



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

To the Chief Executive Office for Recreation, Sport and Racing

Opinion

I have audited the financial report of the Office for Recreation, Sport and Racing for the financial year ended 30 June 2026.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Office for Recreation, Sport and Racing as at 30 June 2026, 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 2026
- a Statement of Financial Position as at 30 June 2026
- a Statement of Changes in Equity for the year ended 30 June 2026
- a Statement of Cash Flows for the year ended 30 June 2026
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chief Executive and the Director, Corporate Strategy and Investment.

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 Office for Recreation, Sport and Racing. 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 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 entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The 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.

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*, I have audited the financial report of the Office for Recreation, Sport and Racing for the financial year ended 30 June 2026.

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 Office for Recreation, Sport and Racing'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 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
Deputy Auditor-General

30 September 2026

Office for Recreation, Sport and Racing

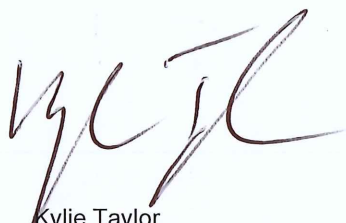
Financial Statements

For the year ended 30 June 2026

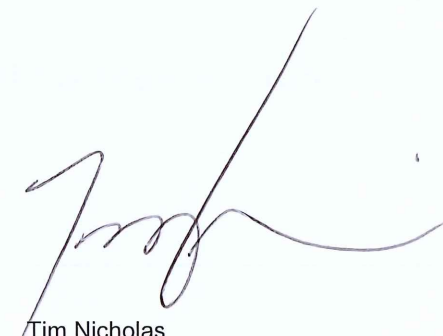
Office for Recreation, Sport and Racing
Certification of the Financial Statements
for the year ended 30 June 2026

We certify that the:

- financial statements of the Office for Recreation, Sport and Racing:
 - are in accordance with the accounts and records of the Office for Recreation, Sport and Racing;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Office for Recreation, Sport and Racing at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Office for Recreation, Sport and Racing for the financial year over its financial reporting and its preparation of financial statements have been effective.



Kylie Taylor
Chief Executive
28 September 2026



Tim Nicholas
Director, Corporate Strategy and Investment
28 September 2026

Office for Recreation, Sport and Racing
Statement of Comprehensive Income
for the year ended 30 June 2026

		2026	2025
	Note	\$'000	\$'000
Income			
Appropriation	3.1	133 607	74 296
Fees and charges	3.2	1 571	1 303
Grants and subsidies	3.3	8 193	1 358
Intra-government transfers	3.4	7 890	15 071
Resources received free of charge	3.5	132 689	988
Net gain from disposal of non-current assets	3.6	-	1 285
Other income	3.7	2 865	2 203
Total income		286 815	96 504
Expenses			
Employee related expenses	4.1	13 363	10 436
Supplies and services	4.2	10 843	9 259
Grants and subsidies	4.3	72 041	67 664
Borrowing costs		2	4
Depreciation and amortisation	5.5, 5.6	25 863	21 488
Write down of non-current assets	5.5	10 208	-
Transfers to Consolidated Account	4.4	400	20 500
Other expenses	4.5	690	595
Total expenses		133 410	129 946
Net result		153 405	(33 442)
Total comprehensive result		153 405	(33 442)

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

Office for Recreation, Sport and Racing
Statement of Financial Position
as at 30 June 2026

		2026	2025
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	5.2	52 901	27 549
Receivables	5.3	4 021	3 147
Inventories	5.4	17	9
Total current assets		56 939	30 705
Non-current assets			
Receivables	5.3	14	4
Property, plant and equipment	5.5	638 818	509 252
Intangible assets	5.6	359	404
Total non-current assets		639 191	509 660
Total assets		696 130	540 365
Current liabilities			
Payables	6.2	10 598	10 293
Other financial liabilities	6.3	34	32
Contract liabilities	6.4	1 043	865
Employee related liabilities	6.5	1 469	1 128
Provisions	6.6	51	37
Other non-financial liabilities	6.7	454	472
Total current liabilities		13 649	12 827
Non-current liabilities			
Other financial liabilities	6.3	31	60
Employee related liabilities	6.5	1 323	1 116
Provisions	6.6	188	158
Other non-financial liabilities	6.7	17 918	16 588
Total non-current liabilities		19 460	17 922
Total liabilities		33 109	30 749
Net assets		662 021	509 616
Equity			
Asset revaluation surplus	7.1	133 495	133 495
Retained earnings	7.1	529 526	376 121
Total equity		663 021	509 616

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

Office for Recreation, Sport and Racing
Statement of Changes in Equity
for the year ended 30 June 2026

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2024	133 495	409 563	543 058
Net result for 2024-25	-	(33 442)	(33 442)
Total comprehensive result for 2024-25	-	(33 442)	(33 442)
Balance at 30 June 2025	133 495	376 121	509 616
Net result for 2025-26	-	153 405	153 405
Total comprehensive result for 2024-25	-	153 405	153 405
Balance at 30 June 2026	133 495	529 526	663 021

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

Office for Recreation, Sport and Racing
Statement of Cash Flows
for the year ended 30 June 2026

		2026	2025
		\$'000	\$'000
Cash flows from operating activities	Note		
Cash inflows			
Appropriation		133 607	98 962
Fees and charges		1 448	19 006
Grants and subsidies		8 554	1 578
Intra-government transfers		8 106	16 093
GST recovered from the ATO		7 857	6 880
Other receipts		3 117	2 787
Cash generated from operations		162 689	145 306
Cash outflows			
Employee related payments		(12 773)	(10 583)
Payments for supplies and services		(10 830)	(25 502)
Payments of grants and subsidies		(78 331)	(72 830)
Purchase of inventories		(30)	(254)
Transfers to Consolidated Account		(400)	(45 166)
Other payments		(150)	(110)
Cash used in operations		(102 514)	(154 445)
Net cash provided by / (used in) operating activities	7.2	60 175	(9 139)
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of property, plant and equipment		-	8 261
Cash generated from investing activities		-	8 261
Cash outflows			
Purchase of property, plant and equipment		(34 790)	(31 504)
Cash used in investing activities		(34 790)	(31 504)
Net cash (used in) / provided by investing activities		(34 790)	(23 243)
Cash outflows			
Repayment of leases		(33)	(113)
Cash used in financing activities		(33)	(113)
Net cash used in financing activities		(33)	(113)
Net increase / (decrease) in cash and cash equivalents		25 352	(32 495)
Cash and cash equivalents at the beginning of the reporting period		27 549	60 044
Cash and cash equivalents at the end of the reporting period	5.2	52 901	27 549

The accompanying notes form part of these financial statements.

Office for Recreation, Sport and Racing

Notes to and forming part of the financial statements

For the year ended 30 June 2026

1. About the Office for Recreation, Sport and Racing

The Office for Recreation, Sport and Racing (the Office) is a not-for-profit administrative unit established pursuant to the *Public Sector Act 2009*. The Office became an attached office to the Department for Infrastructure and Transport (DIT) on 29 July 2020.

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

The Office has administered items and they are presented separately and disclosed in note 10. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Office transactions.

1.1 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*; and
- relevant Australian Accounting Standards.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

Assets that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets. Liabilities that are due to be settled within 12 months after the end of the reporting period or for which the Office has no right to defer the settlement for at least 12 months after the end of the reporting period are classified as current liabilities. All other assets and liabilities are classified as non-current.

The Office is subject to fringe benefits tax. The Office is not subject to income tax.

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, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Cash flows are included in the Statement of cash Flows on a gross basis, 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.

1.2 Objectives

The Office is the lead agency for the SA Government's policy on sport and active recreation. The Office supports sport and recreation through the development of policy, programs and resources, the provision of funding, recreation and sport planning, infrastructure development, elite sport pathways and the promotion of physical activity.

The Office also provides strategic policy advice to the Minister for Recreation Sport and Racing (the Minister) on matters relating to the South Australian Racing Industry.

The Office has administrative responsibility for the Recreation and Sport Fund and the Sport and Recreation Fund.

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

1.3 Changes to the Office

North Adelaide Golf Course redevelopment

On 18th December 2025, the Minister for Recreation, Sport and Racing was designated as the Minister in whom the project site will vest under section 8 of the North Adelaide Public Golf Course Act 2025. The Department of the Premier and Cabinet (DPC) is managing the redevelopment of the North Adelaide Golf Course on behalf of the Minister. Assets associated with the North Adelaide Public Golf Course transferred from the City of Adelaide effective from 27 April 2026 to DPC as the designated handover day as published in the South Australian Government Gazette on 16 April 2026.

1.4 Significant transactions with government related entities

Significant transactions with SA Government are identifiable throughout this financial report.

2. Board and committees

2.1 Key management personnel

Key management personnel of the Office include the Minister, the Chief Executive and six members (2025: four) of the Executive Leadership Team. Total compensation for key management personnel was \$1.50 million in 2025-26 and \$1.02 million in 2024-25.

The compensation detailed below excludes salaries and other benefits the Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2026	2025
Compensation	\$'000	\$'000
Salaries and other short-term employee benefits	1 343	915
Post-employment benefits	159	105
Total compensation	1 502	1 020

Transactions with key management personnel and other related parties

The Office did not enter into any transactions with key management personnel or their close family members during the reporting period that were not consistent with normal procurement arrangements.

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

2.2 Board and committee members

Members during the 2026 financial year were:

Women In Sports Taskforce (ceasing 30 June 2026)

Hon Rhiannon Pearce MP (Minister for ORSR) (Chair) from 19 September 2025

Hon Emily Bourke MP (Minister for ORSR) (Chair) to 19 September 2025

Catherine Hutchesson MP (Vice Chair)

Dr Amber Halliday^

Bronwyn Brooks

Craig Scott^

Eleni Tee

Prof. Murray Drummond

Anthony Elleston

Jade Wilson*

Jenny Williams

Kylie Taylor* (ex officio)

Risk, Audit and Performance Committee

Nicolle Rantanen Reynolds (Chair)

Paul Anderson (from 17 September 2025)

Russell D'Costa

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

^ Indicates a member that has received an exemption from the Premier and Cabinet Circular No. 016 requirement that government employees are not remunerated for board and committee membership. The appointment has no connection to their employment within Public Sector. The member is entitled to remuneration and has elected to receive payment.

Board and committee remuneration

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

	2026	2025
\$0	7	6
\$1 - \$19 999	8	9
Total number of members	15	15

The total remuneration received or receivable by members was \$9 426 (2025: \$5 505). Remuneration of members reflects all costs of performing committee duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax paid.

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

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

3. Income

3.1 Appropriation

	2026 \$'000	2025 \$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	133 607	74 296
Total appropriation	133 607	74 296

This table does not show appropriations in the form of a loan or an equity contribution.

Appropriations are recognised on receipt. Appropriation pursuant to the *Appropriation Act* consists of \$71 million (2025: \$71.100 million) for operational funding and \$62.600 million (2025: \$3.200 million) for capital projects.

Surplus appropriation to be paid back to the Consolidated Account as at 30 June 2026 was \$41.900 million, this payment will be recognised in 2026-27.

Money appropriated for the Office's purposes which was issued to special deposit accounts or deposit accounts of other public authorities is not reflected here.

3.2 Fees and charges

	2026 \$'000	2025 \$'000
Fees and charges		
Rental income	915	730
Short-term facility and equipment hire	527	498
Other fees and charges	107	56
Registration fees	22	19
Total fees and charges	1 571	1 303

Regarding rental income, refer to note 5.5 for details on the Office's leasing arrangements as lessor.

In relation to revenue from short-term hire of sporting facilities, and associated support services, customers are invoiced at the conclusion of the hire arrangement. At this point in time, satisfaction of performance obligations are considered complete and revenue is recognised.

Transaction prices reflect the fixed amounts agreed with customers prior to the service being rendered, and once invoiced, amounts receivable are subject to standard 30-day payment terms. Any amounts remaining unpaid at the end of the reporting period are treated as an accounts receivable.

Registration fees consist of registrations for boxing and martial arts. The Office has applied the recognition exemptions for licences where the transaction price is of low value and accordingly recognises registration income at a point in time.

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

3.3 Grants and subsidies

	2026	2025
	\$'000	\$'000
Commonwealth-sourced grants		
Commonwealth revenue - asset construction	6 000	10
Commonwealth revenue - other	713	428
Total commonwealth-sourced grants	6 713	438
Other grants and subsidies		
Private industry grants	1 480	919
Private industry grants - asset construction	-	1
Total other grants and subsidies	1 480	920
Total grants and subsidies	8 193	1 358

Commonwealth-sourced grants

Grants received are usually subject to terms and conditions set out in contracts, correspondence or legislation.

The Office receives grants from the Commonwealth Government for the construction and upgrade of sporting infrastructure. Funding of \$6 million was received from the Department of Infrastructure and Transport, Regional Development, Communications, Sport and the Arts for the construction of Mile End Sports Complex.

Other Commonwealth revenue of \$0.713 million was the realisation of the contract liability held at 30 June 2025 (2025: \$0.428 million). Refer to Note 6.4 for further details.

Other grants

Other grants largely relate to private industry grants for sport programs and income is recognised upon receipt.

3.4 Intra-government transfers

	2026	2025
	\$'000	\$'000
Transfers received from other SA Government entities		
Intra-government transfers - Sport and Recreation Fund	4 721	4 671
Contingency funding provided by the Department of Treasury and Finance	1 259	6 000
Intra-government transfers - other	1 910	4 400
Total intra-government transfers	7 890	15 071

Intra-government transfers relate to funds transferred from the Sport and Recreation Fund. The Sport and Recreation Fund is an administered item of the Office (note 10).

Other intra-government transfers largely relate to \$1.480 million of funds transferred from the Department of Premier and Cabinet (2025: \$1.300 million) and \$0.400 million from the Planning and Development Fund (2025: \$3.100 million).

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

3.5 Resources received free of charge

	2026	2025
	\$'000	\$'000
Donated assets	132 171	568
Services received free of charge - SA Government entities	518	420
Total resources received free of charge	132 689	988

Contribution of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

The Adelaide Aquatic Centre facility transferred from the Department for Infrastructure and Transport on 27 January 2026 with a carrying value of \$132.171 million. Refer to note 5.5.

The Office receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA, Information, Communication and Technology services and media monitoring services from Department of Premier and Cabinet (DPC) and Audit services from the Audit Office of SA free of charge. The corresponding expenses are disclosed in note 4.2 and 4.5.

3.6 Net gain / (loss) from the disposal of non-current assets

	2026	2025
	\$'000	\$'000
Net gain / (loss) from the disposal of:		
Land and Buildings	-	(67)
Plant and equipment	-	(49)
Motor vehicles	-	1
Assets held for Sale - Land	-	1 400
Net gain / (loss) from disposal of non-current assets	-	1 285

3.7 Other income

	2026	2025
	\$'000	\$'000
Recoveries	940	585
Sale of goods	533	345
Refunds	175	302
Other	1 217	971
Total other income	2 865	2 203

Other income includes reimbursement of costs incurred relating to transition arrangements for users of the old Adelaide Aquatic Centre during the closure/construction period \$0.800 million (2025: \$0.700 million).

Refunds relate to the return of grant funds to the Office. Income is recognised in line with the Office's acceptance of a grantee's acquittal.

Sale of goods consists of food and beverages sold at the canteen in the SA Athletics Stadium and the Mile End Sports Complex.

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

4. Expenses

4.1 Employee related expenses

	2026	2025
	\$'000	\$'000
Salaries and wages	10 112	7 858
Superannuation	1 298	1 031
Annual leave	954	731
Other employee related expenses	699	541
Long service leave	220	202
Workers compensation	43	(60)
Skills and experience retention leave	28	19
Committee fees	9	3
Targeted voluntary separation payments	-	111
Total employee related expenses	13 363	10 436

Office employees are employed under Part 7 of the *Public Sector Act*.

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

Employee remuneration

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

	2026	2025
\$197 001 - \$217 000	1	2
\$217 001 - \$237 000	2	1
\$297 001 - \$317 000	-	1
\$317 001 - \$337 000	1	-
Total number of employees	4	4

The total remuneration received by these employees for the year was \$0.979 million (2025: \$0.931 million).

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

Targeted Voluntary Separation Packages (TVSPs)

In 2026 nil employees received TVSP (2024-25: 1 employee, \$0.169 million).

	2026	2025
	\$'000	\$'000
Amounts paid to separated employees:		
Targeted voluntary separation packages	-	111
Leave paid to separated employees	-	58
Net cost to the Office	-	169

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

4.2 Supplies and services

	2026	2025
	\$'000	\$'000
Contractors	4 211	3 228
Corporate Services SLA	1 399	1 159
General administration and consumables	1 086	1 126
Utilities	889	924
Travel	740	549
Repairs, maintenance and minor equipment purchases	541	338
Information technology and communication charges	479	391
Insurance fees	346	281
Cost of goods sold	285	225
Consultants	153	308
Facility management	123	190
Staff development and recruitment	95	138
Other supplies and services	496	402
Total supplies and services	10 843	9 259

4.3 Grants and subsidies

	2026	2025
	\$'000	\$'000
Grants and subsidies	72 041	67 664
Total grants and funding	72 041	67 664

Grants and subsidies consist of the following:

Sports Vouchers Subsidies	20 395	15 850
Racing Industry Fund	12 664	12 291
The Power of Her - Infrastructure and Participation Program	9 157	5 393
Community Recreation and Sport Facilities Program	5 756	5 664
Sector Success Program	2 971	-
State Sport and Recreation Development Program	2 763	2 719
Active Club Program	1 422	3 125
Community Football Facilities	1 333	1 333
Performance Pathways Program	754	735
Local Sporting Club Facility Grants	750	7 500
Algal Bloom Support Program	385	-
SASI Individual Athlete Program	149	151
Active State Collaboration Program	-	2 926
Others	13 542	9 977
Total grants and subsidies	72 041	67 664

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

4.4 Transfers to Consolidated Account

	2026	2025
	\$'000	\$'000
Return of surplus cash pursuant to cash alignment policy	-	9 900
Other payments to the Consolidated Account*	400	10 600
Total transfers to consolidated account	400	20 500

* Other payments relate to the return of funds received from the Planning and Development Fund as a contribution to sporting infrastructure election commitment grants \$0.400 million (2024-25: \$3.1 million) and the transfer of proceeds received from the sale of land to the South Australian Police of \$7.5 million to the Consolidated Account in 2024-25.

4.5 Other expenses

	2026	2025
	\$'000	\$'000
Rates and levies	144	106
Audit services	75	79
Expected credit loss	3	1
Other expenses	468	409
Total other expenses	690	595

Audit services received from the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987* were \$74 900 (2025: \$79 300). No other services were provided by the Audit Office of South Australia.

5. Assets

5.1 Financial assets

	2026	2025
	Carrying	Carrying
	amount	amount
	\$'000	\$'000
Financial assets measured at amortised cost		
Cash and cash equivalents	52 901	27 549
Contractual receivables	3 325	1 765
Total financial assets	56 226	29 314

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

5.2 Cash and cash equivalents

	2026	2025
	\$'000	\$'000
Deposits with the Treasurer		
Office for Recreation, Sport and Racing Operating Account	52 900	27 548
Other cash and deposits	1	1
Total cash and cash equivalents in the Statement of Financial Position	52 901	27 549
Total cash and cash equivalents in the Statement of Cash Flows	52 901	27 549

Cash is measured at nominal amounts. The SA Government has a policy to align agency cash balances with appropriation and expenditure authority (cash alignment policy).

The Office does not earn interest on its deposits with the Treasurer.

5.3 Receivables

	2026	2025
	\$'000	\$'000
Current receivables		
Contractual receivables		
Receivables from sale of goods and services	3 326	1 763
Less: impairment loss on receivables	(6)	(2)
Total contractual receivables	3 320	1 761
Statutory receivables		
GST receivable	577	1 335
Total statutory receivables	577	1 335
Prepayments	124	51
Total current receivables	4 021	3 147
Non-current receivables		
Contractual receivables	5	4
Total contractual receivables	5	4
Prepayments	9	-
Total non-current receivables	14	4
Total receivables	4 035	3 151

Contractual receivables

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Other than as recognised in the allowance for impairment loss on receivables, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk. Refer to note 9.2 for further information on risk management.

The Office has adopted the simplified impairment approach under AASB 9 and measured lifetime expected credit losses on all trade receivables using an allowance matrix as a practical expedient to measure the impairment allowance.

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

5.3 Receivables (continued)

Allowance for impairment loss on receivables

	2026	2025
	\$'000	\$'000
Carrying amount at the beginning of the period	2	1
Increase/(decrease) in the allowance	4	1
Carrying amount at the end of the period	6	2

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Refer to note 9.2 for details regarding credit risk and the methodology for determining impairment.

Statutory receivables

Statutory receivable do not arise from contracts with customers. They are related to taxes and equivalents as well as statutory fees and charges. Statutory receivables are recognised and measured similarly to contractual receivables. Statutory receivables are not financial assets.

5.4 Inventories

	2026	2025
	\$'000	\$'000
Inventories - held for sale (food and beverages)	17	9
Total inventories	17	9

Inventories held for sale are measured at the lower of cost and their net realisable value. Cost is measured on the basis of the first in-first out method.

Office for Recreation, Sport and Racing
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For the year ended 30 June 2026

5.5 Property, plant and equipment

Reconciliation 2025-26

	Land, buildings and improvements	Plant and equipment	Land, buildings and improvements - leased	Plant and equipment - leased	Work in progress	ROU Buildings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	217 816	588	280 267	1 214	9 229	138	509 252
Acquisitions	-	14	-	-	33 394	-	33 408
Donated assets	132 171	-	-	-	-	-	132 171
Asset written off	-	-	(10 208)	-	-	-	(10 208)
Depreciation	(11 792)	(120)	(13 570)	(283)	-	(53)	(25 818)
Transfer from works in progress	19 771	251	4 074	-	(24 096)	-	-
Transfers between asset classes	2 188	-	(2 188)	-	-	-	-
Other movements	-	-	-	-	12	1	13
Carrying amount at the end of the period	360 154	733	258 375	931	18 539	86	638 818
Carrying amount							
Gross carrying amount	443 033	2 612	468 677	2 902	18 539	192	935 955
Accumulated depreciation	(82 879)	(1 879)	(210 302)	(1 971)	-	(106)	(297 137)
Carrying amount at the end of the period	360 154	733	258 375	931	18 539	86	638 818

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed. Land is capitalised regardless of value. Property, plant and equipment is recorded at fair value. Details about the Office's approach to fair value is set out in note 9.1.

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

5.5 Property, plant and equipment (continued)

Reconciliation 2024-25

	Land, buildings and improvements \$'000	Land, buildings and improvements - equipment \$'000	Land, buildings and improvements - leased \$'000	Plant and equipment - leased \$'000	Work in progress \$'000	ROU Buildings \$'000	ROU Equipment \$'000	ROU Vehicles \$'000	Total \$'000
Carrying amount at the beginning of the period	132 436	699	287 802	756	81 072	205	8	61	503 039
Acquisitions	-	-	-	-	27 252	5	-	-	27 257
Donated assets received	-	-	-	555	-	-	-	-	555
Disposals	-	(49)	(67)	(2)	-	-	-	-	(118)
Depreciation	(7 103)	(129)	(13 864)	(244)	-	(72)	(8)	(23)	(21 443)
Transfer from works in progress	92 483	67	6 396	149	(99 095)	-	-	-	-
Asset derecognition	-	-	-	-	-	-	-	(38)	(38)
Carrying amount at the end of the period	217 816	588	280 267	1 214	9 229	138	-	-	509 252
Carrying amount									
Gross carrying amount	289 585	2 347	494 101	2 902	9 229	507	37	-	798 708
Accumulated depreciation	(71 769)	(1 759)	(213 834)	(1 688)	-	(369)	(37)	-	(289 456)
Carrying amount at the end of the period	217 816	588	280 267	1 214	9 229	138	-	-	509 252

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

5.5 Property, plant and equipment (continued)

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted through the stocktake process on an annual basis and also through a periodic asset revaluation process. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

Useful life

Depreciation is calculated on a straight-line basis. Property, plant and equipment depreciation is calculated over the estimated useful life as follows:

Class of asset	Useful life (years)
Buildings and Improvements	2 - 70
Plant and equipment	3 - 30
Right-of-use buildings	Life of lease
Right-of use equipment	Life of lease

Property, plant and equipment leased by the Office as lessor

Leases are classified as operating leases, as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The majority of leases are typically made for terms of 5 years or less.

As lessor, the Office has the following lease arrangements:

- The SA Aquatic and Leisure Centre at Oaklands Park, The Adelaide Aquatic Centre at North Adelaide and the Parks Recreation and Sports Centre at Angle Park are subject to operation and management agreements.
- An operations and management agreement at Hindmarsh Stadium.
- Tenancy and management agreements at the SA Athletics Stadium, State Shooting Park, Heini Becker Park, Monarto Shooting Park, Hindmarsh Heritage Precinct, Women's Memorial Playing Fields and Adelaide SuperDrome.
- A number of tenancy and management agreements made on concessional terms to sporting organisations located at the State Hockey Centre, Netball SA Stadium, the Southern Sports Complex, the State Centre of Football and the A.M Ramsay Regatta Course at West Lakes.
- A colocation arrangement with Adelaide University (previously UniSA) at the South Australian Sports Institute at Mile End. The prepaid lease payments will be recognised on a per annum basis over the term of the lease (note 6.7).

Refer to note 3.2 for operating lease income.

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

5.5 Property, plant and equipment (continued)

Property, plant and equipment leased by the Office as lessee

Right of use assets leased by the Office as lessee are measured at cost, and there were no indications of impairment.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.2.

The lease liabilities and interest expense related to the right-of-use assets are disclosed in note 6.3.

Depreciation expenses related to leases are disclosed in note 5.5.

Cash outflows related to leases are disclosed in note 7.2.

The Office has several leases:

- Prepaid lease for rowing-related storage and other spaces. This ends in January 2031.
- Two leases for rowing-related storage and other spaces. Lease payments are paid annually, with both leases ending early 2028.

Concessional leases

The Office also has concessional leases, which are measured at cost in accordance with Treasurer's Instructions (Accounting Policy Statements):

- Recreational Walking Trails: The Office has been granted access to sections of privately owned land, over which walking trails have been established. The trails are for use by members of the public for recreational purposes. The leases are for 5-year terms, with only a single nominal payment to be made (\$1.10), if required by the landowner.

These arrangements allow the Office to further its objectives, and without the agreements being made on concessionary terms, additional costs may be incurred.

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

5.6 Intangible Assets

	2026 \$'000	2025 \$'000
Software		
Computer software	426	426
Accumulated amortisation	(149)	(104)
Work in Progress	82	82
Total computer software	359	404
Total intangibles	359	404

	Computer software \$'000	Work in Progress - Computer software \$'000	Total \$'000
Reconciliation 2025-26			
Carrying amount at 1 July 2025	322	82	404
Amortisation	(45)	-	(45)
Carrying amount at the end of the period	277	82	359

	Computer software \$'000	Work in Progress - Computer software \$'000	Total \$'000
Reconciliation 2024-25			
Carrying amount at 1 July 2024	367	-	367
Additions	-	82	82
Amortisation	(45)	-	(45)
Carrying amount at 30 June 2025	322	82	404

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of computer software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

Where subsequent expenditure on intangible assets cannot be attributed to existing intangible assets, the expenditure is not capitalised but is classified as expenditure.

Computer software relates to the Office's Sports Vouchers system database and purchased software. The Sports Voucher system has a remaining useful life of 6 years.

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
For the year ended 30 June 2026

6. Liabilities

6.1 Financial liabilities

	2026	2025
	\$'000	\$'000
Financial liabilities measured at amortised cost		
Contractual payables	10 598	10 293
Lease liabilities	65	92
Total financial liabilities	10 663	10 385

6.2 Payables

	2026	2025
	\$'000	\$'000
Current		
Contractual payables	10 598	10 293
Total current payables	10 598	10 293
Total payables	10 598	10 293

Contractual payables

Contractual payables are liabilities that arises from contracts. They include trade payables and accrued expenses. Accrued expenses. Accrued expenses are expenses incurred by not yet invoiced or paid. The balances are transferred to trade payables when invoices are received.

Contractual payables are normally settled within 15 days from the date the invoice is first received.

Office for Recreation, Sport and Racing
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For the year ended 30 June 2026

6.3 Other financial liabilities

All other financial liabilities relate to leases.

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTF's incremental borrowing rate. Financing costs associated with leasing activities was \$2 809 (2025: \$3 678). There were no defaults or breaches on any of the above liabilities throughout the year. All material cash outflows are reflected in the lease liabilities disclosed below.

	2026 \$'000	2025 \$'000
Current		
Lease liabilities	34	32
Total current other financial liabilities	34	32
Non-current		
Lease liabilities	31	60
Total non-current other financial liabilities	31	60
Total other financial liabilities	65	92

Maturity Analysis

The below maturity analysis is based on undiscounted gross cash flows and therefore may not be equal to the carrying amount or fair value.

	2026 \$'000	2025 \$'000
Lease liabilities		
Within one year	34	35
Later than one year but not later than five years	29	61
Total lease liabilities	63	96

6.4 Contract liabilities

	2026 \$'000	2025 \$'000
Current		
Contract liabilities	1 043	865
Total current contract liabilities	1 043	865

The Office received grant funding for research and other projects for which a contract liability has been recognised.

The single performance obligation for each contract is satisfied over time as the project work is conducted and the customer receives and uses simultaneously, the resulting intellectual property benefits. The Office recognises revenue on an input basis, as the Office expends the granted amount on allowable expenses under the agreement as the project work is progressed. Unexpended amounts are returned to the customer at the conclusion of the project.

The Office recognised \$713 000 as income (2025: \$161 000). No revenue related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods was recorded.

Expected realisation of contract liabilities as revenue in 2026-27 is \$1.043 million.

Office for Recreation, Sport and Racing
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6.5 Employee related liabilities

	2026	2025
	\$'000	\$'000
Current		
Annual leave	959	725
Employment on-costs	265	196
Long service leave	133	151
Skills and experience retention leave	30	34
Accrued salaries and wages	89	22
Total current employee related liabilities	1 469	1 128
Non-current		
Long service leave	1 198	1 010
Employment on-costs	125	106
Total non-current employee related liabilities	1 323	1 116
Total employee related liabilities	2 792	2 244

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

Salary and wages, annual leave, skills and experience retention leave (SERL) and sick leave

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

The salary inflation rate for annual leave and skills, experience and retention leave liability has increased to 3.5% (2025: 3.2%).

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

Long service leave

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

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

The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which are based on actuarial assumptions of expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data across government.

The discount rate used in measuring the liability is reflective of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of long service leave liability. The yield on long-term Commonwealth Government bonds has increased to 4.75% (2025: 4.25%).

This increase in the bond yield is used as the rate to discount future long service leave cash flows.

The actuarial assessment performed by the Department of Treasury and Finance used a salary inflation rate of 3.5% (2025: 3.5%) for the long service leave liability.

Office for Recreation, Sport and Racing
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6.5 Employee related liabilities (continued)

The net financial effect of the changes to actuarial assumptions to long service leave liability and employee related expense in the current financial year is nil. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using several demographical and financial assumptions – including the long-term discount rate.

The current portion of long service leave reflects the Office's experience of long service leave use which is expected to continue in future.

Employment on-costs

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

The Office makes contributions to several SA Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at the reporting date relates to any contributions due but not yet paid to the superannuation schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained unchanged at 44%. The average factor for the calculation of employer superannuation cost on-costs has remained unchanged at 12%. These rates are used in the employment on-cost calculation. The impact on 2026 is immaterial and cannot be reliably estimated for future years.

6.6 Provisions

All provisions relate to workers compensation.

	2026	2025
	\$'000	\$'000
Current		
Provision for workers compensation	51	37
Total current provisions	51	37
Non-current		
Provision for workers compensation	188	158
Total non-current provisions	188	158
Total provisions	239	195
	2026	2025
	\$'000	\$'000
Workers' compensation:		
Reconciliation of workers compensation		
Carrying amount at the beginning of the period	195	260
Additional provisions recognised	62	52
Payments for accidents	-	(3)
Remeasurement	(18)	(114)
Carrying amount at the end of the period	239	195

Office for Recreation, Sport and Racing
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6.6 Provisions (continued)

Provision for workers compensation

The Office is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the Office is responsible for the management of workers rehabilitation and compensation and is directly responsible for meeting the cost of workers compensation claims and the implementation and funding of preventive programs.

Accordingly, a liability has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes).

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2026 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

The additional compensation scheme provides continuing benefits to workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme. Eligible injuries are nonserious injuries sustained in circumstances which involved, or appeared to involve, the commission of a criminal offence, or which arose from a dangerous situation.

There is a significant degree of uncertainty associated with estimating future claim and expense payments. The liability is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

In addition to these uncertainties, the additional compensation scheme is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meeting, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate.

6.7 Other non-financial liabilities

	2026 \$'000	2025 \$'000
Current		
Other non-financial liabilities	454	472
Total current other non-financial liabilities	454	472
Non-current		
Other non-financial liabilities	17 918	16 588
Total non-current other non-financial liabilities	17 918	16 588
Total other non-financial liabilities	18 372	17 060
Unearned lease income		
Opening balance	17 060	17 296
Increase to liability	1 766	-
Amounts recognised as income	(454)	(236)
Closing balance	18 372	17 060
Total other non-financial liabilities	18 372	17 060

Unearned income relating to funds received from Adelaide University (previously UniSA) under the colocation arrangement at the South Australian Sport Institute at Mile End will be recognised on a per annum basis over the term of the arrangement.

7. Other disclosures

7.1 Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of property and plant and equipment to the extent that they offset one another.

Office for Recreation, Sport and Racing
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7.2 Cash flow reconciliation

	2026	2025
	\$'000	\$'000
Reconciliation of net cash provided by operating activities to net result		
Net cash provided by / (used in) operating activities	60 175	(9 139)
Add / (less) non-cash items		
Depreciation and amortisation expense	(25 863)	(21 488)
Resources received free of charge - expense	(518)	-
Resources received free of charge - income	518	988
Bad and doubtful debts expense	(3)	(1)
Donated assets	132 171	-
Asset written off	(10 208)	-
Other expenses	-	(354)
Gain on disposal of property, plant and equipment	-	1 285
Movement in assets and liabilities		
Increase / (decrease) in receivables	(7 748)	(5 443)
Increase / (decrease) in inventories	8	9
(Increase) / decrease in payables	6 940	18 141
(Increase) / decrease in employee related liabilities	(547)	75
(Increase) / decrease in provisions	(44)	65
(Increase) / decrease in contract liabilities	(178)	(695)
(Increase)/ decrease in other non-financial liabilities	(1 330)	(16 588)
Increase in financial liabilities	14	164
Decrease in other liabilities	18	(461)
Net result	153 405	(33 442)

Total cash outflows for leases was \$35 333 (2025: \$100 181).

Office for Recreation, Sport and Racing
Notes to and forming part of the financial statements
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8. Outlook

8.1 Unrecognised commitments

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

Other contractual commitments

	2026	2025
	\$'000	\$'000
Within one year	9 022	16 049
Later than one year but not later than five years	6 955	8 988
Later than five years	-	279
Total expenditure commitments	15 977	25 316

Other contractual commitments predominantly relate to multiyear funding agreements for grant programs such as the State Sport, Adelaide Aquatic Centre and Recreation Development Program, Racing Industry Fund, management of the SA Aquatic & Leisure Centre, and contracts for services at the Office's facilities.

8.2 Operating lease maturity analysis

	2026	2025
	\$'000	\$'000
Within one year	426	412
Later than one year but not longer than two years	366	369
Later than two year but not longer than three years	140	296
Later than three years but not longer than four years	146	75
Later than four years but not longer than five years	88	77
Later than five years	79	58
Total operating lease income	1 245	1 287

The above table sets out a maturity analysis of operating lease payments receivable, showing the undiscounted lease payments to be received after the reporting date. The future lease receivables from operating leases are not recognised in the 2025-26 financial statements.

See note 5.5 for information about land, buildings and property, plant and equipment the Office leases out under operating leases.

Office for Recreation, Sport and Racing
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8.3 Contingent assets and liabilities

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

The following are contingent assets of the Office:

- Pending Legal Action: The Office is involved in a pending legal action seeking compensation from the manufacturer of building materials for cost of replacement which may result in a settlement. The financial impact is not able to be reliably estimated.
- Pending Insurance Claim: A venue suffered damage to the engineered timber flooring which requires replacement. The Office has submitted a claim against its insurance to repair the damage. The financial impact is not able to be reliably estimated.
- Leasehold improvements: Improvements made by lessees become property of the Office upon termination or expiry of a lease, as is typical of such arrangements. The financial impact is not able to be reliably estimated, and is dependent on factors including lease renewals, and condition of leasehold improvements on transfer to the Office.
- Returned grant funds: The Office issues grants to a range of recipients for the purposes of supporting sport and recreation outcomes. Typically, an amount of grant funds are returned to the Office each year, reflecting instances where a grant has not been fully acquitted, or where grantees are unable to comply with the conditions of the grant agreement. The financial impact is not able to be reliably estimated.

The following are contingent liabilities of the Office:

- Insurance claims: one venue participant has submitted a claim seeking compensation from the Office. The financial impact is not able to be reliably measured.
- Insurance claim: a person was allegedly injured at one of the Office's facilities. A possible obligation has been identified which will be confirmed by future legal proceedings. The financial impact is not able to be reliably determined.
- Underwrite: the Office has committed to compensating potential operating losses over a period of three years for a State Sporting Organisation as a result of facilities relocation. The financial impact is not able to be reliably determined.
- Two applications have been submitted via a Commonwealth Compensation scheme seeking compensation from the Office. The financial impact is not able to be reliably estimated.

8.4 Impacts of standards and statements not yet effective

The Office has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet effective and does not expect these to have a material impact on the Office's statements.

8.5 Events after the reporting period

On 26 June 2026 the Office received a request from DTF to return appropriation from ORSR's operating account to the consolidated account of \$41.893 million. The return of funds was made to DTF on 1 July 2026.

Office for Recreation, Sport and Racing
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9. Measurement and risk

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.

9.1 Fair value

Initial recognition

Non-current owned tangible assets are initially recorded on a cost basis and subsequently measured at fair value. Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. Where assets are acquired as part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

Revaluation

Revaluation of non-current assets or a group of assets is only performed when the owned assets fair value at the time of acquisition is greater than \$1.5 million and estimated useful life exceeds three years.

Revaluation is undertaken on a six year cycle. The last external valuation by a Certified Practising Valuer was completed effective 1 July 2021.

In June 2024 the Office undertook an assessment of land and buildings and determined that valuation was required. As a result, an unscheduled valuation was completed effective 30 June 2024.

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.

When assets are revalued, the carrying amount is adjusted to the revalued amount. At the date of the revaluation the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.

The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

As a result of the latest revaluation, the increase in the carrying amount of the Office's land and building assets is recognised on a net basis in other comprehensive income and accumulated in equity under the heading of revaluation surplus.

Fair value hierarchy

The Office 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.

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

The Office had no valuations categorised into Level 1 and there were no transfers of assets between Level 1 and Level 2 categories.

Office for Recreation, Sport and Racing
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9.1 Fair value (continued)

Fair value classification – non-financial assets at 30 June 2026

	Note	Level 2	Level 3	Total
		\$'000	\$'000	\$'000
Recurring fair value measurements				
Land, buildings and improvements	5.5	173 206	445 323	618 529
Plant and equipment	5.5	-	1 664	1 664
Total recurring fair value measurements		173 206	446 987	620 193
Total fair value measurements		173 206	446 987	620 193

Fair value classification – non-financial assets at 30 June 2025

	Note	Level 2	Level 3	Total
		\$'000	\$'000	\$'000
Recurring fair value measurements				
Land, buildings and improvements	5.5	173 206	324 877	498 083
Plant and equipment	5.5	-	1 802	1 802
Total recurring fair value measurements		173 206	326 679	499 885
Total fair value measurements		173 206	326 679	499 885

Land and buildings

A desktop valuation of land and buildings owned by the Office was completed effective 30 June 2024. Fair value of land assets was determined independently by the Office of the Valuer-General. An internal valuation was completed for building and improvement assets.

Fair value of land has been determined using the market approach. The valuation was based on the change in the South Australian Integrated Land Information System (SAILIS) site values for each land asset from the last independent valuation and includes adjustment for factors specific to the land.

Fair value of buildings has been determined using current replacement cost, due to there not being an active market. The valuation was based on a combination of internal records, specialised facilities knowledge, Australian Bureau of Statistics Producer Price Indices, and acquisition costs. The cost considered the specialised nature and restricted use of the assets, their size, condition, age, location and obsolescence.

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9.1 Fair value (continued)

Plant and equipment

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life between three years and thirty years. Plant and equipment have not been revalued in accordance with Treasurer's Instructions (Accounting Policy Statements) 116.D. The carrying value of these items are deemed to approximate fair value.

Reconciliation of Level 3 recurring fair value measurements at 30 June 2026

	Land, buildings and improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	324 877	1 802	326 679
Acquisitions	-	14	14
Donated assets	132 171	-	132 171
Asset written off	(10 208)	-	(10 208)
Transfer from works in progress	23 845	251	24 096
Gains/(losses) for the period recognised in net result:			
Depreciation	(25 362)	(403)	(25 765)
Total losses recognised in net result	(25 362)	(403)	(25 765)
Carrying amount at the end of the period	445 323	1 664	446 987

Reconciliation of Level 3 recurring fair value measurements at 30 June 2025

	Land, buildings and improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	247 032	1 455	248 487
Donated assets received	-	555	555
Disposals	(67)	(51)	(118)
Transfer from works in progress	98 879	216	99 095
Gains/(losses) for the period recognised in net result:			
Depreciation	(20 967)	(373)	(21 340)
Total losses recognised in net result	(20 967)	(373)	(21 340)
Carrying amount at the end of the period	324 877	1 802	326 679

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9.2 Financial instruments

Financial risk management

Risk management is managed by the Office's corporate services section. Risk management policies are in accordance with the *SA Government Risk Management Guide* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

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

Liquidity risk

The Office is funded principally from recurring funds provided by the SA Government. The Office works with DTF to determine the cash flows associated with the SA Government's approved program of work, and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Credit risk

The Office 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 Office.

Impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. The Office uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors which typically comprise a large number of small balances.

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, the Office considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Office's historical experience and informed credit assessment, including forward-looking information.

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

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

Loss rates are calculated based on the probability of a receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor.

The following table provides information about the exposure to credit risk and ECL for non-government debtors.

	Debtor gross carrying amount		Lifetime expected losses
	\$'000	Loss %	\$'000
2025-26			
Current (not past due)	742	0.14%	1
1 - 30 days past due	143	0.37%	0.5
31 - 60 days past due	23	1.21%	0.2
61 - 90 days past due	19	2.26%	0.4
More than 90 days past due	108	3.24%	4
Total	1 035		6

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9.2 Financial instruments (continued)

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

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 Office and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

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

Market risk

The Office does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging. The Office does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the government's risk management strategy articulated in *T1 23 Management of Foreign Currency Exposures*.

Exposure to interest rate risk may arise through its interest-bearing liabilities.

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

Categorisation of financial instruments

Details of the material 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 asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Classification of financial instruments

The Office measures all financial instruments at amortised cost.

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10. Administered items

The Office has administrative responsibility for the Sport and Recreation Fund and the Recreation and Sport Fund.

Sport and Recreation Fund

The Sport and Recreation Fund was established under section 73A (1) of the *Gaming Machines Act 1992* (the Act). The use of the Fund is governed by section 73A (3) of the Act, which states the funds must be used for recreation and sport purposes. Funds are transferred to the Office to fund grant programs consistent with Act requirements.

Recreation and Sport Fund

The Recreation and Sport Fund was established by section 17 of the *Soccer Football Pools Act 1981*. This Act has since been repealed. The continued existence of the Recreation and Sport Fund is attributable to section 16A (1) of the *State Lotteries Act 1966*. The use of the Recreation and Sport Fund is governed by 16A (2) of the *State Lotteries Act 1966*, which states the funds must be used for recreation and sport purposes. Amounts received into the Recreation and Sport Fund was based on a percentage share of the "Pools" lotto game. The "Pools" was discontinued after the final draw on 25 June 2018.

	2026	2025
	\$'000	\$'000
Administered Income		
Advances and grants - Sport and Recreation Fund	4 721	4 671
Total administered income	4 721	4 671
Administered Expenses		
Intra government transfer - Sport and Recreation Fund	4 721	4 671
Total administered expenses	4 721	4 671
Net result	-	-
Administered Current Assets		
Cash and cash equivalents		
Sport and Recreation Fund	3 322	3 322
Recreation and Sport Fund	1 544	1 544
Total current assets	4 866	4 866
Total assets	4 866	4 866
Net assets	4 866	4 866
Administered Equity		
Retained earnings		
Sport and Recreation Fund	3 322	3 322
Recreation and Sport Fund	1 544	1 544
Total equity	4 866	4 866