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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 2023.

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 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 Chief Executive Officer and the Chief Operating Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the South Australian Tourism Commission. 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 Officer and the Board of Directors for the financial report

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with 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 Officer is responsible for assessing the South Australian Tourism Commission'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 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 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 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 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 Officer
- conclude on the appropriateness of the 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 Chief Executive Officer and 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.



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

05 September 2023

SOUTH AUSTRALIAN TOURISM COMMISSION

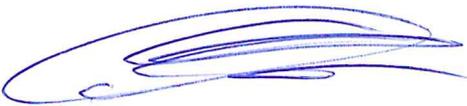
CERTIFICATION OF THE FINANCIAL STATEMENTS

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

4 / 9 / 2023



Emma Terry
Chief Executive Officer
South Australian Tourism
Commission

4 / 9 / 2023



Stephanie Rozokos
Chief Operating Officer
South Australian Tourism
Commission

4 / 9 / 2023

SOUTH AUSTRALIAN TOURISM COMMISSION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
INCOME			
Appropriation	2.1	88 531	66 273
SA Government grants, subsidies and transfers	2.2	36 203	20 100
Commonwealth-sourced grants	2.3	7	732
Sponsorship and participation	2.4	6 309	3 725
Entry fees, licence fees and sales	2.5	2 276	1 352
Net gain from the disposal of non-current assets	2.6	-	140
Other income	2.7	1 134	361
TOTAL INCOME		134 460	92 683
EXPENSES			
Employee benefits expenses	3.3	15 674	13 368
Advertising and promotion	4.1	37 654	25 758
Industry assistance	4.2	56 043	46 358
Administration and accommodation	4.3	5 685	4 974
Event operations	4.4	24 698	8 820
Depreciation expense	4.5	1 667	1 700
Borrowing costs	4.6	98	117
Loss on impairment of receivables	5.2.1	24	50
Loss on impairment of non-current assets	1.4	-	2 072
TOTAL EXPENSES		141 543	103 217
NET RESULT		(7 083)	(10 534)
TOTAL COMPREHENSIVE RESULT		(7 083)	(10 534)

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 2023

	Note	2023 \$'000	2022 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5.1	18 261	29 549
Receivables	5.2	3 063	2 295
Other financial assets	5.3	155	-
TOTAL CURRENT ASSETS		21 479	31 844
NON-CURRENT ASSETS			
Plant and equipment	6.1	5 059	6 547
TOTAL NON-CURRENT ASSETS		5 059	6 547
TOTAL ASSETS		26 538	38 391
LIABILITIES			
CURRENT LIABILITIES			
Payables	7.1	11 313	14 772
Financial liabilities	7.2	960	1 262
Employee benefits	3.4	1 199	1 175
Provisions	7.3	43	36
Other current liabilities	7.4	22	124
TOTAL CURRENT LIABILITIES		13 537	17 369
NON-CURRENT LIABILITIES			
Payables	7.1	107	110
Financial liabilities	7.2	3 468	4 412
Employee benefits	3.4	1 347	1 366
Provisions	7.3	136	108
TOTAL NON-CURRENT LIABILITIES		5 058	5 996
TOTAL LIABILITIES		18 595	23 365
NET ASSETS		7 943	15 026
EQUITY			
Contributed capital		64	64
Retained earnings		7 879	14 962
TOTAL EQUITY		7 943	15 026

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

	Contributed Capital	Asset Revaluation Surplus	Retained Earnings	Total Equity
Note	\$'000	\$'000	\$'000	\$'000
BALANCE AT 30 JUNE 2021	64	517	24 979	25 560
Net result for 2021-22	-	-	(10 534)	(10 534)
Total comprehensive result for 2021-22	-	-	(10 534)	(10 534)
Transfer between equity components	-	(517)	517	-
BALANCE AT 30 JUNE 2022	64	-	14 962	15 026
Net result for 2022-23	-	-	(7 083)	(7 083)
Total comprehensive result for 2022-23	-	-	(7 083)	(7 083)
BALANCE AT 30 JUNE 2023	64	-	7 879	7 943

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 2023

	Note	2023 Inflows (Outflows) \$'000	2022 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH INFLOWS			
Receipts from SA Government		124 734	87 548
Receipts from the Commonwealth		353	386
Receipts from the sale of goods and services		7 614	3 641
GST recovered from the ATO		9 056	6 701
Receipts for Paid Parental Leave scheme		136	29
CASH GENERATED FROM OPERATIONS		141 893	98 305
CASH OUTFLOWS			
Employee benefits payments		(15 594)	(14 060)
Payments for supplies, services and industry assistance		(136 114)	(83 485)
Payments for Paid Parental Leave scheme		(128)	(37)
Interest paid		(98)	(117)
CASH USED IN OPERATIONS		(151 934)	(97 699)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	8.3	(10 041)	606
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH INFLOWS			
Proceeds from the sale of plant and equipment		-	600
CASH GENERATED FROM INVESTING ACTIVITIES		-	600
CASH OUTFLOWS			
Purchase of plant and equipment		(136)	(152)
CASH USED IN INVESTING ACTIVITIES		(136)	(152)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(136)	448
CASH FLOWS FROM FINANCING ACTIVITIES			
CASH OUTFLOWS			
Repayment of leases		(1 264)	(1 200)
Cash transferred to SA Motor Sport Board	1.4.1	(113)	-
CASH USED IN FINANCING ACTIVITIES		(1 377)	(1 200)
NET CASH USED IN FINANCING ACTIVITIES		(1 377)	(1 200)
Effect of exchange rate on cash and cash equivalents		266	25
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(11 288)	(121)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		29 549	29 670
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.1	18 261	29 549

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.

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.

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 income, expenses, assets and liabilities attributed to each program. Income and expenses 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 CHANGES TO THE SATC

Under amendments to the *South Australian Motor Sport Act 1984* (SAMS Act):

- administration of the SAMS Act was transferred from the SATC to the South Australian Motor Sport Board (SAMSB)
- assets and liabilities of the SATC relating to the functions and powers under the SAMS Act were vested in the SAMSB.

1.4.1 Transferred Out

	2023
	\$'000
Cash	113
Total assets	113
Contract liabilities	113
Total liabilities	113

The effective date of the transfer was 6 January 2023.

The SATC also transferred motor sport infrastructure assets to the SAMSB, effective 6 January 2023. As no future cashflows could be derived from these assets, in 2021-22 the SATC impaired them to a carrying amount of zero and recorded a \$2.072 million impairment loss on that asset class in the 2022 financial statements.

1.5 EXPENSES AND INCOME BY PROGRAM

for the year ended 30 June 2023

	<i>Tourism Development</i>		<i>Tourism Events</i>		<i>Tourism Marketing</i>		<i>Total</i>	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME								
Appropriation	6 297	5 299	40 930	33 852	41 304	27 122	88 531	66 273
SA Government grants, subsidies and transfers	-	10 000	34 203	-	2 000	10 100	36 203	20 100
Commonwealth-sourced grants	7	532	-	-	-	200	7	732
Sponsorship and participation	5	123	6 235	3 400	69	202	6 309	3 725
Entry fees, licence fees and sales	-	13	2 276	1 339	-	-	2 276	1 352
Net gain from the disposal of non-current assets	-	-	-	140	-	-	-	140
Other income	34	48	397	140	703	173	1 134	361
TOTAL INCOME	6 343	16 015	84 041	38 871	44 076	37 797	134 460	92 683
EXPENSES								
Employee benefits expenses	2 327	2 395	6 999	5 593	6 346	5 380	15 674	13 368
Advertising and promotion	774	794	5 811	2 496	31 068	22 468	37 654	25 758
Industry assistance	9 593	9 634	45 318	20 242	1 133	16 482	56 043	46 358
Administration and accommodation	1 035	491	1 777	1 823	2 873	2 660	5 685	4 974
Event operations	267	213	24 432	8 605	-	2	24 698	8 820
Depreciation expense	220	220	811	814	636	666	1 667	1 700
Borrowing costs	14	17	43	49	41	51	98	117
Loss on impairment of receivables	-	-	23	50	2	-	24	50
Loss on impairment of non-current assets	-	-	-	2 072	-	-	-	2 072
TOTAL EXPENSES	14 230	13 764	85 214	41 744	42 099	47 709	141 543	103 217
NET RESULT	(7 887)	2 251	(1 173)	(2 873)	1 977	(9 912)	(7 083)	(10 534)

1.6 ASSETS AND LIABILITIES BY PROGRAM

as at 30 June 2023

	<i>Tourism Development</i>		<i>Tourism Events</i>		<i>Tourism Marketing</i>		<i>General or Not Attributable</i>		<i>Total</i>	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS										
Cash and equivalents	-	-	3 017	663	7 328	5 427	7 916	23 459	18 261	29 549
Receivables	51	367	783	162	93	552	2 136	1 214	3 063	2 295
Other financial assets	-	-	155	-	-	-	-	-	155	-
Plant and equipment	-	-	4 241	4 571	-	-	818	1 976	5 059	6 547
TOTAL ASSETS	51	367	8 196	5 396	7 421	5 979	10 870	26 649	26 538	38 391
LIABILITIES										
Payables	617	3 683	5 310	5 708	5 143	5 004	350	487	11 420	14 882
Financial liabilities	-	-	3 665	3 868	-	-	763	1 806	4 428	5 674
Employee benefits	288	320	759	687	678	646	821	888	2 546	2 541
Provisions	-	-	-	-	-	-	179	144	179	144
Other liabilities	-	-	22	124	-	-	-	-	22	124
TOTAL LIABILITIES	905	4 003	9 756	10 387	5 821	5 650	2 113	3 325	18 595	23 365

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 3.1 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:

- net grants, sponsorships and contributions received from the Department of the Premier and Cabinet totalling \$34.3 million (\$0.7 million) (included in notes 2.2 and 2.4)
- grants paid to the Department of Treasury and Finance totalling \$7.7 million (\$8.3 million) for payment to Tourism Industry Development Fund grant recipients (included in note 4.2)
- contribution paid to the South Australian Motor Sport Board totalling \$3.2 million (nil) for marketing support and transfer of operational expenses (included in notes 4.2 and 1.4)
- rent, maintenance, outgoings and services of \$1.3 million (\$1.2 million) paid to the South Australian Water Corporation for an office lease (refer to notes 4.3 and 6.1.3).

2. INCOME

2.1 APPROPRIATION

	2023 \$'000	2022 \$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	88,530	66 288
Transfer from Department of Treasury and Finance for Shared Services SA variation	1	4
Budget adjustment for enterprise agreement	-	(19)
Total appropriation	<u>88,531</u>	<u>66 273</u>

Appropriation is recognised as income on receipt.

Total appropriation consists of \$87 793 000 (\$65 553 000) of operational funding and \$738 000 (\$720 000) for capital purposes.

2.2 SA GOVERNMENT GRANTS, SUBSIDIES AND TRANSFERS

	2023 \$'000	2022 \$'000
State Government grants	34 203	20 100
Contingency funding provided by the Department of Treasury and Finance	2 000	-
Total revenues from SA Government	<u>36 203</u>	<u>20 100</u>

State Government grants mainly consist of funding from the Department of Premier and Cabinet's Major Events Fund. As the grants are non-recourse grants, they have been recognised as income on receipt. Contingency funding provided by the Department of Treasury and Finance consists of funding for the River Revival Voucher program.

2.3 COMMONWEALTH-SOURCED GRANTS

	2023 \$'000	2022 \$'000
Commonwealth grants	7	732
Total Commonwealth-sourced grants	<u>7</u>	<u>732</u>

Commonwealth grants consist of a grant received under the Recovery for Regional Tourism Program. Commonwealth-sourced grants are recognised in accordance with AASB 1058 *Income of Not-for-Profit Entities* as income on receipt.

2.4 SPONSORSHIP AND PARTICIPATION

	2023 \$'000	2022 \$'000
Sponsorship income	6 230	2 810
Industry contributions	5	813
Cooperative marketing/advertising	19	100
Industry participation fees	55	2
Total sponsorship and participation	<u>6 309</u>	<u>3 725</u>

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.

2.5 ENTRY FEES, LICENCE FEES AND SALES

	2023	2022
	\$'000	\$'000
Event entry fees	994	879
Licence fees	1 087	138
Sale of merchandise	159	289
Service fees	15	13
Rental income	20	33
Sundry sales	1	-
Total entry fees, licence fees and sales	2 276	1 352

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.

2.6 NET GAIN (LOSS) FROM THE DISPOSAL OF NON-CURRENT ASSETS

	2023	2022
	\$'000	\$'000
Plant and equipment		
Net proceeds from disposal	-	600
Net book value of assets disposed	-	(460)
Total net gain (loss) from the disposal of non-current assets	-	140

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.

2.7 OTHER INCOME

	2023	2022
	\$'000	\$'000
Resources received free of charge	475	228
Gain on foreign exchange	659	123
Recoup of employee benefits expenses	-	10
Total other income	1 134	361

Resources received free of charge consist of IT, telecommunications and media monitoring services provided by 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.

3. BOARD, COMMITTEES AND EMPLOYEES**3.1 KEY MANAGEMENT PERSONNEL**

The key management personnel of the SATC during 2022-23 were the 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*.

3.1.1 Compensation

	2023	2022
	\$'000	\$'000
Salaries and other short-term employee benefits	1 602	1 352
Post-employment benefits	150	198
Termination benefits	81	-
Total compensation	1 833	1 550

3.1.2 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.

3.2 BOARD DIRECTORS

Members of the South Australian Tourism Commission Board during the 2023 financial year were:

Andrew Bullock	Jess Greatwich (from 7 October 2022)	Helen Edwards (until 18 September 2022)
Jayne Flaherty	Justyna Jochym (from 7 October 2022)	Rodney Harrex ¹ (<i>ex officio</i>) (until 22 July 2022)
Donna Gauci	Eoin Loftus (from 19 September 2022)	John Irving (until 7 October 2022)
Ian Horne	Emma Terry ¹ (<i>ex officio</i>) (from 9 January 2023)	
Grant Wilckens	Stephanie Rozokos ¹ (<i>ex officio</i>) (from 23 July 2022 until 8 January 2023)	

	2023	2022
	Number	Number
The number of directors whose total remuneration received or receivable falls within the following bands:		
\$0 - \$19 999	12	7
\$20 000 - \$39 999	1	1
Total number of directors	13	8

The total remuneration received or receivable by directors was \$158 000 (\$126 000). Remuneration of directors includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

3.3 EMPLOYEE BENEFITS EXPENSES

	2023	2022
	\$'000	\$'000
Salaries and wages	12 088	10 804
Long service leave	221	(284)
Annual leave	1 017	863
Skills and experience retention leave	28	18
Employment on-costs – superannuation	1 363	1 168
Employment on-costs – other	731	622
Board and committee fees	143	115
Other employment related expenses	83	62
Total employee benefits expenses	15 674	13 368

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

3.3.1 Executive Remuneration

	2023	2022
	Number	Number
The number of employees whose remuneration received or receivable falls within the following bands:		
\$154 001 - \$160 000 ²		1
\$160 001 - \$180 000	2	2
\$180 001 - \$200 000	1	-
\$200 001 - \$220 000	2	2
\$220 001 - \$240 000	1	1
\$240 001 - \$260 000	1	1
\$320 001 - \$340 000	1	-
\$440 001 - \$460 000	-	1
	8	8

The total remuneration received by these employees for the year was \$1 745 000 (\$1 850 000).

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 This band has been included to report comparative figures based on the executive base level remuneration for 2021-22.

3.4 EMPLOYEE BENEFITS LIABILITY

	2023	2022
	\$'000	\$'000
Current:		
Annual leave	1 000	978
Long service leave	171	173
Skills and experience retention leave	28	24
Total current employee benefits	1 199	1 175
Non-Current:		
Long service leave	1 347	1 366
Total non-current employee benefits	1 347	1 366
Total employee benefits	2 546	2 541

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.

3.4.1 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%, an increase from 1.5% in 2022. The net financial effect in the current financial year of the changes to the salary inflation rate is an increase in the annual leave and skills and experience retention leave liability of \$5 000 and employee benefits expenses of \$6 000.

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.

3.4.2 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 3.5%, an increase from 2.5% in 2022, resulting in an increase in the reported long service leave liability.

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 4.0% from 3.5% in 2022, 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 \$54 000 and employee benefits expenses of \$58 000. 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.

4. EXPENSES

Employee benefits expenses are disclosed in note 3.3.

4.1 ADVERTISING AND PROMOTION

	2023	2022
	\$'000	\$'000
Consumer advertising	19 382	12 257
Cooperative consumer marketing	7 247	5 083
Familiarisations	1 666	737
Other consumer marketing	307	106
Production	3 347	3 141
Representation and contractors	2 479	2 472
Marketing research	962	930
Trade marketing	1 063	196
Other advertising and promotion	1 201	836
Total advertising and promotion	37 654	25 758

4.1.1 Resources Provided Free of Charge

Services provided free of charge included in marketing research were \$216 000 (nil) and were expensed at fair value.

4.2 INDUSTRY ASSISTANCE	2023	2022
	\$'000	\$'000
Sponsorship of events	42 071	20 801
Marketing/industry support	1 414	16 607
Tourism infrastructure	7 967	8 300
SA Government grants and transfers	3 810	-
Tourism marketing boards/information centre grants	575	564
Trade show subsidies/membership of tourism industry bodies	206	86
Total industry assistance	56 043	46 358

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	2023	2022
	\$'000	\$'000
Accommodation and service costs	970	1 051
Communication and computing	2 278	2 336
Stationery, postage, couriers and freight	77	32
Contractors and consultants	431	196
Motor vehicles, taxis and car parking	87	62
Domestic and international travel	401	157
Seminars, courses and training	306	151
Insurance	209	170
Audit, legal and other fees	562	419
Loss on foreign exchange	-	142
Other	364	258
Total administration and accommodation	5 685	4 974

4.3.1 Consultants

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

	2023		2022	
	No.	\$'000	No.	\$'000
Below \$10 000	1	9	-	-
\$10 000 and above	2	203	-	-
Total paid/payable to the consultants engaged	3	212	-	-

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 \$84 000 (\$82 000). 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 \$234 000 (\$228 000) and were expensed at fair value.

4.4 EVENT OPERATIONS	2023	2022
	\$'000	\$'000
Event facilities	7 685	2 363
Catering and entertainment	2 028	710
Communications	934	601
Transport	1 055	314
Participants and contractors	6 698	2 861
Television and media	4 676	842
Fees and permits	522	208
Event management	1 100	921
Total event operations	24 698	8 820

4.5 DEPRECIATION EXPENSE	2023	2022
	\$'000	\$'000
General and events assets	157	187
Fitouts	305	306
Right-of-use assets	<u>1 205</u>	<u>1 207</u>
Total depreciation expense	<u><u>1 667</u></u>	<u><u>1 700</u></u>

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 and events assets	3-35
Fitouts	3-9
Right-of-use assets	3-20

4.6 BORROWING COSTS	2023	2022
	\$'000	\$'000
Interest expense on lease liabilities	98	117
Total borrowing costs	<u><u>98</u></u>	<u><u>117</u></u>

5. FINANCIAL ASSETS

5.1 CASH AND CASH EQUIVALENTS	2023	2022
	\$'000	\$'000
Deposits with the Treasurer	7 911	23 454
Cash at bank	10 345	6 090
Cash on hand	<u>5</u>	<u>5</u>
Total cash and cash equivalents	<u><u>18 261</u></u>	<u><u>29 549</u></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 \$2 746 000 (\$2 179 000). 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	2023	2022
	\$'000	\$'000
Current:		
Contractual receivables		
From government entities	483	346
From non-government entities	303	655
Less allowance for impairment loss on receivables	<u>(10)</u>	<u>(79)</u>
Total contractual receivables	<u>776</u>	<u>922</u>
Statutory receivables		
GST input tax recoverable	2 050	1 145
Total statutory receivables	<u>2 050</u>	<u>1 145</u>
Prepayments	237	227
Contract assets	<u>-</u>	<u>1</u>
Total receivables	<u><u>3 063</u></u>	<u><u>2 295</u></u>

Contractual 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. Contractual receivables and prepayments 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

	2023	2022
	\$'000	\$'000
Movement in the allowance for impairment loss on receivables		
Carrying amount at 1 July	<u>79</u>	29
Increase in the allowance	10	50
Amounts recovered during the year	<u>(14)</u>	-
Increase (decrease) in allowance recognised in profit or loss	<u>24</u>	50
Amounts written off	<u>(65)</u>	-
Carrying amount at 30 June	<u><u>10</u></u>	<u>79</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

	2023	2022
	\$'000	\$'000
Balance at 1 July	1	-
Add additional costs incurred that are recoverable from the customer	-	1
Less transfer to receivables	<u>(1)</u>	-
Total contract assets	<u><u>-</u></u>	<u>1</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.

Contract assets are non-interest bearing.

Refer to note 10.4 for information on market risk.

5.3 OTHER FINANCIAL ASSETS

	2023	2022
	\$'000	\$'000
Foreign currency forward contracts	<u>155</u>	-
Total other financial assets	<u><u>155</u></u>	<u>-</u>

Refer to note 10.4 for information on market risk.

6. NON-FINANCIAL ASSETS

6.1 PLANT AND EQUIPMENT BY ASSET CLASS

Plant and equipment comprises owned and leased (right-of-use) tangible assets. The assets presented below do not meet the definition of an investment property.

	2023 \$'000	2022 \$'000
General and events assets		
At cost (deemed fair value)	2 349	2 277
Accumulated depreciation at the end of the period	<u>(1 521)</u>	<u>(1 449)</u>
Total general and events assets	<u>828</u>	<u>828</u>
Fitouts		
At cost (deemed fair value)	1 868	1 868
Accumulated depreciation at the end of the period	<u>(1 522)</u>	<u>(1 217)</u>
Total fitouts	<u>346</u>	<u>651</u>
Right-of-use assets		
At cost	8 632	8 643
Accumulated depreciation at the end of the period	<u>(4 747)</u>	<u>(3 575)</u>
Total right-of-use assets	<u>3 885</u>	<u>5 068</u>
Total plant and equipment	<u><u>5 059</u></u>	<u><u>6 547</u></u>

6.1.1 Owned Plant and Equipment

Plant and equipment owned by the SATC is valued at 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 \$633 000 (\$632 000) 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 2023.

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 2022-23:

- 9 (9) 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 Donations

On 20 December 2022 the SATC was donated a fit for purpose caravan for use in event operations.

6.1.5 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 2023.

6.1.6 Reconciliation of Movements in Plant and Equipment during 2022-23

	General and Events Assets \$'000	Fitouts \$'000	Right-of-Use Assets \$'000	Total \$'000
Carrying amount at 1 July	828	651	5 068	6 547
Additions	157	-	22	179
Depreciation	(157)	(305)	(1 205)	(1 667)
Carrying amount at 30 June	828	346	3 885	5 059

6.1.7 Reconciliation of Movements in Plant and Equipment during 2021-22

	General and Events Assets \$'000	Fitouts \$'000	Right-of-Use Assets \$'000	Total \$'000
Carrying amount at 1 July	883	957	6 229	8 069
Additions	140	-	46	186
Disposals	(8)	-	-	(8)
Depreciation	(187)	(306)	(1 207)	(1 700)
Carrying amount at 30 June	828	651	5 068	6 547

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 Operating 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.

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 2022-23.

6.2.4 Fair Value Measurements

All items of general plant and equipment, events 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 3.4.

7.1 PAYABLES	2023	2022
	\$'000	\$'000
Current:		
Contractual payables		
Creditors	6 956	6 470
Accrued expenses	3 980	7 972
Total contractual payables	10 936	14 442
Statutory payables		
Employment on-costs	284	248
Audit fees payable	84	82
Paid Parental Leave scheme payable	9	-
Total statutory payables	377	330
Total current payables	11 313	14 772
Non-Current:		
Statutory payables		
Employment on-costs	107	110
Total non-current payables	107	110
Total payables	11 420	14 882

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 11.1% in 2023 from 10.6% in 2022. The percentage of long service leave taken as leave is 25.5% (27.9%), 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 a decrease in the employment on-cost of \$4 000 and the estimated future impact is a decrease of \$4 000 in both 2024 and 2025.

7.2 FINANCIAL LIABILITIES	2023	2022
	\$'000	\$'000
Current:		
Lease liabilities	960	1 262
Total current financial liabilities	960	1 262
Non-Current:		
Lease liabilities	3 468	4 412
Total non-current financial liabilities	3 468	4 412
Total financial liabilities	4 428	5 674

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

7.3 PROVISIONS

	2023 \$'000	2022 \$'000
Current:		
Provision for workers compensation	43	36
Total current provisions	<u>43</u>	<u>36</u>
Non-Current:		
Provision for workers compensation	136	108
Total non-current provisions	<u>136</u>	<u>108</u>
Total provisions	<u><u>179</u></u>	<u><u>144</u></u>

7.3.1 Movement in Provisions

	2023 \$'000	2022 \$'000
Carrying amount at 1 July	144	789
Additional provisions recognised	40	41
Reductions resulting from payments/other sacrifice of future economic benefits	(16)	(703)
Adjustments resulting from re-measurement or settlement without cost	11	17
Carrying amount at 30 June	<u><u>179</u></u>	<u><u>144</u></u>

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2023 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.

7.4 OTHER LIABILITIES

	2023 \$'000	2022 \$'000
Current:		
Contract liabilities	22	124
Total current other liabilities	<u>22</u>	<u>124</u>
Total other liabilities	<u><u>22</u></u>	<u><u>124</u></u>

7.4.1 Contract Liabilities

	2023 \$'000	2022 \$'000
Balance at 1 July	124	283
Add payments received for performance obligations yet to be completed	22	11
Less performance obligations transferred to the SA Motor Sport Board	(113)	-
Less revenue recognised for completion of performance obligations	<u>(11)</u>	<u>(170)</u>
Total contract liabilities	<u><u>22</u></u>	<u><u>124</u></u>

Contract liabilities include consideration received in advance from customers in respect of events managed 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 (2022-23 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

	Note	Original Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
Income				
Appropriation		88 530	88 531	1
SA Government grants, subsidies and transfers	(a)	-	36 203	36 203
Commonwealth-sourced grants		-	7	7
Sponsorship and participation		3 792	6 309	2 517
Entry fees, licence fees and sales		1 925	2 276	351
Other income		-	1 134	1 134
Total income		94 247	134 460	40 213
Expenses				
Employee benefits expenses		14 283	15 674	1 391
Advertising and promotion		33 648	37 654	4 006
Industry assistance	(b)	41 406	56 043	14 637
Administration and accommodation		4 118	5 685	1 567
Event operations	(c)	10 554	24 698	14 144
Depreciation expense		1 734	1 667	(67)
Borrowing costs		100	98	(2)
Loss (gain) on impairment of receivables		-	24	24
Total expenses		105 843	141 543	35 700
Net result		(11 596)	(7 083)	4 513
Total comprehensive result		(11 596)	(7 083)	4 513

8.1.2 Investing Expenditure Summary

	Original Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
Investing expenditure			
Total annual programs	738	157	(581)
Total leases	11	22	11
Total investing expenditure	749	179	(570)

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) The variance in SA Government grants, subsidies and transfers relates to funding received from the Department of the Premier and Cabinet through the Major Events Fund to grow existing owned and managed events and to secure and support major national and international events.
- (b) The variance in industry assistance is mainly due to expenditure associated with grants from the Major Events Fund to secure major national and international events.
- (c) The variance in events operations is mainly due to expenditure associated with grants from the Major Events Fund to grow existing owned and managed events and to support major national and international events.

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.

8.3.1 Cash Flow Reconciliation

	2023 \$'000	2022 \$'000
Reconciliation of cash and cash equivalents at 30 June:		
Cash and cash equivalents disclosed in the Statement of Financial Position	18 261	29 549
Balance as per the Statement of Cash Flows	18 261	29 549
Reconciliation of net cash provided by operating activities to net result:		
Net cash provided by (used in) operating activities	(10 041)	606
Non-cash items		
Depreciation expense	(1 667)	(1 700)
Impairment of non-current assets	-	(2 072)
Net gain from disposal of non-current assets	-	140
Effect of exchange rate on cash and cash equivalents	266	25
Assets transferred to SA Motor Sport Board	(113)	-
Assets acquired for significantly less than fair value	25	-
Movement in assets and liabilities		
Receivables	768	110
Other assets	155	-
Payables	3 462	(9 074)
Employee benefits	(5)	615
Provisions	(35)	645
Other liabilities	102	171
Net result	(7 083)	(10 534)

8.4 CHANGES IN ACCOUNTING POLICY

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

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

	2023 \$'000	2022 \$'000
Expenditure commitments at the reporting date not recognised as liabilities are payable as follows:		
Within one year	44 874	31 825
Later than one year but not longer than five years	5 293	17 467
Total expenditure commitments	50 167	49 292

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 notes 8.1 and 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 *Financial Instruments*. 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 2023			
Current (not past due)	20	0.2	-
1 – 30 days past due	60	0.2	-
61 – 90 days past due	166	1.2	2
91 – 120 days past due	44	1.9	1
More than 120 days past due	12	61.2	7
Total loss allowance			10

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.

At 30 June 2023 SAFA had in place 5 (nil) foreign exchange forward contracts on behalf of the SATC, totalling \$7 387 000. In 2022-23 the SATC had 13 (10) foreign exchange forward contracts mature totalling \$13 341 000 (\$5 186 000). Forward contracts are to cover commitments denominated in foreign currencies, including for the payment of representation fees, sponsorships, 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 2022-23 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 2.7. Refer to note 5.3 for further information.

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

10.5 CATEGORISATION OF FINANCIAL INSTRUMENTS

Details of the material accounting policy information 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	2023	2023 Contractual Maturities ¹		
		Carrying Amount \$'000	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	18 261	18 261	-	-
Amortised cost					
Receivables	5.2	760	760	-	-
Other financial assets	5.3	155	155	-	-
Total financial assets		19 176	19 176	-	-
Financial liabilities					
Amortised cost					
Payables	7.1	10 936	10 936	-	-
Lease liabilities	7.2	4 428	1 038	1 245	2 685
Other financial liabilities	7.4	22	22	-	-
Total financial liabilities		15 386	11 996	1 245	2 685
2022					
	Note	Carrying Amount \$'000	2022 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	29 549	29 549	-	-
Amortised cost					
Receivables	5.2	922	922	-	-
Total financial assets		30 471	30 471	-	-
Financial liabilities					
Amortised cost					
Payables	7.1	14 442	14 442	-	-
Lease liabilities	7.2	5 674	1 361	1 946	3 003
Other financial liabilities	7.4	124	124	-	-
Total financial liabilities		20 240	15 927	1 946	3 003

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 *Financial Instruments: Disclosures* 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 \$300 000 (\$250 000) purchasing card facility with ANZ Bank. The unused portion of this facility at 30 June 2023 was \$24 000 (\$93 000).

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