



**NOTHING  
CAN MATCH IT.**



# ANNUAL REPORT

**2018 / 19** MELBOURNE CRICKET  
GROUND TRUST







# CHAIRMAN'S REPORT

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At the end of another busy year at the MCG I'm pleased to report that the ground, the precinct and the business of the MCG Trust all remain in very good shape.

In last year's report I referred to the significant negotiations we undertook to extend the AFL's ground user licence at The G and to the consequent negotiations to extend the MCC's contract as Ground Manager along with their lease over the ground including the Members' Reserve. Documenting those negotiations took until October 2018 but all documents have now been executed so everyone can again focus 100% of their attention on the business of running the MCG precinct.

Security remains a constant focus of our attention and we have seen the continuous evolution and ongoing implementation of the MCG Security Master Plan. Hostile Vehicle Mitigation infrastructure is being installed in line with that plan and the Trust is working with the Club to explore other permanent security initiatives as part of a broader Precinct Master Planning Framework project. One element of that project is the planning for better separation of vehicular and pedestrian traffic outside the ground. The management of Brunton Avenue on event days is a priority given the amount of pedestrian traffic between Richmond station and the MCG, all of which has to cross Brunton Avenue. Before an event, crowds build-up outside the station to cross Brunton Ave on their way to The G. And afterwards, they build again as they wait to move through turnstiles into the station. This creates crowd management issues near a busy road (albeit outside the boundaries of the MCG) and presents its own set of security issues. The Precinct Framework document will offer suggestions for long-term mitigation of those and other related issues.

Whilst on the topic of crowd management, we are concerned about recent examples of unacceptable acts of violence both inside and outside the stadium. Fortunately these incidents involve just a tiny fraction of what are otherwise very well behaved crowds but the impact on patrons in the vicinity can be significant – at best unpleasant, sometimes frightening and, on occasions, dangerous. Our systems for identifying, reporting and dealing with these incidents are robust but, the fact remains, our patrons can be exposed to some unacceptable behaviour for a couple of minutes before security and/or police can get to the offenders. The Ground Manager applies strict guidelines to the serving of alcohol within the ground but some people find ways around sensible policies. Often poor behaviours are influenced by the use of illicit drugs which are very hard to detect in our entry screening procedures. The Club continues to work with our security contractor and Victoria Police to improve our capacity to manage these incidents and, where possible, to reduce the incidence of them.

I am also pleased to report, again, that the condition of Yarra Park continues to improve for the benefit of all its users – local residents, park visitors, MCG patrons and Melbourne Park patrons. MCC staff work very hard, with the help of expert advisers, to ensure that the grassed areas and trees are carefully nurtured and thrive. Maintaining the park infrastructure – the paths, lighting, waste management, water and drainage – is a constant and significant obligation so it's pleasing to see the fruit of all that work in the way the park is presented for all its users. All this comes at significant cost and the reality is that those costs have, in the past, been funded by car parking revenues. Those revenues have been falling over recent years for a range of reasons including security measures and weather-related park management policies. The Trust will work with the Ground Manager and with other stakeholders, including the State Government, to find ways to shore-up a revenue stream to support park maintenance and renewal. We can generate some revenues by hiring-out areas of the park to third parties for events but, realistically, revenues generated are modest and must be weighed against the impact such events have on the park, its infrastructure and, importantly, on our neighbours. Conversations with our neighbours are ongoing and will play heavily in discussions with all our stakeholders about how we can ensure that our magnificent Yarra Park can continue to thrive for everyone to enjoy in years to come.

I've mentioned above that there is a very significant and important piece of work underway in the preparation of a new MCG Precinct Framework document. This project is jointly funded by the State Government and the MCC and has involved broad input and involvement from key stakeholders. The Trust has been intimately involved and sees the development of this Precinct Framework as the template

## CHAIRMAN'S REPORT

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for a long-term blue-print – a vision – for the precinct. We hope that every significant decision about developments in and around the ground and the precinct will be made in light of this vision over the foreseeable future.

One of the reasons the Trust works well is the quality of the Trustees we have and the commitment they make – voluntarily – to the governance of the ground and to this precinct. Trustees bring a range of diverse skills and experience to our deliberations and offer their time, not just at formal Trustee meetings but also on an ad hoc basis to a number of significant projects and decision points. Sadly, Ms Siobhan McKenna, a Trustee since 2015, found that her business commitments have grown such that she felt she could no longer contribute as she'd like to the Trust. As a consequence, I was disappointed to accept her resignation early this calendar year. Siobhan brought particularly strong skills in the areas of media, commercial management and strategic planning to our discussions and her contribution will be sorely missed. Personally, and on behalf of my fellow Trustees, I want to put on record my thanks to Siobhan for the time and effort she devoted to the MCG Trust over her time with us and we wish her well in all her other endeavours.

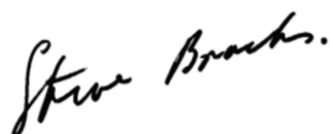
Hon Peter Costello AC has also left us as he came to the end of his term in late May. Peter was first appointed to the Trust in 2013 and brought a wealth of experience and knowledge to our table. He made an enormous contribution to the organisation through his Chairmanship of the MCG Deck Feasibility Project Committee and generally by applying his considerable intellect, his political nous and his commercial skills to the most complex matters that the Trust has to deal with from time to time. His insightful analysis of the issues and his capacity to identify the critical elements coupled with his pragmatic problem solving skills enabled Trustees to work through sometimes complex matters and to arrive at sensible conclusions in quick time. Again, personally and on behalf of Trustees, I want to thank Peter for his substantial contribution to the work of the Trust and to the MCG precinct generally.

I must also put on record my thanks to Steven Smith who retired as President of the MCC in April. Steven had been at the helm of The Club for four years and on Committee for more than 20 years. The last 18-24 months of his tenure required careful stewardship of the strategically critical, complex and often difficult negotiations surrounding the extension of the AFL License complicated by the parallel need to refresh the MCC's contract as Ground Manager and extend the MCC's lease at The G. The successful outcomes reflected in the quality of the agreements we all signed late last year were, in no small part, due to the time and care Steven put into the oversight of those protracted negotiations. For that alone, the MCG community owes him a significant debt of gratitude. On behalf of Trustees, I wish him well in a life less complicated by the daily needs of the MCC and the MCG. In saying farewell to Steven, I'm delighted to welcome Michael Happell as the new President of the MCC. I look forward to working with Michael and his committee colleagues as we all focus on maintaining and growing the MCG as Australia's premier and iconic sporting stadium.

And finally, I want to put on record my thanks to Stuart Fox and his team at the MCC for another very successful year as Ground Manager. Few people would understand the complexity of running a venue and a significant public park like we have here in the MCG precinct. Stuart and his team do a fantastic job albeit not without comment from a range of informed – and some less informed – external parties. The evidence suggests that the overwhelming majority of people who come to the MCG and to Yarra Park are treated to a world class venue offering world class services. My Trust colleagues join me in thanking Stuart and his team for another year of careful and caring service to all MCG stakeholders.

**Hon Steve Bracks AC**  
Chairman

May 2019



# EXECUTIVE OFFICER'S REPORT

## FINANCIAL RESULTS:

The Trust remains in a strong financial position.

Like-for-like revenues were marginally higher in the financial year ending March 2019 - \$4.656m compared to \$4.587m in FYE 2018. Operating expenses were materially higher year on year (\$274k in FYE 2019 compared to \$149k in the prior year), due to the unusual amount of management time and, in particular, legal fees associated with the negotiation and documentation of the new AFL Agreement, the new Management & Indemnity Deed and the MCC Lease.

The Trust's major item of ongoing expenditure arises from its commitment to contribute the bulk of its net income towards reducing the MCC's stadium-related debt and towards the accumulation of reserves to fund future major stadium redevelopment projects. Contributions amounted to \$4.325m in FY 2019 compared to \$4.365m in FY 2018 [both numbers exclude GST].

The overall operating result was slightly lower this year - \$57k compared to \$73k in FYE 2018. Again, the impact of more management man hours and unusual legal costs associated with the matters mentioned above contributed to this slightly lower operating result. A slightly lower Trust contribution towards MCC stadium-related debt offset some of the impact of the higher operating expenses.

In line with the Valuer-General of Victoria's guidelines, the book value of Yarra Park was increased by \$17.2m to \$303.2m.

## ACTIVITIES AT THE MCG:

### AFL

Almost 3m people attended AFL matches at the MCG during the 2018 season, up more than 9.5% on 2017. AFL average match attendances over the season were up more than 7% to around 58,000, up from around 54,000 in the 2017 season. Some of our tenant clubs built their performance strongly as the year progressed with Collingwood, Richmond, and Melbourne all progressing well into the finals series generating big crowds for games at *The G*. We saw 6 finals matches played at *The G* in 2018 attracting over 540,000 fans – an average of just over 90,000 per game.

### AFL SEASON ATTENDANCES

SEASON (NOT MCGT FY)	TOTAL ATTENDANCE AT MCG '000	NUMBER OF GAMES (No OF FINALS)	AVERAGE ATTENDANCE '000
<b>2018</b>	<b>2,953</b>	<b>51 (6)</b>	<b>58</b>
2017	2,696	*50 (4)	54
2016	2,435	*50 (4)	49
2015	2,495	49 (4)	51
2014	2,505	*50 (5)	50
2013	2,791	51 (6)	55
2012	2,703	52 (5)	52
2011	3,069	54 (7)	57

\*The 2016 & 2017 numbers were incorrectly presented in last year's report because, unlike the rest of the numbers presented last year, they did not include the number of finals games in the total. The 2014 number was overstated by one game.

## EXECUTIVE OFFICER'S REPORT

The Ground Manager is continuing to work with the AFL and our tenant clubs to do everything possible to ensure that we continue to attract fans to AFL matches whether they are there to follow their own side or simply there to watch a great game of footy. Our marquee events like the ANZAC Eve and ANZAC Day matches and *Dreamtime at The G* are great examples of how the great game of AFL football attracts huge crowds of fans – fans of the competing clubs and fans of the game.

### CRICKET

As I noted last year, Cricket remains an important component of the MCG's calendar, however the number of International Cricket match days has fluctuated over time. Like the AFL, attendances at cricket matches are heavily influenced by the origin and form of the competing sides. For international cricket, the appeal of the touring side plays a big part in generating attendance numbers. Attendances during the 2018/19 cricket season were down on the previous season but were still relatively strong reflecting the popularity of the touring Indian side. The BBL series this year saw smaller crowds than last season – in fact, the lowest average crowd size since the 2014/15 series – again reflecting the popularity and performance of the sides competing at each match.

### INTERNATIONAL CRICKET

SEASON	2018/19 SEASON	2017/18 SEASON	2016/17 SEASON	2015/16 SEASON	2014/15 SEASON
TEST SERIES AGAINST	INDIA	ENGLAND	PAKISTAN	WEST INDIES	INDIA
ODI &/OR T20 SERIES AGAINST	INDIA	ENGLAND	PAKISTAN & NEW ZEALAND	INDIA	SOUTH AFRICA & INDIA
MATCH DAYS	7	7	8	7	8
TOTAL ATTENDANCE	293,581	342,478	234,297	233,494	264,454
AVERAGE ATTENDANCE	41,940	48,925	29,287	33,356	33,057

### BBL

SEASON	No OF MATCHES	TOTAL ATTENDANCE	AVERAGE ATTENDANCE
<b>2018/19</b>	<b>5</b>	<b>136,697</b>	<b>27,339</b>
2017/18	5	158,146	31,629
2016/17	4	198,248	49,562
2015/16	6	241,790	40,298
2014/15	4	110,793	27,698
2013/14	5	99,757	19,951
2012/13	4	85,705	21,426

We are looking forward to the ICC Twenty20 World Cup in 2020 and are very pleased with the fixturing of a number of important matches here at the *The G* including both the men's and the women's finals.

After much criticism of our pitches during the 2017/18 season, our Ground Manager has worked hard on the implementation of new strategies to ensure more consistent pitches – pitches that meet the typical

# EXECUTIVE OFFICER'S REPORT

performance characteristics of an MCG wicket. Early results of that work were on show during the last season and were generally appreciated by the players, the crowds and the commentators. Much work remains to be done to update the structural foundations for the drop-in wickets within the stadium and outside in our nursery. The curator is also working on establishing some completely new wickets, grown from scratch using different soil bases. Whilst this process takes time – a few years to produce a mature wicket - we expect these new pitches to provide the foundations for a set of long-lasting wickets with consistent performance characteristics.

## OTHER CONTENT

One of the great features of the MCG is its capacity to host a range of different events – non-AFL and non-cricket events. In the last year we hosted an enormously successful WWE Super Showdown wrestling event which attracted over 70,000 fans and a huge world-wide TV audience. We also had concerts featuring Bon Jovi (almost 62,000 fans) and Eminem (over 80,000 fans) as well as the more traditional “other” events like the NRL State of Origin match. The Trust fully supports the Club’s efforts to attract new and different events to the ground to ensure that we continue to provide events that attract new & repeat patrons to this fabulous venue. The extent of those “other” types of events over recent years is captured in the table of events below.

## MAJOR SPECIAL EVENTS

EVENT DATE	EVENT DAY	EVENT TYPE	EVENT NAME	TOTAL ATTENDANCE
24 Feb 2019	SUN	CONCERT	EMINEM   RAPTURE 2019 TOUR	80,708
1 Dec 2018	SAT	CONCERT	BON JOVI   THIS HOUSE IS NOT FOR SALE TOUR	61,858
6 Oct 2018	SAT	WORLD WRESTLING	WWE SUPER SHOW-DOWN	70,309
6 Jun 2018	WED	STATE OF ORIGIN	NSW BLUES VS. QUEENSLAND MAROONS	87,122
13 Jun 2017	TUE	INTERNATIONAL FRIENDLY	BRAZIL VS. SOCCEROOS	48,847
9 Jun 2017	FRI	INTERNATIONAL FRIENDLY	BRAZIL VS. ARGENTINA	95,569
14 Feb 2017	TUE	CONCERT	GUNS N' ROSES - NOT IN THIS LIFETIME TOUR	73,756
29 Jul 2016	FRI	INTERNATIONAL FRIENDLY	TOTTENHAM HOTSPUR VS. ATLETICO DE MADRID	35,397
26 Jul 2016	TUE	INTERNATIONAL FRIENDLY	JUVENTUS VS. TOTTENHAM HOTSPUR	25,457
23 Jul 2016	SAT	INTERNATIONAL FRIENDLY	MELBOURNE VICTORY VS. JUVENTUS	23,174
24 Jul 2015	FRI	INTERNATIONAL FRIENDLY	MANCHESTER CITY VS. REAL MADRID	99,382
21 Jul 2015	TUE	INTERNATIONAL FRIENDLY	AS ROMA VS. MANCHESTER CITY	41,134
18 Jul 2015	SAT	INTERNATIONAL FRIENDLY	REAL MADRID VS. A.S. ROMA	80,746
17 Jun 2015	WED	STATE OF ORIGIN	NSW BLUES VS. QLD MAROONS	91,513
29 Mar 2015	SUN	CWC	AUSTRALIA VS. NEW ZEALAND	93,013
19 Mar 2015	THUR	CWC	INDIA VS. BANGLADESH	51,552
26 Feb 2015	THUR	CWC	SRI LANKA VS. BANGLADESH	30,012
22 Feb 2015	SUN	CWC	SOUTH AFRICA VS. INDIA	86,876
14 Feb 2015	SAT	CWC	ENGLAND VS. AUSTRALIA	84,336
24 Jul 2013	WED	INTERNATIONAL FRIENDLY	LIVERPOOL FC VS. MELBOURNE VICTORY	95,446

# EXECUTIVE OFFICER'S REPORT

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## YARRA PARK

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Yarra Park is an integral piece of the MCG precinct and remains a major focus of the Trust's and the Ground Manager's attention. Whilst many people would refer to it as the MCG carpark, the reality is that, for a range of reasons, we are reducing the number of cars we park there for any given event – on some of our bigger event days we close the park to cars entirely. Safety and security measures contribute to that decline along with careful attention to the management of the grass surface during periods of poor weather conditions (not just wet weather).

As our Chairman has mentioned, the cost of maintaining the park is increasing in an environment where the bulk of park revenues are derived from a declining stream of car parking fees. The Ground Manager does generate some revenue from "other" activities (eg the AFL Finals Festival, the Melbourne Marathon etc) but these revenues are nowhere near enough to cover park maintenance and development costs. The Manager has experimented with new and different events & activities over time with varying degrees of success but we must always be vigilant about the impact different events have on the park and on our neighbours. We have ongoing conversations with representatives of our neighbours about these matters and will include their views in discussions to be had with our government stakeholders about how we deal with the costs of maintaining the park going forward.

## MCG PRECINCT

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The Chairman has mentioned the work being done on the development of the MCG Precinct Framework document. In addition to his comments, I should again repeat our long-held view that a critical first step in developing and working towards a long-term vision for this precinct is the implementation of a Planning Overlay for the air space above the railyards between the MCG and Melbourne Park. The Trust has been advocating for a Sports Precinct overlay for some time now and we will continue to argue that case in our discussions with government.

## ACKNOWLEDGMENTS

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I'd like to add my thanks to Hon Peter Costello AC and to Ms Siobhan McKenna, both of whom have provided very valuable input to the work of the Trust during their respective terms. In addition to their contribution to the Trust, both Peter and Siobhan were willing providers of very constructive advice to this office and for that I pass on my personal thanks. It's always sad to lose strong contributors but it's part of a natural process of renewal and I look forward to the appointment of new Trustees in due course.

Finally, Stuart Fox and his MCC team continue to work productively and constructively with my office for the good of the MCG, our stakeholders and our patrons. I want to acknowledge their ongoing support and the very co-operative manner in which they deal with what are sometimes difficult and contentious issues between the Trust and the Club.



**Ben Foksett**  
Executive Officer

May 2019



# ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 31 MARCH 2019

### STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2019	Notes	2019 \$'000	2018 \$'000
Revenue	3	<b>4,656</b>	4,587
Operating expenses		<b>(274)</b>	(149)
Contribution to Melbourne Cricket Club ("the Club") for repayment of Great Southern Stand and Northern Stand Re-development debt ("Re-development Debt")	20	<b>(4,325)</b>	(4,365)
<b>NET RESULT FOR THE YEAR</b>	8 (c)	<b>57</b>	73
<b>OTHER COMPREHENSIVE INCOME</b>			
Fair Value Revaluations:			
Crown land - MCG	6, 8 (a)	-	-
Crown land - Yarra Park	6, 8 (a)	<b>17,163</b>	28,347
<b>Other Comprehensive Income for the year</b>		<b>17,163</b>	28,347
<b>Total Comprehensive Income for the year</b>		<b>17,220</b>	28,420

The accompanying notes form part of these financial statements.

# BALANCE SHEET

AS AT 31 MARCH 2019	Notes	2019 \$'000	2018 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9 (b)	1,502	1,341
Trade and other receivables	4	98	219
Prepayments	5	1	8
<b>TOTAL CURRENT ASSETS</b>		<b>1,601</b>	<b>1,567</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	420,910	403,747
Other non-current assets	6	10,830	10,823
<b>TOTAL NON-CURRENT ASSETS</b>		<b>431,740</b>	<b>414,570</b>
<b>TOTAL ASSETS</b>		<b>433,341</b>	<b>416,137</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	15	29
<b>TOTAL CURRENT LIABILITIES</b>		<b>15</b>	<b>29</b>
<b>TOTAL LIABILITIES</b>		<b>15</b>	<b>29</b>
<b>NET ASSETS</b>		<b>433,326</b>	<b>416,107</b>
<b>EQUITY</b>			
Accumulated funds	8 (c)	70,388	70,332
Reserves	8 (a,c)	362,938	345,775
<b>TOTAL EQUITY</b>		<b>433,326</b>	<b>416,107</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019	Accumulated Funds \$'000	Other Reserves \$'000	Total Equity \$'000
<b>Balance as at 31 March 2017</b>	<b>70,259</b>	<b>317,428</b>	<b>387,687</b>
<b>Changes in Equity</b>			
Result for the year ended 31 March 2018	73	-	73
Other Comprehensive Income	-	28,347	28,347
<b>Balance at 31 March 2018</b>	<b>70,332</b>	<b>345,775</b>	<b>416,107</b>
<b>Changes in Equity</b>			
Result for the year ended 31 March 2019	57	-	57
Other Comprehensive Income	-	17,163	17,163
<b>Balance at 31 March 2019</b>	<b>70,389</b>	<b>362,938</b>	<b>433,327</b>

The accompanying notes form part of these financial statements.



# STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2019	Notes	2019 \$'000	2018 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers		(310)	(259)
Interest received		9	10
Ground lease rental from the Club		5,104	4,994
State Government of Victoria contribution - Yarra Park landscape upgrade		-	100
Contribution to the Club for repayment of Re-development Debt		(4,758)	(4,802)
GST cash flows		116	(105)
<b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	9 (a)	<b>161</b>	<b>(62)</b>
Net increase/(decrease) in cash and cash equivalents		161	(62)
Cash and cash equivalents at beginning of year		1,341	1,403
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	9 (b)	<b>1,502</b>	<b>1,341</b>
Non-cash transactions	9 (c)	7	38

The accompanying notes form part of these financial statements.

# NOTES TO FINANCIAL STATEMENTS

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31 MARCH 2019

## 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)

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## 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)

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### 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 completed every five years.

This land was independently revalued by the Valuer-General Victoria at \$117.700 million at March 2017 and the next valuation will be 31 March 2022.

##### (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 completed every five years.

This land was independently revalued by the Valuer-General Victoria at \$257.700 million at March 2017 and the next valuation will be 31 March 2022.

##### (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)

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### 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) Indemnification and 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 (2017: no staff employed). No employee leave benefits are owed at balance date (2017: 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 receivables.

#### (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)

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### 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 2019 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 2019	Notes	2019 \$'000	2018 \$'000
<b>3. REVENUES</b>			
Lease rental from the Club	20	4,640	4,540
<b>Total revenues from operating activities</b>		<b>4,640</b>	<b>4,540</b>
<b>Other revenues</b>			
Interest revenue		9	10
Asset donations received		7	38
<b>Total other revenues</b>		<b>16</b>	<b>47</b>
<b>Total revenues</b>		<b>4,656</b>	<b>4,587</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
GST receivable		98	219
<b>Total receivables</b>		<b>98</b>	<b>219</b>
<b>5. PREPAYMENTS</b>			
Insurance Prepayment		1	8
<b>Total prepayments</b>		<b>1</b>	<b>8</b>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2019	2019 \$'000	2018 \$'000
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
<i>Crown land - MCG</i>		
Carrying amount at beginning of year	117,700	117,700
Net amount of revaluation increment	-	-
<b>Fair Value at 31 March 2019</b>	<b>117,700</b>	<b>117,700</b>
 <i>Crown Land - Yarra Park</i>		
Carrying amount at beginning of year	286,047	257,700
Net amount of revaluation increment	17,163	28,347
<b>Fair Value at 31 March 2019</b>	<b>303,210</b>	<b>286,047</b>
 <b>Total Property, Plant and Equipment</b>	<b>420,910</b>	<b>403,747</b>
 <b>Other Non-Current Assets</b>		
<i>AGOS-OM Collection (part of the NSM)</i>		
Carrying amount at beginning of year	10,823	10,785
Add donated items	7	38
<b>Fair Value at 31 March 2019</b>	<b>10,830</b>	<b>10,823</b>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 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 2019

The following table presents the Trust's assets measured and recognised at fair value at 31 March 2019.

YEAR ENDED 31 MARCH 2019	Notes	Carrying amount	Fair value measurement at end of reporting period using:		
			Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000	\$'000
<b>Balance at 31 March 2018</b>					
Specialised land at fair value					
Crown Land - MCG	6, 2(b)	117,700	-	-	117,700
Crown Land - Yarra Park	6, 2(b)	286,047	-	-	286,047
<b>Total of specialised land at fair value</b>		<b>403,747</b>	<b>-</b>	<b>-</b>	<b>403,747</b>
Cultural assets at fair value					
AGOS-OM Collection	6, 2(b)	10,823	-	-	10,823
<b>Total of cultural assets at fair value</b>		<b>10,823</b>	<b>-</b>	<b>-</b>	<b>10,823</b>
<b>Balance at 31 March 2019</b>					
Specialised land at fair value					
Crown Land - MCG	6, 2(b)	117,700	-	-	117,700
Crown Land - Yarra Park	6, 2(b)	303,210	-	-	303,210
<b>Total of specialised land at fair value</b>		<b>420,910</b>	<b>-</b>	<b>-</b>	<b>420,910</b>
Cultural assets at fair value					
AGOS-OM Collection	6, 2(b)	10,830	-	-	10,830
<b>Total of cultural assets at fair value</b>		<b>10,830</b>	<b>-</b>	<b>-</b>	<b>10,830</b>

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)

### 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 for 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

	2019 \$'000		2018 \$'000	
	<i>Specialised land</i>	<i>Cultural assets</i>	<i>Specialised land</i>	<i>Cultural assets</i>
<b>OPENING BALANCE</b>	<b>403,747</b>	<b>10,823</b>	375,400	10,785
Purchases (sales)	-	-	-	-
Transfers in (out) of Level 3	-	-	-	-
Gains or losses recognised in net result	-	<b>7</b>	-	38
Depreciation	-	-	-	-
Impairment loss	-	-	-	-
<b>SUBTOTAL</b>	<b>403,747</b>	<b>10,830</b>	375,400	10,823
Gains or losses recognised in other economic flows – other comprehensive income				
Revaluation	<b>17,163</b>	-	28,347	-
<b>SUBTOTAL</b>	<b>17,163</b>	-	28,347	-
<b>CLOSING BALANCE</b>	<b>420,910</b>	<b>10,830</b>	403,747	10,823
Unrealised gains/(losses) on non-financial assets	-	-	-	-

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 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 2019

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
<b>Crown Land – MCG</b>	Discounted Cash flow approach	Indexation of future rental streams Discount rate applied to future rental streams Term of discounting
<b>Crown land – Yarra Park</b>	Market Approach	Direct cost per square metre Community Service Obligation (CSO) adjustment East Melbourne Commercial land indexation for 2018
<b>AGOS-OM Collection</b>	Market Approach using a sampling technique	Selecting an appropriate comparable item at market value



# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2019	Notes	2019 \$'000	2018 \$'000
<b>7. TRADE AND OTHER PAYABLES</b>			
Trade Creditors		-	15
Accrued Audit Fees		15	15
<b>Total payables</b>		<b>15</b>	<b>30</b>
<b>8. RESERVES AND ACCUMULATED FUNDS</b>			
Asset revaluation	8 (a)	362,890	345,727
Special purpose - National Sports Museum ("NSM")	8 (b)	48	48
		<b>362,938</b>	<b>345,775</b>
<b>Accumulated funds</b>	8 (c)	<b>70,388</b>	<b>70,332</b>
<b>Reserves and Accumulated Funds</b>		<b>433,326</b>	<b>416,107</b>
<b>(a) Asset revaluation</b>			
<i>(i) Nature and purpose of reserve</i>			
The asset revaluation reserve is used to record increments and decrements in the value of non-current assets.			
<i>(ii) Movements in reserve</i>			
Balance at beginning of year		345,727	317,380
Revaluation increments / (decrements) on revaluation of:			
- Crown land - MCG		-	-
- Crown land - Yarra Park		17,163	28,347
<b>Balance at end of year</b>		<b>362,890</b>	<b>345,727</b>
<b>(b) Special purpose – NSM</b>			
<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
<b>Balance at end of year</b>		<b>48</b>	<b>48</b>
<b>(c) Accumulated funds</b>			
Balance at beginning of year		70,332	70,259
Net result for the year		57	73
<b>Balance at end of year</b>		<b>70,389</b>	<b>70,332</b>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2019	Notes	2019 \$'000	2018 \$'000
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### 9. CASH FLOW INFORMATION

#### (a) Reconciliation of net result to the net cash flows from operations

Net result	57	73
Less non-cash revenue	(7)	(38)
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in trade & other receivables	120	(2)
Increase/(decrease) in trade & other payables	(14)	(96)
(Increase)/decrease in other non-financial assets	6	-
	<b>161</b>	<b>(62)</b>

#### (b) Reconciliation of cash

Cash and cash equivalents comprises:

- cash at bank	36	84
- short term deposits	1,466	1,257
Cash and cash equivalents at end of year	<b>1,502</b>	<b>1,341</b>

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 \$7,435 (2018: \$37,685) 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 2019	Notes	2019 \$'000	2018 \$'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	15	15
	<b>15</b>	<b>15</b>

## 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 2019.

## 13. EXPENDITURE COMMITMENTS

At the date of this report, the Trust is not aware of any capital or contracted expenditure commitments.

## 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. During the financial year, the M&I Deed was re-negotiated and was signed on 23 October 2018, expiring on 31 October 2057.

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 original 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 2019 for these projects is \$123.809 million (2018: \$137.511 million).

## 15. GROUND MANAGER

On 23 October 2018, the Club entered into a Deed of Variation and Restatement of Lease with the MCG Trust pursuant to which the Club's existing tenancy of the MCG was extended until 31 October 2057 with an option to extend its lease over the Members' Reserve for a further 25 years. The Club's role as manager of the MCG has also been extended until 31 October 2057 as per the M&I Deed.

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 \$382.039 million (2018: \$415.832 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)

## 16. 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.

## 17. 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			
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 %	2018 %
(i) Financial assets										
Cash	36	84							0.01	0.01
Short term deposits at call	1,466	1,257							-	1.00
	1,502	1,341								

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

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 17. FINANCIAL INSTRUMENTS (Cont'd)

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

	Carrying amount	Not past due and not impaired	Past due but not impaired			
			Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years
	\$	\$	\$	\$	\$	\$

### 2019

#### Receivables<sup>(i)</sup>

Other receivables	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 2018

#### Receivables<sup>(i)</sup>

Other receivables	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note:

(i) 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 receivables:

The carrying amount approximates fair value.

##### Trade and other payables:

The carrying amount approximates fair value.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 17. FINANCIAL INSTRUMENTS (Cont'd)

#### (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 past due and not impaired	Maturity dates			
			Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years
	\$	\$	\$	\$	\$	\$

#### 2019

##### Payables <sup>(i)</sup>

Other payables	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

#### 2018

##### Payables <sup>(i)</sup>

Other payables	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

Note:

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

#### (d) Sensitivity analysis

Cash and short term deposits at call include a deposit of \$1.502 million (2018: \$1.341 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 \$0.008 million (2018: \$0.007 million).

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### 18. 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.

<b>Responsible Ministers:</b>	<b><i>Period</i></b>
Hon. Daniel Andrews Premier	01/04/2018 – 31/03/2019
and	
Hon. John Eren Minister for Tourism, Sport and Major Events	01/04/2018 – 28/11/2018
and	
Hon. Martin Pakula Minister for Tourism, Sport and Major Events	29/11/2018 – 31/03/2019
and	
Hon. Gavin Jennings Minister for Priority Precincts	29/11/2018 – 31/03/2019
<b>Trustees:</b>	
Mr Stephen Bracks AC (Chairman)	01/04/2018 – 31/03/2019
Mr Ian Carson AM	01/04/2018 – 31/03/2019
Ms Bianca Chatfield	01/04/2018 – 31/03/2019
Hon. Peter Costello AC	01/04/2018 – 31/03/2019
Ms Belinda Duarte	01/04/2018 – 31/03/2019
Ms Siobhan McKenna	01/04/2018 – 18/01/2019
Mr Dale Monteith	01/04/2018 – 31/03/2019
Mr Robert Ray	01/04/2018 – 31/03/2019
Ms Linda White	01/04/2018 – 31/03/2019
<b>Executive Officer:</b>	
Mr Ben Foscett	01/04/2018 – 31/03/2019

The Trustees as listed above have received no remuneration (2018: Nil).

Remuneration received or receivable by the Executive Officer in connection with the management of the Trust during the reporting period was \$131,327 (2018: \$86,254).

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 19. REMUNERATION OF EXECUTIVES

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown below.

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, bonuses (if payable within 12 months of the end of the period, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

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

*Other long-term benefits* include long service leave, other long service benefits or deferred compensation and bonuses (not payable wholly within 12 months).

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

YEAR ENDED 31 MARCH 2019	2019 \$'000	2018 \$'000
<b>Remuneration</b>		
Short-term employee benefits	131	86
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
<b>Remuneration</b>	<b>131</b>	<b>86</b>
<b>Total number of executives</b>	<b>1</b>	<b>1</b>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### 20. RELATED PARTY DISCLOSURES

**(a) The key management personnel of the Trust during the financial year are included in Note (18).**

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

- (i) During the year the Trust received from the Club \$4.640 million (2018: \$4.540 million) in respect of the Club's lease rental of the MCG.
- (i) The Trust contributed \$4.325 million from its cash reserves to the Club for the repayment of Re-development Debt (2018: \$4.365 million).

**(c) Related Parties**

The Trust is a wholly-owned and controlled statutory authority. Related parties for the Trust include:

- All key management personnel, their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- All trustees and their close family members; and
- Minister for Tourism and Major Events and his close family members; and
- Minister for Priority Precincts and his close family members.

All related party transactions have been entered into on an arm's length basis.

## DECLARATIONS BY TRUSTEES & ACCOUNTABLE OFFICER

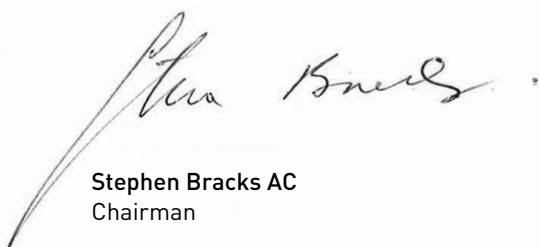
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We certify the attached financial statements for the Melbourne Cricket Ground Trust have been prepared in accordance with Standing Direction 5.2 of the Financial Management Act 1994, applicable Australian Accounting Standards and other professional 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 2019 and the financial position of the Trust as at 31 March 2019.

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.



**Stephen Bracks AC**  
Chairman



**Ben Foksett**  
Executive Officer

Melbourne, 31 May 2019



# Independent Auditor's Report

## *To the Trustees of the Melbourne Cricket Ground Trust*

<b>Opinion</b>	<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"> <li>• balance sheet as at 31 March 2019</li> <li>• statement of comprehensive income for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flows for the year then ended</li> <li>• notes to the financial statements, including a summary of significant accounting policies</li> <li>• declarations by Trustees &amp; Accountable Officer.</li> </ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the Trust as at 31 March 2019 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. 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>
<b>Trustees' responsibilities for the financial report</b>	<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 determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the 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.







## 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.



