

Adelaide Festival Corporation

2016-17 Annual Report

Adelaide Festival Corporation
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ISSN 0431

Date presented to Minister: 4 October 2017

To:
Minister for the Arts – Jay Weatherill, Premier of South Australia

Dear Minister,

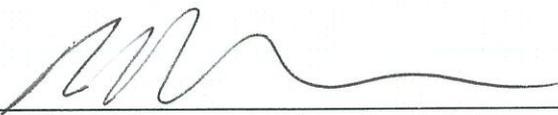
This annual report is presented to Parliament to meet the statutory reporting requirements of *Public Sector Act 2009* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

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

Submitted on behalf of the Adelaide Festival Corporation by:

Rob Brookman AM

Executive Director



Signature

Date 4/10/17

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Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

Purpose

The Adelaide Festival of Arts aspires to be recognised as one of the world's greatest large-scale, multi-arts festivals.

Since 1960, its aim has been to create and present a festival program that thrills, inspires, challenges and delights local, national and international audiences, involves local artists, stimulates community involvement and attracts artists and visitors from around the world.

Vision

To be an internationally celebrated arts festival that pursues new and unexpected horizons, enthralls audiences, and places Adelaide at the centre of Australia's cultural life.

Objectives

- Make Adelaide Festival the flagship cultural event for Adelaide, South Australia and Australia.
- Be an exemplar of excellence in the arts.
- Be a financially stable and sustainable organisation.
- Increase engagement and support from stakeholders.
- Be an organisation full of passion, integrity and creativity, where people aspire to work.
- Create a premium brand that is instantly recognisable, respected and synonymous with excellence.

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Attract and present the best artists and arts companies in the world in Adelaide.	Vibrant Adelaide where people and businesses thrive.

Key strategy	SA Government objective
Position the AF as the leading Festival in Australia and in the Top 10 internationally.	Destination of choice. South Australia – a growing destination choice for international and domestic travellers

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
2017 Adelaide Festival	<p>Minimum of two state, national or international collaborative partnerships</p> <p>Achieve specific project funding for projects of State significance</p> <p>Festival attendance at minimum 5 international festivals/ arts markets</p> <p>High level project planning, working with a creative, solution focus</p> <p>Comprehensive risk management plans in place for all projects, ensuring state and national legislation is adhered to</p> <p>Deliver projects on time, on budget</p> <p>Program a minimum of one large scale work that can only be seen in a festival context</p> <p>Present at least one new commission/co-commission each festival</p> <p>Achieve box office target of \$2.9 million and Grow Friends memberships by 20%</p> <p>Achieve interstate/international visitor levels of 30-50%</p> <p>Increase attendances of school aged to under 30s audiences to 27%</p> <p>Consistent brand values in all collateral and media</p> <p>One national arts market presented in Adelaide at festival period</p> <p>Attendance at shows >65%</p>	<p><i>Saul</i> (Glyndebourne) and <i>The Secret River</i> (STC/ STCSA)</p> <p>Govt supported <i>Saul</i> and Riverbank Palais</p> <p>Many more festivals visited than KPI.</p> <p>Managed huge increase in turnover and complex projects.</p> <p>Appropriate risk management plan signed off by Board.</p> <p>Achieved (exception of The Riverbank Palais).</p> <p>Programmed three such events.</p> <p>Achieved - Gravity & Other Myths <i>Backbone</i>.</p> <p>Box office \$4 million+. Friends m/ship grew by 55%.</p> <p>21% achieved (KPI too high). 41% for <i>Saul</i>.</p> <p>Not achieved. U/30's attendance was 14.6%</p> <p>New brand successfully launched and applied.</p> <p>Showbroker presented.</p> <p>Overall paid capacity 72%.</p>

Legislation administered by the agency

Nil to Report

Organisation of the agency

The Board employs the Executive Director to manage the agency. The present Executive Director is Rob Brookman, who commenced on 1 May 2017.

The Executive Director is responsible for employing and engaging staff to perform all the necessary functions in connection with the operations and activities of the Adelaide Festival.

A core staff is responsible for the day to day management of the agency.

Organisational Structure as follows:

Board :

Chair

Judith Potter

Members

Megan Hender (ACC Nominee)

Peter John Dunstone Goërs OAM

Ulrike Klein

Alison Beare (Proxy for Ulrike Klein)

David John Wissler Knox

Mark John Roderick

Hon Amanda Vanstone

Allan James (Jim) Whalley

Observers

Tammie Pribanic (Government Observer)

Frank Ford AM

Departments:

Artistic Directorates

Finance & Administration

Marketing

Development & Philanthropy

Programming

Production

Writers' Week

Staff Structure:

https://www.adelaidefestival.com.au/staff_and_board

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

Nil to Report

Employment opportunity programs

Program name	Result of the program
Nil to Report	
Nil to Report	

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Demonstrate value and reward leadership at all levels of the organisation	Salary structure reviewed Quarter 4 of 2016/17
Provide high quality training and development opportunities for all staff	Training provided as opportunities arise

Performance management and development system	Assessment of effectiveness and efficiency
Create the environment that excites and engages staff to excel	Staff survey conducted Quarter 4 of 2016/17
Implement an effective practice performance review for all staff	Full staff review conducted Quarter 4 of 2016/17

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Occupational health, safety and rehabilitation programs	Effectiveness
WHS Committee	The Festival had a large turnover in staff resulting in temporary suspension of the WH&S Committee. The Manager Corporate Services will enrol new members of staff to form a new committee. Its first role will be to review all WHS policies to ensure they meet current standards. Manager Corporate Services has joined the DSD WHS Divisional Committee for the Arts.
Hazard Risk Register	The Festival has a robust Hazard Risk Register for the Annual Festival Program covering all events; however there is no Corporate Hazard Risk Register. This is now being developed with the assistance of the Arts organisation's Senior Business Partner at DSD.

Fraud detected in the agency

Category/nature of fraud	Number of instances
Not Detected	0
Not Detected	0
Not Detected	0

Strategies implemented to control and prevent fraud

The Fraud and Corruption Policy was reviewed by the Board on 17 June 2017. The Adelaide Festival Corporation has in place internal control procedures to minimise the risk of fraud, corruption and other criminal conduct, misconduct and maladministration. The objectives of this policy are to:

- demonstrate that the Adelaide Festival Corporation has a zero tolerance to fraud and corruption;
- ensure management, employees, contractors, volunteers, and suppliers of goods and services to the Adelaide Festival Corporation understand their responsibilities

to mitigate against fraud and corruption;

- ensure there is a clear process for management, employees and other stakeholders to follow when fraud or corruption is suspected or detected; and
- assist the SA Police in the investigation and prosecution of suspected fraudsters.

POLICY

The Adelaide Festival Corporation requires that all staff at all times act with honesty and integrity and to safeguard the public resources for which they are responsible.

All Adelaide Festival Corporation employees are required to understand and adhere to the Code of Conduct for South Australian Public Sector Employees and the South Australian Public Sector Fraud and Corruption Control Policy.

The Code of Conduct outlines the underlying principles of respect, integrity, accountability and ethical decision making that is expected from Adelaide Festival Corporation employees.

The Policy is designed to assist public sector agencies in the prevention, detection and response to activities labelled or defined as fraud or corruption, other criminal conduct, misconduct and maladministration within the sector.

As a part of its responsibility for ensuring the values of integrity and honesty are upheld, the Adelaide Festival Corporation is committed to the prevention, detection and reduction of fraud and corruption by establishing a fraud and corruption prevention culture throughout all levels of the Organisation.

The Adelaide Festival Corporation will pursue all suspected acts of fraud, corrupt practices or other similar malpractices and report to the police as required by State Government policy and the law.

The Adelaide Festival Corporation Board recognises that the organisation is relatively small and that key functions are overseen by a small number of staff.

For that reason, the Corporation has ensured that there are a number of very thorough processes in place throughout the organisation that would serve to highlight any significant deviations or areas of concern at an early stage. For example;

- The Adelaide Festival Corporation has a comprehensive Purchase Order commitment system in place;
- The use of forecasting in financial reports in order to highlight any deviations to budget as early as possible;
- Management closely monitors the budget at a reasonably detailed level with explanations provided for significant variations;
- Monthly Finance reports are provided to the Audit and Risk Committee, which includes an explanation for all amounts > \$10k in that month;
- Limited use of credit cards and entertainment expenditure requiring separate approval;
- Segregation of duties as appropriate;
- Multiple signatories as appropriate;
- A Cash Handling Policy across the organisation as well as specific site procedures for each site and/or event;
- All appropriate bank and cash reconciliations are undertaken during the year; and
- A detailed and actively managed risk management process is in place during the

Festival period.

Data for the past five years is available at: https://data.sa.gov.au/data/user/adelaide_festival

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993* 0

Data for the past five years is available at: https://data.sa.gov.au/data/user/adelaide_festival

Executive employment in the agency

Executive classification	Number of executives
Chief Executive Officer/ Executive Director	2
Co-Artistic Director	2

Data for the past five years is available at: https://data.sa.gov.au/data/user/adelaide_festival

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value
Consultancies below \$10,000 each	Purpose (combined)	\$ Value
Consultancies above \$10,000 each		
Business name	Purpose	0
Business name	Purpose	0
Total all consultancies		0

Data for the past five years is available at: https://data.sa.gov.au/data/user/adelaide_festival

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Financial performance of the agency

Full audited financial statements for 2016-17 are attached to this report.

Other financial information

Nil to Report

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

Nil to Report

Section B: Reporting required under any other act or regulation

Name and date of act or regulation
Enter name of act or regulation
<i>Adelaide Festival Corporation Act 1998</i>
19—Accounts and audit (1) The board must cause proper accounting records to be kept in relation to the financial affairs of the Corporation, and must have annual statements of account prepared in respect of each financial year. 10 This version is not published under the Legislation Revision and Publication Act 2002 [13.5.2011] (2) The accounting records and the statements of account must comply with— (a) any instructions of the Treasurer under section 41 of the Public Finance and

Audit Act 1987; and

(b) any further requirements imposed by the Auditor-General.

(3) The Auditor-General may at any time audit the accounts of the Corporation and must audit the annual statements of account.

20—Annual report

(1) The board must, on or before 30 September in every year, forward to the Minister a report on the work and operations of the Corporation for the preceding financial year.

(2) The report must contain the audited statements of account of the Corporation for the preceding financial year.

(3) The Minister must, within 12 sitting days after receiving a report under this section, have copies of the report laid before both Houses of Parliament.

Reporting required under the *Carers' Recognition Act 2005*

The *Carers' Recognition Act* is deemed applicable for the following: Department for Communities and Social Inclusion, Department for Education and Child Development, Department for Health and Ageing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police and TAFE SA.

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

The Carers Recognition Act 2005 acknowledges the valuable role of carers in supporting those they care for in the community. The Carers Charter is enshrined within the Act and sets out principles to guide services for carers.

Adelaide Festival firmly believes that accessibility is a vital aspect of a vibrant community and is committed to providing best practice inclusive accessibility to all available events.

The Adelaide Festival is a Companion Card affiliate. A companion card ensures that people who are unable to attend the festival without a companion to provide attendant care support are provided access to concession price tickets as well as a second ticket at no cost for their companion.

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

Public complaints received by Adelaide Festival Marketing Department	
Category of complaints by subject	Number of instances
Ticketing Issues	4
Adelaide Writers' Week	4
Clipsal Weekend Surcharges	1

Data for the past five years is available at: https://data.sa.gov.au/data/user/adelaide_festival

Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Ticketing Issues	Following complaints the ticketing provider (BASS) was informed and issues addressed. In relevant cases full refund was arranged.
Adelaide Writers' Week	Post event debrief session took place to assess and analyse the complaints. All of the complaints have been responded to.
Clipsal weekend surcharges	The Clipsal weekend surcharges occur during the Clipsal weekend and many hotels in Adelaide add surcharges to their room prices. When the complaint was received, Adelaide Festival's staff member explained, that the Festival has no control over the hotel surcharges and assisted the person who complained with finding elsewhere to stay.

Appendix: Audited financial statements 2016-17



Our ref: A17/088

20 September 2017

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www.audit.sa.gov.au

Ms J Potter
Chair
Adelaide Festival Corporation
PO Box 8221
Station Arcade
ADELAIDE SA 5000

Dear Ms Potter

Audit of the Adelaide Festival Corporation for the year to 30 June 2017

We have completed the audit of your accounts for the year ended 30 June 2017. Three key outcomes from the audit are the:

- 1** Independent Auditor's Report on your agency's financial report
- 2** opinion on your financial controls
- 3** audit management letters recommending you address identified weaknesses.

1 Independent Auditor's Report

We are returning the financial statements for the Adelaide Festival Corporation, with the Independent Auditor's Report. This report is unmodified.

My annual report to Parliament indicates that we have issued an unmodified Independent Auditor's Report on your financial statements.

2 Opinion on financial controls

In my opinion, the controls exercised by the Adelaide Festival Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for matters relating to:

- bank reconciliations were not always performed promptly and independently reviewed
- purchases and payments were not always approved by the appropriate delegate
- no inclusion of risk treatment plans and expected date of risk treatments in the Corporate Risk Register,

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are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Festival Corporation have been conducted properly and in accordance with law.

3 Audit management letter

During the year, we sent the Adelaide Festival Corporation an audit management letter detailing the weaknesses we noted and improvements we considered you need to make.

We have received a response to these matters and we will follow these up in the 2017-18 audit.

I have also included summary comments about these matters in my annual report. These identify areas we assessed as not meeting a sufficient standard of financial management, accounting and control.

What the audit covered

Our audit covered the principal areas of the Adelaide Festival Corporation's financial operations and included test reviews of systems, processes, internal controls and financial transactions.

The notable areas of audit coverage were:

- revenue
- expenditure
- payroll
- bank reconciliations
- general ledger and financial accounting.

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

I would like to thank the staff and management of the Adelaide Festival Corporation for their assistance during this year's audit.

Yours sincerely



Andrew Richardson
Auditor-General

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To the Chair of the Board Adelaide Festival Corporation

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19(3) of the *Adelaide Festival Corporation Act 1998*, I have audited the financial report of Adelaide Festival Corporation for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Festival Corporation as at 30 June 2017, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated 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 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair and the Executive Director.

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 Festival 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 Executive Director and members of the Board for the financial report

The Executive Director is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

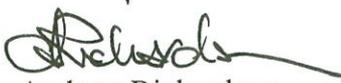
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Director
- 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 Executive Director and members of the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

20 September 2017

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Adelaide Festival Corporation:

- are in accordance with the accounts and records of the Adelaide Festival Corporation; and
- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and
- comply relevant accounting standards; and
- present a true and fair view of the financial position of the Adelaide Festival Corporation as at 30 June 2017 and the results of its operation and cash flows for the financial year.

Internal controls employed by the Adelaide Festival Corporation over its financial reporting and its preparation of the financial statements have been effective throughout the reporting period.



Robert Brookman
Executive Director

15 September 2017



Ms Judy Potter
Chair

15 September 2017

Adelaide Festival Corporation
Financial Statements for the year ended 30 June 2017

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Expenses			
Staff benefit expense	4	3,755	3,632
Supplies and services	5	11,949	8,836
Depreciation expense		261	89
Total expenses		15,965	12,557
Income			
Grants from Non SA Government	6	96	353
Box Office sales		4,020	2,435
Other sales		329	315
Interest revenues		70	80
Sponsorship	7	1,553	1,230
Other income	8	1,247	676
Total income		7,315	5,089
Net cost of providing services		(8,650)	(7,468)
Revenue from SA Government			
Revenue from SA Government	6	8,620	8,417
Net result		(30)	949
Total comprehensive result		(30)	949

The net result and comprehensive result are attributable to the SA Government as owner.

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

Adelaide Festival Corporation
Financial Statements for the year ended 30 June 2017

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	9	622	1,539
Receivables	10	526	203
Total current assets		1,148	1,742
Non-current assets			
Plant and equipment	11	955	200
Total non-current assets		955	200
Total assets		2,103	1,942
Current liabilities			
Payables	12	604	584
Staff benefits	13	236	284
Provisions	14	220	3
Total current liabilities		1,060	871
Non-current liabilities			
Payables	12	5	5
Staff benefits	13	55	53
Provisions	14	5	5
Total non-current liabilities		65	63
Total liabilities		1,125	934
Net Assets		978	1,008
Equity			
Retained earnings		978	1,008
Total Equity		978	1,008

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	15
Contingent assets and liabilities	17

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

Adelaide Festival Corporation
Financial Statements for the year ended 30 June 2017

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Retained earnings \$'000	Total Equity \$'000
Balance at 30 June 2015	59	59
Net Result for 2015-16	949	949
Total Comprehensive Result for 2015-16	949	949
Balance at 30 June 2016	1008	1008
Net Result for 2016-17	(30)	(30)
Total Comprehensive Result for 2016-17	(30)	(30)
Balance at 30 June 2017	978	978

All changes in equity are attributable to the SA Government as owner.

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

Adelaide Festival Corporation
Financial Statements for the year ended 30 June 2017

STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Cash outflows			
Staff benefit payments		(3,936)	(3,509)
Payments for supplies and services		(12,092)	(8,470)
Payments for paid parental leave scheme		-	(4)
Cash used in operations		(16,028)	(11,983)
Cash inflows			
Receipts from patrons, sponsors, donors and others		6,918	4,082
Receipts from Commonwealth		44	325
Interest received		70	77
Receipts for paid parental leave scheme		-	4
GST recovered from the ATO		475	415
Cash generated from operations		7,507	4,903
Cash flows from SA Government			
Receipts from SA Government		8,620	8,417
Net cash provided by/(used in) operating activities		99	1,337
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(1,016)	(83)
Cash used in investing activities		(1,016)	(83)
Net increase/(decrease) in cash and cash equivalents		(917)	1,254
Cash and cash equivalents at the beginning of the period		1,539	285
Cash and cash equivalents at the end of the period	9	622	1,539

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

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Note 1 Functions of the Adelaide Festival Corporation

The functions of the Adelaide Festival Corporation, as prescribed under the Adelaide Festival Corporation Act 1998, are to:

- (a) Conduct in Adelaide and other parts of the State the multifaceted arts event that is known as the Adelaide Festival of Arts;
- (b) Continue and further develop the Adelaide Festival of Arts as an event of international standing and excellence;
- (c) Conduct or promote other events and activities;
- (d) Provide advisory, consultative, managerial or support services within areas of the Corporation's expertise;
- (e) Undertake other activities that promote the arts or public interest in the arts, or that otherwise involve an appropriate use of its resources; and
- (f) Carry out other functions assigned to the Corporation by or under the Adelaide Festival Corporation Act 1998 or any other Act, or by the Minister.

Note 2 Statement of Significant Accounting Policies

2.1 Statement of compliance

The Adelaide Festival Corporation (the Corporation) has prepared these financial statements in compliance with section 23 of the Public Finance and Audit Act 1987.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the Public Finance and Audit Act 1987.

The Corporation has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Corporation is a not-for-profit entity.

2.2 Basis of Preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the Public Finance and Audit Act 1987. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - a) expenses incurred as a result of engaging consultants;
 - b) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and

- c) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket expense reimbursement.

The Corporation's Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention. The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a twelve month period and presented in Australian currency.

2.3 Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

2.4 Taxation

The Corporation is not subject to income tax. The Corporation is liable for payroll tax, fringe benefits tax and goods and services tax (GST).

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (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
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

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

2.5 Events after the reporting period

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

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

2.6 Foreign Exchange

All transactions undertaken in a foreign currency are translated into the functional currency of the Corporation. Foreign Exchange transactions are recorded on initial recognition by applying the foreign currency amount at the spot exchange rate at the date of the transaction. The date of transaction is the date on which the transaction first qualifies for recognition. Gains or losses arising from translation are taken directly to revenues or expenses.

2.7 Current and non-current classification

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.8 Non-current assets

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. All non-current tangible assets with a value equal to or in excess of \$1 000 are capitalised.

Plant and Equipment

Office furniture and equipment is valued at cost (deemed fair value).

Palais Club

The Palais Club has been constructed on the River Torrens and is deemed to have a life of 3 years with a residual value of \$400,000.

Depreciation and amortisation

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

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period of method, as appropriate, which is a change in accounting estimate.

Depreciation/Amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of Asset	Useful life (years)
Plant & equipment	5-10
Furniture and fittings	3-10
Palais club construction	3
Leasehold improvements	life of initial lease

2.9 Liabilities

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The Corporation has entered into an operating lease. Payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Staff Benefits

Liabilities for staff entitlements to salaries, wages and compensated absences owed at reporting date (including payroll based on-costs) are measured in accordance with AASB 119.

Annual leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

Long service leave is measured at the present value of the estimated future cash outflows (including payroll based on-costs) to be made in respect of services provided by staff up to the reporting date. This calculation is consistent with the Corporation's experience of employee retention and leave taken. Present values are calculated using government guaranteed securities rates with similar maturity terms.

The unconditional portion of the long service leave 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 10 years of service.

No provision has been made in respect of sick leave. As sick leave taken by staff is considered to be taken from the current year's accrual, no liability is recognised.

2.10 Comparative Figures

Where presentation or classifications of items in the financial statements have been amended, comparative amounts have been adjusted to conform to changes in presentation and classification in the current financial year.

The restated comparative amounts do not replace the original financial statement for the preceding period.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

2.11 Economic Dependency

The Corporation is dependent on the contribution of grants from SA Government at the appropriate levels.

The ongoing support of the State Government for presenting the Adelaide Festival biennially from 1960 and annually since 2012 underpins the decision to prepare this financial report on a going concern basis.

2.12 Unrecognised contractual commitments and contingent assets and liabilities

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

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

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

Note 3 New and Revised Accounting Standards and Policies

The Corporation did not voluntarily change any of its accounting policies during 2016-17.

Note 4 Staff benefits expense

	2017	2016
	\$'000	\$'000
Salaries and wages	3,257	3,181
Staff on-cost superannuation*	299	288
Staff on-cost other	152	128
Board fees	47	35
<i>Total staff benefits expense</i>	<u>3,755</u>	<u>3,632</u>

The employment provisions of the Adelaide Festival Corporation Act 1998 provide that the Chief Executive of the Department of State Development is to be the employing authority of all staff of the Corporation.

Consistent with the Public Sector Act 2009, the Chief Executive of the Department of State Development has delegated all of his powers and functions relating to the employment of staff to the Corporation. The Treasurer, pursuant to the Public Sector Act, has also issued a direction to the Corporation to make payments with respect to any matter arising in connection with the employment of a person under the Adelaide Festival Corporation Act 1998.

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

Remuneration of Staff

The number of staff whose remuneration received or receivable fell within the following bands:

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

	2017	2016
	Number of staff	Number of staff
\$145 001 to \$147 000*	-	1
\$147 001 to \$157 000	1	-
\$177 001 to \$187 000	-	1
\$187 001 to \$197 000	1	-
\$207 001 to \$217 000	1	-
\$277 001 to \$287 000	-	1
\$317 001 to \$327 000	-	1
<i>Total</i>	<u>3</u>	<u>4</u>

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2015-16

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these staff for the year was \$553,000 (2016: \$944,000).

Remuneration of Board Members

The Board members are appointed by the Governor in accordance with the Adelaide Festival Corporation Act 1998 and is a wholly owned and controlled entity of the Crown.

Members during the 2017 financial year were:

Ms Judy Potter (Chair and member of Audit & Risk Committee)
 Councillor Megan Hender (member of Audit & Risk Committee)
 Ms Ulrike Klein
 Mr David Knox
 Mr Mark Roderick (Chair Audit and Risk Committee)
 Mr Jim Whalley (member of Audit & Risk Committee)
 Mr Peter Goers
 Hon. Amanda Vanstone

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

	2017	2016
Nil - \$9 999	<u>8</u>	<u>11</u>
<i>Total number of members</i>	<u>8</u>	<u>11</u>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, 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 or receivable for members is \$47,000 (2016: \$35,000).

Unless otherwise disclosed, transactions between members 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.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

From time to time, Board Members will receive complimentary tickets to shows or events conducted by the Adelaide Festival Corporation. These benefits are provided to attend Festival events solely for the purpose of the execution of duties of office and direct hosting of guests, sponsors and donors.

Note 5 Supplies and services

	2017 \$'000	2016 \$'000
Artist fees & payments	3,256	1,946
Artist travel & accommodation	1,113	964
Royalty & license fees	197	137
Event staging & contracts	3,975	2,576
Marketing, advertising & media	1,196	1,123
Design, printing and distribution costs	346	422
Hospitality, sponsorship & ticketing	364	310
Cost of goods for sale	403	421
Property costs	276	262
Communications and IT	180	89
Insurance	108	99
Other expenditure	535	487
	11,949	8,836
<i>Total supplies and services</i>		

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

	No.	2017 \$'000	No.	2016 \$'000
Above \$10 000	-	-	1	38
Total paid/payable to consultants	-	-	1	38

Note 6 Grants from government

	2017 \$'000	2016 \$'000
<i>Grants from SA Government</i>	8,620	8,417
Commonwealth Grants	44	325
Grants from Overseas Governments	52	28
<i>Grants from Non-SA Governments</i>	96	353
	8,716	8,770
<i>Total Grants from Government</i>		

In accordance with Department of Treasury and Finance Accounting Policy Framework V, 'Income', all grants are recognised as revenue when received.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Note 7 Sponsorship

	2017 \$'000	2016 \$'000
Sponsorship – Cash	1,107	726
Sponsorship – In-kind	446	504
<i>Total sponsorship</i>	<u>1,553</u>	<u>1,230</u>

Some sponsorship is received as resources in-kind which is valued at fair value. The Corporation has a sponsorship arrangement with the Australian Broadcasting Corporation (ABC) that is not recognised in the financial statements. Given the non-commercial status of the ABC network, the capacity to document a reliable measurement of the relationship for the purposes of inclusion in the financial statements has proven problematic.

Note 8 Other income

	2017 \$'000	2016 \$'000
Sundry	410	363
Friends membership	83	37
Donations	754	276
<i>Total other income</i>	<u>1,247</u>	<u>676</u>

All income of this nature is recognised as revenue when received.

Note 9 Cash and cash equivalents

	2017 \$'000	2016 \$'000
Cash on hand	1	1
Cash at bank	453	415
Short-term deposits with SAFA	168	1,123
<i>Total cash and cash equivalents</i>	<u>622</u>	<u>1,539</u>

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

Deposits are recognised at their nominal amounts. All deposited funds attract interest. Interest is credited to revenue as it accrues. The deposits are lodged with SAFA and earn interest at the respective short-term deposit rates. Interest is received monthly.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Note 10 Receivables

	2017 \$'000	2016 \$'000
Trade debtors	96	119
Prepayments and accrued revenue	110	55
Other receivables (GST)	320	29
<i>Total receivables</i>	<u>526</u>	<u>203</u>

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

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

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Corporation will not be able to collect the debt. Bad debts are written off when identified.

No receivables are impaired.

Note 11 Plant and equipment

	2017 \$'000	2016 \$'000
Plant and equipment		
Office equipment and furniture at cost (deemed Fair Value)	847	832
Less: accumulated depreciation	693	632
<i>Total plant and equipment</i>	<u>154</u>	<u>200</u>
Leasehold improvements		
Leasehold improvements at cost (deemed Fair Value)	334	334
Less: Accumulated depreciation	334	334
<i>Total leasehold improvement</i>	<u>-</u>	<u>-</u>
Palais Club		
Construction at cost	1,002	-
Less: accumulated depreciation	201	-
<i>Total Palais Club</i>	<u>801</u>	<u>-</u>
<i>Total plant and equipment</i>	<u>955</u>	<u>200</u>

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Reconciliation of carrying amounts of plant & equipment:

	Plant & Equipment	Palais Club	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2016	200	-	200
Additions	14	1,002	1,016
Depreciation	(60)	(201)	(261)
Carrying amount as at 30 June 2017	154	801	955

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years', and have not been revalued in accordance with APF III. The carrying value of these items is deemed to approximate fair value.

Impairment

There were no indications of impairment of plant and equipment at 30 June 2017.

Note 12 Payables

	2017 \$'000	2016 \$'000
Current		
Trade creditors and accruals	570	549
Staff on-costs	34	35
<i>Total current payables</i>	<u>604</u>	<u>584</u>
Non-Current		
Staff on-costs	5	5
<i>Total non-current payables</i>	<u>5</u>	<u>5</u>

Payables include creditors, accrued expenses, GST payable, employment on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Adelaide Festival Corporation.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Staff benefit on-costs include payroll tax and superannuation contributions in respect to outstanding liabilities for salaries and wages, long service leave and annual leave

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Note 13 Staff Benefits

	2017 \$'000	2016 \$'000
Current		
Accrued Salaries and Wages	89	66
Annual Leave	81	104
Long Service Leave	66	114
<i>Total current staff benefits</i>	<u>236</u>	<u>284</u>
Non-Current		
Long Service Leave	55	53
<i>Total non-current staff benefits</i>	<u>55</u>	<u>53</u>

Note 14 Provisions

	2017 \$000	2016 \$000
Current		
Provision for Palais reparation	217	-
Provision for workers compensation (self-insurance)	3	3
<i>Total current provisions</i>	<u>220</u>	<u>3</u>
Non-current		
Provision for workers compensation (self-insurance)	5	5
<i>Total non-current provisions</i>	<u>5</u>	<u>5</u>

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2017 provided by consulting actuary engaged through the Office of the Public Sector (a division of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under the current legislation.

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

Provision has been made for reparation work on the Palais Club and park lands to allow the club to remain on the River Torrens for the specified life of the club.

Note 15 Unrecognised Contractual Commitments

Operating Lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2017 \$'000	2016 \$'000
Not later than one year	253	232
Later than one year and not later than five years	659	822
<i>Total operating lease commitments</i>	<u>912</u>	<u>1,054</u>

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Representing:

Non-cancellable operating leases	-	310
<i>Total operating lease commitments</i>	-	310

The Corporation's operating lease is for office accommodation. Office accommodation is leased from Shahin Holdings Pty Ltd. The current lease was due to expire in October 2020. The Festival took up the option to terminate the lease as of October 2017 by giving notice to Shahin Holdings Pty Ltd. on the 31st January 2017. The termination was accepted with Shahin Holdings Pty Ltd asking for an opportunity to submit an offer with new terms. A new lease effective from 1st October 2017 for 5 years has been agreed at the current lease cost with a \$100,000 per annum rent rebate for the term of the agreement. Rent is payable in advance and the rebate is to be applied monthly in advance.

Note 16 Financial Instruments

Categorisation of Financial Instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial assets, financial liability and equity instrument are disclosed in note 2.

The carrying amounts of each of the following categories of financial assets and financial liabilities measured at cost are detailed below.

Category of financial asset and financial liabilities	Statement of Financial Position line item	Note	Carrying Amount	
			2017 \$'000	2016 \$'000
Financial Assets				
Cash and cash equivalents	Cash and cash equivalents	9	622	1,539
Receivables	Receivables ⁽¹⁾ ⁽²⁾	10	133	119
Total financial assets			755	1,658
Financial liabilities				
Financial liabilities at cost	Payables ⁽¹⁾	12	487	462
Total financial liabilities			487	462

(1) Receivable and payable amounts disclosed above exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax, etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 10 as Receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Note 17 Contingent Assets and Liabilities

The Corporation is not aware of any contingent assets and liabilities

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Note 18 Related Party Transactions

The Corporation is a statutory authority established pursuant to the Adelaide Festival Corporation Act 1998 and is wholly owned and controlled entity of the Crown. Related parties of the Corporation include all key management personnel and their close family members; all Cabinet Ministers and their close family members; all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Key Management Personnel

Key management personnel of the Corporation include the Minister, Chief Executive Officer, the Executive Director and the board who have responsibility for the strategic direction and management of the Corporation. Total compensation for the board's key management was \$280,000 (\$243,000). Salaries and other benefits the Minister for the Arts receives are excluded from the total. The Minister's remuneration and allowances are set by Parliamentary Remuneration Act 1990 and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via Department of Treasury and Finance) under section 6 the Parliamentary Remuneration Act 1990

Transactions with Key Management Personnel other related parties

There were no related party transactions by key management personnel this financial year.

Note 19 Events after the reporting date

Provisions have been made for reparation work on the Palais Club and park lands, which has been delayed pending Adelaide City Council's (ACC) decision to allow the club to remain on the River Torrens for the specified life of the club. In August 2017 ACC voted to allow the Palais Club to remain until April 2019.