



**South
Australian
Film
Corporation**

South Australian Film Corporation 2018-19 Annual Report

South Australian Film Corporation

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To: Honourable David Pisoni MP
Minister for Innovation and Skills

This annual report is presented to Parliament to meet the statutory reporting requirements of the South Australian Film Corporation and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

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

Submitted on behalf of the South Australian Film Corporation by

Peter Hanlon
Chair
South Australian Film Corporation

A handwritten signature in black ink, appearing to read 'P. Hanlon', with a small dot at the end.

Signature

Date 30 September 2091

From the Chief Executive

South Australia's screen industry is experiencing a period of unprecedented growth, with the SAFC delivering more jobs and greater economic impact than ever before alongside a growing showcase of quality local, national and international productions.

A new report by Deloitte Access Economics, commissioned by the SAFC and released in May 2019, showed South Australia's screen sector contributed a record \$119.5 million to the state's economy in 2017/18, with direct spending from screen production almost doubling to \$65.5 million since 2013/14.



The figures show screen production is swiftly becoming a significant pillar of the South Australian economy, with further growth forecast as more major international productions find a home at Adelaide Studios.

The headlines have told the story, with The Advertiser reporting a “new golden era for South Australian film” and the state “on the verge of a movie boom”.

Epic action thriller *Mortal Kombat*, the biggest film production in South Australia's history, has already established South Australia as a major international production destination, and is expected to bring in up to \$70 million to the State and create an estimated 580 jobs as shooting gets under way in late 2019.

The New Line/Warner Bros blockbuster is the latest Hollywood feature to be attracted to Adelaide Studios, which has also hosted Daniel Radcliffe feature drama *Escape from Pretoria* and Netflix sci-fi hit *I Am Mother*, alongside major national productions including upcoming Cate Blanchett TV drama *Stateless*, Tim Minchin TV series *Upright* and SBS series *The Hunting*, the first prime-time TV drama to be wholly developed and made in South Australia.

The SAFC continues to cement its reputation as the home of great Australian cinema, with three SAFC-supported films - *Top End Wedding*, *Storm Boy* and *Hotel Mumbai* - topping the Australian box office in the first half of 2019¹.


The SAFC's international reputation for excellence continues to grow, with four projects at Sundance (*Animals*, *I Am Mother*, *The Nightingale* and *Top End Wedding*), the only Australian film to be selected for Cannes, *Demonic*, and the launch of the Bird in Hand Nest, a workspace for South Australians doing business in Los Angeles at Charlie's, the Australians in Film HQ in Hollywood.

Locally, the SAFC strengthened its focus on industry development, growing skills, and supporting and encouraging diversity in the screen sector across a number of initiatives.

¹ Motion Picture Distributors Association of Australia - 2019 half-yearly Australian cinema box office results (January-June)

New programs such as *Doing it Differently*, and the Lottie Lyell Award have provided a boost to women in the State's screen sector, with new data revealing the SAFC has funded record numbers of South Australian female screen creatives in 2017/18.

Full Tilt gave new opportunities to Deaf and disabled screen creatives, while initiatives including the Reconciliation Action Plan, the Aboriginal Short Film Workshop and ABC's commissioned series *Deadly Family Portraits* opened new pathways for Indigenous practitioners.

A handwritten signature in dark ink, appearing to read 'Kate Croser', with a stylized, cursive script.

Kate Croser

Chief Executive

South Australian Film Corporation

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Overview: About the South Australian Film Corporation

Our Strategic Focus

The South Australian Film Corporation (SAFC) is a statutory body established under the *South Australian Film Corporation Act 1972*. It is the lead agency in South Australia for the development, support and promotion of the screen industries. Since its inception, the SAFC has formed a vital part of South Australia's cultural and economic life.

VISION

South Australia is the screen production centre of choice.

MISSION

Empowering screen success by growing a more dynamic, collaborative, diverse and resilient South Australian screen sector and investing in content that is bold and innovative, as well as critically and commercially acclaimed.

STRATEGIC OBJECTIVES		
GROWTH	HUMAN CAPITAL DEVELOPMENT AND DIVERSITY	OPERATIONAL EXCELLENCE
We commit to significantly grow the sector through targeted initiatives, programs and partnerships.	We believe the South Australian screen industry, and the content it makes, should be as diverse as the broader Australian community and that the development of people and skills are at the core of our sector	We will have dynamic and committed staff, be efficient and effective in our practices and great to do business with.

CORE FUNCTIONS

- to foster the creation and delivery of critically acclaimed and commercially successful ideas, moving images and sound for any viewing medium;
- to support the SA screen industry in a dynamic and responsive manner; and
- to optimise opportunities for production and post-production in South Australia.

Our organisational structure

The SAFC has a Governing Board. As at 30 June 2019 members of the Board were:

- Mr Peter Hanlon (Chair)
- Ms Kate Croser
- Ms Ann-Maree Davies
- Mr Des Monaghan
- Ms Miriam Silva

As at 30 June 2019 the organisational structure was:



Our Minister

The Honourable David Pisoni MP is the Minister for Innovation and Skills

The Minister is also responsible for:

- Workforce Training and Skills
- Innovation and Entrepreneurship
- Science and Information Economy
- Apprenticeships and Traineeships
- Creative Industries
- Skilled Migration



Our Executive Team

The Executive team which comprises the Chief Executive and the three Heads of Departments are responsible for the management and administration of the SAFC

Legislation administered by the South Australian Film Corporation

South Australian Film Corporation Act 1972

The South Australian Film Corporation's Performance

Performance at a glance

The SAFC is focused on growth and the diversity of the industry and during 2018-19 the key achievements included 18 projects which commencing principal photography during the year with an anticipated South Australian spend of \$27.745m.

During 2018-19 South Australia was chosen for the production of *Mortal Kombat*, New Line Cinema's highly anticipated epic action film based on the blockbuster videogame franchise. Commencing principal photography in 2019-20 it is estimated to create 580 jobs with 1,500 extras employed, along with up to \$70 million to be injected into the South Australian economy.

The SAFC also invested in a new community of screen storytellers with the following series:

- Deadly Family Portraits celebrate and showcase the depth of artistic talent among Aboriginal families and emerging South Australian Indigenous filmmakers. This initiative is a part of the SAFC's Aboriginal Screen Strategy and is supported through Arts SA with funding from ABC Arts iView.
- Full Tilt a collaboration with SBS provides funding for three stand-alone short screen works created by South Australian filmmakers with disability. This initiative is part of the SAFC's Delivering Diversity umbrella of programs

2018-19 also saw the launch of the Bird in Hand Nest in Los Angeles: a collaboration with the SAFC, Australians in Film and the South Australian winery Bird in Hand. The Bird in Hand Nest is a new two-part initiative offering both a bespoke Residency and a South Australian workspace at Australians in Film's Hollywood base, Charlie's, on the Raleigh Studios' lot, the oldest working studio in Hollywood for South Australian producers, directors and writers.

Contribution to whole of Government objectives

Key strategy	SAFC contribution
– More Jobs	<ul style="list-style-type: none"> – SA producers and key creatives well positioned for national and international opportunities. – Actively promote South Australia as a premium location for the production and filming of world class content. – Identifying and enabling new communities of screen storytellers. – Providing experiences and opportunities to build skills and gain exposure to key decision makers.
– Lower costs	– NA
– Better services	– NA

Specific objectives and performance

Objectives	Indicators	Performance
Production funding	a) SAFC: South Australian spend ratio is 1:10	1:8 18 projects commenced principal photography with a total spend of \$27.745m from an SAFC investment of \$3.456m. 960 jobs created. (note all numbers subject to final audit of costs)
	b) 1 SA producer receives SAFC production funding and credit on a national or international market driven project	4 Daniel Joyce – Martha (A Picture Story) Michelle Krumm – Escape From Pretoria Kirsty Starke - Stateless Kirsty Starke - First Day
	c) 4 SA led projects contracted with major market partners	3 Lucy and Dic First Day The Greatest Air Race
	d) 2 SAFC funded projects screened in the financial year were award winners or nominations, or screened at festivals	Animals 2019 Sydney Film Festival – Screened 2019 Sundance Film Festival – Screened 2019 Adelaide Film Festival Pop Up – Screened 2019 Munich Film Festival – Cinevision Award, Best Film By An Emerging Director - Nominated Davi 2018 Adelaide Film Festival – Screened Demonic 2018 Adelaide Film Festival – World Premiere 2019 Vila do Conde International Short Film Festival - Great Prize Cidade Vila do Conde - Pia Borg – Nominated 2019 Cannes Critics' Week sidebar – Screened

Objectives	Indicators	Performance
		<p>From Under The Rubble</p> <p>2018 Arab Film Festival – Best Documentary Award – Winner</p> <p>2019 Peace on Earth Festival- Chicago</p> <p>2019 Al Ard Film Festival- Italy</p> <p>Fucking Adelaide</p> <p>2018 Screen Producers Awards - Best Online Series</p> <p>Hotel Mumbai</p> <p>2018 Adelaide Film Festival - Australian Premiere</p> <p>2018 Toronto Film Festival - Screened</p> <p>I Am Mother</p> <p>2018 Adelaide Film Festival – Screened</p> <p>2019 Worldwide Netflix release</p> <p>2019 Sundance Film Festival – Screened</p> <p>2019 Sydney Film Festival – Screened</p> <p>Konya</p> <p>2018 Adelaide Film Festival – Screened</p> <p>2019 Black Screen - Screened</p> <p>Lessons From A Middle Class Artist</p> <p>2019 HollyWeb Festival – Screened</p> <p>Martha</p> <p>2019 Sydney film Festival</p> <ul style="list-style-type: none"> - Documentary Foundation Australia Award – Selina Miles – Nominated - Audience Award Best Documentary – Selina Miles – Won <p>2019 Tribeca Film Festival – World Premiere</p> <p>Prisoners and Pups</p> <p>2018 Melbourne Web Fest- Best Non Fiction</p>

Objectives	Indicators	Performance
		<p>Running 62</p> <p>2018 Adelaide Film Festival – Screened 2018 Run Nation Film Festival - Screened 2019 St Kilda Film Festival – Screened</p> <p>Summation of Force</p> <p>2018 Adelaide Film Festival – Screened 2018 Sydney Film Festival – Screened 2018 South By Southwest Film Conference and Festival 2018 Sundance Film Festival - Screened 2018 Melbourne International Film Festival – Screened</p> <p>Sweet Country</p> <p>2018 AWGIE Award- Feature Film 2018 AACTA Award –</p> <ul style="list-style-type: none"> - Best Original Screenplay - Best Cinematography - Best Editing <p>The Nightingale</p> <p>2018 Venice Film Festival</p> <ul style="list-style-type: none"> - Marcello Mastroianni Award - Best Young Actor or Actress - Baykali Ganambarr - Won - Golden Lion – Jennifer Kent – Nominated - Special Jury Prize - Jennifer Kent – Won <p>2018 Adelaide Film Festival – Screened- Australian Premiere 2019 Sundance Film Festival – Screened 2019 Sydney Film Festival - Screened 2019 Miami Film Festival</p> <ul style="list-style-type: none"> - Knight Competition Grand Jury Prize – Jennifer Kent – Nominated - Rene Rodriguez Critics Award – Jennifer Kent – Won <p>2019 Seattle International Film Festival</p> <ul style="list-style-type: none"> - Golden Space Needle Award – Nominated - Best Actress - Aisling Franciosi - Fourth Place

Objectives	Indicators	Performance
		<p>The Way</p> <p>2018 Adelaide Film Festival – Screened</p> <p>The Woman and the Car</p> <p>2018 Adelaide Film Festival – Premiere screening</p> <p>Top End Wedding</p> <p>2019 Australian Release – over \$5 million at the box office to date</p> <p>2019 Sundance Film Festival – Screened</p> <p>2019 Adelaide Film Festival Pop Up – Screened</p> <p>2019 Seattle International Film Festival – Screened</p> <p>2019 Edinburgh International Film Festival - Screened</p> <p>Unboxed</p> <p>2018 International Screening – Frameline42, San Francisco - Screened</p> <p>2019 South Australian Screen Awards – Grand Jury Prize</p>
Screen Industry programs – professional development	e) 4 Indigenous attachments	<p>5</p> <p>Ricky Hutcheson - 2067 – Electrics</p> <p>Scarlett Schrader - Upright - Director</p> <p>Travis Jaques (Doolan) - Escape From Pretoria - Camera Department</p> <p>Damien Wanganeen - Stateless - Grip</p> <p>Sierra Schrader - Black Bitch - Director</p>
	f) 5 Professional development seminars	<p>19 participants over the following 8 programs</p> <p>25th Screen Australia’s Indigenous Department Anniversary</p> <p>Australian Directors Guild – Screenforever SPA Conference</p> <p>AFTRS course</p> <p>Australian Directors Guild program</p> <p>AIDC 2019</p> <p>Indigenous Producer's Program</p> <p>Tarnanthi Mentoring Program</p>

Objectives	Indicators	Performance
	g) 15 First time attachments	<p>24</p> <p>Molly O'Connor - The Woman and the Car - Producer</p> <p>Paul Vagnarelli - Wanted S3 - Camera Department (Full Tilt)</p> <p>Warren Luxford - Wanted S3 - Grip</p> <p>John Willanski - Intersecting Lives (Bus Stop Films) - Production Office</p> <p>Anabel Blakker - Intersecting Lives (Bus Stop Films) - Post Sound</p> <p>Isabelle Senior - 2067 - Grip</p> <p>Ricky Hutcheson - 2067 - Electrics</p> <p>Nicole Miller - Upright - AD Department</p> <p>Emma Hough Hobbs - Upright - Art Department</p> <p>Eloise Holoubek - Upright - Camera Department</p> <p>Indianna Bell - Yes Chef - Writer's Room</p> <p>Pete Ninos - The Hunting - Director (SBS Talent Diversity Escalator)</p> <p>Rachel Azzopardi - The Hunting - Producer</p> <p>James Dubay - The Hunting - AD Department (2nd)</p> <p>Yuan Wei - Time Flows Back - Production Office Attachment</p> <p>Chinyi Chen - Never Too Late - Art Department</p> <p>James Khou - Never Too Late - Camera Department</p> <p>Travis Jaques (Doolan) - Escape From Pretoria - Camera Department</p> <p>Catalina Moller - Escape From Pretoria - Camera Department</p> <p>Bonnie McBride - Escape From Pretoria - Producer</p> <p>Lewis Kennedy - Stateless - Locations</p> <p>Damien Wanganeen - Stateless - Grip</p> <p>Belinda Gehlert – Amanda Brown - Composing</p> <p>Aiden Marks - Deafinition – Production Office</p>

Objectives	Indicators	Performance
	h) 5 Previous year attachments move into crew roles	7 Jonathon Hyde-Neary - Storm Boy - Art Department (Set Decorator) – Escape from Pre Pip Strachan - Mother - Art Department Veronica Buhagiar - Mother - Editing Department Joel Brown - Mother - Director David Tiggeman - The Flip Side - Production Office Lauren Murray- The Flip Side - Art Department Adam Camporeale - Pine Gap – Producer
Screen industry programs – project development	i) 5 Aboriginal short films production commenced	4 Secret Pretty Things Deadly Family portraits - The Crombie Crew - Electric Mimili - The Sansbury Sisters
	j) 2 Matched funding initiatives with national or international partners	4 Artist in residence Deadly family portraits Doculab Full tilt
Screen industry programs – production attraction	k) 10% Increase in facebook likes	30%
	l) 100% Media release results in at least 1 (national/local) media outlet promoting the story	100%
	m) 2 Advertisements placed in international publications	2

Corporate Performance Summary

During the year the SAFC undertook a range of efficiency projects which led to the implementation a new studio booking workflow, new grants management system, upgraded financial systems, and contacts database. All these system have improved the reliability and business effectiveness of operations.

The Adelaide Studios fully implemented the Gig City network which provides for high speed broadband across the site.

Additional production space was facilitated with the refurbishment of onsite accommodation to meet production and art department requirements in addition to the provisioning of dedicated printing facilities in all production offices.

The usability of the post sound facilities was improved with the implementation of new recording equipment.

Employment opportunity programs

Aboriginal employment – The SAFC engaged 1 Aboriginal employee during the financial year.

Performance management and development systems

Performance management and development system	Performance
<p>The performance management and development system includes alignment of work outcomes to the strategic and business plan. Discussions are undertaken twice a year.</p> <p>Compliance is measured by the number of employees undertaking and documenting a performance agreement discussion during the financial year.</p>	<p>Total number of employees who had a performance and development review during 2018-19 – 18 (100% of eligible employees)</p>

Work health, safety and return to work programs

Program name	Performance
Work Health and Safety (WHS) Program	<p>The program is built upon the Department for Innovation and Skills WHS program and includes the local WHS committee operations, hazard risk register, corrective action register, internal audits, building inspections and governance reporting.</p> <p>No claims were made in the 2018-19 financial year resulting in zero lost time claims.</p> <p>Reporting was effective with 100% of reports to the Board tabled in accordance with the committee calendar.</p>

	2018-19	2017-18	% Change (+/-)
Workplace injury claims			
Total new workplace injury claims	0	0	0 %
Fatalities	0	0	0 %
Seriously injured workers*	0	0	0 %
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	0	0	0 %
Work Health and safety regulations			
Number of notifiable incidents (<i>WHS Act 2012, Part 3</i>)	0	0	0 %
Number of provisional improvement, improvement and prohibition notices (<i>WHS Act 2012 Section 90, 191 and 195</i>)	0	0	0 %
Return to work costs **			
Total gross workers compensation expenditure (\$)	0	0	0 %
Income support payments – gross (\$)	0	0	0 %

*number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (*Part 2 Division 5*)

**before third party recovery

Data for previous years is available at <https://data.sa.gov.au/data/organization/south-australian-film-corporation>

Executive employment in the agency

Executive classification	Number of executives
SAES 1	1

Data for the past 5 years is available at <https://data.sa.gov.au/data/organization/south-australian-film-corporation>

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

Financial Performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2018-19 are attached to this report.

Statement of comprehensive Income	2018-19 \$'000	2017-18 \$'000
Net result from Operations	(182)	977
Net result from Screen Industry programs	121	328
Net result from Production Funding	470	(1 064)
Total comprehensive result	409	241

Statement of Financial Position	2018-19 \$'000	2017-18 \$'000
Current Assets	17 541	7 418
Non-current Assets	545	531
<i>Total Assets</i>	<i>18 086</i>	<i>7 949</i>
Current Liabilities	10 770	3 507
Non-current Liabilities	2 602	137
<i>Total Liabilities</i>	<i>13 372</i>	<i>3 644</i>
Net Assets	4 714	4 305
Equity	4 714	4 305

As a result of the screen production industry's lengthy development and production timeframes, the SAFC oversees a portfolio of investment commitments over multiple years.

On an annual basis the SAFC manages three budget lines: Operations which includes the operations of the Adelaide Studios, Screen Industry Programs and Production Funding.

Operations are funded by a mix of Adelaide Studio income and funding from Government. Revenue including funding from Government for 2018-19 was \$3.299m resulting in a deficit of \$182,000.

Screen Industry programs relate to programs undertaken by the SAFC to support the skills and capabilities of screen industry practitioners and company viability. Screen Industry programs are predominately funded from Government and partnerships with the corporate sector and national organisations. Revenue including funding from Government for 2018-19 was \$1.738m resulting in surplus of \$121,000

Production Funding relates to the production of screen content including drama and documentary, in particular projects that are creative and original, possess overall appeal to diverse audiences, display good market prospects or have significant economic benefits to the South Australian production and post-production screen sector. Funding to the production is by way of investment or grant.

18 projects were recognised as an expense in the 2018-19 year by the SAFC of which five received both production funding and South Australian Post Production, Digital and Visual Effects (SA PDV) rebate funding. The South Australian spend for these 18 projects is anticipated to be \$108.490m. The SAFC investment on these projects was \$12.832m which results in an SAFC:South Australian spend ratio of 1:8.5. Some of these projects commenced principal photography during the financial year with the balance due to occur in the 2019-20 year.

Four projects which received the SA PDV rebate alone were also recognised as an expense in the 2018-19 year. The South Australian spend of these four projects is anticipated at \$11.586m with the SA government investment on these projects being \$1.159m.

The SAFC sources funding for this area of activities through a combination of Government funding, write back of projects not proceeding which have been recognised in a previous year and SAFC retained earnings reserves. SA Government funding provided in 2018-19 for Production Funding was \$13.591m inclusive of SA PDV rebate funding. Any use of retained earnings reserves will naturally result in a deficit position in that financial year due to accounting recognition requirements and in line with established practice.

The SAFC Board makes judgments about drawing on retained earnings reserves for projects on a case-by-case basis. Importantly, any investment in projects is required to return to the South Australian economy by way of increased spending in the state.

Consultants disclosure

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

Consultants	Purpose	Value \$'000
All consultancies below \$10,000 each combined	Various	3
Consultancies with a contract value above \$10,000 each		
Business Olympians	Business Continuity Plan (balance of payments)	3
East 26	Property advisory services	7
East 26	Adelaide Studios Business Review	20
Northern Rivers Screenworks	South Australian screen sector industry development analysis	31
Deloitte Access Economics	Economic contribution of South Australian screen production 2017-18	33
Total all consultancies		97

Data for previous years is available at <https://data.sa.gov.au/data/organization/south-australian-film-corporation>

See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Contractors disclosure

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

Contractor	Purpose	Value \$'000
All contractors below \$10,000 each combined	Various	8
Contractors with a contract value above \$10,000 each		
Gaelle Mellis	Disability Screen Strategy services	11
Lee-Ann Buckskin	Aboriginal Screen Strategy services	13
Pro Realty	Property management services	17
Galpins	Internal auditor services	27
Hays Recruitment	SAFC temporary labour hire	30
ABCG films	Public Relations services	56
Total all contractors		162

Data for previous years is available at <https://data.sa.gov.au/data/organization/south-australian-film-corporation>

The details of all South Australian Government-awarded contracts for goods, services and works are displayed on the SA Tenders and Contacts website [here](#).

The website also provides details of Across Government contracts [here](#).

Risk Management

Risk and audit at a glance

The Board of the SAFC oversees a robust risk and audit framework which includes:

- Annual review of the risk management framework,
- Regular update of existing and emerging risks,
- Annual internal audit program,
- Review of financial statements and interim audits by the Auditor-General, and
- Detailed and effective Financial Management Compliance Framework.

Fraud detected in the agency

Category/nature of fraud	Number of instances
Financial fraud	0

NB: Fraud reported includes actual and reasonably suspected incidents of fraud

Strategies implemented to control and prevent fraud

The SAFC has a Fraud and Corruption Prevention policy issued to all staff, an extensive internal control environment including a sophisticated delegation policy, regular financial report review, internal audit program and governance oversight by the Board

Data for previous years is available at <https://data.sa.gov.au/data/organization/south-australian-film-corporation>

Whistle-blowers' disclosure

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

0

Data for previous is available at <https://data.sa.gov.au/data/organization/south-australian-film-corporation>

Reporting required under any other act or regulation

Not applicable

Public Complaints

Number of public complaints reported

Complaint Category	Sub-Category	Summary Description	Number of Complaints
Communication	Communication quality	Delayed communication with customer	1
Service delivery	Access to Services	Inappropriate flying of Aboriginal flag	1
No case to answer	No case to answer	Redirected to another organisation	3

100 % of complaints resolved within policy timeframes

Data for previous years is available at <https://data.sa.gov.au/data/organization/south-australian-film-corporation>

Service Improvements for period

Service improvements that responded to customer complaints or feedback

- Installation of permanent Acknowledgement of Country.

Appendix: Audited financial statements 2018-19

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

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To the Chairman South Australian Film Corporation

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 13(3) of the *South Australian Film Corporation Act 1972*, I have audited the financial report of the South Australian Film Corporation for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Film Corporation as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, the Chief Executive Officer and the Head of Corporate.

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 Film Corporation. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* have been met.

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

Responsibilities of the Chief Executive and members of the South Australian Film Corporation Board 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 the 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.

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

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the {the entity's} internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- 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 members of the South Australian Film Corporation Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

19 September 2019

Certification of Financial Statements

We certify that the attached general purpose financial statements for the South Australian Film Corporation:

- comply with relevant Treasurer' instructions issued under section 41 of the Public Finance and Audit Act 1987, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the South Australian Film Corporation; and
- present a true and fair view of the financial position of the South Australian Film Corporation as at 30 June 2019 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the South Australian Film Corporation for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Peter Hanlon
Chair
13 September 2019



Kate Croser
Chief Executive Officer
13 September 2019



Angela Allison
Head of Corporate
13 September 2019

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
OPERATIONS			
Expenses			
Employee benefits expenses	2.3	1 960	1 633
Supplies and services	3.3	1 387	1 295
Depreciation	3.4	129	139
Impairment loss on receivables	6.2	3	2
Net loss from disposal of equipment	3.5	2	3
Total operations expenses		3 481	3 072
Income			
Adelaide Studio Income	4.2	1 131	1 761
Film distribution returns		254	88
Interest revenues	4.3	139	169
Other revenues	4.4	24	50
Total operations income		1 548	2 068
Net cost of providing services for operations		1 933	1 004
Revenue from SA Government	4.1	1 751	1 981
Net result from Operations		(182)	977
SCREEN INDUSTRY PROGRAMS			
Expenses			
Screen Industry programs	3.1	1 617	1 294
Total Screen Industry expenses		1 617	1 294
Income			
Partner income		56	-
Net cost of providing services for Screen Industry programs		1 561	1 294
Revenue from SA government	4.1	1 682	1 622
Net result from Screen Industry programs		121	328
PRODUCTION FUNDING			
Expenses			
Production Funding	3.2	13 121	4 668
Total Production Funding expenses		13 121	4 668
Net cost of providing services for Production funding		13 121	4 668
Revenue from SA government	4.1	13 591	3 604
Net result from Production Funding		470	(1 064)
Total Comprehensive Result		409	241

2018-19 ANNUAL REPORT for the South Australian Film Corporation

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 2019

	Note No.	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	6.1	17 197	6 011
Receivables	6.2	344	275
Revolving Film Fund Loans	6.3	-	1 132
Total current assets		17 541	7 418
Non-current assets			
Equipment	5.1	495	481
Revolving Film Fund Loans	6.3	50	50
Total non-current assets		545	531
Total assets		18 086	7 949
Current liabilities			
Payables	7.1	10 634	3 411
Employee benefits	2.4	127	88
Revenue in advance		9	8
Total current liabilities		10 770	3 507
Non-current liabilities			
Payables	7.1	2 336	7
Employee benefits	2.4	259	124
Provisions	7.2	7	6
Total non-current liabilities		2 602	137
Total liabilities		13 372	3 644
Net Assets		4 714	4 305
Equity			
Contributed capital		8 460	8 460
Retained earnings		(3 746)	(4 155)
Total Equity		4 714	4 305

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Note No.	Contributed capital \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 30 June 2017		8 460	(4 390)	4 070
Error correction		-	(6)	(6)
Restated balance at 30 June 2017		8 460	(4 396)	4 064
Net result for 2017-18		-	241	241
Balance at 30 June 2018		8 460	(4 155)	4 305
Net result for 2018-19		-	409	409
Balance at 30 June 2019		8 460	(3 746)	4 714

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Cash outflows			
Production funding		(3 972)	(5 939)
Employee benefits payments		(1 777)	(1 604)
Screen Industry Programs		(1 774)	(1 334)
Payments for supplies and services		(1 455)	(1 788)
Revolving Film Fund Loan advances		-	(770)
Cash used in operations		(8 978)	(11 435)
Cash inflows			
Adelaide Studios and other income		1 524	2 070
Revolving Film Fund Loan repayments		1 132	-
GST received from the ATO		481	644
Interest received		143	150
Cash generated from operations		3 280	2 864
Cash flows from SA Government			
Receipts from SA Government		17 024	7 207
Cash generated from SA Government		17 024	7 207
Net cash provided by/(used in) operating activities		11 326	(1 364)
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(140)	(43)
Cash used in investing activities		(140)	(43)
Net cash provided by/(used in) investing activities		(140)	(43)
Net increase/(decrease) in cash and cash equivalents		11 186	(1 407)
Cash and cash equivalents at the beginning of the period		6 011	7 418
Cash and cash equivalents at the end of the period	6.1	17 197	6 011

The accompanying notes form part of these financial statements.

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1. ABOUT THE SOUTH AUSTRALIAN FILM CORPORATION

The South Australian Film Corporation (SAFC) is a Board, established pursuant to the *South Australian Film Corporation Act 1972*. The responsible Minister is the Minister for Innovation and Skills. The SAFC is a not-for-profit entity.

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

Administered items are insignificant in relation to the SAFC's overall financial performance and position and are disclosed in Note 12.

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 with reduced disclosure requirements.

For the 2018-19 financial year the SAFC adopted *AASB 9 – Financial Instruments* and is required to comply with new *Treasurer's Instructions (Account Policy Statements)* issued on 22 March 2019. Further information is provided in note 9.

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

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

when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and

receivables and payables, which are stated with the amount of GST included.

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

1.2 OBJECTIVES

The core functions of the SAFC are:

to foster the creation and delivery of critically acclaimed and commercially successful ideas, moving images and sound for any viewing medium;

to support the SA screen industry in a dynamic and responsive manner; and

to optimise opportunities for production and post-production in South Australia.

The SAFC provides financial assistance by way of grants, loans and equity investments across 2 key programs of Screen Industry Programs and Production Funding. The activities within these programs include funding for screen project attraction, development and production and access to professional development opportunities to screen industry practitioners via workshops, seminars and information.

The SAFC operates the Adelaide Studios which includes production and post-sound facilities and long-term tenancies for screen practitioners.

The SAFC's principal sources of funds are State Government grants and revenue from the Adelaide Studios operations.

The ongoing activities of the SAFC are dependent on the annual provision of grants from the State Government.

2. BOARD, COMMITTEES AND EMPLOYEES

The Chief Executive Officer is appointed by the Chief Executive Officer of the Department for Innovation and Skills as the Employing Authority under Section 9(1) of the *South Australian Film Corporation Act 1972*. SAFC employees are appointed by the Chief Executive Officer SAFC under a sub-delegation provided by the Employing Authority under Section 9A(7) of the *South Australian Film Corporation Act 1972*.

The Executive Team comprises the Chief Executive Officer, Head of Production, Development Attraction and Studios, Head of Industry Development, Partnerships and Engagement and Head of Corporate.

2.1 KEY MANAGEMENT PERSONNEL

Key management personnel of the SAFC include the Minister, Board members and the Chief Executive Officer who have responsibility for the strategic direction and management of the SAFC.

Total compensation for key management personnel was \$301,000 (\$258,000).

The compensation disclosed in this note 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 the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

The Board is comprised largely of individuals who work within both the local and national screen industry. This is a longstanding historical practice and is consistent with Board composition in similar agencies across Australia. There is a clear and industry accepted benefit for this practice, as practitioners provide important expertise and understanding about financing and production, and strategic insights about the future directions for the SAFC. The SAFC has policies and procedures in place to ensure that potential and perceived conflicts of interest are managed in a robust and transparent manner. Related party disclosures are recognised at the time of Board approval. Relevant Board members do not participate in the approval process relating to that commitment.

During 2019 there were no payments by the SAFC to Key Management Personnel or organisations/individuals who the personnel have associations with.

During 2018 the SAFC paid the following amounts to Key Management Personnel or organisations/individuals who the personnel have associations with:

Key Management Personnel	Project
Kate Croser	Project development \$5,800
Elizabeth Watts	Various project development and committee services \$33,800

2.2 BOARD MEMBERS

Members during the 2019 financial year were:

Mr Peter Hanlon (Chair – appointed 2/12/18)
 Mr John Hill (Chair – retired 1/12/18)
 Mr Anton Andreacchio (appointed 2/12/2018 – retired 20/6/19)
 Ms Kate Croser
 Ms Ann-Maree Davies (appointed 4/4/2019)
 Ms Susan Mitchell (retired 30/4/19)
 Mr Des Monaghan
 Ms Miriam Silva
 Mr Adrian Tisato (retired 19/2/19)
 Mr Chris Ward (retired 9/3/19)

Board remuneration

The number of members whose remuneration received or receivable falls within the following bands:	2019 No	2018 No
\$0 - \$ 19 999	9	8
Total	9	8

The total remuneration received or receivable by members was \$22,000 (\$30,000). Remuneration of members include sitting fees, superannuation contributions and salary sacrifice benefits.

2.3 EMPLOYEE BENEFITS EXPENSE

	2019 \$'000	2018 \$'000
Salaries	1 497	1 348
Employment on-costs – superannuation	157	133
LSL	109	9
Annual leave	106	62
Employment on-costs – other	68	51
Board fees	22	30
Workers compensation	1	-
Total employee benefits expenses	1 960	1 633

Employment on-cost superannuation

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

Executive Remuneration

The number of employees whose remuneration received or receivable falls within the following bands.	2019 No	2018 No
\$271,001 to \$291,000	1	-
Total	1	-

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration for those employees was \$280,000.

Due to the change in Chief Executive Officer during the 2017-18 year, no individual received remuneration greater than the base executive remuneration level.

2.4 EMPLOYEE BENEFITS LIABILITY

	2019 \$'000	2018 \$'000
Current		
Annual leave	93	61
Accrued salaries and wages	34	27
Total current employee benefits	127	88
Non-current		
Long service leave	259	124
Total non-current employee benefits	259	124
Total employee benefits	386	212

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

Salaries and wages, annual leave and sick leave

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

The annual leave liability 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. Details of the measurement of long service leave liability is provided as note 11.1.

3. EXPENSES

Employee benefit expenses are disclosed in note 2.3.

The SAFC's key expenditure items relate to:

screen industry programs;
production funding; and
management of the Adelaide Studios facilities.

3.1 SCREEN INDUSTRY PROGRAMS

	2019 \$'000	2018 \$'000
Industry development	704	150
Project development	508	794
Company support	253	135
Production attraction	96	106
Professional development	56	109
Total screen industry programs	1 617	1 294

Screen industry programs are undertaken by the SAFC to support the skills and capabilities of screen industry practitioners and company viability. These programs are recognised as an expense upon approval given the applicant is advised of the approval and there is sufficient certainty of the obligation to pay.

Where the funding is for a specific financial year the expense is recognised in that financial year. Prior to that year the obligation is recognised as an unrecognised contractual commitment where a contract has been executed.

3.2 PRODUCTION FUNDING

	2019 \$'000	2018 \$'000
Production funding	9 403	3 281
PDV Rebate	3 718	1 387
Total production funding	13 121	4 668

Production Funding relates to the SAFC contribution towards the production of digital content including drama and documentary screen content. In particular, projects that are creative and original, possess overall appeal to diverse audiences, display good market prospects and have significant economic benefits to the South Australian production and post-production screen sector. Funding to the production is by way of investment or grant and the SAFC is one of a number of funding partners.

Post Production, Digital and Visual Effects (PDV) Rebate supports post production, and digital and visual effect work undertaken in South Australia and is designed to complement the Australian Federal Government's Australian Screen Production Incentive Producer Offset and PDV Offset. Eligible projects may seek a rebate equivalent to 10% of expenditure on post production, digital and visual effects where the South Australian expenditure is greater than \$250,000.

At the point of approval there is always a degree of uncertainty in relation to the projects proceeding given the number of parties to the agreements. As a result, production funding is only recognised as an expense when there is sufficient certainty the project will proceed. Prior to that point the obligation is recognised as a contingent liability.

3.3 SUPPLIES AND SERVICES

	2019 \$'000	2018 \$'000
Tenant and production recovered charges	244	300
Utility and communication expenses	214	244
Computer and related expenses	206	173
Industry promotion and participations	157	147
General administrative expenses	123	136
Facility expenses	98	91
Consultants	97	16
Travel	90	26
Audit and legal fees	82	86
Minor asset purchase and maintenance	51	19
Staff related expenses	25	57
Total supplies and services	1 387	1 295

Consultants

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

	No	2019 \$'000	No	2018 \$'000
Below \$10 000	1	3	1	1
Above \$10 000	4	94	1	15
Total	5	97	2	16

3.4 DEPRECIATION

	2019 \$'000	2018 \$'000
Office equipment	68	68
Production equipment	61	71
Total depreciation	129	139

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

Review of accounting estimates

Asset's residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the assets are account for prospectively by changing the time period or method, as appropriate.

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 (years)
Production equipment	3-25
Office equipment	3-20

3.5 NET LOSS FROM DISPOSAL OF EQUIPMENT

	2019 \$'000	2018 \$'000
Office Equipment		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(2)	(3)
Net loss from disposal of office equipment	(2)	(3)
Total Net loss from disposal of equipment	(2)	(3)

4. INCOME

The majority of the SAFC's income is sourced from the State Government as a grant from the Department for Innovation and Skills under a 3 year Memorandum of Administrative Arrangement. This funding is supplemented for specific projects during the year where the SAFC annual budget has been exhausted. The SAFC also generates income sourced from the private sector for long term office rentals, the short term hire of production and post sound facilities and from distributions from previous film investments.

4.1 REVENUE FROM SA GOVERNMENT

	2019 \$'000	2018 \$'000
Production Funding	13 591	3 604
Operations	1 751	1 981
Screen Industry Programs	1 682	1 622
Total revenue from SA Government	17 024	7 207

Revenue from SA Government is recognised on receipt.

Where money has been received in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the SAFC and the appropriation is recorded as contributed equity. Refer to the Statement of Changes in Equity.

The SAFC is funded via the Department for Innovation and Skills for activities undertaken. The SAFC is required to seek approval from the Minister for the annual budget allocation against various activities. That approval delineates the funding allocation to the three areas of the SAFC's activities of Operations, Screen Industry Programs and Production funding. The allocation of funding against these areas of activities is not amended during the year unless supplemented by additional funding approved for specific purposes.

The SAFC receives funding for the South Australian Post Production, Digital and Visual Effects (SA PDV) Rebate directly from the Department of Treasury and Finance following approval of individual projects by the SAFC delegate.

In addition, the SAFC may secure grant funding from other parts of the South Australian Government such as the Department for Premier and Cabinet for specific programs. This income is recognised in the relevant activity dependent on the purpose of the program.

4.2 ADELAIDE STUDIOS INCOME

	2019 \$'000	2018 \$'000
Studio Hire	636	1 112
Tenant Rental	285	333
Other	210	316
Total Adelaide Studios income	1 131	1,761

4.3 INTEREST REVENUE

	2019 \$'000	2018 \$'000
Deposits with the SA Government Financing Authority	136	122
Deposits with non-SA Government financial institutions	6	6
Revolving Film Fund Loans	(3)	41
Total interest revenues	139	169

4.4 OTHER REVENUE

	2019 \$'000	2018 \$'000
Sundry Income	19	26
Asset acquired at no cost	5	9
Revolving Film loan administration fees	-	15
Total other income	24	50

5. NON-FINANCIAL ASSETS

The SAFC's assets comprise production equipment and office equipment. Production equipment is used to undertake sound mixing and recording services and is income generating for the SAFC. Office equipment includes the provision of the IT and phone network for the Adelaide Studios site in addition to traditional office equipment such as desks and chairs. Where this equipment is deployed in the production and office tenancies it contributes to the generation of income for the SAFC.

5.1 EQUIPMENT

	2019 \$'000	2018 \$'000
Production Equipment		
Production equipment at cost (deemed fair value)	1 204	1 214
Accumulated depreciation at the end of the period	(993)	(1 011)
Total production equipment	211	203
Office Equipment		
Office equipment at cost (deemed fair value)	1 043	1 057
Accumulated depreciation at the end of the period	(759)	(779)
Total office equipment	284	278
Total equipment	495	481

Equipment with a value equal to or in excess of \$1,000 is capitalised, otherwise it is expensed.

Resources received free of charge

During the year the SAFC received IT equipment to the value of \$5 000 from the Department for Innovation and Skills under the IT Services Service Level Agreement.

Impairment

Equipment has not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continued use of their service capacity and are subject to regular stocktake and visual inspection.

Reconciliation 2018-19

	Production equipment \$'000	Office equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	203	278	481
Acquisitions	69	71	140
Donated assets	-	5	5
Disposals eg sales, write off	-	(2)	(2)
Depreciation	(61)	(68)	(129)
Carrying amount at the end of the period	211	284	495

6. FINANCIAL ASSETS

6.1 CASH AND CASH EQUIVALENTS

	2019 \$'000	2018 \$'000
Short-term deposits with SAFA	17 107	5 848
Cash at bank and on hand	90	163
Total cash and cash equivalents	17 197	6 011

Short-term deposits

Short-term deposits are made for varying periods of between one day and three months. The deposits are lodged with SAFA and earn interest at the respective short-term deposit rates.

6.2 RECEIVABLES

	2019 \$'000	2018 \$'000
Current		
Receivables	236	120
Less allowance for doubtful debts	(2)	-
Prepayments	49	67
GST input tax recoverable	49	26
Accrued revenues	12	62
Total current receivables	344	275

Receivables arise in the normal course of providing services 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 revenue are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

The net amount of GST payable to the ATO is included as part of receivables.

Impairment of receivables

	2019 \$'000	2018 \$'000
Carrying amount at the beginning of the period	-	1
Amounts written off	(1)	(4)
Amounts recovered during the year	-	1
Increase in the allowance recognised in profit or loss	3	2
Carrying amount at the end of the period	2	-

Refer to notes 9.2 and 11.3 for details regarding credit risk and the methodology for determining impairment.

6.3 REVOLVING FILM FUND LOANS

	2019 \$'000	2018 \$'000
Current	-	1 132
Non –Current	50	50
Total Revolving Film Fund Loans	50	1 182

The SAFC provides Revolving Film Fund secured loans to film and television producers.

As at 30 June 2019 loans were provided on an interest bearing basis and secured, with due regard to the credit worthiness of the producer and its track record for delivery, by a combination of:

- (a) a first ranking security over guarantees provided by either
film distributors and/or sales agents: or
the federal Government through its Producer Offset Scheme;
- (b) a further security interest over the producer's company entitlement to gross proceeds from exploitation of the film;
- (c) where the borrower is a special purpose vehicle (SPV) created solely for the production of the film, surety provided by the parent company in the form of a Deed of Guarantee; and
- (d) in exceptional circumstances, a bank guarantee may be required.

There were no impaired loans in 2019 or 2018.

7. LIABILITIES

Employee benefit liabilities are disclosed in note 2.4.

7.1 PAYABLES

	2019 \$'000	2018 \$'000
Current		
Production funding	9 785	2 605
Screen Industry programs	595	595
Accrued expenses	235	192
Employment on-costs	19	19
Creditors	-	-
Total current payables	10 634	3 411
Non-current		
Production funding	2 320	-
Employment on-costs	16	7
Total non-current payables	2 336	7
Total payables	12 970	3 418

Creditors and accrued expenses are raised for all amounts owing but unpaid. Creditors are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short term nature.

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

Employment on-costs

Employment on-costs include payroll tax and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

The SAFC makes contribution to several externally managed and State Government 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 report date relates to any contributions due but not yet paid to those 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 not changed from the 2018 rate (41%).

7.2 PROVISIONS

	2019 \$'000	2018 \$'000
Non-current		
Provision for workers compensation	7	6
Total non-current provisions	7	6
Total provisions	7	6

	2019 \$'000	2018 \$'000
<i>Movement in provisions</i>		
Carrying amount at the beginning of the period	6	6
Additional provisions	1	-
Amounts used	-	-
Carrying amount at the end of the period	7	6

The SAFC has no open workers compensation claims. A provision has been reported to reflect unsettled workers compensation claims.

For the 2019 year the workers compensation provision is based on an actuarial assessment of outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of the ongoing payments to employees as required under current legislation.

For the 2018 year the workers compensation provision was based on management's best estimate of the expenditure required to settle incidents incurred but not reported as of 30 June which would not be expected to be lodged and settled within the next financial year.

8. OTHER DISCLOSURES

8.1 CASH FLOW

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

9. CHANGES IN ACCOUNTING POLICY

9.1 TREASURER'S INSTRUCTIONS

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

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

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

Increasing the bands from \$10,000 to \$20,000 for employee and board member reporting. These changes, however, do not impact on the amounts reported in the financial statements.

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

9.2 AASB 9 FINANCIAL INSTRUMENTS

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies, however, has not resulted in adjustments to the amounts recognised in financial statements.

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

AASB 101 Presentation of Financial Statements requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In prior year, this information was presented as part of other expenses.

AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9.

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

The adoption of AASB 9 has not had an effect on the recognition, measurement or classification of financial liabilities and as a result there is no adjustment required to be made to retained earnings as at 1 July 2018.

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

Reclassification of financial instruments on adoption of AASB 9

On the date of initial application, SAFC's financial instruments were as follows.

	Measurement Category		AASB 139	Carrying amount	AASB 9
	AASB 139	AASB 9	at 30 June 2018 \$'000	Re-measurement \$'000	at 1 July 2018 \$'000
Current financial assets					
Receivables	Loans and receivables	Amortised cost	182	-	182
Revolving Film Fund loans	Loans and receivables	Amortised cost	1 132	-	1 132
Non-current financial assets					
Revolving Film Fund loans	Loans and receivables	Amortised cost	50	-	50
Current liabilities					
Payables	Amortised cost	Amortised cost	123	-	123
Production funding	Amortised cost	Amortised cost	2 605	-	2 605
Screen Industry Programs	Amortised cost	Amortised cost	595	-	595

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' model. The following financial assets of the SAFC are subject to AASB 9's new expected credit loss model:

- receivables from provision of services; and
- Revolving Film Fund loans.

This model generally results in earlier recognition of credit losses than the previous one.

Receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The SAFC has adopted the simplified approach under AASB 9 Financial Instruments and measured lifetime expected credit losses on all receivables using a provision matrix approach as a practical expedient to measure the impairment provision. This has not resulted in an increase of the loss allowance on 1 July 2018 for receivables external to Government.

There are no additional impairment provisions for State, Territory, or Commonwealth Government receivables due to the Government's high quality credit risk.

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

10. OUTLOOK

10.1 UNRECOGNISED CONTRACTUAL COMMITMENTS

Commitments include Screen Industry projects for funding for a future financial year that have been contractually committed and are disclosed at their nominal value.

	2019 \$'000	2018 \$'000
Screen Industry programs		
Within one year	230	230
Later than one year but not longer than 5 years	75	275
Total unrecognised contractual commitments	305	505

10.2 CONTINGENT ASSETS AND LIABILITIES

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

The SAFC is not aware of any contingent assets.

Where production funding has been approved and the applicant has been advised and there remains a degree of uncertainty that the projects will proceed, the approval is recognised as a contingent liability.

Liabilities	2019 \$'000	2018 \$'000
Production funding	217	-
Total contingent liabilities	217	-

10.3 IMPACT OF STANDARDS AND STATEMENTS NOT YET EFFECTIVE

AASB 16 - Leases

The SAFC will not adopt AASB 16 – Leases from 1 July 2019.

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

However, the Australian Accounting Standards Board published amendments to AASB 16 Leases and AASB 1058 Income of Not-for-Profit Entities that will temporarily relieve not-for-profit entities such as the SAFC from being required to measure at fair value any lease arrangements to which they are a lessee and that have significantly below-market terms and conditions principally to enable the SAFC to further its objectives ('peppercorn' leases).

The SAFC occupies the Adelaide Studios under a peppercorn head lease arrangement with the responsible Minister, the Premier. As a result of the temporary relief the SAFC has not yet undertaken a valuation of the site or determined the potential impact on the financial statements in the 2019-20 year.

10.4 EVENTS AFTER THE REPORTING PERIOD

There are no events occurring after the end of the reporting period.

11. MEASUREMENT AND RISK

11.1 LONG SERVICE LEAVE LIABILITY - MEASUREMENT

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

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2018 (2.5%) to 2019 (1.5%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability and employee benefits expense is \$27,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The SAFC is not expecting any payment for long service leave in the next 12 months. As a result, the full quantum of long service leave has been classified as non-current.

11.2 FAIR VALUE

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

Initial recognition

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

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

Revaluation

Equipment has not been revalued.

11.3 FINANCIAL RISK MANAGEMENT

Risk management is managed by the SAFC's Executive Team. SAFC risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines.

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

Liquidity risk

The SAFC is funded principally from the Department for Innovation and Skills under a 3 year Memorandum of Administrative Arrangement. The SAFC works with the Department to determine the cash flows associated with its approved program of work and to ensure funding is provided to meet the expected cash flows.

Refer to note 7.1 for further information.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted include 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 and financial liability are disclosed in the respective financial asset/liability note.

Classification applicable until 30 June 2018 under AASB 139 Financial Instruments: Recognition and Measurement

The carrying amounts are detailed below of each of the following categories of financial assets and liabilities:

Loan and receivables;

Financial liabilities measured at cost.

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

The SAFC measures all financial instruments, except equity investments, at amortised cost.

Category of financial asset and financial liability	Notes	2019 Carrying amount (\$'000)	2018 Carrying amount (\$'000)
Financial assets			
Cash and equivalent	6.1	17 197	6 011
Financial assets at amortised cost			
- Receivables	6.2	246	182
- Revolving Film Fund Loans	6.3	50	1 182
Total financial assets		17 493	7 375
Financial liabilities			
Financial liabilities at amortised cost			
- Production funding	7.1	12 105	2 605
- Screen Industry Programs	7.1	595	595
- Payables	7.1	156	123
Total financial liabilities		12 856	3 323

Receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Commonwealth, State and Local Govt taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.

12. ADMINISTERED ITEMS

The SAFC previously provided a service to producers for disbursing investment returns to investors (non-SAFC titles) in addition to managing the disbursement of investment returns for SAFC titles. The SAFC has acquitted all disbursement of non SAFC titles and the balances below reflect the funds held in relation to SAFC titles only.

The SAFC does not have control of, or discretion to apply these investment returns towards achieving the SAFC's objectives unless the SAFC is contractually entitled to a proportion of these funds, generally as the original producer of these titles. Therefore, prior to reconciliation, disbursement returns are not recognised in the financial statements but are reflected below.

Once the SAFC has determined the quantum that may be attributable to the SAFC as producer of these titles these funds are transferred to the SAFC controlled accounts and reflected as Investment Returns in the Statement of Comprehensive Income. Funds that are due to other investors of SAFC titles are disbursed directly from the accounts below.

	2019 \$'000	2018 \$'000
Disbursement Returns Account		
Balance at 1 July	118	114
Add:		
Royalties and distribution advances	1	6
Less:		
Disbursements to investors	(71)	(2)
Balance at 30 June	48	118

	2019 \$'000	2018 \$'000
Unclaimed Investor Returns Accounts		
Balance at 1 July	55	55
Balance at 30 June	55	55