

ANNUAL REPORT

2016 - 2017



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THE CHAIRMAN'S REPORT

I am delighted to present my first Annual Report as Chair of the State Sport Centres Trust.

The past twelve months have seen a period of tremendous growth and transformation for the Trust, setting the stage for an exciting new phase as our foundation venue – the Melbourne Sports and Aquatic Centre – approaches its 20th anniversary in July 2017.

We have welcomed several new Members to the Trust and, under CEO Phil Meggs' guidance, a largely new executive and management team has been established. Collectively, we have commenced implementation of the 2017-2027 Strategic Plan which will ensure that our venues remain the premier multi-sport facilities in Victoria, and continue to support Victorian sport and athletes.

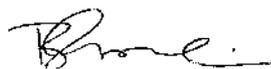
A major focus for the Trust over the past year was to develop opportunities for greater financial sustainability whilst also maintaining support for our State Sporting Associations and other sports partners. Each year the Trust provides nearly \$4 million in support for sporting associations and organisations through the provision of services and access to facilities, and we will continue to explore opportunities for assisting our partners in achieving great outcomes.

The Trust was heartened to receive *Active Victoria*, the State Government's new blueprint which sets out their strategic priorities and strategies for sport and recreation over the next five years. We have an important part to play in the delivery of this framework for sport, and look forward to working collaboratively with the government and other key stakeholders to this end.

I would like to acknowledge and thank the Premier of Victoria, the Honourable Daniel Andrews and the Minister for Tourism, Sport and Major Events Minister John Eren, and Sport and Recreation Victoria, for their ongoing support to enable the Trust to assist our sports partners in meeting their State goals.

Thank you to my fellow Trust members for their support and counsel. I would particularly like to thank Chris Jackson and the Audit and Risk Committee for their contribution over the last 12 months.

Finally, I would like to thank Phil Meggs and his executive team – Thomas Crookes, Adam Hawken, Tim Kalkman and Kate Patterson – for their strong leadership and the productive way they have developed the Trust's relationships with Sport and Recreation Victoria, the State Sporting Associations and our tenants.



Mr. Brett Moore
Chairman

OUR PURPOSE

ESTABLISHMENT

The State Sport Centres Trust (“SSCT” or “the Trust”) is a statutory authority established pursuant to the State Sport Centres (Amendment) Act 2004 No. 70 (“the Act”).

The venues under the Trust’s management include:

- The Melbourne Sports and Aquatic Centre, which opened for business on 27 July 1997;
- The State Netball Hockey Centre, which opened for business on 29 January 2001; and
- Lakeside Stadium, for which the State Sport Centres Trust was appointed as the Committee of Management of the Lakeside Oval Reserve under Section 14 (2) of the Crown Land (Reserves) Act 1978 on 31 August 2011.

As outlined in the Act, the Melbourne Sports and Aquatic Centre (which includes Lakeside Stadium) and the State Netball Hockey Centre are to be managed as independent Strategic Business Units, each producing a Business Plan and having separate and individual Financial Operation and Accounts.

Under the Act the relevant Minister is the Honourable John Eren MP, Minister for Sport.

FUNCTIONS

The key functions of the State Sport Centres Trust are as follows:

- a. The management, operation and maintenance of the Melbourne Sports and Aquatic Centre and the State Netball Hockey Centre;
- b. The care, improvement, use and promotion of the Melbourne Sports and Aquatic Centre and the State Netball Hockey Centre;
- c. The efficient financial management of the Melbourne Sports and Aquatic Centre and the State Netball Hockey Centre;
- d. The care, protection and management of the State Netball Hockey Centre land, and Melbourne Sports and Aquatic Centre land, including maintaining the Melbourne Sports and Aquatic Centre land and the facilities on the land to a standard that complements Albert Park;
- e. Subject to the Act, the planning, development, management, promotion, operation and use of other sports, recreation and entertainment facilities and services in Victoria;

- f. The development, management, promotion, operation and use of facilities and services for the parking of vehicles and other necessary services to be used in conjunction with any of the facilities or services managed or operated by the Trust; and
- g. To accept appointment and act as a committee of management of Crown lands.

SERVICES PROVIDED

The Act outlines the range of services to be provided as sporting, educational, recreational, social and entertainment.

VISION

We are the premier multi-sport facilities in Victoria. We enable sporting organisations and individuals to achieve peak performance, reach their potential and deliver world class events.

MISSION

How we do this:

We provide a complete range of state-of-the-art sports facilities, incorporating the latest technology, flexible and accessible spaces which meet the needs of sports and participants to be successful.

We provide the expertise and leadership of one organisation to ensure best practice and stewardship of the State’s sports facilities.

We partner with organisations, government and individuals in open, transparent and valued ways, to deliver positive and sustainable sporting outcomes for Victoria.

We support sports organisations to be successful, including through the provision of ancillary and support services.

We provide sports related support and wellness services for athletes, teams and clubs which contribute to their sporting success.

We play a vital part in the growth of sports participation by providing state significant events that generate community interest.

We provide training facilities and pathways for elite, sub-elite and serious amateur sports people that contribute to successful performance, in turn driving community interest and involvement in sport.

Our team are passionate industry leaders providing exceptional service and expertise for individuals and sporting associations.

VALUES

Accountability & Pride

We strive to uphold our reputation for excellence in every area of operation, acknowledging at all times our ownership of, and accountability for, our actions and their consequences. We work hard to leave a lasting positive impact on our community.

Care & Respect

Driven by understanding, inclusion and equality, we celebrate diversity and are committed to providing a safe and supportive environment where our visitors and team can flourish without fear of discrimination, injury or judgement.

Honesty

Our communication with every person is transparent and open. We conduct ourselves with the highest integrity, honouring our commitments and always recognising our responsibilities as custodians on behalf of the Victorian community.

Leadership & Motivation

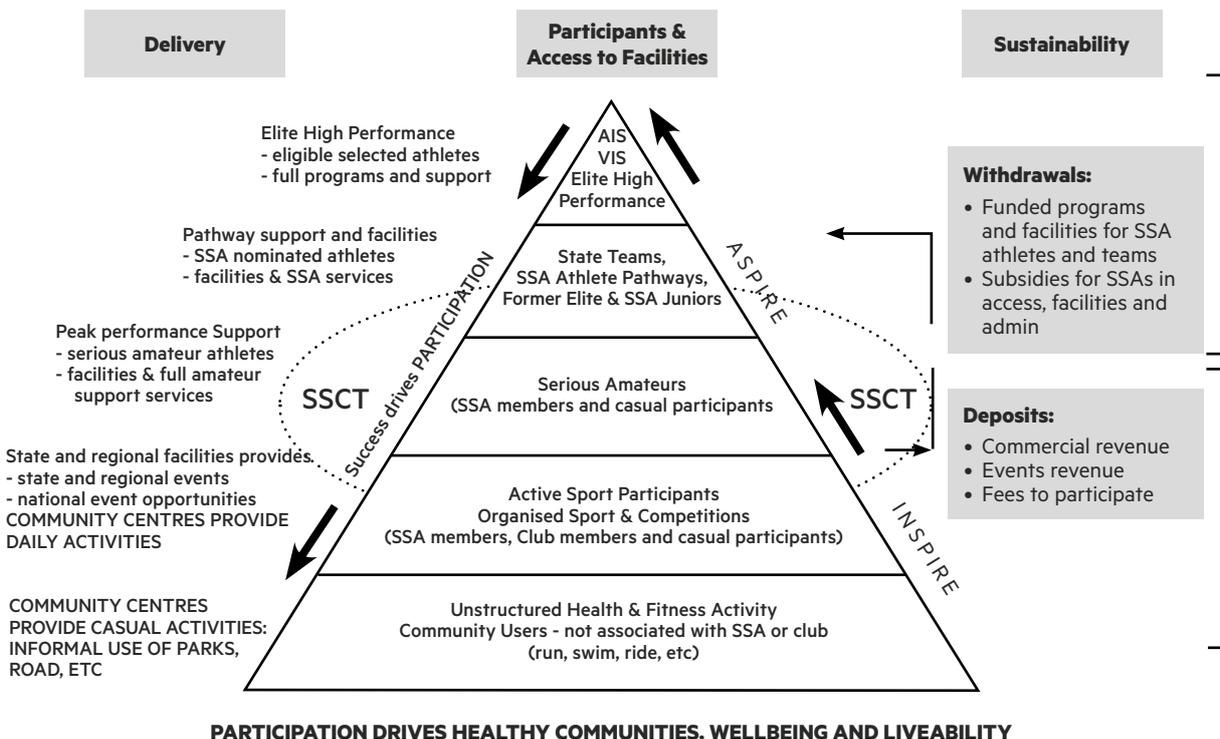
We lead by example, assisting and acknowledging the development and achievement of others. We choose to improve what we do each day because we want to be the best, and help other realise their potential.

STRATEGY

Our strategy is founded on a sports hierarchy model that delivers sports and societal dividends by balancing commercial outcomes; delivering peak performance; health and wellness benefits; and supports a mix of participants.

The sports hierarchy model leverages aggregated infrastructure under management by the Trust, to create a virtuous cycle whereby a growing market of fitness enthusiasts and serious amateurs access highly desirable, centralised peak performance facilities that in turn support the sports and create improved sporting outcomes for the state of Victoria.

The benefits are dividends to society in the form of health, wellness and community; and dividends to sport in the form of peak performance, sustainability and participation growth.



OUR SPORTING TENANTS

STATE SPORTING ASSOCIATIONS

- Athletics Victoria
- Badminton Victoria
- Baseball Victoria
- Diving Victoria
- Dragon Boat Victoria
- Hockey Victoria
- Lacrosse Victoria
- Netball Victoria
- Squash & Racquetball Victoria
- Swimming Victoria
- Table Tennis Victoria
- Taekwondo Victoria
- Water Polo Victoria

OTHER SPORTING TENANTS

- Australian Basketball Resources
- Australian College of Basketball
- Australian Dancing Society
- Masters Swimming Australia
- Melbourne Vicentre
- South Melbourne Football Club
- Sports Dietitians Australia
- Sports Medicine Australia
- Sydney Swans Football Club
- VicSport

NATIONAL SPORTING ORGANISATIONS

- Athletics Australia
- Gymnastics Australia
- Kiteboarding Australia
- Little Athletics Australia
- Touch Football Australia

OUR GOVERNANCE

TRUST MEMBERS

Mr. Brett Moore (Chairman)

Ms. Patsy Toop OAM

Ms. Tracey Cooper
(from 6 June 2017)

Ms. Danni Roche OAM

Ms. Kimberley Brown

Mr. Jack Diamond

Mr. Chris Jackson
(from 8 October 2016)

AUDIT & RISK COMMITTEE MEMBERS

Mr. Chris Jackson (Chairman)
(from 8 October 2016)

Mr. Jeff Floyd
(from 18 January 2017)

Ms. Patsy Toop OAM

Mr. Ian Thompson
(from 18 January 2017)

Ms. Kimberley Brown

EXECUTIVE TEAM

Mr. Phil Meggs
Chief Executive Officer

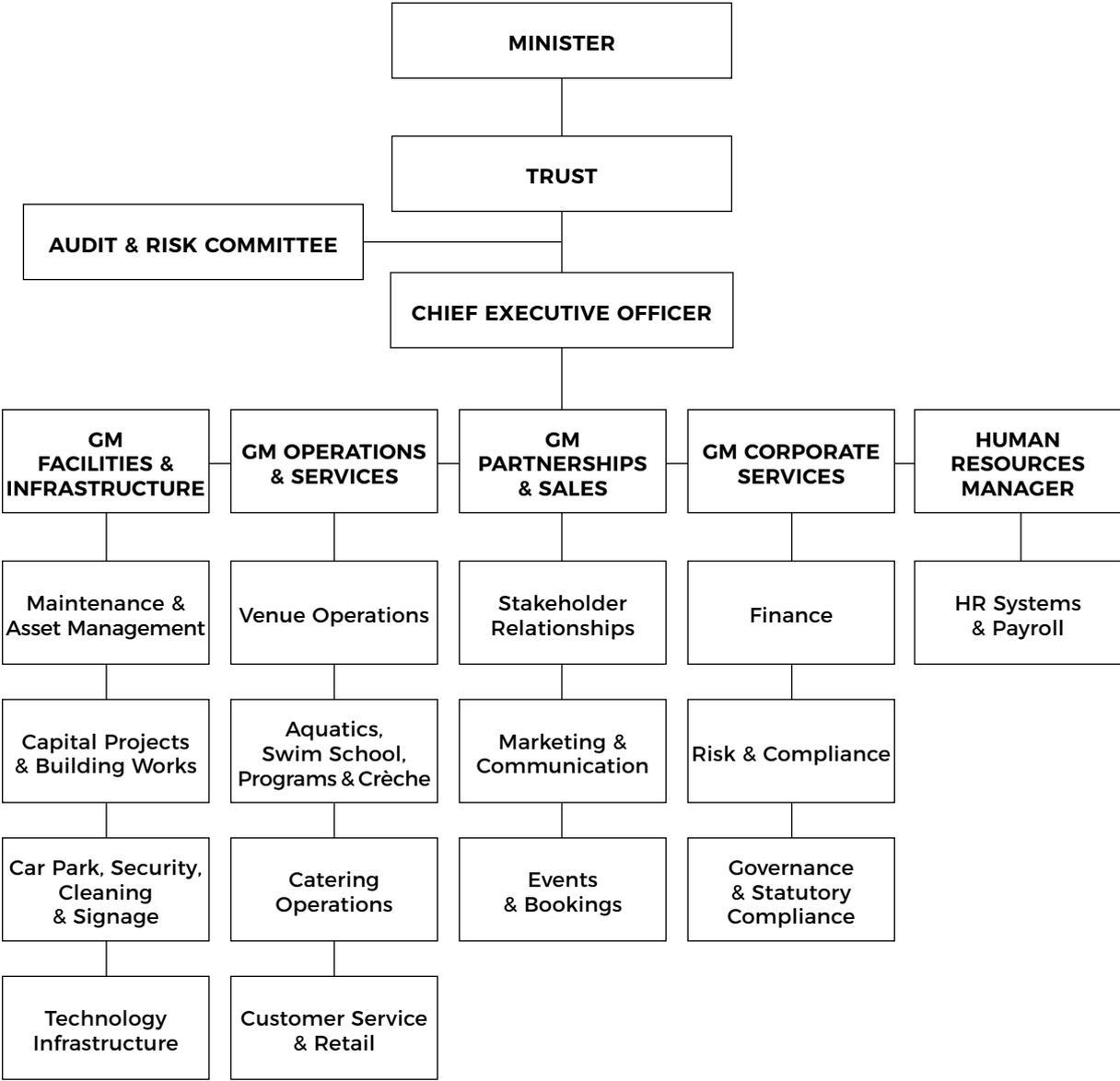
Mr. Adam Hawken
GM Facilities & Infrastructure

Mr. Tim Kalkman
GM Operations & Services

Ms. Kate Patterson
GM Partnerships & Sales

Mr. Thomas Crookes
GM Corporate Services

ORGANISATIONAL STRUCTURE



THE CEO'S REPORT

The 2016-17 financial year was a significant year for the Trust. Several new Trust Members were appointed, along with a largely new Executive and Management team.

Following the approval of the Trust's Venues Master Plan 2017-2027, along with a new 10 Year Strategic Plan, a number of major changes were implemented or have commenced.

During the 2016-17 year, the first complete refurbishment of the gym in 20 years was completed, along with the commencement of the development of a completely new café. Recognising the need to meet the ever-evolving requirements of sports and athletes, the new gym provides a better open environment with range of new functional equipment. The complete overhaul of the café recognises the importance of the social interactions relating to involvement in sport, as well as the contribution made by support people to athletes and events, such as parents, by enhancing their experience. Further improvements to the health of our customers was achieved through the introduction of the Victorian Government's Healthy Choices Guidelines for food, which were further exceeded by the removal of all sugar added drinks from sale across all our venues.

A major focus for the Trust over the past year was to develop opportunities for greater financial sustainability whilst also aiming to maintain support for State Sporting Associations and other key stakeholders. Each year the Trust provides nearly \$4.0 million in support for sporting associations and organisations through the provision of services and access to facilities. The Trust thanks the Minister for Sport, the Hon. John Eren, the Victorian Government, and Sport & Recreation Victoria, for their on-going support to enable the Trust to assist these sporting organisations in meeting their State goals.

The Trust also held a number of significant events throughout the year including the largest single event in its nearly 20 year history, Nitro Athletics, which was hosted at Lakeside Stadium over three nights.

The planning for the proposed major upgrade to the State Netball Hockey Centre in Parkville advanced throughout the year, with a further State Government grant being received to continue to the next stage in the coming year. This upgrade seeks to provide enhanced training and playing facilities for netball and hockey, as well as services for a range of other sports.

A number of new tenant sports have also joined the Trust venues in the past year, along with the majority of existing sports renewing their agreements if they were coming to an end. There has been a renewed focus on customer service over the past year which will continue. Delivering support for State Sports Associations to help them achieve their goals across Victoria is now the other key focus for the Trust. Improved health outcomes for all Victorians, by supporting State Sporting Associations be successful and grow participation across Victoria, is the key driver for the future services of the State Sport Centres Trust. This will come from supporting key events, helping athletes achieve their best and sporting success, which will inspire people from across Victoria to become involved in sport and active recreation.

I would like to again thank the State Government, as well as the Trust Members for their vision and involvement, the sports for their continued commitment, our customers for their support, and particularly our team of dedicated and passionate professionals who deliver every day of the year from before dawn to late at night in order for every activity to happen seamlessly.

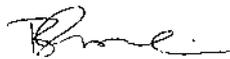


Mr. Phil Meggs
Chief Executive Officer

DECLARATION & ATTESTATION

DECLARATION IN REPORT OF OPERATIONS

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for the State Sport Centres Trust for the year-ended 30 June 2017.



Mr. Brett Moore
Chairman

ATTESTATION FOR COMPLIANCE WITH MINISTERIAL STANDING DIRECTION 3.7.1

I, Phil Meggs, certify that the State Sport Centres Trust has complied with the Ministerial Standing Direction 3.7.1 – Risk management framework and processes. The State Sport Centres Trust Audit & Risk Committee has verified this.



Mr. Phil Meggs
Chief Executive Officer

OUR YEAR IN REVIEW

FACILITIES & INFRASTRUCTURE

Facilities & Infrastructure's primary focus is to ensure that the SSCT facilities are developed and maintained in an optimal condition to assist in attaining the organisational vision.

The business unit consists of the following key areas:

- Master Planning
- Capital Works
- Asset Management
- Information, Communication & Technology
- Facility Maintenance
- Facility Coordination & Presentation.

Master Planning

The SSCT Master Plan 2017-27 was completed prior to the beginning of the 2016/17 financial year. Many components of the Master Plan have been embedded into the SSCT annual business plan, however the first of the major longer-term strategies was to focus on the business case development for the redevelopment of State Netball Hockey Centre.

This process began in August 2016, with the aim of having a submission completed in December 2016. Throughout this process, it was determined that a substantial amount of funding would be required to meet the needs of the business case, and further planning would be required. A smaller funding submission was made to provide additional funding through 2017 which would enable all parties to have a clearer understanding of the requirements of the business case – this bid was successful as part of the 2017/18 State Budget handed down in May 2017.

Capital Works

Capital works projects that were either completed or initiated were:

- MSAC Gym Redevelopment – making use of the existing space whilst improving the layout and equipment to include further functional and high-performance training
- New Sydney Swans Office Space – this move returned the Sydney Swans back to their original home at Lakeside Stadium and made more space available at MSAC for future staff offices
- South Melbourne Football Club Social Club – this new development included a café and a futsal court
- Removal of all deep fryers from SSCT kitchens – these were replaced with Combi Steam Ovens to align with the Victorian Government's Healthy Choices Guidelines
- New Bike Parking areas were developed at MSAC
- MSAC Main Café Development
- MSAC Main Foyer & Reception Upgrade – this was initiated late during the year

Asset Management

Throughout the previous financial year, a thorough audit and assessment of all buildings was completed. The focus for 2016/17 then moved onto the on-going planned maintenance programs to ensure the maximisation of each assets life, whilst also ensuring that all reactive maintenance is well documented, ultimately ensuring that the facilities are always ready for use by the various sporting associations and user groups.

Compliance with BCA, Health Department, RLSSA and other regulatory bodies has been achieved as part of the regular cyclical and reactive maintenance of the venues.

Information Communication & Technology

The ICT division with the Facilities and Infrastructure department is focused on the following:

- ICT infrastructure upgrades and innovation
- ICT Managed Services
- Software and applications
- Sports technology

During the year, there were three major projects which were conducted:

1. The on-boarding of a new ICT Managed Service Provider, and the initiation of a server modernisation project; and
2. Consolidation of all software and application usage; and
3. Intranet development to streamline organisational document management, Quality Assurance and begin the development of online forms.

Facility Coordination & Presentation

A newly defined area within the Facilities & Infrastructure team during the financial year, this division focuses on:

- Cleaning
- Security
- Car parking
- Infrastructure requirements for all major events

Major achievements throughout the year included:

1. Reconfiguration and better utilisation of the car parking at the main entrances to MSAC
2. Security upgrades to all back-of-house areas at MSAC
3. Preparation and additional infrastructure requirements for the International Festival of Hockey and Nitro Athletics

OUR YEAR IN REVIEW

OPERATIONS & SERVICES

Operations

The Operations team has worked diligently throughout the year to continue delivering the technical and logistical requirements of our customers; ensuring success of their events, as well as daily business. Nitro Athletics saw the largest event staffing pool in the history of the organisation. The event also drew the largest crowd attendance to date at Lakeside Stadium.

At SNHC, the inaugural International Festival of Hockey was broadcast globally in November 2016, with six international teams competing over five event days.

Other achievements included hosting two televised NBL games, facilitating a number of state championship competitions for squash, badminton, table tennis, athletics, netball, gymnastics, dodgeball, hockey, and the National Premier League soccer final.

Core business and events in domestic sports has remained stable across all three venues in the 2016-17 financial year.

Swim School

The Swim School had a successful year, finishing 9% up on the previous year due to the maximisation of space and improved class structures. This was achieved while keeping salaries 3% down on the 2015/16 financial year.

Holding strong with enrolment numbers, in a market of growing competitors, the Swim School delivered aquatic education to over 15,937 people across the following groups:

- 2,100 Water Babies
- 7,406 Child Learn to Swim students
- 315 Adult Learn to Swim students
- 2,604 Schools Learn to Swim students
- 298 Private Lessons for students
- 556 Squad members
- 101 People with Disabilities
- 2,557 Holiday Intensive students

Children's Programs

Children's Programs had several down periods over the year, creating a reduction of 14% compared to 2015/16, with all programs experiencing overall low participation during the winter months. Costs were also reduced in-line with revenues. Birthday Parties were down 11% from last year and Planet Sport was down 25% due to the discontinuation of the SNHC holiday program due to lack of interest.

The Children's Programs team delivered a wide range of programs and activities for schools and families to engage children in sport and recreation, promoting the benefits of a healthy and active lifestyle, including the following levels of participation:

- 2,729 children enjoyed a birthday party experience
- 13,045 students participated in our SportsOut and WipeOut schools programs
- 3,364 children attended the Planet Sport school holiday program
- 31,077 enjoyed the fun and excitement of the SplashOut program
- 9,239 FlowRider participants

Crèche

The MSAC Crèche provides casual child care for children from 6 weeks to 5 years old for both members and casual users. Enrolments were down for the year, creating 6% reduction in performance compared to the 2015/16 financial year.

The crèche averaged a total of 32 visits per day, which was a reduction of 8 per day from the previous financial year, which was a continuation of the trend realised in the second half of 2015/16. The below figures break down the overall usage for the financial year:

- 7,542 total visitations to the crèche
- 87% of all visitations were MSAC Members
- 115 new enrolments were achieved over the year

Memberships & Gym

In the 2016/17 financial year, Gym and Aquatic memberships continued to offer an extensive range of classes and services.

In December 2016, stage 1 of a staggered redevelopment to our gym space was unveiled and the floor plan was designed to keep up with industry trends and to support the best interests of our State and National Sporting Associations. This resulted in the removal of outdated equipment and increased the size of our functional training space.

The new gym layout was so well-received, that despite the increase in fitness industry providers in the area, we were able to welcome over 1,500 new memberships. The Memberships team have a strong on-going commitment to membership retention.

Despite our total membership base having decreased over the financial year, MSAC have listened closely to members through all avenues available to us, and because of this, we are in a stronger position to ensure that members' and prospective members' needs continue to be met.

With the average age of our members being 47 years, our Wellness offering is an integral part of our associated services. The Wellness area boasts a hydrotherapy pool and three studios. These studios are dedicated to offering a large number of low impact classes which comprise over 50% of our class offerings.

Our gym space has a further two studios that offer an extensive range of class types which vary in duration at times most suited to our members.

With over 110 Gym and Wellness classes and a further 25 Aquatics classes on offer each week, MSAC's class offering is more than all local competitors, some of which have double the membership total of MSAC.

SSCT see Group Fitness as an integral part of a member's fitness journey and are proud to offer the largest Group Fitness offering in the area.

Catering

Good nutrition and healthy eating is an important component to a healthy lifestyle. Combined with physical activity, it plays a vital role in maintaining healthy weight as well as supporting growth and development.

In early 2016 SSCT formulated a plan to meet the State Governments Healthy Choices guidelines for sport and recreation centres. By July 2016 an internal policy had been formulated and a commitment made to implement the changes by 1 January 2017. During the first half of 2016/17, the Catering team undertook the task of meeting with nutritionists, sports dietitians and other venues to gain valuable insight into how to best approach the transition.

As of 1 January 2017, SSCT achieved its target with all sugary drinks, chips, chocolate bars and deep-fried products having been replaced with healthy alternatives. This was a large undertaking by the team and was achieved within the agreed timeframe, a timeframe that many venues have taken years to complete.

Catering income increased by \$250k year-on-year, however margins were negatively impacted by the implementation of Healthy Choices and the temporary closure of the MSAC Café whilst major refurbishment works were underway. This resulted in a net profit contribution of \$618k, which was \$131k or 17% lower than 2015/16.

Retail

During 2016/17, revenues of \$646k were generated, which was an improvement on the prior year's result of \$606k. Sales predominately related to swimwear and accessories sold via the main Speedo store. The secondary retail at the Main Reception contributes approximately 20% to overall retail sales at MSAC and will be a focus for increased sales in 2017/18.

Margins deteriorated year-on-year which was primarily attributable to the running down of stock from previous years in preparation for the summer indent arrival in the first and second quarters of 2016/17. With a new retail strategy built around sales data analysis and a more integrated approach that will service more sports across MSAC, the 2017/18 financial year is expected produce strong results.

PARTNERSHIPS & SALES

Sporting Partnerships

Throughout the 2016/17 financial year there has been a strong focus on strengthening relationships with our State Sporting Associations and tenants, and identifying opportunities for providing better support and adding real value to these organisations and their athletes. We are looking forward to building on this work in the new financial year, and further exploring opportunities for collaboration on programs and events.

Marketing & Communications

The Marketing & Communications team is responsible for all corporate and consumer marketing activity across the organisation. A major focus for this area in 2016/17 was the re-positioning and development of the brand, to align with the 2017-2027 Master and Strategic Plans. This work will continue into the new financial year.

We also had a particularly strong focus on developing content and promotional activities in support of our key sporting partners and many of their top athletes who choose to use our premier sporting facilities as their home to train, compete and recover. This was achieved through:

Venue Presentation:

- Celebrating our athletes with the installation of lightboxes throughout the venue featuring photos of many of our top athletes and events
- Installation of wall vinyls showcasing the multiple sports
- Improved wayfinding (ongoing project as the venues continue to be upgraded)

Celebration of the 2016 Rio Olympics:

- Banners throughout the venue highlighting the Olympians and Paralympians who train with us
- Installation of an entertainment zone playing coverage of the Games and promotion of our athletes
- Live streaming on our big screens of the top athletes who train with us participating in their events
- Supporting athletes through social media
- Media events with athletes on their return from Rio and celebrating their success

OUR YEAR IN REVIEW

Healthy Choices Campaign:

- Delivering the Healthy Choices campaign throughout the cafés with promotional collateral, campaigns and social media

Nitro Athletics:

- Supporting the Nitro Athletics event with collateral, promotion and social media

The area achieved significant positive media activity throughout the year, being the facilities of choice for major industry announcements and for major sporting events.

Events

The Events & Bookings team had another busy year, hosting 320 events across the three facilities and increasing income by 13% on the previous year. Lakeside Stadium experienced particularly strong growth, spearheaded by the inaugural Nitro Athletics event.

MSAC Aquatics:

Aquatic events performed strongly once again. MSAC continues to be the venue of choice for Swimming Victoria, state and national events, and school carnivals, with highlights for the year including:

- Swimming Victoria State Age & Open Short Course Championships
- Swimming Victoria State Age & Open Long Course Championships
- Swimming Victoria Sprint Championships
- Swimming Victoria Victorian Relay Championships
- Diving Victoria Pullar Championships
- Diving Victoria Open Championships
- National Water Polo League
- Royal Life Saving National Championships
- Victorian Synchronised Swimming National Championships
- Water Polo East Coast Challenge
- Triathlon Pink
- MS 24 Hour swim

MSAC Stadiums:

Stadium events at MSAC also performed strongly. In addition to our tenant sports (basketball, badminton, squash and table tennis), several other state and national events were held in MSAC's multi-use halls, including:

- AASCF States Cheer & Dance
- AFBJJ Jiu Jitsu National Championship
- CheerCon Classic

- IBJJF Pan Pacific Jiu-Jitsu Championship
- National All Styles Martial Arts Tournament
- Shotokan Karate National Seminar & Championship
- UDO Street Dance Championship
- World Cup Cheer & Dance Challenge
- Table Tennis Victoria Melbourne Open
- Squash Victoria Australian Open Squash Championships
- Badminton Victoria Clendinnen Shield & Australia Close Championships
- Sydney Swans Fan Day
- NBL Combine

MSAC regularly hosts elite teams and athletes for training, competing and recovery sessions. Guest teams in 2016/17 included:

- Melbourne Tigers SEABL
- AFL Clubs
 - Melbourne Football Club
 - Carlton Football Club
 - Hawthorn Football Club
 - Port Adelaide Football Club
 - Sydney Football Club
- Melbourne Rebels
- Taiwanese Basketball team

Lakeside Stadium:

Lakeside had an outstanding year, achieving its largest revenue generation in the Trust's history. The Stadium hosted a number of high profile events including the inaugural Nitro Athletics, which saw a sell-out final night, and was broadcast to both a national television audience on Channel 7 and an international audience through various outlets. Other significant events included:

- Gridiron Victoria's Vic Bowl XXXII
- Athletics Victoria's Zatopek
- National Premier League Grand Final
- International Champions Cup training venue
- Official training venue for the Brazilian National Football team
- W League - Melbourne Victory Women

In addition to hosting events, Lakeside attracted a number of international elite teams who took up residence at the stadium while preparing for events. These included:

- Brazil National Football team
- Socceroos Australian National Football team

- Japan National Football team
- Juventus (ICC)
- Usain Bolt & All Stars team, England, Australia, Japan, China and New Zealand
- Melbourne Victory Women & Youth

State Netball Hockey Centre:

The State Netball Hockey Centre hosted a number of national and international events, in addition to the regular netball and hockey bookings. Highlights included the following:

- NBL – Melbourne United
- Gymnastics Victoria – State Championships
- Australian Netball League
- School Sports Australia – 12 years & Under Netball Championships
- 2016 World Dodgeball Championships
- International Festival of Hockey
- Australian Schools Volleyball Cup
- 2017 Wheelchair Aussie Rules National Championships
- Futsal Oz

Representative Teams & Athletes:

- Melbourne Vixens
- Korean hockey team
- Melbourne United
- Victorian Fury
- Victorian Vikings & Vipers (State Men and Women Hockey team)
- New Zealand, Australia, Malaysia, India hockey teams

CORPORATE SERVICES

Corporate Services is responsible for the overall financial, risk and governance management of the organisation and provides the necessary support to allow the other business units to achieve their strategic outcomes. There has been a continued focus this year on delivering the Trust's Strategic and Master Plan objectives, whilst strengthening the relationships held with government, sporting partners and other key stakeholders.

The Corporate Services team has driven a program of process improvement and development throughout the current financial year. Advancements have been made within the financial reporting packages managed by the Trust, in addition to significant improvements in internal reporting and information presentation.

Human Resources

The goal of the Human Resource team is to support SSCT achieve its Master Plan, while ensuring employees are engaged and motivated to help SSCT succeed.

Key areas of responsibility include:

- Recruitment and talent acquisition
- Employee development
- Workforce capability
- Policy development
- Reward and remuneration
- Payroll
- Employee relations

Key achievements in the people and culture space include:

- Community engagement through mentoring, work experience and educational opportunities for a diverse range of young adults
- Development of Inclusion programs relevant to the Sport and Recreation sector
- Overhaul of the Vision, Mission and Values
- Organisational restructure to support the Master Plan
- Revamped performance reviews, and Reward and recognition programs.
- Exceeding best practise with all staff holding a Working with Children Check; all Managers undergoing a Police Check; and all Operational Managers and Executives holding an Authorised Officer Accreditation.

Safety, Risk Management & Compliance

SSCT is committed to enabling sporting organisations and individuals reach their potential with state of the art facilities and world class events. The core purposes of the safety, risk management and compliance function is to support and enable the achievement of SSCT's strategic objectives, as well as delivering a safe and healthy environment as far as reasonably practicable for all employees, contractors and visitors.

The function facilitates this support through the on-going maintenance of a robust Risk Management Framework and Workplace Health and Safety Management System; developed and implemented to comply with the requirements of the ISO Risk Management 3100:2009, Victorian Government Risk Management Framework 2015, Occupational Health and Safety Act 2004, and the AS 4801 OHS Management Systems.

OUR YEAR IN REVIEW

SSCT aims to meet the requirements of the management system through:

- High workforce engagement through the development of a risk and safety culture;
- Continuous improvement through compliance and improvement action monitoring;
- Promotion of preventative reporting and risk assessment; and
- Provision of industry relevant initiatives and tools in the application of safety and risk management.

The key achievements for the year include:

- The introduction of an Enterprise approach to the application of risk management principles with Executives, to support the achievement of strategic outcomes and maintaining business resilience
- Enhancement of the Internal Auditing Program to include the monthly internal review of compliance with key governance objectives and procedures
- A 20% reduction in total injuries across the venues when compared to the previous year; which includes 30% reduction in staff injuries and a 17% reduction in public injuries (excluding those sustained as a result of sporting activity)
- Continued improvement of an on-going organisational wide safety training program to target safe behaviours, prevention of injuries through early reporting and emergency response preparedness
- 18% increase in the number of preventative and improvement reports received to facilitate continuous improvement in behaviour, process and systems.

Injuries per 1,000 visits:

Venue	2016/17	2015/16	2014/15
MSAC	0.38	0.46	0.39
SNHC	0.09	0.10	0.10
Lakeside	0.30	0.39	0.27

This includes injuries sustained as a result of sporting activities.

Average Cost per WorkSafe Claim:

Venue	2016/17	2015/16	2014/15
Cost / claim	\$18,103	\$3,154	\$1,126

The significant increase in 2016/17 is due to a single significant, multi-faceted claim.

Preventative Reporting & Hazard Management:

Category	2016/17	2015/16
Preventative Reports <i>(Hazard, near miss and improvement reports)</i>	223	182
Staff & Public Injuries <i>(Excludes injuries sustained as a result of sporting activities)</i>	335	413

Data from the 2014/15 financial year has not been included as preventative reporting data was only collected for six months of the year. Furthermore, injury information had only been collated inclusive of sporting activities which would not be comparable to subsequent years' data.

FINANCIAL OVERVIEW

Operating Statement

For the financial year ended 30 June 2017, the Trust made an operating profit of \$1.9 million, with a net deficit position from total transactions of \$10.5 million realised after depreciation is taken into consideration.

The improved income position and significant increase compared to last financial year is primarily driven by increased operational and government grant funding received. Grant funding received is reflective of projects being facilitated by the Trust and are equally off-set by expenses within the Comprehensive Operating Statement. Operational funding received during the year is inclusive of the \$4.8 million announced as part of the Victorian Government 2017/18 Budget and is representative of: the ongoing support the Trust provides to State Sport, the ever-increasing cost base of operations and providing state of the art facilities, exposures to the Congestion Levy and existing liabilities required to be repaid during the period.

The Trust continues to explore opportunities to reduce its cost base and maximise revenues as further outlined within the operational area reviews provided, whilst also ensuring the delivery of support for sport in Victoria. During the year the Trust was able to increase income from the sales of goods and services by \$0.6 million, whilst reducing employee expenses by \$0.3 million.

Balance Sheet

The Trust improved its underlying cash on hand position by \$2.0 million during the period and successfully reduced its level of liabilities to its lowest level in five years, largely through a \$1.1m reduction of Other Liabilities. It is noted that the Trust had a number of capital projects which were still on-going over financial year-end and therefore the payments of these projects will be made in the 2017/18 financial year, despite funding having already been received.

Throughout the year the Trust oversaw a capital improvements program of \$3.3 million, increasing the underlying cost base of assets, in addition to performing an asset revaluation process which resulted in a net increase of \$45.0 million.

Changes in Equity

The Trust has recorded an increase in equity of \$37.8 million in 2016/17. This was as a result of the following key factors:

- Capital funding received of \$3.3 million
- A net loss for the year of \$24.2 million
- An asset revaluation increment of \$58.7 million

Cash Flows

The Trust recorded an increase in cash held of \$2.0 million, primarily as a result of cash inflows received from the government in the form of operational and capital funding versus the timing of capital projects and operational expenses payments.

Five Year Performance

	2016/17 (\$'000)	2015/16 (\$'000)	2014/15 (\$'000)	2013/14 (\$'000)	2012/13 (\$'000)
Income	29,229	22,752	21,827	22,370	21,923
Expenses	(27,354)	(23,966)	(22,665)	(22,435)	(20,942)
Operating Result	1,875	(1,214)	(838)	(65)	(981)
Depreciation	(12,367)	(9,308)	(9,143)	(8,924)	(7,519)
Net Result From Transactions	(10,492)	(10,522)	(9,981)	(8,989)	(6,538)
Total Assets	389,046	352,361	342,739	345,767	348,490
Total Liabilities	6,986	8,133	8,748	9,366	8,971

LEGISLATIVE & GOVERNMENT POLICY COMPLIANCE

FREEDOM OF INFORMATION

The Freedom of Information Act 1982 allows for the public a right of access to documents held by the Trust. For the 12 months to 30 June 2017 the Trust received no requests for information pursuant to the Freedom of Information Act 1982 (2016: 0).

MAKING A REQUEST

Access to documents may be obtained through written requests to the Chief Executive Officer – State Sport Centres Trust, as detailed in s17 of the Freedom of Information Act 1982. In summary, the requirements for making a request are:

- it should be in writing;
- it should identify as clearly as possible which document is being requested; and
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of SSCT should be addressed to:

Chief Executive Officer - State Sport Centres Trust
Melbourne Sports and Aquatic Centre
Box 1, Aughtie Drive
Albert Park VIC 3206

Requests can also be lodged online at www.foi.vic.gov.au

Access to charges may also apply once documents have been processed and a decision on access is made; for example photocopying and search retrieval charges.

Further information regarding Freedom of Information can be found at www.foi.vic.gov.au

CATEGORIES OF DOCUMENTS

The Trust maintains records and files incorporating documents relating to general administrative matters and the operation of SSCT facilities. All records and files are maintained at the Trust's premises at Albert Park and Royal Park.

COMPLIANCE WITH BUILDING ACT 1993

Over the past year, nothing in the Building Act 1993 applies to the carrying out of works authorised by or in accordance with the State Sport Centres Act or at the request of the Trust. The Trust has however undertaken to comply with the specifications of the Building Act 1993 wherever applicable.

NATIONAL COMPETITION POLICY

The Trust applies the principles of competitive neutrality to all commercial operations in accordance with the Victorian Government Competitive Neutrality Policy, where it is in competition with private sector enterprises, but where the provision of services or facilities by the Trust is deemed to be in the public benefit, the principles are not applied.

IMPLEMENTATION OF THE VICTORIAN INDUSTRY PARTICIPATION POLICY

In October 2003, the Victorian Parliament passed the Victorian Industry Participation Policy Act 2003, which requires the Trust to report on the implementation of the Victorian Industry Participation Policy ('VIPP'). The Trust is required to apply VIPP in all tenders over \$3 million. During 2014/2015 the Trust did not commence or complete a contract to which the VIPP applied.

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

Relevant information detailed in Financial Reporting Direction (FRD) 22H 'Standard Disclosures in the Report of Operations' under the Financial Management Act 1994 Section 3 is retained by the Trust's Accountable Officer and is available on request, subject to the Freedom of Information Act 1982.

EMPLOYMENT & CONDUCT PRINCIPLES

The Trust is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.

COMPLIANCE WITH THE PROTECTED DISCLOSURE ACT 2012 (FORMERLY, THE WHISTLEBLOWERS PROTECTION ACT 2001)

The Protected Disclosure Act 2012 encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

The Trust does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment. The Trust will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Reporting Procedures

Disclosures of improper conduct or detrimental action by the Trust or any of its employees and/or officers may be made to the following officer:

The Protected Disclosure Coordinator and Officer:

Thomas Crookes
General Manager Corporate Services
Box 1, Aughtie Drive
Albert Park VIC 3206

Email: ThomasC@ssct.com.au
Telephone: (03) 9926 1506

Alternatively, disclosures of improper conduct or detrimental action by the Trust or any of its employees and/or officers may also be made directly to the Independent Broad-based Anti-corruption Commission:

Level 1, 459 Collins Street (North Tower)
Melbourne VIC 3000

Telephone: 1300 735 135
Internet: www.ibac.vic.gov.au
Email: (refer website above)

Further Information

The Protected Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by the Trust or any of its employees and/or officers are available for public perusal.

Disclosures under the Protected Disclosure Act 2012

The number of disclosures made by an individual to the Trust and notified to the Independent Broad-based Anti-corruption Commission:

	2016/17	2015/16
Assessable disclosures	-	-

LEGISLATIVE & GOVERNMENT POLICY COMPLIANCE

CONSULTANCY SERVICES

Consultancies costing in excess of \$10,000 (excl. GST):

There were no consultancies costing in excess of \$10,000 during the year-ended 30 June 2017.

Consultancies costing less than \$10,000 (excl. GST):

- Number: 2 (2016: 2)
- Total Amount: \$8,000 (2016: \$10,067)

DISCLOSURE OF GRANTS AND TRANSFER PAYMENTS

During the year, the following grant payments were received:

Organisation	Agreement	Grant Type	Amount (\$)
Department of Health & Human Services	Operational Funding 2014/15 – 2017/18	General	1,500,000
	Operational Funding 2017/18 (Amended)	General	4,789,000
	Financial Recovery Plan	General	1,115,596
	Total – Operational		7,404,596
	Works to the South Melbourne Football Club exclusive areas at Lakeside Stadium	Specific	708,869
	SSCT Master Plan 2017 – 2027	Specific	50,000
	Total – Specific		758,869
	Capital Funding 2014/15 – 2017/18	Capital	3,300,000
	Total – Capital		3,300,000
		Total – Grants Received (DHHS)	
Department of Education & Training	YES Funding (Traineeships)	General	33,250
	Registered Training Organisation Funding	General	8,656
	Total – Specific		41,906
	Total – Grants Received (DET)		41,906
Development Victoria	State Netball Hockey Centre Redevelopment	Specific	90,800
	Total – Specific		90,800
	Total – Grants Received (DV)		90,800
Total	Total – All Grants Received		11,596,171

During the year, the following grant payments were made:

Organisation	Agreement	Grant Type	Amount (\$)
South Melbourne Football Club	Works to the South Melbourne Football Club exclusive areas at Lakeside Stadium	Specific	708,869
	Total – Specific		708,869
	Total – Grants Paid (SMFC)		708,869
Total	Total – All Grants Paid		708,869

GOVERNMENT ADVERTISING EXPENDITURE

The Trust did not undertake any campaigns with a media spend of \$100,000 or greater during year-ended 30 June 2017.

DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

Total ICT expenditure incurred during the year-ended 30 June 2017 was:

Spend Type	Operational Expenditure	Capital Expenditure	Total
Business As Usual	1,023,232	64,887	1,088,119
Non-Business As Usual	22,032	60,000	82,032
Total	1,045,264	124,887	1,170,151

DISCLOSURE INDEX

The annual report of the Trust is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Trust's compliance with statutory disclosure requirements.

LEGISLATION	REQUIREMENT	PAGE REFERENCE
Ministerial Directions & Financial Reporting Directions		
Report of operations		
<i>Charter and purpose</i>		
FRD 22H	Manner of establishment and the relevant Ministers	2
FRD 22H	Purpose, functions, powers and duties	2
FRD 22H	Nature and range of services provided	2
<i>Management and structure</i>		
FRD 22H	Organisational structure	6
<i>Financial and other information</i>		
FRD 10A	Disclosure index	20
FRD 22H	Employment and conduct principles	16
FRD 22H	Occupational health and safety policy	13
FRD 22H	Summary of financial results for the year	14
FRD 22H	Significant changes in financial position during the year	15
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FRD 22H	Application and operation of Freedom of Information Act 1982	16
FRD 22H	Compliance with building and maintenance provisions of Building Act 1993	16
FRD 22H	Statement on National Competition Policy	16
FRD 22H	Application and operation of the Protected Disclosure Act 2012	17
FRD 22H	Details of consultancies over \$10,000	18
FRD 22H	Details of consultancies under \$10,000	18
FRD 22H	Disclosure of government advertising expenditure	19
FRD 22H	Disclosure of ICT expenditure	19
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<i>Compliance attestation and declaration</i>		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	8
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Declaration

SD 5.2.2	Declaration in financial statements	58
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Other requirements under Standing Directions 5.2

SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	28
SD 5.2.1(a)	Compliance with Ministerial Directions	58

Other disclosures as required by FRDs in notes to the financial statements

FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	47
FRD 103F	Non-Financial Physical Assets	40
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ANNUAL FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	SSCT 2017 \$ '000	SSCT 2016 \$ '000
INCOME FROM TRANSACTIONS			
Sale of goods and services	3(a)	20,910	20,294
Grants	3(b)	8,296	2,404
Interest	3(c)	23	54
Total income from transactions		29,229	22,752
EXPENSES FROM TRANSACTIONS			
Employee expenses	4(a)	(12,123)	(12,388)
Depreciation	4(c)	(12,367)	(9,308)
Other operating expenses	4(b)	(14,381)	(11,331)
Grant expenses	4(d)	(850)	(247)
Total expenses from transactions		(39,721)	(33,274)
Net result from transactions (net operating balance)		(10,492)	(10,522)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
(Increase) / decrease in provision of doubtful debts	6(a)	-	(1)
Gain / (loss) on revaluation of non-financial physical assets	7(e)	(13,702)	-
Net gain / (loss) arising from revaluation of long service liability		6	(63)
Total other economic flows included in net result		(13,696)	(64)
Net result		(24,188)	(10,586)
OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME			
Changes in physical asset revaluation surplus	14	58,720	17,423
Total other economic flows – other comprehensive income		58,720	17,423
Comprehensive result		34,532	6,837

The accompanying notes form part of these financial statements.

**BALANCE SHEET
AS AT 30 JUNE 2017**

	NOTES	SSCT 2017 \$ '000	SSCT 2016 \$ '000
ASSETS			
FINANCIAL ASSETS			
Cash and cash equivalents	5(a)	6,056	4,027
Receivables	6	450	996
Total financial assets		6,506	5,023
NON-FINANCIAL ASSETS			
Inventories	8	144	135
Other non-financial assets	9	564	268
Property, plant and equipment	7(a)	381,832	346,935
Total non-financial assets		382,540	347,338
Total assets		389,046	352,361
LIABILITIES			
Payables	10	2,952	2,906
Other liabilities	12	3,158	4,240
Provisions	11	876	987
Total liability		6,986	8,133
Net assets		382,060	344,228
EQUITY			
Accumulated deficit		(100,339)	(76,151)
Physical asset revaluation surplus	14	196,915	138,195
Contributed capital		285,484	282,184
Total equity		382,060	344,228

The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	PHYSICAL ASSET REVALUATION SURPLUS \$ '000	ACCUMULATED DEFICIT \$ '000	CONTRIBUTED CAPITAL \$ '000	TOTAL \$ '000
BALANCE AT 1 JULY 2015		120,772	(65,565)	278,784	333,991
Net result for the year		-	(10,586)	-	(10,586)
Other comprehensive income for the year	14	17,423	-	-	17,423
Capital appropriations		-	-	3,400	3,400
BALANCE AT 30 JUNE 2016		138,195	(76,151)	282,184	344,228
Net result for the year		-	(24,188)	-	(24,188)
Other comprehensive income for the year	14	58,720	-	-	58,720
Capital appropriations		-	-	3,300	3,300
BALANCE AT 30 JUNE 2017		196,915	(100,339)	285,484	382,060

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	SSCT 2017 \$ '000	SSCT 2016 \$ '000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Receipts from customers		23,051	24,170
Receipts from Government		8,296	2,404
Interest received		27	61
Goods and Services Tax paid to the ATO		285	451
Total receipts		31,659	27,086
PAYMENTS			
Payments to suppliers and employees		(30,684)	(26,848)
Total payments		(30,684)	(26,848)
Net Cash flows from / (used in) operating activities	5(b)	975	238
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for non-financial assets		(2,246)	(2,888)
Net cash flow from / (used in) investing activities		(2,246)	(2,888)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributed capital from government		3,300	3,400
Net cash flows from financing activities		3,300	3,400
Net (decrease) / increase in cash and cash equivalents		2,029	750
Cash and cash equivalents at beginning of financial year		4,027	3,277
Cash and cash equivalent at end of financial year	5(a)	6,056	4,027

The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for the State Sport Centres Trust ('SSCT') for the financial year ending 30 June 2017. The report provides users with information about the SSCT's stewardship of resources entrusted to it.

A. STATEMENT OF COMPLIANCE

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994 (FMA)* and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The annual financial statements were authorised for issue by Mr. Christopher Jackson, Chairman of the Audit & Risk Committee; Mr. Phil Meggs, Chief Executive Officer and Accountable Officer of SSCT; and Mr. Thomas Crookes, Chief Finance and Accounting Officer, on 8 September 2017.

B. BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions

made by management in the application of AAS that have significant effects on the financial statements and estimates relate to:

- the fair value of property, plant and equipment (refer to Note 1 (J));
- Superannuation expense; (refer to Note 1 (G)); and
- assumptions for employee benefit provision based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

Consistent with *AASB 13 Fair Value Measurement*, SSCT determines the policies and procedures for recurring fair value measurements such as property, plant and equipment, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, SSCT has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, SSCT determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is the SSCT's independent valuation agency. SSCT, in conjunction with the VGV, monitor changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

C. REPORTING ENTITY

The financial statements cover SSCT as an individual reporting entity and include all the controlled activities of the Trust. SSCT is a statutory authority of the State of Victoria, established pursuant to an order made by the Premier under the *State Sport Centres (Amendment) Act 2004 No. 70* ("Act").

Its principal address is:

State Sport Centres Trust
30 Aughtie Drive,
Albert Park VIC 3206

The following business units are included in the SSCT's reporting entity:

- Melbourne Sports and Aquatic Centre ('MSAC'), incorporating MSAC Institute of Training and Lakeside Stadium, is an independent Strategic Business Unit of SSCT.
- State Netball Hockey Centre ('SNHC'), is an independent Strategic Business Unit of SSCT.
- SSCT was appointed as the committee of management of the Lakeside Oval Reserve on 31 August 2011 under section 14(2) of the *Crown Land (Reserves) Act 1978*. Therefore, details of the Lakeside Stadium financials have been incorporated into MSAC.

MSAC and SNHC produce a Business Plan and operate independently with separate and individual financial operations and accounts.

A description of the nature of the SSCT's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

D. BASIS OF CONSOLIDATION

In accordance with AASB 10 *Consolidated Financial Statements*, the consolidated financial statements of SSCT include all reporting entities controlled by SSCT as at 30 June 2017.

Where control of an entity is obtained during the financial period, its results are included in the Comprehensive Operating Statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where entities adopted similar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

E. SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

Comprehensive Operating Statement

The Comprehensive Operating Statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two, represents the net result.

The net result is equivalent to the profit or loss derived in accordance with Australian Accounting Standards.

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from disposals of non-financial assets; and
- revaluations and impairments of non-financial physical assets.

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

Balance Sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if SSCT does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Cash Flow Statement

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

Statement of Changes in Equity

The Statement of Changes in Equity presents reconciliations of non-owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balances at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts related to 'Transactions with owner in its capacity as owner'.

Rounding

Amounts in the financial statements have been rounded to the nearest \$1,000, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

F. INCOME FROM TRANSACTIONS

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

Interest

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Sale of goods and services

Income from the sale of goods and services is recognised when:

- SSCT no longer has any of the significant risks and rewards of ownership of the goods and services transferred to the buyer;
- SSCT no longer has continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold and services provided;
- the amount of income, and the costs incurred or to be incurred in respect of the transactions, can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the SSCT.

Sale of goods and services includes rental income which is recognised at the time the rent is billed.

Grants

Income from grants (other than contributions by owners) is recognised when SSCT obtains control over the contribution.

G. EXPENSES FROM TRANSACTIONS

Expenses from transactions are recognised as they are incurred, and reported in the financial year to which they relate.

Employee expenses

Refer to the section in Note 1(L) regarding employee benefits.

These expenses include all forms of considerations (other than superannuation which is accounted for separately) given by SSCT in exchange for service rendered by employees or for the termination of employment. This includes wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

Superannuation

The amount recognised in the Comprehensive Operating Statement is the employer contributions for members of the defined contribution superannuation plans that are paid or payable during the reporting period.

The Department of Treasury and Finance ('DTF') in its annual financial statements, disclose on behalf of the State as the sponsoring employer, the net defined benefit liability related to the members of these plans as an administered liability. Refer to DTF's annual financial statements for more detailed disclosures in relation to these plans.

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Refer to Note 1(J) for the depreciation policy for leasehold improvements.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

The following are typical estimated useful lives for the different asset classes for both current and prior years:

Asset	Useful Life	
	2017	2016
Buildings	15 – 60 years	15 – 110 years
Plant and Equipment	5 – 40 years	5 – 40 years
Office Furniture	5 – 15 years	5 – 15 years
Computer Equipment	3 – 5 years	3 – 5 years
Gym Equipment	5 – 10 years	5 – 10 years
Other Equipment	2 – 40 years	2 – 40 years
Leasehold Improvements	5 – 40 years	5 – 40 years

Land, which is considered to have an indefinite life, is not depreciated. Depreciation is not recognised in respect of this asset because its service potential has not, in any material sense, been consumed during the reporting period.

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include:

Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Bad and doubtful debts

Bad and doubtful debts are assessed on a regular basis. (refer to Note 1(I) *Financial assets – Impairment of financial assets*).

H. OTHER ECONOMIC FLOWS INCLUDED IN THE NET RESULT

Other economic flows are the change in the volume or value of assets or liabilities that does not result from transactions.

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Revaluation gains/(losses) of non-financial physical assets

Refer to Note 1(J) Revaluations of non-financial physical assets.

Net gain/(loss) on disposal of non-financial assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting the proceeds from the carrying value of the asset at the time.

Impairment of non-financial assets

All of SSCT's non-financial assets are assessed annually for indications of impairment, except for inventories.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as another economic flow, except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount.

The impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Refer to Note 1(J) in relation to the recognition and measurement of non-financial assets.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

I. FINANCIAL ASSETS

Cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and those highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and readily convertible to known amounts of cash with an insignificant risk of changes in value.

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Receivables

Receivables consist of:

- contractual receivables, such as debtors in relation to goods and services, accrued investment income; and
- statutory receivables, such as amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(K) *Financial Instruments* for recognition and measurement).

Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

The average credit period for sales of goods and services and for other receivables is 30 days. No interest is charged on other receivables for outstanding balances.

Impairment of financial assets

At the end of each reporting period, SSCT assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

J. NON-FINANCIAL ASSETS

Inventories

Inventories include goods, consumption or for distribution at zero or nominal cost, or for consumption in the ordinary course of business operations.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal considerations, they are measured at current replacement cost at the date of acquisition.

Cost for all other inventory is measured on the basis of weighted average cost.

Property, plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

Non-financial physical assets such as Crown land and heritage assets are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

The fair value of plant and equipment, is normally determined by reference to the asset's depreciated replacement cost.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction and direct labour on the project.

For the accounting policy on impairment of non-financial physical assets, refer to Note 1(H) *Impairment of non-financial assets*.

Leasehold improvements

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

Revaluations of non-current physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the FRDs issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'Other economic flows – other comprehensive income', and accumulated in equity under the Asset Revaluation Surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same asset previously recognised as an expense (other economic flows) in the net result.

Net revaluation decrease is recognised in 'Other economic flows – other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same asset. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'other economic flows – other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets in a class of property, plant and equipment, are offset against one another in that class but are not offset in respect of assets in different classes. The asset revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 7 *Property, plant and equipment*.

Other non-financial assets

Prepayments and accrued income

Other non-financial assets include accrued income and prepayments. Prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period. Accrued income must be recorded in the accounting period in which it is earned rather than in the subsequent period in which it will be received.

K. FINANCIAL INSTRUMENTS

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of SSCT's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of SSCT are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and Receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and cash equivalents (refer to Note 1(I)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of SSCT's contractual payables, deposits held and advances received, and interest bearing arrangements other than those designated at fair value through profit or loss.

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L. LIABILITIES

Payables

Payables consist of:

- contractual payables, such as accounts payable and including deferred income from concession notes. Accounts payable represent liabilities for goods and services provided to SSCT prior to the end of the financial year that are unpaid, and arise when SSCT becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Provisions

Provisions are recognised when SSCT has a present obligation, the likelihood of future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) Wages and salaries, annual leave

Liabilities for wages and salaries, including non-monetary benefits, such as annual leave, are all recognised in the provision for employee benefits as 'current liabilities', because SSCT does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries and annual leave are measured at:

- nominal value – if SSCT expects to wholly settle within 12 months; or
- present value – if SSCT does not expect to wholly settle within 12 months.

(ii) Long service leave

Liability for long service leave ('LSL') is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where SSCT does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- nominal value – if SSCT expects to wholly settle within 12 months; and
- present value – if SSCT does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised in the 'net result from transactions', except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised in the net result as an other economic flow (refer to Note 1(H)).

On-costs related to employee expenses

On-costs such as payroll tax, and workers compensation are recognised separately from the provision for employee benefits.

Other liabilities

Other liabilities includes deferred revenue and other revenue received in advance. Revenue received in advance is presented in the subsequent accounting periods in which the services or obligations have been performed.

M. LEASES

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownerships from the lessor to the lessee. All other leases are classified as operating leases.

Finance Leases

SSCT does not hold any finance leases.

Operating Leases

Operating Leases as lessee

Operating lease payments are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term. The leased asset is not recognised in the balance sheet. SSCT does not hold any operating leases as lessee.

Operating Leases as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more representative of the time pattern over which the economic benefit of the leased asset is diminished.

N. EQUITY

Contributed capital

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of SSCT.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

O. COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 15 capital expenditure commitments) at their nominal value and are inclusive of the GST payable.

In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

P. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note refer to Note 17 *Contingent liabilities* and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

Q. ACCOUNTING FOR THE GOODS AND SERVICES TAX (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as an operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST (refer to Note 1(O) and Note 1(P)).

R. FOREIGN CURRENCY BALANCES/ TRANSACTIONS

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date when the fair value was determined.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

S. EVENTS AFTER THE REPORTING PERIOD

There has not arisen in the interval between the end of the financial year and the date of signing these financial statements, any item, transactions or event of a material and unusual nature likely to affect significantly the operations of the SSCT, the results of those operations, or the state of affairs of the SSCT, in subsequent financial years.

T. AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new Australian accounting standards (AAS) have been published that are not mandatory for the 30 June 2017 reporting period. DTF assesses the impact of all these new standards and advises SSCT where applicable.

As at 30 June 2017, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. SSCT has not and does not intend to adopt these standards early.

Topic	Key requirements	Effective date
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and other fair value changes are presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2018
AASB 15 <i>Revenue from Contracts with Customers</i> AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard. This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019	1 January 2019
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This Standard will replace AASB 1004 <i>Contributions</i> and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives.	1 January 2019

NOTE 2. GOING CONCERN

The financial statements of SSCT have been prepared on a going concern basis. The trustees of the State Sport Centres Trust are of the opinion that SSCT will be able to pay its debts as and when they fall due. The Department of Health and Human Services has confirmed that both operational and capital funding granted to SSCT by the previous government, over the four years from 2014/15 to 2017/18, has been honoured in the amount of \$22.2 million until the expiry of the funding agreement. An additional \$9.6m worth of operational funding was provided to SSCT in relation to the 2016/17 and 2017/18 years as part of the Victorian Government 2017/18 Budget.

NOTE 3. INCOME FROM TRANSACTIONS

	MSAC 2017 \$ '000	SNHC 2017 \$ '000	SSCT 2017 \$ '000	MSAC 2016 \$ '000	SNHC 2016 \$ '000	SSCT 2016 \$ '000
(A) SALE OF GOODS AND SERVICES						
Sale of goods and services	18,147	2,763	20,910	17,854	2,440	20,294
Total sale of goods and services	18,147	2,763	20,910	17,854	2,440	20,294
(B) GOVERNMENT GRANT						
General purpose grants	7,289	157	7,446	2,104	-	2,104
Specific purpose grants for on-passing	709	-	709	-	-	-
Specific purpose grants	50	91	141	300	-	300
Total grants	8,048	248	8,296	2,404	-	2,404
(C) INTEREST						
Interest from cash and deposits	22	1	23	45	9	54
Total interest	22	1	23	45	9	54
Total income	26,217	3,012	29,229	20,303	2,449	22,752

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 4. EXPENSES FROM TRANSACTIONS

	MSAC 2017 \$ '000	SNHC 2017 \$ '000	SSCT 2017 \$ '000	MSAC 2016 \$ '000	SNHC 2016 \$ '000	SSCT 2016 \$ '000
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(A) EMPLOYEE EXPENSES

Salaries, wages, annual leave and long service leave expenses	9,197	1,171	10,368	9,746	820	10,566
Defined contribution superannuation expense	814	91	905	863	60	923
Other employee expenses	745	105	850	868	31	899
Total employee expenses	10,756	1,367	12,123	11,477	911	12,388

(B) OTHER OPERATING EXPENSES

Cleaning and chemical expenses	1,537	436	1,973	1,502	429	1,931
Other operating supplies expenses	1,680	118	1,798	1,806	90	1,896
Car parking expenses (i)	1,269	872	2,141	-	-	-
Utilities and energy expenses	1,854	224	2,078	1,990	189	2,179
Cost of goods sold expenses	1,463	413	1,876	1,386	327	1,713
Maintenance expenses	1,673	259	1,932	943	205	1,148
IT & telecommunication expenses	772	151	923	676	130	806
Insurance expenses	360	58	418	391	63	454
Sports rebate expenses	781	30	811	761	9	770
Security expenses	400	31	431	395	39	434
Total other operating expenses	11,789	2,592	14,381	9,850	1,481	11,331

(i) Car parking expenses relate to the Congestion Levy. Assessments relating to the 2015, 2016 and 2017 calendar years were received during the year-ended 30 June 2017.

(C) DEPRECIATION

DEPRECIATION OF PROPERTY, PLANT & EQUIPMENT

Buildings	7,246	1,577	8,823	4,775	1,011	5,786
Plant and equipment	3,218	326	3,544	3,205	317	3,522
Total depreciation	10,464	1,903	12,367	7,980	1,328	9,308

(D) GRANT EXPENSES

Specific purposes grants for on-passing	709	-	709	-	-	-
Payment for specific purpose	50	91	141	247	-	247
Total grant expenses	759	91	850	247	-	247
Total expenses	33,768	5,953	39,721	29,554	3,720	33,274

NOTE 5. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

	MSAC 2017 \$ '000	SNHC 2017 \$ '000	SSCT 2017 \$ '000	MSAC 2016 \$ '000	SNHC 2016 \$ '000	SSCT 2016 \$ '000
(A) CASH AND CASH EQUIVALENTS						
Cash at bank	5,746	273	6,019	3,157	807	3,964
Cash on hand	28	9	37	31	32	63
Total cash and cash equivalents	5,774	282	6,056	3,188	839	4,027
(B) RECONCILIATION OF NET RESULT FOR THE PERIOD						
Net result for the period	(21,276)	(2,912)	(24,188)	(9,240)	(1,271)	(10,586)
NON-CASH MOVEMENTS						
Depreciation of property, plant & equipment	10,464	1,903	12,367	7,980	1,328	9,308
Net loss on revaluation of buildings	13,702	-	13,702	-	-	-
Net gain / (loss) arising from revaluation of long service liability	23	(29)	(6)	41	22	63
MOVEMENTS IN ASSETS AND LIABILITIES						
Decrease in receivables	489	57	546	2,181	21	2,202
Decrease / (increase) in inventories	(14)	5	(9)	(10)	(1)	(11)
Decrease / (increase) in other assets	(276)	(20)	(296)	(59)	(2)	(61)
(Decrease) / increase in provisions	(107)	2	(105)	(46)	8	(38)
(Decrease) / increase in payables	(576)	622	46	378	65	443
(Decrease) / increase in other liabilities	(1,039)	(43)	(1,082)	(1,162)	16	(1,146)
Net cash flows from operating activities	1,390	(415)	975	52	186	238

NOTE 6. RECEIVABLES

CURRENT						
CONTRACTUAL						
Trade debtors	233	14	247	846	61	907
Less: Provision for doubtful contractual receivables (a)	(16)	-	(16)	(33)	-	(33)
Interest receivable	3	-	3	4	3	7
Loan receivable	16	-	16	-	-	-
	236	14	250	817	64	881
STATUTORY						
GST Receivable	161	12	173	96	19	115
Total current receivables	397	26	423	913	83	996
NON-CURRENT						
CONTRACTUAL						
Loan receivable	27	-	27	-	-	-
Total non-current receivables	27	-	27	-	-	-
Total receivables	424	26	450	913	83	996

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	MSAC 2017 \$ '000	SNHC 2017 \$ '000	SSCT 2017 \$ '000	MSAC 2016 \$ '000	SNHC 2016 \$ '000	SSCT 2016 \$ '000
(A) MOVEMENT IN THE PROVISION FOR DOUBTFUL CONTRACTUAL RECEIVABLES						
Balance at beginning of the financial year	(33)	-	(33)	(32)	-	(32)
Utilisation of provision for receivables written off during the year as uncollectible	17	-	17	-	-	-
Increase in provision recognised in operating statement	-	-	-	(1)	-	(1)
Balance at end of the financial year	(16)	-	(16)	(33)	-	(33)

(B) AGEING ANALYSIS OF CONTRACTUAL RECEIVABLES

Please refer to Note 21 (Table 21.4) for the ageing analysis of contractual receivables.

(C) NATURE AND EXTENT OF RISK ARISING FROM CONTRACTUAL RECEIVABLES

Please refer to Note 21 for the nature and extent of risk arising from contractual receivables.

NOTE 7. PROPERTY, PLANT, AND EQUIPMENT

	MSAC 2017 \$ '000	SNHC 2017 \$ '000	SSCT 2017 \$ '000	MSAC 2016 \$ '000	SNHC 2016 \$ '000	SSCT 2016 \$ '000
(A) CLASSIFICATION BY 'PUBLIC ADMINISTRATION' PURPOSE GROUP – CARRYING AMOUNT						
Land at fair value	99,100	36,420	135,520	66,881	32,864	99,745
Buildings at fair value	206,257	35,360	241,617	210,873	32,608	243,481
Plant & equipment at fair value	3,648	213	3,861	3,175	217	3,392
Capital work in progress at cost	831	3	834	220	97	317
Net carrying amount of Property, Plant and Equipment	309,836	71,996	381,832	281,149	65,786	346,935
(B) GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION						
CROWN LAND						
At fair value	99,100	36,420	135,520	66,881	32,864	99,745
	99,100	36,420	135,520	66,881	32,864	99,745
BUILDINGS						
At fair value	220,831	37,348	258,179	240,889	38,366	279,255
Less: Accumulated depreciation	(14,574)	(1,988)	(16,562)	(30,016)	(5,758)	(35,774)
	206,257	35,360	241,617	210,873	32,608	243,481
PLANT & EQUIPMENT						
At fair value	15,664	2,990	18,654	14,592	2,944	17,536
Less: Accumulated depreciation	(12,016)	(2,777)	(14,793)	(11,417)	(2,727)	(14,144)
	3,648	213	3,861	3,175	217	3,392
CAPITAL WORK IN PROGRESS						
At cost	831	3	834	220	97	317
	831	3	834	220	97	317
Total property, plant and equipment	309,836	71,996	381,832	281,149	65,786	346,935

(C) MOVEMENTS IN CARRYING AMOUNT OF PROPERTY PLANT AND EQUIPMENT FOR SSCT

	LAND AT FAIR VALUE			BUILDINGS AT FAIR VALUE			PLANT & EQUIPMENT AT FAIR VALUE			WORK IN PROGRESS AT COST		
	MSAC \$ '000	SNHC \$ '000	SSCT \$ '000	MSAC \$ '000	SNHC \$ '000	SSCT \$ '000	MSAC \$ '000	SNHC \$ '000	SSCT \$ '000	MSAC \$ '000	SNHC \$ '000	SSCT \$ '000
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
Balance at 1 Jul 2015	54,935	27,386	82,321	216,183	33,237	249,420	3,739	298	4,037	128	26	154
Additions	-	-	-	1,823	618	2,441	283	-	283	21,315	12,213	33,528
Transfer/Disposals	-	-	-	-	-	-	-	-	-	(21,224)	(12,142)	(33,366)
Revaluation of PPE(i)	11,947	5,477	17,424	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	(7,133)	(1,247)	(8,380)	(846)	(82)	(928)	-	-	-
Balance at 30 Jun 2016	66,882	32,863	99,745	210,873	32,608	243,481	3,176	216	3,392	219	97	316

	LAND AT FAIR VALUE			BUILDINGS AT FAIR VALUE			PLANT & EQUIPMENT AT FAIR VALUE			WORK IN PROGRESS AT COST		
	MSAC \$ '000	SNHC \$ '000	SSCT \$ '000	MSAC \$ '000	SNHC \$ '000	SSCT \$ '000	MSAC \$ '000	SNHC \$ '000	SSCT \$ '000	MSAC \$ '000	SNHC \$ '000	SSCT \$ '000
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
Balance at 1 Jul 2016	66,882	32,863	99,745	210,873	32,608	243,481	3,176	216	3,392	219	97	316
Additions/Deductions	-	-	-	507	8	515	1,080	47	1,127	612	-	612
Transfers	-	-	-	-	94	94	-	-	-	-	(94)	(94)
Disposals	-	-	-	-	-	-	(7)	-	(7)	-	-	-
Depreciation reversed due to disposals	-	-	-	-	-	-	1	-	1	-	-	-
Revaluation of PPE (ii)	32,219	3,556	35,775	18,441	4,503	22,944	-	-	-	-	-	-
Losses recognised in other economic flows included in net result (iii)	-	-	-	(13,702)	-	(13,702)	-	-	-	-	-	-
Depreciation	-	-	-	(9,862)	(1,853)	(11,715)	(602)	(50)	(652)	-	-	-
Balance at 30 Jun 2017	99,101	36,419	135,520	206,257	35,360	241,617	3,648	213	3,861	831	3	834

(i) Fair value of assessments have been performed for land, as per Valuer-General Victoria vacant land indexation factors for the year ended 30 June 2016. Fair value assessments have been performed for other classes of assets in this purpose group and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation.

(ii) The fair value of Land and Buildings were independently re-assessed by the Valuer-General Victoria and Napier Blakely respectively based on a full revaluation performed for the year-ended 30 June 2017.

(iii) The Loss recognised in other economic flows relates to a revaluation deficit recognised on Lakeside Stadium buildings only. Control of the asset was transferred from Parks Victoria in 2013, with the initial cost based on the transferred cost. As such, there was no revaluation surplus for that asset against which to offset the decrease.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

(D) FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AS AT 30 JUNE 2017

	CARRYING AMOUNT AS AT		FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:					
	30 June 2017 \$ '000	30 June 2016 \$ '000	Level 1 (i)		Level 2 (i)		Level 3 (i)	
			2017 \$ '000	2016 \$ '000	2017 \$ '000	2016 \$ '000	2017 \$ '000	2016 \$ '000
LAND AT FAIR VALUE								
Specialised land	135,520	99,745	-	-	-	-	135,520	99,745
Total of land at fair value	135,520	99,745	-	-	-	-	135,520	99,745
BUILDINGS AT FAIR VALUE								
Specialised buildings	241,617	243,481	-	-	-	-	241,617	243,481
Total of buildings at fair value	241,617	243,481	-	-	-	-	241,617	243,481
PLANT & EQUIPMENT AT FAIR VALUE								
Plant and equipment	3,861	3,392	-	-	-	-	3,861	3,392
Total of plant and equipment at fair value	3,861	3,392	-	-	-	-	3,861	3,392

Specialised land and specialised buildings

The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the SSCT's specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of the SSCT's specialised land and specialised buildings was performed by the Valuer General Victoria. The effective date of the valuation is 30 June 2017.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2017.

For all assets measured at fair value, the current use is considered the highest and best use.

(E) RECONCILIATION OF LEVEL 3 FAIR VALUE

	SPECIALISED LAND		SPECIALISED BUILDINGS		PLANT & EQUIPMENT	
	2017	2016	2017	2016	2017	2016
Opening balance	99,745	82,321	243,481	249,420	3,392	4,037
Purchases (sales)	-	-	609	2,441	1,120	283
Gains or losses recognised in net result	-	-	-	-	-	-
Depreciations	-	-	(11,715)	(8,380)	(651)	(928)
Impairment loss	-	-	-	-	-	-
Subtotal	99,745	82,321	232,375	243,481	3,861	3,392
Losses recognised in other economic flows included in net result	-	-	(13,702)	-	-	-
Revaluation	35,775	17,424	22,944	-	-	-
Subtotal	35,775	17,424	9,242	-	-	-
Closing balance	135,520	99,745	241,617	243,481	3,861	3,392

There were no transfers between levels throughout the period to 30 June 2017.

(F) DESCRIPTION OF LEVEL 3 VALUATION TECHNIQUES USED AND KEY INPUTS TO VALUATION

	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS
Specialised land	Market approach	Community Service Obligation (CSO) adjustment (i)
Specialised buildings	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Plant & equipment	Depreciated replacement cost	Cost per unit Useful life of vehicles

(i) CSO adjustments ranging from 70% to 80% were applied to reduce the market approach value for SSCT specialised land.

NOTE 8. INVENTORIES

	MSAC 2017 \$ '000	SNHC 2017 \$ '000	SSCT 2017 \$ '000	MSAC 2016 \$ '000	SNHC 2016 \$ '000	SSCT 2016 \$ '000
CURRENT						
Supplies and consumables – at cost	129	15	144	115	20	135
	129	15	144	115	20	135

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NOTE 9. OTHER NON-FINANCIAL ASSETS

	MSAC 2017 \$ '000	SNHC 2017 \$ '000	SSCT 2017 \$ '000	MSAC 2016 \$ '000	SNHC 2016 \$ '000	SSCT 2016 \$ '000
CURRENT OTHER ASSETS						
Accrued income	82	-	82	130	-	130
Prepayments	333	38	371	120	18	138
Lease incentive	43	-	43	-	-	-
Total current other assets	458	38	496	250	18	268
NON-CURRENT OTHER ASSETS						
Lease incentive	68	-	68	-	-	-
Total non-current other assets	68	-	68	-	-	-
Total other assets	526	38	564	250	18	268

NOTE 10. PAYABLES

	MSAC 2017 \$ '000	SNHC 2017 \$ '000	SSCT 2017 \$ '000	MSAC 2016 \$ '000	SNHC 2016 \$ '000	SSCT 2016 \$ '000
CURRENT PAYABLES						
CONTRACTUAL						
Trade creditors	940	99	1,039	1,565	144	1,709
Accrued expenses	884	828	1,712	830	159	989
	1,824	927	2,751	2,395	303	2,698
STATUTORY						
Taxes payable	114	27	141	114	29	143
Superannuation payable	60	-	60	65	-	65
	174	27	201	179	29	208
Total current payables	1,998	954	2,952	2,574	332	2,906

(A) MATURITY ANALYSIS OF CONTRACTUAL PAYABLES

Please refer to Note 21 (Table 21.5) for the maturity analysis of contractual payables.

(B) NATURE AND EXTENT OF RISK ARISING FROM CONTRACTUAL PAYABLES

Please refer to Note 21 for the nature and extent of risk arising from contractual payables.

NOTE 11. PROVISIONS

	MSAC 2017 \$ '000	SNHC 2017 \$ '000	SSCT 2017 \$ '000	MSAC 2016 \$ '000	SNHC 2016 \$ '000	SSCT 2016 \$ '000
CURRENT						
EMPLOYEE BENEFITS						
ANNUAL LEAVE						
Unconditional and expected to settle within 12 months	258	4	262	266	9	275
Unconditional and expected to settle after 12 months	126	7	133	93	10	103
LONG SERVICE LEAVE						
Unconditional and expected to settle within 12 months	240	9	249	320	19	339
Unconditional and expected to settle after 12 months	-	-	-	-	-	-
PROVISIONS FOR ON-COSTS						
Unconditional and expected to settle within 12 months	86	2	88	100	5	105
Unconditional and expected to settle after 12 months	23	1	24	17	2	19
Life memberships	-	-	-	5	-	5
Total current provisions	733	23	756	801	45	846
NON-CURRENT						
Employee benefits	100	4	104	108	8	116
Employee benefit on-costs	16	-	16	18	1	19
Life memberships	-	-	-	6	-	6
Total non-current provisions	116	4	120	132	9	141
Total provisions	849	27	876	933	54	987
				SSCT 2017 \$ '000	SSCT 2016 \$ '000	
MOVEMENT IN PROVISION ON-COSTS						
Opening balance				139	136	
Additional provisions recognised				-	3	
Reductions arising from payments/other sacrifices of future economic benefits				(11)	-	
Unwind of discount and effect of changes in the discount rate				-	-	
Closing balance				128	139	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 12. OTHER LIABILITIES

	MSAC 2017 \$ '000	SNHC 2017 \$ '000	SSCT 2017 \$ '000	MSAC 2016 \$ '000	SNHC 2016 \$ '000	SSCT 2016 \$ '000
CURRENT						
Deferred revenue	633	53	686	722	96	818
Advancement	550	-	550	950	-	950
Total current other liabilities	1,183	53	1,236	1,672	96	1,768
NON-CURRENT						
Advancement	1,922	-	1,922	2,472	-	2,472
Total non-current other liabilities	1,922	-	1,922	2,472	-	2,472
Total other liabilities	3,105	53	3,158	4,144	96	4,240

NOTE 13. LEASES

	MSAC 2017 \$ '000	SNHC 2017 \$ '000	SSCT 2017 \$ '000	MSAC 2016 \$ '000	SNHC 2016 \$ '000	SSCT 2016 \$ '000
DISCLOSURE OF OPERATING LEASES						
OPERATING LEASE RECEIVABLES						
Operating lease receivables relate to 23 tenants (2015-2016: 25) within the Trust's precinct with lease terms between 2 years to 39 years						
Receivable no later than one year	863	15	878	675	-	675
Later than one year and not later than five years	1,315	-	1,315	1,359	-	1,359
Later than five years	2,990	-	2,990	3,281	-	3,281
	5,168	15	5,183	5,315	-	5,315

NOTE 14. EQUITY

	MSAC 2017 \$ '000	SNHC 2017 \$ '000	SSCT 2017 \$ '000	MSAC 2016 \$ '000	SNHC 2016 \$ '000	SSCT 2016 \$ '000
PHYSICAL ASSET REVALUATION SURPLUS						
Balance at beginning of financial year	90,678	47,517	138,195	78,732	42,040	120,772
Revaluation increments during the year						
Land	32,219	3,556	35,775	11,946	5,477	17,423
Building	18,441	4,504	22,945	-	-	-
Total revaluation increments	50,660	8,060	58,720	11,946	5,477	17,423
Balance at end of financial year	141,338	55,577	196,915	90,678	47,517	138,195

The physical asset revaluation surplus is used to record increments and decrements on the revaluation of non-financial assets, as described in Note 1(J).

NOTE 15. CAPITAL EXPENDITURE COMMITMENTS

The following commitments have not been recognized as liabilities in the financial statements. All amounts shown in the commitments note are nominal amounts inclusive of GST. SSCT has \$655,227 commitments for capital works at the date of this report (2015-2016: \$348,240). These commitments will be paid within a one year period.

	MSAC 2017 \$ '000	SNHC 2017 \$ '000	SSCT 2017 \$ '000	MSAC 2016 \$ '000	SNHC 2016 \$ '000	SSCT 2016 \$ '000
CAPITAL EXPENDITURE COMMITMENTS						
As at reporting date, SSCT had made the following commitments for capital expenditure (GST inclusive):						
Not later than one year	643	12	655	242	106	348
	643	12	655	242	106	348

NOTE 16. CONTINGENT LIABILITIES

Contingent liabilities

There are no contingent liabilities as at 30 June 2017 (2015-2016: Nil).

NOTE 17. RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

The persons who held the positions of Minister, Trust Member and Accountable Officer of SSCT at any time during the reporting period were as follows:

Responsible Minister

Name	Role	Period
The Honourable Mr. John Eren, MP	Minister for Sport	01/07/2016-30/06/2017

Members of the SSCT

Mr. Brett Moore	Trust Chairman	01/07/2016-30/06/2017
Mr. Christopher Jackson	Trust Member	08/10/2016-30/06/2017
Ms. Danni Roche	Trust Member	01/07/2016-30/06/2017
Mr. Jack Diamond	Trust Member	01/07/2016-30/06/2017
Ms. Patsy Toop	Trust Member	01/07/2016-30/06/2017
Ms. Kimberley Brown	Trust Member	01/07/2016-30/06/2017
Ms. Tracey Cooper	Trust Member	06/06/2017-30/06/2017

Accountable Officer

Mr. Phil Meggs	Chief Executive Officer	01/07/2016-30/06/2017
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of SSCT during the reporting period was in the range: \$340,000 – \$349,000 (\$300,000 –\$309,999 and \$60,000–\$69,000 in 2015-16).

REMUNERATION RANGE OF RESPONSIBLE PERSONS		
	2017	2016
\$0-\$9,999	2	6
\$10,000-\$19,999	5	4
\$20,000-\$29,999	-	-
\$60,000-\$69,999	-	1
\$300,000-\$309,999	-	1
\$340,000-\$349,999	1	-
Total numbers	8	12
Total remuneration received, or due and receivable by Responsible Persons		
Total remuneration	421,897	439,092

Remuneration of executives

The number of Executive Officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

	Total Remuneration	Total Remuneration
	2017 \$ '000	2016 (a) \$ '000
Short-term employee benefits	624	
Post-employment benefits	55	
Other long-term benefits	12	
Total remuneration (a)	691	
Total number of executives	7	4
Total annualised employee equivalents (b)	3.63	4

(a) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2015-16 reporting period.

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

NOTE 18. RELATED PARTIES

SSCT is a wholly owned and controlled entity of the State of Victoria.

Related parties of the agency include:

- All key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- All cabinet ministers and their close family members; and
- All departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

Significant transactions with government-related entities

The agency received funding from the Department of Health & Human Services of \$11,587,515 (2015-2016: \$5,803,519).

SSCT also has at call deposits with the Treasury Corporation of Victoria. The balance of the deposit as at 30 June 2017 is \$3,250,000 (2015-2016: \$500,000).

Key management personnel of the agency includes the Portfolio Minister, The Hon. John Eren MP; the Chief Executive Officer, Phil Meggs; and members of the Trust.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

COMPENSATION OF KMPS

	Total Remuneration 2017 \$ '000
	2017
Short-term employee benefits	394
Post-employment benefits	36
Other long-term benefits	7
Total	437

(i) These compensation amounts are prepared on the accruals basis, and as such, include leave entitlements that have been earned but not yet taken/paid

Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with SSCT, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 19. SUPERANNUATION

Employees of SSCT are entitled to receive superannuation benefits. Contributions are made to the VicSuper Fund as the SSCT's default fund, and to other funds elected by employees under Super choices legislation. Superannuation contributions paid or payable for the reporting period are included as part of employee expenses in the comprehensive operating statement of SSCT.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by SSCT are shown in the table below.

	Paid contributions for the year		Contributions outstanding for the year		Total	
	2017 \$ '000	2016 \$ '000	2017 \$ '000	2016 \$ '000	2017 \$ '000	2016 \$ '000
DEFINED CONTRIBUTION PLANS:						
VicSuper	479	949	37	39	516	988
Hostplus Super	110	47	9	-	119	47
AustralianSuper	102	56	8	-	110	56
Rest Superannuation	42	8	3	-	45	8
Other funds	222	150	16	26	238	176
	955	1,210	73	65	1,028	1,275

The difference between Note 4 and Note 19 is that Note 19 includes both employee superannuation contribution and salary sacrifice contributions.

NOTE 20. REMUNERATION OF AUDITORS

Audit fees paid or payable to the Victorian Auditor-General's Office (VAGO) for the audit of the SSCT's financial report is set out below in the following table:

	SSCT 2017 \$ '000	SSCT 2016 \$ '000
Victorian Auditor-General's Office – Audit of the financial report	40	39
	40	39

NOTE 21. FINANCIAL INSTRUMENTS

a. Financial risk management objectives and policies

SSCT's principal financial instruments comprise of :

- cash and deposits;
- receivables (excluding statutory receivables);
- payables (excluding statutory receivables); and
- other liabilities.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage SSCT's financial risks within the Government policy parameters. SSCT's main financial risks include credit risk, liquidity risk, interest rate risk, SSCT manages these financial risks in accordance with its financial risk management policy.

The carrying amounts of SSCT's contractual financial assets and liabilities by category are shown below in Table 21.1.

Table 21.1: Categorisation of financial instruments

	Contractual financial assets loans and receivables and cash \$ '000	Contractual financial liabilities at amortised cost \$ '000	Total \$ '000
2017			
CONTRACTUAL FINANCIAL ASSETS			
Cash and cash equivalents	6,056	-	6,056
Receivables (i)	231	-	231
Loan receivable	43	-	43
Total contractual financial assets	6,330	-	6,330
CONTRACTUAL FINANCIAL LIABILITIES			
Payables (i)	-	2,751	2,751
Other liabilities	-	2,472	2,472
Total contractual financial liabilities	-	5,223	5,223
2016			
CONTRACTUAL FINANCIAL ASSETS			
Cash and cash equivalents	4,027	-	4,027
Receivables (i)	881	-	881
Total contractual financial assets	4,908	-	4,908
CONTRACTUAL FINANCIAL LIABILITIES			
Payables (i)	-	2,687	2,687
Other liabilities	-	3,422	3,422
Total contractual financial liabilities	-	6,109	6,109

(i) The total amounts disclosed here excludes statutory amounts.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

b. Credit risk

Credit risk arises from the contractual financial assets of SSCT, which comprise cash and cash equivalents, non-statutory receivables. SSCT's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to SSCT. Credit risk is measured at fair value and is monitored on a regular basis.

For debtors other than the Government, it is SSCT's policy to only deal with entities with high credit ratings of a minimum triple B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, the Trust doesn't engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are fixed interest, except for cash and cash equivalents, which are mainly cash at bank.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that SSCT will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents SSCT's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Table 21.2: Net holding gain / (loss) on financial instruments by category

The net holding gains or losses disclosed below in Table 21.2 are determined as follows:

- For cash and cash equivalents, loans or receivables and available for sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, and minus any impairment recognised in the net result;
- For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

	Total interest income / (expense) \$'000	Total \$'000
2017		
CONTRACTUAL FINANCIAL ASSETS		
Financial assets – loans and receivables	23	23
Total contractual financial assets	23	23
2016		
CONTRACTUAL FINANCIAL ASSETS		
Financial assets – loans and receivables	54	54
Total contractual financial assets	54	54

Table 21.3: Credit quality of contractual financial assets that are neither past due nor impaired

	Financial institutions (AA- credit rating) \$'000	Government agencies (AAA credit rating) \$'000	Other (min BBB credit rating) \$'000	Total \$'000
2017				
Contractual financial assets				
Cash and cash equivalents	2,806	3,250	-	6,056
Receivables				
Trade debtors	-	2	229	231
Interest receivable	-	3	-	3
Loan receivable	-	-	43	43
Total contractual financial assets	2,806	3,255	272	6,333
2016				
Contractual financial assets				
Cash and cash equivalents	4,027	-	-	4,027
Receivables				
Trade debtors	-	-	874	874
Interest receivable	-	7	-	7
Total contractual financial assets	4,027	7	874	4,908

Table 21.4: Ageing analysis of contractual financial assets

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired		
			Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000
2017					
Cash and cash equivalents	6,056	6,056	-	-	-
Receivables					
Trade debtors	231	105	41	19	66
Interest receivable	3	3	-	-	-
Loan receivable	43	43	-	-	-
Total	6,333	6,207	41	19	66
2016					
Cash and cash equivalents	4,027	4,027	-	-	-
Receivables					
Trade debtors	874	-	757	30	87
Interest receivable	7	-	7	-	-
Total	4,908	4,027	764	30	87

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

c. Liquidity risk

Liquidity risk is the risk that SSCT would be unable to meet its financial obligations as and when they fall due. SSCT operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

SSCT's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. SSCT manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short term obligations;
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

SSCT's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available for sale financial investments.

The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements, represents SSCT's maximum exposure to liquidity risk.

The following Table 21.5 discloses the contractual maturity analysis of contractual financial liabilities:

Table 21.5: Maturity analysis of contractual financial liabilities

	Carrying amount \$'000	Nominal amount \$'000	Not past due and not impaired \$'000	Past due but not impaired		
				Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000
2017						
Payables	2,751	2,751	2,703	10	8	30
Other liabilities	2,472	2,472	2,472	-	-	-
Total	5,223	5,223	5,175	10	8	30
2016						
Payables	2,687	2,687	-	2,687	-	-
Other liabilities	3,422	3,422	2,872	550	-	-
Total	6,109	6,109	2,872	3,237	-	-

d. Market risk

SSCT's exposures to market risk are primarily through foreign currency risk and interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below

Foreign currency risk

SSCT is exposed to foreign currency risk mainly through receivables relating to the hire of SSCT's venue by overseas clients, and payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of transactions denominated in foreign currencies and a relatively short timeframe between commitment and settlement.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. SSCT does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

SSCT has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits.

SSCT manages this risk by management monitoring movement in interest rates on a daily basis and has concluded for cash at bank, as financial assets that can be left at floating rate without necessarily exposing SSCT to significant bad risk.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in Table 21.6 and 21.7:

Table 21.6: Interest rate exposure of financial instruments

2017	Weighted average effective interest rate %	Variable interest rate \$'000	Non-interest bearing \$'000	Carrying amount \$'000
FINANCIAL ASSETS				
Cash and cash equivalents	1.45%	6,056	-	6,056
RECEIVABLES				
Trade debtors	N/A	-	231	231
Interest receivable	N/A	3	-	3
Loan receivable	N/A	-	43	43
Total financial assets	N/A	6,059	274	6,333
FINANCIAL LIABILITIES				
Payables	N/A	-	2,751	2,751
Other liabilities	N/A	-	2,472	2,472
Total financial liabilities	N/A	-	5,223	5,223
2016				
FINANCIAL ASSETS				
Cash and cash equivalents	1.7%	4,027	-	4,027
Receivables	N/A	7	874	881
Total financial assets	N/A	4,034	874	4,908
FINANCIAL LIABILITIES				
Payables	N/A	-	2,687	2,687
Other liabilities	N/A	-	3,422	3,422
Total financial liabilities	N/A	-	6,109	6,109

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Table 21.7: Market risk exposure – Interest rate

	Interest rate risk				
	Carrying amount \$'000	-1% Net result \$'000	-1% Equity \$'000	+1% Net result \$'000	+1% Equity \$'000
2017					
Cash and cash equivalents	6,056	(61)	(61)	61	61
Total (decrease)/increase	6,056	(61)	(61)	61	61
2016					
Cash and cash equivalents	4,027	(40)	(40)	40	40
Total (decrease)/increase	4,027	(40)	(40)	40	40

e. Fair value

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- **Level 1** – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- **Level 2** – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- **Level 3** – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

SSCT currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short term nature or with the expectation that they will be paid in full by the end of the 2016-17 reporting period. These financial instruments include:

Financial assets	Financial liabilities
Cash and cash equivalents	Payables:
Receivables:	<ul style="list-style-type: none"> • For supplies and services
<ul style="list-style-type: none"> • Sale of goods and services 	<ul style="list-style-type: none"> • Amounts payable to government
<ul style="list-style-type: none"> • Other receivables 	<ul style="list-style-type: none"> • Other payable

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

Table 21.8: Fair value of financial instruments measured at amortised cost

	Carrying amount 2017 \$'000	Fair value 2017 \$'000	Carrying amount 2016 \$'000	Fair value 2016 \$'000
CONTRACTUAL FINANCIAL ASSETS				
Cash and cash equivalents	6,056	6,056	4,027	4,027
RECEIVABLES				
Trade debtors	231	231	874	874
Interest receivable	3	3	7	7
Loan receivable	43	43	-	-
Total contractual financial assets	6,333	6,333	4,908	4,908
CONTRACTUAL FINANCIAL LIABILITIES				
Payables	2,751	2,751	2,698	2,698
Other liabilities	2,472	2,472	3,422	3,422
Total contractual financial liabilities	5,223	5,223	6,120	6,120

CERTIFICATION

In accordance with a resolution of the Trustees of the State Sport Centres Trust, we state that in our opinion:

- a. the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes forming part of the financial statements, presents fairly the financial transactions of the Trust during the financial year ended 30 June 2017 and the financial position of the Trust as at 30 June 2017;
- b. the attached financial statements for the Trust have been prepared in accordance with Standing Direction 5.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements; and
- c. at the date of this report we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Mr. Christopher Jackson
Audit & Risk Committee Chairman
State Sport Centres Trust



Mr. Phil Meggs
Chief Executive Officer and Accountable Officer
State Sport Centres Trust



Mr. Thomas Crookes
Chief Finance and Accounting Officer
State Sport Centres Trust

Melbourne

Date: 8 September 2017

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Independent Auditor's Report

To the Trustees, State Sports Centre Trust

Opinion	<p>I have audited the financial report of the State Sports Centre Trust (the trust) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2017 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including a summary of significant accounting policies • certification. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the trust as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other information	<p>The Trustees of the trust are responsible for the Other Information, which comprises the information in the trust's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
Trustees' responsibilities for the financial report	<p>The Trustees of the trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Trustees' determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p>

Trustees' responsibilities (continued) In preparing the financial report, the Trustees are responsible for assessing the trust's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit 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 the 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 the 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 our 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 trust's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees
- conclude on the appropriateness of the Trustees' 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 trust'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 my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the trust 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.

I communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
8 September 2017



Anna Higgs
as delegate for the Auditor-General of Victoria

STATE SPORT CENTRES TRUST

30 Aughtie Drive
Albert Park VIC 3206

T +61 3 9926 1555

F +61 3 9926 1666

melbournesportshub.com.au