

NATIONAL LIBRARY OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

1.1 Basis of Accounting

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

The statements have been prepared in accordance with:

- ▶ Finance Minister's Orders (being the *Commonwealth Authorities and Companies (Financial Statements 2001–2002) Orders*);
- ▶ Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board;
- ▶ other authoritative pronouncements of the Board; and
- ▶ Consensus Views of the Urgent Issues Group.

The statements have been prepared having regard to:

- ▶ the Explanatory Notes to Schedule 1 issued by the Department of Finance and Administration; and
- ▶ Finance Briefs issued by the Department of Finance and Administration.

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

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

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

1.2 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2000–01.

1.3 Reporting by Outcomes

A comparison of Budget and Actual Figures by Outcome specified in the Appropriation Acts relevant to the Library is presented in Note 20. Any material intra-government costs included in the figure 'net cost to Budget outcomes' are eliminated in calculating the actual budget outcome for the Government overall.

1.4 Revenue

The revenues described in this Note are revenues relating to the core operating activities of the Library. Details of revenue are given in Note 3.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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

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

Revenue from the rendering of a service is recognised by reference to the stage of completion of contracts. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Revenues from Government—Output Appropriations

The full amount of the appropriation for Library outputs is recognised as revenue.

Resources Received Free of Charge

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition.

1.5 Transactions by the Government as Owner

Amounts appropriated by Parliament as equity injections have been fully drawn down in both 2000–01 and 2001–02 and recognised as ‘contributed equity’ in accordance with the Finance Minister’s Orders.

1.6 Employee Entitlements

Leave

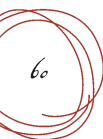
The liability for employee entitlements includes provisions for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in the future by employees of the Library is estimated to be less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave entitlements of all employees as at 30 June 2002 and is recognised at its nominal amount.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2002. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Separation and Redundancy

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



Superannuation

Employees contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer contributions amounting to \$3,102,203 (2000–01: \$2,849,780) for the Library in relation to employee superannuation had been expensed in these financial statements.

No liability is shown for superannuation benefits recognised as at 30 June as the employer contributions fully extinguish the accruing liability, which is assumed by the Commonwealth.

Employer Superannuation Productivity Benefit contributions totalled \$606,664 (2000–01: \$540,408).

1.7 Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the inception of the lease and a liability for the lease payments recognised at the same amount. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

1.8 Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amounts of costs incurred in that period.

The Library has no qualifying assets for which funds were borrowed specifically.

1.9 Grants

The Library recognises grant liabilities as follows.

Most grant agreements require the grantee to undertake specific tasks or utilise the funding in a specific way. In these cases, liabilities are recognised only to the extent that the grantee has complied with the grant agreement, and where grant moneys are paid in advance, a prepayment is recognised.

In cases where grant agreements are made without conditions to be monitored, liabilities are recognised on signing of the agreement.

1.10 Cash

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

1.11 Financial Instruments

Accounting policies for financial instruments are stated at Note 18.

1.12 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost or for nominal consideration are initially recognised as assets and revenues at their fair value at the date of acquisition, except where they are required as part of a transfer of functions from another Government entity, in which case they are recognised as contributed equity at the carrying amount on the books of the transferor.

1.13 Property (Land, Buildings and Infrastructure), Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$1,500, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). The threshold for the recognition of software assets is \$2,000. The purchase of Library material regardless of the amount, other than serials, is capitalised as part of the National Collection.

Revaluations

Land, buildings, infrastructure, plant and equipment are revalued progressively in accordance with the 'deprival' method of valuation in successive 3-year cycles, so that no asset has a valuation greater than three years old.

Library collections were revalued as at 30 June 2001; land and building were revalued as at 30 June 2000; and plant and equipment were revalued as at 30 June 2002.

Assets in each class acquired after the commencement of the progressive revaluation cycle are not captured and are reported at cost for the duration of the progressive revaluation then in progress.

In accordance with deprival methodology land is measured at its current market buying value because disposal is restricted by legislation, zoning or Government policy. Property, plant and equipment, other than land, is recognised at its depreciated replacement cost. Where assets are held which would not be replaced or are surplus to requirements, measurement is at net realisable value. At 30 June 2002, the Library had no assets in this situation.

All valuations are independent.

Recoverable Amount Test

Schedule 1 of the Orders requires the application of the recoverable amount test to the Library's non-current assets in accordance with AAS 10 *Recoverable Amount of Non-Current Assets*. The carrying amounts of these non-current assets have been reviewed to determine whether they are in excess of their recoverable amounts. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value.

Depreciation and Amortisation

Depreciable property, plant and equipment is written-off to their estimated residual values over their estimated useful lives to the Library, using in all cases the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

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

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

	2002	2001
Building and building improvements	10 to 250 years	10 to 250 years
Plant and equipment	1 to 20 years	5 to 20 years
National Collection—printed materials	50 years	50 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4D.

1.14 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

Inventories not held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- ▶ raw materials and stores—purchase cost on a first-in-first-out basis; and
- ▶ finished goods and work-in-progress—cost of direct materials and labour plus attributable costs that are capable of being allocated on a reasonable basis.

1.15 Intangibles

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

No write-down to recoverable amount has been made in 2001–2002.

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

	2002	2001
Computer software	2 to 10 years	2 to 10 years

1.16 Taxation

The Library is exempt from all forms of taxation except fringe benefits tax and the goods and service tax.

1.17 Capital Use Charge

A Capital Use Charge of 11% (2001: 12%) is imposed by the Commonwealth on the net assets of the Library. The charge is adjusted to take account of asset gifts and revaluation increments during the financial year.

1.18 Foreign Currency

Transactions denominated in a foreign currency are converted at the rate of exchange at the date of the transaction. Foreign currency receivables and payables are translated at exchange rates as at the balance date. Associated currency gains or losses are not material.

1.19 Insurance

The Library has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through Comcare Australia.

1.20 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

1.21 Rounding

Amounts are rounded to the nearest \$1,000 except in relation to:

- ▶ remuneration of directors;
- ▶ remuneration of officers (other than directors); and
- ▶ remuneration of auditors.

Note 2: Economic Dependency

The Library was established by section 5 of the *National Library Australia Act 1960* and is controlled by the Commonwealth of Australia.

The Library is dependent on appropriations from the Parliament of the Commonwealth for its continued existence and ability to carry out its normal activities.

Note 3: Operating Revenues

Revenues from independent sources arise from both core and non-core activities of the Library.

	2002 \$'000	2001 \$'000
Note 3A—Revenues from Government		
Appropriations—operating expenses	47,720	38,397
Appropriations—Capital Use Charge	162,545	177,176
Resources received free of charge	48	-
	<u>210,313</u>	<u>215,573</u>

Under the Commonwealth accrual accounting framework, agencies are funded for the Capital Use Charge. This charge is levied on an agency's net departmental assets (i.e. assets controlled by the entity). It is designed to mirror the private sector concept of a return on investment. Consequently, in 2001–2002 the Library received additional funding of \$162,545,000 (2000–2001: \$177,176,000) in order to fund the Capital Use Charge paid to the Commonwealth.

Note 3B—Sales of Goods and Services

Goods	1,533	857
Services	8,981	8,096
	<u>10,514</u>	<u>8,953</u>
Goods and services were sold to:		
Government	1,342	1,147
Non-Government	9,172	7,806
	<u>10,514</u>	<u>8,953</u>
Costs of sales of goods	<u>949</u>	<u>628</u>

Note 3C—Interest

Deposits	<u>352</u>	<u>5,987</u>
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Note 3D—Contributions

Resources received free of charge from sources other than government	3,320	3,494
Grants and other non-reciprocal payments by other entities	287	270
	<u>3,607</u>	<u>3,764</u>

2002	2001
\$'000	\$'000

Note 4: Operating Expenses

Note 4A—Employee Expenses

Remuneration (for services provided)	28,751	26,508
Separation and redundancy	109	222
Total remuneration	28,860	26,730
Other employee expenses	320	355
	29,180	27,085

The Library contributes to the Commonwealth Superannuation (CSS) and the Public Sector (PSS) Superannuation schemes, which provide retirement, death and disability benefits to employees. Contributions to the schemes are at rates calculated to cover existing and emerging obligations. Current contribution rates are 20.5% of salary (CSS) and 10.6% of salary (PSS). An additional 3% is contributed for employer productivity benefits.

Note 4B—Suppliers Expenses

Supply of goods and services	20,657	20,461
Operating lease rentals	1,499	1,541
Total	22,156	22,002

Note 4C—Grant Expenses

The Library makes grants to support Australian community organisations to preserve significant documentary heritage collections. The Harold White Fellowships are grants provided to established scholars and writers to work on materials held in the National Collection.

Non-profit institutions	150	120
Individuals—Harold White Fellowships	37	55
	187	175

Note 4D—Depreciation and Amortisation

Depreciation of National Collection	4,993	1,698
Depreciation of property, plant and equipment	3,547	3,228
Amortisation of leasehold improvements	4	31
Amortisation of intangible assets	919	1,190
	9,463	6,147

The aggregate amounts of depreciation or amortisation expensed during the reporting period, for each class of depreciable assets, are as follows:

	2002 \$'000	2001 \$'000
Building	2,412	2,376
Leasehold improvements	4	31
National Collection	4,993	1,698
Other infrastructure, plant and equipment	1,135	852
Intangibles	919	1,190
	<u>9,463</u>	<u>6,147</u>

Note 4E—Write-Down of Assets

Bad and doubtful debts expense:		
Receivables for goods and services	12	29
Inventories	42	152
Plant and Equipment—write-off on disposal	19	14
	<u>73</u>	<u>195</u>

Note 4F—Net Loss from Sales of Assets

Infrastructure, plant and equipment:		
Proceeds from sale	11	9
Net book value at sale	13	29
Net Loss	2	20
Add: plant and equipment written off on disposal (Note 4E)	19	14
Net loss on disposal of property, plant and equipment	<u>21</u>	<u>34</u>

Note 5: Financial Assets

5A—Cash

Cash at bank and on hand	2,557	7,008
Deposits at call	6,464	2,282
Term deposit	85	80
	<u>9,106</u>	<u>9,370</u>
Balance of cash as at 30 June shown in the Statement of Cash Flows	<u>9,106</u>	<u>9,370</u>

	2002 \$'000	2001 \$'000
5B—Receivables		
Goods and services	2,266	1,990
Less: Provision for doubtful debts	(33)	(30)
	<u>2,233</u>	<u>1,960</u>
Other debtors	6	9
GST Receivable	338	551
	<u>2,577</u>	<u>2,520</u>
Receivables (gross) are aged as follows:		
Not overdue	2,383	2,465
Overdue by		
- less than 30 days	124	36
- 30 to 60 days	26	45
- 60 to 90 days	2	2
- more than 90 days	3	2
	<u>155</u>	<u>85</u>
	<u>2,610</u>	<u>2,550</u>

Note 6: Non-Financial Assets

6A—Land and Building

Land—at June 2000 valuation	6,500	6,500
	<u>6,500</u>	<u>6,500</u>
Building—at June 2000 valuation	171,000	171,000
Accumulated depreciation	(48,724)	(46,362)
	<u>122,276</u>	<u>124,638</u>
Building improvements—at cost	3,879	694
Accumulated depreciation	(64)	(15)
	<u>3,815</u>	<u>679</u>
Building improvements—work in progress	614	1,386
Leasehold improvements—at cost	88	88
Accumulated amortisation	(73)	(68)
	<u>15</u>	<u>20</u>

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	2002 \$'000	2001 \$'000
Total building	<u>126,720</u>	<u>126,723</u>
Total land and building	<u>133,220</u>	<u>133,223</u>
6B—Plant and Equipment		
Plant and equipment—at June 1999 valuation	-	6,405
Plant and equipment—at June 2002 valuation	20,058	-
Accumulated depreciation	(9,157)	(1,379)
	<u>10,901</u>	<u>5,026</u>
Plant and equipment—at cost	-	2,489
Accumulated depreciation	-	(210)
	<u>-</u>	<u>2,279</u>
Total plant and equipment	<u>10,901</u>	<u>7,305</u>

The Library's plant and equipment was valued as at 30 June 2002 in accordance with the policy stated at Note 1. The Australian Valuation Office completed the valuation and the officer responsible for the valuation project was Mr T. Noble AAPI, GradCertP&E, BBus (prop). The plant and equipment was valued at \$10,901,000 and a revaluation increment of \$2,092,000 was made to the asset revaluation reserve.

6C—National Collection

National Collection—at June 2001 valuation	1,519,671	1,519,672
Accumulated depreciation	(4,962)	-
	<u>1,514,709</u>	<u>1,519,672</u>
National Collection—at cost	5,358	-
Accumulated depreciation	(31)	-
	<u>5,327</u>	<u>-</u>
Total National Collection	<u>1,520,036</u>	<u>1,519,672</u>

Table B—Summary of balances of assets at valuation as at 30 June 2002

Item	<i>Land</i>	<i>Buildings</i>	Total land and buildings	National Collections	Infrastructure, plant and equipment	Computer software— Total intangibles	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2002							
Gross Value	6,500	171,000	177,500	1,519,671	20,058	-	1,717,229
Accumulated depreciation/amortisation	n/a	(48,724)	(48,724)	(4,962)	(9,157)	-	(62,843)
Net book value	6,500	122,276	128,776	1,514,709	10,901	-	1,654,386
As at 30 June 2001							
Gross Value	6,500	171,000	177,500	1,519,671	6,405	-	1,703,577
Accumulated depreciation/amortisation	n/a	(46,362)	(46,362)	-	(1,379)	-	(47,741)
Net book value	6,500	124,638	131,138	1,519,671	5,026	-	1,655,836



Table C—Summary of assets under construction as at 30 June 2002

Item	<i>Land</i>	<i>Buildings</i>	Total land and buildings	National Collections	Infrastructure, plant and equipment	Computer software— Total intangibles	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2002							
Gross Value	-	614	614	-	-	-	614
Accumulated depreciation/amortisation	-	-	-	-	-	-	-
Net book value	-	614	614	-	-	-	614
As at 30 June 2001							
Gross Value	-	1,386	1,386	-	-	-	1,386
Accumulated depreciation/amortisation	-	-	-	-	-	-	-
Net book value	-	1,386	1,386	-	-	-	1,386

	2002 \$'000	2001 \$'000
Note 6E—Inventories		
Inventories held for sale (at cost)	390	437
Inventories held for sale (at realisable value)	160	182
Work in progress (at cost)	106	110
Inventories held for sale	<u>656</u>	<u>729</u>
Inventories not held for sale (at cost)	<u>63</u>	<u>52</u>
Total	<u><u>719</u></u>	<u><u>781</u></u>
Inventories are categorised as follows:		
Current	406	449
Non-current	313	332
	<u>719</u>	<u>781</u>
Note 6F—Intangibles		
Computer software—internally developed	75	-
Computer software—internally developed—in progress	338	-
Computer software—purchased	6,529	6,353
Accumulated amortisation	(3,788)	(2,918)
Total	<u><u>3,154</u></u>	<u><u>3,435</u></u>
Note 6G—Other Non-Financial Assets		
Prepayments	<u>1,870</u>	<u>1,594</u>

Note 6H—Special Categories of Assets

The National Library building and land are categorised as restricted assets in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*. Restricted assets include those assets, which cannot be redeployed or disposed because of legal or government policy constraints. Specifically, the Library does not have the power to dispose of either the Library building or land upon which it stands. The value of the building and land is fully disclosed in Note 6A.

Note 7: Provisions**Note 7A—Employee Provisions**

Salaries and wages	844	692
Leave	8,899	8,076
Superannuation	98	99
Separation and redundancies	56	-
Aggregate employee entitlement liability	<u><u>9,897</u></u>	<u><u>8,867</u></u>

	2002	2001
	\$'000	\$'000
Employee provisions are categorised as follows:		
Current	3,795	3,386
Non-current	6,102	5,481
	9,897	8,867

Note 8: Payables

Note 8A—Suppliers Payables

Trade creditors	1,645	3,275
Operating lease rentals	54	142
	1,699	3,417

All supplier payables are current.

Note 8B—Grant Payables

Individuals—Harold White Fellows	17	14
	17	14

All grants payables are current.

Note 8C—Other

Non-trade creditors	188	260
Prepaid income	37	15
	225	275

All other payables are current.

Note 9: Equity

Item	Accumulated Results \$'000		Asset Revaluation Reserve \$'000		Contributed Equity \$'000		TOTAL EQUITY \$'000	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Balance as at 1 July	1,412,032	1,365,015	251,209	108,219	2,060	1,030	1,665,301	1,474,264
Operating Result	163,867	224,343	-	-	-	-	163,867	224,343
Net revaluations increases/(decreases)	-	-	2,092	142,990	-	-	2,092	142,990
Transfers to/(from) reserves	-	-	-	-	-	-	-	-
Equity Appropriation Capital	-	-	-	-	1,030	1,030	1,030	1,030
Capital Use Charge (CUC)	(162,570)	(177,326)	-	-	-	-	(162,570)	(177,326)
Contribution of equity: appropriation	-	-	-	-	-	-	-	-
Balance as at 30 June	1,413,329	1,412,032	253,301	251,209	3,090	2,060	1,669,720	1,665,301
<i>Less: outside equity interests</i>	-	-	-	-	-	-	-	-
Total equity attributable to the Commonwealth	1,413,329	1,412,032	253,301	251,209	3,090	2,060	1,669,720	1,665,301



2002	2001
\$'000	\$'000

Note 10: Non-Cash Financing and Investing Activities

National Collection material received free of charge	<u>1,090</u>	<u>46,944</u>
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The variation between years for National Collection material received free of charge reflects the recognition of National Collection materials not previously recognised (\$45,533,000) in the 2000–01 financial year.

Note 11: Cash Flow Reconciliation

Reconciliation of operating surplus to net cash provided by operating activities:

Operating surplus before extraordinary items	163,867	224,343
Depreciation and amortisation	9,463	6,147
Loss/(Gain) on disposal of fixed assets	21	34
Resources received free of charge: non-government	(3,320)	(49,027)
Notional expenditure	2,272	2,085
(Increase) / decrease in receivables	(60)	(847)
Increase / (decrease) in provision for doubtful debts	3	3
(Increase) / decrease in other assets	(214)	(219)
Increase / (decrease) in grant liabilities	3	14
Increase / (decrease) in other liabilities	(50)	34
Increase / (decrease) in capital use charge	(1)	1
Increase / (decrease) in liability to suppliers	(1,718)	2,188
Increase / (decrease) in accrued salaries and wages	207	73
Increase / (decrease) in employee provisions	823	449
Net cash from / (used by) operating activities	<u>171,296</u>	<u>185,278</u>

Note 12: Remuneration of Council Members

The number of Council members whose total remuneration was within the following bands are as follows:

\$0 – \$9,999	1	8
\$10,000 – \$19,999	6	6
	<u>7</u>	<u>14</u>
	\$	\$

Total remuneration received or due and receivable by the Council members of the Library	<u>86,089</u>	<u>84,635</u>
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The above disclosure excludes the Director-General, who is an executive member of the Council and whose remuneration is disclosed in Note 14. These payments are determined by the Remuneration Tribunal and paid in accordance with Sections 13 and 17A of the *National Library Act 1960*.



Note 13: Related Party Disclosures

National Library Council

Members of the Council during the year were:

- ▶ J. Gobbo (Chairman)
- ▶ A. D. Robson (Deputy Chair)
- ▶ S. Bambrick
- ▶ D. Bourke
- ▶ M. Ferguson
- ▶ N. McCann to 26 March 2002
- ▶ W. Pelz
- ▶ C. Rubenstein
- ▶ J. Tierney
- ▶ I. Watt to January 2002
- ▶ H Williams from 27 March 2002
- ▶ J. Fullerton (Director-General and Executive member of Council)

The aggregate remuneration of Council members is disclosed in Note 12.

Transactions with Council members or Council member related entities

No members of the Council have, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Council members shown in the financial statements) by reason of a contract made by the National Library with the Council member or an entity in which she/he has a substantial financial interest.

Note 14: Remuneration of Officers

The numbers of officers included in these figures are shown below in the relevant income bands

	<u>2002</u>	<u>2001</u>
\$100,000 – \$110,000	-	-
\$110,001 – \$120,000	-	1
\$120,001 – \$130,000	2	1
\$130,001 – \$140,000	1	2
\$140,001 – \$150,000	3	1
\$150,001 – \$160,000	1	2
\$180,001 – \$190,000	1	-
\$190,001 – \$200,000	-	1
\$210,001 – \$220,000	1	1
	<u>9</u>	<u>9</u>
	\$	\$
The aggregate amount of total remuneration of officers shown above.	<u>1,508,133</u>	<u>1,372,427</u>
The aggregate amount of separation and redundancy payments during the year to officers shown above.	<u>-</u>	<u>-</u>

The officer remuneration includes all officers concerned with or taking part in the management of the Library during 2001-02 provided that their remuneration equals to or exceeds \$100,000 and includes the Director-General.



2002	2001
\$	\$
<hr/>	<hr/>

Note 15: Remuneration of Auditors

Remuneration to the Auditor-General for auditing the financial statements for the reporting period.

43,000	43,000
<hr/>	<hr/>

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

Note 16: Average Staffing Levels

The average staffing levels for the Library during the year were:

501	496
<hr/>	<hr/>

Note 17: Trust Money

The Library operates a number of trust funds to account for donations and income from the application of donated funds. These funds operate under formal trust arrangements and funds are only expended in accordance with the terms of trusts—accordingly these moneys are not recognised in the financial statements. The following is a brief comment on each fund currently in operation:

\$'000	\$'000
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(a) The Morris West Trust Fund was funded by the author Morris West. The fund is used for the publication of material owned by the Library.

Balance 1 July	469	530
Deposits during the year	38	35
	<hr/>	<hr/>
	507	565
Interest received	29	27
	<hr/>	<hr/>
	536	592
Expenditure during the year	(74)	(123)
	<hr/>	<hr/>
Balance at 30 June	462	469
	<hr/>	<hr/>

(b) The General Trust Fund comprises donations received for general purposes or where no purpose is specified by the donor.

Balance 1 July	476	453
Deposits during the year	232	108
	<hr/>	<hr/>
	708	561
Interest received	30	25
	<hr/>	<hr/>
	738	586
Expenditure during the year	(117)	(110)
	<hr/>	<hr/>
Balance at 30 June	621	476
	<hr/>	<hr/>



	2002	2001
	\$'000	\$'000
(c) The Kenneth Baillieu Myer Trust is a bequest from the late Kenneth Baillieu Myer for the purposes of the Kenneth Myer Annual Oration as held by the Library and for such other purpose as may be considered appropriate by the Director-General.		
Balance 1 July	91	97
Deposits during the year	1	1
	92	98
Interest received	4	4
	96	102
Expenditure during the year	(13)	(11)
Balance at 30 June	83	91

(d) The E.A. & V.I. Crome Trust is a bequest by the late E.A. Crome for the maintenance of and addition to the E.A. & V.I. Crome Collection.

Balance 1 July	172	164
Deposits during the year	-	-
	172	164
Interest received	10	8
	182	172
Expenditure during the year	-	-
Balance at 30 June	182	172

(e) The Acquisition Trust Fund comprises donations received specifically for the acquisition of Library material.

Balance 1 July	46	53
Deposits during the year	1	-
	47	53
Interest received	3	2
	50	55
Expenditure during the year	(9)	(9)
Balance at 30 June	41	46

	2002 \$'000	2001 \$'000
<p>(f) The H.S. Williams Trust is a bequest from the late Harold S. Williams for the maintenance of and addition to the H.S. Williams Collection.</p>		
Balance 1 July	24	23
Deposits during the year	-	-
	24	23
Interest received	1	1
	25	24
Expenditure during the year	-	-
Balance at 30 June	25	24

(g) The Dame Mary Gilmore Trust Account is a specific bequest from the late Dame Mary Gilmore.

Balance 1 July	9	9
Deposits during the year	-	-
	9	9
Interest received	1	-
	10	9
Expenditure during the year	-	-
Balance at 30 June	10	9



Note 18: Financial Instruments

Note 18A—Terms, Conditions and Accounting Policies			
Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Financial assets		Financial assets are recognised when control over future economic benefits are established and the amount of the benefit can be reliably measured.	
Deposits at call	5A	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Temporary surplus funds, mainly from revenue and monthly draw-downs of appropriations, are placed on deposit at call with the Library's bankers. Interest is earned on the daily balance at the prevailing daily rate for money on call and is paid at month end.
Receivables for goods and services	5B	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of debt is judged to be less rather than more likely.	Credit terms are net 30 days (2001: 30 days).
Other debtors	5B	As for receivables for goods and services.	As for receivables for goods and services.
Term Deposit	5A	Term deposits are recognised at cost. Interest is credited as it accrues.	Term deposits are with the Library's bank and interest is paid annually. The effective rate of interest is 4.15%.
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade creditors	8A	Creditors and accruals are recognised at their nominal amounts, being the amounts at which liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net of 30 days.
Grant liabilities	8C	Grant liabilities are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Most grant agreements require the grantee to undertake specific tasks or utilise the funding in a specific way. In these cases, liabilities are recognised only to the extent that the grantee has complied with the grant agreement, and where grant moneys are paid in advance, a prepayment is recognised. In cases where grant agreements are made without conditions to be monitored, liabilities are recognised on signing of the agreement.	Settlement is made in accordance with the grant agreement.





Note 18: Financial Instruments (cont)

Note 18B—Interest Rate Risk																		
Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate								Non-Interest Bearing		Total		Weighted Average Effective Interest Rate		
				1 year or less		1 to 2 years		2 to 5 years		> 5 years								
		01-02	00-01	01-02	00-01	01-02	00-01	01-02	00-01	01-02	00-01	01-02	00-01	01-02	00-01	01-02	00-01	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Financial Assets (Recognised)																		
Cash at bank	5A	2,554	6,394	-	-	-	-	-	-	-	-	-	-	2,554	6,394	3.61	4.88	
Cash on hand	5A	-	-	-	-	-	-	-	-	-	-	-	3	6		n/a		
Deposits at call	5A	6,464	2,282	-	-	-	-	-	-	-	-	-	6,464	2,282	4.28	5.63		
Receivables for goods and services	5B	-	-	-	-	-	-	-	-	-	-	2,233	1,960	2,233	1,960	n/a	n/a	
Other debtors	5B	-	-	-	-	-	-	-	-	-	-	6	9	6	9	n/a	n/a	
Term deposit	5A	-	-	85	-	-	80	-	-	-	-	-	-	85	80	4.15	6.40	
Total Financial Assets (Recognised)		9,018	8,676	85	-	-	80	-	-	-	-	2,242	1,966	11,345	10,731	n/a	n/a	
TOTAL ASSETS														1,681,583	1,677,900			
Financial Liabilities (Recognised)																		
Trade creditors	8A	-	-	-	-	-	-	-	-	-	-	1,645	3,275	1,645	3,275	n/a	n/a	
Grants payable	8C	-	-	-	-	-	-	-	-	-	-	17	14	17	14			
Total Financial Liabilities (Recognised)		-	-	-	-	-	-	-	-	-	-	1,662	3,289	1,662	3,289	n/a	n/a	
TOTAL LIABILITIES														11,863	12,599			

Note 18: Financial Instruments (cont)**Note 18C—Net Fair Value of Financial Assets and Liabilities**

	Note	2001-02		2000-01	
		Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Financial Assets					
Cash at bank	5A	2,555	2,555	6,394	6,394
Cash on hand	5A	3	3	6	6
Deposits at call	5A	6,463	6,463	2,282	2,282
Receivables for goods and services	5B	2,233	2,233	1,960	1,960
Other debtors	5B	6	6	9	9
Term deposit	5A	85	85	80	80
Total Financial Assets		11,345	11,345	10,731	10,731
Financial Liabilities (Recognised)					
Trade creditors	8A	1,645	1,645	3,275	3,275
Grants payable	8C	17	17	14	14
Total Financial Liabilities (Recognised)		1,662	1,662	3,289	3,289

Financial assets

The net fair values of cash, deposits on call and non-interest-bearing monetary financial assets approximate their carrying amounts. None of the classes of financial assets are readily traded on organised markets in standardised form.

Financial liabilities

The net fair values for trade creditors and grant liabilities, which are short term in nature, are approximated by their carrying amounts. None of the classes of financial liabilities are readily traded on organised markets in standardised form.

Note 18D—Credit Risk Exposures

The Library's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statements of Assets and Liabilities. The Library has no significant exposures to any concentrations of credit risk. The Library does not hold collateral or other security and therefore the figures for credit risk represent the maximum credit risk exposure.



Note 19: Appropriations

The Library received the following appropriations during the year out of the Consolidated Revenue Funds.

Annual Appropriation Act Nos 1, 3—basic appropriations	210,265	215,573
Annual Appropriation Act No. 2—equity injection	1,030	1,030
Total	<u>211,295</u>	<u>216,603</u>

Note 20: Reporting of Outcomes

Note 20A—Outcomes of the Library

The Library is structured to meet one outcome:

Outcome 1: Australians have access, through the National Library of Australia, to a comprehensive collection of Australian library material and to international documentary resources.

The Library's outputs reflect the functions of the Library as defined in the *National Library Act 1960* including the maintenance and development of the National Collection (Output 1.1); the provision of information services (Output 1.2); public program activities, such as exhibitions (Output 1.3); and the provision of the Kinetica system and other services to support and facilitate resource sharing within the Library (Output 1.4).

Note 20B—Total Cost/Contributions of Outcomes

	Outcome 1	
	Actual \$000	Budget \$000
Net taxation, fees and fines revenues	-	-
Other administered revenues	-	-
Net subsidies, benefits and grant expenses	-	-
Other administered expenses	-	-
Net cost of departmental outputs	46,446	47,361
Cost of outcome before extraordinary items	46,446	47,361
Extraordinary items	-	-
Net cost to budget outcome	46,446	47,361

Note 20C—Major Departmental Revenues and Expenses by Output

	Output 1.1		Output 1.2		Output 1.3		Output 1.4		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating revenues										
Revenues from Government	18,225	18,741	179,635	188,074	7,586	5,783	4,867	2,975	210,313	215,573
Sale of goods and services	667	551	1,760	1,038	1,532	938	6,555	6,426	10,514	8,953
Interest	132	2,373	123	1,772	37	684	60	1,158	352	5,987
Contributions	3,284	3,544	79	29	235	172	9	19	3,607	3,764
Other	65	44	38	45,550	19	85	20	11	142	45,690
Total operating revenues	22,373	25,253	181,635	236,463	9,409	7,662	11,511	10,589	224,928	279,967
Operating expenses										
Employees	12,059	11,622	10,438	9,452	3,679	3,094	3,004	2,917	29,180	27,085
Suppliers	7,709	8,212	4,968	5,235	3,603	2,274	5,876	6,281	22,156	22,002
Grants	-	-	37	55	150	120	-	-	187	175
Depreciation and amortisation	937	981	6,923	3,488	380	342	1,223	1,336	9,463	6,147
Write-down of assets	-	10	17	22	42	157	14	6	73	195
Loss on disposal of assets	(3)	-	5	18	-	2	-	-	2	20
Total operating expenses	20,702	20,825	22,388	18,270	7,854	5,989	10,117	10,540	61,061	55,624



Note 20D—Major Classes of Assets and Liabilities by Output												
	Output 1.1		Output 1.2		Output 1.3		Output 1.4		Non-Specific		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Output specific Library assets												
Receivables	180	98	27	34	-	1	1,410	1,219	-	-	1,617	1,352
National Collection	-	-	1,520,036	1,519,672	-	-	-	-	-	-	1,520,036	1,519,672
Infrastructure, plant and equipment	915	514	5,876	4,450	500	195	23	26	-	-	7,314	5,175
Inventories	-	-	42	41	575	645	-	-	-	-	617	686
Intangible	1	2	4	6	-	-	2,148	2,912	-	-	2,153	2,920
Other	1,497	1,327	-	-	-	-	-	-	-	-	1,497	1,327
Total specific Library assets	2,593	1,941	1,525,985	1,524,203	1,075	841	3,581	4,157	-	-	1,533,234	1,531,142
Other Library assets												
Cash	-	-	-	-	-	-	-	-	9,106	9,370	9,106	9,370
Receivables	-	-	-	-	-	-	-	-	960	1,168	960	1,168
Land and buildings	-	-	-	-	-	-	-	-	133,220	133,223	133,220	133,223
Infrastructure, plant and equipment	-	-	-	-	-	-	-	-	3,587	2,120	3,587	2,120
Inventories	-	-	-	-	-	-	-	-	102	95	102	95
Intangibles	-	-	-	-	-	-	-	-	1,001	515	1,001	515
Other	-	-	-	-	-	-	-	-	373	267	373	267
Total specific Library assets	-	-	-	-	-	-	-	-	148,349	146,758	148,349	146,758

Note 20D—Major Classes of Assets and Liabilities by Output (cont)

	Output 1.1		Output 1.2		Output 1.3		Output 1.4		Non-Specific		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Output specific Library liabilities												
Capital Use	-	-	25	26	-	-	-	-	-	-	25	26
Employees	231	240	198	192	87	71	108	42	-	-	624	545
Suppliers	211	156	36	369	23	64	433	198	-	-	703	787
Grants	-	-	17	14	-	-	-	-	-	-	17	14
Other	-	-	21	25	21	-	16	15	-	-	58	40
Total specific Library liabilities	442	396	297	626	131	135	557	255	-	-	1,427	1,412
Other Library liabilities												
Employees	-	-	-	-	-	-	-	-	9,273	8,322	9,273	8,322
Suppliers	-	-	-	-	-	-	-	-	996	2,630	996	2,630
Other	-	-	-	-	-	-	-	-	167	235	167	235
Total specific Library liabilities	-	-	-	-	-	-	-	-	10,436	11,187	10,436	11,187

