Australian Centre for Contemporary Art (ACCA) in Melbourne is a recipient of Key Organisation funding. ACCA continues to exhibit the best of Australian contemporary art practice through exhibitions such as *NEW*.



AGENCY OVERVIEW

2013 - 2014

Image credit: Andrew Curtis



Hector Tjupuru Burton

The Red Ochre Award, Australia's most esteemed peer-assessed award for an Indigenous artist, was presented to visual artist Hector Tjupuru Burton.

Image credit: Caroline McCredie, 2014

ABOUT THE AUSTRALIA COUNCIL

The Australia Council (the 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 the Arts.

Formed as an interim council in 1973, the 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 Act 2013

Following an independent review of the operations of the Council in 2012, the *Australia Council Act 2013* (the Act) commenced on 1 July 2013. Pursuant to the Act, the Council's functions are to:

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

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

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

1. The 'arm's length' principle, embodied in section 12 of the Act, which provides that the Minister must not direct the Council with respect to the provision of financial support; and
2. 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.



Where You End and I Begin, Rachel Arianne Ogle
Proximity Festival, at Perth Institute of Contemporary Arts, showcased new,
intimate one-on-one performances by emerging and experimental artists.

Image credit: Fionn Mulholland

2013-14 AT A GLANCE

\$199.2
million

in grant and project funding
to artists and arts organisations.

15.9
million

in attendances at Council
supported activities.

2,489

Council grants
and projects.

8,769

new artistic works created
with Council support.

1,340

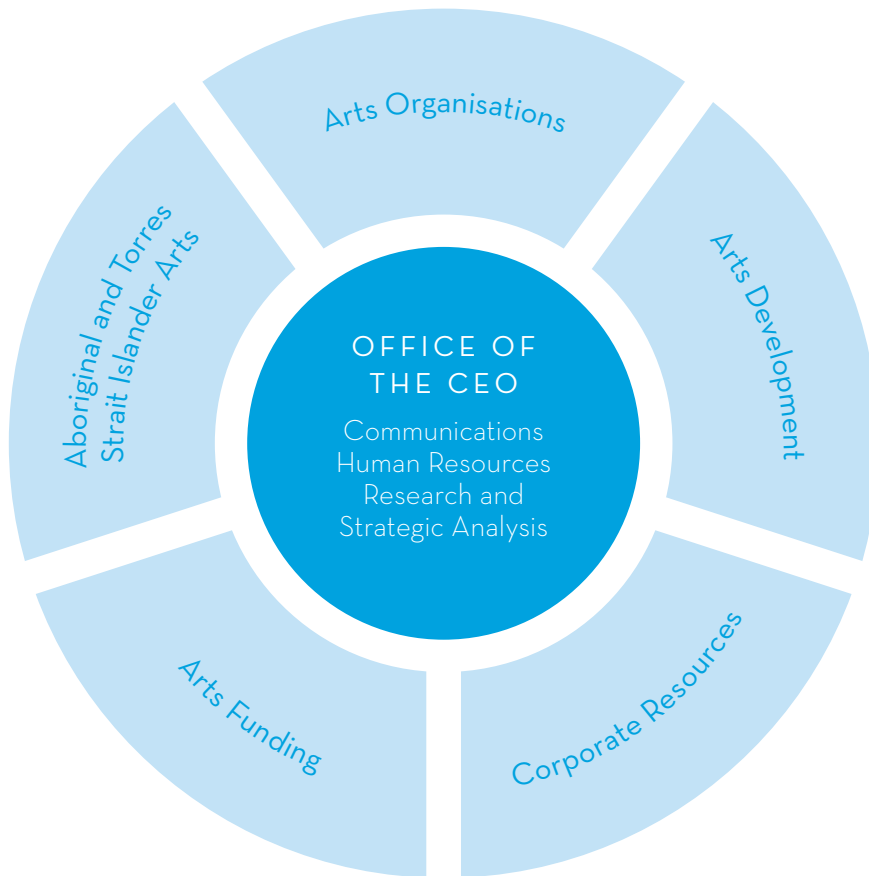
individual artists funded.

178

organisations funded
through Key Organisations
and the Major Performing
Arts framework.

STRUCTURE OF THE AUSTRALIA COUNCIL

As at 30 June 2014, the 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.



Aboriginal and Torres Strait Islander Arts

Arts Organisations

- Major Performing Arts
- Key Organisations
- Strategic Organisations

Arts Development

- Market Development
- Audience Development

Arts Funding

- Art forms
- New and Emerging Artists
- Community Partnerships

Corporate Resources

- Human Resources/IT/Governance/Legal and Compliance/Office Support
- Business Information Systems
- Finance
- Office Support

ORGANISATIONAL STRUCTURE

The Chief Executive Officer (CEO) is responsible to the Australia Council Board for the conduct of the 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 Ministry for the Arts located within the Attorney General's Department concerning the Australian Government's arts policies.

- **The Office of the CEO** is responsible for managing the Council's external relations, including government relations, communications, research and strategic analysis, human resources and the secretariat.
- **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 art forms.
- **Arts Organisations** manages and oversees the operations of Major Performing Arts companies as well as managing relations with triennially funded Key Organisations.
- **Arts Development** is responsible for two areas: market 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.
- **Arts Funding** supports the excellence and diversity of arts practice through its grant categories, strategic initiatives and multi-arts projects. The division comprises five art form 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 Emerging and Experimental Arts, which supports interdisciplinary and experimental arts practice. Senior officers manage grant assessment processes and art form development.
- **Corporate Resources** is responsible for the Council's human resources, financial services, business information, records management, legal, governance, information technology, facilities management and office support functions.

The Council's office from which its major activities are administered is located at Surry Hills in Sydney, New South Wales.

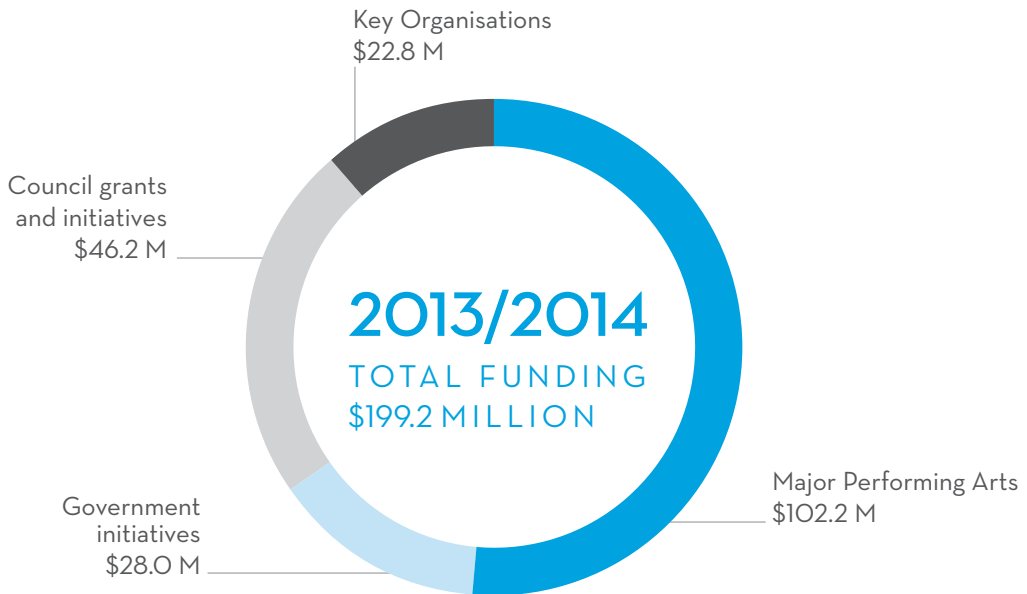
FUNDING OVERVIEW

The Council's funding activities are delivered by the organisation's five divisions - Arts Funding, Aboriginal and Torres Strait Islander Arts, Arts Organisations, Arts Development and Corporate Resources.

In 2013-14 the Council invested \$199.2 million through funding grants and initiatives. This enabled artists to create 8,769 new works, 7,307 works to be presented, performed, published or exhibited, and over 15.9 million attendances at Council funded events.

This section provides an overview of the Council's funding activities in 2013-14.

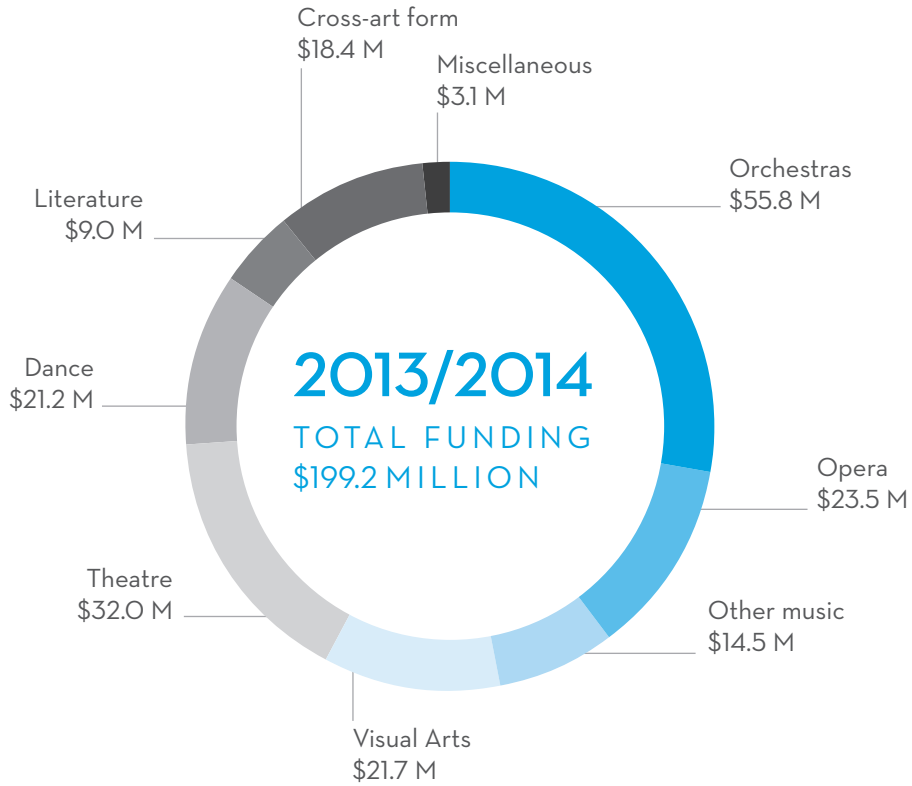
FIGURE 1 - Grant and program funding overview 2013-14



\$ millions	2009-10	2010-11	2011-12	2012-13	2013-14
Key Organisations	21.2	22.1	21.4	21.1	22.8
Major Performing Arts	94.9	96.5	97.3	98.5	102.2
Government initiatives	16.2	16.6	16.1	20.7	28.0
Council grants and initiatives	32.2	28.6	29.7	34.5	46.2
Total funding	164.5	163.8	164.5	174.8	199.2

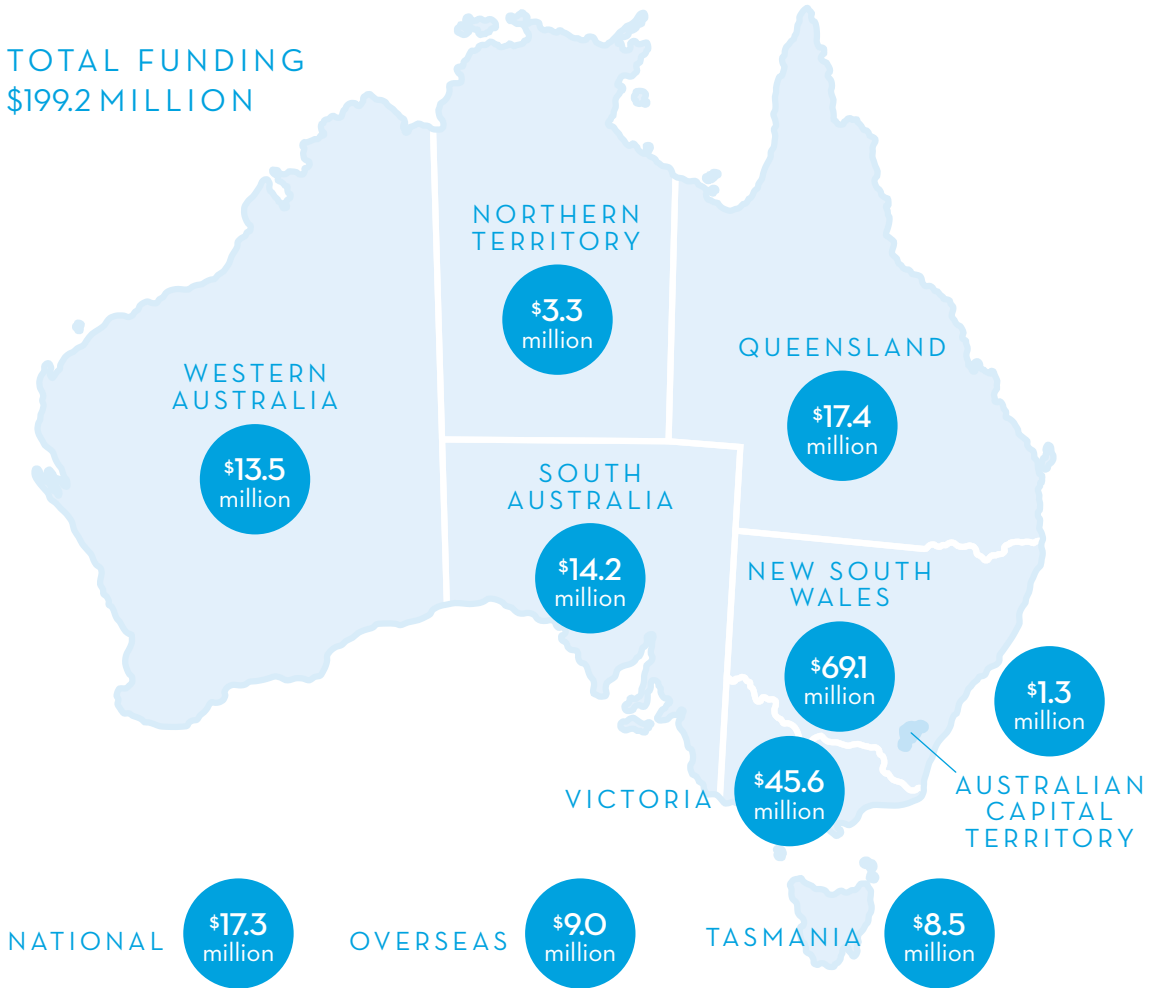
Information on grants awarded is available online at: <https://online.australiacouncil.gov.au/ords/GrantsList>

FIGURE 2 - Total funding by art form 2013-14



\$ millions	2009-10	2010-11	2011-12	2012-13	2013-14
Orchestras	50.4	51.3	51.2	52.3	55.8
Opera	20.8	21.1	21.6	23.0	23.5
Other music	12.3	12.3	12.8	13.3	14.5
Visual arts	16.4	16.9	15.7	17.5	21.7
Theatre	22.0	24.6	23.4	27.0	32.0
Dance	17.1	16.1	16.8	18.8	21.2
Literature	7.7	6.6	5.9	7.1	9.0
Cross-art form	13.5	10.7	13.1	13.6	18.4
Miscellaneous	4.3	4.2	4.0	2.2	3.1
Total	164.5	163.8	164.5	174.8	199.2

FIGURE 3 - Total funding by state and territory 2013-14



\$ millions	2009-10	2010-11	2011-12	2012-13	2013-14
New South Wales	59.4	60.0	58.2	58.6	69.1
Victoria	37.9	39.9	39.2	39.5	45.6
Queensland	15.2	15.1	15.5	15.9	17.4
South Australia	14.3	13.4	14.2	13.4	14.2
Western Australia	11.5	12.7	11.6	12.9	13.5
Tasmania	7.3	7.7	7.8	8.2	8.5
Northern Territory	2.7	2.5	2.6	2.6	3.3
Australian Capital Territory	1.3	1.8	1.6	1.3	1.3
National	10.3	5.0	7.5	14.8	17.3
Overseas	4.6	5.7	6.3	7.6	9.0
Total	164.5	163.8	164.5	174.8	199.2

REGULARLY FUNDED ORGANISATIONS

The Council brings a national perspective to the management of funding for 178 regularly funded arts organisations. The Council has oversight of the Major Performing Arts (MPA) funding framework and manages funding relationships with Key Organisations that represent the small to medium arts sector.

The Council performs a critical governance role for the sector by facilitating critical analysis; leading benchmarking and evaluation processes; providing strategic advice on company and sector issues; and delivering sector strategy initiatives which build capacity and foster artistic vibrancy.

In 2013, regularly funded arts organisations demonstrated an extensive reach into the Australian community, with 4.4 million in attendances at performances, 1.2 million in attendances at schools and education programs, 5.3 million attendances at exhibitions, and employing 13,600 artists, creative and technical support staff.



Big Dance

Presented by Sydney Dance Company, *Big Dance* saw 6,000 people of all ages at the Sydney Opera House link up via satellite to international participants at London's Trafalgar Square and Glasgow.

Image credit: Peter Greig for Sydney Dance Company

MAJOR PERFORMING ARTS COMPANIES

Core program funding: \$102.2 million

Australia's MPA sector comprises 28 leading performing arts companies in the fields of dance, theatre, circus, opera, and orchestral and chamber music. The MPA companies play a vital role in the development of artists and audiences, as well as being a large employer of artists and arts professionals in Australia.

The MPA sector continues to grow new audiences globally and expand access to the arts across metro, regional and remote communities through touring, collaborations, workshops and school programs.

This year, the Council worked closely with Arts Victoria to determine the most viable model to secure the future of Orchestra Victoria. This work resulted in Orchestra Victoria becoming a wholly owned subsidiary of The Australian Ballet. The new ownership arrangement for Orchestra Victoria is the culmination of negotiations over the past two years, informed by a number of reviews into suitable pit service business models conducted between 2005 and 2013. This outcome will provide a sustainable future for Orchestra Victoria, which in turn will ensure high quality orchestral services in Victoria for The Australian Ballet, Opera Australia and the Victorian Opera.

In 2013, the MPA companies' combined total income was \$481 million. A total of \$317 million was earned through performances, private sector, interest earnings and other activities, with \$164 million from combined government support, from the Council and state governments.

KEY ORGANISATIONS AND TERRITORY ORCHESTRAS

Core program funding: \$22.8 million

Multi-year funding is allocated to small to medium arts organisations that are recognised for their national leadership in artistic vibrancy and sector development. The Council manages funding relationships with Key Organisations and two Territory Orchestras to ensure the highest level of artistic achievement and sustainability through a balance of community engagement, artistic vibrancy and financial reserves. In 2013-14, the Council funded an additional 10 organisations compared to 2012-13.

In 2013, Key Organisations leveraged an additional \$133 million income from sponsorship, philanthropy, ticket sales and other government support.



Sally Smart, *The Choreography of Cutting*, (Spring), 2013-14

Adelaide Biennial 2014: Dark Heart at The Art Gallery of South Australia had over 100,000 visitors to the exhibition in 2014. The Art Gallery of South Australia is supported as a Key Organisation.

Image credit: Anthony Whelan

COUNCIL GRANT AND INITIATIVE FUNDING BY AREA OF PRACTICE

This funding provides support for individual artists, groups and organisations across all art forms, and excludes regularly funded organisations and government initiatives.

Community Partnerships

Grants allocation: \$4.1 million

The Community Partnerships section supports excellence in artistic practice that promotes increased participation in the arts in underrepresented communities. This includes, areas such as regional Australia, disability, young people, cultural diversity, emerging communities, Indigenous people, and remote Indigenous communities.

In 2013-14 Community Partnerships funded 91 grants which ranged from year-long programs for organisations with multiple projects, to professional development for individuals and organisations in the community arts sector. Community Partnerships also supported a number of projects and initiatives, across art forms, which connected artists directly with the community. A highlight was support for the Centre for Australasian Theatre to develop a new work in Cairns entitled *This Fleeting World*.

Dance

Grants allocation: \$2.0 million

The Dance section supports the development and growth of Australian dance, as well as the growing international reputation of our dancers and choreographers. Support is focused on excellence, participation, distribution and artistic sustainability.

In 2013-14 Dance funded 56 grants to support the development and presentation of new work, workshops and residency programs, and strategic initiatives that focus on leadership, development and collaboration. A highlight was the *Torque Show* supported for the Melbourne premiere of *Intimacy*, a collaboration with Michelle Ryan, which went on to be presented as part of the Unlimited Festival at the South Bank Centre in London. The international Unlimited Festival celebrates the artistic vision and originality of artists with disability.

Emerging and Experimental Arts

Grants allocation: \$1.4 million

The Emerging and Experimental Arts section supports critical new areas of artistic practice including arts practices that fall outside conventional art forms including hybrid arts, media arts, interdisciplinary arts and interactive art. These programs support artists working with professionals from other disciplines, mainly through innovative art and science research collaborations.

In 2013-14 Emerging and Experimental Arts supported 52 grants across a wide range of creative and professional developments, as well as performance projects for individual artists and organisations. Highlights include Jennifer Fraser's *SOLID* project, a forum held in Far North Queensland for Indigenous experimental and interdisciplinary media artists, and Nigel Helyer's *GeneMusik* that is developing new musical forms for the 2015 Vryfrest Cultural Festival in Bloemfontein, South Africa.

Literature

Grants allocation: \$5.4 million

The Literature section supports the excellence, diversity and vitality of Australian stories through both print publication and digital media. The main focus of the section is the creation of literary works, support of the publishing industry and a variety of grants to assist in the promotion of Australian writers nationally and overseas.

In 2013–14 Literature funded 218 grants which ranged from publishing and promotion, editorial professional development to the creation of new work. These grants foster excellence in Australian literature and increase awareness and appreciation of creative Australian writing. A highlight was the work of Omar Musa, a poet and fiction writer, supported through a new work grant for his verse novel, *Here Come the Dogs*. This novel focuses on the ramifications of a bushfire, examining themes of powerlessness, masculinity, migration, violence and dislocation.

Music

Grants allocation: \$5.6 million

The Music section supports composers, musicians and organisations to create new music and present it to audiences. The goal is to reflect and promote the diversity, excellence and energy of contemporary Australian musical culture.

In 2013–14 Music funded 295 grants to support individual artists, groups and music organisations for residencies, touring, creation of new work, and promotion and presentation of work. The Music section supported key initiatives which increase the viability of the sector, including the Recording Initiative for record labels to release Australian work. This initiative

funded eleven recording labels including Future Classic for recordings of Seekae, Chet Faker, Panama and Flight Facilities.

Theatre

Grants allocation: \$5.2 million

The Theatre section supports Australian theatre to be a vibrant contemporary art form which connects creatively with communities. The Council is interested in quality and diversity in the creation and presentation of contemporary theatre, including most forms of live performance and multi-disciplinary works.

In 2013–14 Theatre funded 148 grants to support creative development, presentation, and production, as well as art form development and initiatives across the sector. Highlights include the *In the Mix* initiative which enabled three Theatre organisations to create work with culturally and linguistically diverse artists. These projects represented different phases of the process of getting work on the Australian stage, ranging from Playwriting Australia who identified and mentored Asian-Australian playwrights, Melbourne Theatre Company who creatively developed a new work about migrant women, to Belvoir who completed the final stage of creative development of a new play.

Visual Arts

Grants allocation: \$5.5 million

The Visual Arts section supports the contemporary expression of art through a broad range of visual media, including craft, design, media arts and visual arts. This support includes grants to artists and funding for contemporary arts organisations, as well as national and international exhibitions and events.

In 2013–14 Visual Arts funded 254 grants which ranged from New Work, Skills and Arts Development, to Presentation and Promotion and the International Studio Program. Key initiatives included the International Visitors Program, Artist Run Initiatives Program, and Curator Fellowships which included one at the MCA for an early career Indigenous curator to gain valuable career development experience working on *Primavera*. The New Work category supported a number of artists to make work for international biennals, and the mid-career category saw the highest number of grants ever made. Highlights included grants to Alex Seton, Tony Garifalakis and Caroline Rothwell to make an ambitious new work for the Adelaide Biennial, which has been acquired by the Art Gallery of South Australia.

Market and Audience Development

Grants allocation: \$5.2 million

Arts Development manages activities focused on developing new audiences for the arts nationally and internationally, facilitating international collaboration projects, strengthening touring networks and supporting artists and arts organisations to build strategic partnerships.

In 2013–14 Arts Development supported 384 individual artists and companies to travel internationally to build audiences and develop markets, as well as industry platforms and incoming visitor programs that bring together artists, companies and key industry representatives to experience new Australian work and explore partnerships. These include the Australian Performing Arts Market, Dance Massive, Visiting International Publishers Program, Australian World Music Expo, Cairns Indigenous Art Fair and the inaugural IETM Asian Satellite.

Career and Development

Grants allocation: \$3.7 million

These strategic grants support artists to develop projects or further their creative careers across all art forms, creating opportunities for artists to develop new work, partnerships and career networks. The allocation includes specific grants including the artists with disability program grant, early career residences and the Asia–Australia creative partnership.

In 2013–14 grants for career and development totalled 120. The Early Career residency program supported 28 artists across 20 residencies, creating pathways for an artist in the early stages of their career and giving organisations the chance to work with talented arts workers. The Australian War Memorial was the first non-arts organisation to take up the program, which saw media artist Baden Pailthorpe create new work that references the Memorial's archives.

Grant and initiative funding for Arts Organisations

Grants allocation: \$5.4 million

The Council funds a range of targeted initiatives to enhance the MPA and key organisation sector's capacity and to drive change where needed. These initiatives focus on artistic vibrancy, access and awareness, sector development, capacity building and organisational change management.

In 2013–14 Arts Organisations funded 135 grants. A highlight was support for the Association of Northern Kimberley and Arnhem Aboriginal Artists through the Geek in Residence grant. The grant developed the organisation's digital capacity by supporting the organisation to improve its service delivery to individual artists and Art Centres.

ABORIGINAL AND TORRES STRAIT ISLANDER ARTS

The Aboriginal and Torres Strait Islander Arts programs support the development and promotion of traditional Indigenous arts practices and new forms of artistic expression across all art forms. The Council acknowledges the need for artists, communities and arts organisations to conserve and preserve traditional and contemporary artistic expressions for future generations to appreciate, learn from and understand their cultural inheritance and identity as Indigenous peoples. Artistic and cultural vibrancy are both a key focus of the work done by Indigenous arts organisations.

A total of \$9.4 million was allocated for arts and cultural activities with a predominantly Indigenous focus through direct project grants (\$2.6 million), the MPA sector, key organisations and grants in other areas of practice.

For example, this funding includes Indigenous creative residencies, Key Organisations, the Indigenous Experimental Art Fund and Indigenous mentorships.

In 2013-14 the Council's National Indigenous Arts Awards celebrated the work and contributions of four exceptional Indigenous artists. These prestigious national awards include the Red Ochre Award, two Fellowships and the Dreaming Award. The Dreaming Award, awarded to interdisciplinary artist Tyrone Sheather, provides \$20,000 to a young artist aged 18 to 26 years. This support from the Council will allow Sheather to create a major body of work through mentorship or a partnership with an organisation. This year's award ceremony culminated in celebration of the lifetime achievements of Hector Burton from Amata. The awards illustrated the cross generational nature of Council's focus in Indigenous arts.



Bart Willoughby, Tyrone Sheather, Hector Burton and Dave Arden recipients of the National Indigenous Arts Awards.

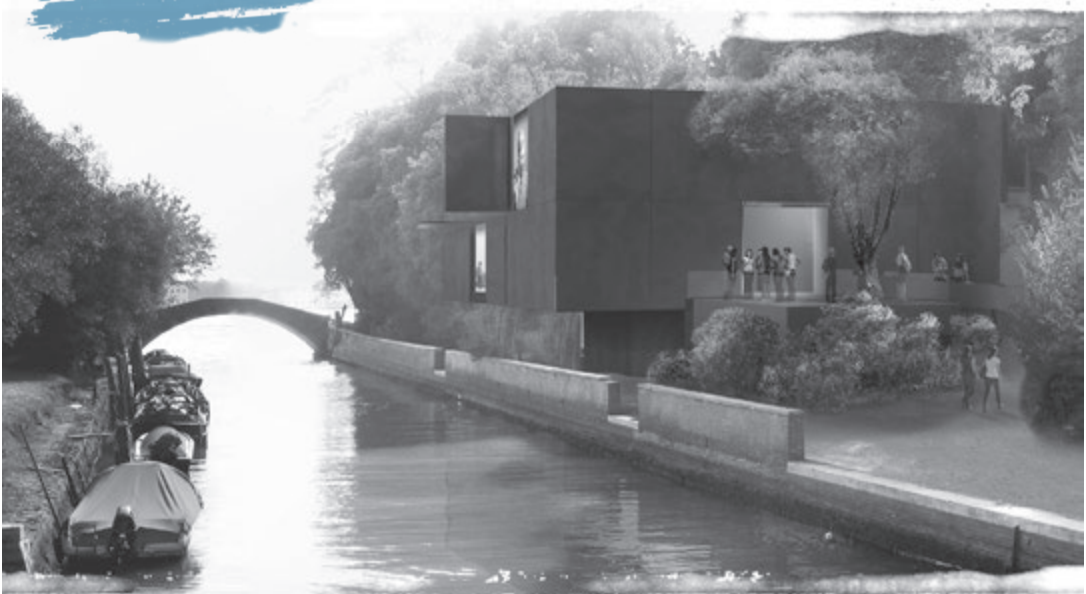
Image credit: Caroline McCredie.

VENICE BIENNALE

The Venice Biennale is a highly successful public private partnership through which the Council leverages government funding to raise significant support through an extensive program of private giving. The Venice Biennale is widely regarded as the most important and prestigious event on the international contemporary arts calendar.

Founded in 1895, it is the oldest and largest established biennale in the world. Australia has been represented at the Venice Biennale for more than three decades, through the management of the Council. Private sector funding enables the exhibition to be scoped and realised, and for Council to leverage our representation in Venice to position Australia as a key player in the visual arts internationally. Over 200,000 people visited the Australian Pavilion in 2013 to see the work of featured artist Simryn Gill.

The new Australian Pavilion in Giardini della Biennale is mid way through construction and will be operational in time for the opening of the 2015 Biennale exhibition. This project has also been funded through a successful public private partnership with the Council contributing \$1.0 million and private donations of \$5.1 million being received by 30 June 2014.



The new Australian Pavilion in Venice

Image courtesy of Denton Corker Marshall.

GOVERNMENT INITIATIVES

In 2013-14, the Council managed the following Australian Government initiatives:

- *Artists in Residence*
- *ArtStart*
- *Australian Fellowships, New Work and Presentation Initiative*
- *Creative Communities Partnership Initiative*
- *Get Reading!*
- *Major Festivals Initiatives*
- *National Regional Programs*
- *Sounds Australia*
- *Visual Arts and Crafts Strategy*

Artists in Residence

Grants allocation: \$1.3 million

The Artists in Residence program exposes Australian students to the benefits of creative practice by supporting professional practicing artists to work in schools. The Artists in Residence program is delivered in partnership with the arts agency and education department in each state and territory in Australia. It also expands the creative and professional opportunities for artists to earn income from their creative practice. The Artists in Residence program is internationally recognised as a 'better practice model' due to its focus on active arts engagement, and teacher and artist professional learning. The Artists in Residence program develops students' creative thinking across several learning areas (the arts, English, mathematics, history, geography and information technology).

ArtStart

Grants allocation: \$2.2 million

ArtStart grants provide an initial business start up to enable recent graduates to focus on their career, build business acumen and generate income in Council supported art forms. ArtStart provides grants for services, resources, skills development and equipment that help graduates to build an income-generating career in the art form they have studied. It is not for creation of new art. To date, ArtStart has distributed over \$10 million to over 1,000 recent graduates. In 2013-14, the program supported 221 aspiring artists at the beginning of their careers.

Australian Fellowships, New Work and Presentation Initiative

Grants allocation: \$2.5 million

The Australian fellowship, new work and presentation initiative supports artists to create and present new Australian works of scale across all art forms. This five year \$10 million program provides funding for artists, including young and emerging practitioners, and supports the creation of more than 150 artistic projects, presentations and fellowships for outstanding artists working across all art forms.

Creative Communities Partnership Initiative

Grants allocation: \$2.5 million

The Creative Communities Partnership Initiative encourages innovation and supports opportunities which increase access for more Australians to participate in meaningful arts and cultural development activities in their own communities. These important projects extend over multiple years with committed funding.

Get Reading!

Grants allocation: \$1.2 million

Get Reading! encouraged Australians to discover the joy of reading through a targeted national campaign and this expenditure relates to the completion of the 2013 program.

Major Festivals Initiative

Grants allocation: \$0.8 million

The Major Festivals Initiative has led to the development of high quality performing arts productions which have gone on to have critical and audience success both nationally and internationally. Members of the initiative include Adelaide Festival, Brisbane Festival, Darwin Festival, Melbourne Festival, Perth International Arts Festival, Sydney Festival and Ten Days on the Island (Tasmania).

National Regional Programs

Grants allocation: \$11.4 million

Through the National Regional Programs, the Australia Council supports the development and presentation of performing arts, public exhibitions and arts events at festivals. These programs support and promote the work of artists and arts organisations as well as providing access to the arts and building audiences throughout Australia, with a particular focus on regional and remote communities.

The National Regional Programs include:

- **Playing Australia**
Grant allocation: \$7.4 million
Playing Australia assists professionally produced performing arts to tour for the benefit of regional and remote audiences.
- **Festivals Australia**
Grant allocation: \$0.6 million
Festivals Australia supports regional and remote festivals to present quality arts projects that enhance their regular program of activities.
- **Visions of Australia and Contemporary Touring Initiative**
Grant allocation: \$2.9 million
The Visions of Australia program supports the development and touring of public exhibitions of Australian cultural material throughout Australia with a particular focus on regional and remote areas. The Contemporary Touring Initiative supports the development and touring of contemporary visual arts and crafts exhibitions to regional and remote locations.
- **Contemporary Music Touring**
Grant allocation: \$0.5 million
The Contemporary Music Touring program assists emerging and established musicians to take their music on tour to Australia's regional and remote areas.

Sounds Australia

Grants allocation: \$0.7 million

Sounds Australia is a music export initiative of the Council, delivered by the Australasian Performing Rights Association and Australasian Mechanical Copyright Owners Society Limited. Sounds Australia leads to increased employment and income generation for Australian musicians and managers, and raises the profile of Australian music internationally. Australasian Performing Rights Association and Australasian Mechanical Copyright Owners Society Limited delivers a suite of targeted export enhancing activities such as showcases, networking events and industry meetings as part of the Australian music export strategy. The program also includes the National Live Music Office which works to increase opportunities for live music in Australia by identifying and advocating for better policy, regulation and strategy, and promotes audience access to live music across Australia.

Visual Arts and Crafts Strategy

Grants allocation: \$5.6 million

The Visual Arts and Crafts Strategy is delivered jointly with all state and territory governments. Visual Arts and Crafts Strategy recipients include individual artists, arts and craft organisations, arts events and artist run initiatives. The Visual Arts and Crafts Strategy continues to have a significant impact on the vitality and sustainability of Australia's contemporary visual arts sector. The data collected by the Council from organisations shows that the overall audience for contemporary art has grown by 25% since 2002. In 2013-14, the Visual Arts and Crafts Strategy was in Stage III of its funding and saw 3.1 million Australians attending an exhibition, workshop or school activity presented by a Visual Arts and Crafts Strategy supported organisation.

**THE COUNCIL'S FUNDING
ACTIVITIES ARE DELIVERED
BY THE ORGANISATION'S
FIVE DIVISIONS -
ARTS FUNDING, ABORIGINAL
AND TORRES STRAIT ISLANDER
ARTS, ARTS ORGANISATIONS,
ARTS DEVELOPMENT AND
CORPORATE RESOURCES**



Opera on the Beach

Over 8,000 people attended the inaugural *Opera on the Beach* on the Gold Coast. The unique production featured local lifesavers and a community choir alongside professional Opera Australia singers.



REPORT ON PERFORMANCE OUTCOMES

Image credit: Darcy Grant for Opera Australia

REPORT ON PERFORMANCE OUTCOMES

In 2013-14, the Council supported the Australian arts sector by providing assistance to Australian artists and making their works accessible to the public.

The Council achieves this by:

- Investing in the artistic production and development of Australian artists;
- Supporting the presentation of Australian art, nationally and internationally;
- Recognising and rewarding significant contributions to the arts in Australia;
- Promoting appreciation, knowledge and understanding of the arts;
- Supporting and promoting the development of markets and audiences of the arts; and
- Conducting research, undertaking evaluation and providing advisory services.

The Council's performance was measured against the goals and the targets set out in the Portfolio Budget Statements 2013-14. This performance has been heavily influenced by the additional funding Council received in the 2013-14 Budget (\$15.0 million) to address an identified significant level of 'unfunded excellence' among the Council's current application base for established, emerging and hybrid art forms. In addition, Council administered the Regional Touring Programs for a full year in 2013-14 following the transfer of these programs to Council midway through 2012-13.

ACCESS AND AUDIENCE

The Council reached the target number of attendances at supported arts activities, a total of 15.9 million in 2013-14. Of this total figure, 11.4 million attended exhibitions (73% of the total). Notable exhibitions with increased attendance rates over the last year include Melbourne Now at the National Gallery Victoria (total visitors 753,000), and the Adelaide Biennial 2014: Dark Heart (total visitors 104,000). The Council delivered the Australian representation at the 2013 Venice Biennale, supporting an exhibition of entirely new works by Simryn Gill. The exhibition, Here art grows on trees, was attended by over 200,000 visitors.

Increases in audience figures were also seen in our national regional programs, including Festivals Australia, Visions of Australia and Playing Australia. Attendances for these touring programs totalled 380,741 in 2013-14. These programs assist the sector in presenting artistic works in regional areas.

Playing Australia grants supported regional markets in Australia by enabling performing arts companies, groups and artists the opportunity to tour to regional and remote communities across Australia. In 2013-14, this program provided support to over 361 artists to tour productions to 168 locations. During 2013-14, Sounds Australia supported 160 artists to showcase and conduct 674 prearranged business to business meetings. Visions of Australia provided support to over 364 artists to tour exhibitions to 104 locations nationwide.

Regional performances at MPA and Key Organisation events generated a total attendance of 422,452, representing a 32% increase on the prior year.

Increases in regional attendances is due to increased activities by organisations who focus on community and cultural development, including Beyond Empathy's Bowraville Beats project at regional festivals, Queensland Music Festival's regional program and Arts Access Society's program at Djerriwarrh Festival in Victoria.

	Target	Target achievement
Total number of attendances at Australia Council supported arts activities	15.5 million	15.9 million
Total number of visits to the Australia Council website	0.69 million	0.71 million

SUPPORT FOR CULTURALLY DIVERSE PROJECTS AND EVENTS

Funding support for culturally diverse projects surpassed the target at \$14.9 million. While fewer projects were funded, more support has been allocated across the 316 projects in 2013-14, and significantly, funding to these projects has increased by \$2.7 million since 2012-13.

The definition of culturally diverse projects and events includes Aboriginal and Torres Strait Islander artists and organisations, and individuals and groups who identify as being culturally or linguistically diverse. Applicants included in these figures also cover applicants who target culturally or linguistically diverse groups through more than 50% of their activity, or where more than 50% of the artistic control for the project lies with one of these groups.

In 2013-14, 81 projects that identify as culturally or linguistically diverse were supported through the Council's Aboriginal and Torres Strait Islander Arts section. A key highlight was the First Nations Australia Writer Network program. This program supports the marketing and distribution of literature by Indigenous authors. In 2013-14, the Council supported four Australian publishers to publish and promote titles by six Indigenous writers and one Indigenous illustrator, raising the authors' profiles and potential sales.

Support was also provided for a key international Indigenous partnership that develops and creates culturally diverse works. In 2013-14, the Council secured a partnership with the Banff Centre in Canada. Over five years, the Banff Centre will host Australian Indigenous artists for 12 week residencies to encourage the exchange of ideas and thoughts between the two nations' Indigenous cultures.

Theatre practitioners had an increase in projects funded in this area, with a total of 22 theatre projects funded. Culturally and linguistically diverse artists have been under represented on Australian stages, particularly at main stage level. Over the past few years the Council has implemented a number of initiatives designed to deliver more opportunities for culturally and linguistically diverse artists to develop and practice, and for the sector to engage with diverse works. One supported project was the Flemington Theatre Group who undertook their first partnership with a professional theatre company. A unique ensemble of emerging, culturally and linguistically diverse artists, the Group partnered with Metanoia Theatre on a production exploring the struggle of balancing two contrasting cultures, identity, belonging and mental health.

	Target	Target achievement
Number of projects/events funded	400	316
Total funding provided	\$12.0 million	\$14.9 million

SUPPORT FOR NEW AUSTRALIAN ART WORK

The number of new Australian artworks created as a result of Council funding was above target by 17% and the associated funding provided was 20% above target.

The Council supported the creation of 4,618 new works by visual artists in 2013-14. This section gave support to individuals, artist-run-initiatives and the Art Gallery of South Australia, to create and present work at the *Adelaide Biennial 2014: Dark Heart*. Artists Sally Smart, Lynette Wallworth, Tony Garifalakis, Caroline Rothwell and Alex Seton were funded to create new work for the Biennial, and side projects during the Adelaide Festival were supported at GRID Projects and Tandanya National Aboriginal Cultural Institute.

Another key highlight from the Visual Arts section was support given to Visual Artist Khaled Sabsabi who was funded to create new work for the Marrakech Biennial. The event saw over 54,000 attendees at the exhibition in 2014. International representation at biennials like Marrakech are important in the support and promotion of Australian visual artists, providing valuable exposure for Australian artists to create networks with leading international curators and artists. Support for artists at biennials builds the profile of Australian arts internationally, as well as building markets and audiences.

In 2013-14, MPA companies presented 105 premieres of new work and 57 Australian premieres of overseas work. Key organisations presented, published or exhibited 995 new Australian works and a further 127 world premieres. During this period Key Organisations showcased 137 Australian premieres of overseas work.

In the music sector 794 projects were supported. A highlight of new funded work that created partnerships with national cultural institutions was the *Spirit of Things: Sound of Objects* project by Indigenous folk group Stiff Gins. The project explored the stories and songs retained in Aboriginal cultural material. Inspired by Indigenous objects held at the Australian Museum, along with footage and sound from the National Film and Sound Archive, the project celebrates objects and images through a uniquely Indigenous understanding.

A key initiative that supported the creation of new work was the Keir Choreographic Award which was launched in 2014 in a partnership between the Keir Foundation, Dancehouse and Carriageworks. The Council provided funding of \$80,000 towards the commission costs of eight new works created by artists selected by an international jury. This new award is designed to raise awareness and understanding of the high quality of contemporary dance practice in Australia through the presentation of new works and encourage discussion and debate.

	Target	Target achievement
Number of new Australian art work projects supported	7,500	8,769
Total funding for new Australian art work projects	\$8.0 million	\$9.6 million

RESEARCH AND DEVELOPMENT PROJECTS

Projects supported in this area are for the main purpose of research and/or development across all Council funding and the target was met.

In addition to the Council's own research program, this funding also supports projects and grants with the main purpose of research and development. The research section released a number of key research publications, including the *Arts in Daily Life: Australian Participation in the Arts* report. This report provides arts practitioners with data and insight into how audiences access the arts and Australian audience trends in a variety of art forms. The section also produced a number of resources to inform the arts sector, including the community relevance guide that supports arts organisations in creating meaningful connections with communities, and an industry based statistical analysis on various sectors through the *Artfacts* program.

The Council also supported joint research partnerships with tertiary institutions. One partnership was with the University of Sydney, which explored the topic: *The role of arts education on academic motivation, engagement and achievement*. This research was published internationally, and continues to play an important role in examining current good practice in arts education in Australian schools and building robust evidence for the benefits of arts education beyond socio-demographics.

A quarter of the research projects funded in 2013-14 were for Emerging and Experimental Arts practice. One research and development project funded was to four artists who received funding to take part in a Synapse Residency. The program run by the Australian Network for Art and Technology enables creative collaboration between artists and scientists. A highlight of the residency was sound artist Jane Baker and the Wicking Dementia Research and Education Centre, University of Tasmania. Through the project, Baker explored the psychological and physiological benefits of introducing biological and non-biological sound scapes to aged care residents.

	Target	Target achievement
Total funding for research and development projects	\$1.5 million	\$1.7 million

EXPENDITURE MIX

Actual operational expenditure for programs, labour and other expenses are in line with targets. Capital expenditure is above target due to the new Australian Pavilion redevelopment project in Venice.

The project is moving into construction phase, with \$1.9 million in build cost added in the year, with the majority funded from private donation income.

	Target	Target achievement
Expenditure on programs/projects (as a % of total expenditure)	90.5%	90.6%
Expenditure on capital items (as a % of total expenditure)	0.8%	1.2%
Expenditure on other labour costs (as a % of total expenditure)	5.5%	5.3%
Other expenses (as a % of total expenditure) ¹	3.2%	2.9%

1. Other expenses exclude one off provisions for Orchestra Victoria transition support and surplus lease space.

AUSTRALIA COUNCIL SPECIFIC KEY PERFORMANCE INDICATORS

In 2013-14, the Council met the majority of its specific key performance indicators. In most cases the Council matched or exceeded the target published in the Portfolio Budget Statements 2013-14.

Highlights for the key performance indicators include:

Works exhibited, performed and published

The Council continued its support for artistic works to be exhibited, performed or published. A highlight was a 14-piece multicultural chamber orchestra of musicians from diverse cultural backgrounds in Western Sydney, who performed a showcase of their musical and spiritual traditions. Work produced included a new classical music piece entitled the *Three Sides of Love and Death*; a symphony featuring instruments of the world, voice and electronic music. This new original composition was developed and orchestrated by the musicians through a creative workshop process.

Strengthening ties internationally

The Council continued to strengthen Australia's international ties. The Australian Performing Arts Market, for example, was a contemporary performing arts event that showcased over 100 artists and events, bringing together over 600 delegates to exchange ideas, engage in critical dialogue about the future of the sector, build skills and partnerships, and network with national and international peers.

Number of grants and projects funded

The Council funded 2,489 grants and projects in 2013-14, which was slightly under target. A number of new projects received funding through new initiatives like the Artists with Disability Program grant. The program funded development opportunities and creative projects for practitioners with disability. In 2013-14 the grant program supported 25 projects and development opportunities, funding 24 individual artists and one group.

Individual artists funded

Throughout the year, the Council supported 1,340 individual artists through its funding programs. A key funding program for individual artists was the Kluge-Ruhe residency. The residency saw two Indigenous artists travel to the University of Virginia to exhibit at Kluge-Ruhe Collection and participate in the academic life of the University through a variety of programs and collaborative projects. These extended residencies allow for more expansive creative projects and greater sharing of knowledge with students studying in a variety of disciplines.

Organisations funded

The Council continued its support for organisations with 1,149 organisations being funded in 2013–14 which, while under target, was up on the 1,039 organisations funded in 2012–13. A program that continued support for Australian arts organisations was the Capacity Development Program which aimed to strengthen and address significant leadership challenges. The program presented a number of development opportunities and initiatives targeting international study engagements and a leadership grants program, initiating new Australian partnerships with national institutions, and international collaborations such as the International Society for the Performing Arts Leadership Program.

International presence

The Council continued to support Australia's presence on the international stage. Regularly funded organisations presented work in more than 40 countries, including Belvoir St Theatre in Austria and the United States of America, Australian Chamber Orchestra in Hong Kong and Japan, and Bangarra Dance Theatre in Thailand and Vietnam.

Support for Australian artists internationally

647 Australian artists were supported for international engagement. Artists participated in international arts markets in over 67 countries. A significant international program that assists artists in touring works internationally and provides funding for potential presenters to see those works on the international stage is Going Global. In 2013–14, the program supported 37 works including Ilbjerri Aboriginal and Torres Strait Islander Theatre who presented *Jack Charles V the Crown* at the Barbican in the United Kingdom. This production was highly acclaimed and received the Helpmann Award for *Best Regional Touring Production* in 2014.

	Target	Target achievement
Number of artistic works exhibited, performed and published	6,500	7,307
Number of initiatives that strengthen ties with other countries	30	42
Number of grants and projects	2,600	2,489
Number of individual artists funded	1,000	1,340
Number of organisations funded	1,500	1,149
Number of countries presented in	60	67
Number of grants supporting Australian artists internationally	350	647



Timeline, 2014

Australian Chamber Orchestra performed *Timeline*, a time-bending musical odyssey moving through 42,000 years and over 230 songs. Australian Chamber Orchestra is supported as a Major Performing Arts Company.



MANAGEMENT AND ACCOUNTABILITY

Image credit: Jack for the Australian Chamber Orchestra

THE AUSTRALIA COUNCIL BOARD

In 2013-14, the Council was overseen by the Australia Council Board (the Board). With the exception of the Chair and Deputy Chair, the Board was appointed by the then Minister for the Arts, the Hon Tony Burke MP. The companion to the Act, the Australia Council (Consequential and Transitional Provisions) Act 2013, provided for the continuation of the existing appointments, made prior to 1 July 2013, of the Chair and Deputy Chair. It comprises a range of expertise across artistic practice, arts management, business, management, public policy, corporate governance and administration, regional issues, gender, multicultural and Indigenous community participation in the arts, finance, philanthropy, legal affairs, corporate strategy and research. The new Board was constituted on 1 July 2013 in concert with the Act.

Board members as at 30 June 2014 are as follows:

- *Chair, Mr Rupert Myer AM (VIC)*
- *Deputy Chair, Ms Robyn Archer AO (SA)*
- *Chief Executive Officer, Mr Tony Grybowski (NSW)*
- *Mr Waleed Aly (VIC)*
- *Ms Lee-Ann Buckskin (SA)*
- *Mr Adrian Collette AM (VIC)*
- *Mr Khoa Do (VIC)*
- *Professor Matthew Hindson AM (NSW)*
- *Ms Mary-Ellen King (WA)*
- *Ms Sophie Mitchell (QLD)*
- *Ms Samantha Mostyn (NSW)*
- *Mr Tim Orton (VIC)*

In accordance with the Act, the Board has 11 members, not including the Council Chief Executive Officer (CEO) who is a member of the Board (ex officio). Terms of appointment for members of the Board are generally three years. Members are eligible for re-appointment, however, appointments are limited to a total of nine years.

All members of the Board were provided with induction materials which included a copy of the Council's Governance Manual and the Act.

The Governance Manual contains a section that outlines appropriate ethical standards including:

- 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 Board and committees, are expected to comply with, is included with the Governance Manual. It outlines the responsibility entrusted to these members and the fundamental principles and values that guide the work of the Council.

If a Board member requires legal advice on any matter, the Chair advises the CEO to make arrangements for obtaining this advice. There were no requests for legal advice by a Board member for 2013-14.

AUSTRALIA COUNCIL BOARD MEMBERS



Mr Rupert Myer AM

Chair (Vic)

Mr Myer is Chairman Nuco Pty Ltd; Director of The Myer Foundation; Board Member of the Australian International Cultural Foundation; Member of the University of Melbourne Faculty of Business and Economics Advisory Board; Deputy Chair Myer Holdings Ltd; Board Member of the Jawun Indigenous Corporate Partnerships; Director of AMCIL Limited; Chairman, The Aranday Foundation; Board Member, The Yulgilbar Foundation, The Myer Foundation Arts and Humanities Committee, and Patron Bendigo Art Gallery Foundation.



Ms Robyn Archer AO

Deputy Chair (Vic)

Ms Archer is Chevalier de l'Ordre des Arts et des Lettres; Officer of the Crown (Belgium); Strategic Advisor, Arts and Culture, City of Gold Coast; Artistic Director, The Light in Winter (Federation Square); Chair, Arts Advisory Committee, Adelaide College of the Arts; Patron, Brink Productions (Adelaide); Australian Script Centre (Hobart); Australian Art Orchestra (Melbourne); Arts Law Society (Sydney); Institute of Post-Colonial Studies (Melbourne); Arts Health Foundation; Ambassador Adelaide Football Club; International Women's Development Agency; Member, The European House of Culture; Council on Australia Latin America Relations. Ms Archer was the Creative Director, Centenary of Canberra 2013 and won the Helpmann Award for Best Cabaret Performer 2013.



Mr Tony Grybowski

Chief Executive Officer (NSW)

Ex-Officio Board Member.



Mr Waleed Aly (VIC)

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



Ms Lee-Ann Buckskin (SA)

Ms Buckskin is one of seven national champions for the Barangaroo redevelopment site in Sydney; Co-Chair of a new International Aboriginal Visual Arts Festival in South Australia; and part-time manager at Carclew in Adelaide. Ms Buckskin is a Narungga, Wirangu, Wotjobaluk woman.



Mr Adrian Collette AM (VIC)

Mr Collette was the former CEO, Opera Australia for 16 years; currently Vice-Principal (Engagement), University of Melbourne; Executive Board Member, Committee for Melbourne; former Member, Victorian Council for the Arts; Life Member, Australian Entertainment Industry Association's Executive Council; previously Managing Director, Reed Books.



Mr Khoa Do (VIC)

Mr Do is a film director, producer and screenwriter. Mr Do has been nominated for AFI Awards and shortlisted for an Academy Award; is an international keynote speaker; community and youth worker and leader. Mr Do was Young Australian of the Year in 2005. In 2014 he won the Australian Director's Guild Award for Best Direction in a TV Mini Series.



Professor Matthew Hindson AM (NSW)

Professor Hindson is a renowned composer and Chair, Composition and Music Technology Unit, Sydney Conservatorium of Music. His music is performed extensively by orchestras and music organisations nationally and internationally, most recently by such diverse ensembles as the Tasmanian Symphony Orchestra at MONA, the Elias String Quartet on a national tour presented by Musica Viva Australia, the Phoenix Symphony, and the National Ballet of Japan.



Ms Mary-Ellen King (WA)

Ms King is Board member, Perth International Arts Festival and a recent Director of Leading Aged Services Australia (WA); previously Chief Operating Officer Community, The Bethanie Group; General Manager, Melbourne International Arts Festival; Executive, Victorian Arts Centre; Managing Director, Melbourne Symphony Orchestra; Melbourne Manager, Opera Australia; Assistant Manager, Perth Concert Hall.



Ms Sophie Mitchell (QLD)

Ms Mitchell is Trustee, Queensland Performing Arts Trust; Director, Morgans; Director, Silver Chef Limited; Director, Flagship Investments Limited; Director, MTQ Insurance Limited; Director, Morgans Foundation; Member, Australian Government Takeovers Panel.



Ms Samantha Mostyn (NSW)

Ms Mostyn serves on the boards of Virgin Australia, Citibank, Transurban and CoverMore. Over many years she has served on a number of arts boards including the Sydney Theatre Company, the Sydney Festival and the Arts Law Centre, and she currently serves on the board of Carriageworks. Ms Mostyn is a Commissioner of the Australian Football League, a Director of Australian Volunteers International and President of the Australian Council for International Development. She is Deputy Chair of the Diversity Council of Australia, and served on the Review of the Treatment of Women in the Australian Defence Force.



Mr Tim Orton (VIC)

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

CORPORATE GOVERNANCE

Corporate governance is the process by which the Council is directed and controlled. It encompasses authority, accountability, stewardship, leadership, direction and control.

In 2013-14, the primary role of the governing Board was to formulate the agency's strategic objectives. To fulfil this role, the Board was responsible for the overall corporate governance of the agency, including:

- implementing its strategic direction
- establishing and monitoring the achievement of management's goals
- ensuring the integrity of internal control and management information systems
- approving and monitoring financial and other reporting.

During 2013-14 the Board met eight (8) times:

1 July 2013	Sydney [Teleconference]
23 August 2013	Sydney
24 October 2013	Melbourne
9 December 2013	Sydney
26 February 2014	Western Sydney
30 April 2014	Adelaide
27 May 2014	Sydney [Teleconference]
18 June 2014	Sydney

Changes to Board membership for 2013-14

No changes to the governing Board were made during 2013-14.

Schedule of attendance at Board meetings from 2013-14

Name	Eligible to attend meetings	Meetings attended
Mr. Rupert Myer AM	8	8
Ms. Robyn Archer AO	8	7
Mr. Tony Grybowski	8	8
Mr. Waleed Aly	8	7
Ms. Lee-Ann Buckskin	8	8
Mr. Adrian Collette AM	8	7
Mr. Khoa Do	8	5
Prof. Matthew Hindson AM	8	8
Ms. Mary-Ellen King*	6	5
Ms. Sophie Mitchell	8	7
Ms. Samantha Mostyn	8	5
Mr. Tim Orton	8	8

*Ms. Mary-Ellen King had a leave of absence during part of 2013-14.

Responsible Minister(s)

The ministers responsible for the Council during the year were the Hon Tony Burke MP from 1 July 2013 to 7 September 2013 and the Senator the Hon George Brandis QC from 16 September 2013.

Ministry for the Arts, Attorney-General's Department

The Ministry for the Arts has observer status on the Board. Ms Sally Basser, Executive Director of the Ministry for the Arts, was appointed to observer status in 2013-14.

Ministerial directions and rules

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

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

No ministerial directions were received in 2013-14.

General Policy Orders and government policies

No General Policy Orders or government policies affecting the Council were issued in 2013-14. Previously issued General Policy Orders and government policies continued to be noted.

Workplace Forum staff representatives

A Workplace Forum staff representative is an observer at Board meetings and may be invited to participate in discussion of agenda items at the discretion of the Chair. A condition of being in this role is that the Workplace Forum staff representative participates in an induction to understand the nature of the role and commit to the confidentiality of the work.

The Workplace Forum staff representatives who attended Board meetings during 2013-14 were Ms Karen Le Roy and Ms Alison McLaren.

Arts Practice Chairs and other Chair or Strategy Panel roles

Following the introduction of the Act the previous art form board structure was dissolved. The art form boards provided advice and members were ministerially appointed for a specified term. As an interim measure, to assist in the transition to its new structure and to ensure continuity of advice and relationships with experts in the arts sector following the implementation of the Act, art form Sector Strategy Panels were formed and led by the chairs of the previous art form boards.

Subsequent to this transitional period the Board appointed Arts Practice Chairs of each art form across Visual Arts, Theatre, Emerging and Experimental Arts, Dance and Music. The Board also appointed a Chair of Capacity Building, Chair of Community Arts and Cultural Development, and a Chair of Marketing and Audience Development.

The Board formed the Aboriginal and Torres Strait Islander Arts Strategy Panel, a Research Strategy Panel and the Major Performing Arts Panel. Members and a Chair were appointed to these panels.

The Strategy Panels and the Arts Practice Chairs provide advice to the Board and Council on arts sector issues and participate in meetings with Council throughout the year.

Arts Practice Chairs and Chairs of other areas at 30 June 2014

Dr. Danie Mellor	NSW	Visual Arts
Mr. Stephen Armstrong	VIC	Theatre
Ms. Julianne Pierce	SA	Emerging and Experimental Arts
Ms. Elizabeth Walsh	TAS	Dance
Ms. Deborah Conway	VIC	Music
<i>Vacant</i>		Literature
Prof. Brad Haseman	QLD	Capacity Building
Mr. Lockie McDonald	WA	Community Arts and Cultural Development
Ms. Nerrilee Weir	NSW	Market and Audience Development

Aboriginal and Torres Strait Islander Arts Strategy Panel at 30 June 2014

Mr. Wesley Enoch	QLD	Chair
Mr. Michael Leslie	WA	Member
Mr. Tristan Schultz	QLD	Member
Ms. Jeannette James	TAS	Member
Ms. Franchesca Cubillo	ACT	Member
Ms. Terri Janke	NSW	Member
Mr. Peter White	ACT	Member

Major Performing Arts Panel at 30 June 2014

Mr. Julian Knights	NSW	Chair
Ms. Helen Cook	WA	Member
Mr. Chris Freeman AM	QLD	Member
Mr. Chum Darvall AM	NSW	Member
Mr. Tim Cox AO	NSW	Member
Ms. Kate Brennan	VIC	Member
Ms. Rachel Healy	NSW	Member
Mr. Derek Young AM	VIC	Member

Research Strategy Panel at 30 June 2014

Prof. John Daley	NSW	Chair
Mr. Andrew Middleton	SA	Member
Prof. David Throsby	NSW	Member
Ms. Megan Brownlow	NSW	Member
Mr. Alan Ferris	WA	Member

Peers

Peers are representatives from the arts sector who register with the Council. They are approved by the Board to be included in the *Pool of Peers* for involvement in the assessment process for each art form.

The peer assessment process ensures that available grants are offered to artists and arts organisations whose proposals, in competition with those of other applicants and within budget constraints, demonstrate the highest degree of merit against the published assessment criteria. Peers bring expertise, contextual knowledge of the arts, and independence to this process.

Peers are provided with a Peer Assessment Handbook which includes a Code of Conduct and requirements to report any perceived or actual conflicts of interest to the Council prior to assessment.

553 peers participated in assessments during 2013-14.

Funding decisions by senior officers

Certain senior officers of the Council were delegated power to make grants and pursue particular purposes already approved by the Board or its committees. When doing so, the senior officers concerned considered assessment reports by peer experts, or panels of peer experts. In 2013-14, 553 peers made recommendations to senior officers regarding funding decisions.

Committees and advisory bodies

Pursuant to section 31 of the Act, the Board constituted a number of committees and panels to provide specialist advisory services including:

- Audit and Finance Committee
- Nominations and Appointments Committee
- Strategy Committee
- Appeals Committee
- Decisions Review Committee

Audit and Finance Committee

In accordance with its Charter, the Audit and Finance Committee oversaw and reviewed the Council's corporate governance obligations including:

- external accountability
- financial reporting
- internal controls
- risk management
- internal and external audit activities
- legal and financial compliance.

In addition, the committee monitored the Council's overall financial position, budget preparation and any other significant financial issues as they arose.

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 were made available to all Board members and the Chair of the committee reports on relevant matters at the Board meetings. The committee has an advisory role and is not delegated to act on the Board's behalf unless specifically directed to through resolution. The committee is chaired by a member of the Board and includes three other Board members. The Audit and Finance Committee met six (6) times in 2013-14.

Attendance at Audit and Finance Committee meetings

Name of person	Eligible to attend	Meetings attended
Ms. Sophie Mitchell (Chair)	6	6
Mr. Adrian Colette	6	4
Prof. Matthew Hindson	6	5
Ms. Mary-Ellen King*	4	1

*Ms. Mary-Ellen King had a leave of absence during part of 2013-14.

Nominations and Appointments Committee

The Nominations and Appointments Committee facilitates and oversees the nominations process. It is chaired by the Deputy Chair of the Board and includes three (3) other members of the Board. Executive Directors of each relevant area recommend nominations to the committee for consideration. The committee considers all nominations at its meetings and then makes recommendations to the Board for appointment of the endorsed nominees. The Board considers each recommendation and approves the relevant appointments. The committee met five (5) times in 2013-14.

Attendance at Nominations and Appointments Committee meetings

Name of person	Eligible to attend	Meetings attended
Ms. Robyn Archer (Chair)	5	5
Ms. Lee-Ann Buckskin	5	4
Mr. Khoa Do	5	4
Prof. Matthew Hindson	5	5

Strategy Committee

The Strategy Committee oversaw the development of a new five-year Strategic Plan and a new Corporate Plan for the Council to commence in 2014-15. The committee met three (3) times in 2013-14.

Attendance at Strategy Committee meetings

Name of person	Eligible to attend	Meetings attended
Mr. Tim Orton (Chair)	3	3
Ms. Robyn Archer	3	3
Mr. Waleed Aly	3	1
Ms. Lee-Ann Buckskin	3	2
Ms. Samantha Mostyn	3	2

Appeals Committee

The Board delegated powers to the Appeals Committee to consider and determine any appeal from a board, committee or senior officer of the Council against a decision by the Chair and CEO to rescind a previously approved decision. The Appeals Committee consists of the Chair (or the Deputy Chair where the Chair has participated in the decision to rescind or confirm the subject of the appeal) and three (3) Board members, as elected by the Chair (or Deputy Chair) providing that the Board members have not been involved in the decision under appeal. At least one committee member is to have experience as an arts practitioner. The committee did not meet in 2013-14.

Decisions Review Committee

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

The committee does not assess the artistic merit of applications. Its purpose, under the Council's direction, is to ensure the Boards, committees and senior officers have followed procedural fairness in making decisions. The membership comprises the CEO, the Chair of the Audit and Finance Committee, a member of the Nominations and Appointments Committee and one additional Board member. The Decisions Review Committee considered one request for review in 2013-14 which was addressed in accordance with its Terms of Reference.

The Decisions Review Committee is subject to delegation as authorised by the Australia Council Chair on 30 April 2014 in accordance with the Act. As at 30 June 2014, Mr Tony Grybowski was Chair of the committee.

Accountability

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

Service charter

The Council's service charter reflects its commitment to quality client service. It describes the service standards that clients and other stakeholders can expect. In 2013-14, there was one written complaint. The Council resolved this within the charter's service standards. The Council service charter can be found at: australiacouncil.gov.au/about/board/service_charter

Freedom of information

The Council is an agency subject to the *Freedom of Information Act 1982*. As such, it is required to publish information for the public as part of the Information Publication Scheme. This requirement is in Part II of the *Freedom of Information Act 1982* 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 Information Publication Scheme requirements.

Risk management

The Council has a Risk Management Framework (Framework) that provides a 'whole-of-Council' approach to managing any form of risk in a systematic, transparent and credible manner. The Framework aims to provide principles and guidelines to assist staff to identify, evaluate and effectively manage all significant risks.

The principles outlined in the Framework are embedded into the diverse decision making processes of the organisation. Training on subject matters such as good decision making, fraud, privacy and freedom of information, record management, writing minutes, compliance with the *Public Interest Disclosure Act 2013* and health and safety were provided to staff during 2013-14.

The Risk Management Framework and Fraud Control Policy underwent a review and update in 2013-14 to determine its effectiveness across Council. Both completed policies are available on the Council's website.

Grants

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

EXTERNAL REVIEW

Changes affecting the Council

Significant external changes affected the operations of Council including the introduction of the Act.

Judicial decisions and reviews by outside bodies

During 2013-14, there were no judicial decisions or decisions of administrative tribunals that have had, or may have, a significant impact on the Council's operations. There were no reports on the operations of the 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 specifically of the Council during 2013-14, other than an annual review of its financial statements.

Insurance

The Council's insurance policies for 2013-14 included cover for directors' and officers' liability. The premium paid for this insurance cover was \$18,234.45 (pre GST and discounts). This covered a liability limit of \$100 million.

Fraud control

The 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 manages its risks in accordance with best practice and has taken all reasonable measures to minimise the incidence of fraud.

Significant events

No significant events in the context of section 15 of the *Commonwealth Authorities and Companies Act 1997* occurred during 2013-14. 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 a significant shareholding in a company or commence or cease business activities or to make other significant changes.

MANAGEMENT OF HUMAN RESOURCES

Industrial Relations and workplace consultation

The Australia Council Enterprise Agreement has entered the final year of its three-year nominal duration. The third of three salary increases was provided on 23 November 2013 (3.2%). The Enterprise Agreement covers all employees, other than the Senior Management team.

Bargaining for a new Enterprise Agreement will be undertaken in 2014-15.

In addition to consultative obligations upheld under our Enterprise Agreement, our Workplace Forum provides a forum for effective communication within the organisation. The forum's objectives are to:

- foster a healthy working environment and positive workplace culture
- encourage active participation by all staff in the organisation
- develop and promote positive workplace relations across all levels of the organisation.

The forum comprises three staff and two management representatives, including the Director Human Resources and the CEO.

Our three yearly employee survey was conducted in July with 77% of staff responding. Around 7 in 10 employees are satisfied or very satisfied with their job, and over 80% of staff are happy with the work they do. Our staff are proud to work for an organisation which contributes to the arts sector. More staff strongly agreed that they enjoy working with their team, and that the people they work with are skilled and capable, compared to 2010 and 2007. Areas of focus include performance management and development, knowledge sharing across divisions, a quality review of learning offerings, and effective management of organisational change.

Work Health and Safety (WHS)

In 2013-14, the Council continued to ensure the workplace health, safety and welfare of its employees and contractors, with no lost time injuries, and four minor incidents.

Our workplace safety is monitored by our WHS Committee and Health and Safety Representatives. The WHS committee is 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 sitting on the committee. The Committee meets at least quarterly with workplace inspections conducted prior. There are also systems in place for staff to quickly and easily report any hazards, injuries or incident. Identified hazards and risks have corrective action applied when reasonably practicable to do so, and are acted on in a timely manner.

We continue to promote health and safety within the workplace by providing training, flu shots, ergonomic workplace assessments, reimbursements under our Fit for Work scheme, and promotion of our Employee Assistance Program for staff and their families needing counselling or support. Training for staff is recognised as one of the key elements in achieving and maintaining a high standard of workplace safety.

Training in 2013-14 included:

- online WHS training for all new employees and ergonomics training
- Executive and Senior Management WHS training
- Senior first aid officer certification and refresher training
- *Dignity in the Workplace* face-to-face training covering prevention of bullying, harassment and discrimination.

The first of a series of lunchtime seminars launched Council's formally established wellbeing program. *Beyond Blue* facilitated a session on mental health in the workplace, focussing on depression and anxiety. Other wellbeing initiatives include the J.P. Morgan Corporate Challenge and the Global Corporate Challenge; ascertaining corporate rates for staff at two local gyms and with Specsavers; and provision of additional cycling racks.

Staff Profile

The Council's staff profile reflects the diversity, flexibility and skills required to meet the changing needs of a dynamic arts sector. On 30 June 2014 there were 131.4 full-time equivalent (FTE) employees, an increase from 113.8 in 2012-13 (see Figure 4). The average staffing level during the year was 126.4 compared with the previous year's 118.9.

Employees are appointed under section 43 of the Act on terms and conditions set out in the Australia Council Enterprise Agreement 2011-14. Only members of the Council's Executive and senior management teams are employed on individual employee agreements (common law contracts), as they are regarded as equivalent to the Australian Public Service Senior Executive Service (SES).

The representation of employees in targeted equal opportunity groups at 30 June 2014 is shown as a percentage of total employees in Figure 5. Representation of women at Council remained consistent at approximately 70% of staff (including the Senior Management team) and 50% of our Executive team. No complaints were received from staff members this financial year.

Developing our People

To further develop our staff we have adopted the 70:20:10 model of learning, recognising that most learning is through on-the-job experience and mentoring, in-house seminars, all staff meetings and higher duties or secondments. Further learning is gained through networking, attendance at conference, and external forums, with the last 10% of learning achieved through more formal training or education such as attending courses or undertaking studies.

More than 15% of staff undertook a secondment or received a promotional opportunity over the year, with numerous higher duties also undertaken during leave absences or short-term vacancies. Human Resources continued to implement programs addressing the training and development needs of staff, through the ongoing performance management scheme, with 86.5% of staff attended at least one training session by year end, separate to any mandatory training.

Recognising our People

Staff recognition at Council is usually expressed formally through our annual performance review process in addition to all staff presentations of recent achievements for Council. To provide wider recognition of significant and outstanding contributions, four staff awards were presented to recipients on 9 December 2013, by the Australia Council Chair. Six awards were nominated by management and confirmed via the Executive team, with a seventh inaugural award determined through staff nomination and confirmed by the Workplace Forum Staff Representatives. The recipients were Michelle Wong (Collaboration), Mathew Millay (Collaboration), Ellen Dwyer (Service),

Nicola Evans (Service), Vincent Lin (Innovation), Penny Miles (Innovation), and Melissa Habjan (Team Work and Enthusiasm).

Advertising

The Council uses advertising for a limited range of purposes: to recruit staff, publicise initiatives and grant program closing dates, to invite clients to public information sessions and to call for tenders. The total cost of staff recruitment advertising was \$33,367 in 2013-14 compared to \$59,343 in 2012-13. The cost of advertising for all other purposes was \$13,133 in 2013-14 compared to \$16,717 in 2012-13.

FIGURE 4 - Number of staff (FTE) by division at 30 June 2014

Division	2011-12	2012-13	2013-14
Aboriginal and Torres Strait Islander Arts	7.0	7.0	9.0
Arts Development	26.4	22.8	29.8
Arts Funding	50.2	46.2	46.8
Arts Organisations	10.0	10.0	11.8
Corporate Resources	12.8	15.8	20.0
Office of the CEO	14.7	12.0	14.0
Total	121.1	113.8	131.4

FIGURE 5 - Representation of employees in equal employment opportunity groups as at 30 June 2014

Group	2011-12	2012-13	2013-14
Women	69.1%	66.4%	70.9%
Aboriginal and Torres Strait Islander people	3.3%	4.3%	4.6%
People with a disability	1.6%	1.7%	3.7%
Non-English speaking background	8.1%	11.2%	11.9%

EXECUTIVE TEAM AT 30 JUNE 2014

Tony Grybowski

Chief Executive Officer

Appointed May 2013. Previously Executive Director Arts Organisations, Australia Council; General Manager, Programming and Innovation at Arts Victoria; senior management positions with the Australian Youth Orchestra and Musica Viva Australia.

Lydia Miller

Executive Director, Aboriginal and Torres Strait Islander Arts

Appointed July 2005. Previously Executive Officer, Aboriginal Justice Advisory Council; extensive experience in the arts, health, justice and community sectors. Lydia Miller is a Kuku Yalanji woman. Lydia joined the ATSIA Board with over twenty years experience as a performer, artistic director, producer, administrator and advocate. Lydia has held many Council, Board and Committee positions.

Wendy Were

Executive Director, Arts Development

Appointed January 2014. Previously CEO at West Australian Music, Business Advisor with the Centre of Creative Industries Innovation Centre, Artistic Director and Chief Executive of Sydney Writers Festival. Wendy also holds a PhD in Literature. Wendy has wide-ranging experience in arts management, curation and business development and a track record in championing the development of sustainable career paths for Australia's artistic workers.

Frank Panucci

Executive Director, Arts Funding

Appointed Acting Executive Director May 2013, and confirmed in December 2013. Previously Director Community Partnerships Section, Australia Council; Chief Executive Officer, Community Cultural Development NSW; General Manager, Carnivale Festival; extensive experience in community arts and human rights.

Lissa Twomey

Executive Director, Arts Organisations

Appointed September 2013. Previously Artistic Director of the New Zealand International Arts Festival; Artistic Director of Wellington Jazz Festival; Associate Director of Sydney Festival. Lissa has over 20 years experience in arts management and as an artistic director of multi-arts festivals has a passion for assisting artists to realise their personal artistic goals and ambitions.

Tim Blackwell

Executive Director, Corporate Resources

Appointed September 2012. Previously Chief Financial Officer, Macquarie Telecom; Managing Director, Asia Pacific Brinks Inc; 10 years experience in professional practice at Price Waterhouse; extensive experience in finance and business administration.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT

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

Energy consumption	kWh
2011-12	662,031
2012-13	685,965
2013-14	707,828

Paper consumption	Reams per year (A4 80gsm copy paper)
2011-12	1,340
2012-13	1,220
2013-14	1,525

Recycled paper/ cardboard	Weight (kg)
2011-12	2,360 kg
2012-13	15,750 kg*
2013-14	1,470 kg

*This increased figure is due to the disposal of a significant volume of out of date publications in 2012-13



Behiye Suren, 2014

Turkish-Australian singer-songwriter, Behiye Suren, was supported to make an album of original songs combining contemporary Western and Turkish folk music influences.

Image credit: Telepathic Image



Pauline Nguyen in *The Serpents Table*.

The Serpent's Table was supported by the *In the Mix* initiative, which funds collaborations between culturally and linguistically diverse theatre artists and organisations.



FINANCIAL STATEMENTS

Image Credit: Brett Boardman for Griffin Theatre Company and Performance 4a,
in partnership with Carriageworks and Sydney Festival



INDEPENDENT AUDITOR'S REPORT

To the Minister for the Arts

I have audited the accompanying financial statements of Australia Council for the year ended 30 June 2014, which comprise: the Statement by the Board Members, Chief Executive and Chief Financial Officer; the Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Board Members Responsibility for the Financial Statements

The Board 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 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 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 Board Members, as well as evaluating the overall presentation of the financial statements.

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

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

Independence

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

Opinion

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

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australia Council's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



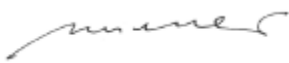
Mark Vial
Senior Director
Delegate of the Auditor-General
Canberra
26 August, 2014

STATEMENT BY THE BOARD MEMBERS, CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2014 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 Board members.



Rupert Myer AM
Chair



Antony Grybowski
Chief Executive Officer



Timothy Blackwell
Executive Director
Corporate Resources (CFO)

Date: 26 August 2014

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Net cost of services			
Expenses			
Employee benefits	3A	(13,378)	(13,180)
Suppliers	3B	(13,080)	(10,020)
Grants	3C	(199,228)	(174,823)
Depreciation and amortisation	3D	(652)	(653)
Finance costs	3E	(22)	(30)
Loss on disposal of assets	3F	(366)	-
Other expenses	3G	(264)	-
Total expenses		(226,990)	(198,706)
Own-source income			
Own-source revenue			
Interest	4A	3,147	2,971
Rental income	4B	70	62
Other revenue	4C	4,346	5,306
Total own-source revenue		7,563	8,339
Gains			
Gains from sale of assets	4D	-	7
Total gains		-	7
Total own-source income		7,563	8,346
Net cost of services		(219,427)	(190,360)
Revenue from Government	4E	220,664	191,450
Surplus attributable to the Australian Government		1,237	1,090
Other comprehensive income			
Items not subject to subsequent reclassification to net cost of services			
Asset Revaluations		(16)	(120)
Total other comprehensive income/(loss)		(16)	(120)
Total comprehensive income		1,221	970
Total comprehensive income attributable to the Australian Government		1,221	970

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

		2014	2013
	Notes	\$'000	\$'000
Assets			
Financial assets			
Cash and cash equivalents	6A	18,738	21,969
Trade and other receivables	6B	7,509	2,505
Total financial assets		26,247	24,474
Non-financial assets			
Land and buildings	7A,D	3,653	2,122
Property, plant and equipment	7B,D	388	301
Other	7C,D	917	1,030
Intangibles	7E,F	782	733
Other non-financial assets	7G	476	246
Total non-financial assets		6,216	4,432
Total assets		32,463	28,906
Liabilities			
Payables			
Suppliers	8A	(1,633)	(1,919)
Grants and programs	8B	(1,897)	(2,070)
Deferred revenue	8C	(79)	(1,292)
Other payables	8D	(917)	(585)
Total payables		(4,526)	(5,866)
Provisions			
Employee provisions	9A	(1,995)	(1,727)
Other provisions	9B	(4,226)	(818)
Total provisions		(6,221)	(2,545)
Total liabilities		(10,747)	(8,411)
Net assets		21,716	20,495
Equity			
Parent entity interest			
Reserves		6,834	5,036
Retained surplus		14,882	15,459
Total equity		21,716	20,495

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

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2014

	Retained earnings		Asset revaluation surplus		Other reserves		Total equity	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	15,459	15,541	1,707	2,336	3,329	1,648	20,495	19,525
Adjusted opening balance	15,459	15,541	1,707	2,336	3,329	1,648	20,495	19,525
Comprehensive income								
Surplus for the period	1,237	1,090	-	-	-	-	1,237	1,090
Other comprehensive income	-	-	(16)	(120)	-	-	(16)	(120)
Total comprehensive income	1,237	1,090	(16)	(120)	-	-	1,221	970
Transfers (from)/to Reserves								
Transfer (from)/to Get Reading! Reserve	-	1,369	-	-	-	(1,369)	-	-
Transfer (from)/to Asher Estate Bequest Reserve	9	(2)	-	-	(9)	2	-	-
Transfer (from)/to Visual Arts Craft Strategy Reserve	37	165	-	-	(37)	(165)	-	-
Transfer (from)/to Orchestra Review Reserve	12	-	-	-	(12)	-	-	-
Transfer (from)/to Venice Biennale Pavilion Reserve	(1,872)	(3,213)	-	-	1,872	3,213	-	-
Transfer of realised amounts from Asset Revaluation Surplus	-	509	-	(509)	-	-	-	-
Sub-total transfers (from)/to Reserves	(1,814)	(1,172)	-	(509)	1,814	1,681	-	-
Closing balance as at 30 June	14,882	15,459	1,691	1,707	5,143	3,329	21,716	20,495

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

CASH FLOW STATEMENT

For the period ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Operating activities			
Cash received			
Receipts from Government		219,451	192,742
Interest		3,094	2,975
Other		4,629	5,428
Total cash received		227,174	201,145
Cash used			
Employees		(13,110)	(13,014)
Suppliers		(10,444)	(9,920)
Net GST paid		(4,863)	(1,088)
Grants and programs		(199,400)	(175,221)
Total cash used		(227,817)	(199,243)
Net cash from operating activities	10	(643)	1,902
Investing activities			
Cash received			
Proceeds from sales of property, plant and equipment		-	7
Total cash received		-	7
Cash used			
Purchase of property, plant, equipment and intangibles		(2,588)	(1,137)
Total cash used		(2,588)	(1,137)
Net cash used by investing activities		(2,588)	(1,130)
Net decrease (increase) in cash held			
		(3,231)	772
Cash and cash equivalents at the beginning of the reporting period		21,969	21,197
Cash and cash equivalents at the end of the reporting period	6A	18,738	21,969

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

SCHEDULE OF COMMITMENTS

as at 30 June 2013

	2014	2013
	\$'000	\$'000
By type		
Commitments receivable		
Sublease rental income	65	101
Net GST recoverable on commitments	33,029	21,958
Total commitments receivable	33,094	22,059
Commitments payable		
Other commitments		
Operating leases	15,963	17,882
Capital commitments	4,724	-
Grants and programs commitments	316,525	224,365
Total other commitments	337,212	242,247
Total commitments payable	337,212	242,247
Net commitments by type	304,118	220,188
By maturity		
Commitments receivable		
Within 1 year	15,662	14,829
Between 1 to 5 years	17,365	6,612
More than 5 years	67	618
Total commitments receivable	33,094	22,059
Commitments payable		
Operating lease commitments		
Within 1 year	3,337	3,201
Between 1 to 5 years	11,682	10,847
More than 5 years	944	3,833
Total operating lease commitments	15,963	17,881
Capital commitments		
Within 1 year	4,724	-
Total capital commitments	4,724	-
Grants and programs commitments		
Within 1 year	153,518	159,775
Between 1 to 5 years	163,007	61,458
More than 5 years	-	3,133
Total grant and project commitments	316,525	224,366
Total commitments payable	337,212	242,247
Net commitments by maturity	304,118	220,188

SCHEDULE OF COMMITMENTS NOTES

(continued)

Notes:

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. Capital commitments relate to the construction of the Venice Pavilion. Grants and programs commitments payable comprise \$210.025m (2013: \$135.531m) to Major Performing Arts Board companies and \$106.5m (2013: \$88.834m) 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 schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF CONTINGENCIES FOR AUSTRALIA COUNCIL

as at 30 June 2014

There were no contingent assets or liabilities as at 30 June 2014 (2013: Nil).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Objectives of the entity

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

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

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

1.2 Basis of Preparation of the Financial Statements

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

The financial statements have been prepared in accordance with:

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.
- The quantum of the make good provision is based on management's assessment of the cost to make good the premises at the end of the lease.
- A provision for surplus lease has been made for the premises at 372 Elizabeth St Surry Hills where the contracted space is in excess of Council's operating requirements. The unavoidable costs of meeting the lease obligations have been offset by estimated income from subleasing surplus space.

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

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. No new accounting standards, amendments to standards and interpretations issued by the AASB that are applicable in the current period are assessed to have a material financial effect 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. Note 13: Senior Executive Remuneration comparatives were adjusted for changes in remuneration package bands and disclosure requirements.

1.6 Revenue

Revenue from the sale of goods is recognised when:

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

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

Receivables for goods and services, which have 30 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 is recognised 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

Government grants and funding are recognised when the Council obtains control over the contribution.

Funding received or receivable from the Council's portfolio department (appropriated to the agency as a *Commonwealth Authorities and Companies Act 1997* 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.

For reciprocal grants (i.e. equal value is given back by Council to the provider), the Council is deemed to have assumed control when the Council has satisfied its performance obligations under the terms of the grant. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Council recognises as expenses the related costs for which the grants are intended to compensate. Where the grants also include funds that relate to future related costs for which the grants are intended to compensate, this portion is recognised as deferred revenue.

For non-reciprocal grants, the Council is deemed to have assumed control when the grant is receivable or received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Council with no future related costs are recognised in profit or loss in the period in which they become receivable. Conditional grants may be reciprocal or non reciprocal depending on the terms of the grant.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 expected to be paid within twelve 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.

The liability for long service leave is an estimate of the present value of the liability at 30 June 2014 taking into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

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

Superannuation

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 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.

The liability for superannuation recognised at 30 June 2014 represents outstanding contributions for the final fortnight of the year.

1.9 Leases

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

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

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

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

The Council has no finance leases.

1.10 Grants and Programs Expense and Payables

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

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

1.11 Cash

Cash and cash equivalents 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

1.12 Financial Assets

The council classifies its financial assets in the following categories:

- held-to-maturity investments; and
- 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.

The foreign exchange option contract is a financial liability recognised at fair value through profit and loss.

Other Financial Liabilities

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

A foreign exchange option contract to hedge foreign exchange exposure is recognised at fair value. This is to hedge exchange rate risk due to the Euro-denominated construction contract for the Venice Pavilion.

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

1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position 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 & Equipment and Other

Asset Recognition Threshold

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

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the 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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 & equipment	Market selling price
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.”

WIP – Assets Under Construction

Work continued in 2014 on the construction of a new pavilion to house the Australian exhibitions at the Venice Biennale from 2015. The amounts expended to balance date were in the nature of construction costs, legal and architectural design fees and were recorded as WIP – Assets Under Construction. Construction is scheduled to finish in time for the 2015 Venice Biennale, when the completed asset will be transferred to a depreciable category.

Depreciation

Depreciable property, plant & 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	2014	2013
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 2014. 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 & 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 3 years (2012-13: 3 years).

All software assets were assessed for indications of impairment as at 30 June 2014.

1.18 Taxation

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

1.19 Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that the Council will be required to settle the obligation, and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provision for Surplus Lease Space

A surplus lease contract is considered to exist for the premises lease at 372 Elizabeth St Surry Hills, where the contracted space is in excess of the Council's ongoing operating requirements. Consequently, the Council has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. A provision has been raised for this amount.

Provision for Restoration

Council has an obligation under the premises lease at 372 Elizabeth St Surry Hills to make good the premises at the end of the lease term. A provision has been made for the present value of expected costs to settle the obligation. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of making good the premises are reviewed annually and adjusted as appropriate.

Orchestra Victoria Transition Support

Council has agreed to provide support to Orchestra Victoria in relation to Orchestra Victoria's transition in ownership to The Australian Ballet. This support is in the nature of transition costs and support for loss of proficiency payments required under the agreement which Orchestra Victoria has with its employees. The Council's obligations in this regard have been recognised and measured as a provision.

NOTE 2: EVENTS AFTER THE REPORTING PERIOD

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

NOTE 3: EXPENSES

	2014 \$'000	2013 \$'000
Note 3A: Employee benefits		
Core		
Wages and salaries	(10,360)	(9,498)
Superannuation:		
Defined contribution plans	(319)	(405)
Defined benefit plans	(227)	(266)
Other private schemes	(751)	(488)
Leave and other entitlements	(340)	(345)
Separation and redundancies	-	(147)
Total employee benefits - core	(11,997)	(11,149)
Programs		
Wages and salaries	(1,185)	(1,875)
Superannuation:		
Defined contribution plans	(54)	(73)
Defined benefit plans	-	-
Other private schemes	(110)	(115)
Leave and other entitlements	(32)	45
Separation and redundancies	-	(13)
Total employee benefits - programs	(1,381)	(2,031)
Total employee benefits	(13,378)	(13,180)
Note 3B: Suppliers		
Core		
Provision of goods and services - external parties	(3,356)	(2,962)
Orchestra Victoria transition support	(1,281)	-
Total goods and services	(4,637)	(2,962)
Other supplier expenses		
Operating lease rentals - external parties:		
Minimum lease payments	(2,218)	(2,222)
Provision for surplus lease space	(1,951)	-
Workers compensation expenses	(112)	(108)
Total other supplier expenses	(4,281)	(2,330)
Total supplier expenses - core	(8,918)	(5,292)
Programs		
Provision of goods - external parties	(4,162)	(4,728)
Total supplier expenses - programs	(4,162)	(4,728)
Total supplier expenses	(13,080)	(10,020)

NOTE 3: EXPENSES

(continued)

	2014	2013
	\$'000	\$'000
Note 3C: Grants and Programs		
Council Grants and Initiatives	(46,167)	(34,506)
Government Initiatives	(28,049)	(20,769)
Key Organisations	(22,779)	(21,081)
Major Performing Arts	(102,233)	(98,467)
Total grants and programs	(199,228)	(174,823)
Note 3D: Depreciation and Amortisation		
Depreciation:		
Plant and equipment and other	(151)	(78)
Buildings	(47)	(37)
Total depreciation	(198)	(115)
Amortisation:		
Intangibles	(454)	(538)
Total amortisation	(454)	(538)
Total depreciation and amortisation	(652)	(653)
Note 3E: Finance Costs		
Unwinding of make good discount	(22)	(30)
Note 3F: Loss on Disposal of Assets		
Land and Buildings		
Proceeds from sale	-	-
Carrying value of old Venice Pavilion	(356)	-
Property and equipment and other		
Proceeds from sale	-	-
Carrying value of disposal property and equipment	(10)	-
Total loss on disposal of assets	(366)	-
Note 3G: Other Expenses		
Fair value loss on forward options contract	(200)	-
Realised foreign exchange losses	(33)	-
Unrealised foreign exchange losses	(31)	-
Total loss on disposal of assets	(264)	-

NOTE 4: INCOME

	2014 \$'000	2013 \$'000
Own-source revenue		
Note 4A: Interest		
Deposits	3,147	2,971
Total interest	3,147	2,971
Note 4B: Rental Income		
Operating lease:		
Other	70	62
Total rental income	70	62
Note 4C: Other Revenue		
Returned grants	884	562
Income from fund raising:		
- Venice Biennale	689	453
- Venice Pavilion	1,872	3,213
- Musee du Quai Branly	-	135
Department of Foreign Affairs and Trade:		
- Festival of Pacific Arts	-	132
- IETM Asian Satellite	23	-
Arts NSW:		
- Biennale review	30	-
- Get Market Ready	5	-
- MAPS project	50	-
Arts QLD:		
- Artsupport state manager	-	80
- Diversity Associate	-	50
- Get Market Ready	5	-
- MAPS project	50	50
Arts SA:		
- Artsupport state manager	-	50
- MAPS project	100	-
Arts VIC:		
- IETM Asian Satellite	20	-
- MAPS project	50	50
- Artsupport state manager	-	67
- Get Market Ready	4	-

continued next page

NOTE 4: INCOME

(continued)

	2014	2013
	\$'000	\$'000
Note 4C: Other Revenue (continued)		
Arts WA:		
- Artsupport state manager	-	80
Contributions from other non-government entities:		
- Artsupport masterclass	-	56
- Artsupport - Andrew Thyne Reid Charitable Trust	-	50
- IETM Asian Satellite	15	-
- Philanthropy mentoring	100	-
- Recording initiative	75	-
- Samstag ISCP residency program	50	50
- Venice Biennale sponsorship	125	-
- Venice Biennale PD programme	40	45
- Other	159	183
Total other revenue	4,346	5,306
Note 4D: Gains from Sale of Assets		
Property, plant and equipment:		
Proceeds from sale	-	7
Carrying value of assets sold	-	-
Selling expense	-	-
Net gain from sale of assets	-	7
Revenue From Government		
Note 4E: Revenue from Government		
Attorney-General's Department:		
CAC Act Appropriation	218,786	188,049
Get Reading!	1,213	308
Visual Arts & Craft Strategy	-	2,743
Sounds Australia	665	350
Total revenue from Government	220,664	191,450

NOTE 5: FAIR VALUE MEASUREMENTS

The following tables provide an analysis of assets and liabilities that are measured at fair value.

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

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

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

Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair Value Measurements

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014

	Fair value measurements at the end of the reporting period using			
	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
	\$'000	\$'000	\$'000	\$'000
Non-financial assets				
Land	149	-	149	-
Freehold property	402	-	402	-
Buildings on Leasehold Land	508	-	508	-
Leasehold Improvements	175	-	-	175
Work in Progress (construction of Venice Pavilion)	2,419	-	2,419	-
Property, Plant and Equipment	388	-	388	-
Library	48	-	48	-
Other Property, Plant and Equipment	392	-	392	-
Works of Art	477	-	477	-
Total non-financial assets	4,958	-	4,783	175
Total fair value measurements of assets in the statement of financial position	4,958	-	4,783	175
Financial liabilities				
Foreign exchange options contract	(200)	-	(200)	-
Total financial liabilities	(200)	-	(200)	-

The highest and best use of all non-financial assets is the same as their current use.

NOTE 5: FAIR VALUE MEASUREMENTS

(continued)

Note 5B: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

Level 2 and 3 fair value measurements – valuation technique and the inputs used for assets and liabilities in 2014

	Category (Level 2 or Level 3)	Fair value \$'000	Valuation technique(s)	Inputs used
Non-financial assets				
Land	Level 2	149	Market comparables	Price per square metre Market rate of interest
Freehold property	Level 2	402	Market comparables	Price per square metre Market rate of interest
Buildings on Leasehold Land	Level 2	508	Market comparables	Price per square metre Market rate of interest
Leasehold Improvements	Level 3	175	Depreciated replacement cost	Cost, estimated obsolescence and service capacity
Work in Progress (construction of Venice Pavilion)	Level 2	2,419	Replacement cost	Current replacement cost
Property, Plant and Equipment	Level 2	388	Market comparables	Market selling price
Library	Level 2	48	Market comparables	Professional appraisals of similar books and journals
Musical Instrument	Level 2	392	Market comparables	Professional appraisals of similar instruments
Works of Art	Level 2	477	Market comparables	Professional appraisals of similar artworks
Financial liabilities				
Foreign exchange contract	Level 2	(200)	Income approach	Foreign exchange spot and forward rates, quoted prices

NOTE 6: FINANCIAL ASSETS

	2014 \$'000	2013 \$'000
Note 6A: Cash and cash equivalents		
Cash on hand or on deposit	18,738	21,969
Total cash and cash equivalents	18,738	21,969
Note 6B: Trade and other receivables		
Goods and services:		
Goods and services – external parties	174	76
Total receivables for goods and services	174	76
Other receivables:		
GST receivable from the Australian Taxation Office	7,248	2,394
Interest	83	30
Other	4	5
Total other receivables	7,335	2,429
Total trade and other receivables (net)	7,509	2,505
Receivables are expected to be recovered in:		
No more than 12 months	7,509	2,505
Total trade and other receivables (net)	7,509	2,505
Receivables are aged as follows:		
Not overdue	7,494	2,486
Overdue by:		
- 0 to 30 days	12	19
- 31 to 60 days	3	-
Total receivables (gross)	7,509	2,505

NOTE 7: NON-FINANCIAL ASSETS

	2014 \$'000	2013 \$'000
Note 7A: Land and buildings		
Land:		
Land at fair value	149	149
Total land	149	149
Buildings on freehold land:		
Fair value	402	373
Accumulated depreciation	-	-
Total buildings on freehold land	402	373
Leasehold improvements:		
Fair value	3,894	3,889
Accumulated depreciation	(3,719)	(3,691)
Total leasehold improvements	175	198
Buildings on leasehold land:		
Fair value	508	847
Accumulated depreciation	-	(6)
Total buildings on leasehold land	508	841
Work in progress:		
Building assets under construction	2,419	561
Total work in progress	2,419	561
Total land and buildings	3,653	2,122

Land & 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. In 2013-2014 those same properties were assessed for market changes and the effects of exchange rate movements. A net revaluation increment of \$71,000 (related to the Rome and Paris properties) was credited to the asset revaluation reserve and included in the equity section of the balance sheet (2013: Increment of \$44,000). The carrying amount of \$3.653m (2013: \$2.122m) includes these revaluation figures.

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

The aggregate of increments and decrements to the asset revaluation reserve is shown in the statement of comprehensive income as a net decrement of \$16,000 (2013: decrement of \$120,000).

No indicators of impairment were found for leasehold improvements.

Work continued in 2014 on construction of a new pavilion to house the Australian exhibitions at the Venice Biennale from 2015. The amounts expended to balance date were in the nature of capital works, legal and architectural design fees and were recorded in WIP - Assets Under Construction. Construction is scheduled to finish in time for the 2015 Venice Biennale, when the completed asset will be transferred to a depreciable category.

	2014	2013
	\$'000	\$'000
Note 7B: Plant and Equipment		
Fair value	924	733
Accumulated depreciation	(536)	(432)
Total plant and equipment	388	301

Plant and Equipment includes computer equipment and office furniture and fittings.

No indicators of impairment were found for plant and equipment.

No assets within this category are expected to be sold or disposed of within the next 12 months.

	2014	2013
	\$'000	\$'000
Note 7C: Other		
Fair value	935	1,051
Accumulated depreciation	(18)	(21)
Total other	917	1,030

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

The violoncello was valued at 30 June 2014 based on its highest and best use, reflecting market conditions and restrictions on sale. The library was revalued as at 30 June 2014 in accordance with plans to rationalise part of the collection, and the valuation completed on 30 June 2012 by Simon Taaffe, an independent approved valuer. A net revaluation decrement of \$87,000 relating to the Library was debited to the revaluation reserve (2013: Nil) and is disclosed in Note 7D below. Works of art were valued as at 30 June 2012 by an independent valuer, McWilliam and Associates Pty Limited (Sydney) and updated by the same valuer at 30 June 2014 to reflect market movements.

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.

NOTE 7: NON-FINANCIAL ASSETS

(continued)

Note 7D: Reconciliation of the opening and closing balances of property, plant and equipment for 2014

	Land	Buildings	Total land & buildings	Plant & equipment	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2013						
Gross book value	149	5,670	5,819	733	1,051	7,603
Accumulated depreciation and impairment	-	(3,697)	(3,697)	(432)	(21)	(4,150)
Net book value 1 July 2013	149	1,973	2,122	301	1,030	3,453
Additions:						
By purchase	-	1,863	1,863	222	-	2,085
Revaluations and impairments recognised in other comprehensive income	-	71	71	-	(87)	(16)
Depreciation expense	-	(47)	(47)	(125)	(26)	(198)
Other movements (restatement on revaluations):						
- Cost	-	(16)	(16)	-	(29)	(45)
- Accumulated depreciation	-	16	16	-	29	45
Disposals:						
- Cost	-	(366)	(366)	(31)	-	(397)
- Accumulated depreciation	-	10	10	21	-	31
Net book value 30 June 2014	149	3,504	3,653	388	917	4,958
Net book value as of 30 June 2014 represented by:						
Gross book value	149	7,222	7,371	924	935	9,230
Accumulated depreciation and impairment	-	(3,718)	(3,718)	(536)	(18)	(4,272)
Net book value 30 June 2014	149	3,504	3,653	388	917	4,958

Note 7D (continued): Reconciliation of the opening and closing balances of property, plant and equipment for 2013

	Land	Buildings	Total land & buildings	Plant & equipment	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2012						
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 1 July 2012	149	1,313	1,462	155	1,215	2,832
Additions:						
By purchase	-	582	582	198	6	786
Revaluations and impairments recognised in other comprehensive income	-	44	44	-	(164)	(120)
Depreciation expense	-	(36)	(36)	(52)	(27)	(115)
Other movements (makegood asset carrying value adjustment)						
- Cost	-	70	70	-	-	70
- Accumulated depreciation	-	-	-	-	-	-
Other movements (restatement on revaluations):						
- Cost	-	(16)	(16)	-	(6)	(22)
- Accumulated depreciation	-	16	16	-	6	22
Disposals:						
- Cost	-	-	-	(160)	-	(160)
- Accumulated depreciation	-	-	-	160	-	160
Net book value 30 June 2013	149	1,973	2,122	301	1,030	3,453
Net book value as of 30 June 2012 represented by:						
Gross book value	149	5,670	5,819	733	1,051	7,603
Accumulated depreciation and impairment	-	(3,697)	(3,697)	(432)	(21)	(4,150)
Net book value 30 June 2013	149	1,973	2,122	301	1,030	3,453

NOTE 7: NON-FINANCIAL ASSETS

(continued)

	2014 \$'000	2013 \$'000
Note 7E: Intangibles		
Computer software:		
- Internally developed - in progress	-	118
- Internally developed - in use	3,985	3,364
- Purchased	11	11
- Accumulated amortisation	(3,214)	(2,760)
- Accumulated impairment losses	-	-
Total computer software	782	733
Total intangibles	782	733

No indicators of impairment were found for intangible assets.

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

Note 7F: Reconciliation of the Opening and Closing Balances of Intangibles 2014

Reconciliation of the opening and closing balances of intangibles for 2014

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2013			
Gross book value	3,482	11	3,493
Accumulated amortisation and impairment	(2,749)	(11)	(2,760)
Net book value 1 July 2013	733	-	733
Additions:			
By purchase or internally developed	503	-	503
Amortisation	(454)	-	(454)
Net book value 30 June 2014	782	-	782
Net book value as of 30 June 2014 represented by:			
Gross book value	3,985	11	3,996
Accumulated amortisation and impairment	(3,203)	(11)	(3,214)
Net book value 30 June 2014	782	-	782

Reconciliation of the Opening and Closing Balances of Intangibles 2013

	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000
As at 1 July 2012			
Gross book value	3,132	11	3,143
Accumulated amortisation and impairment	(2,214)	(8)	(2,222)
Net book value 1 July 2012	918	3	921
Additions:			
By purchase or internally developed	350	-	350
Amortisation	(535)	(3)	(538)
Net book value 30 June 2013	733	-	733
Net book value as of 30 June 2013 represented by:			
Gross book value	3,482	11	3,493
Accumulated amortisation and impairment	(2,749)	(11)	(2,760)
Net book value 30 June 2013	733	-	733

	2014	2013
	\$'000	\$'000
Note 7G: Other Non-Financial Assets		
Prepayments	476	246
Total other non-financial assets	476	246
Total other non-financial assets are expected to be recovered in:		
- No more than 12 months	429	246
- More than 12 months	47	-
Total other non-financial assets	476	246

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

NOTE 8: PAYABLES

	2014 \$'000	2013 \$'000
Note 8A: Suppliers		
Trade creditors and accruals	(319)	(639)
Operating lease rentals	(1,314)	(1,280)
Total suppliers payables	(1,633)	(1,919)
Suppliers payables expected to be settled		
- No more than 12 months	(356)	(639)
- More than 12 months	(1,277)	(1,280)
Total suppliers payable	(1,633)	(1,919)
Settlement was usually made within 30 days. Payments to suppliers include GST Payable.		
Note 8B: Grants and programs		
Private sector:		
Other	(1,897)	(2,070)
Total grants and programs	(1,897)	(2,070)
Total grants and programs are expected to be settled:		
No more than 12 months	(1,897)	(2,070)
Total grants and programs	(1,897)	(2,070)
Settlement was usually made according to the terms and conditions of each grant. This was usually within 30 days of performance or eligibility.		
	2014 \$'000	2013 \$'000
Note 8C: Deferred Revenue		
Get Reading! Government Initiative	(79)	(1,292)
Total deferred revenue	(79)	(1,292)
Note 8D: Other Payables		
Wages and salaries	(551)	(569)
Foreign exchange options contract	(200)	
Other	(166)	(16)
Total other payables	(917)	(585)
Total other payables are expected to be settled:		
- No more than 12 months	(917)	(585)

NOTE 9: PROVISIONS

	2014	2013
	\$'000	\$'000
Note 9A: Employee Provisions		
Leave	(1,995)	(1,727)
Total employee provisions	(1,995)	(1,727)
Employee provisions are expected to be settled in:		
No more than 12 months	(1,411)	(1,311)
More than 12 months	(584)	(416)
Total employee provisions	(1,995)	(1,727)
Note 9B: Other Provisions		
Provision for Orchestra Victoria transition support	(1,434)	-
Provision for surplus lease space	(1,951)	-
Provision for make good/restoration obligations	(841)	(818)
Total other provisions	(4,226)	(818)

	Provision for restoration	Provision for surplus lease space	Provision for Orchestra Victoria	Total
	\$'000			
Carrying amount at 1 July 2013	(818)	-	-	(818)
Unwinding of discount or change in discount rate	(22)	-	-	(22)
Additional provisions made	(1)	(1,951)	(1,434)	(3,386)
Closing balance at 30 June 2014	(841)	(1,951)	(1,434)	(4,226)

NOTE 9: PROVISIONS

(continued)

Provision for Restoration

Council has an obligation under the premises lease at 372 Elizabeth St Surry Hills to make good the premises at the end of the lease term. A provision has been made for the present value of expected costs to settle the obligation. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of making good the premises are reviewed annually and adjusted as appropriate.

Provision for Surplus Lease Space

A surplus lease contract is considered to exist for the premises lease at 372 Elizabeth St Surry Hills, where the contracted space is in excess of the Council's ongoing operating requirements. Consequently, the Council has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. A provision has been raised for this amount.

Orchestra Victoria Transition Support

Council has agreed to provide support to Orchestra Victoria in relation to Orchestra Victoria's transition in ownership to The Australian Ballet. This support is in the nature of transition costs and support for loss of proficiency payments required under the agreement which Orchestra Victoria has with its employees. The Council's obligations in this regard have been recognised and measured as a provision.

NOTE 10: CASH FLOW RECONCILIATION

	2014	2013
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	18,738	21,969
Balance sheet	18,738	21,969
Difference	-	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(219,427)	(190,360)
Add revenue from Government	220,664	191,450
Adjustments for non-cash items		
Depreciation/amortisation	652	653
Finance cost - unwinding discount	-	30
Gain on sale of asset	-	(7)
Loss on disposal of assets	366	-
Changes in assets/liabilities		
(Increase)/decrease in net receivables	(5,004)	(1,017)
(Increase)/decrease in prepayments	(230)	(47)
Liabilities		
Increase in employee provisions	268	165
Increase in other provisions	3,408	-
Increase in other payables	332	-
(Decrease)/Increase in deferred income	(1,213)	1,292
(Decrease)/Increase in supplier payables	(286)	141
(Decrease)/Increase in other grants payable	(173)	(398)
Net cash (used by)/from operating activities	(643)	1,902

NOTE 11: REMUNERATION OF BOARD MEMBERS

	2014	2013
	No.	No.
\$0 to \$29,999	7	8
\$30,000 to \$59,999	3	6
\$60,000 to \$89,999	1	-
Total	11	14

Total remuneration received or due and receivable by Board members of the Australia Council in 2014 was \$310,086 (2013: \$364,424)

Remuneration of executive directors is included in Note 13: Senior Executive Remuneration.

NOTE 12: RELATED PARTY DISCLOSURES

Board Members

Board members during the financial year were:

- Mr Rupert Myer AM (Chair)
- Ms Robyn Archer AO (Deputy Chair)
- Mr Tony Grybowski (CEO)
- Mr Waleed Aly (appointed 1 July 2013)
- Ms Lee-Ann Buckskin (appointed 1 July 2013)
- Mr Adrian Collette AM (appointed 1 July 2013)
- Mr Khoa Do (appointed 1 July 2013)
- Prof Matthew Hindson AM (appointed 1 July 2013)
- Ms Mary-Ellen King (appointed 1 July 2013)
- Ms Sophie Mitchell (appointed 1 July 2013)
- Ms Samantha Mostyn (appointed 1 July 2013)
- Mr Tim Orton (appointed 1 July 2013)

Other Transactions with directors or director-related entities

No Board member has, since the end of the previous financial year, received or become entitled to receive any benefits by virtue of being a Board member other than fixed stipends (disclosed in Note 11) or travelling and related allowances. All transactions between Council and Board members, or related parties of Board members, during and since the end of the financial year were conducted in accordance with standard procedures and on conditions no more beneficial than those of other grant applicants.

Mr Rupert Myer, AM - Chairman, The Aranday Foundation, Chairman, Nuco Pty Ltd, Deputy Chair, Myer Holdings Ltd, Director, AMCIL Limited, Director, Creative Partnerships Australia, Director, Healthscope Ltd, Director, eCargo Holdings Ltd, Board Member, Australian International Cultural Foundation, Board Member, The Yulgilbar Foundation, Director, The Myer Foundation, Board Member, The Myer Foundation Arts and Humanities Committee, Member, The University of Melbourne, Faculty of Business and Economics Advisory Board, Member, Felton Bequests' Committee, Board Member, Jawun - Indigenous Corporate Partnerships, Patron, Bendigo Art Gallery Foundation.

Ms Robyn Archer, AO – Artistic Director, the Light in Winter (Federation Square), Chair, Arts Advisory Committee, Adelaide College of the Arts, Creative Director, Centenary of Canberra (2013), Artistic and Cultural Strategic Advisor, City of Gold Coast, Patron of Brink Productions (Adelaide), Australian Script Centre (Hobart), Australian Art Orchestra (Melbourne), Arts Law Society (Sydney), Institute of Post-Colonial Studies (Melbourne), Arts Health Foundation, Ambassador for Adelaide Football Club, International Women’s Development Agency, 2012 National Year of Reading, Member European House of Culture, Council on Australia Latin America Relations.

Mr Tony Grybowski – CEO, Australia Council.

Mr Waleed Aly – Director, Tigers in the Community Foundation, Director, Macent Pty Ltd (Trading as Salam Café), Advisory Group Member, the 100% Project, Ambassador, Possible Dreams International.

Ms Lee-Ann Buckskin – Manager, Community Program, Carclew Youth Arts, Member of South Australian Museums Aboriginal Advisory Committee, Designer, National Aboriginal and Torres Strait Islander War Memorial, Adelaide, Member Strategic Management Team, Carclew Youth Arts, Member, Indigenous Champions Group, Barangaroo, Co-chair South Australia’s 2015 International Aboriginal Visual Arts Festival.

Mr Adrian Collette – Vice-Principal (Engagement), University of Melbourne, Executive Director, Engagement and Partnerships, the University of Melbourne, Executive Board Member, Committee for Melbourne, Life Member, the Australian Entertainment Industry Association’s Executive Council, Board Member, Ian Potter Museum of Art, Board Member, Melbourne University Sport.

Mr Khoa Do – Board Member, Advertising Standards Board.

Prof Matthew Hindson AM – Chair, Composition and Music Technology Unit, Sydney Conservatorium of Music, Represented Member of the Australian Music Centre, Music Curator for Campbelltown Arts Centre, Composer in Residence at 2012 ANAM Commission in 2012 with Musica Viva, Commission for Sydney Philharmonia Choirs, Commission for Sydney Symphony Orchestra in 2014.

Ms Mary-Ellen King – Chief Operating Officer Community, The Bethanie Group, Director, Perth International Arts Festival, Director, Leading Aged Services Australia (WA)

Ms Sophie Mitchell – Director, Morgans, Director, Expressions Dance Company (until 30 November 2013), Trustee, Queensland Performing Arts Trust, Director, Silver Chef Limited, Director, Flagship Investments Limited, Director, MTQ Insurance Limited, Director, Morgans Foundation, Member, Takeovers Panel.

Ms Samantha Mostyn – Commissioner, Australian Football League, Commissioner, Mental Health Commission (until February 2014), Director, Australian Volunteers International, Director, Sydney Theatre Company (until July 2014), Director, Transurban Group, Director, Virgin Australia Holdings Ltd, Director, Citigroup Pty Ltd, Director, Carriageworks, Deputy Chair, Diversity Council of Australia, Director, Covermore Group Limited, President, Australia Council for International Developments.

Mr Tim Orton – Managing Director, Nous Group, Chair, Rhodes Scholarships in Australia Pty Ltd, Executive Board Member, Committee for Melbourne, Director, Jianguo Pty Ltd.

NOTE 13: SENIOR EXECUTIVE REMUNERATION

Note 13A: Senior Executive Remuneration Expenses for the Reporting Period

	2014	2013
	\$'000	\$'000
Short-term employee benefits:		
Salary	670,581	789,478
Performance bonuses	72,762	102,746
Superannuation (inc. leave related superannuation on-costs)	69,645	64,963
Total short-term employee benefits	812,988	957,187
Other long-term employee benefits:		
Changes in annual leave provisions	51,622	83,994
Long Service Leave	82,008	13,931
Total other long-term employee benefits	133,630	97,925
Total senior executive remuneration expenses	946,618	1,055,112

- Note 13A is prepared on an accrual basis (therefore the performance bonus expenses disclosed above may differ from the cash 'Bonus paid' in Note 13B).
- Note 13A excludes acting arrangements and part-year service where total remuneration expensed as a senior executive was less than \$195,000.

Note 13B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period

Average annual reportable remuneration paid to substantive senior executives in 2014

Average annual reportable remuneration ¹	Substantive senior executives	Reportable salary ²	Contributed super-annuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
	No.	\$	\$	\$	\$	\$
Total reportable remuneration (including part-time arrangements):						
- Less than \$195,000	26	109,427	12,101	17	1,816	123,361
- \$195,000 to \$224,999	1	172,652	21,426	-	13,778	207,856
- \$225,000 to \$254,999	1	198,460	18,358	-	14,895	231,713
- \$345,000 to \$374,999	1	308,466	20,866	-	18,073	347,405
Total number of substantive senior executives	29					

Average annual reportable remuneration paid to substantive senior executives in 2013

Average annual reportable remuneration ¹	Substantive senior executives	Reportable salary ²	Contributed super-annuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
	No.	\$	\$	\$	\$	\$
Total reportable remuneration (including part-time arrangements):						
- Less than \$195,000	24	116,542	13,115	-	3,272	132,929
- \$195,000 to \$224,999	1	199,688	17,250	-	18,249	235,187
- \$225,000 to \$254,999	1	230,506	21,915	13,000	21,528	286,949
- \$345,000 to \$374,999	1	273,690	11,195	-	43,697	328,582
Total number of substantive senior executives	27					

1. 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.
2. 'Reportable salary' includes the following:
 - a. gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - b. reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes);
 - c. reportable employer superannuation contributions; and
 - d. exempt foreign employment income.
3. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.
4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
5. '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.

Note 13C: Average Annual Reportable Remuneration Paid to Other Highly Paid Staff during the Reporting Period

During the reporting period, there were no other employees (2013: nil) whose salary plus performance bonus were \$195,000 or more.

NOTE 14: REMUNERATION OF AUDITORS

	2014 \$'000	2013 \$'000
Financial statement audit services were provided by the Australian National Audit Office (ANAO).		
Fair value of the services provided		
- Financial statement audit services	46	46
- Other services	-	29
Total	46	75

No other services were provided by the ANAO.

The ANAO has retained Deloitte Touche Tohmatsu to assist with the audit assignment.

In 2013, Deloitte Tax Services Pty Ltd, a related entity of the audit firm, charged a fee (EUR22,000) in relation to tax advice undertaken by Deloitte Touche Tohmatsu member firm Studio Tributario e Societario Milan Italy, related to the new Venice Biennale Pavilion rebuild project.

NOTE 15: FINANCIAL INSTRUMENTS

	2014	2013
	\$'000	\$'000
Note 15A: Categories of Financial Instruments		
Financial Assets		
Held-to-maturity:		
Cash on hand/at bank	18,738	21,969
Total	18,738	21,969
Loans and receivables:		
Receivables for goods and services	261	111
Total	261	111
Total financial assets	18,999	22,080
Financial Liabilities		
Other Financial Liabilities		
Trade and other creditors	(1,036)	(1,224)
Grants and programs	(1,897)	(2,070)
Total	(2,933)	(3,294)
Financial liabilities at fair value through profit or loss (designated)		
Foreign exchange options contract	(200)	-
Total financial liabilities at fair value through profit or loss (designated)	(200)	-
Total financial liabilities	(3,133)	(3,294)
Note 15B: Net gains or Losses on Financial Assets		
Held-to-maturity		
Interest revenue	3,147	2,971
Net gains on Financial Assets	3,147	2,971
Note 15C: Net Gains or Losses on Financial Liabilities		
Financial liabilities at fair value through profit or loss (designated)		
Exchange (losses) on Foreign exchange option contract	(200)	-
Net (losses) on financial liabilities	(200)	-

NOTE 15: FINANCIAL INSTRUMENTS

(continued)

Note 15D: Fair Value of Financial Instruments

	Carrying amount 2014	Fair value 2014	Carrying amount 2013	Fair value 2013
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash at bank	18,738	18,738	21,969	21,969
Receivables for goods and services	261	261	111	111
Total	18,999	18,999	22,080	22,080
Financial Liabilities				
Trade and other creditors	(1,036)	(1,036)	(1,224)	(1,224)
Grants and programs	(1,897)	(1,897)	(2,070)	(2,070)
Foreign exchange options contract	(200)	(200)		
Total	(3,133)	(3,133)	(3,294)	(3,294)

Note 15E: Credit Risk

The Council is exposed to minimum credit risk as the receivables are cash in nature and CAC Act payments made under law (which guarantees fixed amounts of funding that the entity can drawdown as required). All amounts owed by Australian Taxation Office are in the form of goods and services tax refunds. The maximum exposure to credit risk is the risk that arises from potential default of debtors. This amount is equal to the total amount of goods and services trade receivables and loans (2014: \$261,000 and 2013: \$111,000). The Council holds no collateral to mitigate against credit risk.

Maximum exposure to credit risk (excluding any collateral or credit enhancements)

	2014	2013
	\$'000	\$'000
Financial assets		
Cash at bank	18,738	21,969
Receivables for goods and services	261	111
Total financial assets carried at amount not best representing maximum exposure to credit risk	18,999	22,080
Financial liabilities		
Trade and other creditors	(1,036)	(1,224)
Grant and programs	(1,897)	(2,070)
Foreign exchange options contract	-	-
Total	(2,933)	(3,294)

Note 15E: Credit Risk (continued)

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

	Not past due nor impaired 2014	Not past due nor impaired 2013	Past due or impaired 2014	Past due or impaired 2013
	\$'000	\$'000	\$'000	\$'000
Cash at bank	18,738	21,969	-	-
Receivables for goods and services	246	92	15	19
Total	18,984	22,061	15	19

Ageing of financial assets that were past due but not impaired for 2014

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables for goods and services	12	3	-	-	15
Total	12	3	-	-	15

Ageing of financial assets that were past due but not impaired for 2013

Receivables for goods and services	19	-	-	-	19
Total	19	-	-	-	19

NOTE 15: FINANCIAL INSTRUMENTS

(continued)

Note 15F: Liquidity Risk

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

Maturities for non-derivative financial liabilities 2014

	on demand	within 1 year	between 1 to 2 years	between 2 to 5 years	more than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other creditors	-	(1,036)	-	-	-	(1,036)
Grants and programs	-	(1,897)	-	-	-	(1,897)
Total	-	(2,933)	-	-	-	(2,933)

Maturities for non-derivative financial liabilities 2013

Trade and other creditors	-	(1,224)	-	-	-	(1,224)
Grants and programs	-	(2,070)	-	-	-	(2,070)
Total	-	(3,294)	-	-	-	(3,294)

Maturities for derivative financial liabilities 2014

Forward Foreign exchange option contract	-	(200)	-	-	-	(200)
Total	-	(200)	-	-	-	(200)

Note 15G: Market Risk

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 Section 18 of the CAC Act) and in accordance with its investment policy.

NOTE 16: FINANCIAL ASSETS RECONCILIATION

	2014 \$'000	2013 \$'000
Financial assets		
Total financial assets as per balance sheet	26,247	24,474
Less: non-financial instrument components	(7,248)	(2,394)
Total non-financial instrument components	18,999	22,080
Total financial assets as per financial instruments note	18,999	22,080

NOTE 17: REPORTING OF OUTCOMES

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.

Note 17A: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Departmental				
Expenses	(226,990)	(198,706)	(226,990)	(198,706)
Own-source income	7,563	8,346	7,563	8,346
Net cost/(contribution) of outcome delivery	(219,427)	(190,360)	(219,427)	(190,360)

NOTE 17: REPORTING OF OUTCOMES

(continued)

Note 17B: Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcome

	Outcome 1		Total	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Expenses				
Employees	(13,378)	(13,180)	(13,378)	(13,180)
Suppliers	(13,080)	(10,020)	(13,080)	(10,020)
Grants and programs	(199,228)	(174,823)	(199,228)	(174,823)
Depreciation and amortisation	(652)	(653)	(652)	(653)
Finance costs	(22)	(30)	(22)	(30)
Loss on disposal of assets	(366)	-	(366)	-
Other expenses	(264)	-	(264)	-
Total expenses	(226,990)	(198,706)	(226,990)	(198,706)
Income				
Income from government	220,664	191,450	220,664	191,450
Interest	3,147	2,971	3,147	2,971
Other	4,416	5,375	4,416	5,375
Total income	228,227	199,796	228,227	199,796
Assets				
Cash and cash equivalent	18,738	21,969	18,738	21,969
Trade and other receivables	7,509	2,505	7,509	2,505
Land and buildings	3,653	2,122	3,653	2,122
Plant and equipment	388	301	388	301
Other	917	1,030	917	1,030
Intangibles	782	733	782	733
Other non-financial assets	476	246	476	246
Total assets	32,463	28,906	32,463	28,906
Liabilities				
Suppliers	(1,633)	(1,919)	(1,633)	(1,919)
Grants and programs	(1,897)	(2,070)	(1,897)	(2,070)
Deferred revenue	(79)	(1,292)	(79)	(1,292)
Other payables	(917)	(585)	(917)	(585)
Employee provisions	(1,995)	(1,727)	(1,995)	(1,727)
Other provisions	(4,226)	(818)	(4,226)	(818)
Total liabilities	(10,747)	(8,411)	(10,747)	(8,411)

NOTE 18: COMPENSATION AND DEBT RELIEF

Compensation and Debt Relief

There were no 'Act of Grace payments' in the year ended 30 June 2014 (2013: Nil)

GLOSSARY

the Board	The Australia Council Board
Council	Australia Council
the Act	<i>Australia Council Act 2013</i>
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CEO	Chief Executive Officer
FTE	Full-time equivalent
MPA	Major Performing Arts
NSW	New South Wales
NT	Northern Territory
QLD	Queensland
SA	South Australia
TAS	Tasmania
VIC	Victoria
WA	Western Australia
WHS	Work Health and Safety

COMPLIANCE INDEX

Financial statements

Financial statements certification: a statement by the directors	64
Financial statements certification: Auditor General's report	63

Report on performance

Programs and contribution to outcomes	16-29
Deliverables and KPIs under the PBS or other portfolio statements	32-39

Accountability

Letter of transmittal	i
Enabling legislation – objectives, functions	11
Responsible Minister(s)	46
Ministerial directions	47
Information about directors	42-45,58
Outline of organisational structure	14
Statement on governance	46
- Boards, committees and main responsibilities	50
- Ethics and risk management policies and fraud control	54
- Related entity transactions	98-99
- Changes affecting the authority	54
- Judicial decisions and reviews by outside bodies	54
Performance against service charter	53
Indemnities and insurance premiums for officers	54

Other statutory requirements

Government policies and General Policy Orders under Section 48A of CAC Act	47
Ecologically sustainable development and environment performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	59
<i>Australian Electoral Commission Act 1918</i>	57
Freedom of Information	53
Work, Health and Safety (Section 24 of the <i>Work Health and Safety Act 2011</i>)	55

Australia Council for the Arts

372 Elizabeth Street
Surry Hills NSW 2010

PO Box 788
Strawberry Hills NSW 2012

Phone +61 2 9215 9000

Toll free 1800 226 912

Fax +61 2 9215 9111

NRS 1800 555 677

mail@australiacouncil.gov.au
australiacouncil.gov.au

© Australia Council 2014.
ISSN 0725-7643

This work is copyright. Apart from any use permitted under the *Copyright Act 1968*, all rights are expressly reserved. Requests for further authorisations should be directed to the Communications section at the above address.

In accordance with the Australian Government's printing standards for documents presented to Parliament this publication has not been printed on recycled paper.



Salt, 2014

The Council's Artist with Disability program grant supported 25 projects and development opportunities, funding 24 individual artists and one group.

Image credit: Sam Oster for Restless Dance Theatre



australiacouncil.gov.au