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16 April 2019

Barbara Watson | Principal Financial Accountant
Finance and Corporate Services Department
IPSWICH CITY COUNCIL
E barbara.watson@ipswich.qld.gov.au

Dear Barbara

Re: Valuation of works of art, Ipswich City Council Art Collection 2019

I have pleasure in submitting a written report on the valuation of the Ipswich City Council Art Collection. This valuation was completed by Ross Searle, Principal of Ross Searle and Associates under instruction from Ipswich City Council. I have no financial interest (past, present or prospective) in the assets covered in this document and this valuation is free of any bias. The report is the property of Ipswich City Council.

I report a Fair value of \$4,732,050 ex GST. In my opinion the reported values would not be significantly different at the end of the financial year, 30 June 2019.

Methodology

The valuation was carried out to comply with the revised standards of the Australian Accounting Standards Board (AASB) in relation to AASB 13 – Fair Value Measurement. I am familiar with these standards and have applied this methodology since the updated standards were adopted effective from financial years beginning on or after August 2015.

Definitions

For noting the current definition for Fair Value Measurement is;

“the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date” (AASB 13, para 9)

Heritage and cultural assets

Application of AASB 13 to particular types of physical non-current assets including heritage and cultural assets (hereafter referred to as cultural assets) requires a valuer to consider the following;

1. highest and best use and the asset's characteristics
2. the valuation technique and
3. the fair value hierarchy.

Method of valuation

1. In establishing value, this valuer has made a full inspection of all assets (excluding assets that are not available for inspection i.e. on loan for exhibition or other purposes and located elsewhere in Australia). The valuer relied in part on the accuracy of any information including any documentation provided by Ipswich City Council regarding the assets to be valued.

2. Highest and best use is qualified by any restrictions on the use and disposal of cultural assets, as well as the risk that any alternative use is not mandated as part of the controlling entity's responsibilities, i.e. held in trust for the community. Cultural assets are assets held by entities because of their unique cultural, historical, cultural attributes. They assist the relevant entities in meeting their objectives in regard to exhibition, education, research and preservation, all of which are directed at providing a cultural service to the community.
3. A characteristic of many cultural assets is that they have few or no alternative uses because there are natural, legal and financial restrictions on their use and disposal. Therefore, for many cultural assets, the highest and best use is the current existing use.
4. There may be observable market prices for marketable cultural assets. Such assets are likely to be measured using the market approach including those held by Ipswich City Council.
5. The cultural assets that come under this valuation have been assessed at level 2 and 3 of the fair value hierarchy.

AASB116 Property, Plant and Equipment

As per the Australian Implementation Guidance under AASB116 Property, Plant and Equipment, there are four points of guidance relating to but not limited to not-for-profit public sector entities that hold heritage and cultural assets. This guidance accompanies, but is not part of, AASB 116. Essentially the Guidance relates to recognition and only to those cultural assets that can be reliably measured. These items are formally recognized.

It is assumed by this valuer that all artwork assets controlled by Ipswich City Council are formally recognized and accessioned (the process which formally acknowledges an artwork as part of a collection).

Value changes outside a normative range – sample selection

<u>FINANCE Tag Number</u>	<u>Asset Number</u>	<u>Description</u>	<u>Asset Fair Value as per FAR</u>	<u>Asset Original Cost as per FAR</u>	<u>Valuation</u>
1998.17	115631	The Plough, Gordon Bennett	\$43,000	\$12,000	\$55,000
1999.123	117157	Constellation, Gordon Bennett	\$17,500	\$8,000	\$25,000
Valuer report: Valuation based on current market conditions and tested in secondary art market through quoted sales from Milani Gallery, Brisbane. The indigenous artist Gordon Bennett passed away in 2014.					
2008.028	333033	Owl Creek, Lawrence Daws	\$26,000	\$24,000	\$30,000
Valuer report: Valuation based on current market conditions and tested in primary art market through Philip Bacon Galleries, Brisbane.					
2008.051	333040	The Student, Robert Dickerson	\$42,000	\$46,500	\$48,000
Valuer report: Valuation based on current market conditions and tested in secondary art market through quoted sales from Philip Bacon Galleries, Brisbane. Robert Dickerson passed away in 2015.					

Value changes outside a normative range – sample selection (cont.)

<u>FINANCE Tag Number</u>	<u>Asset Number</u>	<u>Description</u>	<u>Asset Fair Value as per FAR</u>	<u>Asset Original Cost as per FAR</u>	<u>Valuation</u>
2012.003	339637	Ebenezer, Dale Frank	\$19,000	\$24,545	\$25,000
Valuer report: Valuation based on current market conditions and tested in secondary art market using auction records.					
2009.057	334328	Afternoon Shadows Kenneth Macqueen	\$8,000	\$7,227	\$15,000
2010.023	338658	Seascape With rolling Waves - Kenneth Macqueen	\$4,000	\$3,450	\$16,000
2010.048	339306	Turbulent sea, Queensland Kenneth Macqueen	\$8,000	\$11,750	\$15,000
2015.048	383893	Cabbage Gums Along the Ridge Kenneth Macqueen	\$3,172	\$3,172	\$15,000
Valuer report: Valuation based on current market conditions and tested in secondary art market through quoted sales from Philip Bacon Galleries, Brisbane.					
2007.035	333024	Susan, Margaret Olley	\$57,000	\$64,000	\$65,000
Valuation based on current market conditions and tested in secondary art market through quoted sales from Philip Bacon Galleries, Brisbane.					
1999.133	117246	Farmyard, William Robinson	\$20,000	\$6,000	\$24,000
Valuer report: Valuation based on current market conditions and tested in secondary art market through quoted sales from Philip Bacon Galleries, Brisbane.					
2005.007	127029	Hammer Head Shark Headdress Ken Thaiday	\$6,500	\$6,000	\$14,000
Valuer report: Valuation based on current market conditions and tested in primary art market through quoted sales from Cairns Indigenous Art Fair					

CERTIFICATE OF VALUE

Location:	Ipswich City Council
Asset description:	Selected art collection assets
Date of valuation:	30 June 2019

Ipswich City Council Art Collection valuation:	<u>Fair Value</u>
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Grand total:	\$4,732,050 ex GST
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Statement

This valuer has complied with the relevant accounting standards;

**AASB116 Property, Plant and Equipment
AASB13 Fair Value Measurement; and**

ICC's Asset Accounting Policy and Procedures

The value is reported ex GST. All data supplied to the valuer, the report and report data remains the property of Ipswich City Council.

Thank you for the opportunity to provide services to Ipswich City Council.

Yours sincerely



ROSS SEARLE
BA Uni of Qld MLitt JCU