



# **Country Arts SA**

## **2016-17 Annual Report**

Country Arts SA

2 McLaren Parade, Port Adelaide SA 5015

[www.countryarts.org.au](http://www.countryarts.org.au)

Contact phone number 08 8444 0400

Contact email [email@countryarts.org.au](mailto:email@countryarts.org.au)

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To: The Hon. Jay Weatherill MP, Premier & Minister for the Arts

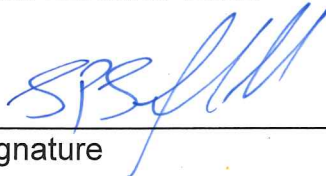
This annual report is presented to Parliament to meet the statutory reporting requirements of *South Australian Country Arts Trust Act 1992* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.


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

Submitted on behalf of the Country Arts SA by:

Stephen Paul Saffell

Chief Executive Officer

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Date

The delay in providing you with the final version of this annual report is due to the finalisation of the 2016-2017 Audited Financial Statements by the Auditor-General's Department.

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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**

*We believe the arts have the power to transform lives and communities.*

*Our vision is for a culturally inspired state leading the nation in regional arts.*

*Our mission is to create great arts experiences with regional communities.*

*We recognise we are living and creating on Aboriginal Lands, and we are committed to working together to honour their living cultures.*

### **Objectives**

- Place artists and art making at the core of our business
- Increase the value of arts experiences to the community
- Transform arts centres into creative hubs for contemporary communities
- Embed best practice throughout the organisation

## Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
<p>Provide a range of experiences to create shared understandings, celebrate diversity, recognise First Nations culture, foster community spirit and support regional artists to showcase their art. Total arts activities (not including activity at the arts centres) grew by 35%.</p> <p>Recognise that young people are our future and support development of early childhood through workshops with school children and live presentations with local and national touring companies.</p> <p>Support mining communities with performing arts productions, workshops, visual arts exhibitions and cultural engagement projects that target communities in towns where mining is the dominant industry and sharing those across the state.</p> <p>Create unique arts experiences that enhance the particular attributes, geographical or social, that attract new audiences to regional and remote towns.</p> <p>Develop the online National Touring Selector platform which brings performing arts producers, including from South Australia, in touch with presenters in Australia and internationally, currently including New Zealand.</p>	<p>SASP Target 3: Cultural vibrancy – arts activities, Increase the vibrancy of the South Australian arts industry by increasing attendance at selected arts events by 150% by 2020</p> <p>Strategic Priority: Every chance for every child</p> <p>Strategic Priority: Realising the benefits of the mining boom for all South Australians</p> <p>Economic Priority 1: Unlocking the full potential of South Australia's resources, energy and renewable assets.</p> <p>Economic Priority 5: South Australia – a growing destination choice for international and domestic travellers</p> <p>Economic Priority 9: Promoting South Australia's international connections and engagement</p>

## Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
<b>Goal One</b> Place artists and art making at the core of our business	Employment opportunities provided  New work produced  New work presented	Target >5FTE Achieved 50.19FTE  Target 5 new works Achieved 33 new works (19 Visual Arts, 5 Performing Arts, 7 Residencies, 3 Film)  Target 5 new works Achieved 31 new works (23 Visual arts, 6 Performing arts, 2 Film)
<b>Goal Two</b> Increase the value of arts experiences to the community	Total engagement across all programs Average capacity at Arts Centres activities  Total audiences at all other activities	459,445 Target 5% increase Achieved 0% increase (steady)  Target 5% increase Achieved 35%
<b>Goal Three</b> Transform arts centres into creative hubs for contemporary communities	Utilisation of Country Arts SA arts centres	Target 5% increase Achieved 0% (steady)
<b>Goal Four</b> Embed best practice throughout the organisation	Grow business development income from other sources (sponsorship, philanthropy, funding, trusts, foundations, partnerships)	Target \$493,000 Achieved \$1,121,000

## Legislation administered by the agency

*South Australian Country Arts Trust Act 1992*

## Organisation of the agency

Creative Programs

Arts Centres

Marketing and Development

Corporate Resources

### Organisational Structure

[https://www.countryarts.org.au/wp-content/uploads/2017/10/OrgStructure\\_17-01-18.pdf](https://www.countryarts.org.au/wp-content/uploads/2017/10/OrgStructure_17-01-18.pdf)

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

Arts South Australia

## Employment opportunity programs

Program name	Result of the program
Aboriginal Employment Strategy 2017-2019	Country Arts SA total workforce of approximately 60 FTE mostly live and work in regional South Australia. Our aim is to maximise employment opportunities to employ a minimum of 10% Aboriginal and Torres Strait Islanders staff by the end of 2019.

## Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
A performance management and development system is in place at Country Arts SA	All employees have six monthly reviews (annual for casuals) with their immediate manager. 100% of Country Arts SA's 56 FTE employees' reviews (at 30 June 2017) were completed within the required timeframes.

## Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Occupational health, safety and rehabilitation programs	Effectiveness
For work health and safety Country Arts Sa is included in the Department of State Development (DSD) reporting, measuring and evaluation systems.	DSD provided assistance to senior management on a fee for service basis. During the year Country Arts SA WHS system continued to incorporate elements of the DSD system such as standard policies and procedures and the on-line reporting system – HIRMS.
Work Health Safety Committee (WHS Committee)	The WHS Committee meets quarterly and each work site has elected Health Safety Representatives that are required to inform the WHS Committee of issues and incidents.

## Fraud detected in the agency

Category/nature of fraud	Number of instances
During the 2016-17 financial year there were no instances of fraudulent behaviour	0

## Strategies implemented to control and prevent fraud

Country Arts SA has well documented internal controls and procedures that are designed to efficiently detect the possibility of fraud occurring within the organisation.

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/d5152d51-b125-48d8-a561-ec3d9d6610b9>



## 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://data.sa.gov.au/data/dataset/d5152d51-b125-48d8-a561-ec3d9d6610b9>

## Executive employment in the agency

Executive classification	Number of executives
Executive Level B	1

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/d5152d51-b125-48d8-a561-ec3d9d6610b9>

For further information, the [Office for the Public Sector](#) 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.

Consultants	Purpose	Value
All consultancies below \$10,000 each	New Ticketing System Support, Updating budget strategy proposal, Organisational Culture Survey, Strategic Plan Review	\$18,000
<b>Consultancies above \$10,000 each</b>		
Systems Solutions Engineering	Fire Safety Engineering Services	\$17,000
TalentCode HR	Performance measurement framework and Management training	\$22,000
<b>Total all consultancies</b>		<b>\$57,000</b>

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/d5152d51-b125-48d8-a561-ec3d9d6610b9>

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. 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.

## **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 2016-17 are attached to this report.

The net cost of providing services for the 2016-17 year as reported in the Statement of Comprehensive Income was \$7 689 000 compared to \$6 289 000 in the 2015-16 year. The increase was mainly attributable to the completion of critical and urgent capital works at three regional arts centres during 2016-17 for which funding was received in 2015-16.

A net operating deficit of \$4 702 00 was incurred in 2016-17 compared to a \$2 986 000 surplus in 2015-16. This was mainly due to the non-cash provision for depreciation expense of \$1 657 000, the return of \$2 069 000 sale proceeds to the SA Government consolidated account from the disposal of works of art housed at the Riddoch Art Gallery to the City of Mount Gambier and the completion of critical and urgent works in 2016-17 for which funding was received in 2015-16.

## **Other financial information**

Nil to report

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

Nil to report.

## Section B: Reporting required under any other act or regulation

Name and date of act or regulation
Nil to report.

### Reporting required under the *Carers' Recognition Act 2005*

The *Carers' Recognition Act* is deemed applicable for the following: Department for Communities and Social Inclusion, Department for Education and Child Development, Department for Health and Ageing, 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.*

Nil to report.

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

### Summary of complaints by subject

Public complaints received by Country Arts SA	
Category of complaints by subject	Number of instances
Nil to report	0

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/d5152d51-b125-48d8-a561-ec3d9d6610b9>

### Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Nil to report	

## **Appendix: Audited financial statements 2016-17**

16 OCT 2017



Our ref: A17/271

13 October 2017

Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
DX 56208  
Victoria Square  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

Mr M Luchich  
Chairperson  
Board of Trustees  
South Australian Country Arts Trust  
2 McLaren Parade  
PORT ADELAIDE SA 5015

Dear Mr Luchich

**Audit of South Australian Country Arts Trust for the year to 30 June 2017**

We have completed the audit of your accounts for the year ended 30 June 2017. Three key outcomes from the audit are the:

- 1 Independent Auditor's Report on your agency's financial report
- 2 opinion on your financial controls
- 3 audit management letter recommending you address identified weaknesses.

**1 Independent Auditor's Report**

We are returning the financial statements for the South Australian Country Arts Trust with the Independent Auditor's Report. This report is unmodified.

**2 Opinion on financial controls**

In my opinion, the controls exercised by the South Australian Country Arts Trust in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters communicated in an audit management letter relating to accounts payable, are sufficient to provide reasonable assurance that the financial transactions of the South Australian Country Arts Trust have been conducted properly and in accordance with law.

**3 Audit management letter**

During the year, we sent the South Australian Country Arts Trust an audit management letter detailing the weaknesses we noted and improvements we considered you need to make.

## **For official use only**

We have received responses to these matters and we will follow these up in the 2017-18 audit.

### **What the audit covered**

Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- state and commonwealth revenue
- revenues from fees and charges
- supplies and services expenditure
- cash and cash management
- property, plant and equipment
- employee benefit expenditure and liabilities
- legal compliance.

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

I would like to thank the staff and management of the South Australian Country Arts Trust for their assistance during this year's audit.

Yours sincerely



Andrew Richardson

**Auditor-General**

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16 OCT 2017

Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
DX 56208  
Victoria Square  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

## To the Chairperson, Board of Trustees South Australian Country Arts Trust

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 15(3) of the *South Australian Country Arts Trust 1992*, I have audited the accompanying financial report of the South Australian Country Arts Trust for the financial year ended 30 June 2017.

### Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Country Arts Trust as at 30 June 2017, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chairperson, Board of Trustees, the Acting Chief Executive Officer and the Corporate Resources Manager.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the South Australian Country Arts Trust. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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



## **Responsibilities of the Board of Trustee's for the financial report**

The Board of Trustees are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the Board of Trustees determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

## **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Acting Chief Executive Officer and Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'Andrew Richardson', with a long horizontal line extending to the right.

Andrew Richardson

**Auditor-General**

13 October 2017

**South Australian Country Arts Trust**

**Annual Financial Statements**

**For The Year Ended 30 June 2017**

South Australian Country Arts Trust

Certification of the Financial Statements

We certify that the attached General Purpose Financial Statements for the South Australian Country Arts Trust:

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 Trust; and

present a true and fair view of the financial position of the South Australian Country Arts Trust as at 30 June 2017 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the South Australian Country Arts Trust for the financial year over its financial reporting and its preparation of the General Purpose Financial Statements have been effective throughout the reporting period.



Anthony Peluso  
Acting Chief Executive Officer



Frederick Piotto CPA  
Corporate Resources Manager

10<sup>th</sup> October 2017

10<sup>th</sup> October 2017



Michael Luchich  
Chairperson, Board of Trustees

10<sup>th</sup> October 2017

**South Australian Country Arts Trust**

**Statement of Comprehensive Income  
For The Year Ended 30 June 2017**

	<b>Note No.</b>	<b>2017 \$'000</b>	<b>2016 \$'000</b>
<b>Expenses</b>			
Employee benefits expenses	4	5 000	4 770
Program expenses	5	1 797	1 752
Infrastructure expenses	5	1 836	1 353
Administration expenses	5	838	653
Grants and subsidies expense	6	610	753
Depreciation and amortisation expense	7	1 657	1 660
Other expenses		1	1
<b>Total expenses</b>		<b>11 739</b>	<b>10 942</b>
<b>Income</b>			
Revenues from fees and charges	9	2 878	3 087
Commonwealth revenues	10	746	900
Grants and subsidies revenue	11	308	273
Interest revenues		124	153
Donated Works of Art		-	9
Net gain (loss) from disposal of non-current assets	8	( 308)	( 16)
Other income	12	302	247
<b>Total income</b>		<b>4 050</b>	<b>4 653</b>
<b>Net cost of providing services</b>		<b>7 689</b>	<b>6 289</b>
<b>Revenues from SA Government</b>			
Revenues from SA Government - Arts South Australia grants	13	5 046	9 275
Payments to SA Government	13	(2 059)	-
<b>Net revenue from SA Government</b>		<b>2 987</b>	<b>9 275</b>
<b>Net result</b>		<b>(4 702)</b>	<b>2 986</b>
<b>Total comprehensive result</b>		<b>(4 702)</b>	<b>2 986</b>

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

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

**South Australian Country Arts Trust**

**Statement of Financial Position  
as at 30 June 2017**

	<b>Note No.</b>	<b>2017 \$'000</b>	<b>2016 \$'000</b>
<b>Current assets</b>			
Cash and cash equivalents	14	3 733	6 628
Receivables	15	177	187
Inventories		45	50
<b>Total current assets</b>		<b>3 955</b>	<b>6 865</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	33 820	33 275
Works of art	16	117	1 977
<b>Total non-current assets</b>		<b>33 937</b>	<b>35 252</b>
<b>Total assets</b>		<b>37 892</b>	<b>42 117</b>
<b>Current liabilities</b>			
Payables	17	589	318
Employee benefits	18	695	526
Provisions	19	19	18
Other liabilities	20	173	203
<b>Total current liabilities</b>		<b>1 476</b>	<b>1 065</b>
<b>Non-current liabilities</b>			
Payables	17	75	71
Employee benefits	18	816	765
Provisions	19	34	23
<b>Total non-current liabilities</b>		<b>925</b>	<b>859</b>
<b>Total liabilities</b>		<b>2 401</b>	<b>1 924</b>
<b>Net assets</b>		<b>35 491</b>	<b>40 193</b>
<b>Equity</b>			
Asset revaluation surplus	21	37 934	38 089
Retained earnings	21	(2 443)	2 104
<b>Total equity</b>		<b>35 491</b>	<b>40 193</b>
<b>The total equity is attributable to the SA Government as owner</b>			
Unrecognised contractual commitments	22		
Contingent assets and liabilities	23		

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



**South Australian Country Arts Trust**

**Statement of Changes in Equity  
For The Year Ended 30 June 2017**

		<b>Asset revaluation surplus</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>Note No.</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 30 June 2015</b>		<b>38 089</b>	<b>( 882)</b>	<b>37 207</b>
Net result for 2015-16		-	2 986	2 986
<b>Total comprehensive result for 2015-16</b>		<b>-</b>	<b>2 986</b>	<b>2 986</b>
<b>Balance as at 30 June 2016</b>		<b>38 089</b>	<b>2 104</b>	<b>40 193</b>
Net result for 2016-17			(4 702)	(4 702)
<b>Total comprehensive result for 2016-17</b>		<b>-</b>	<b>(4 702)</b>	<b>(4 702)</b>
Asset revaluation surplus taken to equity		( 155)	155	-
<b>Balance at 30 June 2017</b>	<b>21</b>	<b>37 934</b>	<b>(2 443)</b>	<b>35 491</b>

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

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

**South Australian Country Arts Trust**

**Statement of Cash Flows**  
**For The Year Ended 30 June 2017**

	Note No.	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Employee benefit payments		(4 701)	(5 026)
Payments for supplies and services		(5 229)	(3 994)
Payments for grants and subsidies		( 624)	( 807)
<b>Cash used in operations</b>		<b>(10 554)</b>	<b>(9 827)</b>
<b>Cash inflows</b>			
Fees and charges		3 375	3 316
Receipts from Commonwealth		815	932
Receipts from grants and subsidies		303	278
Interest received		127	148
GST recovered from the Australian Taxation Office		74	19
Other receipts		303	296
<b>Cash generated from operations</b>		<b>4 997</b>	<b>4 989</b>
<b>Cash flows from SA Government</b>			
Receipts from SA Government		5 092	9 331
Payments to SA Government:		(2 059)	-
<b>Cash generated from SA Government</b>		<b>3 033</b>	<b>9 331</b>
<b>Net cash provided by operating activities</b>		<b>(2 524)</b>	<b>4 493</b>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(2 487)	( 647)
<b>Cash used in investing activities</b>		<b>(2 487)</b>	<b>( 647)</b>
<b>Cash inflows</b>			
Proceeds from the sale of property, plant and equipment		2 116	72
<b>Cash generated from investing activities</b>		<b>2 116</b>	<b>72</b>
<b>Net cash used in investing activities</b>		<b>( 371)</b>	<b>( 575)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(2 895)</b>	<b>3 918</b>
Cash and cash equivalents at the beginning of the financial year		6 628	2 710
<b>Cash and cash equivalents at the end of the financial year</b>	14	<b>3 733</b>	<b>6 628</b>

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



## South Australian Country Arts Trust

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## South Australian Country Arts Trust

### Note 1. Objectives of the South Australian Country Arts Trust

The South Australian Country Arts Trust (the Trust) has wide ranging responsibilities for the development of the arts in country South Australia and is the principal provider of arts programs to country South Australians.

The Trust delivers arts programs through:

- managing and operating Arts Centres in Whyalla, Port Pirie, Renmark, Mount Gambier and Noarlunga;
- developing performing arts touring programs for the theatres and for touring to other regional centres;
- developing and managing visual arts touring programs and visual arts display spaces;
- managing a number of arts development and community artist funding programs;
- the provision of policy advice to the Minister for the Arts;
- advocating for the continuing development of the arts in country South Australia; and
- the provision of an arts information and advisory service to country South Australians.

### Note 2. Significant accounting policies

#### 2.1 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 provision of the *Public Finance and Audit Act 1987*.

The Trust has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Trust is a not-for-profit entity.

#### 2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, which have been included in the financial statements:
  - a) expenses incurred as a result of engaging consultants;
  - b) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the entity to those employees; and
  - c) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The financial statements have been prepared based on a twelve month operating period and are presented in Australian currency.

### 2.3 Reporting entity

Established in 1993, the Trust is a South Australian Government statutory authority, which trades as Country Arts SA. The Trust was established pursuant to the *South Australian Country Arts Trust Act 1992*.

The financial statements and accompanying notes include all the controlled activities of the Trust.

The Trust does not control any other entity and has no interests in unconsolidated structured entities. The Trust has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

### 2.4 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

### 2.5 Rounding

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

### 2.6 Taxation

The Trust is not subject to income tax. The Trust is liable for payroll tax, fringe benefits tax, goods and services tax, emergency services levy, and local government rates.

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

- the amount of GST incurred by the Trust as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense and;

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO, is classified as part of operating cash flows.

### 2.7 Events after the reporting period

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

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

## 2.8 Income

### Fees and Charges

Income from fees and charges is derived from goods and services provided to other SA Government agencies and to the public. The revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

### Grants and subsidies (Contributions) received

Grants are recognised as an asset and income when the Trust obtains control of the grant or obtains the right to receive the grant and the income recognition criteria is met (i.e. the amount can be reliably measured and the flow of resources is probable).

Generally, the Trust has obtained control or the right to receive for:

- Grants with unconditional stipulations – this will be when the agreement becomes enforceable ie the earlier of when the receiving entity has formally been advised that the grant has been approved; agreement/contract is executed; and/or grant is received.
- Grants with conditional stipulations – this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for grants received or receivable under the agreement.

The Trust receives grants with conditional and unconditional stipulations. Non-Commonwealth grants received by the Trust are unconditional.

### Commonwealth Revenues

Commonwealth grants are received from the Federal Government. The grants assist the Trust in its delivery of programs and projects, and have conditional stipulations attached (refer Note 10). The income is recognised in the manner described above.

### Revenues from SA Government

The Trust receives an annual recurrent operating grant from Arts SA, a division of the Department of State Development to undertake agreed programs. The recurrent operating grant is recognised as revenue when the Trust obtains control over the funding. Control over the annual recurrent operating grant is normally obtained upon receipt.

### Disposal of non-current assets

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and has been calculated by comparing proceeds with the carrying amount. When revalued assets are sold, the revaluation increments are transferred to retained earnings.

Any gain (loss) on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the asset from the proceeds at that time.

## 2.9 Expenses

### Employee benefits expense

Employee benefits expenses includes all costs related to employment including salaries and wages, non-monetary benefits and leave entitlements. These are recognised when incurred.

### Grants and subsidies

Grants and subsidies paid by the Trust are for arts related assistance and project purposes and are predominantly recurrent in nature. Entities receiving these grants and subsidies include Non-Government Organisations and the general public. The grants and subsidies given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. For contributions payable, the contribution will be recognised as a liability and expense when the Trust has a present obligation to pay the contribution.

Grants and subsidies paid by the Trust generally have conditional stipulations attached.

### Depreciation and amortisation

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, while depreciation is applied to physical assets such as property, plant and equipment.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

The value of leasehold improvements is amortised over the estimated useful life of each improvement or the unexpired period of the relevant lease, whichever is shorter.

Land and non-current assets held for sale are not depreciated.

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

<b>Class of Asset</b>	<b>Useful Life (Years)</b>
Buildings and improvements	7 to 70
Leasehold Improvements	10 to 40
Plant and Equipment	3 to 10

Works of Art controlled by the Trust are anticipated to have very long and indeterminate useful lives. Their service potential has not, in any material sense, been consumed during the reporting period. Consequently, no amount for depreciation has been recognised for this class of asset.

## **2.10 Current and non-current classification**

Assets and liabilities have been characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

## **2.11 Assets**

### Cash and cash equivalents

Cash and cash equivalents as reported in the Statement of Financial Position include cash at bank, and cash on hand. Cash is measured at nominal value.

### Receivables

Receivables comprise amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

### Inventories

Inventories include goods held for sale in the ordinary course of business. Inventories are maintained for theatre catering purposes and are measured at the lower of cost or their net realisable value.

### Non-current asset 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 their fair value in the Statement of Financial Position.

All non-current tangible assets with a value equal to or in excess of \$1000 for works of art and \$5000 for all other tangible assets are capitalised.

Revaluation of non-current assets

All non-current physical assets are valued at written down current cost (a proxy for fair value). Revaluation of non-current assets or groups 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 3 years.

Every six years, the Trust revalues its land and buildings and works of art via an independent Certified Practising Valuer. However, if at any time management considers that the carrying amount of the asset materially differs from the fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current physical assets that are acquired between revaluations are held at cost until the next valuation, where they are re-valued to fair value.

Any revaluation increment is credited to the asset revaluation surplus except to the extent that it reverses a revaluation decrement of the same asset class previously recognised as an expense, in which case the increment is recognised as income. Any revaluation decrement is recognised as an expense, except to the extent that it reverses a revaluation increment for the same asset class, in which case the decrement is debited directly to the asset revaluation surplus to the extent of the credit balance existing in the asset revaluation surplus for that class of asset.

For building and improvement (Theatre) assets that have been subject to an independent revaluation, both the replacement cost and the associated accumulated depreciation have been presented on a gross basis. For other depreciable assets subject to an independent revaluation, any accumulated depreciation is eliminated against the gross carrying amount of the assets and the net amounts restated to the revalued amounts of the assets.

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

The Trust's land, building and improvements were revalued as at 30 June 2013. The valuation was undertaken by Valcorp Australia Pty Ltd. The fair values were determined as follows:

*Land*

The fair value was determined using a direct comparison approach with recent market transactions in the area.

*Buildings and improvements- Theatres*

The fair value was estimated based on the written down modern equivalent replacement cost. The estimated modern equivalent replacement cost was determined by the Valuer with reference to Rawlinson's Australian Construction Handbook Edition 30. Additional costs were included for country location, planning approvals, preliminaries, contingencies and complexity of the theatres, having regard to the extent of non theatre functions.

*Buildings and improvements- Other*

The fair value was determined using a direct comparison approach with recent market transactions in the area.

The Trust's Works of Art collections were revalued as at 30 June 2014.

The valuation of the Works of Art collections controlled by the Trust was performed by Dr Elizabeth Arthur of Elizabeth Arthur Fine Art as at 30 June 2014. Dr Arthur is an approved valuer under the Cultural Gifts Program in the valuation of the Works of Art held in the Collections. The valuer used the fair value approach by careful assessment of the condition, authenticity and where necessary research of individual art work. The final values stated by the valuer were regarded as close as it is possible to market value, in an unpredictable art market, to current commercial or replacement values as at 30 June 2014.

Impairment of assets

All non-current tangible assets are tested for indications of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of an assets fair value less cost of disposal and depreciated replacement cost. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, an impairment loss is offset against the respective class in the asset revaluation surplus.

## 2.12 Liabilities

### Payables

Payables include creditors, accrued expenses and employment on-costs.

### Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date but yet to be paid. Long-term employee benefits are measured at the present value and short-term employee benefits are measured at nominal amounts.

#### *Salaries and wages, annual leave, SERL and sick leave*

Liabilities for salaries and wages are recognised, and are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the SERL liability is expected to be payable within 12 months and is 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 employees is estimated to be less than the annual entitlement of sick leave.

#### *Employment on-costs*

Employment on-costs (payroll tax and superannuation contributions) are recognised separately under payables.

#### *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 employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departure and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash flows.

The long service liability has been allocated between current and non-current based on historical usage patterns and expected payments in 2017-18.

### Provisions

Provisions are recognised when the Trust has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Trust expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

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

## 2.13 Unrecognised contractual commitments and contingent assets and liabilities

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

Contingent assets and liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at their nominal value.

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

## Note 3. New and revised accounting standards and policies

The Trust did not voluntarily change any of its accounting policies during 2016-17.



**South Australian Country Arts Trust**

**Note 4. Employee benefits expenses**

	2017	2016
	\$'000	\$'000
Salaries and wages	3 834	3 631
Long service leave	57	190
Annual leave	302	306
Skills and experience retention leave	15	10
Employment on-costs - superannuation*	507	486
Employment on-costs - other	206	201
Board and committees fees	23	21
Other employment related expenses**	56	( 75)
<b>Total employee benefits expenses</b>	<b>5 000</b>	<b>4 770</b>

\*The superannuation employment on-cost charge represents the Trust's contribution to superannuation plans in respect of current services of current employees.

\*\* Previous year includes a write back of the workers compensation provision of \$130,000, refer to Note 19.

**Remuneration of employees**

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

	2017	2016
	No	No
\$145,001 to \$147,000	-	1
\$217,001 to \$227,000	1	-
\$227,001 to \$237,000	-	1
<b>Total number of employees</b>	<b>1</b>	<b>2</b>

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees 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 by these employees for the year was \$221,000 (\$376,000).

**Note 5. Supplies and services**

	2017	2016
	\$'000	\$'000
<b>Program expenses</b>		
Live touring expenses	801	740
Marketing	343	358
Cost of goods sold	184	203
Film distributor payments	319	302
Other	150	149
<b>Total program expenses</b>	<b>1 797</b>	<b>1 752</b>
<b>Infrastructure expenses</b>		
Repairs and maintenance	1 053	552
Information technology and communication	341	257
Utilities	250	296
Consultants	57	20
Insurance	105	105
Other	30	123
<b>Total infrastructure expenses</b>	<b>1 836</b>	<b>1 353</b>
	2017	2016
	\$'000	\$'000
<b>Administration expenses</b>		
Travel	143	113
Printing and stationery	37	50
Motor vehicle expenses	84	79
Freight	64	78
Board meeting travel and expenses	35	24
Staff development	130	66
Contractors and Temporary staff	253	156
Audit fees	43	43
Other	49	44
<b>Total administration expenses</b>	<b>838</b>	<b>653</b>

# South Australian Country Arts Trust

## Payments to consultants

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

	2017 No	2017 \$'000	2016 No	2016 \$'000
Below \$10,000	4	18	2	9
Above \$10,000	2	39	1	11
<b>Total paid/payable to the consultants engaged</b>	<b>6</b>	<b>57</b>	<b>3</b>	<b>20</b>

## Note 6. Grants and subsidies expense

	2017 \$'000	2016 \$'000
Recurrent grant	610	753
<b>Total grants and subsidies expense</b>	<b>610</b>	<b>753</b>

## Note 7. Depreciation and amortisation expense

	2017 \$'000	2016 \$'000
Depreciation and Amortisation		
Buildings and improvements	1 420	1 395
Plant and equipment	204	223
<b>Total depreciation expense</b>	<b>1 624</b>	<b>1 618</b>
Leasehold improvements	33	42
<b>Total amortisation expense</b>	<b>33</b>	<b>42</b>
<b>Total depreciation and amortisation expense</b>	<b>1 657</b>	<b>1 660</b>

## Note 8. Net gain (loss) from disposal of assets

	2017 \$'000	2016 \$'000
<b>Buildings and Leasehold improvements</b>		
Proceeds from disposal	-	-
Net book value of assets disposed	( 490)	-
<b>Net (loss) from disposal of building and leasehold improvements</b>	<b>( 490)</b>	<b>-</b>
<b>Plant and equipment</b>		
Proceeds from disposal	57	72
Net book value of assets disposed	( 74)	( 88)
<b>Net gain (loss) from disposal of plant and equipment</b>	<b>( 17)</b>	<b>( 16)</b>
<b>Works of art</b>		
Proceeds from disposal	2 059	-
Net book value of assets disposed	(1 860)	-
<b>Net gain/(loss) from works of art</b>	<b>199</b>	<b>-</b>
<b>Total assets</b>		
Proceeds from disposal	2 116	72
Net book value of assets disposed	(2 424)	( 88)
<b>Total net gain (loss) from disposal of non-current assets</b>	<b>( 308)</b>	<b>( 16)</b>

**South Australian Country Arts Trust**

**Note 9. Revenues from fees and charges**

	2017	2016
	\$'000	\$'000
Box office- programmed performances	198	254
Box office- films	649	605
Ticket booking fees	501	505
Venue hire	470	594
Candy bar sales	440	432
Recovery of theatre costs	245	259
Sponsorship	90	113
National Touring	83	148
Artwork sales	4	5
Other	198	172
<b>Total fees and charges</b>	<b>2 878</b>	<b>3 087</b>

**Note 10. Commonwealth revenue**

	2017	2016
	\$'000	\$'000
Specific Purpose grant	746	900
<b>Total Commonwealth revenue</b>	<b>746</b>	<b>900</b>

Commonwealth grants consist of the following:

	2017	2016
	\$'000	\$'000
Department of Communications and the Arts - Regional Arts Fund	401	395
Department of Communications and the Arts - ANZAC Centenary Arts and Culture	60	6
Department of Communications and the Arts - Catalyst	-	41
Australia Council for the Arts - Multi year funding	285	-
Australia Council for the Arts - Key Producer	-	202
Australia Council for the Arts - Arts Projects Our Corka Bubs	-	74
Australia Council for the Arts - Community Partnership	-	7
Australia Council for the Arts - DanceXtend	-	75
Australia Council for the Arts - Theatre	-	100
<b>Total Commonwealth revenue</b>	<b>746</b>	<b>900</b>

A significant specific purpose grant received by the Trust is for managing South Australia's component of the Regional Arts Fund on behalf of the Australian Government's Department of Communications and the Arts. The grant received from the Commonwealth for the Regional Arts Fund includes a component to reimburse Country Arts SA for administration costs. For additional disclosure on the Regional Arts Fund refer to Note 28.

**Note 11. Grants and Subsidies revenue**

	2017	2016
	\$'000	\$'000
<b>Grants and subsidies received/receivable from entities within SA Government</b>		
Specific purpose grant	215	223
<b>Total grants and subsidies revenue - SA Government entities</b>	<b>215</b>	<b>223</b>
<b>Grants and subsidies received/receivable from entities external to the SA Government</b>		
Specific purpose grant	93	50
<b>Total grants and subsidies revenue - Non SA Government entities</b>	<b>93</b>	<b>50</b>
<b>Total grants and subsidies revenue</b>	<b>308</b>	<b>273</b>

**South Australian Country Arts Trust**

<b>Note 12. Other income</b>		
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Salary recoveries	209	181
Rental from buildings	10	15
Other	83	51
<b>Total other income</b>	<b>302</b>	<b>247</b>

<b>Note 13. Revenues from/payments to SA Government</b>		
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenues from SA Government</b>		
Arts South Australia grants	5 046	9 275
<b>Total revenues from SA Government</b>	<b>5 046</b>	<b>9 275</b>
<b>Payments to SA Government</b>		
Other payments to the Consolidated Account*	2 059	-
<b>Total payments to SA Government</b>	<b>2 059</b>	<b>-</b>

\*This amount does not include a dividend/distribution to the SA Government as owner

The payment represents return of sale proceeds to the Consolidated Account from the disposal of Works of Art housed at the Riddoch Art Gallery to the City of Mount Gambier on 1 July 2016.

<b>Note 14. Cash and cash equivalents</b>		
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Deposits with the Treasurer	3 723	6 619
Imprest account/cash on hand	10	9
<b>Total cash and cash equivalents</b>	<b>3 733</b>	<b>6 628</b>

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash represents fair value. The interest bearing funds of the Trust are held in the Deposit Account titled the "South Australian Country Arts Trust".

The carrying amount of cash and cash equivalents represents fair value.

<b>Note 15. Receivables</b>		
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Trade receivables	83	119
Prepayments	71	58
Accrued income	23	10
<b>Total receivables</b>	<b>177</b>	<b>187</b>

**Allowance for doubtful debts**

An allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. As at 30 June 2017 the Trust had no allowance for doubtful debts.

**Note 16. Property, plant and equipment**

**Valuations of land and buildings**

Valuations of Trust land, buildings and improvements were determined as at 30 June 2013 by a Certified Practising Valuer from Valcorp Australia Pty Ltd. Refer to Note 2.11 for details relating to the revaluation of the Trust's land, buildings and improvements.

**Valuations of Works of Art**

The valuation of the Works of Art controlled by the Trust was performed by Dr Elizabeth Arthur from Elizabeth Arthur Fine Art as at 30 June 2014. Dr Arthur is an approved valuer under the Cultural Gifts Program in the valuation of the Works of Art held in the Collection. Refer to Note 2.11 for details relating to the revaluation of the Trust's Works of Art collections.

All other non-current assets controlled by the Trust have been deemed to be held at fair value.

**Impairment**

There were no indications of impairment of property, plant and equipment at 30 June 2017.

	2017 \$'000	2016 \$'000
<b>Land, buildings and improvements</b>		
Land at fair value	2 988	2 988
Buildings & improvements at fair value	66 670	65 488
Work in progress at cost	-	234
Accumulated depreciation	(36 814)	(36 497)
<b>Total land, buildings and improvements</b>	<b>32 844</b>	<b>32 213</b>
<b>Plant and equipment</b>		
Plant and equipment at cost (deemed fair value)	1 705	1 643
Work in progress at cost	22	-
Accumulated depreciation and impairment losses	( 756)	( 619)
<b>Total plant and equipment</b>	<b>971</b>	<b>1 024</b>
<b>Leasehold improvements</b>		
Leasehold improvements at cost (deemed fair value)	178	190
Accumulated amortisation	( 173)	( 152)
<b>Total leasehold improvements</b>	<b>5</b>	<b>38</b>
<b>Total property, plant and equipment</b>	<b>33 820</b>	<b>33 275</b>
<b>Works of art</b>		
Works of art at fair value	117	1 977
<b>Total works of art</b>	<b>117</b>	<b>1 977</b>

Works of Art owned by the Trust and housed at the Riddoch Art Gallery, had a fair value of \$1,859,650 in the Statement of Financial Position at 30 June 2016, and were disposed to the City of Mount Gambier on 1 July 2016.

**RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT**

The following table shows the movement of property, plant and equipment during 2016-17

	Land, buildings and improvements \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Works of art \$'000	Works in progress (WIP) \$'000	Total assets \$'000
Carrying amount as at 30 June 2016	31 979	38	1 024	1 977	234	35 252
Acquisitions	97	-	203	-	2 466	2 766
Transfers to (from) WIP	2 678	-	-	-	(2 678)	-
Disposals	( 490)	-	( 74)	(1 860)	-	(2 424)
Depreciation/ amortisation expense	(1 420)	( 33)	( 204)	-	-	(1 657)
Carrying amount as at 30 June 2017	32 844	5	949	117	22	33 937

**Note 17. Payables**

	2017	2016
	\$'000	\$'000
<b>Current</b>		
Creditors and accruals	456	178
Taxation payable to the ATO	38	75
Employment on-costs	95	65
<b>Total current payables</b>	<b>589</b>	<b>318</b>
<b>Non-current</b>		
Employment on-costs	75	71
<b>Total non-current payables</b>	<b>75</b>	<b>71</b>
<b>Total payables</b>	<b>664</b>	<b>389</b>

All current payables are expected to be settled within twelve months after reporting date.

**Employment on-costs**

An actuarial assessment performed by the Department of Treasury and Finance determined that the percentage of the proportion of long service leave taken as leave remains unchanged from the 2016 rate (40%) and the average factor for the calculation of employer superannuation on-cost has changed from the 2016 rate (10.2%) to 10.1%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current year is immaterial.

**Note 18. Employee benefits**

	2017	2016
	\$'000	\$'000
<b>Current</b>		
Accrued salaries and wages	194	10
Annual leave	267	241
Skills and experience retention leave	32	33
Long service leave	202	242
<b>Total current employee benefits</b>	<b>695</b>	<b>526</b>
<b>Non-current</b>		
Long service leave	816	765
<b>Total non-current employee benefits</b>	<b>816</b>	<b>765</b>
<b>Total employee benefits</b>	<b>1 511</b>	<b>1 291</b>

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long term leave liability. The yield on long term Commonwealth Government bonds has increased from 2% in 2016 to 2.5% in 2017. This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$42,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions - including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and left it at 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.

**Note 19. Provisions**

	2017	2016
	\$'000	\$'000
<b>Current</b>		
Provision for workers compensation	19	18
<b>Total provisions</b>	<b>19</b>	<b>18</b>
<b>Non-current</b>		
Provision for workers compensation	34	23
<b>Total non-current provisions</b>	<b>34</b>	<b>23</b>
<b>Total provisions</b>	<b>53</b>	<b>41</b>
<b>Provision movement:</b>		
Carrying amount at the beginning of the period	41	171
Additional provisions	12	-
Unused amounts reversed (i.e. from remeasurement or settlement without cost)	-	( 130)
<b>Carrying amount at the end of the period</b>	<b>53</b>	<b>41</b>

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 2017 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 employees as required under current legislation.

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

# South Australian Country Arts Trust

## Note 20. Other liabilities

	2017 \$'000	2016 \$'000
<b>Current</b>		
Unearned revenue	173	203
<b>Total other liabilities</b>	<b>173</b>	<b>203</b>

Unearned revenue predominantly relates to box office ticket sales taken in advance of the performance.

## Note 21. Equity

	2017 \$'000	2016 \$'000
<b>Current</b>		
Retained earnings	(2 443)	2 104
Asset revaluation surplus	37 934	38 089
<b>Total equity</b>	<b>35 491</b>	<b>40 193</b>

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

During the year the net asset revaluation increment of \$155,000 from 2013-14 on the Riddoch Art Collection was transferred to retained earnings when the collection was derecognised.

## Note 22. Unrecognised contractual commitments

### Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

	2017 \$'000	2016 \$'000
Within one year	732	3 855
<b>Total capital commitments</b>	<b>732</b>	<b>3 855</b>

	2017 \$'000	2016 \$'000
<b>Other commitments</b>		
Within one year	541	430
Later than one year but not longer than five years	293	112
<b>Total other commitments</b>	<b>834</b>	<b>542</b>

The Trust's Capital commitments relate to capital work upgrades at regional Art Centres over the next 12 months. The Trust's other commitments mainly relate to grant, service and live tour/national performance agreements.

## Note 23. Contingent assets and liabilities

The Trust is not aware of any contingent assets or liabilities as at 30 June 2017.

**Note 24. Financial instruments****Financial Risk Management**

Risk management is managed by the Trust's Corporate Resources Manager and 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 Trust's exposure to financial risk (liquidity, credit and market) is insignificant based on past experience and managements' current assessment of risk.

There has been no changes in risk exposure since the last reporting period.

The Trust is funded principally from grants by the SA Government.

**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, financial liability and equity instrument are disclosed in Note 2 'Summary of Significant Accounting Policies'.

The carrying amounts of each of the following categories of financial assets and liabilities measured at cost are detailed below:

	Statement of Financial Position line item	Note No.	Carrying Amount/ fair value 2017 \$'000	Carrying Amount/ fair value 2016 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	Cash and cash equivalents	14	3 733	6 628
Loans and receivables	Receivables <sup>(1)(2)</sup>	15	106	129
<b>Financial liabilities</b>				
Financial liabilities - at cost	Payables <sup>(1)</sup>	17	405	132

<sup>(1)</sup> Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Commonwealth, State and Local Govt taxes, fees and charges; Auditor- General's Department audit fees). 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, etc. they would be excluded from the disclosure. The accounting standards define contracts as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

<sup>(2)</sup> Receivable amounts disclosed here excludes prepayments. Prepayments are not financial assets as defined in AASB 132, 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.



**Note 25. Remuneration of board and committee members**

The Trust has a governing Board and specialist committees and panels where members received or were entitled to receive remuneration for their membership. Members that were entitled to receive remuneration for membership during 2016-17 were:

**Board of Trustees**

Michael Luchich, Chair	Victoria MacKirdy
Christabel Anthoney	Anthony Sharley
Allan Aughey	Ruth Stephenson <sup>(1)</sup>
Jennifer Cleary	Klynton Wanganeen
Peter Dunn	

**Committee Members**

**Grants Assessment Panel**

Christabel Anthoney, Chair	Judith Rogers (from August 2016)
Lee-Ann Buckskin (from September 2016)	Jennifer Silver
Alexandra Devitt-Lansom	Kathy Stove (from August 2016)
Cindy Durant	Sarah Strachan (from August 2016)
Michael Harris	Debra Tregilgas (from August 2016)
Gina Raisin	

**Governance and Finance Committee**

Victoria MacKirdy, Chair	Ruth Stephenson <sup>(1)</sup>
Allan Aughey	Klynton Wanganeen
Michael Luchich	

**Board of Trustees**

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

	2017 No of	2016 No of
\$0 - \$9 999	9	12
<b>Total numbers of members</b>	<b>9</b>	<b>12</b>

Remuneration of Board of Trustee members reflects all costs of performing board member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$15,000 (\$12,000).

**Committee Members**

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

	2017 No of	2016 No of
\$0 - \$9 999	16	18
<b>Total numbers of members</b>	<b>16</b>	<b>18</b>

Remuneration of committee members reflects all costs of performing committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$10,000 (\$11,000).

Any travel allowance paid to Board or Committee members has not been included as remuneration as it is considered to be a reimbursement of direct out of pocket expenses incurred by the relevant members.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

<sup>(1)</sup> In accordance with the Department of the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board or committee duties during the financial year.

**Note 26. Related Party Transactions**

The Trust is a statutory authority established pursuant to the *South Australian Country Arts Trust Act 1992* and is a wholly owned and controlled entity of the Crown.

Related parties of the Trust include all key management personnel and their close family members; all Cabinet Ministers and their 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.

**Key Management Personnel**

Key management personnel of the Trust include the Minister for the Arts, Board of Trustees and the Chief Executive Officer who have responsibility for the strategic direction and management of the Trust.

Total compensation for the Trust's key management personnel in 2016-17 was \$239,000. Salaries and other benefits the Minister for the Arts receives are excluded from this total. The Minister'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 the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

**Transactions with Key Management Personnel**

There were no related party transactions between the Trust and key management personnel and their close family members.

**Note 27. Events after balance date**

There are no events after 30 June 2017 to report.

**Note 28. Regional Arts Fund**

The Trust manages the South Australian component of the Regional Arts Fund on behalf of the Commonwealth Government's Department of Communications and the Arts. The Regional Arts Fund is a Commonwealth program that supports artistic cultural development in regional and remote communities throughout Australia.

Funds available during the year and expenditure incurred from the Fund were as follows:

	2017 \$'000	2016 \$'000
Funds brought forward from previous year	-	-
Funds from prior year recommitted	-	-
Annual regional arts fund allocation	401	395
Grant funds returned by applicants	5	8
Interest earned	1	1
<b>Total funds available</b>	<b>407</b>	<b>404</b>
<b>Expenditure and grant commitments approved during the year</b>	<b>407</b>	<b>404</b>
<b>Funds carried forward</b>	<b>-</b>	<b>-</b>