



**NATIONAL FILM
AND SOUND ARCHIVE
OF AUSTRALIA**

5 December 2025

Inquiry Secretary
Joint Committee of Public Accounts and Audit
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NATIONAL FILM AND SOUND ARCHIVE OF AUSTRALIA (NFSA)
SUBMISSION TO THE INQUIRY INTO COMMONWEALTH FINANCIAL
STATEMENTS 2023-24

The NFSA welcomes the opportunity to make a submission to the Inquiry into Commonwealth Financial Statements 2023-24, and notes that the Inquiry has been tasked with investigating matters contained and associated with *Auditor-General Report No.22 of 2024-25: Audits of Financial Statements of Australian Government Entities for the Period Ended 30 June 2024* (the Report).

2023-24 ANAO Moderate Finding

The Report included a new moderate finding relating to the valuation of the NFSA's heritage and cultural assets as part of the NFSA's 2023-24 financial statements.

The NFSA's heritage and cultural asset collection (the Collection) is the largest balance in the NFSA's financial statements, with the valuation of the Collection being a key aspect considered as part of the annual financial statements.

The Collection includes examples of every imaginable format of audiovisual media as well as documentation, artefacts (such as costumes) and audiovisual playback equipment. The valuation of the Collection is complex as it involves separate judgements and assumptions for each medium as well as reference to market conditions and replacement costs.

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The NFSA obtains an independent valuation of the Collection every three years and obtains an independent desktop valuation in the intervening years. At the point of the 2023-24 financial statements being prepared, NFSA's Collection was valued at \$353.1 million based on a full valuation conducted in 2021-22.

The NFSA's Heritage and Cultural Collection Valuation Policy provides that "At each balance date [NFSA] will review the fair value of the Collection and make an assessment as to whether the fair value has changed materially since the last independent valuation".

For the majority of audiovisual items in the NFSA Collection, value is deemed to be the replacement cost of the physical carrier (for example, a cassette or VHS tape) that holds the material (content). The replacement cost is based on the cost of digitisation, which comprises the salary cost of staff engaged directly to digitise the Collection, digitisation-related supplier costs and equipment depreciation.

In 2023-24 the NFSA obtained an independent desktop review of the Collection which identified a movement in fair value of audiovisual items of \$16 million as a result of increases in salaries and supplier costs relating to the cost of digitisation.

NFSA did not initially reflect this movement in the financial statements, due to the fact that the movement was based on a desktop review rather than a full independent valuation. Further, the NFSA deemed the movement quantum to be immaterial to the total value of the Collection.

The ANAO assessed that movement to be material to NFSA's 2023-24 financial statements and found that this reflected a control deficiency in the NFSA's asset valuation process.

The ANAO recommended that the NFSA:

- Implement policies and procedures to assess whether the carrying value of all non-financial assets differs materially from fair value at year-end in accordance with AASB Practice Statement 2 – Making Materiality Judgements.
- Perform a formal assessment of NFSA's heritage and cultural asset valuation policy, for assets using the current replacement cost method,



to evaluate whether the methods and techniques applied remain appropriate for future financial years, noting the requirements of para. 65 AASB 13 Fair Value Measurement.

Subsequent Action by the NFSA

NFSA took immediate action to rectify the issue as part of the 2023-24 audit process and prior to finalising the financial statements:

- NFSA agreed to an immediate adjustment in the 2023-24 financial statements of \$16.0 million to reflect the results of the desktop valuation on the Collection.
- NFSA developed a Materiality Policy aligned with AASB Practice Statement 2 – Making Materiality Judgements. This Policy was developed in consultation with the ANAO, and approved by the NFSA Audit and Risk Committee.

As part of its audit of the NFSA's 2024-25 financial statements, the ANAO confirmed that the NFSA's materiality assessment for the 2024-25 financial year aligned with the financial reporting framework. The ANAO's Closing Letter for the 2024-25 financial statements found that the previous audit finding relating to the Valuation of Non-Financial Assets had been resolved and no further findings were raised.

Thank you for the opportunity to provide this submission.

Yours sincerely

Patrick McIntyre
CEO