



ADELAIDE FESTIVAL CENTRE TRUST

2017-18 Annual Report

ADELAIDE FESTIVAL CENTRE TRUST

Adelaide Festival Centre Trust

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Date presented to Minister: 28 September 2018

To:

The Honourable Steven Marshall MP

Premier of South Australia

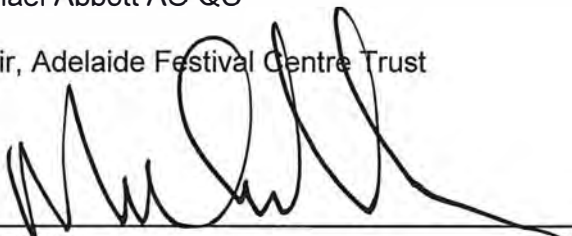
This annual report is to be presented to Parliament to meet the statutory reporting requirements of *Adelaide Festival Centre Trust Act 1971* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

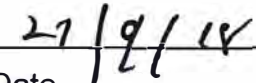
This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of ADELAIDE FESTIVAL CENTRE TRUST by:

Michael Abbott AO QC

Chair, Adelaide Festival Centre Trust


Signature


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

- Curate a dynamic year-round festivals and events program - enriching the lives of all South Australians.
- Grow audiences through quality customer experiences. Tell our stories and promote our brands to build reputation and stakeholder support.
- Present the best arts and entertainment in well-provisioned, sustainable venues and spaces that are accessible to all.
- Maintain a positive culture built on collaboration and creativity.
- Increase sponsorship and philanthropy and build operational capacity
- Build financial and IT capacity to respond to change and embrace opportunity.

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
To be the arts and entertainment heart of the festival state.	Supporting arts and entertainment to increase activity and build the visitor economy.
To entertain, educate, engage and inspire.	Invest in arts and artists to ensure South Australia's creative industries thrive.
To be a national and international cultural leader.	To promote international engagement and build South Australia's reputation overseas.

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
Year round program	<p>In the 2017-2018 financial year there were 823,270 attendances (405,357 ticketed and 417,913 non-ticketed) for performances, exhibitions, concerts and events in AFCT venues: Festival Theatre, Dunstan Playhouse, Space Theatre, Artspace Gallery, and Her Majesty's Theatre.</p> <p>The program included major musicals, theatre, ballet, contemporary dance and performances for children and young people. Artists and companies were featured from across Australia and around the world.</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	Outcome for South Australia
Adelaide French Festival	<p>The first 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>36 shows, 70 performances</p> <p>4 Australian premieres, 3 world premieres, 3 Adelaide premieres</p> <p>25 international artists and 53 South Australian artists</p> <p>\$1.35 million of publicity and media was generated before and during the festival.</p>	<p>Adelaide French Festival set out to strengthen the relationship between Adelaide and France, with a mission to engage with stakeholders and the French diaspora in South Australia. In addition to State Government funding, the festival was supported by both the Department for Foreign Affairs and Trade and the French Embassy in Australia</p>
Adelaide Cabaret Festival	<p>In 2018, Adelaide Cabaret Festival received 43,901 audience attendees to 133 ticketed performances and 40 free events. The program brought together more than 330 artists, featured 20 world, 10 Australian and 11 Adelaide premieres, and produced more than 40 sold-out performances.</p> <p>More than \$8.37 million of publicity and media was generated before and during the festival.</p>	<p>Adelaide Festival Centre's Adelaide Cabaret Festival is the largest cabaret festival in the world and is recognised internationally as the pre-eminent festival in this genre.</p>
Adelaide Guitar Festival (non-festival year)	<p>A biennial festival, Adelaide Guitar Festival continued activities in its 'off' year with 165 Guitars in Bars gigs featuring 555 artists across 59 venues and the popular Winter School. The Resonance Program, which brings live music to 12 aged care and other residential facilities across South Australia with 11 artists that performed to this valuable community program.</p>	<p>Adelaide Guitar Festival is celebrated for the calibre of its artists and performances and its community and engagement programs have become important annual events.</p>

Program name	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
OzAsia Festival	<p>150,000 people attended OzAsia Festival 2017 performances and activities. The program included 50 events including 6 world and 19 Australian premieres.</p> <p>Activities included 104 professional performances, 123 community performances, 21 talks, 20 films, 6 exhibitions and 66 workshops.</p> <p>More than 300 professional artists were involved along with more than 500 community artists.</p>	Adelaide Festival Centre's OzAsia Festival is one of Australia's most prominent international arts festivals, and remains Australia's only annual contemporary arts festival engaging with Asia.
Our Mob	<p>93 artists participated in Our Mob 2017.</p> <p>Aboriginal and Torres Strait Islander artists from all over South Australia showcase their art and culture at South Australia's premier arts facility.</p> <p>Our Mob helps create a sustainable and dynamic First Peoples arts industry across the whole of the state. 58 artists participated in Our Mob with 20 artworks sold. 35 Artists participated in Our Young Mob with 17 artworks sold.</p>	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 & On Stage	<p>Something on Saturday program featured over 212 artists including 191 local and 21 interstate. Over 9553 families attended Something on Saturday across 42 shows during the 2017/2018 season.</p> <p>Over 435 children participated in OnStage in 2017/2018. The program featured over 20 workshops during the school holiday period of July, October, January, April and June.</p>	<p>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.</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	Outcome for South Australia
Green Room	There were over 214 new memberships between 1 July 2017 – 30 June 2018. There were 10 Greenroom Performance Plus events and other events for 2017/2018.	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. The GreenRoom Advocacy Program gives young people aged 18-30 years the opportunity to develop hands-on arts industry experience.
Education Program (centrED)	In 2017/2018, there were 132 centrED events and programs, 6976 participating students and 852 participating teachers across 356 schools.	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 of Education and Child Development. 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.

Legislation administered by the agency

None

Organisation of the agency

Programming, Development, and Venue Sales

Marketing, Publicity and Communications

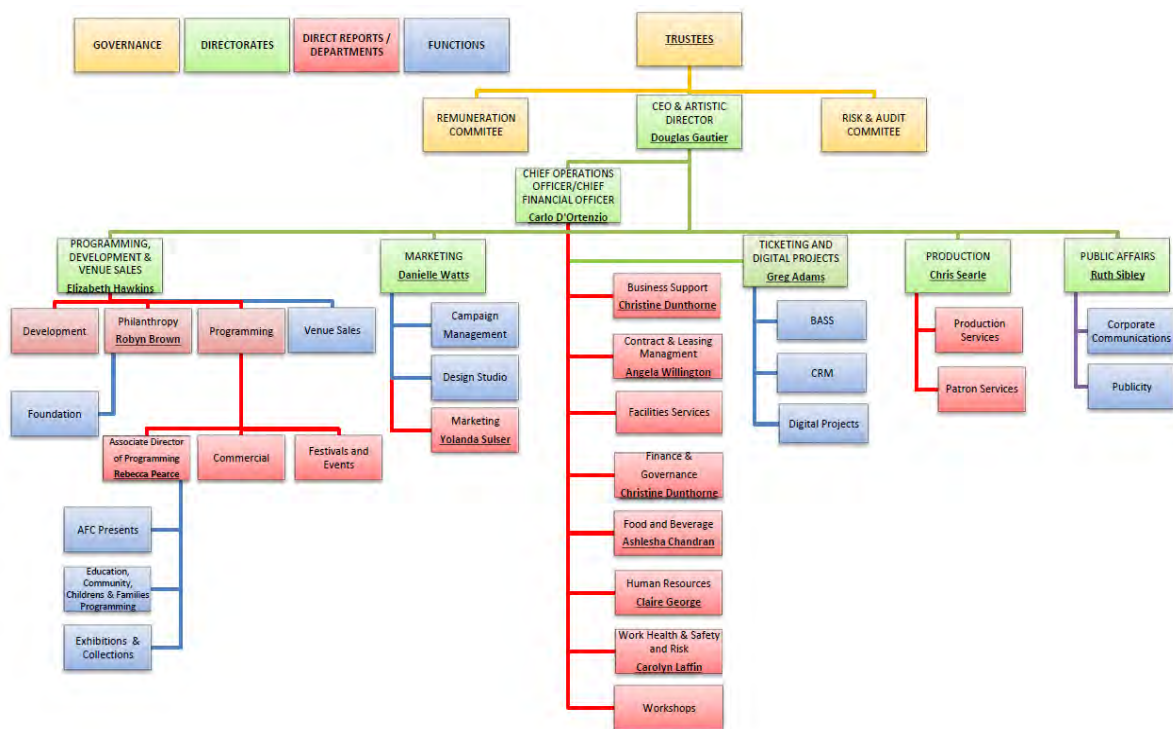
Finance, Business Support, Human Resources, WHS and Risk, Contract and Leasing Management

Ticketing and Digital Projects

Production and Facilities Management

Food and Beverage, Functions and Events

Public Affairs



Other agencies related to this agency (within the Minister's area/s of responsibility)

Arts SA

Department of Premier and Cabinet

Employment opportunity programs

Program name	Result of the program
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 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. The 2018 program has seen 12 students participate in week long placements respectively, with a focus on arts administration.</p> <p>Students from lower IoED (Index of Educational Disadvantage) ranked schools were prioritised to participate.</p>
International Internship Programs	<p>In 2017/2018 Adelaide Festival Centre hosted interns from:</p> <ul style="list-style-type: none"> • China National Theatre for Children • Chinese University Hong Kong • Hong Kong Arts Development Council • Center for China Shanghai International Arts Festival • Guangzhou Opera House • Australian Council for the Arts • Malaysian Government – Cultural Economy Development Agency • L'Universite Sorbonne Nouvelle

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
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 2017/2018 with performance development reviews was 14 per cent.

Work health, safety and return to work programs of the agency and their effectiveness

Program name and brief description	Effectiveness
Managing Safety and Wellbeing in the Workplace	<ul style="list-style-type: none"> Continual focus on early reporting and responding to incidents and injuries Internal audits undertaken of Working at Heights systems and WHS in induction.
Emergency, Security and Business Continuity Management	<ul style="list-style-type: none"> Complete review of emergency management systems has been undertaken Security review has been undertaken and staff awareness increased
Staff Health, Wellbeing, Fitness and Readiness for work	<ul style="list-style-type: none"> Improved pre-employment medical process Flu vaccination program Participation in the Life Be In It Corporate Cup event
Managing Work Related Injuries	<ul style="list-style-type: none"> Earlier assessment of needs of staff following injury at work Improved management of work related injury First Aid system improved
Managing Hazards and Facilities	<ul style="list-style-type: none"> Ongoing risk assessments undertaken

Work health and safety and return to work performance

	2017-18	2016-17	% Change (+ / -)
Workplace injury claims			
Total new workplace injury claims	5	3	+66.67%
Fatalities	Nil	0	0
Seriously injured workers*	Nil	0	0
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	1	0	+100%
Work health and safety regulation			
Number of notifiable incidents (<i>WHS Act 2012, Part 3</i>)	2	1	+100%
Number of provisional improvement, improvement and prohibition notices (<i>WHS Act 2012 Sections 90, 191 and 195</i>)	0	0	0
Return to work costs**			
Total gross workers compensation expenditure (\$)	17,902	73,049	-75.49%
Income support payments – gross (\$)	2,836	34,400	-91.76%

*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)*

**before third party recovery

Data for the past five years is available at:
data.sa.gov.au/data/dataset/afct-work-health-and-safety

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 managed effectively. 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-frauddetected>

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/afctwhistleblower-s-disclosure>

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 Definitions	9

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

The Office of the Commissioner of Public Sector Employment 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.

Consultancies below \$10,000 each		
John Bay	Engineer report for use of excavator in Dunstan Playhouse	\$2,800
	Subtotal	\$2,800
Consultancies above \$10,000 each		
GreenCap	Asbestos Management	\$51,330
Oracle Corporation	Marketing Platform Development	\$60,518
	Subtotal	\$111,848
Total all consultancies		\$114,648

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

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.

Contractors

The following is a summary of external contractors engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Contractor	Purpose	Value
Artists and musicians x 138	Adelaide Cabaret Festival 2018, Christmas Proms 2017 and various functions	\$365,682
Adelaide oval SMA Ltd	Food and Beverage staff	\$5,100
Ceasefire	Fire safety audits	\$15,210
Ensyst Pty Ltd	IT managed services	\$1,000
Finikiotis and Father	Tax services	\$1,000
HAYS Personnel	IT contract staff	\$6,219
Jones MacQueen	Show production	\$24,000
KT Design	Graphic Design services	\$8,730

Marianne Grasso	Graphic Design services	\$1,040
Micropay Personnel	Payroll Contractor	\$4,655
Performing Arts Services	Show Commissioning	\$45,000
Production and Design contractors x 49	Adelaide Cabaret Festival 2017/18, Adelaide Guitar Festival 2018, UNESCO events, Euridice Dixon vigil, OzAsia 2017/18, Walk of Fame opening	\$169,430
Rawsons Electrical	Electrical services	\$102,932
Skill Hire	Food and Beverage staff	\$97,241

Data for the past five years is available at:
data.sa.gov.au/data/dataset/afct-contractor-data

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

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

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.

Adelaide Festival Centre Trust reports a Total Comprehensive Result of \$4.732 million (which includes grant funding of \$8.22 million for the purchase of Her Majesty's Theatre and a write down of \$5.639 million on demolition of Her Majesty's Theatre and adjacent property in preparation for redevelopment). Operationally, AFCT generated \$20.7 million in commercial revenues despite the five-month closure of Festival Theatre and Her Majesty's Theatre for three months.

Other financial information

Nil

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

Nil

Section B: Reporting required under any other act or regulation

The South Australian Carers' Recognition Act 2005

Adelaide Festival Centre recognises the role carers play in our society and acknowledges 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.

Reporting required under the *Carers' Recognition Act 2005*

The *Carers' Recognition Act* is deemed applicable for the following: Department of Human Services, Department for Education, Department for Health and Wellbeing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police and TAFE SA.

Section 7: Compliance or non-compliance with section 6 of the Carers Recognition Act 2005 and (b) if a person or body provides relevant services under a contract with the organisation (other than a contract of employment), that person's or body's compliance or non-compliance with section 6.

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
BASS – technical errors/fees/website/etc	9
Venue – Adelaide Festival Centre – Disability access	7
Venue – Adelaide Festival Centre – Food and Beverage	23
Venue – Adelaide Festival Centre – seats/sightlines/etc	17
Venue – Adelaide Festival Centre – foyers/facilities/etc	7
Venue – Her Majesty’s Theatre – foyers/facilities/etc	18
Venue - Adelaide Festival Centre – redevelopment access	13
Shows and performances	25
Car Parking – Disability access	9
Car Parking – Miscellaneous	5
Greenroom	1
Walk of Fame	3
Miscellaneous – Latecomers/disruptions during shows	8
Miscellaneous – Social Media	2
Miscellaneous – Political Issues	1
Miscellaneous – Patron Dress Code	1

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

Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
<p>Redevelopment communication: Following patron feedback around the Festival Theatre's five-month closure and patron concern about access when the theatre reopened in December 2018, the communications and wayfinding plan was extensive.</p>	<ul style="list-style-type: none"> • Adelaide Festival Centre website was updated far in advance to mitigate confusion and make access points clear • Your Visit emails and SMSs were reviewed and updated in the lead up to the reopening • Wayfinding signage was placed around the precinct, covering all access pathways from North Terrace • Patrons with disability (as per their ticket booking) were contacted in advance to ensure access instructions and options were clear. • Adelaide Festival Centre marketing team members and senior managers were assigned to specific crunch points in the 45 minutes prior to each performance to guide and assist patrons to the venue (using light wands and themed accessories to keep things light and fun)
<p>Redevelopment accessibility: A patron with tickets to see a Festival Theatre State Opera performance elected not to attend following news of major event road closures on King William Road. The patron shared his disappointment about access for patrons with disability on social media.</p>	<p>State Opera provided tickets for another performance (on a night without road closures) and Adelaide Festival Centre and State Opera organised a hire wheelchair from the Festival Theatre drop off point. The patron was grateful but concerned about future visits.</p> <p>Adelaide Festival Centre staff provided the patrons tickets to an Adelaide Cabaret Festival show and worked with the patron and front of house teams to ensure a smooth follow up visit, including a hire wheelchair and escort, drop off zone greeting and detailed visit instructions.</p> <p>The patron's visit was extremely positive and he was encouraged to contact BASS to discuss access arrangements before his next visit.</p>
<p>Performance cast change: When the leading actor in Rocky Horror the Musical was replaced mid-season there were a number of complaints and requests for refunds including 3 refund requests received by Live Performance Australia.</p>	<p>Refunds were not provided due to the use of an understudy or patron change of mind. This practice is standard across the ticketing industry and is consistent with the Ticketing Code of Practice published by Live Performance Australia (the governing industry body). Adelaide Festival Centre provided concerned patrons a link to the code and invited further enquiries to BASS.</p>

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

Appendix: Audited financial statements 2017-18



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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 2018.

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 2018, 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 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- 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 Financial 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

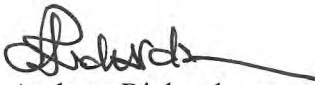
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 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 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.



Andrew Richardson

Auditor-General

12 September 2018

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*
- 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 2018 and the results of its operation and cash flows for the financial year.

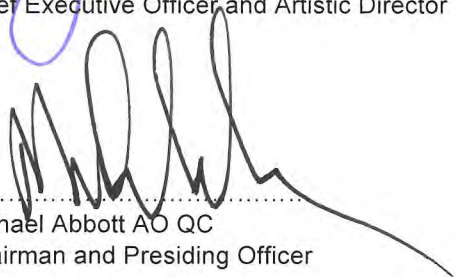
We certify that the internal controls employed by the Adelaide Festival Centre Trust for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



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



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



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

Date 07 September 2018

**ADELAIDE FESTIVAL CENTRE TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$'000	2017 \$'000
Expenses			
Staff benefits expenses	4	18,628	19,569
Supplies and services	5	25,023	26,273
Depreciation and amortisation expense	6	1,000	931
Loss from the impairment of non-current assets	14	5,640	-
Loss from the disposal of non-current assets	7	59	50
Borrowing costs		30	34
Total expenses		50,380	46,857
Income			
Revenues from fees and charges	8	20,661	25,559
Interest revenues	9	236	215
Total income		20,897	25,774
Net cost of providing services		29,483	21,083
Revenues from SA Government			
Revenues from SA Government	10	34,393	21,588
Net result		4,910	505
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Gain on revaluation of assets	14	-	2,741
Total other comprehensive income		-	2,741
Total comprehensive result		4,910	3,246

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 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	11	17,524	8,397
Receivables	12	2,153	1,863
Inventories	13	207	174
Total current assets		<u>19,884</u>	<u>10,434</u>
Non-current assets			
Property, plant and equipment	14	15,399	6,702
Works of art	14	8,825	8,793
Intangible assets	14	925	969
Total non-current assets		<u>25,149</u>	<u>16,464</u>
Total assets		<u>45,033</u>	<u>26,898</u>
Current liabilities			
Payables	15	14,124	6,807
Staff benefits	16	2,308	2,777
Provisions	17	39	105
Other current liabilities	18	1,873	1,002
Total current liabilities		<u>18,344</u>	<u>10,691</u>
Non-current liabilities			
Payables	15	236	213
Staff benefits	16	2,542	2,352
Provisions	17	58	199
Borrowings	19	5,500	-
Total non-current liabilities		<u>8,336</u>	<u>2,764</u>
Total liabilities		<u>26,680</u>	<u>13,455</u>
Net assets		<u>18,353</u>	<u>13,443</u>
Equity			
Asset revaluation surplus	20	12,766	12,766
Accumulated surplus	20	5,587	677
Total Equity		<u>18,353</u>	<u>13,443</u>

The total equity is attributable to the SA Government as owner

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 2018**

	Note	Asset revaluation surplus \$ '000	Accumulated surplus/ deficits \$ '000	Total Equity \$ '000
Balance at 30 June 2016		10,060	137	10,197
Net result for 2016-2017		-	505	505
Gain on revaluation of assets		2,741	-	2,741
Total comprehensive result for 2016-2017		2,741	505	3,246
Transfers between equity components		(35)	35	-
Balance at 30 June 2017	20	12,766	677	13,443
Net result for 2017-2018		-	4,910	4,910
Total comprehensive result for 2017-2018		-	4,910	4,910
Balance at 30 June 2018	20	12,766	5,587	18,353

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 2018**

		2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
Cash flows from operating activities	Note		
Cash outflows			
Staff benefit payments		(19,071)	(20,340)
Payments for supplies and services		(25,005)	(28,307)
Decrease in funds held on behalf of promoters		-	(2,842)
Interest paid		(23)	(27)
GST paid to ATO		-	(111)
Cash used in operations		<u>(44,099)</u>	<u>(51,627)</u>
Cash inflows			
Receipts from patrons and customers		23,946	25,557
Increase in funds held on behalf of promoters		3,487	-
Interest received		232	222
GST recovered from the ATO		1,435	-
Cash generated from operations		<u>29,100</u>	<u>25,779</u>
Cash flows from SA Government			
Receipts from SA Government		33,405	18,361
Cash generated from SA Government		<u>33,405</u>	<u>18,361</u>
Net cash provided (used in) by operating activities		<u>18,406</u>	<u>(7,487)</u>
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment and works of art		(14,779)	804
Net cash used in (provided by) investing activities		<u>(14,779)</u>	<u>804</u>
Cash flows from financing activities			
Cash outflows			
Proceeds from borrowings		5,500	-
Net cash provided by financing activities		<u>5,500</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		9,127	(6,683)
Cash and cash equivalents at the beginning of the period		8,397	15,080
Cash and cash equivalents at the end of the period	11	<u>17,524</u>	<u>8,397</u>

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

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.

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.

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.

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:

Class of asset	Useful life (years)
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.

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.

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.

(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 2017-18.

Adelaide Festival Centre Trust

	2018	2017
	\$'000	\$'000
4 Staff benefits expenses		
Salaries and wages	14,904	15,621
Long service leave	333	304
Annual Leave	886	989
Employment on-costs - superannuation*	1,408	1,498
Employment on-costs - other	837	973
Board fees	27	30
Other staff related expenses	233	154
Total staff benefits expenses	18,628	19,569

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

	2018	2017
	Number	Number
(a) Remuneration of Employees		
The number of staff who received remuneration within the following bands are:		
\$149,001 to \$159,000	-	1
\$179,001 to \$189,000	1	-
\$189,001 to \$199,000	-	3
\$199,001 to \$209,000	2	-
\$249,001 to \$259,000	-	1
\$279,001 to \$289,000	1	-
\$319,001 to \$329,000	-	1
\$339,001 to \$349,000	-	1
\$379,001 to \$389,000	1	-
Total	5	7

	2018	2017
	Number	Number
(b) Performance bonus remuneration of staff		
The number of staff who received performance bonus remuneration within the following bands are:		
\$ 1,500 to \$ 11,499	-	1
\$111,500 to \$121,499	1	-
\$181,500 to \$191,499	-	1
\$271,500 to \$281,499	1	-
Total	2	2

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 Table (a) and (b) was \$1.65 m (\$1.85 m).

Adelaide Festival Centre Trust

	2018 \$'000	2017 \$'000
5 Supplies and services		
Accommodation*	9,988	10,484
Advertising and marketing	1,983	1,872
Artistic production	5,051	6,362
Communications and IT	1,823	1,579
Professional expenses	1,720	1,534
Repairs and maintenance	791	241
Sponsorship	108	105
Supplies	1,845	2,233
Travel and entertainment	427	410
Other	1,287	1,453
Total supplies and services	25,023	26,273

*Accommodation balance includes \$5m 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:

	2018		2017	
	No.	\$'000	No.	\$'000
Below \$10,000	9	22	8	22
Above \$10,000	6	177	3	47
Total paid / payable to consultants engaged	15	199	11	69

Adelaide Festival Centre Trust

6 Depreciation and amortisation expense	2018	2017
Depreciation	\$'000	\$'000
Buildings	29	29
Plant and equipment	678	705
Leasehold equipment	11	11
Furniture and Fittings	18	18
Amortisation		
Intangible assets	264	168
Total depreciation and amortisation	1,000	931

7 Net loss from the disposal of non-current assets	2018	2017
	\$'000	\$'000
Plant and equipment		
Proceeds from disposal	-	11
Less net book value of assets disposed	59	61
Total disposal/impairment net loss	(59)	(50)

8 Revenues from fees and charges	2018	2017
	\$'000	\$'000
Theatre services	6,588	7,856
Ticketing	4,642	4,592
Car park	-	695
Box office	3,473	5,734
Sponsorship	660	984
Catering and functions	2,475	2,854
Other	2,823	2,844
Total fees and charges	20,661	25,559

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.

9 Interest revenues	2018	2017
	\$'000	\$'000
Interest received	236	215
Total interest revenues	236	215

10 Revenues from SA Government	2018	2017
	\$'000	\$'000
Grants received:		
Operating base	16,446	18,364
HMT Redevelopment Funding	9,492	-
AFC Redevelopment Supplementation	7,579	-
Other SA Government Revenue	876	3,224
Total revenues from SA Government	34,393	21,588

The revenue derived from the Government is significant, and without it the Trust would not be able to continue its operations. In 2017/18 the Trust received additional SA Government funding to account for a 5 month closure and to assist with the redevelopment of its Theatres.

Assets received free of charge were \$0.798m (\$1.891m).

Adelaide Festival Centre Trust

	2018	2017
	\$'000	\$'000
11 Cash and cash equivalents		
Cash at bank and on hand	8,492	3,471
Cash held in trust for promoters	7,758	4,271
Cash held in donations from foundation	1,274	655
Total cash and cash equivalents	17,524	8,397

	2018	2017
	\$'000	\$'000
12 Receivables		
Current		
Receivables	1,060	918
Less allowance for doubtful debts	-	-
Prepayments	616	735
Accrued interest	19	14
GST input tax recoverable	458	196
Total current receivables	2,153	1,863

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	-	4
Increase in the allowance	-	-
Amounts written off	-	(4)
Carrying amount at the end of the period	-	-

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).

	2018	2017
	\$'000	\$'000
13 Inventories		
Theatre set construction work in progress at cost	19	-
Materials at cost	188	174
Total inventories	207	174

Cost of inventories

The costs recognised as an expense for raw materials and consumables is \$1.430m (\$1.845m).

Adelaide Festival Centre Trust

	2018 \$'000	2017 \$'000
14 Non-current assets		
Land and buildings		
Land at cost (deemed fair value)	3,240	1,440
Buildings at cost (deemed fair value)	-	440
Accumulated depreciation at the end of the period	-	(62)
Total land and buildings	3,240	1,818
Plant and equipment		
Plant and equipment at fair value	1,785	1,798
Accumulated depreciation at the end of the period	(784)	(1,034)
Plant and equipment at cost (deemed fair value)	4,518	3,649
Accumulated depreciation at the end of the period	(1,022)	(135)
Total plant and equipment	4,497	4,278
Capital works in progress		
Capital works in progress at cost (deemed fair value)	7,329	244
Furniture and fittings		
Furniture and fittings at cost (deemed fair value)	274	274
Accumulated depreciation at the end of the period	(72)	(54)
Total furniture and fittings	202	220
Leasehold equipment		
Leasehold equipment at cost (deemed fair value)	165	165
Accumulated depreciation at the end of the period	(34)	(23)
Total leasehold equipment	131	142
Total property, plant and equipment	15,399	6,702
Works of art		
Works of art at fair value	8,793	8,791
Works of art at cost (deemed fair value)	32	2
Total works of art	8,825	8,793
Intangible assets		
Intangibles at cost	2,429	2,269
Accumulated amortisation	(1,504)	(1,300)
Total intangible assets	925	969
Total non-current assets	25,149	16,464

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. 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.

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.

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Impairment

The Trust purchased HMT from Arts SA for \$5.291m. The building was impaired at 30 June 2018 as it will be demolished as part of the rebuilding of the theatre. Only the heritage façade will remain and will be incorporated into the new theatre. However, in accordance with APS8.5, the value of the façade cannot be reliably measured and is therefore also impaired. The adjacent property at 62 Grote Street is also marked for demolition as part of the HMT redevelopment resulting in an impairment of \$349,000.

Reconciliation of non-current assets

The following table shows the movements of non-current assets during 2017-18:

	Plant and equipment	Works Intangibles of art		Furniture and fittings	Land and Buildings	Leasehold	CWIP	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	4,278	8,793	969	220	1,818	142	244	16,464
Acquisitions	-	32	-	-	7,091	-	8,261	15,384
Transfers between asset classes	956	-	220	-	-	-	(1,176)	-
Disposals	(59)	-	-	-	-	-	-	(59)
Impairment Losses	-	-	-	-	(5,640)	-	-	(5,640)
Depreciation and amortisation	(678)	-	(264)	(18)	(29)	(11)	-	(1,000)
Carrying amount at the end of the period	4,497	8,825	925	202	3,240	131	7,329	25,149

	2018 \$'000	2017 \$'000
15 Payables		
Current		
Creditors	952	348
Accrued expenses	5,088	1,705
Amounts payable to promoters	7,758	4,271
Staff on-costs	326	483
Total current payables	14,124	6,807
Non-current		
Staff on-costs	236	213
Total payables	14,360	7,020

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 changed from the 2017 rate of 40% to 41% and the average factor for the calculation of employer superannuation on-cost has changed from the 2017 rate 10.1% to 9.9%. These rates are used in the employment on-cost calculation.

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	2018 \$'000	2017 \$'000
16 Staff benefits		
Current		
Annual leave	1,206	1,257
Long service leave	290	504
Accrued salaries and wages	697	898
Skills and experience retention leave	115	118
Total current staff benefits	2,308	2,777
Non-current		
Long service leave	2,508	2,352
Accrued salaries and wages	34	-
Total non-current staff benefits	2,542	2,352
Total staff benefits	4,850	5,129

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 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.

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 remained steady at 2.5% in 2018.

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 \$69,000 and employee benefit expense of \$69,000. 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.

	2018 \$'000	2017 \$'000
17 Provisions		
Current		
Provision for workers compensation	39	105
Total current provisions	39	105
Non-current		
Provision for workers compensation	58	199
Total provisions	97	304
Provision for workers compensation		
Carrying amount at the beginning of the period	304	260
Additional provisions recognised	(176)	81
Reductions arising from payments	(31)	(37)
Carrying amount at the end of the period	97	304

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2018 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). 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.

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	2018	2017
	\$'000	\$'000
18 Other liabilities		
Current		
Venue hire deposits	608	290
Other deposits	9	9
Income in advance	1,249	696
Unclaimed monies	7	7
Total other liabilities	1,873	1,002

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.

19 Borrowings

Non-current

Loan from SA Financing Authority	5,500	-
Total non-current borrowings	5,500	-

In 2017/18 the Trust borrowed funds to undertake the redevelopment of HMT for a term of 10 years. The interest rate is determined by the Treasurer and was 1.56% in 2017/18.

	2018	2017
	\$'000	\$'000
20 Equity		
Asset revaluation surplus		
Plant and equipment	4,319	4,319
Works of art	8,447	8,447
	12,766	12,766
 Accumulated surplus/(deficit)	 5,587	 677
Total equity	18,353	13,443

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.

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	2018	2017
	\$'000	\$'000
21 Unrecognised contractual commitments		
Expenditure commitments - other		
The Trust's other commitments are payable as follows:		
Within one year	1,296	2,809
Later than one year but not longer than five years	102	1,891
Total other commitments	1,398	4,700

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 not

Within one year	5,360	5,630
Later than one year and not longer than five years	22,366	23,677
Later than five years	30,478	38,918
Total operating lease commitments	58,204	68,225

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.

23 Controlled entity

The consolidated financial statements at 30 June 2018 include the following controlled entity:

The Adelaide Festival Centre Foundation Incorporated

Significant items in the financial report of the Foundation are:

	2018	2017
	\$'000	\$'000
Revenue	770	730
Expenses	346	440
Surplus	424	290
Cash at bank	1,274	655

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 2018 financial year were:

Mr Michael Abbott (Chairperson)

Mr James Hazel

Ms Carolyn Mitchell

Mr Philip Hoffmann AM

Ms Kathryn Thiele

Ms Sandra Verschoor (Appointed 12/09/2017)

Ms Mary Hamilton (Appointed 10/10/2017)

Ms Joanne Chapley (Resigned 16/02/2018)

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

	2018 Number	2017 Number
\$0 - \$9,999	8	7
Total	8	7

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 \$34,000 (\$31,000).

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 \$1.780m (\$1.665m).

26 Subsequent event

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2018 and before the date the financial statements are authorised for issue, where those events provides information about conditions that existed at 30 June 2018.

There were no events between 30 June 2018 and the date the financial statements are authorised for issue where the events may have a material impact on the results of subsequent years.

27 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	2018 Carrying amount/fair value \$'000	2017 Carrying amount/fair value \$'000
Financial assets			
<i>Cash and cash equivalent</i>			
- Cash and cash equivalent	11	17,524	8,397
<i>Loans and receivables</i>			
- Receivables ⁽¹⁾⁽²⁾	12	1,079	932
Total financial assets		18,603	9,329
Financial liabilities			
<i>Financial liabilities at cost</i>			
- Payables ⁽¹⁾	15	13,363	6,214
- Borrowings	19	5,500	-
Total financial liabilities		18,863	6,214

⁽¹⁾ 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).

⁽²⁾ 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.