



# **Adelaide Festival Centre Trust**

## **2016-17 Annual Report**

Adelaide Festival Centre Trust

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**Date presented to Minister:**

29 September 2017

To: Premier Jay Weatherill MP  
Minister for the Arts

This annual report is presented to Parliament to meet the statutory reporting requirements of the *Adelaide Festival Centre Trust Act 1971* and meets 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



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Signature

30 October 2017

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Date

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## **Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987***

### **Agency purpose or role**

Adelaide Festival Centre is operated by the Adelaide Festival Centre Trust (the Trust), which is a South Australian Government statutory body.

The Trust's purpose, as set out in the Adelaide Festival Centre Trust Act 1971, is to contribute to the cultural, social and intellectual development of all South Australians. The Trust's functions are:

- a. to produce, present and manage the performing arts 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 the knowledge, understanding, appreciation and enjoyment of the performing arts;
- f. 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 (e).

### **Objectives**

#### **Programming**

Deliver an imaginative and stimulating annual program which is high quality, targets diverse audiences, is accessible to all and reaches the largest possible audience.

#### **Marketing, Communications & Public Affairs**

Implement an integrated marketing strategy which grows audience reputation and stakeholder support.

#### **Assets & Venues**

Be the arts entertainment hub for the Riverbank Precinct. Redevelop Her Majesty's Theatre as a commercial theatre. Ensure venues are equipped and upgraded accordingly.

#### **Sponsorship & Commercial**

Establish an alliance of support that enables sustainable philanthropic and business growth.

## People & Culture

Build a positive and collaborative culture that attracts and retains the best people to bring our mission and objectives to life.

## Governance

Strengthen our governance to ensure we meet the highest standards of safety, environmental performance and business conduct across the organisation.

## Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
<p>As the largest performing arts institution in the State, Adelaide Festival Centre contributes to the city's cultural activity through diverse and popular programming and festivals.</p> <p>The Adelaide Festival Centre Trust has dedicated internal resources to ensuring the best outcomes from the redevelopment of Adelaide Festival Centre and Her Majesty's Theatre.</p>	Vibrant Adelaide
<p>Adelaide Festival Centre aims to be the national centre for Australian-Asian Cultural Engagement. Activities to achieve this include the leadership of leading Asian arts organisations and international internships.</p> <p>Adelaide Festival Centre's annual OzAsia Festival is one of Australia's most prominent international arts festivals. It is Australia's only annual arts festival focusing on Asia and an example of the forward thinking vision of South Australia.</p>	International Connections

## Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
Year-round Program	<p>In the 2016-17 financial year, 284 performances were held across the Festival Theatre, Dunstan Playhouse, Space Theatre, Artspace Gallery, and Her Majesty's Theatre.</p> <p>The program featured artists and companies from across Australia and around the world including the United Kingdom, France, China, Italy, Hungary, Greece, The Netherlands, Ireland, and the United States of America.</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.

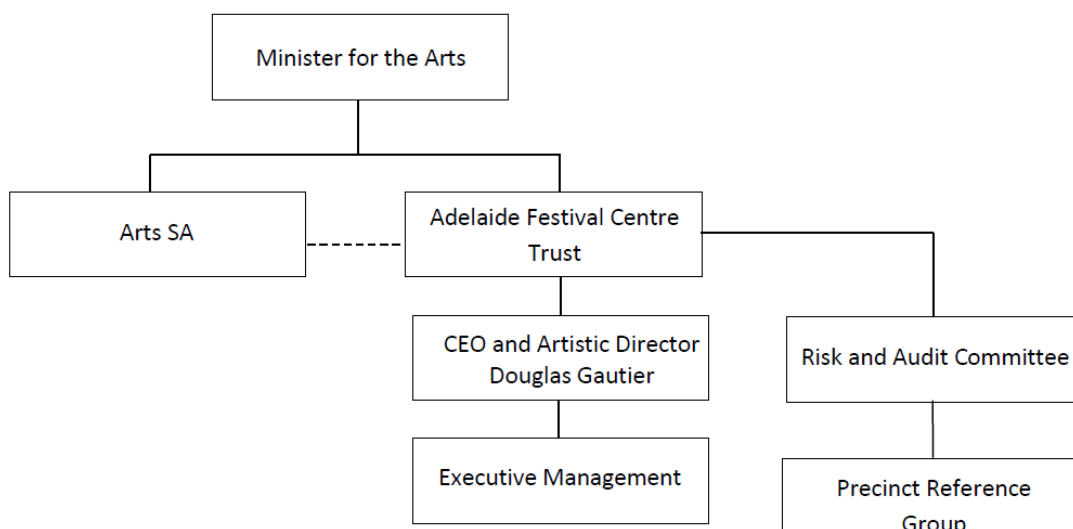
Program name	Indicators of performance/effectiveness/efficiency	Comments
OzAsia Festival	<p>2016 was the 10th year of OzAsia Festival and featured the largest festival program to date. Attendance figures were down from 2015 due to the unprecedented severe weather conditions and state wide black out which caused the cancellation of significant programming</p> <ul style="list-style-type: none"> <li>• 152,254 total attendances</li> <li>• 35 Australian premiere performances</li> <li>• 21,000 Moon Lantern Festival attendance</li> <li>• 52,936 Good Fortune Market attendance</li> </ul>	<p>Adelaide Festival Centre's OzAsia Festival is one of Australia's most prominent international arts festivals, and remains Australia's only annual arts festival engaging with Asia.</p>
Adelaide Cabaret Festival	<p>The 2017 program was widely regarded as one of the strongest artistic programs in the festival's history. With Matilda the Musical in the Festival Theatre and redevelopment works underway, reduced capacities and temporary infrastructure costs meant the 2017 festival was destined for a significantly reduced financial outcome.</p> <ul style="list-style-type: none"> <li>• 430 artists in 147 performances over 16 days and nights</li> <li>• 17 world premieres, including brand new Australian works, several fully or partly commissioned by Adelaide Cabaret Festival</li> </ul>	<p>Adelaide Festival Centre's Adelaide Cabaret Festival is the largest Cabaret Festival in the world and is recognised internationally as the preeminent festival in this genre.</p>
DreamBIG Children's Festival	<ul style="list-style-type: none"> <li>• 126,943 total attendance</li> <li>• Over 50,000 bookings</li> <li>• Big Family Weekend attendance of 30,000</li> <li>• 2,402 attendances at regional performances</li> <li>• 210 schools participated and 120 schools with disadvantage (rated 1-4) participated</li> <li>• 162 metropolitan schools and 48 regional schools participated; 14 schools missed out due to capacity</li> <li>• 191 teachers attended professional development workshops.</li> </ul>	<p>In 2017, DreamBIG Children's Festival (formerly Come Out Children's Festival) was presented for the second time under the management of Adelaide Festival Centre with a successful re-branding and a new name. DreamBIG Children's Festival is a week-long arts event for schools and families.</p>

Program name	Indicators of performance/effectiveness/efficiency	Comments
Adelaide Guitar Festival	<ul style="list-style-type: none"> <li>• 70 events including 19 performances</li> <li>• 2 ticketed workshops</li> <li>• 1 international guitar competition</li> <li>• 2 masterclasses, 7 Meet the Maker sessions, and 2 artists' talks</li> <li>• 14 Fifteen Minutes of Fame performances</li> <li>• New initiatives:               <ul style="list-style-type: none"> <li>- Resonance: 11 performances in hospitals and nursing homes</li> <li>- Guitars In Bars: 277 performances featuring over 779 artists in local venues.</li> </ul> </li> </ul>	Adelaide Guitar Festival is a four-day biennial festival, curated by internationally renowned Australian guitarist Slava Grigoryan.
Our Mob	<p>In 2016, 97 artworks were shown and 42 were sold. In addition there was a strong education program, workshops and an artist in residence program.</p> <p>Our Mob Program's four exhibitions:</p> <ul style="list-style-type: none"> <li>• <i>Our Mob</i> shows work by artists over 18 years old.</li> <li>• <i>Our Young Mob</i> features artists under the age of 18; many are students or have parents in Our Mob</li> <li>• <i>Our Mob Contemporary</i> is a curated component featuring work that is not for sale, and focuses on the professional development of the artists</li> <li>• <i>Don Dunstan Prize</i> is a showcase produced by the previous year's Emerging Artist Award recipient.</li> </ul>	A state-wide community program presenting artworks by South Australian Aboriginal artists in curated exhibitions in Adelaide Festival Centre's foyers and Artspace Gallery. Since it began in 2006, Our Mob has boosted the careers of many artists and generated sales to support their work and families.
Something on Saturday & OnStage	<p>Something on Saturday</p> <ul style="list-style-type: none"> <li>• 26 performances and workshops</li> <li>• 6,891 attendances.</li> </ul> <p>OnStage</p> <ul style="list-style-type: none"> <li>• 47 workshops</li> <li>• More than 350 attendances.</li> </ul>	<p>Something on Saturday celebrated 40 years of bringing entertainment to 0–10 year olds and their families, providing subsidised live performances and free workshops.</p> <p>OnStage is a new arts education program providing affordable, high quality theatre, dance, singing and technical workshops during the school holiday period.</p>

Program name	Indicators of performance/effectiveness/efficiency	Comments
Education Program (centrED)	<ul style="list-style-type: none"> <li>• 303 CentrED events and programs, 10,187 participating students from reception to year 12</li> <li>• 1,148 teachers participated</li> <li>• 406 schools participated</li> </ul>	<p>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.</p> <p>centrED programs are designed by an Education Coordinator who is employed by Adelaide Festival Centre, supported by funding from the Department of Education and Child Development.</p> <p>centrED is committed to equity and access for all South Australian students by providing ticket and transport subsidies with funding support from the Education Minister's Grant and the Adelaide Festival Centre Foundation.</p>
GreenRoom	<ul style="list-style-type: none"> <li>• 336 current members at the end of June 2017, generating total revenue of \$2380 through membership sales</li> <li>• 238 Greenroom tickets were sold during 2016-2017 financial year, generating \$7903</li> <li>• 9 GreenRoom Advocates were recruited in 2017.</li> </ul>	<p>Adelaide Festival Centre's GreenRoom program aims builds sustainable new audiences for Adelaide Festival Centre through a membership program for young people aged 18-30 years old.</p> <p>The GreenRoom Advocacy Program gives young people aged 18-30 years the opportunity to develop hands-on arts industry experience.</p>



## Organisation Context



## Organisation of the agency

Programming, Development, and Venue Sales

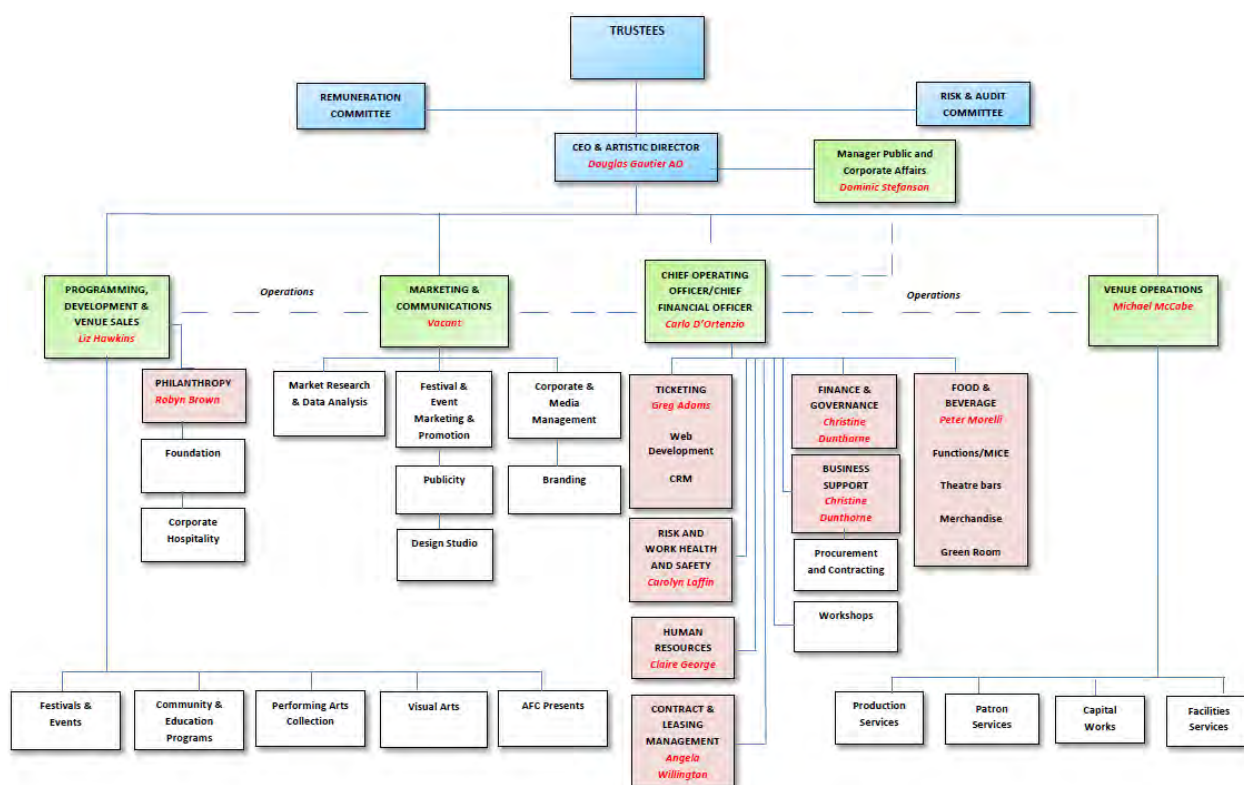
Marketing and Communications

Finance, Governance, Contract and Leasing Management

Ticketing and Digital Projects

Venue Operations

Public Affairs



## Employment opportunity programs

Program name	Result of the program
Work Experience/ Work Placement Program	Adelaide Festival Centre's work experience program provides students with an understanding and overview of how Adelaide Festival Centre operates and knowledge of careers available within arts administration. The 2017 Work Experience Program ran for three days and eleven Year 10 and 11 students participated. It was a combination of classroom learning and practical workshops and covered programming, marketing, Performing Arts Collection, stage management, lighting, sound, and staging.
International Internship Programs	Adelaide Festival Centre's partnership with China International Culture Association resulted in Su Guiping from the China National Theatre for Children commencing a 3 month internship in July 2017. Lauriane Bolmont from University of La Sorbonne in Paris commenced a 6 month internship in April 2017 to gain experience in programming.

## Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Adelaide Festival Centre updated its 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 2016-17 with performance development reviews was 14 percent.

## Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Occupational health, safety and rehabilitation programs	Effectiveness
<b>Managing Safety and Wellbeing in the Workplace</b>	<ul style="list-style-type: none"> <li>Increased focus on early reporting and responding to incidents and injuries</li> <li>New WHS consultation arrangements put in place</li> <li>Introduction of new online WHS training</li> <li>Innovative facilitator led manual handling training for production staff.</li> </ul>
<b>Emergency, Security and Business Continuity Management</b>	<ul style="list-style-type: none"> <li>Complete review of emergency management systems has been undertaken</li> <li>Security review has been undertaken and staff awareness increased.</li> </ul>
<b>Staff Health, Wellbeing, Fitness and Readiness for work</b>	<ul style="list-style-type: none"> <li>Improved pre-employment medical process</li> <li>Flu vaccination program</li> <li>Participation in the Life Be In It Corporate Cup event.</li> </ul>

Occupational health, safety and rehabilitation programs	Effectiveness
<b>Managing Work Related Injuries</b>	<ul style="list-style-type: none"> <li>• Earlier assessment of needs of staff following injury at work</li> <li>• Improved management of work related injury</li> <li>• First Aid system improved.</li> </ul>
<b>Managing Hazards and Facilities</b>	<ul style="list-style-type: none"> <li>• Detailed risk assessments of high risk tasks</li> <li>• Risk register developed for Adelaide Festival Centre's redevelopment project</li> <li>• Improved risk management systems for event risk management</li> <li>• Staff communication on redevelopment work and any identified risks.</li> </ul>

### Fraud detected in the agency

Category/nature of fraud	Number of instances
Nil	Nil

### Strategies implemented to control and prevent fraud

The 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 the past five 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 *Whistle-blowers' Protection Act 1993* 0

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/afct-whistleblower-s-disclosure>

## Executive employment in the agency

Executive classification	Number of executives
Employees defined as Executives as per the <i>State Government of South Australia Human Resources Dataset: Data Definitions</i>	9 total
Ongoing	1
Term untenured	8

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/afct-executive-employment>

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

## Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value
All consultancies below \$10,000 each	Combined (8 total)	\$22,000
<b>Consultancies above \$10,000 each</b>		
Ernst and Young	Economic Impact Study	\$18,000
Richard Stuart Theatre Consultant	Services relating to theatre equipment upgrade	\$14,000
Aurecon Australia	Stage floor building repair works - contractor	\$15,000
<b>Total all consultancies</b>		<b>\$69,000</b>

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/afct-consultant-data>

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

## **Financial performance of the agency**

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2016-17 are attached to this report.

The Adelaide Festival Centre Trust is reporting a Total Comprehensive Result of \$3.246 million which includes a gain on revaluation of its art collection of \$2.741 million. Operationally, the AFCT generated \$25.77 million in commercial revenues. This is consistent with revenue levels in 2015-16 despite the closure of the functions business and the carpark due to the redevelopment of the Festival Theatre and Festival Plaza.

## **Other financial information**

Nil to report

## Section B: Reporting required under any other act or regulation

<b>Name and date of act or regulation</b>
NA
NA
NA

### The South Australian 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 carer's right to access a wide range of responsive, affordable services to support them in their caring situation. 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.

## Section C: Reporting of public complaints as requested by the Ombudsman

### Summary of complaints by subject

Public complaints received by enter name of section or location.	
Category of complaints by subject	Number of instances
Disability access	6
Food and Beverage (general)	21
Venue – seats/sightlines/etc – Her Majesty's Theatre	14
Venue – seats/sightlines/etc – Adelaide Festival Centre	22
Venue - foyers/facilities/etc	8
BASS - technical errors/fees/website/etc	12
Redevelopment work	18
Shows and performances	14
Car Parking	13
Security (general)	3
Customer service	19
Moon Lantern Festival – change of date	7

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/afct-summary-of-complaints>

### Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
<b>Redevelopment communication:</b> Following the closure of Festival Drive and construction commencement in Adelaide Riverbank, patron feedback indicated that wayfinding and redevelopment messaging and signage was not sufficient.	<ul style="list-style-type: none"> <li>Increased external Adelaide Festival Centre venue signage and lobbied successfully for improved and increased signage on the redevelopment hoarding and around the precinct</li> <li>Pre visit emails sent to ticket purchasers before their show were reviewed to include more direct information and specific wayfinding instructions</li> <li>Frequency of pre visit SMSs sent to patrons before Adelaide Oval road closure events was increased with SMSs sent to all ticket purchasers before each performance, regardless of precinct activity</li> </ul>

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
<p><b>Redevelopment accessibility:</b> The redevelopment of Festival Plaza and Adelaide Festival Centre's northern promenade posed serious access challenges for Adelaide Festival Centre's staff and patrons. With the removal of disability access parking spaces and accessible routes to and from venues, no group was more affected than patrons with disability and mobility impairment.</p>	<p>After an enquiry from a patron who was concerned she and her partner would not be able to make it to the Dunstan Playhouse for a performance, the Marketing and Customer Experience Manager worked with the patron and with advice from the office of Kelly Vincent MLC to develop a strategy for her visit that informed ongoing protocol for ensuring successful theatre going experiences for patrons with disability and mobility impairment:</p> <ul style="list-style-type: none"> <li>• Clear instructions for vehicle drop offs at the Dunstan Playhouse lower level drop off point</li> <li>• Guidance and support to escort patrons in their journey and assist use of lift where necessary</li> <li>• When extreme road closures make it impossible for patrons to be dropped off outside of venues, customer service agents ring patrons who have listed accessibility requirements to provide advice and support in advance of their visit</li> </ul> <p>Follow up feedback from the patron: <i>"Thank you for all for your effort to make our night so memorable. I don't think you realise what you and your staff have done for me emotionality."</i></p>
<p><b>Security concerns:</b> To mitigate risk in the event of a necessary evacuation, Adelaide Festival Centre has a safety policy excluding backpacks from performance spaces. Following terrorist events at entertainment venues overseas, Adelaide Festival Centre received feedback about a perceived lack of security and unfair application of the no backpack rule.</p>	<ul style="list-style-type: none"> <li>• Front of house staff were briefed so that patron questions could be answered fully – the policy is about safety in the event of evacuation (straps and large bags pose a trip hazard in theatre rows and aisles)</li> <li>• As a matter of fairness, the exclusion of large back packs was added to the backpack rule</li> <li>• A note was added to the pre visit email to advise patrons of the policy and request that backpacks and large bags be left at home where possible</li> <li>• Following an incident in which a mother was not permitted to bring a child's backpack containing medication and necessary food into the theatre, ushers and security staff were asked to use discretion to allow bags into theatre spaces when necessary, ensuring patrons understood and complied with keeping bags well under seats with straps out of the way of aisles and feet</li> </ul>
<p><b>Venue feedback:</b> Consistent feedback around accessibility, congestion, and seat access and sightlines in Her Majesty's Theatre</p>	<p>With Her Majesty's Theatre set to undergo much needed redevelopment, the following common patron complaints were paramount in the Trust's architect brief and design outcome:</p> <ul style="list-style-type: none"> <li>• Clear sightlines from each seat</li> <li>• Better access through foyers to prevent congestion</li> <li>• Full accessibility for patrons with disability</li> <li>• Increased/improved washroom facilities</li> <li>• Improved bar and box office spaces</li> </ul>



## **Appendix: Audited Financial Statements 2016-17**



Our ref: A17/006

18 September 2017

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Mr M Abbott AO QC  
Chairman and Presiding Officer  
Adelaide Festival Centre Trust  
GPO Box 1269  
ADELAIDE SA 5001

Dear Mr Abbott

## **Audit of Adelaide Festival Centre Trust for the year to 30 June 2017**

We have completed the audit of your accounts for the year ended 30 June 2017. Three key outcomes from the audit are the:

- 1** Independent Auditor's Report on your agency's financial report
- 2** opinion on your financial controls
- 3** an audit management letter recommending you address identified weaknesses.

### **1 Independent Auditor's Report**

We are returning the financial statements for Adelaide Festival Centre Trust, with the Independent Auditor's Report. This report is unmodified.

My annual report to Parliament indicates that we have issued an unmodified Independent Auditor's Report on your financial statements.

### **2 Opinion on financial controls**

In my opinion, the controls exercised by Adelaide Festival Centre Trust in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of Adelaide Festival Centre Trust have been conducted properly and in accordance with law.

### **3 Audit management letter**

During the year, we sent the agency an audit management letter detailing the weaknesses we noted and improvements we considered you need to make.

## **For official use only**

We have received responses to these matters and we will follow these up in the 2017-18 audit.

### **What the audit covered**

Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- revenues from events, restaurant, bars and car park
- salaries and wages
- procurement and expenditure on supplies and services
- inventory.

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

I would like to thank the staff and management of your agency for their assistance during this year's audit.

Yours sincerely



Andrew Richardson

**Auditor-General**

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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 2017.

### 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 2017, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated 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 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising a summary of 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 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 promulgated under the provisions of the *Public Finance and Audit Act 1987* and the 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 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**

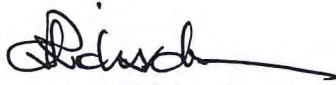
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- 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 regarding, 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.

A handwritten signature in black ink, appearing to read 'Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

**Auditor-General**

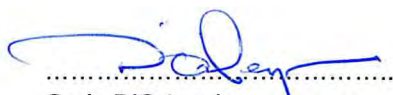
18 September 2017

**ADELAIDE FESTIVAL CENTRE TRUST**  
**CERTIFICATION OF FINANCIAL STATEMENTS**

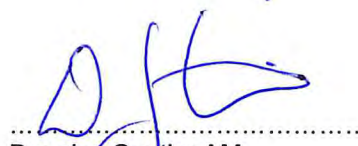
We certify that the attached general purpose financial statements for the Adelaide Festival Centre Trust:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Adelaide Festival Centre Trust; and
- present a true and fair view of the financial position of the Adelaide Festival Centre Trust as at 30 June 2017 and the results of its operation and cash flows for the financial year.

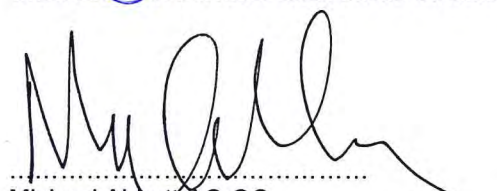
We certify that the internal controls employed by the Adelaide Festival Centre Trust for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



.....  
Carlo D'Ortenzio  
Chief Operating Officer



.....  
Douglas Gautier AM  
Chief Executive Officer and Artistic Director



.....  
Michael Abbott AO QC  
Chairman and Presiding Officer

Date....14...September 2017



**ADELAIDE FESTIVAL CENTRE TRUST  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$'000	2016 \$'000
<b>Expenses</b>			
Staff benefits expenses	4	19,569	19,062
Supplies and services	5	26,273	23,958
Depreciation and amortisation expense	6	931	648
Net loss from the disposal of non-current assets	7	50	126
Borrowing costs		34	50
<b>Total expenses</b>		<b>46,857</b>	<b>43,844</b>
<b>Income</b>			
Revenues from fees and charges	8	25,559	25,599
Interest revenues	9	215	259
<b>Total income</b>		<b>25,774</b>	<b>25,858</b>
<b>Net cost of providing services</b>		<b>21,083</b>	<b>17,986</b>
<b>Revenues from SA Government</b>			
Revenues from SA Government	10	21,588	17,428
<b>Net result</b>		<b>505</b>	<b>(558)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to net result</i>			
Gain on revaluation of assets	14	2,741	578
<b>Total other comprehensive income</b>		<b>2,741</b>	<b>578</b>
<b>Total comprehensive result</b>		<b>3,246</b>	<b>20</b>

The net result and total comprehensive result are attributable to the SA Government as owner

*The above statement should be read in conjunction with the accompanying notes*



**ADELAIDE FESTIVAL CENTRE TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

		2017	2016
	Note	\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents	11	8,397	15,080
Receivables	12	1,863	1,722
Inventories	13	174	175
<b>Total current assets</b>		<u>10,434</u>	<u>16,977</u>
<b>Non-current assets</b>			
Property, plant and equipment	14	6,702	5,406
Works of art	14	8,793	6,101
Intangible assets	14	969	777
<b>Total non-current assets</b>		<u>16,464</u>	<u>12,284</u>
<b>Total assets</b>		<u>26,898</u>	<u>29,261</u>
<b>Current liabilities</b>			
Payables	15	6,807	9,772
Staff benefits	16	2,777	2,811
Provisions	17	105	92
Other current liabilities	18	1,002	1,520
<b>Total current liabilities</b>		<u>10,691</u>	<u>14,195</u>
<b>Non-current liabilities</b>			
Payables	15	213	303
Borrowings	19	-	1,333
Staff benefits	16	2,352	3,065
Provisions	17	199	168
<b>Total non-current liabilities</b>		<u>2,764</u>	<u>4,869</u>
<b>Total liabilities</b>		<u>13,455</u>	<u>19,064</u>
<b>Net assets</b>		<u>13,443</u>	<u>10,197</u>
<b>Equity</b>			
Asset revaluation surplus	20	12,766	10,060
Accumulated surplus (deficit)	20	677	137
<b>Total Equity</b>		<u>13,443</u>	<u>10,197</u>
<b>The total equity is attributable to the SA Government as owner</b>			
Unrecognised contractual commitments	21		
Contingent assets and liabilities	22		

*The above statement should be read in conjunction with the accompanying notes*

**ADELAIDE FESTIVAL CENTRE TRUST  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

	<b>Note</b>	<b>Asset revaluation surplus \$ '000</b>	<b>Accumulated surplus/ deficits \$ '000</b>	<b>Total Equity \$ '000</b>
Balance at 30 June 2015		9,482	695	10,177
<b>Net result for 2015-2016</b>		-	(558)	(558)
Gain on revaluation of assets		578	-	578
<b>Total comprehensive result for 2015-2016</b>		578	(558)	20
Balance at 30 June 2016	<b>20</b>	<b>10,060</b>	<b>137</b>	<b>10,197</b>
<b>Net result for 2016-2017</b>		-	505	505
Gain on revaluation of assets		2,741	-	2,741
<b>Total comprehensive result for 2016-2017</b>		2,741	505	3,246
Transfers between equity components		(35)	35	-
<b>Balance at 30 June 2017</b>	<b>20</b>	<b>12,766</b>	<b>677</b>	<b>13,443</b>

**All changes in equity are attributable to the SA Government as owner**

*The above statement should be read in conjunction with the accompanying notes*

**ADELAIDE FESTIVAL CENTRE TRUST  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017**

		2017 Inflows/ (Outflows) \$'000	2016 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>	<b>Note</b>		
<b>Cash outflows</b>			
Staff benefit payments		(20,340)	(18,103)
Payments for supplies and services		(28,307)	(26,778)
Decrease in funds held on behalf of promoters		(2,842)	-
Interest Paid		(27)	(43)
GST paid to ATO		(111)	-
<b>Cash used in operations</b>		<u>(51,627)</u>	<u>(44,924)</u>
<b>Cash inflows</b>			
Receipts from patrons and customers		25,557	28,989
Increase in funds held on behalf of promoters		-	950
Interest received		222	265
GST recovered from the ATO		-	301
<b>Cash generated from operations</b>		<u>25,779</u>	<u>30,505</u>
<b>Cash flows from SA Government</b>			
Receipts from SA Government		18,361	16,672
<b>Cash generated from SA Government</b>		<u>18,361</u>	<u>16,672</u>
<b>Net cash (used in) provided by operating activities</b>		<u>(7,487)</u>	<u>2,253</u>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment and works of art		804	(468)
<b>Net cash used in investing activities</b>		<u>804</u>	<u>(468)</u>
<b>Cash flows from financing activities</b>			
<b>Cash outflows</b>			
Repayment of borrowings*		-	(338)
<b>Net cash provided by financing activities</b>		<u>-</u>	<u>(338)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>		<u>(6,683)</u>	<u>1,447</u>
Cash and cash equivalents at the beginning of the period		15,080	13,633
<b>Cash and cash equivalents at the end of the period</b>	<b>11</b>	<u>8,397</u>	<u>15,080</u>

*The above statement should be read in conjunction with the accompanying notes*

*\* There was an unsecured, interest only loan on terms agreed to by the Minister for the Arts. This loan was forgiven in the current financial year and recorded as a SA Government Revenue.*



## Adelaide Festival Centre Trust

### Notes to and forming part of the financial statements

#### Note 1 Objectives of the Adelaide Festival Centre Trust

The objectives of the Adelaide Festival Centre Trust (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.

#### Note 2 Summary of Significant Accounting Policies

##### (a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Trust has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Trust is a not-for-profit entity.

##### (b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement, or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
  - i. expenses incurred as a result of engaging consultants;
  - ii. employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the Trust to those employees; and
  - iii. board member and remuneration information, where a board member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Trust's Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.



## Adelaide Festival Centre Trust

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2017 and the comparative information presented.

### (c) Reporting entity

The Trust is established pursuant to the *Adelaide Festival Centre Trust Act 1971*.

On 21 October 1999 the Adelaide Festival Centre Foundation (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. The effect of transactions between the Trust and the Foundation are eliminated in full. A summary of the Foundation's activities is given in Note 23.

### (d) Transactions performed on behalf of promoters

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 11) and the requisite amount payable to those promoters (shown at Note 15) together with the net change in cash held in the Statement of Cash Flows as at 30 June.

### (e) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

Where the Trust has applied an accounting policy retrospectively; retrospectively restated items in the financial statements; reclassified items in the financial statements, it has provided three Statements of Financial Positions and related notes.

The restated comparative amounts do not replace the original financial statements for the preceding period.

### (f) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

### (g) Taxation

The Trust is not subject to income tax. The Trust is liable for payroll tax, fringe benefits tax, and goods and services tax (GST).

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.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position.

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 Australian Taxation Office is classified as part of operating cash flows.



## Adelaide Festival Centre Trust

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

### (h) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

### (i) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle, even when they are not expected to be realised within twelve months after the reporting date, have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within twelve months and more than twelve months, the Trust has separately disclosed the amounts expected to be recovered or settled after more than twelve months.

### (j) Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where an asset line item combine amounts expected to be settled within twelve months and more than twelve months, the Trust has separately disclosed the amounts expected to be recovered after more than twelve months.

#### ***Cash and cash equivalents***

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand. Cash is measured at nominal value.

#### ***Receivables***

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

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.

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.

#### ***Heritage assets***

The Trust holds a collection of heritage assets, 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 collection and lack of a market for items within it.

#### ***Inventories***

Inventories are maintained for catering, theatre set construction, production and merchandising activities and are valued at the lower of cost or net realisable value.

The amount of any inventory write-down to net realisable value or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income.



## Adelaide Festival Centre Trust

### **Non-current assets**

#### **Acquisition and recognition**

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

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

All non-current tangible assets with a value equal to or in excess of \$10,000 are capitalised.

#### **Depreciation and amortisation**

Except for certain heritage assets, 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. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

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

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.

The Trust holds a collection of heritage assets in the form of an artwork collection which has an extremely long useful life. Depreciation is not applied because these items have an indeterminable useful life.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land is not depreciated.

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

<b>Class of asset</b>	<b>Useful life (years)</b>
Buildings	15
Plant and equipment	5 - 25
Furniture and fittings	15
Leasehold equipment	5-15
Intangibles	5-10

#### **Revaluation of non-current assets**

All non-current tangible assets are valued at fair value; and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

At least every five years, the Adelaide Festival Centre Trust revalues 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 that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in revaluations reserve for that asset class.

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.



## Adelaide Festival Centre Trust

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

### **Impairment**

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, an impairment loss is offset against the respective asset revaluation surplus.

### ***Intangible assets***

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The Trust only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets are reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10,000.

### ***Fair value measurement - Non-financial assets***

In determining fair value, the Trust has taken into account the characteristic of the asset (eg. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Trust's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Trust did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years' are deemed to approximate fair value.

### ***Fair value measurement - Financial assets/liabilities***

Adelaide Festival Centre Trust does not recognise any financial assets or financial liabilities at fair value.

## **(k) Liabilities**

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combine amounts expected to be settled within twelve months and more than twelve months, the Trust has separately disclosed the amounts expected to be settled after more than twelve months.

### ***Payables***

Payables include creditors, accrued expenses, GST payable and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Adelaide Festival Centre Trust.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.



## Adelaide Festival Centre Trust

Staff benefits on-costs include payroll tax and superannuation contributions in respect to outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

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 scheme managers.

### ***Leases***

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

### **Operating leases**

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

### ***Staff benefits***

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

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

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

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

### **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 staff up to the end of the reporting period using the projected unit credit method.

The expected liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and period of service. These assumptions are based on employee data over SA government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The Trust classifies a portion of long service leave as current, based on its history of settlements.

### ***Borrowings/Financial liabilities***

The Trust measures financial liabilities including borrowings/debt at historical cost, except for interest free loans (measured at the present value of expected repayments).

### ***Provisions***

Provisions are recognised when the Trust has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Trust expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

Adelaide Festival Centre Trust

**(l) Unrecognised contractual commitments and contingent assets and liabilities**

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

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.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

**(m) State government funding**

The financial statements are presented under the assumption of ongoing financial support to the Board by the state government.

**Note 3 New and revised accounting standards and policies**

The Trust did not voluntarily change any of its accounting policies during 2016-17.



# Adelaide Festival Centre Trust

	2017 \$'000	2016 \$'000
<b>4 Staff benefits expenses</b>		
Salaries and wages	15,621	14,694
Long service leave	304	544
Annual leave	989	920
Skills and experience retention leave	-	18
Employment on-costs - superannuation	1,498	1,473
Employment on-costs - other	973	1,013
Board fees	30	31
Other staff related expenses	154	369
<b>Total staff benefits expenses</b>	<b>19,569</b>	<b>19,062</b>

	2017 Number	2016 Number
<b>(a) Remuneration of staff excluding performance bonus</b>		
The number of staff who received remuneration within the following bands are:		
\$147 001 to \$157 000	1	2
\$157 001 to \$167 000	-	1
\$167 001 to \$177 000	-	1
\$177 001 to \$187 000	-	2
\$187 001 to \$197 000	2	-
\$197 001 to \$207 000	1	1
\$247 001 to \$257 000	1	-
\$257 001 to \$267 000	1	1
\$317,001 to \$327,000	-	-
\$347,001 to \$357,000	1	-
\$357,001 to \$367,000	-	1
<b>Total</b>	<b>7</b>	<b>9</b>

	2017 Number	2016 Number
<b>(b) Performance bonus remuneration of staff</b>		
The number of staff who received performance bonus remuneration within the following bands are:		
\$ 1,500 to \$ 11,499	1	-
\$ 21,500 to \$ 31,499	-	1
\$ 31,500 to \$ 41,499	-	1
\$181,500 to \$191,499	1	-
<b>Total</b>	<b>2</b>	<b>2</b>

Table (a) includes all staff who received total remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. Total remuneration received for the year, included in Tables (a) and (b) was \$1.85 m (\$1.87 m).

# Adelaide Festival Centre Trust

	2017	2016
	\$'000	\$'000
<b>5 Supplies and services</b>		
Accommodation*	10,484	10,256
Advertising and marketing	1,872	1,906
Artistic production	6,362	5,262
Communications and IT	1,579	1,610
Professional expenses	1,534	1,204
Repairs and maintenance	241	271
Sponsorship	105	149
Supplies	2,233	1,899
Travel and entertainment	410	367
Other	1,453	1,034
<b>Total supplies and services</b>	<b>26,273</b>	<b>23,958</b>

\*Accommodation balance includes \$5.931m of rent to Arts SA for the venue hire of theatres.

## Consultants

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

	2017		2016	
	No.	\$'000	No.	\$'000
Below \$10,000	8	22	-	-
Above \$10,000	3	47	2	36
<b>Total paid / payable to consultants engaged</b>	<b>11</b>	<b>69</b>	<b>2</b>	<b>36</b>

## 6 Depreciation and amortisation expense

	\$'000	\$'000
<b>Depreciation</b>		
Buildings	29	29
Plant and equipment	705	368
Leasehold equipment	11	7
Furniture and Fittings	18	18
<b>Amortisation</b>		
Intangible assets	168	226
<b>Total depreciation and amortisation</b>	<b>931</b>	<b>648</b>

## 7 Net loss from the disposal of non-current assets

Plant and equipment		
Proceeds from disposal	11	2
Less net book value of assets disposed	61	128
<b>Net loss from disposal of plant and equipment</b>	<b>(50)</b>	<b>(126)</b>

## 8 Revenues from fees and charges

Theatre services	7,856	7,252
Ticketing	4,592	4,605
Car park	695	1,379
Box office	5,734	5,977
Sponsorship	984	762
Catering and functions	2,854	3,302
Other	2,844	2,322
<b>Total fees and charges</b>	<b>25,559</b>	<b>25,599</b>

## 9 Interest revenues

Interest received	215	259
<b>Total interest revenues</b>	<b>215</b>	<b>259</b>

## Adelaide Festival Centre Trust

<b>10 Revenues from SA Government</b>	<b>2017</b>	<b>2016</b>
Grants received:	<b>\$'000</b>	<b>\$'000</b>
Operating base	<b>18,364</b>	16,675
Capital replacement	<b>3,224</b>	753
<b>Total revenues from SA Government</b>	<b>21,588</b>	17,428

The revenue derived from the Government is significant, and without it the Adelaide Festival Centre Trust would not be able to continue its operations.

Capital replacement grant refers to assets received free of charge of \$1.891m (nil) and a grant received for the loan forgiven by the Minister for Arts for \$1.333m relating to the redevelopment of Her Majesty's Theatre - refer note 19.

### 11 Cash and cash equivalents

Cash at bank and on hand	<b>4,126</b>	7,967
Cash held in trust for promoters	<b>4,271</b>	7,113
<b>Total cash and cash equivalents</b>	<b>8,397</b>	15,080

### 12 Receivables

<b>Current</b>		
Receivables	<b>918</b>	644
Less allowance for doubtful debts	-	(4)
Prepayments	<b>735</b>	1,061
Accrued interest	<b>14</b>	21
GST input tax recoverable	<b>196</b>	-
<b>Total current receivables</b>	<b>1,863</b>	1,722

#### Movement in the allowance for doubtful debts

The following table shows the movements of doubtful debts (impairment loss):

Carrying amount at the beginning of the period	<b>4</b>	2
Increase in the allowance	-	4
Amounts written off	<b>(4)</b>	(2)
<b>Carrying amount at the end of the period</b>	<b>-</b>	4

The allowance for doubtful debts (impairment loss) is recognised if there is objective evidence that a receivable is impaired (i.e. calculated on past experience and current and expected changes in client credit rating).

### 13 Inventories

Theatre set construction work in progress at cost	-	18
Materials at cost	<b>174</b>	157
<b>Total inventories</b>	<b>174</b>	175

#### Cost of inventories

The costs recognised as an expense for raw materials and consumables is \$1.845m (\$1.525m).



# Adelaide Festival Centre Trust

	2017	2016
	\$'000	\$'000
<b>14 Non-current assets</b>		
<b>Land and buildings</b>		
Land at cost (deemed fair value)	1,440	1,440
Buildings at cost (deemed fair value)	440	440
Accumulated depreciation at the end of the period	(62)	(33)
<b>Total land and buildings</b>	<b>1,818</b>	<b>1,847</b>
<b>Plant and equipment</b>		
Plant and equipment at fair value	1,798	2,122
Accumulated depreciation at the end of the period	(1,034)	(740)
Plant and equipment at cost (deemed fair value)	3,649	1,773
Accumulated depreciation at the end of the period	(135)	(135)
<b>Total plant and equipment</b>	<b>4,278</b>	<b>3,020</b>
<b>Capital works in progress</b>		
Capital works in progress at cost (deemed fair value)	244	148
<b>Furniture and fittings</b>		
Furniture and fittings at cost (deemed fair value)	274	274
Accumulated depreciation at the end of the period	(54)	(36)
<b>Total furniture and fittings</b>	<b>220</b>	<b>238</b>
<b>Leasehold equipment</b>		
Leasehold equipment at cost (deemed fair value)	165	165
Accumulated depreciation at the end of the period	(23)	(12)
<b>Total leasehold equipment</b>	<b>142</b>	<b>153</b>
<b>Total property, plant and equipment</b>	<b>6,702</b>	<b>5,406</b>
<b>Works of art</b>		
Works of art at fair value	8,791	6,098
Works of art at cost (deemed fair value)	2	3
<b>Total works of art</b>	<b>8,793</b>	<b>6,101</b>
<b>Intangible assets</b>		
Intangibles at cost	2,269	1,908
Accumulated amortisation	(1,300)	(1,131)
<b>Total intangible assets</b>	<b>969</b>	<b>777</b>
<b>Total non-current assets</b>	<b>16,464</b>	<b>12,284</b>

## Valuation of non-current assets

### Plant and equipment

Valuation of theatre-related plant and equipment was carried out at 30 June 2015 by Maloney Field Services (Australia) Pty Ltd resulting in a revaluation increment of \$358,000. 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. Level 2 of the 'fair value hierarchy' under AASB 13 has been used and observable inputs such as publications, websites and sale prices relied on to determine fair values of each item. 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.

### Works of art

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. The revaluation resulted in an increment of \$2.74m.

### Carrying amount of non-current assets

The carrying amount of all non-current assets that have not been revalued are deemed to approximate fair value.

# Adelaide Festival Centre Trust

## Impairment

There were no indications of impairment of non-current assets at 30 June 2017.

## Reconciliation of non-current assets

The following table shows the movements of non-current assets during 2016-17:

	Plant and Equipm't \$'000	Works of Art \$'000	Intan- gibles \$'000	Furniture and fittings \$'000	Land and building \$'000	Lease hold \$'000	Capital WIP \$'000	Total \$'000
<b>Carrying amount at the beginning of the period</b>	3,020	6,101	777	238	1,847	153	148	12,284
Acquisitions	-	2	-	-	-	-	2,507	2,509
Transfers between asset classes	1,973	-	361	-	-	-	(2,334)	-
Disposals	(10)	(51)	-	-	-	-	(77)	(138)
Depreciation and amortisation	(705)	-	(169)	(18)	(29)	(11)	-	(932)
Revaluation increment/(decrement)	-	2,741	-	-	-	-	-	2,741
<b>Carrying amount at the end of the period</b>	<b>4,278</b>	<b>8,793</b>	<b>969</b>	<b>220</b>	<b>1,818</b>	<b>142</b>	<b>244</b>	<b>16,464</b>

Plant and equipment additions of \$1.891 (nil) were received free of charge as a capital grant from Arts SA.

	2017 \$'000	2016 \$'000
<b>15 Payables</b>		
<b>Current</b>		
Creditors	348	911
Accrued expenses	1,705	1,283
Amounts payable to promoters	4,271	7,113
Staff on-costs	483	461
GST input tax payable	-	4
<b>Total current payables</b>	<b>6,807</b>	<b>9,772</b>
<b>Non-current</b>		
Staff on-costs	213	303
<b>Total payables</b>	<b>7,020</b>	<b>10,075</b>

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 the same as the 2016 rate (40%) and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2016 rate (10.2%) to 10.1%. These rates are used in the employment on-cost calculation.

## 16 Staff benefits

<b>Current</b>		
Annual leave	1,257	1,247
Long service leave	504	420
Accrued salaries and wages	898	1,022
Skills and experience retention leave	118	122
<b>Total current staff benefits</b>	<b>2,777</b>	<b>2,811</b>
<b>Non-current</b>		
Long service leave	2,352	2,715
Accrued salaries and wages	-	350
<b>Total non-current staff benefits</b>	<b>2,352</b>	<b>3,065</b>
<b>Total staff benefits</b>	<b>5,129</b>	<b>5,876</b>



## Adelaide Festival Centre Trust

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a set level of liability for the measurement of long service leave.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has increased from 2% in 2016 to 2.5% in 2017.

The net financial effect in the current financial year of the increase in the discount rate and the salary inflation rate is a decrease in the long service leave liability of \$119k and employee benefit expense of \$119k. 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.

<b>17 Provisions</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Provision for workers compensation	<u>105</u>	<u>92</u>
<b>Total current provisions</b>	<u>105</u>	<u>92</u>
<b>Non-current</b>		
Provision for workers compensation	<u>199</u>	<u>168</u>
<b>Total provisions</b>	<u>304</u>	<u>260</u>
<b><i>Provision for workers compensation</i></b>		
Carrying amount at the beginning of the period	260	160
Additional provisions recognised	81	170
Reductions arising from payments	<u>(37)</u>	<u>(70)</u>
<b>Carrying amount at the end of the period</b>	<u>304</u>	<u>260</u>

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector (a division of the Department of the Premier and Cabinet). These claims are expected to be settled within the next financial year.

<b>18 Other liabilities</b>		
<b>Current</b>		
Venue hire deposits	290	602
Other deposits	9	9
Income in advance	696	902
Unclaimed monies	<u>7</u>	<u>7</u>
<b>Total other liabilities</b>	<u>1,002</u>	<u>1,520</u>

### **Income in advance**

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

<b>19 Borrowings</b>		
<b>Non-current</b>		
Loan from SA Financing Authority	-	1,333
<b>Total non-current borrowings</b>	<u>-</u>	<u>1,333</u>

This was an unsecured, interest only loan on terms agreed to by the Minister for the Arts. This loan was forgiven in the current financial year and recorded as a SA Government Revenue.



## Adelaide Festival Centre Trust

	2017	2016
	\$'000	\$'000
<b>20 Equity</b>		
<b>Asset revaluation surplus</b>		
Plant and equipment	4,319	4,348
Works of art	8,447	5,712
	<u>12,766</u>	<u>10,060</u>
Accumulated surplus/(deficit)	677	137
<b>Total equity</b>	<u>13,443</u>	<u>10,197</u>

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

## 21 Unrecognised contractual commitments

### Expenditure commitments - other

The Trust's other commitments are payable as follows:

Within one year	2,809	1,239
Later than one year but not longer than five years	1,891	1,657
<b>Total other commitments</b>	<u>4,700</u>	<u>2,896</u>

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

Commitments in relation to operating leases contracted for at the reporting date but

Within one year	5,630	6,219
Later than one year and not longer than five years	23,677	26,031
Later than five years	38,918	50,644
<b>Total operating lease commitments</b>	<u>68,225</u>	<u>82,894</u>

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.

## 22 Contingent assets and liabilities

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

## Adelaide Festival Centre Trust

### 23 Controlled entity

The consolidated financial statements at 30 June 2017 include the following controlled entity:  
The Adelaide Festival Centre Foundation Incorporated

Significant items in the financial report of the Foundation are:

	2017 \$'000	2016 \$'000
Revenue	730	471
Expenses	440	391
Surplus	<u>290</u>	<u>80</u>
Cash at bank	655	419

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.

### 24 Remuneration of Trustees

Trustees of the Trust during the 2017 financial year were:

Mr Michael Abbott (Chairperson)

Mr James Hazel

Ms Carolyn Mitchell

Mr Philip Hoffmann AM

Ms Kathryn Thiele

Ms Joanne Chapley (Appointed 04/08/2016)

Ms Susan Clearihan (Resigned 23/04/2017)

	2017 Number	2016 Number
<b>The number of Trustees whose remuneration received or receivable falls within the following bands:</b>		
\$0 - \$9,999	<u>7</u>	<u>8</u>
<b>Total</b>	<u>7</u>	<u>8</u>

Remuneration of members reflects all costs of Trustee duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by Trustees was \$31,000 (2016 \$34,000).

The Trustees of the Trust, or their director related entities, have transactions with the Trust that occur within a normal staff, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonably expected the entity would have adopted if the transactions were undertaken with any other entity at arm's length in similar circumstances.

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.

### 25 Related Party Transactions

The Trust is a statutory authority established pursuant to the Adelaide Festival Centre Trust Act 1971.

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.



## Key Management Personnel

Key management personnel of the Trust include the Chief Executive Officer and Artistic Director, the Chief Financial Officer, the board of Trustees and the four members of the Executive Management Team who have responsibility for the strategic direction and management of the board.

Total compensation for the Trust's key management personnel was \$1.665m (\$1.334m).

## 26 Financial risk management/Financial instruments

### Financial risk management

Risk management is managed by the Trust's corporate services section and risk management policies 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 is exposed to financial risk – liquidity risk, credit risk and market risk.

### Categorisation of financial instruments

Details of the significant accounting policies and methods adopted include 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 note 2.

The carrying amounts of each of the following categories of financial assets and liabilities: held-to-maturity investments; loan and receivables; and financial liabilities measured at cost are detailed below:

Category of financial asset and financial liability	Notes	2017 Carrying amount/fair value \$'000	2016 Carrying amount/fair value \$'000
<b>Financial assets</b>			
<i><b>Cash and cash equivalent</b></i>			
- Cash and cash equivalent	11	8,397	15,080
<i><b>Loans and receivables</b></i>			
- Receivables <sup>(1)(2)</sup>	12	932	665
<b>Total financial assets</b>		9,329	15,745
<b>Financial liabilities</b>			
<i><b>Financial liabilities at cost</b></i>			
- Payables <sup>(1)</sup>	15	6,214	9,201
- Borrowings	19	-	1,333
<b>Total financial liabilities</b>		6,214	10,534

<sup>(1)</sup> 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 Department 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 etc. 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).

<sup>(2)</sup> Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 12 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. Prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

**27 Events after the reporting period**

In July 2017 the Trust purchased Her Majesty's Theatre (HMT) property at 58 Grote Street Adelaide from Arts SA for a total consideration of \$8.222m.

The Treasurer has approved for SAFA to loan the Trust \$61.598m for a maximum term of 10 years with regards to HMT redevelopment.