

South Australian Tourism Commission

Financial report
for the year ended
30 June 2021



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To the Chair South Australian Tourism Commission

Opinion

I have audited the financial report of the South Australian Tourism Commission for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Tourism Commission as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant 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 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, the Chief Executive Officer 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 South Australian Tourism Commission and its controlled entities. 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 (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive and the Board of Directors for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued 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.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

The Board of Directors are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 23(3) of the *South Australian Tourism Commission Act 1993*, I have audited the financial report of the South Australian Tourism Commission for the financial year ended 30 June 2021.

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

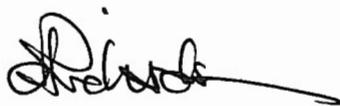
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Tourism Commission's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- 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 and the Board of Directors about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

22 September 2021

SOUTH AUSTRALIAN TOURISM COMMISSION

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the financial statements of the South Australian Tourism Commission (SATC):

- are in accordance with the accounts and records of the SATC,
- comply with relevant Treasurer's Instructions,
- comply with relevant accounting standards, and
- present a true and fair view of the financial position of the SATC at the end of the financial year and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the SATC for the financial year over its financial reporting and its preparation of the financial statements have been effective.

Signed in accordance with a resolution of the board members.



Andrew Bullock
Chair
South Australian Tourism
Commission Board

16 / 9 / 2021



Rodney Harrex
Chief Executive Officer
South Australian Tourism
Commission

16/09 2021



Stephanie Rozokos
Chief Financial Officer
South Australian Tourism
Commission

13/9/2021

SOUTH AUSTRALIAN TOURISM COMMISSION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
INCOME			
Appropriation	3.1	67 177	89 203
SA Government grants, subsidies and transfers	3.2	20 520	1 185
Sponsorship and participation	3.3	5 326	11 038
Entry fees, licence fees and sales	3.4	844	11 987
Interest		11	59
Other income	3.5	236	281
TOTAL INCOME		94 114	113 753
EXPENSES			
Employee benefits expenses	2.3	13 301	13 972
Advertising and promotion	4.1	32 481	31 633
Industry assistance	4.2	22 789	16 893
Administration and accommodation	4.3	4 474	4 671
Event operations	4.4	10 767	39 748
Depreciation expense	4.5	3 646	3 835
Borrowing costs	4.6	138	162
Net loss from the disposal of non-current assets	4.7	468	392
Loss (gain) on impairment of receivables	5.2.1	(2)	32
TOTAL EXPENSES		88 062	111 338
NET RESULT		6 052	2 415
OTHER COMPREHENSIVE INCOME			
Changes in plant and equipment asset revaluation surplus		(6 672)	-
TOTAL OTHER COMPREHENSIVE INCOME		(6 672)	-
TOTAL COMPREHENSIVE RESULT		(620)	2 415

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5.1	29 670	19 416
Receivables	5.2	2 185	3 858
Other financial assets	5.3	-	27
Non-current assets classified as held for sale	5.4	2 524	-
TOTAL CURRENT ASSETS		34 379	23 301
NON-CURRENT ASSETS			
Plant and equipment	6.1	8 069	21 473
TOTAL NON-CURRENT ASSETS		8 069	21 473
TOTAL ASSETS		42 448	44 774
LIABILITIES			
CURRENT LIABILITIES			
Payables	7.1	5 682	6 505
Financial liabilities	7.2	1 197	1 426
Employee benefits	2.4	1 510	1 448
Provisions	7.3	719	25
Other current liabilities	7.4	295	154
TOTAL CURRENT LIABILITIES		9 403	9 558
NON-CURRENT LIABILITIES			
Payables	7.1	126	133
Financial liabilities	7.2	5 643	7 030
Employee benefits	2.4	1 646	1 821
Provisions	7.3	70	52
TOTAL NON-CURRENT LIABILITIES		7 485	9 036
TOTAL LIABILITIES		16 888	18 594
NET ASSETS		25 560	26 180
EQUITY			
Contributed capital		64	64
Asset revaluation surplus	8.2	517	7 938
Retained earnings		24 979	18 178
TOTAL EQUITY		25 560	26 180

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Contributed Capital	Asset Revaluation Surplus	Retained Earnings	Total Equity
Note	\$'000	\$'000	\$'000	\$'000
BALANCE AT 30 JUNE 2019	64	8 453	15 248	23 765
Net result for 2019-20	-	-	2 415	2 415
Total comprehensive result for 2019-20	-	-	2 415	2 415
Transfer between equity components	6.2.2	(515)	515	-
BALANCE AT 30 JUNE 2020	64	7 938	18 178	26 180
Net result for 2020-21	-	-	6 052	6 052
Loss on revaluation of plant and equipment during 2020-21	-	(6 672)	-	(6 672)
Total comprehensive result for 2020-21	-	(6 672)	6 052	(620)
Transfer between equity components	6.2.2	(749)	749	-
BALANCE AT 30 JUNE 2021	64	517	24 979	25 560

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

		2021 Inflows (Outflows) \$'000	2020 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
CASH INFLOWS			
Receipts from SA Government		88 006	90 388
Receipts from the sale of goods and services		7 715	19 095
Interest received		11	59
GST recovered from the ATO		5 110	5 549
Receipts for Paid Parental Leave scheme		94	39
CASH GENERATED FROM OPERATIONS		<u>100 936</u>	<u>115 130</u>
CASH OUTFLOWS			
Payments to SA Government		(309)	-
Employee benefits payments		(13 409)	(14 378)
Payments for supplies and services		(75 120)	(95 867)
Payments for Paid Parental Leave scheme		(95)	(40)
Interest paid		(138)	(162)
CASH USED IN OPERATIONS		<u>(89 071)</u>	<u>(110 447)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	8.3	<u>11 865</u>	4 683
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH INFLOWS			
Proceeds from the sale of plant and equipment		207	34
CASH GENERATED FROM INVESTING ACTIVITIES		<u>207</u>	<u>34</u>
CASH OUTFLOWS			
Purchase of plant and equipment		(327)	(626)
CASH USED IN INVESTING ACTIVITIES		<u>(327)</u>	<u>(626)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(120)</u>	<u>(592)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
CASH OUTFLOWS			
Repayment of leases		(1 491)	(1 243)
CASH USED IN FINANCING ACTIVITIES		<u>(1 491)</u>	<u>(1 243)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(1 491)</u>	<u>(1 243)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		10 254	2 848
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		<u>19 416</u>	16 568
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.1	<u>29 670</u>	19 416

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ABOUT THE SOUTH AUSTRALIAN TOURISM COMMISSION

1.1 REPORTING ENTITY

The South Australian Tourism Commission (SATC) is a not-for-profit statutory corporation of the State of South Australia, established pursuant to the *South Australian Tourism Commission Act 1993*. The SATC is an instrumentality of the Crown and holds its property on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of the SATC. The SATC does not control any other entity and has no interests in unconsolidated structured entities.

1.2 BASIS OF PREPARATION

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*
- relevant Australian Accounting Standards.

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

Income, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of an asset or part of an expense item as applicable
- trade receivables and creditors, which are stated with the amount of GST included.

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

Significant accounting policies are set out in the notes.

1.3 OBJECTIVES AND PROGRAMS

The purpose of the SATC is to assist in securing economic and social benefits for the people of South Australia through the promotion of South Australia as a tourism destination, including the promotion of events, festivals and other activities, and the further development and improvement of the State's tourism industry.

In achieving its objectives, the SATC provides a range of services classified into the following programs:

- **Tourism Development**
To build tourism opportunities by improving visitor access into and around the state, building industry capability and providing advice to the industry in terms of research, policy and planning.
- **Tourism Events**
To strategically build and promote the state's event calendar by developing and attracting new events and managing and growing existing events.
- **Tourism Marketing**
To develop and implement marketing activities and campaigns to increase the number of international and national visitors to and within South Australia.

The following tables present expenses, income, assets and liabilities attributed to each program. Expenses and income attributed to the SATC as a whole have been proportionally allocated to each of the programs based on full time equivalent employees in each of the programs.

1.4 EXPENSES AND INCOME BY PROGRAM

for the year ended 30 June 2021

	<i>Tourism Development</i>		<i>Tourism Events</i>		<i>Tourism Marketing</i>		<i>Total</i>	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME								
Appropriation	6 994	12 473	27 300	45 981	32 883	30 749	67 177	89 203
SA Government grants, subsidies and transfers	10 345	200	-	719	10 175	266	20 520	1 185
Sponsorship and participation	281	132	4 009	9 803	1 036	1 103	5 326	11 038
Entry fees, sales and commission	-	55	842	11 807	2	125	844	11 987
Interest	-	-	11	59	-	-	11	59
Other income	29	3	105	73	102	205	236	281
TOTAL INCOME	17 649	12 863	32 267	68 442	44 198	32 448	94 114	113 753
EXPENSES								
Employee benefits expenses	2 067	2 625	6 091	6 171	5 143	5 176	13 301	13 972
Advertising and promotion	1 200	1 254	2 649	6 652	28 632	23 727	32 481	31 633
Industry assistance	3 502	6 243	12 417	10 014	6 870	636	22 789	16 893
Administration and accommodation	452	673	1 632	1 799	2 390	2 199	4 474	4 671
Event operations	70	1 905	10 659	37 843	38	-	10 767	39 748
Depreciation expense	200	231	2 772	2 906	674	698	3 646	3 835
Borrowing costs	17	21	63	77	58	64	138	162
Net loss from the disposal of non-current assets	28	-	344	392	96	-	468	392
Loss (gain) on impairment of receivables	-	-	(1)	30	(1)	2	(2)	32
TOTAL EXPENSES	7 536	12 952	36 626	65 884	43 900	32 502	88 062	111 338
NET RESULT	10 113	(89)	(4 359)	2 558	298	(54)	6 052	2 415

1.5 ASSETS AND LIABILITIES BY PROGRAM

as at 30 June 2021

	<i>Tourism Development</i>		<i>Tourism Events</i>		<i>Tourism Marketing</i>		<i>General or Not Attributable</i>		<i>Total</i>	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS										
Cash and equivalents	-	-	691	5 618	3 897	1 991	25 082	11 807	29 670	19 416
Receivables	227	31	420	2 417	148	555	1 390	855	2 185	3 858
Other financial assets	-	-	-	1	-	26	-	-	-	27
Non-current assets classified as held for sale	-	-	2 524	-	-	-	-	-	2 524	-
Plant and equipment	-	-	4 951	16 832	-	-	3 118	4 641	8 069	21 473
TOTAL ASSETS	227	31	8 586	24 868	4 045	2 572	29 590	17 303	42 448	44 774
LIABILITIES										
Payables	150	614	1 366	1 170	3 832	3 831	460	1 023	5 808	6 638
Financial liabilities	-	-	4 059	4 238	-	7	2 781	4 211	6 840	8 456
Employee benefits	437	479	932	959	844	797	943	1 034	3 156	3 269
Provisions	-	-	690	-	-	-	99	77	789	77
Other liabilities	129	-	144	154	22	-	-	-	295	154
TOTAL LIABILITIES	716	1 093	7 191	6 521	4 698	4 635	4 283	6 345	16 888	18 594

1.6 IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic has significantly impacted the South Australian visitor economy and the SATC's ability to achieve its objectives. The pandemic has severely damaged the tourism industry, with many sectors of the visitor economy trading under substantially limited conditions.

The COVID-19 pandemic has impacted on the operations of the SATC. The key impacts in 2020-21 were:

- cancellation or postponement of numerous regional and sporting events supported by the SATC including the 2021 Bridgestone World Solar Challenge,
- delivery of managed events under COVID-19 restrictions, such as the Santos Tour Down Under, which was run as a smaller domestic event, and the National Pharmacies Christmas Pageant, which was held as a twilight stadium show,
- redirection of tourism marketing activities in line with travel restrictions and border closures, including the reallocation of international marketing funding to activities targeted at interstate and intrastate visitation,
- reallocation of resources to provide support programs to South Australian tourism businesses deeply affected by the pandemic, including implementation of the Great State Voucher campaign.

The COVID-19 pandemic will continue to impact the operations of the SATC in 2021-22. The key impacts are unquantifiable and largely dependent on the severity and duration of public health restrictions and border closures. The SATC:

- has considered the impact of COVID-19 on the visitor economy, including a range of factors such as aviation, visitor origin, visitation purpose, economic factors and changes in consumer behaviour post-recovery,
- has launched intrastate and interstate marketing activities to drive visitation to the regions, with plans to expand campaigns out with each stage of recovery, addressing new markets as they become available,
- will monitor developments and activate contingency plans for future managed events, following health advice, current recovery stages and restrictions around large gatherings.

1.7 RELATED PARTY TRANSACTIONS

Related parties of the SATC include all key management personnel and their close family members, all Cabinet Ministers and their close family members, any entities controlled or jointly controlled by a related party, all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government. See note 2.1 for transactions with key management personnel.

1.7.1 Significant Transactions with Government Related Entities

Other than as disclosed elsewhere in the financial statements, the SATC had the following significant transactions with government:

- rent, maintenance, outgoings and services of \$1.3 million (\$1.1 million) paid to the South Australian Water Corporation for an office lease (refer to notes 4.3 and 6.1.3)
- grants, sponsorships and contributions received from the Department of the Premier and Cabinet totalling \$1.1 million (\$575 000) (included in notes 3.2 and 3.3)
- contributions of \$270,000 received from Department for Health and Wellbeing for the delivery of COVID marshal training (included in note 3.3)
- grants paid to the Department of Treasury and Finance totalling \$206,000 for payment to Tourism Industry Development Fund grant recipients (included in note 4.2).

2. BOARD, COMMITTEES AND EMPLOYEES

2.1 KEY MANAGEMENT PERSONNEL

The key management personnel of the SATC during 2020-21 were the Premier as Minister for Tourism, Board directors, the Chief Executive Officer and the members of the Executive Team who have responsibility for the strategic direction and management of the SATC. Total compensation for key management personnel detailed in this note excludes salaries and other benefits received by the Premier. The Premier's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account under section 6 the *Parliamentary Remuneration Act 1990*.

2.1.1 Compensation

	2021 \$'000	2020 \$'000
Salaries and other short-term employee benefits	1 328	1 490
Post-employment benefits	169	178
Other long-term employment benefits	-	115
Termination benefits	-	70
Total compensation	<u>1 497</u>	<u>1 853</u>

2.1.2 Significant Transactions with Key Management Personnel

The SATC had no individually significant transactions with key management personnel, their close family members or any entities controlled or jointly controlled by key management personnel or their close family members.

2.2 BOARD DIRECTORS

Members of the South Australian Tourism Commission Board during the 2021 financial year were:

Andrew Bullock	Donna Gauci	John Irving
Helen Edwards	Rodney Harrex ¹ (<i>ex officio</i>)	Annie Mitchell (to December 2020)
Jayne Flaherty ¹	Ian Horne	Grant Wilckens

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

	2021 Number	2020 Number
\$0 - \$19 999	8	12
\$20 000 - \$39 999	1	1
Total number of directors	<u>9</u>	<u>13</u>

The total remuneration received or receivable by directors was \$137 000 (\$170 000). Remuneration of directors includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

2.3 EMPLOYEE BENEFITS EXPENSES

	2021 \$'000	2020 \$'000
Salaries and wages	10 616	10 820
Targeted voluntary separation packages	-	207
Long service leave	(76)	79
Annual leave	858	907
Skills and experience retention leave	22	21
Employment on-costs – superannuation	1 095	1 093
Employment on-costs – other	620	648
Board and committee fees	125	155
Other employment related expenses	41	42
Total employee benefits expenses	<u>13 301</u>	<u>13 972</u>

Superannuation employment on-costs represent the SATC's contributions to superannuation plans for the current services of current employees.

2.3.1 Targeted Voluntary Separation Packages (TVSPs)

	2021 \$'000	2020 \$'000
Amount paid to separated employees:		
TVSPs	-	207
Leave paid to separated employees	-	87
Recovery from the Department of Treasury and Finance	-	(207)
Net cost to the SATC	<u>-</u>	<u>87</u>

The number of employees who received a TVSP during the reporting period was nil (3).

2.3.2 Executive Remuneration

	2021 Number	2020 Number
The number of employees whose remuneration received or receivable falls within the following bands:		
\$174 001 - \$194 000	-	1
\$194 001 - \$214 000	2	1
\$214 001 - \$234 000	1	1
\$234 001 - \$254 000	1	1
\$274 001 - \$294 000	1	1
\$394 001 - \$414 000	1	-
\$414 001 - \$434 000	-	1
	<u>6</u>	<u>6</u>

The total remuneration received by these employees for the year was \$1 560 000 (\$1 579 000).

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, termination payments, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

¹ In accordance with Premier and Cabinet Circular PC016, no director received remuneration for board duties during the financial year while employed by the SA Government

2.4 EMPLOYEE BENEFITS LIABILITY	2021	2020
	\$'000	\$'000
Current:		
Annual leave	916	841
Long service leave	244	292
Skills and experience retention leave	23	26
Accrued salaries and wages	327	289
Total current employee benefits	1 510	1 448
Non-Current:		
Long service leave	1 646	1 821
Total non-current employee benefits	1 646	1 821
Total employee benefits	3 156	3 269

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

2.4.1 Salaries and Wages, Annual Leave, Skills and Experience Retention Leave and Sick Leave Liabilities

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

The annual leave liability and the skills and experience retention leave liability are expected to be payable within twelve months and are measured at the undiscounted amounts expected to be paid. An actuarial assessment performed by the Department of Treasury and Finance determined that the salary inflation rate for annual leave and skills and experience retention leave was 2.0%, unchanged from 2020. As a result, there is no financial effect.

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

2.4.2 Long Service Leave Liability

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Current long service leave reflects the portion of leave expected to be settled within the next twelve months based on previous experience. All other long service leave is classified as non-current.

AASB 119 *Employee Benefits* determines the calculation methodology for long service leave liability. An actuarial assessment performed by the Department of Treasury and Finance provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

The actuarial assessment determined that the salary inflation rate for long service leave was 2.5%, unchanged from 2020. As a result there is no financial effect.

AASB 119 *Employee Benefits* requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has increased to 1.25% (2021) from 0.75% (2020), resulting in a decrease in the reported long service leave liability.

The net financial effect in the current financial year of the changes to actuarial assumptions and the bond yield rate is a decrease in the long service leave liability of \$282 000 and employee benefits expenses of \$303 000. The impact on future periods is not possible to estimate as the long service leave liability is calculated using several demographic and financial assumptions, including the long-term discount rate.

3. INCOME

3.1 APPROPRIATION	2021	2020
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	69 285	86 193
Appropriations received under other Acts	-	3 010
Carryover of appropriation from 2021 to 2022	(2 115)	-
Transfer from Department of Treasury and Finance for Shared Services SA variation	7	-
Total appropriation	67 177	89 203

Appropriation is recognised as income on receipt.

Total appropriation consists of \$66 475 000 (\$88 554 000) of operational funding and \$702 000 (\$649 000) for capital purposes.

3.2 SA GOVERNMENT GRANTS, SUBSIDIES AND TRANSFERS

	2021	2020
	\$'000	\$'000
State Government grants	20 520	715
Recovery from the Department of Treasury and Finance for TVSPs	-	212
Other revenues from SA Government	-	258
Total revenues from SA Government	20 520	1 185

State Government grants mainly consist of funding from the Department of Treasury and Finance's Jobs and Economic Growth Fund and COVID-19 Support Fund. As the grants are non-recourse grants, they have been recognised as income on receipt.

3.3 SPONSORSHIP AND PARTICIPATION

	2021	2020
	\$'000	\$'000
Sponsorship income	3 006	9 712
Industry contributions	1 270	1 173
Cooperative marketing/advertising	1 050	67
Industry participation fees	-	86
Total sponsorship and participation	5 326	11 038

Sponsorship and participation is recognised as income from contracts with customers. Revenue is recognised in the period in which the services are provided. Where payment is received for sponsorship and participation in an earlier period, it is disclosed in note 7.4 as a contract liability.

3.4 ENTRY FEES, LICENCE FEES AND SALES

	2021	2020
	\$'000	\$'000
Event entry fees	533	8 385
Licence fees	105	2 199
Sale of merchandise	11	79
Service fees	117	971
Rental income	60	272
Sundry sales	18	81
Total entry fees, licence fees and sales	844	11 987

Income from event entry fees, licence fees and sales is recognised as income from contracts with customers. Revenue is recognised in the period in which the services are provided. Where payment is received for event entry fees and licence fees in an earlier period, it is disclosed in note 7.4 as a contract liability.

3.5 OTHER INCOME

	2021	2020
	\$'000	\$'000
Services received free of charge	222	-
Gain on foreign exchange	14	281
Total other income	236	281

Services received free of charge consist of services provided by the ICT and Digital Government (IDG) division of the Department of the Premier and Cabinet. Services of this nature would otherwise have been purchased.

Foreign currency transactions are translated using exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using exchange rates at the reporting date. Gains and losses on foreign exchange arise when items are translated at rates different from those at which they were translated when initially recognised or in previous financial statements.

4. EXPENSES

Employee benefits expenses are disclosed in note 2.3.

4.1 ADVERTISING AND PROMOTION	2021 \$'000	2020 \$'000
Consumer advertising	16 645	12 522
Cooperative consumer marketing	4 747	4 689
Familiarisations	639	1 089
Other consumer marketing	84	86
Production	4 530	6 103
Representation and contractors	2 667	3 202
Marketing research	961	1 003
Trade marketing	235	858
Other advertising and promotion	1 973	2 081
Total advertising and promotion	32 481	31 633

4.2 INDUSTRY ASSISTANCE	2021 \$'000	2020 \$'000
Sponsorship of events	12 799	10 278
Marketing/industry support	7 396	4 919
Tourism infrastructure	2 000	1 049
Tourism marketing boards/information centre grants	543	541
Trade show subsidies/membership of tourism industry bodies	51	106
Total industry assistance	22 789	16 893

Industry assistance is recognised as a liability and expense when the SATC has a contractual obligation to pay and the expense recognition criteria are met.

4.3 ADMINISTRATION AND ACCOMMODATION	2021 \$'000	2020 \$'000
Accommodation and service costs	1 075	1 376
Communication and computing	1 971	1 734
Stationery, postage, couriers and freight	33	95
Contractors and consultants	156	170
Motor vehicles, taxis and car parking	64	93
Domestic and international travel	99	261
Seminars, courses and training	101	71
Insurance	148	309
Audit, legal and other fees	390	292
Loss on foreign exchange	214	30
Other	223	240
Total administration and accommodation	4 474	4 671

4.3.1 Consultants

The number and dollar amount of consultancies included in Administration and Accommodation that fell within the following bands:

	2021		2020	
	No.	\$'000	No.	\$'000
Below \$10 000	-	-	1	3
\$10 000 and above	1	32	1	16
Total paid/payable to the consultants engaged	1	32	2	19

4.3.2 Audit Fees

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$77 000 (\$72 000). No other services were provided by the Auditor-General's Department.

4.3.3 Resources Provided Free of Charge

Services provided free of charge included in communication and computing were \$222 000 (nil) and were expensed at fair value.

4.4 EVENT OPERATIONS

	2021	2020
	\$'000	\$'000
Event facilities	1 581	11 173
Construction	-	4 726
Catering and entertainment	586	4 003
Communications	542	1 170
Transport	208	1 345
Participants and contractors	3 809	10 586
Television and media	545	3 205
Fees and permits	3 151	2 997
Event management	345	543
Total event operations	10 767	39 748

4.5 DEPRECIATION EXPENSE

	2021	2020
	\$'000	\$'000
General plant and equipment	27	31
Pageant plant and equipment	189	179
Motor sport infrastructure	1 832	1 861
Fitouts	285	305
Right-of-use assets	1 313	1 459
Total depreciation expense	3 646	3 835

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

4.5.1 Review of Accounting Estimates

Assets' residual values, useful lives and amortisation methods are reviewed annually and adjusted if appropriate. 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. The value of fitouts is amortised over the estimated remaining useful life of each fitout, or the unexpired period of the relevant lease, whichever is shorter.

4.5.2 Useful Life

Depreciation 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
General plant and equipment	4-10
Pageant plant and equipment	3-35
Motor sport infrastructure	1-5
Fitouts	3-9
Right-of-use assets	3-20

4.6 BORROWING COSTS

	2021	2020
	\$'000	\$'000
Interest expense on lease liabilities	138	162
Total borrowing costs	138	162

4.7 NET LOSS FROM THE DISPOSAL OF NON-CURRENT ASSETS

	2021	2020
	\$'000	\$'000
Plant and equipment		
Net book value of assets disposed	771	426
Proceeds from disposal	(303)	(34)
Total net loss from the disposal of non-current assets	468	392

Gains and losses on disposal are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time. When revalued assets are disposed, the revaluation surplus is transferred to retained earnings.

5. FINANCIAL ASSETS

5.1 CASH AND CASH EQUIVALENTS

	2021 \$'000	2020 \$'000
Deposits with the Treasurer	25 077	11 801
Cash at bank	4 588	7 609
Cash on hand	5	6
Total cash and cash equivalents	<u>29 670</u>	<u>19 416</u>

Cash is measured as nominal amounts.

5.1.1 Deposits with the Treasurer

The SATC has three deposit accounts with the Treasurer, consisting of two general operating accounts and the Accrual Appropriation Excess Funds Account (AAEFA). The balance of the AAEFA was \$10 624 000 (\$9 138 000). The SATC controls the money in the AAEFA but its use must be approved by the Treasurer. The SATC does not earn interest on its deposits with the Treasurer.

5.2 RECEIVABLES

	2021 \$'000	2020 \$'000
Current:		
Trade receivables	711	2 188
Less allowance for impairment loss on receivables	(29)	(39)
Total trade receivables	<u>682</u>	<u>2 149</u>
GST input tax recoverable	1 271	621
Contract assets	-	428
Prepayments	232	660
Total receivables	<u>2 185</u>	<u>3 858</u>

Trade receivables arise in the normal course of selling goods and services to the public and to other government agencies. Trade receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Trade receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost. The net amount of GST payable to the ATO is included as part of trade receivables.

Other than as recognised in the allowance for impairment loss on receivables, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of trade receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 10.1 for information on risk management.

5.2.1 Allowance for Impairment Loss on Receivables

	2021 \$'000	2020 \$'000
Movement in the allowance for doubtful debts		
Carrying amount at 1 July	39	7
Increase in the allowance	25	38
Amounts recovered during the year	(27)	(6)
Increase (decrease) in allowance recognised in profit or loss	<u>(2)</u>	<u>32</u>
Amounts written off	(8)	-
Carrying amount at 30 June	<u>29</u>	<u>39</u>

Impairment losses relate to contracts with customers external to SA Government. Refer to note 10.3 for information on credit risk and the methodology for determining impairment.

5.2.2 Contract Assets

	2021 \$'000	2020 \$'000
Balance at 1 July	428	279
Add additional costs incurred that are recoverable from the customer	-	428
Less transfer to receivables	(428)	(279)
Total contract assets	<u>-</u>	<u>428</u>

Contract assets relate to the SATC's right to consideration in exchange for goods and services transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the SATC issues an invoice to the customer.

5.3 OTHER FINANCIAL ASSETS

	2021	2020
	\$'000	\$'000
Current:		
Foreign exchange forward contracts	-	27
Total other financial assets	-	27

Refer to note 10.4 for information on market risk.

5.4 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2021	2020
	\$'000	\$'000
Motor sport infrastructure	2 524	-
Total non-current assets classified as held for sale	2 524	-

In October 2020 it was announced that the Adelaide 500 event would be cancelled, with specialised assets associated with the event to be sold. A desktop revaluation as detailed in note 6.2.2 was undertaken to ensure that the carrying amount of these assets did not materially differ from their fair value. The assets were subsequently reclassified as held for sale as at 30 June 2021.

The SATC has measured the assets held for sale at their revalued carrying amounts as this approximates fair value less costs to sell.

6. NON-FINANCIAL ASSETS**6.1 PLANT AND EQUIPMENT**

	2021	2020
	\$'000	\$'000
General plant and equipment		
At cost (deemed fair value)	233	248
Accumulated depreciation at the end of the period	(228)	(216)
Total general plant and equipment	5	32
Pageant plant and equipment		
At cost (deemed fair value)	2 112	2 060
Accumulated depreciation at the end of the period	(1 234)	(1 146)
Total Pageant plant and equipment	878	914
Motor sport infrastructure		
At cost (deemed fair value)	-	690
Accumulated depreciation at the end of the period	-	(60)
At fair value	-	14 411
Accumulated depreciation at the end of the period	-	(3 549)
Total motor sport infrastructure	-	11 492
Fitouts		
At cost (deemed fair value)	1 868	2 128
Accumulated depreciation at the end of the period	(911)	(932)
Total fitouts	957	1 196
Right-of-use assets		
At cost	8 615	9 295
Accumulated depreciation at the end of the period	(2 386)	(1 456)
Total right-of-use assets	6 229	7 839
Total plant and equipment	8 069	21 473

6.1.1 Owned Plant and Equipment

Plant and equipment owned by the SATC is valued at fair value or deemed fair value. Refer to note 6.2 for information about fair value.

All Pageant floats, regardless of their value, are recognised as non-current assets. Pageant floats are recorded at historic cost less accumulated depreciation. All other non-current tangible assets with a value equal to or in excess of \$15 000 are capitalised.

Plant and equipment includes \$365 000 (\$161 000) of fully depreciated plant and equipment still in use.

6.1.2 Impairment of Owned Plant and Equipment

The SATC holds its plant and equipment assets for their service potential (value in use). There were no indications of impairment of plant and equipment at 30 June 2021.

6.1.3 Leased Plant and Equipment

Right-of-use plant and equipment assets leased by the SATC are measured at cost. Short term leases of 12 months or less and low value leases where the underlying asset value is less than \$15 000 are not recognised as right-of-use assets. The associated rent payments are recognised as expenses and disclosed in note 4.3.

The SATC had the following leases during 2020-21:

- 13 (10) motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years or 60,000 km, up to 5 years or 100,000 km. The lease agreements contain no contingent rental provisions and no options to renew the leases at the end of their term.
- A lease of office accommodation under a Memorandum of Administrative Agreement (MOAA) with SA Water. The term of the lease is 5 years 9 months with rent payable monthly in advance. The MOAA contains an option to extend up to a further 10 years, subject to the head lease being extended. The option to extend has not been included in the term because the head lessee does not intend to exercise its option to extend.
- A commercial lease of warehouse, workshop and office space for the term of 10 years, with the option to extend for up to a further 10 years. The option to extend has been included in the term because management is reasonably certain to exercise the option. Rent is payable monthly in advance.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. Refer to note 10.5 for maturity analysis of lease liabilities. Expenses related to leases, including depreciation and interest, are disclosed in notes 4.5 and 4.6. Cash outflows related to leases are disclosed in note 8.3.

6.1.4 Impairment of Leased Plant and Equipment

Plant and equipment leased by the SATC has been assessed for impairment. There was no indication of impairment at 30 June 2021.

6.1.5 Reconciliation of Movements in Plant and Equipment during 2020-21

	General Plant & Equipment \$'000	Pageant Plant & Equipment \$'000	Motor Sport Infrastructure \$'000	Fitouts \$'000	Right-of-Use Assets \$'000	Total \$'000
Carrying amount at 1 July	32	914	11 492	1 196	7 839	21 473
Additions	-	158	75	94	38	365
Disposals	-	(5)	(539)	(48)	(335)	(927)
Depreciation	(27)	(189)	(1 832)	(285)	(1 313)	(3 646)
Revaluation	-	-	(6 672)	-	-	(6 672)
Reclassification as held for sale	-	-	(2 524)	-	-	(2 524)
Carrying amount at 30 June	5	878	-	957	6 229	8 069

6.1.6 Reconciliation of Movements in Plant and Equipment during 2019-20

	General Plant & Equipment \$'000	Pageant Plant & Equipment \$'000	Motor Sport Infrastructure \$'000	Fitouts \$'000	Right-of-Use Assets \$'000	Total \$'000
Carrying amount at 1 July	63	941	13 305	1 501	-	15 810
Adoption of AASB 16 Leases	-	-	-	-	9 281	9 281
Additions	-	154	472	-	17	643
Disposals	-	(2)	(424)	-	-	(426)
Depreciation	(31)	(179)	(1 861)	(305)	(1 459)	(3 835)
Carrying amount at 30 June	32	914	11 492	1 196	7 839	21 473

6.2 FAIR VALUE MEASUREMENT

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

6.2.1 Acquisition and Recognition

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

6.2.2 Revaluation

The valuation processes and fair value changes are reviewed by the Chief Financial Officer at each reporting date.

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 \$1.5 million and estimated useful life is greater than three years. A valuation appraisal by a Certified Practising Valuer is performed at least every six years.

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. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

An independent valuation of motor sport infrastructure was performed in 2021 by Certified Practising Valuers from Public Private Property Pty Ltd. The valuers predominantly used the cost approach for the measurement of fair value, as observable market inputs were lacking, limited or unreliable. The cost approach considered the current replacement costs of the assets as well as SATC's operational requirements, improvements in asset design, materials, and technology less allowances for physical depreciation and obsolescence. Estimation of the assets' useful life took into consideration the cancellation of the Adelaide 500 and reflected the change in use of these assets.

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

6.2.3 Fair Value Hierarchy

The SATC classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs.

Fair value measurements recognised in the Statement of Financial Position are categorised into level 3 at 30 June. The SATC had no valuations categorised into level 1 or level 2. There were no transfers of assets between fair value hierarchy levels and there were no changes in valuation techniques during 2020-21.

6.2.4 Fair Value Measurements

All items of general plant and equipment, Pageant plant and equipment and fitouts had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life less than three years. In accordance with *Treasurer's Instructions (Accounting Policy Statements) 2019 APS 116.D* these assets have not been revalued. The carrying value of assets not revalued is deemed to approximate fair value.

7. LIABILITIES

Employee benefits liabilities are disclosed in note 2.4.

	2021	2020
	\$'000	\$'000
7.1 PAYABLES		
Current:		
Creditors	1 731	1 431
Accrued expenses	3 679	4 816
Employment on-costs	264	250
Paid Parental Leave scheme payable	8	8
Total current payables	<u>5 682</u>	<u>6 505</u>
Non-Current:		
Employment on-costs	126	133
Total non-current payables	<u>126</u>	<u>133</u>
Total payables	<u><u>5 808</u></u>	<u><u>6 638</u></u>

All payables are non-interest bearing. The net amount of GST recoverable from the ATO is included as part of creditors. The carrying amount of payables represents fair value due to their short-term nature. Refer to note 10.1 for information on risk management.

7.1.1 Creditors

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 SATC.

7.1.2 Accrued Expenses

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 had not been received.

7.1.3 Employment On-Costs

Employment on-costs are statutory payables and include payroll tax, workers compensation levies and superannuation contributions. The SATC makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as expenses when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective

superannuation schemes. The liabilities outstanding at the reporting date are for contributions due but not yet paid to superannuation schemes, payroll tax payable to Revenue SA and the estimated on-costs on liabilities for accrued salaries and wages, long service leave, annual leave and skills and experience retention leave.

An actuarial assessment performed by the Department of Treasury and Finance determined that the average factor for the calculation of employer superannuation contribution on-cost on long service leave increased to 10.1% in 2021 from 9.8% in 2020. The percentage of long service leave taken as leave is 25.2% (22.8%), calculated as the actual percentage of leave taken during the last five years. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$9 000 and the estimated future impact is an increase of \$9 000 in both 2022 and 2023.

7.2 FINANCIAL LIABILITIES	2021	2020
	\$'000	\$'000
Current:		
Lease liabilities	1 197	1 419
Foreign exchange forward contracts	-	7
Total current financial liabilities	<u>1 197</u>	<u>1 426</u>
Non-Current:		
Lease liabilities	5 643	7 030
Total non-current financial liabilities	<u>5 643</u>	<u>7 030</u>
Total financial liabilities	<u><u>6 840</u></u>	<u><u>8 456</u></u>

Financial liabilities are measured at amortised cost. All material cash outflows are reflected in the lease liabilities disclosed above.

7.3 PROVISIONS	2021	2020
	\$'000	\$'000
Current:		
Provision for workers compensation	29	25
Other provisions	690	-
Total current provisions	<u>719</u>	<u>25</u>
Non-Current:		
Provision for workers compensation	70	52
Total non-current provisions	<u>70</u>	<u>52</u>
Total provisions	<u><u>789</u></u>	<u><u>77</u></u>

7.3.1 Movement in Provisions	2021	2020
	\$'000	\$'000
Carrying amount at 1 July	77	66
Additional provisions recognised	704	26
Reductions resulting from payments/other sacrifice of future economic benefits	(5)	(5)
Adjustments resulting from re-measurement or settlement without cost	13	(10)
Carrying amount at 30 June	<u><u>789</u></u>	<u><u>77</u></u>

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision reflects unsettled workers compensation claims and is for the estimated cost of ongoing payments to employees as required under current legislation.

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

Other provisions consist of unsettled claims resulting from contract terminations. It is anticipated that claims will not exceed the amount provided for.

7.4 OTHER LIABILITIES	2021	2020
	\$'000	\$'000
Current:		
Contract liabilities	283	154
Unclaimed monies	12	-
Total current other liabilities	<u>295</u>	<u>154</u>
Total other liabilities	<u><u>295</u></u>	<u><u>154</u></u>

7.4.1 Contract Liabilities

	2021	2020
	\$'000	\$'000
Balance at 1 July	154	1 293
Add payments received for performance obligations yet to be completed	283	154
Less revenue recognised for completion of performance obligation	(154)	(1 293)
Total contract liabilities	283	154

Contract liabilities include consideration received in advance from customers in respect of events run by SATC and are recognised in the reporting period when the performance obligation is complete. All contract liabilities are expected to be realised as revenue within 12 months.

8. OTHER DISCLOSURES**8.1 BUDGET PERFORMANCE**

The budget performance tables compare the SATC's outcome against budget information presented to Parliament (2020-21 Budget Paper 4). The original budget amounts have been presented and classified on a basis that is consistent with line items in the financial statements, and have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

8.1.1 Statement of Comprehensive Income

	Original Budget	Actual	Variance
Note	2021	2021	\$'000
	\$'000	\$'000	\$'000
Income			
Appropriation	69 285	67 177	(2 108)
SA Government grants, subsidies and transfers	20 395	20 520	125
Sponsorship and participation	8 404	5 326	(3 078)
Entry fees, licence fees and sales	5 887	844	(5 043)
Interest	108	11	(97)
Other income	-	236	236
Total income	104 079	94 114	(9 965)
Expenses			
Employee benefits expenses	14 680	13 301	(1 379)
Advertising and promotion	28 805	32 481	3 676
Industry assistance	27 322	22 789	(4 533)
Administration and accommodation	4 123	4 474	351
Event operations	28 745	10 767	(17 978)
Depreciation expense	3 768	3 646	(122)
Borrowing costs	142	138	(4)
Net loss from the disposal of non-current assets	-	468	468
Loss (gain) on impairment of receivables	-	(2)	(2)
Total expenses	107 585	88 062	(19 523)
Net result	(3 506)	6 052	9 558
Other comprehensive income			
Changes in plant and equipment asset revaluation surplus	-	(6 672)	(6 672)
Total other comprehensive income	-	(6 672)	(6 672)
Total comprehensive result	(3 506)	(620)	2 886

8.1.2 Investing Expenditure Summary

	Original Budget	Actual	Variance
	2021	2021	\$'000
	\$'000	\$'000	\$'000
Investing expenditure			
Total annual programs	702	327	(375)
Total leases	92	38	(54)
Total investing expenditure	794	365	(429)

Explanations are only provided for variances where the variance is more than 10% of the original budgeted amount and more than 5% of original budgeted total expenses.

- (a) Savings in event operations relate to the cancellation of the Adelaide 500 and reduction in scope of the Santos Festival of Cycling due to the coronavirus pandemic.

- (b) Net decrease in the asset revaluation reserve resulting from a revaluation of non-current assets that reverses a previous revaluation increment in that class of assets.

8.2 EQUITY

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

8.3 CASH FLOWS

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

Total cash outflow for leases was \$1 631 000 (\$1 405 000).

8.3.1 Cash Flow Reconciliation	2021	2020
	\$'000	\$'000
Reconciliation of cash and cash equivalents at 30 June:		
Cash and cash equivalents disclosed in the Statement of Financial Position	29 670	19 416
Balance as per the Statement of Cash Flows	29 670	19 416
Reconciliation of net cash provided by operating activities to net result:		
Net cash provided by operating activities	11 865	4 683
Non-cash items		
Depreciation expense	(3 646)	(3 835)
Net loss from disposal of non-current assets	(468)	(392)
Net in-kind/non-cash transactions	(96)	-
Movement in assets and liabilities		
Receivables	(1 673)	1 308
Other assets	(27)	27
Payables	830	(1 091)
Financial liabilities other than leases	7	(329)
Employee benefits	113	375
Provisions	(712)	(11)
Other liabilities	(141)	1 680
Net result	6 052	2 415

9. UNRECOGNISED CONTRACTUAL COMMITMENTS

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

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

9.1 EXPENDITURE COMMITMENTS

Expenditure commitments at the reporting date not recognised as liabilities are payable as follows:	2021	2020
	\$'000	\$'000
Within one year	18 131	39 570
Later than one year but not longer than five years	22 493	10 653
Total expenditure commitments	40 624	50 223

The SATC's commitments arise from agreements for marketing services, event operations, event sponsorship, infrastructure grants and other cooperative and service contracts. There are no purchase options available to the SATC.

10. FINANCIAL INSTRUMENTS

10.1 FINANCIAL RISK MANAGEMENT

Risk management is managed by the SATC's Finance and Business Services group. Risk management policies are in accordance with the *SA Government Risk Management Guide* and the principles established in the Australian Standard *Risk Management Principles and Guidelines*. The SATC's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held. There have been no changes in risk exposure since the last reporting period.

10.2 LIQUIDITY RISK

The SATC is funded principally from appropriation by the SA Government. The SATC works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. Refer to note 8.1 and note 8.3 for further information.

10.3 CREDIT RISK

The SATC has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. No collateral is held as security and no credit enhancements relate to financial assets held by the SATC.

10.3.1 Impairment of Financial Assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. The SATC uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors. Receivables are grouped based on shared risks characteristics and days past due, taking into account reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the SATC's historical experience and informed credit assessment, including any relevant forward-looking information. Loss rates are calculated based on the probability of a receivable progressing through stages to write-off based on the common risk characteristics of the transaction and debtor.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties.

The following table provides information about the SATC's exposure to credit risk and expected credit loss for non-government debtors.

	Gross Carrying Amount	Loss	Lifetime Expected Losses
	\$'000	%	\$'000
Non-government debtors at 30 June 2021			
Current (not past due)	47	0.04	-
1 – 30 days past due	22	0.08	-
31 – 60 days past due	20	0.19	-
More than 120 days past due	225	12.67	29
Loss allowance			29

Loss rates are based on the actual history of credit loss, adjusted to reflect differences between previous economic conditions, current conditions and the SATC's view of the forecast economic conditions over the expected life of the receivables.

Impairment losses are recognised on a net basis in profit and loss. Subsequent recoveries of amounts previously written off credited against the same line item. Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the SATC and a failure to make contractual payments for a period of greater than 120 days past due.

Cash and cash equivalents have low credit risk due to the external credit ratings of the counterparties and therefore the expected credit loss is nil.

All impairment losses on receivables arise from contracts with customers. No impairment losses were recognised in relation to contract assets during the year.

10.4 MARKET RISK

The SATC does not trade in foreign currency, enter into transactions for speculative purposes nor engage in high risk hedging for its financial assets. To manage its exchange risk the SATC implements forward foreign exchange cover through SAFA in accordance with Treasurer's Instruction 23 *Management of Foreign Currency Exposures*. Due to their short-term nature, the SATC does not designate its foreign currency forward contracts as hedging instruments

In 2020-21 the SATC had 8 (11) foreign exchange forward contracts mature totalling \$5 210 000 (\$8 637 000). At 30 June 2021 SAFA had no foreign exchange forward contracts in place on behalf of the SATC. Forward contracts are to cover commitments denominated in foreign currencies, including for the payment of representation fees, event participation fees and global marketing activity.

The fair value of a forward contract is affected by changes in the spot rate and changes in the forward points, which arise from the interest rate differential between currencies specified in a forward contract. On commitment date, the net fair value of the forward contract is nil, as their fair value of the rights and obligations are equal.

As with all forward foreign exchange contracts there are financial risks. Cashflows from foreign exchange forward contracts in 2020-21 are included in the Statement of Comprehensive Income, and where material are shown separately as losses in note 4.3 and as gains in note 3.5. Refer to note 5.3 and note 7.2 for further information.

The SATC does not undertake any hedging of interest rate risk. There is no exposure to other price risks.

A sensitivity analysis has not been undertaken for the interest rate risk and exchange risk of the SATC as it has been determined that the possible impact on total comprehensive result or total equity from fluctuations in interest rates and exchange rates is immaterial.

10.5 CATEGORISATION OF FINANCIAL INSTRUMENTS

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

The SATC measures all financial instruments at amortised cost.

10.5.1 Category of financial asset and financial liability

	Note	2021 Carrying Amount \$'000	2021 Contractual Maturities ¹ Within 1 year \$'000	1–5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and equivalents					
Cash and cash equivalents	5.1, 8.3	29 670	29 670	-	-
Amortised cost					
Receivables	5.2	349	349	-	-
Total financial assets		30 019	30 019	-	-
Financial liabilities					
Amortised cost					
Payables	7.1	5 267	5 267	-	-
Lease liabilities	7.2	6 840	1 316	2 964	3 315
Other financial liabilities	7.2, 7.4	295	295	-	-
Total financial liabilities		12 402	6 878	2 964	3 315
2020					
	Note	Carrying Amount \$'000	2020 Contractual Maturities ¹ Within 1 year \$'000	1–5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and equivalents					
Cash and cash equivalents	5.1, 8.3	19 416	19 416	-	-
Amortised cost					
Receivables	5.2	2 363	2 363	-	-
Other financial assets	5.3	27	27	-	-
Total financial assets		21 806	21 806	-	-
Financial liabilities					
Amortised cost					
Payables	7.1	5 990	5 990	-	-
Lease liabilities	7.2	8 449	1 558	4 166	3 617
Other financial liabilities	7.2, 7.4	161	161	-	-
Total financial liabilities		14 600	7 709	4 166	3 617

Amounts disclosed here exclude prepayments and statutory receivables and payables. Prepayments are presented in note 5.2 as receivables but are not financial assets as the future economic benefit is the receipt of goods and services rather than the right to receive cash or another financial asset.

10.5.2 Statutory Receivables and Payables

Receivables and payables amounts disclosed above exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and equivalents, fees and charges, Auditor-General's Department audit fees and employee-related payables, such as payroll tax, Fringe Benefits Tax, Pay As You Go withholding and ReturnToWorkSA levies. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore, in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

10.6 CREDIT STANDBY ARRANGEMENTS

The SATC has a \$250 000 (\$250 000) purchasing card facility with the ANZ Bank. The unused portion of this facility as at 30 June 2021 was \$148 000 (\$186 000).

¹ Maturities analysis is presented using undiscounted cashflows and therefore may not equal the total carrying amount of the financial instrument.