

MELBOURNE CONVENTION AND EXHIBITION TRUST ANNUAL REPORT 2018-2019

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EXHIBITION TRUST
ANNUAL REPORT
2018-2019

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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 2019.

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.

For the 2018/19 year, MCEC recorded \$99.3 million in operating revenue, a \$21.9 million increase on 2017/18. The venue's economic impact for the year was a record \$1.1 billion, up from \$984.3 million the year before.

The organisation exceeded its budgeted operating revenue result by \$10.2 million. This follows the successful launch of the centre's expansion in July 2018, an increase in conversion rates, and strong food and beverage and technology sales during the year.

MCEC's much-anticipated expansion opened at the beginning of the financial year and has been a great addition to our venue, helping to increase MCEC's economic impact by 12 per cent and our revenue by 28 per cent. Since the official opening in July 2018, the expansion space has hosted a diverse range of events, conferences and exhibitions.

Already, there are 672 events confirmed or being negotiated for the new expansion space until the end of June 2025, with the expansion having hosted 247 events in the first year of its operation.

MCEC has had a stronger year than anticipated due to positive customer sentiment towards the new expansion space.

In 2018/19, 1,297 events were held at MCEC. These events attracted 1,034,000 delegates and included 30 international conventions involving 27,850 delegates and 53 national conventions which attracted 48,300 delegates. Total visitors to the venue for the year was 2.67 million.

The number of events grew by 13 per cent on 2017/18, with this increase spread across all event types, demonstrating the flexibility and wide appeal of the expansion spaces.

MCEC continues to be supported by the world-leading Club Melbourne Ambassador Program.

In 2018/19, the program held 13 international events secured in previous years, with Club Melbourne Ambassadors securing 11 future international events with an estimated economic impact of more than \$80 million for Victoria. The International Congress of Genetics 2023 was a key event secured, with 3,000 delegates from around the world expected to attend and generate an estimated \$22.1 million in economic impact for Victoria.

Notable events held at MCEC in 2018/19 include:

- Inaugural Malaria World Congress
- Asia Pacific Incentives and Meetings Event (AIME) 2019
- Australasian College of Dermatologists 52nd Annual Scientific Meeting 2019
- Cisco Live 2019
- Telstra Vantage (TM) 2018
- PAX 2018
- Madman Anime Festival
- AGHA Melbourne Gift Fair 2018
- VidCon Australia

MCEC secured several significant events for future years during 2018/19, including the 2023 Rotary International Convention, the most valuable conference ever won for Victoria. The bid was led by Melbourne Convention Bureau and supported by the Victorian and Commonwealth Government. The event is expected to attract 22,000 Rotary members from over 200 countries and will showcase the possibilities offered by our venue.

To ensure the venue continues to innovate and offer the very best experiences for customers, MCEC's specialist food and technology teams worked together during the year to bring food experiences to life. Known as EAT Stations, the custom made food stations offer customers a diverse range of cocktail and conference menus to choose from.

The stations are interactive and give customers a sensory experience, something that has been incredibly popular since their launch in February 2019.

MCEC continues to focus on enhancing its sustainability credentials, with milestone achievements during the year including the introduction of an onsite organic dehydrator to reduce the volume of organic waste up by to 80 per cent, and introducing bio-cups to water and tea stations. The venue also increased its food waste capture for charity OzHarvest, with 56,277 meals donated in 2018/19.

MCEC's relationship with The Royal Children's Hospital Good Friday Appeal continues, with the 2019 event breaking records for donations. MCEC hosted more than 85,000 people for this year's event, which generated nearly \$18.2 million in donations for sick children.

Despite an increasingly competitive marketplace, MCEC continued to be recognised globally as a venue of choice in 2018/19. Awards received included:

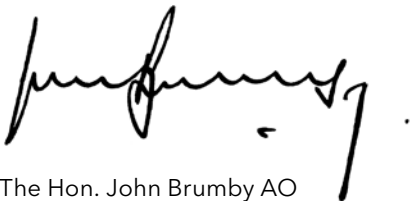
- 2018 EEAA Awards for Excellence - Best Corporate Citizenship
- 2018 Melbourne Awards - Contribution to Profile by a Corporation
- 2018 Victorian Meetings and Events Australia Awards - Banquet and Catering
- 2018 Australian Business Awards - Employer of Choice
- 2018 World Travel Awards - Australasia's Leading Meetings and Conference Destination

The team at MCEC should be very proud of this recognition and the economic contribution the venue's operations continue to make to the Victorian economy.

I would like to take this opportunity to thank my fellow Trustees for their hard work and dedication during 2018/19.

I would also like to thank the Minister for Tourism, Sport and Major Events, the Hon. Martin Pakula and the former Minister for Tourism and Major Events, the Hon. John Eren MP and the team at the Department of Jobs, Precincts and Regions (DJPR) who remain supportive and encouraging.

Finally, on behalf of all Trustees, I would like to thank MCEC Chief Executive Peter King and the MCEC team for their hard work throughout the year. MCEC is going through an exciting period of growth. Despite our region becoming increasingly competitive as the quality and capacity of national venues improves, MCEC is poised for a great 2019/2020. I welcome the opportunities our expanded infrastructure creates for our venue and Victoria's wider economy.



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. It is estimated an additional 74,000 international visitors will come to Melbourne each year as a result of the expansion, providing an estimated \$167 million annual boost to the Victorian economy.

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

YEAR IN REVIEW

The Trust's primary aim is to attain optimum utilisation of available space, enhance the profile of MCEC and the State of Victoria as a place to do business, and to achieve specific organisational objectives by implementing strategies linked to MCEC's four strategic pillars.

Our vision

To redefine events globally through innovation, partnerships and experiences.

Our mission

To connect and inspire.

STRATEGIC PILLARS

Our People and Culture

To be an employer of choice.

Our Customer

To be the venue of choice for our customers in the region.

Our Corporate and Financial Health

To be financially sustainable and maintain prudent corporate decisions.

Our Community

To grow our community impact.

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

Five strategic objectives aligning with MCEC's corporate pillars of customer, people, corporate effectiveness and community have been developed.

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

STRATEGIC OBJECTIVE ONE

Collectively manage customer relationships, revenue, profit and economic impact

MCEC continued to work throughout the year to diversify its offering beyond the traditional exhibition and conference markets, and remains committed to working with industry and the broader community to increase its economic impact.

The business is working on developing a more sophisticated approach to assessing the profitability of events and securing new revenue streams through:

- Pursuing inaugural events that create partnership benefits through relationships with the broader business community and Club Melbourne Ambassadors.
- Attracting current business not currently hosting events in Melbourne.
- Increasing capacity in the business development and research department to drive new opportunities.
- Continuing to work closely with government agencies to align state priorities with MCEC's event creation.

As part of the Trust's ongoing commitment to ensuring the health of the business, MCEC remains focussed on customer-centricity to ensure we exceed the expectations of our customers, and achieve budget targets. This is underpinned by the knowledge of the value the venue, and the business events industry more broadly, contributes to the local economy.

In 2018/19, MCEC provided a record \$1.1 billion in economic impact to the Victorian economy, up from \$984.3 million in 2017/18. More than one million 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 local produce from local suppliers wherever possible.

Financial reporting, forecasting and the provision of strong corporate support functions continue to be of the highest quality within MCEC.

MCEC reports to the Trust on a monthly basis regarding the Occupational Health and Safety (OH&S) and Procurement functions of the business. Ongoing independent assessments of OH&S and related practices are undertaken to monitor whether industry best practice standards are being achieved.

In 2018/19, MCEC experienced a reduction of seven per cent in safety incidents across all indicators - employees, visitors and contractors. There were no incidents of a serious nature during the year, which is a tribute to the high level of health and safety practices in place at MCEC.

OPERATIONS REPORT CONTINUED

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)
- Conventions Australia
- Destination Melbourne
- Melbourne Convention Bureau (MCB)
- Victoria Tourism Industry Council
- AIPC - International Association of Convention Centres
- Victorian Chamber of Commerce and Industry
- Melbourne Chamber of Commerce and Industry
- South Wharf Precinct operations, development and marketing committees

MCEC continues to work closely with government agencies to align Victorian Government priorities with MCEC's event creation.

STRATEGIC OBJECTIVE TWO

Build a smarter and more productive business

MCEC is working to leverage digital and data insights to identify opportunities for increased efficiencies across all aspects of our business. This will result in better business decisions and improved commercial outcomes.

Automating manual processes to increase productivity and eliminate redundant practices was a core focus for the business during the year.

MCEC has introduced a number of initiatives to drive revenue and increase customer retention including:

- Seasonal pricing to match need months
- Government rates
- Multi-year deals to lock higher yielding pieces of business into MCEC and Melbourne
- Continue to optimise occupancies and space to achieve utilisation of 58 per cent.

Data and insights are a key strategic asset and as such their role and function was elevated during the year. This has resulted in a systematic approach to harnessing data which is enabling more informed decision making, assisting in the prioritisation of projects, and helping to build a deeper understanding of current and future customers.

The Trust invested appropriately across the year for the delivery of Capital Works projects to respond to industry trends and competition. Significant projects included procurement of equipment to support the new concert hire product and completing the final stage of the Plenary lighting stock replacements.

STRATEGIC OBJECTIVE THREE

Maintain a persistent focus on the customer in all of our actions

As the business undertook the transition to a market led model during the year, building a deeper understanding of current and future customers became increasingly important. A heightened focus on customer engagement, retention and satisfaction is required across all areas of the business in order for MCEC to realise its vision.

This customer-centric approach aims to ensure customers feel inspired and their expectations are exceeded.

MCEC regularly checks in with customers to monitor feedback through a structured survey program, with MCEC averaging an 85.3 per cent customer satisfaction rating in 2018/19.

Maintaining a consistent focus on our customers will ensure that output and effort are directed to understanding how to improve the experience of customers throughout all stages of their lifecycle. An elevated focus on innovation will enable an increased focus on partnering with customers to co-deliver products and services to address their pain points.

Customer satisfaction survey results have, once again, been excellent in 2018/19 which reflects the venue's commitment to this area. We are committed to ensuring our customer satisfaction levels are maintained, we increase repeat business, and are continually investing in ways to improve the experience for our customers in all stages of their engagement with us.

The Trust remains focussed on attracting national and international conventions to MCEC, and there are currently 43 international conventions of various sizes and 73 national conventions booked at MCEC over the next two years.

The venue also continues to investigate new revenue streams, working closely with customers to provide a product that caters to industry needs, while creating future business opportunities. An example of a source of new innovative revenue growth is MCEC's inaugural strategy, which allows the business to incubate and support new event opportunities.

In 2018/19, the Club Melbourne Ambassador Program held 13 international events secured in previous years by Ambassadors, yielding an estimated economic impact of over \$60 million for Victoria.

Additionally, in 2018/19, Club Melbourne Ambassadors worked hard to secure 11 future international events with an estimated economic impact of more than \$80 million for Victoria. The International Congress of Genetics 2023 was a key event secured, with 3,000 delegates from around the world expected to attend and generate an estimated \$22.1 million in economic impact for the state.

This is the second time Club Melbourne Ambassador, Professor Philip Batterham has secured this Congress for Melbourne, which will be held exactly 20 years after it came to Melbourne the first time.

STRATEGIC OBJECTIVE FOUR

Create an environment where employees reach their potential and we build our people capability

MCEC aims to foster a culture where employees are engaged and feel they are reaching their potential. Building a solid and sound culture will assist MCEC's ability to adapt, innovate and adopt new ways to conduct business, ensuring the organisation maintains its position in a competitive landscape.

Our employees are supported by processes to help them achieve, and we have worked hard to implement a holistic performance framework that encourages our employees to succeed. This starts with on-boarding, which includes regular check-ins and objective setting and continues with our annual review process MAP (meet, align, perform), which outlines the responsibilities of both manager and employee throughout the performance management process, ensuring employees are supported and empowered to achieve their goals.

In 2018/19, MCEC spent significantly on learning and development opportunities across the full-time and casual workforce.

MCEC continued to rollout the Thrive leadership development program during the year, with 61 mid-level leaders participating in the program. Based on the principles of emotional intelligence and positive leadership, this program provides our leaders with the foundation and tools needed to inspire action, create connections and shape the future at MCEC.

MCEC was named an Employer of Choice in the Australian Business Awards and World Business Awards for the second consecutive year in recognition of practices that demonstrate effective employee recruitment, engagement and retention.

STRATEGIC OBJECTIVE FIVE

Build a more focussed community-minded culture

Giving back to the local community and ensuring sustainable business practice continue to be fundamental aspects of MCEC's business strategy. MCEC remains committed to ongoing initiatives to enhance its sustainability footprint and will continue to work with local charities to maximise its positive impact with the community.

We recognise our employees' desire to be involved and connected with their community and global issues, including sustainability, volunteering and wellbeing. We have formed an Employee Health and Wellbeing Committee to organise a calendar of activities including massages, workout sessions and yoga.

MCEC's efforts in sustainability were recognised during the year with the venue awarded the Best Corporate Citizenship Award at the Exhibition and Event Association of Australasia (EEAA) Awards for Excellence. This award recognised MCEC's involvement as a founding partner of the Melbourne Renewable Energy Project (MREP).

MREP is a Melbourne first initiative uniting 14 leading businesses within Melbourne to source energy from a wind farm. This initiative enables us to offset the projected electricity use of our expansion space with renewable energy.

MCEC's Environmental Task Force (a collaboration between public private partners MCEC, Plenary and Brookfield Global Integrated Solutions (BGIS) management) and Operation Green (comprising MCEC, BGIS and IKON employees) continue to drive positive environmental outcomes for the venue. Sustainability initiatives for 2018/19 included the introduction of an onsite organic dehydrator to reduce the volume of organic waste, and the introduction of biodegradable cups to water and ice tea stations.

Long term partnerships with the Royal Children's Hospital, Launch Housing and OzHarvest have delivered significant results for the community over recent times.

In 2019 MCEC hosted the 88th Royal Children's Hospital Good Friday Appeal, which is now one of Melbourne's largest public events. More than 85,000 people attended the event, which raised a record-breaking total of \$18,175,467 to support sick children. The organisation's partnership with OzHarvest sees the redistribution of over 30,000 meals each year.

OPERATIONS REPORT CONTINUED

FINANCIAL INFORMATION SUMMARY

Five Year Financial Summary

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

	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
Income from transactions	106,848	84,893	87,716	84,610	84,379
Expenses from transactions	136,881	104,394	102,118	97,464	97,578
Net result from transactions	(30,033)	(19,501)	(14,402)	(12,854)	(13,199)
Net result for the period	(30,310)	(19,579)	(14,301)	(12,978)	(13,250)
Net result for the period before interest and depreciation	8,766	10,421	15,083	18,182	17,343
Net cash flow from operating activities	15,924	10,728	10,403	14,527	15,125
Total assets	1,229,711	1,040,790	1,004,902	1,016,094	872,940
Total liabilities	327,515	319,267	305,488	302,379	302,637

CURRENT YEAR FINANCIAL REVIEW

COMPREHENSIVE OPERATING STATEMENT

The net result from transactions for the year ended 30 June 2019 was a deficit of \$30 million (2018: \$19.5 million deficit). Profit before depreciation and interest expense is \$8.8 million compared with \$10.4 million in 2017/18.

Revenue

The comprehensive operating statement of the Trust for the year ended 30 June 2019 reports total income from transactions of \$106.8 million (2018: \$84.9 million), which is an increase of \$21.9 million (25.8 per cent) from the previous year.

This result is predominantly due to sales of goods and services which increased by \$22 million (27.9 per cent) from 2017/18. The successful completion of the expansion project has contributed to the overall improvement, along with strong performance from the food and beverage and technology services divisions.

Included in grant income is an amount of \$5.6 million (2018: \$5.5 million) which represents the grant from the Department of Jobs, Precincts and Regions (DJPR) for the replacement of assets over the life of the Convention and Exhibition Centre. The asset lifecycle replacement grant is captured in the balance sheet as a non-financial asset until such time as assets are replaced in accordance with the asset replacement schedule outlined in the Project Agreement.

Expenses

Total expenses from transactions, as defined in the financial statements, totalled \$136.9 million (2018: \$104.4 million).

Purchases of total supplies and services have increased by \$12.8 million (37.1 per cent). This increase can be attributed to the increase in operating revenue resulting from significantly higher event activity at the Centre. Included within supplies and services are cost of goods sold totalling \$10 million (2018: \$8 million) a 25 per cent increase on the prior year.

Employee expenses have increased by \$8 million due to additional roles required to service increased event activity, additional resourcing requirements for the ongoing operations of the expanded facility along with CPI salary adjustment consistent with Victorian Public Service (VPS) guidelines.

The interest expense of \$10.9 million (2018: \$10.6 million) relates to the interest charged on the loan with DJPR, which partly funded the Convention Centre asset.

Depreciation expense of \$28.2 million (2018: \$19.4 million) has increased from the prior year due to additional building and plant and equipment assets capitalised following the allocation to MCET by DJPR of expansion project expenditure.

BALANCE SHEET

The balance sheet of the Trust as at 30 June 2019 reports net assets of \$902.2 million (2018: \$721.5 million).

Assets

Cash and deposits have increased by \$8.9 million and investments and other financial assets have decreased by \$15 million. The decrease in investments is largely a result of the timing of the scheduled 2017/18 loan repayment (\$5.4 million) and MCET deposit paid to DJPR towards the acquisition of land at 11-31 Montague Street, Southbank (\$10 million).

Property, plant and equipment has increased by \$186.1 million. The increase is due to the assets allocated from DJPR for the expansion project, partly offset by depreciation expenses for the year.

Other non-financial assets have increased by \$11.6 million which is attributable to the Montague Street land deposit and the capital replacement receivable taken into account during the year, reduced by lifecycle works completed under the Project Agreement.

Liabilities

The interest bearing liability of \$292.5 million (2018: \$287.1 million) represents the value of the loan with DJPR inclusive of accrued interest.

Other liabilities of \$19.1 million (2018: \$17.0 million) mainly comprise deposits held against future bookings which represents funds held on behalf of customers until the completion of an event.

CASH FLOW STATEMENT

The cash flow statement reports an increase of \$8.9 million in cash held (2018: \$1.0 million increase). Total cash holdings as at 30 June 2019 are \$14.8 million (2018: \$5.9 million). Cash flows from operating activities were \$15.9 million for the year (2018: \$10.7 million).

Cash flows used in investing activities reflect assets purchased and expenditure on capital improvements, most notably investment in the expansion project and a deposit on purchasing land. Purchases of non-financial assets totalled \$16.7 million (2018: \$9.6 million).

Cash flows used in financing activities include the loan repayment to DJPR of \$5.4 million (2018: \$5.2 million).

STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity records a net increase in total equity of \$180.7 million to \$902.2 million (2018: \$721.5 million). The movement in this statement reflects the current year's result along with assets allocated from DJPR for the expansion project.

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 2018/19, MCET 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 appointed as Chairperson of the Trust on 11 August 2017 for a period of three years. 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 Chairman of the Olivia Newton-John Cancer Research Institute.

Mr Brumby is also an Enterprise Professor at the University of Melbourne and Chair of the Australia China Business Council.

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 three years commencing 22 June 2017. With rich experience in the incentive, meetings and tourism industries, Ms Jackson is an Executive Director of Solterbeck. Solterbeck works with companies to help increase the engagement and performance of their employees and channel partners through the planning and implementation of incentive travel, conferences and events. Ms Jackson is a former senior executive of major communication agencies in Australia and New Zealand and, in that capacity, has been a member of the M&C Saatchi worldwide board, a regional partner of Publicis Mojo and a board director of Ogilvy & Mather. Ms Jackson is also a board director of the Indigenous Art Code.

MR JONATHAN METCALFE **Trustee**

Mr Metcalfe was reappointed to the Trust for a further three years commencing 1 July 2016. 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 a member of the Public Transport Victoria (PTV) Advisory Committee (ASRAC).

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 for a further three year term commencing 1 July 2016. 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, Director and Chair of the Audit and Risk Management Committee of the Chisholm Institute of TAFE, Director and Chair of the Audit Committee of Agriculture Victoria Services Pty Ltd, Director and Chair of the Audit Risk Management Committee of Australian Hearing Services 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 Committee for the Department of Premier and Cabinet. Ms Andersen has a Bachelor of Laws and is a Certified Practising Accountant. She is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors.

MR MATTHEW MILLS **Trustee**

Mr Mills was reappointed to the Trust for a further three years commencing 1 July 2016. He is the National Sales & Marketing Director at GCP, a major Victorian manufacturer and supplier of materials to retail, horticulture and agriculture. Mr Mills has extensive experience in commercial operations management and development of large-scale entertainment, hospitality and customer service venues in Australia and Europe. As General Manager Multiplexes with VCA and Hoyts, he has delivered and managed new multi-site cinema megaplex operations internationally. He formerly held the role of General Manager at Macro Wholefoods Supermarkets and Diggers Seeds. Previously, as Business Development Manager of The Letter Corporation, Mr Mills oversaw a network of national outdoor advertising sites. Mr Mills also served as a Trustee at Southern Metropolitan Cemeteries Trust, completing his term in September 2017. He has previously served as a Trustee at Trust for Nature Victoria and Chair of D.R.G.A.C., a Community Advisory Committee for significant gardens to Parks Victoria.

MS PAULA BENSON **Trustee**

Ms Benson was appointed to the Trust for three years commencing 30 May 2017. She is a leading corporate affairs professional and non-executive director with almost 20 years' experience in financial services, media, resources, infrastructure and the education sector.

Ms Benson has held senior roles in business and the media including Executive General Manager Corporate Affairs at National Australia Bank (NAB), General Manager, Corporate Responsibility, NAB, General Manager Corporate Affairs at Alcoa of Australia, Manager Public Affairs RMIT University, and Producer of A Current Affair, Channel 9.

Ms Benson is Non-Executive Director at the Victorian Funds Management Corporation and Care Australia and Special Counsel at CMAX Advisory. She is the former Chair of Ovarian Cancer Australia, director of the Port of Melbourne Corporation, the Royal Women's Hospital Foundation and Regional Arts Victoria. She holds a Master of Arts in Journalism from the University of Technology, Sydney and a Bachelor of Arts from the University of New South Wales.

MS DIANA TAYLOR **Trustee**

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

Ms Taylor is a commercial lawyer with 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. From 2011 to 2018, Ms Taylor was an Executive Director and General Counsel with the CT Management Group, 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 women and girls.

Ms Taylor is also a Geelong Authority Board Member, Chair of the Geelong Football Club's Governance Committee and is Chair of Geelong's community hospice, Anam Cara House Geelong.

TRUST INFORMATION

Trust Meetings

A total of 10 Trust meetings were conducted during the year ended 30 June 2019.

	Eligible to Attend	Attended
The Hon. John Brumby AO	10	10
Ms Marie Jackson	10	10
Mr Jonathan Metcalfe	10	9
Ms Sandra (Sam) Andersen	10	10
Mr Matthew Mills	10	10
Ms Paula Benson	10	9
Ms Diana Taylor	10	9

An external assessment of the Board of Trustees' performance was undertaken in 2018/19.

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)
Ms Paula Benson
Mr Jonathan Metcalfe

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

Mr Matthew Mills (Chair)
Ms Sam Andersen
Ms Diana Taylor

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)
Ms Marie Jackson
Ms Paula Benson

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)
Mr Matthew Mills
Ms Diana Taylor

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, safety, security and capital works. Leighton's team of more than 750 employees work together to deliver more than 1000 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 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.

Darren is also responsible for the management of partnerships, Club Melbourne and inaugural event strategies for the business.

DIRECTOR OF MARKETING

Carolyn Johnson

The Director of Marketing is responsible for customer experience design, strategy and insights, brand, communications and the design and implementation of customer digital transformation.

Carolyn 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 a market leader and a data and insights driven organisation.

DIRECTOR OF PEOPLE, CULTURE AND IMPROVEMENT

Helen Fairclough

The Director of People, Culture and Improvement is responsible for cultivating and sustaining an innovative, engaged and high performing workforce. Helen 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. In addition, Helen is passionate about driving business improvement and innovation across the organisation and her team do this through introducing the business to agile ways of working and project delivery frameworks, robust idea generation, design thinking, process improvement, and the THINK innovation program.

DIRECTOR OF INFORMATION TECHNOLOGY

Celeste Johnston

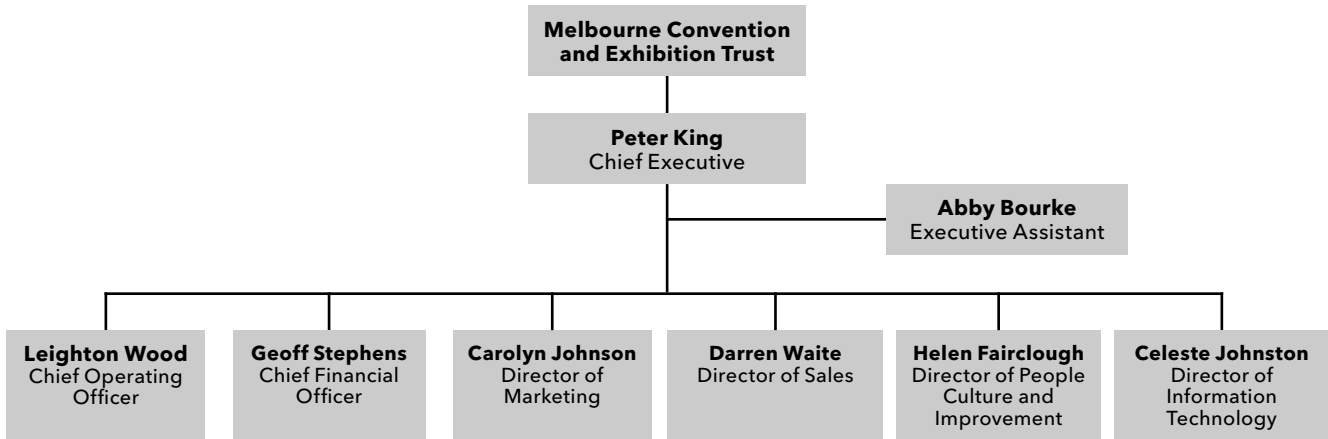
The Director of Information Technology is responsible for providing the technology and platforms to MCEC that deliver a smarter, productive and engaged business. Celeste has a focus of digital transformation – outcome driven results to deliver sustainable transformational change through close collaboration of IT, business stakeholders, and the effective leveraging of technology as a key business enabler. Celeste has a strong 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 create great digital experiences, delivering flexible, innovative and scalable IT solutions.

Management and Employees

For the year ended 30 June 2019, the Trust employed seven Trustees, 253 full-time employees and the full-time equivalent of 12.5 part-time and 637 casual employees.

This compares to seven Trustees, 207 full-time employees and the full-time equivalent of six part-time and 238 casual employees for the year ended 30 June 2018.

ORGANISATION STRUCTURE



OCCUPATIONAL HEALTH AND SAFETY

WORK HEALTH & SAFETY POLICY

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

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

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

WORK HEALTH & 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 106 reported injuries (61 employees, 36 visitors and nine contractors), the vast majority of which were minor. This represents an injury reduction of seven per cent across all categories, relative to WH&S performance indicators. A total of 23 staff days were lost during the year due to injuries. There are five 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

An average of 5.56 injuries per month per 100,000 hours worked versus an FY18 YTD average of 6.49 injuries per month per 100,000 hours worked – a reduction of 14.3%.

Target 2: Public - 10 per cent reduction of public injuries relative to number of visitors

An average of 1.1 injuries per month per 100,000 visitors versus an FY18 YTD average of 1.47 – a reduction of 25%.

Target 3: Contractors - 10 per cent reduction of contractor injuries

The total number of injuries for contractors FY19 is 9, same period FY18 YTD was 8, an increase of 12.5%.

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

The LTIFR is 5.4.

Target 5: Severity Rate <20

The severity rate is 2.5.

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 *Public Authorities (EEO) Act 1990*.

OTHER DISCLOSURES

VICTORIAN INDUSTRY PARTICIPATION POLICY (VIPP)

During the 2018/19 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 2018 and 15 August 2018.

During the 2018/19 year (after 15 August 2018), MCEC commenced two Local Jobs First Standard projects.

Contracts have been entered into for both projects. Both are located in metropolitan Melbourne, with an estimated combined value of both services contracts of approximately \$8 million.

Outcomes expected are:

- An average of 90.2 per cent of local content, and
- A total of four trainee positions created and four retained, five positions created and 16 retained.

CONSULTANCY EXPENDITURE

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

In 2018/19 there were six consultancies where the total fees payable to the consultants were \$10,000 or more.

The total expenditure incurred during 2018/19 in relation to these consultancies was \$307,200 (excluding GST).

Details of individual consultancies are outlined below.

Consultant	Purpose of Consultancy	Expenditure (\$'000)
Accenture	Digital review	190
ARUP	Bridge assessment	24
ARUP	Hostile vehicle mitigation	21
Brookfield Global Integrated Solutions Pty Ltd	Wireless infrastructure site audit	13
Department of Environment, Land, Water and Planning	Property valuations	14
Dimension Data	External network and web application penetration testing	45

Details of consultancies under \$10,000

In 2018/19, there were twelve consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2018/19 in relation to these consultancies was \$29,538 (excluding GST).

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the 2018/19 reporting period, the Trust had total ICT expenditure of \$4.4 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
3,850	535	182	353

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.

OPERATIONS REPORT CONTINUED

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 2019, the Trust received one application (non-personal).

The Trust made two decisions during the 12 months ended 30 June 2019, one within the statutory 30 day time period and one within a mutually agreed 30 day extension. Of these decisions, one related to a request received in the prior year and one decision related to the current reporting year.

The average time taken to finalise requests in 2018/19 was 31.5 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.foicommisioner.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 2018/19.

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 2018/19.

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*.

PROTECTED 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 *Protected 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 2019, 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. Installation of open door holders in MCC/MEC Link for ease of access between buildings
5. Inclusion of major venue accessibility features on venue maps and way finding for MCEC, including MEC expansion
6. Install of disposable hygiene waste units in female and male amenities
7. Provision of an additional portable accessibility ramp
8. Incorporated accessibility awareness into staff on-boarding orientation
9. Reasonable Adjustment commitment included in Equal Opportunity and Grievance procedure
10. Development and implementation of online Customer Feedback Register (Ongoing)
11. Accessibility access information included in exhibitor kits (Annual)
12. MCEC is listed on the Companion Card website (Annual).

OFFICE BASED 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.

OPERATIONS REPORT CONTINUED

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 189kg CO₂-e per sqm in 2018, a 16 per cent reduction on our baseline 2015 level. We are halfway through our 2016-21 plan and just over halfway to our target of 30 per cent reduction with further reductions to be delivered through the Melbourne Renewable Energy Project (MREP).

EarthCheck benchmarking shows that in 2017 MCEC emitted 205 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:

- Replacement of 1739 halogen lights with LED lights.
- Exhibition and Events Association of Australasia (EEAA) Corporate Citizenship Award for our participation in MREP, through which MCEC will, from the beginning of 2019, source 2.5GWh (approximately 10 per cent) of its electricity requirements.

MAXIMISE DIVERSION FROM LANDFILL

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

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

Pleasingly, the trend of improved diversion from landfill over recent years continued in 2018, reaching 67 per cent and on track to achieve our 2019 target of 70 per cent. The outlook for diversion from landfill is strong with an organic dehydrator and Environmental Technician in place from April 2019. These initiatives provide every confidence that we will achieve our 2021 objective of 80 per cent diversion from landfill.

The latest EarthCheck benchmarking shows that in 2017 MCEC was the regional leader in minimising waste sent to landfill, with its 3.5 litres per sqm usage being 82.5 per cent better than the regional average at 20.0 litres per square metre. MCEC reduced waste sent to landfill by 16 per cent from 4.2 litres per square meter in 2016 to 3.5 litres per sqm in 2017.

Milestone achievements have been:

- Introduction of onsite organic dehydrator which reduces the volume of organic waste by 75-80 per cent.
- Introduction of 'let me take care of that' catering stations. This is where delegates drop off the remainder of their lunch boxes so that cardboard, plastics and food waste can be carefully separated by MCEC to ensure optimal diversion from landfill.
- Strengthening of bin deployment protocols by contracted cleaners in the exhibition space so that bins must be deployed in pods to provide the customer with waste streams, thereby optimising diversion from landfill.
- Further increase to food waste capture for OzHarvest, to whom MCEC donated 56,277 meals in 2018/2019.
- Introduction of bio-cups to water and ice tea stations. These cups are biodegradable in 120 days and replace plastic lined, non-degradable plastic cups.

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 complied with the applicable Standing Directions of the Assistant Treasurer 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 2019

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 2019 in the following structure to provide users with the information about the Trust's stewardship of resources entrusted to it.

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FINANCIAL STATEMENTS CONTINUED

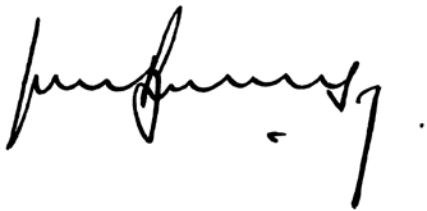
FINANCIAL STATEMENTS DECLARATION

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 2019 and financial position of the Trust at 30 June 2019.

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

We authorise the attached financial statements for issue on 16 August 2019.



The Hon. John Brumby AO
Trust Chair

Melbourne
16 August 2019



Peter King
Chief Executive

Melbourne
16 August 2019



Geoff Stephens
Chief Financial Officer

Melbourne
16 August 2019

INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the Board of Melbourne Convention and Exhibition Centre

Opinion	<p>I have audited the financial report of Melbourne Convention and Exhibition Centre (the entity) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2019• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• financial statements declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

FINANCIAL STATEMENTS CONTINUED

**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 entity'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 entity'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 entity 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
28 August 2019



Simone Bohan
as delegate for the Auditor-General of Victoria

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Notes	2019 \$'000	2018 \$'000
Continuing operations			
Income from transactions			
Sales of goods and services	2.1.1	100,650	78,687
Interest		562	707
Grants	2.1.2	5,636	5,499
Total income from transactions		106,848	84,893
Expenses from transactions			
Supplies and services	3.1.1	47,281	34,482
Employee expenses	3.1.2	47,395	39,350
Interest expense	6.1.2	10,852	10,648
Depreciation	4.1.2	28,224	19,352
Other operating expenses	3.1.5	3,129	562
Total expenses from transactions		136,881	104,394
NET RESULT FROM TRANSACTIONS (NET OPERATING BALANCE)		(30,033)	(19,501)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	8.2	(10)	(75)
Other gains/(losses) from other economic flows	8.2	(267)	(3)
Total other economic flows included in net result		(277)	(78)
NET RESULT		(30,310)	(19,579)
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	8.3	-	41,688
Total other economic flows - other comprehensive income		-	41,688
COMPREHENSIVE RESULT		(30,310)	22,109

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS CONTINUED

BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Financial assets			
Cash and deposits	6.2	14,828	5,931
Investments and other financial assets	4.2	13,000	28,000
Receivables	5.1	6,144	7,195
Total financial assets		33,972	41,126
Non-financial assets			
Inventories	5.2	660	2,268
Property, plant and equipment	4.1	1,150,629	964,524
Other non-financial assets	5.3	44,450	32,872
Total non-financial assets		1,195,739	999,664
TOTAL ASSETS		1,229,711	1,040,790
LIABILITIES			
Payables	5.4	11,308	11,116
Borrowings	6.1	292,547	287,065
Provisions	3.1.3	4,560	4,057
Other liabilities	5.5	19,100	17,029
TOTAL LIABILITIES		327,515	319,267
NET ASSETS		902,196	721,523
EQUITY			
Accumulated surplus/(deficit)		(189,883)	(159,528)
Physical asset revaluation surplus	8.3	457,830	457,830
Contributed capital		634,249	423,221
NET WORTH		902,196	721,523

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Notes	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from customers		113,687	89,451
Interest received		630	730
Total receipts		114,317	90,181
Payments			
Payments to suppliers and employees		(93,371)	(74,696)
Goods and Services Tax paid to the Australian Taxation Office ^(a)		(5,022)	(4,757)
Total payments		(98,393)	(79,453)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	6.2.1	15,924	10,728
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of non-financial assets		(16,657)	(9,552)
Sales of non-financial assets		-	4
Transfers from/(to) investments		15,000	5,000
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(1,657)	(4,548)
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption/(Repayment) of borrowings		(5,370)	(5,173)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		(5,370)	(5,173)
Net increase/(decrease) in cash and deposits		8,897	1,007
Cash and deposits at beginning of financial year		5,931	4,924
CASH AND DEPOSITS AT END OF FINANCIAL YEAR	6.2	14,828	5,931

The accompanying notes form part of these financial statements.

(a) Goods and Services Tax paid to the ATO is presented on a net basis.

FINANCIAL STATEMENTS
CONTINUED

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Notes	Physical asset revaluation surplus \$'000	Accumulated deficit \$'000	Contributions by owner \$'000	Total \$'000
Balance at 1 July 2017		416,142	(139,949)	423,221	699,414
Net result for the year		-	(19,579)	-	(19,579)
Other comprehensive income for the year	8.3	41,688	-	-	41,688
Balance at 30 June 2018		457,830	(159,528)	423,221	721,523
Change in accounting policy	8.4	-	(45)	-	(45)
Restated 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

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.

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.

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.

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.

FINANCIAL STATEMENTS CONTINUED

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 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

	2019 \$'000	2018 \$'000
Rendering of services	62,205	49,353
Sales of goods	38,445	29,334
Total sales of goods and services	100,650	78,687

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

2.1.2. Grants

	2019 \$'000	2018 \$'000
Asset lifecycle replacement	5,636	5,499
Total grants	5,636	5,499

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

	2019 \$'000	2018 \$'000
Purchase of supplies and services	27,648	22,664
Cost of goods sold	9,984	7,972
Maintenance	9,649	3,846
Total supplies and services	47,281	34,482

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

3.1.2 Employee expenses in the comprehensive operating statement

	2019 \$'000	2018 \$'000
Defined contribution superannuation expense	3,710	3,037
Salaries and wages, annual leave and long service leave	43,617	36,184
Termination benefits	68	129
Total employee expenses	47,395	39,350

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.

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.

	2019	2018
	\$'000	\$'000
Current provisions:		
Annual leave		
Unconditional and expected to be settled within 12 months	1,060	967
Unconditional and expected to be settled after 12 months	83	17
Long service leave		
Unconditional and expected to be settled within 12 months	244	87
Unconditional and expected to be settled after 12 months	1,584	1,571
Provisions for on-costs		
Unconditional and expected to settle within 12 months	199	160
Unconditional and expected to settle after 12 months	254	242
Total current provisions	3,424	3,044
Non-current provisions:		
Long service leave		
Employee benefits	986	879
On-costs	150	134
Total non-current provisions	1,136	1,013
Total provisions	4,560	4,057

Wages and salaries, annual leave and sick leave: Liabilities for wages and salaries (including 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.

FINANCIAL STATEMENTS CONTINUED

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

The components of this current LSL liability are measured at:

- undiscounted value - if the Trust expects to wholly settle within 12 months; or
- present value - if the Trust does not expect to wholly settle within 12 months.

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

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

3.1.4 Superannuation contributions

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

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

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

Fund	Paid contribution for the year		Contribution outstanding at year end	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Host Plus Superannuation Fund	1,958	1,557	60	77
Australian Super	698	626	20	24
ASGARD Corporate Superannuation Fund	20	48	1	-
Others	892	701	29	18
Total	3,568	2,932	110	119

3.1.5 Other operating expenses

	2019 \$'000	2018 \$'000
Operating lease expenses	577	525
Write down of service equipment	1,625	41
Low value assets instant write-off	886	-
Bad debts from transactions	41	(4)
Total other operating expenses	3,129	562

Included in other operating expenses are:

- operating lease payments which are recognised on a straight line basis over the lease term
- bad debts from transactions which are written off when identified; and
- service equipment write down and low value assets write off.

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 Total property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Land at fair value	339,458	339,458	-	-	339,458	339,458
Buildings at fair value	630,145	630,145	(49,633)	(32,972)	580,512	597,173
Buildings at cost	207,987	-	(6,797)	-	201,190	-
Plant and equipment at fair value	43,727	43,900	(36,089)	(33,615)	7,638	10,285
Plant and equipment at cost	16,678	-	(2,076)	-	14,602	-
Work in progress at cost	3,655	13,982	-	-	3,655	13,982
Infrastructure at fair value	2,640	2,640	(158)	(106)	2,482	2,534
Cultural assets at fair value	1,092	1,092	-	-	1,092	1,092
Net carrying amount	1,245,382	1,031,217	(94,753)	(66,693)	1,150,629	964,524

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

	Land \$'000	Buildings \$'000	Plant & equipment \$'000	Work in progress \$'000	Infrastructure assets \$'000	Cultural assets \$'000	Total \$'000
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
Year ended 30 June 2018							
Opening balance	297,770	609,724	11,111	7,317	2,587	1,092	929,601
Additions	-	-	68	12,599	-	-	12,667
Transfers	-	4,048	1,886	(5,934)	-	-	-
Disposals	-	-	(80)	-	-	-	(80)
Revaluations	41,688	-	-	-	-	-	41,688
Depreciation	-	(16,599)	(2,700)	-	(53)	-	(19,352)
Closing balance	339,458	597,173	10,285	13,982	2,534	1,092	964,524

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 relate mainly to assets transferred from the State. These assets relate to the Melbourne Exhibition Centre Expansion project.

All other details in relation to property, plant and equipment are included at Note 7.3.

FINANCIAL STATEMENTS CONTINUED

4.1.2 Depreciation

	2019	2018
	\$'000	\$'000
Infrastructure	52	53
Buildings	23,459	16,599
Plant and equipment	4,713	2,700
Total depreciation	28,224	19,352

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

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
Infrastructure assets	50 years
Plant and equipment	1 - 30 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.

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

	2019	2018
	\$'000	\$'000
Current		
Term deposits	13,000	28,000
Total investments	13,000	28,000

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

4.2.1 Ageing analysis of investments and other financial assets

	Carrying amount	Maturity dates			
		Less than 1 month	1-3 months	3 months - 1 year	1-5 years
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2019					
Term deposits	13,000	-	-	13,000	-
	13,000	-	-	13,000	-
30 June 2018					
Term deposits	28,000	-	-	28,000	-
	28,000	-	-	28,000	-

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	2019	2018
		\$'000	\$'000
Current			
Contractual			
Receivables		5,435	7,032
Allowance for impairment losses of contractual receivables	7.1.1	(53)	-
Statutory			
Amounts owing from Victorian Government		762	163
Total receivables		6,144	7,195

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

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

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

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

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

FINANCIAL STATEMENTS CONTINUED

5.2 Inventories

	2019 \$'000	2018 \$'000
Current		
Inventories at cost	660	643
Service equipment at cost	-	1,625
Total inventories	660	2,268

Inventories include goods held for consumption in the ordinary course of business operations. Inventories held for consumption are measured at cost.

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

5.3 Other non-financial assets

	2019 \$'000	2018 \$'000
Current		
Deposit on land – Site X	10,000	-
Prepayments	1,003	1,406
	11,003	1,406
Non-current		
Capital replacement receivable	33,447	31,466
	33,447	31,466
Total other non-financial assets	44,450	32,872

Other non-financial assets include:

- deposit paid for land at Montague Street Southbank (Site X) – pending transfer of entitlement from the State
- 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.

5.4 Payables

	2019	2018
	\$'000	\$'000
Current		
Contractual		
Supplies and services	5,550	4,831
Amounts payable to government and agencies	2,731	3,834
Other payables	1,519	1,278
	9,800	9,943
Statutory		
FBT payable	90	93
GST payable	1,141	144
State Revenue Office - payroll tax payable	277	212
State Revenue Office - congestion levy payable	-	724
	1,508	1,173
Total payables	11,308	11,116

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.

FINANCIAL STATEMENTS CONTINUED

5.4.1 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 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
30 June 2018					
Supplies and services	4,831	4,831	3,137	1,372	322
Amounts payable to government and agencies	3,834	3,834	3,834	-	-
Other payables	1,278	1,278	1,278	-	-
	9,943	9,943	8,249	1,372	322

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

5.5 Other liabilities

	2019 \$'000	2018 \$'000
Current		
Income received in advance	23	23
Deposits held against future bookings	19,077	17,006
Total other liabilities	19,100	17,029

Other liabilities include:

- deposits held against future bookings which represent funds held 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).

6.1 Borrowings

	2019	2018
	\$'000	\$'000
Current		
Loan from Government	7,813	5,370
	7,813	5,370
Non-current		
Loan from Government	284,734	281,695
	284,734	281,695
Total borrowings	292,547	287,065

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 Melbourne Convention and Exhibition 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;
- iii. loan repayments for the remainder of the term are as set out in the MOU; and
- iv. the Trust must annually assess its ability to make loan repayments in the forthcoming years. Should this assessment indicate the Trust is unable to make the loan repayments, the Trust may apply to the Secretary of DJPR for an alteration of the repayment schedule in the MOU.

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

FINANCIAL STATEMENTS CONTINUED

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 2019							
Loan from DJPR	292,547	415,202	-	7,813	-	74,548	332,841
	292,547	415,202	-	7,813	-	74,548	332,841
30 June 2018							
Loan from DJPR	287,065	420,572	-	5,370	-	60,110	355,092
	287,065	420,572	-	5,370	-	60,110	355,092

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

	2019 \$'000	2018 \$'000
Interest on Government loan	10,852	10,648
Total interest expense	10,852	10,648

Interest expense represents costs incurred in connection with borrowings. Interest expense is recognised in the period in which it is incurred.

6.2 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.

	2019 \$'000	2018 \$'000
Cash on hand	65	71
Cash at bank	14,763	5,860
Balance as per cash flow statement	14,828	5,931

6.2.1 Reconciliation of cash and cash equivalents

	2019 \$'000	2018 \$'000
Net result for the period	(30,310)	(19,579)
Non-cash movements		
Depreciation of non-current assets	28,224	19,352
Write down of service equipment	1,625	41
(Gain)/loss on sale or disposal of non-financial assets	10	75
Capital replacement receivable and lifecycle expenses	(1,261)	(3,996)
Change in accounting policy	(45)	-
Movements included in investing and financing activities		
Interest on Government loan	10,852	10,648
Net change in assets and liabilities		
(Increase)/decrease in current receivables	1,051	(815)
(Increase)/decrease in current inventories	(17)	(19)
(Increase)/decrease in other current assets	403	(576)
(Decrease)/increase in current payables	2,818	1,436
(Decrease)/increase in current provisions	380	390
(Decrease)/increase in other current liabilities	2,071	3,883
(Decrease)/increase in non-current provisions	123	(112)
Net cash flows from/(used in) operating activities	15,924	10,728

6.3 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.

6.3.1 Total commitments payable

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

FINANCIAL STATEMENTS CONTINUED

2018	Less than 1 year \$'000	1-5 years \$'000	5+ years \$'000	Total \$'000
Capital expenditure commitments payable	15,000	-	-	15,000
Operating lease commitments payable	466	486	-	952
Other commitments payable	3,467	15,055	50,693	69,215
Total commitments (inclusive of GST)	18,933	15,541	50,693	85,167
Less GST recoverable from Australian Tax Office				(7,742)
Total commitments (exclusive of GST)				77,425

There is no ongoing contracted capital works committed to as at 30 June 2019.

Operating leases relate to plant and office equipment with lease terms of between one and five years. All operating lease contracts contain market review clauses in the event that the Trust exercises its option to review.

A lease is a right to use an asset for an agreed period of time in exchange for payment. The Trust is not a party to any finance leases. Operating lease payments are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term. The leased asset is not recognised in the balance sheet.

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.

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

Categories of financial assets under AASB 9

Financial assets at amortised cost

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

- the assets are held by the Trust to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and 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 instruments previously under AASB 139

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Trust recognises the following assets in this category:

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

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

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.

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.

FINANCIAL STATEMENTS CONTINUED

7.1.1 Categorisation of financial instruments

	Financial assets at amortised cost \$'000	Contractual financial liabilities - at amortised cost \$'000
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
	Contractual financial assets - loans and receivables	Contractual financial liabilities - at amortised cost
2018		
Financial assets		
Cash and deposits	5,931	-
Investments and other financial assets	28,000	-
Receivables	7,195	-
	41,126	-
Financial liabilities		
Payables	-	9,943
Borrowings	-	287,065
	-	297,008

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.

There has been no material change to the Trust's credit risk profile in 2018-19.

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

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

Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

The Trust applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Trust has grouped contractual receivables on shared credit risk characteristics and days past due and 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.

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

FINANCIAL STATEMENTS CONTINUED

	Current	1-30 days	31-60 days	61-90 days	91-120 days	121-180 days	181+ days	Total
1 July 2018								
Expected loss rate	0.39%	0.57%	1.71%	4.38%	7.50%	10.16%	100.00%	
Gross carrying amount of contractual receivables (\$'000)	3,063	1,873	213	258	85	10	-	5,502
Loss allowance (\$'000)	(12)	(11)	(4)	(11)	(6)	(1)	-	(45)
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:

	2019 \$'000	2018 \$'000
Balance at beginning of the year	-	(16)
Adjustment of accumulated surplus/(loss) on adoption of AASB 9	(45)	-
Decrease in provision due to transfers out	11	16
Amounts written off during the year as uncollectable	34	-
Increase in provision recognised in the net result	(53)	-
Balance at end of the year	(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.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

Statutory receivables 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. No loss allowance was recognised at 30 June 2018 under AASB 139. No additional loss allowance is required upon transition into AASB 9 on 1 July 2018.

(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. The Trust's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events could be sourced from early liquidation of cash held on deposit if required.

(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. Cash on term deposit is held with Treasury Corporation of Victoria.

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
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
2018					
Financial assets					
Cash and deposits	1.50	5,931	-	5,860	71
Investments	2.11	28,000	-	28,000	-
Receivables ^(a)	-	7,195	-	-	7,195
		41,126	-	33,860	7,266
Financial liabilities					
Payables ^(a)	-	9,943	-	-	9,943
Borrowings	3.78	287,065	287,065	-	-
		297,008	287,065	-	9,943

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

FINANCIAL STATEMENTS CONTINUED

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 (2018: \$0 million).

7.3 Fair value determination

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

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

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

Fair value hierarchy

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

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

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

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

7.3.1 Fair value measurement hierarchy for assets

	Carrying amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Year ended 30 June 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

FINANCIAL STATEMENTS CONTINUED

	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 2018				
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	597,173	-	-	597,173
Total of buildings at fair value	597,173	-	-	597,173
Plant and equipment at fair value				
Plant and equipment	10,285	-	-	10,285
Total of plant and equipment at fair value	10,285	-	-	10,285
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	2,534	-	-	2,534
Total of infrastructure assets at fair value	2,534	-	-	2,534

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2019. For all assets measured at fair value, the current use is considered the highest and best use.

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 Melbourne Convention and Exhibition Centre'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.

The movement in the fair value of land was assessed in 2018 which resulted in a managerial revaluation of 14%. A fair value assessment was undertaken using the cumulative impact of the Valuer-General Victoria indices for the year ended 30 June 2019. It was determined that the movements in fair value for buildings and land were no more than 10% and as such a managerial revaluation was not required.

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. No revaluation was performed for artwork for the financial period ending at 30 June 2019.

The fair value of cultural assets was determined with reference to an independent valuation performed in December 2014 by Sophie Ullin (approved Valuer for the Australian Government's Cultural Gifts Program) based on resale value of the works.

Plant and Equipment

Items of 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.

7.3.2 Reconciliation of level 3 fair value

	Plant and equipment \$'000	Buildings \$'000	Land \$'000	Infrastructure assets \$'000
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
Year ended 30 June 2018				
Opening balance	11,111	609,724	283,680	2,587
Purchases (sales)	1,874	4,048	-	-
Depreciation	(2,700)	(16,599)	-	(53)
Subtotal	10,285	597,173	283,680	2,534
Revaluation	-	-	39,715	-
Closing balance	10,285	597,173	323,395	2,534

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

FINANCIAL STATEMENTS CONTINUED

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

	2019 \$'000	2018 \$'000
Forgiveness or waiver of debt	16	7
Total ex gratia expenses	16	7

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

8.2 Other economic flows included in net result

	2019 \$'000	2018 \$'000
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of property plant and equipment	(10)	(75)
Total net gain/(loss) on non-financial assets	(10)	(75)
(b) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from movement in long service leave liability	(267)	(3)
Total other gains/(losses) from other economic flows	(267)	(3)

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

	2019 \$'000	2018 \$'000
Balance at beginning of the year	457,830	416,142
Revaluation increments	-	41,688
Balance at end of the year	457,830	457,830

The physical assets revaluation surplus arises on the revaluation of land, buildings and infrastructure assets.

8.4 Change in accounting policies

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

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

AASB 9 introduces a major change to hedge accounting. However, it is the Trust's policy not to apply hedge accounting. This note explains the impact of the adoption of AASB 9 Financial Instruments on the Trust's financial statements.

8.4.1 Changes to classification and measurement

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

- (a) Term deposits previously classified as held to maturity under AASB 139 are now reclassified as financial assets at amortised cost under AASB 9. There was no difference between the previous carrying amount and the revised carrying amount at 1 July 2018 to be recognised in opening accumulated surplus/(loss).
- (b) Contractual receivables and amounts owing from Victorian Government previously classified as other loans and receivables under AASB 139 are now reclassified as financial assets at amortised cost under AASB 9. An increase of \$44,992 in loss allowance for these assets was recognised in opening accumulated surplus/(loss) for the period.

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

The Trust's accounting policies for financial assets and liabilities are set out in note 7.1.1. The following table summarises the required and elected reclassification upon adoption of AASB 9. The main effects resulting from the reclassification are as follows:

		AASB 9 Measurement categories				
		AASB 139 Measurement categories	Fair value through net result (designated)	Fair value through net result (mandatory)	Amortised cost	Fair value through other comprehensive income
Notes		\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2018						
AASB 139 Measurement categories						
Loan and receivables						
Receivables	8.4.1(b)	7,032	-	-	7,032	-
Amounts owing from Victorian Government	8.4.1(b)	163	-	-	163	-
Held to maturities						
Term deposits	8.4.1(a)	28,000	-	-	28,000	-
As at 1 July 2018		35,195	-	-	35,195	-

FINANCIAL STATEMENTS CONTINUED

8.4.2 Changes to the impairment of financial assets

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

For other loans and receivables, the Trust has applied a simplified approach for adoption of AASB 9 and to measure expected credit loss. Application of the lifetime ECL allowance method results in an impairment loss allowance of \$44,992 at the start of the financial year. Refer to note 7.1 for details about the calculation of the allowance. The loss allowance increased by \$7,603 for these financial assets at the end of the financial year.

8.4.3 Transition impact

The transition impact of first-time adoption of AASB 9 on the Balance Sheet has been summarised in the following table.

Impact on Balance Sheet is illustrated with the following reconciliation between the carrying amounts under AASB 139 at 30 June 2018 and the balances reported under AASB 9 at 1 July 2018 for each affected balance sheet line item:

Balance sheet

	Notes	Amount at 30 June 2018 \$'000	Reclassification \$'000	Remeasurement (ECL) \$'000	Restated amount at 1 July 2018 \$'000
Receivables	8.4.1(b)	7,195	(7,195)	-	-
Financial assets held for maturity	8.4.1(a)	28,000	(28,000)	-	-
Financial assets at amortised cost	8.4.1(a)(b)	-	35,195	-	35,195
Impairment loss allowance	8.4.1(b)	-	-	(45)	(45)
Total financial assets		35,195	-	(45)	35,150
Accumulated surplus/(deficit)	8.4.1(b)	(159,528)	-	(45)	(159,573)
Total equity		(159,528)	-	(45)	(159,573)

8.5 Responsible persons

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

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

Minister for Tourism and Major Events	The Hon. John Eren MP	1 July 2018 to 28 November 2018
Minister for Tourism, Sport and Major Events	The Hon. Martin Pakula MP	29 November 2018 to 30 June 2019
Chairperson - Governing Board	The Hon. John Brumby AO	1 July 2018 to 30 June 2019
Governing Board	Ms Sam Andersen	1 July 2018 to 30 June 2019
Governing Board	Ms Paula Benson	1 July 2018 to 30 June 2019
Governing Board	Ms Marie Jackson	1 July 2018 to 30 June 2019
Governing Board	Mr Jonathan Metcalfe	1 July 2018 to 30 June 2019
Governing Board	Mr Matthew Mills	1 July 2018 to 30 June 2019
Governing Board	Ms Diana Taylor	3 July 2018 to 30 June 2019
Chief Executive	Mr Peter King	1 July 2018 to 30 June 2019

Remuneration received or receivable by the Accountable Officer in connection with the management of the Trust during the reporting period was in the range: \$470,000 - \$479,999 (2018: \$530,000 - \$539,999).

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	
	2019 \$'000	2018 \$'000
Remuneration of executive officers		
Short-term employee benefits	2,488	2,561
Post-employment benefits	212	194
Other long-term benefits	82	63
Termination benefits	55	-
Total remuneration	2,837	2,818
Total number of executives	12	11
Total annualised employee equivalents^(a)	11.38	10.78

(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.

FINANCIAL STATEMENTS CONTINUED

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 \$100,000 in revenue for the Trust:

Government Entity	2019 \$
Department of Education and Training	2,149,928
Department of Premier and Cabinet	516,683
Australian Health Practitioner Regulation Agency	187,774
Worksafe Victoria	156,595
Victoria Police	138,101
Total	3,149,081

There were 43 Victorian Government entities that hosted events or used the Centre's services with revenue individually less than \$100,000. In aggregate, the revenue from these transactions totalled \$1,202,509.

At financial year end there was \$761,886 owing from Victorian Government entities as reported in Note 5.1 Receivables. This balance is owed by 21 different entities.

(b) Services received

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

DJPR

Transactions with DJPR total \$12,724,147 and relate to:

- State initiated modifications (\$4,494,694) - 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 (\$3,458,506), wall reconfiguration costs (\$276,474) and insurance (\$87,011)
- Event cleaning (\$3,424,378)
- Reviewable services (\$983,084) - quarterly service payment for cleaning and security services per the MCCD Project Agreement.

Total amount payable to DJPR at financial year-end totalled \$0.

State Revenue Office (SRO)

Transactions with SRO total \$560,031. These relate to congestion levy for the Siddeley Street and Montague Street car parks.

Total amount payable to SRO at financial year-end totalled \$0.

South East Water Ltd

Transactions with South East Water Ltd total \$357,086 and relate to utilities.

Total amount payable to South East Water Ltd at financial year-end totalled \$0.

Victorian Managed Insurance Authority (VMIA)

Transactions with VMIA total \$246,929 and relate to the Trust's insurance policies.

Total amount payable to VMIA at financial year-end totalled \$0.

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 (commenced 15 October 2018)
- Director of Marketing, Carolyn Johnson (commenced 9 July 2018)
- Director of Information Technology, Celeste Johnston (commenced 6 August 2018)
- Director of People, Culture and Improvement, Helen Fairclough

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives.

	2019	2018
	\$'000	\$'000
Compensation of KMP's		
Short-term employee benefits	2,325	2,366
Post-employment benefits	174	155
Other long-term benefits	88	62
Total^(a)	2,587	2,583

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

FINANCIAL STATEMENTS CONTINUED

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 \$1,808,696 to MCB (2018: \$1,783,476). MCB also transacted with the Trust \$18,092 (2018: \$16,122) 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. The 2019 conference was held at the Melbourne Convention and Exhibition Centre. This resulted in a spend of \$131,368 (2018: \$0) with the Trust.

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:

	2019	2018
	\$'000	\$'000
Payable as at 30 June	49	48
Total	49	48

The Victorian Auditor-General's Office is not allowed to provide non-audit services.

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 Australian Accounting Standards that are not yet effective

As at 30 June 2019, 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 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2019	The Trust has performed a detailed impact assessment of AASB 15 and the potential impact for each major class of revenue and income. For the initial year of application (for the financial year ending 30 June 2020) the impact is assessed as immaterial. The change would impact note disclosures only, in particular Note 2.1.1 'Income from sales of goods and services'.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019	The Trust has performed a detailed impact assessment of AASB 16. As most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. The potential Balance Sheet impact in the initial year of application has been estimated as \$435,000 approximately. The Trust will apply the standard using a modified retrospective approach.
AASB 1058 Income of Not-for-Profit Entities	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.	1 January 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be recognised when performance obligations are satisfied. As a result, the timing of revenue recognition will change. The potential impact for major classes of revenue and income has been estimated as follows: <ul style="list-style-type: none"> • decrease in revenue deferral on balance sheet (\$32 million). The Trust will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

FINANCIAL STATEMENTS CONTINUED

8.11 Glossary of technical terms

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

Borrowings

Borrowings refer to interest bearing liabilities raised through DJPR.

Cash and deposits

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

Comprehensive result

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

Commitments

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

Depreciation

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

Employee expenses

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

Ex gratia expenses

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

Financial asset

A financial asset is any asset that is:

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

Financial liability

A financial liability is any liability that is:

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

Financial statements

A complete set of financial statements comprising:

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

Grants

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

Interest expense

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

Interest income

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

Investments

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

Net acquisition of non-financial assets (from transactions)

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

Net result

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

Net result from transactions/net operating balance

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

Net worth

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

Non-financial assets

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

Operating result

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

Other economic flows included in net result

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

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

Other economic flows - other comprehensive income

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

- changes in physical asset revaluation surplus.

Other income

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

Payables

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

Receivables

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

Sales of goods and services

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

Service equipment

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

Supplies and services

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

Transactions

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

Work in progress

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

DISCLOSURE INDEX

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

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