



ANNUAL REPORT

2016/17

MELBOURNE CRICKET GROUND TRUST



**NOTHING
CAN MATCH IT.**



TRUSTEES OF THE MCG TRUST

2017 saw the retirement of two very significant members of the MCG Team. Mr RN (Bob) Herbert AM retired as Chair of the Trust in May 2017 and Mr Stephen Gough retired as CEO of the MCC in March.

L to R: Ben Foksett (Executive Officer of the Trust), Stuart Fox (The new CEO of the MCC), Stephanie Reeves, Dale Monteith, Stephen Gough (Retired CEO of the MCC), Bob Herbert AM (Retired Chair of the Trust), Hon Pat McNamara, Paul O'Malley, Hon Peter Costello AC, Jane Fenton AM, Ian Carson AM (Absent: Siobhan McKenna & new Trust Chairman, Hon Steve Bracks AC)

CHAIRMAN'S REPORT

I am delighted to be reporting to MCG stakeholders as the newly appointed Chair of the Melbourne Cricket Ground Trust (the Trust). Since my appointment in late May 2017 I have been tremendously encouraged by the briefings that I've received that confirm in my own mind that the MCG continues to meet its objective to be **The People's Ground**.

This ground has been the site of so many memorable events and activities throughout its history. But it is not so much "the event" that is important, it's the people's participation and engagement that make the MCG such a special place. And whilst *The G* is an iconic and integral part of Melbourne's and Victoria's infrastructure, it is also an equally important piece of Australia's sporting infrastructure....it's a special place for all Melburnians, all Victorians and all Australians. It's also a place we share with the world. International visitations and TV audiences for major events remain high, putting the MCG, Melbourne and Australia on the map for so many people overseas. By any measure, the MCG stacks-up as one of the great Stadiums of the world – by capacity, by content, by its versatility and by its occupancy rates (ie the usage of the arena and/or the internal meeting and entertainment facilities). Thanks to the hard work of our Ground Manager, The Melbourne Cricket Club (the MCC), the ground is also run profitably, largely independent of government funding and with an eye on generating surpluses that allow for ongoing refreshment projects and planning for future redevelopment projects. With that in mind I want to register the Trust's thanks to the MCC's management team and staff for their marvellous work in managing our ground for the benefit of all its users, patrons and stakeholders.

The National Sports Museum (NSM) adds another unique element to the MCG experience. Created with the support of the MCC and both our State and Federal governments, the NSM draws enormous interest from local, interstate and international visitors showcasing a rich history of Australian sporting achievement. With both static and interactive elements, the museum draws and involves a wide range of visitors – from young kids keen to see the stories of their heroes and to emulate their prowess in an interactive display through to an older generation of visitors interested in soaking-up the detail of our collection of stories and memorabilia.

And, of course, the MCG is located at the heart of one of the world's great sporting precincts with the Tennis Centre and AAMI Stadium adjacent, the Richmond football ground next door and all surrounded by beautiful Yarra Park. Public access to the precinct is second to none – with trams and trains stopping within the precinct and within easy walking distance from Melbourne's core rail centre, Flinders Street station....just a short and pleasant stroll through Birrarung Marr to the ground.

The Trust's role is to ensure that the MCG and Yarra Park continue to serve the people in the best possible way today and through the next 5 year business planning period. But we must also look over the horizon to see how best we can position the MCG to continue to deserve its reputation and iconic status as **The Peoples' Ground** and as one of the great stadiums of the world. At the same time we must be constantly vigilant about our responsibility to ensure the safety and security of our patrons. These responsibilities throw-up significant challenges for the Trust and for our Ground Manager.

Trustees continue to require the Ground Manager to explore and to implement sensible security measures. We are encouraged by the evidence of a very strong and productive working relationship between MCC staff and the various State and Commonwealth policing and security agencies. The MCC receives regular safety & security briefings and advice on mitigating strategies from external expert advisers and the Trust is working with the Ground Manager to continuously explore all possible risk mitigation strategies.

I was delighted to see the extent of work already done on a very significant development opportunity – the rail yards decking plan – which brings together ideas to improve the access and amenity of the precinct together with security and pedestrian safety measures. The State government very recently announced financial support for further investigation of an element of those plans, in this case, to specifically explore options for improved pedestrian access between

CHAIRMAN'S REPORT

Richmond station and *The G*. The idea is to separate pedestrians from vehicular traffic in Brunton Avenue which will make it safer and quicker for pedestrians to get to and from the ground and should enable us to keep Brunton Avenue open to traffic before, during and after events. This and other ideas, as and when implemented, will enable us to provide more comprehensive and effective security screening measures at all ingress and egress points. In light of the tragic events in Manchester earlier this year the exploration and adoption of these new strategies has become an even greater focus of the Trust's and the Ground Manager's attention.

Another critically important matter facing the Trust right now is the impact of one of our major stakeholders, the AFL, taking-up ownership of Etihad stadium. Etihad has the capacity for just over 50,000 patrons and is already the venue for a significant number of games which attract crowds up to or near capacity. Etihad is also host to a number of Victorian based AFL clubs. Subject to some content constraints embedded in the longstanding, but not permanent, agreement between the MCC & the AFL, the League has total discretion over how games are scheduled between Etihad, the MCG and other local venues each season. I have met with the Chairman and CEO of the AFL and believe there is a strong willingness to find a mutually agreeable resolution of the issues that arise from this new and different commercial reality. We will continue to liaise closely with our Ground Manager, the State Government and the AFL to ensure that everything possible is done to preserve crucial content at *The G* in years to come.


I must also pay tribute to my predecessor, Mr Bob Herbert AM. I am more than happy to take some of the credit for Bob's appointment to the Trust some 14 years ago when I was Premier. I claim that because, unsurprisingly, I've inherited the Trust in great shape in large part due to Bob's diligence and careful stewardship of the organisation as a Trustee and, for the last 4 years, as its Chair. During Bob's tenure the Trust faced a number of significant issues including the negotiation of the cornerstone Management & Indemnity Deed signed by the State Government, The Trust and the MCC. He was also involved in the negotiations preceding the introduction of the MCC's new Provisional Membership category, the transfer of control over Yarra Park from the City of Melbourne to the Trust/MCC, the discussions around the current agreement between the AFL and the Ground Manager and the arrangements that formed the foundation for Cricket Victoria's redevelopment of the Junction Oval as its new home but still with strong roots back here at the MCG. Bob carefully and skilfully nurtured a productive relationship with the MCC as Ground Manager albeit not always without some points of real friction. It is a credit to Bob, his fellow Trustees and to the management of the MCC that clear thinking, thoughtful & sometimes artful compromise and an ever-present commitment of goodwill on all sides enabled the resolution of some critical and often complex issues. Bob took a hard line on the need for an ongoing and thorough examination of the constantly escalating security threats emerging on the world scene and as they developed as identifiable risks to the MCG and to our patrons. He encouraged and inspired some of the strategic thinking that generated, for instance, the concept plans for the rail yard decking proposal....always looking forward to the long term future of the ground and its environs....always looking to improve the "patron experience" at *The G*. Finally, it is clear that he led the work of the Trust to strong & sound outcomes for the State, for the Ground and for the people of Victoria through his careful and insightful leadership of the Trust. On behalf of my fellow Trustees and all MCG stakeholders I am delighted to record our thanks to Bob Herbert. The MCG is undoubtedly a better place as a result of his longstanding commitment and his tireless enlightened input.

Another significant change in the landscape at the MCG this year was the retirement of Stephen Gough as CEO of the MCC. Stephen served the Club and the Ground for 17 years and he did so with great distinction. He has left an indelible footprint on *The G* through his visionary and firm leadership of the Club in its capacity as Ground Manager. Much has been said about Stephen at various functions held to mark his retirement. Suffice to say here that we are grateful for his magnificent service and we wish him well in what we hope will be a long, happy and healthy retirement.

CHAIRMAN'S REPORT

In farewelling Stephen we also welcomed Stuart Fox as the MCC's new CEO. It's clear that Stuart has hit the ground running. We congratulate Stuart on his appointment and look forward to working with him and his team on the management and growth of the MCG.

I want also to thank my Trust colleagues for their contribution to the work of the Trust over the last year. I know my predecessor remains grateful for their contribution and for their support. I'm looking forward to working with fellow Trustees, with the State Government, with the MCC and with all other MCG stakeholders as we navigate the complex range of issues that confront the Trust. Together we will work to ensure that the MCG retains its place in the lives & hearts of all Melburnians, all Victorians and all Australians and that it remains one of the great icons of Marvellous Melbourne.



Hon Steve Bracks AC
Chairman

EXECUTIVE OFFICER'S REPORT

FINANCIAL RESULTS

I am pleased to report that the Trust continues to be in a strong and sound financial position.

Like-for-like gross revenues were marginally higher at \$4.552m in 2016/17 (\$4.419m in 2015/16).

The Trust's major ongoing item of expenditure arises from its in-principle understanding with the MCC that, where possible, the Trust will contribute the bulk of its net income towards the MCC's debt reduction program (contributions of \$4.725m including GST in 2016/17 compared to \$4.642 including GST in the prior year).

The year-end surplus was \$57k (\$105k in 2015/16) with the year-on-year difference arising from slightly higher operating costs including one-off fees associated with the valuations of Crown Land (mentioned below).

In line with our obligations the Trust is required to formally revalue its assets every 5 years. Those assets – predominantly Crown Land being the MCG land and Yarra Park land – were revalued by the *Valuer-General Victoria* in December 2016. As a result, the MCG land was revalued by \$42m to \$117.7m and the Yarra Park land by \$128.4m to \$257.7m.

ACTIVITIES AT THE MCG

AFL

The average "home and away" match day attendance decreased across 46 games by 6% to 45,387 in the 2016 season (48,329 in 2015). Overall attendance throughout the 2016 AFL season was 2,434,905 (2,495,287 in 2015). Poor performances by our tenant clubs had a strong influence on attendance numbers. Again, there were only 4 finals games played at the MCG in the 2016 season - the same as in the 2015 season.

Average finals series match attendance numbers in 2016 did, however, increase by 8.3% to 86,777 (from 80,120 in the 2015 season). Pleasingly, we have seen a very significant improvement in MCG attendances as we near the end of the 3rd quarter of the 2017 season – up 12.7%.

SEASON (AFL SEASON NOT MCGT FY)	TOTAL ATTENDANCE AT MCG '000	NUMBER OF GAMES (N° OF FINALS)	AVERAGE ATTENDANCE '000
2016	2,434	46 (4)	49
2015	2,495	49 (4)	51
2014	2,505	51 (5)	50
2013	2,791	51 (6)	55
2012	2,703	52 (5)	52
2011	3,069	54 (7)	57

The Trust was delighted that the National Women's League kicked-off in 2017 and was particularly pleased that attendances at the games throughout the season were so strong. As we said last year, this announcement recognised the growing popularity of the game for female athletes and is another very positive step forward reflecting the popularity of elite women's sport as a drawcard for sports fans in this country.

EXECUTIVE OFFICER'S REPORT

CRICKET

Cricket remains a significant drawcard for MCG patrons although the nature of the cricket events is changing. The attractiveness of international cricket tests is very much subject to the appeal of the touring side and, like the AFL, the performance of the home side. Eight days of international cricket were scheduled for the 2016/17 season (7 days in 2015/16) and attracted overall attendances of 234,297 (233,494 in 2015/16) and an average match attendance of 29,287 (33,356 in 2015/16).

The table below reflects the relative attractiveness of seasons with tests, ODI and T20 series played against a range of international sides. Poor performances in the Boxing Day Test had a significant impact on attendances in 2016/17.

INTERNATIONAL MATCHES	2016/17 SEASON	2015/16 SEASON	2014/15 SEASON	2013/14 SEASON
TEST SERIES AGAINST:	PAKISTAN	WEST INDIES	SOUTH AFRICA & INDIA	ENGLAND
ODI &/OR T20 SERIES AGAINST:	PAKISTAN & NEW ZEALAND	INDIA	SOUTH AFRICA & INDIA	ENGLAND
MATCH DAYS	8	7	8	6
TOTAL ATTENDANCE	234,297	233,494	264,454	373,358
AVERAGE ATTENDANCE	29,287	33,356	33,057	62,226

The Big Bash League (BBL) for both men's & women's teams continues to be popular with cricket fans. Four BBL matches were played during the season. This form of the game attracted a total of 198,248 fans (6 matches in 2014/15 attracted 241,790 fans).

SEASON	Nº OF MATCHES	TOTAL ATTENDANCE	AVERAGE ATTENDANCE
2012/13	4	85,705	21,426
2013/14	5	99,757	19,951
2014/15	4	110,793	27,698
2015/16	6*	241,790	40,298
2017/17	4	198,248	49,562

*Includes the 2 January 2016 BBL/WBBL double-header recorded as 1 match.

The popularity of women's cricket is continuing to grow and the WBBL matches are attracting interest and crowds across the cricket fixture especially as an enhanced double-header with a men's match. We continue to encourage the strong momentum as yet another way to showcase the quality and excitement of women's elite sport.

SECURITY

The Ground Manager continues to undertake extensive research and continues to engage with security specialists, police and security agencies to advise on the best possible arrangements that will provide a high degree of safety for MCG patrons without creating unacceptable levels of delay and inconvenience. Connections with various authorities at both State and Federal levels enable us to be up-to-date with relevant security issues on an ongoing basis.

EXECUTIVE OFFICER'S REPORT

A senior member of the MCC's staff was the only venue representative on an Australian delegation that inspected major facilities in the USA and London seeking new ideas and strategies to combat current and emerging threats. The MCG remains the only Australian venue to insist on 100% wanding of patrons entering the ground. The Ground Manager is looking at options that include the introduction of a "clear bags only" policy (ie see through bags) as is the case in some overseas venues. Whilst we are cognisant of the delays some of these measures impose on our patrons we are greatly encouraged by the high level of acceptance of the need for these and other security measures. The tragic bombing in Manchester in May focussed our attention on the need to be as vigilant during and after an event as we are when our patrons arrive. The Trust will continue to work with the Ground Manager in the search for safe and acceptable combinations of measures that meet community expectations for safety, amenity and convenience and that ensure the MCG retains its reputation as *The People's Ground*.

CUSTOMER SERVICES

The Ground Manager has maintained its commitment to keeping food & beverage prices as low as is commercially possible and below those at competing venues. The Trust continues to encourage and to support the Ground Manager's endeavours to keep prices down albeit recognising that many of their input costs are rising leading to modest price increases from time to time.

As I reported last year, the Ground Manager reflects the Trust's desire to ensure that the typical patron experience at the MCG is as least as good as at the best stadia anywhere in the world. Measuring and monitoring such standards and benchmarks is an imprecise art but the Ground Manager has instituted a customer satisfaction survey process to ensure that we all understand what our patrons think about their experience at *The G*. Almost 1,000 of the ground's permanent and casual staff embarked on further customer-focussed training during the year seeking to achieve even better service standards for our patrons. There is always room to improve and the Ground Manager is maintaining their "CARE at the G" program focussing on key elements of the customer experience to better understand the components of that experience and to ensure that our staff deliver the best services possible to all our patrons.

YARRA PARK

Working through the Ground Manager, the Trust has overseen the completion of the Yarra Park Management & Improvement Plan. The plan, which ran over 5 years, had a number of key objectives including enhancing the landscape qualities of Yarra Park and reinvigorating the health of existing trees and grass surfaces as well as a program of new and replacement tree plantings. Much of the activity now continues as normal day-to-day work ensuring that we apply best practice management of the park on a continuous basis.

Managing the complex and often competing interests of a wide range of Park uses and users requires thoughtful oversight and often a need to find acceptable compromises. The current state of the Park, its trees, grassed areas and the local wildlife suggest that the Ground Manager's stewardship continues to demonstrate a beneficial impact for all concerned.

NATIONAL SPORTS MUSEUM (NSM)

The NSM is a unique element of the total MCG experience as well as being a significant tourist attraction in its own right. Attendance numbers show modest growth, peaking during school holiday periods (over one third of NSM visitations occur during school holidays).

EXECUTIVE OFFICER'S REPORT

In keeping with industry best practice, a museum like ours should be refreshed every 7-10 years to ensure relevance and continuing patronage. With the Trust's support, the NSM board has approved scope and concept plans that address feedback received from major stakeholders and visitors. Those plans contemplate increased functions space, more "interactives" within the *Game On* gallery, the creation of a Sports Hub, expansion of both the cricket and AFL elements and an upgrade of multimedia and supporting technologies. The operator (The MCC on behalf of the Trust) continues to look for innovative ways of linking activities in and around the MCG with an NSM visit to further grow patronage and museum revenues.

ACKNOWLEDGMENTS

As our Chair has already mentioned, the retirement of Mr Bob Herbert AM as Chair of the Trust marked the end of a very significant era in the Trust's recent history. I won't reiterate the long list of Bob's achievements and contributions to the Trust but I would like to put on record that it has been an absolute pleasure to work with someone so committed to the Trust and its objectives, so capable of actually influencing the Trust's outcomes and who at all times demonstrated an uncommon level of civility and respect in every aspect of his engagement with all the people that make things happen for the Trust. It has been a pleasure indeed.

Again, the Chair has already mentioned Stephen Gough's retirement and I would like to add my thanks to Stephen for his kind indulgence of my need to find my way into the Executive Officer's role. His door was always open to me and he was always willing to explain things and to share and explore ideas. I am very grateful for the courtesies he showed me and for his kind and thoughtful engagement.

It is always interesting and mostly exciting to welcome a new captain of the team. It has been both interesting and exciting to welcome Stuart Fox as the new CEO of our Ground Manager, the MCC. Stuart's football club background and his new and different perspectives on matters relevant to the MCG and to the business of stadium management provide wonderful opportunities to think, to plan and to act differently – fresh eyes and new ideas building on a very solid foundation laid by his predecessor and the MCC management team.

And, to all the staff at the MCC, I would like to add my thanks for a job well done. The relationship between the Trust and the Ground Manager can be complex and sometimes difficult but there is a very productive spirit of cooperation between the two bodies that ensures that the interests of our respective stakeholders are recognised, considered and respected. The quality of the MCG and Yarra Park facilities and the patron experience at *The G* reflect the success of the work of all concerned.

Finally, to the nine people who serve as Trustees of the MCG Trust, I would like to add my thanks. I am in a unique position to observe the time, effort, skill and care every one of our Trustees brings to the organisation. The role of the Trust requires Trustees to deal with many and varied challenges every year but I observe and can report that every challenge is met with thorough, careful and clear thinking that is the product of the diversity of skill and experience that Trustees bring to bear on their deliberations. They serve our stakeholders wonderfully well.



Ben Foskett
Executive Officer

July 2017

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2017	Notes	2017 \$'000	2016 \$'000
Revenue	3	4,552	4,419
Operating expenses		(100)	(94)
Contribution to Melbourne Cricket Club ("the Club") for repayment of Great Southern Stand and Northern Stand Re-development debt ("Re-development Debt")	15	(4,295)	(4,220)
Contribution to the Club for Yarra Park landscape upgrade	15	(100)	-
NET RESULT FOR THE YEAR	8 (c)	57	105
OTHER COMPREHENSIVE INCOME			
Fair Value Revaluations:			
Crown land - MCG	6, 8 (a)	42,000	-
Crown land - Yarra Park	6, 8 (a)	128,353	16,871
Australian Gallery of Sport and Olympic Museum Collection ("AGOS-OM Collection")	6, 8 (a)	-	(939)
Other Comprehensive Income for the year		170,353	15,932
Total Comprehensive Income for the year		170,410	16,038

The accompanying notes form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2017	Notes	2017 \$'000	2016 \$'000
CURRENT ASSETS			
Cash and cash equivalents	9 (b)	1,403	1,361
Trade and other receivables	4	217	103
Prepayments	5	7	-
TOTAL CURRENT ASSETS		1,627	1,464
NON-CURRENT ASSETS			
Property, plant and equipment	6	375,400	205,047
Other non-current assets	6	10,785	10,779
TOTAL NON-CURRENT ASSETS		386,185	215,827
TOTAL ASSETS		387,812	217,291
CURRENT LIABILITIES			
Trade and other payables	7	125	14
TOTAL CURRENT LIABILITIES		125	14
TOTAL LIABILITIES		125	14
NET ASSETS		387,687	217,277
EQUITY			
Accumulated funds	8	70,259	70,201
Reserves	8	317,428	147,076
TOTAL EQUITY		387,687	217,277

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2017	Accumulated Funds \$'000	Other Reserves \$'000	Total Equity \$'000
Balance as at 31 March 2015	70,096	131,143	201,239
Changes in Equity			
Result for the year ended 31 March 2016	105	-	105
Other Comprehensive Income	-	15,932	15,932
Balance at 31 March 2016	70,201	147,076	217,277
Changes in Equity			
Result for the year ended 31 March 2017	57	-	57
Other Comprehensive Income	-	170,353	170,353
Balance at 31 March 2017	70,259	317,428	387,687

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017	Notes	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(117)	(100)
Interest received		18	28
Ground lease rental from the Club		4,872	4,791
State Government of Victoria contribution - Yarra Park landscape upgrade		-	-
Contribution to the Club for repayment of Re-development Debt		(4,725)	(4,642)
Contribution to the Club for Yarra Park landscape upgrade		-	-
GST cash flows		(7)	(7)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	9 (a)	41	70
Net increase/(decrease) in cash and cash equivalents		41	70
Cash and cash equivalents at beginning of year		1,361	1,291
CASH AND CASH EQUIVALENTS AT END OF YEAR	9 (b)	1,403	1,361
Non-cash transactions	9 (c)	6	36

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2017

1. MELBOURNE CRICKET GROUND TRUST ("THE TRUST") INFORMATION

The first Trustees of the Melbourne Cricket Ground ("MCG") were appointed by the Victorian Government in 1861. The Trust was established as a body corporate incorporated under the provisions of the *Melbourne Cricket Ground Trust Act 1989* as the successor to the unincorporated Trustees who held office under the *Melbourne Cricket Ground Act 1933*. The 1989 Act provided that the assets and liabilities of the Trustees became the assets and liabilities of the Trust. The 1933 and 1989 Acts were repealed in 2009 with the provisions re-enacted in the *Melbourne Cricket Ground Act 2009* ("the Act").

The Trust was appointed as the Committee of Management for Yarra Park effective from 15 March 2010 under the terms of the *Melbourne Cricket Ground and Yarra Park Amendment Act 2009* ("Yarra Park Amendment Act").

The registered office of the Trust is located at:

Melbourne Cricket Ground
Yarra Park
Jolimont
Victoria 3002

The principal activities of the Trust during the year were to act as custodian of the ground and of Yarra Park on behalf of the State Government and the people of Victoria. The Trust is also responsible for the formulation of strategies to maintain the MCG's status as a leading provider of premium sporting and other content, and for the management of Yarra Park. Ultimately, the Trust oversees the Club's ground management role.

There was no significant change in the nature of these activities during the period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared on an accrual basis in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), Interpretations and the *Financial Management Act 1994*. The financial report has also been prepared on a historical cost basis, except for land and the AGOS-OM Collection, which have been measured at fair value.

The financial report is presented in Australian dollars.

(b) Statement of compliance

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a risk of material adjustments in the next year are disclosed throughout the notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Statement of compliance (cont'd)

Consistent with AASB 13 *Fair Value Measurement*, the Trust determines the policies and procedures for recurring fair value measurements in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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

For the purpose of fair value disclosures, the Trust has determined the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. In addition, the Trust determines whether transfers have occurred between the levels in the hierarchy by re-assessing 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.

(c) Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand and cash at bank, and money market investments readily convertible to cash within two working days. Interest is charged as an expense or revenue as it accrues.

(d) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. An allowance for doubtful debts is made when there is objective evidence that the Trust will not be able to collect the debts. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due.

(e) Yarra Park

Yarra Park (the parklands that surround the MCG) was permanently reserved as a public park in June 1873. Since 1917, the Council of the City of Melbourne ("the Council") had been appointed as the Committee of Management for Yarra Park. The Yarra Park Amendment Act revoked the appointment of the Council and appointed the Trust as the Committee of Management for Yarra Park, thereby expanding the functions of the Trust and specifying the management arrangements and the implementation of an Improvements Plan for Yarra Park.

Under the Yarra Park Amendment Act, the Trust also assumes responsibility for car parking arrangements, receiving advice from the Yarra Park Advisory Committee on the operation and management of Yarra Park and the honouring of existing licences and contracts established by the Council. Further, any money received by or on behalf of the Trust in relation to Yarra Park may only be spent on the operation, management, maintenance and improvement of Yarra Park.

The Yarra Park Amendment Act also allows the Trust to delegate its functions and responsibilities for Yarra Park to the Club and it has done so via the execution by the Trust, the Club and the relevant Ministers of a formal Instrument of Delegation and Second Deed of Amendment to the MCG Management and Indemnity Deed. These agreements appoint and allow the Club to fulfil all of the responsibilities assigned to the Trust under the Yarra Park Amendment Act. The Club will continue to act as the Committee of Management for Yarra Park for as long as the Club is the Ground Manager.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Property, plant and equipment

(i) Crown land - MCG

The Act provides that the assets and liabilities of the Trustees became the assets and liabilities of the Trust. Under the provisions of the Act, the Trust was deemed to become the grantee of the MCG's land reserved under an Order in Council dated 20 February 1934. No cost was incurred by the Trust in respect of this land.

Crown land for the MCG is measured on a fair value basis. At each balance date, the value of the asset in this class is reviewed to ensure that its carrying value does not materially differ from the asset's fair value at that date. Where necessary, the asset is revalued to reflect its fair value. Valuation of the land from the Valuer-General Victoria is generally completed every five years.

This land was independently revalued by the Valuer-General Victoria at \$117.700 million at March 2017 and has been recorded at that value in the accounts at 31 March 2017.

(ii) Crown land - Yarra Park

The Yarra Park Amendment Act transfers the regulation of Crown land at Yarra Park to the control of the Trust.

This land was contributed for nil consideration from the Council to the Trust effective 15 March 2010. It is measured on a fair value basis. At each balance date, the value of the asset in this class is reviewed to ensure that its carrying value does not materially differ from the asset's fair value at that date. Where necessary, the asset is revalued to reflect its fair value. Valuation of the land from the Valuer-General Victoria is generally completed every five years.

This land was independently revalued by the Valuer-General Victoria at \$257.700 million at March 2017 and has been recorded at that value in the accounts at 31 March 2017.

(iii) Impairment

All assets are assessed annually for indications of impairment. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the difference is written off by a charge to the Statement of Comprehensive Income, except to the extent that this write down can be debited to an asset revaluation reserve account applicable to that class of asset.

(g) Other non-current assets – AGOS-OM Collection (part of the National Sports Museum (“NSM”))

The AGOS-OM Collection comprises assets that the Trust intends to preserve because of their unique historical and cultural attributes. The Collection is recognised at fair value with regard to its highest and best use. The Collection is not depreciated. Valuation of the Collection from an independent assessor will be completed every five years with any future acquisitions being valued at cost for purchases and fair value for material donated items until the next valuation.

At each balance date, the value of the AGOS-OM Collection is reviewed to ensure the carrying amount does not materially differ from the Collection's fair value at that date. Where necessary, the asset is revalued to reflect its fair value. The Collection is managed, maintained and displayed by National Sports Museum Limited (“NSML”), in accordance with the Melbourne Cricket Ground Trust Exhibition Agreement. The AGOS-OM Collection was revalued in the 2016 financial year.

(h) Taxes

Income Tax

The Trust is exempt from income tax under Section 50-45 of the *Income Tax Assessment Act (ITAA) 1997*.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Trade receivables and trade payables are stated with the amount of GST included.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Taxes (Cont'd)

The net amount of GST receivable from, or payable to the taxation authority is included as part of receivables or payables in the Balance Sheet. Cash Flows are included in the Statement of Cash Flows on a gross basis and the GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to the taxation authority, are classified as operating cash flows.

(i) Allocation between current and non-current

In the determination of whether an asset, other than cash or a cash equivalent is current or non-current, consideration is given as to whether the Trust expects to realise or consume the asset within twelve months after the reporting date. All cash and cash equivalents are deemed as current.

Current liabilities are recognised when the liability is due to be settled within twelve months after reporting date or the Trust does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(j) Insurance of Trustees

The State Government has advised that costs of indemnification of Trustees are a chargeable expense against the Trust.

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Lease Rental and Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

(l) Expense payments

Payments to third parties are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as the contribution to the Club for repayment of Great Southern Stand and Northern Stand Re-development debt.

(m) Employee leave benefits

Administrative services for the Trust are provided by a combination of MCC staff (at no cost to the Trust) and by contractors (the costs of which are borne by the Trust). The Trust did not employ staff during the year (2016: no staff employed). No employee leave benefits are owed at balance date (2016: nil benefits owed).

(n) Rounding

Amounts in the financial statements have been rounded to the nearest \$1,000, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

(o) Events after reporting date

Where applicable, adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date of signing of the financial statements. Adjustments are made where those events provide information about items which existed in the reporting period.

(p) Financial instruments

Financial instruments arise out of contractual arrangements that give rise to a financial asset of one entity and a financial liability or equity of another entity. Due to the nature of the Trust's activities, the principal financial instrument of the Trust are cash assets and receivable.

(q) Equity and Reserves

Accumulated funds include all current and prior period retained funds. Revaluation reserves include the increments and decrements on the revaluation of non-current assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Contingent assets and liabilities

Contingent assets and liabilities, if any, are not recognised in the balance sheet, but are disclosed by way of a note disclosure. Contingent assets and liabilities, if quantifiable, are measured at nominal value.

(s) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 13) at their nominal value.

(t) New accounting standards issued that are not yet effective

The accounting standards adopted in this financial report are consistent with those of the previous period. Certain new Australian Accounting Standards have been published that are not mandatory for the 31 March 2017 reporting period. The Trust has assessed the impact of all these new standards and determined that early adoption is not applicable.

(u) Scope and presentation of financial statements

Statement of Comprehensive Income

The statement of comprehensive income comprises two components, being 'net result for the year' and 'other comprehensive income for the year'. The sum of these components represents the total comprehensive income for the year in accordance with Australian Accounting Standards.

Balance Sheet

Assets and liabilities are presented in liquidity order. Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled more than 12 months after the reporting period) are disclosed in the Trust Balance Sheet.

Statement of Cash Flows

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

Statement of Changes in Equity

The statement of changes in equity presents reconciliation of changes in equity from opening balances at the beginning of the reporting period to the closing balances at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2017	Notes	2017 \$'000	2016 \$'000
3. REVENUES			
Lease rental from the Club	15	4,429	4,355
Total revenues from operating activities		4,429	4,355
Other revenues			
Interest revenue		18	28
Asset donations received		6	36
State Government of Victoria contribution - Yarra Park landscape upgrade	15	100	-
Total other revenues		123	64
Total revenues		4,552	4,419
4. TRADE AND OTHER RECEIVABLES			
GST receivable		117	103
State Government of Victoria contribution - Yarra Park landscape upgrade		100	-
Total receivables		217	103
5. PREPAYMENTS			
Insurance Prepayment		7	-
Total prepayments		7	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2017	2017 \$'000	2016 \$'000
6. PROPERTY, PLANT AND EQUIPMENT		
<i>Crown land - MCG</i>		
Carrying amount at beginning of year	75,700	75,700
Net amount of revaluation increment	42,000	-
Fair Value at 31 March 2017	117,700	75,700
 <i>Crown Land – Yarra Park</i>		
Carrying amount at beginning of year	129,347	112,476
Net amount of revaluation increment	128,353	16,871
Fair Value at 31 March 2017	257,700	129,347
 Total Property, Plant and Equipment	 375,400	 205,047
 Other Non-Current Assets		
<i>AGOS-OM Collection (part of the NSM)</i>		
Carrying amount at beginning of year	10,779	11,682
Net amount of revaluation increment	-	(939)
Add donated items	6	36
Fair Value at 31 March 2017	10,785	10,779

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2017

6 (a) Fair value measurements

The Trust measures and recognises the following assets at fair value on a recurring basis:

- Land
- AGOS-OM Collection

(i) Fair value measurement hierarchy for assets at 31 March 2017

The following table presents the Trust's assets measured and recognised at fair value at 31 March 2017.

YEAR ENDED 31 MARCH 2017	Notes	Carrying amount	Fair value measurement at end of reporting period using:		
			Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000	\$'000
Balance at 31 March 2016					
Specialised land at fair value					
Crown Land - MCG	6, 2(b)	75,700	-	-	75,700
Crown Land - Yarra Park	6, 2(b)	129,347	-	-	129,347
Total of specialised land at fair value		205,047	-	-	205,047
Cultural assets at fair value					
AGOS-OM Collection	6, 2(b)	10,779	-	-	10,779
Total of cultural assets at fair value		10,779	-	-	10,779
Balance at 31 March 2017					
Specialised land at fair value					
Crown Land - MCG	6, 2(b)	117,700	-	-	117,700
Crown Land - Yarra Park	6, 2(b)	257,700	-	-	257,700
Total of specialised land at fair value		375,400	-	-	375,400
Cultural assets at fair value					
AGOS-OM Collection	6, 2(b)	10,785	-	-	10,785
Total of cultural assets at fair value		10,785	-	-	10,785

There were no transfers between levels 1, 2 or 3 for recurring fair value measurements during the year. The Trust's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2017

6 (b) Valuation techniques used to derive level 3 fair values

All fair value estimates for non-financial assets are included in level 3.

(i) Crown Land - Yarra Park

The level 3 fair value of the Yarra Park land has been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre and given the nature of the property a discount for a Community Service Obligation (CSO).

The CSO is an allowance made to reflect the difference between the highest and best use of unrestricted freehold land and assets held by the public sector. It reflects reductions in land value due to uses which are physically possible, legally permissible and financially feasible.

(ii) Crown Land - MCG

In view of the long term lease involved, the most appropriate method of the valuation of the land under lease to the Melbourne Cricket Club is the discounted cash flow method. This method involves the calculation of the present day value of the net cash flows being the present value of future rental streams under the lease into perpetuity.

(iii) AGOS-OM Collection

For the AGOS-OM collection the Trust obtains independent valuations from a qualified valuer at least every five years. The latest valuation, by Michael Fahey of Sports Memorabilia Australia, at 31 March 2016 was for \$10,779,325. Fair value for the AGOS-OM collection is determined by reference to the best available market evidence. Where available, this is based on the current market selling price of the same or similar works or on the estimated amount which market participants would be prepared to pay. As there are a large number of items in the collection, the whole collection has been valued using scientific sampling techniques. At the end of each reporting period the Trustees update their assessment of the fair value of the collection, taking into account any additions or disposals during the period and obtaining advice from the independent valuer that the fair value of the collection did not materially differ from the carrying value.

(iv) Reconciliation of Level 3 fair value

	2017 \$'000		2016 \$'000	
	<i>Specialised land</i>	<i>Cultural assets</i>	<i>Specialised land</i>	<i>Cultural assets</i>
OPENING BALANCE	205,047	10,779	188,176	11,682
Purchases (sales)	-	-	-	-
Transfers in (out) of Level 3	-	-	-	-
Gains or losses recognised in net result	-	6	-	36
Depreciation	-	-	-	-
Impairment loss	-	-	-	-
SUBTOTAL	205,047	10,785	188,176	11,718
Gains or losses recognised in other economic flows – other comprehensive income				
Revaluation	170,353	-	16,871	(939)
SUBTOTAL	170,353	-	16,871	(939)
CLOSING BALANCE	375,400	10,785	205,047	10,779
Unrealised gains/(losses) on non-financial assets	-	-	-	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2017

6 (b) Valuation techniques used to derive level 3 fair values (Cont'd)

If one or more of the significant inputs is not based on observable market data, the asset is included in Level 3. This is the case for land and cultural assets.

For its land assets the Trust obtains independent valuations from the Valuer-General Victoria at least every five years. The latest valuation of the Yarra Park land was at 31 March 2017 using the market approach adjusted for CSO. The latest valuation of the MCG land was at 31 March 2017 using the discounted cash flow method. The latest valuation of the AGOS-OM Collection was at 31 March 2016 using the best available market evidence and scientific sampling techniques.

At the end of each reporting period between formal valuation dates the Trustees update their assessment of the fair value of each property, taking into account the most recent independent valuations, movements in the Valuer-General Victoria's commercial land indexation factors and movements in any other relevant criteria.

Land: indexation of future rental streams, discount rates and Community Service Obligation discounts are estimated by the Valuer-General Victoria based on comparable assets and transactions and industry data.

6 (c) Description of significant unobservable inputs to level 3 valuations for 2017

Valuation inputs and relationships to fair value

The following table summarises the quantitative and qualitative information regarding the significant unobservable inputs used in the level 3 fair value measurements.

Description	Valuation technique	Significant unobservable inputs
Crown Land – MCG	Discounted Cash flow approach	Indexation of future rental streams Discount rate applied to future rental streams Term of discounting
Crown land – Yarra Park	Market Approach	Direct cost per square metre Community Service Obligation (CSO) adjustment East Melbourne Commercial land indexation for 2016
AGOS-OM Collection	Market Approach using a sampling technique	Selecting an appropriate comparable item at market value

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2017	Notes	2017 \$'000	2016 \$'000
7. TRADE AND OTHER PAYABLES			
Trade Creditors		1	-
Accrued Audit Fees		14	14
Contribution to the Club for Yarra Park landscape upgrade		110	-
Total payables		125	14
8. RESERVES AND ACCUMULATED FUNDS			
Asset revaluation	8 (a)	317,380	147,027
Special purpose - National Sports Museum ("NSM")	8 (b)	48	48
		317,428	147,076
Accumulated funds	8 (c)	70,259	70,201
(a) Asset revaluation			
<i>(i) Nature and purpose of reserve</i>			
The asset revaluation reserve is used to record incrementals and decrements in the value of non-current assets			
<i>(ii) Movements in reserve</i>			
Balance at beginning of year		147,027	131,095
Revaluation increments / (decrements) on revaluation of:			
- Crown land - MCG		42,000	-
- Crown land - Yarra Park		128,353	16,871
- AGOS-OM Collection		-	(939)
Balance at end of year		317,380	147,027
(b) Special purpose – NSM			
<i>(i) Nature and purpose of reserve</i>			
The NSM reserve records donations provided to the Trust for the purchase of sporting memorabilia.			
<i>(ii) Movements in reserve</i>			
Balance at beginning of year		48	48
Transfers from / (to) other equity accounts:			
- Accumulated funds		-	-
Balance at end of year		48	48
(c) Accumulated funds			
Balance at beginning of year		70,201	70,096
Net result for the year		57	105
Transfers from / (to) other equity accounts:			
- Asset revaluation reserve		-	-
- Special purpose – NSM		-	-
Balance at end of year		70,259	70,201

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2017	Notes	2017 \$'000	2016 \$'000
9. CASH FLOW INFORMATION			
(a) Reconciliation of net result to the net cash flows from operations			
Net result		57	105
Less non-cash revenue		(6)	(36)
Changes in assets and liabilities			
(Increase)/decrease in trade & other receivables		(114)	-
Increase/(decrease) in trade & other payables		111	-
Increase/(decrease) in other non-financial assets		(7)	-
		41	70
(b) Reconciliation of cash			
Cash and cash equivalents comprises:			
- cash at bank		15	66
- short term deposits		1,388	1,295
Cash and cash equivalents at end of year		1,403	1,361

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are at call and earn interest at the respective short-term deposit rates.

(c) Non cash transactions

During the reporting period the Trust received \$5,587 (2016: \$35,975) in donation revenue in the form of AGOS-OM collection assets. These were not reflected in the cash flow statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2017	Notes	2017 \$'000	2016 \$'000
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10. AUDITORS' REMUNERATION

Amounts due to the Victorian Auditor General for:

– an audit of the financial report of the Trust

14	14
14	14

11. CONTINGENT LIABILITIES

Other than the financial guarantees disclosed in note 14, the trust is not aware of any other contingent liabilities.

12. SUBSEQUENT EVENTS

There are no events subsequent to the end of the financial year which, to the Trust's knowledge, will significantly affect the operating results and state of affairs of the Trust for the year ended 31 March 2017.

13. EXPENDITURE COMMITMENTS

At the date of this report, the Trust is not aware of any capital or contracted expenditure commitments. The amount committed under the funding agreement for landscape and capital improvements works within Yarra Park at 31 March 2017 is nil (2016: \$0.100 million).

14. RE-DEVELOPMENT OF THE MCG

Under the provisions of the original Indemnity Deed dated 11 April 1990, the Club agreed to redevelop the Great Southern Stand at a cost of approximately \$150 million. The original Indemnity Deed was re-negotiated and a new Management and Indemnity ("M&I") Deed was signed (15 August 2002) by the Trust, the Club and the State Government of Victoria.

The original financing arranged by the Club in relation to the Great Southern Stand has been fully repaid at March 2017, with guarantees in respect of the financing being provided by the Trust and the Treasurer of Victoria in accordance with the specific provisions of the Indemnity Deed.

As part of the M&I Deed, the Club agreed to redevelop the Northern side of the MCG. The financing arranged by the Club will be fully repaid by March 2026, with guarantees in respect of the financing being provided by the Trust and the Treasurer of Victoria in accordance with the specific provisions of the M&I Deed.

The outstanding long-term debt in relation to the re-developments of the MCG is recognised in the Club's accounts. Total Re-development Debt at 31 March 2017 for these projects is \$176.552 million (2016: \$195.909 million).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2017

15. RELATED PARTY DISCLOSURES

(a) The Office bearers of the Trust during the financial year were:

Mr Robert Herbert AM	Ms Siobhan McKenna
Mr Ian Carson AM	Mr Dale Monteith
The Hon. Peter Costello AC	Mr Paul O'Malley
Ms Jane Fenton AM	Ms Stephanie Reeves
The Hon. Patrick McNamara	Mr Ben Foskett (Executive Officer)

(b) The following transactions occurred with other related parties during the financial year:

- (i) During the year the Trust received from the Club \$4.429 million (2016: \$4.355 million) in respect of the Club's lease rental of the MCG.
- (ii) The Trust contributed \$4.295 million from its cash reserves to the Club for the repayment of Re-development Debt (2016: \$4.220 million).
- (iii) During the year, under the terms of an Instrument of Delegation, the Trust contributed Yarra Park landscape and capital improvement funding of \$0.100 million (2016: nil) to the Club.
- (iv) From time to time, the Club, the Melbourne Cricket Club Foundation and NSML undertake transactions on behalf of the Trust. As at balance date, amounts payable by the Trust to the Club were \$0.110 million (2016: nil) and amounts payable by the Trust to the Melbourne Cricket Club Foundation and the NSML were nil (2016: nil).

16. GROUND MANAGER

On 15 August 2002, the Club entered into a Deed of Variation of Lease with the MCG Trust pursuant to which the Club's existing tenancy of the MCG was extended until 31 March 2042 with an option to extend its lease over the Members' Reserve for a further 25 years. Under a separate management agreement with the Trust and the Government of Victoria, the Club's role as manager of the MCG has also been extended until 31 March 2042.

Building Improvements and Capital Work in Progress have been funded by the Club, in its capacity as Ground Manager of the Melbourne Cricket Ground. Building Improvements and Capital Work in Progress are recognised in the Club's accounts at a written down value of \$446.874 million (2016: \$477.007 million). The residual interest in buildings and improvements at the ground will revert to the Trust at the end of the lease period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2017

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trust's activities expose it primarily to the financial risks of changes in interest rates. The Trust does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Trust's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to meet obligations for the Trust's operations. The Trust has various other financial assets and liabilities such as trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Trust's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Trust's financial instruments are cash flow interest rate risk and credit risk. Policies for managing the main risks are summarised below:

Interest rate risk exposures

The Trust's exposure to the risk of changes in market interest rates relates primarily to the Trust's cash, which is subject to floating interest rates.

Credit risk exposure

The Trust trades only with recognised, creditworthy third parties.

It is the Trust's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Trust's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Trust.

With respect to credit risk arising from the other financial assets of the Trust, which comprise cash and cash equivalents, the Trust's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Since the Trust trades only with recognised third parties, there is no requirement for collateral.

18. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in:						Weighted average effective interest rate	
			1 year or less		1 to 5 years		More than 5 years			
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 %	2016 %
(i) Financial assets										
Cash	15	66							0.01	0.01
Short term deposits at call	1,388	1,295							1.00	2.00
	1,403	1,361								

All other financial assets and financial liabilities, both recognised and unrecognised, are non-interest bearing.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2017

18. FINANCIAL INSTRUMENTS (Cont'd)

The following table discloses the ageing analysis of contractual financial assets.

	Carrying amount	Not pass due and not impaired	Past due but not impaired			
			Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years
	\$	\$	\$	\$	\$	\$
2017						
Receivables⁽ⁱ⁾						
Other receivables	100	100	-	-	-	-
Total	100	100	-	-	-	-
2016						
Receivables⁽ⁱ⁾						
Other receivables	-	-	-	-	-	-
Total	-	-	-	-	-	-

Note: (1) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST input tax credit recoverable).

(b) Fair values

All financial assets and liabilities are summarised in the above table. Where financial assets and liabilities have not been recorded at fair value the carrying amount approximates fair value at balance date. The following methods and assumptions are used to determine the fair values of financial assets and liabilities.

Recognised financial instruments

Cash and cash equivalents:

The carrying amount approximates fair value because of their short-term to maturity.

Trade and other payables:

The carrying amount approximates fair value.

Trade and other receivables:

The carrying amount approximates fair value.

(c) Liquidity risk management

Ultimate responsibility for liquidity risk rests with the Trustees, who have built an appropriate liquidity risk management framework for the management of the Trust's short, medium and long-term funding and liquidity management. The Trust manages the liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows while matching the maturity profiles of financial assets and liabilities. Given the current surplus cash assets, liquidity risk is minimal.

The following table discloses the maturity analysis for contractual financial liabilities.

	Carrying amount	Not pass due and not impaired	Maturity dates			
			Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years
	\$	\$	\$	\$	\$	\$
2017						
Payables⁽ⁱ⁾						
Other payables	100	100	-	-	-	-
Total	100	100	-	-	-	-
2016						
Payables⁽ⁱ⁾						
Other payables	-	-	-	-	-	-
Total	-	-	-	-	-	-

Note: (1) The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2017

18. FINANCIAL INSTRUMENTS (Cont'd)

(d) Sensitivity analysis

Cash and short term deposits at call include a deposit of \$1.403 million (2016: \$1.361 million) that is exposed to floating rates movements. Sensitivities to these movements are calculated using a movement of 50 basis points up and 50 basis points down, leading to a net result of \$0.007 million (2016: \$0.007 million).

19. RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the year.

	<i>Period</i>
Responsible Ministers:	
Hon. Daniel Andrews Premier	01/04/2016 – 31/03/2017
and	
Hon. John Eren Minister for Tourism and Major Events	01/04/2016 – 31/03/2017
Trustees:	
Mr Stephen Bracks AC (Chairman)	24/05/2017 – Current
Mr Robert Herbert AM (Chairman)	01/04/2016 – 23/05/2017
Mr Ian Carson AM	01/04/2016 – 31/03/2017
Hon. Peter Costello AC	01/04/2016 – 31/03/2017
Ms Jane Fenton AM	01/04/2016 – 31/03/2017
Ms Siobhan McKenna	01/04/2016 – 31/03/2017
Hon. Patrick McNamara	01/04/2016 – 31/03/2017
Mr Dale Monteith	01/04/2016 – 31/03/2017
Mr Paul O'Malley	01/04/2016 – 31/03/2017
Ms Stephanie Reeves	01/04/2016 – 31/03/2017
Executive Officer:	
Mr Ben Foscett	01/04/2016 – 31/03/2017

The Trustees as listed above have received no remuneration (2016: Nil).

Remuneration received or receivable by the Executive Officer in connection with the management of the Trust during the reporting period was \$43,326 (2016: \$32,483).

DECLARATIONS BY TRUSTEES & ACCOUNTABLE OFFICER

We certify the attached financial statements for the Melbourne Cricket Ground Trust have been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Australian Accounting Standards and other professional reporting requirements.

We further state that, in our opinion, the information set out in the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 31 March 2017 and the financial position of the Trust as at 31 March 2017.

We are not aware of any circumstance which would render any of the particulars included in the financial statements to be misleading or inaccurate.

On behalf of the Melbourne Cricket Ground Trust.



Ian Carson AM
On behalf of Trustees



Ben Fokett
Executive Officer

Melbourne, 28 July 2017

Independent Auditor's Report

To the Trustees of the Melbourne Cricket Ground Trust

Opinion	<p>I have audited the financial report of the Melbourne Cricket Ground Trust (the Trust) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 31 March 2017 • statement of comprehensive income for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • notes to the financial statements, including a summary of significant accounting policies • declarations by Trustees and Accountable Officer. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Trust as at 31 March 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. 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>
Trustees' responsibilities for the financial report	<p>The Trustees of the Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Trustees 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.</p> <p>In preparing the financial report, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 Trustees
- conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Trustees 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.



Anna Higgs

as delegate for the Auditor-General of Victoria

Protected Disclosure Act 2012

The purpose of the Protected Disclosure Act ("Act") is to encourage and facilitate the making of disclosures of improper conduct of public officers and public bodies without fear of reprisal. The Trust is a "public body" for purposes of the Act. The trust is not permitted to receive disclosures made under the Act. You can make a protected disclosure about the Trust or its members, officers or employees by contacting the Independent Broad-based Anti-corruption Commission. As required under the Act, the Trust has adopted procedures for the protection of people against detrimental action that might be taken against them in reprisal for the making of protected disclosures. These procedures are available from the Trust on request.

