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To the Chair of the Board Adelaide Venue Management Corporation

Opinion

I have audited the financial report of the Adelaide Venue Management Corporation for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Venue Management Corporation as at 30 June 2023, 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 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, the Acting 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 Adelaide Venue Management Corporation. 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 Acting Chief Executive Officer and the Board for the financial report

The Acting Chief Executive Officer 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 Acting Chief Executive Officer 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 Acting Chief Executive Officer 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 members of the Board 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 schedule 13(3) of the *Public Corporations Act 1993*, I have audited the financial report of the Adelaide Venue Management Corporation for the financial year ended 30 June 2023.

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

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

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Adelaide Venue Management Corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Chief Executive Officer
- conclude on the appropriateness of the Acting Chief Executive Officer'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 Acting Chief Executive Officer and the Board 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.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

06 September 2023

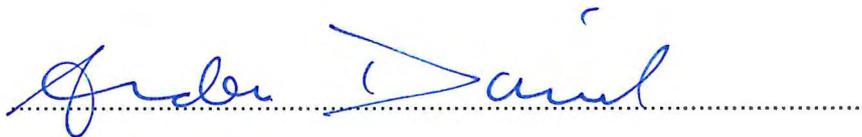
Adelaide Venue Management Corporation
ABN 50 676 936 954

Certification of the Financial Statements

We certify that the:

- Financial statements of the Adelaide Venue Management Corporation:
 - are in accordance with the accounts and records of the Corporation; and
 - comply with relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Adelaide Venue Management Corporation at the end of the financial year and the result of its operations and cash flows for the financial year.

- Internal controls employed by the Adelaide Venue Management Corporation for the financial year over its financial reporting and its preparation of financial statements have been effective.



Andrew Daniels

CHAIR

Adelaide Venue Management Corporation

Date: 31/8/23



Martin Radcliffe

ACTING CHIEF EXECUTIVE OFFICER

Adelaide Venue Management Corporation

Date: 31/8/23



Mia Carrall

CHIEF FINANCIAL OFFICER

Adelaide Venue Management Corporation

Date: 31/8/23

Statement of Comprehensive Income
for the year ended 30 June 2023

	Note No.	2023 \$'000	2022 \$'000
Income from trading activities			
Facility charges	3.1	71 668	32 964
Business Interruption insurance proceeds	3.2	(380)	20 744
Interest		1 898	17
Other income	3.3	2 814	736
Total income from trading activities		76 000	54 461
Expenses from trading activities			
Employee benefits expenses	2.3	37 011	25 009
Supplies and services	4.1	19 879	11 166
Depreciation and amortisation	4.2	3 529	4 434
Net loss from the disposal of property, plant and equipment	4.3	299	69
Total expenses from trading activities		60 718	40 678
Profit from trading activities		15 282	13 783
Income from property management activities			
Interest		274	4
Appropriation	3.4	5 701	5 562
SA Government grant	3.5	10 705	10 706
Other income	3.3	602	625
Total income from property management activities		17 282	16 897
Expenses from property management activities			
Employee benefits expenses	2.3	3 220	2 647
Supplies and services	4.1	9 242	9 256
Depreciation and amortisation	4.2	28 494	28 459
Borrowing costs	4.4	11 134	11 114
Total expenses from property management activities		52 090	51 476
Loss from property management activities		(34 808)	(34 579)
Net profit / (loss)		(19 526)	(20 796)
Other comprehensive income			
Change in asset revaluation surplus		68 875	7 815
Total other comprehensive income		68 875	7 815
Total comprehensive result		49 349	(12 981)

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

Statement of Financial Position
as at 30 June 2023

	Note No.	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.1, 8.2	43 668	45 238
Specific purpose deposits	6.2, 8.2	9 677	7 653
Receivables	6.3	6 522	8 406
Inventories	5.4	594	382
Total current assets		60 461	61 679
Non-current assets			
Property, plant and equipment	5.1	597 789	544 647
Total non-current assets		597 789	544 647
Total assets		658 250	606 326
Current liabilities			
Payables	7.1	5 392	4 326
Financial liabilities	7.2	61	54
Employee benefits	2.4	2 817	2 412
Contract liabilities	7.3	12 405	10 464
Other current liabilities	7.4	82	107
Total current liabilities		20 757	17 363
Non-current liabilities			
Payables	7.1	69	58
Financial liabilities	7.2	394 869	393 928
Employee benefits	2.4	693	608
Contract liabilities	7.3	1 492	1 691
Other non-current liabilities	7.4	4 669	4 726
Total non-current liabilities		401 792	401 011
Total liabilities		422 549	418 374
Net assets		235 701	187 952
Equity			
Contributed capital		133 840	133 840
Asset revaluation surplus	8.1	140 171	71 296
Accumulated surplus/(deficit)		(38 310)	(17 184)
Total equity		235 701	187 952

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 2023

	Note No.	Contributed capital	Asset revaluation surplus	Accumulated surplus/(deficit)	Total
		\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2021		133 840	63 481	5 212	202 533
Net profit / (loss) for 2021-22		-	-	(20 796)	(20 796)
Gain / (loss) on revaluation of land during 2021-22	5.2	-	7 815	-	7 815
Total comprehensive result for 2021-22		-	7 815	(20 796)	(12 981)
Dividends paid		-	-	(1 600)	(1 600)
Balance at 30 June 2022		133 840	71 296	(17 184)	187 952
Net profit / (loss) for 2022-23		-	-	(19 526)	(19 526)
Gain / (loss) on revaluation of land and buildings during 2022-23	5.2	-	68 875	-	68 875
Total comprehensive result for 2022-23		-	68 875	(19 526)	49 349
Dividends paid	8.4	-	-	(1 600)	(1 600)
Balance at 30 June 2023		133 840	140 171	(38 310)	235 701

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

Statement of Cash Flows
for the year ended 30 June 2023

	Note No.	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Cash inflows			
Receipts from the sale of goods and services		82 849	40 385
Business Interruption insurance proceeds		3 760	19 943
Appropriation		5 701	5 562
SA Government grant		10 705	10 823
Interest received		1 961	19
Cash generated from operations		104 976	76 732
Cash outflows			
Employee benefit payments		39 660	27 878
Supplies and services		33 624	22 594
Borrowing costs		11 134	11 231
GST remitted to the ATO		4 078	1 483
Cash used in operations		88 496	63 186
Net cash provided by operating activities	8.2	16 480	13 546
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of property, plant and equipment		14	9
Cash generated from investing activities		14	9
Cash outflows			
Purchase of property, plant and equipment		14 386	4 408
Cash used in investing activities		14 386	4 408
Net cash (used in) / provided by investing activities		(14 372)	(4 399)
Cash flows from financing activities			
Cash outflows			
Dividends paid to SA Government		1 600	1 600
Repayment of principal portion of lease liabilities		54	51
Cash used in financing activities		1 654	1 651
Net cash (used in) / provided by financing activities		(1 654)	(1 651)
Net increase / (decrease) in cash and cash equivalents		454	7 496
Cash and cash equivalents at the beginning of the financial year		52 891	45 395
Cash and cash equivalents at the end of the financial year	8.2	53 345	52 891

The accompanying notes form part of these financial statements.

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I About Adelaide Venue Management Corporation

Adelaide Venue Management Corporation, (the Corporation), is a statutory authority of the State of South Australia, established on 4 February 1999 as a subsidiary of the Minister for Tourism by Regulations under the *Public Corporations Act 1993*.

The Corporation is governed by a Board of Directors and operates under a charter approved pursuant to the provisions of the *Public Corporations Act 1993*.

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

1.1 Basis of preparation

The financial statements are general purpose financial statements prepared in accordance 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*; and
- relevant Australian Accounting Standards.

For the purposes of preparing the financial statements, the Corporation is a not-for-profit entity. The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), 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.

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

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.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Corporation has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

1.2 Objectives and activities

The objectives of the Corporation are to:

1. manage and operate the Corporation's sites/venues;
2. manage, promote and sponsor events at the Corporation's sites/venues or elsewhere;
3. foster and assist the commercial development of the Corporation's sites/venues in order to complement and enhance the commercial potential; and
4. carry out any other functions conferred on the Corporation by the Minister.

The Corporation has one principal activity which is to manage and operate the Adelaide Convention Centre, Adelaide Entertainment Centre and Coopers Stadium. Therefore, no statement of expenses and income by activity has been prepared.

1.3 Significant transactions with government related entities

All significant transactions with other SA Government related entities are separately disclosed elsewhere in the financial statements.

2 Board and employees

2.1 Key management personnel

Key management personnel of the Corporation include the Minister, the Board, the Chief Executive Officer and the Executive Team. Total compensation for key management personnel was \$2 004 000 in 2022-23 and \$1 842 000 in 2021-22.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Tourism receives. The Minister'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 of the *Parliamentary Remuneration Act 1990*.

	2023	2022
Compensation	\$'000	\$'000
Salaries and other short-term employee benefits	2 004	1 842
Total	2 004	1 842

Transactions with key management personnel and other related parties

Unless otherwise disclosed, transactions between key management personnel and other related parties are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

2.2 Board members

The following persons held the position of governing board member during the financial year:

William Spurr AO (Chair) (deceased 4th July 2022)
Andrew Daniels (Chair) (commenced 4th October 2022)
Gay Wallace (Deputy Chair) (concluded 31st January 2023)
Denise Von Wald (Deputy Chair) (appointed Deputy Chair 1st February 2023)
Shaun Allan (concluded 31st January 2023)
Philip MacDonald (concluded 31st January 2023)
Pauline Denley
Fiona Hele
Jim Kouts
Jodi Glass (commenced 1st February 2023)
Ian Horne (commenced 1st February 2023)
Penelope Lion (commenced 1st February 2023)
Gretchen Richards (commenced 1st February 2023)

Board remuneration

The number of governing board members whose remuneration received or receivable falls within the following bands:

	2023	2022
\$0 to \$19 999	8	-
\$20 000 to \$39 999	5	7
\$40 000 to \$59 999	-	1
Total number of governing board members	13	8

The total remuneration received or receivable by Board members was \$234 000 (\$232 000). Remuneration of Board members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

2.3 Employee benefits expenses

	2023	2022
	\$'000	\$'000
Trading activities		
Salaries and wages	29 641	19 961
Long service leave	519	104
Annual leave	1 198	1 006
Skills and experience retention leave (SERL)	77	69
Employment on-costs - superannuation	3 292	2 128
Employment on-costs - other	2 073	1 527
Board fees	211	214
Total employee benefits expenses from trading activities	37 011	25 009
Property management activities		
Salaries and wages	2 663	2 187
Long service leave	-	1
Annual leave	110	105
Skills and experience retention leave (SERL)	3	1
Employment on-costs - superannuation	291	229
Employment on-costs - other	153	124
Total employee benefits expenses from property management activities	3 220	2 647
Total employee benefits expenses	40 231	27 656

Employment on-costs – superannuation

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

Employee remuneration

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

	2023	2022
\$160 001 to \$180 000	5	2
\$180 001 to \$200 000	-	1
\$200 001 to \$220 000	1	2
\$220 001 to \$240 000	1	1
\$240 001 to \$260 000	1	-
\$460 001 to \$480 000	1	-
\$580,001 to \$600,000	-	1
Total number of employees	9	7

The total remuneration received by those employees for the year was \$2 016 000 (\$1 764 000).

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, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left the Corporation.

2.4 Employee benefits liability

	2023 \$'000	2022 \$'000
Current		
Long service leave	1 567	1 468
Annual leave	856	683
Accrued salaries and wages	309	191
Skills and experience retention leave (SERL)	85	70
Total current employee benefits	2 817	2 412
Non-current		
Long service leave	693	608
Total non-current employee benefits	693	608
Total employee benefits	3 510	3 020

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

Salaries and wages, annual leave, time off in lieu, SERL and sick leave

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

The annual leave liability (including time off in lieu) and the SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

Long Service Leave

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

3 Income

3.1 Facility charges

	2023	2022
	\$'000	\$'000
Catering	35 953	15 217
Venue Hire	13 385	5 319
Recoveries	8 243	4 566
Technical Services	6 833	2 801
Car park	5 253	4 514
Corporate	2 001	547
Total facility charges	71 668	32 964

Revenues from facility charges are derived under contracts for the provision of goods and services to the public and other SA Government agencies. Revenue is recognised in the period in which the goods and services are provided.

Where contracts include several deliverables, the transaction price is allocated to each deliverable to determine when revenue is recognised. Alternatively, where contracts require an ongoing provision of services, the customer receives and uses the benefits simultaneously. In these circumstances, the Corporation's obligations are satisfied over time in line with the recognition of revenue.

Payments are largely due in advance or at the time of delivery for contracted provision of goods and services and are reported as contract liabilities until revenue is recognised.

For the majority of its contracts, at contract inception the Corporation expects the time period between receipt of payment in advance and when the Corporation transfers the related goods and services to the customer is less than 1 year. For the minority of contracts where the transfer is expected to be greater than 1 year after contract inception, in most cases only the initial deposit is paid greater than 1 year in advance. This results in any financing component being immaterial.

The Corporation has applied the practical expedient per AASB 15 *Revenue from Contracts with Customers* para 63, whereby the consideration has not been adjusted for the effects of any financing component.

Refer to note 6.3 for disclosure relating to contract balances included in receivables.

Refer to note 7.3 for disclosure relating to contract liabilities.

3.2 Business Interruption insurance proceeds

	2023	2022
	\$'000	\$'000
Business Interruption insurance proceeds	(380)	20 744
Total Business Interruption insurance proceeds	(380)	20 744

The Corporation has Business Interruption insurance coverage with its captive insurer SAFA and finalised a claim for lost profits due to COVID-19 under this policy during 2022-23.

3.3 Other income

	2023	2022
	\$'000	\$'000
Trading activities		
Ticketing	1 015	397
Commission earned	496	176
Other	1 303	163
Total other income from trading activities	2 814	736
Property management activities		
Leased properties	387	434
Other	215	191
Total other income from property management activities	602	625
Total other income	3 416	1 361

3.4 Appropriation

	2023	2022
	\$'000	\$'000
Appropriation	5 701	5 562
Total appropriation	5 701	5 562

Appropriations are recognised on receipt.

This table does not show appropriation in the form of a loan or an equity contribution. Where money has been appropriated in the form of a loan, the Corporation has recorded borrowings. Refer to note 7.2. Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Corporation and the appropriation is recorded as contributed equity. Refer to the Statement of Changes in Equity.

Total appropriation revenues from the Government provide funding to the Corporation for expenses relating to the Adelaide Convention Centre site maintenance of the Common Areas and the Riverbank Precinct, Exhibition Hall land rent and for replacement of Corporation assets.

The funding for asset replacement is transferred by the Department of Treasury and Finance into an interest bearing Special Deposit Account titled 'Adelaide Venue Management Future Asset Replacement Account'. With the approval of the Treasurer, these funds are available for the replacement and upgrade of assets and minor works.

3.5 SA Government grant

	2023	2022
	\$'000	\$'000
SA Government grant	10 705	10 706
Total SA Government grant	10 705	10 706

SA Government grants are recognised as income on receipt.

The Department of Treasury and Finance provide grant payments to the Corporation for interest and guarantee fees associated with borrowings sourced for the extension and redevelopment of the Adelaide Convention Centre. Refer note 4.4.

4 Expenses

Employee benefits expenses are disclosed in note 2.3.

4.1 Supplies and services

	2023	2022
	\$'000	\$'000
Trading activities		
Direct materials	13 401	6 373
Administration expenses and sundries	3 925	3 380
Marketing and promotions	2 267	1 055
Repairs and maintenance	231	317
Building services costs	55	41
Total supplies and services from trading activities	19 879	11 166
Property management activities		
Direct materials	32	183
Administration expenses and sundries	152	139
Repairs and maintenance	2 990	3 398
Building services costs	6 068	5 536
Total supplies and services from property management activities	9 242	9 256
Total supplies and services	29 121	20 422

Consultants

Consultants fees paid/payable for the year (included in supplies and services expense) were \$38 000 (\$89 000).

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 \$84 600 (\$88 400). No other services were provided by the Auditor-General's Department.

4.2 Depreciation and amortisation

	2023	2022
	\$'000	\$'000
Trading activities		
Plant and equipment	3 529	4 434
Total depreciation and amortisation for trading activities	3 529	4 434
Property management activities		
Buildings	27 964	27 926
Leasehold improvements	338	352
Right-of-use land	192	181
Total depreciation and amortisation for property management activities	28 494	28 459
Total depreciation and amortisation	32 023	32 893

All non-current assets not held for sale with a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Useful Life

Depreciation/amortisation is calculated over the estimated useful life of the following classes of assets as follows:

Class of asset	Depreciation method	Useful life (years)
Buildings & Improvements	Straight Line	2-127
Leasehold Improvements	Straight Line	3-15
Right-of-use land	Straight Line	Lease term
Plant and Equipment	Straight Line	1-30

Review of accounting estimates

Assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected 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.

4.3 Net (loss)/gain from the disposal of property, plant and equipment

	2023	2022
	\$'000	\$'000
Property, plant and equipment		
Net proceeds from disposal	14	9
Less carrying amount of assets disposed	(313)	(78)
Total net (loss)/gain from the disposal of property, plant and equipment	(299)	(69)

4.4 Borrowing costs

	2023	2022
	\$'000	\$'000
Interest expense on long term borrowings	7 455	7 456
Guarantee fees on long term borrowings	3 250	3 250
Interest expense on lease liabilities	429	408
Total borrowing costs	11 134	11 114

Borrowings

The Corporation has an agreement with SAFA to source debt funding for the extension and redevelopment of the Adelaide Convention Centre.

The Department of Treasury and Finance provide grant payments to the Corporation for interest and guarantee fees associated with the borrowings. Refer note 3.5.

5 Non-financial assets

5.1 Property, plant and equipment by asset class

Property, plant and equipment comprises tangible assets owned and right-of-use (leased) assets.

	2023	2022
	\$'000	\$'000
Land and buildings		
Land at fair value	44 450	40 445
Buildings at fair value	519 229	584 803
Improvements at cost	-	5 678
Accumulated depreciation	-	(113 632)
Total land and buildings	563 679	517 294
Right-of-use land		
Right-of-use land at cost	12 803	11 801
Accumulated depreciation	(727)	(535)
Total right-of-use land	12 076	11 266
Leasehold improvements		
Leasehold improvements	3 638	4 228
Accumulated amortisation	(2 148)	(2 250)
Total leasehold improvements	1 490	1 978
Work in progress	146	2 643
Total work in progress	146	2 643
Plant and equipment		
Plant and equipment at cost	64 964	54 526
Accumulated depreciation	(44 566)	(43 060)
Total plant and equipment	20 398	11 466
Total property, plant and equipment	597 789	544 647

5.2 Property, plant and equipment owned by the Corporation

Property, plant and equipment owned by the Corporation with a value equal to or in excess of \$3 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Corporation is recorded at fair value. Detail about the Corporation's approach to fair value is set out in note 11.2.

The Corporation capitalises costs associated with projects to work in progress. On completion of a project the capitalised costs are transferred to the relevant non-current asset account. The balance of work in progress reflects costs for projects which are at various stages of completion as at 30 June.

Lessor arrangements

The Corporation is a lessor of shops, offices and site space located on sites owned or leased by the Corporation. The lease terms range between 1 - 5 years, and rental payments are payable monthly by the lessees. The Corporation is also lessor of a section of land, for which the lease term is 99 years. Rental in relation to the lease of this land was received in advance. This arrangement has been classified as an operating lease. The Corporation manages risk of default and damage caused to shops, offices and site space by the use of formal lease agreements, employing a property manager to manage the majority of the leases, holding security deposits and obtaining personal guarantees.

Leased property income is disclosed in note 3.3. A maturity analysis of leased property payments is disclosed in note 10.3.

Impairment

At the end of each reporting period, the Corporation reviews the carrying amounts of property, plant and equipment it owns to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in Note 11.2. 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.

Reconciliation 2022-23

	Land	Buildings and improvements	Leasehold improvements	Work in progress	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	40 445	476 849	1 978	2 643	11 466	533 381
Additions	-	-	-	15 602	-	15 602
Transfers in / (out)	-	5 474	116	(18 099)	12 509	-
Disposals e.g. sales, write off	-	-	(266)	-	(47)	(313)
Revaluation increment / (decrement)	4 005	64 870	-	-	-	68 875
Depreciation and amortisation	-	(27 964)	(338)	-	(3 530)	(31 832)
Carrying amount at the end of the period	44 450	519 229	1 490	146	20 398	585 713

Reconciliation 2021-22

	Land	Buildings and improvements	Leasehold improvements	Work in progress	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	32 630	504 064	2 360	811	13 363	553 228
Additions	-	-	-	5 128	-	5 128
Transfers in / (out)	-	715	19	(3 296)	2 562	-
Disposals e.g. sales, write off	-	(4)	(49)	-	(25)	(78)
Revaluation increment / (decrement)	7 815	-	-	-	-	7 815
Depreciation and amortisation	-	(27 926)	(352)	-	(4 434)	(32 712)
Carrying amount at the end of the period	40 445	476 849	1 978	2 643	11 466	533 381

5.3 Property, plant and equipment leased by the Corporation

Right-of-use assets for property, plant and equipment leased by the Corporation as lessee 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 lease payments are recognised as an expense and have not been separately disclosed in the financial statements as they are immaterial.

The Corporation has a limited number of leases:

- The Corporation has entered into a long term lease with Renewal SA for part of the land on which Adelaide Convention Centre buildings are situated. Rental payments are made monthly, and subject to annual Consumer Price Index (CPI) review. There are no contingent rental provisions within the lease agreement. The initial lease term is 93 years, expiring 30 June 2083. The lease contains an option to renew the lease for a further 20 years at the end of the lease term. The extension option has not been incorporated into the lease term as the Corporation does not consider it reasonably certain that it would be taken up, given the current lease period does not expire until 30 June 2083. See note 11.3 for further information.

- The Corporation has 2 concessionary leases with the Minister for Recreation and Sport. These leases are significantly below-market terms and conditions principally to enable the Corporation to further its objectives. The leases are as follows:
 1. Lease of Coopers Stadium. Under the terms of the lease the Corporation is responsible for managing and maintaining the premises. The annual lease payment is \$1. The lease expires 30 June 2028, with provision for extension of this lease being for an additional period as agreed in writing by the parties.
 2. Lease of a portion of land on which Adelaide Convention Centre buildings are situated. The annual lease payment is \$1. The lease expires 1 July 2083, with a lease extension option of an additional 20 years.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4. Cash outflows related to leases are disclosed in note 8.2.

Impairment

Property, plant and equipment leased by the Corporation has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

5.4 Inventories

	2023	2022
	\$'000	\$'000
Current - Inventories held for resale		
Beverages	377	266
Food	217	116
Total inventories held for resale	594	382

Inventories are measured at the lower of cost or their net realisable value. Cost is allocated in accordance with the average cost and standard cost methods. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

Cost of inventories

The Corporation recognised an expense for raw materials and consumables of \$9 111 000 (\$4 241 000).

6 Financial assets

6.1 Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer (Special deposit accounts)		
Operating Account	43 442	45 029
Total cash and cash equivalent deposits with the Treasurer	43 442	45 029
Cash on hand	226	209
Total cash and cash equivalents	43 668	45 238

Deposits with the Treasurer

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

The Operating Account is comprised of funds held in an operating account at a commercial banking institution. Cash at bank deposits are on-call and carry an average variable interest rate of 2.83% (0.00%). Interest is accrued daily and distributed monthly.

6.2 Specific purpose deposits

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer (Special deposit accounts)		
Future Asset Replacement Account	6 711	4 764
Total specific purpose deposits with the Treasurer	6 711	4 764
Investment with SA Financing Authority	2 966	2 889
Total specific purpose deposits	9 677	7 653

Deposits with the Treasurer

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

Although the Corporation controls the money reported above in the Future Asset Replacement Account, its use must be approved by the Treasurer.

The Future Asset Replacement Account is lodged with SAFA in a Deposit Account. The Future Asset Replacement Account funds carry an average variable interest rate of 2.83% (0.00%). Interest is accrued daily and distributed monthly.

Investment with SA Financing Authority

The Investment with the SA Financing Authority is held in a Cash Management Facility. The SAFA Cash Management Funds carry an average variable interest rate of 2.98% (0.15%). Interest is accrued daily and distributed monthly.

6.3 Receivables

	2023	2022
	\$'000	\$'000
Current		
Contractual receivables from government	1 201	407
Contractual receivables from non-government	2 674	2 015
Accrued revenues	1 342	5 212
Prepayments	1 009	772
Statutory receivables		
GST input tax recoverable	296	-
Total current receivables	6 522	8 406

Contractual receivables arise in the normal course of selling goods and services to other government agencies and to the public. Contractual receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

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 receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 11.4 for further information on risk management.

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

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Allowance for impairment loss on receivables

The Corporation has provided a nil (2022 nil) loss allowance for trade receivables. Refer to note 11.4 for details regarding credit risk and the methodology for determining impairment.

Contract balances	30 June 2023	1 July 2022
	\$'000	\$'000
Receivables from contracts with customers, included in 'Receivables'	3 875	2 422

7 Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1 Payables

	2023	2022
	\$'000	\$'000
Current		
Contractual payables	3 317	2 211
Accrued expenses	962	929
Interest accrued	750	750
Statutory payables		
GST payable	-	143
Employment on-costs	363	293
Total current payables	5 392	4 326
Non-current		
Statutory payables:		
Employment on-costs	69	58
Total non-current payables	69	58
Total payables	5 461	4 384

Payables and accruals are raised for all amounts owing but unpaid. Payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

The net amount of GST payable to the ATO is included as part of payables.

Employment on-costs

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

The Corporation contributes 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 balance date relates to any contributions due but not yet paid.

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 2022 rate (42%) to 43%. This rate is used in the employment on-cost calculation. The net financial effect of the change in the current financial year is an increase in the employment on-cost and employee benefits expense of \$3 000. The estimated impact on future periods is immaterial.

7.2 Financial liabilities

	Note No.	2023 \$'000	2022 \$'000
Current			
Lease Liabilities	5.3	61	54
Total current financial liabilities		61	54
Non-current			
Borrowings from SA Government		382 321	382 321
Lease Liabilities	5.3	12 548	11 607
Total non-current financial liabilities		394 869	393 928
Total financial liabilities		394 930	393 982

Financial liabilities are measured at amortised cost.

Note 11.3 describes possible cash outflows for leases the Corporation is exposed to that are not included in lease liabilities.

Borrowings from SA Government

The Corporation has a Client Services Agreement with SAFA for the Adelaide Convention Centre extension and redevelopment project. Under the arrangement, the Corporation has fully drawn down the approved borrowings limit of \$382.321 million from SA Government. Borrowings from SA Government are on interest-only terms. The interest rate was 1.89% in 2023 (1.89% in 2022).

7.3 Contract liabilities

	2023 \$'000	2022 \$'000
Current		
Contract liabilities	12 405	10 464
Total current contract liabilities	12 405	10 464
Non-current		
Contract liabilities	1 492	1 691
Total non-current contract liabilities	1 492	1 691
Total contract liabilities	13 897	12 155

Contract liabilities relate to monies received in advance for goods and services, for which revenue is recognised when the goods and services are provided. It includes amounts invoiced in relation to events and car parking which relate to future periods and amounts invoiced under Corporate Suite Licensing and Advertising Agreements.

Contract liabilities	30 June 2023 \$'000	1 July 2022 \$'000
Contract liabilities - current	12 405	10 464
Contract liabilities - non-current	1 492	1 691

Contract liabilities have increased during the financial year due to an increase in invoicing for future events.

Revenue totalling \$9 621 000 was recognised in 2022-23 that was included in contract liabilities at 1 July 2022. No revenue related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

7.4 Other liabilities

	2023	2022
	\$'000	\$'000
Current		
Unearned lease revenue	58	58
Security deposits	24	49
Total current other liabilities	82	107
Non-current		
Unearned lease revenue	4 669	4 726
Total non-current other liabilities	4 669	4 726
Total other liabilities	4 751	4 833

Unearned lease revenue represents payment received for a section of land leased on a 99 year lease agreement during 2007. The payments received for the lease are being recognised as income over the life of the lease.

7.5 Provisions

Workers Compensation

The Corporation is deemed to be a self-insured employer by virtue of the *Return To Work Act 2014* and as such is liable for all medical, income and other day to day type expenses associated with a claim. The Corporation is also liable for any lump sum, redemption or permanent disability type payments for claims. Given the immaterial nature of the claims existing as at 30 June 2023, no provision has been recognised in the Statement of Financial Position.

8 Other disclosures

8.1 Equity

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

For information about equity contributions refer to note 3.4.

8.2 Cash flow

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

Total cash outflows for leases was \$488 000 (\$498 000).

Reconciliation of net result to cash flows from operating activities

	2023	2022
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Statement of Financial Position		
Current		
Cash and cash equivalents	43 668	45 238
Specific purpose deposits	9 677	7 653
Cash and cash equivalents as recorded in the Statement of Cash Flows	53 345	52 891
Reconciliation of profit / (loss) to net cash provided by operating activities:		
Net profit / (loss) for the year	(19 526)	(20 796)
Add / (less) non-cash items		
Depreciation and amortisation expense	32 023	32 893
Leased land income	(58)	(58)
Net (gain) / loss on disposal of assets	299	69
Movement in assets / liabilities		
(Increase) / decrease in receivables	1 884	(1 413)
(Increase) / decrease in inventories	(212)	(43)
(Decrease) / increase in payables	(138)	63
(Decrease) / increase in other liabilities	(24)	2
(Decrease) / increase in contract liabilities	1 742	3 050
(Decrease) / increase in employee benefits	490	(221)
Net cash provided by operating activities	16 480	13 546

8.3 Administered items

The Corporation includes a schedule of administered items as a note to the accounts as it is considered that administered transactions and balances are not significant in relation to the Corporation's overall financial performance and position in accordance with APS 1050.B.

Event funds

The Corporation receives gross box office receipts from its ticketing agency and holds those receipts in a separate Event Funds bank account. In any instance where an event does not proceed, those monies are returned to the ticketing agency and refunded to patrons. Alternatively, the monies are paid to promoters, the Corporation and other service providers.

	2023	2022
	\$'000	\$'000
Administered revenues		
Net box office receipts	34 734	17 177
Interest earned on event funds	395	41
Total administered revenues	35 129	17 218
Administered expenses		
Settlements paid	33 218	11 960
Total administered expenses	33 218	11 960
Movement in administered items during the year	1 911	5 258
Administered assets		
Cash at bank	13 657	11 783
Receivable - interest	46	9
Total administered assets	13 703	11 792
Administered liabilities		
Funds held in trust	13 657	11 783
Accrued interest payable	46	9
Total administered liabilities	13 703	11 792
Movement in administered items during the year	1 911	5 258
Total administered assets held at the beginning of the financial year	11 792	6 534
Total administered assets held at the end of the financial year	13 703	11 792

Cash deposits

Cash at Bank is comprised of funds held in a bank account at a commercial banking institution. Funds are on-call and carry an average variable interest rate of 3.09% (0.38%). Interest is accrued daily and distributed monthly.

Coopers Stadium Upgrade Project funds

The Corporation has entered into an administrative arrangement with the Office for Recreation, Sport and Racing (ORSR) to oversee and manage the Coopers Stadium Upgrade project. The SA Government has allocated \$45 000 000 in funding to ORSR which has been subsequently transferred to the Corporation for this purpose. The project period is from 24 April 2021 to 1 December 2024, which includes a 12 month defects liability period. Upon project acquittal the Corporation will return any unspent funding to ORSR. The Corporation is responsible for any project cost overruns.

The Coopers Stadium upgrade project is expected to be completed in the 2024-25 financial year.

	2023	2022
	\$'000	\$'000
Administered funds receipts		
Receipt of project funds	-	-
Total administered funds receipts	-	-
Administered funds outflows		
Project spend	24 657	16 314
Total administered funds outflows	24 657	16 314
Movement in administered items during the year	(24 657)	(16 314)
Administered assets		
Cash at bank	2 989	27 646
Total administered assets	2 989	27 646
Administered liabilities		
Funds held for project	2 989	27 646
Total administered liabilities	2 989	27 646
Movement in administered items during the year	(24 657)	(16 314)
Total administered assets held at the beginning of the financial year	27 646	43 960
Total administered assets held at the end of the financial year	2 989	27 646

Cash deposits

Cash at Bank is comprised of funds held in a bank account at a commercial banking institution. Funds are on-call and carry an average variable interest rate of 2.83% (0.00%).

8.4 Dividends

A current period dividend of \$1 600 000 (\$1 600 000) was paid to SA Government during the financial year as determined by the Treasurer, pursuant to Section 22(2) of the *Public Corporations (Adelaide Venue Management Corporation) Regulations 2013*.

9 Changes in accounting policy

The Corporation has assessed that the Australian Accounting Standards and Interpretations that first applied in 2022-23 did not have a material impact on the Corporation's financial statements.

10 Outlook

10.1 Unrecognised commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual sources and are disclosed at their nominal value and inclusive of non-recoverable GST.

Contractual commitments to acquire property, plant and equipment

	2023	2022
	\$'000	\$'000
Within one year	3 035	6 679
Total capital commitments	3 035	6 679

The Corporation's capital expenditure commitments are associated with various capital projects.

Other contractual commitments

	2023	2022
	\$'000	\$'000
Within one year	1 909	881
Later than one year but not longer than five years	405	115
Total expenditure commitments	2 314	996

The Corporation's other contractual commitments are associated with ongoing business operations.

10.2 Expected realisation of contract liabilities as revenue

	2023-24	2024-25	2025-26	2026-29	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue expected to be recognised	12 405	859	568	65	13 897

Revenue expected to be recognised in 2024-25 and beyond relates to deposits and instalment payments for future events.

10.3 Expected leased property income

Operating lease maturity analysis

	2023	2022
	\$'000	\$'000
Within one year	164	230
Later than one year but not longer than two years	28	143
Later than two years but not longer than three years	-	28
Total operating lease revenue commitments	192	401

The above table sets out a maturity analysis of operating lease payments receivable, showing the undiscounted lease payments to be received after the reporting date. These amounts are not recognised as assets.

See note 5.2 for information about the property the Corporation leases out under operating leases.

10.4 Contingent assets and liabilities

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

The Corporation is not aware of any contingent assets.

The Corporation is not aware of any contingent liabilities.

10.5 Impact of standards not yet effective

The Corporation has assessed the impact of new and changed Australian Accounting Standards and Interpretations not yet effective. No Australian Accounting Standards have been early adopted other than AASB 2021-2 which was adopted from 1 July 2021.

10.6 Events after the reporting period

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. The Corporation is not aware of any such events arising.

11 Measurement and risk

11.1 Long service leave liability - measurement

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

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on submitted data from the payroll system and assessed against actuarial data.

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 from the 2022 rate (3.25%) to the 2023 rate (4.00%). This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance increased the salary inflation rate from the 2022 rate (2.50%) to the 2023 rate (3.50%) for long service leave liability. This increase in the salary inflation rate results in an increase in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$57 000 and employee benefits expense of \$63 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The unconditional portion of the long service leave provision is classified as current as the Corporation does not have or will not exercise an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 7 years of service for staff employed under the Adelaide Venue Management Corporation/United Voice Enterprise Agreement and 7 years of service for all other staff. It is the Corporation's policy to allow staff to take as leave their long service leave accrual after 7 years of service.

11.2 Fair Value

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

Initial Recognition

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

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recorded at book value (i.e. the amount recorded by the transferor immediately prior to transfer).

Revaluation

Property, plant and equipment, other than right-of-use assets, are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by the Chief Financial Officer and the Corporation's Board each year.

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

Revaluation is undertaken on a regular cycle as detailed below. 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 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.

Fair value hierarchy

The Corporation 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:

- a) 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.
- b) 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.
- c) Level 3 – not traded in an active market and are derived from unobservable inputs.

The Corporation's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

During 2023 and 2022, the Corporation had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

Fair value classification – non-financial assets at 30 June 2023

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Land	5.1	44 450	-	44 450
Buildings and improvements	5.1	950	518 279	519 229
Leasehold improvements	5.1	-	1 490	1 490
Work in progress	5.1	-	146	146
Plant and equipment	5.1	-	20 398	20 398
Total recurring fair value measurements		45 400	540 313	585 713

Fair value classification – non-financial assets at 30 June 2022

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Land	5.1	40 445	-	40 445
Buildings and improvements	5.1	722	476 127	476 849
Leasehold improvements	5.1	-	1 978	1 978
Work in progress	5.1	-	2 643	2 643
Plant and equipment	5.1	-	11 466	11 466
Total recurring fair value measurements		41 167	492 214	533 381

Land and Buildings

The Corporation's regular revaluation cycle for land and buildings and improvements owned by the Corporation is every six years, with the valuation appraisal performed by an independent Certified Practising Valuer. The most recent independent valuation was performed by a Certified Practising Valuer from Liquid Pacific Holdings Pty Ltd, as at 30 June 2023 for buildings and improvements and land.

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market for such buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of specialised knowledge and the acquisition/transfer costs.

The valuer arrived at fair value for land and non-specialised buildings using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustment for factors specific to the land and building being valued such as size and location.

Plant and equipment

All items of plant and equipment owned by the Corporation that had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life that was less than three years have not been revalued. The carrying value of these items is deemed to approximate fair value.

Reconciliation of Level 3 recurring fair value measurements at 30 June 2023

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

	Buildings and improvements	Leasehold improvements	Work in progress	Plant and equipment
	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	476 127	1 978	2 643	11 466
Acquisitions	-	-	15 602	-
Transfers in / (out)	5 474	116	(18 099)	12 509
Total gains / (losses) for the period in profit and loss:				
Depreciation	(27 922)	(338)	-	(3 530)
Disposals	-	(266)	-	(47)
Total gains / (losses) for the period recognised in other comprehensive income:				
Revaluation increment / (decrement)	64 600	-	-	-
Closing balance at the end of the period	518 279	1 490	146	20 398

Reconciliation of Level 3 recurring fair value measurement at 30 June 2022

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

	Buildings and improvements	Leasehold improvements	Work in progress	Plant and equipment
	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	503 301	2 360	811	13 363
Acquisitions	-	-	5 128	-
Transfers in / (out)	715	19	(3 296)	2 562
Total gains / (losses) for the period in profit and loss:				
Depreciation	(27 885)	(352)	-	(4 434)
Disposals	(4)	(49)	-	(25)
Closing balance at the end of the period	476 127	1 978	2 643	11 466

11.3 Possible lease cash outflows not reflected in lease liabilities

The Corporation has entered into a long term lease with Renewal SA for part of the land on which the Adelaide Convention Centre buildings are situated. The lease liability does not reflect the extension option of an additional twenty years as the Corporation does not consider it reasonably certain that it would be taken up, given the current lease period does not expire until 30 June 2083.

11.4 Financial instruments

Financial risk management

Risk management is carried out by the corporate services section and risk management policies and practices are in accordance with the *SA Government Risk Management Guide*, the principles established in the *Australian Standard Risk Management Principles and Guidelines* and internal written policies approved by the Board.

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

Credit risk

The Corporation has no significant concentration of credit risk. The Corporation has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

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 Corporation uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors.

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, the Corporation considers 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 Corporation's historical experience and informed credit assessment, including forward-looking information.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Corporation is exposed to credit risk.

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

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.

As a result of the Corporation's assessment for non-government debtors a nil loss allowance for trade receivables has been provided for based on negligible bad debt write offs over the past 10 years, due to the Corporation's practices of holding the gross box office receipts for publically ticketed events, from which the Corporation then deducts monies owed to it post event, requiring payment in advance of an event in most other instances and stringent credit management policies.

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 Corporation and a failure to make contractual payments for a period of greater than 90 days past due.

The Corporation considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

No impairment losses were recognised in relation to the Corporation's receivables arising from the Corporation's contracts with customers or in relation to accrued revenue during the year.

Market risk

The Corporation does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging.

The Corporation has no exposure to foreign exchange risk in relation to its financial assets or liabilities.

Exposure to interest rate risk may arise through interest earned on cash and cash equivalent balances, which earn a floating interest rate.

There is no interest rate risk on Borrowings, as while movements in interest rates will affect the fair value of the loan, the contracted repayments remain the same due to the fixed interest rate. The Corporation has minimal exposure to

liquidity risk in relation to interest repayments as the Department of Treasury and Finance provides funding to the Corporation for interest and fees.

The Corporation's exposure to cash flow interest rate risk is minimal.

There have been no changes in risk exposure since the last reporting period.