

Australia Council

Entity resources and planned performance

AUSTRALIA COUNCIL

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AUSTRALIA COUNCIL

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

The Council's overarching outcome is: supporting Australian artists and arts organisations to create and present excellent art that is accessed by audiences across Australia and abroad.

The Council achieves this by:

- delivering Australian Government directed initiatives and frameworks that support the government's broader priorities for Australian arts and culture
- providing grants to support artists and arts organisations across a range of art forms
- undertaking strategic research and analysis to build the evidence base for the arts
- delivering strategic investment to build audiences nationally and internationally and promote the strong international reputation of Australian arts and artists
- advocating for Australian arts and artists.

Council's corporate plan for 2016 – 2020 has four goals to achieve a vision of Australia as a culturally ambitious nation and is approved by the Minister for the Arts. Council's strategic goals are informed by the functions outlined in the *Australia Council Act 2013*, and reflect the needs and aspirations of Australia's diverse and vibrant arts sector. The Council's strategic goals and objectives are:

- Australian arts are without borders
 - Australian artists are enabled to discover and develop across borders.
 - Global audiences are captivated by diverse and excellent Australian work.
 - The profile and influence of Australian arts internationally is strengthened.
- Australia is known for its great art and artists
 - Australian artists and arts organisations lead in innovation, risk-taking and experimentation, and vibrancy.
 - Australia is well known for diverse, excellent artistic practice.

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- The arts enrich daily life for all
 - Australian life is enriched through the arts.
 - Australian audiences are captivated by artistic experiences.
 - More Australians have access to and engage with the arts.
- Australians cherish Aboriginal and Torres Strait Islander arts and cultures
 - More Australians experience Aboriginal and Torres Strait Islander arts and cultures, and international collaborations strengthen connections.
 - Investment supports Aboriginal and Torres Strait Islander works of artistic excellence.
 - Younger Aboriginal and Torres Strait Islander people practise and experience their culture.
 - Australians understand and respect the role of Aboriginal and Torres Strait Islander elders and master artists in arts and culture.

During 2016–17 the Government approved the Australia Council’s direction of existing reserves to the small-to-medium sector through its Four Year Funding program. As per the measure introduced in the *Portfolio Additional Estimates Statements 2016–17*, the Australia Council will apply a total of \$10.0 million of its reserves with \$5.0 million in each of the 2016–17 and 2017–18 financial years.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the Council for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by departmental (for Australia Council's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses for Outcome 1' table in Section 2 and the financial statements in Section 3 are presented on an accruals basis.

Table 1.1: Australia Council resource statement — Budget estimates for 2017–18 as at Budget May 2017

	2016–17 estimated actual \$'000	2017–18 estimate \$'000
Opening balance/cash reserves at 1 July	17,933	11,712
Funds from Government		
Annual appropriations - ordinary annual services ^(a)		
Outcome 1	188,424	209,393
Total annual appropriations	188,424	209,393
Amounts received from related entities		
Amounts from portfolio department ^(b)	8,000	-
Total amounts received from related entities	8,000	-
Total funds from Government	196,424	209,393
Funds from other sources		
Interest	1,300	1,300
Other	1,387	801
Total funds from other sources	2,687	2,101
Total net resourcing for Australia Council	217,044	223,206
Average staffing level for Australia Council	110	109

(a) Appropriation Bill (No.1) 2017–18.

(b) Funding provided by the Department of Communications and the Arts that is not specified within the annual Appropriation Bills as a payment to Australia Council.

Australia Council is not directly appropriated as it is a Corporate Commonwealth Entity. Appropriations are made to the Department of Communications and the Arts (a Non-Corporate Commonwealth Entity), which are then paid to Australia Council and are considered "departmental" for all purposes.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

Prepared on a resourcing (that is, appropriations available) basis.

1.3 BUDGET MEASURES

Budget measures in Table 1.2 relating to Australia Council are detailed in *Budget Paper No. 2* and are summarised below.

Table 1.2: Australia Council 2017–18 Budget measures

Part 1: Measures announced since the 2016–17 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Program	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000
Expense Measures						
Australia Council - additional funding ^(a)	1.1					
Departmental expenses		5,000	24,996	20,191	19,846	20,221
Total		5,000	24,996	20,191	19,846	20,221
Total expense measures						
Departmental		5,000	24,996	20,191	19,846	20,221
Total		5,000	24,996	20,191	19,846	20,221

(a) This measure includes: increased support for the small-to-medium arts sectors of \$5.0 million in each of 2016-17 and 2017-18 as published in the Communications and the Arts 2016-17 Portfolio Additional Estimates Statements; and the transfer of funding for the Catalyst program, Major Festival Initiative and the Australian World Orchestra from the Department of Communications and the Arts to Australia Council from 2017-18.

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

The Council's outcome is described below together with its related program. The following provides detailed information on expenses for the outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for the Australia Council can be found at:
www.australiacouncil.gov.au/about/strategic-plan-and-corporate-plan/

The most recent annual performance statement can be found at:
www.australiacouncil.gov.au/about/annual-report-2015-16/

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Supporting Australian artists and arts organisations to create and present excellent art that is accessed by audiences across Australia and abroad

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by Departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: To champion and invest in Australian arts					
Revenue from Government Ordinary annual services (Appropriation Bill No. 1)	188,424	209,393	209,964	213,847	216,851
Payment from related entities	8,000	-	-	-	-
Revenues from other independent sources	2,687	2,101	2,715	1,858	2,300
Total expenses for Outcome 1	199,111	211,492	212,679	215,705	219,151
<hr/>					
Average staffing level (number)	2016-17 110	2017-18 109			

Table 2.1.2: Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017–18 Budget measures have created new programs or materially changed existing programs.

Outcome 1 – Supporting Australian artists and arts organisations to create and present excellent art that is accessed by audiences across Australia and abroad		
Program 1.1 – To champion and invest in Australian arts through grants and initiatives that foster and develop Australia’s arts sector and raise the profile of Australian arts nationally and internationally.		
<p>Delivery Administering the National Framework for Governments’ Support of the Major Performing Arts Sector. Administering Government programs including National Regional Touring Programs and the Visual Arts and Craft Strategy. Undertaking research and knowledge management activity to inform policy and program analysis and awareness of Australia’s arts sector. Delivering an integrated suite of programs that support artists and arts organisations across the arts sector, including:</p> <ul style="list-style-type: none"> • peer assessed grant funding for individual artists, groups and arts organisations • Four Year core program funding for small-to-medium arts organisations • strategic national and international market, audience and artistic development activity • capacity building activity for arts leaders and organisations • Aboriginal and Torres Strait Islander Arts initiatives. 		
Performance information		
Year	Performance criteria	Targets
2016–17	<p>Engage, educate and inspire – continue to increase engagement with national and international visitors through innovative exhibitions and programs that are accessed in a variety of ways.</p> <p>Lead and collaborate – continue being leaders in the sector and fostering long-term relationships through partnerships and collaborations with key stakeholders and similar organisations/institutions nationally and internationally.</p>	<p>Expected to meet criterion 11 million attendances at Australia Council supported arts activities. 0.55 million visits to the Australia Council website. 135 culturally diverse projects or events funded with total funding of \$9.3 million.</p> <p>Expected to meet criterion 5,700 number of new Australian artwork projects supported with total funding of \$7.5 million provided. \$1 million total funding for research and development projects. 4,500 artistic works exhibited, performed or published. 30 initiatives that strengthen ties with other countries. 50 countries presented in.</p>

Performance information		
Year	Performance criteria	Targets
2017–18	<p>Engage, educate and inspire – continue to increase engagement with national and international visitors through innovative exhibitions and programs that are accessed in a variety of ways.</p> <p>Lead and collaborate – continue being leaders in the sector and fostering long-term relationships through partnerships and collaborations with key stakeholders and similar organisations/institutions nationally and internationally.</p>	<p>11 million attendances at Australia Council supported arts activities.</p> <p>150 culturally diverse projects or events funded with total funding of \$10 million.</p> <p>5,700 new Australian artwork projects supported with total funding of \$7.5 million provided.</p> <p>4,500 artistic works exhibited, performed, published.</p> <p>30 initiatives that strengthen ties with other countries.</p> <p>50 countries presented in.</p>
2018–19 and beyond	As per 2017–18	As per 2017–18
<p>Purpose To champion and invest in Australian arts.</p>		

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017–18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

The agency resource statement (Table 1.1) provides a consolidated view of all the resources available in 2017–18. This includes operating appropriation, funds from other sources and cash to cover payables and provisions on the balance sheet. Operating appropriation is shown as Revenue from Government in the comprehensive income statement.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The Council's 2017–18 Budget has been built on the underlying principle of a balanced, breakeven budget, that is, annual expense matches the annual revenue forecast to be received.

Comprehensive income statement

The Council's base appropriation will increase by \$21.0 million, from \$188.4 million to \$209.4 million due to the 2017–18 Budget measure providing \$20.0 million of additional funding. This was augmented by indexation, net of the increased applicable annual efficiency dividend. The appropriation income in 2017–18 was also increased by \$5.0 million in the *Portfolio Additional Estimates Statements 2016–17* reflecting Council utilising its reserves to support the small-to-medium sector.

Other revenue from government has been reduced by \$8.0 million to nil as the grant from the Department of Communication and the Arts (which reallocated \$8.0 million per annum in funding back to the Council for four years from 2015–16 to 2018–19) has been incorporated in the additional appropriation income.

Other revenue for 2017–18 includes:

- returned grant monies and interest income
- income received from third parties for the Venice Biennale exhibition of \$0.1 million (2016–17 - \$0.7 million). The next exhibition will be held in the 2019 calendar year with consequent lower donation income in 2017–18.

The Council's total expenses are budgeted at \$211.5 million in 2017-18, compared to \$199.1 million in 2016-17, reflecting:

- grant expenditure of \$188.3 million budgeted to support individual artists, major performing arts companies, small to medium arts organisations and for initiatives to increase national and international audiences and markets for Australian arts. The budgeted expenditure in 2017-18 is \$13.8 million above 2016-17 as a result of net level of higher funding from Government.
- Employee benefits expense maintained at \$12.9 million while the average staffing reduces to 109 from 110 in 2016-17.
- Supplier costs decrease by \$1.5 million in 2017-18 mainly reflecting the cyclical nature of Council's biennial projects and efficiencies gained.

Budgeted departmental balance sheet

Financial assets are budgeted at \$12.1 million for 2017-18. The decline in financial assets reflects the use of \$5.0 million of Council's retained reserves in 2017-18 to support the small and medium arts sectors through grants payments. A significant proportion of the financial assets balance is allocated to resourcing amounts payable to suppliers and to grant applicants, contracted forward grant commitments not yet expensed, property lease expenditure (including accounting and make good provisions), provisions for employee entitlements and future capital expenditure needs.

Non-financial assets are budgeted to remain relatively flat at \$11.9 million, with total capital expenditure of \$0.7 million.

The capital expenditure investment includes components to assist the Council in efficiently delivering on its strategic objectives including ongoing development of the grant management and online systems required to support the grants model, information technology infrastructure upgrades and an improvement to facilities.

Reserves (other than retained surplus), remain level at \$8.5 million at 30 June 2018 and comprise \$6.3 million of private sector donation income received for the rebuild of the Venice Pavilion (completed in 2015), \$1.6 million in the asset revaluation reserve and \$0.6 million in Venice Biennale Donation Fund Reserve.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
EXPENSES					
Employee benefits	12,905	12,943	13,067	13,195	13,311
Suppliers	10,932	9,453	10,031	8,860	9,460
Grants	174,444	188,268	188,751	192,820	195,550
Depreciation and amortisation	830	830	830	830	830
Total expenses	199,111	211,494	212,679	215,705	219,151
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Interest	1,300	1,300	1,300	1,300	1,300
Rental income	387	401	415	158	-
Other	1,000	400	1,000	400	1,000
Total own-source revenue	2,687	2,101	2,715	1,858	2,300
Total own-source income	2,687	2,101	2,715	1,858	2,300
Net (cost of)/contribution by services	(196,424)	(209,393)	(209,964)	(213,847)	(216,851)
Revenue from Government	196,424	209,393	209,964	213,847	216,851
Surplus/(deficit) attributable to the Australian Government	-	-	-	-	-
Total comprehensive income/(loss) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	11,712	6,842	6,972	7,102	7,232
Trade and other receivables	5,297	5,297	5,297	5,297	5,297
Total financial assets	17,009	12,139	12,269	12,399	12,529
Non-financial assets					
Land and buildings	8,928	8,768	8,609	8,464	8,319
Property, plant and equipment	1,282	1,315	1,495	1,465	1,435
Intangibles	1,322	1,319	1,168	1,213	1,258
Other non-financial assets	455	455	455	455	455
Total non-financial assets	11,987	11,857	11,727	11,597	11,467
Assets held for sale	384	384	384	384	384
Total assets	29,380	24,380	24,380	24,380	24,380
LIABILITIES					
Payables					
Suppliers	1,569	1,569	1,569	1,569	1,569
Grants	3,691	3,691	3,691	3,691	3,691
Other payables	417	417	417	417	417
Total payables	5,677	5,677	5,677	5,677	5,677
Provisions					
Employee provisions	1,949	1,949	1,949	1,949	1,949
Other provisions	3,437	3,437	3,437	3,437	3,437
Total provisions	5,386	5,386	5,386	5,386	5,386
Total liabilities	11,063	11,063	11,063	11,063	11,063
Net assets	18,317	13,317	13,317	13,317	13,317
EQUITY					
Parent entity interest					
Reserves	8,502	8,502	8,502	8,502	8,502
Retained surplus (accumulated deficit)	9,815	4,815	4,815	4,815	4,815
Total parent entity interest	18,317	13,317	13,317	13,317	13,317
Total Equity	18,317	13,317	13,317	13,317	13,317

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017–18)

	Retained earnings	Asset revaluation reserve	Other reserves	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017				
Balance carried forward from previous period	9,815	1,625	6,877	18,317
Adjusted opening balance	9,815	1,625	6,877	18,317
Distributions to owners				
Returns of capital:				
Distribution of equity	(5,000)	-	-	(5,000)
Sub-total transactions with owners	(5,000)	-	-	(5,000)
Closing balance attributable to the Australian Government	4,815	1,625	6,877	13,317

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	188,424	209,393	209,964	213,847	216,851
Receipts from Government	8,000	-	-	-	-
Interest	1,300	1,300	1,300	1,300	1,300
Other	1,387	801	1,415	558	1,000
Total cash received	199,111	211,494	212,679	215,705	219,151
Cash used					
Employees	12,905	12,943	13,067	13,195	13,311
Suppliers	10,932	9,453	10,031	8,860	9,460
Other	179,444	193,268	188,751	192,820	195,550
Total cash used	203,281	215,664	211,849	214,875	218,321
Net cash from/(used by) operating activities	(4,170)	(4,170)	830	830	830
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	2,051	700	700	700	700
Total cash used	2,051	700	700	700	700
Net cash from/(used by) investing activities	(2,051)	(700)	(700)	(700)	(700)
Net increase/(decrease) in cash held	(6,221)	(4,870)	130	130	130
Cash and cash equivalents at the beginning of the reporting period	17,933	11,712	6,842	6,972	7,102
Cash and cash equivalents at the end of the reporting period	11,712	6,842	6,972	7,102	7,232

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources ^(a)	2,051	700	700	700	700
TOTAL	2,051	700	700	700	700
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,051	700	700	700	700
Total cash used to acquire assets	2,051	700	700	700	700

(a) Funded from annual appropriations and may include donations and contributions, gifts, internally developed assets, and proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017–18)

	Land	Buildings	Other property, plant and equipment	Computer software and intangibles	Assets held for sale	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017						
Gross book value	149	12,925	2,024	5,787	396	21,281
Accumulated depreciation/amortisation and impairment	-	(4,146)	(742)	(4,465)	(12)	(9,365)
Opening net book balance	149	8,779	1,282	1,322	384	11,916
Capital asset additions						
Estimated expenditure on new or replacement assets						
By purchase - appropriation ordinary annual services ^(a)	-	45	158	497	-	700
Total additions	-	45	158	497	-	700
Other movements						
Depreciation/amortisation expense		(205)	(125)	(500)		(830)
Total other movements	-	(205)	(125)	(500)	-	(830)
As at 30 June 2018						
Gross book value	149	12,970	2,182	6,284	396	21,981
Accumulated depreciation/amortisation and impairment	-	(4,351)	(867)	(4,965)	(12)	(10,195)
Closing net book balance	149	8,619	1,315	1,319	384	11,786

Prepared on Australian Accounting Standards.