



**STATE SPORT  
CENTRES TRUST**

# **ANNUAL REPORT**

2022 - 2023



**In the spirit of reconciliation, the State Sport Centres Trust respectfully acknowledges the Traditional Owners and Custodians of country throughout Victoria and recognises and respects their continuing cultural heritage and connection to land. We pay our respects to their Elders past and present.**



# CONTENTS

<b>CHAIR AND CEO REPORT</b>	<b>2</b>
<b>OUR PURPOSE</b>	<b>5</b>
<b>OUR SPORTING TENANTS</b>	<b>8</b>
<b>OUR GOVERNANCE</b>	<b>9</b>
<b>ORGANISATIONAL STRUCTURE</b>	<b>12</b>
<b>DECLARATION &amp; ATTESTATION</b>	<b>13</b>
<b>OUR YEAR IN REVIEW</b>	<b>14</b>
<b>LEGISLATIVE &amp; POLICY</b>	<b>24</b>
<b>OUR ETHOS</b>	<b>32</b>
<b>OUR PEOPLE</b>	<b>33</b>
<b>OUR ENVIRONMENTAL PERFORMANCE</b>	<b>36</b>
<b>DISCLOSURE INDEX</b>	<b>42</b>
<b>FINANCIALS</b>	<b>44</b>



# CHAIR AND CEO REPORT

After several years of disruptions associated with the coronavirus (COVID-19) pandemic, this year saw a welcome return to business as usual for the venues managed by the State Sport Centres Trust. We were pleased to be able to host a number of major national and international sporting events during the year in addition to the usual busy schedule of competitions, school events and community programs.



In December 2022, the Melbourne Sports and Aquatic Centre played host to the 16th FINA World Swimming Championships (25m).

In February 2023, the Maurie Plant Meet (formerly the Melbourne Track Classic) was staged at Lakeside Stadium, bringing the superstars of global and Australian athletics to Melbourne.

We are enormously proud of the economic contribution our people and our venues make to the State of Victoria by hosting world-class events of this nature.

Equally important is the contribution we make to the health and wellbeing of Victorians, by providing world-class facilities that inspire the hundreds of thousands of patrons that visit them throughout the year.

Our facilities are used daily by elite and high-performance athletes and they are home to many state and national sporting bodies.

But they are also the venue for swimming lessons, school sporting carnivals, casual exercise classes and a year-round program of community sporting events.

Maintaining these world-class facilities and making them available for use by the Victorian community is not without challenges.

The impact of the pandemic continues to be felt in some ways. From lifeguards to baristas, our operations demand a wide array of skilled personnel to deliver safe, high quality and enjoyable events, programs and experiences for our patrons. Building an outstanding team through targeted recruitment, training and retention strategies remains a key area of focus.

In addition, some of our assets are aging and in need of repair or replacement. The Trust has developed a renewed capital and infrastructure program and has established new governance arrangements to ensure a sustained focus on robust asset management.

This report highlights the value of high-quality, well-maintained facilities and venues.

Following the completion of its redevelopment in 2021-22, it has been pleasing to see the full potential of the State Netball and Hockey Centre being realised. The venue is coming into its own as an elite training facility, as an administrative hub for sporting bodies and as a location of choice for an increasingly diverse range of sporting events.

The redevelopment of the State Basketball Centre and the Knox Regional Sports Park has continued apace and the Trust has actively contributed to the multi-agency team overseeing the project. We are looking forward to assuming responsibility for the management of the venue when the redevelopment work is complete later in 2023.

With an exciting year of sport ahead, including the FIFA Women's World Cup, the World Junior Squash Championships and more, we have plenty to look forward to.

We welcome the opportunity to work closely with the Victorian Government on the continued development and management of our world-class sporting facilities.

Victoria has long been hailed as Australia's 'home of sport' and the Trust is proud of the role our organisation plays in securing that reputation.

We would like to thank all employees and Trust members for their outstanding contributions over the course of the year and for their commitment to ensuring our patrons enjoy the best possible experience when visiting or making use of our venues.



**Tracey Cooper**  
Chairperson



**Kate Roffey AM**  
Chief Executive Officer

**We want people to  
be excited about  
sport, engaged in  
healthy activity,  
and be inspired  
to be their best.**



# OUR PURPOSE

## Establishment

The State Sport Centres Trust (“SSCT” or “the Trust”) is a statutory authority established pursuant to the *State Sport Centres Act 1994* (“the Act”).

The Act was amended in 2022 to extend and improve the management arrangements under which the SSCT operates.

The amendments expanded the responsibilities of the SSCT to include the management of the Knox Regional Sports Park and to make the SSCT directly responsible for Lakeside Stadium and Lakeside Oval Reserve under the Act rather than as a committee of management under the *Crown Land (Reserves) Act 1978*.

The amendments also improved the efficiency and effectiveness of the SSCT’s operations including by removing the requirement to maintain separate financial accounts and business plans for each venue.

The venues under SSCT’s management include:

- the Melbourne Sports and Aquatic Centre in Albert Park
- the State Netball and Hockey Centre in Parkville
- Lakeside Stadium in Albert Park
- Knox Regional Sports Park in Wantirna South, home to the State Basketball Centre.

The Act is jointly administered by Steve Dimopoulos MP, Minister for Tourism, Sport and Major Events, and the Honourable Ros Spence MP, Minister for Community Sport.

## Services provided

The Act specifies that the venues are to be used for sporting, education, recreational, social, entertainment and related purposes.

## Functions

The key functions of the State Sport Centres Trust are as follows:

- 
- a. The management, operation and maintenance of the State Sport Centres
- 
- b. The care, improvement, use and promotion of the State Sport Centres
- 
- c. The efficient financial management of the State Sport Centres
- 
- d. The care, protection and management of the Knox Regional Sports Park land and the State Netball and Hockey Centre land
- 
- e. The care, protection and management of the Lakeside Oval Reserve land and the Melbourne Sports and Aquatic Centre land, including maintaining that land and the facilities on that land to a standard that complements Albert Park
- 
- f. Subject to the Act, the planning, development, management, promotion, operation and use of other sports, recreation and entertainment facilities and services in Victoria
- 
- g. The development, management, promotion, operation and use of facilities and services for the parking of vehicles and other necessary services to be used in conjunction with any of the facilities or services managed or operated by the Trust
- 
- h. To accept appointment and act as a committee of management of Crown lands
-

# OUR PURPOSE

## CONTINUED

### Vision

**We are the premier multi-sport facilities in Victoria. We empower and enable sporting organisations and individuals to achieve peak performance, reach their potential and deliver world-class events. We inspire participation across Victoria through people attending significant events at our venues, and through successful athletes who we support to compete or train in our facilities.**

### Mission

#### How we do this

- We provide a complete range of state-of-the-art sports facilities, incorporating the latest technology, flexible and accessible spaces which meet the needs of sports and participants to be successful
- We provide the expertise and leadership of one organisation to ensure best practice and stewardship of the State's sports facilities
- We partner with organisations, government and individuals in open, transparent and valued ways, to deliver positive and sustainable sporting outcomes for Victoria
- We support sports organisations to be successful, including through the provision of ancillary and support services
- We provide sports related support and wellness services for athletes, teams and clubs which contribute to their sporting success
- We play a vital part in the growth of sports participation by providing State significant events that generate community interest
- We provide training facilities and pathways for elite, sub-elite and serious amateur sports people that contribute to successful performance, in turn driving community interest and involvement in sport
- Our team are passionate industry leaders providing exceptional service and expertise for individuals and sporting associations.

### Strategy

Our strategy is founded on a sports hierarchy model that delivers sports and societal dividends by balancing commercial outcomes, delivering peak performance, health and wellness benefits, and supporting a mix of participants.

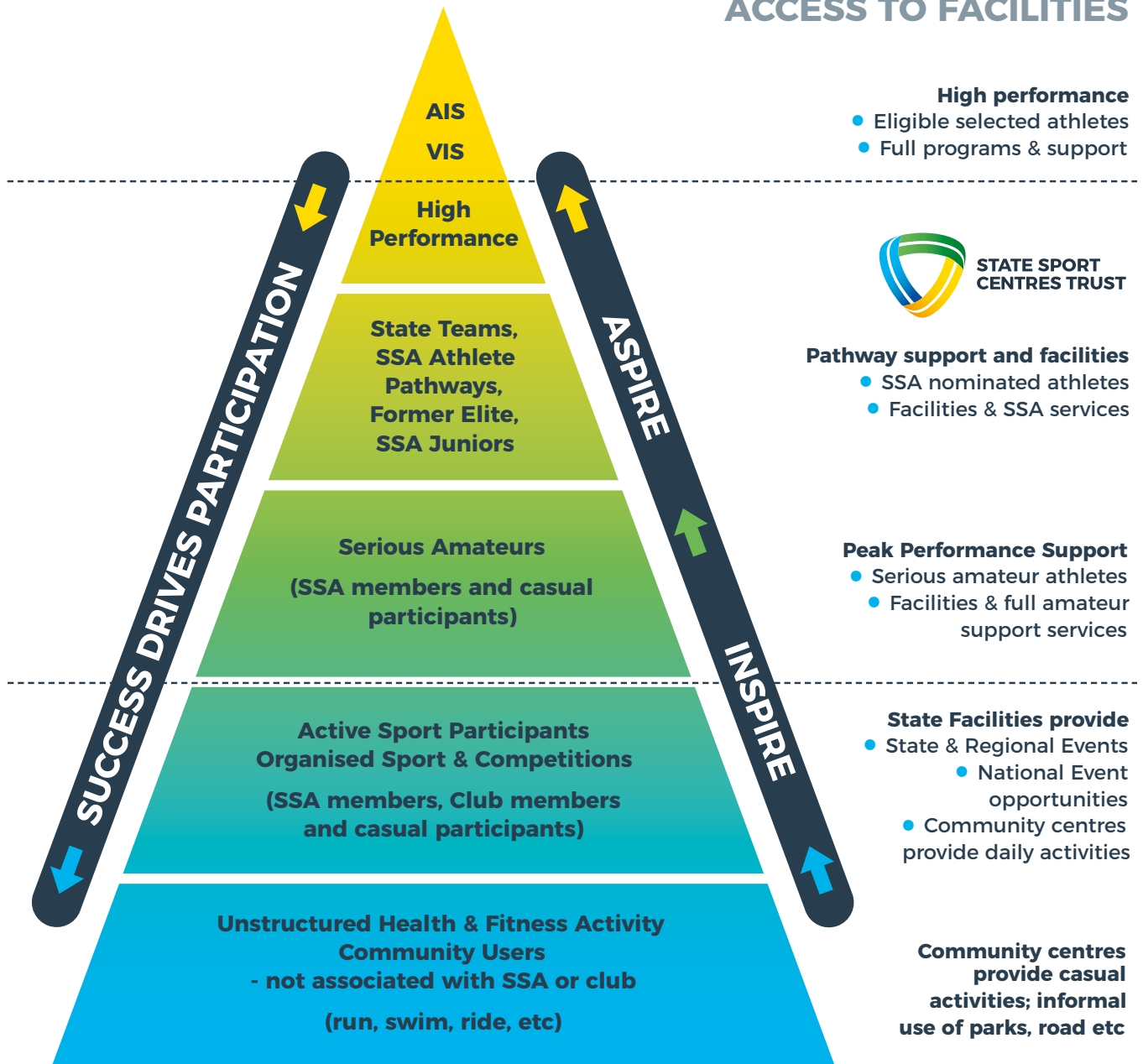
The sports hierarchy model leverages aggregated infrastructure under management by SSCT, to create a virtuous cycle whereby athletes and serious amateurs access highly desirable, centralised peak performance facilities. This in turn supports the sports pathways, events and participation and creates improved sporting outcomes for the State of Victoria.

The benefits are dividends to society in the form of health, wellness and community; and dividends to sport in the form of peak performance, sustainability and participation growth, leading to greater investment and employment in the sports sector throughout Victoria.



## DELIVERY

## PARTICIPANTS + ACCESS TO FACILITIES



PARTICIPATION DRIVES HEALTHY COMMUNITIES, WELLBEING AND LIVEABILITY

# OUR SPORTING TENANTS

## State sports associations

- Athletics Victoria
- Badminton Victoria
- Diving Victoria
- Dragon Boat Victoria
- Girls Sport Victoria
- Hockey Victoria
- Judo Victoria
- Lacrosse Victoria
- Little Athletics Victoria
- Netball Victoria
- Rowing Victoria
- Squash and Racquetball Victoria
- Swimming Victoria
- Table Tennis Victoria
- Touch Football Victoria
- Triathlon Victoria
- Water Polo Victoria

## National sporting organisations

- Athletics Australia
- Badminton Australia
- Hockey Australia
- Little Athletics Australia

## Other sporting tenants

- Australian Basketball Resources
- Melbourne Boomers
- Melbourne Central Basketball Association
- South Melbourne Districts Little Athletics Club
- South Melbourne Football Club
- Sports Dietitians Australia
- Sports Excellence Scholarship Fund
- Sports Medicine Australia
- Sydney Swans Football Club
- Triathlon Pty Ltd (Tri-Alliance)
- Vicsport
- Victorian Institute of Sport



# OUR GOVERNANCE

## Trust

The members of the Trust in 2022-23 are detailed in the table below.

The Trust is the governing body. Its functions and powers are established by the *State Sport Centres Act 1994*. Its responsibilities are set out in its Charter and in Standing Direction 2.2.

Members are appointed by the Governor in Council on the recommendation of the Minister for Tourism, Sport and Major Events for a term not exceeding three years.

Trust meetings are held quarterly and at other times as required.

In 2022-23 the Trust met six times. Attendance of Trust members is detailed in the table below.

### Trust membership and meeting attendance 2022-23

Name	Role	Term	Attended	Eligible to attend
Tracey Cooper	Chairperson	23 June 2020 to 22 June 2023 23 June 2023 to 22 June 2026	6	6
Michael Ronaldson	Deputy Chairperson	1 September 2020 to 31 August 2023	5	6
Clare Dallat	Member	1 July 2022 to 30 June 2025	5	6
Jeff Floyd	Member	27 August 2022 to 26 August 2025	4	5
Morven Fulton	Member	15 February 2022 to 26 August 2022	1	1
Gerard McMahon	Member	15 February 2022 to 14 February 2025	5	6
Marie-Claire Putrino	Member	23 November 2021 to 15 November 2024	5	6
Ken Ryan AM	Member	30 November 2021 to 15 November 2024	5	6

# OUR GOVERNANCE

## CONTINUED

### Audit and Risk Committee

The members of the Trust's Audit and Risk Committee in 2022-23 are detailed in the table below. The Audit and Risk Committee's responsibilities are set out in its Charter and in Standing Direction 3.2. Members are appointed by the Trust, usually for a period of two or three years.

All committee members are independent of the day-to-day management of the organisation.

Committee meetings are held quarterly and at other times as required. In 2022-23 the committee met six times. Attendance of committee members is detailed in the table below.

#### Audit and Risk Committee membership and attendance 2022-23

Name	Role	Term	Attended	Eligible to attend
Jeff Floyd	Chairperson Trust nominee	27 August 2022 to 26 August 2025	5	5
Jeff Floyd	Member External	1 January 2022 to 26 August 2022	1	1
Clare Dallat	Member Trust nominee	1 July 2022 to 30 June 2025	3	6
Gerard McMahon	Member Trust nominee	1 January 2023 to 14 February 2025	3	3
Marie-Claire Putrino	Member Trust nominee	25 January 2022 to 31 December 2022	2	3
Morven Fulton	Member External	1 September 2022 to 31 August 2024	5	5
Morven Fulton	Chairperson Trust nominee	15 June 2022 to 26 August 2022	1	1
Matt Young	Member External	1 September 2022 to 31 August 2024	5	5
Ian Thompson	Member External	1 January 2022 to 31 December 2022	3	3

## Capital and Asset Management Committee

In 2022, the Trust established a new sub-committee known as the Capital and Asset Management Committee. The members of the committee in 2022-23 are detailed in the table below.

The Capital and Asset Management Committee’s responsibilities are set out in its Charter. Members are appointed by the Trust, usually for a period of two years or as otherwise agreed. Committee meetings are held twice a year and at other times as required. In 2022-23 the committee met two times. Attendance of committee members is detailed in the table below.

### Capital and Asset Management Committee membership and attendance 2022-23

Name	Role	Term	Attended	Eligible to attend
Michael Ronaldson	Chairperson	21 December to 31 August 2023	2	2
Marie-Claire Putrino	Member	21 December to 15 November 2024	2	2
Ken Ryan AM	Member	21 December to 15 November 2024	2	2

## Executive team

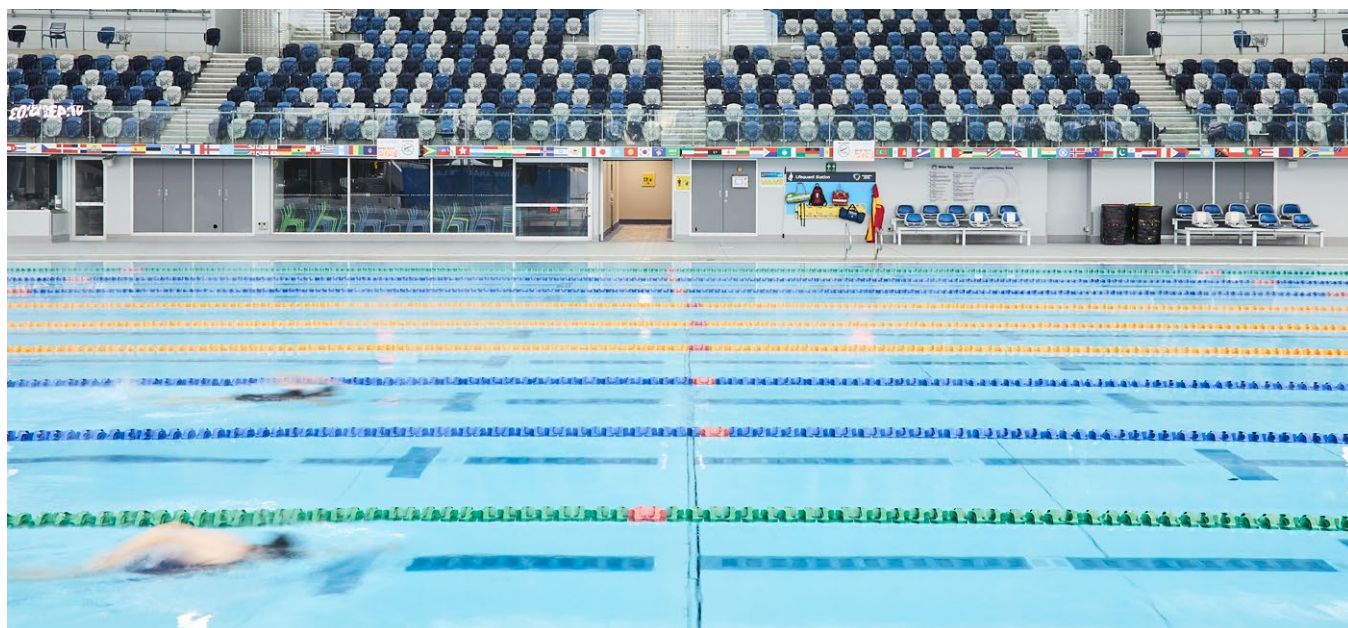
Kate Roffey AM  
**Chief Executive Officer**

Fiona Preston  
**General Manager - Venues**

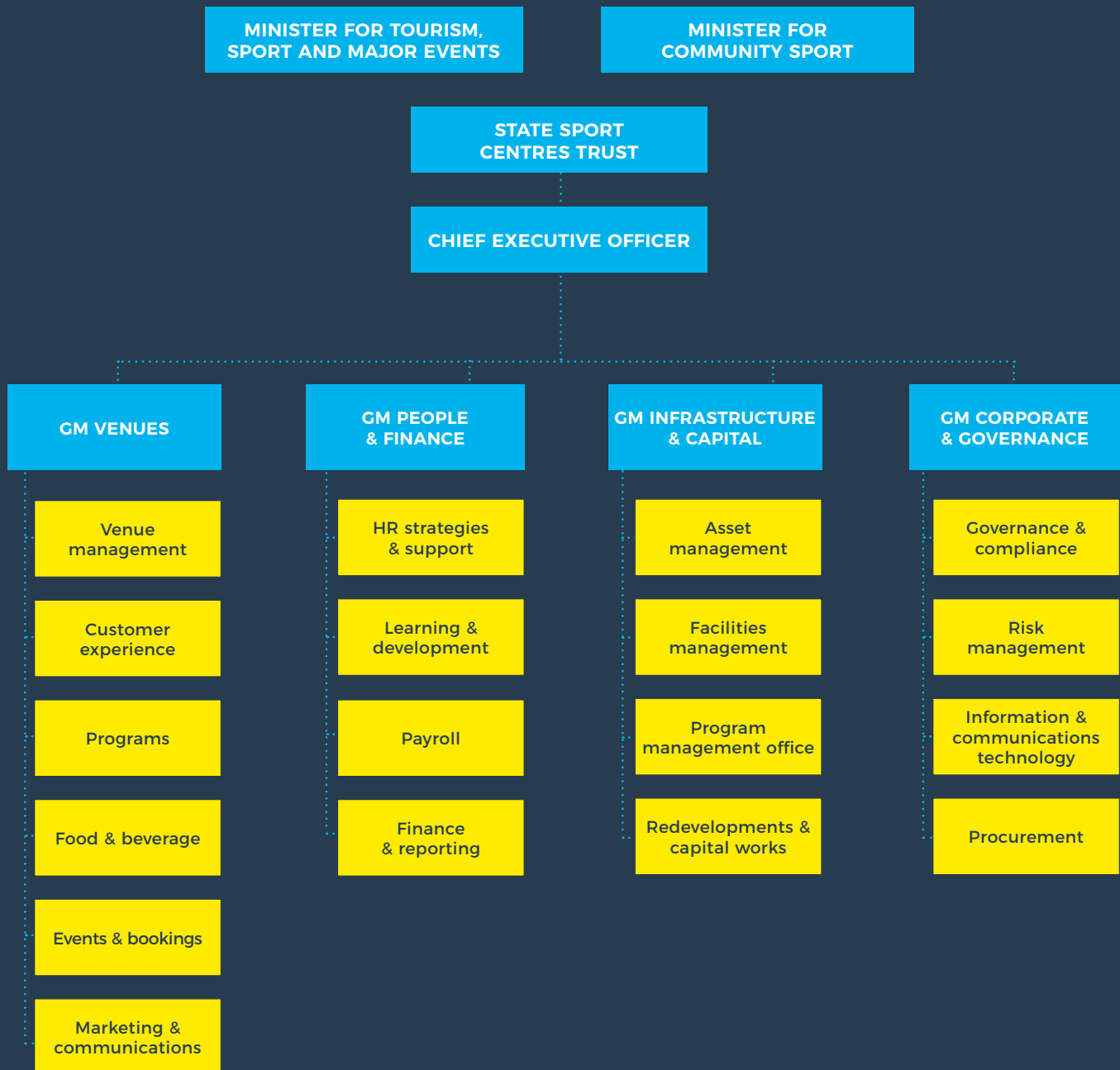
Julie Struthers  
**General Manager - People and Finance**

Nitin Gupta  
**General Manager - Infrastructure and Capital**

Ian Campbell-Fraser  
**General Manager - Corporate and Governance**



# ORGANISATIONAL STRUCTURE



# DECLARATION & ATTESTATION

## Declaration in Report of Operations

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for the State Sport Centres Trust for the year-ended 30 June 2023.



**Tracey Cooper**  
Chairperson

## State Sport Centres Trust Financial Management Compliance Attestation Statement

I, Jeff Floyd, on behalf of the Responsible Body, certify that the State Sport Centres Trust has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



**Jeff Floyd**  
Audit & Risk Committee Chairperson

# OUR YEAR IN REVIEW

## The return of world-class sporting events

The State Sport Centres Trust is here to serve sport. The venues we manage on behalf of the people of Victoria play an important role in encouraging participation, growing people's interest in sport and supporting athlete development.

In support of this goal, our venues are designed, built and managed with the needs of elite athletes and sporting competitions in mind. After several years of disruption associated with coronavirus (COVID-19) pandemic, the Trust is proud and honoured to once again be hosting world-class sporting events.

## We are the premier multi-sport facilities in Victoria.

Our venues provide exceptional, world-class facilities for a variety of sports including athletics, badminton, basketball, diving, hockey, netball, soccer, squash, swimming, table tennis, volleyball and water polo.

As the only facilities capable of hosting **elite-level events** for such a diverse array of sports, we are proud of the economic and social contribution we make to the State of Victoria.

Economic analysis conducted in 2020 demonstrated the scale of this contribution.

Our facilities contribute **\$164.7m** to the Victorian economy each year and sustain 1,180 jobs.

More than **2.4 million** visits are made to our venues annually by more than **487,000** unique visitors.

Over **88,000** visitors attend as part of educational events such as school swimming and athletics carnivals.

We also help to keep Victorians safe by conducting more than **136,000** swimming lessons annually.

In 2022-23 our venues hosted a full program of over **900** events, attracting over **600,000** attendees from Victoria, Australia and overseas.



## Major events

It was exciting to see the return of major events to the Australian sporting calendar in 2022-23 and the Trust was pleased to host several national and international events at our venues.

### Melbourne Sports and Aquatic Centre – Albert Park

The Melbourne Sports and Aquatic Centre (MSAC) was delighted to host two major swimming meets during the reporting period.

In December 2022, the 16th FINA World Swimming Championships (25m) were held at MSAC. The Championships attracted approximately 22,500 people over 5 days and nights of competition.

Fourteen world records were broken during the meet and Australia placed second in the medal tally with 13 gold, 8 silver and 5 bronze.

The excitement continued right to the final race of the meet, in which Australia and the USA shared the gold medal in a dead heat finish of the men's 4x 100m medley relay, setting a new world record in the process.

And in June 2023, MSAC hosted five days of Australian swimming trials in which the cream of Australian swimming competed for the right to represent their country at the FINA World Swimming Championships in Fukuoka, Japan, later in 2023.

Other major national, state and community aquatic events held at MSAC in the reporting period include:

- Swimming Victoria State Age & Open Short Course and Long Course Championships
- Swimming Victoria Sprint Championships
- 2023 East Coast Challenge Water Polo tournament
- 15&U male/17&U male Water Polo National State Championships
- Artistic Swimming Victoria State Championships
- Diving Victoria Club Challenge
- Life Saving Victoria Pool Carnival

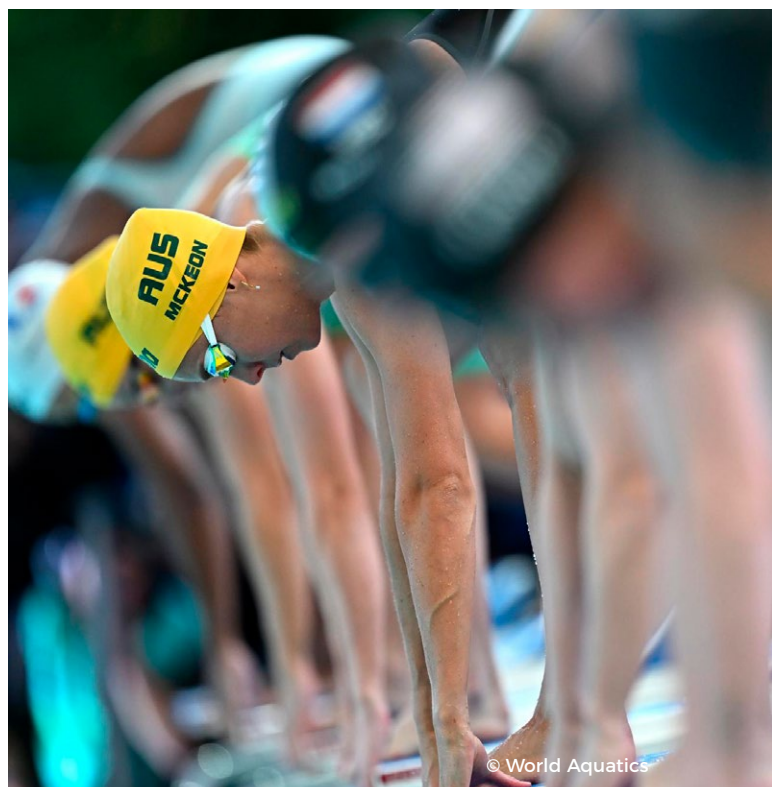
Away from the pools, the 2023 Australian Squash Junior Open was held at MSAC in April, drawing the best young squash players in the country to Melbourne. The event proved a valuable warm-up to the World Junior Squash Championships which are scheduled to be held at MSAC in July 2023.

The basketball halls at MSAC are always busy, with eight NBL1 games played throughout the year and more than 130,000 visitors participating in the basketball competitions held there.

Many other state, national and community events were held in MSAC's multi-use halls including:

- AFL Wheelchair League showcase round
- VICTOR Oceania Para Badminton Championships
- Badminton Victoria junior state titles
- Jiu Jitsu Pan Pacific Championships
- Table Tennis Victoria Closed Junior and Senior Championships

MSAC also regularly hosted elite teams and athletes for training, competition and recovery sessions.



# OUR YEAR IN REVIEW

## CONTINUED

### Lakeside Stadium – Albert Park

The Maurie Plant Meet (formerly the Melbourne Track Classic) was staged at Lakeside Stadium in February 2023. The event was attended by approximately 7,000 people who flocked to Victoria's premier athletics venue to see the best national track and field athletes take on some major international stars up close, including Rohan Browning racing against the USA's Fred Kerley, at that time the fastest man over 100m.

It was the biggest athletics event held at Lakeside Stadium in many years, and a perfect warm, summer night of exciting competition. We look forward to hosting the event again next year.

Lakeside Stadium also hosted the Zátópek:10, featuring the Australian Women's and Men's 10,000m Championships, in December 2022 and the Australian Little Athletics Championships in April 2023.

Many other state, national and community events were held at the stadium including:

- Victorian Track and Field Championships
- Little Athletics Victoria Track and Field Championships
- The Great MND Relay
- State Schools Track and Field Championships (primary and secondary)

In addition to hosting major athletics events, Lakeside Stadium is also home to a FIFA-grade soccer pitch. The National Premier League's 2022 minor premiers, the South Melbourne Football Club, played all their home games at the ground throughout the reporting period and the venue was identified by FIFA as a training facility for the 2023 Women's World Cup.

In 2022-23, our venue managers and turf specialists worked hard to improve the quality of the playing surface ahead of the World Cup and received very positive feedback from FIFA's head of pitch curation for the quality of the pitch.

### State Netball and Hockey Centre – Parkville

Following its major redevelopment, the State Netball and Hockey Centre plays host to a year-round schedule of netball and hockey competitions and training programs.

Netball events at the venue attract over 150,000 people and hockey events generate over 43,000 visitors.

July 2022 saw both Hockey Victoria's Junior State Championships and Netball Victoria's Championships Finals Days held at the facility.

Despite its name, the facility is also rapidly becoming the venue of choice for many sporting groups beyond netball and hockey.



© Athletics Australia

The centre is the home of the WNBL Boomers, who regularly draw big crowds to their home games.

In November the national Indoor Handball Championships drew several hundred competitors and visitors over four days.

Many other state, national and community events were held at the stadium including:

- Speedcubing Oceania Championships
- USA Powerlifting Australia Open
- Cheerbrandz
- Taekwondo grading and sparring events
- Melbourne Hockey Cup

### **Knox Regional Sports Park**

In September 2022, the *State Sport Centres Act 1994* was amended to make the State Sport Centres Trust responsible for the management and operation of the Knox Regional Sports Park in Wantirna South which includes both basketball and football facilities.

As noted in last year's report, the Victorian Government is currently undertaking a \$132 million upgrade and expansion of the existing basketball venue to create a new and greatly improved State Basketball Centre facility.

This upgrade will create one of Australia's leading basketball facilities and support the continued growth of basketball and gymnastics at local and elite levels.

The project will deliver:

- 12 new indoor community courts for local basketball competitions for a total of 18 courts
- Comprehensive training facilities for high-performance basketball including WNBL and NBL teams
- New gymnastics facilities
- New administration facilities to support sports organisations and clubs
- An outdoor town square space

The project will also provide new administration areas for Basketball Victoria, Knox Basketball Inc., Knox Gymnastics, Basketball Australia and professional men's (NBL) and women's (WNBL) basketball teams.

The project responds to increasing demand for quality sporting facilities in the Knox area and will service everyone from local players to Australian representative athletes while transforming the broader precinct into the premier sports park for Melbourne's south-eastern region.

The State Basketball Centre currently welcomes almost 800,000 visitors annually and the project will increase visitation to more than 2 million people a year when complete.

Construction commenced in September 2021 and has continued throughout the reporting period. Work on the new buildings is anticipated to be complete in late 2023, with additional works to existing facilities and grounds continuing into 2024.

Supporting the redevelopment and expansion of the State Basketball Centre has been a continuing focus throughout the reporting period for many Trust personnel.

While the capital works are led by Development Victoria, the SSCT plays a critical role in supporting the project including by ensuring the perspective of the venue manager is considered through the development phase.

Assuming responsibility for the management of the centre will bring both opportunities and challenges for the Trust. While the construction works have been underway, the Trust has commenced planning for the management and operation of the facility including identifying opportunities to align with and improve our existing approaches to the management of other venues.

The Trust is also identifying what asset upgrades and improvements will need to be made to the existing part of the facility to ensure it continues to meet the needs of all users.

# OUR YEAR IN REVIEW

## CONTINUED

### Asset and infrastructure improvements

SSCT manages a network of built assets valued in excess of \$700 million.

These assets are of varying age and condition and maintaining their quality to the standard required for elite sporting events requires a coordinated approach, dedicated resources, specialist expertise and significant investment.

The scale and standard of our facilities often brings additional challenges and technical complexity.

For example, the network of pool facilities at MSAC allows us to host a full range of international and national aquatic events, one of the few venues in Australia able to do so.

Maintaining the pools to these standards requires significant investment and specialist expertise behind the scenes. State-of-the art water treatment, heating and filtration infrastructure is used, together with large volumes of chemicals to maintain water quality.

Similarly, the external playing surfaces at our facilities, including both artificial and natural pitches, are highly technical and complex in terms of both their construction and maintenance.

Recognising the need for a sustained focus on asset management, during the reporting period the Trust created new governance arrangements including the establishment of a Capital and Asset Management Committee and the appointment of a new General Manager Infrastructure and Capital.

The Trust has embarked on a program to develop a more robust and evidence-based assessment of the condition and value of the assets we manage to enable us to more effectively target and prioritise future investment in asset maintenance and replacement.

During the reporting period we also maintained a focus on improving our approach to planning, managing and delivering capital and infrastructure projects.

We established a dedicated program management office and enhanced our project management capability to ensure project delivery risks were minimised.

And we have commenced a program of reviewing and improving our procurement capability to ensure it is suitably robust, compliant with Victorian Government procurement frameworks and helps the Trust to secure value for money.

Improving our environmental sustainability and performance is a key consideration in all capital and infrastructure works undertaken by the SSCT and during the reporting period we have often been able to use our capital program to reduce greenhouse gas emissions, reduce waste, repurpose assets and drive down water and energy use.

Other key infrastructure improvements and upgrades undertaken during the reporting period include:

- Replacing the main hockey pitch at the State Netball and Hockey Centre in Parkville. This \$1.3 million project involved the replacement and reconstruction of the pitch subsurface as well as the playing surface, resulting in a world-class pitch, improved drainage and ongoing reduced water usage. The demolition stage included the removal of 780 tonnes of asphalt that was recycled and reused off site. The shock pad installed has a total weight of approximately 55 tonnes of which 40 tonnes is made up of recycled truck tyres. As part of the project, bleacher-style grandstand seating that was no longer needed was removed and repurposed by a local government agency.
- Timed to coincide with the pitch replacement works, the main hockey pitch lights were fitted with LED lights, which consume 75% less power than the previous metal halide units. A similar project to replace the indoor show court lights at the centre with LED fixtures is currently underway.
- Upgrading the air handling units at MSAC – thirteen end of life units were replaced with energy efficient EC fans and variable speed drives. As the majority of MSAC's air handling units run constantly to provide thermal blankets to pool spaces, these replacement works bring significant environmental benefits and cost savings for SSCT as well as reducing the fan noise for surrounding residents.

- Introducing a new utility management system for MSAC & Lakeside which enables us to monitor energy and water usage more effectively, rapidly identify and address anomalies and reduce costs.
- Replacing sports timing equipment at MSAC and Lakeside Stadium including replacement of touch pads and timing computers. This project included the groundbreaking installation of Hawkeye technology in both the indoor and outdoor competition pools. This is the same technology that will be used for the first time in an Olympic swimming competition in Paris in 2024.
- Replacing the water irrigation and filtration systems at Parkville.
- Upgrading and replacing CCTV cameras at Lakeside and MSAC.
- Commencing installation of new LED screens at MSAC, Parkville and Lakeside (these works will continue into 2023-24).
- Waterproofing and undertaking major structural rectification works on the grandstand at Lakeside.
- Works to support MSAC's hosting of the 16th FINA World Swimming Championships (25m) including replacing the booms and bulkheads in the outdoor competition pool and repainting the outdoor pool canopy.
- Upgrading and refurbishing the squash courts at MSAC ahead of the World Junior Squash Championships - these works were the first substantive upgrades to the courts since the facilities were built.
- Upgrading tenanted areas to improve administrative workspaces for sporting bodies, including Table Tennis Victoria, Badminton Victoria and Squash and Racquetball Victoria at MSAC and the Victorian Institute of Sport at Lakeside.
- Various improvements to the presentation of venues including landscaping and gardening works and enhanced cleaning standards.



# OUR YEAR IN REVIEW

## CONTINUED



### Operational overview

Our venues are buzzing with activity and it has been pleasing to see operations at all our venues in full swing once again. We welcomed Triathlon Pty Ltd (Tri-Alliance) as a new tenant and have recently formalised new leases with Swimming Australia and Gymnastics Australia who will move in shortly. Lease negotiations with a number of other prospective sporting tenants are currently underway.

We also introduced a structured customer feedback system across all venues – allowing our patrons a quick and simple means of providing feedback about our operations and leading to a number of operational improvements.

### Aquatics

We were delighted when MSAC again received Platinum Pool status in 2022-23 through Life Saving Victoria's accreditation program.

The program highlights aquatic facilities achieving the highest standards in aquatic safety and risk management, with accreditation recognised as a sign of excellence within the industry.

Despite continuing shortages of qualified swim teachers in the industry nationally, MSAC was able to increase the capacity of its swim school program during the reporting period with 1,813 enrolments at the end of the reporting period compared to 1,611 last year.

The MSAC swimming squad program continued to kick goals in 2022-23 thanks to the dedication and commitment of both athletes and coaches.

At the 2023 Australian Age Championships in April, the squad program exhibited extraordinary skill and determination, resulting in an impressive medal tally of seven gold, three silver, and three bronze.

One of our swimmers broke an Australian age record and a member of the program was selected to represent Australia at the Youth Commonwealth Games, a testament to the rigorous training and high standards upheld by the program.

At the 2023 Australian Open Championships the team displayed remarkable prowess, securing two gold and three individual bronze medals and finishing 2nd in the men's points category and 23rd in the women's points category.

### Memberships and Gym

We're proud to be one of the few world-class sporting facilities that offer gym and pool memberships to community members. Our gym and wellness centre are well patronised, with a dedicated workout area for lifters and cardio lovers, a world-class aquatic area with two 50-metre pools and over a hundred weekly group fitness classes for every age and ability.

Our membership numbers have continued to grow during the reporting period with 2,650 members at the end of the financial year, compared to 2,071 members last year.

## Children's Programs and Care

Our school and holiday programs continue to be in high demand, with children getting the opportunity to experience a variety of sport and aquatic activities in a supportive, fun and inclusive environment.

In total the programs recorded the following participation:

- 5,845 students participated in active school programs
- 2,003 children attended our holiday programs

MSAC provides an occasional care service for patrons with children, running two half-day sessions, four days a week.

This was increased from three days a week during the reporting period in response to customer demand.

## Food and Beverage services

During the reporting period we continued to experience strong customer demand for high quality food and beverage operations across our venues.

We continue to examine opportunities to make improvements in the quality and range of our service offering across both our café spaces and function rooms.

Nation-wide staff shortages in the hospitality sector have at times presented challenges and we are grateful for the dedication and commitment to customer service shown by our team.

While food and beverage revenue has been consistent, the cost of goods sold and staffing costs have increased in line with accelerated CPI growth nationally.

Ensuring our food and beverage service is efficient without sacrificing quality will be a continued area of focus in the next reporting period.



# OUR YEAR IN REVIEW

## CONTINUED

### Corporate overview

Following the commencement of Kate Roffey as the organisation's Chief Executive Officer in May 2022, the 2022-23 reporting period has in many ways been one of review, consolidation and renewal of corporate functions.

The Trust established a new executive structure reflecting a greater focus on the management of risks associated with corporate governance, infrastructure projects and asset management.

SSCT management has embarked on a comprehensive program of reviewing and updating organisational policies and procedures to ensure they are current, fit for purpose and an enabler of efficient operations.

A detailed and comprehensive review of the organisation's risk management, asset management and procurement frameworks have been key early priorities.

Having largely shifted to Software as a Service (SaaS) solutions, the SSCT has continued to consolidate and stabilise its information and communication technology environment including through identifying further opportunities for data integration, improving productivity and strengthening cyber security controls.

As with many organisations with a large casual workforce, it has been challenging to rebuild our staff cohort following the period of COVID-19 restrictions and the tight labour market continues to create challenges for recruiting and retaining people in some roles.

A new enterprise agreement for SSCT employees came into effect in January 2023 and introduced new terms and conditions of employment for many operational personnel including new wage and penalty rates and new allowances.

Building our workforce capability, maximising learning and development opportunities and enhancing our recruitment and retention of talent will continue to be key priorities for SSCT's People Support team.

### Financial Overview

#### Operating Statement

For the financial year ended 30 June 2023, SSCT made an operating profit of \$63.8 million, with a net income position from total transactions of \$47.6 million realised after depreciation is taken into consideration. These results are inclusive of assets gifted by government in relation to the Knox Regional Sports Park (valued at \$56.9 million). In addition, the operating profit was supported by the receipt of \$19.6m of operating funding received during the year and is representative of the on-going support SSCT provides to state sporting bodies, the challenges of managing operational and maintenance costs in the current economic environment, and existing liabilities required to be repaid during the period.

#### Balance Sheet

Assets and liabilities have increased from the prior year, indicative of the continued recovery from the pandemic and increased patronage/usage of our facilities.

It is noted that SSCT had a number of capital projects which were still on-going over financial year-end and therefore the payments of these projects will be made in the 2023/24 financial year, despite funding having already been received.

#### Changes in Equity

SSCT has recorded an increase in equity of \$124.2 million in 2022-23. This was as a result of the following key factors:

- Capital funding received of \$8.99 million
- SBC redevelopment funding of \$68.6 million
- a net profit for the year of \$47.6 million.



## Five Year Performance

	2022/23 (\$'000)	2021/22 (\$'000)	2020/21 (\$'000)	2019/20 (\$'000)	2018/19 (\$'000)
Income <sup>(a)</sup>	97,303	24,263	20,766	33,066	26,220
Expenses	(33,550)	(25,620)	(21,060)	(29,889)	(27,106)
Operating Result	63,753	(1,357)	(294)	3,177	(886)
Depreciation	(16,198)	(17,157)	(13,747)	(13,100)	(12,983)
Net Result From Transactions	47,555	(18,514)	(14,041)	(9,923)	(13,869)
<b>Total Assets</b>	<b>867,679</b>	<b>742,579</b>	<b>708,310</b>	<b>423,730</b>	<b>399,352</b>

Notes: (a) included within this income is \$56,870,000 gifted by government in respect of the Knox Regional Sports Park and \$19,572,000 of operating funding received during the year.



# LEGISLATIVE & POLICY

## Statement of Expectations

The State Sport Centres Trust Business Plan 2022-23 incorporated the expectations of the Minister for Tourism, Sport and Major Events as outlined in a letter to the Trust Chair.

The Trust operated in accordance with the following Ministerial expectations during the reporting period include:

### 1. Use and Purpose of the Venues

The Trust is committed to actively encouraging the use of the SSCT venues as 'venues of choice' for athlete pathway programs, high performance training, professional teams and significant and major events whilst maintaining accessibility and programs for community sport and recreation.

In line with the Trust's vision, "We are the premier multi-sport facilities in Victoria. We empower and enable sporting organisations and individuals to achieve peak performance, reach their potential and deliver world class events.

We inspire participation across Victoria through people attending significant events at our venues, and through successful athletes who we support to compete or train in our facilities."

The Trust manages all of its venues consistent with these legislative and Ministerial objectives and has also applied them to its work in supporting the redevelopment of the State Basketball Centre.

### 2. Stakeholder Engagement and Management

The Trust engages with all tenants and patrons to ensure a high level of satisfaction and has well-established processes for capturing and responding to customer feedback. The Trust and its senior executive team formally engage with sporting stakeholders and tenants on a regular basis and periodically convene meetings of the MSAC Community Reference Panel and SNHC Advisory Committee.

### 3. Corporate Governance

The Trust operates in accordance with the requirements of the *State Sport Centres Act 1994* and other legislative and regulatory frameworks including but not limited to the *Financial Management Act 1994* and the *Public Administration Act 2004*.

The Trust also operates in accordance with good governance principles outlined by the department.

During the reporting period, the Trust appointed a new General Manager Corporate and Governance and commenced a program of review and improvement of its foundational corporate governance documents.

### 4. Engagement with government's Active Victoria Framework

As the operator of key venues, the Trust familiarises itself with and supports the objectives of the Victorian Government's Active Victoria framework.

*Active Victoria 2022 - 2026* is an update of the Victorian Government's strategic priorities for sport and active recreation in the state.

It establishes six priority outcomes that the Trust is well placed to contribute towards achieving. These are set out in the table below.

## Active Victoria 2022 - 2026 Priority Outcomes

- |   |  |
|---|--|
| <p>1. <b>Sustained participation</b><br/>More Victorians participate equitably in sport and active recreation</p>                           | <p>The Trust supports participation in sport through a variety of programs and our facilities are used by Victorians of all abilities and skill levels. The Trust works closely with sporting bodies to understand program requirements to support participation pathways.</p>   |
| <p>2. <b>Infrastructure</b><br/>Victoria has inclusive, accessible, and respectful places and spaces for sport and active recreation</p>    | <p>The Trust continues to improve its facilities to meet the needs of our sporting partners and other patrons.</p> <p>The Trust has undertaken major disability access upgrades to ensure facilities are widely accessible to all and will continue to plan programs to ensure the greatest level of accessibility possible.</p> |
| <p>3. <b>Sector capability</b><br/>The sport and active recreation workforce is highly skilled and leads a strong, sustainable industry</p> | <p>The Trust plays an important role in recruiting and training sport and recreation workers in a range of capacities and diverse roles.</p>   |
| <p>4. <b>Good governance</b><br/>Sport and active recreation is a safe, inclusive, and resilient sector</p>                                 | <p>Many state and national sporting bodies are based in SSCT venues. The Trust provides tangible supports and leadership to sporting bodies that facilitate good governance.</p>   |
| <p>5. <b>High performance</b><br/>Victorians can achieve success at the highest level</p>   | <p>The Trust provides facilities as centres of excellence for athletes and a range of support services necessary for athlete development.</p>  |
| <p>6. <b>Events</b><br/>Victoria maintains a strong pipeline of sporting events within the Victorian events calendar</p>                    | <p>The Trust is committed to attracting regionally, nationally and internationally significant events to its venues.</p>   |



# LEGISLATIVE & POLICY

## CONTINUED

### 5. Economic Impact and Benefits Study

The Trust undertook an economic impact and benefits study in 2020 drawing on data from 2019. The report assessed the quantitative and qualitative benefits provided by the venues managed by the Trust to the people of Victoria.

The analysis identified our economic contribution at that time as exceeding \$164.6 million annually and recognised our role in creating and sustaining 1,180 jobs.

The analysis also highlighted the social, educational and cultural contribution we make to the State of Victoria, including through improved social and wellbeing outcomes for participants and spectators visiting our venues.

### 6. Trust process and performance

The Trust has policies and procedures in place which promote and adhere to the principles of good governance.

Charters for the Trust and its sub-committees were reviewed and updated during the reporting period.

The Trust Chair reviews CEO performance annually.

SSCT executives meet regularly with officers from Sport and Recreation Victoria and the Department of Jobs, Skills, Industry and Regions to discuss matters including operations and organisational performance.

A senior departmental executive is invited to all Trust meetings.

The Trust ensures the Chief Executive Officer and employees exemplify the behaviours and values contained within the *Code of Conduct for Victorian Public Sector Employees* issued by the Victorian Public Sector Commission.

### 7. People Matter Survey

The Trust participated in the Victorian Public Sector Commission's 2023 People Matter survey. The survey results assist management to strive towards best practice in people leadership and management and develop a constructive organisational culture that supports and enables our employees.

### 8. Diversity and Inclusion Employment

The SSCT developed an Inclusion Action Strategy and Plan in 2020-21. An evaluation of the plan and the extent to which key actions and commitments have been implemented commenced during the reporting period and will continue in 2023-24,

Subject to the outcome of that evaluation, a revised Diversity and Inclusion Plan may be developed.

The SSCT developed a Gender Equality Action Plan and submitted it to the Gender Equality Commissioner in March 2022. A progress report will be submitted in early 2024.

### 9. Environmental Sustainability

The Trust developed a Net Zero Emissions strategy in 2020-21 in line with the Victorian Government's legislated target for the state to reach net zero emissions by 2050.

Environmental sustainability is a key consideration in all construction and maintenance projects, as evidenced in the report of operations.

### 10. Corporate and Asset Management Planning

The Trust has submitted its corporate plan for the 2023 to 2027 period and continues to work closely with the Department of Jobs, Skills, Industry and Regions on improving its asset management planning capability in line with the Asset Management Accountability Framework.

## Freedom of Information

The *Freedom of Information Act 1982* extends as far as possible the right of the community to access information in the possession of the Government of Victoria and its agencies, including the SSCT. For the 12 months to 30 June 2023 SSCT received no requests for information pursuant to the *Freedom of Information Act 1982* (2022: 0).

### Making a Request

Access to documents may be obtained through written requests to the Chief Executive Officer – State Sport Centres Trust, as detailed in s17 of the *Freedom of Information Act 1982*. In summary, the requirements for making a request are:

- it should be in writing
- it should identify as clearly as possible which document is being requested, and
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of SSCT should be addressed to:

Chief Executive Officer – State Sport Centres Trust  
Sports House  
375 Albert Road  
Albert Park VIC 3206

Access charges may also apply once documents have been processed and a decision on access is made; for example photocopying and search retrieval charges.

Further information regarding freedom of information requests can be found at the website of the Office of the Victorian Information Commissioner: [www.ovic.vic.gov.au](http://www.ovic.vic.gov.au)

## Categories of Documents

SSCT maintains records and files incorporating documents relating to general administrative matters and the operation of SSCT facilities.

All records and files are maintained at SSCT's premises at Albert Park and Parkville.

## Compliance with *Building Act 1993*

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

The Victorian Government has recognised the serious risk presented by combustible cladding and provided funding for government departments and agencies to rectify government owned buildings at risk.

The Trust has put appropriate mitigation strategies in place while rectification works are completed.

## National Competition Policy

SSCT applies the principles of competitive neutrality to all commercial operations in accordance with the Victorian Government's Competitive Neutrality Policy when competing with private sector enterprises. Where the provision of services or facilities by SSCT is deemed to be in the public interest, the principles are not applied.

## Local Jobs First

The *Local Jobs First Act 2003* was amended in August 2018 to bring together the Victorian Industry Participation Policy and Major Project Skills Guarantee policy which were previously administered separately. This requires SSCT to apply the Local Jobs First policy in all projects over \$3 million. During 2022/23 SSCT did not commence or complete a contract to which the Local Jobs First policy applied.

# LEGISLATIVE & POLICY

## CONTINUED

### Social Procurement

Victoria's Social Procurement Framework governs how the Victorian Government undertakes social procurement when it procures goods, services and construction. SSCT as a statutory authority complies with the requirements of the Social Procurement Framework, helping to build a fair, inclusive and sustainable state through procurement. By using the government's buying power, the social procurement framework enables buyers and suppliers to deliver social, economic and environmental outcomes that benefit the Victorian community, the economy and the environment.

At SSCT we understand that by choosing to use social benefit suppliers, our seemingly small choices can have wide-reaching positive impact on others in our community. We are building processes and tools to do this at every stage of the procurement process. These actions include:

- targeted strategies via strategic sourcing plans with targeted approaches to known social procurement organisations
- knowledge development for both internal and external stakeholders through the use of the tender selection criteria, which requests feedback about supplier support of the Victorian Social Procurement Framework
- development of a supplier onboarding package that includes specific references to the Victorian Social Procurement Framework
- developing comprehensive reporting processes that support reporting on each stage of the procurement lifecycle.

### Compliance with the *Public Interest Disclosures Act 2012*

*The Public Interest Disclosures Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

SSCT does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct.

It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

SSCT will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure.

It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

According to the Independent Broad-based Anti-corruption Commission (IBAC), the Trust is not permitted to receive disclosures made under the Act.

If you wish to make a disclosure about the Trust, its officers, members or employees, you will need to make that disclosure directly to IBAC. If the Trust believes a disclosure may be a public interest disclosure made in accordance with the Act, it will ask you to make that disclosure to IBAC. IBAC will deal with the disclosure.

Independent Broad-based Anti-corruption Commission:

Level 1, 459 Collins Street  
(North Tower)  
Melbourne VIC 3000

**Telephone:** 1300 735 135

**Internet:** [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

## Consultancy Services

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

Consultant	Description	Start Date	End Date	Total Approved Project Fee (\$)	2022/23 Expenditure (\$)	Future Expenditure (\$)
Michael Watson	Governance advisory services	26/09/2022	07/02/2023	\$60,390	\$60,390	-
Enterprise 17 Pty Ltd	Review of food and beverage services	27/03/2023	28/06/2023	\$10,800	\$10,800	-

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

- Number: 1 (2021-22: 0)
- Total Amount: \$9,900 (2021-22: \$0)



# LEGISLATIVE & POLICY

## CONTINUED

### Major Contracts

The SSCT did not enter into any major contracts during 2022-23.

A 'major contract' is a contract entered into during the reporting period valued at \$10 million or more.

### Disclosure of Grants and Transfer Payments

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

Organisation	Agreement	Grant Type	Amount (\$)
Department of Jobs, Skills, Industry & Regions (DJSIR)	Operational Funding 2022/23	General	16,619,000
	2023 NBL Hub Funding	General	100,000
	<b>Total - Operational</b>		<b>16,719,000</b>
	State Basketball Centre Redevelopment 2022/23	Specific	68,595,000
	<b>Total - Specific</b>		<b>68,595,000</b>
	Capital Funding 2022/23	Capital	8,899,000
	<b>Total - Capital</b>		<b>8,899,000</b>
	<b>Total - Grants Received (DJSIR)</b>		<b>94,213,000</b>
Cladding Safety Victoria (CSV)	Operational Funding 2022/23	Specific	2,266,996
	<b>Total - Grants Received (CSV)</b>		<b>2,266,996</b>
Development Victoria (DV)	State Basketball Centre Furniture, Fixtures and Equipment	Specific	786,068
	<b>Total - Grants Received (DV)</b>		<b>786,068</b>
<b>Total</b>	<b>Total - All Grants Received</b>		<b>97,266,064</b>

During the year, the following grant payments were paid/payable:

Organisation	Agreement	Grant Type	Amount (\$)
	State Basketball Centre Redevelopment 2022/23	Specific	68,595,000
	<b>Total - Specific</b>		<b>68,595,000</b>
	<b>Total - Grants Paid (DV)</b>		<b>68,595,000</b>
<b>Total</b>	<b>Total - All Grants Paid</b>		<b>68,595,000</b>



## Government Advertising Expenditure

SSCT did not undertake any campaigns with a media spend of \$100,000 or greater during the year ended 30 June 2023.

## Details of Information and Communication Technology (ICT) Expenditure

Total ICT expenditure incurred during the year ended 30 June 2023 was:

Spend Type	Operational Expenditure	Capital Expenditure	Total
Business as Usual	870,892	-	870,892
Non-Business as Usual	-	453,648	453,648
<b>Total</b>	<b>870,892</b>	<b>453,648</b>	<b>1,324,540</b>

## Additional Information Available on Request

Relevant information detailed in Financial Reporting Direction 22 'Standard Disclosures in the Report of Operations' under the *Financial Management Act 1994* Section 3 is retained by SSCT's Accountable Officer and is available on request, subject to the *Freedom of Information Act 1982*.



© Development Victoria

# OUR ETHOS

## DEDICATED

### We are here to serve sport

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

## CURIOUS

### We are curious

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

## MOTIVATED

### Be our best

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

## TEAMWORK

### We succeed as a team

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

## POSITIVE

### We create our own future

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

# OUR PEOPLE

## Employment and Conduct Principles

The SSCT's policies and practices are consistent with the Victorian Public Sector Commission's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. The SSCT advises its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

SSCT is committed to applying merit and equity principles when appointing personnel. The selection processes aim to ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.

Employees have been correctly classified in workforce data collections.

## Occupational Health and Safety

The SSCT is committed to maintaining a safe and healthy environment for employees, contractors and visitors. The SSCT aims to eliminate risks to health and safety and, where elimination is not possible, seeks to reduce risks as far as reasonably practicable.

This is facilitated through the ongoing maintenance of a robust risk management framework and workplace health and safety policies, procedures and incident management systems, developed and implemented to comply with the requirements of the *Occupational Health and Safety Act 2004*, the Victorian Government Risk Management Framework and relevant OHS standards.

During the reporting period, the SSCT commenced a comprehensive review of its risk management framework and established new governance arrangements including a HSR committee that is accountable to the organisation's Venues Risk and Safety Committee.

The SSCT has revised its performance indicators for OHS reporting to better align with the requirements of Financial Reporting Direction 22. As a result, historical data is not available.

Number of reported hazards/incidents per 100 FTE		
2022-23	2021-22	2020-21
48.22	Not available	Not available

The nature of the SSCT's operations is reflected in the type and number of hazards and incidents reported. They include slips in aquatic areas and minor cuts and abrasions, often involving the setting up or use of sporting equipment. Disappointingly, almost a third of reported hazards and incidents were a result of our people experiencing anti-social or threatening behaviour from patrons. The SSCT has existing programs to train employees in safe handling procedures and dealing with occupational violence and aggression and will continue to focus on building employee capability in these areas.

Number of 'lost time' standard claims per 100 FTE		
2022-23	2021-22	2020-21
1.7	Not available	Not available

Average cost per claim		
2022-23	2021-22	2020-21
\$11,761	Not available	Not available

# OUR PEOPLE

## CONTINUED

### Workforce data

The following table discloses the head count and full-time equivalent (FTE) figures of all active employees of the SSCT, employed in the last full pay period in June of the current reporting period, and in the last full pay period in June of the previous reporting period (2022).

#### June 2022 Headcount

	All Employees	FTE	Ongoing FT	PT	FTE	Fixed Term and Casual	FTE	
<b>DEMOGRAPHICS</b>	<b>Gender</b>							
	Women	137	62.23	27	61	55.11	63	10.57
	Men	188	96.68	48	74	79.30	80	19.04
	Self-Described	0	0.00	0	0	0.00	0	0.00
	Prefer not to Respond	0	0.00	0	0	0.00	0	0.00
	<b>Age</b>							
	15-24	140	47.89	8	51	28.33	90	19.66
	25-34	94	53.99	30	46	48.88	28	5.76
	35-44	36	25.55	20	14	27.24	6	0.70
	45-54	31	20.57	11	13	19.58	8	1.91
	55-64	19	9.78	6	8	9.62	8	1.21
65+	5	1.12	0	3	0.76	3	0.37	
<b>CLASSIFICATIONS</b>	<b>EBA Group</b>							
	Level 1	53	17.77	3	23	11.73	27	6.04
	Level 2	26	12.12	4	9	7.75	13	4.37
	Level 3	93	20.30	2	12	6.31	79	13.99
	Level 3A	18	4.02	1	3	2.20	14	1.83
	Level 4	52	32.49	6	39	29.34	7	3.14
	Level 5	14	8.59	0	14	8.59	0	0.00
	Level 6	9	6.23	3	6	6.23	0	0.00
	Level 7	11	10.14	10	0	10.00	1	0.14
	<b>Management and Support</b>							
	Support Office and Administrative employees	16	14.65	12	4	14.65	0	0.00
	Manager	20	19.60	18	2	19.60	0	0.00
	Senior Managers	8	8.00	8	0	8.00	0	0.00
	Executive	4	4.00	4	0	4.00	0	0.00
CEO	1	1.00	1	0	1.00	0	0.00	

## June 2023 Headcount

All Employees	FTE	Ongoing FT	PT	FTE	Fixed Term and Casual	FTE
149	72.51	26	55	55.11	68	17.40
209	103.77	43	80	86.35	86	17.42
0	0.00	0	0	0.00	0	0.00
0	0.00	0	0	0.00	0	0.00
142	45.98	2	54	27.76	86	18.22
121	71.51	32	50	61.99	39	9.52
33	21.21	11	14	18.33	8	2.88
31	24.70	19	6	23.34	6	1.36
24	11.70	5	8	9.38	11	2.32
7	1.16	0	3	0.66	4	0.50
61	21.71	0	24	12.22	37	9.49
25	14.68	5	8	8.48	12	6.20
135	29.54	2	30	11.69	103	17.86
1	1.00	1	0	1.00	0	0.00
63	40.69	5	56	39.42	2	1.27
8	5.48	0	8	5.48	0	0.00
4	3.60	2	2	3.60	0	0.00
12	12.55	12	0	12.55	0	0.00
19	18.13	16	3	18.13	0	0.00
14	13.20	12	2	13.20	0	0.00
11	10.70	9	2	10.70	0	0.00
4	4.00	4	0	4.00	0	0.00
1	1.00	1	0	1.00	0	0.00

EBA Group refers to operational employees covered by the State Sport Centres Trust Enterprise Agreement and the classifications used in that agreement.

Management and support personnel are grouped as follows:

- Support office and administrative employees (includes advisors and business partners across a range of corporate disciplines)
- Managers (employees responsible for operational and corporate functions; they oversee day-to-day work, coordinate processes and people)
- Senior Managers (senior employees responsible for managing a venue or for managing one or more functions or departments within a venue; they engage in both strategic and operational aspects of management, including resourcing, employment, budget and assets)
- Executives (General managers responsible for multiple departments or business units)
- CEO (our highest ranked leader in the organisation)

# OUR ENVIRONMENTAL PERFORMANCE

## Context

The Trust is committed to environmental sustainability in all its operations.

The Trust completed a Net Zero Emissions Pathway Strategy review in 2020-21. Investment initiatives to help achieve the objectives of the strategy are included in SSCT's capital plan and environmental sustainability is a key consideration in all construction and maintenance projects.



The Trust continues to work on establishing and maintaining procedures to conform with AS/NZS ISO 14001:2016 including:

- identifying the environmental aspects of its activities and operations
- defining and documenting roles and responsibilities to facilitate effective environmental management and address instances of non-conformance
- monitoring and measuring the key operations and activities that can have a significant impact on the environment.

Following the revisions to *Financial Reporting Direction 24 - Reporting of environmental data by government entities*, this is the first time that the Trust's environmental performance is being reported in detail in the annual report. Over time, the Trust

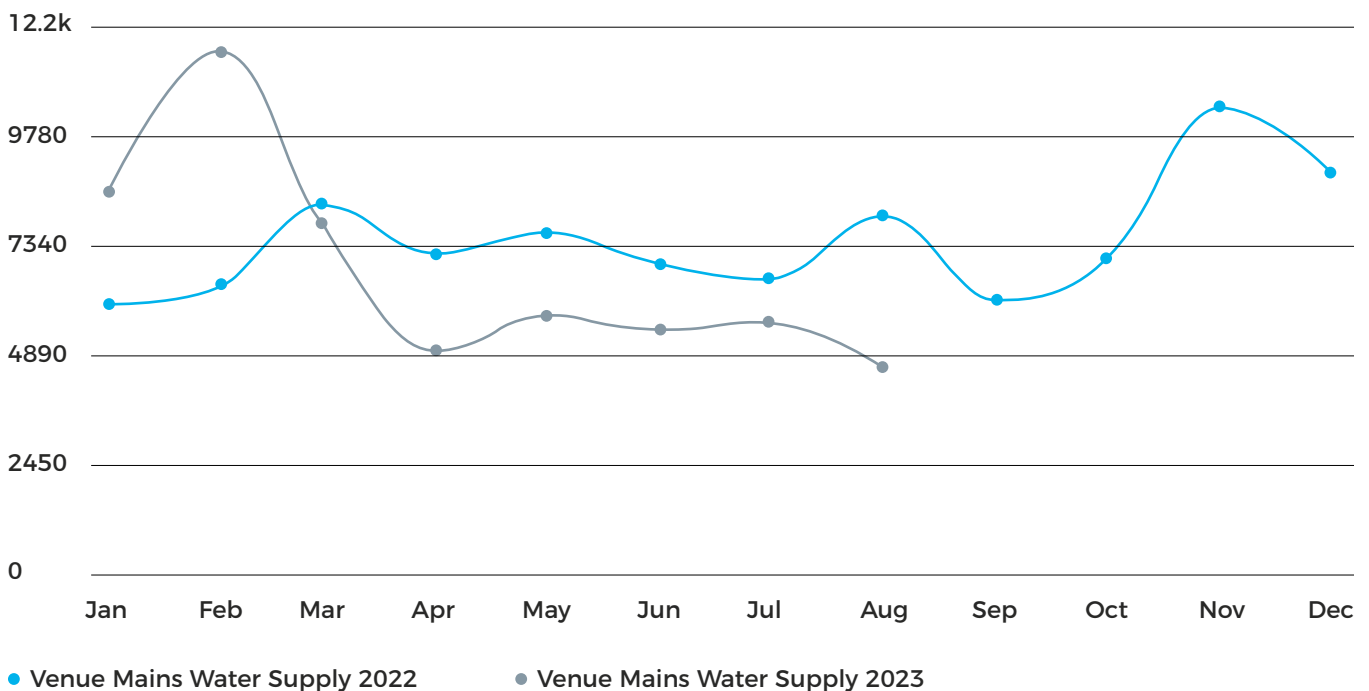
aims to expand the scope of its environmental performance reporting to include non-mandatory measures and to improve its environmental performance.

By way of example, the Trust is defined as a Tier 3b entity and is not currently required to report on its water consumption. Nevertheless, the Trust has recently improved its monitoring of water usage, and this has allowed the organisation to improve its water efficiency by more quickly identifying and rectifying leaks, adjusting irrigation schedules and investigating and addressing instances of unexpectedly high water usage.

A comparison of water consumption at the Melbourne Sports and Aquatic Centre in 2022 and 2023 is shown in the table below. The Trust will continue to develop its reporting capability against these non-mandatory indicators in the coming years.

### Monthly Values 2022/2023

Total: 143,491.9 KL - Difference: 34,944.30 KL



# OUR ENVIRONMENTAL PERFORMANCE

## CONTINUED

### Reporting boundary

All the current operations and activities of the Trust are included within the organisational boundary for this reporting period, with data segmented against the three major venues currently managed by the Trust:

- Melbourne Sports and Aquatic Centre, Albert Park (includes Sports House)
- Lakeside Stadium, Albert Park
- State Netball and Hockey Centre, Parkville

As noted elsewhere in this report, in September 2022 the *State Sport Centres Act 1994* was amended to give the Trust responsibility for the management and operation of the Knox Regional Sports Park. Development Victoria has continued to lead construction works at the site throughout the reporting period and the venue is not included in this environmental performance report unless otherwise indicated.

### Greenhouse gas emissions

The Trust reports its greenhouse gas emissions broken down into emission 'scopes' consistent with national and international reporting standards. Scope 1 emissions are from sources that the Trust owns or controls, such as burning fossil fuels in its vehicles or machinery. Scope 2 emissions are indirect emissions from the Trust's use of electricity from the grid, which still uses coal and gas-fired power generation.

Scope 3 emissions are indirect emissions from sources the Trust does not control but does influence (such as commercial air travel and waste disposal). As a Tier 3b entity, the Trust is not currently required to report on scope 3 emissions but may seek to expand its reporting to include scope 3 emissions in future years.

Indicator G1	2022-23
Total Scope 1 greenhouse gas emissions (Tonnes CO <sub>2</sub> -e)	4,774.68

Indicator G2	2022-23
Total Scope 2 greenhouse gas emissions (Tonnes CO <sub>2</sub> -e)	8,923.07

### Electricity production and consumption

The Trust continues to implement a range of energy efficiency policies across its sites to reduce electricity use. These measures include:

- installing energy efficient lighting as assets are replaced
- minimising operational time of electrical equipment and infrastructure through improved planning and scheduling
- encouraging employees to switch off lights and electrical equipment when not in use
- introducing new monitoring software that supports the rapid identification and rectification of anomalous power usage, leading to reduced power use and financial savings.

All self-generated electricity is consumed behind-the-meter.

The Trust maintains gas-powered cogeneration capacity at the Melbourne Sports and Aquatic Centre to reduce electricity costs and provide thermal heating to pools and air handling units.

Solar generated electricity is currently in use at the State Netball and Hockey Centre and the Melbourne Sports and Aquatic Centre. The Trust has identified that there is further scope to expand the use of solar generated electricity, particularly at the Melbourne Sports and Aquatic Centre, and that the return on investment would be realised quickly.

Consideration will also be given to offsetting electricity use through the purchase of certified carbon neutral electricity. The Trust's ability to implement such measures is subject to resourcing.



<b>Indicator EL1</b>	<b>2022-23</b>
<b>Total electricity consumption (MWh)</b>	<b>13518.0</b>
<b>Purchased Electricity - Consolidated</b>	<b>10497.7</b>
Melbourne Sports and Aquatic Centre	7571.9
State Netball and Hockey Centre	2257.6
Lakeside Stadium	668.2
<b>Self-generated (MWh)</b>	<b>3020.3</b>
Melbourne Sports and Aquatic Centre	2903.9
State Netball and Hockey Centre	116.4
<b>Indicator EL2</b>	<b>2022-23</b>
<b>On-site electricity generated (MWh)</b>	<b>3020.3</b>
<b>Solar PV</b>	<b>219.2</b>
Melbourne Sports and Aquatic Centre	102.8
State Netball and Hockey Centre	116.4
Cogeneration	2801.0
Melbourne Sports and Aquatic Centre	2801.0
<b>Indicator EL3</b>	<b>2022-23</b>
<b>On-site installed generation capacity (MW)</b>	<b>6,400.547</b>
<b>Solar PV</b>	<b>219.194</b>
<b>Cogeneration</b>	<b>6181.353</b>
<b>Indicator EL4</b>	<b>2022-23</b>
<b>Total electricity offsets (MWh)</b>	<b>-</b>

## Stationary fuel use

Sources of emissions from stationary fuel include natural gas used in heating, cooking and cogeneration, and petrol used in machinery and plant vehicles (including a motorised buggy, boom lift, mowers, chainsaws, etc). The Trust is currently exploring options to reduce its reliance on natural gas in the longer term.

<b>Indicator F1</b>	<b>2022-23</b>
<b>Total Fuels used in buildings and machinery (MJ)</b>	<b>85,794,734</b>
<b>Buildings (natural gas)</b>	<b>85,770,947</b>
Melbourne Sports and Aquatic Centre	82,998,000
State Netball and Hockey Centre	1,320,111
Lakeside Stadium	1,452,836
<b>Machinery (petrol)</b>	<b>23,787</b>
<b>Indicator F2</b>	<b>2022-23</b>
<b>Greenhouse gas emissions from stationary fuel consumption (Tonnes CO<sub>2</sub>-e)</b>	<b>4,764.88</b>
Natural gas	4,762.86
Petrol	2.02

# OUR ENVIRONMENTAL PERFORMANCE

## CONTINUED

### Transportation

The Trust maintains a small fleet of two diesel-powered goods vehicles essential to the maintenance and operation of the venues managed. The Trust will explore the use of more fuel-efficient and lower-emission vehicles when current fleet vehicles are next in need of replacement.

The Trust maintains two petrol-powered plant (non-road) vehicles for use within venues, a motorised buggy and a boom lift. Petrol is also used to power several items of equipment used for maintenance including mowers, chainsaws, etc. Petrol consumption for all such items is captured under Stationary Fuel Use above.

Indicator T1	2022-23
<b>Total energy used in transportation (MJ)</b>	<b>111,593</b>
Road Vehicles	111,593
Passenger vehicles	-
Goods vehicles	111,593
Petrol	-
Diesel	111,593
Electric/ Hybrid (MWh)	-

Indicator T2	2022-23
<b>Number and proportion of vehicles</b>	<b>2</b>
Road Vehicles	2
Passenger vehicles	-
Goods vehicles	2
Petrol	-
Diesel/ Biodiesel	2
Electric/ Hybrid	-

Indicator T3	2022-23
<b>Greenhouse gas emissions from vehicle fleet (Tonnes CO<sub>2</sub>-e)</b>	<b>9.8</b>
Road Vehicles	9.8
Passenger vehicles	-
Goods vehicles	9.8
Petrol	-
Diesel	9.8
Electric/ Hybrid	-



© Athletics Australia

## Total energy use

The Trust manages large facilities that often include energy-intensive and/or energy-inefficient components such as swimming pools and stadiums. Energy is also used to manage, maintain and light large outdoor spaces. For indicator E4 the Trust has therefore opted to report on energy use normalised by area managed.

The Trust currently manages facilities spanning 195,883m<sup>2</sup> including:

- Melbourne Sports and Aquatic Centre (including Sports House): 67,716m<sup>2</sup>
- Lakeside Stadium: 47,230m<sup>2</sup>
- State Netball and Hockey Centre: 80,937m<sup>2</sup>

Indicator E1	2022-23
Total energy usage from fuels (stationary and transportation) (MJ)	85,906,327
Indicator E2	2022-23
Total energy used from electricity (MJ)	48,664,800
Indicator E3	2022-23
Total energy used segmented into renewable and non-renewable sources (MJ)	134,571,127
Renewable	789,094.8
Non-renewable	133,782,032.2
Indicator E4	2022-23
Units of energy used normalised by area managed (m <sup>2</sup> )	687

## Sustainable buildings and infrastructure

### Indicators B1 and B2

The condition and age of the Trust's built assets varies considerably.

The Melbourne Sports and Aquatic Centre was built over 25 years ago and environmental sustainability was not the dominant consideration in its design. Sports House is located in a former brick schoolhouse that has been repurposed as office space.

Lakeside Stadium consists of several buildings of varying age and classes, some of them of harking back to the venue's former use as the home ground of the South Melbourne Football Club (Australian Rules).

By comparison, environmental sustainability has been a key consideration in the recent expansion and redevelopment of the State Netball and Hockey Centre and the current works at the Knox Regional Sports Park.

The Trust does not lease any office buildings or other premises.

### Indicators B3 and B4

None of the Trust's current assets have received a NABERS Energy rating.

The energy rating and environmental performance of the Knox Regional Sports Park will be assessed following completion of the redevelopment works currently underway.

## Sustainable procurement

The Trust considers sustainable procurement objectives through its implementation of the Social Procurement Framework, which establishes requirements that apply to Victorian Government departments and agencies when they procure goods, services and construction. More details of the Trust's implementation of the Social Procurement Framework are contained in the relevant section of the annual report.

# DISCLOSURE INDEX

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

LEGISLATION	REQUIREMENT	PAGE REFERENCE
<b>Ministerial Directions &amp; Financial Reporting Directions</b>		
<b>Report of operations</b>		
<i>Charter and purpose</i>		
FRD 22	Manner of establishment and the relevant Ministers	5
FRD 22	Purpose, functions, powers and duties	5
FRD 22	Nature and range of services provided	5
<i>Management and structure</i>		
FRD 21	Executive officers	11
FRD 22	Organisational structure	12
<i>Financial and other information</i>		
FRD 10	Disclosure index	42
FRD 12	Major contracts	30
FRD 22	Employment and conduct principles	33
FRD 22	Occupational health and safety	33
FRD 22	Summary of financial results for the year	22
FRD 22	Significant changes in financial position during the year	22
FRD 22	Major changes or factors affecting performance	22
FRD 22	Subsequent events	93
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	27
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	27
FRD 22	Statement on National Competition Policy	27
FRD 22	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	28
FRD 22	Details of consultancies over \$10,000	29
FRD 22	Details of consultancies under \$10,000	29
FRD 22	Disclosure of government advertising expenditure	31
FRD 22	Disclosure of ICT expenditure	31
FRD 22	Statement of availability of other information	31
FRD 22	Workforce data	34
FRD 24	Environmental reporting	36
FRD 25	Local Jobs First	27
<i>Compliance attestation and declaration</i>		
SD 5.1.4	Attestation of compliance with Standing Directions under the <i>Financial Management Act 1994</i>	13
SD 5.2.3	Declaration in report of operations	13



# FINANCIALS



<b>DECLARATION</b>	<b>46</b>
<b>COMPREHENSIVE OPERATING STATEMENT</b>	<b>50</b>
<b>BALANCE SHEET</b>	<b>51</b>
<b>CASH FLOW STATEMENT</b>	<b>52</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>53</b>
<b>1. ABOUT THIS REPORT</b>	<b>54</b>
<b>2. OUR REVENUE AND INCOME STREAMS</b>	<b>55</b>
2.1 SALE OF GOODS AND SERVICES	55
2.2 GRANTS	56
2.3 INTEREST	57
<b>3. OUR COSTS OF DELIVERING GOODS AND SERVICES</b>	<b>57</b>
3.1 EMPLOYEE BENEFIT EXPENSES	57
3.2 GRANT EXPENSES	57
3.3 OTHER OPERATING EXPENSES	58
<b>4. OUR KEY ASSETS</b>	<b>59</b>
4.1 PROPERTY, PLANT AND EQUIPMENT	59
4.2 CAPITAL EXPENDITURE COMMITMENTS	63
<b>5. OUR CASH FLOW AND WORKING CAPITAL</b>	<b>64</b>
5.1 CASH FLOW INFORMATION AND BALANCES	64
5.2 RECEIVABLES	65
5.3 PAYABLES	66
5.4 INVENTORIES	68
5.5 OTHER NON-FINANCIAL ASSETS	68
5.6 BORROWINGS	68
5.7 LEASES	69
<b>6. OUR PEOPLE</b>	<b>72</b>
6.1 EMPLOYEE BENEFITS ON THE BALANCE SHEET	72
6.2 SUPERANNUATION CONTRIBUTIONS	74
6.3 RESPONSIBLE PERSONS	74
6.4 REMUNERATION OF EXECUTIVES	75
6.5 RELATED PARTIES	76
<b>7. OUR RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS</b>	<b>77</b>
7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES	77
7.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES	88
7.3 FAIR VALUE DETERMINATION	88
<b>8. OTHER DISCLOSURES</b>	<b>93</b>
8.1 REMUNERATION OF AUDITORS	93
8.2 SUBSEQUENT EVENTS	93
8.3 OTHER ACCOUNTING POLICIES	93
8.4 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE	94

# DECLARATION

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and the financial position of the Trust at 30 June 2023.

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

We authorise the attached financial statements for issue on 02 October 2023.



**Jeff Floyd**

Audit & Risk Committee Chair  
*Responsible Body*

State Sport Centres Trust  
Melbourne  
02 October 2023



**Kate Roffey**

Chief Executive Officer  
*Accountable Officer*

State Sport Centres Trust  
Melbourne  
02 October 2023



**Julie Struthers**

GM People and Finance  
*Chief Finance & Accounting Officer*

State Sport Centres Trust  
Melbourne  
02 October 2023



## Independent Auditor's Report

### To the Members of the State Sport Centres Trust

<b>Opinion</b>	<p>I have audited the financial report of State Sport Centres Trust (the trust) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2023</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• declaration in the financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the trust as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <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>
<b>Other information</b>	<p>The Members of the trust are responsible for the other information, which comprises the information in the trust's annual report for the year ended 30 June 2023, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion on the other information. However, in connection with my audit of the financial report, my responsibility is to read the other information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the other information, I am required to report that fact. I have nothing to report in this regard.</p>

---

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

In preparing the financial report, the Members are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

---

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

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

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

---

**Auditor's  
responsibilities  
for the audit  
of the financial  
report  
(continued)**

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with the Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- 

MELBOURNE  
2 October 2023



Simone Bohan  
*as delegate for the Auditor-General of Victoria*

# ANNUAL FINANCIAL STATEMENTS

## Comprehensive Operating Statement For the financial year ended 30 June 2023

	NOTES	2023 \$ '000	2022 \$ '000
<b>INCOME AND REVENUE FROM TRANSACTIONS</b>			
<i>Revenue from contracts with customers</i>			
Sale of goods and services	2.1	19,652	10,183
General purpose grants	2.2	19,572	13,863
<b>Total revenue from transactions</b>		<b>39,224</b>	<b>24,046</b>
<i>Income</i>			
Interest		1,109	17
Assets gifted by Government	2.2.1	56,870	-
Specific purpose grants	2.2	100	200
<b>Total income from transactions</b>		<b>58,079</b>	<b>217</b>
<b>Total revenue and income from transactions</b>		<b>97,303</b>	<b>24,263</b>
<b>EXPENSES FROM TRANSACTIONS</b>			
Employee expenses	3.1	16,419	12,233
Depreciation	4.1.2	16,198	17,157
Grant expenses	3.2	120	190
Interest expense		1	-
Other operating expenses	3.3	17,010	13,197
<b>Total expenses from transactions</b>		<b>49,748</b>	<b>42,777</b>
<b>Net result from transactions (net operating balance)</b>		<b>47,555</b>	<b>(18,514)</b>
<b>OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</b>			
Impairment of loans and receivables		(8)	(1)
<b>Total other economic flows included in net result</b>		<b>(8)</b>	<b>(1)</b>
<b>Net result</b>		<b>47,547</b>	<b>(18,515)</b>
<b>OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME</b>			
Changes in physical asset revaluation surplus	4.1.1	-	-
<b>Total other economic flows - other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Comprehensive result</b>		<b>47,547</b>	<b>(18,515)</b>

The accompanying notes form part of these financial statements.

## Balance Sheet As at 30 June 2023

	NOTES	2023 \$ '000	2022 \$ '000
<b>ASSETS</b>			
<i>Financial assets</i>			
Cash	5.1	28,047	20,992
Receivables	5.2	1,421	2,195
<b>Total financial assets</b>		<b>29,468</b>	<b>23,187</b>
<i>Non-financial assets</i>			
Inventories	5.4	122	88
Property, plant and equipment	4.1	837,965	718,829
Other non-financial assets	5.5	124	475
<b>Total non-financial assets</b>		<b>838,211</b>	<b>719,392</b>
<b>Total assets</b>		<b>867,679</b>	<b>742,579</b>
<b>LIABILITIES</b>			
Payables	5.3	5,141	4,253
Borrowings	5.6	42	51
Employee benefits in the balance sheet	6.1	962	978
<b>Total liabilities</b>		<b>6,145</b>	<b>5,282</b>
<b>Net assets</b>		<b>861,534</b>	<b>737,297</b>
<b>EQUITY</b>			
Accumulated deficit		(122,084)	(169,631)
Physical asset revaluation surplus		456,617	456,617
Contributed capital		527,001	450,311
<b>Total equity</b>		<b>861,534</b>	<b>737,297</b>

The accompanying notes form part of these financial statements.

# ANNUAL FINANCIAL STATEMENTS

## Cash Flow Statement For the financial year ended 30 June 2023

	NOTES	2023 \$ '000	2022 \$ '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		20,332	8,303
Receipts from government		19,672	14,063
Net receipt of goods and services tax		116	611
Interest received		1,109	17
<b>Total receipts</b>		<b>41,229</b>	<b>22,995</b>
<b>PAYMENTS</b>			
Payments to suppliers and employees		(32,279)	(24,967)
Payments of grant expenses		(120)	(190)
Net payments of goods and services tax		-	-
Interest paid		(1)	1
<b>Total payments</b>		<b>(32,400)</b>	<b>(25,157)</b>
<b>Net cash flows from / (used in) operating activities</b>	<b>5.1.1</b>	<b>8,829</b>	<b>(2,162)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of non-financial assets		(9,869)	(4,554)
Purchases of non-financial assets – SBC Redevelopment		(68,595)	(45,700)
<b>Net cash flows used in investing activities</b>		<b>(78,464)</b>	<b>(50,254)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of principal portion of lease liabilities		-	(9)
Repayment of borrowings		-	(291)
Owner contributions by Victorian Government – appropriation for capital expenditure purposes		76,690	51,950
<b>Net cash flows from financing activities</b>		<b>76,690</b>	<b>51,650</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7,055</b>	<b>(766)</b>
Cash and cash equivalents at the beginning of the financial year		20,992	21,759
<b>Cash and cash equivalents at end of financial year</b>	<b>5.1</b>	<b>28,047</b>	<b>20,992</b>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity For the financial year ended 30 June 2023

	NOTES	PHYSICAL ASSET REVALUATION SURPLUS \$ '000	ACCUMULATED SURPLUS \$ '000	CONTRIBUTED CAPITAL \$ '000	TOTAL \$ '000
<b>Balance at 1 July 2021</b>		<b>456,617</b>	<b>(151,116)</b>	<b>398,361</b>	<b>703,862</b>
Net result for the year		-	(18,515)	-	(18,515)
Other comprehensive income for the year	4.1.1	-	-	-	-
Capital appropriations		-	-	51,950	51,950
<b>Balance at 30 June 2022</b>		<b>456,617</b>	<b>(169,631)</b>	<b>450,311</b>	<b>737,297</b>
Net result for the year		-	47,547	-	47,547
Other comprehensive income for the year	4.1.1	-	-	-	-
Capital appropriations		-	-	76,690	76,690
<b>Balance at 30 June 2023</b>		<b>456,617</b>	<b>(122,084)</b>	<b>527,001</b>	<b>861,534</b>

The accompanying notes form part of these financial statements.

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### 1. About this report

The State Sport Centres Trust (the Trust) is a government agency of the State of Victoria, established by the *State Sport Centres Act 1994*.

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

Its principal address is:  
State Sport Centres Trust  
Sports House  
375 Albert Road  
Albert Park VIC 3206

#### Basis of preparation

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

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

Consistent with the requirements of *AASB 1004 Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Trust.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements and assumptions made by management in applying Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

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

The *State Sport Centres Act 1994* was amended in September 2022 to remove the requirement of the Trust to present disaggregated financial statements and disclosures for each the venues that it manages. The current and prior year disclosures have been presented on a consolidated basis.

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

#### Going Concern

Consistent with the requirements of *AASB 101 Presentation of Financial Statements* the financial statements have been prepared on a Going Concern basis.

The Trust is, and remains, wholly dependent on the continued support of the government to provide funding to support its operations.

However, on the basis of current funding committed by the Victorian Government, at the present time there is material uncertainty regarding the State Sport Centre Trust's future financial position.

The Minister for Tourism, Sport and Major Events has confirmed that the Victorian Government will continue to support the Trust to maintain services and improve the sustainability of operations and that confirmation serves to mitigate the material uncertainty and supports the preparation of these statements on a going concern basis.

The Department of Jobs, Skills, Industry and Regions (DJSIR), Sport and Recreation Victoria (SRV), and the Department of Treasury and Finance (DTF) are working closely with the Trust to monitor cash flows on a regular basis.

The Trust is also committed to working with the Victorian Government to identify and explore options for improving the Trust's financial sustainability.



## Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AASs) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

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

## 2. Our revenue and income streams

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

### 2.1 Sale of goods and services

	2023 \$ '000	2022 \$ '000
Sale of goods	3,758	1,513
Rendering of services	14,675	7,938
Rental income	1,219	732
<b>Total sales of goods and services</b>	<b>19,652</b>	<b>10,183</b>

The sale of goods and services included in the table above are transactions that the Trust has determined to be classified as revenue from contracts with customers in accordance with *AASB 15*.

## Performance obligations and revenue recognition policies

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

Revenue from the sale of goods is recognised when the goods are provided and have been accepted by the customer.

Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

For services rendered, where customers simultaneously receive and consume the services as it is provided, revenue is recognised progressively as contract assets until the customer is subsequently invoiced in accordance with the terms of the service agreement. For other customers that are only able to consume the services when they have been completed, revenue is only recognised upon completion and delivery of the services.

## Rental income

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

Operating leases relate to office and retail spaces within the Trust's venues with lease terms between 1 and 35 years, some leases with options to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. The risks associated with rights that the Trust retains in underlying assets are not considered to be significant, the Trust employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Trust when a property has been subject to excess wear and tear during the lease term.

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### 2.1.1 Operating leases as lessor

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

	2023 \$ '000	2022 \$ '000
Receivable not later than one year	715	435
Later than one year but not later than five years	2,375	1,125
Later than five years	1,404	1,404
<b>Total operating leases as lessor</b>	<b>4,494</b>	<b>2,964</b>
Number of tenants	34	33
Years remaining on leases	1 - 35 years	1 - 35 years

### 2.2 Grants

	2023 \$ '000	2022 \$ '000
<b>Revenue</b>		
General purpose grants	19,572	13,863
<b>Income</b>		
Specific purpose grants for on-passing	100	200
<b>Total grants</b>	<b>19,672</b>	<b>14,063</b>

#### 2.2.1 Assets gifted by Government

	2023 \$ '000	2022 \$ '000
Assets gifted by Government	56,870	-
<b>Total assets gifted by Government</b>	<b>56,870</b>	<b>-</b>

The Trust has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15.

General purposes grants are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers. These grants relate to the provision of operating funding.

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

Income received for specific purpose grants for on-passing is recognised simultaneously as the funds are immediately on passed to the relevant recipient entities on behalf of the Victorian Government.

In September 2022, the *State Sport Centres Act 1994* was amended to, amongst other matters, make the Trust responsible for the management of the Knox Regional Sports Park. This resulted in the gifting of the existing land and buildings from Knox City Council to the State Sport Centres Trust. This information is detailed in *Note 4.1 Property, plant and equipment*.

## 2.3 Interest

	2023 \$ '000	2022 \$ '000
Interest on bank deposits	1,109	17
<b>Total interest</b>	<b>1,109</b>	<b>17</b>

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

## 3. Our costs of delivering goods and services

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

### 3.1 Employee benefit expenses

	2023 \$ '000	2022 \$ '000
Salaries and wages, annual leave and long service leave	13,719	10,380
Defined contribution superannuation expense	1,392	959
Other employee expenses	1,308	894
<b>Total employee expenses</b>	<b>16,419</b>	<b>12,233</b>

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

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

### 3.2 Grant expenses

	2023 \$ '000	2022 \$ '000
Specific purpose grants for on-passing	-	-
Payments for specific purpose	120	190
<b>Total grant expenses</b>	<b>120</b>	<b>190</b>

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

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

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### 3.3 Other operating expenses

	2023 \$ '000	2022 \$ '000
Cleaning and chemicals	2,807	2,304
Car parking	536	594
Utilities	2,929	2,642
Cost of goods sold	1,686	745
Maintenance	3,475	2,300
Information and communications technology	871	945
Insurance expenses	475	436
Sport rebates	522	584
Security	391	305
Other operating supplies	3,318	2,341
<b>Total other operating expenses</b>	<b>17,010</b>	<b>13,196</b>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Cost of goods sold: When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related income is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write down or loss occurs.

## 4. Our key assets

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

### Significant judgement: Fair value measurement

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

### 4.1 Property, plant and equipment

	2023 \$ '000	2022 \$ '000
<b>LAND AT FAIR VALUE</b>		
Gross carrying amount	386,740	361,400
<b>Net carrying amount</b>	<b>386,740</b>	<b>361,400</b>
<b>BUILDINGS AT FAIR VALUE</b>		
Gross carrying amount	345,083	316,011
Accumulated depreciation	(58,281)	(54,351)
<b>Net carrying amount</b>	<b>286,802</b>	<b>261,660</b>
<b>PLANT AND EQUIPMENT AT FAIR VALUE</b>		
Gross carrying amount	37,148	39,496
Accumulated depreciation	(23,593)	(21,931)
<b>Net carrying amount</b>	<b>13,555</b>	<b>17,565</b>
<b>LEASEHOLD IMPROVEMENTS AT FAIR VALUE</b>		
Gross carrying amount	54,772	47,913
Accumulated depreciation	(34,387)	(29,830)
<b>Net carrying amount</b>	<b>20,385</b>	<b>18,083</b>
<b>ASSETS UNDER CONSTRUCTION AT COST</b>		
Gross carrying amount	130,483	60,121
<b>Net carrying amount</b>	<b>130,483</b>	<b>60,121</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>		
Gross carrying amount	954,226	824,942
Accumulated depreciation	(116,261)	(106,113)
<b>Net carrying amount</b>	<b>837,965</b>	<b>718,829</b>

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

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### 4.1(a) total right-of-use assets: plant and equipment

The following table is a subset of plant and equipment by right-of-use assets.

	2023 \$ '000	2022 \$ '000
<b>PLANT AND EQUIPMENT AT FAIR VALUE</b>		
Gross carrying amount	96	96
Accumulated depreciation	(81)	(72)
<b>Net carrying amount</b>	<b>15</b>	<b>24</b>

#### Initial recognition

Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

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

#### Right-of-use asset acquired by lessees – Initial measurement

The Trust recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received, plus
- any initial direct costs incurred.

#### Subsequent measurement

Property, plant and equipment (PPE) are subsequently measured at fair value less accumulated depreciation and impairment.

Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised below by asset category.

#### Right-of-use asset – Subsequent measurement

The Trust depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

#### Specialised land and specialised buildings:

The market approach is used for specialised land, although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued. The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants.

This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the majority of the Trust's specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of the State Basketball Centre's specialised land and specialised buildings was performed by the Valuer-General Victoria (VGV) during the 2023 financial year. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 1 July 2022. The CSO allowance for the valuation as at 1 July 2022 was 75%.

### **Plant and equipment and leasehold improvements:**

Plant and equipment and leasehold improvements are held at fair value. When the asset is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method. There were no changes in valuation techniques throughout the period to 30 June 2023. For all assets measured at fair value, the current use is considered the highest and best use.

### **Revaluations of property, plant and equipment**

Non-financial physical assets are revalued at fair value every five years in accordance with the Government purpose classifications defined in Financial Reporting Direction 103 Non-Financial Physical Assets (FRD 103).

The Valuer-General Victoria (VGV) is the Government's independent valuation agency and is used by the Trust to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors under the direction of the VGV.

Revaluations may occur more frequently if fair value assessments indicate material changes in values. In such instances, interim managerial revaluations are undertaken in accordance with the requirements of FRD 103.

The Trust in conjunction with VGV, monitors changes in the fair value of each asset class through relevant data sources, in order to determine whether a revaluation is required.

Refer to Note 7.3 Fair value determination for further information on the revaluation methods used for the asset classes.

### **Accounting for revaluation movements**

Revaluation increases or decreases arise from differences between an asset's carrying value and its fair value.

Revaluation increases and decreases relating to individual assets in a class of PPE, are offset against other assets in that class but are not offset against assets in different classes. An asset revaluation surplus is not transferred to accumulated funds on the de-recognition of the related asset.

Revaluation increments are credited directly to the Physical asset revaluation surplus, except to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense, in which case the increment is recognised immediately as revenue.

Revaluation decrements are recognised immediately as an expense, except to the extent that a credit balance exists in the asset revaluation reserve applicable to the same class of assets, in which case the decrement is debited directly to the asset revaluation reserve.

### **Impairment of property, plant and equipment**

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

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

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

	LAND AT FAIR VALUE \$ '000	BUILDINGS AT FAIR VALUE \$ '000	PLANT AND EQUIPMENT AT FAIR VALUE \$ '000	LEASEHOLD IMPROVEMENTS AT FAIR VALUE \$ '000	ASSETS UNDER CONSTRUCTION AT COST \$ '000	TOTAL \$ '000
<b>Balance at 30 June 2021</b>	<b>361,400</b>	<b>221,537</b>	<b>9,866</b>	<b>18,917</b>	<b>73,996</b>	<b>685,716</b>
Additions	-	-	437	474	49,362	50,272
Disposals	-	-	-	-	-	-
Transfers in / out of assets under construction	-	51,002	10,620	1,615	(63,238)	-
Revaluation of PPE recognised in other economic flows - other comprehensive income <sup>(a)</sup>	-	-	-	-	-	-
Revaluation of PPE recognised in other economic flows included in net result <sup>(a)</sup>	-	-	-	-	-	-
Depreciation	-	(10,879)	(3,358)	(2,923)	-	(17,157)
<b>Balance at 30 June 2022</b>	<b>361,400</b>	<b>261,660</b>	<b>17,565</b>	<b>18,083</b>	<b>60,121</b>	<b>718,829</b>
Additions	25,340	31,152	-	-	78,842	135,334
Disposals	-	-	-	-	-	-
Transfers in / out of assets under construction	-	2,243	(978)	7,215	(8,480)	-
Depreciation	-	(8,253)	(3,032)	(4,913)	-	(16,198)
<b>Balance at 30 June 2023</b>	<b>386,740</b>	<b>286,802</b>	<b>13,555</b>	<b>20,385</b>	<b>130,483</b>	<b>837,965</b>

Notes: (a) The fair value of Land and Buildings were independently reassessed by the Valuer-General Victoria and Marsh Valuations respectively based on a full revaluation performed as at 30 June 2021.

(b) Assets under construction at cost includes funding paid for the redevelopment of the State Basketball Centre within the Knox Regional Sports Park and Assets Gifted by Government as outlined in note 2.2.1 Assets gifted by Government.

### 4.1.2 Depreciation and impairment

	2023 \$ '000	2022 \$ '000
Buildings	8,253	10,878
Plant and equipment	3,032	3,356
Leasehold improvements	4,913	2,923
<b>Total depreciation</b>	<b>16,198</b>	<b>17,157</b>

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



Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

ASSET	USEFUL LIFE
Buildings	15 - 60 years
Plant and equipment	5 - 40 years
Office furniture	5 - 15 years
Computer equipment	3 - 5 years
Gym equipment	5 - 10 years
Other equipment	2 - 40 years
Leasehold improvements	5 - 40 years

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

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

In the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced (unless a specific decision to the contrary has been made).

#### 4.2 Capital expenditure commitments

	2023 \$ '000	2022 \$ '000
Not later than one year	4,604	3,918
<b>Total capital expenditure commitments</b>	<b>4,604</b>	<b>3,918</b>

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

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### 5. Our cash flow and working capital

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

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

#### 5.1 Cash flow information and balances

	2023 \$ '000	2022 \$ '000
Cash at bank	28,047	20,992
<b>Total cash and cash equivalents</b>	<b>28,047</b>	<b>20,992</b>

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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

	2023 \$ '000	2022 \$ '000
<b>Net result for the period</b>	<b>47,547</b>	<b>(18,515)</b>
<b>NON-CASH MOVEMENTS</b>		
Depreciation of property, plant and equipment	16,198	17,157
Other non cash movements	(56,870)	-
<b>MOVEMENTS IN ASSETS AND LIABILITIES</b>		
(Increase) / decrease in receivables	774	(1,639)
(Increase) / decrease in inventories	(34)	85
(Increase) / decrease in other assets	(90)	(365)
Increase / (decrease) in payables	1,320	1,135
Increase / (decrease) in provisions	(16)	(20)
<b>Net cash flows from operating activities</b>	<b>8,829</b>	<b>(2,162)</b>

## 5.2 Receivables

	2023 \$ '000	2022 \$ '000
<b>CONTRACTUAL</b>		
Trade debtors	1,288	1,910
Accrued income	174	210
<b>STATUTORY</b>		
GST input tax credit recoverable	(41)	75
<b>Total receivables</b>	<b>1,421</b>	<b>2,195</b>
<b>REPRESENTED BY</b>		
<i>Current receivables</i>	1,421	2,195
<i>Non-current receivables</i>	-	-

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The Trust holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The Trust applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### 5.3 Payables

	2023 \$ '000	2022 \$ '000
<b>CONTRACTUAL</b>		
Trade creditors	1,107	808
Accrued expenses	3,517	2,979
Unearned income	517	495
<b>STATUTORY</b>		
GST receivable	-	(29)
FBT payable	-	-
Other taxes payable	-	-
<b>Total payables</b>	<b>5,141</b>	<b>4,253</b>
<b>REPRESENTED BY</b>		
<i>Current payables</i>	5,141	4,253
<i>Non-current payables</i>	-	-

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid, and
- statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

## Contract liabilities

	2023 \$ '000	2022 \$ '000
<b>Opening balance brought forward from 30 June 2022</b>	<b>495</b>	<b>679</b>
Payments received for performance obligations yet to be completed during the period	516	495
Revenue recognised in the reporting period for the completion of a performance obligation	(495)	(679)
<b>Total contract liabilities</b>	<b>516</b>	<b>495</b>
<b>REPRESENTED BY</b>		
<i>Current contract liabilities</i>	516	495
<i>Non-current contract liabilities</i>	-	-

Contract liabilities includes deposits received in advance from customers in respect of facility hire and events. Invoices are raised in the weeks leading up to the event, dependent on specific terms agreed with each hirer.

## Maturity analysis of contractual payables<sup>(a)</sup>

	CARRYING AMOUNT \$ '000	NOMINAL AMOUNT \$ '000	NOT PAST DUE AND NOT IMPAIRED \$ '000	MATURITY DATES		
				LESS THAN 1 MONTH \$ '000	1-3 MONTHS \$ '000	3 MONTHS - 1 YEAR \$ '000
<b>2023</b>						
Trade creditors	1,095	1,095	747	128	199	21
Accrued expenses	3,513	3,513	3,513	-	-	-
Unearned Income	517	517	517	-	-	-
<b>Total</b>	<b>5,125</b>	<b>5,125</b>	<b>4,777</b>	<b>128</b>	<b>199</b>	<b>21</b>
<b>2022</b>						
Trade creditors	808	808	930	(81)	(69)	28
Accrued expenses	2,979	2,979	2,979	-	-	-
Unearned Income	495	495	495	-	-	-
<b>Total</b>	<b>4,282</b>	<b>4,282</b>	<b>4,404</b>	<b>(81)</b>	<b>(69)</b>	<b>28</b>

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

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### 5.4 Inventories

	2023 \$ '000	2022 \$ '000
Supplies and consumables at cost	122	88
<b>Total inventories</b>	<b>122</b>	<b>88</b>

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

### 5.5 Other non-financial assets

	2023 \$ '000	2022 \$ '000
Prepayments	124	475
<b>Total current other assets</b>	<b>124</b>	<b>475</b>
<b>Total other assets</b>	<b>124</b>	<b>475</b>

Other non-financial assets include prepayments, which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

### 5.6 Borrowings

	2023 \$ '000	2022 \$ '000
Lease liabilities <sup>(a)</sup>	32	33
<b>Total current borrowings</b>	<b>32</b>	<b>33</b>
Lease liabilities <sup>(a)</sup>	10	19
<b>Total non-current borrowings</b>	<b>10</b>	<b>19</b>
<b>Total borrowings</b>	<b>42</b>	<b>51</b>

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

Borrowings refer to lease liabilities.

## Maturity analysis of borrowings

	CARRYING AMOUNT \$ '000	NOMINAL AMOUNT \$ '000	MATURITY DATES			
			LESS THAN 1 YEAR \$ '000	1-2 YEARS \$ '000	2-3 YEARS \$ '000	3+ YEARS \$ '000
<b>2023</b>						
Lease liabilities	42	42	42	-	-	-
Advances from government	-	-	-	-	-	-
<b>Total</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2022</b>						
Lease liabilities	51	45	23	22	-	-
Advances from government	-	-	-	-	-	-
<b>Total</b>	<b>51</b>	<b>45</b>	<b>23</b>	<b>22</b>	<b>-</b>	<b>-</b>

### 5.7 Leases

Information about leases for which the Trust is a lessee is presented below.

#### *The Trust's leasing activities*

The Trust leases limited equipment. The lease contracts are typically made for fixed periods of 1-5 years.

#### 5.7 (a) Right-of-use Assets

Right-of-use assets are presented in note 4.1(a).

#### 5.7 (b) Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2023 \$ '000	2022 \$ '000
Interest expense of lease liabilities	1	-
<b>Total amount recognised in the Comprehensive Operating Statement</b>	<b>1</b>	<b>-</b>

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### 5.7 (c) Amounts recognised in the Cashflow Statement

The following amounts are recognised in the Cashflow Statement for the year ending 30 June 2023 relating to leases.

	2023 \$ '000	2022 \$ '000
<b>Total cash outflows for leases</b>	<b>9</b>	<b>9</b>

### 5.7 (d) Minimum future lease payments

	NOTES	Minimum future lease payments		Present value of minimum future lease payments	
		2023	2022	2023	2022
Not longer than 1 year		9	23	8	22
Longer than 1 year but not longer than 5 years		7	22	6	20
Longer than 5 years		-	-	-	-
<b>Minimum future lease payments</b>		<b>17</b>	<b>45</b>	<b>15</b>	<b>42</b>
Less future finance charges		(2)	(3)	-	-
<b>Present value of minimum lease payments</b>		<b>15</b>	<b>42</b>	<b>15</b>	<b>42</b>
<i>Included in the financial statements as:</i>		-	-	-	-
Current borrowings lease liabilities	7.1.1	-	-	42	23
Non-current borrowings lease liabilities	7.1.1	-	-	-	22
<b>Total</b>		<b>-</b>	<b>-</b>	<b>42</b>	<b>45</b>



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

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

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

### **Separation of lease and non-lease components**

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

### **Recognition and measurement of leases as a lessee**

#### ***Lease Liability - initial measurement***

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

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

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

#### ***Lease Liability - subsequent measurement***

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

#### ***Short-term leases and leases of low-value assets***

The Trust has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### ***Presentation of right-of-use assets and lease liabilities***

The Trust presents right-of-use assets as property, plant and equipment unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### 6. Our people

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

#### 6.1 Employee benefits on the balance sheet

	2023 \$ '000	2022 \$ '000
<b>CURRENT PROVISIONS</b>		
<i>Annual leave</i>		
Unconditional and expected to settle within 12 months	484	527
Unconditional and expected to settle after 12 months	65	87
<i>Long service leave</i>		
Unconditional and expected to settle within 12 months	11	9
Unconditional and expected to settle after 12 months	181	154
<i>Provision for on-costs</i>		
Unconditional and expected to settle within 12 months	84	84
Unconditional and expected to settle after 12 months	42	51
<b>Total current provisions for employee benefits</b>	<b>866</b>	<b>912</b>
<b>NON-CURRENT PROVISIONS</b>		
Employee benefits	82	54
On-costs	14	12
<b>Total non-current provisions for employee benefits</b>	<b>96</b>	<b>66</b>
<b>Total provisions for employee benefits</b>	<b>962</b>	<b>978</b>

#### Reconciliation of movement in on-cost provision

	2023 \$ '000	2022 \$ '000
<b>OPENING BALANCE</b>	<b>147</b>	<b>138</b>
Additional provisions recognised	-	9
Reductions arising from payments/other sacrifices of future economic benefits	(8)	-
<b>Total on-cost provision</b>	<b>139</b>	<b>147</b>
<b>CLOSING BALANCE</b>		
<i>Represented by:</i>		
<i>Current provisions for employee benefits</i>	125	135
<i>Non-current provisions for employee benefits</i>	14	12

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

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

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

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

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

Unconditional long service leave (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.

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### 6.2 Superannuation contributions

	PAID CONTRIBUTION FOR THE YEAR \$ '000		CONTRIBUTION OUTSTANDING AT YEAR END \$ '000		TOTAL \$ '000	
	2023	2022	2023	2022	2023	2022
<b>DEFINED CONTRIBUTION PLANS</b>						
VicSuper	504	366	-	-	504	366
Other	937	594	-	-	937	594
<b>Total superannuation contributions</b>	<b>1,441</b>	<b>959</b>	<b>-</b>	<b>-</b>	<b>1,441</b>	<b>959</b>

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

### 6.3 Responsible persons

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

#### Names

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

	Name	Period
<b>Responsible Ministers:</b>		
Minister for Tourism, Sport and Major Events	Steve Dimopoulos MP	1 July 2022 to 30 June 2023
Minister for Community Sport	The Hon. Ros Spence MP	1 July 2022 to 30 June 2023
<b>Trust Members:</b>		
Trust Chairperson	Tracey Cooper	1 July 2022 to 30 June 2023
Trust Member	Michael Ronaldson	1 July 2022 to 30 June 2023
Trust Member	Marie-Claire Putrino	1 July 2022 to 30 June 2023
Trust Member	Ken Ryan	1 July 2022 to 30 June 2023
Trust Member	Gerard McMahon	1 July 2022 to 30 June 2023
Trust Member	Clare Dallat	1 July 2022 to 30 June 2023
Trust Member	Jeff Floyd	27 August 2022 to 30 June 2023
Trust Member	Morven Futon	1 July 2022 to 26 August 2022
<b>Accountable Officers:</b>		
Chief Executive Officer	Kate Roffey	1 July 2022 to 30 June 2023

## Remuneration

	2023	2022
\$0 - \$9,999	1	-
\$10,000 - \$19,999	6	8
\$20,000 - \$29,999	1	2
\$70,000 - \$79,999	-	1
\$120,000 - \$129,999	-	1
\$210,000 - \$219,999	-	1
\$300,000 - \$309,999	-	-
\$390,000 - \$399,999	1	-
<b>Total responsible persons</b>	<b>9</b>	<b>13</b>

Remuneration received or receivable by the Accountable Officers in connection with the management of the Trust during the reporting period was in the range: \$390,000 - \$399,999 (\$300,000 - \$309,999 in 2021-22).

### 6.4 Remuneration of executives

The number of executives, other than the Ministers and the Accountable Officer, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include superannuation contributions, pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

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

	2023 \$ '000	2022 \$ '000
Short-term employee benefits	651	834
Post-employment benefits	68	83
Other long-term benefits	-	-
Termination benefits	-	-
<b>Total remuneration</b>	<b>720</b>	<b>918</b>
Total number of executives	6	5
<b>Total annualised employee equivalents</b>	<b>3</b>	<b>4</b>

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

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### 6.5 Related parties

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

Related parties of the Trust include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- all cabinet ministers and their close family members, and
- all departments and public sector entities that are controlled and consolidated into the whole of State consolidated financial statements.

### Significant transactions with government-related entities

The Trust received funding from the Department of Jobs, Skills, Industry and Regions (formerly the Department of Jobs, Precincts and Regions) of \$102,299,000 in 2022-23.

The Trust paid funding to Development Victoria of \$69,050,000 in 2022-23.

The Trust provides office space and facilities to the Victorian Institute of Sport at Lakeside Stadium at no cost.

### Remuneration of key management personnel

Key management personnel of the agency include the Portfolio Ministers, Steve Dimopoulos MP and the Hon. Ros Spence MP; the Accountable Officer, Kate Roffey; and members of the Trust.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries Allowances and Superannuation Act 1968* and is reported within the State's Annual Financial Report.

	2023 \$ '000	2022 \$ '000
Short-term employee benefits	498	289
Post-employment benefits	36	29
Other long-term benefits	-	-
<b>Total remuneration</b>	<b>533</b>	<b>318</b>

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

### Transactions and balances with key management personnel and other related parties

Given the breadth and depth of Victorian Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public (e.g. stamp duty and other government fees and charges). Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Trust, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

## 7. Our risks, contingencies and valuation judgements

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

### 7.1 Financial instruments specific disclosures

#### *Introduction*

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Trust's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*.

#### *Financial assets at amortised cost*

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

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

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

The Trust recognises the following assets in this category:

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

#### *Categories of financial liabilities*

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

**Financial liabilities at amortised cost** are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. The Trust recognises the following liabilities in this category:

- payables (excluding statutory payables), and
- borrowings (including lease liabilities).

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

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

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities.

Where the Trust does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

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

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

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

**Derecognition of financial liabilities:** A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

**Reclassification of financial instruments:**

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

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



### 7.1.1 Financial instruments - categorisation

2023	CASH AND DEPOSITS \$ '000	FINANCIAL ASSETS AT AMORTISED COST \$ '000	FINANCIAL LIABILITIES AT AMORTISED COST \$ '000	TOTAL \$ '000
<b>CONTRACTUAL FINANCIAL ASSETS</b>				
Cash and cash equivalents	28,047	-	-	28,047
<b>Receivables<sup>(a)</sup></b>				
Trade debtors	-	1,288	-	1,288
Accrued income	-	174	-	174
<b>Total contractual financial assets</b>	<b>28,047</b>	<b>1,462</b>	<b>-</b>	<b>29,509</b>
<b>CONTRACTUAL FINANCIAL LIABILITIES</b>				
<b>Payables<sup>(a)</sup></b>				
Trade creditors	-	-	1,107	1,107
Accrued expenses	-	-	3,517	3,517
Unearned income	-	-	517	517
<b>Borrowings</b>				
Lease liabilities	-	-	42	42
Advances from government	-	-	-	-
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>5,183</b>	<b>5,183</b>

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

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

2022	CASH AND DEPOSITS \$ '000	FINANCIAL ASSETS AT AMORTISED COST \$ '000	FINANCIAL LIABILITIES AT AMORTISED COST \$ '000	TOTAL \$ '000
<b>CONTRACTUAL FINANCIAL ASSETS</b>				
Cash and cash equivalents	20,992	-	-	20,992
<b>Receivables<sup>(a)</sup></b>				
Trade debtors	-	1,910	-	1,910
Loans receivable	-	-	-	-
Interest receivable	-	-	-	-
Accrued income	-	210	-	210
<b>Total contractual financial assets</b>	<b>20,992</b>	<b>2,120</b>	<b>-</b>	<b>23,112</b>
<b>CONTRACTUAL FINANCIAL LIABILITIES</b>				
<b>Payables<sup>(a)</sup></b>				
Trade creditors	-	-	808	808
Accrued expenses	-	-	2,979	2,979
Unearned income	-	-	495	495
<b>Borrowings</b>				
Lease liabilities	-	-	51	51
Advances from government	-	-	-	-
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>4,333</b>	<b>4,333</b>

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

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

2023	TOTAL INTEREST INCOME / (EXPENSE) \$ '000	IMPAIRMENT LOSS \$ '000	TOTAL \$ '000
<b>CONTRACTUAL FINANCIAL ASSETS</b>			
Financial assets - loans and receivables	1,109	(8)	1,101
<b>Total contractual financial assets</b>	<b>1,109</b>	<b>(8)</b>	<b>1,101</b>
<b>CONTRACTUAL FINANCIAL LIABILITIES</b>			
Financial liabilities at amortised cost	-	-	-
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2022</b>			
	TOTAL INTEREST INCOME / (EXPENSE) \$ '000	IMPAIRMENT LOSS \$ '000	TOTAL \$ '000
<b>CONTRACTUAL FINANCIAL ASSETS</b>			
Financial assets - loans and receivables	17	(1)	16
<b>Total contractual financial assets</b>	<b>17</b>	<b>(1)</b>	<b>16</b>
<b>CONTRACTUAL FINANCIAL LIABILITIES</b>			
Financial liabilities at amortised cost	-	-	-
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>

There were no net holding gains/(losses) or fee income/(expenses). Impairment losses on any financial instruments held were \$8,000 (\$1,000 in 2021-22)

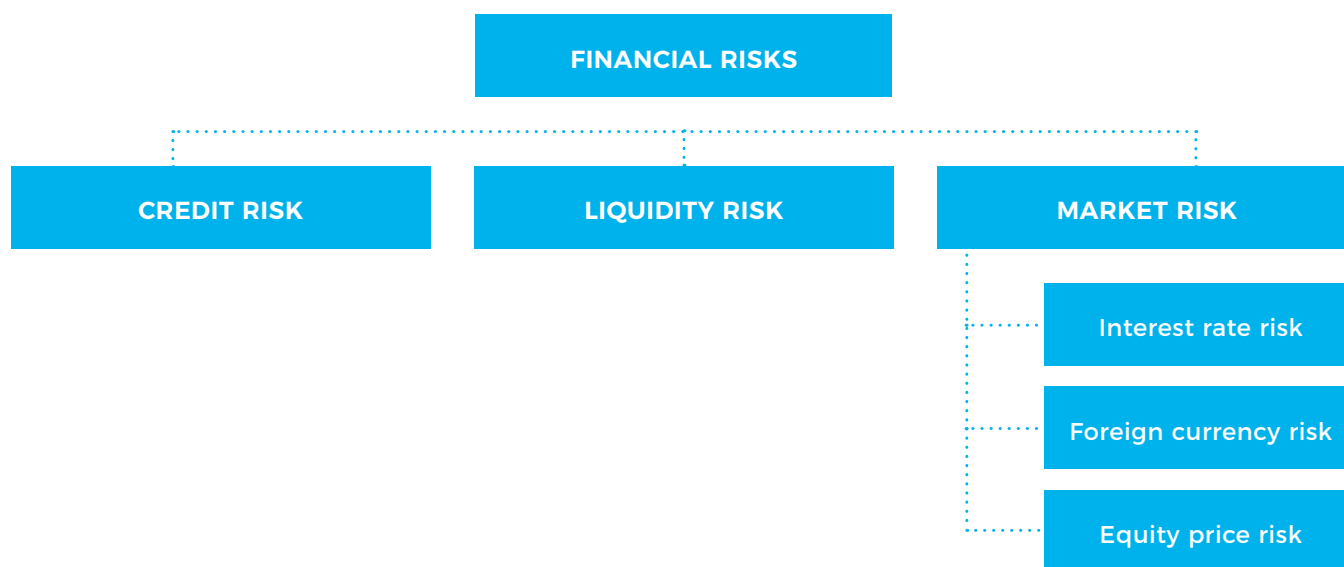
The net holding gains or losses disclosed above are determined as follows:

- for cash and cash equivalents, financial assets at amortised cost and debt instruments that are classified as financial assets at fair value through other comprehensive income, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result,
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### 7.1.3 Financial risk management objectives and policies



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

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.3 to the financial statements.

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

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

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

#### Financial instruments – credit risk

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

Credit risk associated with the Trust's contractual financial assets is minimal because the main debtor is the Victorian Government.

For debtors other than the Government, it is the Trust's policy to only deal with entities with high credit ratings of a minimum triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, the Trust does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, the Trust's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Trust will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Trust's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to the Trust's credit risk profile in 2022/23.

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

2023	FINANCIAL INSTITUTIONS (TRIPLE-A CREDIT RATING) \$ '000	GOVERNMENT AGENCIES (TRIPLE-A CREDIT RATING) \$ '000	OTHER (MIN TRIPLE-B CREDIT RATING)	TOTAL \$ '000
<b>FINANCIAL ASSETS</b>				
<b>Financial assets with loss allowance measured at 12-month expected credit loss</b>				
Cash and deposits (not assessed for impairment due to materiality)	28,047	-	-	28,047
Statutory receivables (with no impairment loss recognised)	-	-	1,299	1,299
<b>Total financial assets</b>	<b>28,047</b>	<b>-</b>	<b>1,299</b>	<b>29,346</b>

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

2022	FINANCIAL INSTITUTIONS (TRIPLE-A CREDIT RATING) \$ '000	GOVERNMENT AGENCIES (TRIPLE-A CREDIT RATING) \$ '000	OTHER (MIN TRIPLE-B CREDIT RATING)	TOTAL \$ '000
<b>FINANCIAL ASSETS</b>				
<b>Financial assets with loss allowance measured at 12-month expected credit loss</b>				
Cash and deposits (not assessed for impairment due to materiality)	20,992	-	-	20,992
Statutory receivables (with no impairment loss recognised)	-	1,099	811	1,910
<b>Total financial assets</b>	<b>20,992</b>	<b>1,099</b>	<b>811</b>	<b>22,902</b>

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

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### Impairment of financial assets under AASB 9

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

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

### Contractual receivables at amortised cost

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

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

30 JUNE 2023	CURRENT	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS - 1 YEAR	1 - 5 YEARS	TOTAL
<b>EXPECTED LOSS RATE</b>	-	-	-	-	-	-
Gross carrying amount of contractual receivables	275	303	188	523	-	1,288
<b>Loss allowance</b>	-	-	-	-	-	-
<b>30 JUNE 2022</b>						
<b>EXPECTED LOSS RATE</b>	-	-	-	-	-	-
Gross carrying amount of contractual receivables	491	160	165	1,304	-	2,120
<b>Loss allowance</b>	-	-	-	-	-	-

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

	2023	2022
<b>Balance at the beginning of the year</b>	-	(42)
Reversal of provision of receivables written off during the year as uncollectable	-	42
Reversal of unused provision in net result	-	-
<b>Balance at end of the year</b>	-	-

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

### **Statutory receivables at amortised cost**

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

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

### **Financial instruments - liquidity risk**

Liquidity risk arises from being unable to meet financial obligations as they fall due. The Trust operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

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

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

The Trust's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

### **Financial instruments - market risk**

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

#### ***Sensitivity disclosure analysis and assumptions:***

The Trust's sensitivity to interest rate risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. Sensitivity analyses shown are for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months:

- a movement of 100 basis points up and down (FY22: 100 basis points up and down) in market interest rates (AUD).

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

#### ***Interest rate risk:***

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Trust does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

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

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

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### Interest rate exposure of financial instruments

2023	WEIGHTED AVERAGE INTEREST RATE (%)	CARRYING AMOUNT \$ '000	VARIABLE INTEREST RATE \$ '000	NON-INTEREST BEARING \$ '000
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	4.25%	28,047	28,047	-
<b>Receivables</b>				
Trade debtors	N/A	1,288	-	1,288
Accrued income	N/A	174	-	174
<b>Total financial assets</b>		<b>29,509</b>	<b>28,047</b>	<b>1,462</b>
<b>Payables</b>				
Trade creditors	N/A	1,095	-	1,095
Accrued expenses	N/A	3,517	-	3,517
<b>Borrowings</b>				
Lease Liabilities	0	42	42	-
<b>Total financial liabilities</b>	-	<b>4,654</b>	<b>42</b>	<b>4,612</b>

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



2022	WEIGHTED AVERAGE INTEREST RATE (%)	CARRYING AMOUNT \$ '000	VARIABLE INTEREST RATE \$ '000	NON-INTEREST BEARING \$ '000
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	-	20,992	20,992	-
<b>Receivables</b>				
Trade debtors	N/A	1,910	-	1,910
Loans receivable	N/A	0	-	-
Interest receivable	N/A	0	-	-
Accrued income	N/A	210	-	210
<b>Total financial assets</b>		<b>23,112</b>	<b>20,992</b>	<b>2,120</b>
<b>Payables</b>				
Trade creditors	N/A	808	-	808
Accrued expenses	N/A	2,979	-	2,979
<b>Borrowings</b>				
Lease Liabilities	0	51	51	-
Advances from government	N/A	0	-	-
<b>Total financial liabilities</b>		<b>3,838</b>	<b>51</b>	<b>3,787</b>

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

### Interest rate risk sensitivity

	CARRYING AMOUNT \$ '000	-100 BASIS POINTS NET RESULT / EQUITY	+100 BASIS POINTS NET RESULT / EQUITY
<b>2023</b>			
Cash and cash equivalents	28,047	(280)	280
<b>Total impact</b>	<b>28,047</b>	<b>(280)</b>	<b>280</b>
<b>2021</b>			
Cash and cash equivalents	20,992	(210)	210
<b>Total impact</b>	<b>20,992</b>	<b>(210)</b>	<b>210</b>

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### Foreign currency risk:

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies, are translated to the functional currency at the rates prevailing at the date when the fair value was determined.

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

### 7.2 Contingent assets and contingent liabilities

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

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

#### Contingent assets

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

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

As at 30 June 2023, the Trust does not hold any contingent assets (2022: nil).

### Contingent liabilities

Contingent liabilities are:

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

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

### 7.3 Fair value determination

#### Significant judgement: Fair value measurements of assets and liabilities

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

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

The following assets and liabilities are carried at fair value:

- land, buildings, plant and equipment.

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

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

## Fair value hierarchy

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

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

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

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

## How this section is structured

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

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

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

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### 7.3.1 Fair value determination of financial assets and liabilities

The fair values and net fair values of financial assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly, and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Trust currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2023/24 reporting period.

These financial instruments include:

<b>FINANCIAL ASSETS</b>	<b>FINANCIAL LIABILITIES</b>
Cash and cash equivalents	<b>Payables</b>
<b>Receivables</b>	<ul style="list-style-type: none"><li>• Trade creditors</li><li>• Accrued expenses</li><li>• Unearned income</li></ul>
<ul style="list-style-type: none"><li>• Trade debtors</li><li>• Accrued income</li></ul>	<b>Borrowings</b>
	<ul style="list-style-type: none"><li>• Advances from government</li><li>• Lease liabilities</li></ul>

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

### 7.3.2 Fair value determination of non-financial physical assets

	CARRYING AMOUNT '000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING		
		LEVEL 1 '000	LEVEL 2 '000	LEVEL 3 '000
<b>2023</b>				
Specialised land	386,740	-	-	386,740
Specialised buildings	286,802	-	-	286,802
Plant and equipment	13,555	-	-	13,555
Leasehold improvements	20,385	-	-	20,385
<b>Total non-financial physical assets at fair value</b>	<b>707,482</b>	<b>-</b>	<b>-</b>	<b>707,482</b>
<b>2022</b>				
Specialised land	361,400	-	-	361,400
Specialised buildings	261,660	-	-	261,660
Plant and equipment	17,565	-	-	17,565
Leasehold improvements	18,083	-	-	18,083
<b>Total non-financial physical assets at fair value</b>	<b>658,708</b>	<b>-</b>	<b>-</b>	<b>658,708</b>

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

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

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### Reconciliation of Level 3 fair value movements

	SPECIALISED LAND \$ '000	SPECIALISED BUILDINGS \$ '000	PLANT AND EQUIPMENT \$ '000	LEASEHOLD IMPROVEMENTS \$ '000	TOTAL \$ '000
<b>Balance at 1 July 2021</b>	<b>361,400</b>	<b>221,536</b>	<b>9,868</b>	<b>18,916</b>	<b>611,720</b>
Purchases / (sales)	-	51,002	11,057	2,089	64,148
<b>GAINS OR LOSSES RECOGNISED IN NET RESULT</b>					
Depreciation	-	(10,879)	(3,358)	(2,923)	(17,160)
Revaluation	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>(10,879)</b>	<b>(3,358)</b>	<b>(2,923)</b>	<b>(17,160)</b>
<b>GAINS OR LOSSES RECOGNISED IN OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME</b>					
Revaluation	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2022</b>	<b>361,400</b>	<b>261,659</b>	<b>17,567</b>	<b>18,082</b>	<b>658,708</b>
Purchases / (sales)	25,340	33,396	(980)	7,216	64,972
<b>GAINS OR LOSSES RECOGNISED IN NET RESULT</b>					
Depreciation	-	(8,253)	(3,032)	(4,913)	(16,198)
Revaluation	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>(8,253)</b>	<b>(3,032)</b>	<b>(4,913)</b>	<b>(16,198)</b>
<b>GAINS OR LOSSES RECOGNISED IN OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME</b>					
Revaluation	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2023</b>	<b>361,400</b>	<b>286,802</b>	<b>13,555</b>	<b>20,385</b>	<b>707,482</b>

### Description of significant unobservable inputs to Level 3 valuations

2023 AND 2022	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	SENSITIVITY OF FAIR VALUE MEASUREMENT TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS
<b>Specialised land</b>	Market approach	Community service obligation (CSO) adjustment	An increase/(decrease) in the CSO adjustment would result in a lower/(higher) fair value.
<b>Specialised buildings</b>	Current replacement cost	Direct cost per square metre  Useful life	An increase/(decrease) in direct cost per square metre would result in a higher/(lower) fair value.  An increase/(decrease) in useful life would result in a lower/(higher) fair value.
<b>Plant and equipment and leasehold improvements</b>	Current replacement cost	Purchase price  Useful life	An increase/(decrease) in purchase price would result in a higher/(lower) fair value.  An increase/(decrease) in useful life would result in a lower/(higher) fair value.

## 8. Other disclosures

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

### 8.1 Remuneration of auditors

	2023 \$ '000	2022 \$ '000
<b>VICTORIAN AUDITOR-GENERAL'S OFFICE</b>		
Audit or review of the financial statements	45	44
<b>Total remuneration of auditors</b>	<b>45</b>	<b>44</b>

### 8.2 Subsequent events

The Trust has not received the operational or capital funding that it requested from the Victorian Government for the 2023/24 financial year. The Trust is, and remains, wholly dependent on the continued support of the Victorian Government to provide funding to support its operations.

At the present time, there is material uncertainty related to the Trust's future funding, however the Minister for Tourism, Sport and Major Events has confirmed that the Victorian Government will continue to support the Trust to maintain services and improve the sustainability of operations.

DJSIR, SRV and DTF are working closely with the Trust to monitor cash flows on a regular basis.

The Trust is also working with the Victorian Government regarding funding to cover its essential operations for the 2023/24 financial year.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Trust, the results of the operations or the state of affairs of the Trust in the future financial years.

### 8.3 Other accounting policies

#### 8.3.1 Accounting for goods and services taxes

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The gross amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as an operating cash flow.

# ANNUAL FINANCIAL STATEMENTS

## Notes to the financial statements For the financial year ended 30 June 2023

### 8.3.2 Contributions by owners

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Trust.

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

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

### 8.4 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2022-23 reporting period. These accounting standards have not been applied to the Financial Statements. The Trust is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

- *AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.*

This Standard amends AASB 13 *Fair Value Measurement* by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current.*

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January

2022 with earlier application permitted however the AASB has recently issued AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* to defer the application by one year to periods beginning on or after 1 January 2023. The Trust will not early adopt the Standard. The Trust is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

- *AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants.*

This Standard subsequently amended AASB 2020-1, deferring the mandatory effective date of AASB 2020-1 from 1 January 2022 to 1 January 2023. AASB 2022-6 was applicable for annual reporting periods beginning on or after 1 January 2022.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the Trust's reporting.

- *AASB 17 Insurance Contracts.*
- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.*
- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.*
- *AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.*
- *AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.*
- *AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.*
- *AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments.*
- *AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector.*







STATE SPORT  
CENTRES TRUST

Sports House, 375 Albert Road  
Albert Park VIC, 3206

---

T +61 3 9926 1555

---

[www.melbournesportscentres.com.au](http://www.melbournesportscentres.com.au)

---

© State of Victoria, State Sport Centres Trust 2023. This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the *Copyright Act 1968*.