



ART GALLERY OF SOUTH AUSTRALIA

2017-18 Annual Report

ART GALLERY OF SOUTH AUSTRALIA

North Terrace, Adelaide. S.A. 5000

www.artgallery.sa.gov.au

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ISSN 0728-7925

Date presented to Minister: 28 September 2018

To:

Steven Marshall MP

Premier of South Australia

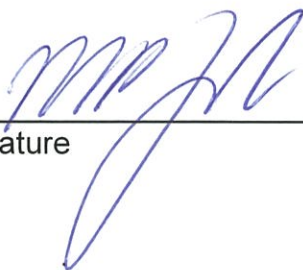
This annual report is to be presented to Parliament to meet the statutory reporting requirements of Art Gallery Act 1939, version 12.5.2011 and Art Gallery Regulations 2002 under the Art Gallery Act 1939, version 1.9.2002 and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Art Gallery of South Australia by:

Mark Horton

Co-Acting Director


Signature

24/9/18 .
Date

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Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

Our purpose is to be a leading art museum in Australia with a distinct and innovative identity and a strong creative voice. We have a responsibility to serve the South Australian and wider communities by providing access to original works of art of the highest quality. Through the permanent collection, temporary exhibitions, publications, education and public programs, the Art Gallery of South Australia seeks to become more of the daily life of Australians – to champion art, artists and ideas.

Objectives

- (1) To be a major attraction for interstate and international visitors, thereby contributing to the State's economic development and tourism by providing a focus for experiencing the unique cultural identity of South Australia.
- (2) to develop and deliver projects that reflect the Gallery's unique position in Australia on the edge of the desert and in close proximity to Aboriginal Australia. The Gallery plans to increase the prominence of Aboriginal art across all platforms
- (3) To grow intergenerational and culturally diverse participation in art and culture for all ages. By embedding targeted learning in the Gallery's artistic program, the Gallery is positioned as an educational hub within South Australia.
- (4) To grow the Gallery's economic and cultural capacity by increasing benefaction, sponsorship and membership.
- (5) To advocate for support of the Gallery's much needed expansion and development in order to unlock the State's art collection. To secure the future care and presentation opportunities for a collection that exceeds 42,000 works of art with significant holdings of Australian, Aboriginal, European, American and Asian art, valued at approximately one billion dollars.
- (6) To embed the Gallery's artistic program in the fabric of the city by expanding its participation in the State's Festivals and expanding programming including the Adelaide Biennial of Australian Art as national signature events that welcome city-wide partners and venues.

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Strategies for Objective 1 In 2017-2018 the Art Gallery achieved record visitation with 797,100 people through the Gallery and 250,592 visitors to offsite venues (total 1,047,692). This was achieved through the dynamic combination of changing collection displays and temporary and ticketed exhibitions. Developed in partnership with the South Australian Tourism Commission and Art Exhibitions Australia to advance the Gallery's contribution to the economic impact of cultural and tourism activity of the State, <i>Colours of Impressionism</i>, broke every attendance record in the Gallery's history and achieved the following: • 36% of visitors from outside the state would not have visited South Australia this year if the exhibition was not being held, equating to 12,761 visitors • 23% of visitors from outside the state extended their stay because of the exhibition • 83% of visitors visited Adelaide CBD specifically to see the exhibition • 16% of visitors were new visitors to the Art Gallery and of those who had visited before 25% had not visited in the last two years • 98% of visitors rated their experience as extremely good or quite good	These strategies directly support the State Government's objective of achieving 6.7 billion tourism visitor expenditure.

Key strategy	SA Government objective
Strategies for Objective 2 In 2017-2018 the Gallery increased the display and presence of Aboriginal art in the collection displays and exhibition programming through the following approaches: • A re-presentation of the Australia post WW2 collection and a renewed focus on the role of Aboriginal art in the making of Australian art and history in 2017-2018. • 395,534 people attended TARNANTHI exhibitions and events in 2017, a 20% increase from 2015. • 528 Aboriginal and Torres Strait Islander artists from across Australia exhibited their work with an additional 500 artists represented in the Art Fair. • TARNANTHI Art Fair generated \$810,825 in sales, with profits going direct to art centres, artists and the Purple House Foundation. • TARNANTHI 2017 generated \$10.5 million in new revenue to the state, from visitors travelling to Adelaide to specifically attend TARNANTHI events. • \$32.7 million of economic expenditure was generated by TARNANTHI events and activities.	These strategies directly support the State Government's commitment to Aboriginal communities, to regional growth and tourism.

Key strategy	SA Government objective
Strategies for Objective 3 In 2017-2018 the Gallery strengthened its program designed to attract the 13–17 year-old audience, with the support of The Balnaves Foundation (confirmed funding to 2021), to complement existing children's and family programs and prioritising education initiatives for young people. More than 1,300 attendances across six exclusive events. 282 young people had their first experience of the Gallery. Programming off-site and regional activities in tandem with TARNANTHI and SALA that target new audiences, mainly in those communities facing significant social and economic challenges particularly in regional South Australia and in the northern suburbs of Adelaide. Achieving the goal of increasing START attendances to more 10,000 per year, with record attendance for a program exceeding 1,000 people. This has been achieved with the ongoing support of the James and Diana Ramsay Foundation. Focussing on First Friday as a 'gateway' to attract first-time visitors and connect to the city's vibrant Adelaide agenda. Attendances have grown to more than 1000 people per event and new support has been found through the Thyne Reid Foundation and JT Reid Charitable Trusts. Increasing school visits to 42,000 per year and producing more than 35 education resources. This has been achieved with the assistance of the Department of Education.	These strategies directly support the State Government's commitment to ensuring the students have a strong foundation in literacy and preparing future children the skills they need for the jobs of the future.

Key strategy	SA Government objective
Strategies for Objective 4 The Gallery achieved this strategy by expanding opportunities for membership and benefaction, specifically in the realm of private philanthropy. This resulted in: • An increase in Biennial Ambassadors by 33% • 1,895 new members in 2017–2018 • Increased funding support from local and national foundations (private and public), corporate sponsors and government grants	These strategies directly support the State Government's commitment to strong economic growth for the State and a commitment to reaching new markets.
Strategies for Objective 5 A public exhibition of design concepts for a new cultural project at Lot Fourteen was open for four-weeks and attracted more than 32,000 people to the Gallery, with an online gallery receiving 213,000 views. An audit of the Gallery's existing storage pressures and future needs was undertaken by MOVECORP.	These strategies directly support the State Government's priorities for Lot Fourteen and creating a tourism driver through a national focal point for Aboriginal art and cultures as well as new spaces for major exhibitions.
Strategies for Objective 6 The Gallery worked closely with the Adelaide Fringe to develop a major illumination project with internationally renowned artist Lindy Lee that was experienced by 505,000 people as part of <i>The Parade of Light</i>. The Gallery worked with the Adelaide Festival and exhibition partners across the city to a record breaking 250,000 visitors were recorded to the Adelaide Biennial of Australian Art, the headline Visual Arts offering of the Adelaide Festival. With the support of the Biennial Ambassadors program and private benefaction, the Gallery strategically acquired key works from the Adelaide Biennial including the City's new landmark - Lindy Lee's <i>The Life of Stars</i>.	These strategies directly support the State Government's commitment to reaching new markets.

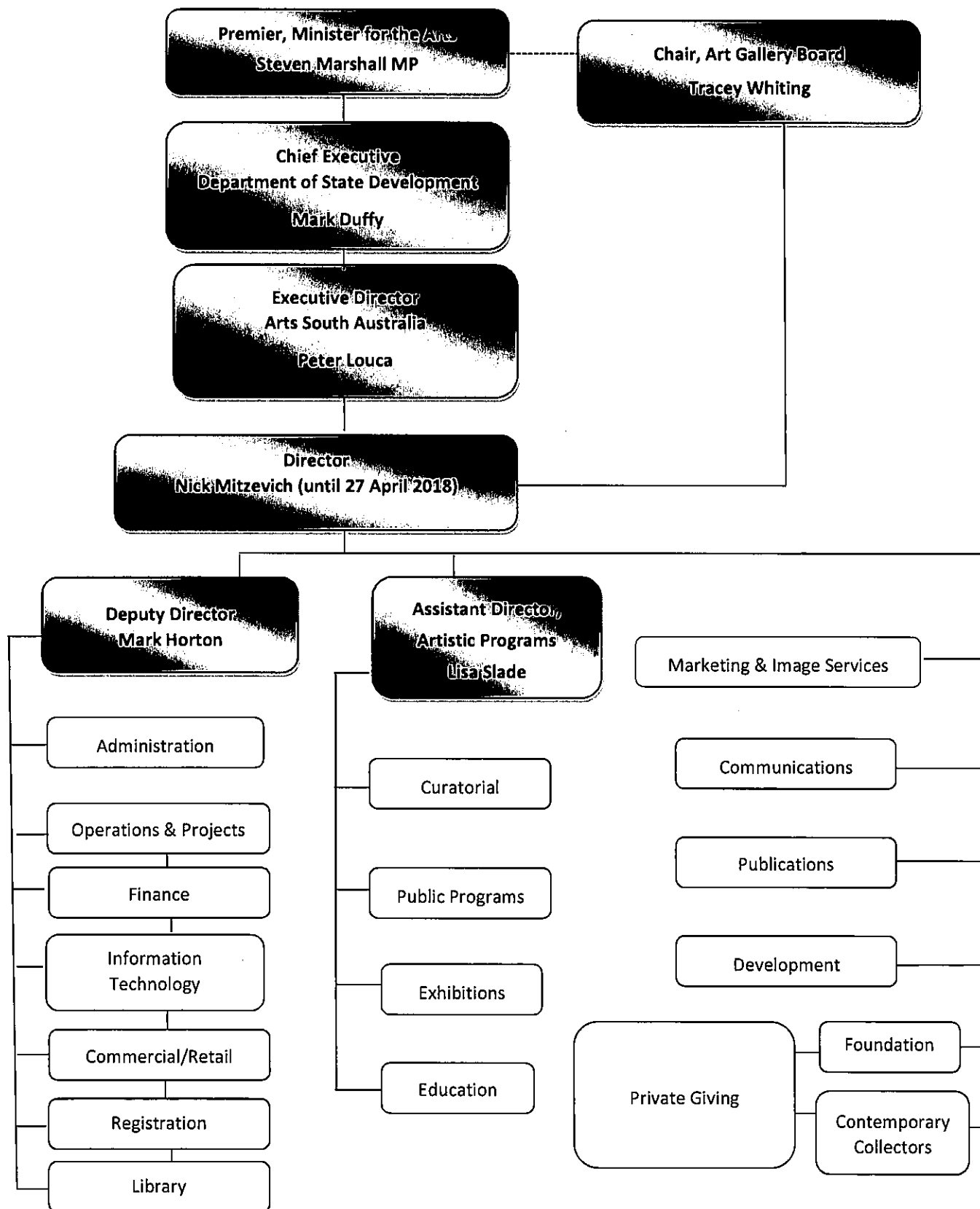
Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
Postgraduate Programs in Art History & Curatorial & Museum Studies in conjunction with the University of Adelaide.	Second Semester – 2017: Modern Australian Art, Decorative Arts & Design, Curatorial & Museum Studies. First Semester – 2018: Contemporary Art, Curatorial & Museum Studies, Australian Art. Internships are an integral part of the course and have in many instances lead to employment. Graduates are currently employed at the National Gallery of Australia, the Art Gallery of South Australia and at regional galleries and museums across the country.	Contributing to the skills and knowledge of those wishing to work in the visual arts sector.
Public Programs	Over 13,000 people participated in Public Programs associated with the OzAsia Festival, Tarnanthi Festival, Feminist Renewal Arts Festival and South Australian Living Artists Festival. Approximately 12,000 people attended the First Fridays across the financial year. Almost 3,000 people attended Tuesday lunchtime talks. An additional 5,000 people attended workshops, lectures and floor talks.	These programs expanded audiences for art and created dynamic links between festivals and art forms.
Public Programs	START – the Gallery's children's program at the Gallery for 5–12 year old group had more than 14,000 attendances for the year. Six hundred of these were part of START on the Road, an outreach program in regional South Australia.	This program helps secure the next generation of art and culture lovers.
Public Programs	Studio – approximately 24,800 visitors to the Studio, the Gallery's all ages art activities space.	This program lured new audiences to the Gallery to become artists themselves.
Public Programs	NEO – the Gallery's program for the 13–17 year old group had more than 1,300 attendances across six exclusive events. 282 young people had their first experience of the Gallery.	NEO continues to grow this hard to reach audience.
Public Programs	Learning at the Gallery – approximately 42,000 school visits were made and 1,500 educator visits to our Educator Briefings to our professional learning programs.	The program supports arts education in schools, providing valuable links to the national curriculum.

Legislation administered by the agency

Regulations under the Art Gallery Act 1939.

Organisation of the agency



Other agencies related to this agency (within the Minister's area/s of responsibility)

No

Employment opportunity programs

Program name	Result of the program
Diverse Workforce Profile	Committed to employing on merit regardless of race, gender, sexuality, marital status, age, pregnancy or physical or intellectual impairment for all positions within the organisation.
Tarnanthi: Festival of Aboriginal and Torres Strait Islander Art	Program for early-mid-level career Aboriginal and Torres Strait Islander staff. Initial work on this includes an Associate Curator position and a designated Tarnanthi Officer as well as various contract positions in Tarnanthi 2017.

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Performance Development Review (PDR)	72.5% of staff members had their PDR assessment with their manager. 8.8% of staff members had PDR's conducted >6 months. 18.7% had no review during the year* * 24 casual staff and 7 Board Members are not required to have Performance Development Review undertaken. 2 staff members are on extended Maternity Leave.

Work health, safety and return to work programs of the agency and their effectiveness

Program name and brief description	Effectiveness
Wellbeing	The Art Gallery continues to address this issue through the Art Gallery's Welfare Health and Safety Committee, chaired by the Manager Operations and Projects, Kym Hulme. Kym is also the Art Gallery Management representative with Vicki Petrushevics, Employee Representative on the Arts SA Arts Coordinating Committee. The continuous review of WHS policies, procedures and work practices is now an integral part of the workplace. The iLearn program has proved beneficial as staff can refer to courses completed for a refresher on what they have learnt and manage their training in their own time. Regular meetings were held with the WHS Consultants to discuss progress on the completion of audits and any outcomes that may need further assistance to ensure the gallery complies with requirements set out in departmental policies.
Key Achievements	The Internal Audit and Workplace Inspection Procedure continues to ensure that injury management processes are conducted in accordance with legislative requirements and internal policies and procedures. Staff are now more active in reporting hazards and incidents and 95% of these issues are dealt with almost immediately. All other reports follow the corrective actions assigned and have been completed with the specific timeframes set.
iLearn Program	Overall the gallery sits at 51% completion of all iLearn courses however we have a 90% completion rate for all compulsory courses. Management will continue to monitor the progress of the program to reach the 100% target for compulsory courses and improve on all other courses.
Staff Development and Training	The Gallery continued its program of staff training in a range of areas including WHS courses and information sessions to ensure it had the necessary skills and information. Our two WHS reps have now completed level 1 and 2 of their training and all first aiders are current. The gallery is looking at expanding its first aid training to include mental health first aid.

Work health and safety and return to work performance

	2017-18	2016-17	% Change (+ / -)
Workplace injury claims			
Total new workplace injury claims	4	2	+100%
Fatalities	0	0	0%
Seriously injured workers*	0	0	0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	0	0	0%
Work health and safety regulation			
Number of notifiable incidents (<i>WHS Act 2012, Part 3</i>)	0	0	0%
Number of provisional improvement, improvement and prohibition notices (<i>WHS Act 2012 Sections 90, 191 and 195</i>)	0	0	0%
Return to work costs**			
Total gross workers compensation expenditure (\$)	\$10,549	\$35,414	-66%
Income support payments – gross (\$)	\$2,238	\$5,761	-76%

*number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the *Return to Work Act 2014 (Part 2 Division 5)*

**before third party recovery

Data for the past five years is available at: <https://industryandskills.sa.gov.au/datasa-WHS-performance>

Fraud detected in the agency

Category/nature of fraud	Number of instances
No fraud detected	0

Strategies implemented to control and prevent fraud

The Gallery has a Fraud and Corruption Control Policy in place. The Gallery has a 'zero tolerance' position in respect of fraud and corruption. The Gallery ensures that all AGSA properties and resources are used efficiently, effectively and ethically. The Gallery undertakes regular fraud and corruption risk assessments to identify, rate and manage risks. Internal controls are reviewed to ensure weaknesses in control environment are strengthened to prevent instances of fraud and/or corruption. As part of Risk Management and Audit Committee requirements, the Gallery has implemented the Fraud and Corruption Control Strategy (FCCS) to preventing, detecting and responding to fraud and corruption risks through the Fraud and Corruption Control Plan (FCCP). The Policy is reviewed annually and the related FCCS and FCCP's at least every two financial years.

Data for the past five years is available at: <https://industryandskills.sa.gov.au/datas-a-fraud>

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993* 0

Data for the past five years is available at: <https://industryandskills.sa.gov.au/datas-a-whistle-blowers>

Executive employment in the agency

Executive classification	Number of executives
SAES-1	1

Data for the past five years is available at:

<https://industryandskills.sa.gov.au/datas-a-executive-employment>

The [Office of the Commissioner of Public Sector Employment](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultancies below \$10,000 each		
Business name	Purpose	\$ Value
Totalspace Design	Ramp design	\$1,495.00
Consultancies above \$10,000 each		
Lynchsharp Pty. Ltd.	Michael Lynch consultancy	\$116,551.74
Total all consultancies		\$118,046.74

Data for the past five years is available at: <https://industryandskills.sa.gov.au/datas-a-consultants>

See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Contractors

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Contractor	Purpose	Value
Aboriginal Contemporary	Aboriginal Art Workshops	\$900.00
Agaw Services Pty. Ltd.	Tarnanthi Art Fair	\$1,069.99
Alex Beckinsale	NEO Artist Ambassador	\$180.00
Alira McKenzie-Williams	First Friday assistance	\$470.83
Amanda Nichols	Pop-up Studio	\$18,565.98
Andrew Frost Editorial	Commissioned Essays	\$700.00
Anna Dowling	NEO Artist Ambassador	\$765.00
Anna Goodhind	NEO Artist Ambassador fee	\$202.50
Anne Brody	Tarnanthi Catalogue	\$500.00
Arting Around	School Holiday Programs	\$13,870.00
Ben Brooks	Installation of courtyard tent	\$950.00
Big Bazooka	Drawing Workshops	\$2,038.71
Black Arts Projects	Wall Mural Commission	\$9,000.00
Black Light Styling	Design Work	\$4,075.00
Bradley Harkin	NEO Artist Ambassador	\$292.50
Brenton McKinlay	Adelaide Biennial Assistance	\$195.00
Brittany Bouma	NEO Teen Takeover Musician	\$100.00

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Contractor	Purpose	Value
Bronwyn Rennex	Catalogue Research	\$2,000.00
Cara Hazel Kirkwood	International Work	\$14,837.50
Carly Dodd	NEO Assistant	\$195.00
Celeste Aldahn	NEO Program handover	\$400.00
Chantal Henley	NEO Artist Ambassador	\$1,806.90
Claudia Saade	START Program	\$200.00
Closer Productions	Tarnanthi Project	\$900.00
CommsAssist	Marketing Contractor	\$19,125.00
Communication Republic	Auslan Interpreting Service	\$200.00
CORR	Walbridge & Gilbert report	\$440.00
Crane Services Pty. Ltd.	Dismantle/delivery/pick up/Labour	\$5,036.40
Darren Dunne	Prepress production for catalogue	\$8,000.00
Elle DS Photography	START Program Assistance	\$1,780.00
Finesse Model Agency	Fashion Fund Launch	\$1,311.00
Gabi Lane	NEO Artist Ambassador	\$180.00
Heaps good Production	School tours development	\$4,000.00
Hermione Twycross	Life Modelling Workshop	\$125.00
Indigenous Culture for Kids	Aboriginal Plant Trail	\$330.00
James Clutterbuck	Painting demonstrations	\$555.00
Janice Rigney	Weaving Workshops	\$1,280.00
Jasmine Anne Dixon	STUDIO assistance	\$487.50
Judith Sweetman	Facilitating Workshops	\$30,098.74
Julia Robinson	Workshop session	\$130.00
Karina Morgan	Auslan Interpretation	\$200.00
Kirstie Morey	Public Programs Assistance	\$575.00
Kyoko Schultz	Studio Facilitator	\$6,666.25
Lauren Simeoni	Assistance to Public Programs	\$1,077.50
Lauren Walker	School Holiday Program	\$262.50
Lisa Hoffmann	Fashion Illustration Workshops	\$250.00
Luke Thurgate	Kickstart Program	\$390.00
Lynne Symons	Leadership Workshop	\$100.00
Melodyelisa Silvestri	START and NEO Assistant	\$3,112.00
Mia Van Den Bos	NEO Artist Ambassador	\$180.00
Modern Henna	Henna Artist for START	\$360.00
Natalie Rogers	Photography Workshop	\$1,200.00
Nish Cash	Artist facilitator services	\$632.50
Nisi Renate	Life Drawing Workshops	\$1,350.00
Other contractors		\$32,000.00
Penelope Curtin	Proofing of documents	\$8,931.10
Premier Art Supplies	Quantity of Hahnemule	\$79.30
Prime Traffic Solutions	Supply of Static Guard	\$5,532.90

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Contractor	Purpose	Value
Renee Pounsett (Raise Your Voice Music Academy)	Tarnanthi START tour	\$1,000.00
Renford Australia	ArtSTART writing workshop	\$256.00
Richard Dall	STUDIO Workshops	\$6,473.21
Robin Tatlow-Lord	NEO Artist Ambassador	\$540.00
Rosie Hannam	Production of textile furnishings	\$720.00
Roy Ananda	Educators Connect workshops	\$415.00
Ruby Chew	Self-Portraiture Workshops	\$1,415.00
SAM Journal	Empowering Educators journal	\$2,190.00
Shen Damien	Neo Assistant	\$195.00
Simone Tippet	Print Making Workshops	\$1,272.00
Skein	Design work	\$10,160.00
Soo Bong Hwang	First Friday assistance	\$80.00
Studio Band Nominees Pty. Ltd.	Redesign Biennial Website	\$1,800.00
Susan Jenkins	Aboriginal Art short course	\$1,200.00
Susan Ninham	Drawing Workshops	\$300.00
Tandanya National Aboriginal Cultural Institute Inc.	Labour costs and NEO Artist Ambassador fee	\$15,741.36
Thomas Readett	Studio Facilitator	\$4,180.00
Tilly Thomas	NEO Musician	\$200.00
Tom McKim (Art Service NSW Pty. Ltd.)	Deinstall 'Eternity'	\$1,050.00
Totalspace Design	Installation and project work	\$13,907.50
Total all contractors		\$271,976.67

Data for the past five years is available at: <https://industryandskills.sa.gov.au/datas-a-contractors>

The details of all South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website [here](#).

The website also provides details of Across government contracts [here](#).

Financial performance of the agency

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2017–18 are attached to this report.

The financial reports indicate that the Statement of Comprehensive Income for the 2017/2018 financial year expenses totalled \$24.52M. This was largely attributed to supplies and services. Due to the *Colours of Impressionism* exhibition, fees to engage this showing significantly impacted on an increase on this category. Also attributing to this is the in-kind expenditure closely aligned to the aforementioned exhibition where there were substantial costs on Marketing and Promotion.

A significant point to note is that bequest and donations was \$5M which was only a marginal increase on the previous year. Donations of heritage assets was just over \$6M. Admissions revenue due to the *Colours of Impressions* exhibition contributed in excess of \$2M during the 2017/2018 financial year.

Other financial information

Two significant exhibitions occurred during the 2017/2018 financial year. The *Tarnanthi Festival* received backing by BHP and the *Colours of Impressionism* exhibition was backed by the SA Government. This exhibition exceeded ticket sales of \$2m.

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

Nil

Section B: Reporting required under any other act or regulation

Name and date of act or regulation

Nil

Enter name of act or regulation

Reporting required under the *Carers' Recognition Act 2005*

The *Carers' Recognition Act* is deemed applicable for the following: Department of Human Services, Department for Education, Department for Health and Wellbeing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police and TAFE SA.

Section 7: Compliance or non-compliance with section 6 of the Carers Recognition Act 2005 and (b) if a person or body provides relevant services under a contract with the organisation (other than a contract of employment), that person's or body's compliance or non-compliance with section 6.

Click to enter or insert text or tables etc. No limit in length but content should be restricted to minimum necessary to address mandatory reporting requirements. Delete whole sub-section if not applicable.

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

Public complaints received by Public Programs	
Category of complaints by subject	Number of instances
Accessibility	7
Display of works	20
Guiding and tours	5
Incorrect captions/labels	7
Lighting	2
Signage	8
Sound systems	4
Ticket policy - exhibitions	2
Professional behaviour – attitude/competency/knowledge	16
Gallery Store	7

Data for the past five years is available at: <https://industryandskills.sa.gov.au/datas-a-public-complaints>

Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Accessibility	Replied. Passed on to operations for review and changes made.
Display of works	Replied. Passed on to curators for review and changes made.
Guiding and tours	Replied. Passed on to Gallery Guides and management for review.
Incorrect captions/labels	Replied. Passed on to curators and labels replaced.
Lighting	Replied. Passed on to operations and curators for review and changes made.
Signage (North Terrace & Internal)	Replied. Request send to Adelaide City Council for new signs and directed to Marketing/Curators
Sound systems	Replied. PA and microphone protocol now used for large groups.

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Ticket policy - exhibitions	Replied. Passed on to Front of House and Management for resolution for future ticketed events.
Professional behaviour – attitude/competency/knowledge	Replied. Passed on to the appropriate section, e.g. AGF+W, Security for review.
Gallery Store	Replied. Passed on to the Gallery Store for review.

Appendix: Audited financial statements 2017-18

Art Gallery Board
Certification of Financial Statements
for the year ended 30 June 2018

We certify that the attached general purpose financial statements for the Art Gallery Board:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987* and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the Art Gallery Board
- present a true and fair view of the financial position of the Art Gallery Board as at 30 June 2018 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Art Gallery Board over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Tracey A. Whiting
Chairman
Art Gallery Board
17 September 2018



Mark Horton
Co-Acting Director
Art Gallery of South Australia
17 September 2018

Art Gallery Board

Financial Statements

For the year ended 30 June 2018

Art Gallery Board
Statement of Comprehensive Income
for the year ended 30 June 2018

		2018	2017
	Note	\$'000	\$'000
Expenses			
Staff benefits expenses	3	7 293	6 271
Supplies and services	5	12 466	6 046
Accommodation and facilities	6	2 852	2 472
Depreciation and amortisation expenses	7	1 259	1 253
Net loss from the disposal of non-current assets	12	-	187
Total expenses		23 870	16 229
Income			
Bequests and donations of cash and investments	8	4 866	4 963
Donations of heritage assets		6 174	5 728
Fees and charges	9	2 480	709
Grants	10	1 065	599
Investment income	11	638	458
Net gain from the disposal of non-current assets	12	31	-
Rent and facilities hire		105	142
Resources received free of charge	13	1 047	1 091
Sale of goods		1 204	930
Sponsorships	14	2 719	798
Other income	15	4	53
Total income		20 333	15 471
Net cost of providing services		3 537	758
Revenues from SA Government			
Recurrent operating grant	16	13 356	11 597
Capital grant		-	45
Total revenues from SA Government		13 356	11 642
Net result		9 819	10 884
Total comprehensive result		9 819	10 884

The net result and total comprehensive result are attributable to the SA Government as owner.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Art Gallery Board
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	17	7 600	6 989
Receivables	18	473	401
Inventories		359	276
Other assets	24	2	-
Total current assets		8 434	7 666
Non-current assets			
Receivables	18	3	4
Property, plant and equipment	20	40 836	41 855
Intangible assets	21	10	18
Heritage collections	22	768 307	760 342
Investments	23	8 675	6 004
Other assets	24	2	-
Total non-current assets		817 833	808 223
Total assets		826 267	815 889
Current liabilities			
Payables	25	728	466
Staff benefits	26	914	763
Provisions	27	13	38
Other	28	645	519
Total current liabilities		2 300	1 786
Non-current liabilities			
Payables	25	109	102
Staff benefits	26	1 187	1 112
Provisions	27	20	57
Total non-current liabilities		1 316	1 271
Total liabilities		3 616	3 057
Net assets		822 651	812 832
Equity			
Retained earnings		470 575	460 756
Asset revaluation surplus		352 076	352 076
Total equity		822 651	812 832

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	29
Contingent assets and liabilities	30

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Art Gallery Board
Statement of Changes in Equity
for the year ended 30 June 2018

	Asset revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000
Balance at 30 June 2016	352 076	449 872	801,948
Net result for 2016-17	-	10 884	10 884
Total comprehensive result for 2016-17	-	10 884	10 884
Balance at 30 June 2017	352 076	460 756	812 832
Net result for 2017-18	-	9 819	9 819
Total comprehensive result for 2017-18	-	9 819	9 819
Balance at 30 June 2018	352 076	470 575	822 651

All changes in equity are attributable to the SA Government as owner.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Art Gallery Board
Statement of Cash Flows
for the year ended 30 June 2018

	2018 \$'000 (Outflows) Inflows	2017 \$'000 (Outflows) Inflows
Cash flows from operating activities		
Cash outflows		
Staff benefits payments	(7 081)	(6 115)
Payments for supplies and services	(9 247)	(4 280)
Payments for accommodation and facilities	(2 852)	(2 472)
Cash used in operations	(19 180)	(12 867)
Cash inflows		
Sale of goods	1 281	929
Fees and charges	2 480	709
Bequests and donations of cash	1 895	3 093
Grants	1 128	1 188
Sponsorships	723	270
Investment income	515	404
Rent and facilities hire	105	142
Other receipts	4	53
Cash generated from operations	8 131	6 788
Cash flows from SA government		
Recurrent operating grant	13 356	11 597
Capital grant	-	45
Cash generated from SA government	13 356	11 642
Cash provided by operating activities	2 307	5 563
Cash flows from Investing activities		
Cash outflows		
Purchase of heritage collections	(1 795)	(1 921)
Purchase of investments	(1 219)	-
Purchase of property, plant and equipment	(232)	(95)
Cash used in investing activities	(3 246)	(2 016)
Cash inflows		
Proceeds from sale of property, plant and equipment	-	13
Proceeds from the sale/maturity of investments	1 550	32
Cash generated from investing activities	1 550	45
Net cash used in investing activities	(1 696)	(1 971)
Net Increase in cash and cash equivalents	611	3 592
Cash and cash equivalents at the beginning of the period	6 989	3 397
Cash and cash equivalents at the end of the period	7 600	6 989

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The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1 Basis of financial statements

1.1 Reporting entity

The Art Gallery Board (the Board) is a statutory authority of the State of South Australia, constituted pursuant to section 4 of the *Art Gallery Act 1939* (the Act). The Board is charged with the management of the Art Gallery of South Australia (the Gallery) under the Act.

The Board's financial statements and accompanying notes include all of the controlled activities of the Board including the Art Gallery Foundation.

1.2 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Board has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Board is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2018.

1.3 Basis of preparation

The financial statements have been prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

The asset revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

Significant accounting policies are set out in the notes.

1.4 Taxation

The Board is not subject to Income Tax. The Board is liable for Payroll Tax, Fringe Benefits Tax (FBT), Goods and Services Tax (GST) and Emergency Services Levy (ESL).

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

The net GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the Board is a member of an approved GST group, of which Arts South Australia, a division of the Department of State Development (DSD), is responsible for the remittance and collection of GST. As such, there are no cash flows relating to GST transactions with the ATO in the Statement of Cash Flows.

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

2 Objectives

The objectives of the Art Gallery of South Australia are to:

- collect heritage and contemporary works of art of aesthetic excellence and historical or regional significance
- ensure the preservation and conservation of the Gallery's collections
- display the collections and to program temporary exhibitions
- research and evaluate the collections and to make the collections and documentation accessible to others for the purposes of research and as a basis for teaching and communications
- document the collections within a central cataloguing system
- provide interpretative information about collection displays and temporary exhibitions and other public programs
- promote the Gallery's collections and temporary exhibitions
- ensure that the Gallery's operations, resources and commercial programs are managed efficiently, responsibly and profitably
- advise the South Australian Government on the allocation of South Australian resources to works of art, art collections, art museums and art associations.

3 Staff benefits

Staff benefits expenses

	2018	2017
	\$'000	\$'000
Salaries and wages	5 486	4 723
Annual leave	481	431
Board fees	36	27
Long service leave	302	84
Payroll tax	338	285
Skills and experience retention leave	24	21
Staff on-costs - Superannuation*	603	508
Targeted voluntary separation payments (refer below)	-	53
Workers compensation provision adjustment	(62)	29
Other staff related expenses	85	110
Total staff benefits	7 293	6 271

* The superannuation employment on-cost charge represents the board's contributions to superannuation plans in respect of current services of current staff.

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

3 Staff benefits (continued)

Targeted voluntary separation packages (TVSPs)	2018 \$'000	2017 \$'000
Amounts paid during the reporting period to separated staff:		
TVSPs	-	53
Annual leave, LSL and skills and experience retention leave paid to those staff	-	49
Net cost to the Board	-	102
The number of staff who received a TVSP during the reporting period was	-	1

Key management personnel

Key management personnel of the Board include the Premier of the State of South Australia, as responsible Minister for the Arts, the Chairman and board members and the Director of the Art Gallery of South Australia, who have responsibility for the strategic direction and management of the Board.

Total compensation for the key management personnel was \$371 000 (2017: \$360 000).

The compensation disclosed in this note excludes salaries and other benefits the Premier receives. The Premier's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

Remuneration of staff	2018 Number	2017 Number
The number of staff whose remuneration received or receivable falls within the following bands:		
\$149 001 to \$159 000	-	1
\$159 001 to \$169 000	1	-
\$329 001 to \$339 000	-	1
\$349 001 to \$359 000	1	-
Total	2	2

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by these staff for the year was \$510 000 (2017: \$482 000).

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

4 Remuneration of board members

Members that were entitled to receive remuneration for membership during the 2017-18 financial year were:

Art Gallery Board

TA Whiting (Chairman) (term expired 6 August 2017, reappointed 29 August 2017)

S Armitage

NR Balnaves AO

JD Fanning

JE McGill (appointed 12 December 2017)

JN Phillips

A Tisato

J Yulle (term expired 14 September 2017, reappointed 15 September 2017)

The number of board members whose remuneration received or receivable falls within the following bands:

\$0 - \$9 999

Total number of board members

	2018	2017
	8	8
	<u>8</u>	<u>8</u>

Remuneration of board members reflects all costs of performing board member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by the members was \$39 000 (2017: \$27 000).

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

5 Supplies and services

	2018	2017
	\$'000	\$'000
Administration expenses	489	391
Business services charge	185	264
Catering	221	193
Conservation work	963	862
Consultants	118	63
Contractors	271	216
Cost of goods sold	323	384
Freight, courier, postage	452	331
Entertainment	20	13
Fees - exhibitions and publications	2 745	302
Foreign currency (gains)/losses	(4)	(2)
Information technology	270	281
Insurance & risk management	399	415
Inventory written-off	-	196
Maintenance	197	113
Marketing and promotion	3 798	1 217
Materials	432	145
Minor equipment purchases and leasing	437	176
Motor vehicle expenses	45	41
Preservation activities	68	82
Public education	11	-
Travel and accommodation	881	257
Other	145	126
Total supplies and services	12 466	6 046

Operating leases

Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of benefits derived from the use of the leased assets.

Consultants

The number of consultancies and dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

	2018	2018	2017	2017
	Number	\$'000	Number	\$'000
Below \$10 000	2	2	2	8
\$10 000 or above	1	116	1	55
Total paid / payable to the consultants engaged	3	118	3	63

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

6 Accommodation and facilities

	2018	2017
	\$'000	\$'000
Accommodation	96	91
Electricity and gas	660	378
Facilities	731	698
Security	1 365	1 305
Total accommodation and facilities	2 852	2 472

7 Depreciation and amortisation

	2018	2017
	\$'000	\$'000
Depreciation		
Buildings and improvements	1 218	1 207
Plant and equipment	33	38
Total depreciation	1 251	1 245
Amortisation		
Intangibles	8	8
Total amortisation	8	8
Total depreciation and amortisation	1 259	1 253

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to Intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Land and heritage collections are not depreciated.

Useful Life

Depreciation/amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Buildings and improvements	20 to 100
Plant and equipment	3 to 20
Intangibles	5

Heritage collections are kept under special conditions so that there is no physical deterioration and they are anticipated to have very long and indeterminate useful lives. No amount for depreciation has been recognised, as their service potential has not, in any material sense, been consumed during the reporting period.

Revision of accounting estimates

Assets' residual values, useful lives and depreciation/amortisation methods are reviewed and adjusted if appropriate, on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

8 Bequests and donations of cash and investments

	2018	2017
	\$'000	\$'000
Bequests	3 070	2 246
Donations	1 796	2 717
Total bequests and donations	4 866	4 963

Bequests and donations can only be used in accordance with the terms and conditions attributable. Therefore depending on the terms and conditions, they are not available for the operating activities of the Board.

9 Fees and charges

	2018	2017
	\$'000	\$'000
Fees for services	384	434
Admissions to temporary exhibitions	2 096	275
Total revenues from fees and charges	2 480	709

10 Grants

	2018	2017
	\$'000	\$'000
Commonwealth Government	485	64
State Government	60	107
Other external grants	520	428
Total grants	1 065	599

11 Investment income

	2018	2017
	\$'000	\$'000
Interest income	150	95
Dividends	331	253
Dividend imputation credits	157	110
Total investment income	638	458

Interest revenue is recognised taking into account the interest rates applicable to the financial assets. Dividend income is recognised when the right to receive a dividend has been established.

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

12 Net gain / (loss) from the disposal of non-current assets

	2018 \$'000	2017 \$'000
Investments		
Proceeds from disposal	1 550	32
Less net book value of assets disposed	(1 519)	(52)
Net gain / (loss) from the disposal of investments	31	(20)
 Property, plant and equipment		
Proceeds from disposal	-	13
Less net book value of assets disposed	-	(180)
Loss from the disposal of property, plant and equipment	-	(167)
 Total assets		
Proceeds from disposal	1 550	45
Less net book value of assets disposed	(1 519)	(232)
Net gain / (loss) from the disposal of non-current assets	31	(187)

Gains/losses on disposal of non-current assets are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

13 Resources received free of charge

	2018 \$'000	2017 \$'000
Conservation services	862	792
Business services	185	299
Total resources received free of charge	1 047	1 091

Resources received free of charge are recognised at their fair value.

Conservation services

Under an arrangement with Arts South Australia and Artlab Australia, both divisions of the Department of State Development, Artlab Australia receives SA Government appropriation to perform conservation services on the heritage collections of the Art Gallery. The value of the work performed is recognised as resources received free of charge in income and a corresponding amount included as conservation work expenditure in note 5 supplies and services.

Business services

On the 21 November 2016, approval was given by Cabinet to cease the intra-government charging model for services provided by Shared Services SA (SSSA) to general government sector agencies. As a result of this change, effective from 2017-18, SSSA is directly appropriation funded for the services provided by SSSA to general government agencies.

Under AASB 1004, *Contributions*, the contribution of services provided by SSSA to government agencies are disclosed in the financial statements as income because the fair value of the services can be reliably measured and the services would have been purchased if they had not been donated. A corresponding expense is recognised in the financial statements in note 5 supplies and services.

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

14 Sponsorships

	2018	2017
	\$'000	\$'000
Cash sponsorships	723	270
In-kind sponsorships	1 996	528
Total sponsorships	2 719	798

15 Other income

	2018	2017
	\$'000	\$'000
Fundraising	-	51
Insurance recoveries	-	4
Other receipts	4	(2)
Total other income	4	53

16 Revenues from SA Government

	2018	2017
	\$'000	\$'000
Revenues from SA Government		
Recurrent operating grant	9 969	10 578
Exhibition funding	3 000	1 000
Other	387	19
Total revenues from SA Government	13 356	11 597

The Board receives an annual operating grant, and funding for the purposes of holding exhibitions, from Arts South Australia, a division of the Department of State Development. Government grants are recognised as income in the period in which the Board obtains control over the grants.

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

17 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	3 560	4 474
Deposits with banks	3 945	2 500
Cash on hand	95	15
Total cash and cash equivalents	7 600	6 989

Cash is measured at nominal amounts.

Deposits with the Treasurer

Deposits with the Treasurer are a combination of funds held in the "Art Gallery Board Account", an account held with the Treasurer of South Australia pursuant to section 21 of the *Public Finance and Audit Act 1987* (PFAA), and funds held in the Arts South Australia Operating Account, an account held with the Treasurer of South Australia pursuant to section 8 of the PFAA.

Deposits with banks

Deposits with the Bank of South Australia (BankSA) and the Australian and New Zealand Banking Group Limited (ANZ) are funds held in term deposit facilities.

Interest rate risk

Interest is calculated based on the average daily balances of the interest bearing funds. The interest bearing funds of the Board are held in the section 21 interest bearing account titled the "Art Gallery Board Account" and the BankSA and ANZ accounts.

In 2017-18 deposits with the Treasurer were bearing a floating interest rate of 1.35% (2017: between 1.35% and 1.52%). The interest rates for the term deposits held with BankSA and ANZ as at 30 June 2018 are between 2.20% and 2.55% (2017: 2.30% and 3.00%).

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

18 Receivables

	2018 \$'000	2017 \$'000
Current		
Prepayments	8	20
Receivables	142	181
Accrued income	323	200
Total current receivables	473	401
Non-current		
Prepayments	2	3
Receivables	1	1
Total non-current receivables	3	4
Total receivables	476	405

Receivables arise in the normal course of selling goods and services to the public and other government agencies. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued income are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Board will not be able to collect the debt.

19 Non-current assets

Revaluation of non-current assets

All non-current tangible assets are held at fair value and a revaluation of non-current assets or a group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Land and buildings and heritage collections are re-valued every five years via (an independent/non-independent) Certified Practising Valuer or internal estimates based on indices or recent transactions.

If at any time management considers the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, when they are revalued to fair value.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or de-recognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

20 Property, plant and equipment

	2018 \$'000	2017 \$'000
Land, buildings and improvements		
Land at fair value	5 130	5 130
Buildings and improvements at fair value	71 673	71 520
Accumulated depreciation	(36 289)	(35 071)
Total land, buildings and improvements	40 514	41 579
Work in progress		
Work in progress at cost	84	33
Total work in progress	84	33
Plant and equipment		
Plant and equipment at cost (deemed fair value)	778	750
Accumulated depreciation	(540)	(507)
Total plant and equipment	238	243
Total property, plant and equipment	40 836	41 855

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at book value (that is the amount recorded by the transferor public authority immediately prior to the restructure). Assets donated during the year have been brought to account at fair value.

All non-current tangible assets with a value of \$10 000 or greater are capitalised.

Valuation of land and buildings

An independent valuation of the land and buildings was conducted as at 30 June 2014 by Valcorp Australia Pty Ltd. The valuation of land and buildings at 30 June 2014 was prepared on a fair value basis in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

The valuation was based on recent market transactions for similar land and buildings (non specialised) in the area and includes adjustment for factors specific to the land and building being valued such as size and location. The valuer arrived at fair value using the market approach.

The valuer used depreciated replacement cost for specialised land and buildings, due to there not being an active market for such land and buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition and location. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

20 Property, plant and equipment (continued)

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with Accounting Policy Framework III *Asset Accounting Framework (APF III)*. The carrying value of these items are deemed to approximate fair value.

Impairment

All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be close to or greater than fair value.

The Board also expects for all other non-current tangible assets that any costs of disposal will be negligible and the recoverable amount to be close to or greater than fair value.

There were no indications of impairment of property, plant and equipment as at 30 June 2018.

Movement reconciliation of property, plant and equipment

	Land	Buildings and improvements	Work in progress	Plant and equipment	Total tangible assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2018					
Carrying amount at the beginning of period	5 130	36 449	33	243	41 855
Additions	-	-	204	28	232
Depreciation and amortisation	-	(1 218)	-	(33)	(1 251)
Transfers to/(from) capital works in progress	-	153	(153)	-	-
Carrying amount at the end of period	5 130	35 384	84	238	40 836
	Land	Buildings and improvements	Work in progress	Plant and equipment	Total tangible assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2017					
Carrying amount at the beginning of period	5 130	37 656	-	415	43 201
Additions	-	-	78	-	78
Depreciation and amortisation	-	(1 207)	-	(38)	(1 245)
Transfers to/(from) capital works in progress	-	-	(45)	45	-
Disposals	-	-	-	(179)	(179)
Carrying amount at the end of period	5 130	36 449	33	243	41 855

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

21 . Intangible assets

	2018	2017
	\$'000	\$'000
Intangibles		
Computer software	40	40
Accumulated amortisation	(30)	(22)
Total Intangibles	10	18

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Board only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

Impairment

There were no indications of impairment of intangibles as at 30 June 2018.

22 Heritage collections

	2018			2017		
	At valuation	At cost	Total	At valuation	At cost	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australian paintings and sculptures	275 459	10 046	285 505	275 459	4 771	280 230
Australian and European decorative arts	42 357	969	43 326	42 357	531	42 888
Asian art	27 772	1 511	29 283	27 772	812	28 584
European paintings and sculptures	339 366	189	339 555	339 366	1	339 367
Prints, drawings and photographs	52 842	3 164	56 006	52 842	2 053	54 895
Numismatics	10 450	-	10 450	10 450	-	10 450
Philatelic material	791	-	791	791	-	791
Library	2 898	33	2 931	2 898	12	2 910
Collections on instalments	758	(298)	460	758	(531)	227
Total heritage collections	752 693	15 614	768 307	752 693	7 649	760 342

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

22 Heritage collections (continued)

Reconciliation of carrying amounts of heritage collections

2018	Opening balance	Additions	Closing balance
	\$'000	\$'000	\$'000
Australian paintings and sculptures	280 230	5 275	285 505
Australian and European decorative arts	42 888	438	43 326
Asian art	28 584	699	29 283
European paintings and sculptures	339 367	188	339 555
Prints, drawings and photographs	54 895	1 111	56 006
Numismatics	10 450	-	10 450
Philatelic material	791	-	791
Library	2 910	21	2 931
Collections on instalments	227	233	460
Total heritage collections	760 342	7 965	768 307

2017	Opening balance	Additions	Closing balance
	\$'000	\$'000	\$'000
Australian paintings and sculptures	275 459	4 771	280 230
Australian and European decorative arts	42 357	531	42 888
Asian art	27 772	812	28 584
European paintings and sculptures	339 366	1	339 367
Prints, drawings and photographs	52 842	2 053	54 895
Numismatics	10 450	-	10 450
Philatelic material	791	-	791
Library	2 898	12	2 910
Collections on instalments	758	(531)	227
Total heritage collections	752 693	7 649	760 342

The heritage collections are large and diverse. They include many items for which valuations are complex, given considerations of market value and their uniqueness. The heritage collections are independently valued every six years. The collections were valued as at 30 June 2016 by RHAS, an operating division of Aon Risk Services. RHAS was responsible for the selection of the specialist valuers as listed below.

Collection	Specialist valuer
Australian paintings and sculptures	Helen Miller
Australian, European and international decorative arts	Helen Miller
Asian art	Helen Miller
European paintings and sculptures	Helen Miller
Australian prints and drawings	Helen Miller
European prints and drawings	Helen Miller
Australian and international photographs	Helen Miller
Noye collection of photographic material	Helen Miller
Library collection	Peter Tinslay
Numismatics	Jim Noble
Krichauff and Murray stamp collection	John Pearson

Art Gallery Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

22 Heritage collections (continued)

Due to the size and nature of the art collection all high value assets (greater than \$350,000) were valued individually with the remainder of the art collection valued by establishing an average value through the random sampling of items in each collection. Two high valued items in the numismatic collection were valued individually. All other items were valued as a collection. The library collection and the Noye collection of photographic material were both valued as collections. Items in the philatelic collection were valued individually.

All valuers have experience in the category of assets being valued. The valuation was prepared on the basis of replacement value and fair value. The valuation was carried out in accordance with the International Valuation Standards Framework and the relevant Australian Accounting Standards.

Replacement value for insurance purposes was defined as the estimated amount that one would expect to pay for the same or similar item in a retail setting from a reputable merchant at the date of valuation. Some of the heritage items valued are unique by virtue of their history and could not be replaced with similar items. In these instances the valuers deduced values based on similar but not directly comparable items.

In instances where there were sufficient observable transactions of similar assets to the subject asset (generally in second hand markets), the market approach has been utilised to determine fair value. Inputs to the fair value measurement are considered level 2 in the fair value hierarchy as they have been observed from the market and the valuer has made relatively minor adjustments for differences in asset characteristics.

Where possible, the valuations were based on recent market transactions for similar cultural and heritage assets and may include adjustment for factors specific to each asset including size, rarity, quality, condition, historical significance and associated restrictions.

Where the frequency of available market transactions has not permitted the use of observable inputs, the valuers have used significant professional judgement in determining the fair value measurements. These assets are therefore considered to be in level 3 of the fair value hierarchy.

Fair value measurement - non-financial assets

In determining fair value, the Board has taken into account the characteristic of the asset (for example, condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Board's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Board did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

23 Investments

	2018	2017
	\$'000	\$'000
Shares and other direct investments in companies		
Carrying amount at the beginning of period	6 004	4 186
Additions at book value	1 219	-
Transfers in	2 971	1 870
Disposals at book value	(1 519)	(52)
Total investments	8 675	6 004

Investments are brought to account at cost in accordance with Accounting Policy Framework IV *Financial Asset and Liability Framework* APS 2.1.

The market value of investments as at 30 June 2018 is \$9.2 million (\$6.6 million).

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24 Other assets

	2018 \$'000	2017 \$'000
Current		
Forward foreign exchange contract net receivable	2	-
Total current other assets	<u>2</u>	<u>-</u>
Non-current		
Forward foreign exchange contract net receivable	2	-
Total non-current other assets	<u>2</u>	<u>-</u>
Total other assets	<u>4</u>	<u>-</u>

25 Payables

	2018 \$'000	2017 \$'000
Current		
Creditors and accruals	595	350
Staff on-costs	133	116
Total current payables	<u>728</u>	<u>466</u>
Non-current		
Staff on-costs	109	102
Total non-current payables	<u>109</u>	<u>102</u>
Total payables	<u>837</u>	<u>568</u>

Employment on-costs include Payroll Tax, Workcover levies and superannuation contributions. The Board makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance (DTF), the percentage of the proportion of long service leave taken as leave in 2018 was 41% (2017: 40%). The average factor for the calculation of employer superannuation cost on-cost has decreased from the 2017 rate of 10.1% to 9.9%. These rates are used in the employment on-cost calculation. The net financial impact of these changes in the current financial year is immaterial.

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received.

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26 Staff benefits liabilities

	2018 \$'000	2017 \$'000
Current		
Annual leave	640	544
Long service leave	134	89
Skills and experience retention leave	30	28
Accrued salaries and wages	110	102
Total current staff benefits	914	763
Non-current		
Long service leave	1 187	1 112
Total non-current staff benefits	1 187	1 112
Total staff benefits	2 101	1 875

Staff benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term staff benefits are measured at present value and short-term staff benefits are measured at nominal amounts.

Salaries, wages, annual leave and skills and experience retention leave and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the skills and experience retention leave liability in full is expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid.

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 staff is estimated to be less than the annual entitlement of sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by staff up to the end of the reporting period using the projected unit credit method.

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance (DTF) has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of staff departures and periods of service. These assumptions are based on staff data over SA Government entities across government.

AASB 119 *Employee Benefits* requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds in 2018 remained unchanged from the 2017 rate at 2.5%.

The actuarial assessment performed by the DTF left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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27 Provisions

	2018 \$'000	2017 \$'000
Current		
Provision for workers compensation	13	38
Total current provisions	13	38
Non-current		
Provision for workers compensation	20	57
Total non-current provisions	20	57
Total provisions	33	95
Provision movement		
Carrying amount at the beginning of the period	95	66
Additional provisions recognised	-	77
Reductions resulting from settlement of claims	(14)	(48)
Reductions resulting from re-measurement or settlement without cost	(48)	-
Carrying amount at the end of the period	33	95

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2018 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to staff as required under current legislation.

The Board is responsible for the payment of workers compensation claims.

28 Other liabilities

	2018 \$'000	2017 \$'000
Current		
Revenue received in advance	645	519
Total current other liabilities	645	519
Total other liabilities	645	519

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29 Unrecognised contractual commitments

Commitments include operating and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Unrecognised contractual commitments are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office (ATO). If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

Operating lease commitments

Commitments under non-cancellable operating leases at the reporting date not recognised as liabilities in the financial statements are payable as follows:

	2018	2017
	\$'000	\$'000
Within one year	17	16
Later than one year but not longer than five years	23	11
Total operating lease commitments	40	27

The operating lease commitments comprise non-cancellable motor vehicle leases, with rental payable monthly in arrears. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their terms.

Expenditure commitments - other

The Board's other commitments are for contracts for works of art, exhibitions, security and cleaning.

	2018	2017
	\$'000	\$'000
Within one year	2 073	1 678
Later than one year but not longer than five years	3 700	867
Total other commitments	5 773	2 545

Contingent rental provisions within the security and cleaning contracts require the minimum contract payments to be increased by variable operating costs and wage rises. Options exist to renew the contracts for another 12 months.

30 Contingent assets and liabilities

Contingent assets

The Board has been named as beneficiary in a number of testamentary bequests. By their nature it is not possible to accurately estimate the amount and timing of these bequests. Amounts paid to the Board as a result of these bequests will be recognised as revenue when revenue recognition criteria under Australian Accounting Standard AASB118 *Revenue* are met.

Contingent liabilities

The Board is not aware of any contingent liabilities as at 30 June 2018.

Art Gallery Board
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31 Related party transactions

Related parties of the Board include all key management personnel and their close family members; the Premier, as Minister responsible for the Arts, and his close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Transactions with key management personnel and other related parties

The Board received an annual recurrent operating grant of \$13.356 million (2017 \$10.578 million) from Arts South Australia, a division of the Department of State Development (DSD). The operating grant is the primary source of revenue for the Board and is disclosed under note 16.

In addition, the Board receives business services including from Shared Services SA, formerly a division of the Department of the Premier and Cabinet, now Department of Treasury and Finance, and conservation services from Artlab Australia, a division of DSD. These services received free of charge are disclosed under note 13.

There were no significant transactions between key management personnel and other related parties.

Art Gallery Board
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32 Financial instruments / financial risk management

Financial risk management

Risk management is managed by the Board's Audit Committee and Board risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Board's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity risk

The Board is funded principally from grants from Arts South Australia, a division of the Department of State Development. The Board works with Arts SA and Department of Treasury and Finance to determine the cash flows associated with its government-approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset and financial liability are disclosed in the respective financial asset / financial liability note.

The carrying amounts of each of the following categories of financial assets and liabilities: held-to-maturity investments; loans and receivables; and financial liabilities measured at cost and fair value are detailed below.

Category of financial asset and financial liability	Statement of Financial Position Line Item	Note	2018		2017	
			Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets						
Cash and cash equivalents	Cash	17	7 600	7 600	6 989	6 989
Loans and receivables	Receivables (1)(2)	18	464	464	380	380
Available for sale financial assets	Investments	23	8 675	9 173	6 004	6 567
Forward foreign exchange contract net receivable	Other assets	24	4	4	-	-
Total financial assets			16 743	17 241	13 373	13 936
Financial liabilities						
Financial liabilities (at cost)	Payables (1)	25	552	552	308	308
Total financial liabilities			552	552	308	308

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) The receivables amount disclosed here, excludes prepayments. Prepayments are presented in note 18 as receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

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33 Impact of Standards and statements not yet implemented

The Board has assessed the impact of:

- new and changed Australian Accounting Standards Board Standards and Interpretations not yet implemented
- changes to Accounting Policy Statements issued by the Treasurer.

AASB 9 *Financial instruments*

The revision to AASB 9 *Financial Instruments* applies to reporting periods beginning on or after 1 January 2018; that is to financial statements as 30 June 2019. AASB 9 *Financial Instruments* provides the principles for the classification, measurement, recognition, de-recognition and disclosure associated with financial assets and liabilities. The key changes include simplified requirements for classification and measurement of financial assets and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognised impairment only when incurred.

The Board has reviewed the impact of AASB 9 *Financial Instruments* on the classification and measurement of its financial assets. The following summarises the estimated impact to the categorisation and valuation of the amounts reported:

- Trade receivables and loan receivables will be classified and measured at amortised cost, similar to the current classification of loans and receivables. However, new impairment requirements will result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The Board will be adopting the simplified approach under AASB 9 *Financial Instruments* and measure lifetime expected credit losses on all trade receivables and contract assets using a provision matrix approach as a practical expedient to measure the impairment provision.
- The shares (\$7.269 million) and other direct investments (\$1.406 million) are currently recognised at cost (\$8.675 million) refer note 23. On adoption of AASB 9 *Financial Instruments*, the shares will be measured at fair value. These investments are held for strategic rather than financial purposes and the Board intends to make an irrevocable election on adoption of AASB 9 *Financial Instruments*, that each individual share will be categorised as Fair Value through Other Comprehensive Income (FVOCI). As such, while their fair value will be represented in the statement of Financial Position, changes in value will be recognised in Other Comprehensive Income rather than profit. The amount will not be recycled through profit when the shares are disposed of. The fair value of the shares \$7.749 million is reflected in note 32. At 30 June 2018, the other direct investments are listed fixed interest securities. On adoption of AASB 9 *Financial Instruments*, the fixed interest securities will be measured at amortised cost.

These changed amounts will form the opening balance of those items on the date AASB 9 *Financial Instruments* is adopted. However, the Board will not restate comparative figures for financial instruments on adopting AASB 9 *Financial Instruments* as from 2018-19. Aside from a number of one-off disclosures in the 2018-19 financial statements to explain the impact of adopting AASB 9 *Financial Instruments*, a number of new or changed ongoing disclosure requirements will apply from that time.

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33 Impact of Standards and statements not yet implemented (continued)

AASB 16 Leases

This standard will apply for the first time to reporting periods beginning on or after 1 January 2019; that is to financial statements as 30 June 2020. The standard supersedes AASB 117 *Leases* and unlike AASB 117 *Leases*, AASB 16 *Leases* introduces a single lease accounting model for lessees, eliminating the distinction between operating and finance leases. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 *Leases* allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. The Board will apply the 'cumulative approach', and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

The Board has not yet quantified the exact impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 *Leases* to its current operating leases, including the extent of additional disclosures required. The exact impact will not be known until the year of transition.

It is anticipated that there will be a marginal impact each year on net result due to recognition of depreciation and interest on lease liabilities as expenses. There will be no impact on the total net result over the life of the lease.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

AASB 15 Revenue from contracts with customers and AASB 1058 Income of not-for-profit entities

These standards will apply for the first time to reporting periods beginning on or after 1 January 2019; that is to financial statements as 30 June 2020. The Board has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts.

The Board does not currently have any revenue contract with a material impact for the period after 1 July 2018 and will monitor the impact of any such contracts subsequently entered into before the new standards take effect.

Under the new standards, grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. The Board has commenced evaluating the existing grant arrangements received as to whether revenue from those grants could be deferred under the new requirements. However, no conclusion or the potential impact, if any, has been determined at the present time.

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33 Impact of Standards and statements not yet implemented (continued)

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. The Board receives several grants from both the Commonwealth and State Government for which there are no sufficiently specific performance obligations – the total of these grants in the 2017-18 year were \$1.065 million (refer note 10) and are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

34 Events after the reporting date

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2018 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2018.

Note disclosure is made about events between 30 June 2018 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2018 and which may have a material impact on the results of subsequent years.

As at 30 June 2018 and as at the date of this report, the Board is aware that it is the named beneficiary in three testamentary bequests. As at the date of this report, assets have been transferred to the Board which have been reflected in these financial statements. Further assets of an unknown value are still to be transferred to the Board and will be recognised as revenue when revenue recognition criteria under Australian Accounting Standard AASB118 *Revenue* are met.

Other than the above matter, there has not arisen in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the members of the Board, to affect significantly the operations of the Board, the results of those operations, or the state of affairs of the Board in subsequent financial years.