



IMAGE: *CloudStreet*, Company B Belvoir. ARTISTS (left to right): Christopher Pitman, Rebecca Massey and Dan Wyllie.
PHOTO: Heidrun Löhr.

INDEPENDENT AUDIT REPORT

TO THE MINISTER FOR THE ARTS AND THE CENTENARY OF FEDERATION

SCOPE

I have audited the financial statements of the Australia Council for the year ended 30 June 2001.

The financial statements comprise:

- Statement by Council Members;
- Statement of Financial Performance;
- Statement of Financial Position;
- 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 in Australia, so as to present a view of the entity which is consistent with my understanding of its 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 1 of the Commonwealth Authorities and Companies (Financial Statements 2000-2001) 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 1 of the Commonwealth Authorities and Companies (Financial Statements 2000-2001) Orders, of the financial position of the Australia Council as at 30 June 2001 and the results of its operations and its cash flows for the year then ended.

Australian National Audit Office

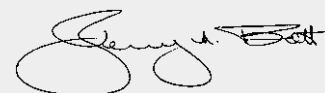


Paul Hinchey
Senior Director
Delegate of the Auditor-General
Sydney
13 September 2001

STATEMENT BY COUNCIL MEMBERS

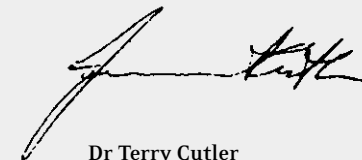
FOR THE YEAR ENDED 30 JUNE 2001

In our opinion, the attached financial statements give a true and fair view of the matters required by Schedule 1 of the Commonwealth Authorities and Companies (Financial Statements 2000-2001) Orders made under the *Commonwealth Authorities and Companies Act 1997* for the year ended 30 June 2001.



Jennifer Bott
Chief Executive Officer

13 September 2001



Dr Terry Cutler
Chairman

13 September 2001

AUSTRALIA COUNCIL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2001

	Notes	2000-01 \$000	1999-00 \$000
REVENUES FROM ORDINARY ACTIVITIES			
Revenues from government	4(a)	74 934	76 158
Sales of services	4(b)	1	6
Interest	4(c)	1 356	909
Proceeds from disposal of assets	4(d)	25	500
Other	4(e)	19 617	2 192
Total revenues from ordinary activities		95 933	79 765
EXPENSES FROM ORDINARY ACTIVITIES			
Employees	5(a)	7 282	7 394
Suppliers	5(b)	4 045	3 548
Grants	6	81 951	64 735
Depreciation and amortisation	5(c)	756	417
Disposal of assets	4(d)	35	552
Total expenses from ordinary activities		94 069	76 646
Net operating surplus (deficit) from ordinary activities attributable to the Commonwealth		1 864	3 119
Net credit (debit) to asset revaluation reserve		-	1 085
Total revenues, expenses and valuation adjustments recognised directly in equity		-	1 085
Total changes in equity other than those resulting from transactions with owners as owners		1 864	4 204

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

AUSTRALIA COUNCIL STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2001

	Notes	2000-01 \$000	1999-00 \$000
ASSETS			
FINANCIAL ASSETS			
Cash	7(a)	6 226	9 994
Receivables	7(b)	2 403	888
Total financial assets		8 629	10 882
NON-FINANCIAL ASSETS			
Land and buildings	8(a)(d)	2 146	1 868
Infrastructure, plant and equipment	8(b)(d)	2 041	2 272
Intangibles	8(c)(d)	976	920
Prepayments	8(e)	7 241	182
Total non-financial assets		12 404	5 242
Total assets		21 033	16 124
LIABILITIES			
PROVISIONS			
Capital use charge		373	375
Employees	9	1 616	1 570
Total provisions		1 989	1 945
PAYABLES			
Suppliers	10(a)	1 073	680
Grants liabilities	10(b)	6 938	3 360
Total payables		8 011	4 040
Total liabilities		10 000	5 985
EQUITY			
PARENT ENTITY INTEREST			
Asset revaluation reserve	11	1 186	1 186
Accumulated surpluses	11	9 847	8 953
Total parent entity interest		11 033	10 139
Total equity		11 033	10 139
Total liabilities and equity		21 033	16 124
Current liabilities		9 456	5 417
Non-current liabilities		544	568
Current assets		15 870	11 064
Non-current assets		5 163	5 060

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

AUSTRALIA COUNCIL STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2001

	Notes	2000-01 \$000	1999-00 \$000
OPERATING ACTIVITIES			
CASH RECEIVED			
Appropriations		74 934	76 158
Sales of services		26	6
Interest		1 361	883
GST recovered from taxation authority		6 500	-
Other		19 606	2 215
Total cash received		102 427	79 262
CASH USED			
Grants		(93 168)	(64 878)
Employees		(7 235)	(7 153)
Suppliers		(4 417)	(3 571)
Total cash used		(104 820)	(75 602)
Net cash from (used in) operating activities	12	(2 393)	3 660
INVESTING ACTIVITIES			
CASH RECEIVED			
Proceeds from sales of property, plant and equipment		491	34
Total cash received		491	34
CASH USED			
Purchase of property, plant and equipment		(893)	(2 609)
Total cash used		(893)	(2 609)
Net cash used in investing activities		(402)	(2 575)
FINANCING ACTIVITIES			
CASH USED			
Capital use paid		(973)	(771)
Total cash used		(973)	(771)
Net cash used in financing activities		(973)	(771)
Net increase in cash held		(3 768)	314
Cash at beginning of reporting period		9 994	9 680
Cash at end of reporting period	7(a)	6 226	9 994

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

AUSTRALIA COUNCIL SCHEDULE OF COMMITMENTS

AS AT 30 JUNE 2001

	2000-01 \$000	1999-00 \$000
BY TYPE		
CAPITAL COMMITMENTS		
Plant and equipment	-	-
Total capital commitments	-	-
OTHER COMMITMENTS		
Operating leases	14 834	12 293
Other commitments *	240 580	16 582
Total other commitments	255 414	28 875
COMMITMENTS RECEIVABLE	(23 164)	(2 572)
Net commitments	232 250	26 303
BY MATURITY		
ALL NET COMMITMENTS		
One year or less *	79 872	12 657
From one to five years *	146 225	7 606
Over five years	6 153	6 040
Net commitments	232 250	26 303
OPERATING LEASE COMMITMENTS		
One year or less	1 500	1 025
From one to five years	6 621	4 676
Over five years	6 713	6 592
Net operating lease commitments	14 834	12 293

All commitments are GST inclusive where relevant.

* 2000-01 includes commitments to the Major Performing Arts companies under the revised funding arrangements - refer note 18.

Nature of lease	General description of leasing arrangement
Leases for office accommodation	■ Lease payments are subject to annual increase in accordance with upwards movements in the Consumer Price Index.
Motor vehicles - senior executives	■ No contingent rental exists. ■ There are no renewal or purchase options available to the Council.

AUSTRALIA COUNCIL SCHEDULE OF CONTINGENCIES

AS AT 30 JUNE 2001

	2000-01 \$000	1999-00 \$000
Contingent losses	-	-
Contingent gains	-	-
Net contingencies	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

NOTE	DESCRIPTION
1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
2.	REPORTING BY SEGMENTS AND OUTCOMES
3.	ECONOMIC DEPENDENCY
4.	OPERATING REVENUES
5.	OPERATING EXPENSES – SERVICES
6.	OPERATING EXPENSES – GRANTS
7.	FINANCIAL ASSETS
8.	NON-FINANCIAL ASSETS
9.	PROVISIONS
10.	PAYABLES
11.	EQUITY
12.	CASH FLOW RECONCILIATION
13.	REMUNERATION OF COUNCIL MEMBERS
14.	RELATED PARTY DISCLOSURES
15.	REMUNERATION OF OFFICERS
16.	REMUNERATION OF AUDITORS
17.	FINANCIAL INSTRUMENTS
18.	MAJOR PERFORMING ARTS FUNDING
19.	SUBSEQUENT EVENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1(a) Basis of Accounting

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

They have been prepared in accordance with:

- Schedule 1 to Commonwealth Authorities and Companies (Financial Statements 2000-2001) Orders made by the Finance Minister for the preparation of Financial Statements in relation to financial year ending on 30 June 2001;
- Australian Accounting Standards and Accounting Interpretations issued by Australian Accounting Standards Boards;
- other authoritative pronouncements of the Boards; and
- Consensus Views of the Urgent Issues Group.

The statements have been prepared having regard to:

- Statements of Accounting Concepts;
- the Explanatory Notes to Schedule 1 issued by the Department of Finance and Administration; and
- Guidance Notes issued by that Department.

The Statements of Financial Performance and Financial Position 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 the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets and liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an Accounting Standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

1(b) Taxation

The Australia Council is exempt from all forms of taxation except fringe benefits tax 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) Revenue

The revenues described in this Note are revenues relating to the core operating activities of the Council.

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

REVENUES FROM GOVERNMENT – OUTPUT APPROPRIATIONS

Appropriations for outputs are recognised as revenue to the extent they have been received into the Council's Bank Account or are entitled to be received by the Council at year end.

RESOURCES RECEIVED FREE OF CHARGE

Resources received free of charge are recognised as revenue when and only when a 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(e) 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(f) Property (Land, Buildings and Infrastructure), Plant and Equipment

ASSET RECOGNITION THRESHOLD

Assets are recognised initially at cost in the Statement of Financial Position. Except for the library collection, musical instruments and works of art, the Council adopts the policy of expensing all capital assets under \$2,000 in the year of purchase. The \$2,000 threshold was selected because it facilitates efficient asset management and recording without materially affecting asset values recognised.

REVALUATIONS

Land, buildings, infrastructure, plant and equipment are revalued progressively in accordance with the 'deprival' method of valuation in successive three-year cycles, so that no asset has a value greater than three years old.

Property, plant and equipment were revalued in the 1997-99 cycle.

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

In accordance with the deprival methodology, land is measured at its current market buying price. Property other than land is measured at its depreciated replacement cost.

Included under plant and equipment is the musical instrument and the library collection.

Any assets which would not be replaced or are surplus to requirements are valued at net realisable value. As at 30 June 2001, there were no assets in this situation.

All valuations are independent.

RECOVERABLE AMOUNT TEST

Schedule 1 requires the application of the recoverable amount test to the Council's non-current assets in accordance with AAS10 *Recoverable Amount of Non-Current Assets*. The carrying amounts of these non-current assets have been reviewed to determine whether they are in excess of their recoverable amounts. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value.

FOR THE YEAR ENDED 30 JUNE 2001

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 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 based on the following useful lives:

	<u>2000-01</u>	<u>1999-00</u>
Buildings on freehold land	40 years	40 years
Leasehold improvements	10 years	10 years
Plant and equipment - <i>excluding</i> library and musical instruments	3-10 years	3-10 years
Plant and equipment - library collection	3-20 years	3-20 years
Plant and equipment - musical instruments	15-100 years	15-100 years

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

FOR THE YEAR ENDED 30 JUNE 2001

1(g) Employee Entitlements

LEAVE

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 of the Council 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 2001 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 2001. 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 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.

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.

Employer contributions have been expensed in these financial statements.

1(h) Grant Liabilities

Grants liabilities comprise grants and programs approved by Council, Funds and Board for 30 June 2001 or previous financial years for which signed conditions had been received from successful grant applicants.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

1(i) 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(j) Leases

Operating lease payments are charged to the Statement of Financial Performance 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(k) Intangibles

The carrying amount of each non-current intangible asset is 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 flows, including the expected cash flows from future appropriations by the Parliament, have been discounted to their present value. No write-down to recoverable amount has been made in 2000-2001.

Intangible assets are amortised on a straight-line basis over their anticipated useful lives. Useful lives are:

	<u>2000-01</u>	<u>1999-00</u>
Computer software externally developed	5 years	n/a

1(l) Cash

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

1(m) Comparative Figures

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

1(n) Changes in Accounting Policies

The accounting policies used in the preparation of these financial statements are consistent with those used in 1999-2000.

1(o) 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(p) 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 Statement of Financial Performance.

1(q) Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

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

1(r) Financial Instruments

Accounting policies for financial instruments are stated at Note 17.

1(s) Insurance

The Council has insured for risks through the Government's insurable risk management fund, Comcover. Workers' Compensation is insured through Comcare Australia.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

2. REPORTING BY SEGMENTS AND OUTCOMES

REPORTING BY SEGMENTS

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 2000-2001

	OUTCOME 1		OUTCOME 2		TOTAL	
	BUDGET \$000	ACTUAL \$000	BUDGET \$000	ACTUAL \$000	BUDGET \$000	ACTUAL \$000
Net cost of Council output	68 155	67 224	5 927	5 846	74 082	73 070
Net cost to budget outcome	<u>68 155</u>	<u>67 224</u>	<u>5 927</u>	<u>5 846</u>	<u>74 082</u>	<u>73 070</u>
Outcome specific assets	10 848	19 350	943	1 683	11 791	21 033

The budget figures (Portfolio Budget Statement 2000-01) do not include additional funding of \$16.8 million in 2000-01 for major performing arts companies.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

3. ECONOMIC DEPENDENCY

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

4. OPERATING REVENUES

	2000-01 \$000	1999-00 \$000
4(a) Revenues from Government		
<i>Appropriation Act No. 1 - basic appropriation</i>	<u>74 934</u>	<u>76 158</u>
4(b) Sales of Services		
Services	<u>1</u>	<u>6</u>
4(c) Interest		
Deposits	<u>1 356</u>	<u>909</u>
4(d) Proceeds and Expenses from Sale of Assets		
Revenue (proceeds) from sale	25	500
Expense from sale	<u>(35)</u>	<u>(552)</u>
Net losses from sale of assets	<u>(10)</u>	<u>(52)</u>
4(e) Other Revenues		
Returned grants	603	297
Rental and outgoing recovered from sub-leasing	-	150
Funding from the Department of Treasury for the GST Start-up assistance program:		
■ Phase 1	-	1 166
■ Phase 2	75	-
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
■ Arts Market Development Officer - Berlin	15	-
■ Living Treasures project	4	-
Funding from the Department of Communications Information Technology and the Arts for:		
■ Major Performing Arts Companies	16 832	-
■ Book Industry Assistance Plan	2 000	-
■ Centenary of Federation - history and education program	36	-
Other	<u>52</u>	<u>49</u>
Total other revenues	<u>19 617</u>	<u>2 192</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

5. OPERATING EXPENSES - SERVICES	2000-01	1999-00
	\$000	\$000
5(a) Employee Expenses		
Basic remuneration for services provided	7 241	7 192
Separation and redundancy	<u>41</u>	<u>202</u>
Total employee expenses	<u>7 282</u>	<u>7 394</u>
5(b) Suppliers' Expenses		
Supply of services	3 103	2 544
Operating lease rentals	<u>942</u>	<u>1 004</u>
Total suppliers' expenses	<u>4 045</u>	<u>3 548</u>
5(c) Depreciation and Amortisation		
Depreciation of property, plant and equipment	384	202
Amortisation of leased assets	171	221
Amortisation of intangibles - computer software	<u>201</u>	<u>(6)</u>
Total depreciation and amortisation expense	<u>756</u>	<u>417</u>

At the commencement of 2000-01, the useful life of the computer equipment and furniture and equipment, both sub-categories of plant and equipment, was reassessed. These sub-categories had been depreciated in prior years using the reducing-balance method. For the financial year 2000-01 these sub-categories of plant and equipment were depreciated on a straight-line basis.

The increase in depreciation expense for 2000-01 resulting from this change was approximately \$78,000 for computer equipment and \$53,000 for plant and equipment. In total, this change generated additional depreciation expense in 2000-01 of approximately \$131,000 for plant and equipment - excluding library and musical instruments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

6. OPERATING EXPENSES - GRANTS

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

	2000-01	1999-00
	\$000	\$000
Aboriginal and Torres Strait Islander Arts	4 448	4 312
Community Cultural Development	5 451	5 507
Dance	2 644	2 936
Literature	4 269	4 217
Major Performing Arts	25 977	13 179
Music	3 753	3 732
New Media Arts	2 427	2 740
Theatre	7 026	7 509
Visual Arts/Craft	6 380	6 069
Arts Development - Strategic Initiatives	255	-
Audience Development and Advocacy	5 670	4 974
Policy, Communications and Planning	2 491	2 453
Government Initiatives *	<u>7 581</u>	<u>7 414</u>
Total grants paid	<u>78 372</u>	<u>65 042</u>
Net movement in grants accrued	<u>3 579</u>	<u>(307)</u>
Total grants expenses	<u>81 951</u>	<u>64 735</u>

* Breakdown of initiatives on page 133-36

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

7. FINANCIAL ASSETS	2000-01	1999-00
	\$000	\$000
7(a) Cash		
Cash at bank and on hand	126	94
Deposits at call	6 100	9 900
Total	6 226	9 994

Cash will be used to pay approved grants and programs, staff entitlements and other obligations of Council at 30 June 2001

Balance of cash as at 30 June shown in the Statement of Cash Flows	6 226	9 994
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7(b) Receivables

Services	30	491
Other debtors	58	55
GST receivable	2 315	342
Total	2 403	888

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

Not overdue	2 373	522
Overdue by:		
less than 30 days	-	-
30 to 60 days	-	344
60 to 90 days	30	22
more than 90 days	-	-
Total receivables (gross)	2 403	888

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

8. NON-FINANCIAL ASSETS	2000-01	1999-00
	\$000	\$000
8(a) Land and Buildings		
Freehold land - at 1997-99 valuation	68	68
Buildings on freehold land - at 1997-99 valuation	138	138
Accumulated depreciation	(31)	(28)
	107	110
Leasehold improvements - at cost	1 991	1 541
Accumulated amortisation	(231)	(66)
	1 760	1 475
Building on leasehold land - at 1997-99 valuation	270	270
Accumulated amortisation	(59)	(55)
	211	215
Total buildings (net)	2 078	1 800
Total land and buildings	2 146	1 868

Included in Land and Buildings are studios in the Cité Internationale des Arts in Paris, an apartment in Rome, and cost of leasehold improvements at 372 Elizabeth Street, Surry Hills, Sydney.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	2000-01 \$000	1999-00 \$000
8(b) Infrastructure, Plant and Equipment		
Plant and equipment - at cost	932	734
Accumulated depreciation	<u>(304)</u>	<u>(82)</u>
	628	652
Plant and equipment - at 1997-99 valuation	1 998	2 074
Accumulated depreciation	<u>(585)</u>	<u>(454)</u>
	1 413	1 620
Total Plant and Equipment	<u>2 041</u>	<u>2 272</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. Council purchased this item in 1974. The cello and bows were valued on 1 July 1999. The valuation was performed by independent valuers, John and Arthur Beares, in London. Another Guarnerius cello made in 1710 was sold in 1999-00.

	2000-01 \$000	1999-00 \$000
8(c) Intangibles		
Computer software - externally developed - at cost	1 177	-
Computer software - externally developed - in progress	-	914
Accumulated amortisation	<u>(201)</u>	<u>6</u>
	976	920

The new Grants Management system replaced software that was in use for 14 years and will better address Council's current and future business requirements and objectives.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

8(d) Analysis of Property, Plant, Equipment and Intangibles

TABLE A - MOVEMENT SUMMARY 2000-01 FOR ALL ASSETS IRRESPECTIVE OF VALUATION BASIS

	LAND \$000	BUILDINGS ON FREEHOLD AND LEASE-HOLD LAND \$000	BUILDINGS LEASE-HOLD IMPROVE- MENTS \$000	TOTAL BUILDINGS \$000	TOTAL LAND AND BUILDINGS \$000	PLANT AND EQUIPMENT \$000	COMPUTER SOFTWARE - TOTAL INTANGIBLES \$000	TOTAL \$000
Gross value at 1 July 2000	68	408	1 541	1 949	2 017	2 808	920	5 745
Additions - purchase of assets	-	-	450	450	450	187	257	894
Revaluations: write-ups/ (write-downs)	-	-	-	-	-	-	-	-
Assets transferred in/(out)	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(65)	-	(65)
Gross value as at 30 June 2001	<u>68</u>	<u>408</u>	<u>1 991</u>	<u>2 399</u>	<u>2 467</u>	<u>2 930</u>	<u>1 177</u>	<u>6 574</u>
Accumulated Depreciation/ Amortisation as at 1 July 2000	-	83	67	150	150	536	-	686
Disposals	-	-	-	-	-	(30)	-	(30)
Depreciation/Amortisation charge for the year	-	7	164	171	171	383	201	755
Revaluations: write-ups/ (write-downs)	-	-	-	-	-	-	-	-
Assets transferred in/(out)	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Accumulated depreciation/ amortisation as at 30 June 2001	<u>-</u>	<u>90</u>	<u>231</u>	<u>321</u>	<u>321</u>	<u>889</u>	<u>201</u>	<u>1 411</u>
Net book value as at 30 June 2001	<u>68</u>	<u>318</u>	<u>1 760</u>	<u>2 078</u>	<u>2 146</u>	<u>2 041</u>	<u>976</u>	<u>5 163</u>
Net book value as at 1 July 2000	<u>68</u>	<u>325</u>	<u>1 475</u>	<u>1 800</u>	<u>1 868</u>	<u>2 272</u>	<u>920</u>	<u>5 060</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

8(d) Analysis of Property, Plant, Equipment and Intangibles (continued)

TABLE B – SUMMARY OF BALANCES OF ASSETS AT VALUATION AS AT 30 JUNE 2001

	LAND \$000	BUILDINGS ON FREEHOLD AND LEASE-HOLD LAND \$000	BUILDINGS LEASE-HOLD IMPROVE- MENTS \$000	TOTAL BUILDINGS \$000	TOTAL LAND AND BUILDINGS \$000	PLANT AND EQUIPMENT \$000	COMPUTER SOFTWARE – TOTAL INTANGIBLES \$000	TOTAL \$000
As at 30 June 2001	68	408	-	408	476	1 998	-	2 474
Gross value accumulated								
Depreciation/Amortisation	-	(90)	-	(90)	(90)	(585)	-	(675)
Net book value	<u>68</u>	<u>318</u>	<u>-</u>	<u>318</u>	<u>386</u>	<u>1 413</u>	<u>-</u>	<u>1 799</u>
As at 30 June 2000	68	408	-	408	476	2 074	-	2 550
Gross value accumulated								
Depreciation/Amortisation	-	(83)	-	(83)	(83)	(454)	-	(537)
Net book value	<u>68</u>	<u>325</u>	<u>-</u>	<u>325</u>	<u>393</u>	<u>1 620</u>	<u>-</u>	<u>2 013</u>

8(e) Prepayments

Prepaid property rentals
Prepaid grants
Other prepayments

Total

	2000-01 \$000	1999-00 \$000
Prepaid property rentals	109	105
Prepaid grants	7 084	9
Other prepayments	<u>48</u>	<u>68</u>
Total	<u>7 241</u>	<u>182</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

9. PROVISIONS

Employees

Salaries and wages
Leave
Superannuation

Aggregate employee entitlement liabilities

	2000-01 \$000	1999-00 \$000
Salaries and wages	260	225
Leave	1 334	1 333
Superannuation	<u>22</u>	<u>12</u>
Aggregate employee entitlement liabilities	<u>1 616</u>	<u>1 570</u>

10. PAYABLES

10(a) Suppliers

Trade creditors
Other creditors
GST payable on grant liabilities

Total

	2000-01 \$000	1999-00 \$000
Trade creditors	250	290
Other creditors	129	54
GST payable on grant liabilities	<u>694</u>	<u>336</u>
Total	<u>1 073</u>	<u>680</u>

10(b) Grants Liabilities

Individuals and non-profit institutions

	2000-01 \$000	1999-00 \$000
Individuals and non-profit institutions	<u>6 938</u>	<u>3 360</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

11. EQUITY

ITEM	ACCUMULATED RESULTS		ASSET REVALUATION RESERVE		TOTAL EQUITY	
	2000-01 \$000	1999-00 \$000	2000-01 \$000	1999-00 \$000	2000-01 \$000	1999-00 \$000
Balance 1 July	8 953	6 980	1 186	101	10 139	7 081
Net surplus	1 864	3 119	-	-	1 864	3 119
Net revaluation increases/(decreases)	-	-	-	1 085	-	1 085
Capital use charge	(970)	(1 146)	-	-	(970)	(1 146)
Balance 30 June	9 847	8 953	1 186	1 186	11 033	10 139

12. CASH FLOW RECONCILIATION

Reconciliation of net surplus to net cash from operating activities:

	2000-01 \$000	1999-00 \$000
Net surplus/(deficit)	1 864	3 119
Depreciation and amortisation of property, plant and equipment	756	417
Loss on disposal of property, plant and equipment	10	52
(Increase)/Decrease in receivables	(1 515)	(778)
Other changes in non-current assets	(466)	467
Increase in employee liabilities	46	239
Increase/(Decrease) in liability to suppliers	393	492
(Decrease)/Increase in grant liabilities	3 578	(306)
(Increase)/Decrease in other assets	(7 059)	(42)
Net cash from (used in) operating activities	(2 393)	3 660

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

13. REMUNERATION OF COUNCIL MEMBERS

	2000-01 \$000	1999-00 \$000
Aggregate amount of superannuation payments on behalf of Council members	23 738	19 962
Other remuneration received or due and receivable by Council members	303 602	296 312
Total remuneration received or due and receivable by Council members	327 340	316 274

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

	2000-01 NUMBER	1999-00 NUMBER
\$Nil - \$10 000	6	8
\$10 001 - \$20 000	2	5
\$20 001 - \$30 000	6	5
\$30 001 - \$40 000	1	-
\$50 001 - \$60 000	-	1
\$60 001 - \$70 000	1	-
	16	19

The Chief Executive Officer is an *ex officio* member of Council, but receives no additional remuneration as a Councillor. The remuneration of the Chief Executive Officer 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 2001

14. RELATED PARTY DISCLOSURES

Council members

Council members during the year were:

* *Ex officio member of Council by virtue of appointment as Chief Executive Officer*

** *Appointed as Chairman of Council from 01/07/2001 to 30/06/2004 (formerly Chair of New Media Arts)*

Name	Appointed	Term concludes/ concluded
Bott, Jennifer *	08/02/1999	07/02/2004
Chance, Sally	03/12/1999	02/12/2002
Cutler, Terry **	07/02/2001	30/06/2001
Hasluck, Nicholas	04/12/1998	03/12/2001
Jackson, Beth	24/02/2000	23/02/2003
Klika, Deborah	12/04/2000	11/04/2002
Li, Cunxin	22/06/1999	21/06/2002
Lynn, Victoria	10/06/2001	21/06/2002
Morgan, Patrick	24/07/1999	09/06/2004
Nugent, Helen	01/07/1997	03/10/2002
Pearson, Christopher	12/04/2000	11/04/2002
Radford, Ron	10/06/2000	09/06/2001
Rimmer, John	01/07/1998	05/02/2001
Seares, Margaret	07/07/1997	30/06/2001
Waks, Nathan	04/12/1998	30/09/2001
Walley, Richard	31/05/2000	30/05/2002
Whitney, David	24/07/1999	23/07/2002

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 (\$)
Sally Chance	Restless Dance Company	Artistic Director	82 830
Beth Jackson	Multimedia Art Asia Pacific	Chair	17 050
Christopher Pearson	<i>The Adelaide Review</i>	Director/Editor	11 000
	National Museum of Australia	Council Member	9 405
Ron Radford	Art Gallery of SA	Director	77 000
John Rimmer	Library Board of Victoria	Deputy President	11 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

15. REMUNERATION OF OFFICERS

2000-01 1999-00

\$ \$

The aggregate amount of total remuneration of officers shown is:

772 043 946 423

The number of officers who received or were due to receive total remuneration of \$100,000 or more:

2000-01 1999-00

NUMBER NUMBER

\$100 000 - \$110 000

1 3

\$110 001 - \$120 000

1 4

\$120 001 - \$130 000

3 -

\$170 001 - \$180 000

- 1

\$180 001 - \$190 000

1 -

6 8

2000-01 1999-00

\$ \$

The aggregate amount of separation and redundancy payments for officers is:

41 358 -

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

16. REMUNERATION OF AUDITORS

2000-01 1999-00

\$ \$

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

700 1 000

32 700 33 000

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 2001

17. FINANCIAL INSTRUMENTS

17(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)
Financial assets		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	7(a)	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Temporarily surplus funds, mainly from fortnightly draw-downs 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 services	7(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 (1999-00: 14 days).
Other debtors	7(b)	As for receivables for services.	As for receivables for services.
Financial liabilities		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(a)	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 services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.
Grants liabilities	10(b)	Grants liabilities comprise grants and programs approved by Council and Boards for 30 June 2001 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 2001

17(b) Interest Rate Risk

FINANCIAL INSTRUMENTS	NOTES	FLOATING INTEREST RATE		NON-INTEREST BEARING		TOTAL		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
		'00-01 \$000	'99-00 \$000	'00-01 \$000	'99-00 \$000	'00-01 \$000	'99-00 \$000	'00-01 %	'99-00 %
FINANCIAL ASSETS (RECOGNISED)									
Cash at bank	7(a)	125	93	-	-	125	93	4.0	3.0
Cash on hand	7(a)	-	-	1	1	1	1	n/a	n/a
Deposits at call	7(a)	6 100	9 900	-	-	6 100	9 900	4.75	5.75
Receivables	7(b)	-	-	2 403	888	2 403	888	n/a	n/a
Total financial assets (Recognised)		6 225	9 993	2 404	889	8 629	10 882		
Total assets						21 033	16 124		
FINANCIAL LIABILITIES (RECOGNISED)									
Trade and other creditors	10(a)	-	-	1 073	680	1 073	680	n/a	n/a
Grants liabilities	10(b)	-	-	6 938	3 360	6 938	3 360	n/a	n/a
Total financial liabilities (Recognised)		-	-	8 011	4 040	8 011	4 040		
Total liabilities		-	-	-	-	10 000	5 985		

17(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.

17(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 Statement of Financial Position.

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

18. MAJOR PERFORMING ARTS FUNDING

The new funding arrangements, as a result of the Major Performing Arts Inquiry, will result in a significant increase of \$62 million in Council's 2001-02 appropriation. Partial funding of \$16.8 million was received in 2000-01 and is shown under note 4(e).

19. SUBSEQUENT EVENTS

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