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To the Chair Libraries Board of South Australia

Opinion

I have audited the financial report of the Libraries Board of South Australia for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Libraries Board of South Australia as at 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, Libraries Board of South Australia, Director, State Library of South Australia and the Associate Director, Public Library and Corporate Services.

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 Libraries Board of South Australia. 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 (including Independence Standards)* have been met.

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

Responsibilities of the Director, State Library of South Australia and the Board for the financial report

The Director, State Library of South Australia is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards – Simplified Reporting Requirements, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Director, State Library of South Australia is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Director, State Library of South Australia is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The Libraries Board of South Australia is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19(3) of the *Libraries Act 1982* I have audited the financial report of the Libraries Board of South Australia for the financial year ended 30 June 2023.

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, but not for the purpose of expressing an opinion on the effectiveness of the Libraries Board of South Australia's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director, State Library of South Australia
- conclude on the appropriateness of the Director, State Library of South Australia's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- 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 Director, State Library of South Australia and the Chair, Libraries Board of South Australia about, 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.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

29 September 2023

Libraries Board of South Australia

Financial Statements

For the year ended 30 June 2023

Libraries Board of South Australia
Certification of the Financial Statements
For the year ended 30 June 2023

We certify that the:

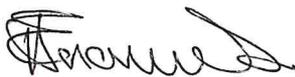
- financial statements of the Libraries Board of South Australia:
 - are in accordance with the accounts and records of the Libraries Board of South Australia;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Libraries Board of South Australia at the end of the financial year and the result of its operation and cash flows for the financial year.
- internal controls employed by the Libraries Board of South Australia for the financial year over its financial reporting and its preparation of financial statements have been effective.



Bruce Linn
Chair
Libraries Board of South Australia
29 September 2023



Geoff Stempel
Director
State Library of South Australia
29 September 2023



Hanlie Erasmus
Associate Director Public Library and Corporate Services
Public Library Services
29 September 2023

Libraries Board of South Australia
Statement of Comprehensive Income
For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Recurrent operating grants	2.1	34 452	34 876
Fees and charges	2.2	79	56
Rent and facilities hire	2.3	145	96
Resources received free of charge	2.4	1 010	685
Investment income	2.5	745	664
Intra-government transfers	3.3	1 180	-
Council contributions		76	164
Recoveries		191	318
Other income		62	255
Total income		37 940	37 114
Expenses			
Staff benefits expenses	3.3	13 123	12 480
Supplies and services	4.1	8 149	8 472
Accommodation and facilities	4.2	3 117	3 093
Depreciation and amortisation	5.1, 5.2, 5.5	3 840	3 905
Subsidies to public libraries	4.3	12 877	12 821
Net loss from the disposal of non-current assets	4.4	569	110
Total expenses		41 675	40 881
Net result		(3 735)	(3 767)
Other Comprehensive Income			
Items that will not be reclassified to net result			
Net loss on sale of investments classified as fair value through other comprehensive income	4.4	-	(14)
Changes in fair value of investments classified as fair value through other comprehensive income		280	(424)
Total other comprehensive income		280	(438)
Total comprehensive result		(3 455)	(4 205)

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

Libraries Board of South Australia
Statement of Financial Position
As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.1	9 580	10 599
Receivables	6.2	1 689	1 037
Total current assets		11 269	11 636
Non-current assets			
Receivables	6.2	3	8
Property, plant and equipment	5.1	76 053	79 710
Intangible assets	5.5	69	130
Research and heritage collections	5.6	141 625	141 700
Investments	6.3	11 232	10 877
Total non-current assets		228 982	232 425
Total assets		240 251	244 061
Current liabilities			
Payables	7.1	2 086	1 935
Staff benefits	3.4	1 036	1 121
Provisions	7.2	38	34
Financial liabilities	7.3	11	6
Total current liabilities		3 171	3 096
Non-current liabilities			
Payables	7.1	181	218
Staff benefits	3.4	1 820	2 258
Provisions	7.2	132	96
Financial liabilities	7.3	10	1
Total non-current liabilities		2 143	2 573
Total liabilities		5 314	5 669
Net assets		234 937	238 392
Equity			
Retained earnings		79 437	83 172
Investment reserve		1 719	1 439
Asset revaluation surplus		153 781	153 781
Total equity		234 937	238 392

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

Libraries Board of South Australia
Statement of Changes in Equity
For the year ended 30 June 2023

	Asset revaluation surplus	Investment reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	156 863	1 863	86 953	245 679
Net result for 2021-22	-	-	(3 767)	(3 767)
Loss on revaluation of research and heritage collections	(3 082)	-	-	(3 082)
Loss on sale of investments classified as fair value through other comprehensive income	-	(14)	-	(14)
Transfer of revaluation loss on sale of investments from investment reserve to retained earnings	-	14	(14)	-
Fair value movement of investments classified as fair value through other comprehensive income	-	(424)	-	(424)
Total comprehensive result for 2021-22	(3 082)	(424)	(3 781)	(7 287)
Balance at 30 June 2022	153 781	1 439	83 172	238 392
Net result for 2022-23	-	-	(3 735)	(3 735)
Fair value movement of investments classified as fair value through other comprehensive income	-	280	-	280
Total comprehensive result for 2022-23	-	280	(3 735)	(3 455)
Balance at 30 June 2023	153 781	1 719	79 437	234 937

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

Libraries Board of South Australia
Statement of Cash Flows
For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Cash inflows			
Recurrent operating grants		34 436	34 892
Fees and charges		84	57
Rent and facilities hire		153	106
Bequests and donations		137	52
Investment income		837	572
Intra-government transfers		1 180	-
Council contributions		84	180
Recoveries		201	329
GST recovered from DPC		1 646	1 420
Other receipts		210	204
Cash generated from operations		38 968	37 812
Cash outflows			
Staff benefits payments		(13 667)	(13 013)
Payments for supplies and services		(9 008)	(7 630)
Payments for accommodation and facilities		(3 417)	(3 383)
Subsidies paid to public libraries		(13 489)	(13 343)
Cash used in operations		(39 581)	(37 369)
Net cash (used in) / provided by operating activities		(613)	443
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of / maturity of investments		-	2 837
Proceeds from sale of property, plant and equipment		3	3
Cash generated from investing activities		3	2 840
Cash outflows			
Purchase of heritage collections		(231)	(244)
Purchase of investments		(75)	(2 846)
Purchase of property, plant and equipment		(95)	(34)
Cash used in investing activities		(401)	(3 124)
Net cash used in investing activities		(398)	(284)
Cash flows from financing activities			
Cash outflows			
Repayment of principal portion of lease liabilities		(8)	(31)
Cash used in financing activities		(8)	(31)
Net cash used in financing activities		(8)	(31)
Net (decrease) / increase in cash and cash equivalents		(1 019)	128
Cash and cash equivalents at the beginning of the period		10 599	10 471
Cash and cash equivalents at the end of the period	6.1	9 580	10 599

The accompanying notes form part of these financial statements.

Libraries Board of South Australia

Notes to and forming part of the financial statements

For the year ended 30 June 2023

1. About the Libraries Board of South Australia

The Libraries Board of South Australia (the Board) is a not-for-profit statutory authority established pursuant to section 8 of the *Libraries Act 1982* (the Act). The Board is charged with the management of the State Library of South Australia (SLSA) and the Public Library Services (PLS) under the Act.

1.1. Basis of preparation

These financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards, applying simplified disclosures.

The financial statements have been prepared based on a 12 month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Assets and liabilities that are to be sold, consumed or realised as part of the normal 12 month operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out throughout the notes.

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

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

The Board is grouped with the Department of Premier and Cabinet (DPC) for GST purposes, and accordingly DPC prepares the Business Activity Statement on behalf of the Board via the grouping provisions of the GST legislation. Notwithstanding the use of these grouping provisions, intercompany cash alignment occurs to ensure the Board either recovers the net amount of GST recoverable from or disburses the amount payable to the ATO from DPC.

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

1.2. Objectives and programs

Objectives

The objectives of the Board as prescribed under the Act are as follows:

- formulate policies and guidelines for the provision of public library services
- establish, maintain and expand collections of library materials
- administer the State Library
- promote, encourage and assist in the establishment, operation and expansion of public libraries and public library services by councils and others

Libraries Board of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2023

1.2. Objectives and programs (continued)

Programs

The Board undertakes the following programs:

- *Provision of State Library Services* - to provide, through the SLSA, a comprehensive library and information service for the economic, educational, cultural and social benefit of South Australia and its citizens.
- *Support of Public Library Services* - to provide, through PLS and the distribution of State subsidies, an equitable and responsible provision of resources, support and services to public libraries and community information agencies.

The tables on the following pages present income, expenses, assets and liabilities attributable to each program.

Libraries Board of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2023

1.2. Objectives and programs (continued)

Income and Expenses by program for the year ended 30 June 2023	Provision of State Library Services			Support of Public Library Services			Eliminations		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Income										
Recurrent operating grants	13 742	14 866	20 710	20 010	-	-	-	-	34 452	34 876
Fees and charges	79	56	-	-	-	-	-	-	79	56
Rent and facilities hire	145	96	-	-	-	-	-	-	145	96
Resources received free of charge	923	596	87	89	-	-	-	-	1 010	685
Investment income	618	664	127	-	-	-	-	-	745	664
Intra-government transfers	1 069	-	111	-	-	-	-	-	1 180	-
Council contributions	-	-	76	164	-	-	-	-	76	164
Recoveries	119	172	72	146	-	-	-	-	191	318
Other income	42	460	20	1	-	(206)	-	-	62	255
Total income	16 737	16 910	21 203	20 410	-	(206)	-	-	37 940	37 114
Expenses										
Staff benefits expenses	10 050	9 586	3 073	2 894	-	-	-	-	13 123	12 480
Supplies and services	3 343	3 345	4 806	5 333	-	(206)	-	-	8 149	8 472
Accommodation and facilities	3 117	3 070	-	23	-	-	-	-	3 117	3 093
Depreciation and amortisation	3 828	3 868	12	37	-	-	-	-	3 840	3 905
Subsidies to public libraries	-	-	12 877	12 821	-	-	-	-	12 877	12 821
Net loss from the disposal of non-current assets	569	86	-	24	-	-	-	-	569	110
Total expenses	20 907	19 955	20 768	21 132	-	(206)	-	(206)	41 675	40 881
Net result	(4 170)	(3 045)	435	(722)	-	-	-	-	(3 735)	(3 767)

Libraries Board of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2023

1.2. Objectives and programs (continued)

Assets and liabilities by program

	Provision of State Library Services		Support of Public Library Services		Total	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Assets	8 211	8 514	3 058	3 122	11 269	11 636
Total current assets	8 211	8 514	3 058	3 122	11 269	11 636
Non-current assets						
Assets	228 968	232 402	14	23	228 982	232 425
Total non-current assets	228 968	232 402	14	23	228 982	232 425
Current liabilities						
Liabilities	1 522	1 749	1 649	1 347	3 171	3 096
Total current liabilities	1 522	1 749	1 649	1 347	3 171	3 096
Non-current liabilities						
Liabilities	1 813	2 106	330	467	2 143	2 573
Total non-current liabilities	1 813	2 106	330	467	2 143	2 573
Net assets	233 844	237 061	1 093	1 331	234 937	238 392

Libraries Board of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2023

2. Income

2.1. Recurrent operating grants

Grants are recognised on receipt. The Board received an annual recurrent operating grant of \$34.452 million (2022 \$34.876 million) from DPC. The operating grant is the primary source of revenue for the Board.

2.2. Fees and charges

	2023	2022
	\$'000	\$'000
Photocopying services	2	16
Fees for services	72	29
Other fees and charges	5	11
Total revenues from fees and charges	79	56

Revenue from photocopying services is recognised at a point in time as services are provided. Revenue for fees for services including Trove uploads, and other fees and charges are recognised as services are provided.

2.3. Rent and facilities hire

	2023	2022
	\$'000	\$'000
Rental income	133	91
Facilities hire	12	5
Total revenues from rent and facilities hire	145	96

Revenue from facilities hire and rental income is recognised when services are provided.

2.4. Resources received free of charge

	2023	2022
	\$'000	\$'000
Artlab conservation services	180	210
Donated assets	230	18
Bequests and donations	137	52
Services received free of charge - Shared Services SA	255	205
Car Parking	3	-
Services received free of charge - DPC ICT	205	200
Total resources received free of charge	1 010	685

Resources received free of charge are recorded as income in the Statement of Comprehensive Income at their fair value.

Under an arrangement with Artlab Australia, a division of DPC, Artlab Australia receives SA Government appropriation to perform conservation services on the Board's heritage collections. The value of this work performed is recognised as resources received free of charge in income and a corresponding amount included as preservation activities in note 4.1. Supplies and services.

Bequests and donations consist of cash and are included in the Statement of Cash Flows.

Libraries Board of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2023

2.4. Resources received free of charge (continued)

Contributions of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated. The Board receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge. The Board receives centralised information communication technology services (StateNet) free of charge from DPC.

2.5. Investment income

	2023	2022
	\$'000	\$'000
Dividends	341	365
Interest	212	23
Dividend imputation credits	121	147
Distributions	71	129
Total investment revenues	745	664

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

3. Board, committees and staff

3.1. Key management personnel

Key management personnel of the Board include the Minister for Arts, responsible for the Arts portfolio, the Chair and members of the Board, and the Director of the State Library of South Australia, the Associate Director, State Library Services, and the Associate Director, Public Library and Corporate Services, all of whom have responsibility for the strategic direction and management of the Board.

Total compensation for the Board's key management personnel was \$815 000 (2022 \$756 000). This amount excludes salaries and other benefits the Minister receives. 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 (DTF)) under section 6 of the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

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

Libraries Board of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2023

3.2. Board and committee members

Members during the 2023 financial year were:

BM Linn AM (Chair)
 Prof. AE Nettelbeck
 Prof. J Cys
 SG Hicks (retired 14/5/2023)
 JMH Finlay
 MK Berghuis
 H Hashemi (appointed 18/8/2022)
 J den Hartog (appointed 18/8/2022)
 BM Lewis (retired 31/7/2022)
 JY Whittaker (retired 31/7/2022)

Board and committee remuneration

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

	2023	2022
\$0 - \$19 999	10	8
Total number of Board members	10	8

The total remuneration received or receivable by members was \$43 000 (2022 \$59 000). Remuneration of members reflects all costs of performing board and committee duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

3.3. Staff benefits expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	8 846	9 042
Employment on-costs - superannuation	1 129	1 145
Annual leave	866	938
Targeted voluntary separation packages and rejuvenation scheme packages	1 158	393
Payroll tax	566	570
Long service leave	210	(5)
Skills and experience retention leave	94	93
Board fees	39	52
Workers compensation provision adjustment	42	59
Other staff related expenses	173	193
Total staff benefits expenses	13 123	12 480

Employment on-costs - superannuation

The superannuation employment on-cost charge represents the Board's contributions to superannuation plans in respect of current services of current staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

Libraries Board of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2023

3.3. Staff benefits expenses (continued)

Staff remuneration

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

	2023	2022
	No	No
\$180 001 to \$200 000	2	2
\$240 001 to \$260 000	1	1
Total	3	3

The total remuneration received by those staff for the year was \$637 000 (2022 \$654 000).

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, termination payments, salary sacrifice benefits, fringe benefits and any related fringe benefits tax paid.

Targeted voluntary separation packages (TVSP's)

	2023	2022
	\$'000	\$'000
Amounts paid to separated staff:		
Targeted voluntary separation packages	1 158	393
Leave paid to separated staff	349	159
Recovery from the Department of Treasury and Finance	(1 180)	-
Net cost to the Board	327	552

The number of staff who received a TVSP during the reporting period was 13 (2022 1). The number of staff who received a rejuvenation scheme package during the reporting period was 0 (2022 8). 2022 TVSP's include separations resulting from rejuvenation packages of \$305 000.

3.4. Staff benefits liability

	2023	2022
	\$'000	\$'000
Current		
Annual leave	678	764
Long service leave	264	215
Skills and experience retention leave	94	108
Accrued salaries and wages	-	34
Total current staff benefits	1 036	1 121
Non-current		
Long service leave	1 820	2 258
Total non-current staff benefits	1 820	2 258
Total staff benefits	2 856	3 379

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

Libraries Board of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2023

3.4. Staff benefits liability (continued)

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

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

The annual leave liability and the skills and experience retention leave liability in full are 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 staff is estimated to be less than the annual entitlement for sick leave.

The salary inflation rate for annual leave and skills and experience retention leave liability changed from 1.5% in 2022 to 2% in 2023.

Long service leave liability - measurement

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

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

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

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 3.5% in 2022 to 4% in 2023.

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 actuarial assessment performed by the DTF increased the salary inflation rate from at 2.5% to 3.5% for 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 and employee benefits expense of \$53 000. 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.

Libraries Board of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2023

4. Expenses

4.1. Supplies and services

	2023	2022
	\$'000	\$'000
Information technology and communication charges	2 416	2 041
Freight, courier, and postage	2 007	1 925
Contractors	319	403
Cataloguing and end processing	539	535
Membership / Subscriptions	111	130
Electronic resources	172	305
Consultants' fees	221	87
Business services charge	255	405
Maintenance	18	26
Insurance and risk management	228	209
Projects	239	202
Marketing and promotion	312	191
Preservation activities	212	244
Minor equipment purchases	221	325
Accommodation	93	9
Exhibitions	11	23
Licences	231	313
Other*	544	1 099
Total supplies and services	8 149	8 472

* Includes audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$58 000 (2022 \$56 000). No other services were provided by the Auditor-General's Department.

4.2. Accommodation and facilities

	2023	2022
	\$'000	\$'000
Accommodation	1 450	1 344
Facilities	1 104	1 218
Security	563	531
Total accommodation and facilities	3 117	3 093

Most of the Board's accommodation is provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangement issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of a lease set out in *AASB 16 Leases* and accordingly are expensed.

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4.3. Subsidies to public libraries

	2023	2022
	\$'000	\$'000
Library materials contribution	7 140	6 531
Operating contribution	5 051	5 108
Being digital	115	698
Library materials local purchase contribution	537	429
Community information contribution	34	35
Community information access	-	20
Total subsidies to public libraries	12 877	12 821

4.4. Net loss from the disposal of non-current assets

	2023	2022
	\$'000	\$'000
Investments		
Proceeds from disposal included in Net Result	-	2 182
Less net book value of assets disposed included in Net Result	-	(2 195)
Net loss from disposal of investments included in Net Result	-	(13)
Property, plant and equipment		
Proceeds from disposal	3	3
Less net book value of assets disposed	(36)	(58)
Net loss from disposal of property, plant and equipment	(33)	(55)
Research and heritage collections		
Less net book value of assets disposed	(536)	(42)
Net loss from disposal of research and heritage collections	(536)	(42)
Total proceeds from disposal included in Net Result	3	2 185
Less total net book value of assets disposed included in Net Result	(572)	(2 295)
Total net loss from disposal of non-current assets included in Net Result	(569)	(110)
Investments		
Proceeds from disposal through other comprehensive income (OCI)	-	655
Less net book value of assets disposed through OCI	-	(669)
Total net loss on sale of investments classified as fair value through OCI	-	(14)
Total assets		
Proceeds from disposal	3	2 840
Less net book value of assets disposed	(572)	(2 964)
Total net loss from disposal of non-current assets	(569)	(124)

5. Non-financial assets

5.1. Property, plant and equipment by asset class

Property, plant and equipment comprise tangible assets owned and right-of-use (leased) assets. The assets presented in the table on the following page do not meet the definition of investment property.

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5.1. Property, plant and equipment by asset class (continued)

Reconciliation 2022-23

	Land	Buildings and improv.	Compactus and lifts	Plant and equip.	Computer equip.	Total tangible assets	ROU Vehicles	Total ROU	Total Property, plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	12 300	65 524	1 375	318	186	79 703	7	7	79 710
Additions	-	-	-	22	113	135	22	22	157
Depreciation and amortisation	-	(3 522)	(104)	(63)	(82)	(3 771)	(8)	(8)	(3 779)
Disposals	-	-	(21)	(14)	-	(35)	-	-	(35)
Carrying amount at the end of the period	12 300	62 002	1 250	263	217	76 032	21	21	76 053
Gross carrying amount									
Gross carrying amount	12 300	145 086	3 109	1 550	1 105	163 150	37	37	163 187
Accumulated depreciation	-	(83 084)	(1 859)	(1 287)	(888)	(87 118)	(16)	(16)	(87 134)
Carrying amount at the end of the period	12 300	62 002	1 250	263	217	76 032	21	21	76 053

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5.2. Useful life and depreciation

Depreciation and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

Class of asset	Useful life (years)
Buildings and improvements	10-50
Plant and equipment	5-30
Computer equipment	3-10
Compactus and lifts	30
Intangible assets	3-10
Right-of-use assets	Lease term

The research and heritage collections are kept under special conditions to minimise deterioration and are anticipated to have very long and indeterminate useful lives. No amount for depreciation has been recognised, as their service potential has not, in any material sense, been consumed during the reporting period.

Review of accounting estimates

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

5.3. Property, plant and equipment owned by the Board

All non-current assets with a value of \$10 000 or greater are capitalised, with the exception of the compactus and shelving category which is capitalised from \$500. Owned property, plant and equipment is subsequently measured at fair value. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Revaluation of property, plant and equipment is undertaken on a regular cycle and is revalued at least every six years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place.

Land and buildings

An independent valuation of land and buildings owned by the Board was performed as at 30 June 2020 by a Certified Practising Valuer from Liquid Pacific Holdings Pty. Ltd.

Fair value of land has been determined using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land such as size and location. For land classified as restricted in use, fair value was determined by applying an adjustment to reflect the restriction.

The fair value of buildings was determined using current replacement cost, due to there not being an active market. The current replacement cost considered the need for ongoing provision of government services, specialised nature and restricted use of the assets, their size, condition and location.

The valuation used estimates about construction materials that would be required to replace the buildings, information about current construction costs were derived from building costs guides, internal records such as recent tender documents, construction invoices etc. and the estimated useful life due to age and condition of the building.

Plant and equipment

All items of plant and equipment owned by the Board that had a fair value at the time of acquisition less than \$1 million or had an estimated useful life less than three years have not been revalued. The carrying value of these items is deemed to approximate fair value.

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5.4. Property, plant and equipment leased by the Board

Right-of-use assets leased by the Board as lessee are measured at cost and are disclosed in note 5.1.

Short-term leases of 12 months or less and low-value leases, where the underlying asset value is less than \$15 000, are not recognised as right-of-use assets.

The Board had 2 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.

The lease liabilities and interest related to the right-of-use assets are detailed in note 7.3. The Board's maturity analysis of its lease liabilities is disclosed in note 7.3. Cash outflows related to right of use assets are disclosed in note 7.3.

5.5. Intangible assets

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

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

Reconciliation 2022-23

	<u>Computer software</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>
Carrying amount at the beginning of the period	130	130
Amortisation	(61)	(61)
Carrying amount at the end of the period	<u>69</u>	<u>69</u>
Gross carrying amount		
Gross carrying amount	485	485
Accumulated amortisation	(416)	(416)
Carrying amount at the end of the period	<u>69</u>	<u>69</u>

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5.6. Research and heritage collections

	2023			2022					
	Opening balance	Additions	Disposals	Total	Opening balance	Additions	Revaluation increment/ (decrement)	Disposals	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
General Reference Collections	55 382	166	(290)	55 258	52 984	194	2 228	(24)	55 382
Published Heritage Collections	20 512	103	(6)	20 609	20 613	24	(125)	-	20 512
Published Special Collections	24 930	77	(49)	24 958	28 758	9	(3 837)	-	24 930
Archival Collections	33 105	115	(191)	33 029	35 932	34	(2 843)	(18)	33 105
Significant or Iconic Collections	7 771	-	-	7 771	6 276	-	1 495	-	7 771
Total research and heritage collections	141 700	461	(536)	141 625	144 563	261	(3 082)	(42)	141 700

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5.6. Research and heritage collections (continued)

Valuation basis

Public library services collections

The film collection is valued at zero value on the basis that this collection is not being added to, is rarely used and may not be disposed under the terms of its original acquisition.

Research and heritage collections

The collections were valued as at 30 June 2022 by Mr. P Tinslay, NCJV Registered Valuer, of Aon Risk Services (Fine Arts Division).

This valuer specialises in the valuation of heritage assets. This valuation has been carried out in accordance with the principles determined by the International Valuation Standards Committee. These international standards have been followed except where they are altered by Australian Law or by local standards as laid out by the Australian Property Institute.

The market approach has been utilised to determine fair value. The market approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach considers the prices of identical or similar assets that are listed or offered for sale and may necessitate adjusting the price information from other transactions to reflect any differences in the terms of the actual transaction and the basis of value and any assumptions adopted in the valuation being undertaken, as well as differences in the legal, economic or physical characteristics of the assets in other transactions and the asset being valued.

Where inputs to the fair value measurement are considered level 2 in the fair value hierarchy they have been observed from the market and the valuer has made relatively minor adjustments for differences in asset characteristics.

The collection includes digital items received at no cost through legal deposit under the *Libraries Act 1982* and the Board is not able to sell, and items the State Library has digitised from the physical item or obtained another way. These digital collection items cannot be reliably measured or assigned a value and are immaterial to the overall collection value and/or size.

A review of the financial reporting of the Research and Heritage Collections was undertaken as part of the revaluation process. The outcome of this review is that for financial reporting purposes the collections will be grouped based on collection category rather than location or format.

6. Financial assets

6.1. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer	9 573	10 592
Cash on hand	7	7
Total cash and cash equivalents	9 580	10 599

Cash is measured at nominal amounts.

Deposits with the Treasurer

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

The cash balance includes \$1.705 million (2022 \$1.53 million) of unspent funding allocated to public libraries for the purchase of library materials.

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6.1. Cash and cash equivalents (continued)

Trust Accounts

Public Library Services allocates funding to populations located in Aboriginal lands and unincorporated areas that currently do not have a local council authority. These funds are controlled by the Board and are included in the cash balance at 30 June 2023. The total of these accounts is \$268 000 (2022 \$263 000).

6.2. Receivables

	2023	2022
	\$'000	\$'000
Current		
Contractual receivables		
Trade receivables	27	155
Total contractual receivables	<u>27</u>	<u>155</u>
Statutory receivables		
GST input tax recoverable	342	227
Total statutory receivables	<u>342</u>	<u>227</u>
Prepayments	1 198	441
Accrued revenues	122	214
Total current receivables	<u>1 689</u>	<u>1 037</u>
Non-current		
Statutory receivables		
Workers compensation recoveries	2	2
Total statutory receivables	<u>2</u>	<u>2</u>
Prepayments	1	6
Total non-current receivables	<u>3</u>	<u>8</u>
Total receivables	<u>1 692</u>	<u>1 045</u>

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

Receivables, prepayments, and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost. Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes.

Impairment losses were nil in 2023 and 2022 and relate to receivables arising from contracts with customers that are external to SA Government.

The net amount of GST recoverable from the ATO (via DPC) is included as part of the receivables.

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6.3. Investments

	2023	2022
	\$'000	\$'000
Non-current		
Shares and other investments		
Carrying amount at the beginning of period	10 877	11 293
Additions	75	2 872
Disposals	-	(2 864)
Investment market value movement at end of financial year	280	(424)
Total non-current investments	11 232	10 877

The equity instruments are carried at fair value. During the year, the equity investments were designated at fair value through other comprehensive income with all changes in fair value being taken to the investment reserve. On disposal of these equity investments, any related balance within the investment reserve will be reclassified to retained earnings.

Dividends arising from all investments are recognised in the Statement of Comprehensive Income.

7. Liabilities

7.1. Payables

	2023	2022
	\$'000	\$'000
Current		
Trade payables	1 874	1 712
Statutory payables		
Employment on-costs	154	167
Audit fees	58	56
Total statutory payables	212	223
Total current payables	2 086	1 935
Non-current		
Statutory payables		
Employment on-costs	181	218
Total non-current payables	181	218
Total payables	2 267	2 153

Payables are measured at nominal amounts.

Payables and accruals are recognised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

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7.1. Payables (continued)

Employment on-costs

Employment on-costs include payroll tax, ReturntoWorkSA levies and superannuation contributions and are settled when the respective staff benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to staff. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

The Board contributes to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to superannuation schemes.

As a result of an actuarial assessment performed by the DTF, the proportion of long service leave taken as leave has changed from 42% in 2022 to 43% in 2023 and the average factor for the calculation of employer superannuation cost on-costs has changed from 10.6% in 2022 to 11.1% in 2023. These rates are used in the employment on-cost calculation. The net financial impact of these changes in the current financial year is immaterial.

7.2. Provisions

All provisions are for workers compensation:

Reconciliation of the workers compensation provision:	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	130	73
Additional provisions recognised	40	57
Carrying amount at the end of the period	170	130

The Board is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the Board is responsible for the management of workers rehabilitation and compensation and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventive programs. The Board is able to seek reimbursement for and payment of workers compensation medical redemption costs from DPC that may arise in the future to resolve claims.

Accordingly, 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 2023 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also around the timing of future payments due to the variety of factors involved. The liability is impacted by average claim sizes and other economic and actuarial assumptions.

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7.3. Financial liabilities

All financial liabilities relate to leases. Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTF's incremental borrowing rate. There were no defaults or breaches on any of the lease liabilities throughout the year. The associated interest costs were less than \$1 000 for 2022-23 and 2021-22.

Total cash outflows relating to the repayment of the principal portion of lease liabilities was \$8 000 (2022 \$31 000).

A maturity analysis of lease liabilities based on undiscounted gross cash flows is reported in the table below:

	2023	2022
	\$'000	\$'000
Lease liabilities		
Within one year	11	6
Later than one year but not longer than five years	10	1
Total lease liabilities (undiscounted)	21	7

8. Other disclosures

8.1. Equity

Asset revaluation surplus

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

Investment reserve

The investment reserve records all changes in fair value of investments classified as fair value through other comprehensive income.

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9. Outlook

9.1. Unrecognised commitments

Commitments arising from contractual sources are disclosed at their nominal value.

Contractual commitments to acquire property, plant and equipment

	2023	2022
	\$'000	\$'000
Within one year	-	2 100
Later than one year but not longer than five years	-	1 000
Total contractual commitments to acquire property, plant and equipment	-	3 100

Other contractual commitments

	2023	2022
	\$'000	\$'000
Within one year	3 364	3 333
Later than one year but not longer than five years	1 371	1 503
Later than five years	220	-
Total other contractual commitments	4 955	4 836

Other contractual commitments predominantly comprise committed orders placed by public libraries through Public Library Services for libraries materials at the reporting date not recognised as liabilities in the financial statements. Other commitments are for the Netley off-site storage and contracts for ICT.

9.2. Contingent assets and liabilities

The Board is not aware of any contingent assets or liabilities.

9.3. Events after the reporting period

There were no events occurring after the end of the reporting period that had a material financial implication on these financial statements.

