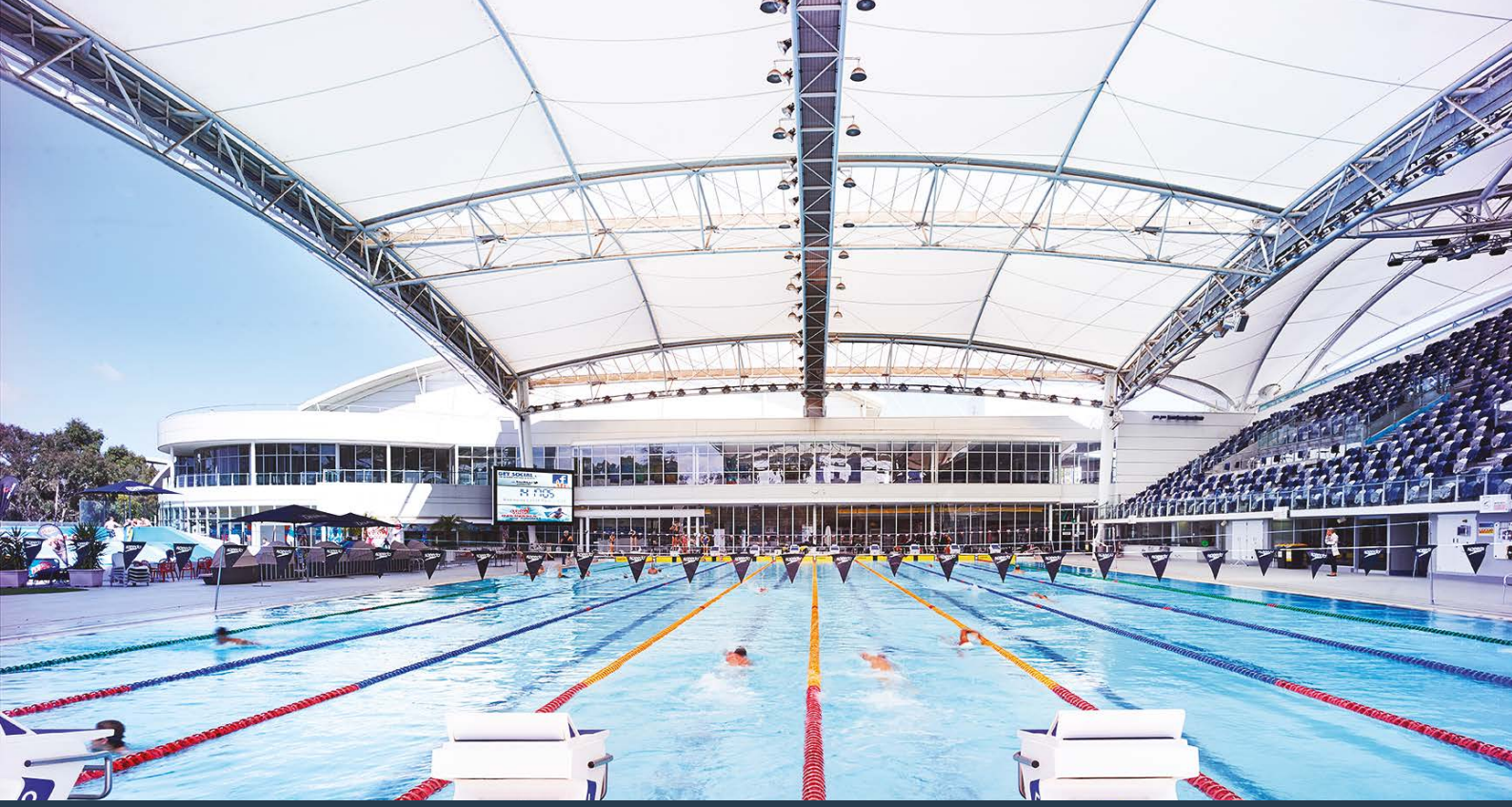


STATE SPORT CENTRES TRUST

ANNUAL REPORT
2017 – 2018





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THE CHAIRMAN AND CEO'S REPORT

The 2017/18 financial year signified 20 years since the establishment of the State Sport Centres Trust (SSCT) and its iconic foundation venue MSAC (Melbourne Sports & Aquatic Centre). Since then, MSAC has added Sports House, the home to many State Sports Associations, the State Netball & Hockey Centre in Parkville, and Lakeside Stadium, where state athletic associations and the Victorian Institute of Sport are housed.

Throughout the past year there has been a continued focus on supporting the State Sports Associations with their training, significant events, and other activities to inspire participation across Victoria. At the same time, hundreds of thousands of school children have had the opportunity to participate in a wide variety of school sports including swimming and athletics in an environment in which their sports heroes have trained and competed.

As the MSAC facilities are more than 20 years old, significant behind the scenes maintenance has been underway this year. Some parts of the venue have required particular attention, including the complete refurbishment of the wave pool and updating the amenities. This has improved the experience for all visitors who now have access to upgraded toilets and change rooms, café areas, and general public spaces. Spending more time in sport is complemented with increased social time, providing many benefits for the mental and physical wellbeing of participants, their families and other visitors.

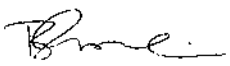
While traffic changes in the area have made visiting MSAC challenging at times, a strong focus on customer service, along with improvements including extended crèche services, increased bike parking, and the removal of car parking permits for parents accompanying children to swimming lessons or training, has seen an increase in memberships. New water fountains and drink bottle refill stations have seen more than 250,000 bottles filled in the past year, resulting in significant savings to both the environment and cost to visitors.

Sports continue to look to the SSCT's venues as a key component of their operations. New sports include indoor hockey and Ultimate Frisbee and the SSCT's venues are also used as a training base for Melbourne Vixens netball, Victorian Fury netball and Triathlon Victoria. Girls Sport Victoria and School Sports Australia head offices are also based at SSCT venues. Many regional, state, national and international events have been held across the past year, providing opportunities for local athletes to participate in and spectators to view many less mainstream sports, including table tennis, squash, badminton, diving, water polo, volleyball, taekwondo, cheer/dance, and gymnastics, along with the more traditional swimming and athletics events.

One of the key highlights for the 2017/18 financial year was the progression of the planned redevelopment of the State Netball & Hockey Centre. We would like to thank the Victorian Government for its support of this critical project which will include a specialised high-performance training centre focused on female athletes, additional indoor netball courts, a dedicated indoor hockey facility, the home for the State Government's "Change our Game" Womens Leadership in Sport Centre, as well as upgraded amenities for all visitors. With funding committed by the Victorian Government, construction work will begin in the next year.

With more than two million visits over the last 12 months the SSCT's venues support a wide and varied range of activities and members of the community, from local leisure activities to athlete training and competition. We would like to thank all our sports partners, State Sports Associations, national sporting organisations, local sports clubs and associations, as well as all our visitors who continue to return to our venues. This is only possible with the extensive support of the State Government, The Honourable John Eren, Minister for Sport, and the Department of Sport & Recreation Victoria. We thank the State Government, along with SSCT members, for their continued commitment, dedication and passion to sport and active recreation in Victoria.

We would also like to thank the dedicated team who work for the SSCT and run the venues, working almost every day of the year, from well before dawn to late at night, with one purpose – wanting people to be excited about sport, engage in healthy activity, and feel inspired to be their best! Thank you all.



Mr. Brett Moore
Chairman



Mr. Phil Meggs
Chief Executive Officer

OUR PURPOSE

WE WANT PEOPLE TO BE EXCITED ABOUT SPORT, ENGAGE IN HEALTHY ACTIVITY, AND FEEL INSPIRED TO BE THEIR BEST

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 SSCT'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 SSCT

g. To accept appointment and act as a committee of management of Crown lands, and

h. Appointed Community Manager for Lakeside Stadium.

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.

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 SSCT, 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.

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

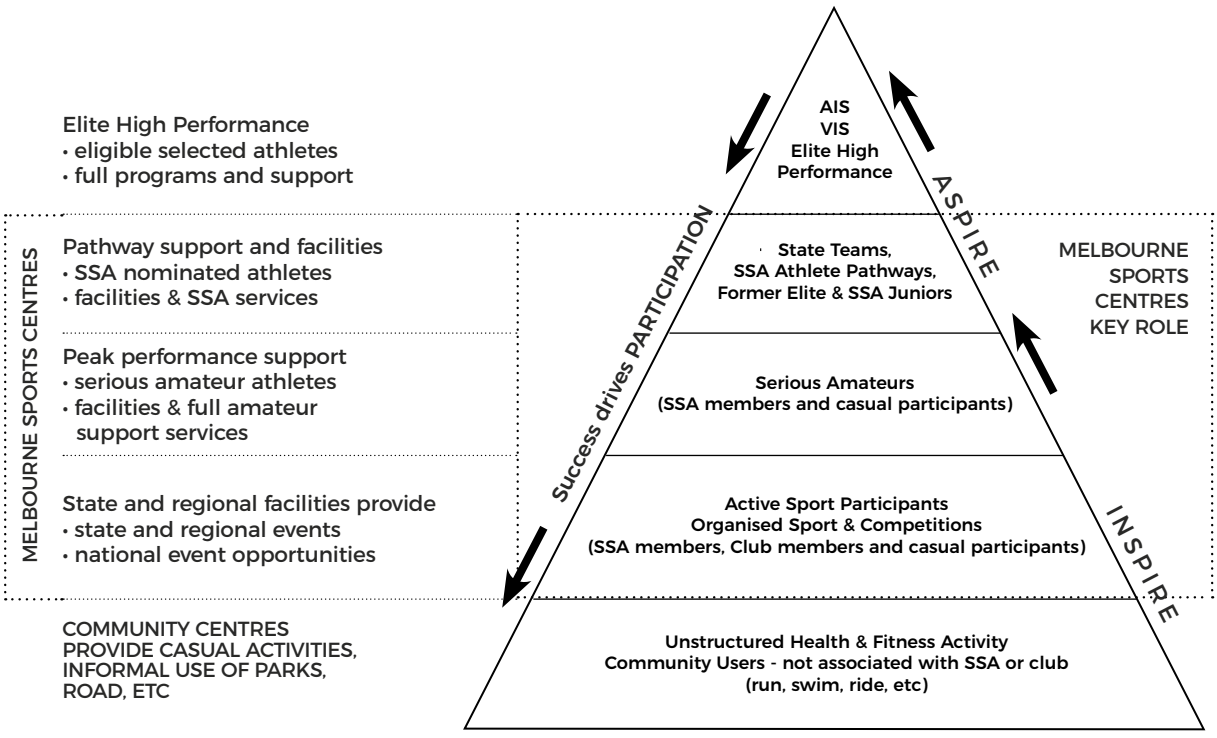
Driven by understanding, inclusion and equality, we celebrate diversity and are committed to providing a safe and supportive environment where our visitors and team can flourish without fear of discrimination, injury or judgement.

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.



PARTICIPATION DRIVES HEALTHY COMMUNITIES, WELLBEING AND LIVEABILITY

OUR SPORTING TENANTS

STATE SPORTS ASSOCIATIONS

- Athletics Victoria
- Badminton Victoria
- Baseball Victoria
- Basketball Victoria
- Dragon Boat Victoria
- Girl Sports Victoria
- Gymnastics Victoria
- Hockey Victoria
- Lacrosse Victoria
- Netball Victoria
- School Sport Victoria
- Squash and Racquetball Victoria
- Swimming Victoria
- Table Tennis Victoria
- Taekwondo Victoria
- Triathlon Victoria
- Ultimate Victoria
- Water Polo Victoria

NATIONAL SPORTING ORGANISATIONS

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

OTHER SPORTING TENANTS

- Australian Basketball Resources
- Australian Dancing Society
- Masters Swimming Australia
- Melbourne Vicentre swimming club
- Midnight Basketball
- South Melbourne Districts Little Athletics Club
- South Melbourne Football Club
- South Melbourne Little Athletics Club
- Sports Dietitians Australia
- Sports Medicine Australia
- Sydney Swans Football Club
- Vicsport

OUR GOVERNANCE

TRUST MEMBERS

Mr. Brett Moore (Chairman)

Ms. Kimberley Brown

Ms. Tracey Cooper

Mr. Jack Diamond

Mr. Chris Jackson

Ms. Danni Roche OAM

Ms. Patsy Toop OAM

AUDIT & RISK COMMITTEE MEMBERS

Mr. Chris Jackson (Chairman)

Mr. Jeff Floyd

Ms. Patsy Toop OAM

Mr. Ian Thompson

Ms. Kimberley Brown

EXECUTIVE TEAM

Mr. Phil Meggs
Chief Executive Officer

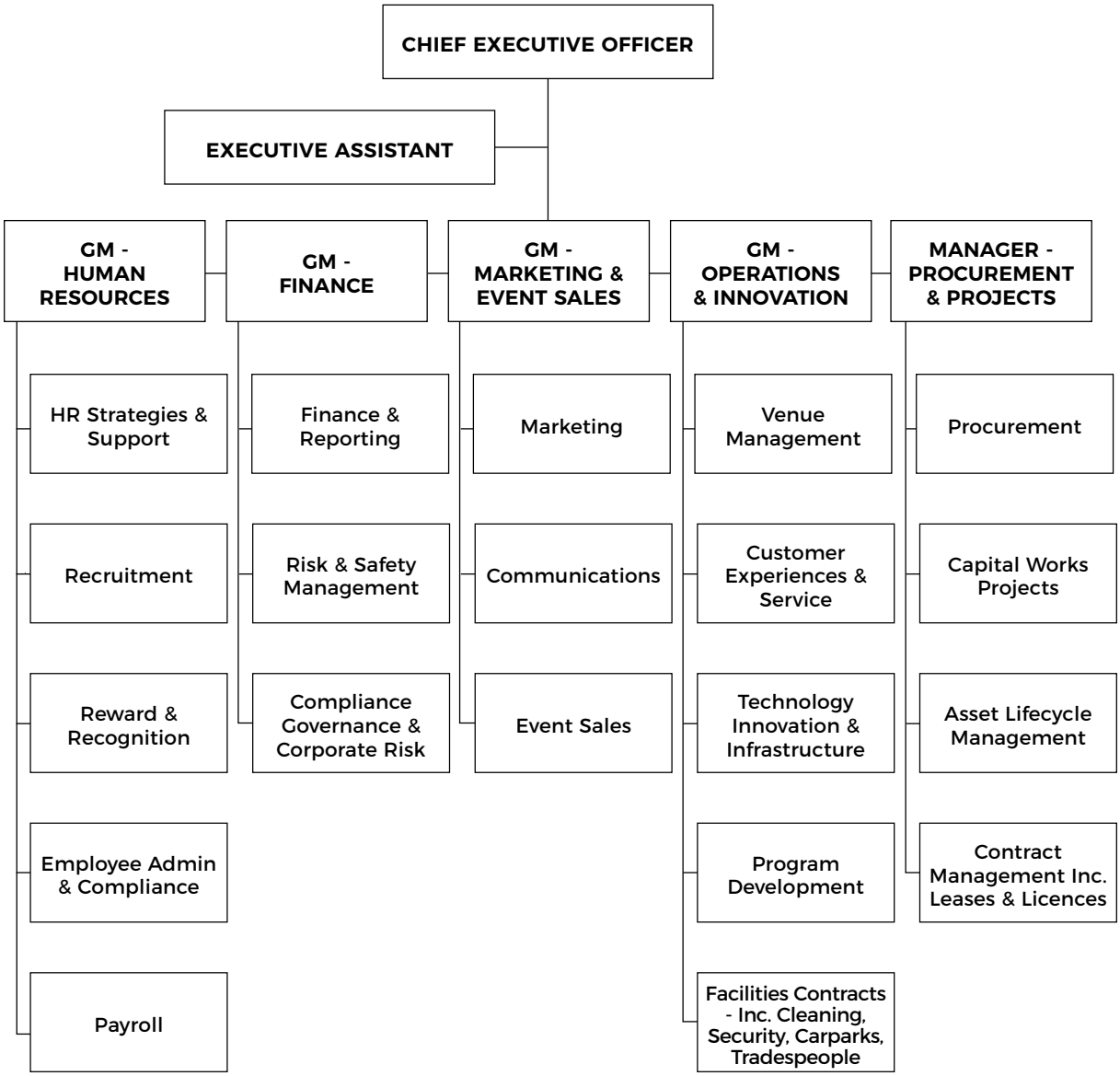
Ms. Belinda Leaver
GM Human Resources

Mr. Daniel Speed
GM Finance

Ms. Dan Brown
GM Marketing & Event Sales

Ms. Rebecca Brodie
GM Operations & Innovation

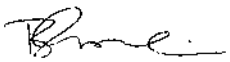
ORGANISATIONAL STRUCTURE



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 2018.



Mr. Brett Moore
Chairman

ATTESTATION FOR FINANCIAL MANAGEMENT COMPLIANCE WITH MINISTERIAL STANDING DIRECTION 5.1.4

State Sport Centres Trust Financial Management Compliance Attestation Statement

I, Christopher Jackson, on behalf of the Responsible Body, certify that the State Sport Centres Trust has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.



Mr. Christopher Jackson
Trust Deputy Chairman and Audit & Risk Committee Chairman

OUR YEAR IN REVIEW

2017– 2018 has been a busy year with key projects and improvements delivering on our Purpose – exciting people about sport, engaging in healthy activity, and inspiring them to be their best.

MAJOR INVESTMENT

The SSCT has undertaken major capital investment during 2017/18, with the following capital works projects commenced or completed:

- MSAC gym expansion and Athlete Performance Centre – extension of the gym floor real estate and service provisions to allow higher volume of group classes and introduce a high performance space
- Sir Albert Café Redevelopment – the significant improvement and remodelling of the MSAC Café was finalised early in the year allowing for an improved catering service experience
- MSAC main foyer and reception upgrade – new main reception desk for centralised customer service and refresh of floor surfaces
- MSAC stadiums amenities upgrade - new toilets, showers and amenities for the stadium areas around Table Tennis, Basketball Hall and retail areas
- MSAC Hall 1 upgrades – upgrade of the Table Tennis Hall to a true multipurpose space with the addition of a purpose-built indoor hockey court with grandstand, two multi use netball courts and the upgrade of the table tennis floor surface
- MSAC Wave Pool – upgrade of the wave pool tiling, garden areas and toddler area
- MSAC car park infrastructure upgrade - the installation of Licence Plate Recognition and boom gate technology to our Multi-Deck and Stadiums Car Park facilities
- MSAC stadiums entrance landscaping – improvements to existing garden areas with the addition of a timber decking area
- MSAC State Swim Analysis Lab – removal of the FlowRider facilities to add five additional swim lanes and the introduction of a high performance swim stroke analysis facility with underwater cameras and swim current jets
- SNHC infrastructure works – additional investment in venue preparation and infrastructure to facilitate the International Festival of Hockey
- LED lighting upgrades through the MSAC venue – improving lighting performance and sustainability
- MSAC Media Room – development of a purpose-built media space for use by our sporting partners
- MSAC water fountain upgrades – introduction of 12 new filtered water fountains to help measure our water use and reduce plastics waste.

SNHC REDEVELOPMENT

The $64.6 million SNHC redevelopment is the centrepiece of the Victorian Government's record investment in women's sport.

The SNHC project provides more opportunities for women of all ages to get active and strive for their best, on and off the courts.

The upgrade will cement Parkville as the home for netball and hockey in Australia with six new indoor netball courts, a new indoor hockey facility, a high-performance strength and conditioning gym and a home for Netball Victoria and Hockey Victoria.

The SNHC will cater for elite athletes and competition as well as being a hub for athlete development, major sport programs, sector education programs, and sports administration.

The redevelopment will also establish the Women in Sport Leadership Centre, which will kick start initiatives to drive cultural change and grow female leadership in sport.

The $64.6 million SNHC project will deliver the following:

- 6 new indoor netball courts to replace the current 4 outdoor courts
- A new indoor hockey facility to support the new and emerging sport of indoor hockey
- A high-performance strength and conditioning gym
- The 'Change our Game' Womens Leadership in Sport Centre
- Sports House 2 - modelled on 'Sports House' at the Melbourne Sports and Aquatic Centre, and providing a home for the peak sporting bodies Netball Victoria and Hockey Victoria
- Upgrades to amenity and infrastructure including: the development of a new front entrance, providing for improved circulation and improving access to local public transport.

The 'Change our Game' Womens Leadership in Sport Centre aims to redress the imbalance in the number of women in leadership roles in the sport and active recreation sector and allow women and girls to participate and perform at a high level both on and off the field.

The new facilities will be developed within the existing boundary of the SNHC.

Construction is scheduled to commence November / December 2018 with a completion date of mid 2020.

SPORTS PARTNERSHIPS

There continued to be a strong focus during the 2017/18 financial year towards strengthening relationships with State Sports Associations, demonstrated by the Athlete Performance Centre project. This state-of-the-art facility provides State and National Association sponsored athletes, groups and professional teams with a purpose-built space to support and inspire their athletic endeavours.

2017/18 has seen the SSCT collaborate closely with the Associations on programs and events, successfully winning a 4-year bid to host the Australian Short Course Swimming Championships.

MAJOR EVENTS

The team had another busy year with 300+ events hosted across the three venues, with approximately 45% of all events held at MSAC, 35% at Lakeside, and 20% at State Netball and Hockey Stadium.

MSAC Aquatics:

MSAC saw the return of key aquatic events:

- 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 Family Championships
- Diving Victoria Open Championships
- Water Polo Victoria State Championships
- Victorian Synchronised Swimming State Championships
- Triathlon Pink
- MS 24 Hour swim.

MSAC Stadiums:

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 a number of championship competitions:

- AASCF Winterfest Cheer & Dance Championships and AASCF Championships
- AFBJJ Jiu Jitsu National Championship
- IBJJF Pan Pacific Jiu-Jitsu Championship
- Melbourne International Pro - UAE Jiu Jitsu Federation Championship
- UDO Street Dance Championship & Masters of Choreography Dance Expo
- Australian Schools Volleyball Championships
- Gymnastics Victoria 2018 Senior Victorian Championships
- Squash Australian National Championships
- Badminton Victoria Clendinnen Shield & Australia National Championships
- Sydney Swans Fan Day
- Next Gen NBL Combine
- Melbourne United Fan Day
- Australian Corporate Games.

MSAC also hosted on a regular basis elite teams and athletes for training, competition and recovery sessions.

Guest teams in 2017/18 included:

- Melbourne Tigers SEABL
- Melbourne United
- Vixens/Vic Fury
- Sydney Kings
- New Zealand Breakers
- Wellington Hurricanes
- Australian Boomers
- Victorian Men's Cricket Team
- AFL Clubs
    - Collingwood Football Club
    - Essendon Football Club
    - Melbourne Football Club
    - Carlton Football Club
    - Hawthorn Football Club
    - Port Adelaide Football Club
    - Sydney Football Club.

Lakeside Stadium:

The stadium hosted a number of high profile events, some of which included:

- NPL Victoria Grand Final
- Athletics Victoria Zatopek 10
- Kabaddi World Cup
- FFA Cup Semi Final – South Melbourne FC vs Sydney FC (broadcasted on Fox Sports)
- W league matches – both Melbourne Victory & Melbourne City.

OUR YEAR IN REVIEW

In addition to hosting events, Lakeside played residence to several elite teams, including:

- Sydney Football Club (A League)
- Guangzhou R & F (Chinese Super League)
- Rugby League World Cup Training Venue (Australia & England)
- International Rules (Ireland)
- Matildas (Australian Women's soccer team).

State Netball Hockey Centre:

The SHNC continued to play host to a number of championships, key events and representative teams:

- Hockey Junior State & Country Championships
- Hockey Victoria Junior, Senior & Master's Finals
- Hockey Premier League Hockey Finals
- Australian Netball League
- Netball Victoria Association Championship Finals
- Australian Schools Volleyball Cup
- Taekwondo Victoria Club Championships, State Selection & Gradings
- Taekwondo Victorian Autumn Open
- Gymnastics Victoria Victorian Championships
- School Sport Victoria Pacific School Games
- Traditional Melbourne Motorcycle Run
- Victorian Dodgeball League
- Melbourne Vixens
- Victorian Fury
- Victorian State Men & Women Hockey Teams - Vikings & Vipers
- International Festival of Hockey – Teams from Australia, USA, Japan, New Zealand, Pakistan & Netherlands.

MEMBERSHIPS & GYM

In the 2017/18 financial year, Performance and Aquatic memberships continued to offer an extensive range of classes and services, with strong appeal evidenced by a 17% growth in membership.

With our members getting younger, as the average member's age drops from 47 to 43 years, along with a near 50/50 gender balance, we consistently apply the best possible balance to our available services to ensure we best meet the needs of every single member.

The Wellness Zone boasts a hydrotherapy pool and three studios. These studios are dedicated to offering a large number of low impact, functional classes that account for nearly 50% of our class offerings.

Performance Members enjoyed access to two brand new studios that provided a 20% increase in available space and continued to offer an extensive range of class types that reflect current trends and are offered at times most suited to our members. Both studios offer the best equipment available with 30 Stages spin bikes and supporting software, along with a range of high quality Les Mills aerobic equipment.

With 117 Gym and Wellness Zone classes, 25 Aquatics sessions and 6 social running group options available every week. The SSCT continues to 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.

SWIM SCHOOL

MSAC Swim School had a successful year with increased participation across all programs compared to the 2016/17 financial year. Due to popular demand, Swim School continued to grow by further utilising available space, improving class structure, and through the introduction of new lessons and programs for all abilities. All this was achieved within the appropriate budget allocated for Swim School.

In an ever-increasing market of strong competitors, Swim School has managed to increase enrolment numbers, providing aquatic education to over 17,605 patrons within the following groups:

- 2,260 Water Babies
- 7,720 Child - Learn to Swim students
- 392 Adult - Learn to Swim participants
- 212 Private Lessons for students
- 932 Squad members
- 131 People with Disabilities
- 2,735 Holiday Intensive students
- 3,223 Schools Program - Learn to Swim students.

CHILDREN'S PROGRAMS

Due to the temporary closure of the wave pool and waterslide whilst undergoing renovations, the Children's Programs recorded a reduced number of participants from school/ party groups and SplashOUT patrons. Planet Sport programs experienced overall low participation during the winter months, and overheads were reduced in-line with revenues. Birthday Parties participation increased by 1801 guests from the previous year and Planet Sport saw a decrease of 347 children due to the very competitive market. An active program that offers social interactions for patrons with disabilities was also successfully introduced during the year.

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, and recorded the following levels of participation:

- 4,530 children enjoyed a birthday party experience
- 13,665 students participated in our active stadium and aquatic programs; SportsOUT, WipeOUT and December SplashOUT school programs
- 3,017 children attended the Planet Sport school holiday program
- 34,888 enjoyed the fun and excitement of the SplashOUT program
- 307 participants engaged in our active modified sports programs for participants with disabilities.

CRÈCHE

The MSAC Crèche provides casual child care for children from 6 weeks to 5 years old for both members and casual users.

The Crèche received Department of Education and Training approval to increase operating hours, including Saturday morning and weekday afternoon sessions, aligning scheduled Gym classes with crèche sessions.

Overall, enrolments were slightly increased compared to the last financial year and has continued to grow business due to the new child care rebate scheme. The below figures break down the overall usage for the financial year:

- 6,334 total visitations to the Crèche
- 92% of all visitations were MSAC Members
- 121 new enrolments were achieved over the year.

CATERING

With the financial year commencing with the completion of the Sir Albert Café redevelopment, patrons were provided with a much improved space to enjoy the wide variety of healthy options available.

RETAIL

Our retail offering at MSAC remained consistent during the 2017/18 financial year.

COMMUNITY REFERENCE PANEL

MSAC established the Community Reference Panel as part of our commitment to better understand the needs of our visitors and to identify opportunities to improve our day-to-day operations and service delivery.

Meeting quarterly, the Panel offers MSAC management the opportunity to engage with community representatives on the operations at MSAC from the perspective of our various users. This includes:

- Providing management with information and feedback as to how we can best service our members, visitors and other user groups: and
- Identifying issues, concerns and feedback that MSAC need to take into consideration during projects and day-to-day operations.

SAFETY, RISK MANAGEMENT & COMPLIANCE

The SSCT is committed to enabling sporting organisations and individuals to reach their potential with state-of-the-art facilities and world class events. The core purpose of the Safety, Risk Management & Compliance function is to support and enable the achievement of the SSCT's strategic objectives, as well as delivering a safe and healthy environment as far as reasonably practicable for employees, contractors and visitors.

This is facilitated through the ongoing 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

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

- High workforce engagement through the development of risk and safety culture
- Continuous improvement through compliance and improvement action monitoring
- Promotion of preventive 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:

- Enhancement of the Internal Auditing Program to include the monthly internal review of compliance with key governance objectives and procedures
- A 12% reduction in total injuries across the venues when compared to the previous year; which includes 17% reduction in public injuries (excluding those sustained as a result of sporting activity)
- Continued improvement of an ongoing organisational wide safety training program to target safe behaviours, prevention of injuries through early reporting, and emergency response preparedness
- The introduction of a Contractor Management System to meet the challenging demands of large projects and events
- 58% 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	2018	2017	2016
MSAC	0.40	0.38	0.46
SNHC	0.08	0.09	0.10
Lakeside	0.29	0.30	0.39

Lost Time Ratio:

	2018	2017	2016
SSCT	1.29	1.74	1.13

(Total number of staff injuries resulting in lost time per 100 full time equivalent staff members)

Average Cost Per Claim:

Venue	2018	2017	2016
SSCT	$4,852	$18,103	$3,154

The significant increase in 2017 is due to a single significant, multi-faceted claim that was ultimately denied.

Preventative Reporting & Hazard Management:

Category	2018	2017	2016
Preventative Reports *(Hazard, near miss and improvement reports)*	353	223	182
Staff and Public Injuries *(Excluding injuries sustained as a result of sport activity)*	280	335	413

FACILITIES MAINTENANCE

The Facilities and Maintenance Teams have been diligent in maintaining safety, accessibility and services to the venues during a challenging high volume capital works period. In partnership, the SSCT contracts product suppliers and trades to manage all aspects of the buildings performance including the following:

- Proactive and reactive maintenance
- Minor works
- Project management / capital works
- Capital planning
- Asset management
- Environmental management
- Occupational health and safety.

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. Continued investment into the ongoing venue maintenance ensures that the venues meet the expectation of the user and operator.

The SSCT, in keeping with its published strategic objectives, has maintained its drive to be a leader in environment management practices through continuous improvement, demonstrated by continued upgrades to LED lighting in sports and public areas.

MARKETING

The key priorities for marketing in 2017/18 included:

- stabilising improvements and enhancements as set out in the 2016/17 annual plan
- developing strategies for 2018/19
- rolling out all corporate and consumer marketing activity across the organisation
- supporting our key sporting partners and athletes with content development, imagery, promotional activities, digital support etc.

INFORMATION COMMUNICATION & TECHNOLOGY

The SSCT is committed to innovating our information communications and technology to enhance the customer experience and create operational efficiencies for our staff. Current major projects underway include SSCT website upgrade as well as undertaking a review of all operational software and hardware. Accounting software has been upgraded and completed in 2017/18.

At MSAC, integrated digital screens have been installed to improve communication and wayfinding for customers, with the project due for completion by September 2018. Works have also commenced to introduce WiFi services for facility users.

HUMAN RESOURCES

The goal of the Human Resource team is to support SSCT achieve its Strategic 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
- Training and development
- Reward and remuneration
- Payroll
- Employee relations.

Key achievements in the people and culture space include:

- Restructure of the HR function to focus on providing better support to the business
- Organisational restructure to support the Strategic Plan
- Overhaul of SSCT's Vision, Mission and Purpose
- Focus on developing staff to improve the customer experience within the Venues
- 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.

FINANCIAL OVERVIEW

Operating Statement

For the financial year ended 30 June 2018, SSCT made an operating profit of $0.8 million, with a net deficit position from total transactions of $12.5 million realised after depreciation is taken into consideration.

The lower Operating Result was primarily due to the $1.1m of Financial Recovery Plan funding received during the prior year.

Income from sales of good and services deteriorated due to increased competition from purpose-built facilities, entry prices being held unchanged for the year, on-going access issues caused by inner city congestion and traffic issues, and temporary closures related to asset lifeycle management or refurbishment. Expenses continued to grow due to higher maintenance costs associated with aging facilities and significant increases in utilities costs.

Operational funding received during the financial year is inclusive of the $4.8 million announced as part of the Victorian Government 2017/18 Budget and is representative of the on-going support SSCT provides to State Sport, the ever-increasing cost base of operations and providing state of the art facilities, and existing liabilities required to be repaid during the period.

OUR YEAR IN REVIEW

Balance Sheet

Liabilities decreased for the fifth consecutive year, due to continued repayments against the Greener Government Buildings advance and tighter management of the accounts payable function.

It is noted that SSCT 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 2018/19 financial year, despite funding having already been received.

Throughout the year SSCT oversaw a capital improvements program of $5.1 million, increasing the underlying cost base of assets. Additionally, the SNHC Redevelopment continued to progress with an additional $1.5 million funding received during the year.

Changes in Equity

SSCT has recorded a decrease in equity of $5.5 million in 2017/18. This was as a result of the following key factors:

- Capital funding received of $5.1 million
- SNHC Redevelopment funding received of $1.8 million
- A net loss for the year of $12.4 million.

Cash Flows

SSCT recorded an increase in cash held of $0.1m, in spite of the higher cash loss, 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

	2017/18 ($'000)	2016/17 ($'000)	2015/16 ($'000)	2014/15 ($'000)	2013/14 ($'000)
Income	26,065	29,229	22,752	21,827	22,370
Expenses	(25,256)	(27,346)	(23,966)	(22,665)	(22,435)
Operating Result	**809**	**1,833**	**(1,214)**	**(838)**	**(65)**
Depreciation	(12,863)	(12,367)	(9,308)	(9,143)	(8,924)
Net Result From Transactions	**(12,054)**	**(10,484)**	**(10,522)**	**(9,981)**	**(8,989)**
Total Assets	**382,998**	**389,046**	**352,361**	**342,739**	**345,767**
Total Liabilities	**6,427**	**6,986**	**8,133**	**8,748**	**9,366**

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 SSCT. For the 12 months to 30 June 2018 SSCT received no requests for information pursuant to the Freedom of Information Act 1982 (2017: 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
30 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

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

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 SSCT. SSCT has however undertaken to comply with the specifications of the Building Act 1993 wherever applicable.

NATIONAL COMPETITION POLICY

SSCT 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 SSCT 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 SSCT to report on the implementation of the Victorian Industry Participation Policy ('VIPP'). SSCT is required to apply VIPP in all tenders over $3 million. During 2017/18 SSCT 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 SSCT's Accountable Officer and is available on request, subject to the Freedom of Information Act 1982.

EMPLOYMENT & CONDUCT PRINCIPLES

SSCT 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.

LEGISLATIVE & GOVERNMENT POLICY COMPLIANCE

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.

SSCT 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. SSCT 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 SSCT or any of its employees and/or officers may be made to the following officer:

The Protected Disclosure Coordinator and Officer:

Daniel Speed
General Manager Finance

30 Aughtie Drive
Albert Park VIC 3206

Email: DanielS@ssct.com.au
Telephone: (03) 9926 1520

Alternatively, disclosures of improper conduct or detrimental action by SSCT 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 SSCT 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 SSCT and notified to the Independent Broad-based Anti-corruption Commission:

	2017/18	2016/17
Assessable disclosures	-	-

CONSULTANCY SERVICES

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

Consultant	Description	Start Date	End Date	Total Approved Project Fee	2017/18 Expenditure ($)	Future Expenditure ($)
Kinetica	Price setting strategy	21 June 2017	15 Sept 2017	23,000	19,000	-
Stroke Rite	SSA High Performance Pathways	20 June 2017	9 Oct 2017	18,000	10,800	-

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

- Number: 1 (2016: 2)
- Total Amount: $5,000 (2016: $8,000)

DISCLOSURE OF GRANTS AND TRANSFER PAYMENTS

During the year, the following grant payments were received/receivable:

Organisation	Agreement	Grant Type	Amount ($)
Department of Health & Human Services	Operational Funding 2014/15 – 2017/18 (Amended)	General	6,287,000
	Total – Operational		**6,287,000**
	VicHealth Promotion Foundation – Drinking Fountains	Specific	60,000
	Congestion Levy Support for Lakeside Stadium Tenants	Specific	30,000
	State Netball Hockey Centre Redevelopment – Business Case 2017/18	Specific	1,815,000
	Total – Specific		**1,905,000**
	Capital Funding 2014/15 – 2017/18	Capital	5,100,000
	Total – Capital		**5,100,000**
	Total – Grants Received (DHHS)		**13,292,000**
Department of Education & Training	YES Funding (Traineeships)	General	6,250
	Registered Training Organisation Funding	General	37,352
	Total – Specific		**43,602**
	Total – Grants Received (DET)		**43,602**
Development Victoria	State Netball Hockey Centre Redevelopment	Specific	9,288
	Total – Specific		**9,288**
	Total – Grants Received (DV)		**9,288**
Total	**Total – All Grants Received**		**13,344,890**

During the year, the following grant payments were made:

Organisation	Agreement	Grant Type	Amount ($)
Development Victoria	State Netball Hockey Centre Redevelopment – Business Case 2017/18	Specific	1,500,000
	Total – Specific		**1,500,000**
	Total – Grants Paid (DV)		**1,500,000**
Total	**Total – All Grants Received**		**1,500,000**

GOVERNMENT ADVERTISING EXPENDITURE

SSCT did not undertake any campaigns with a media spend of $100,000 or greater during year-ended 30 June 2018.

DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

Total ICT expenditure incurred during the year-ended 30 June 2018 was:

Spend Type	Operational Expenditure	Capital Expenditure	Total
Business As Usual	1,052,870	137,590	**1,190,460**
Non-Business As Usual	88,128	124,720	**212,848**
Total	**1,140,998**	**262,310**	**1,403,308**

DISCLOSURE INDEX

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

LEGISLATION	REQUIREMENT	PAGE REFERENCE
Ministerial Directions & Financial Reporting Directions		
Report of operations		
Charter and purpose		
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
Management and structure		
FRD 22H	Organisational structure	6
Financial and other information		
FRD 10A	Disclosure index	18
FRD 22H	Employment and conduct principles	15
FRD 22H	Occupational health and safety policy	11
FRD 22H	Summary of financial results for the year	13
FRD 22H	Significant changes in financial position during the year	14
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FRD 22H	Application and operation of *Freedom of Information Act 1982*	15
FRD 22H	Compliance with building and maintenance provisions of Building Act 1993	15
FRD 22H	Statement on National Competition Policy	15
FRD 22H	Application and operation of the *Protected Disclosure Act 2012*	16
FRD 22H	Details of consultancies over $10,000	16
FRD 22H	Details of consultancies under $10,000	16
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FRD 22H	Disclosure of ICT expenditure	17
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Other disclosures as required by FRDs in notes to the financial statements		
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DECLARATION

The attached financial statements for the State Sport Centres Trust have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and financial position of the Trust at 30 June 2018.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 21 August 2018.



Mr. Christopher Jackson

Trust Deputy Chairman and Audit & Risk Committee Chairman
Responsible Body

State Sport Centres Trust

Melbourne
21 August 2018

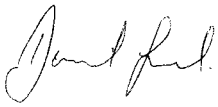


Mr. Phil Meggs

Chief Executive Officer
Accountable Officer

State Sport Centres Trust

Melbourne
21 August 2018



Mr. Daniel Speed

GM Finance
Chief Finance & Accounting Officer

State Sport Centres Trust

Melbourne
21 August 2018

Independent Auditor's Report

Victorian Auditor-General's Office

To the Members of the State Sport Centres Trust

Opinion

I have audited the financial report of the State Sport Centres Trust (the trust) which comprises the:

- balance sheet as at 30 June 2018
- 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 significant accounting policies
- declaration

In my opinion the financial report presents fairly, in all material respects, the financial position of the trust as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975.* 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 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The Members 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 2018, but does not include the financial report and my auditor's report thereon.

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.

Members' responsibilities for the financial report

The Members of the trust is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Members' 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.

In preparing the financial report, the Members are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members
- conclude on the appropriateness of the Members' 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 Members 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
27 August 2018

Ron Mak
as delegate for the Auditor-General of Victoria

ANNUAL FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	NOTES	2018 $ '000	2017 $ '000
INCOME FROM TRANSACTIONS			
Sale of goods and services	2.1	19,615	20,910
Grants	2.2	6,400	8,296
Interest	2.3	50	23
Total income from transactions		**26,065**	**29,229**
EXPENSES FROM TRANSACTIONS			
Employee expenses	3.1	12,081	12,123
Depreciation	4.1.2	12,863	12,367
Grant expenses	3.2	9	850
Other operating expenses	3.3	13,166	14,373
Total expenses from transactions		**38,119**	**39,713**
Net result from transactions (net operating balance)		**(12,054)**	**(10,484)**
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Impairment of loans and receivables		(57)	(8)
Net gain / (loss) on revaluation of non-financial physical assets	4.1.1	-	(13,702)
Net gain / (loss) on disposal of non-financial physical assets		(293)	
Net gain / (loss) arising from revaluation of long service leave liability		-	6
Total other economic flows included in net result		**(350)**	**(13,704)**
Net result		**(12,404)**	**(24,188)**
OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME			
Changes in physical asset revaluation surplus	4.1.1	-	58,720
Total other economic flows – other comprehensive income		**-**	**58,720**
Comprehensive result		**(12,404)**	**34,532**

The accompanying notes form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2018

	NOTES	2018 $ '000	2017 $ '000
ASSETS			
FINANCIAL ASSETS			
Cash and cash equivalents	5.1	6,169	6,056
Receivables	5.2	1,408	532
Total financial assets		**7,577**	**6,588**
NON-FINANCIAL ASSETS			
Inventories	5.4	128	144
Property, plant and equipment	4.1	374,913	381,832
Other non-financial assets	5.5	380	482
Total non-financial assets		**375,421**	**382,458**
Total assets		**382,998**	**389,046**
LIABILITIES			
Payables	5.3	3,744	3,638
Borrowings	5.6	1,922	2,472
Employee related provisions	6.1	761	876
Total liabilities		**6,427**	**6,986**
Net assets		**376,571**	**382,060**
EQUITY			
Accumulated deficit		(112,743)	(100,339)
Physical asset revaluation surplus		196,915	196,915
Contributed capital		292,399	285,484
Total equity		**376,571**	**382,060**

The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL STATEMENTS

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	NOTES	2018 $ '000	2017 $ '000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Receipts from customers		21,495	23,336
Receipts from government		6,113	8,296
Interest received		48	27
Total receipts		**27,656**	**31,659**
PAYMENTS			
Payments to suppliers and employees		(27,662)	(30,684)
Payments of grant expenses		(9)	-
Total payments		**(27,671)**	**(30,684)**
Net Cash flows from / (used in) operating activities	**5.1.1**	**(15)**	**975**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of non-financial assets		(4,881)	(2,246)
Purchases of non-financial assets – SNHC Redevelopment		(1,500)	-
Sales of non-financial assets		9	-
Net cash flows from / (used in) investing activities		**(6,372)**	**(2,246)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Owner contributions by State Government – appropriation for capital expenditure purposes		6,500	3,300
Net cash flows from / (used in) financing activities		**6,500**	**3,300**
Net increase / (decrease) in cash and cash equivalents		**113**	**2,029**
Cash and cash equivalents at beginning of financial year		6,056	4,027
Cash and cash equivalents at end of financial year	**5.1**	**6,169**	**6,056**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	NOTES	PHYSICAL ASSET REVALUATION SURPLUS $ '000	ACCUMULATED DEFICIT $ '000	CONTRIBUTED CAPITAL $ '000	TOTAL $ '000
BALANCE AT 1 JULY 2016		**138,195**	**(76,151)**	**282,184**	**344,228**
Net result for the year		-	(24,188)	-	(24,188)
Other comprehensive income for the year	4.1.1	58,720	-	-	58,720
Capital appropriations		-	-	3,300	3,300
BALANCE AT 30 JUNE 2017		**196,915**	**(100,339)**	**285,484**	**382,060**
Net result for the year		-	(12,404)	-	(12,404)
Other comprehensive income for the year	4.1.1	-	-	-	-
Capital appropriations		-	-	6,915	6,915
BALANCE AT 30 JUNE 2018		**196,915**	**(112,743)**	**292,399**	**376,571**

The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

1. ABOUT THIS REPORT

The State Sport Centres Trust (the Trust) is a government agency of the State of Victoria, established pursuant to an order made by the Premier under the *State Sport Centres (Amendment) Act 2004 No. 70*.

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

Its principal address is:
State Sport Centres Trust
Melbourne Sports & Aquatic Centre
30 Aughtie Drive
Albert Park VIC 3206

Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing 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.

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 the Trust.

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.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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 applying AAS that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

These financial statements cover the State Sport Centres Trust as an individual reporting entity and include all the controlled activities of the Trust.

All amounts in the financial statements have been rounded to the nearest $1,000 unless otherwise stated.

Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act* 1994 (FMA) and applicable Australian Accounting Standards (AASs) 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 AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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.

2. OUR INCOME STREAMS

The State Sport Centres Trust's (the Trust) overall objective is to enable sporting organisations and individuals to achieve peak performance, reach their potential and deliver world class events. To enable the Trust to fulfil its objectives, it receives income in the form of grants from the State Government in addition to the income generated by selling goods and delivering services.

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

2.1 Sale of goods and services

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Sale of goods	3,247	711	3,958	3,466	964	4,430
Rendering of services	12,660	1,520	14,180	13,310	1,714	15,024
Rental income	1,387	90	1,477	1,371	85	1,456
Total sales of goods and services	**17,294**	**2,321**	**19,615**	**18,147**	**2,763**	**20,910**

Sale of goods

Income from the sale of goods is recognised when:

- The Trust no longer has any of the significant risks and rewards of ownership of the goods transferred to the buyer;
- The Trust no longer has continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- 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 Trust.

Rendering of services

Income from the supply of services is recognised by reference to the stage of completion of the services being performed. The income is recognised when:

- The amount of the income, stage of completion and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the Trust.

Rental income

Income from leasing of office and retail spaces within the Trust's venues is recognised on a straight-line basis over the lease term.

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 lease incentives are given to the lessee, the aggregate cost of incentives is 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.

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2.1.1 Operating leases as lessor

The Trust leases office and retail spaces within its venues to tenants. The committed future income yet to be realised in relation to these lease agreements are summarised below:

	2018 $ '000			2017 [(a)] $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Receivable no later than one year	670	28	698	854	15	869
Later than one year but later than five years	815	-	815	1,231	-	1,231
Later than five years	2,106	-	2,106	1,810	-	1,810
Total operating leases as lessor	**3,591**	**28**	**3,619**	**3,895**	**15**	**3,910**
Number of tenants		25			23	
Years remaining on leases		1 – 38 years			2 – 39 years	

(a) The prior year disclosure has been restated to remove inflationary increases previously included in the calculation.

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.

2.2 Grants

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
General purpose	6,331	-	6,331	7,289	157	7,446
Specific purpose grants for on-passing	-	9	9	709	-	709
Other specific purpose	60	-	60	50	91	141
Total grants	**6,391**	**9**	**6,400**	**8,048**	**248**	**8,296**

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to the Trust without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For non-reciprocal grants, the Trust recognises revenue when the grant is receivable or received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use. Grants for on passing are grants paid to one institutional sector (e.g. a state based general government entity) to be passed on to another institutional sector (e.g. local government or a private non-profit institution).

2.3 Interest

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Interest on bank deposits	49	1	50	22	1	23
Total grants	**49**	**1**	**50**	**22**	**1**	**23**

Interest income arises 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.

The effective interest method is the method used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

3. OUR COSTS OF DELIVERING GOODS AND SERVICES

This section provides an account of the expenses incurred by the State Sport Centres Trust (the Trust) in delivering services and outputs. In Section 2, the funds that enable the provision of goods and services were disclosed and in this note the cost associated with provision of goods and services are recorded.

3.1 Employee benefit expenses

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Salaries and wages, annual leave and long service leave	9,237	1,159	10,396	9,197	1,171	10,368
Defined contribution superannuation expense	823	73	896	814	91	905
Other employee expenses	708	81	789	745	105	850
Total employee expenses	**10,768**	**1,313**	**12,081**	**10,756**	**1,367**	**12,123**

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

3.2 Grant expenses

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Specific purpose grants for on-passing	-	-	-	709	-	709
Payments for specific purpose	-	9	9	50	91	141
Total grant expenses	**-**	**9**	**9**	**759**	**91**	**850**

Grant expenses can either relate to the on-passing, to another government body or sporting body, of funding received from another government body (i.e. specific purpose grants for on-passing); or the payment for a particular purpose using specific purpose funding for which conditions were attached to their usage. For specific purpose grants for on-passing, there is no expectation that the amount will be repaid in equal value (either by money, goods or services).

Grant expenses are recognised in the reporting period in which they are paid or payable. Grants can take the form of money, assets, goods, services or forgiveness of liabilities.

3.3 Other operating expenses

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Cleaning and chemicals	1,640	372	2,012	1,537	436	1,973
Car parking	521	178	699	1,269	872	2,141
Utilities	2,027	268	2,295	1,854	224	2,078
Cost of goods sold	1,396	286	1,682	1,463	413	1,876
Maintenance	2,043	428	2,471	1,673	259	1,932
Information and communications technology	750	207	957	772	151	923
Insurance expenses	338	54	392	360	58	418
Sport rebates	704	17	721	781	30	811
Security	405	31	436	400	31	431
Other operating supplies	1,414	87	1,501	1,672	118	1,790
Total other operating expenses	**11,238**	**1,928**	**13,166**	**11,781**	**2,592**	**14,373**

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. The carrying amounts of any inventories held for distribution are expensed (as cost of goods sold) when the inventories are distributed.

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4. OUR KEY ASSETS

The State Sport Centres Trust (the Trust) controls infrastructure that is utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the Trust to be utilised for delivery of those outputs.

Significant judgement: Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3.2 in connection with how those fair values were determined.

4.1 Property, plant and equipment

	2018 $ '000			2017 $ '000		
LAND AT FAIR VALUE	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Gross carrying amount	99,100	36,420	135,520	99,100	36,420	135,520
Net carrying amount	**99,100**	**36,420**	**135,520**	**99,100**	**36,420**	**135,520**
BUILDINGS AT FAIR VALUE						
Gross carrying amount	189,154	33,749	222,903	189,154	33,749	222,903
Accumulated depreciation	(7,842)	(1,530)	(9,372)	-	-	-
Net carrying amount	**181,312**	**32,219**	**213,531**	**189,154**	**33,749**	**222,903**
PLANT AND EQUIPMENT AT FAIR VALUE						
Gross carrying amount	16,488	2,866	19,354	15,664	2,990	18,654
Accumulated depreciation	(12,154)	(2,659)	(14,813)	(12,016)	(2,777)	(14,793)
Net carrying amount	**4,334**	**207**	**4,541**	**3,648**	**213**	**3,861**
LEASEHOLD IMPROVEMENTS AT FAIR VALUE						
Gross carrying amount	34,266	3,649	37,915	31,677	3,599	35,276
Accumulated depreciation	(16,647)	(2,241)	(18,888)	(14,574)	(1,988)	(16,562)
Net carrying amount	**17,619**	**1,408**	**19,027**	**17,103**	**1,611**	**18,714**
ASSETS UNDER CONSTRUCTION AT COST						
Gross carrying amount	796	1,498	2,294	831	3	834
Net carrying amount	**796**	**1,498**	**2,294**	**831**	**3**	**834**
TOTAL PROPERTY, PLANT AND EQUIPMENT						
Gross carrying amount	339,804	78,182	417,986	336,426	76,761	413,187
Accumulated depreciation	(36,643)	(6,430)	(43,073)	(26,590)	(4,765)	(31,355)
Net carrying amount	**303,161**	**71,752**	**374,913**	**309,836**	**71,996**	**381,832**

Notes:
(a) All property, plant and equipment held is deemed to held for the purpose of 'public administration'.

Initial recognition

Items of property, plant and equipment, 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.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent measurement

Property, plant and equipment (PPE) are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised below by asset category.

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 majority of the Trust'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 Trust's specialised land and specialised buildings was performed by the Valuer-General Victoria (VGV) during the previous financial year. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2017.

Plant and equipment and leasehold improvements:

Plant and equipment and leasehold improvements are held at fair value. When the asset 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 2018.

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

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4.1.1 Reconciliation of movements in carrying amount of property, plant and equipment

MSAC	LAND AT FAIR VALUE $ '000	BUILDINGS AT FAIR VALUE $ '000	PLANT AND EQUIPMENT AT FAIR VALUE $ '000	LEASEHOLD IMPROVEMENTS AT FAIR VALUE $ '000	ASSETS UNDER CONSTRUCTION AT COST $ '000	TOTAL $ '000
Balance at 1 July 2016	**66,882**	**191,798**	**3,176**	**19,075**	**219**	**285,150**
Additions	-	-	1,080	506	612	2,198
Disposals	-	-	(6)	-	-	(6)
Transfers in / out of assets under construction	-	-	-	-	-	-
Revaluation of PPE recognised in other economic flows – other comprehensive income [(a)]	32,218	18,442	-	-	-	50,660
Revaluation of PPE recognised in other economic flows included in net result [(a)]	-	(13,702)	-	-	-	(13,702)
Depreciation	-	(7,384)	(602)	(2,478)	-	(10,464)
Balance at 30 June 2017	**99,100**	**189,154**	**3,648**	**17,103**	**831**	**309,836**
Additions	-	-	1,457	3,481	-	4,938
Disposals	-	-	(35)	(532)	-	(567)
Transfers in / out of assets under construction	-	-	13	22	(35)	-
Revaluation of PPE recognised in other economic flows – other comprehensive income [(b)]	-	-	-	-	-	-
Revaluation of PPE recognised in other economic flows included in net result [(b)]	-	-	-	-	-	-
Depreciation	-	(7,842)	(749)	(2,455)	-	(11,046)
Balance at 30 June 2018	**99,100**	**181,312**	**4,334**	**17,619**	**796**	**303,161**

Notes:

(a) The fair value of Land and Buildings were independently reassessed by the Valuer-General Victoria and Napier Blakely respectively based on a full revaluation performed as at 30 June 2017.

(b) Fair value assessments have been performed for all classes of assets and the decision was made that movements were not material (less than or equal to 10 percent) for a full revaluation. The next scheduled full revaluation will be conducted in 2022.

SNHC	LAND AT FAIR VALUE $ '000	BUILDINGS AT FAIR VALUE $ '000	PLANT AND EQUIPMENT AT FAIR VALUE $ '000	LEASEHOLD IMPROVEMENTS AT FAIR VALUE $ '000	ASSETS UNDER CONSTRUCTION AT COST $ '000	TOTAL $ '000
Balance at 1 July 2016	**32,863**	**30,839**	**216**	**1,769**	**97**	**65,784**
Additions	-	-	47	8	-	55
Disposals	-	-	-	-	-	-
Transfers in / out of assets under construction	-	-	-	94	(94)	-
Revaluation of PPE recognised in other economic flows – other comprehensive income [(a)]	3,557	4,503	-	-	-	8,060
Revaluation of PPE recognised in other economic flows included in net result [(a)]	-	-	-	-	-	-
Depreciation	-	(1,593)	(50)	(260)	-	(1,903)
Balance at 30 June 2017	**36,420**	**33,749**	**213**	**1,611**	**3**	**71,996**
Additions	-	-	37	36	1,500	1,573
Disposals	-	-	-	-		-
Transfers in / out of assets under construction	-	-	3	2	(5)	-
Revaluation of PPE recognised in other economic flows – other comprehensive income [(b)]	-	-	-		-	-
Revaluation of PPE recognised in other economic flows included in net result [(b)]	-	-	-	-	-	-
Depreciation	-	(1,530)	(46)	(241)	-	(1,817)
Balance at 30 June 2018	**36,420**	**32,219**	**207**	**1,408**	**1,498**	**71,752**

Notes:

(a) The fair value of Land and Buildings were independently reassessed by the Valuer-General Victoria and Napier Blakely respectively based on a full revaluation performed as at 30 June 2017.

(b) Fair value assessments have been performed for all classes of assets and the decision was made that movements were not material (less than or equal to 10 percent) for a full revaluation. The next scheduled full revaluation will be conducted in 2022.

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SSCT	LAND AT FAIR VALUE $ '000	BUILDINGS AT FAIR VALUE $ '000	PLANT AND EQUIPMENT AT FAIR VALUE $ '000	LEASEHOLD IMPROVEMENTS AT FAIR VALUE $ '000	ASSETS UNDER CONSTRUCTION AT COST $ '000	TOTAL $ '000
Balance at 1 July 2016	**99,745**	**222,637**	**3,392**	**20,844**	**316**	**346,934**
Additions	-	-	1,127	514	612	2,253
Disposals	-	-	(6)	-	-	(6)
Transfers in / out of assets under construction	-	-	-	94	(94)	-
Revaluation of PPE recognised in other economic flows – other comprehensive income [(a)]	35,775	22,945	-	-	-	58,720
Revaluation of PPE recognised in other economic flows included in net result [(a)]	-	(13,702)	-	-	-	(13,702)
Depreciation	-	(8,977)	(652)	(2,738)	-	(12,367)
Balance at 30 June 2017	**135,520**	**222,903**	**3,861**	**18,714**	**834**	**381,832**
Additions	-	-	1,494	3,517	1,500	6,511
Disposals	-	-	(35)	(532)	-	(567)
Transfers in / out of assets under construction	-	-	16	24	(40)	-
Revaluation of PPE recognised in other economic flows – other comprehensive income [(b)]	-	-	-	-	-	-
Revaluation of PPE recognised in other economic flows included in net result [(b)]	-	-	-	-	-	-
Depreciation	-	(9,372)	(795)	(2,696)	-	(12,863)
Balance at 30 June 2018	**135,520**	**213,531**	**4,541**	**19,027**	**2,294**	**374,913**

Notes:

(a) The fair value of Land and Buildings were independently reassessed by the Valuer-General Victoria and Napier Blakely respectively based on a full revaluation performed as at 30 June 2017.

(b) Fair value assessments have been performed for all classes of assets and the decision was made that movements were not material (less than or equal to 10 percent) for a full revaluation. The next scheduled full revaluation will be conducted in 2022.

4.1.2 Depreciation and impairment

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Buildings	7,842	1,530	9,372	7,382	1,593	8,975
Plant and equipment	749	46	795	602	50	652
Leasehold improvements	2,455	241	2,696	2,480	260	2,740
Total depreciation	**11,046**	**1,817**	**12,863**	**10,464**	**1,903**	**12,367**

All buildings, plant and equipment, leasehold improvements and other non-financial physical assets that have finite useful lives, are depreciated. The exception to this rule is land.

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. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

ASSET	USEFUL LIFE
Buildings	15 – 60 years
PLANT AND EQUIPMENT:	
Plant and equipment	5 – 40 years
Office furniture	5 – 15 years
Computer equipment	3 – 5 years
Gym equipment	5 – 10 years
Other equipment	2 – 40 years
Leasehold improvements	5 – 40 years

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

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).

Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

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 an 'other economic flow', except to the extent that it 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 impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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.

4.2 Capital expenditure commitments

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Not later than one year	1,045	-	1,045	643	12	655
Total capital expenditure commitments	**1,045**	**-**	**1,045**	**643**	**12**	**655**

The Trust's capital commitments are recorded above at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

5. OUR CASH FLOW AND WORKING CAPITAL

This section sets out those cash and working capital balances that arose from the State Sport Centres Trust's (the Trust's) operations. Other sources of finance utilised by the Trust are also covered in this section.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides specific financial instrument disclosures.

5.1 Cash flow information and balances

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Cash at bank	5,803	70	5,873	2,496	273	2,769
Cash on hand	36	10	46	28	9	37
Deposits at call	250	-	250	3,250	-	3,250
Total cash and cash equivalents	**6,089**	**80**	**6,169**	**5,774**	**282**	**6,056**

Cash and deposits, including cash equivalents, 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 which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

5.1.1 Reconciliation of net result for the period to cash flow from operating activities

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Net result for the period	**(9,667)**	**(2,737)**	**(12,404)**	**(21,276)**	**(2,912)**	**(24,188)**
NON-CASH MOVEMENTS:						
Depreciation of property, plant and equipment	11,046	1,817	12,863	10,464	1,903	12,367
Net (gain) / loss on disposal of non-financial physical assets	293	-	293	-	-	-
Loss on revaluation of buildings	-	-		13,702	-	13,702
Loss arising from revaluation of long service leave liability	-	-	-	23	(29)	(6)
MOVEMENTS IN ASSETS AND LIABILITIES:						
(Increase) / decrease in receivables	(481)	(395)	(876)	489	57	546
(Increase) / decrease in inventories	11	5	16	(14)	5	(9)
(Increase) / decrease in other assets	72	30	102	(276)	(20)	(296)
Increase / (decrease) in payables	795	(689)	106	(1,146)	(41)	(1,187)
Increase / (decrease) in provisions	(129)	14	(115)	(576)	622	46
Net cash flows from operating activities	**1,940**	**(1,955)**	**(15)**	**1,390**	**(415)**	**975**

5.2 Receivables

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
CONTRACTUAL:						
Trade debtors	661	402	1,063	233	14	247
Provision for doubtful debts	(19)	(2)	(21)	(16)	-	(16)
Loans receivable	28	-	28	43	-	43
Interest receivable	5	-	5	3	-	3
Accrued income	74	-	74	82	-	82
STATUTORY:						
GST input tax credit recoverable	238	21	259	161	12	173
Total receivables	**987**	**421**	**1,408**	**506**	**26**	**532**
REPRESENTED BY:						
Current receivables	975	421	1,396	479	26	505
Non-current receivables	12	-	12	27	-	27

Contractual receivables are classified as financial instruments and categorised as 'loans and receivables'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

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

The average credit period for sales of goods and services is 30 days.

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Movement in provision for doubtful debts

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Balance at beginning of the year	**(16)**	**-**	**(16)**	**(33)**	**-**	**(33)**
Increase in provision recognised in the net result	(19)	(2)	(21)	-	-	-
Reversal of provision of receivables written off during the year as uncollectible	16	-	16	17	-	17
Balance at end of the year	**(19)**	**(2)**	**(21)**	**(16)**	**-**	**(16)**

Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. 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*.

A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. The increase in the provision for the year is recognised in the net result.

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.

Ageing analysis of contractual receivables

	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
2018					
Trade debtors	1,042	858	67	69	48
Loans receivable	28	28	-	-	-
Interest receivable	5	5	-	-	-
Accrued income	74	74	-	-	-
Total	**1,149**	**965**	**67**	**69**	**48**
2017					
Trade debtors	231	105	41	19	66
Loan receivable	43	43	-	-	-
Interest receivable	3	3	-	-	-
Accrued income	82	82	-	-	-
Total	**359**	**233**	**41**	**19**	**66**

The average credit period for sales of goods/services and for other receivables is 30 days. There are no material financial assets that are individually determined to be impaired. Currently the Trust does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

5.3 Payables

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
CONTRACTUAL:						
Trade creditors	1,271	30	1,301	940	99	1,039
Accrued expenses	1,333	183	1,516	940	828	1,768
Unearned income	571	32	603	633	53	686
STATUTORY:						
GST payable	247	73	320	114	27	141
FBT payable	4	-	4	4	-	4
Total receivables	**3,426**	**318**	**3,744**	**2,631**	**1,007**	**3,638**
REPRESENTED BY:						
Current payables	*3,426*	*318*	*3,744*	*2,631*	*1,007*	*3,638*
Non-current payables	-	-		-	-	-

Payables consist of:

- **Contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid; and
- **Statutory payables**, that 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 contracts.

Payables for supplies and services have an average credit period of 30 days. No interest is charged on overdue payments.

Maturity analysis of contractual payables [(a)]

	CARRYING AMOUNT $ '000	NOMINAL AMOUNT $ '000	NOT PAST DUE AND NOT IMPAIRED $ '000	MATURITY DATES		
				LESS THAN 1 MONTH $ '000	1-3 MONTHS $ '000	3 MONTHS – 1 YEAR $ '000
2018						
Trade creditors	1,301	1,301	1,157	26	118	-
Accrued expenses	1,516	1,516	1,516	-	-	-
Unearned Income	603	603	603	-	-	-
Total	**3,420**	**3,420**	**3,276**	**26**	**118**	**-**
2017						
Trade creditors	1,039	1,039	991	10	8	30
Accrued expenses	1,768	1,768	1,768	-	-	-
Unearned Income	686	686	686	-	-	-
Total	**3,493**	**3,493**	**3,445**	**10**	**8**	**30**

Notes:
(a) Maturity analysis is presented using the contractual undiscounted cash flows.

5.4 Inventories

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Supplies and consumables at cost	118	10	128	129	15	144
Total inventories	**118**	**10**	**128**	**129**	**15**	**144**

Inventories include property held either for sale, or for consumption in the ordinary course of business operations. Inventories are measured at the lower of cost and net realisable value using the weighted average cost basis. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

5.5 Other non-financial assets

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Prepayments	304	8	312	333	38	371
Lease incentives	43	-	43	43	-	43
Total current other assets	**347**	**8**	**355**	**376**	**38**	**414**
Lease incentives	25	-	25	68	-	68
Total non-current other assets	**25**	**-**	**25**	**68**	**-**	**68**
Total other assets	**372**	**8**	**380**	**444**	**38**	**482**

Other non-financial assets include 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. Lease incentives represent contributions to fit out expenses offered to a tenant in consideration for their entry into a lease.

5.6 Borrowings

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Advances from government [(a)]	550	-	550	550	-	550
Total current borrowings	**550**	**-**	**550**	**550**	**-**	**550**
Advances from government [(a)]	1,372	-	1,372	1,922	-	1,922
Total non-current borrowings	**1,372**	**-**	**1,372**	**1,922**	**-**	**1,922**
Total borrowings	**1,922**	**-**	**1,922**	**2,472**	**-**	**2,472**

Notes:

(a) These are unsecured loans which bear no interest. The term of the loan was agreed by the Minister at the time the advance was provided.

The Trust's borrowings solely relate to an advance from the State Government in relation to the Greener Government Buildings program. It is a non-interest bearing amount with annual principal repayments. The balance is expected to be fully repaid in 2022.

Maturity analysis of borrowings

			MATURITY DATES			
	CARRYING AMOUNT $ '000	NOMINAL AMOUNT $ '000	LESS THAN 1 YEAR $ '000	1-2 YEARS $ '000	2-3 YEARS $ '000	3+ YEARS $ '000
2018						
Advances from government	1,922	1,922	550	550	550	272
Total	**1,922**	**1,922**	**550**	**550**	**550**	**272**
2017						
Advances from government	2,472	2,472	550	550	550	822
Total	**2,472**	**2,472**	**550**	**550**	**550**	**822**

6. OUR PEOPLE

The State Sport Centres Trust (the Trust) employs and remunerates a wide range of individuals. This section sets out the employee benefits disclosed on both the comprehensive operating statement and balance sheet, as well as other disclosures relating to related party transactions.

6.1 Employee benefits on the balance sheet

	2018 $ '000			2017 $ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
CURRENT PROVISIONS:						
Annual leave:						
Unconditional and expected to settle within 12 months	309	15	324	258	4	262
Unconditional and expected to settle after 12 months	46	2	48	126	7	133
Long service leave:						
Unconditional and expected to settle within 12 months	81	1	82	240	9	249
Unconditional and expected to settle after 12 months	78	15	93	-	-	-
Provision for on-costs:						
Unconditional and expected to settle within 12 months	83	3	86	86	2	88
Unconditional and expected to settle after 12 months	9	3	12	23	1	24
Total current provisions for employee benefits	**606**	**39**	**645**	**733**	**23**	**756**
NON-CURRENT PROVISIONS:						
Employee benefits	98	2	100	100	4	104
On-costs	16	-	16	16	-	16
Total non-current provisions for employee benefits	**114**	**2**	**116**	**116**	**4**	**120**
Total provisions for employee benefits	**720**	**41**	**761**	**849**	**27**	**876**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

Reconciliation of movement in on-cost provision

	2018 $ '000	2017 $ '000
OPENING BALANCE	128	139
Additional provisions recognised	-	-
Reductions arising from payments/other sacrifices of future economic benefits	(14)	(11)
Unwind of discount and effect of changes in the discount rate	-	-
Closing balance	**114**	**128**
REPRESENTED BY:		
Current provisions for employee benefits	*98*	*112*
Non-current provisions for employee benefits	*16*	*16*

Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because the Trust does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the Trust expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the Trust does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Unconditional LSL is disclosed as a current liability; even where the Trust 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:

- Undiscounted value – if the Trust expects to wholly settle within 12 months; or
- Present value – if the Trust 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 is measured at present value.

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

6.2 Superannuation contributions

	PAID CONTRIBUTION FOR THE YEAR $ '000		CONTRIBUTION OUTSTANDING AT YEAR END $ '000		TOTAL $ '000	
	2018	2017	2018	2017	2018	2017
DEFINED CONTRIBUTION PLANS						
VicSuper	396	479	30	37	426	516
Other	436	476	34	36	470	512
Total inventories	**832**	**955**	**64**	**73**	**896**	**1,028**

Employees of the Trust are entitled to receive superannuation benefits, with the Trust contributing to defined contribution plans. Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Trust.

6.3 Responsible persons

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

Names

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

	Name	Period
Responsible Minister:		
Minister for Sport	The Hon. John Eren MP	1 July 2017 to 30 June 2018
Trust Members:		
Trust Chairman	Mr. Brett Moore	1 July 2017 to 30 June 2018
Trust Member	Mr. Christopher Jackson	1 July 2017 to 30 June 2018
Trust Member	Mr. Jack Diamond	1 July 2017 to 30 June 2018
Trust Member	Ms. Danni Roche	1 July 2017 to 30 June 2018
Trust Member	Ms. Patsy Toop	1 July 2017 to 30 June 2018
Trust Member	Ms. Kimberley Brown	1 July 2017 to 30 June 2018
Trust Member	Ms. Tracey Cooper	1 July 2017 to 30 June 2018
Accountable Officer:		
Chief Executive Officer	Mr. Phil Meggs	1 July 2017 to 30 June 2018

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the Trust during the reporting period was in the range: $290,000 - $299,999 ($340,000 - $349,000 in 2016-17).

	2018	2017
$0 - $9,999	-	2
$10,000 - $19,999	6	5
$20,000 - $29,999	1	-
$290,000 - $299,999	1	-
$340,000 - $349,999	-	1
Total responsible persons	**8**	**8**

6.4 Remuneration of executives

The number of executives, other than the Minister and the Accountable Officer, 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 superannuation contributions, 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.

Termination benefits include termination of employment payments, such as severance packages.

	2018 $ '000	2017 $ '000
Short-term employee benefits	687	624
Post-employment benefits	68	55
Other long-term benefits	37	12
Termination benefits	41	-
Total remuneration	**833**	**691**
Total number of executives	7	7
Total annualised employee equivalents (a)	**4.13**	**3.63**

Notes:
(a) Annualised employee equivalents is based on the time fraction worked over the reporting period.

6.5 RELATED PARTIES

The State Sport Centres Trust (the Trust) is a wholly owned and controlled entity of the State of Victoria.

Relates 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 Trust received funding from the Department of Health & Human Services of $13,292,000 (2016-17: $11,587,515).

The Trust paid funding to Development Victoria of $1,500,000 (2016-17: nil).

The Trust also has deposits at call with the Treasury Corporation of Victoria. The balance of the deposit as at 30 June 2018 is $250,000 (2016-17: $3,250,000).

Remuneration of key management personnel

Key management personnel of the agency includes the Portfolio Minister, The Hon. John Eren MP; the Accountable 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.

	2018 $ '000	2017 $ '000
Short-term employee benefits	358	394
Post-employment benefits	28	36
Other long-term benefits	-	7
Total remuneration[a]	**386**	**437**

Notes:
(a) Note that some KMPs may also be reported in the disclosure of remuneration of Executives.

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 the Trust, 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.

7. OUR RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

The State Sport Centres Trust (the Trust) is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Trust related mainly to fair value determination.

7.1 Financial instruments specific disclosures

Introduction

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 the Trust's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*.

Categories of financial instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities 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 (and for assets, less any impairment). The Trust recognises the following assets in this category:

- Cash and deposits; and
- Receivables (excluding statutory receivables).

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Financial liabilities at amortised cost 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. The Trust recognises the following liabilities in this category:

- Payables (excluding statutory payables); and
- Borrowings.

Offsetting financial instruments:

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Trust concerned has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where the Trust does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

Derecognition of financial assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Trust retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The Trust has transferred its rights to receive cash flows from the asset and either:
    - Has transferred substantially all the risks and rewards of the asset; or
    - Has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Trust has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Trust's continuing involvement in the asset.

Impairment of financial assets:

At the end of each reporting period, the Trust 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.

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*.

Reclassification of financial instruments:

Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Derecognition of financial liabilities:

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

7.1.1 Financial instruments – categorisation

2018	CONTRACTUAL FINANCIAL ASSETS – LOANS AND RECEIVABLES AND CASH $ '000	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST $ '000	TOTAL $ '000
CONTRACTUAL FINANCIAL ASSETS			
Cash and cash equivalents	6,169	-	6,169
RECEIVABLES: [(a)]			
Trade debtors	1,042	-	1,042
Loans receivable	28	-	28
Interest receivable	5	-	5
Accrued income	74	-	74
Total contractual financial assets	**7,318**	**-**	**7,318**
CONTRACTUAL FINANCIAL LIABILITIES			
PAYABLES: [(a)]			
Trade creditors	-	1,301	1,301
Accrued expenses	-	1,516	1,516
Unearned income	-	603	603
BORROWINGS:			
Advances from government	-	1,922	1,922
Total contractual financial liabilities	**-**	**5,342**	**5,342**

Notes:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing to/from Victorian government and GST input tax credit recoverable and taxes payable).

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2017	CONTRACTUAL FINANCIAL ASSETS – LOANS AND RECEIVABLES AND CASH $ '000	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST $ '000	TOTAL $ '000
CONTRACTUAL FINANCIAL ASSETS			
Cash and cash equivalents	6,056	-	6,056
RECEIVABLES: [(a)]			
Trade debtors	231	-	231
Loans receivable	43	-	43
Interest receivable	3	-	3
Accrued income	82	-	82
Total contractual financial assets	**6,415**	**-**	**6,415**
CONTRACTUAL FINANCIAL LIABILITIES			
PAYABLES: [(a)]			
Trade creditors	-	1,039	1,039
Accrued expenses	-	1,768	1,768
Unearned income	-	686	686
BORROWINGS:			
Advances from government	-	2,472	2,472
Total contractual financial liabilities	**-**	**5,965**	**5,965**

Notes:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing to/from Victorian government and GST input tax credit recoverable and taxes payable).

7.1.2 Financial instruments – net holding gain/(loss) on financial instruments by category

2018	TOTAL INTEREST INCOME / (EXPENSE) $ '000	IMPAIRMENT LOSS $ '000	TOTAL $ '000
CONTRACTUAL FINANCIAL ASSETS			
Financial assets – loans and receivables	50	(57)	(7)
Total contractual financial assets	**50**	**(57)**	**(7)**
CONTRACTUAL FINANCIAL LIABILITIES			
Financial liabilities at amortised cost	-	-	-
Total contractual financial liabilities	**-**	**-**	**-**

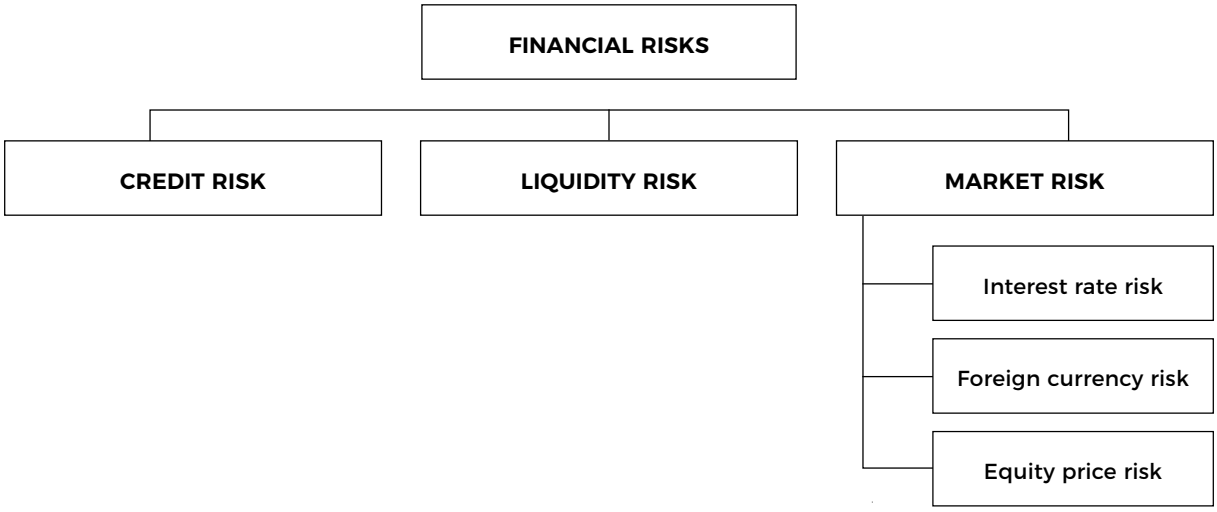
2017	TOTAL INTEREST INCOME / (EXPENSE) $ '000	IMPAIRMENT LOSS $ '000	TOTAL $ '000
CONTRACTUAL FINANCIAL ASSETS			
Financial assets – loans and receivables	23	(8)	15
Total contractual financial assets	**23**	**(8)**	**23**
CONTRACTUAL FINANCIAL LIABILITIES			
Financial liabilities at amortised cost	-	-	-
Total contractual financial liabilities	**-**	**-**	**-**

There were no net holding gains/(losses); fee income/(expenses) or impairment losses on any financial instruments held. As such, these have not been disclosed.

The net holding gains or losses disclosed above 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, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result; and
- 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.

7.1.3 Financial risk management objectives and policies



As a whole, the Trust's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

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 7.3 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the Trust's financial risks within the government policy parameters.

The Trust's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Trust manages these financial risks in accordance with its financial risk management policy.

The Trust uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the financial risk management committee of the Trust.

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Financial instruments – credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The Trust's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Trust. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Trust's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Trust'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 does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, the Trust's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Trust will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that 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 the Trust's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to the Trust's credit risk profile in 2017/18.

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

2018	FINANCIAL INSTITUTIONS (TRIPLE-A CREDIT RATING) $ '000	GOVERNMENT AGENCIES (TRIPLE-A CREDIT RATING) $ '000	OTHER (NO RATING) $ '000	TOTAL $ '000
Cash and cash equivalents	5,873	250	46	6,169
Receivables [(a)]	5	739	331	1,075
Total contractual financial assets	**5,878**	**989**	**377**	**7,244**
2017				
Cash and cash equivalents	2,806	3,250	-	6,056
Receivables [(a)]	-	5	272	277
Total contractual financial assets	**2,806**	**3,255**	**272**	**6,333**

Notes:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing to/from Victorian government and GST input tax credit recoverable and taxes payable).

Financial instruments – liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. The Trust 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.

The Trust is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The Trust manages its liquidity risk by:

- Close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- Maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- Holding investments and other contractual financial assets that are readily tradeable in the financial markets;
- Careful maturity planning of its financial obligations based on forecasts of future cash flows; and
- A high credit rating for the State of Victoria (Moody's Investor Services and Standard & Poor's triple-A, which assists in accessing debt market at a lower interest rate).

The Trust'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.

Financial instruments – market risk

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

Sensitivity disclosure analysis and assumptions:

The Trust's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. The Trust's fund managers cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months:

- A movement of 100 basis points up and down (100 basis points up and down) in market interest rates (AUD).

The tables that follow show the impact on the Trust's net result and equity for each category of financial instrument held by the Trust at the end of the reporting period, if the above movements were to occur.

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. The Trust 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. The Trust has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

The Trust manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing the Trust to significant bad risk, management monitors movement in interest rates on a daily basis.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the Trust's sensitivity to interest rate risk are set out in the table that follows.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Interest rate exposure of financial instruments

2018	WEIGHTED AVERAGE INTEREST RATE (%)	CARRYING AMOUNT $ '000	VARIABLE INTEREST RATE $ '000	NON-INTEREST BEARING $ '000
FINANCIAL ASSETS				
Cash and cash equivalents	1.31%	6,169	4,071	2,098
RECEIVABLES: [(a)]				
Trade debtors	N/A	1,042	-	1,042
Loans receivable	N/A	28	-	28
Interest receivable	N/A	5	-	5
Accrued income	N/A	74	-	74
Total financial assets		**7,318**	**4,071**	**3,247**
PAYABLES: [(a)]				
Trade creditors	N/A	1,301	-	1,301
Accrued expenses	N/A	1,516	-	1,516
Unearned income	N/A	603	-	603
BORROWINGS:				
Advances from government	N/A	1,922	-	1,922
Total financial liabilities		**5,342**	**-**	**5,342**

Notes:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing to/from Victorian government and GST input tax credit recoverable and taxes payable).

2017	WEIGHTED AVERAGE INTEREST RATE (%)	CARRYING AMOUNT $ '000	VARIABLE INTEREST RATE $ '000	NON-INTEREST BEARING $ '000
FINANCIAL ASSETS				
Cash and cash equivalents	1.45%	6,056	5,000	1,056
RECEIVABLES: [(a)]				
Trade debtors	N/A	231	-	231
Loans receivable	N/A	43	-	43
Interest receivable	N/A	3	-	3
Accrued income	N/A	82	-	82
Total financial assets		**6,415**	**5,000**	**1,415**
PAYABLES: [(a)]				
Trade creditors	N/A	1,039	-	1,039
Accrued expenses	N/A	1,768	-	1,768
Unearned income	N/A	686	-	686
BORROWINGS:				
Advances from government	N/A	2,472	-	2,472
Total financial liabilities		**5,965**	**-**	**5,965**

Notes:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing to/from Victorian government and GST input tax credit recoverable and taxes payable).

Interest rate risk sensitivity

		NET RESULT	
	CARRYING AMOUNT '000	-100 BASIS POINTS '000	-100 BASIS POINTS '000
2018			
Cash and cash equivalents	6,169	(62)	62
Total impact	**6,169**	**(62)**	**62**
2017			
Cash and cash equivalents	6,056	(61)	61
Total impact	**6,056**	**(61)**	**61**

Foreign currency risk:

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.

The Trust is exposed to foreign currency risk mainly through its payables relating to purchases of supplies and consumables from overseas. The Trust has a limited amount of transactions denominated in foreign currencies and there is a relatively short timeframe between commitment and settlement, therefore risk is minimal.

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

As at 30 June 2018, the Trust does not hold any contingent assets.

Contingent liabilities

Contingent liabilities are:

- Possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- Present obligations that arise from past events but are not recognised because:
    - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
    - The amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

As at 30 June 2018, the Trust does not hold any contingent liabilities.

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the Trust.

This section sets out information on how the Trust determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through operating result; and
- Land, buildings, infrastructure, plant and equipment.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

The Trust determines the policies and procedures for determining fair values for both financial and nonfinancial assets and liabilities as required.

Fair value hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- 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.

The Trust 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 Trust, in conjunction with the Valuer-General Victoria (VGV) and other external valuers, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- Carrying amount and the fair value (which would be the same for those assets measured at fair value);
- Which level of the fair value hierarchy was used to determine the fair value; and
- In respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
    - A reconciliation of the movements in fair values from the beginning of the year to the end; and
    - Details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 7.3.1) and non-financial physical assets (refer to Note 7.3.2).

7.3.1 Fair value determination of financial assets and liabilities

The fair values and net fair values of financial 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.

The Trust 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 2017/18 reporting period.

These financial instruments include:

FINANCIAL ASSETS	FINANCIAL LIABILITIES
Cash and cash equivalents	**Payables:**
Receivables:	• Trade creditors • Accrued expenses • Unearned income
• Trade debtors • Loans receivable • Interest receivable • Accrued income	**Borrowings:**
	• Advances from government

As the fair value of the financial instruments is equal to the carrying amounts, no additional information has been included as there are no differences.

7.3.2 Fair value determination of non-financial physical assets

	CARRYING AMOUNT '000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING		
		LEVEL 1 (A) '000	LEVEL 2 (A) '000	LEVEL 3 (A) '000
2018				
Specialised land	135,520	-	-	135,520
Specialised buildings	213,531	-	-	213,531
Plant and equipment	4,541	-	-	4,541
Leasehold improvements	19,027	-	-	19,027
Total non-financial physical assets at fair value	**372,619**	**-**	**-**	**372,619**
2017				
Specialised land	135,520	-	-	135,520
Specialised buildings	222,903	-	-	222,903
Plant and equipment	3,861	-	-	3,861
Leasehold improvements	18,714	-	-	18,714
Total non-financial physical assets at fair value	**380,998**	**-**	**-**	**380,998**

Notes:
(a) Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period. Refer to Note 4.1 for information on fair value determination of property, plant and equipment.

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Reconciliation of Level 3 fair value movements

	SPECIALISED LAND $ '000	SPECIALISED BUILDINGS $ '000	PLANT AND EQUIPMENT $ '000	LEASEHOLD IMPROVEMENTS $ '000	TOTAL $ '000
Balance at 1 July 2016	**99,745**	**222,637**	**3,392**	**20,844**	**346,618**
Purchases / (sales)	-	-	1,121	609	1,730
GAINS OR LOSSES RECOGNISED IN NET RESULT:					
Depreciation	-	(8,975)	(652)	(2,740)	(12,367)
Revaluation	-	(13,702)	-	-	(13,702)
Sub-total	**-**	**(22,677)**	**(652)**	**(2,740)**	**(26,069)**
GAINS OR LOSSES RECOGNISED IN OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME:					
Revaluation	35,775	22,944	-	-	58,719
Sub-total	**35,775**	**22,944**	**-**	**-**	**58,719**
Balance at 30 June 2017	**135,520**	**222,904**	**3,861**	**18,713**	**380,998**
Purchases / (sales)	-	-	1,474	3,011	4,485
GAINS OR LOSSES RECOGNISED IN NET RESULT:					
Depreciation	-	(9,372)	(795)	(2,696)	(12,863)
Revaluation	-	-	-	-	-
Sub-total	**-**	**(9,372)**	**(795)**	**(2,696)**	**(12,863)**
GAINS OR LOSSES RECOGNISED IN OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME:					
Revaluation	-	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2018	**135,520**	**213,532**	**4,540**	**19,028**	**372,620**

Description of significant unobservable inputs to Level 3 valuations

2018 AND 2017	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	SENSITIVITY OF FAIR VALUE MEASUREMENT TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS
Specialised land	Market approach	Community service obligation (CSO) adjustment	An increase/(decrease) in the CSO adjustment would result in a lower/(higher) fair value.
Specialised buildings	Depreciated replacement cost	Direct cost per square metre	An increase/(decrease) in direct cost per square metre would result in a higher/(lower) fair value.
		Useful life	An increase/(decrease) in useful life would result in a lower/(higher) fair value.
Plant and equipment and leasehold improvements	Depreciated replacement cost	Purchase price	An increase/(decrease) in purchase price would result in a higher/(lower) fair value.
		Useful life	An increase/(decrease) in useful life would result in a lower/(higher) fair value.

8. OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

8.1 Remuneration of auditors

	2018 $ '000	2017 $ '000
VICTORIAN AUDITOR-GENERAL'S OFFICE		
Audit or review of the financial statements	42	40
Total remuneration of auditors	**42**	**40**

8.2 Subsequent events

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 Trust, the results of those operations, or the state of affairs of the Trust, in subsequent financial years.

8.3 Other accounting policies

8.3.1 Accounting for goods and services taxes

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 gross 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.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

8.4 Australian Accounting Standards issued that are not yet effective

Certain new Australian Accounting Standards (AAS) have been published which are not mandatory for the 30 June 2018 reporting period. DTF assesses the impact of all these new standards and advises the Trust of their applicability and early adoption where applicable. Please refer to below for the detailed list of the AASs issued but are not yet effective for the 2017/18 reporting period.

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON TRUST FINANCIAL STATEMENTS
AASB 9 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	The application of AASB 9 is not expected to impact the financial position.
AASB 15 *Revenue from Contracts with Customers*	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 AASB 2015 8 *Amendments to Australian Accounting Standards* – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 January 2018	The changes in revenue recognition requirements in AASB 15 will not result in changes to the timing and amount of revenue recorded in the financial statements.
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	1 January 2019	Management is currently performing an assessment of the potential impact of the new standard.
AASB 1058 *Income of Not-for-Profit Entities*	AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 *Contributions*. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context. AASB 1058 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 objective.	1 January 2019	The changes in revenue recognition requirements in AASB 1058 will not result in changes to the timing and amount of revenue recorded in the financial statements.



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