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CONVENTION
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MELBOURNE CONVENTION AND EXHIBITION TRUST ANNUAL REPORT 2019–2020

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Melbourne Convention 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 2020.

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 last financial year has certainly been one of very distinct halves for MCEC. Our first two quarters closing at the end of December 2019 were amongst our most successful in the organisation's history, with record revenues and customer satisfaction scores achieved.

From 1 July until 31 December 2019, MCEC recorded revenue of $65.4 million, which was eight per cent ahead of budget and 23 per cent ahead for the same period last year. We delivered a number of record breaking months, including the top two revenue months in the history of the business, in August and October. This was an outstanding half year for MCEC.

However, like many businesses and organisations across Australia and the world, we then found ourselves responding to the challenges of the coronavirus (COVID-19) pandemic throughout 2020. The dramatic impact the pandemic and associated public gathering restrictions have had on our business in the last two quarters of the financial year cannot be understated. Our venue was forced to close from 17 March and remained so throughout the remainder of the financial year.

We have gone from being a self-funded entity that achieved record revenues and an economic contribution of more than $1.1 billion in the previous financial year, to severe reductions in revenue and volume of events, caused by coronavirus (COVID-19) related restrictions and cancellations. For the first time, MCEC now finds itself relying on the Victorian Government for funding support.

Despite this, we remain a world-leader in the business events sector, continuing to make a significant contribution to the Victorian economy. For the 2019/20 financial year, MCEC recorded $79.0 million in operating revenue, a $21.7 million decrease on 2018/19.

Even with the reduction in activity over the last year due to our venue closure, we played host to a diverse range of events, conferences and exhibitions in 2019/20. In total, 800 events were held at the venue, down from 1,297 events the previous year, representing a 38 per cent decline. This is largely attributable to coronavirus (COVID-19), with 251 events planned to be held between February and June cancelled, and the closure of MCEC preventing the securing of further business.

Of the events that did occur prior to closure, this included:

- 19 international conferences and exhibitions
- 54 national conferences and exhibitions
- 113 local conferences and exhibitions
- 58 concerts and ticketed events

Events staged at MCEC attracted 715,000 attendees, 300,000 of which visited with the purpose of attending an exhibition. Concerts and ticketed events attracted 140,000 attendees. In total, we welcomed more than 1.7 million visitors to the venue overall, including members of the public using our cafés and facilities.

A total of 27,000 international delegates (113,000 delegate days) and 192,000 national delegates (700,000 delegate days) attended conferences and exhibitions held at MCEC in 2019/20.

Significant events hosted during 2019/20 included:

- 12th Congress of the Asian Pacific Societies for Surgery of the Hand – APFSSH 2020
- 2020 Australian Toy, Hobby & Licensing Fair
- Magellan Investor Evening
- Semann & Slattery Early Childhood National Conference 2020
- Retail Quarter Melbourne (RQM) 2020
- Australian Lung Cancer Conference 2020
- The Frontier Touring Company Presents JoJo Siwa's D.R.E.A.M. The Tour
- XXVII International Society on Thrombosis and Haemostasis (ISTH) Congress & 65th Annual SSC Meeting
- Telstra Vantage™ 2019
- Coles Showcase
- PAX (Penny Arcade Expo) Australia 2019
- Reed Gift Fairs Melbourne August 2019
- Australian Fire and Emergency Services Authorities Council (AFAC) 2019 Conference and Exhibition
- 22nd International Conference on Composite Materials (ICCM22) 2019
- Australian Information Security Association (AISA) National Conference 2019
- The 14th Congress of the World Federation of Societies of Intensive and Critical Care Medicine 2019
- All-Energy and Waste Australia Exhibition & Conference 2019
- Isha Foundation Australia Yoga and Meditation Day – Inner Engineering with Sadhguru
- Décor + Design & Australian International Furniture Fair (AIFF & D+D) 2019
- Madman Anime Festival
- Melbourne Symphony Orchestra (MSO) Presents Star Wars In Concert (Episode 6 - Return of the Jedi)

Collectively, these events and our other associated activities contributed more than $740 million in economic impact to Victoria for the 2019/20 year. While this is a decline on the previous year owing to the impacts of coronavirus (COVID-19), this reiterates the importance of business events to our state's future recovery.

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. This promotes Melbourne's expertise around the world, boosts the economy and brings thought leadership to the city, and will play an important role in future economic recovery for the state.

In the 2019/20 financial year, Club Melbourne Ambassadors were involved in 36 per cent of all future international conferences secured for Melbourne and to be held at MCEC. Additionally, there are 22 active and pending business leads for which we expect final location decisions to be made in 2020/21.

MCEC continues to focus on enhancing its sustainability credentials, with milestone achievements during the year including the appointment of a full-time Sustainability Manager, the MCEC expansion being awarded a Five Green Star rating for building design and the introduction of an edible garden consisting of 36 food cubes in the Goldfields courtyard. The venue also increased its food waste capture for charity OzHarvest, with 60,333 meals donated in 2019/20.

Sadly, due to coronavirus (COVID-19), this year we were unable to host a much loved annual community event in our calendar, the Good Friday Appeal. However we did our best to support their fundraising efforts for the Royal Children's Hospital in their landmark 150 year celebration, by raising awareness for their virtual 'tin shake', and were pleased to see them achieve their goals.

While we are confident that MCEC will continue to be a major economic contributor to Victoria in the future, we have had to adjust our revenue forecasts to account for a more conservative and gradual growth in business in the years ahead. To help address this, we have also commenced a comprehensive business relaunch strategy, to explore new revenue opportunities, business models and ways of working, which will roll out in the new financial year.

With all that said, I am incredibly proud of the hard work of my fellow Trust members, the Executive and the whole MCEC team, who have banded together to respond admirably in the face of adversity. Without their tireless work, MCEC would not have weathered the coronavirus (COVID-19) pandemic so well.

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. The support and guidance of both parties has proved especially valuable during the challenges of the last year.

Although the future may look different, and with it the experience of events held at MCEC, I am excited to see what it has in store. As always, MCEC welcomes the opportunity to innovate and explore new ways to connect and gather as a community.

The Hon John Brumby AO
Chairperson
Melbourne Convention and Exhibition Trust

OPERATIONS REPORT

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 vision
Globally redefine events.

Our purpose
To connect and inspire.

STRATEGIC OBJECTIVES

Amplify our impact
Improving our commercial outcomes by leveraging our assets.

Deliver a smarter business
Transform our business by contemporising our processes, systems, operations, data and intelligence.

Create our future experiences
Design superior experiences by leveraging employee and customer insights.

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.

Our strategy considers a staged approach to how we will meet our objectives. It is a rolling strategy that will constantly be reviewed and refined at key milestones and annually evaluated.

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

Three strategic objectives have been established to ensure MCEC meets its vision for the future; to globally redefine events.

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

STRATEGIC OBJECTIVE ONE

Amplify our impact

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 2019/20, even with the challenges of coronavirus (COVID-19) and its associated restrictions, MCEC contributed $740 million in economic impact to the Victorian economy. More than 27,000 international delegates and 192,000 national delegates attended events 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 produce from local suppliers wherever possible.

A key focus for the year was to empower our people, and develop the business' capacity to adopt nimble ways of working. To achieve this, in the first quarter of the year we engaged consultancy Epic Agile, a market leader in agile practices of work, to help us identify key business drivers and coach our people in the adoption of agile and/or new ways of working.

Working with Epic, our Business Improvement team was able to establish an Agile Project Management Office (PMO) to provide greater transparency for our people of our strategic initiatives. This work was designed to improve efficiencies and delivery and prioritise our focus on projects, to improve outcomes.

When the venue was forced to close in March 2020 in response to the coronavirus (COVID-19) pandemic, this important work proved invaluable in laying the foundations for our business relaunch activities. By May, a new Business Relaunch team had been set up to manage the prioritisation of new ideas for recovery. The team now coaches the wider business in the use of new ways of working to explore and deliver new business opportunities for MCEC into the future.

During the 2019/20 financial year, MCEC also sought to enhance the impact of our brand as an intangible asset. We undertook a comprehensive body of work to develop a brand blueprint, which involved employee and customer focus groups and interviews followed by a detailed market and competitor analysis. Our aim with this work is to better establish MCEC's unique brand purpose and proposition in the wider event and venue sectors.

As part of business relaunch, this work is now progressing into a delivery phase, with a team within the business appointing an agency for execution of a renewed brand for MCEC. While this will not mean a wholesale rebrand of MCEC's visual identity, it will help to solidify our overall business purpose and position in a coronavirus (COVID-19) affected market.

For the first time in the business, a stakeholder engagement framework was developed to provide clear governance of how key industry, government and membership body relationships are managed, laying the groundwork for how we can leverage these partnerships more effectively.

OPERATIONS REPORT CONTINUED

As part of this framework, MCEC's Executive Team continues to play an active and 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

Our content and storytelling also extended to amplifying our impact with the many Victorian suppliers we work with, with campaigns that highlight our state's produce as a point of difference for the venue. In doing so, we developed content that showcased the brands of local suppliers like St David Dairy and Sunny Ridge Strawberries.

Throughout the coronavirus (COVID-19) pandemic, we are actively working to support our suppliers and the broader industry, working with our customers by adapting licensing and payment terms to postpone or cancel events. This approach has been well received and helps support our industry partners in these challenging times.

A further example of our capacity to adapt during coronavirus (COVID-19) has been our management of the Club Melbourne Ambassador Program. For 15 years, Club Melbourne has been primarily focused on driving international business to Melbourne, consistently securing inaugural global events for the city. As a result of coronavirus (COVID-19) related travel bans, a number of inaugural events, such as Eradicate Cancer 2020 and Ocean Plastics Congress 2020, needed to be postponed. We are now exploring with Ambassadors a shift to attract local and national events to MCEC. To inform this work we conducted detailed research with a cohort of diverse Ambassadors and the initial appetite has been promising.

During 2019/20, Club Melbourne welcomed 10 new Ambassadors into the program. They filled or supplemented medical, ecology and conservation, agriculture and science industry expertise gaps identified in the program. The inducted Ambassadors have been working on 16 international conferences potentially worth more than $121 million in economic benefit to the state of Victoria.

MCEC continues to work closely with government agencies to support Victorian Government priorities.

STRATEGIC OBJECTIVE TWO

Deliver a smarter business

Our focus on improved efficiency in the business extends beyond adopting new ways of working for our people, and included adopting smarter systems, technologies and processes.

In 2019/20, our ICT team commenced a large scale digital transformation of the business. The digital transformation captures a range of projects to introduce modern and intuitive systems, ensuring we have the tools to be agile. The transformation includes three main areas: mobility, core systems uplift and people systems.

While the transformation will run over a number of years, many key activities have already been delivered, with the roll out of Office 365, the adoption of Microsoft Teams and Planner as collaboration tools within the business and the development of a new Intranet (to be rolled out in the new year) all forming part of the mobility stream. As part of this work, much of our ICT infrastructure that had reached end-of-life was also replaced, with a stronger focus on improving cyber security.

Another large focus of MCEC's digital transformation in the last financial year has been starting work on the Core Systems Uplift. Once delivered, this project will provide MCEC with industry-leading event planning, delivery and financial systems that provide a seamless experience for our employees and customers. We're now at an important stage of this project, with the procurement phase starting in February and tenders closing in June 2020. Tenders will undergo rigorous and independent evaluation before the appointment of a technology partner is made.

To support this important project, MCEC appointed a Process Improvement Specialist to audit our processes, with a view of consolidating them wherever practical and effective to do so. This process harmonisation work will help ensure the integration of key tools and systems under the Core System Uplift moving forward. A further important exercise conducted to ensure the success of the Core Systems Uplift was a comprehensive data cleanse of our Enterprise Business Management Software. A system now exists to help migration between the old system and the new system when it is established.

During the year, we sought insights from our customers to inform our product development and delivery. Two joint strategy sessions were held with two of our largest customers, along with five additional 'customer energiser' sessions, featuring presentations from partners across the industry. These activities help build awareness amongst MCEC employees of customer needs and in turn inform how we can collaborate with them.

Utilising such insights has been crucial in elevating the effectiveness of MCEC's marketing activities. Providing our customers and stakeholders with relevant content, at the right time and on the right platform continues to be a focus for MCEC. During the 2019/20 financial year, our focus shifted to obtaining and analysing relevant data, building on our business insights and refining our marketing metrics through the use of new tools and the sharing of insights across the business. As part of this, the need for a Customer Relationship Management (CRM) tool was identified to allow the business to deliver personalised content and identify opportunities and challenges for the business. This work on a new CRM is being scoped in 2020/21.

During 2019/20, work was also carried out by our Finance team to understand the key cost categories required to assess the profitability of an event held at MCEC. This important research involved analysing data to determine the proportion of actual event specific costs currently captured by the business in order to establish a basis for setting assumptions in the future. From here, MCEC will apply these assumptions to a specific event in order to test outcomes, once the building reopens.

Delivering a smarter business has also required a comprehensive look at our workforce planning capabilities. With around 800 rostered employees at MCEC (more than 80 per cent of the workforce) and approximately 120,000 shifts rostered annually, visibility of availability and scheduling is critical to the effective management of events. An analysis of work patterns was conducted to establish the supply (shifts) and demand (availability) needs of the business based on projected revenues and event requirements. While this work was put on hold due to the closure of the building, when it restarts, the resulting benefits to the business will include maximum utilisation of the workforce, best practice rostering, better recruitment and a reduction in turnover.

STRATEGIC OBJECTIVE THREE

Create our future experiences

In creating a seamless experience when dealing with MCEC, we recognise the importance of an integrated customer journey. Allowing our customers to navigate MCEC, whether it be in our buildings or on our digital platforms, remains a priority. While work on physical wayfinding commenced in 2019/20, the finalisation of plans and subsequent implementation was halted when the coronavirus (COVID-19) pandemic impacted our business and necessitated closure of the building. The work is now scheduled for completion in 2020/21.

Likewise, strategic planning for our digital roadmap commenced in early 2020, but was paused due to the same disruption. While the business is navigating through the uncertainties of coronavirus (COVID-19) and its impacts, it is clear that the digital landscape will play an increasingly important role in our service and product offering, and as such our digital roadmap and its implementation is a key focus for 2020/21.

A considerable amount of work was conducted by our Sales team in the 2019/20 period to explore new products for our customers, while pursuing new markets for the business. A key area of focus was in the meetings and events customer segment, with an ongoing 'win-back' strategy developed to target customers who had cancelled events or been turned away due to capacity limitations. For this segment and the conference market, we launched additional seasonal food and beverage offerings in January 2020. This effort, along with new event technology packages, provided considerable opportunities to upsell to customers.

With the closure of MCEC due to coronavirus (COVID-19) and an inability for the business to operate events as usual, the organisation took advantage of a rare opportunity to 'pause and reflect', and initiated a business relaunch process to help position MCEC at the forefront of the industry into the future. This process includes exploring new revenue streams, new business models and new products to positively disrupt the sector. One such product that went into development in late 2019/20 was an MCEC Virtual Event Solution, designed to help our customers pivot to virtual or hybrid events, for launch in the first quarter of 2020/21. This product provides a scalable solution for customers that brings together our award-winning expertise, the latest in live studio technology and production equipment and a flexible virtual event platform.

With a focus on improving our employee experiences, a cross-functional team was established in late 2019 to explore opportunities that would enhance our Future Employee Experience (FEE). The first initiative, in response to findings from the 2019 Employee Experience Survey, was to address inconsistencies with employee on-boarding processes and deliver a program that sets our new employees up for success from their first day. The team was working towards the first release of its minimum viable product of transitioning compulsory learning modules and some induction components to pre-boarding. This was due to be delivered in April 2020, however this work was put on hold when the venue was closed. It will continue once MCEC is reopened and we are able to welcome employees back into the building.

As part of our focus on the future, MCEC continued to deliver on its Sustainability Plan 2016-2021. The plan was developed in response to the Victorian Government's legislated target for net-zero greenhouse gas emissions by 2050 and the increasing importance of environmental considerations for our business. The Sustainability Plan was reviewed and updated at the end of 2019 to reflect the goals achieved, and the review has found that MCEC is well-positioned to achieve the 2021 targets. Notably, a Sustainability Manager was appointed in January 2020, whose focus is on the implementation of the Sustainability Plan to reduce the environmental footprint of the business, as well as broadening MCEC's corporate and social sustainability portfolio. 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.

FINANCIAL INFORMATION SUMMARY

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

	2020 $'000	**2019** $'000	**2018** $'000	**2017** $'000	**2016** $'000
Revenue and income from transactions	96,463	106,848	84,893	87,716	84,610
Expenses from transactions	129,793	136,881	104,394	102,118	97,464
Net result from transactions	(33,330)	(30,033)	(19,501)	(14,402)	(12,854)
Net result for the period	(33,272)	(30,310)	(19,579)	(14,301)	(12,978)
Net result for the period before interest and depreciation	7,428	8,766	10,421	15,083	18,182
Net cash flow from operating activities	3,929	15,924	10,728	10,403	14,527
Total assets	1,253,146	1,229,711	1,040,790	1,004,902	1,016,094
Total liabilities	322,643	327,515	319,267	305,488	302,379

CURRENT YEAR FINANCIAL REVIEW

COMPREHENSIVE OPERATING STATEMENT

The net result from transactions for the year ended 30 June 2020 was a deficit of $33.3 million (2019: $30.0 million deficit). Profit before depreciation and interest expense is $7.4 million compared with $8.8 million in 2018/19.

Revenue

The comprehensive operating statement of the Trust for the year ended 30 June 2020 reports total revenue and income from transactions of $96.5 million (2019: $106.8 million), which is a decrease of $10.4 million (9.7 per cent) from the previous year.

This result is predominantly due to sales of goods and services, which decreased by $21.7 million (21.6 per cent) from 2018/19. Significant business impacts from coronavirus (COVID-19), which forced the ongoing closure of the Centre from 17 March 2020, were the major factors leading to the revenue reduction. Until the pandemic occurred early in 2020, revenues were very strong. For the six months to December 2019, revenues of $65.4 million were recorded which was 23 per cent ahead for the same period last year.

Included in grant income is an amount of $11.65 million relating to operating funding from the Department of Jobs, Precincts and Regions (DJPR). Also included is an amount of $5.6 million (2019: $5.6 million) which represents the grant from DJPR for the replacement of assets over the life of the Convention and Exhibition Centre.

Expenses

Total expenses from transactions, as defined in the financial statements, totalled $129.8 million (2019: $136.9 million).

Purchases of supplies and services have decreased by $5.3 million (11.2 per cent). This reduction can be attributed to the decrease in operating revenue resulting from significantly lower event activity due to coronavirus (COVID-19) impacts leading to the closure of the Centre. Included within supplies and services are cost of goods sold totalling $7.8 million (2019: $10.0 million), a 22.1 per cent decrease on the prior year.

Employee benefit expenses decreased by $769K on the prior year due to ongoing impacts of the pandemic.

The interest expense of $11.0 million (2019: $10.9 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 $29.7 million (2019: $28.2 million) increased from the prior year largely due to additional building and plant, and equipment assets capitalised following the allocation to the Trust by DJPR of expansion project expenditure in the prior year and application of AASB 16 *Leases*.

BALANCE SHEET

The balance sheet of the Trust as at 30 June 2020 reports net assets of $930.5 million (2019: $902.2 million).

Assets

Cash and deposits increased by $3.3 million and investments and other financial assets decreased by $11.0 million. The decrease in investments is largely a result of the closure of the Centre from 17 March 2020 and related impacts of coronavirus (COVID-19).

Property, plant and equipment increased by $69.9 million. The increase is due to the revaluation of buildings, partly offset by depreciation expenses for the year.

Total non-financial assets increased by $36.3 million which is attributable to the revaluation of buildings, reduced by decrease in capital replacement receivables relating to adoption of AASB 15 *Revenue from Contracts with Customers*.

Liabilities

The interest bearing liability of $296.3 million (2019: $292.5 million) represents the value of the loan with DJPR inclusive of accrued interest and lease liabilities relating to AASB 16 *Leases*.

Other liabilities of $8.3 million (2019: $19.1 million) mainly comprises deposits held against future bookings which represent funds held on behalf of customers until the completion of an event.

CASH FLOW STATEMENT

The cash flow statement reports an increase of $3.3 million in cash held (2019: $8.9 million increase). Total cash holdings as at 30 June 2020 were $18.2 million (2019: $14.8 million).

Cash flows from operating activities were $3.9 million for the year (2019: $15.9 million). These were affected by significant reductions in receipts from customers and payments to suppliers and employees due to impacts on the business from the coronavirus (COVID-19) pandemic. A grant of $12.8 million (including 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 $3.6 million (2019: $16.7 million).

Cash flows used in financing activities include the loan repayment to DJPR of $7.8 million (2019: $5.4 million).

STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity records a net increase in total equity of $28.3 million to $930.5 million (2019: $902.2 million). The movement in this statement reflects the current year's result along with restatement of balance due to change in accounting policy and revaluation of buildings.

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, Sport and Major Events.

THE TRUST'S MINISTER

Minister for Tourism, Sport and Major Events.

The Hon 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 relies on the Department of Jobs, Precincts and Regions (the department) in performing these ministerial functions.

For 2019/20, the Trust kept the Minister and the department appropriately informed of progress and developments in accordance with agreed communications 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
Chairperson
The Hon John Brumby was reappointed as Chairperson of the Trust for a period of three years commencing 11 August 2020. Mr Brumby is the former Premier of Victoria (2007 – 2010) and has immense experience in public life, serving for more than 10 years as Treasurer and then Premier of Victoria, six years as Leader of the Victorian Opposition and seven years as Federal MHR for Bendigo during 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 Chairman of the Motor Trades Association of Australia (MTAA) Superannuation Fund and Chairman of Citywide Service Solutions Pty Ltd. In the not for profit sector, Mr Brumby is Chairman of the Fred Hollows Foundation and 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 for a further two years commencing 22 June 2020. With rich experience in the tourism, business meetings and communications industries, Ms Jackson is an executive director of Solterbeck Events, and a director of the Indigenous Art Code.

In her former capacity as a senior executive of major communications agencies in Australia and New Zealand, Ms Jackson has led multi-disciplined destinational marketing campaigns for state and national tourism bodies, and has successfully transformed companies by leading cultural change. She has been a member of the M&C Saatchi worldwide board, a regional partner of Publicis Mojo and a director of Ogilvy & Mather.

MR JONATHAN METCALFE
Trustee
Mr Metcalfe was reappointed to the Trust on 1 July 2019 for a term concluding 31 December 2021. 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. In January of 2015, Ms Andersen was appointed as Chair of the Audit and Risk Management Committee for the Department of Premier and Cabinet.

Ms Andersen has a Bachelor of Laws and is a Certified Practicing Accountant. She is a Fellow of the Financial Services Institute of Australia and 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, as senior in-house counsel and is currently the General Counsel for Netball Australia. In 2009, Ms Taylor established her own consultancy business specialising in workplace relations, 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 GOTAFE, Geelong's community hospice Anam Cara House Geelong, the Geelong Football Club's Governance Committee and is a Geelong Authority Board Member.

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 30 years in investment banking, primarily with the Macquarie Group.

Mr Burn is Chairman of the Advisory Board of PFD Food Services, a leading national food wholesale and distribution company. He is also a Director of the St. Vincent's Institute of Medical Research.

From 2011 to 2016 Mr Burn was Chairman of the Victoria Racing Club, having served as Director for seven years prior to his appointment as Chairman.

MR CHARLES DONNELLY
Trustee

Mr Donnelly was appointed to the Trust on 10 June 2020 for a term concluding 1 June 2023. 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

Mr Michael Burn was appointed as a member of the Trust for a three year period from 31 July 2019 to 30 July 2022 (both dates inclusive). Mr Burn occupies the Trustee position that has been vacant since 30 June 2019, following the departure of Mr Matthew Mills.

Ms Paula Benson resigned from the Trust effective 6 March 2020.

The tenure of Ms Marie Jackson was extended for a further two year period from 22 June 2020 to 21 June 2022 (both dates inclusive).

Mr Charles Donnelly was appointed as a member of the Trust from 10 June 2020 to 1 June 2023 (both dates inclusive). Mr Donnelly occupies the Trustee position that has been vacant since 6 March 2020, following the resignation of Ms Benson.

The tenure of the Hon. John Brumby AO as Chair of the Trust was extended for a further three year period from 11 August 2020 to 10 August 2023.

Trust Meetings

	Eligible to Attend	Attended
The Hon John Brumby AO	10	10
Ms Marie Jackson	10	10
Mr Jonathan Metcalfe	10	10
Ms Sandra (Sam) Andersen	10	10
Ms Paula Benson	6	6
Ms Diana Taylor	10	10
Mr Michael Burn	10	10
Mr Charles Donnelly	1	1

One extraordinary Trust meeting was held during the year in addition to the meetings detailed above.

In response to coronavirus (COVID-19) and the associated closure of MCEC, five special Trust meetings were convened during the year in addition to the Trust meetings detailed above.

An internal assessment of the Board of Trustees' performance for 2019/20 is scheduled for July 2020.

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
Ms Paula Benson (Trustee resigned 6 March 2020)

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
Ms Paula Benson (Trustee resigned 6 March 2020)

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
  - Compliance with applicable laws and regulations.
- 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 OPERATING OFFICER
Leighton Wood
The Chief Operating Officer is responsible for the day to day operations of MCEC including operations, planning, technology services, food and beverage, sustainability, safety, security and capital works. Leighton's team of more than 750 employees work together to deliver hundreds of events each year.

CHIEF FINANCIAL OFFICER
Geoff Stephens
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. Geoff 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.

DIRECTOR OF SALES
Darren Waite
The Director of Sales is responsible for managing the direction, implementation and coordination of cost efficient strategic sales and business development initiatives for MCEC to maximise market share, sales potential and sales achievement in all business segments.

The Director of Sales is also responsible for the management of commercial partnerships, Club Melbourne and inaugural event strategies for the business.

DIRECTOR OF MARKETING AND COMMUNICATIONS
Vibeke Stisen
The Director of Marketing and Communications is responsible for customer experience design, marketing strategy, brand, creative design services, communications, stakeholder engagement and the design and implementation of customer digital transformation.

Vibeke provides leadership in the development and execution of strategic marketing planning, both for MCEC as a whole and for individual divisions and disciplines. The team's responsibilities also include ensuring MCEC is positioned as a market leader and insights driven organisation.

DIRECTOR OF BUSINESS RELAUNCH
Helen Fairclough
The Director of Business Relaunch oversees the design and implementation of the processes associated with recovery and relaunch of MCEC's business following the closure due to coronavirus (COVID-19).

Helen has oversight of the 'pipeline to execution' process and framework, partnering with departments across the business to stress-test ideas that introduce new revenue streams, rebuild the business' traditional operations and positively disrupt the industry, using agile methodology and new ways of working (NWOW).

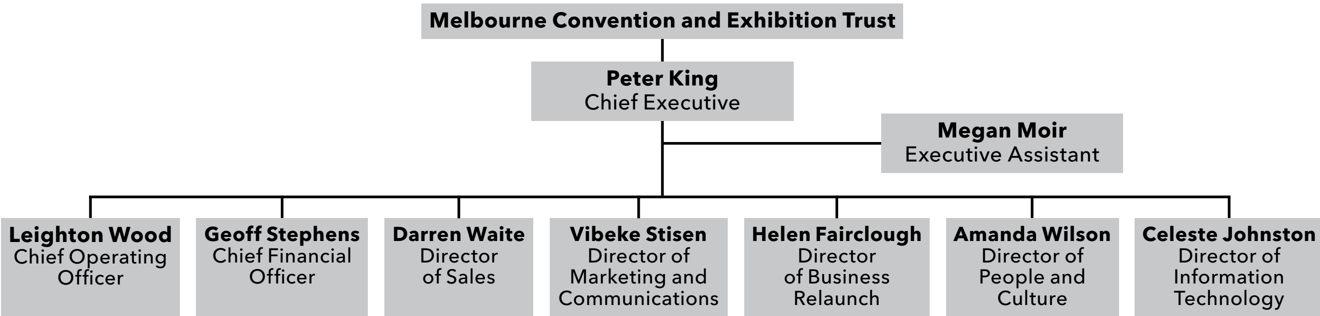
DIRECTOR OF PEOPLE AND CULTURE
Amanda Wilson
The Director of People and Culture is responsible for cultivating and sustaining an innovative, engaged and high performing workforce. Amanda helps build capability through a continued focus on the development of MCEC people by embedding cultural values; championing 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.

DIRECTOR OF INFORMATION TECHNOLOGY
Celeste Johnston
The Director of Information Technology is responsible for providing the technology and platforms to MCEC that deliver a smarter, collaborative and engaged business. Celeste is responsible for driving Digital Transformation through outcome focused results to deliver sustainable transformational change through close collaboration of IT, business stakeholders, and the effective leveraging of technology as a key business enabler. Celeste, and her team, have a strong service mindset, and focus on developing and implementing IT strategies, and providing a quality lens on innovative technology to enable a flexible, mobile workforce. Her vision is to enhance the collaborative digital experience of MCEC customers and employees, whilst delivering flexible, innovative and scalable IT solutions.

Management and Employees
For the year ended 30 June 2020, the Trust employed seven Trustees, 261 full-time employees, and the full-time equivalent of 12 part-time and 220 casual employees.

This compares to seven Trustees, 241 full-time employees, and the full-time equivalent of 10 part-time and 293 casual employees for the year ended 30 June 2019.

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.

The Mental Health and Wellbeing (MHW) Charter was endorsed in Victoria in October 2016. The Charter has been developed to actively demonstrate the Victorian Government's commitment to having an engaged workforce that is physically and mentally safe and healthy. MCEC is committed to delivering a wide range of activities that promote mental health and wellbeing in line with the Charter's core principles.

A Health and Wellbeing (H&W) Committee has been established and is a sub-committee of the Occupational Health and Safety Committee. The H&W committee has introduced the 2019-20 Health and Wellbeing Calendar that includes a variety of activities to promote health and wellbeing.

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 60 reported injuries (38 employees, 19 visitors and 3 contractors), the vast majority of which were minor. This represents an injury reduction of 43 per cent across all categories, relative to WH&S performance indicators. A total of 144 staff days were lost during the year due to injuries. There are three WorkCover claims ongoing.

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

Target 1: Employees: 10 per cent reduction of employee injuries relative to hours worked
A 2019/20 average of 3.39 injuries per month per 100,000 hours worked. This compares to a 2018/19 average of 5.56 injuries per month per 100,000 hours worked – a reduction of 39 per cent.

Target 2: Public: 10 per cent reduction of public injuries relative to number of visitors
A 2019/20 average of 0.61 injuries per month per 100,000 visitors versus a 2018/19 average of 1.1 – a reduction of 45 per cent.

Target 3: Contractors 10 per cent reduction of contractor injuries
The total number of injuries for contractors 2019/20 was 3, same period 2018/19 was 9.

Target 4: Lost Time Injury Frequency Rate (LTIFR) of <10
The 2019/20 level of 2.04 was well under the new performance target.

Target 5: Severity Rate of <10
This target was not met owing to one extended incident, which continues to be managed.

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 2019/20 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 2019 and 30 June 2020.

CONSULTANCY EXPENDITURE

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

In 2019/20 there were six consultancies where the total fees payable to the consultants were $10,000 or more. The total expenditure incurred during 2019/20 in relation to these consultancies was $821K (excluding GST).

Details of individual consultancies are outlined below.

Consultant	Purpose of Consultancy	Expenditure ($'000)
Accenture	Digital services	275
Brennan IT	IT infrastructure	19
Brookfield Global Integrated Solutions Pty Ltd	Hostile vehicle mitigation	168
EPIC Agile	Agile Consultancy	239
Ernst & Young	Financial modelling and Core Systems business case	95
Pitcher Partners	Core Systems probity advisor	25

Details of consultancies under $10,000

In 2019/20, there was one consultancy engaged during the year, where the total fees payable to the individual consultancies was less than $10,000. The total expenditure incurred during 2019/20 in relation to this consultancy was $5K (excluding GST).

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the 2019/20 reporting period, the Trust had total ICT expenditure of $4.5 million (excluding GST) with the details shown below.

Business as Usual	Non Business as Usual		
ICT expenditure $'000	Total ICT expenditure $'000	Operational expenditure $'000	Capital expenditure $'000
4,206	290	94	196

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 2020, the Trust received two applications (non-personal).

The Trust made one decision during the 12 months ended 30 June 2020. One application was deemed invalid.

The average time taken to finalise requests in 2019/20 was 2 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 2019/20.

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 2019/20.

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.

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 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 Disclosure Act 2012*, the Trust has made available on its website www.mcec.com.au procedures for protecting people who make protected disclosures from detrimental action by the Trust or its staff.

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 2020, the Trust has implemented the following initiatives in relation to accessibility at the Centre:

1. Website reviewed and accessible to W3C Web Content Accessibility Guidelines 2.0 (Annual)
2. Website reviewed for currency of summarised Accessibility Services information (Annual)
3. Remedy any barriers to safe evacuation of people with a disability (Annual)
4. Inclusion of major venue accessibility features on venue maps and way finding for MCEC, including MEC expansion
5. Incorporated accessibility awareness into staff on-boarding orientation
6. Reasonable Adjustment commitment included in Equal Opportunity and Grievance procedure
7. Development and implementation of on-line Customer Feedback Register (On-going)
8. Accessibility access information included in exhibitor kits (Annual)
9. MCEC is listed on the Companion card website (Annual)

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.

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 175kg CO2-e per sqm in 2019, a 22 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 202kg CO2-e per sqm in 2019, which was more than in 2018. This is most likely due to an increase in business activity. With two years remaining of our 2016-21 plan, we are well on track to achieving our target of 30% reduction on baseline levels of carbon emissions.

EarthCheck benchmarking shows that in 2018 MCEC emitted 191 kg CO2-e per sqm. We were lower than the regional average of 235 kg CO2-e per square metre for like businesses (convention and exhibition centres, hotels).

Milestone achievements that have contributed to this result include:

- Participation in the MREP and the purchase of 4MWh worth of Renewable Energy Certificates.
- Further replacement of approximately 450 halogen lights in MEC with LED alternatives.

MAXIMISE DIVERSION FROM LANDFILL

Our calendar year 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

Despite the introduction of an organic waste dehydrator and an Environmental Technician in place from April 2019, MCEC's waste diversion rate plummeted in 2019 due to the global recycling crisis. The waste diversion rate in 2019 was just 40%, down from 67% in 2018. Though this negatively impacted the wider Victorian community, MCEC along with most metropolitan Melbourne councils, felt the brunt of it due to supplier issues. MCEC were able to recycle a small amount of comingle in December 2019 (200kg) through a temporary arrangement with Australian Paper Recycling (APR). Paper, cardboard and soft plastic continued to be able to be recycled throughout the year.

The latest EarthCheck benchmarking shows that in 2018 MCEC was the regional leader in minimising waste sent to landfill, with its 2.8 litres per sqm usage being 86% better than the regional average at 20.0 litres per square metre. MCEC reduced waste sent to landfill by 21% from 3.5 litres per square meter in 2017 to 2.8 litres per sqm in 2018.

Milestone achievements have been:

- Removed plastic water bottles from most catering and banned plastic straws, therefore preventing the use of over 30,000 straws and 500,000 plastic bottles.
- IKON's onsite organic dehydrator was installed in April 2019 and processes the majority of the organic food waste generated by the kitchen. On average it reduces the volume of organic waste by 68% 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 has processed 44 tonnes of food and organic waste since its installation in April 2019.
- Further increase to food waste capture for OzHarvest, to whom MCEC donated 60,333 meals in 2019/20.
- Leading multiple initiatives to reduce the use of single-use plastics, including: preventing the use of over 11,000 disposable coffee cups by encouraging the use of reusable cups; implementing a trial on eliminating single-use plastic waste during an exhibition resulting in the elimination of approximately 24,000 single-use plastic items; and working with food suppliers to have them eliminate unnecessary packaging for items such as frozen vegetables, truss tomatoes and apples.

ENVIRONMENTAL CERTIFICATIONS

For the seventh year in a row, MCEC received EarthCheck Gold Certification in 2019. MCEC's expansion building also officially received a 5 Green Star Rating for building design, from the Green Building Council of Australia (GBCA).

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.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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 2020 in the following structure to provide users with the information about the Trust's stewardship of resources entrusted to it.

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 2020 and financial position of the Trust at 30 June 2020.

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 22 October 2020.

The Hon. John Brumby AO
Trust Chair

Melbourne
22 October 2020

Peter King
Chief Executive

Melbourne
22 October 2020

Geoff Stephens
Chief Financial Officer

Melbourne
22 October 2020

INDEPENDENT AUDITOR'S REPORT

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the Melbourne Convention and Exhibition Trust

Opinion

I have audited the financial report of the Melbourne Convention and Exhibition Trust (the trust) which comprises the:

- balance sheet as at 30 June 2020
- 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.

In my opinion the financial report presents fairly, in all material respects, the financial position of the trust as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

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

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report

The Board of the trust is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is 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.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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 Board
- conclude on the appropriateness of the Board's 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 Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
27 October 2020

Simone Bohan
as delegate for the Auditor-General of Victoria

2

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Notes	2020 $'000	2019 $'000
Continuing operations			
Revenue and income from transactions			
Sales of goods and services	2.1.1	78,964	100,650
Interest		249	562
Grants	2.1.2	17,250	5,636
Total revenue and income from transactions		**96,463**	**106,848**
Expenses from transactions			
Supplies and services	3.1.1	41,997	47,281
Employee benefit expenses	3.1.2	46,626	47,395
Interest expense	6.1.2	11,042	10,852
Depreciation	4.1.2	29,658	28,224
Other operating expenses	3.1.5	470	3,129
Total expenses from transactions		**129,793**	**136,881**
NET RESULT FROM TRANSACTIONS (NET OPERATING BALANCE)		**(33,330)**	**(30,033)**
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	8.2	–	(10)
Other gains/(losses) from other economic flows	8.2	58	(267)
Total other economic flows included in net result		**58**	**(277)**
NET RESULT		**(33,272)**	**(30,310)**
Other economic flows – other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	8.3	95,026	–
Total other economic flows – other comprehensive income		**95,026**	**-**
COMPREHENSIVE RESULT		**61,754**	**(30,310)**

The accompanying notes form part of these financial statements.

BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020 $'000	2019 $'000
ASSETS			
Financial assets			
Cash and deposits	6.3	18,166	14,828
Investments and other financial assets	4.2	2,000	13,000
Receivables	5.1	905	6,144
Total financial assets		**21,071**	**33,972**
Non-financial assets			
Inventories		632	660
Property, plant and equipment	4.1	1,220,527	1,150,629
Other non-financial assets	5.2	10,916	44,450
Total non-financial assets		**1,232,075**	**1,195,739**
TOTAL ASSETS		**1,253,146**	**1,229,711**
LIABILITIES			
Payables	5.3	12,806	11,308
Borrowings	6.1	296,304	292,547
Employee related provisions	3.1.3	5,207	4,560
Other liabilities	5.4	8,326	19,100
TOTAL LIABILITIES		**322,643**	**327,515**
NET ASSETS		**930,503**	**902,196**
EQUITY			
Accumulated surplus/(deficit)		(256,602)	(189,883)
Physical asset revaluation surplus	8.3	552,856	457,830
Contributed capital		634,249	634,249
NET WORTH		**930,503**	**902,196**

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Notes	2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from customers		81,358	113,687
Receipts from government		12,815	–
Interest received		324	630
Total receipts		**94,497**	**114,317**
Payments			
Payments to suppliers and employees		(85,074)	(93,371)
Goods and services tax paid to the ATO[a]		(5,494)	(5,022)
Total payments		**(90,568)**	**(98,393)**
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	6.3.1	**3,929**	**15,924**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of non-financial assets		(3,603)	(16,657)
Transfers from/(to) investments		11,000	15,000
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**7,397**	**(1,657)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease liabilities[b]		(175)	–
Repayment of borrowings		(7,813)	(5,370)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**(7,988)**	**(5,370)**
Net increase/(decrease) in cash and deposits		**3,338**	**8,897**
Cash and deposits at beginning of financial year		14,828	5,931
CASH AND DEPOSITS AT END OF FINANCIAL YEAR	6.3	**18,166**	**14,828**

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 2020

	Notes	**Physical asset revaluation surplus** $'000	**Accumulated deficit** $'000	**Contributions by owner** $'000	**Total** $'000
Balance at 1 July 2018		**457,830**	**(159,573)**	**423,221**	**721,478**
Net result for the year		–	(30,310)	–	(30,310)
Assets transferred from other government agencies	4.1.1	–	–	211,028	211,028
Balance at 30 June 2019		**457,830**	**(189,883)**	**634,249**	**902,196**
Change in accounting policy (due to AASB 15)	8.4.4	–	(33,447)	–	(33,447)
Restated 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**

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 103H. 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 outbreak of the novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 30 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid spread of the virus has seen an unprecedented global response by governments, regulators and numerous industry sectors. The Australian Federal Government enacted its emergency plan on 29 February 2020.

In the State of Victoria, a State of Emergency was declared on 16 March 2020. At the date of this report, the State of Emergency has been extended to 8 November 2020. Due to worsening conditions from coronavirus (COVID-19) impacts in Victoria, a State of Disaster was declared from 2 August 2020 to at least 8 November 2020. Under the State of Disaster provisions, Stage 4 lockdown restrictions have been imposed in Metropolitan Melbourne until at least 19 October 2020.

Significant impacts from coronavirus (COVID-19) forced the closure of the Centre from 17 March 2020. The Centre remains closed at the date of this report and a reopening date is yet to be confirmed, due to the State of Victoria imposed coronavirus (COVID-19) restrictions in Melbourne. The inability to conduct business and the impact of event cancellations and postponements at the Centre from March 2020 across the forward event pipeline, has led to severe reductions in revenue and cash balances. The Trust now finds itself relying on the Victorian Government for its ongoing operational funding.

The consequential effects of coronavirus (COVID-19) and various government responses have had an unprecedented impact on the global and Australian economy, local businesses of all sizes, employment, economic activity and business and consumer confidence. 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. The Trust's employees have worked from home since the Centre was shut down on 17 March 2020.

These coronavirus (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. Further disclosures on these matters are made in the following sections of this report:

- Economic dependency including going concern (Note 8.10)
- Contractual receivables at amortised cost including expected credit loss provision (Note 7.1.1)
- Fair value of non-financial assets (Note 7.3.1)
- Subsequent events (Note 8.11)

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 are uncertainties around the duration, scale and impact of the outbreak on the Trust and its activities. The Trust is taking various measures to mitigate the impact of coronavirus (COVID-19) on its operations, revenue and cash flows, while considering implications for its employees, suppliers, partners and customers. These measures include the reduction or deferral of operating and capital expenditure during the period that restrictions are in place. The State of Victoria, through DJPR, remain supportive of the Trust's position and, through provision of a Letter of Comfort, immediate response operational funding and commitment to support current and future operational funding requests have mitigated the going concern risk as at 30 June 2020. Refer to Note 8.10 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

	2020 $'000	**2019** $'000
Rendering of services	48,611	62,205
Sales of goods	30,353	38,445
Total sales of goods and services	**78,964**	**100,650**

The sale of goods and services are classified as revenue from contracts with customers in accordance with AASB 15 *Revenue from Contracts with Customers*. The impact of initially applying AASB 15 on the Trust's revenue from contracts with customers is described in Note 8.4. Due to the modified retrospective transition method chosen in applying AASB 15, comparative information has not been restated to reflect the new requirements.

The following practical expedient has been used for uncompleted contracts when applying AASB 15 retrospectively under the modified approach:

- For contracts modified before the date of initial application, the Trust has reflected the aggregate of all past contracts modifications that occurred before the date of initial application when identifying performance obligations and determining and allocating the transaction price.

The practical expedient has been consistently applied to all contracts within the current reporting period and the effect of applying the practical expedient is disclosed in Note 8.4.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The Trust recognises revenue when it transfers control of a good or service to the customer, i.e. when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Revenue from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

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.

Previous accounting policy for 30 June 2019

Income from the sale of goods and services is recognised upon delivery of the goods or services to the customer.

2.1.2. Grants

	2020 $'000	2019 $'000
Coronavirus (COVID-19) support funding from government	11,650	–
Asset lifecycle replacement	5,600	5,636
Total grants	**17,250**	**5,636**

The Trust has determined that all grant income 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.

The impact of initially applying AASB 1058 on the Trust's grant revenue is described in Note 8.4. Due to the modified retrospective transition method chosen in applying AASB 1058, comparative information has not been restated to reflect the new requirements. The adoption of AASB 1058 did not have an impact on the comprehensive operating statement and the cash flow statement for the financial year.

Income from grants to 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.

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. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Trust has an unconditional right to receive cash which usually coincides with receipt of cash.

Previous accounting policy for 30 June 2019
Grants for asset lifecycle replacement are non-reciprocal and are recognised as income when the grant is received or receivable.

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

	2020 $'000	2019 $'000
Purchase of supplies and services	22,177	27,648
Cost of goods sold	7,783	9,984
Maintenance	12,037	9,649
Total supplies and services	**41,997**	**47,281**

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

	2020 $'000	2019 $'000
Defined contribution superannuation expense	3,647	3,710
Salaries and wages, annual leave and long service leave	42,626	43,617
Termination benefits	353	68
Total employee expenses	**46,626**	**47,395**

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

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of defined contribution superannuation plans that are paid or payable during the reporting period.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. The Trust recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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.

	2020 $'000	2019 $'000
Current provisions:		
Annual leave		
Unconditional and expected to be settled within 12 months	1,312	1,060
Unconditional and expected to be settled after 12 months	233	83
Long service leave		
Unconditional and expected to be settled within 12 months	202	244
Unconditional and expected to be settled after 12 months	1,588	1,584
Provisions for on-costs		
Unconditional and expected to settle within 12 months	233	199
Unconditional and expected to settle after 12 months	324	254
Total current provisions for employee benefits	**3,892**	**3,424**
Non-current provisions:		
Long service leave		
Employee benefits	1,115	986
On-costs	200	150
Total non-current provisions for employee benefits	**1,315**	**1,136**
Total provisions for employee benefits	**5,207**	**4,560**

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:

	Paid contribution for the year		**Contribution outstanding at year end**	
Fund	**2020** $'000	**2019** $'000	**2020** $'000	**2019** $'000
Host Plus Superannuation Fund	2,046	1,958	30	60
Australian Super	670	698	6	20
REST Superannuation Fund	176	–	1	–
ASGARD Corporate Superannuation Fund	19	20	–	1
Others	879	892	6	29
Total	**3,790**	**3,568**	**43**	**110**

3.1.5 Other operating expenses

	2020 $'000	**2019** $'000
Short-term and low value lease expenses	358	577
Write down of service equipment	–	1,625
Low value assets instant write-off	–	886
Loss allowance from transactions	112	41
Total other operating expenses	**470**	**3,129**

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.

Operating lease payments up until 30 June 2019 are recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- short-term leases – leases with a term less than 12 months; and
- low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than $10,000.

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	
	2020 $'000	**2019** $'000	**2020** $'000	**2019** $'000	**2020** $'000	**2019** $'000
Land at fair value	339,458	339,458	–	–	339,458	339,458
Buildings at fair value	853,448	630,145	–	(49,633)	853,448	580,512
Buildings at cost	–	207,987	–	(6,797)	–	201,190
Plant and equipment at fair value	64,383	43,727	(43,291)	(36,089)	21,092	7,638
Plant and equipment at cost	–	16,678	–	(2,076)	–	14,602
Work in progress at cost	2,818	3,655	–	–	2,818	3,655
Infrastructure at fair value	2,640	2,640	(211)	(158)	2,429	2,482
Cultural assets at fair value	1,282	1,092	–	–	1,282	1,092
Net carrying amount	**1,264,029**	**1,245,382**	**(43,502)**	**(94,753)**	**1,220,527**	**1,150,629**

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 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**
Year ended 30 June 2019							
Opening balance	**339,458**	**597,173**	**10,285**	**13,982**	**2,534**	**1,092**	**964,524**
Additions	–	204,370	6,079	3,890	–	–	214,339
Transfers	–	3,618	10,599	(14,217)	–	–	–
Disposals	–	–	(10)	–	–	–	(10)
Revaluations	–	–	–	–	–	–	–
Depreciation	–	(23,459)	(4,713)	–	(52)	–	(28,224)
Closing balance	**339,458**	**781,702**	**22,240**	**3,655**	**2,482**	**1,092**	**1,150,629**

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'.

The additions to the property, plant and equipment in the prior year relate mainly to assets transferred from the State. These assets relate to the Melbourne Exhibition Centre Expansion project.

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.

Right-of-use asset acquired by lessees (under AASB 16 *Leases* from 1 July 2019) – Initial measurement
The Trust recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Subsequent measurement
Property, plant and equipment as well as right-of-use assets under leases are subsequently measured at fair value less accumulated depreciation and impairment. Please refer to Note 7.3 for further details.

4.1.2 Depreciation

	2020 $'000	**2019** $'000
Buildings	23,846	23,459
Plant and equipment	5,525	4,713
Right-of-use assets	234	–
Infrastructure	53	52
Total depreciation	**29,658**	**28,224**

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

4.2 Investments and other financial assets

	2020 $'000	**2019** $'000
Current		
Term deposits	2,000	13,000
Total investments	**2,000**	**13,000**

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 2020					
Term deposits	2,000	–	–	2,000	–
	2,000	**-**	**-**	**2,000**	**-**
30 June 2019					
Term deposits	13,000	–	–	13,000	–
	13,000	**-**	**-**	**13,000**	**-**

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	2020 $'000	2019 $'000
Current			
Contractual			
Receivables		980	5,435
Allowance for impairment losses of contractual receivables	7.1.1	(147)	(53)
Statutory			
Amounts owing from Victorian Government relating to event activities		72	762
Total receivables		**905**	**6,144**

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 *Financial Instruments* 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

	2020 $'000	2019 $'000
Current		
Deposit on land – Site X	10,000	10,000
Prepayments	916	1,003
	10,916	**11,003**
Non-current		
Capital replacement receivable	–	33,447
	-	**33,447**
Total other non-financial assets	**10,916**	**44,450**

Other non-financial assets include:

- deposit paid for land at Montague Street, Southbank (Site X) – pending transfer of entitlement from the State; 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; and
- capital replacement receivable, which recognises the asset lifecycle replacement grant in accordance with an agreed schedule over the life of the project. Balance for 2020 is nil due to the adoption of AASB 1058. The new process means that income is only recognised under AASB 1058 upon the transfer of completed works. Notes 2.1.2 and 8.4.4 explains the impact of the adoption of the new accounting standards for the first time from 1 July 2019.

5.3 Payables

	2020 $'000	2019 $'000
Current		
Contractual		
Supplies and services	2,550	5,550
Amounts payable to government and agencies	6,502	2,731
Other payables	1,699	1,519
	10,751	**9,800**
Statutory		
FBT payable	94	90
GST payable	1,070	1,141
State Revenue Office – payroll tax payable	231	277
State Revenue Office – congestion levy payable	660	–
	2,055	**1,508**
Total payables	**12,806**	**11,308**

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

	Carrying amount $'000	Nominal amount $'000	Maturity dates Less than 1 month $'000	1–3 months $'000	3 months – 1 year $'000
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**
30 June 2019					
Supplies and services	5,550	5,550	4,278	458	814
Amounts payable to government and agencies	2,731	2,731	2,731	–	–
Other payables	1,519	1,519	1,519	–	–
	9,800	**9,800**	**8,528**	**458**	**814**

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

5.4 Other liabilities

	2020 $'000	2019 $'000
Current		
Income received in advance	24	23
Deposits against future bookings	8,302	19,077
Total other liabilities	**8,326**	**19,100**

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. Further details in Note 8.10.

6.1 Borrowings

	2020 $'000	2019 $'000
Current		
Lease liabilities[(a)]	173	–
Loan from Government	10,358	7,813
	10,531	**7,813**
Non-current		
Lease liabilities	405	–
Loan from Government	285,368	284,734
	285,773	**284,734**
Total borrowings	**296,304**	**292,547**

(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

	Carrying amount $'000	Nominal amount $'000	Maturity dates: Less than 1 month $'000	1-3 months $'000	3 months - 1 year $'000	1-5 years $'000	5+ years $'000
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**
30 June 2019							
Loan from government	292,547	415,202	–	7,813	–	74,548	332,841
	292,547	**415,202**	**-**	**7,813**	**-**	**74,548**	**332,841**

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

	2020 $'000	2019 $'000
Interest on lease liabilities	50	-
Interest on Government loan	10,992	10,852
Total interest expense	**11,042**	**10,852**

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 one to five 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. For further details relating to change in accounting policy refer to Note 8.4.1.

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:

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

6.2.3 Amounts recognised in the cash flow statement

	2020 $'000
Total cash outflow for leases	**225**

For any new contracts entered into on or after 1 July 2019, the Trust considers whether a contract is, or contains a lease. 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.

Presentation of right-of-use assets and lease liabilities
Right-of-use assets are presented as 'property, plant and equipment' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

Recognition and measurement of leases (under AASB 117 *Leases* until 30 June 2019)
In the comparative period, leases of property, plant and equipment were classified as either finance leases or operating leases.

The Trust determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where the Trust as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

Contingent rentals associated with finance leases were recognised as an expense in the period in which they were incurred.

Assets held under other leases were classified as operating leases and were not recognised in the balance sheet. Operating lease payments were recognised as an operating expense in the comprehensive operating statement on a straight-line basis over the lease term.

6.2.4 Maturity Analysis – contractual undiscounted cash flows

	2020 $'000
Not longer than 1 year	217
Longer than 1 year but not longer than 5 years	467
Longer than 5 years	-
Total contractual undiscounted cash flows	**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.

	2020 $'000	2019 $'000
Cash on hand	60	65
Cash at bank	18,106	14,763
Balance as per cash flow statement	**18,166**	**14,828**

6.3.1 Reconciliation of cash and cash equivalents

	2020 $'000	2019 $'000
Net result for the period	**(33,272)**	**(30,310)**
Non-cash movements		
Depreciation of non-current assets	29,658	28,224
Write down of service equipment	–	1,625
(Gain)/loss on sale or disposal of non-financial assets	–	10
Lifecycle expenses	(288)	(1,261)
Change in accounting policy	–	(45)
Movements included in investing and financing activities		
Interest on government loan	10,992	10,852
Net change in assets and liabilities		
(Increase)/decrease in current receivables	5,240	1,051
(Increase)/decrease in current inventories	28	(17)
(Increase)/decrease in other current assets	87	403
(Decrease)/increase in current payables	1,626	2,818
(Decrease)/increase in current provisions	467	380
(Decrease)/increase in other current liabilities	(10,788)	2,071
(Decrease)/increase in non-current provisions	179	123
Net cash flows from/(used in) operating activities	**3,929**	**15,924**

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

2020	**Less than 1 year** $'000	**1-5 years** $'000	**5+ years** $'000	**Total** $'000
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**

2019	**Less than 1 year** $'000	**1-5 years** $'000	**5+ years** $'000	**Total** $'000
Capital expenditure commitments payable	–	–	–	–
Operating lease commitments payable	623	742	–	1,365
Other commitments payable	3,852	16,619	49,963	70,434
Total commitments (inclusive of GST)	**4,475**	**17,361**	**49,963**	**71,799**
Less GST recoverable from Australian Tax Office				(6,527)
Total commitments (exclusive of GST)				**65,272**

There was no ongoing contracted capital works committed to as at 30 June 2020.

For 2019, operating lease commitments relate to plant and office equipment with lease terms of between one and five years. These leases have now been recognised in the balance sheet as lease liabilities. Refer to Note 6.2.

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
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**
2019		
Financial assets		
Cash and deposits	14,828	–
Investments and other financial assets	13,000	–
Receivables	6,144	–
	33,972	**-**
Financial liabilities		
Payables	–	9,800
Borrowings	–	292,547
	-	**302,347**

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 (AAA rating) 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 assessments 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 coronavirus (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 coronavirus (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 and Note 8.10

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 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)**
1 July 2019								
Expected loss rate	0.30%	0.60%	2.88%	15.49%	19.14%	17.42%	100.00%	
Gross carrying amount of contractual receivables ($'000)	3,018	1,250	336	127	–	38	–	4,769
Loss allowance ($'000)	**(9)**	**(7)**	**(10)**	**(20)**	**-**	**(7)**	**-**	**(53)**

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

	2020 $'000	**2019** $'000
Balance at beginning of the year	(53)	–
Adjustment of accumulated surplus/(loss) on adoption of AASB 9	–	(45)
Decrease in provision due to transfers out	35	11
Amounts written off during the year as uncollectable	18	34
Increase in provision recognised in the net result	(147)	(53)
Balance at end of the year	**(147)**	**(53)**

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 (Treasury Corporation of Victoria's AAA rating as noted earlier), 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 operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, makes payments within 30 days from the date of resolution.

The Trust manages its liquidity risk by closely monitoring future cash flows to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

Due to significant impacts from coronavirus (COVID-19) which forced the ongoing closure of the Centre from 17 March 2020, liquidity risk has increased. The Trust has been successful in its application to the State for funding to support operations, and expects to receive sufficient funds to enable it to meet its obligations as and when they fall due.

The Trust's exposure and management of liquidity risk is further set out in Note 8.10.

(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
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**
2019					
Financial assets					
Cash and deposits	1.25	14,828	–	14,763	65
Investments	1.98	13,000	–	13,000	–
Receivables[(a)]	–	6,144	–	–	6,144
		33,972	**-**	**27,763**	**6,209**
Financial liabilities					
Payables[(a)]	–	9,800	–	–	9,800
Borrowings	3.78	292,547	292,547	–	–
		302,347	**292,547**	**-**	**9,800**

(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 (2019: $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

		Fair value measurement at end of reporting period using:		
	Carrying amount $'000	**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**

	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 2019				
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	580,512	–	–	580,512
Total of buildings at fair value	**580,512**	**-**	**-**	**580,512**
Plant and equipment at fair value				
Plant and equipment	7,638	–	–	7,638
Total of plant and equipment at fair value	**7,638**	**-**	**-**	**7,638**
Cultural assets at fair value				
Artworks	1,092	–	1,092	–
Total of cultural assets at fair value	**1,092**	**-**	**1,092**	**-**
Infrastructure at fair value				
Bridge	2,482	–	–	2,482
Total of infrastructure assets at fair value	**2,482**	**-**	**-**	**2,482**

There were no changes in valuation techniques throughout the period to 30 June 2020. 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 2016 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 Donald Cant Watts Corke and were assessed using a cost approach and are reported based on the depreciated replacement cost.

In June 2020, a fair value assessment of land and buildings was undertaken in accordance with FRD 103H using the cumulative impact of the Valuer-General Victoria indices. As a result a managerial revaluation was carried out to revalue buildings to fair value. The valuation of buildings has increased cumulatively by 12.5% since it was last revalued in 2016. In June 2018, a cumulative increase of 14% in the fair value of land led to a managerial valuation of that magnitude. It was determined that the movements in fair value for land were no more than 10% since 2018, and as such a managerial revaluation was not required.

The Victoria and Melbourne real estate market has been impacted by uncertainty due to the coronavirus (COVID-19) outbreak. Market conditions are constantly changing at the date of this report and at the date of valuation we consider that there is significant market uncertainty. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that may not as yet be reflected in the Valuer General Victoria's Indices).

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 depreciated replacement cost method.

Fair value assessments have been performed for plant and equipment and the decision was made that movements were no more than 10% since 2016, and as such a managerial revaluation was not required.

The next scheduled full revaluation for all asset groups will be conducted in 2020/21.

7.3.2 Reconciliation of Level 3 fair value

	Plant and equipment $'000	Buildings $'000	Land $'000	Infrastructure assets $'000
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**
Year ended 30 June 2019				
Opening balance	**10,285**	**597,173**	**323,395**	**2,534**
Purchases (sales)	(173)	–	–	–
Depreciation	(2,474)	(16,661)	–	(52)
Subtotal	**7,638**	**580,512**	**323,395**	**2,482**
Revaluation	–	–	–	–
Closing balance	**7,638**	**580,512**	**323,395**	**2,482**

7.3.3 Description of significant unobservable inputs to Level 3 valuations

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

	2020 $'000	2019 $'000
Forgiveness or waiver of debt	18	16
Total ex gratia expenses	**18**	**16**

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

	2020 $'000	2019 $'000
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of property plant and equipment	–	(10)
Total net gain/(loss) on non-financial assets	**-**	**(10)**
(b) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from movement in long service leave liability	58	(267)
Total other gains/(losses) from other economic flows	**58**	**(267)**

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

	2020 $'000	2019 $'000
Balance at beginning of the year	457,830	457,830
Revaluation increments	95,026	-
Balance at end of the year	**552,856**	**457,830**

8.4 Change in accounting policies

8.4.1 Leases

The Trust has applied AASB 16 *Leases* with a date of initial application of 1 July 2019.

The Trust has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, the Trust determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*. Under AASB 16, the Trust assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.2.

On transition to AASB 16, the Trust has elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

Leases classified as operating leases under AASB 117
As a lessee, the Trust previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Trust. Under AASB 16, the Trust recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low-value leases.

On adoption of AASB 16, the Trust recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the Trust's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The Trust has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- applied a discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impacts on financial statements
On transition to AASB 16, the Trust recognised $803K of right-of-use assets and $803K of lease liabilities.

When measuring lease liabilities, the Trust discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average applied is 3%.

	1 July 2019 $'000
Total operating lease commitments disclosed at 30 June 2019	1,365
Recognition exemption for:	
Short-term leases	(244)
Leases of low-value assets	(267)
Discounted using the incremental borrowing rate at 1 July 2019	(51)
Lease Liabilities recognised at 1 July 2019	**803**

8.4.2 Revenue from Contracts with Customers

In accordance with FRD 121 requirements, the Trust has applied the transitional provisions of AASB 15, under the modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Trust applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application.

Comparative information has not been restated.

Note 2.1.1 Income from sale of goods and services includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

8.4.3 Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, the Trust has applied the transitional provision of AASB 1058, under the modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Trust applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application. The Trust has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

Comparative information has not been restated.

Note 2.1.2 Grants includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

8.4.4 Transition impact on the financial statements

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 16 *Leases*.

Impact on the balance sheet is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balance reported under the new accounting standards at 1 July 2019.

Balance sheet

	Notes	**Before new accounting standards Opening 1 July 2019** $'000	**Impact of new accounting standards – AASB 15, 16 and 1058** $'000	**After new accounting standards Opening 1 July 2019** $'000
Total financial assets		33,972	–	33,972
Total non-financial assets		1,195,739	(32,644)	1,163,095
Total Assets		**1,229,711**	**(32,644)**	**1,197,067**
Payables and contract liabilities		11,308	–	11,308
Borrowings		292,547	803	293,350
Other liabilities		23,660	–	23,660
Total Liabilities		**327,515**	**803**	**328,318**
Accumulates surplus/(deficit)		(189,883)	(33,447)	(223,330)
Physical revaluation surplus		457,830	–	457,830
Other items in equity		634,249	–	634,249
Total Equity		**902,196**	**(33,447)**	**868,749**

8.5 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 2019 to 30 June 2020
Chairperson – Governing Board	The Hon. John Brumby AO	1 July 2019 to 30 June 2020
Governing Board	Ms Sam Andersen	1 July 2019 to 30 June 2020
Governing Board	Ms Paula Benson	1 July 2019 to 6 March 2020
Governing Board	Mr Michael Burn	31 July 2019 to 30 June 2020
Governing Board	Mr Charles Donnelly	10 June 2020 to 30 June 2020
Governing Board	Ms Marie Jackson	1 July 2019 to 30 June 2020
Governing Board	Mr Jonathan Metcalfe	1 July 2019 to 30 June 2020
Governing Board	Ms Diana Taylor	1 July 2019 to 30 June 2020
Chief Executive	Mr Peter King	1 July 2019 to 30 June 2020

Remuneration received or receivable by the Accountable Officer in connection with the management of the Trust during the reporting period was in the range: $550,000 – $559,999 (2019: $470,000 – $479,999).

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.

8.6 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	
Remuneration of executive officers	**2020** $'000	**2019** $'000
Short-term employee benefits	2,553	2,488
Post-employment benefits	219	212
Other long-term benefits	58	82
Termination benefits	91	55
Total remuneration	**2,921**	**2,837**
Total number of executives	**13**	**12**
Total annualised employee equivalents[(a)]	**11.42**	**11.38**

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

8.7 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.

8.7.1 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 Education and Training	759
Independent Broad-based Anti-corruption Commission (IBAC)	234
Safer Care Victoria	184
Worksafe Victoria	177
Department of Premier and Cabinet	167
Australian Health Practitioner Regulation Agency (AHPRA)	159
Australia New Zealand Policing Advisory Agency (ANZPAA)	149
Victoria Police	124
Victorian Building Authority	105
Total	**2,058**

There were 28 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 $585K.

At financial year end there was $72K owing from Victorian Government entities as reported in Note 5.1 Receivables. This balance was owed by eight different entities.

(b) Services received
The Trust has received services from the following Victorian Government entities:

DJPR
Transactions with DJPR total $11.5 million and relate to:

- State initiated modifications ($3.5 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
- Costs associated with the expanded facility including, facility management costs ($3.8 million), wall reconfiguration costs ($227K) and insurance ($139K)
- Event cleaning ($2.6 million)
- Reviewable services ($1.3 million) – quarterly service payment for cleaning and security services per the MCCD Project Agreement.

Total amount payable to DJPR at financial year-end totalled $4.9 million.

State Revenue Office (SRO)
Transactions with SRO total $639K. These relate to congestion levy for the Siddeley Street and Montague Street car parks.

Total amount payable to SRO at financial year-end totalled $457K.

South East Water Ltd
Transactions with South East Water Ltd total $300K and relate to utilities.

Total amount payable to South East Water Ltd at financial year-end totalled $15K.

Victorian Managed Insurance Authority (VMIA)
Transactions with VMIA total $241K and relate to the Trust's insurance policies.

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

8.7.2 Key management personnel
Key management personnel of the Trust includes all responsible persons as outlined in Note 8.5 and members of the Executive Team, which include:

- Chief Operating Officer, Leighton Wood
- Chief Financial Officer, Geoff Stephens
- Director of Sales, Darren Waite
- Director of Marketing, Vibeke Stisen (commenced 10 February 2020)
- Director of Information Technology, Celeste Johnston
- Director of People and Culture, Amanda Wilson
- Director of Business Relaunch, Helen Fairclough

	2020 $'000	**2019** $'000
Compensation of KMP's		
Short-term employee benefits	2,530	2,325
Post-employment benefits	184	174
Other long-term benefits	87	88
Termination benefits	90	–
Total[(a)]	**2,891**	**2,587**

(a) The KMP's are also reported in the disclosure of remuneration of executive officers (Note 8.6).

8.7.3 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 $1.8 million to MCB (2019: $1.8 million). MCB also transacted with the Trust $6K (2019: $18K) for sponsorship and events held at the venue.

Governing Board – Marie Jackson
Marie Jackson is an Executive Director of Solterbeck Events Pty Ltd., a professional conference organiser. Solterbeck Events' clients rotate their annual conference through major convention centres within Australia. This resulted in a spend of $21K (2019: $131K) with the Trust.

Governing Board – Sam Andersen
Sam Andersen is the Chair Member of the Australian Packaging Covenant Organisation (APCO) Ltd. In 2020, APCO held the APCO Awards at MCEC, generating $30K in revenues for the Trust.

Ms Andersen of Andersen & York Financial Consulting, also transacted with the Trust $4K (2019: nil) for an event held at the venue.

8.8 Remuneration of auditors

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

	2020 $'000	**2019** $'000
Payable as at 30 June	51	49
Total	**51**	**49**

8.9 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.

8.10 Economic dependency

Due to significant impacts from coronavirus (COVID-19) which forced the ongoing closure of the Centre from 17 March 2020, liquidity risk and financial sustainability risk has increased. At the date of this Report, the Centre remains closed and a reopening date is yet to be confirmed due to current State of Victoria imposed coronavirus (COVID-19) restrictions in Melbourne. The inability to conduct business and the impact of event cancellations at the Centre from March 2020 across the forward event pipeline, has led to a significant decline in cash balances and operating cash deficits have been incurred.

At 30 June 2020, the elevated liquidity risk and financial sustainability risk has warranted an assessment of the Trust's ability to continue as a going concern. This assessment examined whether there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

Governments and industries are taking significant local and global measures in response to coronavirus (COVID-19). As a portfolio agency of the State of Victoria, the Trust has collaborated closely with the Department of Jobs, Precincts and Regions (DJPR) in direct response to the significant coronavirus (COVID-19) impacts upon the operations of the business, its liquidity levels and cash flow forecasts.

Consequently, DJPR has issued a Letter of Comfort dated 25 September 2020 which has been provided to the Trust to give it confidence it can prepare its 2019/20 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 remains uncertain, and that DJPR will continue to work with the Trust and Department of Treasury and Finance (DTF) to consider and assess funding requirements in accordance with principles agreed to by the Crisis Council of Cabinet (CCC).

The following measures demonstrate DJPR's support for the Trust's operations in terms of immediate response funding and longer term recovery funding:

(i) A Grant Agreement was executed on 23 June 2020, under which DJPR will provide a total of $29.8 million to support the Trust's operations for the period 1 April 2020 to 30 September 2020. As at 30 June 2020 an amount of $11.65 million had been received.

(ii) A second submission was lodged with DJPR on 28 July 2020 for additional operational grant funding for the period 1 October 2020 to 28 February 2021. An approval of this submission by the CCC was made on 25 September 2020.

(iii) It is intended between DJPR and the Trust that a further submission for a longer term recovery funding package will be lodged for the period beyond February 2021.

Given the above support from DJPR including the Letter of Comfort, the elevated liquidity risk and financial sustainability risk at 30 June 2020 is considered by Trustees to be mitigated by these measures. The Trust expects to be successful in its application to the State for funding to support operations, and to receive sufficient funds to enable it to meet its obligations as and when they fall due. Consequently, the financial statements have been prepared on a going concern basis.

8.11 Subsequent events

Subsequent to the reporting period, the following coronavirus (COVID-19) related developments have occurred which warrant disclosure in these financial statements:

- Under the Grant Agreement signed with DJPR on 23 June 2020, a second instalment of operational grant funding of $11.65M was received on 30 July 2020.
- Due to worsening conditions from coronavirus (COVID-19) impacts in Victoria, a State of Disaster was declared from 2 August 2020 to 8 November 2020.
- Under the State of Disaster provisions, Stage 4 lockdown restrictions have been imposed in Metropolitan Melbourne until at least 19 October 2020.
- The State Government has passed legislation in State Parliament to extend the current State of Emergency in Victoria to 8 November 2020. The State Government has indicated it may introduce further legislation to further extend the State of Emergency beyond 8 November 2020.
- The Centre remains shut down with no confirmed reopening date. Uncertainty regarding the timing of the Centre reopening and any necessary coronavirus (COVID-19) restrictions upon reopening, has led to many events in the forward booking period being cancelled or postponed and associated return of cash relating to customer deposits.
- Excluding the receipt of operational grant funding from DJPR, the coronavirus (COVID-19) impacts on the Trust and the ongoing uncertainty have resulted in a significant decline in net cash flows from operations in the months subsequent to year end.
- A second submission was lodged with DJPR on 28 July 2020 for additional operational grant funding for the period 1 October 2020 to 28 February 2021. An approval of this submission by the CCC was made on 25 September 2020.
- A Letter of Comfort dated 25 September 2020 was provided to the Trust by DJPR to give it confidence it can prepare its 2019/20 Annual Financial Report on a going concern basis to meet the requirements of Australian Accounting Standard AASB 101 *Presentation of Financial Statements*. Refer to Note 8.10 for further details.
- Timing of the lifting of restrictions remains uncertain at the date of this Report and the overall financial impact cannot yet be reliably estimated.

The Trust continues to work collaboratively with DJPR in direct response to the significant coronavirus (COVID-19) impacts upon the operations of the business.

The subsequent events listed above have been monitored up to the point of signing these financial statements.

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.

8.12 Australian Accounting Standards that are not yet effective

As at 30 June 2020, 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 *Amendments to Australian Accounting Standards* – Classification of Liabilities as Current or Non-Current	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

8.13 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.

Report of Operations

Financial Statements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