



## 2018-19 ANNUAL REPORT

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17 September, 2019



Government  
of South Australia

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## 1.0 CHAIR'S REPORT

Dear Minister,

I'm pleased to advise that Adelaide Venue Management (AVM) had an impressive 2018-19; delivering an overall trading profit of \$9.6 million whilst once again providing a \$1.6 million dividend to the Government.

The Adelaide Convention Centre continues to benefit from the Centre's redevelopment and expansion. 775 events were held in 2018-19, including 70 conferences and 24 exhibitions. These delivered \$93.9 million in economic benefit with more than 113,000 bed nights from 31,000 plus interstate and international visitors. We are grateful for the contribution made by the Adelaide Convention Bureau in assisting to attract and secure business events to Adelaide, and we encourage the Government to continue to support the Bureau's ongoing success in delivering significant returns on its well-considered investment in the industry.

One of the many highlights in 2018-19 was the Adelaide Convention Centre being awarded Meetings & Events Australia's national award for 'Best Banqueting and Catering'. In addition, the Adelaide Convention Centre redevelopment received the National Property Council's award for 'Best Tourism & Leisure Development'. The Adelaide Convention Centre was particularly proud to be jointly named as one of two venues to be the first in the world to achieve the coveted EarthCheck Platinum Certification for its ongoing leadership and commitment to operating the venue in an environmentally sustainable manner.

AVM continues to work towards the upgrade of its North Terrace frontage as a priority project to ensure the Adelaide Convention Centre remains attractive to prospective clients when compared to other major convention centre facilities interstate. In the longer term, AVM will be seeking that the Government look at means to provide the Adelaide Convention Centre with greater access to exhibition space as Adelaide is missing opportunities for major exhibitions of significant importance to the South Australian economy currently.

The Adelaide Entertainment Centre has also had a positive year. Some of the biggest names to pass through the doors in 2018/19 included: PINK; Kendrick Lamar; Katy Perry; Queens of the Stone Age; PJ Masks Live!; Panic! At the Disco; Cher, Il Divo; Celtic Illusion; Parkway Drive; Def Leppard; The Wombats; David Byrne; UFC; Twenty One Pilots; Jim Jefferies; PBR; Mumford & Sons; The Prodigy; Rufus Du Sol; Kylie; Slayer; Michael McIntyre; and Post Malone.

We're also excited that the Adelaide 36ers shall call the Adelaide Entertainment Centre home in 2019/20. This will see the 36ers play all 14 home matches at the Centre during the upcoming National Basketball League season.

Coopers Stadium had a sound year; however attendances across the A-League were down throughout the 2018-19 season and Adelaide United Football Club (AUFC) was not immune. Highlights at Coopers Stadium in 2018-19 included AUFC's sensational 2018 FFA Cup triumph – the first Club to win the competition twice – and AUFC's 2019 A-League Elimination Final victory in extra time. With matches such as these, Coopers Stadium continues to deliver high-quality, entertaining football to the people of South Australia. AVM congratulates AUFC joint owner Piet Van Der Pol on what was a captivating year for local football fans.

Minister, AVM has invested significant time in 2018-19 giving consideration to the future entertainment and sporting venue infrastructure needs of South Australia. I look forward to continuing to work together on the maintenance and creation of growth opportunities for the State.

I'm appreciative of the wise counsel and ongoing support of Board members Gay Wallace (Deputy Chair), Fiona Hele (Audit & Risk Committee Chair), Joanne Denley, Cathie King, Jim Kouts, Leah Manuel, Denise von Wald (commenced 1 August 2018) and Robert Debelle

(departed 31 July 2018). As a Board, we appreciate the ongoing commitment and achievements of AVM's Chief Executive Officer Anthony Kirchner and his executive team consisting of Marie Hannaford, Simon Burgess, Phil King, Coralie Cheney, Mike Smith and Simon Hockridge, as well as the exceptional efforts of all Venue and Event staff.

We're full of expectation for what 2019-20 has to offer based on strong forward bookings at this time. It promises to be another successful year for all three AVM venues.

Thank you for your continued support.



**William Spurr AO**  
**Chair**  
**Adelaide Venue Management Corporation**

## **2.0 ROLES & OBJECTIVES**

### **2.1 MISSION**

The Adelaide Venue Management Corporation, trading as the Adelaide Convention Centre (ACC), Adelaide Entertainment Centre (AEC) and Coopers Stadium, has a stated mission to provide leading convention and entertainment services through professional event and function management, and maintenance and further improvement of quality venues and customer service for the commercial, economic and social benefit of the people of South Australia.

### **2.2 FUNCTIONS OF THE CORPORATION**

AVM's functions are limited to the following:

- To manage and operate AVM sites;
- To manage, promote and sponsor events at AVM sites or elsewhere;
- To foster and assist the commercial development of AVM sites in order to complement and enhance the commercial potential of the sites; and,
- To carry out other functions conferred on AVM by the Minister.

AVM's sites include:

- Adelaide Convention Centre site;
- Adelaide Entertainment Centre site; and,
- Any other site the management and operation of which is conferred on AVM by the Minister.

### **2.3 LEGISLATIVE AUTHORITY**

The Adelaide Venue Management Corporation was established by the *Public Corporations (Adelaide Venue Management Corporation) Regulations 2013*, pursuant to the *Public Corporations Act 1993*, on 4 February 1999 to manage the Corporation as an agency of the Minister for Tourism.

### **2.4 CORPORATE GOVERNANCE**

Section 18 of the *Public Corporations (Adelaide Venue Management Corporation) Regulations 2013*, states the Corporation must establish an Audit Committee to ensure the effective internal auditing of its operations.

The Members of the AVM Audit & Risk Committee during 2018-19 were:

- Board member Fiona Hele (Committee Chair);
- Board member Joanne Denley;
- Board member Leah Manuel
- Alternate delegate – Board member Gay Wallace; and,
- The Corporation's Chief Financial Officer, Marie Hannaford, was the Corporation's senior management representative on the Committee.

This Committee considers:

- all matters that relate to the financial affairs of the Corporation;
- the conduct and report of the external audit by the Auditor General;
- the conduct and reports of the internal audit program;
- the Corporation's risk management strategies and exposures as they arise; and,
- any other matters referred to it by the Board.

## 2.5 AVM FUNDING

The South Australian Government provides funding (through the Minister for Trade, Tourism & Investment) to AVM for expenses relating to the ACC site maintenance and management of the Common Areas and the Riverbank Precinct, ACC Exhibition Hall land rent, and for asset replacement. This income and associated expenses are referred to as 'Property Management Activities' on the Statement of Comprehensive Income. All other operational, property and recurrent capital expenditure is self-funded from AVM operating profits.

The funding for asset replacement is transferred by the Department of Treasury and Finance into the AVM Future Asset Replacement Account. With the approval of the Treasurer, these funds are available for the replacement and upgrade of assets and minor equipment.

In 2010, when the ACC extension and redevelopment project was approved, Cabinet determined that the project would be funded by the State Government as an equity injection, thereby increasing the capital interest of the Government as owners of the business. The 2012-13 Budget Papers reflected Cabinet's decision that the extension and redevelopment project would be funded via a loan through SAFA (South Australian Finance Authority). The loan balance as at 30 June 2017 was fully drawn at \$382.3 million. All borrowings are interest only, with the interest rate fixed for life, with the Department of Treasury and Finance providing AVM annual funding to cover the interest payments and associated guarantee charges.

## 2.6 STRUCTURE



## 2.7 ADELAIDE VENUE MANAGEMENT - SERVICES PROVIDED

AVM provides the core business services common to the venues under its management control as a means of minimising overhead costs and maximising the adaptability and flexibility of the Corporation to enable it to take on the management of additional venues should it be called upon to do so. AVM's structure provides for centralised management of key administrative functions (e.g., Strategic Planning, Governance, Finance, Procurement, Information Technology, Human Resources, Rostering, Building Repairs/Maintenance, etc.) using the ACC as its administrative base. The Corporation has leading industry specialists based at each venue to manage the service/event delivery and operational requirements unique to each. AVM utilises a largely in-house model for the delivery of all services, which enables it to maintain a significant, flexible, cost-effective and well-trained team of Event Staff across its venues.

## 2.7.1 ADELAIDE CONVENTION CENTRE

Opened on 13 June 1987 by Premier John Bannon, the ACC was the first purpose-built convention centre in Australia. It was built to fulfil a Charter, that being, 'to generate economic benefits for South Australia'.

The original building (now demolished) was constructed at a cost of \$40 million. It was the first purpose-built convention centre in the country, and included a major raked plenary hall with seating for more than 2,000 delegates (with a unique, at that time, retractable seating design that could be lifted to create over 2,070 square metres of pillarless exhibition space); 11 meeting rooms; and an ability to produce over 10,000 meals per day.

In 1991, in response to growing demand for exhibition space, the State Government contributed \$16 million to build the Exhibition Hall and Car Park on North Terrace. The new Exhibition Hall provided an additional 3,000 square metres of pillarless exhibition space and 400 undercover car parking spaces.

In 2001, the ACC expanded again with the construction of the Central Building with its iconic postcard facade overlooking the River Torrens. The construction of this building was a unique engineering feat, traversing the railway yard, and included 5,700 square metres of multi-purpose event space, meeting rooms, office accommodation and kitchen facilities along with Regattas restaurant. The project was funded by the State Government at a cost of \$93 million.

In 2011, the ACC reached a significant milestone by delivering over \$1 billion in economic benefit to the State since its opening in 1987. Also in 2011, the ACC turned the first sod on the \$397 million State Government funded redevelopment. The project, which was managed in two stages, created a new 'breed' of convention centre in terms of its design and flexibility, ensuring the venue's continued competitiveness in the global business events industry. The first stage of the redevelopment, the West Building, was completed in 2015, with the second stage, the East Building, officially opened on 30 August 2017.

The Centre is able to host a conference for more than 3,500 delegates or three conferences of up to 1,000 delegates simultaneously, and provides the following world-class facilities:

- Plenary seating for more than 3,000 delegates;
- 28 multi-purpose meeting and break out rooms;
- Restaurant seating for over 200 patrons;
- Secure undercover parking for 1,200 vehicles;
- WiFi connectivity for up to 12,000 concurrent devices;
- Catering of up to 20,000 meals per day; and

The ACC currently operates 24 hours per day providing full catering and audio-visual services. In 2018-19, it hosted over 775 events, including 70 major international/national conferences and 24 exhibitions, delivering in excess of 31,000 interstate and international visitors and more than 113,000 bed nights.

The ACC plays a pivotal role in assisting the State Government achieve its strategic objectives by providing state-of-the-art facilities for major conference, exhibitions and business events. The Centre brings together people from all parts of the world to meet, learn, exchange ideas and innovate.

The success of the ACC directly translates to a vibrant, liveable city and employment opportunities for the community. The ACC's community engagement and commitment to sustainability are underpinned by its Platinum Certification in the EarthCheck Program for the tourism and hospitality sector.



## 2.7.2 ADELAIDE ENTERTAINMENT CENTRE

The AEC was established by the State Government in response to the demand from the people of South Australia for a suitable venue for popular international live entertainment. The Centre was built at a cost of \$44 million and was officially opened on 20 July 1991. The site's footprint is 28,900sqm and housed light industrial and warehouse retail stores prior to its development. In 2010, the Government funded \$52 million in facility enhancements (new Theatre, Entry) and the Corporation refurbished much of the pre-existing facility.

The AEC is South Australia's leading contemporary indoor live entertainment venue. It has two major performance spaces – the Arena and the Theatre, which boast a capacity of 12,000 and 3,000, respectively. In addition to concerts, spectacles and sporting events, the AEC hosts trade shows, exhibitions, seminars and banquets, and self-entrepreneurs events when required to ensure a healthy event calendar is maintained.

The Food & Beverage operations offer services to patrons via foyer outlets, as well as sophisticated in-house catering operations for functions, corporate suites, artists and crew. Corporate Hospitality is provided in the form of 32 corporate suites, which are generally leased for 2-5 year terms. The AEC also has a significant functions business with four dedicated function spaces: the Arena, Theatre, Star Room and Revelations Chapel. Since mid-2017, AVM has operated an external catering business, AVMCatering, from the AEC.

Other assets under the Corporation's ownership/control on the AEC site include:

- Approximately 1,400 car parks;
- Enzo's Restaurant (formerly the Commercial Hotel) - under lease to a private operator;
- Shops (4) on the corner of Port Road and Mary Street – under lease to private operators;
- Heritage listed building on Mary Street – under lease to private operator; and,
- Heritage listed Revelations Chapel off Mary Street.

In 2006-07, the Corporation 'sold' long-term leases over two allotments located on the Port Road/ Adams Street corner of the AEC site. The television studios for Channel Seven Adelaide have been constructed on one of these allotments to date.

In March, 2010, the Corporation established a Park 'n' Ride facility with the extension of tram services from the City to the AEC. This Park 'n' Ride facility is one of the largest of its type in Adelaide, and encourages the use of public transport, assisting to reduce traffic movements in and out of the City.

The AEC is an important community facility. Since opening, the AEC has attracted more than eight million concertgoers. The AEC hosted 102 publicly ticketed performances in 2018-19, which consisted of 62 different acts/events.

In 2018-19, the venue showcased a wide variety of performances including: PINK; Kendrick Lamar; Swan Lake on Ice; Katy Perry; Gene Simmons; Queens of the Stone Age; PJ Masks Live!; Panic! At the Disco; Cher, Il Divo; Celtic Illusion; Patrizio Buanne; Carl Barron; Parkway Drive; Def Leppard; Bill Bailey; Catherine Tate; The Wombats; David Byrne; The Wiggles; 2Cellos; UFC; Twenty One Pilots; Jim Jefferies; PBR; Madiba The Musical; Mumford & Sons; The Prodigy; So Pop; Jordan Peterson; Rufus Du Sol; Kylie; Slayer; Michael McIntyre; Touch Bass; Post Malone; Human Nature; The Ten Tenors; Disney on Ice Celebrates Mickey & Friends; and Rudimental, among many others.

The Australian Dollar has remained low over the 12 month period, and fell below US\$0.70 in late 2018-19, which under traditional circumstances has shown to result in a decline in the number of international acts visiting Australia and therefore Adelaide. Despite the low \$US exchange rate 2018-19 has been surprisingly robust, and forward bookings into the first half of 2019-20 remain encouraging. However, the AEC remains cautious as it operates in an industry where demand for

entertainment venues is determined by others, has short lead times and is subject to the vagaries of national and international markets.

The Corporation recognises the continued support of Ticketek and the following major Australian promoters:

- Frontier Touring Company, The Harbour Agency and Premier Artists;
- Live Nation Australasia;
- TEG Dainty and TEG Live; and,
- Feld Entertainment.

### **2.7.3 COOPERS STADIUM**

Coopers Stadium stands on the former site of Hindmarsh Oval, which was home to the SANFL's West Torrens Football Club from 1905 until 1921 when the team moved to the nearby Thebarton Oval. The old Hindmarsh Oval was developed over the years into a rectangular stadium with a single-tier grandstand built in 1960 that held approximately 2,000 people. Six light towers for night games along with an additional eight smaller light towers on the grandstand roof, were installed during the mid-1970s. Other than the grandstand, the ground was all terracing surrounding the playing surface.

Today, Coopers Stadium (formerly known as Hindmarsh Stadium) is renowned as a quality football (soccer) venue and home to the A-League's Adelaide United Football Club. The Stadium underwent redevelopment for the Sydney 2000 Summer Olympics; an event for which it hosted several football group games as well as a quarter final. Temporary seating was installed for these Olympic matches to bring the capacity to roughly 17,500. The Stadium's current capacity is approximately 16,500. Key features include:

- High-quality playing surface and lighting – 120m x 80m;
- Media facilities; and,
- 21 Corporate Suites.

The Corporation was assigned management responsibility for Coopers Stadium on 1 July 2013, following the South Australian Government commissioning an independent review of venues operated by the Office for Recreation & Sport.

Coopers Stadium hosted 17 major publicly ticketed events in 2018-19; 14 of which were Adelaide United Football Club A-League home matches.

Other assets under the Corporation's management on the Coopers Stadium site include:

- 4A Manton Street – currently tenanted by the Adelaide United Football Club.

### 3.0 GOVERNMENT REPORTING REQUIREMENTS

#### 3.1 BOARD OF DIRECTORS

The Board of Directors for the Corporation consists of eight non-executive directors. The following served on the Board during 2018-19:

- William Spurr AO, Chair
- Gay Wallace, Deputy Chair
- Joanne Denley
- Robert Debelle (up to 31 July 2018)
- Fiona Hele
- Cathie King
- Jim Kouts
- Leah Manuel
- Denise von Wald (from 1 August 2018)

#### 3.2 INTERNAL AUDIT

AVM is committed to maintaining a working environment free of fraud and corrupt behaviour. The internal audit activities undertaken during 2018-19 did not reveal any instances of fraud and management is not aware of any fraud. AVM undergoes an external audit examination by the Auditor General in addition to the internal audit program.

The established Audit & Risk Committee works to ensure AVM maintains effective internal auditing of its operations to minimise the likelihood of fraud or corruption.

The specific functions of the Audit & Risk Committee include:

- reviewing annual financial statements to ensure they provide a true and fair view of the state of affairs of AVM;
- liaising with external auditors;
- reviewing the adequacy of the accounting, internal auditing, reporting and other financial management systems and practices of the AVM; and,
- oversight of AVM's internal auditing program.

#### 3.3 USE OF CONSULTANTS

The AVM engaged one consultancy during 2018-19 at a total cost of \$25 000.

Payments to Consultants	Purpose of Consultancy	2018	
		No	\$'000
Value below \$10 000			
Subtotal		0	0
Value \$10 000 and above			
Liquid Pacific Holdings Pty Ltd	Valuation of land and buildings.		
Subtotal		1	25
Total		1	25

### 3.4 CONTRACTING OUT ARRANGEMENTS

The Corporation has no contractual arrangements which exceed \$4 million and which extend beyond a single year.

### 3.5 ACCOUNT PAYMENT PERFORMANCE

Particulars	Number of accounts paid	Percentage of accounts paid (by number)	Value in \$A of accounts paid	Percentage of accounts paid (by value)
Within 30 days	18 706	99.51%	62 716 103	99.85%
Within 30 to 60 days	90	0.48%	101 149	0.15%
Greater than 60 days	2	0.01%	429	0.00%

### 3.6 OVERSEAS TRAVEL

Destinations	Reasons for Travel	No. Employees	Total Cost \$'000
Osaka, Japan	Stadia & Arena Japan 2018 Congress	1	2
Las Vegas, USA	IMEX USA (Worldwide exhibition and trade show for incentive travel, meetings and events)	1	15
Dubai, United Arab Emirates	ICCA General Assembly (International Congress and Convention Association)	2	21
Auckland, New Zealand	Sales meeting	1	2
Frankfurt, Germany	IMEX (Worldwide exhibition and trade show for incentive travel, meetings and events)	2	18
Antwerp, Belgium	AIPC Conference	2	19

### 3.7 HUMAN RESOURCES

#### 3.7.1 EMPLOYMENT OPPORTUNITY PROGRAMS

Program name	Result of the program
Governor's Aboriginal Employment Industry Clusters	<p>AVM has been an active leader and participant in the Governor's Hospitality Industry Cluster, since 2011.</p> <p>Ongoing collaboration with key community bodies and specialist training providers, in holding a number of well-attended venue site tours and off-site Aboriginal student engagement and pre-employment training programs – has resulted in 15 new employment opportunities with AVM, for Aboriginal job-seekers during 2018-19.</p>
Apprenticeships in Commercial Cookery	Eight full-time Apprentice Chefs are at various stages of completing a four-year Apprenticeship in Commercial Cookery.
Traineeship in Hospitality (Events)	Eight full-time trainees are currently undertaking a two-year Certificate III program, rotating through eight different departments across all AVM venues. Since 2002, this program has consistently yielded top-quality, multi-skilled talent that has progressed to key positions of leadership within the organisation.
Disability Employment	<p>For the eleventh consecutive year, AVM sponsored and hosted the graduation for the State's Transition Program, where 100+ school children with acute learning disabilities graduated in front of their families.</p> <p>The program assists final year students with disability and learning difficulties to transition from school to future employment pathways through structured learning, skill development and work placement opportunities.</p>
Cycle of Change / Oz Harvest Nourish Program	AVM participated in site visits, work experience placements, mock interview sessions and paid employment outcomes related to both of these programs for disadvantaged youth. One of the participants is currently undertaking a 4-year Apprenticeship in Commercial Cookery.

#### 3.7.2 PERFORMANCE MANAGEMENT AND DEVELOPMENT

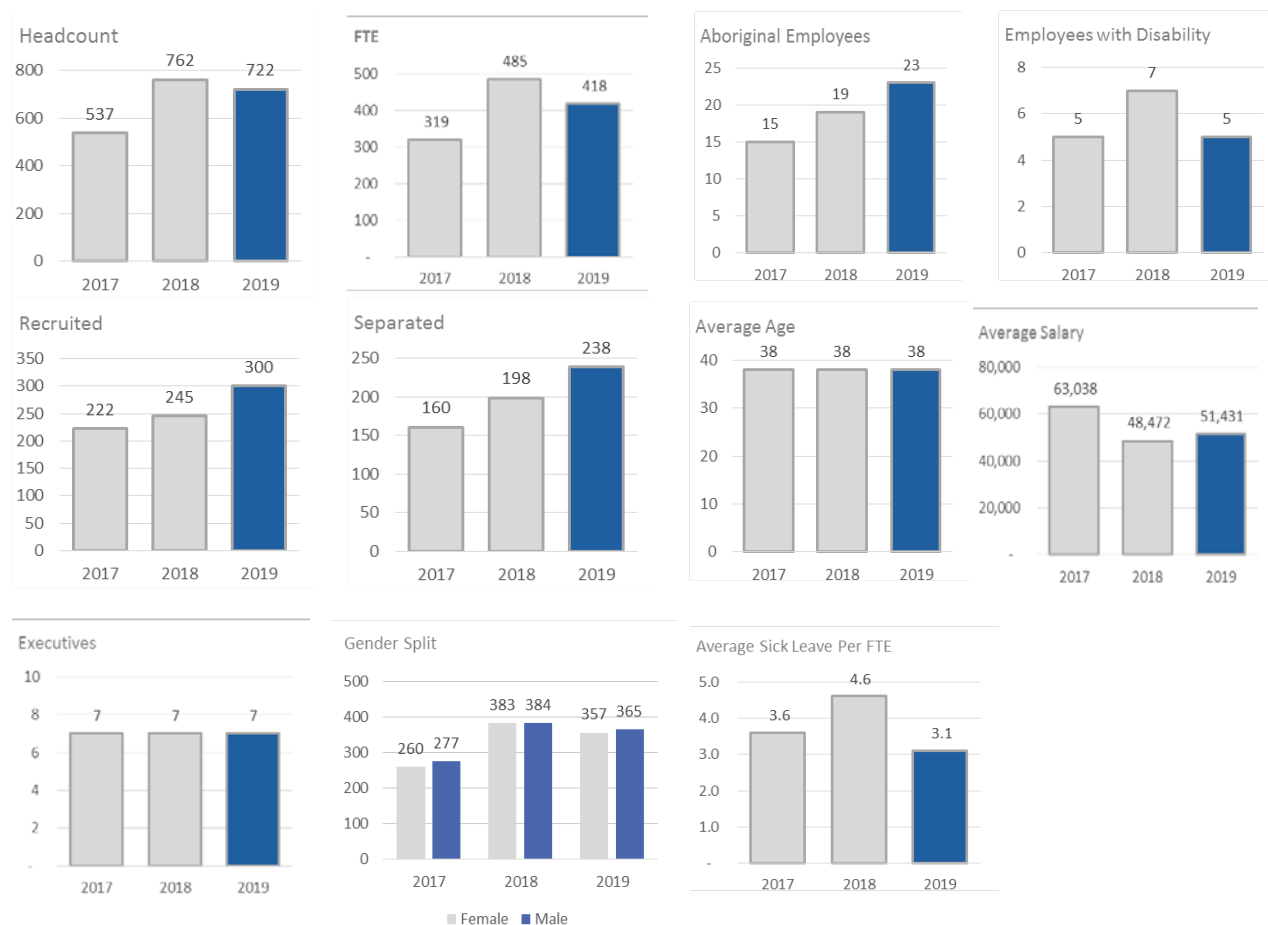
Performance Management and Development System	Assessment of effectiveness and efficiency
<p>AVM conducts a biannual Performance Review and Development Planning (PRDP) process for all of its permanent staff.</p> <p>The process, which also incorporates a 'pulse survey' of workplace culture, was most recently undertaken in May / June 2019.</p> <p>Instantaneous feedback is also provided on a 'shift by shift' basis to all casual event staff.</p>	<p>100% of active AVM permanent staff had their performance reviewed and forward-looking key objectives and development plans set on or before 14 June 2019.</p> <p>100% of all instances of extraordinary performance were reported for acknowledgement, career advancement planning, skills-development training and/or formal performance improvement processes.</p>

In line with AVM's Training & Development Plan coming out of the above process, targeted employee professional development is delivered across a broad range of disciplines throughout the year.

All priority 1 and 2 professional development activities (there are four levels) were programmed and delivered throughout the year.

### 3.7.3 AVM WORKFORCE DEMOGRAPHICS

The tables below relate to all permanent employees and those casual employees rostered to work as at the last pay date of the financial year. Figures are therefore not comparable to previous years, due to the variability of events held in the last pay week of each year.



The Office for the Public Sector has filterable [Workforce Information Data Dashboards](#) available for a detailed breakdown of the above information, which is best viewed in a Google Chrome web browser.

### 3.8 WORK HEALTH & SAFETY PROGRAM

WHS notices, prosecutions, and enforceable undertakings	2018-19
Number of notifiable incidents pursuant to <i>WHS Act</i> Part 3	1
Number of notices served pursuant to <i>WHS Act</i> Section 90, 191 & 195	0
Number of prosecutions pursuant to the <i>WHS Act</i> Part 2 Division 5	0
Number of enforceable undertakings pursuant to <i>WHS Act</i> Part 11	0

#### WHS & injury management programs initiatives and their effectiveness

WHS & Injury Management (IM) programs	Effectiveness and efficiency
<p><b>Continuous improvement:</b> AVM manages the continuous improvement objectives of the Strategic Plan including key result area balanced scorecards, strategic priorities and priority actions to align with the operational risks and the 'Building Safety Excellence in the Public Sector 2015 -2020 Strategy'.</p>	<p>BSE Balanced Scorecard</p>
<p><b>Electronic systems:</b> AVM has continued to develop and operate a centralised online and integrated safety management system platform for WHS, Injury Management and support functions. The platform provides an overarching framework for organisation synergy and operational effectiveness and efficiency.</p>	<ul style="list-style-type: none"> <li>✓ Elimination of hardcopy systems</li> <li>✓ Centralised real-time data</li> <li>✓ Immediate multi-level incident and hazard reporting</li> <li>✓ WHS administered by 1.6 FTE</li> </ul>
<p><b>Workers compensation claims:</b> Injury risk management efforts at AVM have focused on pre-employment health assessments and early intervention medical assessments as a means for achieving best practice health and safety outcomes for the employee and the workplace.</p>	<p>Count of new Claims</p>
<p><b>Claims expenditure, income &amp; medical costs:</b></p> <p>As the business has grown in size, AVM has managed to reduce the frequency of incidents that cause harm and give rise to claims.</p>	<p>Combined income &amp; medical</p>

#### Agency gross workers compensation expenditure for 2018-19 compared with 2017-18

Expenditure	2017-18 (\$'000s)	2018-19 (\$'000s)	Variation (\$'000) + (-)	% Change + (-)
Income maintenance	13	17	-4	-30%
Lump sum settlements WPI	0	0	0	0%
Medical & hospital costs	38	56	-18	-47%
Other	0	0	0	0%
Total claims expenditure	\$51	\$73	\$22	-43%



### **3.9 WHISTLEBLOWERS PROTECTION ACT 1993**

The Adelaide Venue Management Corporation has appointed a responsible officer for the purposes of the *Whistleblowers Protection Act 1993* (WPA) pursuant to Section 7 of the *Public Sector Act 2009*. There have been no instances of disclosure of public interest information to a responsible officer under the WPA.

### **3.10 FREEDOM OF INFORMATION ACT 1991 INFORMATION STATEMENT**

#### **SECTION 9(2)(a) – STRUCTURE AND FUNCTIONS**

The Adelaide Venue Management Corporation was established by the Public Corporations (Adelaide Venue Management Corporation) Regulations 2013, pursuant to the *Public Corporations Act 1993*, on 4 February 1999 to manage the Corporation as an agency of the Minister for Tourism. The Corporation is governed by a Board of Directors and operates under a Charter approved pursuant to the provisions of the *Public Corporations (Adelaide Venue Management Corporation) Regulations 2013*.

The Corporation had no FOI requests in 2018-19.

#### **SECTION 9(2)(b) – SUMMARY FUNCTION**

AVM's functions are limited to the following:

- To manage and operate AVM sites;
- To manage, promote and sponsor events at AVM sites or elsewhere;
- To foster and assist the commercial development of AVM sites in order to complement and enhance the commercial potential of the sites
- To carry out other functions conferred on AVM by the Minister.

AVM's sites include:

- Adelaide Convention Centre site;
- Adelaide Entertainment Centre site; and,
- Any other site the management and operation of which is conferred on AVM by the Minister.

#### **SECTION 9(2)(c) - PUBLIC PARTICIPATION IN AGENCY POLICY DEVELOPMENT**

The success of the Corporation is dependent on input from the event and functions industry and stakeholders. The Corporation welcomes feedback and comments on agency policy development from patrons, government, community organisations and relevant industries through market research, forum groups, website and social media feedback, informal and formal group consultations.

#### **SECTION 9(2)(d) – DOCUMENTS HELD**

- Annual reports
- Policies and procedures
- Other miscellaneous documents
- Various promotional brochures

#### **Publication on a website:**

With respect to the publication of the audited financial report on AVM's website, we acknowledge that:

- (a) We are responsible for the electronic publication of the audited financial report.



- (b) We will ensure that the electronic version of the audited financial report and the auditor's report on the website are identical to the final signed hard copy version.
- (c) We will clearly differentiate between audited and unaudited information in the construction of the entity's website as we understand the risk of potential misrepresentation.
- (d) We have assessed the controls over the security and integrity of the data on the website, and that adequate procedures are in place to ensure the integrity of the information published.
- (e) We will not present the auditor's report on the full financial report with extracts only of the full financial report.

## **SECTION 9(2)(e) & (f) – ACCESS TO DOCUMENTS**

Requests under the FOI Act for access to documents in the possession of the Corporation should be accompanied by a \$36.75 application fee (to be paid by cheque or money order). Should more than two hours be required to accommodate the FOI request, additional charges may apply, as listed in the South Government's current *Freedom of Information (Fees and Charges) Regulations* at the time of the request.

Applications should be directed in writing to:

Chief Executive Officer  
Adelaide Venue Management  
GPO Box 2669  
ADELAIDE SA 5001

Access to documents listed under section 9(2)(d) can be arranged between 9am and 4.30pm, Monday to Friday, at the AVM Administration Office, which is based at Adelaide Convention Centre, North Terrace, Adelaide SA 5000, by contacting the Chief Executive Officer at telephone (08) 8212 4099. Other publications are available on request but may incur a fee.

## 4.0 INDEPENDENT AUDIT REPORT

### INDEPENDENT AUDITOR'S REPORT



Government of South Australia  
Auditor-General's Department

Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
DX 56208  
Victoria Square  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

#### To the Chairman of the Board Adelaide Venue Management Corporation

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 2019.

#### Opinion

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 2019, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- a Certificate from the Chairman, the Chief Executive Officer and the Chief Financial Officer.

#### Basis for opinion

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

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

## **Responsibilities of the Chief Executive Officer and the members of the Board for the financial report**

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and 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 that is free from material misstatement, whether due to fraud or error.

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**

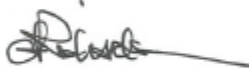
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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



Andrew Richardson

**Auditor-General**

12 September 2019

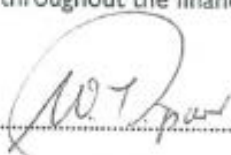
## 5.0 FINANCIAL STATEMENTS

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 over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.

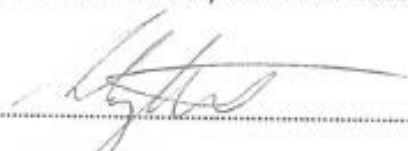


**William Spurr AO**

CHAIRMAN

Adelaide Venue Management Corporation

Date: 4 September 2019



**Anthony Kirchner**

CHIEF EXECUTIVE OFFICER

Adelaide Venue Management Corporation

Date: 4 September 2019



**Marie Hannaford**

CHIEF FINANCIAL OFFICER

Adelaide Venue Management Corporation

Date: 4 September 2019



**Statement of Comprehensive Income**

for the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
<b>Expenses from trading activities</b>			
Employee benefits expenses	2.3	32 585	29 284
Supplies and services	3.1	16 832	15 976
Depreciation and amortisation	3.2	4 684	4 139
Net loss from the disposal of property, plant and equipment	3.3	18	195
<b>Total expenses from trading activities</b>		<b>54 119</b>	<b>49 594</b>
<b>Income from trading activities</b>			
Facility charges	4.1	63 493	58 347
Interest		512	580
Other income	4.2	2 038	2 032
<b>Total income from trading activities</b>		<b>66 043</b>	<b>60 959</b>
<b>Profit from trading activities</b>		<b>11 924</b>	<b>11 365</b>
<b>Expenses from property management activities</b>			
Employee benefits expenses	2.3	3 536	3 142
Supplies and services	3.1	10 550	9 422
Depreciation and amortisation	3.2	28 853	13 819
Borrowing costs	3.4	19 134	19 135
<b>Total expenses from property management activities</b>		<b>62 073</b>	<b>45 518</b>
<b>Income from property management activities</b>			
Interest		193	183
Revenues from SA Government	4.3	24 299	24 174
Other income	4.2	721	653
<b>Total income from property management activities</b>		<b>25 213</b>	<b>25 010</b>
<b>Loss from property management activities</b>		<b>(36 860)</b>	<b>(20 508)</b>
<b>Net profit / (loss)</b>		<b>(24 936)</b>	<b>(9 143)</b>
<b>Other comprehensive income</b>			
Change in asset revaluation surplus		-	9 614
<b>Total other comprehensive income</b>		-	<b>9 614</b>
<b>Total comprehensive result</b>		<b>(24 936)</b>	<b>471</b>

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 2019

	Note No.	2019 \$'000	2018 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1, 8.2	29 968	31 540
Receivables	6.3	5 211	6 169
Inventories	5.2	451	500
<b>Total current assets</b>		<b>35 630</b>	<b>38 209</b>
<b>Non-current assets</b>			
Specific purpose deposits	6.2, 8.2	13 453	11 648
Property, plant and equipment	5.1	615 197	640 908
<b>Total non-current assets</b>		<b>628 650</b>	<b>652 556</b>
<b>Total assets</b>		<b>664 280</b>	<b>690 765</b>
<b>Current liabilities</b>			
Payables	7.1	6 877	6 296
Employee benefits	2.4	3 886	3 925
Other current liabilities	7.3	10 025	10 606
<b>Total current liabilities</b>		<b>20 788</b>	<b>20 827</b>
<b>Non-current liabilities</b>			
Payables	7.1	111	99
Employee benefits	2.4	1 223	1 090
Other non-current liabilities	7.3	4 899	4 957
Borrowings	7.2	382 321	382 321
<b>Total non-current liabilities</b>		<b>388 554</b>	<b>388 467</b>
<b>Total liabilities</b>		<b>409 342</b>	<b>409 294</b>
<b>Net assets</b>		<b>254 938</b>	<b>281 471</b>
<b>Equity</b>			
Contributed capital		133 840	133 840
Asset revaluation surplus	8.1	63 481	63 481
Accumulated surplus		57 617	84 150
<b>Total equity</b>		<b>254 938</b>	<b>281 471</b>

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 2019

	Note	Contributed capital	Asset revaluation surplus	Accumulated surplus	Total
	No.	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2017</b>		<b>133 840</b>	<b>53 867</b>	<b>94 893</b>	<b>282 600</b>
Net profit / (loss) for 2017-18		-	-	(9 143)	<b>(9 143)</b>
Gain / (loss) on revaluation of land and buildings during 2017-18		-	9 614	-	<b>9 614</b>
Total comprehensive result for 2017-18		-	9 614	(9 143)	<b>471</b>
<b>Transactions with SA Government as owner</b>					
Dividends paid		-	-	(1 600)	<b>(1 600)</b>
<b>Balance at 30 June 2018</b>		<b>133 840</b>	<b>63 481</b>	<b>84 150</b>	<b>281 471</b>
Net profit / (loss) for 2018-19		-	-	(24 936)	<b>(24 936)</b>
Total comprehensive result for 2018-19		-	-	(24 936)	<b>(24 936)</b>
<b>Transactions with SA Government as owner</b>					
Dividends paid	8.4	-	-	(1 600)	<b>(1 600)</b>
<b>Balance at 30 June 2019</b>		<b>133 840</b>	<b>63 481</b>	<b>57 614</b>	<b>254 935</b>

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 2019

	Note No.	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Employee benefit payments		36 032	31 913
Supplies and services		30 156	28 826
Borrowing costs		19 093	19 094
GST remitted to the ATO		3 667	1 678
<b>Cash used in operations</b>		<b>88 948</b>	<b>81 511</b>
<b>Cash inflows</b>			
Receipts from the sale of goods and services		72 974	67 399
Interest received		711	779
<b>Cash generated from operations</b>		<b>73 685</b>	<b>68 178</b>
<b>Cash flows from SA Government</b>			
Receipts from SA Government		24 258	24 133
<b>Cash generated from SA Government</b>		<b>24 258</b>	<b>24 133</b>
<b>Net cash provided by operating activities</b>	8.2	<b>8 995</b>	<b>10 800</b>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		7 230	20 209
<b>Cash used in investing activities</b>		<b>7 230</b>	<b>20 209</b>
<b>Cash inflows</b>			
Proceeds from the sale of property, plant and equipment		68	37
<b>Cash generated from investing activities</b>		<b>68</b>	<b>37</b>
<b>Net cash (used in) / provided by investing activities</b>		<b>(7 162)</b>	<b>(20 172)</b>
<b>Cash flows from financing activities</b>			
<b>Cash outflows</b>			
Dividends paid to SA Government		1 600	1 600
<b>Cash used in financing activities</b>		<b>1 600</b>	<b>1 600</b>
<b>Net cash (used in) / provided by financing activities</b>		<b>(1 600)</b>	<b>(1 600)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>233</b>	<b>(10 972)</b>
Cash and cash equivalents at the beginning of the financial year		43 188	54 160
<b>Cash and cash equivalents at the end of the financial year</b>	8.2	<b>43 421</b>	<b>43 188</b>

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

### **1. About Adelaide Venue Management Corporation**

- 1.1. Basis of preparation
- 1.2. Objectives and activities
- 1.3. Significant transactions with government related entities

### **2. Board and employees**

- 2.1. Key management personnel
- 2.2. Board members
- 2.3. Employee benefits expenses
- 2.4. Employee benefits liability

### **3. Expenses**

- 3.1. Supplies and services
- 3.2. Depreciation and amortisation
- 3.3. Net loss from the disposal of property, plant and equipment
- 3.4. Borrowing costs

### **4. Income**

- 4.1. Facility charges
- 4.2. Other income
- 4.3. Revenues from SA Government

### **5. Non-financial assets**

- 5.1. Property, plant and equipment
- 5.2. Inventories

### **6. Financial assets**

- 6.1. Cash and cash equivalents
- 6.2. Specific purpose deposits
- 6.3. Receivables

### **7. Liabilities**

- 7.1. Payables
- 7.2. Borrowings
- 7.3. Other liabilities
- 7.4. Provisions

### **8. Other disclosures**

- 8.1. Equity
- 8.2. Cash flow
- 8.3. Administered items
- 8.4. Dividends

### **9. Changes in accounting policy**

- 9.1. Treasurer's Instructions (Accounting Policy Statements)
- 9.2. AASB 9 Financial instruments

### **10. Outlook**

- 10.1. Unrecognised contractual commitments
- 10.2. Contingent assets and liabilities
- 10.3. Impact of standards and statements not yet effective
- 10.4. Events after the reporting date

### **11. Measurement and risk**

- 11.1. Long service leave liability - measurement
- 11.2. Fair value
- 11.3. Financial Instruments

## **1. About Adelaide Venue Management Corporation**

Adelaide Venue Management Corporation, (the Corporation), is a not-for-profit 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 2018-19 financial statements the Corporation adopted AASB 9 - Financial Instruments and is required to comply with new Treasurer's Instructions (Accounting Policy Statements) issued on 22 March 2019. Further information is provided in Note 9.

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.

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 principal activities of the Corporation are to manage and operate the Adelaide Convention Centre, Adelaide Entertainment Centre and Coopers Stadium.

### 1.3. Significant transactions with government related entities

The Corporation does not have any significant transactions with government related entities which are not 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 six members of the Executive Team. Total compensation for key management personnel was \$2 016 000 in 2018-19 and \$2 034 000 in 2017-18.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Trade, Tourism and Investment 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 (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2019	2018
Compensation	\$'000	\$'000
Salaries and other short-term employee benefits	2 016	1 965
Termination benefits	-	69
<b>Total</b>	<b>2 016</b>	<b>2 034</b>

### 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 (Chair)

Gay Wallace (Deputy Chair)

Robert DeBelle (concluded 31st July 2018)

Pauline Denley

Fiona Hele

Jim Kouts

Leah Manuel \*

Catherine King

Denise Von Wald (commenced 1st August 2018)

\*In accordance with the Premier and Cabinet Circular No. 016, government employees do not receive any remuneration for board/committee duties during the financial year.

**Board remuneration**

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

	2019	2018
\$0 to \$19 999	2	2
\$20 000 to \$39 999	6	6
\$40 000 to \$59 999	1	1
<b>Total number of governing board members</b>	<b>9</b>	<b>9</b>

The total remuneration received or receivable by Board members was \$203 000 (\$203 000). Remuneration of Board members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

**2.3. Employee benefits expenses**

	2019	2018
<b>Trading activities</b>	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	26 041	23 638
Long service leave	816	478
Annual leave	980	959
Skills and experience retention leave (SERL)	65	54
Employment on-costs - superannuation	2 628	2 337
Employment on-costs - other	1 869	1 632
Board fees	186	186
<b>Total employee benefits expenses from trading activities</b>	<b>32 585</b>	<b>29 284</b>
<b>Property management activities</b>		
Salaries and wages	2 831	2 568
Long service leave	97	52
Annual leave	147	113
Skills and experience retention leave (SERL)	6	8
Employment on-costs - superannuation	289	255
Employment on-costs - other	166	146
<b>Total employee benefits expenses from property management activities</b>	<b>3 536</b>	<b>3 142</b>
<b>Total employee benefits expenses</b>	<b>36 121</b>	<b>32 426</b>

**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.

**Executive remuneration**

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

	2019	2018
\$149 000 to \$151 000	na	2
\$151 001 to \$171 000	5	2
\$171 001 to \$191 000	1	2
\$191 001 to \$211 000	1	-
\$211 001 to \$231 000	1	1
\$231 001 to \$251 000	1	-
\$371 001 to \$391 000	-	1
\$391 001 to \$411 000	-	1
\$471 001 to \$491 000	1	-
<b>Total number of employees</b>	<b>10</b>	<b>9</b>

The \$149 000 to \$151 000 band has been included for the purposes of reporting comparative figures based on the executive base remuneration rate for 2017-18.

The table includes all employees who received remuneration 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. The total remuneration received by these employees for the year was \$2 136 000 (\$1 994 000).

**2.4. Employee benefits liability**

	2019 \$'000	2018 \$'000
<b>Current</b>		
Annual leave	878	1 210
Long service leave	2 353	2 118
Skills and experience retention leave (SERL)	69	58
Accrued salaries and wages	586	539
<b>Total current employee benefits</b>	<b>3 886</b>	<b>3 925</b>
<b>Non-current</b>		
Long service leave	1 223	1 090
<b>Total non-current employee benefits</b>	<b>1 223</b>	<b>1 090</b>
<b>Total employee benefits</b>	<b>5 109</b>	<b>5 015</b>

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 as note 11.1.

**3. Expenses**

Employee benefits expenses are disclosed in note 2.3.

**3.1. Supplies and services**

	2019	2018
	\$'000	\$'000
<b>Trading activities</b>		
Administration expenses and sundries	3 643	3 486
Direct materials	10 766	9 936
Building services costs	54	50
Repairs and maintenance	137	153
Marketing and promotions	2 232	2 351
<b>Total supplies and services from trading activities</b>	<b>16 832</b>	<b>15 976</b>
<b>Property management activities</b>		
Administration expenses and sundries	108	75
Direct materials	765	35
Building services costs	7 001	6 979
Repairs and maintenance	2 676	2 333
<b>Total supplies and services from property management activities</b>	<b>10 550</b>	<b>9 422</b>
<b>Total supplies and services</b>	<b>27 382</b>	<b>25 398</b>

**Operating Leases Payments**

Operating lease payments are recognised on a straight-line basis over the lease term. These payments totalled \$432 600 (\$589 900).

**Consultants**

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

	No	2019 \$'000	No	2018 \$'000
Below \$10 000	-	-	1	4
\$10 000 or above	1	25	1	35
<b>Total</b>	<b>1</b>	<b>25</b>	<b>2</b>	<b>39</b>

**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 \$80 700 (\$80 100). No other services were provided by the Auditor-General's Department.

**3.2. Depreciation and amortisation**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Trading activities</b>		
Plant and equipment	4 684	4 139
<b>Total depreciation and amortisation for trading activities</b>	<b>4 684</b>	<b>4 139</b>
<b>Property management activities</b>		
Buildings	28 566	13 515
Leasehold improvements	287	304
<b>Total depreciation and amortisation for property management activities</b>	<b>28 853</b>	<b>13 819</b>
<b>Total depreciation and amortisation</b>	<b>33 537</b>	<b>17 958</b>

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

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

Land and non-current assets held for sale are not depreciated.

**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.

**Useful Life**

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

<b>Class of asset</b>	<b>Depreciation method</b>	<b>Useful life (years)</b>
Buildings & Improvements	Straight Line & Diminishing Value	12-147
Leasehold Improvements	Straight Line	3-15
Plant and Equipment	Straight Line	2-32

**3.3. Net loss from the disposal of property, plant and equipment**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Plant and equipment</b>		
Proceeds from disposal	68	37
Less carrying amount of assets disposed	( 86)	( 232)
<b>Net loss from the disposal of plant and equipment</b>	<b>( 18)</b>	<b>( 195)</b>
<b>Total net loss from the disposal of property, plant and equipment</b>	<b>( 18)</b>	<b>( 195)</b>



**3.4. Borrowing costs**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Guarantee fees on long term borrowings	6 103	6 103
Interest expense on long term borrowings	13 031	13 032
<b>Total borrowing costs</b>	<b>19 134</b>	<b>19 135</b>

**Borrowings**

The Corporation has an agreement with the South Australian Financing Authority (SAFA) to source debt funding for the extension and redevelopment of the Adelaide Convention Centre.

Treasury and Finance provide grant payments to the Corporation for interest and guarantee fees associated with the borrowings. Refer note 4.3.

**4. Income****4.1. Facility charges**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Car park	6 409	6 009
Catering	31 985	29 104
Corporate	2 147	2 224
Recoveries	6 519	5 408
Technical services	4 609	4 635
Venue hire	11 824	10 967
<b>Total facility charges</b>	<b>63 493</b>	<b>58 347</b>

Revenues from facility charges are derived from the provision of goods and services to the public and other SA Government agencies.

**4.2. Other income**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Trading activities</b>		
Merchandise commission	427	274
Ticketing	822	758
Other	789	1 000
<b>Total other income from trading activities</b>	<b>2 038</b>	<b>2 032</b>
<b>Property management activities</b>		
Leased properties	482	455
Other	239	198
<b>Total other income from property management activities</b>	<b>721</b>	<b>653</b>
<b>Total other income</b>	<b>2 759</b>	<b>2 685</b>

**Rental income from leased properties**

Rental income from leased properties is recognised on a straight-line basis over the lease term.

**4.3. Revenues from SA Government**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Appropriation	5 165	5 039
Grant payments	19 134	19 135
<b>Total revenues from SA Government</b>	<b>24 299</b>	<b>24 174</b>

***Appropriation***

Total appropriation revenues from the Government (through the Minister for Trade, Tourism and Investment) 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, office accommodation 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.

***Grant payments***

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 3.4.

***Equity contributed by the SA Government***

Contributions made by the SA Government through its role as owner of the Corporation, which increase the net assets of the entity, are treated as contributions of equity.

**5. Non-financial assets****5.1. Property, plant and equipment**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Land and buildings</b>		
Land at fair value	32 630	32 630
Buildings at fair value	584 803	584 803
Improvements at cost	4 128	-
Accumulated depreciation	(28 567)	-
<b>Total land and buildings</b>	<b>592 994</b>	<b>617 433</b>
<b>Leasehold improvements</b>		
Leasehold improvements at cost	3 853	3 721
Accumulated amortisation	(1 297)	(1 010)
<b>Total leasehold improvements</b>	<b>2 556</b>	<b>2 711</b>
<b>Work in progress</b>	<b>-</b>	<b>40</b>
<b>Total work in progress</b>	<b>-</b>	<b>40</b>
<b>Plant and equipment</b>		
Plant and equipment at cost	49 766	47 878
Accumulated depreciation	(30 119)	(27 154)
<b>Total plant and equipment</b>	<b>19 647</b>	<b>20 724</b>
<b>Total property, plant and equipment</b>	<b>615 197</b>	<b>640 908</b>

Property, plant and equipment with a value equal to or in excess of \$3 000 is capitalised, otherwise it is expensed.

Property, plant and equipment 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.

**Impairment**

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

	Land \$'000	Buildings and improvements \$'000	Leasehold improvements \$'000	Work in Progress \$'000	Plant & equipment \$'000	Non-current assets total \$'000
<b>Carrying amount 1 July 2018</b>	<b>32 630</b>	<b>584 803</b>	<b>2 711</b>	<b>40</b>	<b>20 724</b>	<b>640 908</b>
Additions	-	-	-	7 912	-	7 912
Transfers in / (out)	-	4 128	132	(7 952)	3 692	-
Disposals e.g. sales, write off	-	-	-	-	( 86)	( 86)
Depreciation and amortisation	-	(28 567)	( 287)	-	(4 683)	(33 537)
<b>Carrying amount at 30 June 2019</b>	<b>32 630</b>	<b>560 364</b>	<b>2 556</b>	<b>-</b>	<b>19 647</b>	<b>615 197</b>

**Reconciliation 2017-18**

	Land \$'000	Buildings and improvements \$'000	Leasehold improvements \$'000	Work in Progress \$'000	Plant & equipment \$'000	Non-current assets total \$'000
<b>Carrying amount 1 July 2017</b>	<b>27 055</b>	<b>407 627</b>	<b>2 983</b>	<b>180 101</b>	<b>15 649</b>	<b>633 415</b>
Additions	-	-	-	16 069	-	16 069
Transfers in / (out)	-	186 652	32	(196 130)	9 446	-
Disposals e.g. sales, write off	-	-	-	-	( 232)	( 232)
Revaluation increment/ (decrement)	5 575	4 039	-	-	-	9 614
Depreciation and amortisation	-	(13 515)	( 304)	-	(4 139)	(17 958)
<b>Carrying amount at 30 June 2018</b>	<b>32 630</b>	<b>584 803</b>	<b>2 711</b>	<b>40</b>	<b>20 724</b>	<b>640 908</b>

**5.2. Inventories**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current - Inventories held for resale</b>		
Beverages	293	331
Food	158	169
<b>Total inventories held for resale</b>	<b>451</b>	<b>500</b>

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 \$8 076 000 (\$7 412 000).

**6. Financial assets****6.1. Cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and Cash on hand	29 968	31 540
<b>Total cash and cash equivalents</b>	<b>29 968</b>	<b>31 540</b>

**Cash deposits**

Cash at bank 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 1.35% (1.35%). Interest is accrued daily and distributed monthly and quarterly.

**6.2. Specific purpose deposits**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Specific purpose deposits with SA Government entities</b>		
Investments with SA Financing Authority	2 851	2 797
Future asset replacement deposit account	10 602	8 851
<b>Total specific purpose deposits</b>	<b>13 453</b>	<b>11 648</b>

**Deposits with SA Government entities**

Specific purpose deposits are lodged with SAFA and include funds held in a Cash Management Facility and Deposit Account. The balance of these funds are not available for general use. The SAFA Cash Management Fund is a pooled investment portfolio comprising cash and short term money market securities of high credit quality and marketability. The SAFA Cash Management Funds carry an average variable interest rate of 1.9% (1.9%). Interest is accrued daily and distributed monthly. The Future Asset Replacement Deposit Account is a pooled investment portfolio comprising cash and short term money market securities of high credit quality and marketability. The Future Asset Replacement Account funds carry an average variable interest rate of 1.35% (1.35%). Interest is accrued daily and distributed quarterly.

**6.3. Receivables**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Trade receivables from government entities	229	521
Trade receivables from non-government entities	2 214	2 646
Less allowance for doubtful debts	-	( 12)
Accrued revenues	2 254	2 258
GST input tax recoverable	-	78
Prepayments	514	678
<b>Total current receivables</b>	<b>5 211</b>	<b>6 169</b>

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

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

Other than as recognised in the allowance for doubtful debts, 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 11.3 for further information on risk management.

***Impairment of receivables***

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at the beginning of the period</b>	( 12)	( 5)
Increase in the allowance	-	( 7)
Amounts written off	12	-
<b>Carrying amount at the end of the period</b>	<b>0</b>	<b>( 12)</b>

Refer to note 11.3 for details regarding credit risk and the methodology for determining impairment.

## 7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

### 7.1. Payables

	2019 \$'000	2018 \$'000
<b>Current</b>		
Trade payables	3 881	3 092
Accrued expenses	1 068	1 312
GST payable	24	-
Employment on-costs	443	459
Interest accrued	1 461	1 433
<b>Total current payables</b>	<b>6 877</b>	<b>6 296</b>
<b>Non-current</b>		
Employment on-costs	111	99
<b>Total non-current payables</b>	<b>111</b>	<b>99</b>
<b>Total payables</b>	<b>6 988</b>	<b>6 395</b>

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, Return to Work SA levy and superannuation contributions, and are settled when the respective employee benefit that they relate to is discharged.

The Corporation makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at 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 remains unchanged for 2019 from the 2018 rate (41%). This rate is used in the employment on-cost calculation.

### 7.2. Borrowings

	2019 \$'000	2018 \$'000
<b>Non-current</b>		
Borrowings from SA Government	382 321	382 321
<b>Total borrowings</b>	<b>382 321</b>	<b>382 321</b>

The Corporation measures borrowings at amortised cost.

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. The interest rates were in the range of 2.33% and 4.35%.

**7.3. Other liabilities**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Income received in advance	9 967	10 548
Unearned lease revenue	58	58
<b>Total current other liabilities</b>	<b>10 025</b>	<b>10 606</b>
<b>Non-current</b>		
Unearned lease revenue	4 899	4 957
<b>Total non-current other liabilities</b>	<b>4 899</b>	<b>4 957</b>
<b>Total other liabilities</b>	<b>14 924</b>	<b>15 563</b>

Income received in advance includes amounts invoiced in relation to events and car parking which relate to future periods, amounts invoiced under Corporate Suite Licensing and Advertising Agreements and security deposits.

Event and car parking related monies are recognised as income as the provision of services are supplied.

Corporate Suite Licencing and Advertising Agreements payments received are recognised as income over the term of the agreement as the provision of services are supplied.

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.

**7.4. Provisions****Workers Compensation**

The Corporation is deemed to be an exempt 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 2019, 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 4.3.



**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.

**Cash flow reconciliation**

	2019	2018
	\$'000	\$'000
<b>Reconciliation of cash and cash equivalents at the end of the reporting period:</b>		

**Statement of Financial Position****Current**

Cash and cash equivalents	29 968	31 540
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**Non-current**

Specific purpose deposits	13 453	11 648
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<b>Cash and cash equivalents as recorded in the Statement of Cash Flows</b>	<b>43 421</b>	<b>43 188</b>
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**Reconciliation of profit / (loss) to net cash provided by operating activities:**

Net profit / (loss) for the year	(24 936)	(9 143)
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**Add / (less) non-cash items**

Depreciation and amortisation expense	33 537	17 958
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Leased land income	( 58)	( 58)
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Net (gain) / loss on disposal of assets	18	195
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**Movement in assets / liabilities**

(Increase) / decrease in receivables	958	( 339)
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(Increase) / decrease in inventories	49	( 93)
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(Decrease) / increase in payables	( 86)	610
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(Decrease) / increase in other liabilities	( 581)	1 221
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(Decrease) / increase in employee benefits	94	449
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<b>Net cash provided by operating activities</b>	<b>8 995</b>	<b>10 800</b>
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### 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 insignificant in relation to the Corporation's overall financial performance and position in accordance with APS I050.B.

	2019	2018
	\$'000	\$'000
<b>Event funds</b>		
<b>Administered revenues</b>		
Net box office receipts	27 244	34 719
Interest earned on event funds	144	254
<b>Total administered revenues</b>	<b>27 388</b>	<b>34 973</b>
<b>Administered expenses</b>		
Settlements paid	31 387	27 256
<b>Total administered expenses</b>	<b>31 387</b>	<b>27 256</b>
<b>Movement in administered items during the year</b>	<b>(3 999)</b>	<b>7 717</b>
<b>Administered assets</b>		
Cash at bank	11 056	15 048
Receivable - interest	14	21
<b>Total administered assets</b>	<b>11 070</b>	<b>15 069</b>
<b>Administered liabilities</b>		
Funds held in trust	11 056	15 048
Accrued interest payable	14	21
<b>Total administered liabilities</b>	<b>11 070</b>	<b>15 069</b>
<b>Movement in administered items during the year</b>	<b>(3 999)</b>	<b>7 717</b>
Total administered assets held at the beginning of the financial year	15 069	7 352
<b>Total administered assets held at the end of the financial year</b>	<b>11 070</b>	<b>15 069</b>

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.

#### 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 1.68% (1.70%). Interest is accrued daily and distributed monthly.

### 8.4. Dividends

A current period dividend of \$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

### 9.1. Treasurer's Instructions (Accounting Policy Statements)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government.
- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 10.3.

### 9.2. AASB 9 Financial instruments

*AASB 9 Financial Instruments* replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies.

As part of the adoption of AASB 9, the Corporation adopted consequential amendments to other accounting standards and the Treasurer's Instructions (Accounting Policy Statements) arising from the issue of AASB 9 as follows:

- *AASB 101 Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In the prior year, this information was presented as part of supplies and services expenses.
- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9. These disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, AASB 9 *Financial Instruments* was adopted without restating comparative information for classification and measurement requirements.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

On 1 July 2018, the Corporation has assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset. AASB 9 eliminates the AASB 139 categories of held to maturity, loans and receivables and available for sale.

**Reclassification of financial instruments on adoption of AASB 9**

On the date of initial application, the Corporation's financial instruments were as follows, with any reclassifications noted.

	Measurement category		AASB 139 at 30 June 2018 \$'000	Carrying amount Re- measurement \$'000	AASB 9 at 1 July 2018 \$'000
	AASB 139	AASB 9			
<u>Current financial assets</u>					
Trade receivables	Loans and receivables	Amortised cost	3 155	-	3 155
<u>Current financial liabilities</u>					
Trade payables	Amortised cost	Amortised cost	3 092	-	3 092
<u>Non-current financial liabilities</u>					
Borrowings	Amortised cost	Amortised cost	382 321	-	382 321

**Impairment of financial assets**

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' model. The Corporation's trade receivables from provision of goods and services are subject to AASB 9's new expected credit loss model. This model generally results in earlier recognition of credit losses than the previous one.

**Trade receivables**

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The Corporation has adopted the simplified approach under AASB 9 Financial Instruments and measured lifetime expected credit losses on all trade receivables using a provision matrix approach as a practical expedient to measure the impairment provision. This has resulted in the Corporation providing for a nil loss allowance for trade receivables.

Trade receivables that were classified as loans and receivables under AASB 139 are now classified at amortised cost as they meet the appropriate criteria under AASB 9.

**10. Outlook****10.1. Unrecognised contractual commitments**

Commitments include operating and capital arising from contractual sources and are disclosed at their nominal value.

**Capital Commitments**

	2019 \$'000	2018 \$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	1 053	497
<b>Total capital commitments</b>	<b>1 053</b>	<b>497</b>

**Expenditure Commitments**

	2019	2018
	\$'000	\$'000
Within one year	358	418
Later than one year but not longer than five years	193	349
Later than five years	-	8
<b>Total expenditure commitments</b>	<b>551</b>	<b>775</b>

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

**Operating lease commitments payable**

	2019	2018
	\$'000	\$'000
Future minimum lease payments payable under non-cancellable operating leases contracted for at reporting date but not recognised as liabilities are:		
Within one year	440	433
Later than one year but not longer than five years	1 758	1 730
Later than five years	25 936	25 975
<b>Total operating lease expenditure commitments</b>	<b>28 134</b>	<b>28 138</b>

The Corporation has entered into an operating lease with Renewal SA for the land on which the Adelaide Convention Centre buildings are situated. The lease is reviewed each year for adjustments in the consumer price index.

**Operating lease commitments receivable**

	2019	2018
	\$'000	\$'000
Future minimum lease payments receivable under non-cancellable operating leases contracted for at reporting date but not recognised as receivables are:		
Within one year	352	351
Later than one year but not longer than five years	913	759
<b>Total operating lease revenue commitments</b>	<b>1 265</b>	<b>1 110</b>

The Corporation's operating lease commitments as lessor are for the lease of shops, offices and site space located on sites owned or leased by the Corporation. The Corporation also leases a section of land. As rental in relation to the lease of this land was received in advance, there are no minimum lease payments receivable in relation to this lease.

**10.2. 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.

### **10.3. Impact of standards and statements not yet effective**

The Corporation has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

*Treasurer's Instructions (Accounting Policy Statements) 2019* issued by the Treasurer on 22 March 2019 are effective for 2018-19 reporting period and are addressed below in relation to Standards not yet effective and in note 9.1. There are no Accounting Policy Statements that are not yet effective.

The material impacts on the Corporation are outlined below.

#### **AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities**

The Corporation will adopt AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities from 1 July 2019.

##### **Objective**

AASB 15 introduces a 5-step approach to revenue recognition. The objective of AASB 15 is that recognition of revenue depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. It provides extensive guidance as to how to apply this revenue recognition approach to a range of scenarios. AASB 15 – Revenue from Contracts replaces AASB 111 – Construction Contracts and AASB 118 – Revenue.

AASB 1058 introduces consistent requirements for the accounting of non-reciprocal transactions by not-for-profit entities, in conjunction with AASB 15. These requirements closely reflect the economic reality of not-for-profit entity transactions that are not contracts with customers. AASB 1058 replaces parts of AASB 1004 – Contributions.

##### **Impact on 2019-20 financial statements**

Adopting AASB 15 and AASB 1058 is not expected to have a material impact on the timing of recognition of revenue by the Corporation.

##### **Related accounting policies**

The *Treasurer's Instructions (Accounting Policy Statements) 2019* sets out key requirements that the Corporation must adopt for the transition to AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities. These requirements include that the Corporation will:

- apply AASB 15 and AASB 1058 retrospectively. The cumulative effect of initially applying the Standards will be recognised at 1 July 2019. Comparatives will not be restated.
- not apply the AASB 15 and the AASB 1058 completed contracts practical expedient.
- apply the AASB 15 practical expedient for all contract modifications that occur before the date of initial application.

## **AASB 16 – Leases**

The Corporation will adopt AASB 16 – Leases from 1 July 2019.

### **Objective**

AASB 16 sets out a comprehensive model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. The outcome will be that lease information disclosed will give users of financial statements a basis to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. AASB 16 Leases replaces AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

### **Impact on 2019-20 financial statements**

The Corporation has assessed the estimated impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements mandated by the *Treasurer's Instructions (Accounting Policy Statements)*.

AASB 16 requires lessees to recognise assets and liabilities for all leases, not subject to a recognition exemption or scoped out of the application of AASB 16. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position for the first time. Lease incentive liabilities previously recognised will be written off against the right-of-use assets or retained earnings depending on the nature of the incentive.

The Corporation has entered into a long term operating lease with Renewal SA for the land on which the Adelaide Convention Centre buildings are situated.

AASB 16 is expected to have a material impact on the Statement of Financial Position. The Corporation has estimated the impact of this change and the results as at 1 July 2019.

The estimated impact is based on applying AASB 16's transition approach to those leases identified as leases by the Corporation prior to 1 July 2019. The incremental borrowing rates applied to estimate the lease liability were SAFA's forecast interest rates for principal and interest loans to SA Government agencies for 1 July 2019 as at 6 June 2019.

The estimated impact is set out below.

	as at 1 July 2019 \$'000
<b><u>Assets</u></b>	
Right-of-use assets	9 952
<b><u>Liabilities</u></b>	
Lease liabilities	9 952
<b>Net impact on equity</b>	<u>-</u>

AASB 16 will also impact on the Statement of Comprehensive Income. The operating lease expense previously included in supplies and services will be replaced with:

- a depreciation expense that represents the use of the right-of-use asset; and
- borrowing costs that represent the cost associated with financing the right-of-use asset.

The estimated impact on 2019-20 Statement of Comprehensive Income is set out below.

	<b>2020</b>
	<b>\$'000</b>
Depreciation and amortisation	156
Supplies and services	( 440)
Borrowing costs	407
<b>Net impact on net cost of providing services</b>	<b>123</b>

### **Related accounting policies**

The *Treasurer's Instructions (Accounting Policy Statements) 2019* sets out key requirements that the Corporation must adopt for the transition from AASB 117 Leases to AASB 16 Leases. These requirements include that the Corporation will:

- apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard will be recognised at 1 July 2019. Comparatives will not be restated.
- only apply AASB 16 to contracts that were previously identified as containing a lease applying AASB 117 and related interpretations.
- not transition operating leases for which the lease term ends before 30 June 2020.

The *Treasurer's Instructions (Accounting Policy Statements) 2019* also sets out requirements for on-going application. These requirements include that the Corporation will:

- not apply AASB 16 to leases of intangible assets.
- adopt \$15,000 as the threshold to determine whether an underlying asset is a low value asset and must apply the low value asset recognition exemption to all low value assets.
- apply the short-term leases recognition exemption for all classes of underlying asset.
- separate non-lease components from lease components.
- adopt the revaluation model, where permitted.
- where required, apply the relevant lessee's incremental borrowing rate published by the Department of Treasury and Finance.
- on initial recognition, not record at fair-value, leases that have significantly below-market terms and conditions principally to enable the Corporation to further its objectives, unless they have already been recorded at fair-value prior to 1 July 2019.

### **10.4. 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 decreased from 2018 (2.5%) to 2019 (1.25%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, 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 an increase in the long service leave liability of \$270 000 and employee benefits expense of \$295 000. 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 actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The unconditional portion of the long service leave provision is classified as current as the Corporation does not have 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 10 years of service for all other staff.

### **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 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 2019 and 2018, 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 2019**

	Note	Level 2	Level 3	Total
<b>Recurring fair value measurements</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land	5.1	32 630	-	32 630
Buildings and improvements	5.1	848	559 516	560 364
Leasehold improvements	5.1	-	2 556	2 556
Work in progress	5.1	-	-	-
Plant and equipment	5.1	-	19 647	19 647
<b>Total recurring fair value measurements</b>		<b>33 478</b>	<b>581 719</b>	<b>615 197</b>

**Fair value classification – non-financial assets at 30 June 2018**

	Note	Level 2	Level 3	Total
<b>Recurring fair value measurements</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land	5.1	32 630	-	32 630
Buildings and improvements	5.1	890	583 913	584 803
Leasehold improvements	5.1	-	2 711	2 711
Work in progress	5.1	-	40	40
Plant and equipment	5.1	-	20 724	20 724
<b>Total recurring fair value measurements</b>		<b>33 520</b>	<b>607 388</b>	<b>640 908</b>

**Land and buildings**

Every six years the Corporation revalues its land, buildings and building improvements, with the valuation appraisal performed by an independent Certified Practising Valuer. The most recent independent valuation of land and buildings was performed in June 2018 by a Certified Practising Valuer from Liquid Pacific Holdings Pty Ltd, as at 30 June 2018.

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 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, and have not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

**Reconciliation of Level 3 recurring fair value measurements at 30 June 2019**

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

	Buildings and improvements \$'000	Leasehold improvements \$'000	Work in progress \$'000	Plant and equipment \$'000
<b>Opening balance at the beginning of the period</b>	<b>583 913</b>	<b>2 711</b>	<b>40</b>	<b>20 724</b>
Acquisitions	-	-	7 912	-
Transfers in / (out)	4 128	132	(7 952)	3 692
Total gains / (losses) for the period in profit and loss:				
Depreciation	(28 525)	( 287)	-	(4 683)
Disposals	-	-	-	( 86)
<b>Closing balance at the end of the period</b>	<b>559 516</b>	<b>2 556</b>	<b>-</b>	<b>19 647</b>

**Reconciliation of Level 3 recurring fair value measurements at 30 June 2018**

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

	Buildings and improvements \$'000	Leasehold improvements \$'000	Work in progress \$'000	Plant and equipment \$'000
<b>Opening balance at the beginning of the period</b>	<b>406 780</b>	<b>2 983</b>	<b>180 101</b>	<b>15 649</b>
Acquisitions	-	-	16 035	-
Transfers in / (out)	186 618	32	(196 096)	9 446
Total gains / (losses) for the period in profit and loss:				
Depreciation	(13 475)	( 304)	-	(4 139)
Disposals	-	-	-	( 232)
Total gains / (losses) for the period recognised in other comprehensive income:				
Revaluation increment / (decrement)	3 990	-	-	-
<b>Closing balance at the end of the period</b>	<b>583 913</b>	<b>2 711</b>	<b>40</b>	<b>20 724</b>

### **11.3. 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 Australian Risk Management Standards 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.

In the comparative period, the impairment of receivables was assessed based on the incurred loss model. The allowance was recognised when there was objective evidence that a receivable was impaired. The allowance for impairment was recognised in 'supplies and services expense' for specific debtors and debtors assessed on a collective basis for which such evidence existed.

**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.