



**Government
of South Australia**

ADELAIDE FESTIVAL CENTRE TRUST

2018-19 Annual Report

Adelaide Festival Centre Trust

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Date presented to Minister: 30 September 2019

To:

The Honourable Steven Marshall MP

Premier of South Australia

Minister for the Arts

This annual report will be presented to Parliament to meet the statutory reporting requirements of *the Adelaide Festival Centre Trust Act 1971* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

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

Submitted on behalf of the Adelaide Festival Centre Trust by:

Michael Abbott AO QC

Chair, Adelaide Festival Centre Trust

Date 26 September 2019

Signature  _____

From the Chief Executive Officer



Adelaide Festival Centre aims to be one of the most respected and successful cultural institutions in Australia and the Asian region and one that is relevant and accessible to its modern multicultural community.

Our aspiration is for Adelaide and South Australia to be a hub of creative arts and entertainment excellence. As the home of the arts, entertainment and great festivals, Adelaide Festival Centre is at the heart of this ambition. To achieve this, we focus on presenting memorable arts experiences for South Australians and visitors alike.

More than a million people came to Adelaide Festival Centre in 2018-19 to experience performances of all kinds: plays, musicals, concerts, ballet and contemporary dance, visual art exhibitions and to take part in a range of events, festivals and workshops. This was without the use of Her Majesty's Theatre, which is currently undergoing a major redevelopment. Our commitment to ongoing infrastructure upgrades on the Festival Centre site and at Her Majesty's have been major undertakings for the organisation.

Adelaide Festival Centre supports and co-presents some of the world's biggest touring musicals, bringing shows which wouldn't otherwise be seen in South Australia. Productions in 2019 included: Mamma Mia!, Disney's Aladdin and Book of Mormon. Shows and other performances attracted more than 538,000 ticket sales in this year.

Our annual program combines creative and public purpose goals, underpinned by commercial activity and government support. For more than a decade, Adelaide Festival Centre has raised 70 per cent of its operating budget from earned income.

Adelaide Festival Centre also presents a year-round program of festivals which support South Australia's reputation as the Festival State.

Our festivals: Cabaret, OzAsia, DreamBIG, French, Guitar and OUR MOB are not only popular, but also progressive. A Jaipur Literature Festival satellite was added this year. They are relevant to our 21st Century community and between them embrace artistic excellence, cultural diversity, reconciliation and learning.

Adelaide Festival Centre is recognised as a national hub for Asian Australian cultural engagement and has a commitment to meaningful participation in our multicultural community and contributing to good civic society. The Festival Centre hosts and administers the office for Adelaide UNESCO Creative City of Music and oversees the many local and international music collaborations and events this generates. The Festival Centre also takes on regional leadership with the Chairmanship of the Association of Asia Pacific Performing Arts Centres and presence on the boards of the Australia Singapore Arts Group and the Global Cultural Districts Network, and operates the most comprehensive Asian arts intern program in the country, taking interns from Korea, Indonesia, China, Hong Kong and Singapore.

Adelaide Festival Centre is committed to presenting programs relevant to all ages. More than 100,000 children visit our venues each year to experience creative arts activities, including more than 6,000 students from disadvantaged and regional schools. Furthermore, our alliances with South Australia's three universities in teaching and research are significant and growing.

CentrED is the Festival Centre's core learning program for students from Reception to Year 12 and Adelaide Festival Centre works with the Department for Education to deliver a year-long program designed to maximise access for Aboriginal students and students from disadvantaged schools. More than 17,000 students and teachers from nearly 900 schools are involved with centrED each year.

Adelaide Festival Centre is the home of creative arts, entertainment and festivals and we seek to leverage our role as cultural and community leaders for the maximum benefit for our city and state. We want to encourage more people to come to our venues and to return often; we want our places and spaces to offer arts for all.

A handwritten signature in blue ink, reading 'D. Gautier'.

Douglas Gautier AM
Chief Executive Officer

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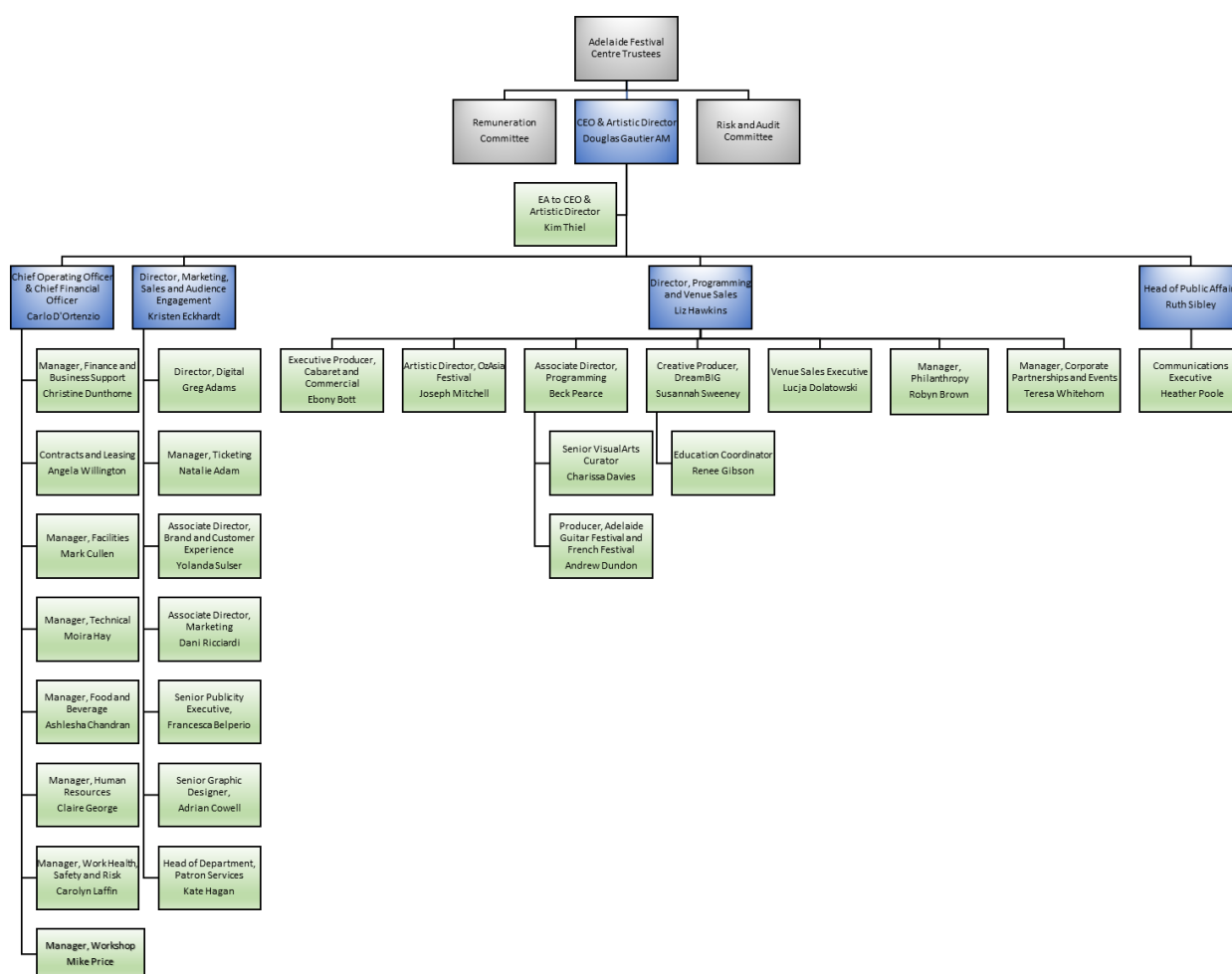
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Overview: about the agency

Our strategic focus

Our Purpose	To entertain, educate, engage and inspire.
Our Vision	To be the arts and entertainment heart of the Festival State.
Our Values	National and international cultural leadership.
Our functions, objectives and deliverables	<ul style="list-style-type: none"> • Be the best arts and entertainment destination though well-provisioned, sustainable, accessible, spaces. • Grow audiences through quality experiences and tell our story to build our reputation and stakeholder support. • Build financial capacity to respond to change and embrace opportunity. • Maintain a positive culture built on collaboration and creativity. • Develop and implement a fundraising plan for sustainable funding, the development of new projects, the delivery of core operations and the improvement of capital facilities. <p>(Adelaide Festival Centre Trust Strategic Plan 2018-2020)</p>

Our organisational structure



Changes to the agency

During 2018-19 there was one change to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

Following a review of operations and consultation with staff, a revised organisational structure for the Marketing, Publicity, Ticketing, Digital Projects and Front of House departments has been implemented, realigning reporting lines to focus on customer experience. The new structure brings together these areas under Marketing, Sales and Audience Engagement.

The Marketing team is the brand advocate for Adelaide Festival Centre and one of its key roles is to ensure the brand reflects the organisation's vision and values.

The Marketing Team is focussed on increasing the profile and patronage of Adelaide Festival Centre and engaging a greater range of audiences through the delivery of targeted and integrated channels. The alignment of the Marketing team with the Publicity, Ticketing and Digital Projects departments maintains a consistency across the entire customer journey.

Our Minister

The Honourable Steven Marshall MP, Premier of South Australia.



Premier Marshall is responsible for Aboriginal Affairs and Reconciliation, Defence and Space Industries, the Arts, Veterans' Affairs and Multicultural Affairs.

Our Executive team

Douglas Gautier AM, Chief Executive Officer & Artistic Director

Carlo D'Ortenzio, Chief Operating & Financial Officer

Elizabeth Hawkins, Director, Programming & Venue Sales

Kristen Eckhardt, Director, Marketing, Sales & Audience Engagement

Ruth Sibley, Head of Public Affairs

Legislation administered by the agency

None

The agency's performance

Performance at a glance

Agency contribution to whole of Government objectives

Key objective	Agency's contribution
More jobs	Supporting arts and entertainment to increase activity and build the visitor economy.
Lower costs	Delivering a broad, imaginative and stimulating program that is accessible wide-reaching, developed to ensure the Centre is financially sustainable. The Centre strives to contain costs through system improvements and takes opportunities to explore additional revenue sources where possible.
Better Services	Promoting international engagement and building South Australia's reputation overseas.

Agency specific objectives and performance

Adelaide Festival Centre is operated by the Adelaide Festival Centre Trust (the Trust). The Trust is a South Australian Government statutory body, created and with responsibilities outlined in the *Adelaide Festival Centre Trust Act 1971*.

The Trust's purpose, as set out in the Act, is to contribute to the cultural, social and intellectual development of all South Australians. Towards this, the Trust functions:

- a. to produce, present and manage the performing arts in the building occupied by the Trust at Adelaide Festival Centre or any other building;
- b. to provide or assist in providing premises and equipment for the purpose of the presentation of the performing arts;
- c. to promote and encourage the development and presentation of the performing arts;
- d. to promote and encourage public interest and participation in the performing arts;
- e. to promote and encourage either directly or indirectly the knowledge, understanding, appreciation and enjoyment of the performing arts;
- f. to perform the functions given to the Trust under another Act; and
- g. to perform functions that are incidental, complementary or helpful to, or likely to enhance the effective and efficient performance of, the functions mentioned in paragraphs (a) to (g).

The Trust endeavours to maintain a strong governance framework, consistent with contemporary best practice and compliant with legislative requirements and modern financial standards, government policies and priorities.

Adelaide Festival Centre Trust Strategic Plan 2018-2020 objectives:

Programming

Curate a dynamic year-round festivals and events program that entertains, inspires and educates - enriching the lives of all South Australians.

Marketing, Sales and Publicity

Grow audiences through quality customer experiences and tell our story to build our reputation and stakeholder support.

Venues and Infrastructure

Be the best arts and entertainment destination through well-provisioned, sustainable spaces that are accessible to all.

People and Culture

Maintain a positive culture built on collaboration and creativity.

Sponsorship and Philanthropy

Develop and implement a fundraising plan for sustainable funding, the development of new projects, the delivery of core operations and the improvement of capital facilities.

Sustainability and Growth

Build financial capacity to respond to change and embrace opportunity.

Agency objectives	Indicators	Performance
Year-round program and festivals	<p>Adelaide Festival Centre presents theatre, dance, music, and exhibitions, and is committed to supporting and co-presenting some of the world's biggest touring musicals, including Disney's Aladdin. This was the first visit to South Australia by Disney Theatrical.</p> <p>The program included major musicals, theatre, ballet, contemporary dance and performances for children and young people.</p>	<p>In the 2018-19 financial year attendance figures were: ticketed 538,400 non-ticketed 527,882. Total 1.07million for performances, exhibitions, concerts and events in Adelaide Festival Centre venues: Festival Theatre, Dunstan Playhouse, Space Theatre, Artspace, and QBE Galleries. (NB, Her Majesty's Theatre has been closed for redevelopment since March 2018.)</p>

Adelaide French Festival	<p>The second edition of Adelaide French Festival was held over three days in January, with a diverse and accessible program of French and French-inspired music, theatre, visual arts, food, wine, fashion and workshops.</p> <p>Featuring two world premieres and more than 20 exclusives, the 2019 festival focused on Brittany, with a range of musicians, artists, musicians, artists, designers and chefs travelling to Adelaide Festival Centre to showcase the region's culture.</p>	<p>8,000 people attended Adelaide French Festival and eight shows sold out in advance.</p> <p>Total media coverage was 240 items, reaching a cumulative audience of 7,833,391 with an advertising space rate of \$962,889.</p>
Adelaide Cabaret Festival	<p>Adelaide Festival Centre's 2019 Adelaide Cabaret Festival included 380 artists in 245 performances.</p> <p>Showcasing classic and contemporary cabaret, the festival featured 17 Adelaide exclusives, 17 Adelaide premieres and seven national premieres by Australian and international artists from Germany, Sweden, the United States of America, Ireland, New Zealand, and the United Kingdom.</p>	<p>23,069 tickets were sold to the 2019 Cabaret Festival, with a box office total of more than \$1.313 million.</p> <p>An analysis of coverage published measuring volume in the last 366 days between 2 Aug 2018 and 2 Aug 2019 for Adelaide Cabaret Festival found 2,327 items.</p> <p>This coverage reached a cumulative potential reach of 56,598,752 with an Advertising Space Rate of AUD\$13,219,512.</p>
DreamBIG Children's Festival	<p>DreamBIG Children's Festival 2019 included more than 100 performances and 230 workshops and activities. The program included 55 shows for children and young people.</p> <p>The Big Family Weekend attracted 25,000 attendees and entertained families with free events along North Terrace during the two-day event.</p>	<p>For the 2019 festival, the total attendance was 113,788.</p> <p>An analysis of coverage produced between 8 July 2018 and 1 July 2019 for DreamBIG Children's Festival found 236 items.</p> <p>This coverage reached a cumulative audience of over 6,022,464 and had an advertising space rate of approximately AUD \$1,051,820.</p>

		More than 96,000 people were reached via paid social media content and there were more than 321,000 views of the festival's organic social media content.
OzAsia Festival	<p>The 12th OzAsia Festival featured five world premieres, 20 Australian premieres and 22 South Australian premieres, with work presented from 817 artists and 20 countries.</p> <p>The 2018 program included more than 400 activities, with 250 scheduled performances, 55 talk events, 34 film screenings, eight exhibitions and 66 workshops.</p> <p>The Moon Lantern Parade attracted more than 40,000 people to Elder Park and the Lucky Dumpling Market.</p> <p>Celebrating the stories, history and rich culture of India and the connections between Asia and Australia, the first satellite event of the Jaipur Literature Festival (JLF Adelaide) attracted more than 5,000 people.</p>	<p>200,000 people participated in the 2018 OzAsia Festival.</p> <p>An analysis of media coverage produced in the 365 days between 5 Dec 2017 and 5 Dec 2018 for OzAsia found 855 items. This coverage reached a cumulative audience of 25,099,549 and had an advertising space rate of AUD \$5,382,878.</p>
Adelaide Guitar Festival	<p>Adelaide Guitar Festival 2018 featured 19 international artists, five world premieres, two Australian and four Adelaide premieres.</p> <p>The overall attendance including master classes, artist talks and the state-wide Guitars in Bars program, reached more than 32,000 people and resulted in four sold-out shows.</p> <p>There were 28 events at Adelaide Festival Centre and 214 Guitars in Bars events.</p> <p>The Resonance program, which brings live music to health, aged care and residential facilities,</p>	<p>Adelaide Guitar Festival 2018 had the best result in net box office since 2010 and the highest number of tickets sold since 2012. 6265 tickets were sold. The festival achieved 99% of its box office target.</p> <p>An analysis of coverage produced in the 384 days between 1 Sep 2017 and 19 Sep 2018 for Adelaide Guitar Festival found 504 items.</p> <p>This coverage reached a cumulative audience of 12,543,694 and had an advertising space rate of AUD \$2,625,108.</p>

	increased to a total of 22 events and broadened its reach into regional areas including Jamestown, Port Pirie, Mount Gambier and Goolwa.	
OUR MOB	2018 was the 13 th year of OUR MOB: Art by South Australian Aboriginal Artists. The free exhibition featured artworks from more than 70 First Nations artists with ages ranging from 8 - 77 years old.	Three prizes were awarded on opening night: Don Dunstan Foundation OUR MOB Emerging Artist Prize; the Country Arts South Australia (CASA) Regional OUR MOB Emerging Artist Professional Development Award; and Ananguku Our Young Mob Award.
Something on Saturday	Something on Saturday has been bringing entertainment to 0–10 year olds and their families for more than 40 years, providing subsidised live performances and free workshops.	Something on Saturday's 2018-19 program featured over 212 artists including 191 local and 21 from interstate. More than 12806 families attended Something on Saturday across 47 shows during the 2018-19 season.
OnStage	OnStage is an arts education program providing affordable, high quality theatre, dance, singing and technical workshops during the school holiday period.	435 children participated in OnStage 2018. The program featured more than 20 workshops.
centrED	Adelaide Festival Centre's education program centrED provides curriculum-based arts education programs and resources for South Australian teachers and their students, with an emphasis on the performing and visual arts. centrED programs are designed by an Education Coordinator who is employed by Adelaide Festival Centre, supported by funding from the Department for Education. centrED provides ticket and transport subsidies with funding	In 2018-19 there were 249 centrED events and programs, 11316 participating students and 1310 participating teachers across 617 schools.

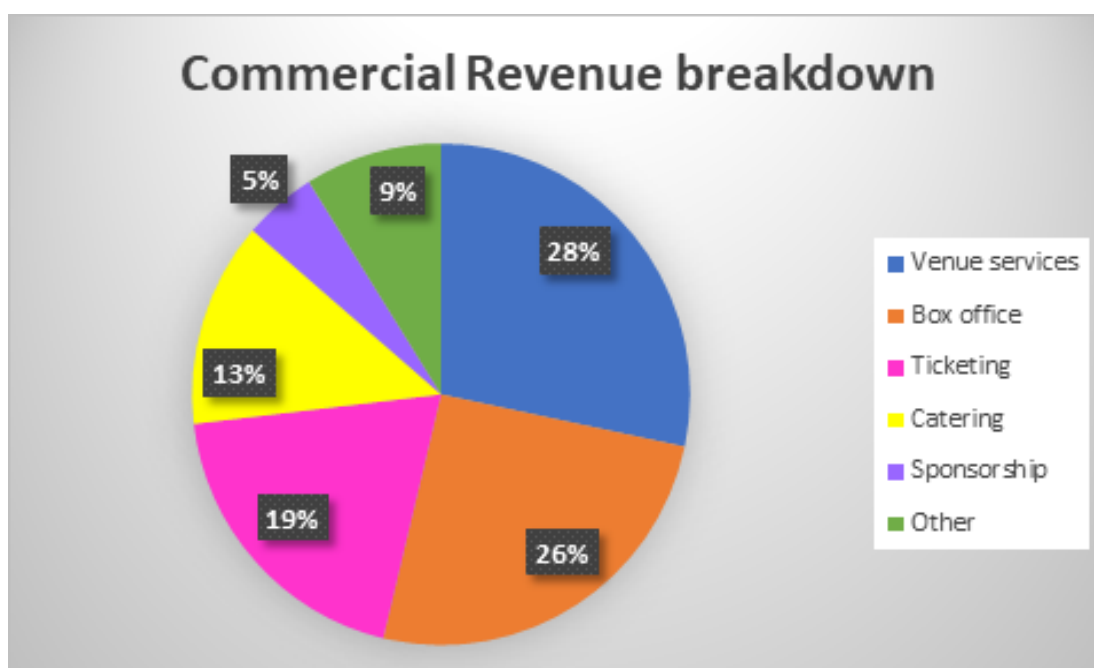
	support from the Education Minister's Grant and Adelaide Festival Centre Foundation.	
GreenRoom	<p>There were nine GreenRoom performances plus events. Adelaide Festival Centre mentored seven GreenRoom advocates through the GreenRoom Advocacy program of whom more than half secured work within their desired industry.</p> <p>This year there was a focus on collaborating with centrED to bridge the gap between the two youth programs, which saw the introduction of our new Arts Start program for ages 16-30.</p> <p>Arts Start aims to help young people kick start their career within the arts through a series of educational workshops and forums. centrED and GreenRoom together have delivered three successful Arts Start educational forums and there is a plan to continue this program into the future.</p>	<p>Adelaide Festival Centre had 156 new members join the GreenRoom Arts Program in 2018-19.</p> <p>centrED and GreenRoom together have delivered three successful Arts Start educational forums and plan to continue this program into the future.</p>

Corporate performance summary

While Adelaide Festival Centre relies on funding from the South Australian Government, it is a commercial operation drawing around 70 per cent of revenue from commercial activities. Key parts of the organisation include:

- Catering services – including functions, business and retail operations at all venues.
- Marketing and Publicity Services – delivery of marketing and publicity for external venue hirers, based on our local knowledge and experience in the South Australian market for arts and entertainment.
- Theatre hire – use of the venues to external arts companies and commercial producers.
- Theatre workshops – workshop facilities to build sets and provide engineering solutions for local, interstate and international touring theatrical productions and cultural events.
- Ticketing and Database marketing - BASS ticketing system provides ticketing for external festivals and events.

- Merchandise – Adelaide Festival Centre sources and produces merchandise related to festivals and shows.



Highlights for the financial year 2018-19 include:

- 1.07 million attendances
- \$5.9m in income through the Trust's BASS ticketing service
- 1,800 performances presented at the Adelaide Festival Centre
- \$1.5m in set construction and workshop hire services including set builds for major musicals Billy Elliot, Charlie and the Chocolate Factory and School of Rock.
- 89 Functions catered by the Food and Beverage team including weddings, corporate events and pre-show dinners.
- Five festivals, including 49 days of festival performances.

Employment opportunity programs

Program name	Performance
Work Experience and Work Placement programs	<p>Adelaide Festival Centre's work experience program provides students with an understanding and overview of how Adelaide Festival Centre operates, providing students with the knowledge of careers available within arts administration.</p> <p>The 2018 Work Experience Program has seen 12 students participate in week-long placements respectively, with a focus on Arts Administration.</p> <p>The 2019 Work Experience Program has seen eight students (two groups of four) working across both Programming and Marketing.</p> <p>Students from lower IoED (Index of Educational Disadvantage) ranked schools were prioritised to participate.</p>
International Internship programs	2018-19 saw Adelaide Festival Centre host interns from the China National Theatre for Children, Chinese University Hong Kong, Hong Kong Arts Development Council, Center for China Shanghai International Arts Festival, Guangzhou Opera House and the Malaysian Government – Cultural Economy Development Agency

Agency performance management and development systems

Performance management and development system	Performance
Adelaide Festival Centre managers use an updated suite of performance management and development forms to review the organisational and personal effectiveness, teamwork and customer focus of permanent, temporary and casual staff.	Compliance for 2018-19 with performance development reviews was 14 per cent.

Work health, safety and return to work programs

Program name	Performance
Emergency Procedures	Updated power failure procedures and blackout drills held
Crisis Management	New Crisis Management Procedures developed
Internal Audits	Working at Height; Body Stressing and Ergonomics

Workplace injury claims	Current year 2018-19	Past year 2017-18	% Change (+ / -)
Total new workplace injury claims	4	5	-20%
Fatalities	0	0	0
Seriously injured workers*	0	0	0
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	Only 1 lost time injury per year		

*number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5)

Work health and safety regulations	Current year 2018-19	Past year 2017-18	% Change (+ / -)
Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>)	0	1	-100%
Number of provisional improvement, improvement and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>)	0	0	0

Return to work costs**	Current year 2018-19	Past year 2017-18	% Change (+ / -)
Total gross workers compensation expenditure (\$)	\$67,519.01	\$38,551.05	+75%
Income support payments – gross (\$)	\$942	\$5,434	-83%

***before third party recovery*

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/afct-work-health-and-safety>

Executive employment in the agency

Executive classification	Number of executives
Employees defined as Executives as per the State Government of South Australia Human Resources Dataset: Data Definition	9

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/afct-executive-employment>

The [Office of the Commissioner for Public Sector Employment](#) has a [workforce information](#) page that provides further information on the breakdown of executive gender, salary and tenure by agency.

Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2018-19 are attached to this report.

Statement of Comprehensive Income	2018-19 Budget \$000s	2018-19 Actual \$000s	Variation \$000s	2017-18 Actual \$000s
Expenses	45,419	51,450	6,031	50,380
Revenues	22,762	30,189	7,427	20,897
Net cost of providing services	22,657	21,261	1,396	29,483
Net Revenue from SA Government	22,657	24,301	1,644	26,171
Net result	0	3,040	3,040	(3,312)
Total Comprehensive Result	0	3,040	3,040	4,910

Statement of Financial Position	2018-19 Budget \$000s	2018-19 Actual \$000s	Variation \$000s	2017-18 Actual \$000s
Current assets	11,633	27,142	15,509	19,884
Non-current assets	81,626	53,576	-28,050	25,149
Total assets	93,259	80,718	-12,541	45,033
Current liabilities	11,034	29,900	18,866	18,344
Non-current liabilities	57,483	29,425	-28,058	8,336
Total liabilities	68,517	59,325	-9,192	26,680
Net assets	24,742	21,393	-3,349	18,353
Equity	24,742	21,393	-3,349	18,353

Consultants disclosure

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

Consultancies with a contract value below \$10,000 each

Consultancies	Purpose	\$ Actual payment
All consultancies below \$10,000 each - combined	Various	N/A

Consultancies with a contract value above \$10,000 each

Consultancies	Purpose	\$ Actual payment
Sarah Hunt Consultancy	Department Restructure	\$ 48,000
	Total	\$ 48,000

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/afct-consultant-data>

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) for total value of consultancy contracts across the South Australian Public Sector.

Contractors disclosure**Contractors with a contract value below \$10,000**

Contractors	Purpose	\$ Actual payment
All contractors below \$10,000 each - combined	Various	\$ 1,300,900

Contractors with a contract value above \$10,000 each

Contractors	Purpose	\$ Actual payment
Various musicians, artists and production staff, 98 in total	OzAsia Festival, Adelaide Cabaret Festival, Adelaide Guitar Festival, DreamBIG Children's Festival, Something on Saturday, centrED, Adelaide French Festival	\$421,800
AKA Promotions	Marketing services for various theatre shows	\$319,100
APC Integration	Engineering trades for scenery build workshops	\$51,300
Artlab SA	Remediation of damaged paper records	\$13,800
Bespoke Hospitality	Food and Beverage staff	\$40,800
Big Cactus	Technical theatre staff	\$14,000
Event Personnel Australia	Technical theatre staff	\$100,600

Contractors	Purpose	\$ Actual payment
Ensyst Pty Ltd	ICT managed service	\$144,400
Department of the Premier and Cabinet	WHS services	\$70,500
John DiUbaldo and Co	Procurement services	\$48,800
Jana Davies	Makeup services	\$10,600
Simone Romaniuk	Festival design services	\$17,900
Kathryn Biggs	Graphic design	\$11,800
Pinnacle People	Food and Beverage staff	\$136,900
Rawsons Electrical	Electrical trade services	\$17,000
Risky Business Emergency Management services	Emergency management services	\$22,600
Sarah Hunt	Marketing services	\$18,200
Skill Hire WA PTY LTD	Food and Beverage staff	\$39,000
The Famous Spiegeltent	Tent and crew hire	\$50,700
	Total	\$2,850,700

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/afct-contractor-data>

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. [View the agency list of contracts.](#)

The website also provides details of [across government contracts.](#)

Other information

Not Applicable

Risk management

Fraud detected in the agency

Nil

Strategies implemented to control and prevent fraud

The Adelaide Festival Centre Trust strives to have in place controls, appropriate to the nature of its business, to ensure that any risk of fraud is effectively managed. These controls include:

- Oversight by an independent Board of Trustees and an internal Risk and Audit Committee
- Operations being governed by a charter, Treasurer's Instructions and the Trust's own policies
- Management's ongoing consideration of the risk within its normal business operations
- Internal controls and procedures throughout the business, including segregation of duties, ongoing monitoring and review and financial systems controls
- Annual audits by the Auditor-General's Department.

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/afct-fraud-detected>

Whistle-blowers disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistleblowers Protection Act 1993*:

0

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/afct-whistleblower-s-disclosure>

Reporting required under any other act or regulation

N/A

Reporting required under the Carers' Recognition Act 2005

Adelaide Festival Centre recognises the role carers play in our society and we acknowledge the responsibility to provide care is a joint one between the carer, service providers, public institutions and all levels of government. We respect carers' right to access a wide range of responsive, affordable services to support them.

Adelaide Festival Centre promotes the use of the Companion Card which entitles carers to attend an event with the person they are caring for free of charge. The scheme is run by a third party and we offer Companion Card tickets to all Adelaide Festival Centre produced shows and encourage our commercial hirers to do the same.

Public complaints

Number of public complaints reported

Category of complaints by subject	Number of instances
BASS	8
Venue – Disability access	7
Venue – Food and beverage	15
Venue –seats/sightlines/sound etc	12
Venue –foyers/facilities/etc	10
Redevelopment – Adelaide Festival Centre/ Plaza	5
Redevelopment – Her Majesty’s Theatre	6
Programming – Adelaide French Festival	3
Programming – OzAsia Festival	2
Programming – Adelaide Cabaret Festival	4
Programming – Adelaide Guitar Festival	1
Programming – DreamBIG Children’s Festival	1
Shows and Performances	11
Car Parking – Disability access	5
Car Parking – Miscellaneous	3
Security	1
Customer Service	3
Latecomers/Disruptions during shows	6
Marketing Collateral	1
Power Outage event	19

Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Performance feedback: Ad hoc feedback around accessibility, congestion, sightlines, sound and quality during performances	<ul style="list-style-type: none"> • Reviews and maintenance of equipment are undertaken to ensure quality is maintained • Updated messaging reinforcing the level or type of experience expected • Feedback is shared where appropriate with external productions to adapt for future performances.
Food & Beverage feedback: Ad hoc specific feedback around accessibility, congestion, variety and quality	<ul style="list-style-type: none"> • Entering into the procurement process for a more efficient point of sale system. • Inhouse and agency staff inductions are reviewed and adapted as necessary • Leased venues are shared in feedback process to adapt for future offerings.
Digital feedback: Ad hoc online troubleshooting	<ul style="list-style-type: none"> • Implementation of a new Marketing Cloud, to increase the targeted relevancy of email communications. • Assistance in updating the email settings of a patron who was experiencing severe server delay in the receiving of email communications.

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/afct-summary-of-complaints>

Appendix: Audited financial statements 2018-19



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To the Chairman and Presiding Officer Adelaide Festival Centre Trust

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 24(3) of the *Adelaide Festival Centre Trust Act 1971*, I have audited the financial report of the Adelaide Festival Centre Trust for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Festival Centre Trust as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chairman and Presiding Officer, the Chief Executive Officer and Artistic Director, and the Chief Financial Officer/Chief Operating Officer.

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 Adelaide Festival Centre Trust. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* have been met.

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

Responsibilities of the Chief Executive Officer and members of the Trust for the financial report

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, 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 that is free from material misstatement, whether due to fraud or error.

The members of the Trust are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Adelaide Festival Centre Trust's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer

- 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 Chief Executive Officer 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.



Andrew Richardson



Auditor-General

19 September 2019

ADELAIDE FESTIVAL CENTRE TRUST
CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the:

- Financial statements of the Adelaide Festival Centre Trust:
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer's Instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the authority at the end of the financial year and the result of its operations and cashflows for the financial year.
- Internal controls employed by the Adelaide Festival Centre Trust over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.


.....
Douglas Gautier AM
Chief Executive Officer and Artistic Director
.....
Carlo D'Ortenzio
Chief Financial Officer/Chief Operating Officer
.....
Michael Abbott
Chairman and Presiding Officer

Date 16 September 2019

**ADELAIDE FESTIVAL CENTRE TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$'000	2018 \$'000
Expenses			
Employee benefits expenses	2.3	20,230	18,628
Supplies and services	3.1	29,795	25,023
Depreciation and amortisation expense	3.2	1,050	1,000
Borrowing costs	3.3	374	30
Loss from the impairment of non-current assets		-	5,640
Net loss from the disposal of non-current assets	3.4	1	59
Total expenses		<u>51,450</u>	<u>50,380</u>
Income			
Fees and charges	4.3	27,702	18,650
Interest	4.4	287	236
Other income	4.5	2,200	2,011
Total income		<u>30,189</u>	<u>20,897</u>
Net cost of providing services		<u>21,261</u>	<u>29,483</u>
Revenues from SA Government			
Revenues from SA Government	4.1	24,301	26,171
Net result		<u>3,040</u>	<u>(3,312)</u>
Total comprehensive result		<u>3,040</u>	<u>(3,312)</u>

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

**ADELAIDE FESTIVAL CENTRE TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	5.1	23,653	17,524
Receivables	5.2	3,073	2,153
Inventories	6.4	416	207
Total current assets		27,142	19,884
Non-current assets			
Property, plant and equipment	6.1	44,120	15,399
Works of art	6.2	8,828	8,825
Intangible assets	6.3	628	925
Total non-current assets		53,576	25,149
Total assets		80,718	45,033
Current liabilities			
Payables	7.1	26,128	14,124
Employee benefits	2.4	1,633	2,308
Provisions	7.3	38	39
Other current liabilities	7.4	2,101	1,873
Total current liabilities		29,900	18,344
Non-current liabilities			
Payables	7.1	287	236
Employee benefits	2.4	3,084	2,542
Provisions	7.3	59	58
Financial liabilities	7.2	25,995	5,500
Total non-current liabilities		29,425	8,336
Total liabilities		59,325	26,680
Net assets		21,393	18,353
Equity			
Asset revaluation surplus		12,766	12,766
Contributed capital		8,222	8,222
Retained earnings		405	(2,635)
Total Equity		21,393	18,353

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

**ADELAIDE FESTIVAL CENTRE TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Contributed capital \$ '000	Asset revaluation surplus \$ '000	Retained Earnings \$ '000	Total Equity \$ '000
Balance at 30 June 2017		-	12,766	677	13,443
Net result for 2017-2018		-	-	(3,312)	(3,312)
Transactions with SA Govt as owner - Equity contribution received	4.2	8,222	-	-	8,222
Total comprehensive result for 2017-2018		8,222	-	(3,312)	4,910
Balance at 30 June 2018		8,222	12,766	(2,635)	18,353
Net result for 2018-2019		-	-	3,040	3,040
Total comprehensive result for 2018-2019		-	-	3,040	3,040
Balance at 30 June 2019		8,222	12,766	405	21,393

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

**ADELAIDE FESTIVAL CENTRE TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

		2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000
Cash flows from operating activities	Note		
Cash outflows			
Staff benefit payments		(20,210)	(19,071)
Payments for supplies and services		(24,761)	(25,005)
Interest paid		(367)	(23)
Cash used in operations		<u>(45,338)</u>	<u>(44,099)</u>
Cash inflows			
Receipts from patrons and customers		32,696	23,946
Increase in funds held on behalf of promoters		2,441	3,487
Interest received		267	232
GST recovered from the ATO		748	1,435
Cash generated from operations		<u>36,152</u>	<u>29,100</u>
Cash flows from SA Government			
Receipts from SA Government		24,298	25,183
Cash generated from SA Government		<u>24,298</u>	<u>25,183</u>
Net cash provided by operating activities		<u>15,112</u>	<u>10,184</u>
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment and works of art		(29,478)	(14,779)
Net cash provided by investing activities		<u>(29,478)</u>	<u>(14,779)</u>
Cash flows from financing activities			
Cash outflows			
Proceeds from borrowings		20,495	5,500
Equity contribution received from SA Government as owner	4.2	-	8,222
Net cash provided by financing activities		<u>20,495</u>	<u>13,722</u>
Net increase in cash and cash equivalents		6,129	9,127
Cash and cash equivalents at the beginning of the period		17,524	8,397
Cash and cash equivalents at the end of the period	5.1	<u>23,653</u>	<u>17,524</u>

The accompanying notes form part of these financial statements.

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1. About the Adelaide Festival Centre trust

The Adelaide Festival Centre trust (the Trust) is a not-for-profit South Australian Government Statutory Authority established under the Adelaide Festival Centre trust Act 1971.

On 21 October 1999 the Adelaide Festival Centre Foundation (the foundation) was incorporated under the Associations Incorporation Act 1985, and is controlled by the Trust by virtue of clauses in the Foundation's constitution which requires its Board appointments to be approved by the Trust and also require the Foundation to act in accordance with directions from the Trust.

The financial statements and accompanying notes include the activities of the Trust and the Foundation. The activities of the Foundation are not material and therefore a full consolidated presentation has not been adopted. Consistent accounting policies have been applied and all inter-entity balances and transactions arising with the foundation have been eliminated in full. The financial results of the foundation are summarised in Note 8.3.

1.1 Basis of Preparation

The 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*
- relevant Australian Accounting Standards with reduced disclosure requirements.

For the 2018-19 financial statements the Trust adopted AASB 9 – Financial Instruments and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 9.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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, 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.

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

The Trust provides services on behalf of event promoters under exclusive agency arrangements. The Trust charges a fee for these services that is recognised as revenue. The Trust does not control the revenue (net of fees charged) generated from promoter events and as such only recognises the changes in cash held in trust on behalf of promoters (shown at Note 5.1) and the requisite amount payable to those promoters (shown at Note 7.1) together with the net change in cash held in the Statement of Cash Flows as at 30 June.

1.2 Objectives and programs

The objectives of the Trust are to:

- a) encourage and facilitate artistic, cultural and performing arts activities throughout the State;
- b) be responsible for the care, control, management, maintenance and improvement of the Adelaide Festival Centre and its facilities;
- c) provide expert advisory, consultative, managerial or support services to persons associated with artistic, cultural or performing arts activities; and
- d) promote the involvement of young people and their families and extend activities into the school sector.

2. Boards, committees and employees

2.1 Key management personnel

Key management personnel of the Trust include the Trustees, the Chief Executive Officer/Artistic Director and the three members of the Executive Team.

Total compensation for the Trust's key management personnel was \$1.08m (\$1.780m).

Transactions with key management personnel and other related parties

Related parties of the Trust include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government. There were no transactions with key management personnel or other related parties reported in 2018-19.

As a part of the duties of office, from time to time, trustees receive complimentary tickets to shows and events conducted by or through the Trust. These benefits serve to involve the Trustees in the product and business that is being managed and/or involve the execution of office in liaison with external parties.

2.2 Board and committees

Members during the 2019 financial year were:

Mr Michael Abbott (Chairperson)
Mr James Hazel
Ms Sandra Verschoor
Mr Philip Hoffmann AM
Ms Mary Hamilton

Mr Anthony Smith (Appointed 9.8.2018)
Ms Christine Zeitz (Appointed 17.3.2019)
Ms Maggie Zhou (Appointed 21.4.2019)
Ms Kathryn Thiele (Resigned 20.4.2019)
Ms Carolyn Mitchell (Resigned 26.2.2019)

Board and committees remuneration

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

	2019	2018
\$0 - \$19,999	10	8
Total	10	8

The total remuneration received or receivable by members was \$29,000 (\$34,000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

2.3 Employee benefits expenses

	2019	2018
	\$'000	\$'000
Salaries and wages	16,128	14,904
Long service leave	680	333
Annual Leave	984	886
Employment on-costs - superannuation*	1,538	1,408
Employment on-costs - other	642	837
Board fees	27	27
Other employee related expenses	231	233
Total employee benefits expenses	20,230	18,628

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

(a) Executive remuneration

	2019	2018
	Number	Number
The number of staff who's remuneration received or receivable falls within the following bands:		
\$171,001 to \$191,000	-	1
\$191,001 to \$211,000	2	2
\$271,001 to \$291,000	-	1
\$291,001 to \$311,000	1	-
\$371,001 to \$391,000	-	1
\$391,001 to \$411,000	1	-
Total	4	5

(b) Performance bonus remuneration of staff

	2019	2018
	Number	Number
The number of staff who received performance bonus remuneration within the following bands are:		
\$111,001 to \$131,000	-	1
\$271,001 to \$291,000	-	1
Total	-	2

Table (a) includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. Total remuneration received for the year, included in Table (a) and (b) was \$1.12m (\$1.65m).

2.4 Employee Benefits Liability

	2019	2018
	\$'000	\$'000
Current		
Annual leave	1,346	1,206
Long service leave	132	290
Accrued salaries and wages	53	697
Skills and experience retention leave	102	115
Total current staff benefits	1,633	2,308
Non-current		
Long service leave	3,017	2,508
Accrued salaries and wages	67	34
Total non-current staff benefits	3,084	2,542
Total staff benefits	4,717	4,850

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

The liability for salary 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 SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

3. Expenses

Employee benefits expenses are disclosed in note 2.3.

Accommodation costs are principally made up of rent for the Adelaide Festival Centre Complex (\$5.1m) and the costs of utilities, cleaning and maintenance and repairs. Advertising and Marketing and Artistic production relate to the costs involved in the direct provision of performances, festivals and other artistic offerings presented by the Trust. Supplies include cost of goods sold including food and beverage sold at functions and through the centres bars and the cost of materials used in set builds that are produced and onsold by the Trust scenery build workshop.

3.1 Supplies and services

	2019 \$'000	2018 \$'000
Accommodation	10,237	9,988
Artistic production	8,530	5,051
Advertising and marketing	1,742	1,983
Supplies	2,553	1,845
Communications and IT	1,574	1,823
Professional expenses	2,901	1,720
Repairs and maintenance	274	791
Travel and entertainment	412	427
Sponsorship	172	108
Bank and credit charges	339	261
Other	1,061	1,026
Total supplies and services	29,795	25,023

Consultants

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

	2019		2018	
	No.	\$'000	No.	\$'000
Below \$10,000	-	-	9	22
Above \$10,000	2	48	6	177
Total paid / payable to consultants engaged	2	48	15	199

3.2 Depreciation and amortisation expense

	2019 \$'000	2018 \$'000
Buildings	-	29
Plant and equipment	724	678
Leasehold improvements	11	11
Furniture and Fittings	18	18
Intangible assets	297	264
Total depreciation and amortisation	1,050	1,000

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

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

The Trust holds works of art on which depreciation is not applied because these items are considered to have an indeterminable useful life.

The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

Review of accounting estimates

Changes in the expected useful 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, which is a change in accounting estimate.

Useful life

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

Class of asset	Useful life
Buildings	15
Leasehold improvements	5-15
Plant and equipment	5-25
Furniture and fittings	15
Intangibles	5-10

3.3 Borrowing Costs

	2019 \$'000	2018 \$'000
Interest paid/payable on financial liabilities measured at amortised cost	374	30
Total borrowing costs	374	30

The Trust does not capitalise borrowing costs.

3.4 Net loss from the disposal of non-current assets

	2019 \$'000	2018 \$'000
Plant and equipment		
Proceeds from disposal	-	-
Less net book value of assets disposed	1	59
Total net loss from disposal of assets	(1)	(59)

4. Income

The Trust's income is derived principally from fees and charges for rental of its theatres, production recoveries for theatre staff, revenue from ticket sales and for ticketing services, sponsorship and income from bar sales and functions.

4.1 Revenues from SA Government

	2019 \$'000	2018 \$'000
Grants received:		
Operating base	17,138	16,029
HMT redevelopment funding	3,293	1,270
AFC redevelopment supplementation	1,114	7,579
Capital grants	2,247	985
Other SA Government revenue	509	308
Total revenues from SA Government	24,301	26,171

Revenue from SA Government is received in the form of grants. The operating base, redevelopment funding and capital grants are granted through a memorandum of administrative arrangement between Arts SA and the Trust. Other SA Government revenue is received through individual grant agreements with various SA Government agencies. Where money is appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Trust and the appropriation is recorded as contributed equity. Refer to the Statement of Changes in Equity.

In 2017/18 the Trust received additional SA Government funding to account part year closure of the Festival Theatre and Her Majestys Theatre and cessation of its carpark operation. In 2018/19, grant funding for closure of the carpark and Her Majestys Theatre continued.

4.2 Revenues from SA Government - correction

In 2017/18 the Trust received \$8.222m in the form of an equity contribution from the Treasurer to fund the purchase of Her Majesty's Theatre. The income was recognised as a grant. The error was discovered subsequent to the publication of the 2017/18 financial statements.

The error has been corrected by adjusting each of the affected financial statement line items as follows:

	30 June 2018 \$'000
Impact on equity	
Contributed equity	8,222
Net impact on equity	<u>8,222</u>
Impact on net result	
Revenues from SA Government	(8,222)
Net impact on net result	<u>(8,222)</u>
Net impact on net cost of providing services	<u>-</u>

4.3 Fees and charges

	2019 \$'000	2018 \$'000
Theatre services	8,622	7,400
Ticketing	5,892	4,642
Box office	7,722	3,473
Sponsorship	1,445	660
Catering and functions	4,021	2,475
Total fees and charges	<u>27,702</u>	<u>18,650</u>

During the 2017-18 financial year the Adelaide Festival Theatre was closed for 5 months and Her Majesty's Theatre (HMT) closed from March 2018 which impacted significantly on revenues. The HMT remained closed for 2018-19.

4.4 Interest

	2019 \$'000	2018 \$'000
Cash and cash equivalents	287	236
Total interest revenues	<u>287</u>	<u>236</u>

4.5 Other income

	2019 \$'000	2018 \$'000
Donations and fundraising	1,340	757
Grants - Non SA Government	726	848
Sub lease rent	93	89
Sundry income	41	317
Total other income	<u>2,200</u>	<u>2,011</u>

Donations and fundraising income relate to activities undertaken by the foundation. Funds raised are used to support the redevelopment of Her Majesty's theatre and to make the performing arts more accessible for the public of South Australia.

Sub lease rent relates to income received from rental of retail spaces in the Adelaide Festival Centre to external parties.

5. Financial assets**5.1 Cash and cash equivalents**

	2019 \$'000	2018 \$'000
Cash at bank and on hand	10,898	8,492
Cash held in trust for promoters	10,199	7,758
Cash held in donations from foundation	2,556	1,274
Total cash and cash equivalents	<u>23,653</u>	<u>17,524</u>

The Trust operates a Trust account where box office sales on behalf of promoters is held until the shows have been completed. As an incorporated association and deductible gift recipient, the foundation operates its own bank accounts. Cash is measured at nominal amounts and all bank deposits are interest bearing.

5.2 Receivables	2019 \$'000	2018 \$'000
Current		
Trade receivables		
From SA government entities	105	203
From non-SA government entities	1,002	857
Less allowance for doubtful debts	(35)	-
Total trade receivables	1,072	1,060
Prepayments	576	616
Accrued revenues	20	19
GST input tax recoverable	1,405	458
Total current receivables	3,073	2,153

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 14 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 are measured at amortised cost.

The net amount of GST receivable from the ATO is included as part of receivables.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Trust will not be able to collect the debt. Bad debts are written off when identified.

Impairment of receivables

	2019 \$'000	2018 \$'000
Balance at 30 June 2018 under AASB 139	1,072	1,060
Adjustments on initial adoption of AASB 9	-	-
Carrying amount at the beginning of the period	1,072	1,060

6. Non-financial assets

The non-financial assets of the Trust consist primarily of land related to Her Majestys Theatre, theatre related equipment (sound, lighting, staging), set building workshop equipment and standard office fitouts and equipment. The Trust also has a collection of artworks including paintings, sculptures and tapestries.

6.1 Property, plant and equipment	2019 \$'000	2018 \$'000
Land and buildings		
Land at cost (deemed fair value)	3,240	3,240
Capital works in progress		
Capital works in progress at cost (deemed fair value)	36,308	7,329
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	165	165
Accumulated depreciation at the end of the period	(45)	(34)
Total leasehold improvements	120	131
Plant and equipment		
Plant and equipment at fair value	1,730	1,785
Accumulated depreciation at the end of the period	(880)	(784)
Plant and equipment at cost (deemed fair value)	4,999	4,518
Accumulated depreciation at the end of the period	(1,596)	(1,022)
Total plant and equipment	4,253	4,497
Furniture and fittings		
Furniture and fittings at cost (deemed fair value)	290	274
Accumulated depreciation at the end of the period	(91)	(72)
Total furniture and fittings	199	202
Total property, plant and equipment	44,120	15,399

Valuation of theatre-related plant and equipment was carried out at 30 June 2015 by Maloney Field Services (Australia) Pty Ltd. The valuer arrived at the fair value of the assets by using the market approach under AASB 13 and also considering the 'highest and best use' of each item. The market approach requires the valuer to observe the market for similar or identical assets to reach an opinion of value. A valuation of plant and equipment, comprising computers, catering, and theatre set construction equipment, was carried out by Maloney Field Services (Australia) Pty Ltd as at 30 June 2014.

Property, plant and equipment with a value greater than or equal to \$10 000 is capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value. Detail about the approach to fair value adopted is set out in note 11.2.

Assets purchased by the Trust that form part of the building are donated to Arts SA as building owner. The cost is included in sundry expenses.

Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

Reconciliation

	Land \$'000	Capital works in progress \$'000	Plant and equipment \$'000	Furniture and fittings \$'000	Leasehold improvements \$'000	Total \$'000
Carrying amount at 1 July 2018	3,240	7,329	4,497	202	131	15,399
Acquisitions	-	29,571	135	-	-	29,706
Disposals e.g. sales, write off	-	-	(1)	-	-	(1)
Depreciation	-	-	(724)	(18)	(11)	(753)
Transfers between asset classes	-	(361)	346	15	-	-
Assets transferred to Arts SA	-	(231)	-	-	-	(231)
Carrying amount at 30 June 2019	3,240	36,308	4,253	199	120	44,120

Assets transferred to Arts SA are included in other expenses.

6.2 Works of art

	2019	2018
	\$'000	\$'000
Works of art at fair value	8,793	8,793
Works of art at cost (deemed fair value)	35	32
Total works of art	8,828	8,825

A valuation of works of art was carried out by Theodore Bruce Auctions Pty Ltd as at 30 June 2017, estimating fair value of the pieces in the collection by using the market approach under AASB 13 and also considering the 'highest and best use' of each item. This approach required observation of the market for identical or similar assets to reach an opinion of value.

6.3 Intangible assets

	2019	2018
	\$'000	\$'000
Computer software		
Internally developed computer software	293	293
Accumulated amortisation	(249)	(191)
Purchased computer software	2,136	2,136
Accumulated amortisation	(1,552)	(1,313)
Total computer software	628	925

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.

The internally developed computer software relates to the development of the AFC website with a remaining useful life of 0.75 years and carrying amount \$44,000.

	Internally developed computer software	Other computer software	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	103	822	925
Acquisitions	-	-	-
Amortisation	(59)	(238)	(297)
Carrying amount at 30 June 2019	44	584	628

6.4 Inventories

	2019	2018
	\$'000	\$'000
Theatre set construction work in progress at cost and expected to be recovered not more than 12 months after reporting date	194	19
Materials at cost	222	188
Total inventories	416	207

Cost of inventories

Inventories held for distribution at no or nominal consideration are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

The costs recognised as an expense for raw materials and consumables is \$2.13m (\$1.43m).

7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1 Payables

	2019 \$'000	2018 \$'000
Current		
Trade payables	12,487	952
Accrued expenses	3,191	5,088
Amounts payable to promoters	10,199	7,758
Employment on-costs	251	326
Total current payables	26,128	14,124
Non-current		
Employment on-costs	287	236
Total non-current payables	287	236
Total payables	26,415	14,360

Payables and accruals are raised 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.

Employment on-costs

Employment on-costs include payroll tax, ReturnToWork levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

The Trust makes contributions 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 the South Australian Superannuation Board.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained unchanged from the 2018 rate (41%) to 41% and the average factor for the calculation of employer superannuation cost on-costs has also changed from the 2018 rate (9.9%) to 9.8%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is not material. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

7.2 Financial liabilities

	Note	2019 \$'000	2018 \$'000
Non-current			
Borrowings from SA Government		25,995	5,500
Total non-current borrowings		25,995	5,500
Total borrowings		25,995	5,500

The Trust measures financial liabilities, including borrowings, at amortised cost.

Borrowings

In 2017/18 the Trust entered into a funding agreement to finance the redevelopment of HMT. Funds are drawdown as required and the term of the agreement is 10 years. The interest rate is determined by the Treasurer and was 1.65% in 2019 (1.56% in 2018).

7.3 Provisions

	2019 \$'000	2018 \$'000
Current		
Provision for workers compensation	38	39
Total current provisions	38	39
Non-current		
Provision for workers compensation	59	58
Total provisions	97	97
Movement in provisions		
	2019 \$'000	
Carrying amount at the beginning of the period	97	
Additional provisions recognised	1	
Reductions arising from payments	(1)	
Carrying amount at the end of the period	97	

A provision 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 2019 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

7.4 Other liabilities

	2019 \$'000	2018 \$'000
Current		
Venue hire deposits	367	608
Other deposits	9	9
Income in advance	1,718	1,249
Unclaimed monies	7	7
Total other liabilities	2,101	1,873

Income in advance

Income received for the programming, marketing and sponsorship of performances and deposits on functions, taking place after the balance date is deferred until the performances and functions occur.

8. Other disclosures

8.1 Equity

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.

For information about equity contributions see 4.1.

8.2 Cash flow

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

8.3 Controlled entity

The consolidated financial statements at 30 June 2019 include the following controlled entity:

The Adelaide Festival Centre Foundation Incorporated

Significant items in the financial report of the Foundation are:

	2019 \$'000	2018 \$'000
Revenue	1,373	770
Expenses	425	346
Surplus	948	424
Cash at bank	2,556	1,274

All gifts and money received by the Adelaide Festival Centre Foundation Incorporated are used to undertake special projects on behalf of the Trust including Her Majesty's Theatre Renewal Project, subsidising tickets for disadvantaged children, providing funding for children's programs Something on Saturday and Dreambig and providing scholarship and internship opportunities in the performing arts.

9. Changes in accounting policy

9.1 Treasurer's Instructions (Accounting Policy Statements)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government.
- removal of the additional requirement to report a statement of equity for administered items.
- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 10.3.

9.2 AASB 9 Financial instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, the Trust adopted consequential amendments to other accounting standards and the *Treasurer's Instructions (Accounting Policy Statements)* arising from the issue of AASB 9 as follows:

- *AASB 101 Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In prior year, this information was presented as part of other expenses. However, the Trust has no impairment amounts to disclose.
- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, *AASB 9 Financial Instruments* was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018.

The adoption of AASB 9 has had no material impact on the recognition, measurement or classification of financial liabilities.

Trade receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The Trust has adopted the simplified approach under AASB 9 Financial Instruments and measured lifetime expected credit losses on all trade receivables using a provision matrix approach as a practical expedient to measure the impairment provision. This resulted in no change to the loss allowance of 1 July 2018 for trade receivables external to Government.

There are no additional impairment provisions for State, Territory, or Commonwealth Government receivables due to the Government's high quality credit risk.

Trade and other receivables that were classified as loans and receivables under AASB 139 are now classified at amortised cost as they meet the appropriate criteria under AASB 9.

10. Outlook

10.1 Unrecognised contractual commitments

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

Capital commitments

	2019 \$'000	2018 \$'000
Within one year	31,397	-
Total capital commitments	31,397	-

The Trust's capital commitments relate to the redevelopment of Her Majesty's Theatre.

Expenditure commitments

	2019 \$'000	2018 \$'000
Within one year	1,946	1,296
Later than one year but not longer than five years	1,543	102
Total expenditure commitments	3,489	1,398

Amounts disclosed include contracts for rental of office equipment, maintenance of computer systems, provision of artistic services and provision of facilities related services.

Operating lease commitments payable

	2019 \$'000	2018 \$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	5,681	5,360
Later than one year but not longer than five years	22,820	22,366
Later than five years	66,613	71,686
Total operating lease commitments payable	95,114	99,412

The Trust's operating leases include accommodation and motor vehicle leases for fixed terms up to five years.

The Trust has a 20 year lease agreement to rent the Festival Centre. The rent payable is determined by a combination of annual rent increases and triennial market reviews commencing 30 October 2011. The lease expires on 30 June 2028 and the Trust has a right of renewal for 10 years.

Operating lease commitments receivable

	2019 \$'000	2018 \$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as assets are receivable as follows:		
Within one year	321	86
Later than one year but not longer than five years	1,351	1,324
Later than five years	1,654	2,002
Total operating lease commitments receivable	3,326	3,412

The Trust has a 10 year agreement that commenced 1 January 2018 to sub-lease retail spaces in the Adelaide Festival Centre. The rent receivable is determined by the annual rent charged including any set levies, and subject to an annual rent increase of 2% commencing 1 July 2018.

10.2 Contingent assets and liabilities

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

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

10.3 Impact of standards and statements not yet effective

The Trust has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

Treasurer's Instructions (Accounting Policy Statements) 2019 issued by the Treasurer on 22 March 2019 are effective for 2018-19 reporting period and are addressed below in relation to Standards not yet effective and in note 9.1. There are no Accounting Policy Statements that are not yet effective.

The material impacts on the Trust are outlined below.

AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities

The Trust will adopt AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities from 1 July 2019.

Objective

AASB 15 introduces a 5-step approach to revenue recognition. The objective of AASB 15 is that recognition of revenue depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. It provides extensive guidance as to how to apply this revenue recognition approach to a range of scenarios. *AASB 15 – Revenue from Contracts* replaces *AASB 111 – Construction Contracts* and *AASB 118 – Revenue*.

AASB 1058 introduces consistent requirements for the accounting of non-reciprocal transactions by not-for-profit entities, in conjunction with AASB 15. These requirements closely reflect the economic reality of not-for-profit entity transactions that are not contracts with customers. AASB 1058 replaces parts of *AASB 1004 – Contributions*.

Impact on 2019-20 financial statements

Adopting AASB 15 and AASB 1058 is expected to have no material impact on the timing of recognition of revenue by the Trust.

Revenue earned in prior periods but not yet receivable is recorded as a contract asset in the Statement of Financial Position. Revenue received in prior periods but not yet recognised is recorded as a contract liability in the Statement of Financial Position. The estimated impact on the Statement of Financial Position of adopting AASB 15 and AASB 1058 is not material.

Related accounting policies

The Treasurer's Instructions (Accounting Policy Statements) 2019 sets out key requirements that the Trust must adopt for the transition to AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities. These requirements include that the Trust will:

- apply AASB 15 and AASB 1058 retrospectively. The cumulative effect of initially applying the Standards will be recognised at 1 July 2019. Comparatives will not be restated
- not apply the AASB 15 and the AASB 1058 completed contracts practical expedient.
- apply the AASB 15 practical expedient for all contract modifications that occur before the date of initial application.

The Treasurer's Instructions (Accounting Policy Statements) 2019 also sets out requirements for on-going application. These requirements include that Trust will:

- apply, where permitted, the short-term licences recognition exemption.
- adopt \$15,000 as the threshold to determine whether a licence is a licence for which the transaction price is of low value and will apply the low value licence recognition exemption for all low value licences.
- not recognise volunteer services when the services would not have been purchased if they had not been donated.

AASB 16 – Leases

The Trust will adopt AASB 16 – Leases from 1 July 2019.

Objective

AASB 16 sets out a comprehensive model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. The outcome will be that lease information disclosed will give users of financial statements a basis to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. AASB 16 Leases replaces AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation, and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Impact on 2019-20 financial statements

The Trust has assessed the estimated impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements mandated by the Treasurer's Instructions (Accounting Policy Statements).

AASB 16 requires lessees to recognise assets and liabilities for all leases, not subject to a recognition exemption or scoped out of the application of AASB 16. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position for the first time. Lease incentive liabilities previously recognised will be written off against the right-of-use assets or retained earnings depending on the nature of the incentive.

AASB 16 is expected to have a material impact on the Statement of Financial Position. The Trust has estimated the impact of this change and the results as at 1 July 2019.

The estimated impact is based on applying AASB 16's transition approach to those leases identified as leases by the Trust prior to 1 July 2019. The incremental borrowing rates applied to estimate the lease liability were SAFA's forecast interest rates for principal and interest loans to SA Government agencies for 1 July 2019 as at 4 February 2019.

The estimated impact on the statement of financial position is set out below:

	as at 1-Jul-19 \$'000
Assets	
Right-of-use assets	93,758
Liabilities	
Lease liabilities	93,758
Other liabilities (lease incentive liabilities)	
Net impact on equity	-

AASB 16 will also materially impact the Statement of Comprehensive Income. The operating lease expense previously included in supplies and services will mostly be replaced with:

- a depreciation expense that represents the use of the right-of-use asset; and
- borrowing costs that represent the cost associated with financing the right-of-use asset.

The estimated impact on the statement of comprehensive income is set out below:

	as at 1-Jul-19 \$'000
Depreciation and amortisation	5,250
Supplies and services	(5,100)
Borrowing costs	2,975
Net impact on net cost of providing services	3,125

Related accounting policies

The Treasurer's Instructions (Accounting Policy Statements) 2019 sets out key requirements that the Trust must adopt for the transition from AASB 117 Leases to AASB 16 Leases. These requirements include that the Trust will:

- apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard will be recognised at 1 July 2019. Comparatives will not be restated.
- only apply AASB 16 to contracts that were previously identified as containing a lease applying AASB 117 and related interpretations.
- not transition operating leases for which the lease term ends before 30 June 2020.

The Treasurer's Instructions (Accounting Policy Statements) 2019 also sets out requirements for on-going application. These requirements include that the Trust will:

- not apply AASB 16 to leases of intangible assets.
- adopt \$15,000 as the threshold to determine whether an underlying asset is a low value asset and must apply the low value asset recognition exemption to all low value assets.
- apply the short-term leases recognition exemption for all classes of underlying asset.
- separate non-lease components from lease components.
- adopt the revaluation model, where permitted.
- where required, apply the relevant lessee's incremental borrowing rate published by the Department of Treasury and Finance.
- on initial recognition, not record at fair-value leases that have significantly below-market terms and conditions principally to enable the Trust to further its objectives, unless they have already been recorded at fair-value prior to 1 July 2019.

10.4 Events after the reporting period

There were no events between 30 June 2019 and the date the financial statements are authorised for issue where the events may have a material impact on the results of subsequent years.

11. Measurement and Risk

11.1 Long service leave liability – measurement

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

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee 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 decreased from 2018 (2.5%) to 2019 (1.25%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$305,000 and employee benefits expense of \$305,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The Trust classifies a portion of long service leave as current, based on the past 12 months history of settlements.

11.2 Fair value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

Revaluation

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by the Chief Finance Officer and audit committee each year.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

At least every 6 years, AFCT re-values its non-current assets via a Certified Practising Valuer or internal estimates based on indices or recent transactions. However, if at any time, management considers 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.

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.

Land and buildings

Land is measured at cost and is deemed to be fair value. The land and buildings relate to Her Majesty's theatre, purchased in 2017-18 and the site adjacent purchased in 2016-17. The buildings were impaired in 2017-18 and demolished in 2018-19 as part of the construction of a new theatre.

Plant and equipment

An independent valuation of theatre-related plant and equipment was carried out at 30 June 2015 by using the market approach under AASB 13 and also considering the 'highest and best use' of each item. The market approach requires the valuer to observe the market for similar or identical assets to reach an opinion of value. An independent valuation of plant and equipment, comprising computers, catering, and theatre set construction equipment, was carried out as at 30 June 2014.

Works of Art

The Trust owns a collection of artworks established in 1970 when over-subscribed funds from the public appeal to build the Festival Theatre were used to commission and purchase works of art by leading artists of the time including Fred Williams and Sydney Ball. In 2001-2003 an indigenous art collection was established through a donation of funds. An independent valuation of the Works of Art collection was carried out as at 30 June 2017 using market approach under AASB13 and also considering the 'highest and best use' of each item, observing the market for similar items.

Heritage assets

The Trust holds a collection of costumes, costume renderings, set models, theatre furniture and décor referred to as the Performing Arts Collection, which are unique and not capable of being reliably measured. This is due to the type and life of the assets and lack of a market for them.

11.3 Financial instruments

Financial risk management

Risk management is managed by the Trust's corporate services section. Risk management policies of the Trust are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines.

The Trust's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity risk

The Trust is funded principally from appropriation by the SA Government. The Trust works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to notes 7.1 and 7.2 for further information.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Classification applicable until 30 June 2018 under AASB 139 Financial Instruments: Recognition and Measurement

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

- Held-to-maturity investments
- Trade receivables
- Financial liabilities measured at cost.

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other. A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

The Trust measures all financial instruments at amortised cost.

Category of financial asset and financial liability	2019 Carrying amount/ \$'000	2018 Carrying amount/ \$'000
Current financial assets		
Trade receivables	1,092	1,079
Cash and cash equivalents	23,653	17,524
Total financial assets	24,745	18,603
Current financial liabilities		
Trade payables	24,956	13,363
Non-Current financial liabilities		
Borrowings	25,995	5,500
Total financial liabilities	50,951	18,863

Receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Trust audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 5.2