

FINANCIAL STATEMENTS

**INDEPENDENT AUDIT REPORT**

TO THE MINISTER FOR COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS

**SCOPE**

I have audited the financial statements of the Australia Council for the year ended 30 June 2000.

The financial statements comprise:

- Statement by Council Members;
- Operating Statement;
- Statement of Assets and Liabilities;
- Statement of Cash Flows;
- Schedule of Commitments;
- Schedule of Contingencies; and
- Notes to and forming part of the financial statements.

The Members of the Council are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements so as to present a view of the entity which is consistent with my understanding of the Australia Council's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**AUDIT OPINION**

In my opinion,

- (i) the financial statements have been prepared in accordance with Schedule 2 of the Finance Minister's Orders; and
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 2 of the Finance Minister's Orders, of the financial position of the Australia Council as at 30 June 2000 and the results of its operations and its cash flows for the year then ended.

Australian National Audit Office




**Paul Hinchey**  
Senior Director  
Delegate of the Auditor-General

Sydney  
14 September 2000

**STATEMENT BY COUNCIL MEMBERS**

FOR THE YEAR ENDED 30 JUNE 2000

In our opinion, the attached financial statements give a true and fair view of the matters required by Schedule 2 of the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* for the year ended 30 June 2000.



**Jennifer Bott**  
General Manager

14 September 2000



**Margaret Seares**  
Chair

14 September 2000

**AUSTRALIA COUNCIL OPERATING STATEMENT**

FOR THE YEAR ENDED 30 JUNE 2000

	Notes	1999-00 \$'000	1998-99 \$'000
<b>Operating revenues</b>			
Revenues from Government	4(a)	76 158	72 292
Sales of goods and services	4(b)	6	7
Interest	4(c)	909	676
Net foreign exchange gains	4(d)	-	50
Other	4(e)	2 192	1 322
<b>Total operating revenues</b>		<b>79 265</b>	<b>74 347</b>
<b>Operating expenses</b>			
Employees	5(a)	7 394	6 704
Suppliers	5(b)	3 548	3 023
Depreciation and amortisation	5(c)	417	382
Net losses from sale of assets	5(d)	52	69
Grants	6	64 735	64 525
<b>Total operating expenses</b>		<b>76 146</b>	<b>74 703</b>
<b>Operating surplus/(deficit) before abnormal items</b>		<b>3 119</b>	<b>(356)</b>
Gain on abnormal items	7	-	720
<b>Operating surplus</b>	19	<b>3 119</b>	<b>364</b>
<b>Net surplus attributable to the Commonwealth</b>		<b>3 119</b>	<b>364</b>
Accumulated surpluses at beginning of reporting period		6 980	6 616
<b>Total available for appropriation</b>		<b>10 099</b>	<b>6 980</b>
Capital use provided for or paid	1(q)	(1 146)	-
<b>Accumulated surpluses at end of reporting period</b>		<b>8 953</b>	<b>6 980</b>

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

**AUSTRALIA COUNCIL BALANCE SHEET**

AS AT 30 JUNE 2000

	Notes	1999-00 \$'000	1998-99 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash	8(a)	9 994	9 680
Receivables	8(b)	888	110
<b>Total financial assets</b>		<b>10 882</b>	<b>9 790</b>
<b>Non-financial assets</b>			
Land and buildings	9(a)(d)	1 868	548
Infrastructure, plant and equipment	9(b)(d)	2 272	1420
Intangibles	9(c)(d)	920	368
Other	9(e)	182	140
<b>Total non-financial assets</b>		<b>5 242</b>	<b>2 476</b>
<b>Total assets</b>		<b>16 124</b>	<b>12 266</b>
<b>LIABILITIES</b>			
<b>Provisions and payables</b>			
Capital use		375	-
Employees	10(a)	1 570	1 331
Suppliers	10(b)	680	188
Grants	10(c)	3 360	3 666
<b>Total provisions and payables</b>		<b>5 985</b>	<b>5 185</b>
<b>Total liabilities</b>		<b>5 985</b>	<b>5 185</b>
<b>EQUITY</b>			
Reserves	11	1 186	101
Accumulated surpluses	11	8 953	6 980
<b>Total equity</b>		<b>10 139</b>	<b>7 081</b>
<b>Total liabilities and equity</b>		<b>16 124</b>	<b>12 266</b>
<b>Current liabilities</b>		<b>5 417</b>	<b>4 675</b>
<b>Non-current liabilities</b>		<b>568</b>	<b>510</b>
<b>Current assets</b>		<b>11 064</b>	<b>9 930</b>
<b>Non-current assets</b>		<b>5 060</b>	<b>2 336</b>

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

**AUSTRALIA COUNCIL STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 30 JUNE 2000

	Notes	1999-00 \$'000	1998-99 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations for outputs		76 158	72 292
Sales of goods and services		6	7
Interest		883	672
Other		2 215	1 600
<b>Total cash received</b>		<b>79 262</b>	<b>74 571</b>
<b>Cash used</b>			
Grants		(64 878)	(60 837)
Employees		(7 153)	(6 029)
Suppliers		(3 571)	(3 088)
<b>Total cash used</b>		<b>(75 602)</b>	<b>(69 954)</b>
<b>Net cash from operating activities</b>	12	<b>3 660</b>	<b>4 617</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of plant and equipment		34	34
<b>Total cash received</b>		<b>34</b>	<b>34</b>
<b>Cash used</b>			
Purchase of plant and equipment		(2 609)	(604)
<b>Total cash used</b>		<b>(2 609)</b>	<b>(604)</b>
<b>Net cash used in investing activities</b>		<b>(2 575)</b>	<b>(570)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash used</b>			
Capital use paid		(771)	-
<b>Total cash used</b>		<b>(771)</b>	<b>-</b>
<b>Net cash used in financing activities</b>		<b>(771)</b>	<b>-</b>
<b>Net increase in cash held</b>		<b>314</b>	<b>4 047</b>
Cash at beginning of reporting period		9 680	5 633
<b>Cash at end of reporting period</b>	8(a)	<b>9 994</b>	<b>9 680</b>

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

**AUSTRALIA COUNCIL SCHEDULE OF COMMITMENTS**

AS AT 30 JUNE 2000

	1999-00 \$'000	1998-99 \$'000
<b>BY TYPE</b>		
<b>Capital commitments</b>		
Plant and equipment	-	-
<b>Total capital commitments</b>	<b>-</b>	<b>-</b>
<b>Other commitments</b>		
Operating leases	12 293	1 187
Other commitments	16 582	18 012
<b>Total other commitments</b>	<b>28 875</b>	<b>19 199</b>
<b>Commitments receivable</b>	<b>(2 572)</b>	<b>-</b>
<b>Net commitments</b>	<b>26 303</b>	<b>19 199</b>
<b>BY MATURITY</b>		
<b>All net commitments</b>		
One year or less	12 657	13 403
From one to two years	4 195	4 776
From two to five years	3 411	487
Over five years	6 040	533
<b>Net commitments</b>	<b>26 303</b>	<b>19 199</b>
<b>Operating lease commitments</b>		
One year or less	1 025	615
From one to five years	4 676	39
Over five years	6 592	533
<b>Operating lease commitments</b>	<b>12 293</b>	<b>1 187</b>

All 1999-2000 commitments are GST-inclusive where relevant. The comparatives have not been adjusted to reflect the GST.

**AUSTRALIA COUNCIL SCHEDULE OF CONTINGENCIES**

AS AT 30 JUNE 2000

	1999-00 \$'000	1998-99 \$'000
Contingent losses	-	-
Contingent gains	-	-
<b>Net contingencies</b>	<b>-</b>	<b>-</b>

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2000

NOTE	DESCRIPTION
1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
2.	REPORTING BY SEGMENTS AND OUTCOMES
3.	ECONOMIC DEPENDENCY
4.	OPERATING REVENUES
5.	OPERATING EXPENSES - GOODS AND SERVICES
6.	OPERATING EXPENSES - GRANTS
7.	GAIN ON ABNORMAL ITEMS
8.	FINANCIAL ASSETS
9.	NON-FINANCIAL ASSETS
10.	PROVISIONS AND PAYABLES
11.	EQUITY
12.	CASH FLOW RECONCILIATION
13.	REMUNERATION OF COUNCIL MEMBERS
14.	RELATED PARTY DISCLOSURES
15.	REMUNERATION OF OFFICERS
16.	REMUNERATION OF AUDITORS
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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2000

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****1(a) Basis of Accounting**

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.

They have been prepared in accordance with:

- the *Requirements for the Preparation of Financial Statements of Commonwealth Agencies and Authorities* made by the Minister for Finance and Administration in August 1999 (Schedule 2 to the Commonwealth Authorities and Companies (CAC) Orders);
  - Australian Accounting Standards;
  - other authoritative pronouncements of the Australian Accounting Standards Boards; and
  - the Consensus Views of the Urgent Issues Group.
- The statements have been prepared having regard to:
- Statements of Accounting Concepts; and
  - the Explanatory Notes to Schedule 2 issued by the Department of Finance and Administration.

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

**1(b) Taxation**

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

**1(c) Reporting by Outcomes**

A comparison of Budget and Actual figures by outcome specified in the Appropriation Acts relevant to the Council is presented in Note 2.

**1(d) Appropriations**

From 1 July 1999, the Commonwealth Budget has been prepared under an accruals framework. Under this framework, Parliament appropriates moneys to the Council as revenue appropriations.

**Revenue appropriations**

Revenues from government are revenues of the core operating activities of the Council. Appropriations for outputs are recognised as revenue to the extent that they have been received into the Council's Bank Account or are entitled to be received by the Council at year end.

**1(e) Other Revenues**

Revenue from sale of goods is recognised upon delivery of goods.

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

**Core operations**

All material revenues described in this note are revenues relating to the core operating activities of the Council, whether in their own right or on behalf of the Commonwealth. Details of revenue amounts are given at Note 4.

**1(f) 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.

**1(g) Property, Plant and Equipment****Asset recognition threshold**

Assets, other than land and buildings, are recognised initially at cost in the Balance Sheet. Except for the library collection, musical instruments and works of art, the Council adopts the policy of expensing all capital assets under \$2000 in the year of purchase. The \$2000 threshold was selected because it facilitates efficient asset management and recording without materially affecting asset values recognised.

**Revaluations**

Schedule 2 requires that buildings, infrastructure, plant and equipment be revalued progressively in accordance with the 'deprival' method of valuation in successive three-year cycles. Land is to be valued on the basis of its highest and best use, unless disposal is restricted by legislation, zoning or Government policy. In the latter cases, the deprival basis is used and the valuation at highest and best use shown in a note.

The requirements of Schedule 2 are being implemented as follows:

- Land was revalued in the 1997–99 cycle on the basis of its highest and best use and will continue to be revalued every three years.
- Property, plant and equipment, other than land, revalued in the 1997–99 cycle will be revalued progressively every three years.

Property, plant and equipment, other than land, is recognised at its depreciated replacement cost. Included under plant and equipment are the musical instruments and the library collection.

Any assets which would not be replaced or are surplus to requirements are valued at net realisable value. At 30 June 2000, there were no assets in this situation.

Assets in each class acquired after the commencement of the progressive revaluation cycle are not captured by the progressive revaluation then in progress.

All valuations are independent.

**Recoverable amount test**

The carrying amount of each item of non-current property, plant and equipment of the Council has been reviewed to determine whether it is in excess of the asset's recoverable amount. If an excess exists as at the reporting date, the asset is written down to its recoverable amount immediately. In assessing recoverable amounts, the relevant cash inflows, including expected cash flows from future appropriations by the Parliament, have been discounted to their present value.

The application of the recoverable amount test to the non-current assets of the Council is a change of accounting policy required by the Finance Ministers Orders in 1999-2000. The new policy is being applied from the beginning of 1999-2000. No write-down to recoverable amount has been made in 1999-2000 as a result of this change in policy.

**Depreciation and amortisation**

Buildings, motor vehicles (net of residual value), musical instruments and the library collection are depreciated over their estimated useful life on a straight-line basis. Office equipment, computers, and furniture are depreciated over their estimated useful life on a reducing balance basis. Leasehold improvements and leasehold property are amortised over the life of the leases concerned or their estimated useful life, whichever is shorter. Land and works of art are not depreciated.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable assets are as follows:

	1999-00	1998-99
Buildings on freehold land	<b>40 years</b>	40 years
Leasehold improvements	<b>Lease term</b>	Lease term
Plant and equipment - <i>excluding</i> library and musical instruments	<b>3-10 years</b>	4-9 years
Plant and equipment - library collection	<b>3-20 years</b>	-
Plant and equipment - musical instruments	<b>15-100 years</b>	-

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5(c).

**1(h) Employee Entitlements**

The liability for employee entitlements encompasses provisions 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 is estimated to be less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2000 and is recognised at its nominal value.

The non-current portion of 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 2000. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

**Separation and redundancy**

Provision is also made for separation and redundancy payments in circumstances where the Council has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

**Superannuation**

The Australia Council contributes to the Commonwealth Superannuation (CSS) and the Public Sector (PSS) superannuation schemes which provide retirement, death and disability benefits to employees. Contributions to the schemes are at rates calculated over existing and emerging obligations. Current contribution rates are 16.4% of salary (CSS) and 10.5% of salary (PSS). An additional 3% is contributed for employer productivity benefits.

Provision is also made for employer contributions in respect of the relevant portion of accrued leave which is expected to be taken in the future. In prior years, the liabilities as a result of this correction in accounting treatment were not recognised.

Employer contributions have been expensed in these financial statements.

**1(i) Grant Liabilities**

Grants liabilities comprise grants and programs approved by Council, Funds and Board for 30 June 2000 or previous financial years for which signed conditions had been received from successful grant applicants.

**1(j) Commitments**

Commitments relating to grants in the 'Schedule of Commitments' comprise amounts payable under grant agreements in respect of which the recipient is yet to comply with certain requirements or meet eligibility conditions.

**1(k) Leases**

Operating lease payments are charged to the Operating Statement on a basis which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

**1(l) Intangibles**

The carrying amount of each non-current intangible asset is reviewed to determine whether it is in excess of the assets recoverable amount. If an excess exists as at the reporting date, the asset is written down to its recoverable amount immediately. In assessing recoverable amounts, the relevant cash flows, including the expected cash flows from future appropriations by the Parliament, have been discounted to their present value.

The application of the recoverable amount test to the non-current assets of the Council is a change in accounting policy required by the Finance Ministers Orders in 1999-2000. The new policy is being applied from the beginning of 1999-2000. No write-down to recoverable amount has been made in 1999-2000 as a result of this change in policy.

**1(m) Cash**

Cash includes notes and coins held and any deposits held at call with a bank or financial institution.

**1(n) Resources Received Free of Charge**

Resources received free of charge are recognised as revenues in the Operating Statement where their fair value can be reliably measured. Use of the resources is recognised as an expense, or, where there is a long-term benefit, an asset is recognised.

**1(o) Comparative Figures**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

Comparatives are not presented in notes dealing with the Reporting by Outcomes due to 1999-2000 being the first year of the implementation of accrual budgeting.

**1(p) Changes in Accounting Policies**

Changes in accounting policy have been identified in this note under their appropriate headings.

**1(q) Capital Usage Charge**

A capital usage charge of 12% is imposed by the Commonwealth on the net assets of the Council. The charge is adjusted to take account of asset gifts and revaluation increments during the financial year.

**1(r) Foreign Currency**

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are brought to account in the Operating Statement.

**1(s) Rounding**

Amounts have been rounded to the nearest \$1000 except in relation to the following:

- remuneration of Council members;
- remuneration of officers; and
- remuneration of auditors.

**1(t) Financial Instruments**

Accounting policies for financial instruments are stated at Note 18.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2000

**2. REPORTING BY SEGMENTS AND OUTCOMES**

The Council's major function is the promotion of the arts, predominantly within Australia.

The Council is structured to meet two outcomes:

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

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

**Reporting by outcomes 1999-2000**

	OUTCOME 1		OUTCOME 2		TOTAL	
	BUDGET \$'000	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
Net cost of Council outputs	69 283	67 196	6 025	5 843	75 308	73 039
Abnormal/Extraordinary items	-	-	-	-	-	-
Net cost to budget outcome	69 283	67 196	6 025	5 843	75 308	73 039
<b>Total assets deployed as at 30 June 2000</b>	12 008	14 834	1 045	1 290	13 053	16 124
<b>Net assets deployed as at 30 June 2000</b>	<b>6 529</b>	<b>9 327</b>	<b>568</b>	<b>812</b>	<b>7 097</b>	<b>10 139</b>

**Reporting by outcomes by funding source for 1999-2000**

OUTCOMES	\$'000 OUTPUTS			TOTAL APPROPRIATIONS \$'000	TOTAL EXPENSES \$'000
	Expense against Revenue from Government (Annual Appropriations)	Expense against Revenue from Other Sources	Total Expenses against Outputs		
Outcome 1					
Actual	(see note)	(see note)	70 054	(see note)	70 054
Outcome 2					
Actual	(see note)	(see note)	6 092	(see note)	6 092
<b>TOTAL Actual</b>	(see note)	(see note)	76 146	(see note)	76 146

Note: It is not possible to identify expenses incurred against specific funding sources in all cases.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2000

**3. ECONOMIC DEPENDENCY**

The Council is dependent on appropriations from Parliament to carry out its normal activities.

**4. OPERATING REVENUES**

	1999-00 \$'000	1998-99 \$'000
<b>4(a) Revenues from Government</b>		
Appropriations	<u>76 158</u>	<u>72 292</u>
<b>4(b) Sales of Goods and Services</b>		
Goods	<u>6</u>	<u>7</u>
<b>4(c) Interest</b>		
Deposits	<u>909</u>	<u>676</u>
<b>4(d) Net Foreign Exchange Gains</b>		
Non-speculative	<u>-</u>	<u>50</u>
<b>4(e) Other Revenues</b>		
Returned grants	297	602
Rental and outgoings recovered from sub-leasing	150	301
Contribution from Department of Communications Information Technology and the Arts for NAVA-VISNET Project	-	105
Funding from the Department of Treasury for the GST Start-up assistance program	1 166	-
Contribution from Aboriginal and Torres Strait Islander Commission for:		
■ Full-time Professional Study Award	-	25
■ Visual Arts Conference	-	50
Contribution from Arts Victoria for:		
■ New Moves New Territories program	30	-
Contribution from Department of Foreign Affairs and Trade for:		
■ Brooklyn Academy of Music project	500	-
■ UNESCO - participation program	-	61
■ Fourth Australian Performing Arts Market	-	100
Contribution from Commonwealth Scientific and Industrial Research Organisation for Arts and Industry Placements program	-	35
Other	<u>49</u>	<u>43</u>
<b>Total other revenues</b>	<u>2 192</u>	<u>1 322</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2000

**5. OPERATING EXPENSES - GOODS AND SERVICES**

	1999-00 \$'000	1998-99 \$'000
<b>5(a) Employee Expenses</b>		
Basic remuneration for services provided	7 192	6 704
Separation and redundancy	202	-
<b>Total employee expenses</b>	<b>7 394</b>	<b>6 704</b>
<b>5(b) Suppliers Expenses</b>		
Supply of goods and services	2 544	1 960
Operating lease rentals	1 004	1 063
<b>Total suppliers expenses</b>	<b>3 548</b>	<b>3 023</b>
<b>5(c) Depreciation and Amortisation</b>		
Depreciation of property, plant and equipment	202	158
Amortisation of leased assets	221	218
Amortisation of intangibles	(6)	6
<b>Total depreciation and amortisation expense</b>	<b>417</b>	<b>382</b>
<b>5(d) Net Losses from Sale of Assets</b>		
Non-financial assets		
Plant and equipment	52	69

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2000

**6. OPERATING EXPENSES - GRANTS**

Grants paid to individuals and to non-profit institutions during the year were:

	1999-00 \$'000	1998-99 \$'000
Aboriginal and Torres Strait Islander Arts	4 312	4 161
Community Cultural Development	5 507	5 582
Dance	2 936	2 766
Literature	4 217	4 002
Major Organisations	13 179	12 447
Music	3 732	3 636
New Media Arts	2 740	2 230
Theatre	7 509	7 323
Visual Arts/Craft	6 069	5 970
Audience Development and Advocacy	4 974	4 857
Policy Communications and Planning	2 453	2 059
Government Initiatives	+ 7 414	5 826
<b>Total grants paid</b>	<b>65 042</b>	<b>60 859</b>
<b>Net movement in grants accrued</b>	<b>(307)</b>	<b>++ 3 666</b>
<b>Total grants expenses</b>	<b>64 735</b>	<b>64 525</b>

+ Breakdown of initiatives on pages 136-38.

++ Grants were accrued for the first time in 1998-99

**7. GAIN ON ABNORMAL ITEMS**

The gain in 1998-99 was from the initial recognition of the Council's library collection as a non-current asset.

-	720
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2000

**8. FINANCIAL ASSETS**

	1999-00 \$'000	1998-99 \$'000
<b>8(a) Cash</b>		
Cash at bank and on hand	94	80
Deposits at call	9 900	9 600
<b>Total</b>	<b>9 994</b>	<b>9 680</b>

Cash will be used to pay approved grants and programs, staff entitlements and other obligations of Council at 30 June 2000.

Balance of cash as at 30 June shown in the Statement of Cash Flows	<b>9 994</b>	9 680
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**8(b) Receivables**

Goods and services	491	80
Other debtors	397	30
<b>Total</b>	<b>888</b>	110

Receivables (gross) which are overdue are aged as follows:

Not overdue	522	-
Overdue by:		
less than 30 days	-	66
30 to 60 days	344	-
60 to 90 days	22	44
more than 90 days	-	-
<b>Total receivables (gross)</b>	<b>888</b>	110

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2000

**9. NON-FINANCIAL ASSETS**

	1999-00 \$'000	1998-99 \$'000
<b>9(a) Land and Buildings</b>		
Freehold Land - at 1997-99 valuation	68	68
Buildings on freehold land - at 1997-99 valuation	138	138
Accumulated depreciation	(28)	(24)
	<b>110</b>	<b>114</b>
Leasehold improvements - at cost	1 541	-
Accumulated amortisation	(66)	-
	<b>1 475</b>	<b>-</b>
Leasehold improvements - at 1997-99 valuation	-	2 540
Accumulated amortisation	-	(2 392)
	<b>-</b>	<b>148</b>
Building on leasehold land - at 1997-99 valuation	270	270
Accumulated amortisation	(55)	(52)
	<b>215</b>	<b>218</b>
<b>Total buildings (net)</b>	<b>1 800</b>	<b>480</b>
<b>Total land and buildings</b>	<b>1 868</b>	<b>548</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2000

9(b) Infrastructure, Plant and Equipment

	1999-00 \$'000	1998-99 \$'000
Infrastructure, plant and equipment at cost	734	274
Accumulated depreciation	(82)	(23)
	<u>652</u>	<u>251</u>
Infrastructure, plant and equipment - at 1997-99 valuation	2 074	1 711
Accumulated depreciation	(454)	(542)
	<u>1 620</u>	<u>1 169</u>
<b>Total plant and equipment</b>	<u><b>2 272</b></u>	<u><b>1 420</b></u>

Included in Plant and Equipment is one Guarnerius cello, made in 1721, together with a Pajeot bow and a Dodd bow made early in the 19th century. In addition, another Guarnerius cello, made in 1710, was sold during the year. Council purchased these items in 1974. The two celli and bows were valued on 1 July 1999. The valuation was performed by independent valuers, John and Arthur Beares, in London.

The revaluations were in accordance with the revaluation policy stated in Note 1(g). Revaluation increments of \$1,085,403 for the two celli and bows were made to the asset revaluation reserve.

9(c) Intangibles

	1999-00 \$'000	1998-99 \$'000
Computer software -externally developed - in progress	914	374
Accumulated amortisation	6	(6)
	<u>920</u>	<u>368</u>

In the 1998-99 financial year, the Council commenced the development of a new Grants Management system. This system will replace the existing software which was in use for fourteen years and will better address Council's current and future business requirements and objectives. Intangibles consist of the new software reported at replacement cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2000

9(d) Analysis of Property, Infrastructure, Plant, Equipment and Intangibles

TABLE A – Movement summary 1999-00 for all assets irrespective of valuation basis

	LAND \$'000	BUILDINGS \$'000	TOTAL LAND AND BUILDINGS \$'000	INFRA- STRUCTURE PLANT AND EQUIPMENT \$'000	COMPUTER SOFTWARE TOTAL INTANGIBLES \$'000	TOTAL \$'000
<b>Gross value at 1 July 1999</b>	<b>68</b>	<b>2 948</b>	<b>3 016</b>	<b>1 985</b>	<b>374</b>	<b>5 375</b>
Additions:						
• Replacement assets	-	1 542	1 542	521	546	2 609
Revaluations	-	-	-	1 085	-	1 085
Disposals	-	(2 541)	(2 541)	(783)	-	(3 324)
<b>Gross value as at 30 June 2000</b>	<b>68</b>	<b>1 949</b>	<b>2 017</b>	<b>2 808</b>	<b>920</b>	<b>5 745</b>
<b>Accumulated depreciation/ amortisation as at 1 July 1999</b>	<b>-</b>	<b>2 468</b>	<b>2 468</b>	<b>565</b>	<b>6</b>	<b>3 039</b>
Depreciation/Amortisation charge for assets held 1 July 1999	-	155	155	161	(6)	310
Depreciation/Amortisation charge for additions	-	66	66	41	-	107
Disposals	-	(2 540)	(2 540)	(231)	-	(2 771)
<b>Accumulated depreciation/ amortisation as at 30 June 2000</b>	<b>-</b>	<b>149</b>	<b>149</b>	<b>536</b>	<b>-</b>	<b>685</b>
<b>Net book value as at 30 June 2000</b>	<b>68</b>	<b>1 800</b>	<b>1 868</b>	<b>2 272</b>	<b>920</b>	<b>5 060</b>
<b>Net book value as at 1 July 1999</b>	<b>68</b>	<b>480</b>	<b>548</b>	<b>1 420</b>	<b>368</b>	<b>2 336</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2000

**Analysis of Property, Infrastructure, Plant, Equipment and Intangibles**

**TABLE B** – Summary of balances of assets at valuation as at 30 June 2000

	LAND \$'000	BUILDINGS \$'000	TOTAL LAND & BUILDINGS \$'000	PLANT AND EQUIPMENT \$'000	TOTAL \$'000
<b>As at 30 June 2000</b>					
Gross value	68	408	476	2 074	2 550
Accumulated depreciation/amortisation	-	83	83	454	537
<b>Net book value</b>	<b>68</b>	<b>325</b>	<b>393</b>	<b>1 620</b>	<b>2 013</b>
<b>As at 30 June 1999</b>					
Gross value	68	2 948	3 016	1 711	4 727
Accumulated depreciation/amortisation	-	2 468	2 468	542	3 010
<b>Net book value</b>	<b>68</b>	<b>480</b>	<b>548</b>	<b>1 169</b>	<b>1 717</b>

**9(e) Other Non-Financial Assets**

	1999-00 \$'000	1998-99 \$'000
Prepaid property rentals	105	89
Other prepayments	68	43
Prepaid grants	9	8
<b>Total</b>	<b>182</b>	<b>140</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2000

**10. PROVISIONS AND PAYABLES**

**10(a) Employees**

	1999-00 \$'000	1998-99 \$'000
Salaries and wages	225	183
Leave	1 306	1 148
Superannuation	39	
<b>Aggregate employee entitlement liabilities</b>	<b>1 570</b>	<b>1 331</b>

**10(b) Suppliers**

Trade creditors	290	123
Operating lease rentals	-	28
Other	390	37
<b>Total</b>	<b>680</b>	<b>188</b>

**10(c) Grants Liabilities**

Individuals and non-profit institutions	3 360	3 666
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2000

**11. EQUITY**

ITEM	ACCUMULATED RESULTS		ASSET REVALUATION RESERVE		TOTAL RESERVES		TOTAL EQUITY	
	1999-00 \$'000	1998-99 \$'000	1999-00 \$'000	1998-99 \$'000	1999-00 \$'000	1998-99 \$'000	1999-00 \$'000	1998-99 \$'000
<b>Balance 1 July 1999</b>	<b>6 980</b>	6 616	<b>101</b>	134	<b>101</b>	134	<b>7 081</b>	6 750
Operating result	<b>3 119</b>	364	-	-	-	-	<b>3 119</b>	364
Net revaluation increases/ (decreases)	-	-	<b>1 085</b>	(33)	<b>1 085</b>	(33)	<b>1 085</b>	(33)
Capital use charge	<b>(1 146)</b>	-	-	-	-	-	<b>(1 146)</b>	-
<b>Balance 30 June 2000</b>	<b>8 953</b>	6 980	<b>1 186</b>	101	<b>1 186</b>	101	<b>10 139</b>	7 081

**12. CASH FLOW RECONCILIATION**

**Reconciliation of operating surplus to net cash from operating activities**

	1999-00 \$'000	1998-99 \$'000
Operating surplus/(deficit)	3 119	(356)
Depreciation and amortisation of property, plant and equipment	417	382
Gain on foreign exchange	-	(50)
Loss on disposal of property, plant and equipment	52	69
(Increase)/Decrease in receivables	(778)	273
Other changes in non-current assets	467	-
Increase in employee liabilities	239	263
Increase/(Decrease) in liability to suppliers	492	(71)
(Decrease)/Increase in grant liabilities	(306)	3 666
(Increase)/Decrease in other assets	(42)	441
<b>Net cash from operating activities</b>	<b>3 660</b>	<b>4 617</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2000

**13. REMUNERATION OF COUNCIL MEMBERS**

	1999-00 \$	1998-99 \$
Aggregate amount of superannuation payments in connection with the retirement of Council members	<b>19 962</b>	22 963
Other remuneration received or due and receivable by Council Members	<b>296 312</b>	290 797
Total remuneration received or due and receivable by Council Members	<b>316 274</b>	313 760

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

	<u>Number</u>	<u>Number</u>
\$Nil - \$ 9 999	8	5
\$10 000 - \$19 999	5	3
\$20 000 - \$29 999	5	5
\$50 000 - \$59 999	1	1
\$60 000 - \$69 999	-	1
	<u>19</u>	<u>15</u>

The General Manager is an *ex-officio* member of Council, but receives no additional remuneration as a Councillor. The remuneration of the General Manager is included in Note 15 on the Remuneration of Officers.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2000

**14. RELATED PARTY DISCLOSURES**

**Council members**

Council members during the year were:

*\*Ex-officio member of Council by virtue of appointment as General Manager*

Name	Appointed	Term Concludes/Concluded
Bin Bakar, Mark	03/04/2000	31/05/2000
Bott, Jennifer *	08/02/1999	07/02/2004
Chance, Sally	03/12/1999	02/12/2002
Hasluck, Nicholas	04/12/1998	03/12/2001
Jackson, Beth	24/02/2000	23/02/2003
Klika, Deborah	27/03/1997	9/04/2002
Li, Cunxin	22/06/1999	21/06/2002
Morgan, Patrick	24/07/1999	23/07/2002
Moriarty, John	27/03/1997	26/03/2000
Nugent, Helen	01/07/1997	30/06/2002
Pearson, Christopher	27/03/1997	9/04/2002
Radford, Ron	10/06/1997	09/06/2001
Rimmer, John	27/03/1997	30/06/2002
Seares, Margaret	07/07/1997	06/07/2001
Skrzynski, Joseph	27/01/1999	31/01/2000
Street, Geoffrey	24/07/1996	24/07/1999
Street, Susan	01/01/1998	11/09/1999
Waks, Nathan	04/12/1998	30/09/2001
Walley, Richard	31/05/2000	30/05/2002
Whitney, David	24/07/1999	23/07/2002

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2000

**Other transactions with Councillors or Council-related entities**

No Council member has, since the end of the previous financial year, received or become entitled to receive any benefit, other than fixed stipends or travelling and related allowances, by reason of a contract made by the Council with the Council member. All transactions with Council members, or organisations in which they have a substantial financial 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 (\$)
Margaret SEARES	University of WA	Pro Vice Chancellor	16 000
Margaret SEARES	Australia Foundation for Culture and the Humanities	Director	45 000
Beth JACKSON	Multimedia Art Asia Pacific Festival	Chair	2 400
Patrick MORGAN	Aisialink - Literary Advisory Committee	Chair	277 200
Christopher PEARSON	<i>The Adelaide Review</i>	Director/Editor	10 000
Ron RADFORD	Art Gallery of SA	Director	51 500
Susan STREET	Queensland University of Technology	Head of Dance	18 000

**15. REMUNERATION OF OFFICERS**

	1999-00 \$	1998-99 \$
Income received or due and receivable by officers	<b>946 423</b>	651 047

The number of officers included in these figures is shown below in the relevant income bands:

	Number	Number
\$100 000 - \$110 000	3	-
\$110 001 - \$120 000	4	4
\$170 001 - \$180 000	1	-
	<b>8</b>	4

The officer remuneration includes the General Manager who is a member of Council *ex officio*, and all officers concerned with or taking part in the management of the economic entity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2000

16. REMUNERATION OF AUDITORS

	1999-00 \$	1998-99 \$
Remuneration to the Auditor-General for auditing the financial statements for the reporting period	32 000	32 000
Remuneration to the Auditor-General for auditing the GST Start-up program's financial statements for the reporting period	1 000	-
	<u>33 000</u>	<u>32 000</u>

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

17. APPROPRIATIONS

	1999-00 \$	1998-99 \$
The Council received the following appropriations during the year out of the Consolidated Revenue Fund: <i>Annual Appropriation Acts Nos 1, 3 - basic appropriation</i>	<u>76 158</u>	<u>72 292</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2000

18. FINANCIAL INSTRUMENTS

18(a) Terms, Conditions and Accounting Policies

FINANCIAL INSTRUMENTS	NOTES	ACCOUNTING POLICIES AND METHODS (INCLUDING RECOGNITION CRITERIA AND MEASUREMENT BASIS)	NATURE OF UNDERLYING INSTRUMENTS (INCLUDING SIGNIFICANT TERMS AND CONDITIONS AFFECTING THE AMOUNT, TIMING AND CERTAINTY OF CASH FLOWS)
<b>Financial assets</b>		Financial Assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Deposits at call	8(a)	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Temporarily surplus funds, mainly from fortnightly drawdowns of appropriation, are placed on deposit at call with the Council's banker. Interest is earned on the daily balance at the prevailing daily rate for money on call and is paid at month end.
Receivables for goods and services	8(b)	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less likely rather than more likely.	Credit terms are net 14 days (1998-99: 14 days).
Other debtors	8(b)	As for receivables for goods and services.	As for receivables for goods and services.
<b>Financial liabilities</b>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade creditors	10(b)	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.
Grants liabilities	10(c)	Grants liabilities comprise grants and programs approved by Council, Funds and Board for 30 June 2000 or previous financial years for which signed conditions had been received from successful grant applications.	Settlement is usually made prior to the commencement of projects.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2000

**18(b) Interest Rate Risk**

FINANCIAL INSTRUMENTS	NOTES	FLOATING INTEREST RATE		NON-INTEREST BEARING		TOTAL		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
		99-00 \$'000	98-99 \$'000	99-00 \$'000	98-99 \$'000	99-00 \$'000	98-99 \$'000	99-00 %	98-99 %
<b>FINANCIAL ASSETS (RECOGNISED)</b>									
Cash at bank	8(a)	93	79	-	-	93	79	3.0	3.05
Cash on hand	8(a)	-	-	1	1	1	1	n/a	n/a
Deposits at call	8(a)	9 900	9 600	-	-	9 900	9 600	5.75	4.60
Receivables for goods and services	8(b)	-	-	491	80	491	80	n/a	n/a
Other debtors	8(b)	-	-	397	30	397	30	n/a	n/a
<b>Total financial assets (Recognised)</b>		<b>9 993</b>	<b>9 679</b>	<b>889</b>	<b>111</b>	<b>10 882</b>	<b>9 790</b>		
<b>Total assets</b>						<b>16 124</b>	<b>12 266</b>		
<b>FINANCIAL LIABILITIES (RECOGNISED)</b>									
Trade creditors	10(b)	-	-	290	123	290	123	n/a	n/a
Grants liabilities	10(c)	-	-	3 360	3 666	3 360	3 666	n/a	n/a
<b>Total financial liabilities (Recognised)</b>		<b>-</b>	<b>-</b>	<b>3 650</b>	<b>3 789</b>	<b>3 650</b>	<b>3 789</b>		
<b>Total liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 985</b>	<b>5 185</b>		

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2000

**18(c) Net Fair Values of Financial Assets and Liabilities**

**Financial assets**

The net fair values of cash, deposits on call and non-interest-bearing monetary financial assets approximate their carrying amounts.

**Financial liabilities**

The net fair values for trade creditors and grant liabilities, all of which are short term, are approximated by their carrying amounts.

**18(d) Credit Risk Exposure**

The Council's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The Council has no significant exposures to any concentrations of credit risk.

**19. OPERATING SURPLUS**

This represents income received in 1999-2000 which has been allocated to projects such as Contemporary Music Export Development, Young and Emerging Artists, Promoting the Value of the Arts and other initiatives that will be expensed in 2000-2001.