

**Australian National
Audit Office**

INDEPENDENT AUDIT REPORT

To the Minister for the Environment, Water, Heritage and the Arts

Scope

We have audited the accompanying financial statements of the Australia Council for the Arts (Australia Council) for the year ended 30 June 2008, which comprise: a statement by the Council Members and Chief Financial Officer; income statement; balance sheet; statement of changes in equity; cash flow statement; schedules of commitments and contingencies; a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Council Members for the Financial Statements

The Council Members are responsible for the preparation and fair presentation of the financial statements in accordance with Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, and Australian Accounting Standards including Australian Accounting Interpretations. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on our audit. Our audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate Australian Auditing Standards. The Auditing Standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation of the financial statements 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 accounting policies used and the reasonableness of accounting estimates made by the Council Members, as well as evaluating the overall presentation of the financial statements.

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

Independence


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

Audit Opinion

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

- have been prepared in accordance with Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, and Australian Accounting Standards including Australian Accounting Interpretations; and
- 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 2008 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office



P Hinchey
Senior Director
Delegate of the Auditor-General

Sydney
12 August 2008

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Statement by Council Members and Executive Director, Corporate Resources

for the year ended 30 June 2008

In our opinion, the attached financial statements for the year ended 30 June 2008 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*.

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

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

James Strong AO

Chairman

12 August 2008

Kathy Keele

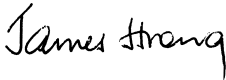
Chief executive officer

12 August 2008

Robin Cowdery

Executive director, corporate resources

12 August 2008



Income statement

for the year ended 30 June 2008

	Notes	2007-08 \$'000	2006-07 \$'000
Income			
Revenue			
Revenues from government	3(a)	162,644	148,876
Interest	3(b)	4,164	3,653
Other	3(c)	10,437	9,870
Total revenue		177,245	162,399
Gains			
Sale of assets		-	-
Total gains		-	-
Total income		177,245	162,399
Expense			
Employee benefits	4(a)	11,357	10,562
Suppliers	4(b)	4,166	4,957
Grants	4(c)	162,729	152,813
Depreciation and amortisation	4(d)	825	876
Finance costs	4(e)	39	36
Other expenses	4(f)	0	3
Total expenses		179,116	169,247
Surplus/(deficit) before transfer from/(to) special purpose reserve		(1,871)	(6,848)
Transfer from/(to) special purpose reserve		916	8,838
Surplus/(deficit)		(955)	1,990

Balance sheet

as at 30 June 2008

	Notes	2007-08 \$'000	2006-07 \$'000
Assets			
Financial assets			
Cash	5(a)	29,454	18,718
Receivables	5(b)	2,128	3,081
Total financial assets		31,582	21,799
Non-financial assets			
Land and buildings	6(a)(d)	2,698	2,545
Property, plant and equipment	6(b)(d)	1,836	1,571
Intangibles	6(c)(d)	217	166
Other non-financial assets	6(e)	233	11,616
Total non-financial assets		4,984	15,898
Total assets		36,566	37,697
Liabilities			
Payables			
Suppliers	7(a)	785	887
Grants	7(b)	1,574	1,695
Total payables		2,359	2,582
Provisions			
Employees	8(a)	1,870	1,874
Other	8(b)	637	598
Total provisions		2,507	2,472
Total liabilities		4,866	5,054
Net assets		31,700	32,643
Equity			
Asset revaluation reserve		2,983	2,044
Retained surplus*		24,344	25,298
Special purpose reserve		4,373	5,301
Total equity		31,700	32,643
Current assets		31,815	33,415
Non-current assets		4,751	4,282
Current liabilities		2,928	3,584
Non-current liabilities		1,938	1,470

*Required for commitments beyond 30 June

Statement of changes in equity

for the year ended 30 June 2008

	Retained surplus		Asset revaluation reserve		Special purpose reserve		Total equity	
	2007-08 \$'000	2006-07 \$'000	2007-08 \$'000	2006-07 \$'000	2007-08 \$'000	2006-07 \$'000	2007-08 \$'000	2006-07 \$'000
Opening balance								
Balance carried forward from previous period	25,299	23,308	2,044	2,044	5,301	14,139	32,644	39,491
Net surplus/(deficit)	(955)	1,990	-	-	-	-	(955)	1,990
Income and expenses recognised directly in equity	-	-	939	-	-	-	939	-
Transfer (from)/to Books Alive Reserve	-	-	-	-	50	(9)	50	(9)
Transfer (from)/to Golbas, Sigrid & Estate Asher Bequest	-	-	-	-	(12)	4	(12)	4
Transfer (from)/to Orchestras Review Reserve	-	-	-	-	(1036)	(8,404)	(1,036)	(8,404)
Transfer (from)/to NOISE Reserve	-	-	-	-	(242)	137	(242)	137
Transfer (from)/to Young and Emerging Reserve	-	-	-	-	(61)	59	(61)	59
Transfer (from)/to Visual Arts Craft Strategy Reserve	-	-	-	-	373	(315)	373	(315)
Transfer (from)/to Fund Raising Reserve	-	-	-	-	-	(310)	-	(310)
Closing balance at 30 June	24,344	25,298	2,983	2,044	4,373	5,301	31,700	32,643

Statement of cash flows

for the year ended 30 June 2008

	Notes	2007-08 \$'000	2006-07 \$'000
Operating activities			
Cash received			
Appropriations		162,644	148,876
Interest		4,190	3,613
GST received from ATO		1,001	13,943
Other		10,349	9,298
Total cash received		178,184	175,730
Cash used			
Employees		(11,361)	(10,611)
Suppliers		(4,283)	(4,391)
Grants		(151,449)	(174,385)
Total cash used		(167,093)	(189,387)
Net cash flows from (used by) operating activities	9	11,091	(13,657)
Investing activities			
Cash used			
Purchase of property, plant and equipment		(355)	(361)
Total cash used		(355)	(361)
Net cash flows from (used by) investing activities		(355)	(361)
Net increase/(decrease) in cash held		10,736	(14,018)
Cash at the beginning of the reporting period		18,718	32,736
Cash at the end of the reporting period	5	29,454	18,718

Schedule of commitments

as at 30 June 2008

	2007-08 \$'000	2006-07 \$'000
By type		
Commitments receivable		
Sublease rental income	71	–
GST recoverable on commitments	24,285	30,747
Total commitments receivable	24,356	30,747
Other commitments payable		
Operating leases	3,226	5,013
Other commitments	264,641	333,807
Total other commitments payable	267,867	338,820
Net commitments	243,511	308,073

By Maturity

Commitments receivable		
One year or less	24,324	30,747
From one to five years	32	–
Total commitments receivable	24,356	30,747
Operating lease commitments payable		
One year or less	2,166	1,928
From one to five years	809	2,541
Over five years	251	544
Total operating lease commitments payable	3,226	5,013
Other commitments payable		
One year or less	141,097	132,377
From one to five years	123,544	201,430
Over five years	–	–
Total other commitments payable	264,641	333,807
Net commitments by maturity	243,511	308,073

All commitments are GST inclusive where relevant

Nature of lease	General description of leasing arrangement
Leases for office accommodation	<ul style="list-style-type: none"> Lease payments are subject to an annual increase in accordance with upwards movements in the Consumer Price Index. The initial period of the office accommodation lease is still current.
Other commitments	<ul style="list-style-type: none"> Other commitments comprise commitments payable of \$217.7m to major performing arts board companies and \$46.9m 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.

Schedule of contingencies

as at 30 June 2008

There were no contingent losses or gains at 30 June 2008.

Notes to and forming part of the financial statements

For the year ended 30 June 2008

Note Description

1. Summary of significant accounting policies
2. Events after the balance sheet date
3. Income
4. Expenses
5. Financial assets
6. Non-financial assets
7. Payables
8. Provisions
9. Cash flow reconciliation
10. Remuneration of Council members
11. Related party disclosures
12. Executive remuneration
13. Remuneration of auditors
14. Financial instruments
15. Appropriations
16. Reporting of outcomes

Notes to and forming part of the financial statements for the year ended 30 June 2008

Note 1. Summary of significant accounting policies

1.1 Basis of preparation of the financial report

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

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

The financial statements and notes have been prepared in accordance with:

- Finance Minister's Orders (FMOs), for reporting periods ending on or after 1 July 2007; and
- Australian Accounting Standards, and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and is in accordance with historical cost convention, except for certain assets 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 report is 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 Council and the amounts of the assets and liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard.

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

1.2 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 has been taken to be the market value of similar properties as determined by an independent valuer.

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.

1.3 Statement of Compliance

Adoption of new Australian accounting standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standard is applicable to the current reporting period:

The following new accounting standards (including reissued standards)/erratum/interpretations are applicable to the 2007/08 financial year:

AASB 7	Financial Instruments Disclosures
AASB 101	Presentation of Financial Statements (issued October 2006)
AASB 1048	Interpretation and Application of Standards (reissued September 2007)
AASB 2005-10	Amendments to Australian Accounting Standards AASB 1, 4, 101 114,117, 132,1, 133, 139, 1023, 1038)
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB interpretation 11 [AASB]
AASB 2007-4	Amendments to Australian Accounting Standards arising from ED 151 and other amendments
AASB 2007-7	Amendments to Australian Accounting Standards [AASB 1,2, 3, 5, 107, 128]
AASB 2008-4	Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities [AASB 124]

Notes to and forming part of the financial statements for the year ended 30 June 2008

The following new standards (including reissued standards)/interpretations are applicable to future accounting periods:

AASB 3	Business combinations
AASB 8	Operating segments
AASB 101	Presentation of financial statements (issued September 2007)
AASB 123	Borrowing costs
AASB 127	Consolidated and separate financial statements
AASB 1004	Contributions
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB127 AASB 131 & AASB 139]
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101
AASB 2007-9	Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, ASB 114, AASB 116, AASB 127 & AASB 137]
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]

1.4 Revenue

Revenues from government

Amounts appropriated for Departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

1.5 Gains

Resources received free of charge

Resources received free of charge are recognised as gains 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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another government agency or authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.6).

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Sale of assets

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

1.6 Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months 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.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Notes to and forming part of the financial statements for the year ended 30 June 2008

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 Council is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Council'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 recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2008. In determining the present value of the liability, the Council has taken into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. The Australia Council 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), and other private schemes.

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

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

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

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

1.7 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 non-current assets. An operating lease is a lease that is not a financial lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the leased asset 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 Australia Council has no finance leases.

1.8 Borrowing costs

All borrowing costs are expensed as incurred.

1.9 Cash

Cash includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less 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.

Notes to and forming part of the financial statements for the year ended 30 June 2008

1.10 Financial assets

The Australia Council classifies its financial assets in the following categories:

- Financial assets at 'at fair value through profit or loss';
- 'held-to-maturity investments';
- 'available-for-sale' financial assets; 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'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets 'at fair value through profit or loss'.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- Have been acquired principally for the purpose of selling in the near future;
- Are a part of an identified portfolio of financial instruments that the authority manages together and has a recent actual pattern of short-term profit-taking; or
- Are derivatives that are not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the balance sheet date. Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the reserves with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part of the cumulative gain or loss previously recognised in the reserve is included in profit for the period.

Where a reliable fair value cannot be established for unlisted investments in equity instruments, cost is used.

The Australia Council has no such instruments.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group 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'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method less impairment, with revenue recognised on an effective yield basis.

Notes to and forming part of the financial statements for the year ended 30 June 2008

Impairment of financial assets

Financial assets are assessed for impairment at each balance date

- Financial assets held at amortised cost—If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the income statement.
- Available-for-sale financial assets—If there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the income statement.
- Available-for-sale financial assets (held at cost)—If there is objective evidence that an impairment loss has been incurred the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.11 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables

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

1.12 Contingent assets and liabilities

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

1.13 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 revenues, at their fair value at the date of acquisition.

Notes to and forming part of the financial statements for the year ended 30 June 2008

1.14 Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost on the balance sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form or add to 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 “makegood” provisions in property leases taken up by the Council where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Council’s leasehold improvements with a corresponding provision for the “makegood” taken up.

Revaluations

Fair values for each class of asset are determined using the following methods

Asset class	Fair value measured at:
Land	Market selling price
Buildings (excluding leasehold improvements)	Market selling price
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price
Heritage and cultural assets	Market selling price

Following initial recognition at cost, property, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment loss. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets’ fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the Income Statement. Revaluation decrements for a class of assets are recognised directly through the Income Statement 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 re-valued amount.

Depreciation and amortisation

Depreciable property, plant and equipment 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.

Leasehold improvements and leasehold property are amortised over the life of the underlying leases or their estimated useful life, whichever is the shorter.

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

Notes to and forming part of the financial statements for the year ended 30 June 2008

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

	2007-08	2006-07
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 – <i>excluding</i> musical instruments	3-50 years	3-50 years
Plant and equipment – musical instruments	15-100 years	15-100 years
Plant and equipment – works of art	50-250 years	50-250 years

Impairment

All assets were assessed for impairment at 30 June 2008. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount is the higher of its fair value less costs to sell 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 Council were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.15 Intangibles

The Australia Council's intangibles comprise internally developed software, which is carried at cost. Intangible assets are amortised on a straight-line basis over their anticipated useful lives. Useful lives are:

	2007-08	2006-07
Software	3 years	3 years

All software assets were assessed for impairment as at 30 June 2008.

1.16 Taxation/competitive neutrality

The Australia Council is exempt from all forms of taxation except fringe benefits tax (FBT) and goods and services tax (GST).

Revenue, expenses and assets are recognised net of GST:

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

Note 2. Events after the Balance Sheet date

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

**Notes to and forming part of the financial statements
for the year ended 30 June 2008**

	2007–08 \$'000	2006–07 \$'000
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Note 3. Revenues

3(a) Revenues from government

Appropriations for outputs		
Departmental output	162,644	148,876
Total revenue from government	162,644	148,876

3(b) Interest revenue

Deposits	4,164	3,653
Total interest	4,164	3,653

2(c) Other revenue

Returned grants	169	165
Rental and outgoings recovered from sub-leasing	50	45
Income from fund raising		
– Venice Biennale 2007	346	917
– Venice Biennale 2009	48	–
– Musee du quai Branly	–	400
– Artsupport Australia grant	–	34
– Other	6	–
Contribution from the Department of Environment, Water, Heritage and The Arts for:		
– Creative Communities	1,750	–
Contribution from the Department of Communications Information Technology and the Arts for:		
– Books Alive	2,000	2,000
– Regional Arts Fund	100	100
– Visual Arts and Craft Strategy	5,190	5,500
– OzArts Online	65	65
– Cultural Ministers Council Small to Medium Arts Companies Business Development	–	90
Creative NZ		
– Contribution to Fuel for Arts	–	35
Arts NT		
– Review of Theatre and Performance in the Northern Territory	15	–
Arts SA		
– Funding for State Opera of South Australia	–	100
Arts Tasmania		
– Implementation of the Orchestras Review	–	11
Musee du quai Branly		
– Australian Indigenous Art Commission to Musee du quai Branly	–	345
Contributions from State governments for:		
– Festival of Pacific Arts	166	–
– Artsupport State Managers	54	–
– Time Place Space	50	–
– ADVICE Project	155	–
– Managing and Producing Services Project	175	–
– Other	36	–
Other	62	63
Total other revenue	10,437	9,870

**Notes to and forming part of the financial statements
for the year ended 30 June 2008**

	2007-07 \$'000	2006-07 \$'000
Note 4. Expenses		
4(a) Employee benefits		
Wages and salaries	8,782	8,343
Superannuation		
Defined contribution plan	738	548
Defined benefit plan	751	803
Leave and other entitlements	716	685
Separation and redundancies	370	183
Total employee benefits	11,357	10,562
4(b) Suppliers		
Rendering of services – external parties	2,658	2,823
Operating lease rentals	1,508	2,134
Total supplier expenses	4,166	4,957
4(c) Grants and initiatives expenses		
Grants and initiatives paid to individuals and organisations during the year were:		
Board grants	30,716	33,546
Major performing arts	91,396	89,436
Divisional programs	20,044	15,729
Government initiatives	11,538	12,312
Council initiatives	9,035	1,790
Total grants paid	162,729	152,813
4(d) Depreciation and amortisation		
Depreciation		
Other infrastructure, plant and equipment	184	243
Buildings	456	439
Amortisation		
Intangibles – computer software	185	194
Total depreciation and amortisation expense	825	876
4(e) Finance costs		
Unwinding of 'makegood'	39	36
4(f) Other expenses		
Proceeds from sale	-	-
Carrying value of assets held	-	(3)
Net gain (loss) from sale of assets	-	(3)

**Notes to and forming part of the financial statements
for the year ended 30 June 2008**

	2007-08 \$'000	2006-07 \$'000
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Note 5. Financial assets

5(a) Cash and cash equivalents

Cash at bank	4,695	208
Term deposits (Investments under s18 of the CAC Act)	24,757	18,508
Cash on hand	2	2
Total cash and cash equivalents	29,454	18,718

Term deposits earn an effective interest rate of 6.50% (2007: 6.00%). Interest is payable monthly. Terms are all between one and three months.

5(b) Receivables

Other debtors	489	428
GST receivable from the Australian Taxation Office	1,639	2,653
Total receivables (net)	2,128	3,081

Receivables are presented by:

Current	1,915	3,042
Non-current	213	39
Total receivables (net)	2,128	3,081

All receivables are with entities external to the entity. Credit terms are net 14 days (2006: 14 days).

Receivables (gross) are aged as follows:

Not overdue	1,915	3,042
Overdue by:		
– less than 30 days	147	–
– 30 to 60 days	66	–
– 60 to 90 days	–	5
– more than 90 days	–	34
Total receivables (gross)	2,128	3,081

**Notes and forming part of the financial statements
for the year ended 30 June 2008**

	2006-07 \$'000	2006-07 \$'000
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Note 6. Non-financial assets

6(a) Land and buildings

Freehold land

– at fair value	149	149
Total freehold land	149	149

Buildings on freehold land

– at fair value	769	390
Accumulated depreciation	(22)	(15)
Total buildings on freehold land	747	375

Leasehold improvements

– at fair value	3,693	3,529
Accumulated amortisation	(3,032)	(2,605)
Total leasehold improvements	661	924

Buildings on leasehold land

– at fair value	1,358	1,291
Accumulated amortisation	(217)	(194)
Total buildings on leasehold land	1,141	1,097

Total land and buildings (non-current)	2,698	2,545
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Included in Land and Buildings are studios in the Cité Internationale des Arts in Paris, an apartment in Rome, the Australian Pavilion in Venice and cost of leasehold improvements at 372 Elizabeth Street, Surry Hills, Sydney. The Australian Pavilion, apartment in Rome and leasehold improvements at 372 Elizabeth Street, Surry Hills, Sydney were valued on 30 June 2008.

The revaluations were in accordance with the revaluation policy stated in Note 1 and were completed by independent valuer Jones Lang LaSalle (Italy).

No indications of impairment were found for land and buildings.

6(b) Plant and equipment

Plant and equipment

– at fair value	2,495	2,046
Accumulated depreciation	(659)	(475)
Total plant and equipment (non-current)	1,836	1,571

Plant and equipment includes computer equipment and works of art. These items were valued on 30 June 2008.

The valuations were in accordance with the revaluation policy stated at Note 1 and were completed by independent valuers Rushton Valuers (Sydney) and Sotheby's Australia Pty Ltd (Sydney).

No indications of impairment were found for infrastructure, plant and equipment.

6(c) Intangibles

Computer software – internally developed – at cost	915	679
Accumulated amortisation	(698)	(513)
Total intangibles	217	166

**Notes to and forming part of the financial statements
for the year ended 30 June 2008**

	Land \$'000	Buildings on freehold and lease- hold land \$'000	Buildings lease-hold improvements \$'000	Other, property, plant and equipment \$'000	Computer software \$'000	Total \$'000
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6(d) Analysis of property plant, equipment & intangibles

A. Reconciliation of the opening & closing balances of properties, plant, equipment & intangibles (2007–08)

As at 1 July 2007

Gross book value	149	1,681	3,529	2,046	679	8,084
Accumulated depreciation/ amortisation	–	(209)	(2,605)	(475)	(513)	(3,802)
Opening net book value	149	1,472	924	1,571	166	4,282
Additions by purchase	–	–	34	85	236	355
Revaluation Increment	–	445	130	364	–	939
Depreciation/amortisation expense	–	(30)	(427)	(184)	(185)	(825)
Disposals	–	–	–	–	–	–
Net book value 30 June 2008	149	1,888	661	1,836	217	4,751

Net book value as of 30 June 2008 represented by:

Gross book value	149	2,127	3,693	2,495	915	9,379
Accumulated depreciation/ amortisation	–	(239)	(3,032)	(659)	(698)	(4,627)
Closing net book value	149	1,888	661	1,836	217	4,751

B. Reconciliation of the opening & closing balances of properties, plant, equipment & intangibles (2006–07)

As at 1 July 2006

Gross book value	149	1,681	3,445	1,858	594	7,727
Accumulated depreciation/ amortisation	–	(179)	(2,196)	(233)	(319)	(2,927)
Opening net book value	149	1,502	1,249	1,625	275	4,800
Additions by purchase	–	–	84	192	85	361
Depreciation/amortisation expense	–	(31)	(409)	(242)	(194)	(876)
Disposals	–	–	–	(3)	–	(3)
Net book value 30 June 2007	149	1,471	924	1,571	166	4,282

As at 30 June 2007

Gross book value	149	1,681	3,529	2,046	679	8,084
Accumulated depreciation/ amortisation	–	(209)	(2,605)	(475)	(513)	(3,802)
Closing net book value	149	1,471	924	1,571	166	4,282

**Notes to and forming part of the financial statements
for the year ended 30 June 2008**

	2007-08 \$'000	2006-07 \$'000
6(e) Other non-financial assets		
Prepaid property rentals	144	139
Other prepayments*	89	11,477
Total other non-financial assets	233	11,616

*Other prepayments in 2007 relate to grant payments to major performing arts companies.

Note 7. Payables

7(a) Supplier payables

Trade creditors	761	849
Other creditors	22	35
GST payable on supplier and grant liabilities	2	3
Total supplier payables	785	887
Supplier payables are represented by:		
Current	785	887
Non-current	-	-
Total supplier payables	785	887

7(b) Grants payable

Individuals and non-profit institutions	1,574	1,695
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Note 8. Provisions

8(a) Employee provisions

Salaries and wages	257	207
Leave	1,511	1,556
Superannuation	-	-
Separations and redundancies	102	111
Total employee provisions	1,870	1,874
Current	1,248	997
Non-current	622	877
Total employee provisions	1,870	1,874

8(b) Other provisions

Provision for 'Makegood'	637	598
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**Notes to and forming part of the financial statements
for the year ended 30 June 2007**

	2007-08 \$'000	2006-07 \$'000
Note 9. Cash flow reconciliation		
9(a) Reconciliation of cash per income statement to statement of cash flows		
Cash at year end per statement of cash flows	29,454	18,718
Balance sheet items comprising above cash: Financial asset – cash	29,454	18,718
9(b) Reconciliation of operating surplus to net cash from operating activities:		
Operating surplus	(1,871)	(6, 848)
Non-cash items		
Depreciation and amortisation	825	876
(Gain)/loss on disposal of assets	–	3
Changes in assets and liabilities		
(Increase)/decrease in receivables	953	(611)
(Increase)/decrease in prepayments	11,383	(7,652)
Increase/(decrease) in employee provisions	(4)	(28)
Increase/(decrease) in grants and supplier payables	(234)	566
Increase/(decrease) in other provisions	39	37
Net cash from operating activities	11,091	(13,657)

Note 10. Remuneration of Council members

Aggregate amount of superannuation payments in connection with the retirement of Council members	26,933	26,596
Other remuneration received or due and receivable by Council members	299,260	268,912
Total remuneration received or due and receivable by Council members	326,193	295,508

The number of Council members included in these figures is shown below in the relevant remuneration bands:

	2007-08 Number	2006-07 Number
\$0 – \$14,999	5	5
\$15,000 – \$29,999	2	7
\$30,000 – \$44,999	7	1
Total	14	13

The chief executive officer is an *ex-officio* member of the Council, but receives no additional remuneration as a Council member. The remuneration of the chief executive officer is included in Note 12 on the Executive Remuneration.

**Notes to and forming part of the financial statements
for the year ended 30 June 2008**

Appointed Term concludes/concluded

Note 11. Related party disclosures

Council members

Council members during the year were:

Keele, Kathy*	07/02/2007	06/02/2010
Allert, Rick	01/02/2006	31/01/2009
Black, Barbara	03/04/2006	02/04/2009
Clemente, Rosalba	26/03/2008	25/03/2011
Downer, Nicola	18/12/2003	17/12/2009
Fisher, Dominique	09/08/2006	08/08/2009
Gersh, Joseph	01/07/2006	30/06/2009
Haseman, Brad	26/03/2008	25/03/2011
Koehne, Graeme	19/12/2002	18/12/2008
McRae, Ian	24/07/2002	23/01/2008
O'Loughlin, Tim	12/09/2005	30/07/2007
Salusinsky, Imre	24/06/2006	23/06/2009
Sarra, Chris	09/03/2005	08/03/2009
Snell, Ted	27/12/2006	26/12/2009
Strong, James	01/07/2006	30/06/2009

**Ex-officio* member of the Council by virtue of appointment as chief executive officer

**Notes to and forming part of the financial statements
for the year ended 30 June 2008**

Other transactions with Council members or Council member-related entities

No Council member has, since the end of the previous financial year, received or become entitled to receive any benefits by virtue of being a Council member other than fixed stipends (disclosed in Note 11) or travelling and related allowances. The following is a list of transactions with Councillors or Council related entities that occurred as a result of Council members acting in another business capacity. All transactions with Council members, or organisations in which they have an interest, were conducted in accordance with standard procedures and on conditions no more beneficial than those of other grant applicants.

Council member	Organisation in receipt of grant	Position held by Council member	Amount of grant \$
Barbara Black	University of Western Australia	Director, UWA Albany Centre	15,000
Edgar Snell	Object: Australian Centre for Craft and Design	Member, Living Treasures Committee	598,959
	National Association for the Visual Arts	Member	422,898
	The Australian	Perth art reviewer	107,500
Graeme Koehne	West Australian Ballet	Commissioned composer	365,430
Ian Mc Rae	Bangarra Dance Theatre Australia Limited	Director	1,533,004
	Experimenta Media Arts Inc	Related party	338,174
	IFACCA	Director	30,501
Imre Salusinszky	Quadrant Magazine Co Inc	Former editorial board member	30,000
	The Australian	Political correspondent	107,500
James Strong	Company B Limited	Related party	582,927
Kathy Keele	IFACCA	Director	30,501
Nicola Downer	Regional Arts Australia	Vice patron	430,000
	State Theatre Company	Governor	505,544
Rosalba Clementre	HotHouse Theatre Limited	Artistic directorate	199,808
	Vitalstatistix Theatre Company	Playwright	165,007
	Windmill Theatre Company	Playwright	152,800
	Adelaide Festival Centre	Playwright	50,000
Tim O'Loughlin	Adelaide Symphony Orchestra	Chair	4,677,762

**Notes to and forming part of the financial statements
for the year ended 30 June 2008**

	2007-08 number	2006-07 number
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Note 12. Executive remuneration

12(a) Remuneration of officers

The number of officers who received or were due to receive total remuneration of \$130,000 or more:

\$130 000 – \$144 999*	1	1
\$145 000 – \$159 999*	2	–
\$160 000 – \$174 999*	3	1
\$175 000 – \$189 999*	1	2
\$190 000 – \$204 999*	2	1
\$205 000 – \$219 999*	1	–
\$220 000 – \$234 999*	–	1
\$235 000 – \$249 999*	–	–
\$250 000 – \$264 999*	–	–
\$265 000 – \$279 999*	–	–
\$280 000 – \$294 999*	1	–
Total	11	6

*Includes salary, superannuation, recreation leave, cost of motor vehicles and fringe benefits tax at 30 June 2008 to which officers are currently entitled and long service leave to which officers are not entitled until they have 10 years of service with the Council. Only 1 of the officers listed above was entitled to long service leave as at 30 June 2008.

	\$	\$
The aggregate amount of total remuneration of officers shown above is:	1,984,993	1,097,918

The officer remuneration includes the chief executive officer who is a member of the Council *ex officio*, and all officers concerned with or taking part in the management of the Australia Council.

Note 13. Remuneration of auditors

Remuneration to the Auditor-General for auditing the financial statements of:

– the Australia Council	41,500	39,000
– Visual Arts and Craft	2,000	2,100
– Books Alive	1,500	1,900
Total	45,000	43,000

No other services were provided by the Auditor-General during the reporting period.

**Notes to and forming part of the financial statements
for the year ended 30 June 2008**

	2007-08 \$'000	2006-07 \$'000
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Note 14. Financial instruments

14(a) Categories of financial instruments

Financial assets

Loans and receivables		
Cash at bank	29,454	18,718
Receivables for goods and services	2,036	3,081
Current loan	92	-
Carrying amount of financial assets	31,582	21,799

Financial liabilities

Other Financial Liabilities		
Trade and other creditors	785	887
Grant Liabilities	1,574	1,695
Carrying amount of financial liabilities	2,359	2,582

14(b) Net income and expenses from financial assets

Cash deposits		
Interest revenue (see note 3b)	4,164	3,653

14(c) Credit risk

Australia Council is exposed to minimal credit risk as the majority of loans and receivables are cash, appropriation made under law (which guarantees fixed amounts of funding that the entity can drawdown as required) or amounts owed by the Australian Tax Office in the form of Goods and Services Tax refund. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables (2008: \$489,000 and 2007: \$428,000).

Australia Council holds no collateral to mitigate against credit risk.

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

	Not Past Due Nor Impaired 2008	Not Past Due Nor Impaired 2007 \$'000	Past Due or Impaired 2008 \$'000	Past Due or Impaired 2007 \$'000
Cash at bank	29,454	18,718	-	-
Receivables for goods and services	1,970	3,081	66	-
Current loans	92	-	-	-
Total	31,582	21,799	66	-

Notes to and forming part of the financial statements

for the year ended 30 June 2008

Ageing of financial assets that are past due but not impaired for 2008

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	–	66	–	–	66
Total	–	66	–	–	66

Ageing of financial assets that are past due but not impaired for 2007

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	–	–	–	–	–
Total	–	–	–	–	–

14(d) Liquidity risks

The Australia Council's financial liabilities are payables, and other interest bearing liabilities. 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 appropriation funding and mechanisms available to the Council.

The following tables illustrate the maturities for financial liabilities:

	On demand 2008 \$'000	Within 1 year 2008 \$'000	1 to 5 years 2008 \$'000	>5 years 2008 \$'000	Total 2008 \$'000
Trade creditor	–	785	–	–	785
Grants payable	–	1,574	–	–	1,574
Total	–	2,359	–	–	2,359

	On demand 2007 \$'000	Within 1 year 2007 \$'000	1 to 5 years 2007 \$'000	>5 years 2007 \$'000	Total 2007 \$'000
Trade creditor	–	849	–	–	849
Grants payable	–	1,695	–	–	1,695
Total	–	2,582	–	–	2,582

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

14(e) Market risk

The Australia Council holds basic financial instruments that do not expose the Council to certain market risks. Australia Council is not exposed to 'currency risk' or 'other price risk'.

Interest rate risk

Australia Council has no interest bearing items on the balance sheet.

Notes to and forming part of the financial statements for the year ended 30 June 2008

Note 15. Appropriations

Table A: Acquittal of Council to draw cash from the consolidated revenue fund for ordinary annual services appropriations.

Particulars	Departmental outputs		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Year ended 30 June 2008				
Balance carried forward from previous year	-	-	-	-
Appropriation Acts 1 and 3	162,644	148,876	162,644	148,876
Appropriation Act 5	-	-	-	-
Available for payment of CRF	162,644	148,876	162,644	148,876
Payments made out of CRF	162,644	148,876	162,644	148,876
Balance carried forward to next year	-	-	-	-
Represented by: Appropriations Receivable	-	-	-	-

This table reports on appropriations made by the Parliament out of the Consolidated Revenue Fund (CRF) in respect of the Council. When received by the Council, the payments made are legally the money of the Council and do not represent any balance remaining in the CRF.

Note 16. Reporting of outcomes

16(a) Outcomes of the Australia Council

The Australia Council is structured to meet two outcomes and five outputs:

Outcome 1 That Australian artists create and present a body of distinctive cultural works, characterised by the pursuit of excellence.

Output 1.1 Investments in artist production and development of artistic practice.

Output 1.2 Presentation of distinctive Australian cultural works nationally and internationally.

Outcome 2 Australian citizens and civic institutions appreciate, understand, participate in, enjoy and celebrate the arts.

Output 2.1 Promoting the understanding, enjoyment, participation in and appreciation of the arts by Australians

Output 2.2 Infrastructure development for Australia's creative arts.

Output 2.3 Provision of policy development, research, promotional and advisory services.

Notes to and forming part of the financial statements
for the year ended 30 June 2008

	Outcome 1		Outcome 2		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
16(b) Net cost of outcome delivery						
Expenses						
Administered	-	-	-	-	-	-
Departmental	101,737	96,132	77,379	73,115	179,116	169,247
Total expenses	101,737	96,132	77,379	73,115	179,116	169,247
Costs recovered from provision of goods and services to the non-government sector						
Administered	-	-	-	-	-	-
Departmental	-	-	-	-	-	-
Total costs recovered	-	-	-	-	-	-
Other external revenues						
Departmental						
- Sale of goods and services – to related parties	-	-	-	-	-	-
- Interest	2,365	2,076	1,799	1,577	4,164	3,653
- Net gains from disposal of assets	-	-	-	-	-	-
- Reversal of previous asset write-downs	-	-	-	-	-	-
- Other	5,928	5,606	4,509	4,264	10,437	9,870
Total Departmental	8,293	7,682	6,308	5,841	14,601	13,523
Total other external revenues	8,293	7,682	6,308	5,841	14,601	13,523
Net cost/(contribution) of outcome	93,444	88,450	71,071	67,274	164,515	155,724

**Notes to and forming part of the financial statements
for the year ended 30 June 2008**

	Outcome Group 1			
	Output 1.1		Output 1.2	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000

**16(c) Departmental revenues and expenses
by output groups and output**

Operating expenses

Employees	3,873	3,602	2,578	2,397
Suppliers	1,420	1,690	946	1,125
Grants	55,494	52,114	36,935	34,684
Depreciation and amortisation	282	299	187	199
Finance costs	13	12	9	8
Write-down of assets	-	1	-	1
Other	-	-	-	-
Total operating expenses	61,082	57,718	40,655	38,414

Funded by:

Revenues from government	55,465	50,771	36,916	33,791
Sale of goods and services	-	-	-	-
Interest	1,420	1,247	945	829
Net gains from disposal of assets	-	-	-	-
Reversal from previous asset write-downs	-	-	-	-
Other	3,559	3,366	2,369	2,240
Total operating revenues	60,444	55,384	40,230	36,860

Notes to and forming part of the financial statements
for the year ended 30 June 2008

Outcome Group 2						Total	
Output 2.1		Output 2.2		Output 2.3			
2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
1,801	1,675	2,606	2,424	499	464	11,357	10,562
661	786	956	1,138	183	218	4,166	4,957
25,806	24,235	37,344	35,067	7,150	6,713	162,729	152,813
131	139	189	201	36	38	825	876
6	6	9	8	2	2	39	36
-	-	-	1	-	-	-	3
-	-	-	-	-	-	-	-
28,405	26,841	41,104	38,839	7,870	7,435	179,116	169,247
25,793	23,610	37,324	34,164	7,146	6,540	162,644	148,876
-	-	-	-	-	-	-	-
660	579	956	838	183	160	4,164	3,653
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,655	1,565	2,395	2,265	459	434	10,437	9,870
28,108	25,754	40,675	37,267	7,788	7,134	177,245	162,399

Functions of the Australia Council

The functions of the Australia Council are defined in Section 5 of the *Australia Council Act 1975*:

- a) to formulate and carry out policies designed:
 - i) to promote excellence in the arts
 - ii) to provide, and encourage provision of, opportunities for persons to practise the arts
 - iii) to promote the appreciation, understanding and enjoyment of the arts
 - iv) to promote the general application of the arts in the community
 - v) to foster the expression of a national identity by means of the arts
 - vi) to uphold and promote the rights of persons to freedom in the practice of the arts
 - vii) to promote the knowledge and appreciation of Australian arts by persons in other countries
 - viii) to promote incentives for, and recognition of, achievement in the practice of the arts
 - ix) to encourage the support of the arts by the states, local governing bodies and other persons and organisations
- b) to furnish advice to the Government of the Commonwealth either of its own motion or upon request made to it by the Minister, on matters connected with the promotion of the arts or otherwise related to the performance of its functions; and
- c) to do anything incidental or conducive to the performance of any of the foregoing functions.

Australia Council

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