



State Sport Centres Trust
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STATE SPORT
CENTRES TRUST

ANNUAL REPORT 2018 – 2019



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THE CHAIRMAN'S AND CEO'S REPORT

The State Sport Centres Trust has continued to mature in its provision of services with a strong focus on supporting athlete pathways, State Sports Associations, the sporting systems and inspiring many of Victoria's population to engage in healthy activity. The past financial year has had challenges with some traditional sports having less participation than other newer or commercial sports. Our investment in supporting these traditional sports with access to quality facilities, improved amenity and development programs has helped maintain their sustainability and provided them the opportunity to remain an important part of Victoria's overall sporting system.

The Trust provides access to facilities for sports administration, pathway development, training, competition and recovery, at heavily discounted rates to ensure the maximum support and availability to sporting organisations. This model enables State associations to showcase their sport and keep athletes involved, creating the future sporting success for Victoria and Australia, which in turn inspires the whole population to be more active and healthy. Supporting families of athletes, coaches and administrators, as well as pathway and current athletes, is critical to ensuring they have the opportunity to be their best and continue to inspire.

The focus of the Trust over the past year and into future years is on enhancing customer experience for sports and visitors, whilst at events or training. Ensuring the opportunity for a great experience in outstanding facilities is underpinned by constantly improving service delivery and ensuring facilities are maintained to the appropriate standard for State and National events. Technology will be a key focus in the coming year as the Trust brings sports analytics and customer centric needs to the existing sports facilities. This is a significant challenge as the venues were all constructed prior to the current expected technology existing.

In the past year the exciting redevelopment of the State Netball Hockey Centre (SNHC) has commenced to create a showpiece for hockey, netball and support women in sport. The State Government's significant investment of \$64.6m will add six additional indoor netball courts, including a new home for Melbourne Vixens and Fury, a dedicated indoor hockey venue, a high performance gym and recovery facility, crèche, the home for Change Our Game Women in Sport Leadership Centre, office space for Hockey Victoria and Netball Victoria, along with upgraded amenities and facilities throughout the venue. Works will continue throughout the next year with completion in early 2021.

We look forward to working with key stakeholders on the planned redevelopment for the State Basketball Centre in Wantirna South. In September 2018, the State Government and Knox City Council announced an expansion to the basketball facilities at Knox Regional Sports Park to include a high performance training centre, State level basketball facilities with an additional 10 courts, a local gymnastics facility, and increased office accommodation to support sports and elite pathways.

Many large and small State significant events have been held over the past year, with more than 350 public events occurring. These moments of excitement for participants and families, as well as the public, continue to inspire other people to get involved in sport. These events also create lifelong memories for the athletes and their supporters, something the team aims to achieve with every event. It is this team of people who run the State Sport Centres Trust venues 365 days a year, from pre-dawn to well after-dark, that make the real difference, helping each person be their best! The Trust's thanks go to each person who has been part of our team this year for their wonderful contribution, including thanks to our Trust Members for all their contributions.

In addition, we would like to thank all our sports partners who have worked tirelessly to support their sports, the athletes who make a huge personal sacrifice every day, and their families who support them often giving as much as each athlete. None of what the Trust does would be possible without the tremendous continuing support from the State Government, The Honourable Martin Pakula, Minister for Tourism, Sport and Major Events, and Sport & Recreation Victoria, on behalf of the Department of Jobs, Precincts and Regions, which we thank them for.

We want people to be excited about sport, engaged in healthy activity, and be inspired to be their best. We thank everyone involved in the Trust, our sports, and every visitor for the role they play in achieving this goal.



Mr. Brett Moore
Chairman



Mr. Phil Meggs
Chief Executive Officer

OUR PURPOSE

WE WANT PEOPLE TO BE EXCITED ABOUT SPORT, ENGAGED 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 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 Martin Pakula MP, Minister for Tourism, Sport and Major Events.

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 athletes and serious amateurs access highly desirable, centralised peak performance facilities. This in turn supports the sports pathways, events and participation and creates 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, leading to greater investment and employment in the sports sector throughout Victoria.

OUR ETHOS

During the year, the Trust has updated its Ethos and Values to better reflect our Purpose and Vision:

We are here to serve sport – **DEDICATED**

- I help everyone to have a great experience
- I genuinely care about what I do and helping others
- I want people to be excited and inspired by sport
- I support everyone to be their best

We are curious – **CURIOUS**

- I seek to understand and improve what I do
- I listen so I can help others
- I learn about all areas of our organisation
- I respect and embrace differences

Be our best – **MOTIVATED**

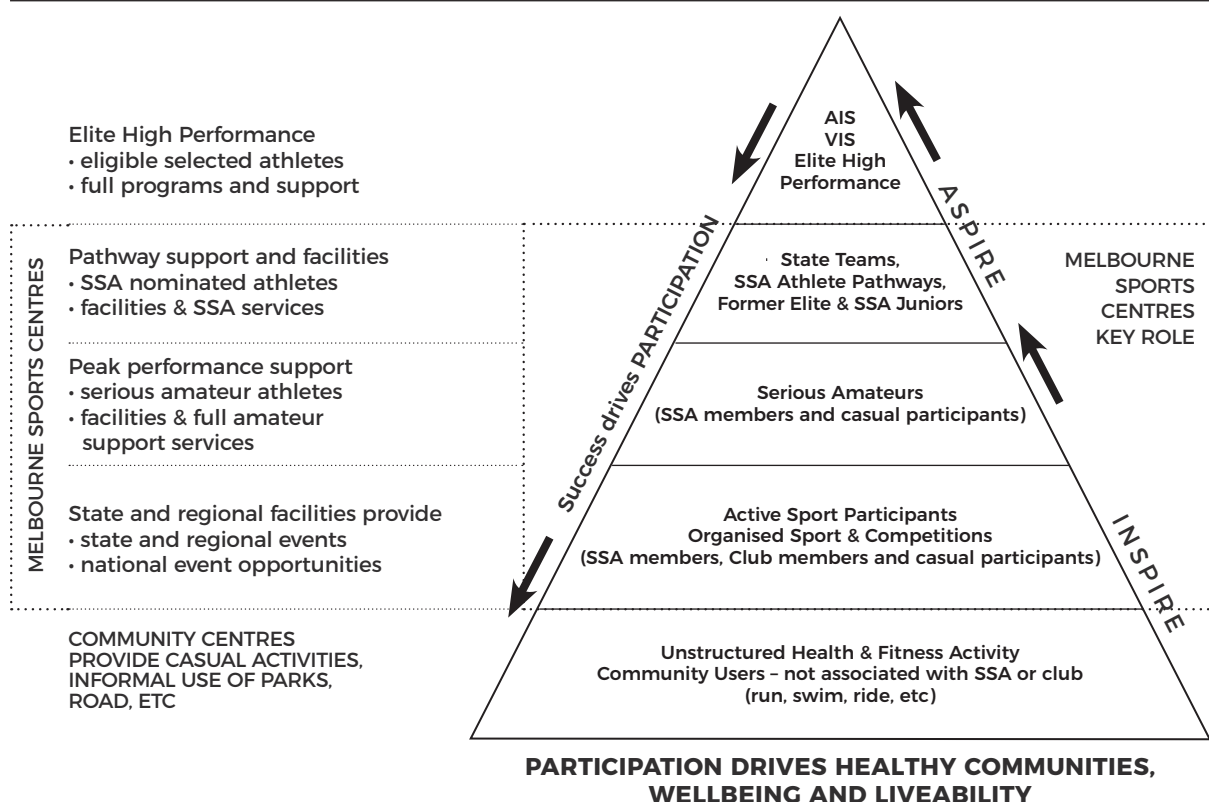
- I am excited about sport
- I give 100% in all I do
- I am accountable for my actions
- I aim to improve everyday

We succeed as a team – **TEAMWORK**

- I respect and value every role in the team
- We work hard and have fun
- We hold each other accountable and speak up
- I support all my teammates

We create our own future – **POSITIVE**

- I make the best decisions for the organisation and others
- I work to always improve what we do
- I plan for the future and act for today
- I make a difference



OUR SPORTING TENANTS

STATE SPORTS ASSOCIATIONS

- Athletics Victoria
- Badminton Victoria
- Basketball Victoria
- Diving Victoria
- Dragon Boat Victoria
- Girl Sports Victoria
- Hockey Victoria
- Lacrosse Victoria
- Little Athletics Victoria
- Netball Victoria
- Rowing Victoria
- School Sport Victoria
- Squash and Racquetball Victoria
- Swimming Victoria
- Table Tennis Victoria
- Touch Football Victoria
- Triathlon Victoria
- Ultimate Victoria
- Water Polo Victoria

NATIONAL SPORTING ORGANISATIONS

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

OTHER SPORTING TENANTS

- Australian Basketball Resources
- Australian Dancing Society
- Gold Coast Suns Football Club
- Masters Swimming Australia
- Melbourne United
- South Melbourne Districts Little Athletics Club
- South Melbourne Football Club
- Sports Dietitians Australia
- Sports Medicine Australia
- Sydney Swans Football Club
- Vicsport
- Victorian Institute of Sport

OUR GOVERNANCE

TRUST MEMBERS

Mr. Brett Moore (Chairman)

Mr. Chris Jackson (Deputy Chairman)

Ms. Tracey Cooper

Mr. Jack Diamond

Ms. Danni Roche OAM

Ms. Patsy Toop OAM

Ms. Kimberley Brown
ceased as a Trust member on 8 February 2019

Ms Emma Race
commenced as a Trust member on 26 March 2019

Mr. Jack Diamond and Ms. Patsy Toop OAM were
reappointed to the Trust during the year ended
30 June 2019.

AUDIT & RISK COMMITTEE MEMBERS

Mr. Chris Jackson (Chairman)

Mr. Jeff Floyd

Ms. Patsy Toop OAM

Mr. Ian Thompson

Ms. Kimberley Brown
*ceased as an Audit & Risk Committee member
on 8 February 2019*

Ms. Tracey Cooper
*commenced as an Audit & Risk Committee
member on 9 February 2019*

EXECUTIVE TEAM

Mr. Phil Meggs

Chief Executive Officer

Mr. Daniel Speed

GM Finance

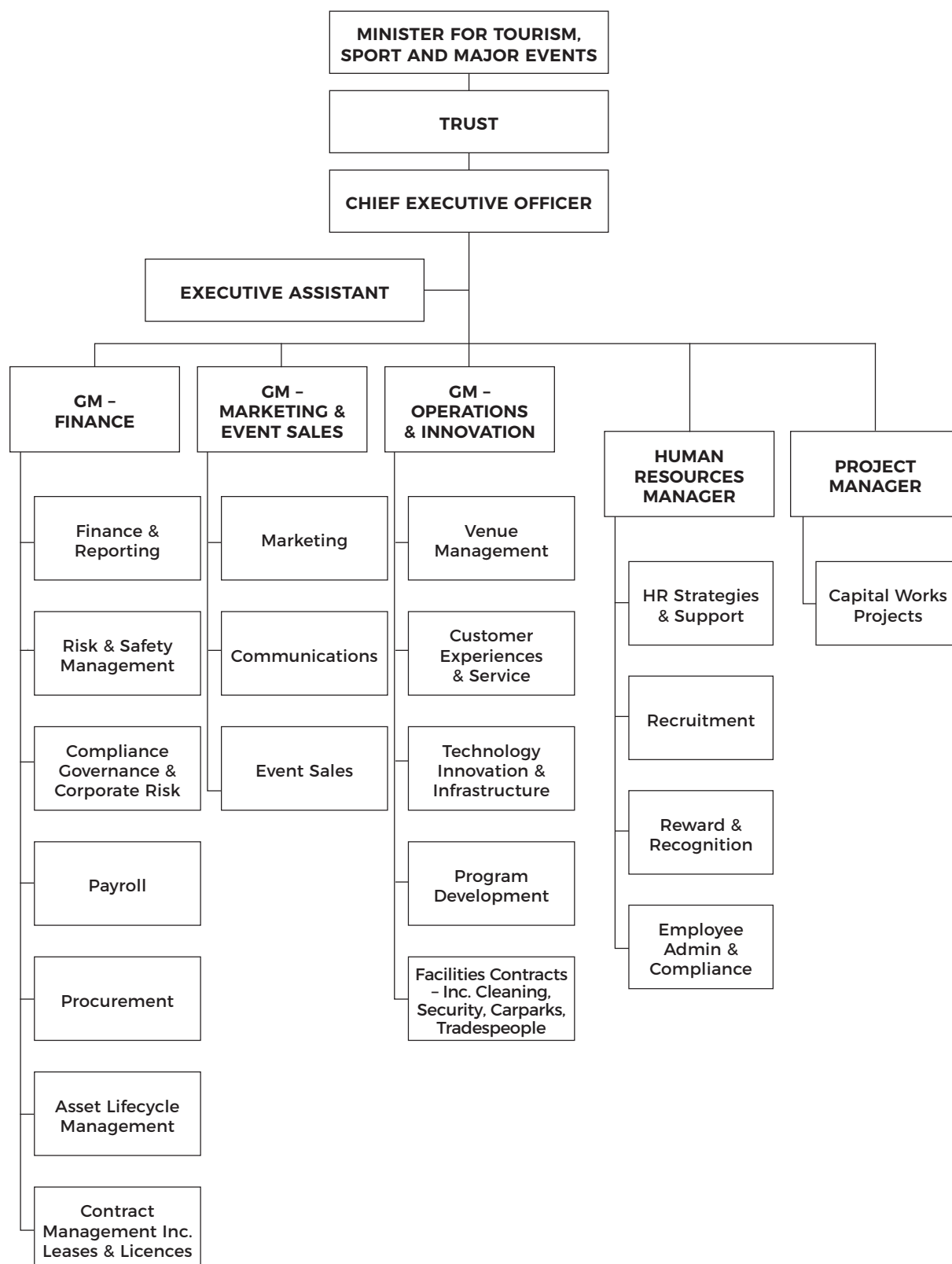
Ms. Dan Brown

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 2019.



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

2018/2019 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 2018/19, with the following capital works projects commenced or completed:

- disability and accessibility upgrades – undertaken a number of upgrades across our venues to provide support and access for individuals with varying needs including refurbishment and upgrade of the badminton and basketball changerooms and toilets; accessible toilet refurbishments and modifications; stair and ramp handrail and stair nosing modifications; and signage, glazing and internal door modifications
- MSAC indoor competition pool grandstand replacement – replacement of the fixed and retractable seating to provide world class viewing experience for spectators
- MSAC portable grandstands – replacement of portable grandstands for use throughout the MSAC venue
- MSAC basketball hall and entry upgrades – to ensure flexibility of space and flow of participants and spectators
- LED lighting upgrades through the MSAC venue – improving lighting performance and sustainability
- MSAC gym equipment – replacement of gym equipment to provide members with the latest technology
- MSAC security and CCTV systems upgrade – full review of all infrastructure to ensure security for all staff and users
- MSAC plant replacement – including chillers, boilers and filters to ensure minimal disruptions to users and tenants
- MSAC table tennis tables – replacement of table tennis tables to provide national and state Sports Associations and individual users world class table tennis facilities
- disaster recovery hardware upgrade – upgrade to IT infrastructure.

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 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 \$64.6 million SNHC project will cement Parkville as the home for netball and hockey in Australia and deliver the following:

- six new indoor netball courts to replace the current four 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' Women in Sport Leadership Centre which will kick start initiatives to drive cultural change and grow female leadership in sport. It 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
- 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 new facilities will be developed within the existing boundary of the SNHC.

Construction is now underway and is due for completion in early 2021.

MAJOR EVENTS

The team had another busy year with the three Trust venues hosting a combined 350+ events ranging from amateur through to international level. A majority of events were at MSAC, with an increasing profile of Lakeside Stadium as an event venue and the State Netball and Hockey Centre playing host to one of the biggest events within the Trust, the International Hockey Federation ProLeague event.

MSAC Aquatics:

MSAC saw the return of key aquatic events:

- Swimming Australia National Short Course Championships
- 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.

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 State Championships
- AFBJJ State Jiu Jitsu Championships
- Australian Corporate Games
- AFBJJ Jiu Jitsu National Championship
- IFBJJ Australasian Championship
- IFBJJ Pan Pacific Jiu Jitsu Championship
- Badminton Oceania Championships
- Australian Schools Volleyball Championships
- Sydney Swans Fan Day
- Port Adelaide Football Club Fan Day

- Cheerbrandz Olympia and Eutopia Championships
- Badminton Oceania Championships
- NBL 3x3 Pro Hustle.

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

Guest teams in 2018/19 included:

- Melbourne Tigers NBL1
- Vixens/Vic Fury
- Sydney Kings
- New Zealand Breakers
- The Bulls (South African Super Rugby Team)
- Wellington Hurricanes
- Australian Boomers
- Melbourne United
- Victorian Men's Cricket Team
- Melbourne Renegades Womens Cricket Team
- AFL Clubs
 - Collingwood Football Club
 - Essendon Football Club
 - North Melbourne Football Club
 - Melbourne Football Club
 - Carlton Football Club
 - Hawthorn Football Club
 - Port Adelaide Football Club
 - Sydney Football Club.
 - West Coast Football Club
 - Fremantle Football Club.

Lakeside Stadium:

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

- NPL Victoria matches
- Athletics Victoria Zatopek 10
- Melbourne Victory W league matches
- Australian Football International World 9s
- Australian Masters Track and Field Athletics Championships
- Athletics Victoria State Championships
- Little Athletics Victoria State Championships.

OUR YEAR IN REVIEW

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

- Sydney Football Club (A League)
- Guangzhou Evergrande (Chinese Super League)
- Rugby League NRL All Stars Training Venue
- 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 ProLeague
- 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
- Victorian Dodgeball League
- Melbourne Vixens
- Victorian Fury
- Victorian State Men & Women Hockey Teams – Vikings & Vipers.

MEMBERSHIPS & GYM

In the 2018/19 financial year, Performance and Aquatic memberships continued to offer an extensive range of classes and services, with a 3% growth in membership numbers during the year.

With our members still consisting of 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.

MSAC has 113 Gym and Wellness Zone classes, 22 Aquatics sessions, 2 social running group options, 14 small group training sessions and 2 speciality classes 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 and the addition of several new initiatives. The transformation of the program to a full service model produced growth and retention in Swim School enrolments. With participants now being offered a progressive program from Waterbabies right through to National Ranking squads, Swim School has increased the longevity of a participants enrolment. MSAC Swim School has further utilised available space, improved class structure, improved progression of athletes whilst increasing profitability.

In an ever-increasing market of strong competitors, Swim School has managed to increase enrolment numbers, providing aquatic education to over 18,901 patrons within the following groups:

- 2,372 Water Babies
- 7,943 Child – Learn to Swim students
- 478 Adult – Learn to Swim participants
- 311 Private Lessons for students
- 1,106 Pathways to Competitive Swimming
- 176 Squad Training Program members
- 48 People with Disabilities
- 2,891 Holiday Intensive students
- 3,576 Schools Program – Learn to Swim students.

CHILDREN'S PROGRAMS

Our Children's Programs team has been working hard on creating pathway programs for teenagers. Recently introducing MSAC's Physical Performance Program. The program offers beginners and athletes aged 11 – 17 the opportunity to reach the next level through supplementing their skills training and refining their technique – all for improved performance in sport and life. As well as a family friendly fitness class that offers two different modified classes, Yoga and HIIT to families, creating an environment where parents and children can engage in physical activity together.

Our Schools Program and Birthday Party participation has increased by 78 students and 131 party guests from the previous year. Our Holiday Program experienced a very minimal decrease of children attendance due to the very competitive market and convenient bookings systems available to parents.

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

- 4,661 children enjoyed a birthday party experience
- 13,743 students participated in our active stadium and aquatic programs; SportsOUT, WipeOUT and SplashOUT school programs
- 2,997 children attended our holiday program
- 30,008 families enjoyed the fun and excitement of our family activities, SplashOUT.

OCCASIONAL CHILDCARE

MSAC's Occasional Childcare provides casual care for children from 6 weeks to 5 years old for both members and casual users.

Our Occasional Childcare received Department of Education and Training approval to increase operating hours, to include weekday afternoon sessions, aligning scheduled Gym classes with occasional care sessions.

Overall, enrolments have decreased compared to the last financial year. The below figures break down the overall usage for the financial year:

- 5,709 total visitations to the Crèche
- 95% of all visitations were MSAC Members
- 112 new enrolments were achieved over the year.

FOOD & BEVERAGE

SSCT is committed to offering quality food and beverage options to all visitors and adheres to the Healthy Choices guidelines established by the Victorian Government.

RETAIL

Our retail offering at MSAC remained consistent during the 2018/19 financial year.

COMMUNITY REFERENCE PANEL

MSAC continues to host 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 31000:2009*, *Victorian Government Risk Management Framework 2015* (updated in July 2018), *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:

- an 18% reduction in total injuries per 1000 visits across the venues when compared to the previous year
- the Venue Operations Teams have been restructured to allow for high operational oversight and accountability for operational risk and safety across our venues
- introduction of a Safety Reward and Recognition program
- continued improvement of an ongoing organisational wide safety training program to target safe behaviours, prevention of injuries through early reporting, and emergency response preparedness.

INJURIES PER 1,000 VISITS:

Venue	2019	2018	2017
MSAC	0.31	0.40	0.38
SNHC	0.08	0.08	0.09
Lakeside	0.31	0.29	0.30

LOST TIME RATIO:

	2019	2018	2017
SSCT	1.59	1.29	1.74

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

AVERAGE COST PER CLAIM:

Venue	2019	2018	2017
SSCT	\$13,229	\$4,852	\$18,103

The 2019 average cost per claim is in line with the long term trend and 2018 represented a lower than normal cost per claim.

PREVENTATIVE REPORTING & HAZARD MANAGEMENT:

Category	2019	2018	2017
Preventative Reports (Hazard, near miss and improvement reports)	169	353	223
Staff and Public Injuries (Excluding injuries sustained as a result of sport activity)	302	280	335

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, Royal Life Saving Society Australia (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 2018/19 included:

- developing the 2018/19 strategy, with a key digital focus
- building the foundations to grow the new Melbourne Sports Centres brand across all venues
- driving participation in sports through key campaigns, partnerships and new programs
- continued support for our key sporting partners through promotional activities, events, content, communications etc.
- a clear focus on the user experience both online and in venue.

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.

During 2018/19 SSCT undertook the following major technology improvements:

- new website was launched providing a better user experience for our members and visitors
- an SMS system was implemented to alert visitors of impacts of operational changes or major events
- wifi was introduced across MSAC for event hirers and operational staff
- a new ticketing system for major events and program bookings was rolled out
- automatic TV was installed on the MSAC show court, indoor swimming pool and a SNHC hockey pitch
- integrated digital screens were installed to improve communication and wayfinding for customers
- new accounting software was in place for the full 2018/19 year
- back up servers were upgraded and disaster recovery solutions were implemented.

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
- 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
- integration of a new HR information system allowing HR activities and processes to occur electronically
- introduction of a new digital onboarding platform, giving the HR team the ability auto generate contracts and forms, while providing new starters with a modern and positive experience
- upgrade to a new Learning Management System, giving the business smarter and faster training.
- exceeding best practice 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.

OUR YEAR IN REVIEW

FINANCIAL OVERVIEW

Operating Statement

For the financial year ended 30 June 2019, SSCT made an operating loss of \$0.8 million, with a net deficit position from total transactions of \$13.9 million realised after depreciation is taken into consideration.

The lower operating result was primarily due to cost increases including utilities as a result of rate increases as of 1 July 2018.

Income from sales of goods and services improved by 2% on prior year, driven by increased membership and maximisation of rental capacity across each venue. 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 \$6.1 million announced as part of the Victorian Government 2018/19 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.

Balance Sheet

Liabilities have increased from prior year, largely due to a one off \$6.8 million payable amount relating to the State Netball and Hockey Centre redevelopment, which has a corresponding receivable balance recognised.

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 2019/20 financial year, despite funding having already been received.

Throughout the year SSCT oversaw a capital improvements program of \$8.95 million, increasing the underlying cost base of assets. Additionally, the SNHC redevelopment continued to progress with an additional \$14.1 million funding received during the year.

Changes in Equity

SSCT has recorded an increase in equity of \$8.3 million in 2018/19. This was as a result of the following key factors:

- capital funding received of \$8.1 million
- SNHC Redevelopment funding received of \$14.1 million
- a net loss for the year of \$13.9 million.

Cash Flows

SSCT recorded an increase in cash held of \$2.7m, 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

	2018/19 (\$'000)	2017/18 (\$'000)	2016/17 (\$'000)	2015/16 (\$'000)	2014/15 (\$'000)
Income	26,220	26,065	29,229	22,752	21,827
Expenses	(27,106)	(25,256)	(27,346)	(23,966)	(22,665)
Operating Result	(886)	809	1,833	(1,214)	(838)
Depreciation	(12,983)	(12,863)	(12,367)	(9,308)	(9,143)
Net Result From Transactions	(13,869)	(12,054)	(10,484)	(10,522)	(9,981)
Total Assets	399,352	382,998	389,046	352,361	342,739
Total Liabilities	14,518	6,427	6,986	8,133	8,748

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 2019 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

Pursuant to its obligations under Section 220 of the *Building Act 1993* the Trust has identified and fully investigated combustible cladding at MSAC and SNHC which have been assessed as moderate and low risk respectively.

The Victorian Government has recognised the serious risk presented by combustible cladding and provided funding in the 2019/20 State Budget for Government departments and their agencies to rectify government owned buildings at risk, including MSAC and SNHC. The Trust have recognised the risk and put in place appropriate mitigation strategies until long term rectification works are undertaken.

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.

LOCAL JOBS FIRST

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately. This requires SSCT to apply the Local Job first policy in all projects over \$3 million. During 2018/19 SSCT did not commence or complete a contract to which the Local Jobs First policy 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:

	2018/19	2017/18
Assessable disclosures	-	-

VICTORIA'S PUBLIC SPORT TRUSTS STATEMENT OF EXPECTATIONS

The State Sport Centres Trust Business Plan 2018/19 incorporated specified expectations as included in the Victoria's Public Sport Trusts Statement of Expectations Handbook. Only those expectations outlined by the Minister of Sport in a letter to SSCT have been outlined below. The following expectations were followed during the year:

1. Portfolio Policy Statement Response

As the operator of key venues within Victoria's major stadia network, the Trust must deliver on the government's State Facilities objectives in line with Active Victoria's strategic directions. The Trust works with the Government to build and maintain Victoria's capacity to attract and retain major and significant events; support state level and professional sporting teams competing in national and international competitions; support athlete development via the provision of quality high performance coaching, training, sport science and recovery facilities for high performance state and national level athletes; provides access to appropriate facilities that support state-wide administration of sport; and ensures access and opportunities for participation in sport and recreation by all Victorians.

3. Government Policy or Guidance

SSCT has had proper regard to new government policy or guidance which is applied throughout the Trust's operations and plans. All relevant policies, where applicable, are complied with and will continue to be complied with and monitored on an ongoing basis.

4. Key activity for the year

Refer to "Our Year in Review" for details of key activity for the year.

5. Authorising Legislation

The enabling legislation of SSCT is outlined on page 2 under 'Establishment'.

In its operations, the Trust also complies with other legislation including the Financial Management Act 1994, Public Administration Act 2004, Major Events Act 2009 and other compliance legislation and regulations as applicable.

7. Asset Management

In line with Standing Directions of the Minister for Finance under the Financial Management Act 1994, the Trust has Asset Management procedures, policies and plans in place to ensure asset management is coordinated to realise the full value of assets in delivering service delivery objectives.

8. Stakeholder Engagement and Research

As the provider of front-line services, the Trust has a day-to-day relationship with the community. The Trust has ongoing engagement with stakeholders including the MSAC Community Reference Panel, SNHC Advisory Committee, Quarterly meetings held between Trust management and State Sports Associations as well as having direct access to management for ad hoc discussions as required, surveys sent to members, and ongoing employee feedback and reporting processes.

11. Procurement and Probity

The Trust's Procurement Policy covers procurement and probity. This policy is reviewed annually and updated where necessary, to ensure continued compliance.

13. Trust process and performance

The Trust has policies and procedures in place which promote good governance including developing, and reviewing position descriptions for the Chair and Trustees, in partnership with the department; developing, and reviewing a skills matrix developed and maintained in partnership with the department; ensuring each Trustee's declaration of private interests is updated annually; actively address any conflict of interest at each Trust meeting; reviewing its own performance annually; undertaking, through the Chairperson, a performance review of each Trustee six months prior to the end of that Trustee's term; and ensuring that Trustees, the Chief Executive Officer and staff exemplify the behaviours and values contained within the 'Code of Conduct for Victorian Public Sector Employees' issued by the Victorian Public Sector Commission.

LEGISLATIVE & GOVERNMENT POLICY COMPLIANCE

16. Long term cash flow forecast

SSCT maintains long term cash flow forecasts which are presented in its Business Plan each year.

20. Business Plan

SSCT prepares a Business Plan each financial year which is provided to the Minister for approval.

22. Performance Measures

SSCT maintains performance measures which are presented in its Business Plan each year.

23. Annual Report

SSCT prepares this Annual Report each financial year.

CONSULTANCY SERVICES

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

Consultant	Description	Start Date	End Date	Total Approved Project Fee (\$)	2018/19 Expenditure (\$)	Future Expenditure (\$)
Mercer	Remuneration Review	27/07/18	19/12/18	10,400	10,400	-
RelianceRisk	Risk Management Review	08/04/19	27/06/19	10,180	10,180	-
DHW Consulting	Facilities Review	11/06/19	29/07/19	31,500	31,500	-
Six O'Clock	Government Communications Review	28/02/19	09/07/19	18,150	18,150	-

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

- Number: 1 (2018: 1)
- Total Amount: \$8,000 (2018: \$5,000)

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 2018/19	General	5,467,990
	Total - Operational		5,467,990
	State Netball Hockey Centre Redevelopment 2018/19	Specific	14,112,754
	Total - Specific		14,112,754
	Capital Funding 2018/19	Capital	7,161,448
	Total - Capital		7,161,448
	Total - Grants Received (DHHS)		26,742,192
Department of Jobs, Precincts & Regions	Operational Funding 2018/19	General	607,554
	Total - Operational		607,554
	Capital Funding 2018/19	Specific	1,790,361
	Total - Capital		1,790,361
	Total - Grants Received (DJPR)		2,397,915
Department of Education & Training	Registered Training Organisation Funding	General	11,480
	Total - Operational		11,480
	Total - Grants Received (DET)		11,480
Development Victoria	State Netball Hockey Centre Redevelopment	Specific	50,000
	Total - Specific		50,000
	Total - Grants Received (DV)		50,000
Total	Total - All Grants Received		29,201,587

During the year, the following grant payments were made:

Organisation	Agreement	Grant Type	Amount (\$)
Development Victoria	State Netball Hockey Centre Redevelopment	Specific	14,418,467
	Total - Specific		14,418,467
	Total - Grants Paid (DV)		14,418,467
Total	Total - All Grants Paid		14,418,467

GOVERNMENT ADVERTISING EXPENDITURE

SSCT did not undertake any campaigns with a media spend of \$100,000 or greater during year-ended 30 June 2019.

DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

Total ICT expenditure incurred during the year-ended 30 June 2019 was:

Spend Type	Operational Expenditure	Capital Expenditure	Total
Business as Usual	915,995	73,883	989,878
Non-Business as Usual	-	679,754	679,754
Total	915,995	753,637	1,669,632

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		
<i>Charter and purpose</i>		
FRD 22H	Manner of establishment and the relevant Ministers	2
FRD 22H	Purpose, functions, powers and duties	2
FRD 22H	Nature and range of services provided	2
<i>Management and structure</i>		
FRD 22H	Organisational structure	6
<i>Financial and other information</i>		
FRD 10A	Disclosure index	20
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FRD 22H	Summary of financial results for the year	14
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FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	15
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	15
FRD 22H	Statement on National Competition Policy	15
FRD 22H	Application and operation of the <i>Protected Disclosure Act 2012</i>	16
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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 Assistant Treasurer 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 2019 and financial position of the Trust at 30 June 2019.

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 26 August 2019.



Mr. Christopher Jackson

Audit & Risk Committee Chairman
Responsible Body

State Sport Centres Trust

Melbourne
26 August 2019



Mr. Phil Meggs

Chief Executive Officer
Accountable Officer

State Sport Centres Trust

Melbourne
26 August 2019



Mr. Daniel Speed

GM Finance
Chief Finance & Accounting Officer

State Sport Centres Trust

Melbourne
26 August 2019

Independent Auditor's Report

To the Trust Members of the State Sport Centres Trust

Opinion	<p>I have audited the financial report of the State Sport Centres Trust (the trust) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2019 • 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. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the trust as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Trust Member's responsibilities for the financial report	<p>The Trust Members of the trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Trust 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.</p> <p>In preparing the financial report, the Trust 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.</p>
Other Information	<p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>

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 Trust Members
- conclude on the appropriateness of the Trust 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 Trust 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
30 August 2019



Travis Derricott
as delegate for the Auditor-General of Victoria

ANNUAL FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	NOTES	2019 \$ '000	2018 \$ '000
INCOME FROM TRANSACTIONS			
Sale of goods and services	2.1	19,960	19,615
Grants	2.2	6,137	6,400
Interest	2.3	123	50
Total income from transactions		26,220	26,065
EXPENSES FROM TRANSACTIONS			
Employee expenses	3.1	11,983	12,081
Depreciation	4.1.2	12,983	12,863
Grant expenses	3.2	681	9
Other operating expenses	3.3	14,442	13,166
Total expenses from transactions		40,089	38,119
Net result from transactions (net operating balance)		(13,869)	(12,054)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Impairment of loans and receivables		(34)	(57)
Net gain / (loss) on revaluation of non-financial physical assets	4.1.1	-	-
Net gain / (loss) on disposal of non-financial physical assets		-	(293)
Net gain / (loss) arising from revaluation of long service leave liability		-	-
Total other economic flows included in net result		(34)	(350)
Net result		(13,903)	(12,404)
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME			
Changes in physical asset revaluation surplus	4.1.1	-	-
Total other economic flows - other comprehensive income		-	-
Comprehensive result		(13,903)	(12,404)

The accompanying notes form part of these financial statements.

**BALANCE SHEET
AS AT 30 JUNE 2019**

	NOTES	2019 \$ '000	2018 \$ '000
ASSETS			
FINANCIAL ASSETS			
Cash and cash equivalents	5.1	8,905	6,169
Receivables	5.2	8,248	1,408
Total financial assets		17,153	7,577
NON-FINANCIAL ASSETS			
Inventories	5.4	178	128
Property, plant and equipment	4.1	381,511	374,913
Other non-financial assets	5.5	510	380
Total non-financial assets		382,199	375,421
Total assets		399,352	382,998
LIABILITIES			
Payables	5.3	11,803	3,744
Borrowings	5.6	1,922	1,922
Employee related provisions	6.1	793	761
Total liabilities		14,518	6,427
Net assets		384,834	376,571
EQUITY			
Accumulated deficit		(126,646)	(112,743)
Physical asset revaluation surplus		196,915	196,915
Contributed capital		314,565	292,399
Total equity		384,834	376,571

The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	NOTES	2019 \$ '000	2018 \$ '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		19,573	21,495
Receipts from government		5,529	6,113
Interest received		120	48
Total receipts		25,222	27,656
PAYMENTS			
Payments to suppliers and employees		(24,576)	(27,662)
Payments of grant expenses		(681)	(9)
Total payments		(25,257)	(27,671)
Net Cash flows from / (used in) operating activities	5.1.1	(35)	(15)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of non-financial assets		(5,154)	(4,881)
Purchases of non-financial assets – SNHC Redevelopment		(8,224)	(1,500)
Sales of non-financial assets		–	9
Net cash flows from / (used in) investing activities		(13,378)	(6,372)
CASH FLOWS FROM FINANCING ACTIVITIES			
Owner contributions by State Government – appropriation for capital expenditure purposes		16,149	6,500
Net cash flows from / (used in) financing activities		16,149	6,500
Net increase / (decrease) in cash and cash equivalents		2,736	113
Cash and cash equivalents at beginning of financial year		6,169	6,056
Cash and cash equivalents at end of financial year	5.1	8,905	6,169

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	NOTES	PHYSICAL ASSET REVALUATION SURPLUS \$ '000	ACCUMULATED DEFICIT \$ '000	CONTRIBUTED CAPITAL \$ '000	TOTAL \$ '000
BALANCE AT 1 JULY 2018		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 2019		196,915	(112,743)	292,399	376,571
Net result for the year		-	(13,903)	-	(13,903)
Other comprehensive income for the year	4.1.1	-	-	-	-
Capital appropriations		-	-	22,166	22,166
BALANCE AT 30 JUNE 2019		196,915	(126,646)	314,565	384,834

The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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.

The following segments have been disclosed in the Trust's financial statements pursuant to section 30 of the *State Sport Centres Act 1994* which requires separate disclosure of financials for the Melbourne Sports and Aquatic Centre and the State Netball and Hockey Centre each year. The operations and activities of each are outlined below:

- Melbourne Sports and Aquatic Centre precinct including Lakeside Stadium (MSAC) – the precinct is a group of sporting facilities including Indoor and outdoor 50m competition pools, indoor 25m lap pool, indoor multi purpose pool, hydrotherapy pool, Wellness Zone including hot yoga, reformer pilates and general yoga rooms, cycle studio, performance gym, swim analysis lab, basketball courts, badminton courts, table tennis, squash, volleyball, international standard athletic running track, designated athletics warm up area, a FIFA-sized natural grass pitch, crèche and food and beverage offerings.

- State Netball and Hockey Centre (SNHC) – hosts netball and hockey primarily whilst also hosting a number of other sporting activities including taekwondo, dodgeball, basketball, volleyball, gymnastics, corporate sports and schools competitions.

In preparing consolidated financial statements for the Trust, all material transactions and balances between consolidated segments are eliminated.

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

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Sale of goods	3,432	637	4,069	3,247	711	3,958
Rendering of services	12,890	1,330	14,220	12,660	1,520	14,180
Rental income	1,599	72	1,671	1,387	90	1,477
Total sales of goods and services	17,921	2,039	19,960	17,294	2,321	19,615

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.

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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.

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:

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Receivable no later than one year	679	-	679	670	28	698
Later than one year but later than five years	917	-	917	815	-	815
Later than five years	2,006	-	2,006	2,106	-	2,106
Total operating leases as lessor	3,602	-	3,602	3,591	28	3,619
Number of tenants	20			25		
Years remaining on leases	1 - 37 years			1 - 38 years		

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

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
General purpose	5,246	50	5,246	6,331	-	6,331
Specific purpose grants for on-passing	841	-	841	-	9	9
Other specific purpose	-	-	-	60	-	60
Total grants	6,087	50	6,087	6,391	9	6,400

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

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
INTEREST FROM FINANCIAL ASSETS NOT AT FAIR VALUE THROUGH PROFIT AND LOSS						
Interest on bank deposits	119	4	123	49	1	50
Total interest	119	4	123	49	1	50

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

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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

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Salaries and wages, annual leave and long service leave	9,729	613	10,342	9,237	1,159	10,396
Defined contribution superannuation expense (Note 6.2)	892	41	933	823	73	896
Other employee expenses	661	47	708	708	81	789
Total employee expenses	11,282	701	11,983	10,768	1,313	12,081

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

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Specific purpose grants for on-passing	-	-	-	-	-	-
Payments for specific purpose	681	-	681	-	9	9
Total grant expenses	681	-	681	-	9	9

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

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Cleaning and chemicals	1,851	347	2,198	1,640	372	2,012
Car parking	527	1	528	521	178	699
Utilities	2,760	356	3,116	2,027	268	2,295
Cost of goods sold	1,393	263	1,656	1,396	286	1,682
Maintenance	2,092	243	2,335	2,043	428	2,471
Information and communications technology	935	61	996	750	207	957
Insurance expenses	390	-	390	338	54	392
Sport rebates	723	8	731	704	17	721
Security	443	38	481	405	31	436
Other operating supplies	1,914	97	2,011	1,414	87	1,501
Total other operating expenses	13,028	1,414	14,442	11,238	1,928	13,166

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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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

	2019 \$ '000			2018 \$ '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	(15,684)	(3,061)	(18,745)	(7,842)	(1,530)	(9,372)
Net carrying amount	173,470	30,688	204,158	181,312	32,219	213,531
PLANT AND EQUIPMENT AT FAIR VALUE						
Gross carrying amount	18,788	2,870	21,658	16,488	2,866	19,354
Accumulated depreciation	(13,052)	(2,696)	(15,748)	(12,154)	(2,659)	(14,813)
Net carrying amount	5,736	174	5,910	4,334	207	4,541
LEASEHOLD IMPROVEMENTS AT FAIR VALUE						
Gross carrying amount	34,892	3,649	38,541	34,266	3,649	37,915
Accumulated depreciation	(19,102)	(2,462)	(21,564)	(16,647)	(2,241)	(18,888)
Net carrying amount	15,790	1,187	16,977	17,619	1,408	19,027
ASSETS UNDER CONSTRUCTION AT COST						
Gross carrying amount	3,020	15,926	18,946	796	1,498	2,294
Net carrying amount	3,020	15,926	18,946	796	1,498	2,294
TOTAL PROPERTY, PLANT AND EQUIPMENT						
Gross carrying amount	344,954	92,614	437,568	339,804	78,182	417,986
Accumulated depreciation	(47,838)	(8,219)	(56,057)	(36,643)	(6,430)	(43,073)
Net carrying amount	297,116	84,395	381,511	303,161	71,752	374,913

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 used for specialised land, although it 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 2017 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:

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 2019.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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 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 ^(a)	-	-	-	-	-	-
Revaluation of PPE recognised in other economic flows included in net result ^(a)	-	-	-	-	-	-
Depreciation	-	(7,842)	(749)	(2,455)	-	(11,046)
Balance at 30 June 2018	99,100	181,312	4,334	17,619	796	303,161
Additions	-	-	2,300	625	2,224	5,149
Disposals	-	-	-	-	-	-
Transfers in / out of assets under construction	-	-	-	-	-	-
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)	(898)	(2,454)	-	(11,194)
Balance at 30 June 2019	99,100	173,470	5,736	15,790	3,020	297,116

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. The Valuer-General Victoria Building Cost Indexation Factors have been assessed for subsequent financial year ends and no material impact has been identified.

(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 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 ^(a)	-	-	-	-	-	-
Revaluation of PPE recognised in other economic flows included in net result ^(a)	-	-	-	-	-	-
Depreciation	-	(1,530)	(46)	(241)	-	(1,817)
Balance at 30 June 2018	36,420	32,219	207	1,408	1,498	71,752
Additions	-	-	4	-	14,428	14,432
Disposals	-	-	-	-	-	-
Transfers in / out of assets under construction	-	-	-	-	-	-
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	-	(1,531)	(37)	(221)	-	(1,789)
Balance at 30 June 2019	36,420	30,688	174	1,187	15,926	84,395

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. The Valuer-General Victoria Building Cost Indexation Factors have been assessed for subsequent financial year ends and no material impact has been identified.

(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 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 ^(a)	-	-	-	-	-	-
Revaluation of PPE recognised in other economic flows included in net result ^(a)	-	-	-	-	-	-
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
Additions	-	-	2,304	625	16,652	19,582
Disposals	-	-	-	-	-	-
Transfers in / out of assets under construction	-	-	-	-	-	-
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	-	(9,373)	(935)	(2,675)	-	(12,983)
Balance at 30 June 2019	135,520	204,158	5,910	16,977	18,946	381,511

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. The Valuer-General Victoria Building Cost Indexation Factors have been assessed for subsequent financial year ends and no material impact has been identified.

(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

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Buildings	7,842	1,530	9,372	7,842	1,530	9,372
Plant and equipment	898	37	935	749	46	795
Leasehold improvements	2,454	221	2,675	2,455	241	2,696
Total depreciation	11,194	1,789	12,983	11,046	1,817	12,863

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

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

4.2 CAPITAL EXPENDITURE COMMITMENTS

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Not later than one year	2,431	-	2,431	1,045	-	1,045
Total capital expenditure commitments	2,431	-	2,431	1,045	-	1,045

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.

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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

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Cash at bank	5,929	411	6,340	5,803	70	5,873
Cash on hand	51	11	62	36	10	46
Deposits at call	2,503	-	2,503	250	-	250
Total cash and cash equivalents	8,483	422	8,905	6,089	80	6,169

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

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Net result for the period	(12,094)	(1,809)	(13,903)	(9,667)	(2,737)	(12,404)
NON-CASH MOVEMENTS:						
Depreciation of property, plant and equipment	11,194	1,789	12,983	11,046	1,817	12,863
Net (gain) / loss on disposal of non-financial physical assets	-	-	-	293	-	293
Loss on revaluation of buildings	-	-	-	-	-	-
Loss arising from revaluation of long service leave liability	-	-	-	-	-	-
MOVEMENTS IN ASSETS AND LIABILITIES:						
(Increase) / decrease in receivables	(218)	(601)	(819)	(481)	(395)	(876)
(Increase) / decrease in inventories	(51)	1	(50)	11	5	16
(Increase) / decrease in other assets	(126)	(2)	(128)	72	30	102
Increase / (decrease) in payables	1,305	547	1,852	795	(689)	106
Increase / (decrease) in provisions	11	19	30	(129)	14	(115)
Net cash flows from operating activities	21	(54)	(35)	1,940	(1,955)	(15)

5.2 RECEIVABLES

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
CONTRACTUAL:						
Trade debtors	109	7,041	7,150	661	402	1,063
Provision for doubtful debts	(6)	-	(6)	(19)	(2)	(21)
Loans receivable	12	-	12	28	-	28
Interest receivable	7	-	7	5	-	5
Accrued income	849	2	851	74	-	74
STATUTORY:						
GST input tax credit recoverable	234	-	234	238	21	259
Total receivables	1,205	7,043	8,248	987	421	1,408
REPRESENTED BY:						
<i>Current receivables</i>	1,205	7,043	8,248	975	421	1,396
<i>Non-current receivables</i>	-	-	-	12	-	12

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The Trust holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently 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 for disclosure purposes. The Trust applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Details about the Trust's impairment policies, the Trust's exposure to credit risk, and the calculation of the loss allowance are set out in note 7.1.3.

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5.3 PAYABLES

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
CONTRACTUAL:						
Trade creditors	1,725	6,853	8,578	1,271	30	1,301
Accrued expenses	2,301	196	2,497	1,333	183	1,516
Unearned income	566	23	589	571	32	603
STATUTORY:						
GST payable	139	-	139	247	73	320
FBT payable	-	-	-	4	-	4
Total receivables	4,731	7,072	11,803	3,426	318	3,744
REPRESENTED BY:						
Current payables	4,731	7,072	11,803	3,426	318	3,744
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
2019						
Trade creditors	8,578	8,578	8,444	119	15	-
Accrued expenses	2,497	2,497	2,497	-	-	-
Unearned Income	589	589	589	-	-	-
Total	11,664	11,664	11,530	119	15	-
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	-

Notes:

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

5.4 INVENTORIES

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Supplies and consumables at cost	169	9	178	118	10	128
Total inventories	169	9	178	118	10	128

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

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Prepayments	476	10	486	304	8	312
Lease incentives	10	-	10	43	-	43
Total current other assets	486	10	496	347	8	355
Lease incentives	14	-	14	25	-	25
Total non-current other assets	14	-	14	25	-	25
Total other assets	500	10	510	372	8	380

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

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
Advances from government ^(a)	1,100	-	1,100	550	-	550
Total current borrowings	1,100	-	1,100	550	-	550
Advances from government ^(a)	822	-	822	1,372	-	1,372
Total non-current borrowings	822	-	822	1,372	-	1,372
Total borrowings	1,922	-	1,922	1,922	-	1,922

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.

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Maturity analysis of borrowings

	CARRYING AMOUNT \$ '000	NOMINAL AMOUNT \$ '000	MATURITY DATES			
			LESS THAN 1 YEAR \$ '000	1-2 YEARS \$ '000	2-3 YEARS \$ '000	3+ YEARS \$ '000
2019						
Advances from government	1,922	1,922	1,100	550	272	-
Total	1,922	1,922	1,100	550	272	-
2018						
Advances from government	1,922	1,922	550	550	550	272
Total	1,922	1,922	550	550	550	272

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

	2019 \$ '000			2018 \$ '000		
	MSAC	SNHC	SSCT	MSAC	SNHC	SSCT
CURRENT PROVISIONS:						
Annual leave:						
Unconditional and expected to settle within 12 months	319	25	344	309	15	324
Unconditional and expected to settle after 12 months	52	4	56	46	2	48
Long service leave:						
Unconditional and expected to settle within 12 months	187	2	189	81	1	160
Unconditional and expected to settle after 12 months	-	22	22	7	15	15
Provision for on-costs:						
Unconditional and expected to settle within 12 months	82	4	86	83	3	86
Unconditional and expected to settle after 12 months	8	4	12	9	3	12
Total current provisions for employee benefits	648	61	709	606	39	645
NON-CURRENT PROVISIONS:						
Employee benefits	72	-	72	98	2	100
On-costs	12	-	12	16	-	16
Total non-current provisions for employee benefits	84	-	84	114	2	116
Total provisions for employee benefits	732	61	793	720	41	761

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

	2019 \$ '000	2018 \$ '000
OPENING BALANCE	114	128
Additional provisions recognised	-	-
Reductions arising from payments/other sacrifices of future economic benefits	(4)	(14)
Unwind of discount and effect of changes in the discount rate	-	-
Closing balance	110	114
REPRESENTED BY:		
<i>Current provisions for employee benefits</i>	<i>98</i>	<i>98</i>
<i>Non-current provisions for employee benefits</i>	<i>12</i>	<i>16</i>

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 Comprehensive Operating Statement 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.

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6.2 SUPERANNUATION CONTRIBUTIONS

	PAID CONTRIBUTION FOR THE YEAR \$ '000		CONTRIBUTION OUTSTANDING AT YEAR END \$ '000		TOTAL \$ '000	
	2019	2018	2019	2018	2019	2018
DEFINED CONTRIBUTION PLANS						
VicSuper	373	396	31	30	404	426
Other	493	436	37	34	530	470
Total inventories	866	832	68	64	934	896

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 Assistant Treasurer 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 2018 to 29 November 2019
Minister for Sport	The Hon. Martin Pakula MP	30 November 2018 to 30 June 2019
Trust Members:		
Trust Chairman	Mr. Brett Moore	1 July 2018 to 30 June 2019
Trust Member	Mr. Christopher Jackson	1 July 2018 to 30 June 2019
Trust Member	Mr. Jack Diamond	1 July 2018 to 30 June 2019
Trust Member	Ms. Danni Roche	1 July 2018 to 30 June 2019
Trust Member	Ms. Patsy Toop	1 July 2018 to 30 June 2019
Trust Member	Ms. Tracey Cooper	1 July 2018 to 30 June 2019
Trust Member	Ms. Kimberley Brown	1 July 2018 to 8 February 2019
Trust Member	Ms. Emma Race	26 March 2019 to 30 June 2019
Accountable Officer:		
Chief Executive Officer	Mr. Phil Meggs	1 July 2018 to 30 June 2019

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: \$300,000 – \$309,999 (\$290,000 – \$299,000 in 2017-18).

	2019	2018
\$0 – \$9,999	2	–
\$10,000 – \$19,999	5	6
\$20,000 – \$29,999	1	1
\$290,000 – \$299,999	–	1
\$300,000 – \$309,999	1	–
Total responsible persons	9	8

6.4 REMUNERATION OF EXECUTIVES

The number of executives, other than the Ministers 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.

	2019 \$ '000	2018 \$ '000
Short-term employee benefits	565	687
Post-employment benefits	55	68
Other long-term benefits	–	37
Termination benefits	10	41
Total remuneration	630	833
Total number of executives	4	7
Total annualised employee equivalents (a)	3.86	4.13

Notes:

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

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6.5 RELATED PARTIES

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

Related parties of the Trust 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 \$21,460,053 (2017-18: \$13,292,000), the Department of Jobs, Precincts and Regions of \$895,181 and from Development Victoria of \$50,000 (2017-18: Nil).

The Trust paid funding to Development Victoria of \$8,224,206 (2017-18: \$1,500,000).

The Trust also has deposits at call with the Treasury Corporation of Victoria. The balance of the deposit as at 30 June 2019 is \$2,502,708 (2017-18: \$250,000).

Remuneration of key management personnel

Key management personnel of the agency includes the Portfolio Ministers, The Hon. John Eren MP and The Hon. Martin Pakula 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.

	2019 \$ '000	2018 \$ '000
Short-term employee benefits	369	358
Post-employment benefits	34	28
Other long-term benefits	-	-
Total remuneration	403	386

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*.

From 1 July 2018, the Trust applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets under AASB 9

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Trust to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Trust recognises the following assets in this category:

- cash and deposits, and
- receivables (excluding statutory receivables);

Categories of financial assets previously under AASB 139

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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Categories of financial liabilities under AASB 9 and previously under AASB 139

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in the Trust's own credit risk. In this case, the portion of the change attributable to changes in the Trust's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised.

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.

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which a derivative contract is entered into. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.

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.

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.

Reclassification of financial instruments: Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the Trust's business model for managing its financial assets has changes such that its previous model would no longer apply.

If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in net result.

7.1.1 Financial instruments – categorisation

2019	CASH AND DEPOSITS \$ '000	FINANCIAL ASSETS AT AMORTISED COST \$ '000	FINANCIAL LIABILITIES AT AMORTISED COST \$ '000	TOTAL \$ '000
CONTRACTUAL FINANCIAL ASSETS				
Cash and cash equivalents	8,905	-	-	8,905
RECEIVABLES: ^(a)				
Trade debtors	-	7,144	-	7,144
Loans receivable	-	12	-	12
Interest receivable	-	7	-	7
Accrued income	-	851	-	851
Total contractual financial assets	8,905	8,014	-	16,919
CONTRACTUAL FINANCIAL LIABILITIES				
PAYABLES: ^(a)				
Trade creditors	-	-	8,578	8,578
Accrued expenses	-	-	2,497	2,497
BORROWINGS:				
Advances from government	-	-	1,922	1,922
Total contractual financial liabilities	-	-	12,977	12,977

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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2018	CASH AND DEPOSITS \$ '000	FINANCIAL ASSETS AT AMORTISED COST \$ '000	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	6,169	1,149	-	7,318
CONTRACTUAL FINANCIAL LIABILITIES				
PAYABLES: (a)				
Trade creditors	-	-	1,301	1,301
Accrued expenses	-	-	1,516	1,516
BORROWINGS:				
Advances from government	-	-	1,922	1,922
Total contractual financial liabilities	-	-	4,739	4,739

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

2019	TOTAL INTEREST INCOME / (EXPENSE) \$ '000	IMPAIRMENT LOSS \$ '000	TOTAL \$ '000
CONTRACTUAL FINANCIAL ASSETS			
Financial assets - at amortised cost	123	(34)	89
Total contractual financial assets	123	(34)	89
CONTRACTUAL FINANCIAL LIABILITIES			
Financial liabilities at amortised cost	-	-	-
Total contractual financial liabilities	-	-	-

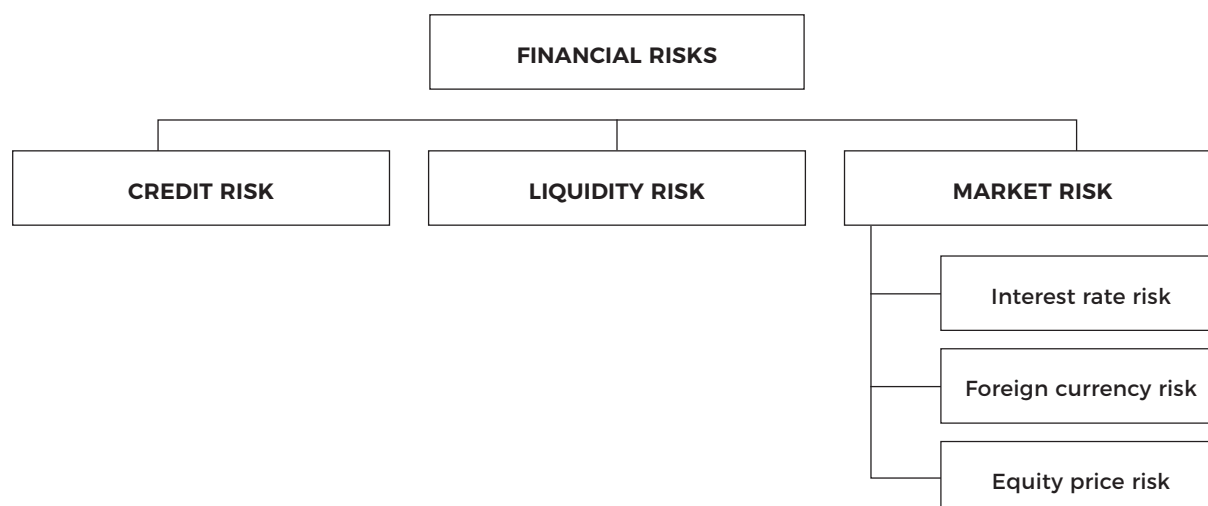
2018	TOTAL INTEREST INCOME / (EXPENSE) \$ '000	IMPAIRMENT LOSS \$ '000	TOTAL \$ '000
CONTRACTUAL FINANCIAL ASSETS			
Financial assets – loans and receivables	50	(57)	(7)
Total contractual financial assets	50	(57)	(7)
CONTRACTUAL FINANCIAL LIABILITIES			
Financial liabilities at amortised cost	-	-	-
Total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

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, financial assets at amortised cost and debt instruments that are classified as financial assets at fair value through other comprehensive income, 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
- 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



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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 and interest rate 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 Accountable Officer.

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 2018/19.

Credit quality of financial assets

	FINANCIAL INSTITUTIONS (TRIPLE-A CREDIT RATING) \$ '000	GOVERNMENT AGENCIES (TRIPLE-A CREDIT RATING) \$ '000	OTHER (NO RATING) \$ '000	TOTAL \$ '000
2019				
FINANCIAL ASSETS				
Financial assets with loss allowance measured at 12-month expected credit loss				
Cash and deposits (not assessed for impairment due to materiality)	6,340	2,503	61	8,905
Statutory receivables (with no impairment loss recognised)	4	6,626	532	7,163
Total financial assets	6,344	9,129	593	16,086

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
FINANCIAL ASSETS				
Cash and deposits	5,873	250	46	6,169
Contractual Receivables ^(a)	5	739	331	1,075
Total financial assets	5,878	989	377	7,244

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).

Impairment of financial assets under AASB 9 – applicable from 1 July 2018

From 1 July 2018, the Trust has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Trust's contractual receivables and statutory receivables.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

The Trust applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Trust has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Trust's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, the Trust determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as follows:

1 JULY 2018	CURRENT	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS - 1 YEAR	1 - 5 YEARS	TOTAL
EXPECTED LOSS RATE	0%	0%	0%	44%	0%	
Gross carrying amount of contractual receivables	965	67	69	48	-	1,149
Loss allowance	-	-	-	(21)	-	(21)

30 JUNE 2019	CURRENT	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS - 1 YEAR	1 - 5 YEARS	TOTAL
EXPECTED LOSS RATE	0%	0%	0%	6%	0%	
Gross carrying amount of contractual receivables	7,686	108	118	101	-	8,014
Loss allowance	-	-	-	(6)	-	(6)

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Reconciliation of the movement in the loss allowance for contractual receivables is shown as follows:

	2019	2018
Balance at the beginning of the year	(21)	(16)
Opening retained earnings adjustment on adoption of AASB 9	-	-
Opening Loss Allowance	(21)	(16)
Increase in provision recognised in the net result	(6)	(21)
Reversal of unused provision recognised in the net result	(21)	16
Balance at end of the year	(6)	(21)

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

In prior years, 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. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

Statutory receivables at amortised cost

The Trust's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised at 30 June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2018.

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.

Financial instruments – market risk

The Trust's exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage this risk is disclosed below.

Sensitivity disclosure analysis and assumptions:

The Trust's sensitivity to interest rate 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. 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 cash equivalents that are at floating rate.

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.

Interest rate exposure of financial instruments

	WEIGHTED AVERAGE INTEREST RATE (%)	CARRYING AMOUNT \$ '000	VARIABLE INTEREST RATE \$ '000	NON-INTEREST BEARING \$ '000
2019				
FINANCIAL ASSETS				
Cash and cash equivalents	1.16%	8,905	8,843	61
RECEIVABLES: (a)				
Trade debtors	N/A	7,144	-	7,144
Loans receivable	N/A	12	-	12
Interest receivable	N/A	7	-	7
Accrued income	N/A	851	-	851
Total financial assets		16,919	8,843	8,075
PAYABLES: (a)				
Trade creditors	N/A	8,578	-	8,578
Accrued expenses	N/A	2,497	-	2,497
BORROWINGS:				
Advances from government	N/A	1,922	-	1,922
Total financial liabilities		12,997	-	12,997

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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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
BORROWINGS:				
Advances from government	N/A	1,922	-	1,922
Total financial liabilities		4,739	-	4,739

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

	CARRYING AMOUNT '000	NET RESULT	
		-100 BASIS POINTS '000	-100 BASIS POINTS '000
2019			
Cash and cash equivalents	8,905	(89)	(89)
Total impact	8,905	(89)	(89)
2018			
Cash and cash equivalents	6,169	(62)	62
Total impact	6,169	(62)	62

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 2019, 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 2019, 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, 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 non-financial assets and liabilities as required.

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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 2018/19 reporting period.

These financial instruments include:

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

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
2019				
Specialised land	135,520	-	-	135,520
Specialised buildings	204,158	-	-	204,158
Plant and equipment	5,910	-	-	5,910
Leasehold improvements	16,977	-	-	16,977
Total non-financial physical assets at fair value	362,565	-	-	362,565
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

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

	LAND \$ '000	BUILDINGS \$ '000	PLANT AND EQUIPMENT \$ '000	LEASEHOLD IMPROVEMENTS \$ '000	TOTAL \$ '000
Balance at 1 July 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	4,530	19,028	372,620
Purchases / (sales)	-	-	2,305	625	2,930
GAINS OR LOSSES RECOGNISED IN NET RESULT:					
Depreciation	-	(9,372)	(935)	(2,675)	(12,983)
Revaluation	-	-	-	-	-
Sub-total	-	(9,372)	(935)	(2,675)	(12,983)
GAINS OR LOSSES RECOGNISED IN OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME:					
Revaluation	-	-	-	-	-
Sub-total	-	-	-	-	-
Balance at 30 June 2019	135,520	204,159	5,911	16,977	362,566

Description of significant unobservable inputs to Level 3 valuations

2019 and 2018	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

	2019 \$ '000	2018 \$ '000
VICTORIAN AUDITOR-GENERAL'S OFFICE		
Audit or review of the financial statements	42	42
Total remuneration of auditors	42	42

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 CHANGE IN ACCOUNTING POLICIES

The Trust has elected to apply the limited exemption in AASB 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a result:

- a. any adjustments to carrying amounts of financial assets or liabilities are recognised at beginning of the current reporting period with difference recognised in opening retained earnings, and
- b. financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

AASB 9 introduces a major change to hedge accounting. However, it is the Trust's policy not to apply hedge accounting.

This note explains the impact of the adoption of AASB 9 Financial Instruments on the Trust's financial statements.

8.3.1 Changes to classification and measurement

On initial application of AASB 9 on 1 July 2018, the Trust's management has assessed for all financial assets based on the Trust's business models for managing the assets. The following are the changes in the classification of the Trust's financial assets:

- a. contractual receivables previously classified as other loans and receivables under AASB 139 are now reclassified as financial assets at amortised cost under AASB 9. No increase in loss allowance for these assets was recognised in opening retained earnings for the period.

The accounting for financial liabilities remains largely the same as it was under AASB 139, except for the treatment of gains or losses arising from the Trust's own credit risk relating to liabilities designated at fair value through net result. Such movements are presented in other comprehensive income with no subsequent recycle through profit or loss.

The Trust's accounting policies for financial assets and liabilities are set out in note 7.1. The following table summarises the required and elected reclassification upon adoption of AASB 9. The main effects resulting from the reclassification are as follows:

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		AASB 9 MEASUREMENT CATEGORIES				
As at		AASB 139	FAIR VALUE	FAIR VALUE		FAIR VALUE
30 June 2018	NOTES	MEASUREMENT	THROUGH	THROUGH	AMORTISED	THROUGH OTHER
		CATEGORIES	NET RESULT	NET RESULT	COST	COMPREHENSIVE
		\$ '000	(DESIGNATED)	(MANDATORY)	\$ '000	INCOME
			\$ '000	\$ '000		\$ '000
AASB 139 Measurement Categories						
Loan and receivables						
Sale of goods and services	8.7.1(a)	1,042	-	-	1,042	-
Other receivables	8.7.1(a)	107	-	-	107	-
As at 1 July 2018		1,149	-	-	1,149	-

9.7.2 Changes to the impairment of financial assets

Under AASB 9, all loans and receivables as well as other debt instruments not carried at fair value through net result are subject to AASB 9's new expected credit loss (ECL) impairment model, which replaces AASB 139's incurred loss approach.

For other loans and receivables, the Trust applies the AASB 9 simplified approach to measure expected credit losses based on the change in the ECLs over the life of the asset. Application of the lifetime ECL allowance method results in no increase in the impairment loss allowance.

9.7.3 Transition impact

No transition impact of first-time adoption of AASB 9 on the Comprehensive Operating Statement and Balance Sheet has been noted.

8.4 OTHER ACCOUNTING POLICIES

8.4.1 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.

8.4.2 Contributions by owners

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 that 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.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

8.5 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Leases

AASB 16 Leases replaces AASB 117 Leases, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a Right-of-Use (RoU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below \$10,000).

AASB 16 also requires the lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, and remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the remeasurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The effective date is for annual reporting periods beginning on or after 1 January 2019. The Trust intends to adopt AASB 16 in 2019-20 financial year when it becomes effective.

The Trust will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

Various practical expedients are available on adoption to account for leases previously classified by a lessee as operating leases under AASB 117. The Trust will elect to use the exemptions for all short-term leases (lease term less than 12 months) and low value leases (deemed to be below \$10,000).

In addition, AASB 2018-8 – Amendments to Australian Accounting Standards – Right-of-Use Assets (RoU) of Not-for-Profit Entities allows a temporary option for not-for-profit entities to not measure RoU assets at initial recognition at fair value in respect of leases that have significantly below-market terms, since further guidance is expected to be developed to assist not-for-profit entities in measuring RoU assets at fair value. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such RoU assets at cost rather than fair value) to include additional disclosures. The Department intends to choose the temporary relief to value the RoU asset at the present value of the payments required (at cost).

The Trust has performed a detailed impact assessment of AASB 16 and there is not assessed to be any impact for the Trust.

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Revenue and Income

AASB 15 supersedes AASB 118 Revenue, AASB 111 Construction Contracts and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.

To address specific concerns from the 'not-for-profit' sector in Australia, the AASB also released the following standards and guidance:

- AASB 2016-8 Amendments to Australian Accounting Standards – Australian implementation guidance for NFP entities (AASB 2016-8), to provide guidance on application of revenue recognition principles under AASB 15 in the not-for-profit sector
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors (2018-4), to provide guidance on how to distinguish payments receive in connection with the access to an asset (or other resource) or to enable other parties to perform activities as tax and non-IP licence. It also provides guidance on timing of revenue recognition for non-IP licence payments
- AASB 1058 Income of Not-for-Profit Entities, to supplement AASB 15 and provide criteria to be applied by not-for-profit entities in establishing the timing of recognising income for government grants and other types of contributions previously contained within AASB 1004 Contributions.

AASB 15, AASB 1058 and the related guidance will come into effect for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019. The Trust intends to adopt these standards in 2019-20 financial year when it becomes effective.

The Trust will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

The Trust has performed a detailed impact assessment of AASB 15 and AASB 1058 and there is not assessed to be any impact on any class of revenue for the Trust.