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To the Chair South Australian Tourism Commission

Opinion

I have audited the financial report of the South Australian Tourism Commission for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Tourism Commission as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, the Chief Executive Officer and the Acting Chief Financial Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the South Australian Tourism Commission. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) have been met.

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 23(3) of the *South Australian Tourism Commission Act 1993*, I have audited the financial report of the South Australian Tourism Commission for the financial year ended 30 June 2022.

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

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

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

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

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive and Board of Directors about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



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

14 September 2022

SOUTH AUSTRALIAN TOURISM COMMISSION


CERTIFICATION OF THE FINANCIAL STATEMENTS

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

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

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

Signed in accordance with a resolution of the board members.



Andrew Bullock
Chair
South Australian Tourism
Commission Board

12 / 9 / 2022



Stephanie Rozokos
Chief Executive Officer
South Australian Tourism
Commission

12 / 9 / 2022



Andrew Laity
Acting Chief Financial Officer
South Australian Tourism
Commission

12 / 9 / 2022

SOUTH AUSTRALIAN TOURISM COMMISSION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$'000	2021 \$'000
INCOME			
Appropriation	2.1	66 273	67 177
SA Government grants, subsidies and transfers	2.2	20 100	20 520
Commonwealth-sourced grants	2.3	732	-
Sponsorship and participation	2.4	3 725	5 326
Entry fees, licence fees and sales	2.5	1 352	844
Interest		-	11
Net gain (loss) from the disposal of non-current assets	2.6	140	(468)
Other income	2.7	361	236
TOTAL INCOME		92 683	93 646
EXPENSES			
Employee benefits expenses	3.3	13 368	13 301
Advertising and promotion	4.1	25 758	32 481
Industry assistance	4.2	46 358	22 789
Administration and accommodation	4.3	4 974	4 474
Event operations	4.4	8 820	10 767
Depreciation expense	4.5	1 700	3 646
Borrowing costs	4.6	117	138
Loss (gain) on impairment of receivables	5.2.1	50	(2)
Loss on impairment of non-current assets	6.3.1	2 072	-
TOTAL EXPENSES		103 217	87 594
NET RESULT		(10 534)	6 052
OTHER COMPREHENSIVE INCOME			
Changes in plant and equipment asset revaluation surplus		-	(6 672)
TOTAL OTHER COMPREHENSIVE INCOME		-	(6 672)
TOTAL COMPREHENSIVE RESULT		(10 534)	(620)

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	2022 \$'000	2021 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5.1	29 549	29 670
Receivables	5.2	2 295	2 185
Non-current assets classified as held for sale	6.3	-	2 524
TOTAL CURRENT ASSETS		31 844	34 379
NON-CURRENT ASSETS			
Plant and equipment	6.1	6 547	8 069
TOTAL NON-CURRENT ASSETS		6 547	8 069
TOTAL ASSETS		38 391	42 448
LIABILITIES			
CURRENT LIABILITIES			
Payables	7.1	14 772	5 682
Financial liabilities	7.2	1 262	1 197
Employee benefits	3.4	1 175	1 510
Provisions	7.3	36	719
Other current liabilities	7.4	124	295
TOTAL CURRENT LIABILITIES		17 369	9 403
NON-CURRENT LIABILITIES			
Payables	7.1	110	126
Financial liabilities	7.2	4 412	5 643
Employee benefits	3.4	1 366	1 646
Provisions	7.3	108	70
TOTAL NON-CURRENT LIABILITIES		5 996	7 485
TOTAL LIABILITIES		23 365	16 888
NET ASSETS		15 026	25 560
EQUITY			
Contributed capital		64	64
Asset revaluation surplus	8.2	-	517
Retained earnings		14 962	24 979
TOTAL EQUITY		15 026	25 560

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 2022

	Note	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
BALANCE AT 30 JUNE 2020		64	7 938	18 178	26 180
Net result for 2020-21		-	-	6 052	6 052
Loss on revaluation of plant and equipment during 2020-21		-	(6 672)	-	(6 672)
Total comprehensive result for 2020-21		-	(6 672)	6 052	(620)
Transfer between equity components	6.2.2	-	(749)	749	-
BALANCE AT 30 JUNE 2021		64	517	24 979	25 560
Net result for 2021-22		-	-	(10 534)	(10 534)
Total comprehensive result for 2021-22		-	-	(10 534)	(10 534)
Transfer between equity components	6.2.2	-	(517)	517	-
BALANCE AT 30 JUNE 2022		64	-	14 962	15 026

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

		2022 Inflows (Outflows) \$'000	2021 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
CASH INFLOWS			
Receipts from SA Government		87 548	88 006
Receipts from the Commonwealth		386	-
Receipts from the sale of goods and services		3 641	7 715
Interest received		-	11
GST recovered from the ATO		6 701	5 110
Receipts for Paid Parental Leave scheme		29	94
CASH GENERATED FROM OPERATIONS		<u>98 305</u>	<u>100 936</u>
CASH OUTFLOWS			
Payments to SA Government		-	(309)
Employee benefits payments		(14 060)	(13 409)
Payments for supplies, services and industry assistance		(83 485)	(74 964)
Payments for Paid Parental Leave scheme		(37)	(95)
Interest paid		(117)	(138)
CASH USED IN OPERATIONS		<u>(97 699)</u>	<u>(88 915)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	8.3	<u>606</u>	<u>12 021</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH INFLOWS			
Proceeds from the sale of plant and equipment		600	207
CASH GENERATED FROM INVESTING ACTIVITIES		<u>600</u>	<u>207</u>
CASH OUTFLOWS			
Purchase of plant and equipment		(152)	(327)
CASH USED IN INVESTING ACTIVITIES		<u>(152)</u>	<u>(327)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		<u>448</u>	<u>(120)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
CASH OUTFLOWS			
Repayment of leases		(1 200)	(1 491)
CASH USED IN FINANCING ACTIVITIES		<u>(1 200)</u>	<u>(1 491)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(1 200)</u>	<u>(1 491)</u>
Effect of exchange rate on cash and cash equivalents		25	(156)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(121)</u>	<u>10 254</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		<u>29 670</u>	<u>19 416</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.1	<u>29 549</u>	<u>29 670</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ABOUT THE SOUTH AUSTRALIAN TOURISM COMMISSION

1.1 REPORTING ENTITY

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

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

1.2 BASIS OF PREPARATION

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

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

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

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

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

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

Significant accounting policies are set out in the notes.

1.3 IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic has significantly impacted the South Australian visitor economy and the SATC's ability to achieve its objectives outlined in the South Australian Visitor Economy Sector Plan 2030. The key impacts on the operations of the SATC in 2021-22 were:

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

It is expected that the effects of COVID-19 will have significantly less impact on the operations of the SATC in 2022-23, with managed events returning to pre-COVID status, and marketing activities increasing as the visitor economy grows to near pre-pandemic levels.

1.4 OBJECTIVES AND PROGRAMS

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

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

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

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

1.5 EXPENSES AND INCOME BY PROGRAM

for the year ended 30 June 2022

	<i>Tourism Development</i>		<i>Tourism Events</i>		<i>Tourism Marketing</i>		<i>Total</i>	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME								
Appropriation	5 299	6 994	33 852	27 300	27 122	32 883	66 273	67 177
SA Government grants, subsidies and transfers	10 000	10 345	-	-	10 100	10 175	20 100	20 520
Commonwealth-sourced grants	532	-	-	-	200	-	732	-
Sponsorship and participation	123	281	3 400	4 009	202	1 036	3 725	5 326
Entry fees, licence fees and sales	13	-	1 339	842	-	2	1 352	844
Interest	-	-	-	11	-	-	-	11
Net gain from the disposal of non-current assets	-	(28)	140	(344)	-	(96)	140	(468)
Other income	48	29	140	105	173	102	361	236
TOTAL INCOME	16 015	17 621	38 871	31 923	37 797	44 102	92 683	93 646
EXPENSES								
Employee benefits expenses	2 395	2 067	5 593	6 091	5 380	5 143	13 368	13 301
Advertising and promotion	794	1 200	2 496	2 649	22 468	28 632	25 758	32 481
Industry assistance	9 634	3 502	20 242	12 417	16 482	6 870	46 358	22 789
Administration and accommodation	491	452	1 823	1 632	2 660	2 390	4 974	4 474
Event operations	213	70	8 605	10 659	2	38	8 820	10 767
Depreciation expense	220	200	814	2 772	666	674	1 700	3 646
Borrowing costs	17	17	49	63	51	58	117	138
Loss (gain) on impairment of receivables	-	-	50	(1)	-	(1)	50	(2)
Loss on impairment of non-current assets	-	-	2 072	-	-	-	2 072	-
TOTAL EXPENSES	13 764	7 508	41 744	36 282	47 709	43 804	103 217	87 594
NET RESULT	2 251	10 113	(2 873)	(4 359)	(9 912)	298	(10 534)	6 052

1.6 ASSETS AND LIABILITIES BY PROGRAM

as at 30 June 2022

	<i>Tourism Development</i>		<i>Tourism Events</i>		<i>Tourism Marketing</i>		<i>General or Not Attributable</i>		<i>Total</i>	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS										
Cash and equivalents	-	-	663	691	5 427	3 897	23 459	25 082	29 549	29 670
Receivables	367	227	162	420	552	148	1 214	1 390	2 295	2 185
Non-current assets classified as held for sale	-	-	-	2 524	-	-	-	-	-	2 524
Plant and equipment	-	-	4 571	4 951	-	-	1 976	3 118	6 547	8 069
TOTAL ASSETS	367	227	5 396	8 586	5 979	4 045	26 649	29 590	38 391	42 448
LIABILITIES										
Payables	3 683	150	5 708	1 366	5 004	3 832	487	460	14 882	5 808
Financial liabilities	-	-	3 868	4 059	-	-	1 806	2 781	5 674	6 840
Employee benefits	320	437	687	932	646	844	888	943	2 541	3 156
Provisions	-	-	-	690	-	-	144	99	144	789
Other liabilities	-	129	124	144	-	22	-	-	124	295
TOTAL LIABILITIES	4 003	716	10 387	7 191	5 650	4 698	3 325	4 283	23 365	16 888

1.6.1 Related Party Transactions

Related parties of the SATC include all key management personnel and their close family members, all Cabinet Ministers and their close family members, any entities controlled or jointly controlled by a related party, all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government. See note 3.1 for transactions with key management personnel.

1.6.2 Significant Transactions with Government Related Entities

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

- grants paid to the Department of Treasury and Finance totalling \$8.3 million (\$206,000) for payment to Tourism Industry Development Fund grant recipients (included in note 4.2)
- rent, maintenance, outgoings and services of \$1.2 million (\$1.3 million) paid to the South Australian Water Corporation for an office lease (refer to notes 4.3 and 6.1.3)
- sponsorships paid to the Art Gallery of South Australia totalling \$1.1 million (nil) for several major exhibitions (included in note 4.2)
- grants, sponsorships and contributions received from the Department of the Premier and Cabinet totalling \$0.7 million (\$1.1 million) (included in notes 2.2 and 2.4).

2. INCOME

2.1 APPROPRIATION

	2022 \$'000	2021 \$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	66 288	69 285
Appropriations received under other Acts		-
Carryover of appropriation from 2021 to 2022	-	(2 115)
Transfer from Department of Treasury and Finance for Shared Services SA variation	4	7
Budget adjustment for enterprise agreement	(19)	-
Total appropriation	66 273	67 177

Appropriation is recognised as income on receipt.

Total appropriation consists of \$65 553 000 (\$66 475 000) of operational funding and \$720 000 (\$702 000) for capital purposes.

2.2 SA GOVERNMENT GRANTS, SUBSIDIES AND TRANSFERS

	2022 \$'000	2021 \$'000
State Government grants	20 100	20 520
Total revenues from SA Government	20 100	20 520

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

2.3 COMMONWEALTH-SOURCED GRANTS

	2022 \$'000	2021 \$'000
Commonwealth grants	732	-
Total Commonwealth-sourced grants	732	-

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

2.4 SPONSORSHIP AND PARTICIPATION

	2022 \$'000	2021 \$'000
Sponsorship income	2 810	3 006
Industry contributions	813	1 270
Cooperative marketing/advertising	100	1 050
Industry participation fees	2	-
Total sponsorship and participation	3 725	5 326

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

2.5 ENTRY FEES, LICENCE FEES AND SALES	2022	2021
	\$'000	\$'000
Event entry fees	879	533
Licence fees	138	105
Sale of merchandise	289	11
Service fees	13	117
Rental income	33	60
Sundry sales	-	18
Total entry fees, licence fees and sales	1 352	844

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

2.6 NET GAIN (LOSS) FROM THE DISPOSAL OF NON-CURRENT ASSETS	2022	2021
	\$'000	\$'000
Plant and equipment		
Net proceeds from disposal	600	303
Net book value of assets disposed	(460)	(771)
Total net gain (loss) from the disposal of non-current assets	140	(468)

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

2.7 OTHER INCOME	2022	2021
	\$'000	\$'000
Services received free of charge	228	222
Gain on foreign exchange	123	14
Recoup of employee benefits expenses	10	-
Total other income	361	236

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

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

3. BOARD, COMMITTEES AND EMPLOYEES

3.1 KEY MANAGEMENT PERSONNEL

The key management personnel of the SATC during 2021-22 were the Premier as Minister for Tourism, Board directors, the Chief Executive Officer and the members of the Executive Team who have responsibility for the strategic direction and management of the SATC. Total compensation for key management personnel detailed in this note excludes salaries and other benefits received by the Premier. The Premier's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account under section 6 the *Parliamentary Remuneration Act 1990*.

3.1.1 Compensation	2022	2021
	\$'000	\$'000
Salaries and other short-term employee benefits	1 352	1 328
Post-employment benefits	198	169
Total compensation	1 550	1 497

3.1.2 Significant Transactions with Key Management Personnel

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

3.2 BOARD DIRECTORS

Members of the South Australian Tourism Commission Board during the 2022 financial year were:

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

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

	2022	2021
	Number	Number
\$0 - \$19 999	7	8
\$20 000 - \$39 999	1	1
Total number of directors	8	9

The total remuneration received or receivable by directors was \$126 000 (\$137 000). Remuneration of directors includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

3.3 EMPLOYEE BENEFITS EXPENSES

	2022	2021
	\$'000	\$'000
Salaries and wages	10 804	10 616
Long service leave	(284)	(76)
Annual leave	863	858
Skills and experience retention leave	18	22
Employment on-costs – superannuation	1 168	1 095
Employment on-costs – other	622	620
Board and committee fees	115	125
Other employment related expenses	62	41
Total employee benefits expenses	13 368	13 301

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

3.3.1 Executive Remuneration

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

	2022	2021
	Number	Number
\$154 001 - \$174 000	3	-
\$194 001 - \$214 000	1	2
\$214 001 - \$234 000	2	1
\$234 001 - \$254 000	-	1
\$254 001 - \$274 000	1	-
\$274 001 - \$294 000	-	1
\$394 001 - \$414 000	-	1
\$454 001 - \$474 000	1	-
	8	6

The total remuneration received by these employees for the year was \$1 850 000 (\$1 560 000).

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

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

3.4 EMPLOYEE BENEFITS LIABILITY

	2022	2021
	\$'000	\$'000
Current:		
Annual leave	978	916
Long service leave	173	244
Skills and experience retention leave	24	23
Accrued salaries and wages	-	327
Total current employee benefits	1 175	1 510
Non-Current:		
Long service leave	1 366	1 646
Total non-current employee benefits	1 366	1 646
Total employee benefits	2 541	3 156

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

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

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

The annual leave liability and the skills and experience retention leave liability are expected to be payable within twelve months and are measured at the undiscounted amounts expected to be paid. An actuarial assessment performed by the Department of Treasury and Finance determined that the salary inflation rate for annual leave and skills and experience retention leave was 1.5%, a decrease from 2.0% in 2021. The net financial effect in the current financial year of the changes to the salary inflation rate is a decrease in the annual leave and skills and experience retention leave liability of \$5 000 and employee benefits expenses of \$6 000.

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

3.4.2 Long Service Leave Liability

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

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

The actuarial assessment determined that the salary inflation rate for long service leave was 2.5%, unchanged from 2021. As a result there is no financial effect.

AASB 119 *Employee Benefits* requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has increased to 3.5% from 1.25% in 2021, resulting in a decrease in the reported long service leave liability.

The net financial effect in the current financial year of the changes to actuarial assumptions and the bond yield rate is a decrease in the long service leave liability of \$283 000 and employee benefits expenses of \$306 000. The impact on future periods is not possible to estimate as the long service leave liability is calculated using several demographic and financial assumptions, including the long-term discount rate.

4. EXPENSES

Employee benefits expenses are disclosed in note 3.3.

4.1 ADVERTISING AND PROMOTION	2022	2021
	\$'000	\$'000
Consumer advertising	12 257	16 645
Cooperative consumer marketing	5 083	4 747
Familiarisations	737	639
Other consumer marketing	106	84
Production	3 141	4 530
Representation and contractors	2 472	2 667
Marketing research	930	961
Trade marketing	196	235
Other advertising and promotion	836	1 973
Total advertising and promotion	25 758	32 481

4.2 INDUSTRY ASSISTANCE	2022	2021
	\$'000	\$'000
Sponsorship of events	20 801	12 593
Marketing/industry support	16 607	7 396
Tourism infrastructure	8 300	2 206
Tourism marketing boards/information centre grants	564	543
Trade show subsidies/membership of tourism industry bodies	86	51
Total industry assistance	46 358	22 789

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

4.3 ADMINISTRATION AND ACCOMMODATION	2022	2021
	\$'000	\$'000
Accommodation and service costs	1 051	1 075
Communication and computing	2 336	1 971
Stationery, postage, couriers and freight	32	33
Contractors and consultants	196	156
Motor vehicles, taxis and car parking	62	64
Domestic and international travel	157	99
Seminars, courses and training	151	101
Insurance	170	148
Audit, legal and other fees	419	390
Loss on foreign exchange	142	214
Other	258	223
Total administration and accommodation	4 974	4 474

4.3.1 Consultants

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

	2022		2021	
	No.	\$'000	No.	\$'000
\$10 000 and above	-	-	1	32
Total paid/payable to the consultants engaged	-	-	1	32

4.3.2 Audit Fees

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$82 000 (\$77 000). No other services were provided by the Auditor-General's Department.

4.3.3 Resources Provided Free of Charge

Services provided free of charge included in communication and computing were \$228 000 (\$222 000) and were expensed at fair value.

4.4 EVENT OPERATIONS	2022	2021
	\$'000	\$'000
Event facilities	2 363	1 581
Catering and entertainment	710	586
Communications	601	542
Transport	314	208
Participants and contractors	2 861	3 809
Television and media	842	545
Fees and permits	208	3 151
Event management	921	345
Total event operations	8 820	10 767

4.5 DEPRECIATION EXPENSE	2022	2021
	\$'000	\$'000
General plant and equipment	4	27
Pageant plant and equipment	183	189
Motor sport infrastructure	-	1 832
Fitouts	306	285
Right-of-use assets	1 207	1 313
Total depreciation expense	1 700	3 646

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

4.5.1 Review of Accounting Estimates

Assets' residual values, useful lives and amortisation methods are reviewed annually and adjusted if appropriate. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate. The value of fitouts is amortised over the estimated remaining useful life of each fitout, or the unexpired period of the relevant lease, whichever is shorter.

4.5.2 Useful Life

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

Class of Asset	Useful Life
General plant and equipment	4-5
Pageant plant and equipment	3-35
Fitouts	3-9
Right-of-use assets	3-20

4.6 BORROWING COSTS	2022	2021
	\$'000	\$'000
Interest expense on lease liabilities	117	138
Total borrowing costs	117	138

5. FINANCIAL ASSETS

5.1 CASH AND CASH EQUIVALENTS	2022	2021
	\$'000	\$'000
Deposits with the Treasurer	23 454	25 077
Cash at bank	6 090	4 588
Cash on hand	5	5
Total cash and cash equivalents	29 549	29 670

Cash is measured as nominal amounts.

5.1.1 Deposits with the Treasurer

The SATC has three deposit accounts with the Treasurer, consisting of two general operating accounts and the Accrual Appropriation Excess Funds Account (AAEFA). The balance of the AAEFA was \$2 179 000 (\$10 624 000). The SATC controls the money in the AAEFA but its use must be approved by the Treasurer. The SATC does not earn interest on its deposits with the Treasurer.

5.2 RECEIVABLES

	2022	2021
	\$'000	\$'000
Current:		
Trade receivables		
From government entities	346	362
From non-government entities	655	349
Less allowance for impairment loss on receivables	(79)	(29)
Total trade receivables	922	682
Statutory receivables		
GST input tax recoverable	1 145	1 271
Total statutory receivables	1 145	1 271
Prepayments	227	232
Contract assets	1	-
Total receivables	2 295	2 185

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

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

Refer to note 10.1 for information on risk management.

5.2.1 Allowance for Impairment Loss on Receivables

	2022	2021
	\$'000	\$'000
Movement in the allowance for impairment loss on receivables		
Carrying amount at 1 July	29	39
Increase in the allowance	50	25
Amounts recovered during the year	-	(27)
Increase (decrease) in allowance recognised in profit or loss	50	(2)
Amounts written off	-	(8)
Carrying amount at 30 June	79	29

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

5.2.2 Contract Assets

	2022	2021
	\$'000	\$'000
Balance at 1 July	-	428
Add additional costs incurred that are recoverable from the customer	1	-
Less transfer to receivables	-	(428)
Total contract assets	1	-

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

Contract assets are non-interest bearing.

Refer to note 10.4 for information on market risk.

6. NON-FINANCIAL ASSETS

6.1 PLANT AND EQUIPMENT BY ASSET CLASS

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

	2022 \$'000	2021 \$'000
General plant and equipment		
At cost (deemed fair value)	158	233
Accumulated depreciation at the end of the period	(157)	(228)
Total general plant and equipment	1	5
Pageant plant and equipment		
At cost (deemed fair value)	2 119	2 112
Accumulated depreciation at the end of the period	(1 292)	(1 234)
Total Pageant plant and equipment	827	878
Fitouts		
At cost (deemed fair value)	1 868	1 868
Accumulated depreciation at the end of the period	(1 217)	(911)
Total fitouts	651	957
Right-of-use assets		
At cost	8 643	8 615
Accumulated depreciation at the end of the period	(3 575)	(2 386)
Total right-of-use assets	5 068	6 229
Total plant and equipment	6 547	8 069

6.1.1 Owned Plant and Equipment

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

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

Plant and equipment includes \$632 000 (\$365 000) of fully depreciated plant and equipment still in use.

6.1.2 Impairment of Owned Plant and Equipment

The SATC holds its plant and equipment assets for their service potential (value in use). Other than as disclosed in note 6.3, there were no indications of impairment of plant and equipment at 30 June 2022.

6.1.3 Leased Plant and Equipment

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

The SATC had the following leases during 2021-22:

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

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

6.1.4 Impairment of Leased Plant and Equipment

Plant and equipment leased by the SATC has been assessed for impairment. There was no indication of impairment at 30 June 2022.

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

	General Plant & Equipment \$'000	Pageant Plant & Equipment \$'000	Motor Sport Infrastructure \$'000	Fitouts \$'000	Right-of-Use Assets \$'000	Total \$'000
Carrying amount at 1 July	5	878	-	957	6 229	8 069
Additions	-	140	-	-	46	186
Disposals	-	(8)	-	-	-	(8)
Depreciation	(4)	(183)	-	(306)	(1 207)	(1 700)
Carrying amount at 30 June	1	827	-	651	5 068	6 547

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

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

6.2 FAIR VALUE MEASUREMENT

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

6.2.1 Acquisition and Recognition

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

6.2.2 Revaluation

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

Non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years. A valuation appraisal by a Certified Practising Valuer is performed at least every six years.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets. Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

6.2.3 Fair Value Hierarchy

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

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

Fair value measurements recognised in the Statement of Financial Position are categorised into level 3 at 30 June. The SATC had no valuations categorised into level 1 or level 2. There were no transfers of assets between fair value hierarchy levels and there were no changes in valuation techniques during 2021-22.

6.2.4 Fair Value Measurements

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

6.3 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2022 \$'000	2021 \$'000
Motor sport infrastructure	-	2 524
Total non-current assets classified as held for sale	-	2 524

Specialised assets associated with the Adelaide 500 event were revalued in 2020-21 and reclassified as held for sale as at 30 June 2021. In March 2022 the SA Government announced that the event would be managed by the South Australian Motor Sport Board, with all unsold motor sport infrastructure assets to be transferred to the new entity. The expected change in use of the assets is an indication of impairment, as no future cashflows will be derived by the SATC. As a result, the recoverable amount has been determined to be zero.

Legislation to re-establish the SAMSB had not passed as at 30 June. Refer to note 8.5.

6.3.1 Movement in Non-Current Assets Classified as Held for Sale

	2022 \$'000	2021 \$'000
Motor sport infrastructure		
Carrying amount at 1 July	2 524	-
Reclassification of plant and equipment	-	2 524
Disposals	(452)	-
Impairment loss	(2 072)	-
Carrying amount at 30 June	-	2 524

7. LIABILITIES

Employee benefits liabilities are disclosed in note 3.4.

7.1 PAYABLES

	2022 \$'000	2021 \$'000
Current:		
Trade payables		
Creditors	6 330	1 731
Accrued expenses	8 194	3 679
Total trade payables	14 524	5 410
Statutory payables		
Employment on-costs	248	264
Paid Parental Leave scheme payable	-	8
Total statutory payables	248	272
Total current payables	14 772	5 682
Non-Current:		
Statutory payables		
Employment on-costs	110	126
Total non-current payables	110	126
Total payables	14 882	5 808

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

7.1.1 Creditors

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

7.1.2 Accrued Expenses

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

7.1.3 Employment On-Costs

Employment on-costs are statutory payables and include payroll tax, workers compensation levies and superannuation contributions. The SATC makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as expenses when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The liabilities outstanding at the reporting date are for contributions due but not yet paid to superannuation schemes, payroll tax payable to Revenue SA and the estimated on-costs on liabilities for accrued salaries and wages, long service leave, annual leave and skills and experience retention leave.

An actuarial assessment performed by the Department of Treasury and Finance determined that the average factor for the calculation of employer superannuation contribution on-cost on long service leave increased to 10.6% in 2022 from 10.1% in 2021. The percentage of long service leave taken as leave is 27.9% (25.2%), calculated as the actual percentage of leave taken during the last five years. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$15 000 and the estimated future impact is an increase of \$15 000 in both 2023 and 2024.

7.2 FINANCIAL LIABILITIES	2022	2021
	\$'000	\$'000
Current:		
Lease liabilities	1 262	1 197
Total current financial liabilities	1 262	1 197
Non-Current:		
Lease liabilities	4 412	5 643
Total non-current financial liabilities	4 412	5 643
Total financial liabilities	5 674	6 840

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

7.3 PROVISIONS	2022	2021
	\$'000	\$'000
Current:		
Provision for workers compensation	36	29
Other provisions	-	690
Total current provisions	36	719
Non-Current:		
Provision for workers compensation	108	70
Total non-current provisions	108	70
Total provisions	144	789

7.3.1 Movement in Provisions	2022	2021
	\$'000	\$'000
Carrying amount at 1 July	789	77
Additional provisions recognised	41	704
Reductions resulting from payments/other sacrifice of future economic benefits	(703)	(5)
Adjustments resulting from re-measurement or settlement without cost	17	13
Carrying amount at 30 June	144	789

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision reflects unsettled workers compensation claims and is for the estimated cost of ongoing payments to employees as required under current legislation.

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

7.4 OTHER LIABILITIES	2022	2021
	\$'000	\$'000
Current:		
Contract liabilities	124	283
Unclaimed monies	-	12
Total current other liabilities	124	295
Total other liabilities	124	295

7.4.1 Contract Liabilities

	2022	2021
	\$'000	\$'000
Balance at 1 July	283	154
Add payments received for performance obligations yet to be completed	11	283
Less revenue recognised for completion of performance obligation	(170)	(154)
Total contract liabilities	124	283

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

8. OTHER DISCLOSURES**8.1 BUDGET PERFORMANCE**

The budget performance tables compare the SATC's outcome against budget information presented to Parliament (2021-22 Budget Paper 4). The original budget amounts have been presented and classified on a basis that is consistent with line items in the financial statements, and have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

8.1.1 Statement of Comprehensive Income

	Original Budget	Actual	Variance
Note	2022	2022	\$'000
	\$'000	\$'000	\$'000
Income			
Appropriation	66 288	66 273	(15)
SA Government grants, subsidies and transfers	20 000	20 100	100
Commonwealth-sourced grants	-	732	732
Sponsorship and participation	4 643	3 725	(918)
Entry fees, licence fees and sales	1 045	1 352	307
Net gain from the disposal of non-current assets	-	140	140
Other income	-	361	361
Total income	91 976	92 683	707
Expenses			
Employee benefits expenses	15 035	13 368	(1 667)
Advertising and promotion	23 676	25 758	2 082
Industry assistance	(a) 35 332	46 358	11 026
Administration and accommodation	3 503	4 974	1 471
Event operations	10 995	8 820	(2 175)
Depreciation expense	3 734	1 700	(2 034)
Borrowing costs	120	117	(3)
Loss (gain) on impairment of receivables	-	50	50
Loss on impairment of non-current assets	-	2 072	2 072
Total expenses	92 395	103 217	10 822
Net result	(419)	(10 534)	(10 115)
Total comprehensive result	(419)	(10 534)	(10 115)

8.1.2 Investing Expenditure Summary

	Original Budget	Actual	Variance
	2022	2022	\$'000
	\$'000	\$'000	\$'000
Investing expenditure			
Total annual programs	720	140	(580)
Total leases	50	46	(4)
Total investing expenditure	770	186	(584)

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

- (a) The variance in industry assistance is mainly due to a 2022-23 State Budget initiative that provided \$9.8 million for additional rounds of the Great State Voucher program.

8.2 EQUITY

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

8.3 CASH FLOWS

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

Total cash outflow for leases was \$1 317 000 (\$1 631 000).

8.3.1 Cash Flow Reconciliation

	2022 \$'000	2021 \$'000
Reconciliation of cash and cash equivalents at 30 June:		
Cash and cash equivalents disclosed in the Statement of Financial Position	29 549	29 670
Balance as per the Statement of Cash Flows	29 549	29 670
Reconciliation of net cash provided by operating activities to net result:		
Net cash provided by operating activities	606	12 021
Non-cash items		
Depreciation expense	(1 700)	(3 646)
Impairment of non-current assets	(2 072)	-
Net gain (loss) from disposal of non-current assets	140	(468)
Net in-kind/non-cash transactions	-	(96)
Effect of exchange rate on cash and cash equivalents	25	(156)
Movement in assets and liabilities		
Receivables	110	(1 673)
Other assets	-	(27)
Payables	(9 074)	830
Financial liabilities other than leases	-	7
Employee benefits	615	113
Provisions	645	(712)
Other liabilities	171	(141)
Net result	(10 534)	6 052

8.4 CHANGES IN ACCOUNTING POLICY

The SATC has early-adopted AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*. AASB 2021-2 amends the following standards to improve accounting policy disclosures and clarify the distinction between accounting policies and accounting estimates:

- AASB 7 *Financial Instruments: Disclosures*, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements
- AASB 101 *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates
- AASB 134 *Interim Financial Reporting*, to identify material accounting policy information as a component of a complete set of financial statements
- AASB Practice Statement 2 *Making Materiality Judgements*, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

8.5 EVENTS AFTER THE REPORTING PERIOD

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

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

9. UNRECOGNISED CONTRACTUAL COMMITMENTS

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

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

9.1 EXPENDITURE COMMITMENTS

Expenditure commitments at the reporting date not recognised as liabilities are payable as follows:	2022	2021
	\$'000	\$'000
Within one year	31 825	18 131
Later than one year but not longer than five years	17 467	22 493
Total expenditure commitments	49 292	40 624

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

10. FINANCIAL INSTRUMENTS

10.1 FINANCIAL RISK MANAGEMENT

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

10.2 LIQUIDITY RISK

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

10.3 CREDIT RISK

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

10.3.1 Impairment of Financial Assets

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

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

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

	Gross Carrying Amount	Loss	Lifetime Expected Losses
	\$'000	%	\$'000
Non-government debtors at 30 June 2022			
Current (not past due)	549	0.05	-
1 – 30 days past due	3	0.07	-
31 – 60 days past due	11	0.18	-
More than 120 days past due	92	85.39	79
Total loss allowance			79

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

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

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

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

10.4 MARKET RISK

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

In 2021-22 the SATC had 10 (8) foreign exchange forward contracts mature totalling \$5 186 000 (\$5 210 000). Forward contracts are to cover commitments denominated in foreign currencies, including for the payment of representation fees, event participation fees and global marketing activity.

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

As with all forward foreign exchange contracts there are financial risks. Cashflows from foreign exchange forward contracts in 2021-22 are included in the Statement of Comprehensive Income, and where material are shown separately as losses in note 4.3 and as gains in note 2.7.

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

10.5 CATEGORISATION OF FINANCIAL INSTRUMENTS

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

The SATC measures all financial instruments at amortised cost.

10.5.1 Category of financial asset and financial liability

	Note	2022	2022 Contractual Maturities ¹		
		Carrying Amount \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and equivalents					
Cash and cash equivalents	5.1, 8.3	29 549	29 549	-	-
Amortised cost					
Receivables	5.2	922	922	-	-
Total financial assets		30 471	30 471	-	-
Financial liabilities					
Amortised cost					
Payables	7.1	14 442	14 442	-	-
Lease liabilities	7.2	5 674	1 361	1 946	3 003
Other financial liabilities	7.4	124	124	-	-
Total financial liabilities		20 240	15 927	1 946	3 003
2021					
	Note	Carrying Amount \$'000	2021 Contractual Maturities ¹		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and equivalents					
Cash and cash equivalents	5.1, 8.3	29 670	29 670	-	-
Amortised cost					
Receivables	5.2	682	682	-	-
Total financial assets		30 352	30 352	-	-
Financial liabilities					
Amortised cost					
Payables	7.1	5 333	5 333	-	-
Lease liabilities	7.2	6 840	1 316	2 964	3 315
Other financial liabilities	7.4	295	295	-	-
Total financial liabilities		12 468	6 944	2 964	3 315

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

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

10.5.2 Statutory Receivables and Payables

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

10.6 CREDIT STANDBY ARRANGEMENTS

The SATC has a \$250 000 (\$250 000) purchasing card facility with the ANZ Bank. The unused portion of this facility as at 30 June 2022 was \$93 000 (\$148 000).