

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 principal arts investment, development, funding and advisory body with a purpose to champion and invest in arts and creativity to benefit all Australians. The Council has a national leadership role in supporting and building Australia's arts ecology by fostering excellence in the arts, increasing national and international engagement with Australian art and artists, and advocating for the social, cultural and economic value of arts and creativity. The Council achieves this by:

- investing in artists and organisations through grants, fellowships and awards that enable art to be created and experienced
- advocating for the social, cultural and economic value of the arts and creativity
- advising government on matters connected with the arts
- managing Government-directed initiatives and frameworks in support of the arts
- delivering strategic development activity that builds industry capacity, increases markets and audiences for Australian creative work and enables more people to be inspired by and benefit from their creative engagement
- conducting research and analysis that deepens the understanding of the role and value of arts and creativity
- collaborating with state, territory and local governments
- partnering with others to increase investment in and support for creativity.

The Council's Corporate Plan 2021–2025 has five strategic objectives to achieve our vision 'Creativity Connects Us' and is approved by the Minister for Communications, Urban Infrastructure, Cities and the Arts. The Council's strategic objectives are informed by the functions outlined in the *Australia Council Act 2013*, and reflect the needs and aspirations of Australia's diverse and vibrant creative sector and the Australian public:

- Australians are transformed by arts and creativity
 - Support engaging arts experiences
 - Expand access to arts experiences
 - Support the digital mobility of Australian arts and creativity
 - Promote arts experiences in everyday life
- Our arts reflect us
 - Enable activity that connects communities

- Support creative work that reflects contemporary Australia
- Support increased diversity in our creative workforce
- Promote diversity across all Australia Council activities
- First Nations arts and culture are cherished
 - Strengthen and embed First Nations arts and culture
 - Grow experiences of First Nations arts and culture
 - Support First Nations young people’s artistic and cultural expression
 - Uphold First Nations arts and cultural practitioners’ cultural rights
- Arts and creativity are thriving
 - Support viable creative careers and business models
 - Enable risk taking and experimentation in the realisation of new works
 - Develop partnerships to strengthen our cultural and creative industries
 - Promote wellbeing and a safe environment for people working in the arts
- Arts and creativity are valued
 - Advocate for the public value of arts and creativity
 - Advise on arts matters to inform government policy development
 - Lead public discussion about matters relating to arts and creativity
 - Develop evidence that increases understanding of the cultural and creative industries.

Before the COVID-19 pandemic, the cultural and creative industries were already facing significant forces of change and evolution that have meant traditional business models, modes of operation or engagement must be innovated. Just some of these shifts include:

- growing public awareness of the value of First Nations cultures
- rapidly changing and diversifying communities
- new definitions of the marketplace and audience expectations
- universal on-demand access to digital content
- innovation required in the development of content and delivery to reach diverse national and international publics
- new economic realities.

The cultural and creative industries have been among the hardest hit by the COVID-19 pandemic which will have profound and long-lasting impacts on how the industry operates in the future, not least with regard to digital strategies and mobility of work.

The Australia Council will support the post-COVID-19 pandemic rebuilding of our cultural and creative industries, including continual adaptation to industry change to

realise the potential of new models of operation and practice, harnessing diversity and actively cultivating creativity and innovation to generate economic, cultural and social value.

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 Departmental (for the Council's operations) classification.

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

Table 1.1: Australia Council resource statement — Budget estimates for 2022-23 as at Budget March 2022

	2021-22 Estimated actual \$'000	2022-23 Estimate \$'000
Opening balance/cash reserves at 1 July	8,097	9,631
Funds from Government		
Annual appropriations - ordinary annual services ^(a)		
Outcome 1	219,794	220,531
Total annual appropriations	219,794	220,531
Total funds from Government	219,794	220,531
Funds from other sources		
Interest	161	100
Sale of goods and services	11	10
Other	2,987	400
Total funds from other sources	3,159	510
Total net resourcing for Australia Council	231,050	230,672
	2021-22	2022-23
Average staffing level (number)	101	108

All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2022-23.

Australia Council is not directly appropriated as it is a Commonwealth Corporate Entity. Appropriations are made to the Department of Infrastructure, Transport, Regional Development and Communications (a Non-Corporate Commonwealth Entity), which are then paid to Australia Council and are considered 'Departmental' for all purposes.

1.3 Budget measures

There are no measures relating to the Australia Council for the 2022-23 Budget.

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.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measures 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 a complete picture of an entity's planned and actual performance.

The most recent corporate plan for the Council can be found at:

<https://australiacouncil.gov.au/wp-content/uploads/2021/08/Corporate-plan-2021-25.pdf>

The most recent annual performance statement can be found at:

<https://australiacouncil.gov.au/wp-content/uploads/2021/08/Australia-Council-for-the-Arts-Annual-Report-2020-21.pdf>

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 Council intends to spend (on an accrual basis) on achieving the outcome, broken down by program.

Table 2.1.1: Budgeted expenses for Outcome 1

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
Program 1.1: To champion and invest in Australian arts and creativity					
Revenue from Government Ordinary annual services (Appropriation Bill No. 1)	219,794	220,531	223,147	227,026	230,751
Revenues from other independent sources	3,159	510	1,111	511	1,111
Total expenses for Program 1.1	222,953	221,041	224,258	227,537	231,862
Outcome 1 totals by resource type					
Revenue from Government Ordinary annual services (Appropriation Bill No. 1)	219,794	220,531	223,147	227,026	230,751
Revenues from other independent sources	3,159	510	1,111	511	1,111
Total expenses for Outcome 1	222,953	221,041	224,258	227,537	231,862
	2021-22	2022-23			
Average staffing level (number)	101	108			

Table 2.1.2: Performance measure for Outcome 1

Table 2.1.2 details the performance measures for each program associated with Outcome 1. It also provides the related key activities as expressed in the current corporate plan where further detail is provided about the delivery of the activities related to the program, the context in which these activities are delivered and how the performance of these activities will be measured.

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.		
Key Activities	<p>Administering the Governments’ National Performing Arts Partnership Framework. Administering Government programs, including National Regional Touring Programs and the Visual Arts and Craft Strategy.</p> <p>Undertaking research and knowledge management activity to inform policy and program analysis and awareness of Australia’s arts sector.</p> <p>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 • First Nations arts initiatives. 	
Year	Performance measures	Expected Performance Results
Current year 2021-22	Live attendances at Australia Council supported activities in Australia	15 million Target expected to be met
	New Australian artistic works with a public outcome (performed, exhibited, published or recorded) supported	4,500 works Target expected to be met
	Number of applications for culturally diverse projects and events supported and total amount invested	200 applications supported with \$13 million investment Target expected to be met
	New Australian artworks supported	5,700 works Target expected to be met
	Total amount invested in projects creating new Australian artwork	\$7.5 million Target expected to be met
	Number of initiatives delivered that strengthen ties with other countries	15 initiatives Target expected to be met
	Number of countries where Australia Council supported arts activities are delivered	25 countries Target expected to be met

Year	Performance measures	Planned Performance Results
Budget year 2022-23	Live attendances at Australia Council supported activities in Australia	15 million
	New Australian artistic works with a public outcome (performed, exhibited, published or recorded) supported	4,500 works
	Number of applications for culturally diverse projects and events supported and total amount invested	250 applications supported with \$10 million investment
	Number of applications for First Nations projects and events supported and total amount invested	180 applications supported with \$13 million investment
	New Australian artworks supported	5,700 works
	Total amount invested in projects creating new Australian artwork	\$7.5 million
	Number of initiatives delivered that strengthen ties with other countries	15 initiatives
	Number of countries where Australia Council supported arts activities are delivered	25 countries
Forward Estimates 2023-26	As per 2022-23	As per 2022-23

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of the Council's finances for the 2022-23 Budget year, including the impact of resourcing on financial statements.

3.1 Budgeted financial statements

3.1.1 Explanatory notes and analysis of budgeted financial statements

The Council's 2022–23 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 \$0.7 million in 2022-23, from \$219.8 million to \$220.5 million. The net increase is due to indexation (net of the applicable annual efficiency dividend), offset by a decrease relating to the Playing Australia Program. In 2021-22 there was a one-off uplift of \$3.6 million to the Playing Australia program, consequently the appropriation has reduced by a similar amount in 2022-23.

Other revenue for 2022–23 includes returned grant monies and interest income (\$0.5 million).

The Council's total expenses are budgeted at \$221.0 million, compared to \$223.0 million in 2021–22 and comprise:

- grant expenditure of \$192.8 million budgeted to support individual artists, National Performing Arts Partnership Framework companies, small to medium arts organisations and for initiatives to increase national and international audiences and markets for Australian arts. The budgeted expenditure will decrease by \$2.4 million, largely due to the reduction in funding received for the Playing Australia program. Additional funding for Playing Australia of \$3.6 million was received in 2021-22 (as referred to above).
- supplier expenses of \$10.8 million, will decrease by \$0.4 million in 2022–23 as a consequence of decreased expenditure for the Venice Biennale exhibition. The Venice Biennale is being held in 2021-22 and is held every two years.
- depreciation and amortisation expenses of \$2.6 million in 2022-23 are similar to 2021-22.
- employee benefits expense of \$14.7 million, being an increase of \$0.9 million in 2022–23, as a result of vacancies in 2021-22 and expected annual salary increases.

Budgeted Departmental balance sheet

Financial assets are budgeted at \$11.9 million with cash and cash equivalent balances expected to be \$10.0 million by the end of the year.

Non-financial assets are budgeted to decrease to \$22.6 million due to depreciation of \$2.6 million offsetting capital expenditure of \$0.8 million.

The capital expenditure investment in 2022–23 is predominantly business systems and equipment.

Reserves (other than retained surplus), remain level at \$9.8 million at 30 June 2023 and comprise \$6.4 million of private sector donation income received for the rebuild of the Venice Pavilion (completed in 2015) and \$3.4 million in the asset revaluation reserve.

3.2 Budgeted financial statements tables

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

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
EXPENSES					
Employee benefits	13,787	14,664	15,104	15,558	16,024
Suppliers	11,242	10,844	11,781	11,324	12,271
Grants	195,203	192,818	194,684	197,979	200,952
Depreciation and amortisation	2,576	2,587	2,579	2,585	2,543
Finance costs	145	128	110	91	72
Total expenses	222,953	221,041	224,258	227,537	231,862
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Interest	161	100	100	100	100
Sublease income	11	10	11	11	11
Other	2,987	400	1,000	400	1,000
Total own-source revenue	3,159	510	1,111	511	1,111
Gains					
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total own-source income	3,159	510	1,111	511	1,111
Net (cost of)/contribution by services	(219,794)	(220,531)	(223,147)	(227,026)	(230,751)
Revenue from Government	219,794	220,531	223,147	227,026	230,751
Surplus/(deficit) attributable to the Australian Government	-	-	-	-	-
Total comprehensive income/(loss) attributable to the Australian Government	-	-	-	-	-
Note: Impact of net cash appropriation arrangements					
Total comprehensive income/(loss) - as per statement of comprehensive income	-	-	-	-	-
plus: depreciation/amortisation expenses for ROU assets ^(a)	1,583	1,584	1,583	1,584	1,583
less: lease principal repayments ^(a)	(1,368)	(1,456)	(1,547)	(1,643)	(1,741)
Net cash operating surplus/(deficit)	215	128	36	(59)	(158)

Prepared on Australian Accounting Standards basis.

(a) Applies to leases under AASB 16 Leases.

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

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	9,631	9,986	10,709	11,441	12,032
Trade and other receivables	1,900	1,900	1,900	1,900	1,900
Total financial assets	11,531	11,886	12,609	13,341	13,932
Non-financial assets					
Land and buildings	22,255	20,198	18,141	16,084	14,030
Property, plant and equipment	1,249	1,570	1,335	1,114	886
Intangibles	276	202	224	127	76
Prepayments	585	585	585	585	585
Total non-financial assets	24,365	22,555	20,285	17,910	15,577
Total assets	35,896	34,441	32,894	31,251	29,509
LIABILITIES					
Payables					
Suppliers	1,090	1,090	1,090	1,090	1,090
Grants	1,340	1,340	1,340	1,340	1,340
Other payables	1,029	1,029	1,029	1,029	1,029
Total payables	3,459	3,459	3,459	3,459	3,459
Interest-bearing liabilities					
Leases	12,601	11,146	9,599	7,956	6,214
Total interest bearing liabilities	12,601	11,146	9,599	7,956	6,214
Provisions					
Employee provisions	2,436	2,436	2,436	2,436	2,436
Other provisions	770	770	770	770	770
Total provisions	3,206	3,206	3,206	3,206	3,206
Total liabilities	19,266	17,811	16,264	14,621	12,879
Net assets	16,630	16,630	16,630	16,630	16,630
EQUITY					
Parent entity interest					
Reserves	9,769	9,769	9,769	9,769	9,769
Retained surplus (accumulated deficit)	6,861	6,861	6,861	6,861	6,861
Total equity	16,630	16,630	16,630	16,630	16,630

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2022-23)

	Retained earnings	Asset revaluation reserve	Other reserves	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2022				
Balance carried forward from previous period	6,861	3,347	6,422	16,630
Adjusted opening balance	6,861	3,347	6,422	16,630
Estimated closing balance as at 30 June 2023	6,861	3,347	6,422	16,630
Closing balance attributable to the Australian Government	6,861	3,347	6,422	16,630

Prepared on Australian Accounting Standards basis.

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

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	219,794	220,531	223,147	227,026	230,751
Sale of goods and rendering of services	11	10	11	11	11
Interest	161	100	100	100	100
Net GST received	18,580	18,330	18,582	18,839	19,192
Other	2,987	400	1,000	400	1,000
Total cash received	241,533	239,371	242,840	246,376	251,054
Cash used					
Employees	13,787	14,664	15,104	15,557	16,024
Suppliers	12,254	11,820	12,840	12,344	13,375
Interest payments on lease liability	145	128	110	91	72
Other	212,771	210,172	212,206	215,799	219,040
Total cash used	238,957	236,784	240,260	243,791	248,511
Net cash from/(used by) operating activities	2,576	2,587	2,580	2,585	2,543
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	688	-	-	-	-
Total cash received	688	-	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	362	777	310	210	210
Total cash used	362	777	310	210	210
Net cash from/(used by) investing activities	326	(777)	(310)	(210)	(210)
FINANCING ACTIVITIES					
Cash used					
Principal payments on lease liability	1,368	1,455	1,547	1,643	1,742
Total cash used	1,368	1,455	1,547	1,643	1,742
Net cash from/(used by) financing activities	(1,368)	(1,455)	(1,547)	(1,643)	(1,742)
Net increase/(decrease) in cash held	1,534	355	723	732	591
Cash and cash equivalents at the beginning of the reporting period	8,097	9,631	9,986	10,709	11,441
Cash and cash equivalents at the end of the reporting period	9,631	9,986	10,709	11,441	12,032

Prepared on Australian Accounting Standards basis.

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

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from Departmental resources ^(a)	362	777	310	210	210
TOTAL	362	777	310	210	210
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	362	777	310	210	210
Total cash used to acquire assets	362	777	310	210	210

Prepared on Australian Accounting Standards basis.

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

Table 3.6: Statement of Departmental asset movements (Budget year 2022-23)

	Asset Category				Total \$'000
	Land \$'000	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	
As at 1 July 2022					
Gross book value	149	11,916	2,411	965	15,441
Gross book value - ROU assets	-	15,836	-	-	15,836
Accumulated depreciation/amortisation and impairment	-	(1,164)	(1,162)	(689)	(3,015)
Accumulated depreciation/amortisation and impairment - ROU assets	-	(4,482)	-	-	(4,482)
Opening net book balance	149	22,106	1,249	276	23,780
Capital asset additions					
Estimated expenditure on new or replacement assets					
By purchase - appropriation ordinary annual services ^(a)	-	-	630	147	777
Total additions	-	-	630	147	777
Other movements					
Depreciation/amortisation expense	-	(473)	(309)	(221)	(1,003)
Depreciation/amortisation on ROU assets	-	(1,584)	-	-	(1,584)
Total other movements	-	(2,057)	(309)	(221)	(2,587)
As at 30 June 2023					
Gross book value	149	11,916	3,041	1,112	16,218
Gross book value - ROU assets	-	15,836	-	-	15,836
Accumulated depreciation/amortisation and impairment	-	(1,637)	(1,471)	(910)	(4,018)
Accumulated depreciation/amortisation and impairment - ROU assets	-	(6,066)	-	-	(6,066)
Closing net book balance	149	20,049	1,570	202	21,970

Prepared on Australian Accounting Standards basis.

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2022-23 for depreciation/amortisation expenses, Departmental capital budget or other operational expenses.