

Melbourne Convention and Exhibition Trust

Annual Report
2020–2021

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and Exhibition Trust**

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Chairperson's foreword

In accordance with the *Financial Management Act 1994*, I am pleased to provide the Melbourne Convention and Exhibition Trust (the Trust) Annual Report for the year ended 30 June 2021.

This report provides consolidated information on the activities of Melbourne Convention and Exhibition Centre (MCEC) located in South Wharf, Victoria. MCEC comprises the Melbourne Exhibition Centre, opened in February 1996, the Melbourne Convention Centre, opened in June 2009, and the MCEC expansion, opened in July 2018. These three fully-integrated facilities trade as Melbourne Convention and Exhibition Centre, under the direction of the Trust.

The 2020/21 financial year has proven challenging for MCEC, owing to the ongoing impact of the coronavirus (COVID-19) pandemic including international and domestic border closures and the ongoing uncertainty caused by lockdowns and restrictions across Australia.

Due to the global pandemic, the venue closed in March 2020, only reopening at the end of November 2020 under strict capacity limits. MCEC has been impacted by two additional lockdowns in February and June 2021, resulting in the venue closing its doors for a further 27 days. Ongoing limitations to capacities have added further complexity to MCEC's operations.

From 1 July 2020 until 30 June 2021, MCEC recorded revenue from sales and grant income of \$93 million, 3.6 per cent less than the same period last year.

MCEC hosted 154 events at the venue, down from 800 events the previous year, representing an 81 per cent decline. This is largely attributable to COVID-19, which caused the cancellation of 519 planned events and the closure of our venue.

The events that did occur included:

- 8 national conferences and exhibitions
- 22 local conferences and exhibitions
- 9 concerts and/or ticketed events

These events attracted 76,000 attendees, of whom 28,000 visited with the purpose of attending an exhibition. Concerts and ticketed events attracted 16,000 attendees. In total, we welcomed more than 314,000 visitors to the venue, including members of the public using our cafés and facilities.

7,000 national delegates (24,000 delegate days) attended conferences and exhibitions held at MCEC.

Significant events hosted during 2020/21 included:

- MCEC Drive-In (Door) Cinema
- Ben Folds with the Melbourne Symphony Orchestra
- UN Women Australia – International Women's Day
- Australian and New Zealand College of Anaesthetists (ANZCA) ASM
- Jurassic World by Brickman®
- Melbourne Gift & Lifestyle Fair 2021
- Doherty Institute: COVID-19 your questions answered
- Royal Children's Hospital Good Friday Appeal 2021
- Visit Victoria Tourism Conference
- Pregnancy, Babies & Children Expo 2021
- Royal Australasian College of Surgeons Annual Scientific Congress 2021
- Australasian Tunnelling Conference 2021
- Great Australasian Beer & Cider Spectacular (GABS) 2021

Collectively, these events and our other associated activities contributed \$49 million in economic impact to Victoria for the 2020/21 year. With international border closures in place, MCEC was unable to host any international conferences or exhibitions, resulting in a substantial decrease in revenue and our economic impact.

The Trust remains committed to supporting the activities of the Melbourne Convention Bureau (MCB) to attract new international business, while also investing in the Club Melbourne Ambassador Program, which supports leading Melburnians to establish, secure and host international conferences in our city.

In the 2020/21 financial year, Club Melbourne Ambassadors were involved in 17 per cent of all future international conferences secured for Melbourne and to be held at MCEC. Additionally, there are 11 active and pending business leads for which we expect final location decisions to be made in 2021/22.

In February MCEC celebrated its 25th anniversary, a significant milestone for a venue that has hosted well over 20,000 international, national and local events and been a major driver of economic activity and thought leadership.

MCEC capitalised on the downturn in event activity by undertaking a comprehensive business relaunch, adopting a new operating model and innovating new revenue streams, partnerships, and opportunities to contribute to Victoria's economic and social recovery. We launched our Business Strategy 2021 – 2024 which supports our ambition to lead, innovate and deliver real

value to our customers and community. It focuses on four key priorities – Customer-Driven Financial Sustainability, New Markets and Products, Our People and Community Pride. To support our new strategy, we delivered a transformed brand which reflects the creativity of our people and positions MCEC as the home of unconventional thinking and experiences.

In August 2020 we held our inaugural ‘Unconventional Ideas’ event, a virtual two-and-a-half-day think tank that saw more than a hundred of the events industry’s best and brightest minds generate innovative ways of using our facilities and resources to reshape the future of MCEC.

Commercial and community partnerships were a key focus in FY 20/21. These included:

- A long-term partnership with art and culture company Grande Experiences making MCEC the permanent home to THE LUME Melbourne, an immersive digital gallery and event space.
- Partnership with TEG Live and Brickman® delivering the ‘Jurassic World by Brickman®’ exhibition to MCEC.
- A partnership with our wholesale meat supplier, Flinders & Co, to create the ‘Home Chef Series’ of ready meals, now stocked at Coles supermarkets throughout Victoria and NSW.
- Partnering with Village Cinemas to create Australia’s first indoor drive-in cinema in our exhibition bays, an initiative that received extensive positive media coverage.
- Supporting Guide Dogs Victoria by providing a safe, contained and free-of-charge space to train Guide Dogs, to ensure people with low vision or blindness could continue to receive essential services during restrictions.

In anticipation of a return to in-person events at MCEC we developed a comprehensive VenueSafe plan for the business which launched in July 2020 and has undergone regular updates in line with the latest health advice from the Victorian Department of Health. The plan incorporates best practice health and hygiene measures.

MCEC is also proud to host one of Victoria’s flagship vaccination centres and play an important role in vaccinating our population, to assist with a faster recovery of the economy and our business events industry.

As part of our focus on the future, MCEC continued to deliver on its Sustainability Plan 2016 – 2021 as well as develop and implement a new five-year sustainability strategy which acknowledges the need to futureproof the business and meet the United Nations Sustainable Development Goals. To be implemented from

1 July 2021, the 2021 – 2026 Sustainability Strategy is bold in its targets, pursues strong partnerships and aims to leave a legacy.

Despite the reduction in activity over the last year due to venue closures, we have remained a world-leader in the business events sector, earning the accolade of ‘Oceania’s Leading Meeting and Conference Centre’ at the World Travel Awards in November 2020. MCEC was also named an Australian Business Awards Employer of Choice for the fourth consecutive year.

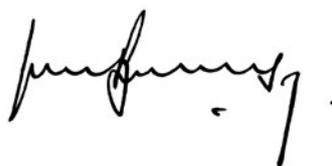
Forward bookings for 2021/22 are returning gradually. There are currently 335 events with a status of ‘hold to confirmed’ in this period. Under current restrictions, it will be some time before the venue returns to its usual level of activity, with revenue forecasts adjusted for a more conservative and gradual growth in business in the year ahead.

It has been a profoundly challenging and transformative year for us all - one that few could have anticipated. While capacity limits and snap lockdowns have severely restricted our ability to run and plan events, our teams have focused on exploring new ways to position the business to succeed in a post-COVID world, exploring and implementing a range of new projects and initiatives designed to future-proof our processes and the way our people work.

I would like to take this opportunity to thank my fellow Trust members, the Executive and the whole MCEC team for their hard work and dedication during 2020/21.

I would also like to thank the Minister for Tourism, Sport and Major Events, the Hon. Martin Pakula MP, as well as our colleagues at the Department of Jobs, Precincts and Regions for their ongoing support and guidance during a challenging year.

We are continually strengthening our ability to respond to – and find value in – unexpected diversions from ‘business as usual’, and we’re looking forward to the 12 months ahead. As always, it is our people who set us apart, and our people who will lead the way in the year to come.



The Hon John Brumby AO
Chairperson
Melbourne Convention and Exhibition Trust

Report of operations

History and background

The Trust was established in August 1994, under the *Melbourne Exhibition Centre Trust Act 1994*, to oversee the development and management of the Melbourne Exhibition Centre. The Act was amended in 1995 to include the management, promotion and use of the Royal Exhibition Building as part of the Trust's responsibilities.

The *Melbourne Convention and Exhibition Trust Act 1996* was enacted on 5 February 1997, repealing the former Act and establishing the Trust. The new Act permitted increased responsibilities for the Trust including the ownership and management of both the Melbourne Exhibition Centre and the Melbourne Convention Centre. The Melbourne Convention Centre, formerly the World Congress Centre Melbourne, was vested in the Trust in February 1997.

On 14 February 1997, the Trust entered into a management agreement with World Congress Centre Melbourne Pty Ltd to provide venue operator services for the Melbourne Convention Centre. This management agreement ended in August 1997 when the Trust became both owner and venue manager of the Melbourne Convention Centre and the Melbourne Exhibition Centre.

On 28 August 2002, the Trust was appointed the Committee of Management of the Yarra River Maritime Reserve. The Reserve is inclusive of the land and historic sheds located on the south bank of the Yarra River between Grimes Bridge and the Melbourne Maritime Museum. This appointment was revoked in June 2006 as part of the land consolidation process necessary for the development of the Melbourne Convention Centre and associated works referred to below.

On 20 April 2004, the Victorian Government announced the development of a new Convention Centre as part of a major precinct development. This project incorporated a commitment of \$370 million from the Victorian Government and \$43 million from the City of Melbourne. The project was delivered as a Partnership Victoria project and includes a significant private sector investment in complementary facilities in the precinct adjacent to the existing Melbourne Exhibition Centre and the new Melbourne Convention Centre. The Melbourne Convention Centre officially opened in June 2009.

On 5 May 2015, the Victorian Government announced \$205 million for the expansion of Melbourne Convention and Exhibition Centre in the 2015/16 State Budget. This project commenced in May 2016 and opened on 1 July 2018. The expansion ensures MCEC can continue to accommodate the growing global demand for meeting and event spaces, and cements Melbourne as Australia's business events capital.

The Trust reports to the Minister for Tourism, Sport and Major Events, the Hon Martin Pakula MP.

Year in review

Our purpose

We connect people locally and globally to share, collaborate, learn and inspire. And we do it at a personal level, to build real relationships. We create memorable events (big and small, in-person and online) that drive thinking, activity and economic growth.

Strategic priorities

1. Our people

Empowering our people and investing in new capabilities, the key enabler of it all, by building a future-focused workforce and culture.

2. Customer driven financial sustainability

Enhancing our offering to the customer, leveraging our assets and accelerating our return to sustainable business.

3. Community pride

Activating pride in MCEC and demonstrating a return on investment to the state of Victoria by giving back to our community.

4. New markets & products

Following through on our commitment to be unconventional, we identify and pursue new markets, products and ideas, committing ourselves to a point of difference.

The 90-day cycle

To continue to operate as a competitive business, within an increasingly aggressive market and escalating expectations of our customers, MCEC must constantly evolve to remain relevant and contemporary.

MCEC has established a 90-day approach to business planning, with strategic outcomes and activities that align to the four strategic priorities within our Business Strategy 2021-24, being identified by the business on a quarterly basis.

Purpose and functions

The *Melbourne Convention and Exhibition Trust Act 1996* specifies the functions of the Trust as being to provide for:

- a. the development, promotion, management, operation and use of convention and exhibition facilities and services in the State of Victoria, including the use of those facilities and services for entertainment purposes.
- b. with the approval of the Minister, the development, promotion, management, operation and use of tourism or hospitality facilities and services in the State of Victoria, including the use of those facilities and services for entertainment purposes.
- c. the development, promotion, management, operation and use of facilities and services for the parking of vehicles to be used in conjunction with any of the Trust's facilities.
- d. with the approval of the Minister, and for such a period as is approved by the Minister, the promotion, management, operation and use of:
 - i) the Royal Exhibition Building
 - ii) any part of the exhibition land that the Trust reasonably requires in conjunction with the use of the Royal Exhibition Building subject to any agreement or arrangement between the Trust and the Museums Board of Victoria.
- e. any other matter authorised by the Act.

Objectives, indicators and outputs

Four strategic priorities have been established to ensure that MCEC meets its vision for the future; to make personal connections with immense impact.

These priorities were identified to ensure the business better serves its employees, customers, stakeholders and the local community.

Strategic priority one

Our people

As part of our Business Strategy 2021-24, we have implemented new outcome-focused 90-day cycles of planning and review, to make sure we're able to be nimble and adjust as needed. To build on our learnings from the Business Relaunch program we have established an Agile Project Management Office (APMO).

The APMO works to build a lean and adaptable governance model to align work with our strategic priorities, making sure that we are working on the right things at the right time. It helps to support and resource prioritised initiatives that deliver value back to the organisation. It also ensures transparency and visibility across the organisation and supports collaboration and efficiencies in our work.

To deliver on our 2021-24 business strategy, we need to build capabilities and capacity that allows for agility and new ideas. By exploring new ways of working, we can deliver an enhanced customer experience and innovative solutions in a changed competitive environment.

In late 2020, the Executive established an operating model exploration team. Their role was to explore options to best achieve the focus of the business' draft strategy. The team researched different operating models and conducted a review of customer feedback, customer and employee journeys as well as a process called Value Stream Mapping, in which the end-to-end process for a specific event is mapped to understand internal handovers and areas of improvement. The team also took on board feedback and learnings from the last nine months of Business Relaunch, to inform future ways of working. A number of recommendations were made to the Executive and Trust which has resulted in MCEC committing to a staggered rollout of a new Operating Model designed around Agile best practices and customised to our organisation. MCEC is taking an iterative approach with the view to build and improve on each iteration until we reach the final design.

Through our VenueSafe Plan we have implemented a range of public health, hygiene and physical distancing measures to ensure the safety and wellbeing of employees, customers, contractors and suppliers. This included the establishment of a VenueSafe Advisor team and mandatory training for all employees.

We produced a Mental Health and Wellbeing Strategy Research Report, informed by a survey completed by 372 employees, which recommended additional training and a dedicated Health and Wellbeing role, which was appointed in March. Close to 60 per cent of respondents felt that MCEC was doing a lot in the mental health and wellbeing space.

Indicative of MCEC's ongoing commitment to employee health and wellbeing, MCEC was recognised as an Employer of Choice for the fourth consecutive year, in the annual Australian Business Awards 2020.

Strategic priority two

Customer driven financial sustainability

Throughout the year, MCEC worked to improve our commercial outcomes by leveraging our physical (infrastructure, people), virtual (systems) and intangible (brand, reputation, people intellect and community/partnerships) assets.

In 2020/21, MCEC contributed \$49 million in economic impact to the Victorian economy. More than 7,000 national delegates attended conferences and exhibitions held at the venue during the year, with many staying at local hotels and eating in local restaurants. MCEC's kitchens continue to support the local economy, with the venue remaining committed to sourcing local produce from local suppliers wherever possible.

MCEC needs to participate in the emerging, digitally-focused hybrid events market to remain at the forefront of industry evolution. In August 2020 MCEC launched its streaming service, StreamShark and spaces that allow for scalable events – from a more intimate chat to a panel discussion of up to six presenters. We are currently working on the roll out of InEvent as our digital event platform, in addition to our existing streaming service which will offer customers more features for event planning, engagement and reporting.

MCEC partnered with Grande Experiences, to become the permanent home of THE LUME Melbourne, an experiential art gallery, which will open in late 2021 and feature changing exhibitions over the coming years. This immersive digital art gallery will create new opportunities

for our customers by providing a striking venue experience like no other. We also anticipate it will bring more work to the centre and drive activity within our surrounding precincts - becoming a real tourism drawcard.

In March, MCEC partnered with TEG Live and Brickman® to deliver Jurassic World by Brickman®, a ticketed exhibition which has been extended until October 2021. Supported by the City of Melbourne and the Victorian Government, the exhibition features over 50 large-scale dinosaurs, props, scenes and activities made from over 6 million LEGO® bricks and has attracted thousands of visitors.

The world around MCEC has changed, and we recognised that our way of working needed to change too. We must continue to be leaders in our field and provide our customers and visitors with the best experience possible. For our employees, visitors and customers who expect a modern and seamless experience, MCEC's digital transformation will change the way we work, the way we service our customers and the way our local and international visitors, experience our venue.

After pausing mid-FY2019/20, strategic planning for our digital roadmap recommenced with a focus on the development of a customer centric, flexible, modern and stable website, that is built with appropriate technology and aligns with customer priorities. Exploration for developing a single source of truth for customer data through CRM implementation is also underway.

Following a public expression of interest and tender process, involving extensive due diligence and evaluation by a panel of MCEC end users, we selected Ungerboeck as our preferred vendor for our Core Systems Uplift. Once delivered, this technology will provide MCEC with industry-leading event planning, delivery and financial systems that provide a seamless experience for our employees and customers.

Strategic priority three

Community pride

In February, MCEC celebrated its 25th Anniversary, marking a milestone for the venue that has hosted well over 20,000 international, national and local events and welcomed millions of visitors over the last quarter century.

As part of the stakeholder engagement framework, MCEC's Executive Team continues to play an active leading role in several industry committees and organisations including:

- International Congress and Convention Association (ICCA)
- Business Events Council of Australia (BECA)
- Exhibition and Event Association of Australia (EEAA)
- Venue Management Association (VMA)
- Meetings and Events Australia (MEA)
- Melbourne Convention Bureau (MCB)
- Victoria Tourism Industry Council
- Victorian Chamber of Commerce and Industry
- International Association of Convention Centres (AIPC)
- South Wharf Precinct operations, development and marketing committees

One of the key ways we continue to deliver value to the Victorian economy and the broader community is through our management of the Club Melbourne Ambassador Program. For 16 years Club Melbourne has been primarily focused on driving international business to Melbourne, consistently securing global events for the city.

We have been working with Ambassadors to drive local and national events to MCEC as well as ensuring we have a strong pipeline of international opportunities for MCEC in the future. In the 2020/21 financial year, Club Melbourne Ambassadors were involved in 17 per cent of all future international conferences secured for Melbourne and to be held at MCEC. Additionally, there are 11 active and pending business leads for which we expect final location decisions to be made in 2021/22.

During 2020/21, Club Melbourne welcomed three new Ambassadors into the program. They filled or supplemented engineering and information and communications technology (ICT) industry expertise gaps identified in the program. The inducted Ambassadors have been working on 22 international conferences potentially worth more than \$150 million in economic benefit to the state of Victoria.

In 2020, Guide Dogs Victoria (GDV) and MCEC entered into a partnership to ensure Victorians with low vision or blindness could continue to receive essential services during coronavirus (COVID-19) lockdowns. MCEC provided an environment that is safe, contained, accessible and free of charge for GDV to continue indoor and outdoor training of clients and guide dogs-in-training, in compliance with government restrictions.

MCEC was proud to host a number of public art sculptures called UooUoos, as part of the Me and UooUoo: The RCH150 Anniversary Art Trail, to celebrate the 150th anniversary of The Royal Children's Hospital (RCH) Melbourne. At the conclusion of the art trail, the full collection of UooUoos was housed at MCEC to be auctioned to raise funds for the RCH. Me and UooUoo further extends MCEC's long term relationship with the RCH, with the venue having been the home of the annual Good Friday Appeal fundraiser event since 2014.

In April, five MCEC employees participated in Launch Housing's annual Roughin' It' challenge, raising \$2,355 to help end homelessness in Melbourne. We also hosted the premier screening of *The Road Home*, a moving and insightful documentary that follows the stories of people transitioning from homelessness to hotels during the COVID-19 crisis.

The venue donated 13,521kgs of food in FY 2020/21 to OzHarvest.

MCEC continues to work closely with government agencies to support Victorian Government priorities. In March MCEC became home to one of Victoria's flagship mass-vaccination centres for coronavirus (COVID-19). MCEC is proud to play an important role in our community. The vaccine program is an important step in our recovery, protecting our most vulnerable and allowing us to return to a new normal faster.

As part of our focus on the future, MCEC continued to deliver on its Sustainability Plan 2016-2021 as well as develop and implement a new five-year sustainability strategy. Given the increase in urgency for meeting environmental commitments both locally and globally, MCEC acknowledges the need to adopt ambitious targets for the next ten years in order to futureproof the business and meet the United Nations Sustainable Development Goals. To be implemented from 1 July 2021, the 2021 – 2026 sustainability strategy is bold in its targets, pursues strong partnerships and aims to leave a legacy. It reflects MCEC's vision to lead extraordinary environmental change and amplify our social impact, by forging partnerships and inspiring our people, to leave a positive legacy.

Strategic priority four

New Markets & Products

Through our Business Relaunch program, MCEC identified many new potential partnerships and collaborations which do not fit into our core business sectors of exhibitions and conferences. While not all partnerships will generate significant revenue, many will drive economic activity and provide jobs to our industry.

In August 2020, MCEC held our first 'Unconventional Ideas' event. The three-day, idea-generating hackathon was attended virtually by over 100 industry thought leaders, in-house experts, customers and stakeholders. The event provided an opportunity to pitch and workshop ideas to shift MCEC into new markets and products, to create new revenue streams and innovate. A total of 51 ideas were submitted for consideration and teams comprising of employees and external partners worked across the 12 selected ideas. The event culminated in a final pitch to a judging panel which included Melbourne's Lord Mayor Sally Capp. Ideas from this event were then fed into the Business Relaunch pipeline.

One of the ideas generated by the Unconventional Ideas event was to configure MCEC's space, expertise, technology and facilities for film and tv studios. In November we worked with the Victorian screen industry, including Film Victoria, to host the production of a major film. The film, 'Blacklight', starring Liam Neeson and directed by Mark Williams, used MCEC's space in a new commercial way and created jobs for the local film industry.

Over the month of January 2021, MCEC partnered with Village Cinemas to deliver the Drive In(Door) Cinema program, a drive-in cinema experience, held inside our exhibition bays. Unlike traditional outdoor drive-in cinemas the experience was completely light-controlled and weatherproof which gave MCEC the opportunity to run family-friendly matinee sessions.

MCEC entered a wholesale partnership with one of our meat suppliers, Flinders & Co. As part of this partnership MCEC's Kitchen is producing meals for Flinders & Co's new 'Home Chef Series' range, which is stocked at 34 Coles supermarkets across Victoria and New South Wales. This partnership not only uses MCEC's underutilised kitchens, it also supports a Victorian supplier whose business was also greatly impacted by the pandemic.

Financial information summary

Five year financial summary

The following table summarises the financial result of the Trust for each year ended 30 June.

	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Revenue and income from transactions	92,980	96,463	106,848	84,893	87,716
Expenses from transactions	108,003	129,793	136,881	104,394	102,118
Net result from transactions	(15,023)	(33,330)	(30,033)	(19,501)	(14,402)
Net result for the period	(14,794)	(33,272)	(30,310)	(19,579)	(14,301)
Net result for the period before interest and depreciation	26,693	7,428	8,766	10,421	15,083
Net cash flow from operating activities	21,035	3,929	15,924	10,728	10,403
Total assets	1,108,348	1,253,146	1,229,711	1,040,790	1,004,902
Total liabilities	323,629	322,643	327,515	319,267	305,488

Current year financial review

Comprehensive operating statement

The net result from transactions for the year ended 30 June 2021 was a deficit of \$14.8 million (2020: \$33.3 million deficit). Profit before depreciation and interest expense is \$26.7 million compared with \$7.4 million in 2019/20. The profit before depreciation includes operating grant funding received from the State.

Revenue

The comprehensive operating statement of the Trust for the year ended 30 June 2021 reports total revenue and income from transactions of \$93.0 million (2020: \$96.5 million), which is a decrease of \$3.5 million (3.6 per cent) from the previous year.

Included in grant income is an amount of \$77.3 million (2020: \$11.7 million) relating to operating funding from the Department of Jobs, Precincts and Regions (DJPR). Also included is an amount of \$4.1 million (2020: \$5.6 million) which represents the grant from DJPR for the replacement of assets over the life of the Convention and Exhibition Centre.

This result is predominantly due to sales of goods and services, which decreased by \$67.4 million (85.4 per cent) from 2019/20. Significant continued business impacts from COVID-19 was the major factors leading to the revenue reduction.

Expenses

Total expenses from transactions, as defined in the financial statements, totalled \$108.0 million (2020: \$129.8 million).

Purchases of supplies and services have decreased by \$16.5 million (39.4 per cent). This reduction can be attributed to the decrease in operating revenue resulting from continued impacts from COVID-19. Included within supplies and services are cost of goods sold totalling \$1.2 million (2020: \$7.8 million), a 85.0 per cent decrease on the prior year.

Employee benefit expenses have also decreased by \$6.1 million on the prior year.

The interest expense of \$11.1 million (2020: \$11.0 million) relates to the interest charged on the loan with DJPR, which partly funded the Convention Centre asset and interest on leased equipment.

Depreciation expense of \$30.4 million (2020: \$29.7 million) has increased from the prior year largely due to additional building and plant, and equipment assets capitalised following the allocation to MCET by DJPR of expansion project expenditure in the prior year.

Balance sheet

The balance sheet of the Trust as at 30 June 2021 reports net assets of \$784.7 million (2020: \$930.5 million).

Assets

Cash and deposits have increased by \$6.4 million which is relating to operating funding from the Department of Jobs, Precincts and Regions (DJPR).

Property, plant and equipment has decreased by \$157.4 million. The decrease is due to fair value assessments as scheduled revaluation performed this financial year.

Total non-financial assets have also decreased by \$157.4 million which is attributable to the revaluation of buildings, land and infrastructure, as noted above.

Liabilities

The interest bearing liability of \$296.8 million (2020: \$296.3 million) represents the value of the loan with DJPR inclusive of accrued interest and lease liabilities relating to AASB 16 *Leases*.

Other liabilities of \$15.9 million (2020: \$8.3 million) mainly comprises deposits held against future bookings which represents funds held on behalf of customers until the completion of an event.

Cash flow statement

The cash flow statement reports an increase of \$6.4 million in cash held (2020: \$3.3 million). Total cash holdings as at 30 June 2021 are \$24.6 million (2020: \$18.2 million).

Cash flows from operating activities were \$21.0 million for the year (2020: \$3.9 million) and were affected by significant reductions in receipts from customers and payments to suppliers and employees due to impacts on the business from the COVID-19 pandemic. A grant of \$85.0 million (2020: \$12.8 million) (inclusive of GST) was received from DJPR during the year to assist with operational activities.

Cash flows used in investing activities reflect assets purchased and expenditure on capital improvements. Purchases of non-financial assets totalled \$4.1 million (2020: \$3.6 million).

Cash flows used in financing activities include the loan repayment to DJPR of \$10.4 million (2020: \$7.8 million).

Statement of changes in equity

The statement of changes in equity records a net decrease in total equity of \$145.8 million to \$784.7 million (2020: \$930.5 million). The movement in this statement reflects the current year's result along with revaluation of land, buildings, and infrastructure.

Governance and organisational structure

Powers and duties

The *Melbourne Convention and Exhibition Trust Act 1996* is the principal statute relating to the establishment, powers and operations of the Trust. Other provisions affecting the Trust include the *Financial Management Act 1994* and related directions of the Minister for Tourism and Major Events.

The Trust's Minister

Minister for Tourism, Sport and Major Events.

The Honourable Martin Pakula MP is the Victorian Minister for Tourism, Sport and Major Events, a position he has held since November 2018.

The Minister is responsible to parliament for the performance of MCET, including ensuring that proper accountabilities and controls are established and maintained. The *Public Administration Act 2004*, *Financial Management Act 1994* and the *Melbourne Convention and Exhibition Trust Act 1996* outline the role of the Minister.

The Minister is supported by the Department of Jobs, Precincts and Regions (the Department) in performing these ministerial functions.

For 2020/21, the Melbourne Convention and Exhibition Centre Trust kept the Minister and the department appropriately informed of progress and developments in accordance with agreed governance protocols.

Trustees

At the time of this report, seven Trustees are appointed to the Trust for terms of up to three years.

The Hon John Brumby AO Chairman

The Hon John Brumby was reappointed as Chairperson of the Trust for a period of three years commencing 11 August 2020. Mr Brumby is well known from his time as the Premier of Victoria (2007 – 2010) and prior to that as Treasurer (2000 - 2007). He also served as a backbencher in Federal Parliament during the period of the Hawke Government.

Since retiring from politics, Mr Brumby has accepted a number of appointments in both the business and not-for-profit sectors. He is Chair of Citywide Service Solutions Pty Ltd and for ten years until April 2021 was Chair of the Motor Trades Association of Australia (MTAA) Superannuation Fund. In the not-for-profit sector, Mr Brumby has been a long-term supporter and previous Chair of the Fred Hollows Foundation and is currently Co-Chair of the Como Trust.

Mr Brumby was installed as Chancellor of La Trobe University in March of 2019 and is also an Enterprise Professor at the University of Melbourne.

Mr Brumby is a Fellow of the Australian Institute of Company Directors and in 2017 was recognised as an Officer in the Order of Australia for his contribution to regional development and biomedical innovation.

Ms Marie Jackson Trustee

Ms Jackson was reappointed to the Trust on 22 June 2020 for a further two-year term.

With extensive experience in the communications, business events and tourism industries, Ms Jackson has helped reposition brands, instigate powerful strategies, and deliver highly successful destination marketing campaigns for state and national tourism bodies. In doing so, she has transformed companies, led cultural change, and nurtured talent in a wide variety of industries.

Ms Jackson has served as executive director of Solterbeck Events, board member of M&C Saatchi Worldwide, regional partner of Publicis Mojo and director of Ogilvy & Mather. She is a current director of Sovereign Hill Museums Association and the Indigenous Art Code.

Mr Jonathan Metcalfe Trustee

Mr Metcalfe was reappointed to the Trust for a further three years commencing 1 July 2019. He currently acts as a Senior Strategic Advisor to LEK Consulting, as well as also being the Principal of JNM Advisory Services Pty Ltd. Mr Metcalfe is also an Australian British Chamber of Commerce Councillor and also a member of the Victorian Department of Transport's Audit, Risk and Integrity Committee.

Prior to this Mr Metcalfe was the Public Transport Lead Advisor to PwC and before this was Chief Executive Officer of Transdev Australasia (formally Veolia Transport Australasia) from December 2009 to January 2015 and having previously served as Executive Chairman of Veolia Transport's metropolitan rail business in Melbourne from January 2008.

Prior to coming to Melbourne, he was Chief Executive Officer of Great North Eastern Railway (GNER) in the United Kingdom. Mr Metcalfe has extensive experience in passenger transport and a diverse background in human resources, customer service and general management, and was named 'Safety Ambassador of the Year' by Safe Work Australia in 2013.

Ms Sandra (Sam) Andersen Trustee

Ms Andersen was reappointed to the Trust on 1 July 2019 for a term concluding on 31 December 2021. She is an experienced financial services Senior Executive, Non-executive Director and Audit Committee Chair. She is also a Chair of Beyond Bank Australia, Chair of the Australian Packaging Covenant Limited, Chair of Agriculture Victoria Services Pty Ltd, and Director and Chair of the Audit and Risk Committee of Victorian Land Registry Services. Ms Andersen is also the Chair of the Audit and Risk Management Committee for the Department of Premier and Cabinet and Chair of the Audit and Risk Committee of Victoria Police.

Ms Andersen has a Bachelor of Laws and is a Certified Practising Accountant. She is a Fellow of the Financial Services Institute of Australia and of the Australian Institute of Company Directors.

Ms Diana Taylor Trustee

Ms Taylor was appointed to the Trust commencing July 2018. She is regionally based in Geelong, is the Vice President of the Geelong Football Club and has been a Club Director since 2010.

Ms Taylor is a commercial lawyer with over 20 years' experience at top tier law firms working as a general counsel. In 2009, Ms Taylor also established her own consultancy business specialising in workplace relations, investigations, strategy and governance and in 2016 was awarded the Telstra Business Woman of the Year for Victoria (Corporate and Private).

Ms Taylor has been an AFL administrator for 20 years and is the first woman to chair a Metropolitan Men's Football League as President. She was the first woman appointed to the VFL Tribunal and chaired the ground breaking VicHealth/AFL Victoria Fair Game Respect Matters Program to develop football clubs as inclusive environments for woman and girls.

Ms Taylor is also the Chair of the Geelong Authority, GOTAFE, Geelong's community hospice Anam Cara House Geelong and is a member of the AFLW Competition Committee.

Mr Michael Burn Trustee

Mr Burn was appointed to the Trust for three years commencing 31 July 2019. He has a strong background in finance having spent over thirty years in investment banking, primarily with the Macquarie Group.

Mr Burn is Deputy Chairman of Flagstaff Partners, a boutique corporate advisory firm. He is also a Director of PFD Food Services, a leading national food wholesale and distribution company and a Director of the St. Vincent's Institute of Medical Research.

Mr Charles Donnelly Trustee

Mr Donnelly was appointed to the Trust for three years commencing 10 June 2020. Mr Donnelly is the Chief Executive Officer at LUCRF Super, a fund that's supported members and their communities for over 40 years. Mr Donnelly is proud to lead a fund that's played an active role in helping shape the superannuation industry Australia has today.

Prior to this appointment as CEO at LUCRF Super in 2014, Mr Donnelly served as General Secretary of the National Union of Workers (NUW) for 10 years and as a director of LUCRF Super.

Mr Donnelly began his career with the NUW in 1987 and progressed to leadership roles at state, national and international levels. He has board level experience across superannuation, insurance, marketing and skills training organisations.

He holds a Bachelor of Commerce from the University of Melbourne, a Diploma of Financial Services and is a graduate of the Australian Institute of Company Directors.

Trust information

Appointments and resignations

The tenure of Ms Diana Taylor was extended for a further three year period from 03 July 2021 to 02 July 2024 (both dates inclusive).

Trust meetings

A total of eleven Trust meetings were conducted during the year ended 30 June 2021.

	Eligible to attend	Attended
The Hon John Brumby AO	11	11
Ms Marie Jackson	11	10
Mr Jonathan Metcalfe	11	11
Ms Sandra (Sam) Andersen	11	11
Ms Diana Taylor	11	11
Mr Michael Burn	11	11
Mr Charles Donnelly	11	11

In response to COVID-19 and the associated closure of MCEC, one special Trust meeting was convened during the year in addition to the Trust meetings detailed above.

An internal assessment of the Board of Trustees' performance for FY2020/21 is scheduled for July 2021.

Sub-Committees

To assist in fulfilling its responsibilities, the Trust has established four sub-committees (all Trustees are independent of management).

People and Culture Sub-Committee

Ms Marie Jackson (Chair)
Mr Jonathan Metcalfe
Mr Charles Donnelly

The main responsibilities of the People and Culture Sub-Committee include:

- Focus on strategic people and culture matters, including the review of People and Culture frameworks, strategies, policies and approaches.
- Advise the Trustees on MCEC's policy and practice for Executive remuneration and the individual remuneration packages for its Executives (that is, employees not covered by awards and collective agreements).

Risk Management Sub-Committee

Ms Diana Taylor (Chair)
Ms Sam Andersen
Ms Marie Jackson

The main responsibilities of the Risk Management Sub-Committee include:

- Assist the Trust in reviewing the effectiveness of the organisation's identification and management of all risks associated with the Trust and its operations.
- Oversee and monitor management's implementation of the Trust's Risk Management Plan to ensure that risks are appropriately identified, treated and reported.

Finance and Audit Sub-Committee

Ms Sam Andersen (Chair)
Mr Michael Burn
Mr Charles Donnelly

The main responsibilities of the Finance and Audit Sub-Committee include:

- Review and report independently to the Trust on the Annual Report and all other financial information.
- Assist the Trust in reviewing the effectiveness of the internal control environment covering:
 - Effectiveness and efficiency of operations
 - Reliability of financial reporting
- Determine the scope of the internal audit function and ensure that its resources are adequate and used effectively, including coordination with the external auditors.
- Maintain effective communication with external auditors.
- Consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised.

Investment and Business

Development Sub-Committee

Mr Jonathan Metcalfe (Chair)
Ms Diana Taylor
Mr Michael Burn

The main responsibilities of the Investment and Business Development Sub-Committee include:

- Support the Trust in providing oversight of the entity's business development, event generation, capacity utilisation and revenue fulfilment responsibilities in accordance with the organisation's financial and budgetary commitments.
- Fulfil its governance responsibilities in relation to investment in capital works including:
 - recommending the annual capital works program for approval
 - monitoring the progress of capital works
 - management of the Trust's artwork collection.

Executive management

Chief Executive

Peter King

The Chief Executive is responsible for the overall management, business plan delivery and future strategic direction of MCEC. Peter also manages all key corporate relationships along with representing the organisation on a number of industry Boards and other Committees within the international and domestic market.

Chief Financial Officer

Stuart Davies

The Chief Financial Officer is responsible for financial management and reporting to the Trust, Finance and Audit Committee and the Victorian Government, along with the Corporate Governance, Procurement, Business Insights and Payroll functions. Stuart ensures financial and accounting policies and practices within MCEC are planned, developed, and implemented to effectively, and efficiently, contribute to the achievement of the operational and strategic objectives of the business.

Chief Operating Officer

Helen Fairclough

The Chief Operating Officer (COO) optimises the Melbourne Convention and Exhibition Centre customer experience through the delivery of operational elements of the business and leads the execution of organisational strategies (via a 90-day plan and rhythm) in partnership with the Executive Team. This incorporates driving productivity through quality delivery of event technology, food and beverage, safety, security, planning, event operations and Public, Private, Partnership (PPP) contractor management. The COO oversees the Agile Project Management Office (APMO) and is a critical contributor to ongoing development of the business strategy as a member of the Executive Team. This role is accountable for leading, directing, and coaching Operations leaders and supporting them with adoption of agile methodology and ways of working.

Chief People Officer

Amanda Wilson

The Chief People Officer is responsible for cultivating and sustaining an innovative, engaged, and high performing workforce. Amanda helps build capability through a continued focus on the development of MCEC people by embedding cultural values; championing diversity and inclusion; acquiring, developing, and supporting the business to retain talent; leading the business to better manage change; rewarding and recognising employees, and providing sound industrial and employee relations advice.

Chief Commercial Officer

Melissa Sweetland

The Chief Commercial Officer is responsible for the commercial strategy and the future growth of MCEC. Melissa leads the marketing and sales activities, digital strategy, new product development and IT to drive MCEC's business growth and market share. Melissa is also a critical contributor to the strategic development of the business as a member of the Executive Advisory supporting a 90-day rhythm of execution and review.

FY 2020/21 changes to the Executive Team

In April, Acting Director of People and Culture, Amanda Wilson was permanently appointed to the role of Chief People Officer and the business announced a new structure for its executive team with the introduction of a Chief Commercial Officer role, bringing together all commercial aspects under one remit, including IT, Sales and Marketing. Melissa Sweetland was appointed as Chief Commercial Officer and will commence in July 2021.

Chief Operations Officer (COO) Leighton Wood announced his retirement after a decade of outstanding leadership at MCEC. Former Director of Business Relaunch, Helen Fairclough, was appointed to the role of COO in June 2021.

Stuart Davies was appointed to the role of acting Chief Financial Officer in June, while Geoff Stephens took extended leave.

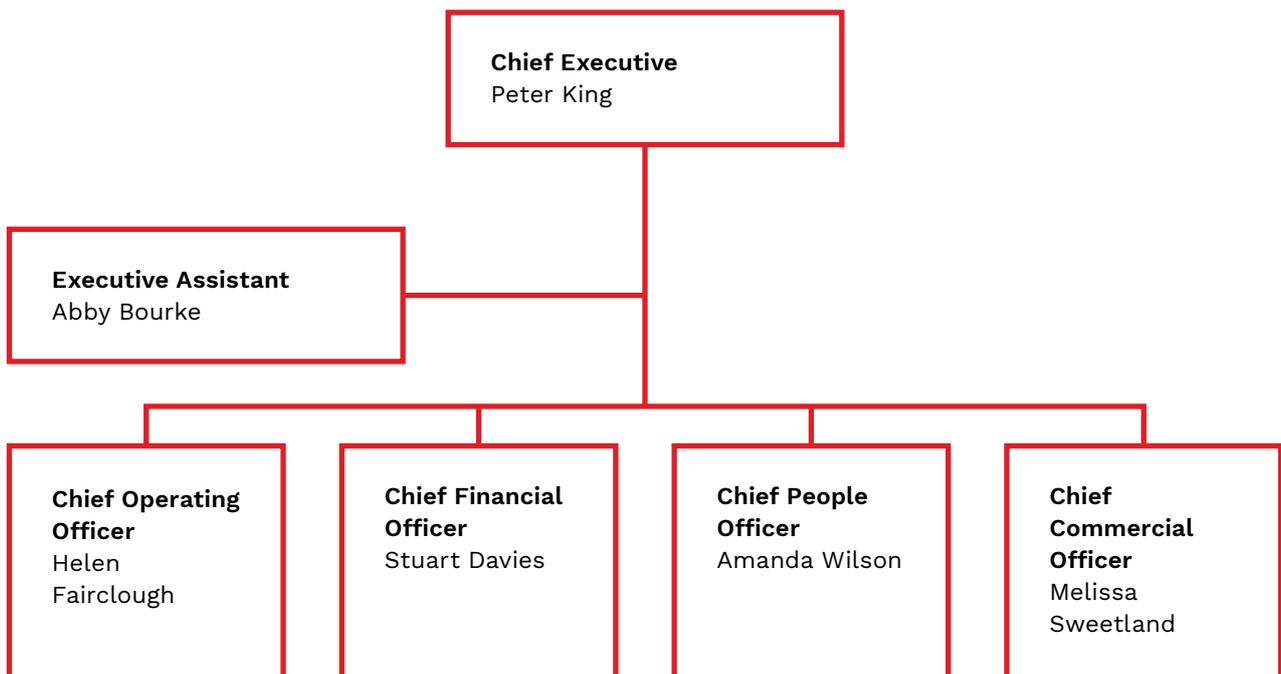
The business acknowledges the contributions of Chief Financial Officer Geoff Stephens, Director of Marketing Marketing & Communication Vibeke Stisen, Director of Sales Darren Waite and Director of IT Celeste Johnston to the Executive Team during FY 2020/21.

Management and employees

For the year ended 30 June 2021, the Trust employed seven Trustees, 240 full-time employees, and the full-time equivalent of 17 part-time and 241 casual employees.

This compares to seven Trustees, 261 full-time employees, and the full-time equivalent of 12 part-time and 220 casual employees for the year ended 30 June 2020.

Organisation structure



Occupational Health and Safety

Work Health and Safety Policy

The Trust is committed to maintaining a proactive, healthy, and safe working environment for all employees and external contractors, customers, and the community, while ensuring due regard to the environment throughout its business practices. All visitors are required to comply with MCEC's health and safety instructions.

MCEC recognises its responsibility under Victorian Work Health and Safety legislation in conjunction with certification to AS/NZS 4801:2001 Occupational Health and Safety Management Systems, HACCP-9000 Food Safety systems and Good Manufacturing Principles requirements. The Trust aims to incorporate practicable compliance to all aspects of related business activities.

MCEC's Work Health and Safety (WH&S) Policy, objectives and procedures are reviewed on a regular basis and in response to changes to governing requirements. Copies of the policy are available on all WH&S noticeboards and MCEC's website www.mcec.com.au.

MCEC is committed to delivering a wide range of activities that promote mental health and wellbeing (MHW) in the workplace. In 2020 MCEC added the new role of Mental Health and Wellbeing Advisor to ensure our activities and initiatives are in line with the Victorian Governments Mental Health and Wellbeing Charter. Further to that the MHW Advisor ensures we have an engaged workforce that is physically and mentally safe and healthy.

Work Health and Safety performance

Over the past year, the Trust has been successful in achieving a strong level of performance in relation to WH&S. MCEC's performance is consistent with the objectives of the Trust's WH&S Policy and reflects the ongoing efforts of management and staff to ensure that the venue is a safe environment.

In the last year, there were 10 reported injuries (9 employees, 0 visitors and 1 contractors), the vast majority of which were minor. This represents an injury reduction of 143 per cent across all categories, relative to WH&S performance indicators. A total of 213 staff days were lost during the year due to injuries. There are three WorkCover claims ongoing, three claims closed and two have been rejected for a total of nine claims in the past financial year compared to eight in the previous financial year.

MCEC achieved the following results relative to WH&S performance indicators:

Target 1: Employees: 10% reduction of employee injuries relative to hours worked:

FY21 YTD average of 1.36 injuries per month per 100,000 hours worked versus an FY20 YTD average of 3.87 injuries per month per 100,000 hours worked.

Target 2: Public: 10% reduction of public injuries relative to number of visitors:

FY21 YTD average of 0.350 injuries per month per 100,000 visitors versus an FY20 YTD average of 0.660

Target 3: Contractors 10% reduction of contractor injuries:

The total number of injuries for contractors FY21 YTD is 1, same period FY20 YTD was 3.

Target 4: Lost Time Injury Frequency Rate (LTIFR) of <10

The current level of 1.44 remains well under the new performance target.

Target 5: Severity Rate of <10

The Severity Rate is at 5.5, this rate has improved significantly due to the reduction in hours worked at MCEC over the past 12 months.

Employment and conduct principles

All employee matters are governed by the principles of merit and equity. A comprehensive Enterprise Bargaining Agreement is in place.

The Trust continues its ongoing commitment to Equal Employment Opportunity principles and reporting guidelines as outlined in the *Equal Opportunity Act (Victoria) 2010*.

Other disclosures

Victorian Industry Participation Policy (VIPP)

During the 2020/21 year, MCEC did not commence or complete any Local Jobs First Strategic projects.

MCEC did not commence or complete any Local Jobs First Standard projects between 1 July 2020 and 30 June 2021.

Consultancy expenditure

Details of consultancies (valued at \$10,000 or greater)

In 2020/21 there were six consultancies where the total fees payable to the consultants were \$10,000 or more. The total expenditure incurred during 2020/21 in relation to these consultancies was \$1.0 million (excluding GST).

Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Expenditure (\$'000)
Brennan IT	IT infrastructure	17
EPIC Agile	Agile Consultancy	791
EY	Financial Modelling	27
IE Media	Virtual Events Consultancy	87
Ungerboeck Systems International	Software architect and strategy planning	23
Workwell Consulting Pty Ltd	Strategy Planning	65

Details of consultancies under \$10,000

In 2020/21, there were four consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2020/21 in relation to this consultancy was \$19K (excluding GST).

Information and Communication Technology (ICT) expenditure

For the 2020/21 reporting period, the Trust had total ICT expenditure of \$4.8 million (excluding GST) with the details shown below.

Business as Usual

ICT expenditure \$'000
4,421

Non Business as Usual

Total ICT expenditure \$'000	Operational expenditure \$'000	Capital expenditure \$'000
401	401	–

ICT expenditure refers to the Trust's costs in providing business enabling ICT services. It comprises Business as Usual (BAU) ICT expenditure and Non Business As Usual (Non BAU) ICT expenditure. Non BAU ICT expenditure relates to extending or enhancing the Trust's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

Freedom of Information (FOI)

The Trust is an agency for the purposes of the *Freedom of Information Act 1982* (the Act) and is therefore subject to the Act. FOI arrangements followed by the Trust are in accordance with procedures established under the Act.

For the 12 months ending 30 June 2021, the Trust received zero applications.

The Trust made zero decisions during the 12 months ended 30 June 2021.

The average time taken to finalise requests in 2020/21 was 0 days.

All requests for FOI access must be made in writing to the Trust's Freedom of Information Officer, GPO Box 777, Melbourne Victoria 3001. The subject and date range of the information sought should be indicated as precisely as possible, and the request should be accompanied by the application fee, which may be waived in certain circumstances. Apart from the application fee, certain other charges such as search fees and photocopying charges might apply in relation to the provision of documents as stipulated in the *Freedom of Information (Access Charges) Regulations 2014*.

Further information on the Act may be obtained from www.foicommissioner.vic.gov.au.

Freedom of Information (FOI) Part II Information Statements

Statement 1: *Organisation and Function*

Refer to Functions in the Melbourne Convention and Exhibition Trust Annual Report 2020/21.

Statement 2: *Categories of Documents*

The types of documents that the Melbourne Convention and Exhibition Trust handles include:

- Policy, procedures, and standards
- Briefings and reports
- Correspondence
- Administrative records
- Operational records
- Registers
- Meeting records
- Financial records
- Photographs, images and multimedia objects
- Maps and plans

Documents are classified under the following categories:

- Committees
- Community Relations
- Contracting
- Equipment
- Financial Management
- Fleet Management
- Industrial Relations
- Information Management
- Legal
- Occupational Health and Safety
- Personnel Management
- Policy
- Publication
- Employee Development
- Strategic Management
- Technology and Telecommunications.

Statement 3: *Material Made Available to the Public*

Material available for the public can be found on MCEC's website www.mcec.com.au.

Statement 4: *Rules, Policies and Procedures*

Refer to the Freedom of Information (FOI) in the Melbourne Convention and Exhibition Trust Annual Report 2020/21.

Statement 5: *Responsibilities*

Within Melbourne Convention and Exhibition Trust, the Chief Executive has the authority as Principle Officer to make decisions regarding freedom of information requests.

Disability Act 2006

The Trust recognises the number and diversity of people with disabilities in the community, and within its own workforce.

The Trust's Accessibility Action Plan addresses the four outcome areas as set out in section 38 of the *Disability Act 2006*:

- a) reduce barriers to persons with a disability accessing goods, services and facilities
- b) reducing barriers to persons with a disability obtaining and maintaining employment
- c) promoting inclusion and participation in the community of persons with a disability
- d) achieving tangible changes in attitudes and practices which discriminate against persons with a disability

The Trust's Accessibility Action Plan has already introduced many initiatives and improvements across the four outcome areas. In particular, for the year ending 30 June 2021, the Trust has implemented the following initiatives in relation to accessibility at the Centre:

1. The development of a digital event platform with Auslan sign language and teletext capabilities for virtual and hybrid events;
2. funding allocated for an upgrade to the MCEC website which will incorporate compliance to AA and W3C guidelines;
3. the Recruitment and Selection Policy has been reviewed to ensure compliance with relevant legislation, standards, and regulations;
4. the MCEC is listed on the Companion Card website;
5. the MCEC is registered for the National Relay Service.

Building Regulations

The Trust complies with the building and maintenance provisions of the *Building Act 1993* as is relevant to any buildings that the Trust owns or controls.

National Competition Policy

The Trust recognises the requirements of the *National Competition Policy*, including the requirements of the policy statement, *Competitive Neutrality Policy*, and any subsequent reforms.

The Trust maintains a review process of its pricing structure having regard to the obligations outlined in the *Competitive Neutrality Policy*.

Public Interest Disclosure Act 2012

The Trust is not a public body to which disclosures may be made. Disclosures of improper conduct or detrimental action relating to the Trust should generally be made to the Independent Broad-based Anti-corruption Commission (IBAC). Further information about making disclosures to the IBAC can be found at www.ibac.vic.gov.au.

As required by s.58(5) of the Public Interest Disclosure Act 2012, the Trust has made available on its website www.mcec.com.au procedures for protecting people who make public interest disclosures from detrimental action by the Trust or its staff.

Environmental Impacts

MCEC's sustainability effort was developed to meet government requirements, customer and employee expectations and to ultimately reduce our impact on the environment.

The following is a high level assessment of progress against the primary objectives of the 2016-2021 Sustainability Plan.

As of 1 July 2021, MCEC will release a new five year Sustainability Strategy with revised targets.

Reduce Carbon Emissions

Using the 2015 calendar year as a baseline (225 kg CO₂-e per square metre) our targets are:

- 2017 203kg CO₂-e per sqm (reduction of 10 per cent)
- 2019 180kg CO₂-e per sqm (reduction of 20 per cent)
- 2021 158kg CO₂-e per sqm (reduction of 30 per cent)

Our business emitted 91kg CO₂-e per sqm in 2020, a 60 per cent reduction on our baseline 2015 level. This figure takes into account the Melbourne Renewable Energy Project (MREP), which allowed us to purchase renewable energy certificates to offset part of our emissions. Without taking MREP into account, our business emitted 114kg CO₂-e per sqm in 2020. This significant reduction in carbon emissions is associated with the reduced event activity as a result of the COVID-19 pandemic. The 60 per cent reduction in carbon emissions from our baseline is double our 30 per cent target, and one year ahead of schedule.

Milestone achievements that have contributed to this result include:

- Participation in the Melbourne Renewable Energy Project (MREP) and the surrender of 4MWh worth of Large-scale Generation Certificates (LGCs) for wind energy.
- Further replacing fluorescent globes with LEDs in areas such as the cool rooms in the Convention Centre

Maximise Diversion from Landfill

Our targets for waste diversion from landfill (against our 2015 benchmark year of 51 per cent) are:

- 2017 – 60 per cent
- 2019 – 70 per cent
- 2021 – 80 per cent

MCEC's waste diversion rate in 2020 was just 25 per cent, down from 40 per cent in 2019. MCEC were able to recover organic waste during the months of January, February and March when the venue was operating at normal capacity. However, when the venue was shut down due to the COVID-19 pandemic, no organic waste was able to be recovered due to the lack of input to warrant operating the organic dehydrator machine. While the venue generated very little waste during this time, MCEC continued to collect waste from the outside concourse bins. The lower recovery rate is also attributed to a significant reduction in the number of recoverable items being consumed at events, such as cardboard and PET bottles.

Milestone achievements have been:

- Disposable coffee cups were collected in Simply Cups recycling stations across MCEC's three cafes and were also separated from other waste streams using the back of house table sorter. By recycling 34,038 cups in 2020, approximately 340kg of waste was diverted from landfill.
- IKON's onsite organic dehydrator processes the organic food waste generated by the kitchen. On average it reduces the volume of organic waste by 68 per cent and produces 100kg per day. The end product is then transported to Yarra Valley Water's waste to energy facility where it is turned into methane gas for commercial use. The dehydrator processed just over four tonnes of food and organic waste when it was operating in the first three months of 2020.
- 13 tonnes of recoverable food was donated to OzHarvest in 2020/21.
- Leading multiple initiatives to reduce the use of single-use items, including introducing reusable melamine lunch boxes to replace single-use cardboard lunch hampers in catering, and continuing to prioritise metal cutlery and ceramic crockery in food service.

Environmental Certifications

MCEC received EarthCheck Gold Certification again in 2020. MCEC has been EarthCheck certified since 2009 and has achieved gold status since 2016.

Corporate Plan

As required under the *Melbourne Convention and Exhibition Trust Act 1996*, the Trust has submitted to the Minister for Tourism, Sport and Major Events a Corporate Plan that includes a Statement of Corporate Intent, a Business Plan and related financial projections.

Nature and Range of Services Provided, Including Sections of the Community Serviced

By the provision of world-class convention and exhibition facilities, the Trust will continue to develop assets of benefit to the general public and to industry and commerce with particular emphasis on the key industry sectors at the core of government policy.

Additional Information Available on Request

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

The information is available on request from:

Melbourne Convention and Exhibition Trust
Accountable Officer
03 9235 8000
enquiries@mcec.com.au

Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

I the Hon. John Brumby AO, on behalf of the Trust, certify that the Melbourne Convention and Exhibition Trust has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the financial statements included in this Annual Report will be available at www.data.vic.gov.au in electronic readable format.

Asset Management Accountability Framework (AMAF) maturity assessment

The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements.

The Trust is 'compliant' with the requirements of the AMAF in accordance with overall matrix included within Department of Jobs, Precincts and Regions (DJPR) Attestation Tool.

The Trust's overall target maturity rating is 'competent', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

The Trust's overall stretch target maturity rating is 'leader', meaning all practices are conforming to the requirements of a best practice culture where all controls are fully effective, including ongoing review and optimisation of outcomes to support business objectives.

Financial statements

For the year ended 30 June 2021

How this report is structured

The Melbourne Convention and Exhibition Trust (the Trust) has presented its audited general-purpose financial statements for the financial year ended 30 June 2021 in the following structure to provide users with the information about the Trust's stewardship of resources entrusted to it.

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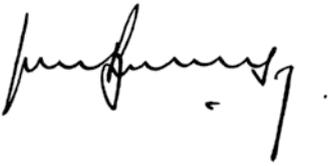
Financial statements declaration

The attached financial statements for the Melbourne Convention and Exhibition 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 2021 and financial position of the Trust at 30 June 2021.

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

We authorise the attached financial statements for issue on 16 September 2021.



The Hon. John Brumby AO
Trust Chair

Melbourne
16 September 2021



Peter King
Chief Executive

Melbourne
16 September 2021



Stuart Davies
Chief Financial Officer
Melbourne

16 September 2021

Independent auditors report

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report

To the Members of the Melbourne Convention and Exhibition Trust

Opinion	<p>I have audited the financial report of the Melbourne Convention and Exhibition Trust (the trust) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • 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 • financial statements declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the trust as at 30 June 2021 and its 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>
Members' responsibilities for the financial report	<p>The 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 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 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>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members
- conclude on the appropriateness of the Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE
23 September 2021



Simone Bohan
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the financial year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Continuing operations			
Revenue and income from transactions			
Sales of goods and services	2.1.1	11,569	78,964
Interest		33	249
Grants	2.1.2	81,378	17,250
Total revenue and income from transactions		92,980	96,463
Expenses from transactions			
Supplies and services	3.1.1	25,471	41,997
Employee benefit expenses	3.1.2	40,570	46,626
Interest expense	6.1.2	11,085	11,042
Depreciation	4.1.2	30,402	29,658
Other operating expenses	3.1.5	475	470
Total expenses from transactions		108,003	129,793
Net result from transactions (net operating balance)		(15,023)	(33,330)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	8.2	11	–
Other gains/(losses) from other economic flows	8.2	218	58
Total other economic flows included in net result		229	58
Net result		(14,794)	(33,272)
Other economic flows – other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	8.3	(132,890)	95,026
Total other economic flows – other comprehensive income		(132,890)	95,026
Comprehensive result		(147,684)	61,754

The accompanying notes form part of these financial statements.

Balance sheet

As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Assets			
Financial assets			
Cash and deposits	6.3	24,559	18,166
Investments and other financial assets	4.2	2,000	2,000
Receivables	5.1	7,093	905
Total financial assets		33,652	21,071
Non-financial assets			
Inventories		430	632
Property, plant and equipment	4.1	1,063,156	1,220,527
Other non-financial assets	5.2	11,110	10,916
Total non-financial assets		1,074,696	1,232,075
Total assets		1,108,348	1,253,146
Liabilities			
Payables	5.3	5,409	12,806
Borrowings	6.1	296,814	296,304
Employee related provisions	3.1.3	5,491	5,207
Other liabilities	5.4	15,915	8,326
Total liabilities		323,629	322,643
Net assets		784,719	930,503
Equity			
Accumulated surplus/(deficit)		(271,396)	(256,602)
Physical asset revaluation surplus	8.3	419,966	552,856
Contributed capital		636,149	634,249
Net worth		784,719	930,503

The accompanying notes form part of these financial statements.

Cash flow statement

For the financial year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts			
Receipts from customers		14,281	81,358
Receipts from government		84,981	12,815
Interest received		36	324
Total receipts		99,298	94,497
Payments			
Payments to suppliers and employees		(71,158)	(85,074)
Goods and services tax paid to the ATO ^(a)		(7,105)	(5,494)
Total payments		(78,263)	(90,568)
Net cash flows from/(used in) operating activities	6.3.1	21,035	3,929
Cash flow from investing activities			
Purchases of non-financial assets		(4,121)	(3,603)
Proceeds from sale of non-financial assets		16	–
Transfers from/(to) investments		–	11,000
Net cash flows from/(used in) investing activities		(4,105)	7,397
Cash flows from financing activities			
Principal portion of lease liabilities ^(b)		(179)	(175)
Repayment of borrowings		(10,358)	(7,813)
Net cash flows from/(used in) financing activities		(10,537)	(7,988)
Net increase/(decrease) in cash and deposits		6,393	3,338
Cash and deposits at beginning of financial year		18,166	14,828
Cash and deposits at end of financial year	6.3	24,559	18,166

The accompanying notes form part of these financial statements.

(a) GST paid to the Australian Taxation Office is presented on a net basis.

(b) The Trust has recognised cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.

Statement of changes in equity

For the financial year ended 30 June 2021

	Notes	Physical asset revaluation surplus \$'000	Accumulated deficit \$'000	Contributions by owner \$'000	Total \$'000
Balance at 1 July 2019		457,830	(223,330)	634,249	868,749
Net result for the year		–	(33,272)	–	(33,272)
Other comprehensive income for the year	8.3	95,026	–	–	95,026
Balance at 30 June 2020		552,856	(256,602)	634,249	930,503
Net result for the year		–	(14,794)	–	(14,794)
Other comprehensive income for the year	8.3	(132,890)	–	–	(132,890)
Assets transferred from other government agencies		–	–	1,821	1,821
Assets transferred from other agencies		–	–	79	79
Balance at 30 June 2021		419,966	(271,396)	636,149	784,719

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. About this report

The Melbourne Convention and Exhibition Trust (the Trust) is a government agency of the State of Victoria, established pursuant to the provisions of the *Melbourne Convention and Exhibition Trust Act 1996*. Its principal address is:

Melbourne Convention and Exhibition Trust
1 Convention Centre Place
South Wharf VIC 3006

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.

Basis of preparation

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

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

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 distribution 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.

The Trust measures the fair value of its property, plant and equipment in accordance with FRD 103I. Consequently, the Trust conducts a formal valuation every five years, and performs managerial assessment using indices published by the Valuer-General of Victoria during the intervening period.

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 Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates are disclosed in the notes.

The Trust's core business continues to be negatively impacted by the outbreak of the coronavirus (COVID-19) pandemic. The industry's success is highly leveraged to business confidence around unrestricted domestic and international travel. At a state level, there have been multiple occasions of restricted community movement and business closures as part of the COVID-19 containment strategy. Combined, these factors have resulted in a slow recovery of events industry. The Trust's customers have been particularly affected and the resultant impact on the Trust revenues, cash balances and the forward event pipeline has been significant.

These COVID-19 business impacts and significant uncertainty related to the State imposed restrictions, community freedom of movement and tourism/hospitality/exhibition/convention industry concerns, have been considered in making judgements, estimates and assumptions about the information being presented in these financial statements.

These financial statements have been prepared on a going concern basis. In assessing the issue of going concern, the Trust has had regard to the known and expected impacts of Government restrictions on the Trust's operations. The situation continues to change, and there still remains uncertainty around the duration, scale and impact of the outbreak on the Trust and its activities. See Note 8.9 Subsequent Events for further details.

The Trust is taking various measures to mitigate the impact of COVID-19 on its operations, revenue and cash flows, while considering implications for our employees, suppliers, partners and customers. Some of these measures include undertaking a full strategic review of our products and services, methods of delivery, people practices, innovation pathways and our relationships with our broader community. These initiatives will enable us to be a more agile and responsive organisation capable of delivering new products and experiences using both physical and digital assets to engage and excite our customers, visitors and staff.

The State of Victoria, through DJPR, remain supportive of the Trust's position and, through provision of a Letter of Comfort, operational funding and commitment to support current and future funding requests have mitigated the going concern risk as at 30 June 2021.

Refer to Note 8.9 for more details.

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 AAS which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

2. Funding delivery of our services

The Trust's objective is to provide incredible spaces, leading technology and award-winning food. To enable the Trust to fulfil its objectives and provide outputs, it derives income from venue hire, technology services, food and beverage and event-related services.

2.1 Revenue and income from transactions

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

2.1.1 Income from sale of goods and services

	2021 \$'000	2020 \$'000
Rendering of services	9,645	48,611
Sales of goods	1,924	30,353
Total sales of goods and services	11,569	78,964

The sale of goods and services are classified as revenue from contracts with customers in accordance with AASB 15 *Revenue from Contracts with Customers*.

Customers are invoiced in advance of recognising the associated revenue. Revenue is recognised when the goods and services are delivered and accepted by customers. For services rendered, where customers simultaneously receive and consume the services as it is provided, revenue is recognised progressively as contract assets until the customer is subsequently invoiced in accordance with the terms of the service agreement. For other customers that are only able to consume the services when they have been completed, revenue is only recognised upon completion and delivery of the services. In rare circumstance where there may be a change in the scope of services provided, the customer will be provided with a new contract for the additional services to be rendered and revenue is recognised consistent with accounting policy above.

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability. Where the performance obligation is satisfied but not yet billed, a contract asset is recorded.

2.1.2 Grants

	2021 \$'000	2020 \$'000
COVID-19 support funding from government	77,255	11,650
Asset lifecycle replacement	4,123	5,600
Total grants	81,378	17,250

All grant income without any specific performance obligations is recognised as income in accordance with AASB 1058 *Income of Not-for-Profit Entities*, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers. Revenue is recognised when the Trust satisfies the performance obligation by providing the services.

Income from grants for asset lifecycle replacement are recognised progressively as the funded asset is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the construction progress as costs are incurred as the works are done.

3. The cost of delivering services

This section provides an account of the expenses incurred by the Trust in delivering services and outputs.

3.1 Expenses incurred in the delivery of services

3.1.1 Supplies and services

	2021 \$'000	2020 \$'000
Purchase of supplies and services	14,502	22,177
Cost of goods sold	1,159	7,783
Maintenance	9,810	12,037
Total supplies and services	25,471	41,997

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

3.1.2 Employee benefits in the comprehensive operating statement

	2021 \$'000	2020 \$'000
Defined contribution superannuation expense	3,249	3,647
Salaries and wages, annual leave and long service leave	36,998	42,626
Termination benefits	323	353
Total employee expenses	40,570	46,626

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

3.1.3 Employee benefits in the balance sheet

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.

	2021 \$'000	2020 \$'000
Current provisions		
Annual leave		
Unconditional and expected to be settled within 12 months	1,668	1,312
Unconditional and expected to be settled after 12 months	154	233
Long service leave		
Unconditional and expected to be settled within 12 months	175	202
Unconditional and expected to be settled after 12 months	1,519	1,588
Provisions for on-costs		
Unconditional and expected to settle within 12 months	278	233
Unconditional and expected to settle after 12 months	293	324
Total current provisions for employee benefits	4,087	3,892
Non-current provisions:		
Long service leave		
Employee benefits	1,194	1,115
On-costs	210	200
Total non-current provisions for employee benefits	1,404	1,315
Total provisions for employee benefits	5,491	5,207

Wages and salaries, annual leave and sick leave: 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 is 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.

3.1.4 Superannuation contributions

Employees of the Trust are entitled to receive superannuation benefits and the Trust contributes to defined contribution plans only.

Superannuation contributions paid or payable for the reporting period are included as part of employee expenses in the comprehensive operating statement of the Trust.

The name and details of the major employee superannuation funds and contributions made by the Trust are as follows:

Fund	Paid contribution for the year		Contribution outstanding at year end	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Host Plus Superannuation Fund	1,684	2,046	64	30
Australian Super	595	670	26	6
REST Superannuation Fund	161	176	6	1
ASGARD Corporate Superannuation Fund	14	19	1	–
Others	858	879	30	6
Total	3,312	3,790	127	43

3.1.5 Other operating expenses

	2021 \$'000	2020 \$'000
Short-term and low value lease expenses	439	358
Loss allowance from transactions	36	112
Total other operating expenses	475	470

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes loss allowance expense from transactions which are written off when identified.

4. Key assets available to support output delivery

The Trust controls infrastructure and other investments that are 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.

4.1 Property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Land at fair value	441,900	339,458	–	–	441,900	339,458
Buildings at fair value	612,642	853,448	(24,455)	–	588,187	853,448
Buildings at cost	–	–	–	–	–	–
Plant and equipment at fair value	65,206	64,383	(48,106)	(43,291)	17,100	21,092
Plant and equipment at cost	–	–	–	–	–	–
Work in progress at cost	3,530	2,818	–	–	3,530	2,818
Infrastructure at fair value	11,421	2,640	(264)	(211)	11,157	2,429
Cultural assets at fair value	1,282	1,282	–	–	1,282	1,282
Net carrying amount	1,135,981	1,264,029	(72,825)	(43,502)	1,063,156	1,220,527

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

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Work in progress \$'000	Infrastructure assets \$'000	Cultural assets \$'000	Total \$'000
Year ended 30 June 2021							
Opening balance	339,458	853,448	21,092	2,818	2,429	1,282	1,220,527
Additions	–	3,307	1,907	4,020	–	–	9,234
Transfers	–	–	–	(3,308)	–	–	(3,308)
Disposals	–	–	(5)	–	–	–	(5)
Revaluations	102,442	(244,113)	–	–	8,781	–	(132,890)
Depreciation	–	(24,455)	(5,894)	–	(53)	–	(30,402)
Closing balance	441,900	588,187	17,100	3,530	11,157	1,282	1,063,156
Year ended 30 June 2020							
Opening balance	339,458	781,702	22,240	3,655	2,482	1,092	1,150,629
Recognition of right-of-use assets on initial application of AASB 16	–	–	803	–	–	–	803
Adjusted balance at 1 July 2019	339,458	781,702	23,043	3,655	2,482	1,092	1,151,432
Additions	–	765	3,799	3,726	–	–	8,290
Transfers	–	–	9	(4,563)	–	(9)	(4,563)
Disposals	–	–	–	–	–	–	–
Revaluations	–	94,827	–	–	–	199	95,026
Depreciation	–	(23,846)	(5,759)	–	(53)	–	(29,658)
Closing balance	339,458	853,448	21,092	2,818	2,429	1,282	1,220,527

Property, plant and equipment are classified primarily by the 'purpose' for which the assets are used, according to one of six purpose groups based upon Government purpose classifications. All assets in a purpose group are further sub-categorised according to the asset's 'nature', with each sub-category being classified as a separate class of asset for financial reporting purposes. All of the Trust's property, plant and equipment are classified in the purpose group 'public safety and environment'.

Initial recognition

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 are subsequently measured at fair value less accumulated depreciation and impairment. Please refer to Note 7.3.1 for further details.

4.1.2 Depreciation

	2021 \$'000	2020 \$'000
Buildings	24,455	23,846
Plant and equipment	5,712	5,525
Right-of-use assets	182	234
Infrastructure	53	53
Total depreciation	30,402	29,658

All buildings, infrastructure assets, plant and equipment and other non-financial physical assets which have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

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

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

Asset	Useful life
Buildings	15 – 50 years
Plant and equipment	1 – 30 years
Right-of-use assets	1 – 5 years
Infrastructure assets	50 years

Land and cultural assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the Trust obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

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

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of current replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

4.2 Investments and other financial assets

	2021 \$'000	2020 \$'000
Current		
Term deposits	2,000	2,000
Total investments	2,000	2,000

Term deposits under 'investments' have a maturity date greater than 90 days.

4.2.1 Ageing analysis of investments and other financial assets

	Maturity dates				
	Carrying amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months – 1 year \$'000	1-5 years \$'000
30 June 2021					
Term deposits	2,000	–	–	2,000	–
	2,000	–	–	2,000	–
30 June 2020					
Term deposits	2,000	–	–	2,000	–
	2,000	–	–	2,000	–

5. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Trust's controlled operations.

5.1 Receivables

	Notes	2021 \$'000	2020 \$'000
Current			
Contractual			
Receivables		4,745	980
Allowance for impairment losses of contractual receivables	7.1.1	(80)	(147)
Statutory			
Amounts owing from Victorian Government relating to event activities		2,428	72
Total receivables		7,093	905

Receivables include debtors in relation to goods and services and accrued investment income.

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. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

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

The amounts receivable from the Victorian Government represent money owing from events Victorian Government departments / agencies have booked at the Centre in the ordinary course of business.

The Trust applies AASB 9 for measurement of receivables. Details about the Trust's impairment policies, exposure to credit risk, and the calculation of the loss allowance are set out in Note 7.1.1.

5.2 Other non-financial assets

	2021 \$'000	2020 \$'000
Current		
Deposit on land – Site X	10,000	10,000
Prepayments	1,110	916
Total other non-financial assets	11,110	10,916

Other non-financial assets include:

- deposit paid for land at Montague Street, Southbank (Site X); and
- prepayments, which represent payments in advance of receipt of goods or services or expenditure made in one accounting period covering a term extending beyond that period.

5.3 Payables

	2021 \$'000	2020 \$'000
Current		
Contractual		
Supplies and services	1,925	2,550
Amounts payable to government and agencies	2,113	6,502
Other payables	531	1,699
	4,569	10,751
Statutory		
FBT payable	8	94
GST payable	665	1,070
State Revenue Office – payroll tax payable	167	231
State Revenue Office – congestion levy payable	–	660
	840	2,055
Total payables	5,409	12,806

Payables consist of:

- **contractual payables**, these are classified as financial instruments and measured at amortised cost. They represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid, and arise when the Trust becomes obliged to make future payments in respect of the purchase of those goods and services; and
- **statutory payables**, these 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. Payables are generally paid within the payment period thereby avoiding any interest charges that may be charged on late payments.

Terms and conditions of amounts payable to other Government agencies vary according to particular agreements with those agencies.

5.3.1 Maturity analysis of contractual payables

	Maturity dates				
	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months – 1 year \$'000
30 June 2021					
Supplies and services	1,925	1,925	1,526	295	104
Amounts payable to government and agencies	2,113	2,113	42	2,071	–
Other payables	531	531	531	–	–
	4,569	4,569	2,099	2,366	104
30 June 2020					
Supplies and services	2,550	2,550	1,433	112	1,005
Amounts payable to government and agencies	6,502	6,502	54	4,862	1,586
Other payables	1,699	1,699	1,699	–	–
	10,751	10,751	3,186	4,974	2,591

The maturity analysis is presented using the contractual undiscounted cash flows.

5.4 Other liabilities

	2021 \$'000	2020 \$'000
Current		
Income received in advance	300	24
Deposits against future bookings	15,615	8,302
Total other liabilities	15,915	8,326

Other liabilities include:

- deposits against future bookings where performance obligations have not been met represent funds held and invoiced but not yet collected on behalf of customers until the completion of an event and
- income received in advance.

6. How we financed our operations

This section provides information on the sources of finance utilised by the Trust during its operations, along with interest expenses and other information related to financing activities of the Trust. This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). In the current year the Trust's operations were also partly financed by direct operating grants from the State.

6.1 Borrowings

	2021 \$'000	2020 \$'000
Current		
Lease liabilities ^(a)	139	173
Loan from government	20,496	10,358
	20,635	10,531
Non-current		
Lease liabilities	266	405
Loan from government	275,913	285,368
	276,179	285,773
Total borrowings	296,814	296,304

(a) Secured by the assets leased. Leases liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Borrowings refer to interest bearing liabilities.

Borrowings are classified as financial instruments and are initially measured at fair value, being the cost of the borrowings, net of directly attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method.

The Convention Centre was financed in the form of a loan with the Department of Jobs, Precincts and Regions (DJPR) with a value of \$227.7 million together with a capital contribution of \$227.7 million. A Loan Agreement was executed between the Trust and DJPR for a 25-year term, at a fixed interest rate of 6.26% per annum, with a commencement date of 1 April 2009, maturing 31 March 2034.

On 4 August 2016, a Memorandum of Understanding (MOU) issued by DJPR was approved by the Trust. This agreement sets out arrangements relating to the expansion of the Centre. In particular, it deals with project implementation, the Trust's financial commitments to the project, and amendments to the Loan Agreement. The MOU varied the loan agreement as follows:

- i. the loan term is extended to 20 years from 1 July 2018 or completion of the Trust's expansion project, whichever is later;
- ii. the fixed interest rate for the entire term is 3.78% per annum; and
- iii. loan repayments for the remainder of the term are as set out in the MOU

During the current and prior year, there were no defaults or breaches of any of the loans.

6.1.1 Maturity analysis of borrowings

	Maturity dates						
	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
30 June 2021							
Lease liabilities	405	405	-	34	104	267	-
Loan from government	296,409	397,030	-	20,496	-	89,629	286,905
	296,814	397,435	-	20,530	104	89,896	286,905
30 June 2020							
Lease liabilities	578	578	-	62	111	405	-
Loan from government	295,726	407,388	-	10,358	-	86,914	310,116
	296,304	407,966	-	10,420	111	87,319	310,116

The nominal amount represents the principal and interest payable over the future life of the loan in accordance with the current loan schedule.

6.1.2 Interest expense

	2021 \$'000	2020 \$'000
Interest on lease liabilities	44	50
Interest on government loan	11,041	10,992
Total interest expense	11,085	11,042

Interest expense represents costs incurred in connection with borrowings and includes interest on loan and interest component of lease repayments. Interest expense is recognised in the period in which it is incurred.

6.2 Leases

The Trust leases various plant and office equipment. The lease contracts are typically made for fixed periods of 1-5 years with an option to renew the lease after that date. Lease payments for properties are renegotiated every five years to reflect the market rentals.

6.2.1 Right-of-use Assets

Right-of-use assets are presented in Note 4.1.

6.2.2 Amounts recognised in the comprehensive operating statement

The following amounts are recognised in relation to leases:

	2021 \$'000	2020 \$'000
Interest expense on lease liabilities	44	50
Expense relating to short term leases	44	35
Expense relating to leases of low-value assets	396	383
Variable lease payments, not included in the measurement of lease liabilities	2	2
Total amount recognised in the comprehensive operating statement	486	470

Amounts recognised in the cash flow statement:

	2021 \$'000	2020 \$'000
Total cash outflow for leases	217	225

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Trust assesses whether the contract meets three key evaluations:

- Whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Trust and for which the supplier does not have substantive substitution rights;
- Whether the Trust has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Trust has the right to direct the use of the identified asset throughout the period of use; and
- Whether the Trust has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Trust's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to nil.

6.2.3 Maturity Analysis – contractual undiscounted cash flows

	2021 \$'000	2020 \$'000
Not longer than 1 year	170	217
Longer than 1 year but not longer than 5 years	480	467
Longer than 5 years	–	–
Total contractual undiscounted cash flows	650	684

6.3 Cash flow information and balances

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.

	2021 \$'000	2020 \$'000
Cash on hand	17	60
Cash at bank	24,542	18,106
Balance as per cash flow statement	24,559	18,106

6.3.1 Reconciliation of cash and cash equivalents

	2021 \$'000	2020 \$'000
Net result for the period	(14,794)	(33,272)
Non-cash movements		
Depreciation of non-current assets	30,402	29,658
(Gain)/loss on sale or disposal of non-financial assets	(11)	–
Lifecycle expenses	(1,002)	(288)
Other non-cash movements	338	–
Movements included in investing and financing activities		
Interest on government loan	11,041	10,992
Net change in assets and liabilities		
(Increase)/decrease in current receivables	(6,188)	5,240
(Increase)/decrease in current inventories	202	28
(Increase)/decrease in other current assets	(194)	87
(Decrease)/increase in current payables	(6,644)	1,626
(Decrease)/increase in current provisions	195	467
(Decrease)/increase in other current liabilities	7,601	(10,788)
(Decrease)/increase in non-current provisions	89	179
Net cash flows from/(used in) operating activities	21,035	3,929

6.4 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

6.4.1 Total commitments payable

	Less than 1 year \$'000	1-5 years \$'000	5+ years \$'000	Total \$'000
2021				
Short-term and low value lease commitments payable	312	566	–	878
Other commitments payable	4,284	17,502	40,520	62,306
Total commitments (inclusive of GST)	4,596	18,068	40,520	63,184
Less GST recoverable from Australian Tax Office				(5,744)
Total commitments (exclusive of GST)				57,440
2020				
Short-term and low value lease commitments payable	334	246	–	580
Other commitments payable	3,975	17,149	45,544	66,668
Total commitments (inclusive of GST)	4,309	17,395	45,544	67,248
Less GST recoverable from Australian Tax Office				(6,216)
Total commitments (exclusive of GST)				61,032

7. Risks, contingencies and valuation judgements

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 relates mainly to fair value determination.

7.1 Financial instruments specific disclosures

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. Such financial assets and financial liabilities did not previously meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Categories of financial assets

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 interest.

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;
- receivables (excluding statutory receivables); and
- term deposits.

Categories of financial liabilities

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 (including lease liabilities).

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 assets have expired
- 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 right to receive cash flows from the asset and either:
 - has transferred substantially all the risks and reward 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.

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.

Derecognition of financial liabilities

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

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

7.1.1 Categorisation of financial instruments

	Financial assets at amortised cost \$'000	Contractual financial liabilities – at amortised cost \$'000
2021		
Financial assets		
Cash and deposits	24,559	–
Investments and other financial assets	2,000	–
Receivables	7,093	–
	33,652	–
Financial liabilities		
Payables	–	4,569
Borrowings	–	296,814
	–	301,383
2020		
Financial assets		
Cash and deposits	18,166	–
Investments and other financial assets	2,000	–
Receivables	905	–
	21,071	–
Financial liabilities		
Payables	–	10,751
Borrowings	–	296,304
	–	307,055

Amounts disclosed in this table exclude statutory amounts (i.e. GST, FBT, payroll tax and congestion levy payable).

Financial risk management objectives and process

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 below.

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 market risk.

(a) Credit risk

Credit risk arises when there is the possibility of the Trust's debtors defaulting on their contractual obligations resulting in financial loss to the Trust. The Trust measures credit risk on a fair value basis and monitors risk on a regular basis.

The Trust does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Trust has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or credit enhancements where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit risk in trade receivables is managed by payment terms of seven days and sound debt collection policies and procedures.

The Trust does not engage in any hedging for its financial assets. The credit risk on liquid funds is limited because the Trust's policy is to only deal with Treasury Corporation of Victoria and Australian financial institutions with a high credit rating.

Provision for impairment of 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 and default payments.

Impairment of financial assets

The Trust records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Trust's contractual receivables, statutory receivables and its investment in debt instruments.

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 selected 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.

The change in expected credit loss rate accounts for the uncertainty in market conditions due to COVID-19 and the possible impacts on credit risk of the contractual receivables. The Trust's exposure to credit risk is limited due to the revenue model of advanced income whereby up to 90% of estimated event charges are invoiced in advance. However as deposits are received in advance, due to COVID-19 impacts leading to cancellation of events, the Trust's liquidity risk is increased as refunds of those deposits are made. The Trust's exposure and management of liquidity risk is further set out in the next section.

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

	Current	31-60 days	31-60 days	61-90 days	90-120 days	120-180 days	180+ days	Total
30 June 2021								
Expected loss rate	0.77%	1.49%	4.70%	18.10%	28.15%	10.75%	100.00%	
Gross carrying amount of contractual receivables (\$'000)								
	3,632	1,484	248	87	–	21		5,472
Loss allowance (\$'000)	(28)	(22)	(12)	(16)	–	(2)	–	(80)
30 June 2020								
Expected loss rate	1.05%	2.10%	7.03%	24.56%	43.02%	12.01%	100.00%	
Gross carrying amount of contractual receivables (\$'000)								
	601	209	71	135	135	334	–	1,485
Loss allowance (\$'000)	(6)	(5)	(5)	(33)	(58)	(40)	–	(147)

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

	2021 \$'000	2020 \$'000
Balance at beginning of the year	(147)	(53)
Adjustment of accumulated surplus/(loss) on adoption of AASB 9	–	–
Decrease in provision due to transfers out	44	35
Amounts written off during the year as uncollectable	103	18
Increase in provision recognised in the net result	(80)	(147)
Balance at end of the year	(80)	(147)

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.

Statutory receivables and debt investments 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.

Both the statutory receivables and investments in debt instruments 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 a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

(b) Liquidity risk

Liquidity risk is the risk that the Trust would be unable to meet its financial obligations as and when they fall due.

The Trust manages its liquidity risk by closely monitoring future cash flows to ensure adequate holding of high quality liquid assets. The Trust continues to be supported by the State to enable it to meet its obligations as and when they fall due.

See subsequent events in Note 8.9.

(c) Market risk

The Trust's exposure to market risk is primarily through 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 is not exposed to interest rate risk in relation to the loan with DJPR as there is a fixed interest rate for the term of the loan.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust has minimal exposure to cash flow interest rate risks through cash and deposits and term deposits.

Interest rate exposure of financial instruments

	Weighted average effective interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non- interest bearing \$'000
2021					
Financial assets					
Cash and deposits	0.10	24,559	–	24,542	17
Investments	0.27	2,000	–	2,000	–
Receivables ^(a)		7,093	–	–	7,093
		33,652	–	26,542	7,110
Financial liabilities					
Payables ^(a)		4,569	–	–	4,569
Borrowings	3.78	296,409	296,409	–	–
		300,978	296,409	–	4,569
2020					
Financial assets					
Cash and deposits	0.25	18,166	–	18,106	60
Investments	1.03	2,000	–	2,000	–
Receivables ^(a)		905	–	–	905
		21,071	–	20,106	965
Financial liabilities					
Payables ^(a)		10,751	–	–	10,751
Borrowings	3.78	295,726	295,726	–	–
		306,477	295,726	–	10,751

(a) The carrying amounts disclosed here exclude statutory amounts (i.e. GST, FBT, payroll tax and congestion levy payable).

7.2 *Contingent assets and contingent liabilities*

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

The Trust has no contingent assets or contingent liabilities to disclose at the date of this report (2020: \$0 million).

7.3 *Fair value determination*

Fair value determination requires judgement and the use of estimates and 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. Land, buildings, infrastructure, plant and equipment are carried at fair value.

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

Fair value hierarchy

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

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

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

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

7.3.1 Fair value measurement hierarchy for assets

	Carrying amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Year ended 30 June 2021				
Land at fair value				
Specialised land	425,500	–	–	425,500
Non-specialised land	16,400	–	16,400	–
Total of land at fair value	441,900	–	16,400	425,500
Buildings at fair value				
Specialised buildings	588,187	–	–	588,187
Total of buildings at fair value	588,187	–	–	588,187
Plant and equipment at fair value				
Plant and equipment	17,100	–	–	17,100
Total of plant and equipment at fair value	17,100	–	–	17,100
Cultural assets at fair value				
Artworks	1,282	–	1,282	–
Total of cultural assets at fair value	1,282	–	1,282	–
Infrastructure at fair value				
Bridge	11,157	–	–	11,157
Total of infrastructure assets at fair value	11,157	–	–	11,157

	Carrying amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Year ended 30 June 2020				
Land at fair value				
Specialised land	323,395	–	–	323,395
Non-specialised land	16,063	–	16,063	–
Total of land at fair value	339,458	–	16,063	323,395
Buildings at fair value				
Specialised buildings	853,448	–	–	853,448
Total of buildings at fair value	853,448	–	–	853,448
Plant and equipment at fair value				
Plant and equipment	21,092	–	–	21,092
Total of plant and equipment at fair value	21,092	–	–	21,092
Cultural assets at fair value				
Artworks	1,282	–	1,282	–
Total of cultural assets at fair value	1,282	–	1,282	–
Infrastructure at fair value				
Bridge	2,429	–	–	2,429
Total of infrastructure assets at fair value	2,429	–	–	2,429

There were no changes in valuation techniques throughout the period to 30 June 2021. For all assets measured at fair value, the current use is considered the highest and best use.

Land, buildings and infrastructure

Non-specialised land is valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

Specialised land is valued using the market approach, and 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.

Independent valuations of the Trust's land, buildings and infrastructure assets were performed by independent valuers for the 2021 financial year and conform to Australian Valuation Standards. The land valuation was performed by the Department of Environment, Land, Water and Planning and calculated based on the fair value using the market approach. A community service obligation (CSO) adjustment of 20% has been applied. The buildings and infrastructure assets were valued by Napier & Blakeley and were assessed using a cost approach and are reported based on the current replacement cost.

The market that the assets are valued in is being impacted by the uncertainty caused by the COVID-19 pandemic. As at the date of valuation, the valuer considers that there is market uncertainty resulting in significant valuation uncertainty. The valuation was prepared by the valuer on the basis of 'significant valuation uncertainty', which suggests less certainty exists than normal and a higher degree of caution was attached to the valuation than normally would be the case. The value assessed may therefore change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation).

Cultural assets

Cultural assets valuation is determined by a comparison to similar examples of the artist's work in existence throughout Australia and research on recent prices paid for similar examples offered at auction or through art galleries. A revaluation was performed for artwork for the financial period ending at 30 June 2020.

The fair value of cultural assets was determined with reference to an independent valuation performed in December 2019 by Sophie Ullin Art Advisory (approved Valuer for the Australian Government's Cultural Gifts Program) based on resale value of the works.

Plant and equipment

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.

They 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.

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

7.3.2 Reconciliation of Level 3 fair value

	Plant and equipment \$'000	Buildings \$'000	Land \$'000	Infrastructure Assets \$'000
Year ended 30 June 2021				
Opening balance	21,092	853,448	323,395	2,429
Purchases (sales)	823	3,307	–	–
Transfers in/(out) of level 3	–	–	–	–
Depreciation	(4,815)	(24,455)	–	(53)
Subtotal	17,100	832,300	323,395	2,376
Revaluation	–	(244,113)	102,105	8,781
Closing balance	17,100	588,187	425,500	11,157
Year ended 30 June 2020				
Opening balance	7,638	580,512	323,395	2,482
Purchases (sales)	3,808	765	–	–
Transfers in/(out) of level 3	15,405	201,190	–	–
Depreciation	(5,759)	(23,846)	–	(53)
Subtotal	21,092	758,621	323,395	2,429
Revaluation	–	94,827	–	–
Closing balance	21,092	853,448	323,395	2,429

7.3.3 Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Valuation technique
Plant and equipment	Current replacement cost	Useful life of plant and equipment Cost per unit
Specialised buildings	Current replacement cost	Useful life of buildings Direct cost per square metre
Specialised land	Market approach	Community service obligation (CSO) adjustment
Infrastructure assets	Current replacement cost	Useful life of the infrastructure Cost per square metre

8. Other disclosures

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

8.1 Ex gratia expenses

	2021 \$'000	2020 \$'000
Forgiveness or waiver of debt	11	18
Total ex gratia expenses	11	18

Ex gratia expenses include loss allowance greater than or equal to \$5,000 that have been written off.

8.2 Other economic flows included in net result

	2021 \$'000	2020 \$'000
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of property plant and equipment	11	-
Total net gain/(loss) on non-financial assets	11	-
(b) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from movement in long service leave liability	218	58
Total other gains/(losses) from other economic flows	218	58

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions including:

- Net gain/(loss) on non-financial assets:
Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from proceeds the carrying value of the asset at that time.
- Other gains/(losses) from other economic flows:
This includes the revaluation of the present value of the long service leave liability due to changes in the bond interest rates

8.3 Asset revaluation reserve

	2021 \$'000	2020 \$'000
Balance at beginning of the year	552,856	457,830
Revaluation increments/(reduction)	(132,890)	95,026
Balance at end of the year	419,966	552,856

8.4 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.

The persons who held the positions of responsible persons for the Trust are as follows:

Minister for Tourism, Sport and Major Events	The Hon. Martin Pakula MP	1 July 2020 to 30 June 2021
Chairperson – Governing Board	The Hon. John Brumby AO	1 July 2020 to 30 June 2021
Governing Board	Ms Sam Andersen	1 July 2020 to 30 June 2021
Governing Board	Mr Michael Burn	1 July 2020 to 30 June 2021
Governing Board	Mr Charles Donnelly	1 July 2020 to 30 June 2021
Governing Board	Ms Marie Jackson	1 July 2020 to 30 June 2021
Governing Board	Mr Jonathan Metcalfe	1 July 2020 to 30 June 2021
Governing Board	Ms Diana Taylor	1 July 2020 to 30 June 2021
Chief Executive	Mr Peter King	1 July 2020 to 30 June 2021

Remuneration received or receivable by the Accountable Officer in connection with the management of the Trust during the reporting period was in the range: \$540,000 - \$549,999 (2020: \$550,000 - \$559,999).

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.

8.5 Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide 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.
- 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.
- Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

	Total remuneration	
	2021 \$'000	2020 \$'000
Remuneration of executive officers		
Short-term employee benefits	2,668	2,553
Post-employment benefits	272	219
Other long-term benefits	67	58
Termination benefits	10	91
Total remuneration	3,017	2,921
Total number of executives	12	13
Total annualised employee equivalents^(a)	11.57	11.42

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

8.6 Related parties

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.

All related party transactions have been negotiated on commercial terms. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

8.6.1 Significant transactions and balances with government-related entities

Given the nature of State Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public, for example stamp duty and other government fees and charges. Further transactions 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, during the year, the Trust engaged in the following government-related entity transactions:

(a) Revenue

Victorian Government entities booked and hosted events at the Centre, the table outlines entities that generated more than \$100K in revenue for the Trust:

Government Entity	2020 \$'000
Department of Health & Human Services (DHHS)	2,291
Visit Victoria	179
Victoria Police	124
Total	2,594

There were seven Victorian Government entities that hosted events or used the Centre's services with revenue individually less than \$100K. In aggregate, the revenue from these transactions totalled \$78K.

At financial year end there was \$2.4 million owing from Victorian Government entities as reported in Note 5.1 Receivables. This balance is owed by four different entities.

(b) Services received

The Trust has received services from the following Victorian Government entities:

DJPR

Transactions with DJPR total \$7.2 million and relate to:

- Costs associated with the expanded facility including, facility management costs (\$3.9 million), insurance (\$159K) and wall reconfiguration costs (\$28K)
- State initiated modifications (\$1.2 million) – costs associated with an increase to the quarterly service payment due to purchase and installation of infrastructure and equipment that has ongoing lifecycle and maintenance costs
- Reviewable services (\$1.2 million) – quarterly service payment for cleaning and security services per the MCCD Project Agreement
- Event cleaning (\$696K).

Total amount payable to DJPR at financial year-end was nil.

State Revenue Office (SRO)

Transactions with SRO total \$473K. These relate to congestion levy for the Siddeley Street and Montague Street car parks.

Total amount payable to SRO at financial year end was nil.

Victorian Managed Insurance Authority (VMIA)

Transactions with VMIA total \$288K and relate to the Trust's insurance policies.

Total amount payable to VMIA at financial year-end was nil.

South East Water Ltd

Transactions with South East Water Ltd total \$186K and relate to utilities.

Total amount payable to South East Water Ltd at financial year-end was nil.

8.6.2 Key management personnel

Key management personnel of the Trust includes all responsible persons as outlined in Note 8.4 and members of the Executive Team.

Compensation of KMP's	2021	2020
	\$'000	\$'000
Short-term employee benefits	2,581	2,530
Post-employment benefits	190	184
Other long-term benefits	55	87
Termination benefits	10	90
Total^(a)	2,836	2,891

(a) The KMP's are also reported in the disclosure of remuneration of executive officers (Note 8.5).

8.6.3 Transactions and balances with key management personnel

The following related party transactions involved key management personnel, their close family members and their personal business interests.

Chief Executive – Peter King

Peter King is a Board Member of the Melbourne Convention Bureau (MCB). MCB plays a key role in securing international conventions for Melbourne. The Trust contributed \$2.0 million to MCB (2020: \$1.8 million).

8.7 Remuneration of auditors

Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the Trust's financial report:

	2021	2020
	\$'000	\$'000
Payable as at 30 June	51	51
Total	51	51

8.8 Other accounting policies

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.

Foreign currency balances / transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

8.9 Subsequent events

At the time of this report, a Third Variation to the Grant agreement dated 23 June 2020 has been executed. The funding provides support for the Trust's operations for the period of 1 July 2021 to 30 June 2022 for an amount up to \$78.4 million excluding GST. \$19.4 million of this funding includes contingency for approved use.

DJPR has also issued a Letter of Comfort dated 13 August 2021 which has been provided to the Trust to give it confidence it can prepare its 2020-21 Annual Financial Report on a going concern basis to meet the requirements of Australian accounting standard AASB 101 *Presentation of Financial Statements*. The Letter of Comfort recognises that the impact of the pandemic on the Trust operations remain uncertain, and that DJPR will continue to work with the Trust and Department of Treasury and Finance (DTF) to consider and assess funding requirements.

Other than as stated above there have been no significant events occurring after balance date, which may affect either the Trust's operations or results of those operations or the Trust's state of affairs.

8.10 Australian Accounting Standards that are not yet effective

As at 30 June 2021, the following AASs have been issued by the AASB but are not yet effective and may have an impact on the Trust. They become effective for reporting periods commencing after the stated operative dates as follows:

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the balance sheet as current or non-current	1 January 2023	Amendments are not anticipated to have a material impact

8.11 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

Borrowings

Borrowings refer to interest bearing liabilities raised through DJPR.

Cash and deposits

Cash and deposits comprise cash on hand, cash at bank and short-term deposits with a maturity date of 90 days or less.

Comprehensive result

Total net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transactions'.

Employee expenses

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

Ex gratia expenses

Ex gratia expenses mean the voluntary payment of money or other non monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial liability

A financial liability is any liability that is:

- (a) a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprising:

- (a) a balance sheet as at the end of the period;
- (b) a comprehensive operating statement for the period;
- (c) a statement of changes in equity for the period;
- (d) a cash flow statement for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraph 41 of AASB 101.

Grants

Specific purpose grants are paid for a particular purpose and/or have conditions attached regarding their use.

Interest expense

Costs incurred in connection with the borrowing of funds includes interest on short-term and long-term borrowings.

Interest income

Interest income includes interest received on bank term deposits and short-term deposits.

Investments

Investments are term deposits with a maturity date greater than 90 days.

Leases

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Includes only those increases and decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'.

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions.

Net worth

Net worth is assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, plant and equipment, infrastructure assets and cultural assets.

Operating result

Operating result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'.

Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluation and impairments of non-financial physical and intangible assets; and
- fair value changes of financial instruments.

Other economic flows – other comprehensive income

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. The components of other economic flows other comprehensive income include:

- changes in physical asset revaluation surplus.

Other income

Other income consists of gains/losses on disposal of property, plant and equipment.

Payables

Payables include short and long term trade debt and accounts payable, grants, taxes and interest payable.

Receivables

Receivables include short and long term trade credit and accounts receivable, grants, taxes and interest receivable.

Sales of goods and services

Refers to income from direct provision of goods and services and includes fees and charges for services rendered and sales of goods and services.

Service equipment

Relates to high volume, low cost items used multiple times in service delivery and includes crockery, cutlery and glassware.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Trust.

Transactions

Transactions are those economic flows that interact between two entities by mutual agreement.

Work in progress

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.

Disclosure Index

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

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