



# 2019 ANNUAL REPORT

AUSTRALIAN  
GRAND PRIX  
CORPORATION



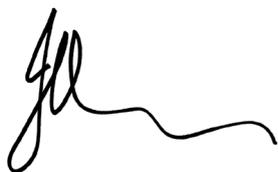
# Australian Grand Prix Corporation

## Report of Operations

<b>1. Responsible Body's Declaration</b>	<b>2</b>
<b>2. Report of the Chairman</b>	<b>3</b>
<b>3. General Information</b>	<b>8</b>
a. Introduction	8
b. Mission Statement	8
c. Vision Statement	8
d. Functions and Strategic Priorities	8
e. Administrative Structure	13
<b>4. People, Safety and Wellbeing</b>	<b>20</b>
a. Workforce Data	20
b. Wellbeing and Safety	21
c. Occupational Health and Safety Performance Indicators	22
d. Industrial Relations	22
e. Equal Opportunity	22
f. Multicultural Policy	22
g. Executive Officer Remuneration	23
<b>5. Financial Review</b>	<b>24</b>
<b>6. Legislative and Other Information</b>	<b>26</b>
a. Freedom of Information	26
b. Consultancy Services	27
c. Members' Meetings	27
d. Building Act 1993 (Vic)	27
e. Local Jobs First - Victorian Industry Participation Policy	28
f. Available Information	28
g. Details of advertising expenditure	29
h. Information and Communication Technology Expenditure	29
i. Disclosures under the Protected Disclosure Act 2012 (Vic)	29
j. Compliance with the Disability Discrimination Act 1992 (Cth)	30
k. Attestation for financial management compliance with Standing Direction 5.1.4	30
l. Disclosure Index	31
<b>7. Financial Statements</b>	<b>33</b>
<b>8. Event Supporters and Suppliers</b>	<b>80</b>

## 1. Responsible Body's Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Australian Grand Prix Corporation's Annual Report for the year ending 30 June 2019.

A handwritten signature in black ink, appearing to read 'JH', with a long, wavy horizontal line extending to the right.

**John Harnden AM**  
**Chairman**  
**Australian Grand Prix Corporation**

27 August 2019

## 2. Report of the Chairman

The successful staging of two international motorsport events, the Michelin® Australian Motorcycle Grand Prix 2018 and the Formula 1® Rolex Australian Grand Prix 2019, over the past year has once again made an important contribution to Victoria's visitor economy.

The events form an integral part of Victoria's major events calendar, which is the envy of cities and states across the world and sees Melbourne as the only city to host both a tennis Grand Slam event and a Formula 1® Grand Prix. Visitors to the state are spoilt for choice when it comes to major events and the associated tourism benefits ensure that major events form a critical component of Victoria's \$30 billion visitor economy<sup>1</sup>.

We are proud of the contribution and benefits for the state that these two events generate. The very best of Melbourne and Victoria are showcased globally, and we continue to push the impact of each event beyond their traditional boundaries in order to add to the fabric of our great state and continue to increase the attraction for visitors from across Australia and the world.

We are also pleased that Formula 1® recently decided to exercise its option to extend the contract for the Formula 1® Australian Grand Prix for a further two years, keeping the race in Melbourne until at least 2025. Formula 1® Chairman and CEO, Chase Carey, made the following comments:

"The decision to extend the current relationship for a further two years stems from the fact this event has proved to be a resounding success for the capital of Victoria, for Australia and indeed around the world, proving immensely popular with fans and those who work in Formula 1®. Working along with our partner, the Australian Grand Prix Corporation, we plan to make the Australian Grand Prix even more exciting and spectacular, as a sporting event and as a form of entertainment."

### Michelin® Australian Motorcycle Grand Prix 2018

The Australian Motorcycle Grand Prix continues to put Phillip Island on the global stage and is regional Australia's largest international sporting event. Fans from interstate and across the world descended on the region, providing a boost to local tourism and showcasing Victoria as a global leader in tourism and major events. This year saw an overall estimated attendance across the three days of 86,250<sup>2</sup>, the highest since Casey Stoner's farewell and final Australian Motorcycle Grand Prix victory in 2012.

On-track, the Michelin® Australian Motorcycle Grand Prix 2018 was won by popular Spanish Yamaha star Maverick Viñales, delivering his first win of the MotoGP™ season, with the Italian pair of Andrea Iannone and Andrea Dovizioso finishing second and third respectively.

Italians and Spaniards filled the first six placings, however, five-time MotoGP™ world champion Marc Marquez was not amongst them, after Johann Zarco crashed into the rear of the Spaniard's Honda at 180km/h heading into Turn 1 in the early stages of the race.

Aussie Jack Miller impressed the home crowd by starting strongly to lead his home Grand Prix for the first lap, finishing in seventh position overall, his equal-best result at Phillip Island in the premier class.

The competition was incredibly close in the Moto2™ race, with South African Brad Binder securing first position, closely followed by Joan Mir and Xavi Vierge, while Spain's Albert Arenas

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<sup>1</sup> Visit Victoria data

<sup>2</sup> Ticketmaster, AGPC and Grand Prix Travel Office 2018

took home the chequered flag in the Moto3™ class, with Italians Fabio Di Giannantonio and Celestino Vietti finishing in second and third.

Off-track, fans were entertained and delighted on multiple fronts. Racing hero and multiple World Champion Valentino Rossi and other MotoGP™ riders attended the Fan Forum stage for signings, along with motorsport legends including Jeremy Burgess, Wayne Gardner and Garry McCoy. Aerial displays from a RAAF F/A-18 jet wowed fans and had them on the edge of their seats, while 2016 X-Factor Australia winner Isaiah Firebrace performed an outstanding rendition of the Australian national anthem on the Gardner Straight ahead of the MotoGP™ Grand Prix.

The Prostate Cancer Foundation of Australia (PCFA) returned as the official charity partner of the Australian Motorcycle Grand Prix for a second year and we are proud to partner with them again in 2019 to raise funds and awareness for at-risk men to get tested for prostate cancer.

The Phillip Island Grand Prix Circuit truly is one of the most unique and breathtaking destinations on the international MotoGP™ calendar. The stunning location and surrounds provide the perfect backdrop to put the Australian Motorcycle Grand Prix on the global stage. We appreciate our partners' efforts in supporting the AGPC to promote Melbourne, Phillip Island and Victoria to the world through this remarkable event.

### **Formula 1® Rolex Australian Grand Prix 2019**

We were delighted that Formula 1® hosted their first ever season launch in Melbourne. The free public event at Federation Square on Wednesday 13 March, brought together all 20 F1® drivers and all 10 team principals in a live stage show. The launch was beamed across the globe via Formula 1®'s broadcast partners in what was the biggest celebration of the sport in Melbourne outside of the four-day spectacle at the Albert Park Grand Prix Circuit, attracting an estimated 10,000 fans to Federation Square and engaging with millions more via social media which is so important in today's age.

The F1® Season Launch provided the perfect platform to launch festivities, with Melbourne once again privileged to host the first race of the FIA Formula One World Championship™ season. On-track, Mercedes pulled off an upset after Scuderia Ferrari's strong showing at pre-season testing, and it was another upset within the team itself as Valtteri Bottas secured the win ahead of teammate and five-time world champion Lewis Hamilton, with Red Bull's Max Verstappen rounding out the season's first podium in third place. Bottas also secured the fastest lap of the race, ensuring maximum points for Mercedes in the season opener.

Unfortunately, Daniel Ricciardo's first time in the yellow and black of Renault did not go to script, with an early off-track incident leading to his eventual retirement from his home Grand Prix.

Both on and off-track, fans were treated to wall-to-wall activity. Melbourne's reputation for having the largest motorsport line-up of any Formula 1® event in the world remained intact. In total there were 82 on-track sessions across the four days which saw 856 cars complete 7,206 laps of the Albert Park Grand Prix Circuit, with 22 hours of on-track entertainment across event days.

Supercars competed for Championship points for the second consecutive year with Chaz Mostert taking home the Larry Perkins Trophy for the Beaufort Supercars Melbourne 400 after a consistent performance across all four races.

For the first time in the relatively brief history of Formula 4 in Australia, the fifth season of the CAMS PAYCE Australian Formula 4 Championship commenced at Albert Park, providing an opportunity for many young Australian drivers to showcase their talents on the world stage.

International support category, the Ferrari Challenge Trofeo Pirelli – Asia Pacific, returned with 11 nations represented, and along with competitors from the Porsche PAYCE Carrera Cup and

the Australian GT Championship, ensured fans were kept entertained with non-stop on-track action.

The event was strongly supported by Melburnians, as well as visitors from regional Victoria, interstate and overseas; the estimated attendance being 324,100<sup>3</sup> across the four days. This was the highest estimated attendance since 2005.

Melbourne shone on the international stage via traditional television and media coverage and when combined with the volume and reach of digital media content from AGPC, Formula 1<sup>®</sup> and outlets covering the sport, worldwide exposure was maximised.

Strong growth was recorded on all AGPC digital channels, including over 95 million impressions across AUSGP social media platforms<sup>4</sup>, up 24% year on year. There were also a further 91 million video views of the Formula 1<sup>®</sup> Rolex Australian Grand Prix 2019 across F1<sup>®</sup> global social media channels<sup>5</sup>, up 70% year on year.

We take great pride in continuing to grow and broaden the fan experience every year by showcasing all that our great city and state have to offer, from a wide range of fields including technology, innovation, art, culture, food, hospitality and musical entertainment. 38 acts performing 116 hours of music, RAAF aerial displays, the latest in advanced technologies in the Industry and Technology Hub and Australia's biggest motor show ensured fans were kept entertained away from the action on-track.

We continue to inspire the future by driving technology and innovation. In its eighth year, the Innovation and Technology Hub has evolved from the previous Industry and Innovation Precinct, with significant growth in content and activity, and 23 exhibitors including BAE Systems, Tesla and Telstra. Large groups of primary, secondary and tertiary students visited the Hub, which encourages the next generation to study science, technology, engineering and mathematics (STEM) and helps to cement Victoria's position as a leader in the technology industry.

Dare to be Different, an organisation that aims to increase participation of women in all forms of motor racing, joined forces with the AGPC Driving Learning program which saw students from Keilor Heights Primary School, Wattleview Primary School and Hillsmeade Primary School take part in a variety of activities that educated them about different aspect of motorsport.

The event continues to be a recognised platform for business, government and sports diplomacy which is evidenced by the 46 ancillary functions attended by over 10,000 guests that were hosted around the Grand Prix. These events connected Australia's top businesspeople with delegates and government representatives from around the world. New events this year included Women Driving Leadership, The Little Long Walk, Swisse Ride the Circuit, a "Dinner By Heston" experience in the Minardi Garage, and the Essendon Football Club's 2019 Season Launch.

For the fourth year a Victorian Innovation Roundtable Luncheon was hosted by RMIT and the AGPC, facilitating collaboration with industry leaders across government and education sectors.

Victorian businesses and individuals were again instrumental in building the Albert Park Grand Prix Circuit, with over 290,000 hours of labour<sup>6</sup> required to build and dismantle Australia's largest 'pop up' event.

The appointment of three new catering partners, Atlantic Group, food&desire and GEMA Group introduced a new era of Formula 1<sup>®</sup> Australian Grand Prix food and hospitality, with over

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<sup>3</sup> Ticketmaster, AGPC and Grand Prix Travel Office 2019 data

<sup>4</sup> AGPC data

<sup>5</sup> Formula 1<sup>®</sup> data

<sup>6</sup> AGPC data

1500 Victorians engaged to work across these areas. Offerings across the venue showcased the very best of Victorian produce and helped to reaffirm the Grand Prix's position as a leader in the Australian major event space.

AGPC paid respect to our traditional landowners and embraced our Aboriginal heritage with a 'Welcome to Country' ceremony by Uncle Colin at the F1® Season Launch event, as well as further ceremonies on the Melbourne Walk, Parc Fermé and on the Walker Straight. In addition, and in collaboration with strategic partners, the Essendon Football Club and The Long Walk, a 'Little Long Walk' took place on the Tuesday of event week, attended by 150 AGPC Driving Learning primary school students.

During the past 12 months, the Formula 1® Australian Grand Prix was again recognised for its excellence by the Victorian tourism industry when the 2018 event was named the Gold Winner, Major Festivals and Events, at the prestigious RACV Victorian Tourism Awards, for a third consecutive year, achieving Hall of Fame status in doing so. The event also went on to win Silver at the Qantas Australian Tourism Awards in the Major Events and Festivals category.

Asia is a key focus for AGPC and it was most pleasing that the 2018 event picked up three Gold Awards at the SPIA Asia Awards – Asia's Sports Industry Awards and Conference – including Best International Sporting Event of the Year, Best Integrated Marketing Campaign for a Sports Event and Best Live Experience at a Sporting Event, the latter awarded by a public vote.

For the first time, My Room Children's Cancer Charity was the official charity partner of the event, raising much needed funds for cancer research. My Room is a volunteer organisation dedicated to raising funds to achieve a 100 per cent cure rate for childhood cancers, and we look forward to partnering with them again in 2020.

Designed as a fun family event, a Community Cinema evening was hosted on the Tuesday of the Grand Prix, welcoming the public for a free screening of the TV Mini-Series Jurassic World LEGO: The Secret Exhibition. With food trucks and bean bags in abundance, it provided the perfect way to spend an evening in Albert Park in the leadup toward the main event later in the week.

When looking back on the event, David Coulthard MBE, winner of 13 Formula 1® Grands Prix, summed it up best when he generously made the following comments:

"The Australian Grand Prix sets the benchmark for other motorsport events and is one that other cities need to look up to. Now that I get to see more of the precinct than when I visited in a driving capacity, I can appreciate just how big the overall scale of the event is and there really is something for everyone."

"There's simply no better place to start the Formula 1® season."

The Australian Grand Prix Corporation's experience and knowledge in delivering world-class events was recognised during the year when we were appointed as an adviser to the promoter of the Vietnam Grand Prix as they prepare to host their first Formula 1® Grand Prix in 2020 in Hanoi. This has led to the Confederation of Australian Motor Sport (CAMS) formally being engaged to provide training for officials and assisting with the formation of a new Vietnamese motorsport governing body, the Vietnamese Motorsport Association. AGPC is continuing to look for trade opportunities for other Victorian companies in order to enhance the broader benefits for the state and country, and we wish Hanoi all the very best ahead of their first race.

## **Acknowledgements**

It was with great sadness that we learned of the passing of FIA Formula One Race Director, Charlie Whiting, in Melbourne just prior to the Formula 1® Rolex Australian Grand Prix 2019. Charlie was an ornament to world motorsport, and his leadership of F1®'s Race Control for

more than two decades was exemplary. Charlie was remembered, along with victims of the Christchurch massacre in New Zealand, in a minute's silence before the main race. It was also with great sadness that we acknowledged the passing of Niki Lauda more recently in June; a three-time Formula 1® world champion, a legend of world motorsport and a regular visitor to the Formula 1® Australian Grand Prix. Both Niki and Charlie will forever be remembered by all associated with the Formula 1® Australian Grand Prix.

The Board members of the AGPC are a group of devoted individuals who serve in an honorary capacity and I would like to thank all of them; Deputy Chair Gillian Franklin, Laura Anderson, Kimberley Brown, Mick Doohan AM, Paul Lappin, Kate Lundy, Trent Smyth and Mark Webber AO for their hard work in serving the AGPC.

Building a powerful organisation and culture is paramount to delivering great outcomes, and to this end, the resilience, attitude, effort and excellence shown by the AGPC team to continually deliver these two world-class international events at a high level is very much appreciated. To Andrew Westacott, and every member of the AGPC team, thank you for your hard work and dedication.

Thank you to our event title sponsors, Michelin and Rolex, for your continued commitment and support. Thank you also to our new and returning sponsors, partners, stakeholders, suppliers and contractors, Your contributions are appreciated and help AGPC to showcase Victoria as a global leader in tourism and major events.

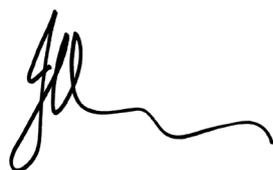
Volunteers and officials are the lifeblood of our events and for motorsport more broadly, and the efforts of these individuals under the direction of CAMS and Motorcycling Australia to ensure the safety of all drivers, riders and fans are truly appreciated.

Projecting spectacular images of Melbourne and regional Victoria to the world plays a role in the importance of these events to Victorian tourism. The efforts of both Parks Victoria and the Phillip Island Grand Prix Circuit is seen in the magnificent presentation of their venues, and I thank them for their continued hard work.

Quite simply, the events could not go ahead without the support of the sports' fans. Like many of you, I can't wait to see an Aussie take the chequered flag on home soil, and with Daniel Ricciardo, Jack Miller and now also Remy Gardner performing admirably on the world stage, my hope is we'll be able to witness history in the near future.

Lastly, to the Victorian Government, the Premier of Victoria the Hon. Daniel Andrews MP, the Hon. Martin Pakula MP Minister for Tourism, Sport and Major Events, the Treasurer, the Hon. Tim Pallas MP, the Department of Jobs, Precincts and Regions (DJPR), the Department of Treasury and Finance (DTF) and Visit Victoria, we are appreciative of your continued support to enable AGPC to deliver these two international events that provide value to Victoria in many ways. Thank you too to the Hon. John Eren MP, who concluded his role as the Minister for Tourism and Major Events shortly following the Michelin® Australian Motorcycle Grand Prix 2018.

In closing, this is my final annual report as Chair, and brings to an end a journey that began in early 1994. It has been a life changing experience characterised by the efforts, support and friendship of many, many people and organisations who have all selflessly striven to promote Melbourne and Victoria to the world and generate value for this great State. I thank you all and look forward to watching the success continue.



**John Harnden AM**  
**Chairman**  
**Australian Grand Prix Corporation**

### 3. General Information

#### a. Introduction

The Australian Grand Prix Corporation (the Corporation) is a statutory authority established pursuant to the *Australian Grands Prix Act 1994 (Vic)* (as amended) ("AGP Act").

The Corporation is subject to the direction and control of the Minister administering the AGP Act, the Minister for Tourism, Sport and Major Events, The Honourable Martin Pakula, MP.

#### b. Mission Statement

Create value for the State of Victoria.

#### c. Vision Statement

To stage the best international events.

#### d. Functions and Strategic Priorities

##### Functions

The functions of the Corporation are:

- To negotiate, enter into and vary agreements under which Formula 1® events are held;
- To undertake and facilitate the organisation, conduct, management and promotion of Formula 1® events and Motorcycle Grand Prix events;
- To establish at Albert Park a temporary motor racing circuit and supporting facilities for Formula 1® events;
- To do all other things necessary for or in connection with the conduct and financial and commercial management of each Formula 1® event promoted by the Corporation;
- With the consent of the Minister, to negotiate and enter into an agreement for the holding of, and to undertake the organisation, conduct, management and promotion of, a motor sport event approved by the Minister; and
- Such other functions as are conferred on the Corporation under the AGP Act or any other Act.

## Strategic Priorities

The strategic priorities and associated supporting strategic objectives of the Australian Grand Prix Corporation are as follows:

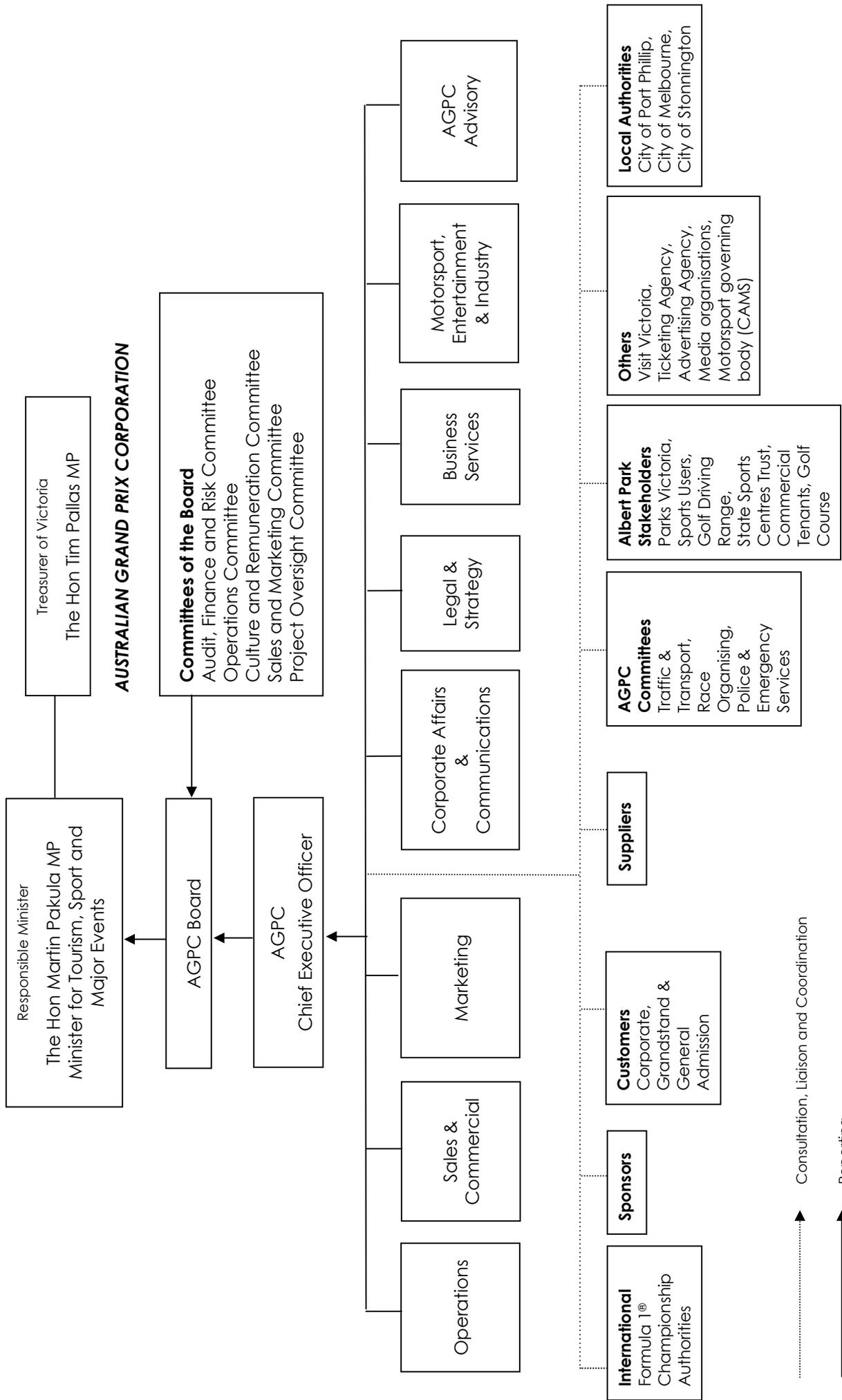
- **Promote Melbourne and Victoria through the events**
  - To ensure local and global branding of Melbourne and Victoria.
  - To drive national and international awareness of the events, Melbourne and Victoria.
  - To integrate the events into tourism strategies developed by the Victorian Government and its agencies.
  - To cement Melbourne's reputation as the centre of major events by delivering a world-class event experience to all intrastate, interstate and international visitors.
  - To contribute to the growth of the local economy by providing opportunities to showcase Victorian businesses.
  - To contribute to the growth of the Victorian major events industry by providing employment and business development opportunities among related organisations.
- **Maximise revenues and minimise costs**
  - To continually improve our competitive position among other major events to increase return on investment.
  - To offer patrons compelling and value for money, product and event content.
  - To implement robust financial review and control processes, and keep costs under constant scrutiny
  - To foster a culture of shared responsibility for financial performance throughout the organisation.
- **Deliver events safely and to the highest standards**
  - To establish and deploy clearly articulated safety management systems and event management plans.
  - To maintain and continually evaluate an active risk register.
  - To foster a culture of shared responsibility for event safety and quality among our people, contractors, agencies, partners and suppliers.
  - To ensure our people, contractors, agencies, partners and suppliers clearly understand and deliver against our expectations of 'highest standards'.
- **Increase attendances at the events**
  - To expand national and international awareness of the event.
  - To drive ticket sales through clearly defined and implemented sales and marketing communications strategies.
  - To fully understand our customers and what they want and expect from the event.
  - To keep the events fresh and compelling by continually challenging, refreshing and improving content and products.
- **Provide an exceptional event experience**
  - To exceed patron expectations in product mix and event content.
  - To surprise and delight patrons by continually reviewing, refreshing and improving product and event content.
  - To provide patrons with exceptional basic needs, safety, social interaction, communication and entertainment.
- **Build positive event brand perceptions**
  - To increase positive public support for the events.
  - To build a brand identity which is consistent, recognisable and sustainable in the long term.
  - To engage with the community at large to promote the positive attributes and benefits of the events.
  - To establish a "Brand Identity" that is sustainable, long term.
  - To increase and leverage the following of the sports (Formula 1® and MotoGP™) among core customer segments.

- To be considered a good community citizen, minimising our impact on the people and regions in which we operate.
- **Empower and support our staff**
  - To provide leadership and vision through clearly articulated strategies, objectives and behaviours.
  - To enhance the skills, professionalism and capabilities of our people.
  - To encourage our people to succeed, providing them with guidance, support and resources.
  - To minimise staff turnover and retain organisational IP and knowledge.

These strategic priorities define the way the Corporation will deliver both the Formula 1® Australian Grand Prix and the Australian Motorcycle Grand Prix. Each is supported by a set of initiatives and specific tactical elements that are reviewed for each event on an annual basis.

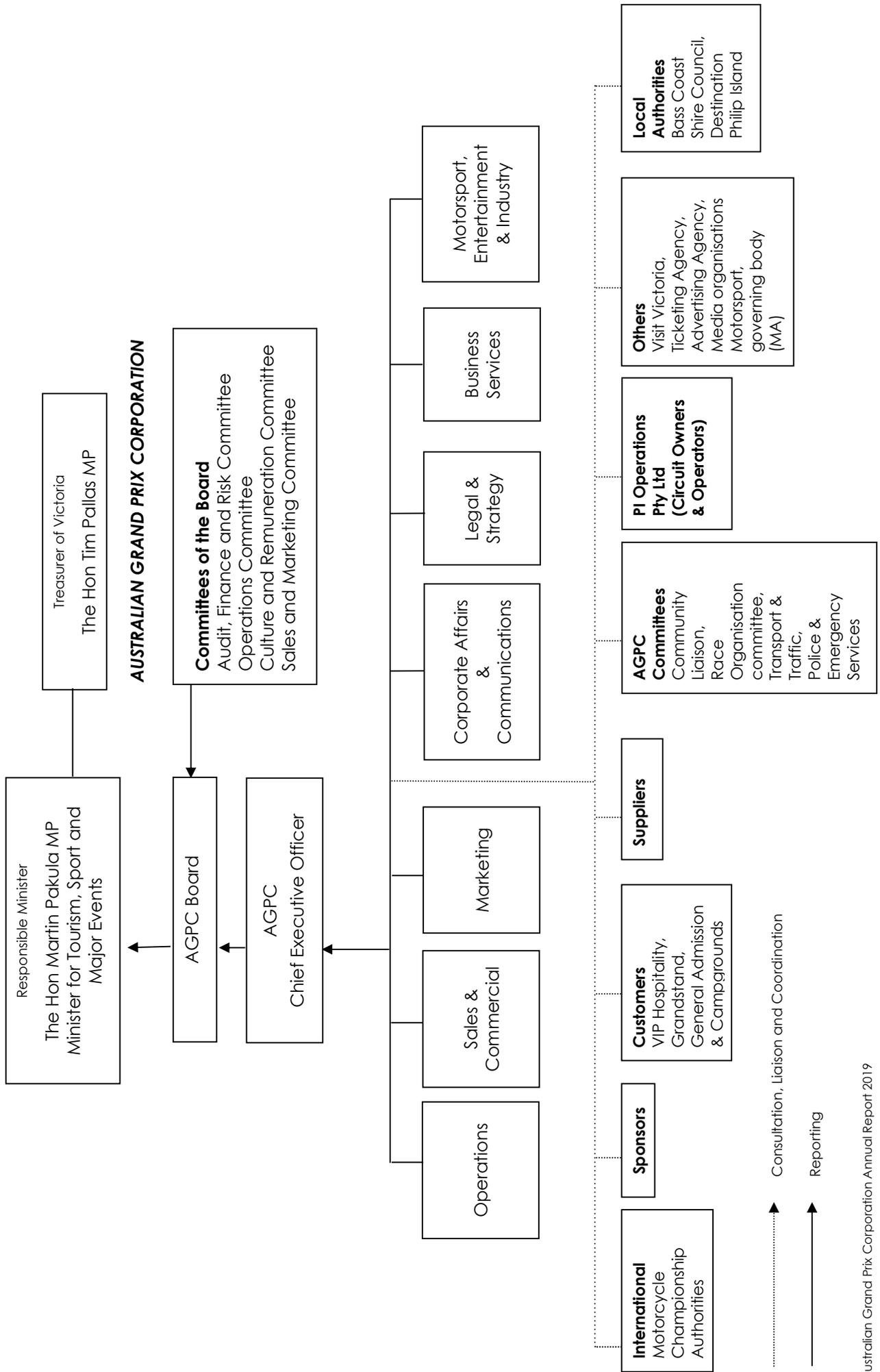
The reporting and consultative structures of the Formula 1® Australian Grand Prix and the Australian Motorcycle Grand Prix are set out on the following pages.

**Reporting & Consultative Structure – Formula 1® Australian Grand Prix**



.....> Consultation, Liaison and Coordination  
 —————> Reporting

## Reporting & Consultative Structure – Australian Motorcycle Grand Prix



## e. Administrative Structure

### Members of the Corporation

The Members of the Corporation act in an honorary capacity. The Members of the Corporation as at 30 June 2019 are:

- **John Harnden AM - Chairman**



Mr Harnden has extensive experience in the delivery of world-class sporting, tourism and entertainment events, as well as the capital projects that often accompany them. He was appointed as Chairman of the board of the Australian Grand Prix Corporation in August 2015, having joined the board in August 2006 and served as Deputy Chairman since March 2007.

Mr Harnden is also Chief Executive of Melbourne & Olympic Parks Trust, Chair of World Twenty20 2020 Ltd and a non-executive director of Cricket Australia. He has led some of the world's largest events and tourism properties through his roles as Chief Executive Officer of the ICC Cricket World Cup 2015, the South Australian Cricket Association, Village Roadshow International Theme Parks, the Melbourne 2006 Commonwealth Games Corporation and the Australian Grand Prix Corporation, as well as provided strategic advice in the Sports, Events, Media, Entertainment and Tourism industries. Mr Harnden has served on a number of boards in these areas and has also been involved in a range of engineering projects, including the management and design of stadia and Formula 1 Grand Prix circuits around the world. Originally from Adelaide, Mr Harnden was awarded the Member of the Order of Australia for his services to sport in the staging of the Commonwealth Games.

- **Gillian Franklin - Deputy Chairman**



Ms Franklin is recognised as one of Australia's most innovative entrepreneurs with a passion and commitment to supporting women in business. She is the Founder and Managing Director of The Heat Group Pty Ltd – one of Australia's leading personal care companies.

Ms Franklin is also an award winning businesswoman with over 20 years experience in strategic leadership and consumer marketing. Ms Franklin has previously held Managing Director and General Management positions for some of Australia's leading consumer companies, including Creative Brands and Revlon. Ms Franklin's expertise and success was acknowledged when she was inducted into the Australian Business Women's Hall of Fame in 1998 and when she won the Telstra Business Women's Award Victoria in 1996. She was also awarded "Global Entrepreneur of the Year – Australia" at the Business Women's Leaders Summit in Washington DC, in October 2000. Ms Franklin was acknowledged as a 2011 Nominee for the Ernst & Young Entrepreneur of the Year. In May 2014 Ms Franklin won the InStyle and Audi 'Women of Style' Award. This award was for her significant contribution to the industry and active involvement in the community. Most recently Ms Franklin was selected to be the Southern Region Champion of Entrepreneurship in the 2017 EY Entrepreneur of the year program. Being selected to receive this lifetime achievement award was a testament to Ms Franklin's outstanding entrepreneurial success over many years.

In addition to running her own business, Ms Franklin is on the Board of the Cosmetic, Toiletry and Fragrance Association of Australia (CTFA), ACCORD, and the Visitor Economy Ministerial Advisory Committee. Ms Franklin has formerly held Directorships on the Melbourne Theatre Company (MTC), publicly listed Quintis, the largest supplier of Sandalwood in the world, Microsurgery Foundation, Neopoc and CEDA (Committee for Economic Development of Australia) as well as Chaired the Prime Ministers Gold Medal Access Committee. Ms Franklin is also a founding member of Chief Executive Women (CEW).

- **Laura Anderson, FCIT**



Ms Anderson is an International Company Director, Entrepreneur and Global Philanthropist.

Ms Anderson has worked extensively across governments and industries locally and globally as a senior adviser on global governance, strategy transformation and risk optimisation. Her professional speciality is harnessing the power of big data and its effect on global supply chains, trade, investment and infrastructure development.

Ms Anderson is Chairman of SVI Global Pty Ltd, OneGlobalVenture Pty Ltd, LaunchVic and Chairman of the Foundation for the Advancement of Science and Technology in Schools. Ms Anderson is on the Board of Epworth HealthCare, the National Basketball League, Defence Science Institute, the Fulbright Commission, and is a Director of several private investment companies. Ms Anderson is a global thought leader on the development of the creative economy and its impact on the future of industry structures, social cohesion and economic innovation.

- **Kimberley Brown**



Ms Brown is a former Trustee of the States Sports Centre Trust (which runs the Sports and Aquatic Centre and Lakeside Stadium in Albert Park and the State Netball and Hockey Centre at Royal Park), where she was also a member of its Audit Committee and Chair of the State Netball and Hockey Community Advisory Committee.

Ms Brown lives in the Bass Coast Shire and has had extensive local Government experience (Bass Coast Shire Councillor from 2012–2016, Mayor in 2015, representative to Municipal Association of Victoria) and engagement with the local community (Phillip Island Community Advisory Committee, Phillip Island Nature Parks Liaison Group). She was a Board member for Destination Phillip Island, a member of the Visitor Economy Strategy Bass Coast 2020 reference group and the Australia Day Council and has served on countless committees and advisory groups across the tourism and major event sector, such as Chairing the Phillip Island Community Event Advisory Committee.

Ms Brown is currently involved in the tourism and hospitality industry as a General Manager of Saltwater Hotels and Properties (which comprises 40 accommodation and tourism-based businesses across Australia).

- **Michael (Mick) Doohan AM**



Mr Doohan is a Grand Prix motorcycle road racing World Champion, who won five consecutive MotoGP™ (500 cc) World Championships – 1994, 95, 96, 97 & 98. From 2000 – 2005, Mr Doohan served as General Manager of Racing for Honda Racing Corporation and was a consultant from 2000 – 2008 to Dorna Sports.

Since 2010 Mr Doohan has been an academy member of Laureus and more recently the Chairman and Director of Competition for Karting Australia (Australian Karting Association Ltd).

Mr Doohan has served on a number of boards including Rally Australia Pty Limited. He was awarded the Member of the Order of Australia in recognition of service to the sport of motorcycle racing in 1996 and received an Australian Sports Medal in 2000. He was inducted into the Sport Australia Hall of Fame in 2009 and received legend status in the Australian Motor Sport Hall of Fame in 2018.

- **Paul J. Lappin ACA**



Mr Lappin is an experienced executive and non-Executive Director who has a reputation for providing independent and thoughtful advice to Government, business and community organisations, particularly in relation to building a strong strategic vision and the strong corporate governance framework to ensure it can be achieved.

A Chartered Accountant and auditor, Mr Lappin has worked in senior positions in Australia and the USA with global professional services firm PwC as well as running a successful strategic financial consultancy that provided support for business and Government clients.

His work as a Director with PGA of Australia, the Melbourne Fashion Festival, and a member of the Emerald Trust Railway Board and former chairman roles in a national catering firm and a digital disruption firm has given Paul experience in the need to find and engage the next generation of customer or supporter.

Mr Lappin is highly regarded and connected within the Victorian business, political and sporting communities where he has a strong network and is renowned for being able to bring people of diverse views and backgrounds together around a common and aligned goal.

- **The Hon Kate Lundy**



Ms Lundy was first elected to the Australian Senate in 1996. She has served as the Federal Minister for Sport and Multicultural Affairs and Minister Assisting for Industry, Innovation and the Digital Economy in the Gillard/Rudd Government, retiring from politics in 2015.

Ms Lundy serves as a Director of Australian Cyber Security Research Institute, Electro Optic Systems, the national Youth Science Forum and is managing director of Technology Innovation Partners Pty Ltd. Ms Lundy also works part time as the ACT Defence Industry advocate. Ms Lundy has been a Non-Executive Director of National Roads and Motorists' Association Limited since March 2015.

- **Trent Smyth**



Mr Smyth has held the position of Secretary of the Consular Corps Melbourne since 2014 after having been appointed Honorary Consul for Malawi in 2012. Mr Smyth is managing director of Untitled Australia, a diversified property development and holding firm which he founded in 2006. He has a strong interest in motorsport and is the chief curator of the Australian International Concours d'Elegance and founding advisory board member of Motorclassica. In 2017 Mr Smyth was appointed to the Council of International House, the University of Melbourne's most diversified residential college.

- **Mark Webber AO**



Mr Webber competed in 215 races across 12 seasons from 2002 until 2013 in the FIA Formula One World Championship™ with 4 World Constructors Championships, 9 race wins, 42 podiums and 13 pole positions. He was the 2015 FIA World Endurance Champion and is a three time winner of the BRDC Bruce McLaren award. He was made an Officer of the Order of Australia in 2017 for "distinguished service to motor sport as a competitor and ambassador, and to the community through fundraising and patronage of a range of medical and youth support organisations".

Mr Webber is currently a global Porsche Special Representative, Rolex Ambassador, Michelin Australia Ambassador and television commentator and analyst for Channel 4's coverage of Formula 1® in the United Kingdom. He was appointed an Officer of the Order of Australia (AO) in 2017 and was inducted into the Australian Motor Sport Hall of Fame in 2018.

## **Audit, Finance and Risk Committee membership and roles**

The Audit, Finance and Risk Committee consists of the following members:

- Gillian Franklin (Chair; 1 July 2018 – 2 February 2019 & 14 March 2019 – 30 June 2019);
- Kimberley Brown;
- Paul Lappin (Interim Chair; 3 February 2019 - 13 March 2019); and
- Kate Lundy

The main responsibilities of the Audit, Finance and Risk Committee are to review and provide advice on:

1. Financial performance and the financial reporting process, including the annual financial statements
2. The scope of work, performance and independence of the internal and external auditor
3. Matters of accountability and internal control affecting the operations of the Corporation
4. The acceptability of correct accounting treatment for and disclosure of significant transactions which are not part of the Corporation's normal course of business
5. The sign-off of accounting policies
6. The Corporation's process for monitoring compliance with laws and regulations and its own Code of Conduct and Code of Financial Practice
7. The sign-off of risk management systems and procedures
8. The sign-off of information technology security, governance and compliance processes
9. The design and effectiveness of governance procedures
10. Management actions and implementations of external and internal audit recommendations

## Management of the Corporation as at 30 June 2019

- **Chief Executive Officer – Andrew Westacott**



Responsibility is to oversee and manage all operational and strategic aspects of the Australian Grand Prix Corporation, including specifically the successful staging of the Formula 1® Australian Grand Prix and the Australian Motorcycle Grand Prix in order to create value for the State of Victoria.

- **General Manager, Business Services (Chief Finance Officer) – Anthony Connelly**



Responsibilities include statutory and management reporting, budgets and business planning, financial modelling and financial operations, statutory and broader governance obligations of the Corporation, along with all people, performance & culture, information technology and security, business system and process requirements.

- **General Manager, Operations – Amy Hill**



Responsibilities include project and infrastructure management, venue construction and dismantle, event overlay, event presentation, event and venue operations, enterprise risk management, safety management, emergency management, traffic and transport operations, security and access control, Parks Victoria and local council liaison, community relations, customer experience, accessibility services, capital works program, catering and hospitality services.

- **General Manager, Motorsport, Entertainment & Industry – Craig Fletcher**



Responsibilities include motorsport, all on-track content and scheduling and off-track entertainment, fan engagement activities, track medical services, team driver/rider appearances, talent management, merchandise program, uniforms, GPTV production, podium and anthem ceremonies, GP Expo management and sales, international accreditation and broader industry and education partnerships.

- **General Manager, Legal and Strategy (General Counsel) – James Rosengarten**



Responsibilities include management of the legal affairs of the Corporation, corporate strategy, Government and commercial rights liaison, statutory obligations and the structuring and formation of the Corporation's commercial arrangements.

- **General Manager, Marketing – Arthur Gillion**



Responsibilities include overseeing the organisation's consumer research, ticketing, brand positioning and marketing strategy, including paid marketing, advertising, digital and owned channels, to drive awareness, engagement, attendance and revenue for all consumer segments.

- **Director, Advisory Services – Ashley Davies**



Responsibilities include the provision of advisory services to the Vietnam Grand Prix, facilitation of trade opportunities for other Victorian companies and strengthening key stakeholder relationships for the long-term benefit of the Corporation.

#### 4. People, Safety and Wellbeing

##### a. Workforce Data

The number of personnel employed by the Corporation as at 30 June 2019 was 73 (2018: 57).

##### JUNE 2018 – JUNE 2019

	June 2019						June 2018								
	All employees			Fixed term and casual			All employees			Ongoing			Fixed term and casual		
	Head count	FTE	Full-time*	Part-time*	FTE	Head count	FTE	Head count	FTE	Full-time*	Part-time*	FTE	Head count	FTE	
<b>Gender</b>															
Women	37	33.8	22	3	23.1	12	10.7	23	22.7	14	1	14.7	8	8	
Men	36	36	28	0	28	8	8	34	34	28	0	28	6	6	
Self-described	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Age</b>															
15-24	6	6	3	0	3	3	3	3	3	2	0	2	1	1	
25-34	31	29.6	20	2	20.6	9	9	27	27	17	0	17	10	10	
35-44	25	23.7	18	1	18.5	6	5.2	19	18.7	15	1	15.7	3	3	
45-54	7	7	6	0	6	1	1	6	6	6	0	6	0	0	
55-64	4	3.5	3	0	3	1	0.5	2	2	2	0	2	0	0	
65+	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

\*Head count

## **b. Wellbeing and Safety**

In meeting its legal and moral obligations with regard to occupational and public health and safety, the Corporation has continued to develop and implement its risk and safety management program.

Initiatives undertaken during the year ending 30 June 2019 to ensure effective risk management, prevent injury and promote a safe environment included:

### Risk and Safety Management Systems

- Matured the risk and safety management framework;
- Reviewed, enhanced and embedded risk and safety policies and procedures; and
- Audit and assurance of the risk and safety management systems.

### Event and Public Safety

- Development and implementation of the safety and security framework;
- Enhanced security infrastructure, personnel, processes and readiness;
- Enhanced public safety provisions and protocols;
- Construction and event safety management planning and implementation;
- Emergency management planning, readiness exercises and implementation;
- Contractor and third-party management system implementation;
- Risk profiling and readiness exercises across all business divisions;
- Circuit planning and infrastructure placement;
- Risk assessments, site inspections, audits and incident management;
- Participation in major event and mass gathering networks;
- Facilitated site safety committee to oversee the safety of the build, event and dismantle;
- Facilitated interagency committee to oversee the delivery of safe and secure events;
- Event induction program for staff;
- Audit and assurance of the build, event and dismantle phases; and
- Coordination of an office Work Health, Safety and Environment committee.

### Health and Wellbeing

- Improvement of health and wellbeing policies and procedures;
- Training and engagement activities on the following topics:
  - Workplace culture & communication;
  - Wellbeing;
  - Resilience;
  - Characteristics of high performing teams;
  - Women's health;
  - Men's health; and
  - Diversity and inclusion
- Mental Health First Aid training;
- Support for staff during event time;
- Promotion of the employee assistance program;
- Staff flu vaccinations; and
- Physical and mental health related training sessions and initiatives.

### c. Occupational Health and Safety Performance Indicators

As AGPC's systems and processes mature internally, we increasingly become more capable of capturing relevant and specific OH&S data. The collation of the performance indicators will assist in directing our attention to areas which pose greater risk to people, environment and our organisation.

The statistical performance relating to AGPC staff and contractors is based on incident reports received and can be summarised as:

<b>Injuries</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Lost Time Injuries	-	-	1
Medical Treated Injuries	5	8	9
First Aid Injuries	1	-	-
<b>Total</b>	<b>6</b>	<b>8</b>	<b>10</b>
<b>Claims</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
No. of standard claims <sup>(a)</sup>	-	-	-
Rate per 100 FTE <sup>(b)</sup>	-	-	-
Average cost per standard claim <sup>(a)</sup>	\$0	\$0	\$0

Notes:

(a) Data sourced from Victorian WorkCover Authority (VWA).

(b) Reported per 100 FTE as required under FRD 22H.

Workers' compensation premium performance remains in a strong position due to a long-standing absence of claims. AGPC's risk and safety systems are subject to ongoing audit and review against industry standards.

### d. Industrial Relations

With the introduction of the Fair Work Act 2009 (Cth) the Corporation continues to develop and implement revised employment conditions and policies to align with various changes to workplace legislation.

All grievances are addressed by the Chief Executive Officer and can be escalated to the Chair of the Culture and Remuneration Committee of the Board if required.

In the event of any strike, standard stand-down provisions are incorporated into all employee contracts. There was no time lost due to industrial disputes during the period.

### e. Equal Opportunity

The Corporation is an equal opportunity employer.

### f. Multicultural Policy

In relation to recruiting staff, the Corporation has implemented initiatives and structures to attract a diverse range of candidates and promote an inclusive workplace culture. It endeavours to promote policies applicable to a culturally and linguistically diverse society. The Corporation promotes events throughout ethnic communities.

## g. Executive Officer Remuneration

The number of executive officers and their base remuneration (inclusive of statutory superannuation) during the period are shown in the first two columns in the table below in the relevant income bands. The total remuneration (inclusive of statutory superannuation) of executive officers is shown in the third and fourth columns. Total remuneration includes allowances and bonuses. The total annualised employee equivalent provides a measure of full-time equivalent executive officers over the reporting period.

	Base Remuneration		Total Remuneration	
	2019 No.	2018 No.	2019 No.	2018 No.
\$500,000 - \$509,999	-	-	1	1
\$480,000 - \$499,999	-	-	-	-
\$460,000 - \$479,999	-	-	-	-
\$440,000 - \$459,999	-	-	-	-
\$420,000 - \$439,999	1	1	-	-
\$400,000 - \$419,999	-	-	-	-
\$380,000 - \$399,999	-	-	-	-
\$360,000 - \$379,999	-	-	1	-
\$340,000 - \$359,999	-	-	-	-
\$320,000 - \$339,999	-	-	-	1
\$300,000 - \$319,999	-	-	-	1
\$280,000 - \$299,999	-	-	1	1
\$260,000 - \$279,999	-	1	-	-
\$240,000 - \$259,999	2	2	1	-
\$220,000 - \$239,999	1	-	2	-
\$200,000 - \$219,999	1	-	-	-
\$180,000 - \$199,999	1	2	-	2
\$160,000 - \$179,999	-	-	-	-
\$140,000 - \$159,999	-	-	-	-
\$120,000 - \$139,999	-	-	1	-
\$100,000 - \$119,999	1	-	-	-
Less than \$100,000	1	-	1	-
<b>Number of Executives*</b>	<b>8</b>	<b>6</b>	<b>8</b>	<b>6</b>
<b>Total annualised employee equivalent (AAE) **</b>	<b>6.69</b>	<b>6</b>	<b>6.69</b>	<b>6</b>

\* Includes Executive Officers and other persons occupying a significant management role

\*\* Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

## 5. Financial Review

### Summary of Financial Results

#### Formula 1® Australian Grand Prix

The 2019 Formula 1® Rolex Australian Grand Prix was held on 14 – 17 March 2019. Once again, Melbourne and Victoria were on global display as the opening round of the 2019 FIA Formula One World Championship™.

As shown in the table below, the government investment for the Formula 1® 2019 Rolex Australian Grand Prix was \$60.153 million.

<b>Formula 1® Grand Prix - Result by Event</b>	<b>2019 Event \$'000</b>	<b>2018 Event \$'000</b>	<b>2017 Event \$'000</b>	<b>2016 Event \$'000</b>	<b>2015 Event \$'000</b>
Sales Revenue	<b>38,697</b>	34,903	32,126	27,655	30,218
Total Revenue	<b>55,001</b>	51,443	40,098	34,900	39,836
Total Expenditure*	<b>(115,154)</b>	(107,942)	(97,221)	(95,854)	(101,571)
Operating Result before Government Investment & Depreciation	<b>(60,153)</b>	(56,499)	(57,123)	(60,954)	(61,735)
Government Investment	<b>60,153</b>	56,499	57,123	60,954	61,735

\* The expenditure above relating to the Formula 1® Grand Prix is exclusive of depreciation and amortisation expenses, the transfer of assets free of charge to Parks Victoria and unrealised foreign exchange gains/losses.

#### Capital Works Activities

The total capital spend for the 2018-19 financial year was \$3.171 million (2017-18 \$3.206 million). The 2018-19 capital works expenditure (encompassing works conducted under licence from Parks Victoria) included:

- Event & services infrastructure and equipment;
- Track barriers;
- Event signage; and
- Computing and ICT infrastructure upgrades

## Australian Motorcycle Grand Prix

The Michelin® Australian Motorcycle Grand Prix 2018 was held on 25-28 October 2018.

As shown in the table below, the Government investment for the Michelin® Australian Motorcycle Grand Prix 2018 was \$12.636 million.

<b>Motorcycle Grand Prix - Result by Event</b>	<b>Future Events \$'000</b>	<b>2018 Event \$'000</b>	<b>2017 Event \$'000</b>	<b>2016 Event \$'000</b>	<b>2015 Event \$'000</b>
Sales Revenue	-	<b>7,700</b>	7,215	6,656	6,082
Total Revenue	-	<b>11,991</b>	11,315	9,116	8,690
Total Expenditure*	-	<b>(24,627)</b>	(22,705)	(18,971)	(17,929)
Operating Result before Government Investment & Depreciation	-	<b>(12,636)</b>	(11,390)	(9,854)	(9,239)
Government Investment	<b>6,247</b>	<b>12,636</b>	11,390	9,854	9,239

\* The expenditure above relating to the Motorcycle Grand Prix is exclusive of depreciation and amortisation expenses.

<b>Motorcycle Grand Prix - Result by Financial Year</b>	<b>2018/19 \$'000</b>	<b>2017/18 \$'000</b>	<b>2016/17 \$'000</b>	<b>2015/16 \$'000</b>	<b>2014/15 \$'000</b>
Sales Revenue	<b>7,700</b>	7,215	6,656	6,082	5,186
Total Revenue	<b>11,991</b>	11,315	9,116	8,690	7,490
Total Expenditure*	<b>(24,627)</b>	(22,705)	(18,971)	(17,929)	(17,475)
Operating Result before Government Investment & Depreciation	<b>(12,636)</b>	(11,390)	(9,854)	(9,239)	(9,985)
Government Investment	<b>12,717</b>	11,465	10,551	9,280	10,527

\* The expenditure above relating to the Motorcycle Grand Prix is exclusive of depreciation and amortisation expenses.

## 6. Legislative and Other Information

### a. Freedom of Information

The *Freedom of Information Act 1982 (Vic)* allows the public a right of access to documents held by the Australian Grand Prix Corporation (AGPC).

#### **Making a request**

Requests must satisfy the formal requirements set out in the *Freedom of Information Act 1982 (Vic)*. In particular, applicants should ensure that the request provides sufficient information concerning the document as is reasonably necessary to enable the responsible officer of the Corporation to identify the document. Where a request does not comply with the necessary requirements, the applicant will be so advised and given the opportunity to reformulate the request.

Upon receipt of the request the Corporation will endeavour to provide a response as soon as practicable and, in any case, not later than 45 days after the day on which the Corporation receives the request unless a request for extension process has been approved.

The types of documents to which access will not be granted are detailed in Part 4 of the *Freedom of Information Act 1982 (Vic)* and Section 49 of the *Australian Grands Prix Act 1994 (Vic)*. Where access is denied, applicants will be given reasons. Applicants may then apply to the FOI Commissioner to review the decision. Further appeals to the Ombudsman or the Victorian Civil and Administrative Tribunal can be made in accordance with the procedures set out in the *Freedom of Information Act 1982 (Vic)*.

Requests for access to documents under the *Freedom of Information Act 1982 (Vic)* should be addressed to:

Freedom of Information Officer  
Australian Grand Prix Corporation  
Level 5, 616 St Kilda Road  
Melbourne VIC 3004

Further information regarding Freedom of Information can be found on FOI Online [www.foi.vic.gov.au](http://www.foi.vic.gov.au).

#### **Charges**

Requests for access must be accompanied by a \$28.90 application fee as at 1 July 2019. Further charges for the supply of documents in relation to Freedom of Information requests are made in accordance with the *Freedom of Information Act 1982 (Vic)* and the *Freedom of Information (Access Charges) Regulations 2004 (Vic)*.

#### **Categories of Documents**

The Corporation maintains records and files incorporating documents relating to general administrative matters, the Formula 1® event at Albert Park and the Motorcycle Grand Prix held at Phillip Island. All records and files are maintained at the Corporation's premises in Melbourne or at an external offsite storage provider's premises.

The Corporation also maintains two websites at [www.grandprix.com.au](http://www.grandprix.com.au) and [www.motogp.com.au](http://www.motogp.com.au) and produces promotional newsletters for sending to subscribers.

#### **FOI statistics/timeliness**

During 2018-19, the Corporation received three applications. All requests received were from the general public.

The Corporation made three FOI decisions during the 12 months ended 30 June 2019.

One decision was made within an extended statutory 30-45-day time period; one decision within 46 to 90 days; and one decision in greater than 90 days.

The average time taken to finalise requests in 2018-19 is estimated at 60 days.

During 2018-19, two requests were subject to a complaint/internal review by the Office of the Victorian Information Commissioner (OVIC).

## b. Consultancy Services

### Details of consultancies over \$10,000

Consultant	Purpose of consultancy	Total approved project fee (\$'000s exc. GST)	Expenditure 2018-19 (\$'000s exc. GST)	Future expenditure (exc. GST)
KPMG	Accounting standards advice	80	80	-
KPMG	Streamlining financial statements	41	41	-
KPMG	Derivatives advice	21	21	-

### Details of consultancies under \$10,000

In 2018-19, there were no consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$10 000.

## c. Members' Meetings

The number of Members' meetings and the number of meetings attended by each of the Members of the Corporation during the financial year were:

	No. of Meetings attended	No. of Meetings held*
Mr John Harnden AM (Chair)	10	10
Ms Gillian Franklin <sup>1</sup> (Deputy Chair)	6	9
Ms Laura Anderson	9	10
Ms Kimberley Brown	9	10
Mr Michael Doohan AM	6	10
Mr Paul Lappin	7	7
Ms Kate Lundy	10	10
Mr Trent Smyth	10	10
Mr Mark Webber AO	8	10

\*Number of meetings held during Member tenure

<sup>1</sup>Ms Gillian Franklin attended the February 2019 Board Meeting in an observer capacity

## d. Building Act 1993 (Vic)

In accordance with Section 48(1) of the *Australian Grands Prix Act 1994 (Vic)*, nothing in the *Building Act 1993 (Vic)* applies to the carrying out of works authorised by and in accordance with the *Australian Grands Prix Act 1994 (Vic)* or at the request of the Corporation in the declared area.

The Corporation has however undertaken to comply with the specifications of the *Building Act 1993* (Vic) wherever practicable.

#### **e. Local Jobs First - Victorian Industry Participation Policy**

The *Victorian Industry Participation Policy Act 2003* (Vic) requires Departments and public sector bodies to report on the implementation of the Local Jobs First – Victorian Industry Participation Policy (Local Jobs First – VIPP). Departments and public sector bodies are required to apply the Local Jobs First – VIPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for statewide projects, or \$1 million or more for procurement activities in regional Victoria.

#### **Projects Commenced – Local Jobs First Standard**

During 2018-19, the Australian Grand Prix Corporation (**AGPC**) commenced five Local Jobs First – VIPP applicable procurements totalling \$21.48 million. All projects were located in metropolitan Melbourne, with an average commitment of 81 per cent local content. No projects were commenced that occurred statewide or in regional Victoria. A VIPP Plan applied for one of these applicable procurements.

The outcomes expected from the implementation of the Local Jobs First policy to the one project where information was provided is as follows:

- 65 per cent local content commitment was made; and
- commitment to create two new jobs.

#### **Projects Completed – Local Jobs First Standard**

During 2018-19, AGPC completed one Local Jobs First Standard projects, valued at an estimated \$1.5 million. This project was located in regional Victoria, with a committed and secured 85 per cent local content.

#### **Disclosure of Major Contracts**

AGPC did not enter into a contract greater than \$10.0 million dollars in total value during the year ended 30 June 2019.

#### **f. Available Information**

Information contained in this report has been prepared in accordance with the *Financial Management Act 1994* (Vic) and is available to the Minister for Tourism, Sport and Major Events, The Honourable Martin Pakula MP, the public on request and from the Corporation's web site [www.grandprix.com.au](http://www.grandprix.com.au).

**g. Details of advertising expenditure  
(campaigns with a media spend of \$100,000 or greater)**

(\$'000s, exc. GST)

Name of Campaign	Campaign summary	Start/End date	Advertising (Media) Expenditure	Creative and campaign development Expenditure	Research and Evaluation Expenditure	Print and collateral Expenditure	Other Campaign Expenditure
Formula 1® Rolex Australian Grand Prix 2019	Television capital cities and regional, print, magazines, radio and outdoor, public relations, communications and digital web	October 2018 – June 2019	1,967	331	74	21	74
Michelin Australian Motorcycle Grand Prix 2018	Television capital cities and regional, print, magazines, radio and outdoor, public relations, communications and digital web	July 2018 - October 2018	422	196	14	21	48

**h. Information and Communication Technology Expenditure**

In 2018-19, the Corporation had a total ICT expenditure of \$1,554,315, with details as shown below:

Business As Usual (BAU) ICT Expenditure \$'000s	Non- Business As Usual (non-BAU) ICT expenditure \$'000s	Operational Expenditure \$'000s	Capital Expenditure \$'000
698	846	127	719

ICT expenditure refers to the Corporation's costs in providing business enabling ICT services within the current reporting period. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing the Corporation's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

**i. Disclosures under the Protected Disclosure Act 2012 (Vic)**

	2018-19	2017-18
<b>The number of assessable disclosures made to the Corporation and notified to IBAC:</b>		
Assessable disclosures	-	-

Employees and/or officers of the Australian Grand Prix Corporation have been made aware of the *Protected Disclosure Act 2012 (Vic)* through internal communication processes as well as the guidelines on how to report disclosures to the Independent Broad-based Anti-Corruption Commission.

Disclosures of improper conduct or detrimental action by the Australian Grand Prix Corporation or any of its employees and/or officers may be made directly to the Independent Broad-based Anti-Corruption Commission:

Level 1, North Tower, 459 Collins Street  
Melbourne, VIC 3000  
Phone: 1300 735 135  
Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

### **Further information**

The Protected Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by the Australian Grand Prix Corporation or any of its employees and/or officers, are available on the Department of Jobs, Precincts and Regions' website.

#### **j. Compliance with the *Disability Discrimination Act 1992 (Cth)***

Around 1 in 5 Australians has a disability. Disabilities cover a wide spectrum including physical, intellectual, mental, sensory, neurological or immunological disabilities. The Australian Grand Prix Corporation is legally required by the Disability Discrimination Act 1992 to ensure people with disabilities be given equal opportunity to participate in and contribute to the full range of economic, social, cultural and political activities. The Corporation is committed to not only meeting these requirements but exceeding them.

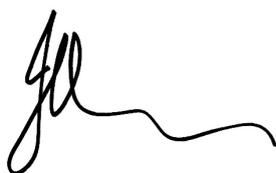
As a Government organisation, AGPC is also required by the Victoria State Government through the Victoria Disability Act (2006) to have a Disability Action Plan. AGPC has continued to work through initiatives set out in its Disability Action Plan which focuses on aiming to continually enhance facilities and services for all patrons, inclusive of those with disabilities. The Plan promotes an ongoing consideration and awareness within the Corporation of the requirements of patrons with disabilities and assists the Corporation in being responsive to the changing expectations and needs of people with disabilities.

AGPC have also begun preliminary works to develop a new Disability Inclusion Action Plan for the next four years.

As well as providing our normal accessible functions and services including a free accessible bus service around the site, general admission accessible platforms, accessible grandstands and corporate facilities, a changing places facility and free onsite accessible parking, AGPC implemented a new initiative with Guide Dogs Victoria which saw the app Blindsquare activated at the Formula 1® Circuit for the first time at a major sporting event. The app is developed for the blind and vision impaired and is a self-voicing app, announcing points of interest to the user. There were 70 points of interest pre-determined prior to the event in collaboration with Guide Dogs Victoria and AGPC. These points included grandstands, accessible bus stops, gates, overpasses, accessible toilets and viewing platforms, precincts and other key infrastructure points. Using the app, users could select one of the above points and navigate to it.

#### **k. Attestation for financial management compliance with Standing Direction 5.1.4**

I, John Harnden, on behalf of the Responsible Body, certify that the Australian Grand Prix Corporation has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994 (Vic)* and Instructions.



**John Harnden AM**  
**Chairman**  
**Australian Grand Prix Corporation**  
**27 August 2019**

## I. Disclosure Index

The Annual Report of the entity is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

<b>Legislation</b>	Requirement	Page
<b>Ministerial Directions</b>		
<b>Report of Operations</b>		
<u>Charter and Purpose</u>		
FRD 22H	Manner of establishment and Relevant Ministers	8
FRD 22H	purpose, functions, powers and duties	8
FRD 22H	Nature and range of services provided	8
<u>Management &amp; Structure</u>		
FRD 22H	Organisational structure	11
<u>Financial &amp; other information</u>		
FRD 10A	Disclosure index	31
FRD 12B	Disclosure of major contracts	28
FRD 22H	Employment and conduct principles	21
FRD 22H	Occupational health and safety	22
FRD 22H	Summary of financial results for the year	24
FRD 22H	Significant changes in financial position during the year	24
FRD 22H	Major changes or factors affecting achievement of objectives	24
FRD 22H	Subsequent events	70
FRD 22H	Application and operation of the <i>Freedom of Information Act 1982 (Vic)</i>	26
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993 (Vic)</i>	27
FRD 22H	Details of consultancies over and under \$10,000	27
FRD 22H	Disclosure of ICT expenditure	29
FRD 22H	Statement of availability of other information	28
FRD 22H	Application and operating of the <i>Protected Disclosure Act 2012 (Vic)</i>	29
FRD 25C	Victorian Industry Participation Policy disclosures	28
FRD 29C	Workforce data disclosures	20
<u>Compliance attestation and declaration</u>		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	30
SD 5.2.3	Declaration in report of operations	2
<b>Financial Statements</b>		
<u>Financial statements required under Part 7 of the FMA</u>		
SD 5.2.2	Declaration in financial statements	35
SD 5.2.1(a)	Compliance with Australian Accounting Standards and other authoritative pronouncements	35
SD 5.2.1(a)	Compliance with Ministerial Directions	35
<u>Other disclosures as required by FRDs in notes to the financial statements</u>		
FRD 11A	Disclosure of Ex Gratia Expenses	48
FRD 21C	Disclosures of responsible persons, executive officers and other personnel	67
FRD 103H	Non-Financial Physical Assets	49
FRD 110A	Cash flow statements	40
FRD 112D	Defined Benefit Superannuation Obligations	46
FRD 114C	Financial Instruments	56
<b>Legislation</b>		
	<i>Freedom of Information Act 1982 (Vic)</i>	26
	<i>Building Act 1993 (Vic)</i>	27
	<i>Victorian Industry Participation Policy Act 2003 (Vic)</i>	28
	<i>Protected Disclosure Act 2012 (Vic)</i>	29
	<i>Disability Discrimination Act 1992 (Cth)</i>	30
	<i>Financial Management Act 1994 (Vic)</i>	30

Dated at Melbourne on 27 August 2019  
Signed in accordance with a resolution of Members

  
**John Harnden AM**  
**Chairman**

# AUSTRALIAN GRAND PRIX CORPORATION

ABN 86 947 927 465

## Financial Statements For the Year Ended 30 June 2019

*Note: The Financial Statements have been prepared to ensure the alignment with the 2018-19 Model Report as issued by the Department of Treasury and Finance.*

## 7. Financial Statements

### How this report is structured

The Australian Grand Prix Corporation (the Corporation) has presented its audited general purpose financial statements for the financial year ended 30 June 2019 in the following structure to provide users with the information about the Corporation's stewardship of resources entrusted to it.

	Statement by Members of the Board and Officers	35
	Independent Auditor's Report	36
Financial statements	Comprehensive operating statement	38
	Balance sheet	39
	Cash flow statement	40
	Statement of changes in equity	41
Notes to the financial statements	<b>7.1. About this report</b>	42
	The basis on which the financial statements have been prepared and compliance with reporting regulations	
	<b>7.2. Funding delivery of our events</b>	43
	Revenue recognised from events, grants and other sources	
	7.2.1 Income that funds the delivery of our events	43
	<b>7.3. The cost of delivering our events</b>	45
	Operating expenses of the Corporation	
	7.3.1 Expenses incurred in delivery of events	45
	7.3.2 Employee benefits	46
	7.3.3 Other operating expenses	48
	<b>7.4. Key assets available to support event delivery</b>	49
	Infrastructure and other key assets to deliver our events	
	7.4.1 Total infrastructure and equipment	49
	7.4.2 Cash flow information and balances	51
	7.4.3 Other financial assets	51
	<b>7.5. Other assets and liabilities</b>	52
	Working capital balances and other key assets and liabilities	
	7.5.1 Receivables	52
	7.5.2 Payables	53
	7.5.3 Deferred income	53
	<b>7.6. Our capital structure</b>	54
	Equity and reserve disclosures	
	7.6.1 Contributed capital	54
	7.6.2 Cash flow hedge reserve	54
	7.6.3 Asset revaluation reserve	54

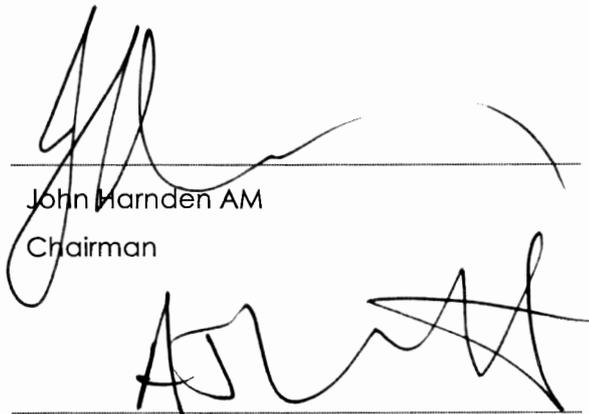
Notes to the financial statements (continued).	<b>7.7. Commitments, risks, contingencies and valuation judgements</b>	<b>55</b>
	Commitments, financial risk management, contingent asset and liabilities as well as fair value determination disclosures	
	7.7.1 Commitments for expenditure	55
	7.7.2 Financial instruments specific disclosures	56
	7.7.3 Fair value judgements	63
	7.7.4 Contingent assets and contingent liabilities	66
	<b>7.8. Other disclosures</b>	<b>67</b>
	7.8.1 Responsible persons	67
	7.8.2 Remuneration of executives	68
	7.8.3 Related parties	68
	7.8.4 Remuneration of auditors	70
	7.8.5 Subsequent events	70
	7.8.6 Australian Accounting Standards issued that are not yet effective	71
	7.8.7 Other accounting policies and disclosures	77
	7.8.8 Glossary of technical terms	77

## Statement by members of the board and officers

In the opinion of the Members of the Board, the Chief Executive Officer and the Chief Finance Officer of the Australian Grand Prix Corporation:

- (a) the financial statements and accompanying notes present fairly the financial transactions during the year ended 30 June 2019 and the financial position as at 30 June 2019;
- (b) the financial statements are drawn up in accordance with Standing Direction 5.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations and other mandatory professional reporting requirements; and
- (c) there are no circumstances at the date of signing which would render any particulars in the financial statements to be misleading or inaccurate.

Dated at Melbourne on 27 August 2019.



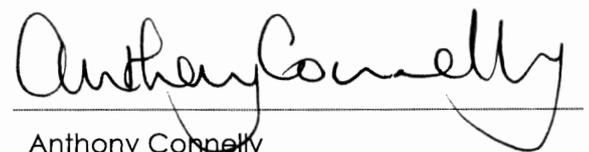
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John Harnden AM  
Chairman



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Andrew Westacott  
Chief Executive Officer



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Anthony Connelly  
Chief Finance Officer

# Independent Auditor's Report

## *To the Members of the Board of the Australian Grand Prix Corporation*

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

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**Auditor's responsibilities for the audit of the financial report**

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of the Board
- conclude on the appropriateness of the members of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation'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 corporation 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 members of the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

---

MELBOURNE  
30 August 2019



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

## Comprehensive operating statement

For the financial year ended 30 June 2019

(\$ thousand)

	Notes	2019	2018
<b>Income from transactions</b>			
Formula 1® Grand Prix (a)		116,117	116,580
Motorcycle Grand Prix (a)		18,460	16,933
Future Grands Prix		6,247	5,847
<b>Total income from transactions</b>	7.2.1	<b>140,824</b>	<b>139,360</b>
<b>Expenses from transactions</b>			
Formula 1® Grand Prix (a)		(117,819)	(110,359)
Motorcycle Grand Prix (a)		(24,775)	(22,817)
<b>Total expenses from transactions</b>	7.3.1	<b>(142,594)</b>	<b>(133,176)</b>
<b>Net result from transactions (net operating balance)</b>		<b>(1,770)</b>	<b>6,184</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on financial instruments		27	19
Net gain/(loss) on sale/disposal of non-financial assets		19	3
<b>Total other economic flows included in net result</b>		<b>46</b>	<b>22</b>
<b>Net result</b>		<b>(1,724)</b>	<b>6,207</b>
<b>Other economic flows – other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Change in fair value of derivatives recognised through cash flow hedge reserve	7.6.2	6,658	(4,200)
Change in asset revaluation reserve		(840)	(669)
<b>Total other economic flows – other comprehensive income</b>		<b>5,818</b>	<b>(4,869)</b>
<b>Comprehensive result</b>		<b>4,094</b>	<b>1,338</b>

The accompanying notes form part of these financial statements.

(a) Comparative figures have changed for these lines as in the prior year cost recoveries had been netted off the related expenditure. This has now been amended to be disclosed as other revenue. This has no impact on net result.

## Balance sheet

As at 30 June 2019

(\$ thousand)

	Notes	2019	2018
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	7.4.2	9,746	8,502
Receivables	7.5.1	3,088	2,471
Derivatives	7.7.2.1	10,565	13,680
Other financial assets	7.4.3	9,430	14,431
<b>Total financial assets</b>		<b>32,829</b>	<b>39,084</b>
<b>Non-financial assets</b>			
Prepayments		1,394	1,765
Infrastructure and equipment	7.4.1	14,095	13,783
Intangible assets		89	75
<b>Total non-financial assets</b>		<b>15,578</b>	<b>15,623</b>
<b>Total assets</b>		<b>48,407</b>	<b>54,707</b>
<b>Liabilities</b>			
Payables	7.5.2	4,362	4,216
Employee related provisions	7.3.2.3	1,039	922
Deferred income	7.5.3	3,250	4,947
Derivatives	7.7.2.1	12,419	22,219
<b>Total liabilities</b>		<b>21,070</b>	<b>32,304</b>
<b>Net assets</b>		<b>27,337</b>	<b>22,403</b>
<b>Equity</b>			
Contributed capital	7.6.1	10,739	10,739
Cash flow hedge reserve	7.6.2	(1,854)	(8,512)
Asset revaluation reserve	7.6.3	9,235	10,075
Accumulated surplus		9,217	10,101
<b>Net worth</b>		<b>27,337</b>	<b>22,403</b>

The accompanying notes form part of these financial statements.

## Cash flow statement

For the financial year ended 30 June 2019

(\$ thousand)

	Notes	2019	2018
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from customers, sponsors and commercial entities <sup>(a)</sup>		70,405	65,131
Interest received		1,342	1,170
Government contributions – Formula 1 <sup>®</sup> Grand Prix		67,228	64,263
Government contributions – Motorcycle Grand Prix		7,117	6,180
Government contributions – future Grands Prix		6,870	6,432
Government contributions – non-recurrent		-	7,388
<b>Total receipts</b>		<b>152,961</b>	<b>150,564</b>
<b>Payments</b>			
Payments to suppliers and employees <sup>(a)</sup>		(147,049)	(136,836)
Goods and services tax paid to the ATO <sup>(b)</sup>		(7,094)	(6,688)
<b>Total payments</b>		<b>(154,144)</b>	<b>(143,524)</b>
<b>Net cash flows from/(used in) operating activities</b>	7.4.2.1	<b>(1,183)</b>	<b>7,040</b>
<b>Cash flows from investing activities</b>			
Payments for other financial assets		(86,797)	(105,802)
Redemption of other financial assets		91,798	91,371
Payments for Grand Prix infrastructure, equipment and intangibles		(2,650)	(3,206)
Proceeds from the sale of equipment		76	3
<b>Net cash flows from/(used in) investing activities</b>		<b>2,427</b>	<b>(17,634)</b>
<b>Cash flows from financing activities</b>			
Realised Forex Gain		-	5
<b>Net cash flows from/(used in) financing activities</b>		<b>-</b>	<b>5</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,244</b>	<b>(10,589)</b>
Cash and cash equivalents at beginning of financial year		8,502	19,091
<b>Cash and cash equivalents at end of financial year</b>	7.4.2	<b>9,746</b>	<b>8,502</b>

The accompanying notes form part of these financial statements.

Notes:

(a) Comparative figures have changed for these lines as in the prior year cost recoveries had been netted off the related expenditure. This has now been amended to be disclosed as other revenue. This has no impact on net increase/(decrease) in cash and cash equivalents.

(b) Goods and services tax (GST) paid to the Australian Taxation Office is presented on a net basis.

## Statement of changes in equity

For the financial year ended 30 June 2019

(\$ thousand)

	Notes	Cash flow hedge reserve	Asset revaluation reserve	Contributed capital	Accumulated surplus	Total
<b>Balance at 1 July 2017</b>	<b>7.6</b>	(4,312)	10,744	10,739	3,225	20,396
Net result for the year		-	-	-	6,207	6,207
Change in fair value of derivatives recognised through cash flow hedge reserve	7.6.2	(4,200)	-	-	-	(4,200)
Transfer on disposal of assets	7.6.3	-	(669)	-	669	-
<b>Balance at 30 June 2018</b>	<b>7.6</b>	<b>(8,512)</b>	<b>10,075</b>	<b>10,739</b>	<b>10,101</b>	<b>22,403</b>
Net result for the year		-	-	-	(1,724)	(1,724)
Change in fair value of derivatives recognised through cash flow hedge reserve	7.6.2	6,658	-	-	-	6,658
Change in asset revaluation reserve	7.6.3	-	(840)	-	840	-
<b>Balance at 30 June 2019</b>	<b>7.6</b>	<b>(1,854)</b>	<b>9,235</b>	<b>10,739</b>	<b>9,217</b>	<b>27,337</b>

The accompanying notes form part of these financial statements.

## 7.1 About this report

Australian Grand Prix Corporation (the Corporation) is a statutory authority established pursuant to the *Australian Grands Prix Act 1994* (as amended) ("AGP Act").

Its principal address is:  
Australian Grand Prix Corporation  
Level 5, 616 St Kilda Road  
Melbourne VIC 3004

The Corporation is subject to the direction and control of the Minister administering the AGP Act. At the time of this report this was the Minister for Tourism, Sport and Major Events, The Honourable Martin Pakula MP.

### Basis of preparation

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

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

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

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

The 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 (AASs) that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

All amounts in the financial statements (including the notes) have been rounded to the nearest thousand dollars, unless otherwise stated.

### Compliance information

The Corporation's financial statements are a general purpose financial report which has been prepared in accordance with the *Financial Management Act 1994* and applicable AASs which include interpretations issued by the Australian Accounting Standards Board (AASB).

In complying with AASs, the Corporation has, where relevant, applied those paragraphs applicable to not-for-profit entities. 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.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 7.8.8.

The annual financial statements were authorised for issue by the Chairman of the Board on 27 August 2019.

## 7.2 Funding delivery of our events

### Introduction

The Corporation's overall objective is to stage two international motorsport events, the Formula 1<sup>®</sup> Australian Grand Prix in Melbourne and the Australian Motorcycle Grand Prix in Phillip Island.

To enable the Corporation to fulfil its objective, it receives income predominantly from tickets sales and the sponsorship of events as well as from Government contributions.

### Structure

7.2.1 Income that funds the delivery of our events.....43

### 7.2.1 Income that funds the delivery of our events

	2018-19 Financial year				2017-18 Financial year				(\$ thousand)
	2019		2018		2018-19		2017		
	Formula 1 <sup>®</sup> Grand Prix	Motorcycle Grand Prix	Formula 1 <sup>®</sup> Grand Prix	Motorcycle Grand Prix	Financial year total	Formula 1 <sup>®</sup> Grand Prix	Motorcycle Grand Prix	Future Grand Prix	
<b>Income from transactions<sup>(a)</sup></b>									
Sales revenue	38,697	7,700	-	-	46,397	34,903	7,215	-	42,118
Sponsorship/commercial revenue	7,500	1,893	-	-	9,393	7,596	1,998	-	9,594
Interest revenue	1,122	220	-	-	1,342	970	200	-	1,170
Government contributions – recurrent <sup>(b)</sup>	61,116	6,470	6,247	6,247	73,833	58,421	5,618	5,847	69,886
Government contributions – non-recurrent	-	-	-	-	-	6,716	-	-	6,716
Other operating revenue <sup>(c)</sup>	7,682	2,177	-	-	9,859	7,974	1,902	-	9,876
<b>Total income from transactions</b>	<b>116,117</b>	<b>18,460</b>	<b>6,247</b>	<b>6,247</b>	<b>140,824</b>	<b>116,580</b>	<b>16,993</b>	<b>5,847</b>	<b>139,360</b>

Note:

(a) The income above relating to the Formula 1<sup>®</sup> Grand Prix does not include resources provided free of charge from Public Transport Victoria (PTV) relating to the provision of free public transport. Refer Note 7.8.3 for further details.

(b) Includes \$6,247,000 for recurrent spending on the 2019 Motorcycle Grand Prix received in the 2018-19 financial year (2018: \$5,847,000 for the 2018 Motorcycle event).

(c) Comparative figures have changed for this line as in the prior year cost recoveries had been netted off the related expenditure. This has now been amended to be disclosed as other revenue.

Income is recognised to the extent it is probable the economic benefits will flow to the Corporation and the income can be reliably measured. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

**Sales, sponsorship/commercial and other operating revenues** are not controlled by the Corporation until the event has occurred, therefore they are recognised in the financial year in which an event is conducted. Until the event has occurred, the amounts received are recognised as deferred income (refer to Note 7.5.3 for further details).

**Interest** includes interest received or receivable on bank deposits and other investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

**Recurrent government contributions** are recognised as revenue when the Corporation gains control of the underlying assets. The Corporation is deemed to have assumed control when the contributions are received.

**Non-current government contributions:** The Corporation undertakes works within Albert Park under licence from Parks Victoria in its capacity as the Committee of Management for Albert Park. Government contributions in relation to capital works have been recognised as revenue in the financial year in which they are received. These capital works are transferred periodically to Parks Victoria free of charge.

## 7.3 The cost of delivering our events

### Introduction

This section provides an account of the expenses incurred by the Corporation in delivering its events.

In Section 7.2, the sources of the funds that enable the staging of events were disclosed, and in this section the costs associated with the staging of events are presented.

### 7.3.1 Expenses incurred in delivery of events

	2018-19 Financial year			2017-18 Financial year			2017-18 Financial year total
	2019 Formula 1® Grand Prix	2018 Motorcycle Grand Prix	Future Grand Prix	2018 Formula 1® Grand Prix	2017 Motorcycle Grand Prix	Future Grand Prix	
<b>Expenses from transactions<sup>(a)</sup></b>							
Event management and staging <sup>(b)</sup>	61,883	14,472	-	59,842	13,613	-	73,455
Recurrent engineering <sup>(c)</sup>	33,843	5,731	-	32,346	4,816	-	37,162
Marketing and promotion <sup>(c)</sup>	7,187	1,272	-	7,018	1,280	-	8,298
Catering <sup>(c)</sup>	6,224	1,082	-	5,404	1,003	-	6,407
Administration <sup>(b)</sup>	8,682	2,218	-	5,749	2,105	-	7,854
<b>Total expenses from transactions</b>	<b>117,819</b>	<b>24,775</b>	<b>-</b>	<b>110,359</b>	<b>22,817</b>	<b>-</b>	<b>133,176</b>

Note:

(a) The expenses above relating to the Formula 1® Grand Prix do not include resources consumed free of charge from PTV relating to the provision of free public transport. Refer to Note 7.8.3.

(b) Includes depreciation and amortisation. Refer to Note 7.4.1 for further details.

(c) Comparative figures have changed for this line as in the prior year cost recoveries had been netted off the related expenditure. This has now been amended to be disclosed as other revenue.

**Event management and staging** includes costs relating to venue and event operations.

**Recurrent engineering** expenses include costs relating to the assembly, dismantling and servicing of event infrastructure. It includes any non-capital expenditure on areas in and around the Albert Park and Phillip Island circuits.

**Marketing and promotion** expenses are costs incurred in ensuring that the event is promoted to the general public and corporate clients thereby increasing sales revenue.

**Catering** costs are predominantly incurred in the provision of high class facilities to corporate and VIP clients.

Employee salaries and benefits have been allocated against the appropriate category in the above table.

### Structure

7.3.1 Expenses incurred in delivery of events..... 45

7.3.2 Employee benefits..... 46

7.3.3 Other operating expense.....48

## 7.3.2 Employee benefits

### 7.3.2.1 Employee benefits in the comprehensive operating statement

(\$ thousand)

	Notes	2019	2018
Salaries and wages, annual leave and long service leave		8,930	7,817
Superannuation contributions	7.3.2.2	748	731
Termination benefits		26	154
<b>Total employee benefits expense</b>		<b>9,704</b>	<b>8,702</b>

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

Superannuation contributions are made by the Corporation to an employee superannuation fund and are charged as expenses when incurred (Refer Note 7.3.2.2).

### 7.3.2.2 Superannuation

Employees of the Corporation are entitled to receive superannuation benefits. Superannuation contributions are included as part of employee benefits in the comprehensive operating statement.

Contributions were made on behalf of employees to IOOF Superannuation (the Corporation's employer nominated fund), or to a superannuation fund nominated by the employee. These contributions are based on the requirements of the *Superannuation Guarantee (Administration) Act 1992* and its regulations. This fund is a defined contribution fund. The Corporation therefore has no exposure to any unfunded liabilities.

(\$ thousand)

	Paid contribution for the year		Contribution outstanding at year end	
	2019	2018	2019	2018
<b>Defined contributions plan</b>				
IOOF Superannuation	170	170	-	-
HostPlus	125	105	-	-
Australian Super	70	42	-	-
Other <sup>(a)</sup>	397	338	-	-
<b>Total</b>	<b>762</b>	<b>655</b>	<b>-</b>	<b>-</b>

Note:

(a) None of the individual superannuation funds under 'Other' had an amount exceeding \$50,000 contributed to them.

The superannuation amount of \$762,368 for 2018-19 exceeds the defined contribution superannuation expense disclosed at Note 7.3.2.1 (\$747,780) by \$14,588. This relates to an amount provided for in the 2018-19 financial year in relation to accrued wages and salaries.

The superannuation amount of \$654,869 for 2017-18 is less than the defined contribution superannuation expense disclosed at Note 7.3.2.1 (\$731,306) by \$76,437. This relates to an amount provided for in the 2017-18 financial year in relation to accrued wages and salaries.

### 7.3.2.3 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

Provisions are recognised when the Corporation has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

	(\$ thousand)	
	2019	2018
<b>Current provisions:</b>		
<b>Annual leave<sup>(a)</sup></b>		
Unconditional and expected to settle within 12 months	514	416
Unconditional and expected to settle after 12 months	-	-
<b>Long service leave<sup>(a)</sup></b>		
Unconditional and expected to settle within 12 months	-	-
Unconditional and expected to settle after 12 months <sup>(b)</sup>	340	312
<b>Provisions for on-costs</b>		
Unconditional and expected to settle within 12 months	101	81
Unconditional and expected to settle after 12 months	56	51
<b>Total current provisions for employee benefits</b>	<b>1,011</b>	<b>860</b>
<b>Non-current provisions:</b>		
Employee benefits – long service leave <sup>(b)</sup>	24	53
On-costs	4	9
<b>Total non-current provisions for employee benefits</b>	<b>28</b>	<b>62</b>
<b>Total provisions for employee benefits</b>	<b>1,039</b>	<b>922</b>

Notes:

(a) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

(b) Employee benefit amounts disclosed are discounted to present values.

Reconciliation of movement in employee benefits provisions			(\$ thousand)
	Employee benefits	On-costs	Total
	2019	2019	2019
<b>Opening balance</b>	781	141	922
Net movement in provision	97	20	117
<b>Closing balance</b>	<b>878</b>	<b>161</b>	<b>1,039</b>
Current	854	157	1,011
Non-current	24	4	28
<b>Total</b>	<b>878</b>	<b>161</b>	<b>1,039</b>

**Wages and salaries and annual leave:** Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in the provision for employee benefits as current liabilities, because the Corporation does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, and annual leave are measured at:

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

**Long Service Leave (LSL):** Liability for LSL is recognised in the provision for employee benefits.

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

The components of this current LSL liability are measured at:

- nominal value – component that the Corporation expects to wholly settle within 12 months
- present value – component that the Corporation does not expect to wholly settle within 12 months

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

Any gain or loss following revaluation of the present value of the non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates, for which it is then recognised as an 'other economic flow' (refer Note 7.8.8).

**Employee benefits on-costs** such as payroll tax, worker's compensation and superannuation are recognised separately from the provision for employee benefits.

### 7.3.3 Other operating expenses

(\$ thousand)

	2019	2018
Operating lease rental expenses	1,007	839
Fair value assets and services provided free of charge to Parks Victoria	470	590
Loss on impairment of assets	-	30
Ex-gratia expense (Employee termination payment)	3	2
Bad and doubtful debts	430	-
<b>Total other operating expenses</b>	<b>1,910</b>	<b>1,461</b>

**Operating lease** payments are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the asset.

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

## 7.4 Key assets available to support event delivery

### Introduction

The Corporation controls infrastructure and equipment as well as cash that are utilised in fulfilling its objectives. They represent the resources that are entrusted to the Corporation to be utilised for the delivery of the events.

### Structure

7.4.1 Total infrastructure and equipment.....	49
7.4.2 Cash flow information and balances...	51
7.4.3 Other financial assets.....	51

### 7.4.1 Total infrastructure and equipment

Significant judgement:

Estimated impairment, useful lives and residual values of non-financial assets

The estimation of impairment, useful lives and residual values of assets are considered a key estimate and require significant judgement by management and independent experts.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.7.3 in connection with how those fair values were determined.

### Gross carrying amount and accumulated depreciation (\$ thousand)

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2019	2018	2019	2018	2019	2018
Equipment at fair value	3,307	2,878	(2,615)	(2,396)	692	482
Grand Prix infrastructure at fair value	18,467	17,021	(5,870)	(4,090)	12,597	12,931
Work in Progress	806	370	-	-	806	370
<b>Net carrying amount</b>	<b>22,580</b>	<b>20,269</b>	<b>(8,485)</b>	<b>(6,486)</b>	<b>14,095</b>	<b>13,783</b>

**Initial recognition:** Items of non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is received for no or nominal cost, the cost is the asset's fair value at the date of acquisition.

The cost of non-financial physical assets constructed includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads. All fixed capital works constructed within Albert Park have been transferred to a third party, Parks Victoria, free of charge, in accordance with the licence agreements.

**Subsequent measurement:** The fair value of infrastructure and equipment is normally determined by reference to the asset's current replacement cost. For equipment, existing depreciated historical cost is generally a reasonable proxy for current replacement cost because of the short lives of the assets concerned.

**Estimated impairment of non-financial assets:** The Corporation assesses impairment of all assets at each reporting date by evaluating conditions specific to the Corporation and to the particular asset that may lead to impairment. These may include asset performance, economic and political environments and future expectations. Given the specific nature of the Corporation's assets, management considered that the indicators of impairment were significant enough and as such have been tested for impairment in this financial period.

Refer to Note 7.7.3 for additional information on fair value determination of infrastructure and equipment.

	Depreciation charge for the period						(\$ thousand)	
	2019		2018		2018-2019		2017-2018	
	Formula 1® Grand Prix	Motorcycle Grand Prix	Financial year Total	Formula 1® Grand Prix	Motorcycle Grand Prix	Financial year Total	Formula 1® Grand Prix	Motorcycle Grand Prix
Equipment	245	82	327	155	51	206		
Grand Prix infrastructure	1,887	57	1,944	1,580	48	1,628		
<b>Total depreciation</b>	<b>2,132</b>	<b>139</b>	<b>2,271</b>	<b>1,735</b>	<b>99</b>	<b>1,834</b>		

All items of infrastructure equipment that have finite useful lives are depreciated. Depreciation is calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjustments made when necessary.

The Corporation's management, with the assistance of the Valuer-General Victoria (independent valuation agency), determines the estimated useful lives and related depreciation charges for its infrastructure and equipment. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives, or will write-off or write-down obsolete assets or those that are no longer considered useful.

The following are typical useful lives for the different asset classes for current and prior years.

Asset	(year)	
	2019	2018
Computer equipment	3	3
Equipment	3 to 5	3 to 5
Grand Prix infrastructure	3 to 50	3 to 50

#### Classification by 'Recreation, Culture and Religion' purpose group – movements in carrying amounts

##### Reconciliation of movements in carrying amounts of infrastructure and equipment (\$ thousand)

	Grand Prix infrastructure at fair value		Equipment at fair value		Work in progress		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Opening balance</b>	12,931	11,878	482	129	370	1,050	13,783	13,057
Additions	1,580	2,164	529	150	1,002	866	3,111	3,180
Disposals	(222)	(437)	(108)	(7)	-	-	(330)	(444)
Revaluation of Grand Prix infrastructure	-	-	-	-	-	-	-	-
Transfer to Parks Victoria	-	-	-	-	(470)	(590)	(470)	(590)
Transfer in/out of WIP	89	547	7	409	(96)	(956)	-	-
Depreciation	(1,944)	(1,628)	(326)	(206)	-	-	(2,270)	(1,834)
Impairment	-	(30)	-	-	-	-	-	(30)
Write back of accumulated depreciation	163	437	108	7	-	-	271	444
<b>Closing balance</b>	<b>12,597</b>	<b>12,931</b>	<b>692</b>	<b>482</b>	<b>806</b>	<b>370</b>	<b>14,095</b>	<b>13,783</b>

## 7.4.2 Cash flow information and balances

	(\$ thousand)	
	2019	2018
Cash on hand	2	2
Cash at call	9,744	7,000
Term deposits (Australian dollar term deposits < 3 months)	-	1,500
<b>Balance as per cash flow statement</b>	<b>9,746</b>	<b>8,502</b>

Cash and deposits recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call with Treasury Corporation of Victoria and other financial institutions.

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand, cash at bank and deposits with an original maturity of three months or less, which are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

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

	(\$ thousand)	
	2019	2018
<b>Net result for the period</b>	<b>(1,724)</b>	<b>6,207</b>
<b>Non-cash movements</b>		
Capital works transferred to Parks Victoria	470	590
(Gain)/loss on sale of non-current assets	(19)	(3)
Depreciation and amortisation of non-current assets	2,259	1,886
Impairment of non-current assets	-	30
Provision of doubtful debts	(430)	-
Net (gain)/loss on financial instruments	(27)	(19)
<b>Movements in assets and liabilities</b>		
Decrease/(Increase) in receivables and prepayments	184	(376)
(Decrease)/Increase in payables	(315)	988
(Decrease)/Increase in provisions	117	93
(Decrease)/Increase in deferred income	(1,697)	(2,356)
<b>Net cash flows from/(used in) operating activities</b>	<b>(1,182)</b>	<b>7,040</b>

### 7.4.3 Other financial assets

	(\$ thousand)	
	2019	2018
<b>Current other financial assets</b>		
<b>Term deposits:</b>		
Australian dollar term deposits > three months	9,430	14,431
<b>Total other financial assets</b>	<b>9,430</b>	<b>14,431</b>

Other financial assets recognised on the balance sheet comprise cash deposits > 90 days with Treasury Corporation of Victoria. For the purpose of the cash flow statement, other financial assets include deposits with an original maturity of greater than three months.

## 7.5 Other assets and liabilities

### Introduction

This section sets out those assets and liabilities that arose from the Corporation's controlled operations.

### Structure

7.5.1	Receivables.....	52
7.5.2	Payables.....	53
7.5.3	Deferred income.....	53

### 7.5.1 Receivables

	(\$ thousand)	
	2019	2018
<b>Contractual</b>		
Trade receivables	2,651	2,260
Less provision for doubtful debts	(430)	-
<b>Net trade receivables</b>	<b>2,221</b>	<b>2,260</b>
Other receivables	554	211
<b>Statutory</b>		
GST input tax credit recoverable	313	-
<b>Total receivables</b>	<b>3,088</b>	<b>2,471</b>
Represented by		
Current receivables	3,088	2,471
Non-current receivables	-	-

Receivables consist predominantly of debtors in relation to goods and services and accrued investment income.

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

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

Details about the Corporation's impairment policies, the Corporation's exposure to credit risk, and the calculation of the loss allowance are set out in Note 7.7.2.

## 7.5.2 Payables

	(\$ thousand)	
	2019	2018
<b>Contractual</b>		
Supplies and other services	4,278	4,121
<b>Statutory</b>		
GST payable	-	32
FBT payable	62	63
Other taxes payable	22	-
<b>Total payables</b>	<b>4,362</b>	<b>4,216</b>
Represented by:		
Current payables	4,362	4,216
Non-current payables	-	-

Payables consist of:

- **contractual payables**, such as accounts payable, are classified as financial instruments and measured at amortised cost (refer to Note 7.7.2 for further details). Accounts payable represents liabilities for goods or services provided to the Corporation prior to the end of the financial year that are unpaid, and arise when the Corporation becomes obliged to make future payments in respect of the purchases of goods and services; and
- **statutory payables**, such as goods and services tax and fringe benefits tax payables, are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Payables for supplies and services have a credit period of 30 days from date of invoice unless otherwise contractually agreed.

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

	(\$ thousand)				
	Carrying amount	Nominal amount	Less than 1 month	Maturity dates	
1-3 months				3 months–1 year	
2019 Payables	4,278	4,278	4,023	102	153
2018 Payables	4,121	4,121	3,254	854	13

Note:

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

(b) Nature and extent of risks arising from contractual payables. Refer to Note 7.7.2.3 for the nature and extent of risks arising from contractual payables.

## 7.5.3 Deferred income

	(\$ thousand)	
	2019	2018
<b>Current</b>		
Advance commercial income	209	160
Income received in advance	3,041	4,787
<b>Total deferred income</b>	<b>3,250</b>	<b>4,947</b>

Deferred income consists of amounts received during the year which relates to activities to be conducted in future financial years. Revenue is recognized only to the extent earned and the remaining revenue has been deferred until earned.

## 7.6 Our capital structure

### Introduction

This section provides information on the capital structure of the Corporation as well as any reserves that arose from its operations.

### Structure

7.6.1	Contributed capital.....	54
7.6.2	Cash flow hedge reserve.....	54
7.6.3	Asset revaluation reserve.....	54

#### 7.6.1 Contributed capital

	(\$ thousand)	
	2019	2018
Contributed capital at the beginning of the year	10,739	10,739
<b>Contributed capital at the end of the year</b>	<b>10,739</b>	<b>10,739</b>

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

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

#### 7.6.2 Cash flow hedge reserve

	(\$ thousand)	
	2019	2018
Cash flow hedge reserve at the beginning of the year	(8,512)	(4,312)
Change in fair value of derivatives recognised through cash flow hedge reserve	6,658	(4,200)
<b>Cash flow hedge reserve at the end of the year</b>	<b>(1,854)</b>	<b>(8,512)</b>

Foreign currency translation differences are recognised in 'other economic flows' and accumulated in the cash flow hedge reserve in the period in which they arise.

#### 7.6.3 Asset revaluation reserve

	(\$ thousand)	
	2019	2018
Asset revaluation reserve at the beginning of the year	10,075	10,744
Write back on disposal of assets	(840)	(669)
<b>Asset revaluation reserve at the end of the year</b>	<b>9,235</b>	<b>10,075</b>

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

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'Other economic flows – comprehensive income' and accumulated in equity under the asset revaluation surplus.

## 7.7 Commitments, risks, valuation judgments and contingencies

### Introduction

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

### Structure

7.7.1	Commitments for expenditure.....	55
7.7.2	Financial instruments specific disclosures.....	56
7.7.3	Fair value judgements .....	63
7.7.4	Contingent assets and contingent liabilities.....	66

### 7.7.1 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note at their nominal value and inclusive of the GST payable.

The Corporation has commitments associated with foreign exchange forward contracts (refer Note 7.7.2). The Corporation has not disclosed the gross value payable and receivable under the foreign currency contracts and is exempted from doing so under Section 49 of the *Australian Grand Prix Act 1994*.

#### 7.7.1.1 Commitments for leases

Operating leases relate to office accommodation and storage facilities and equipment. The lease relating to office accommodation has been executed with a term of 5 years to 31 March 2021 with an option to extend up to a further 3 years. The lease of the storage yard will expire on 30 June 2025. All operating lease contracts contain market review clauses in the event that the Corporation exercises its option to renew. The lessees do not have an option to purchase the property at the expiry of the lease period.

	(\$ thousand)	
	2019	2018
Operating leases relate to office and storage facilities		
Non-cancellable operating leases payable:		
No longer than one year	1,328	1,047
Longer than one year but not longer than five years	2,433	2,897
Longer than five years	491	849
<b>Total lease commitments</b>	<b>4,252</b>	<b>4,793</b>

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

**Operating lease** payments are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term. The leased asset is not recognised in the balance sheet.

The cost of leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expenses over the term on a straight-line basis, unless another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## **7.7.2 Financial instruments specific disclosures**

### **Introduction**

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

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

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

### **Categories of financial assets under AASB 9**

#### **Financial assets at amortised cost**

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

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

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

The Corporation recognises the following assets in this category:

- cash and deposits;
- receivables; and
- term deposits.

#### **Financial assets at fair value through other comprehensive income**

Debt investments are measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Corporation to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of these debt instruments, any related balance in the fair value reserve is reclassified to profit or loss.

## **Financial assets at fair value through net result**

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, the Corporation may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

## **Categories of financial assets previously under AASB 139**

**Loans and receivables** are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits, term deposits with maturity greater than three months, receivables, but not statutory receivables.

**Financial assets and liabilities at fair value through net result** are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed by the Corporation based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

Financial instruments at fair value through profit or loss are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. Any dividend or interest on a financial asset is recognised in the net result from transactions.

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

Financial instrument liabilities measured at amortised cost include all payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

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

**Derivative financial instruments** are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which a derivative contract is entered into. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.

From time to time certain derivative financial instruments do not qualify for hedge accounting, notwithstanding that the derivatives are held to hedge identified exposures. Any changes in the fair value of a derivative instrument or part of a derivative instrument that do not qualify for hedge accounting are classified as 'ineffective' and recognised immediately in the comprehensive operating statement.

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

**Reclassification of financial instruments:** Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

### 7.7.2.1 Financial instruments: Categorisation

(\$ thousand)

2019	Contractual financial assets/liabilities designated at fair value through profit/loss or held for trading	Contractual financial assets at amortised cost	Contractual financial liabilities at amortised cost	Total
<b>Contractual financial assets</b>				
Cash and deposits	-	9,746	-	9,746
Other financial assets	-	9,430	-	9,430
<b>Receivables (a)</b>				
Trade and other receivables	-	3,205	-	3,205
Financial derivatives <sup>(b)</sup>	10,565	-	-	10,565
<b>Total contractual financial assets</b>	<b>10,565</b>	<b>22,381</b>	<b>-</b>	<b>32,946</b>
<b>Contractual financial liabilities</b>				
<b>Payables (a)</b>				
Trade and other payables	-	-	4,278	4,278
Financial derivatives <sup>(b)</sup>	12,419	-	-	12,419
<b>Total contractual financial liabilities</b>	<b>12,419</b>	<b>-</b>	<b>4,278</b>	<b>16,697</b>

2018	Contractual financial assets/liabilities designated at fair value through profit/loss or held for trading	Contractual financial assets – loans and receivables and cash	Contractual financial liabilities at amortised cost	Total
<b>Contractual financial assets</b>				
Cash and deposits	-	8,502	-	8,502
Other financial assets	-	14,431	-	14,431
<b>Receivables (a)</b>				
Trade and other receivables	-	2,471	-	2,471
Financial derivatives <sup>(b)</sup>	13,680	-	-	13,680
<b>Total contractual financial assets</b>	<b>13,680</b>	<b>25,404</b>	<b>-</b>	<b>39,084</b>
<b>Contractual financial liabilities</b>				
<b>Payables (a)</b>				
Trade and other payables	-	-	4,121	4,121
Financial derivatives <sup>(b)</sup>	22,219	-	-	22,219
<b>Total contractual financial liabilities</b>	<b>22,219</b>	<b>-</b>	<b>4,121</b>	<b>26,340</b>

Notes:

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

(b) Foreign exchange contracts were entered into at the request of the Victorian Government's Department of Treasury and Finance and are held with Treasury Corporation of Victoria.

### 7.7.2.2 Financial instruments – Net holding gain/(loss) on financial instruments by category

(\$ thousand)

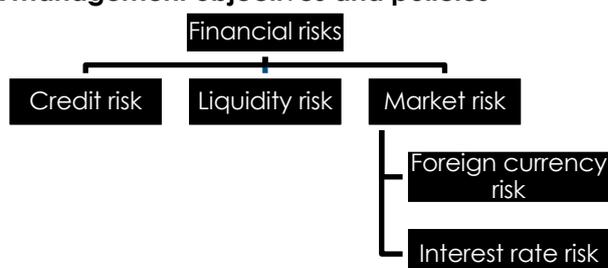
2019	Net holding gain/(loss)	Total interest income/(expense)	Total
<b>Contractual financial assets</b>			
Financial assets – loans and receivables	-	1,342	1,342
Financial assets – derivatives	6,658	-	6,658
Hedge ineffectiveness	27	-	27
Other	-	-	-
<b>Total contractual financial assets</b>	<b>6,685</b>	<b>1,342</b>	<b>8,027</b>

2018	Net holding gain/(loss)	Total interest income/(expense)	Total
<b>Contractual financial assets</b>			
Financial assets – loans and receivables	-	1,170	1,170
Financial assets – derivatives	(4,200)	-	(4,200)
Hedge ineffectiveness	14	-	14
Other	5	-	5
<b>Total contractual financial assets</b>	<b>(4,181)</b>	<b>1,170</b>	<b>(3,011)</b>

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

- for cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost; and
- for financial asset and liabilities that are held for trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

### 7.7.2.3 Financial risk management objectives and policies



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

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 7.7.3 and throughout the financial statements in relevant notes.

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

The Corporation's activities expose it to a variety of financial risks including interest rate risk, foreign exchange risk, liquidity risk and credit risk. The Corporation has determined that the most significant of these is foreign exchange risk. The Corporation manages these financial risks in accordance with the financial risk policy.

The Corporation uses different methods to measure different types of risk to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Audit, Finance and Risk Committee of the Corporation.

### Financial instruments: Credit risk

Credit risk arises from contractual financial assets of the Corporation, which comprise cash and deposits, non-statutory receivables, and derivative instruments. Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Corporation's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than Government, it is the Corporation's policy to only deal with creditworthy counterparties. Credit risk is controlled through the Corporation's risk management policies which deal with credit exposure limits and counterparty limits.

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

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

The maximum credit risk exposure on foreign currency contracts is the full amount of the foreign currency the Corporation pays when settlement occurs should the counterparty fail to pay the amount which it is committed to pay to the Corporation.

As the Corporation transacts all foreign currency contracts with the Treasury Corporation of Victoria the credit risk is minimal.

### Credit quality of contractual financial assets that are neither past due nor impaired <sup>(a)</sup>

(\$ thousand)

	Government agencies (triple-A credit rating)	Financial institutions (double-A credit rating)	Other credit rating (min triple-B credit rating)	Total
<b>2019</b>				
Cash and deposits	7,172	2,571	2	9,745
Receivables <sup>(a)</sup>	313	-	2,775	3,088
Other financial assets	9,430	-	-	9,430
<b>Total contractual financial assets</b>	<b>16,915</b>	<b>2,571</b>	<b>2,777</b>	<b>22,272</b>

	Government agencies (triple-A credit rating)	Financial institutions (double-A credit rating)	Other credit rating (min triple-B credit rating)	Total
<b>2018</b>				
Cash and deposits	1,500	7,000	2	8,502
Receivables <sup>(a)</sup>	-	-	2,471	2,471
Other financial assets	14,431	-	-	14,431
<b>Total contractual financial assets</b>	<b>15,931</b>	<b>7,000</b>	<b>2,473</b>	<b>25,404</b>

Notes:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

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

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

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

### Contractual receivables at amortised cost

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

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

	Current	Less than 1 month	1–2 months	2-3 months	3-4 months	Over 4 months	Total
<b>1-Jul-18</b>							
<b>Expected loss rate</b>	0%	0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables <sup>(a)</sup>	2,920	1,603	415	222	83	136	<b>5,379</b>
<b>Loss allowance</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>30-Jun-19</b>							
<b>Expected loss rate</b>	1%	3%	5%	8%	13%	40%	
Gross carrying amount of contractual receivables <sup>(a)</sup>	2,342	283	1,012	396	250	22	<b>4,305</b>
<b>Loss allowance</b>	<b>23</b>	<b>9</b>	<b>51</b>	<b>32</b>	<b>32</b>	<b>9</b>	<b>155</b>

Notes:

(a) Contractual receivables does not include those receivables that have been fully provided as doubtful \$275,000 (2018: \$0). It includes a deferred income/trade debtor balance of \$1,934K (\$3,121K) which has been removed from the balance sheet as sales are in relation to 2020.

Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

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

## Financial instruments: Market risk

The Corporation's exposures to market risk are primarily through foreign currency risk and interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

### Foreign currency risk

The Corporation has entered into forward foreign exchange contracts and foreign exchange options to hedge certain commitments denominated in US dollars. These contracts extend to 2026. Current derivatives relate to forward contracts that fall due within the next 12 months and non-current derivatives relate to forward contracts that fall due after this date.

These forward foreign exchange contracts have been entered into with full compliance of guidelines from, and with the approval of, the Treasurer of Victoria in accordance with the requirements of Section 24(2) of the *Australian Grands Prix Act 1994*.

The Corporation has not disclosed the gross value payable and receivable under the foreign currency contracts and is exempted from doing so under Section 49 of the *Australian Grands Prix Act 1994*. Disclosure of this information would constitute a breach of the international agreements as defined in Note 7.8.7 (Economic dependency).

The Corporation's sensitivity to foreign currency movements is set out below.

		(\$ thousand)	
	Carrying amount	-15% net result	+15% net result
<b>2019</b>			
Derivative assets	10,565	28,102	(2,397)
Derivative liabilities	(12,419)	25,155	(40,192)
<b>Total derivatives</b>	<b>(1,854)</b>	<b>53,257</b>	<b>(42,589)</b>
	Carrying amount	-15% net result	+15% net result
<b>2018</b>			
Derivative assets	13,680	36,530	(13,361)
Derivative liabilities	(22,219)	22,088	(31,118)
<b>Total derivatives</b>	<b>(8,539)</b>	<b>58,618</b>	<b>(44,479)</b>

The Corporation's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of financial markets, the Corporation believes the following movements are reasonably possible over the next 12 months (base rates are sourced from Treasury Corporation of Victoria): a parallel shift of +15 per cent and -15 per cent in the market interest rates from year-end rates.

### 7.7.3 Fair value judgements

Significant judgement: Fair value measurements of assets and liabilities:

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

Consistent with AASB 13 Fair Value Measurement, the Corporation determines the policies and procedures for both recurring fair value measurements such as infrastructure and equipment and financial instruments, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions (FRDs).

### **Fair value hierarchy**

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.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Corporation determines whether transfers have occurred between 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.

For the purpose of fair value disclosures, the Corporation has determined 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.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2019 and the comparative information presented for the year ended 30 June 2018.

### **How this section is structured**

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

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

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 7.7.3.1) and non-financial physical assets (refer to Note 7.7.3.2).

#### **7.7.3.1 Fair value determination for financial assets and liabilities**

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

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

The Corporation considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements is a fair approximation of their fair values because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

## Off-balance sheet financial instruments

The Corporation has not disclosed the net fair value payable for forward future commitments under foreign exchange forward contracts and is exempted from doing so under Section 49 of the *Australian Grand Prix Act 1994*. Disclosure of this information would constitute a breach of the international agreements as defined in Note 7.8.7 (Economic dependency).

### 7.7.3.2 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy		(\$ thousand)		
		Fair value measurement at end of reporting period using:		
	Carrying amount as at 30 June	Level 1 <sup>(a)</sup>	Level 2 <sup>(a)</sup>	Level 3 <sup>(a)</sup>
	2019			
Equipment	692	-	-	692
Grand Prix infrastructure	12,597	-	-	12,597
<b>Closing balance</b>	<b>13,289</b>	<b>-</b>	<b>-</b>	<b>13,289</b>

		Fair value measurement at end of reporting period using:		
	Carrying amount as at 30 June	Level 1 <sup>(a)</sup>	Level 2 <sup>(a)</sup>	Level 3 <sup>(a)</sup>
	2018			
Equipment	482	-	-	482
Grand Prix infrastructure	12,931	-	-	12,931
<b>Closing balance</b>	<b>13,413</b>	<b>-</b>	<b>-</b>	<b>13,413</b>

Notes:

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

There have been no transfers between levels during the year.

**Equipment** is held at fair value. When equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method.

**Infrastructure assets** are valued using the current replacement cost method when determining its fair value. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the current replacement cost calculation.

There were no changes in valuation techniques throughout the year. (Note: the Valuer General Victoria is the Corporation's independent valuation agency and is used wherever valuations are required.)

For all assets measured at fair value, the current use is considered the highest and best use.

**Revaluation of non-financial physical assets:** Non-financial physical assets are measured at fair value on a cyclical basis in accordance with FRDs issued by the Minister of Finance. A full revaluation of assets normally occurs every five years and is based on the asset's government purpose classifications. The last valuation occurred during the 2015-16 financial year. Independent valuers are used to conduct scheduled revaluations.

Reconciliation of Level 3 fair value movements			(\$ thousand)	
	2019		2018	
	Equipment	Grand Prix infrastructure	Equipment	Grand Prix infrastructure
<b>Opening balance</b>	482	12,931	129	11,878
Additions/(disposals)	428	1,447	552	2,274
Transfers in/(out) of Level 3	-	-	-	-
Gains or losses recognised in net result	-	-	-	-
Depreciation	(218)	(1,781)	(199)	(1,191)
Impairment losses	-	-	-	(30)
<b>Subtotal</b>	<b>692</b>	<b>12,597</b>	<b>482</b>	<b>12,931</b>
Gains or losses recognised in other economic flows – other comprehensive income				
Revaluation	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance</b>	<b>692</b>	<b>12,597</b>	<b>482</b>	<b>12,931</b>

#### Description of Level 3 valuation techniques used and key inputs to valuation

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value measurement to changes in significant unobservable inputs
<b>Equipment</b>	Current replacement cost	Cost per unit	\$500 - \$750,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of equipment	3 - 5 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Infrastructure</b>	Current replacement cost	Cost per unit	\$500 - \$464,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	3 – 50 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

#### 7.7.4 Contingent assets and contingent liabilities

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

There are no contingent assets or liabilities for the year ended 30 June 2019 (2018: Nil)

## 7.8 Other disclosures

### Introduction

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

### Structure

7.8.1	Responsible persons.....	67
7.8.2	Remuneration of executives.....	68
7.8.3	Related parties.....	68
7.8.4	Remuneration of auditors.....	70
7.8.5	Subsequent events.....	70
7.8.6	Australian Accounting Standards issued that are not yet effective.....	71
7.8.7	Other accounting policies and disclosures.....	77
7.8.8	Glossary of technical terms.....	77

### 7.8.1 Responsible persons

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

#### Names

Persons who hold the position of Responsible Persons in relation to the Corporation during the year are as follows:

Responsible Minister	The Honourable John Eren MP, Minister for Tourism and Major Events	1 July 2018 to 29 November 2018
	The Honourable Martin Pakula MP, Minister for Tourism, Sport and Major Events	29 November 2018 to 30 June 2019
Accountable Officer	Mr Andrew Westacott	1 July 2018 to 30 June 2019
Members of the Board	Mr John Harnden AM (Chair)	1 July 2018 to 30 June 2019
	Ms Gillian Franklin (Deputy Chair)	1 July 2018 to 2 February 2019 & 14 March 2019 to 30 June 2019
	Ms Laura Anderson	1 July 2018 to 30 June 2019
	Ms Kimberly Brown	1 July 2018 to 30 June 2019
	Mr Michael Doohan AM	1 July 2018 to 30 June 2019
	Mr Paul Lappin	26 September 2018 to 30 June 2019
	Ms Kate Lundy	1 July 2018 to 30 June 2019
	Mr Trent Smyth	1 July 2018 to 30 June 2019
	Mr Mark Webber AO	1 July 2018 to 30 June 2019

#### Remuneration

Members of the Board act in an honorary capacity.

The total remuneration package of the Accountable Officer, including superannuation contributions, in connection with the management of the Corporation during the reporting period was in the range \$500,000 – \$509,999 (2018: \$500,000 – \$509,999). The remuneration of the Responsible Minister is reported within the Department of Parliamentary Services financial report.

## Other transactions of responsible persons and their related entities

A total of 136 tickets (retail value: \$99k ex. GST) for the 2019 Formula 1® Grand Prix (2018: 16 tickets) and 46 tickets (retail value: \$31k ex. GST) for the 2018 Motorcycle Grand Prix (2017: 15 tickets) were either used by Responsible Persons free of charge or were provided to entities related to Responsible Persons under contractual obligations.

### 7.8.2 Remuneration of executives

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

Remuneration comprises employee benefits (as defined in AASB 119 *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. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

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

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

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

	(\$ thousand)	
<b>Remuneration of executive officers</b>		
<i>(including Key Management Personnel disclosed in Note 7.8.3)<sup>(a)</sup></i>	2019	2018
Short-term employee benefits	1,627	1,277
Post-employment benefits	136	112
Other long-term benefits	27	29
<b>Total remuneration <sup>(a)</sup></b>	<b>1,789</b>	<b>1,418</b>
<b>Total number of executives</b>	<b>7</b>	<b>5</b>
<b>Total annualised employee equivalents <sup>(b)</sup></b>	<b>5.7</b>	<b>4.9</b>

Notes:

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 7.8.3).

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

### 7.8.3 Related parties

The Corporation is a wholly owned and controlled entity of the State of Victoria. Related parties of the Corporation include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- the Portfolio Minister and close family members;
- the Department of Jobs, Precincts and Regions (DJPR);
- the Department of Economic Development, Jobs, Transport and Resources (DEDJTR);
- the Department of Premier and Cabinet (DPC);
- Public Transport Victoria (PTV);
- Department of Treasury and Finance (DTF);
- Parks Victoria (PV);
- Victoria Police;
- Ambulance Service Victoria;
- Victorian Managed Insurance Authority (VMIA); and
- Country Fire Authority.

The Corporation has identified the following person/s to be **Key Management Personnel (KMP)**:

- Board members of the Corporation;
- The Accountable Officer; and
- General Managers.

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

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

### Remuneration of key management personnel

	(\$ thousand)	
<i>Compensation of KMPs</i>	2019	2018
Short-term employee benefits	2,099	1,727
Post-employment benefits	180	156
Other long-term benefits	37	41
<b>Total remuneration <sup>(a)</sup></b>	<b>2,316</b>	<b>1,924</b>

Notes:

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 7.8.2).

### Significant transactions with government-related entities

The Corporation received funding of \$81.2 million (2018: \$84.3 million from the Department of Economic Development, Jobs, Transport and Resources), from the Department of Jobs, Precincts and Regions (formerly DEDJTR).

The Corporation also has a term deposit with the Treasury Corporation of Victoria. The balance of this term deposit as at 30 June 2019 is reported in Note 7.4.2 and 7.4.3.

The Corporation has an arrangement with PTV for the provision of free tram shuttle services from the City to the Albert Park Grand Prix Circuit for patrons attending the Formula 1® Grand Prix. PTV receive a payment of \$0.8m (2018: \$0.8m) directly from the Department of Treasury and Finance for this arrangement.

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

During the financial year, in respect of the Formula 1® Grand Prix and the Australian Motorcycle Grand Prix, the Corporation entered into the following types of transactions with related parties, entities of which Key Management Personnel of the Corporation are Directors, and entities related to Key Management Personnel including entities under the significant influence or control of people directly related to the Key Management Personnel:

#### Ticket sales (Corporate Hospitality / Grandstand / General Admission)

- Ferrari Club Australia (Trent Smyth).

#### Expenditure

- Victoria Police;
- Ambulance Service Victoria;
- VMIA; and
- APP Corporation Pty Ltd (Ashley Davies)

The above transactions were entered into under normal trading terms and conditions. Total aggregate ticket sales were \$0.7 million (2018: \$0.4 million), and total aggregate expenditure was \$4.1 million (2018: \$3.9 million).

#### 7.8.4 Remuneration of auditors

	(\$ thousand)	
	2019	2018
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	71	67
<b>Other non-audit services<sup>(a)</sup></b>		
Amount paid or payable for internal audit activities	40	2
<b>Total remuneration of auditors</b>	<b>111</b>	<b>69</b>

Note:

(a) The Victorian Auditor-General's Office is prohibited from providing non-audit services.

#### 7.8.5 Subsequent events

Assets, liabilities, income or expenses arise from past transactions or other past events.

Disclosure is made about events between the reporting date and the date the financial statements are authorised for issue where the events relate to conditions which arose after the reporting date and are considered to be of material interest.

On 12 July 2019, Formula 1® exercised its option to extend the contract for the Formula 1® Australian Grand Prix for a further two years, keeping the race in Melbourne until 2025.

On 31 July 2019 it was announced that the Chairman of the Corporation, Mr John Harnden AM, will be stepping aside as a result of taking up a role in another Victorian Public Sector Agency. He will continue as Chairman until a replacement is appointed.

Aside from the above events, there has not arisen in the interval between the end of the financial year and the date of signing these financial statements, any item, transactions or event of a material and unusual nature likely to affect significantly the operations of the Corporation, the results of those operations, or the state of affairs of the Corporation, in subsequent financial years.

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

Certain new Australian Accounting Standards (AAS) and interpretations have been published that are not mandatory for the 30 June 2019 reporting period. The Department of Treasury and Finance has assessed the impact of the new standards and has advised the Corporation of their applicability and early adoption where applicable.

As at 30 June 2019, the following standards and interpretations have been issued but were not effective. They become effective for the first financial statements for the reporting periods commencing after the stated operative dates as follows.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on AGPC financial statements
<p><b>AASB 15 Revenue from Contracts with Customers</b></p>	<p>The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017 for Not-for-Profit entities.</p> <p>AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services.</p> <p>AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.</p>	<p>1 January 2019</p>	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue that is provided under an enforceable agreement that has sufficiently specific obligations will now be deferred and recognised as the performance obligations attached to the revenue are satisfied.</p> <p>Management has assessed the standard and identified that the five-step model may have an impact upon the recognition of revenue relating to a number of its various revenue streams, such as hospitality, sponsorship and royalties. Revenue relating to these streams may be provided under an enforceable agreement that will have sufficiently specific obligations. Where this is the case, revenue will be deferred and recognised as the relevant performance obligations are met.</p> <p>Where applicable, management has made changes to internal processes to ensure this data is appropriately measured and captured in agreements for reporting and disclosure purposes.</p> <p>Management has assessed the overall impact of applying the new standard to these revenue streams</p>

**Standard/Interpretation**

**Summary**

**Applicable for annual reporting periods beginning on or after**

**Impact on AGPC financial statements**

<p><b>AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</b></p>	<p>1 January 2019</p>	<p>AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15.</p> <p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.</p>	<p>as not material to the financial statements of the corporation.</p> <p>This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include:</p> <p>AASB 9</p> <p>Statutory receivables are recognised and measured similarly to financial assets.</p> <p>AASB 15</p> <p>The “customer” does not need to be the recipient of goods and/or services;</p> <p>The “contract” could include an arrangement entered into under the direction of another party;</p> <p>Contracts are enforceable if they are enforceable by legal or “equivalent means”;</p> <p>Contracts do not have to have commercial substance, only economic substance; and</p> <p>Performance obligations need to be “sufficiently specific” to be able to apply AASB 15 to these transactions.</p>
<p><b>AASB 16 Leases</b></p>	<p>1 January 2019</p>	<p>The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.</p> <p>AASB 16 also requires the lessees to separately recognise the interest expense on the lease</p>	<p>The assessment has indicated that operating leases, with the exception of short term and low value leases, will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. This applies to the lease for office accommodation at 616 St Kilda Rd Melbourne and the storage facility at Tottenham.</p>

**Applicable for annual reporting periods beginning on or after**

**Standard/Interpretation Summary**

**Impact on AGPC financial statements**

liability and the depreciation expense on the right-of-use asset, and remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the remeasurement of the lease liability will generally be recognised as an adjustment to the right-of-use asset.

Car parks at the 616 St Kilda Rd premises will not be included as the Lessor may substitute or re-allocate any of these bays at their discretion.

In the operating statement, the operating lease expense for the office premises at 616 St Kilda Road and the Tottenham storage facility will be replaced by depreciation expense of the asset and an interest charge.

As at the reporting date, the Corporation has non-cancellable operating lease commitments of approximately \$3.9 million, see note 7.7.1.1. The Corporation estimates that right-of-use assets totalling approximately \$4.2 million and lease liabilities totalling \$5.0 million will be recognised on adoption of the new standard.

The Corporation estimates that the depreciation expense recorded in 2020 in relation to the right-of-use assets recognised under the new standard will total approximately \$1.7 million.

The Corporation estimates that the interest expense recorded in 2019 in relation to lease liabilities recognised under the new standard will total \$0.2 million.

The above impacts do not include the circuit hire arrangements for Philip Island or Albert Park, or the Formula 1 replica showcar. Management have assessed these as short term or peppercorn leases under AASB 16 and therefore do not need to be recognised in the Statement of Financial Position.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on AGPC financial statements
<p><b>AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities</b></p>	<p>This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.</p>	<p>1 January 2019</p>	<p>Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions.</p> <p>For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption.</p> <p>The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets. AGPC will comply with the State's decision.</p> <p>In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.</p> <p>AGPC has applied this temporary option to its circuit hire arrangement for the Albert Park circuit and Formula 1 replica showcar.</p>
<p><b>AASB 1058 Income of Not-for-Profit Entities</b></p>	<p>AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions.</p> <p>The restructure of administrative arrangement will remain under AASB 1004</p>	<p>1 January 2019</p>	<p>Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions.</p> <p>The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed.</p>

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on AGPC financial statements
	<p>and will be restricted to government entities and contributions by owners in a public sector context,</p> <p>AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p>		<p>The impact to AGPC on current revenue recognition is the potential phasing and deferral of revenue recorded in the operating statement where assets are not constructed in the year in which the grant is received.</p>
<b>AASB 17 Insurance Contracts</b>	<p>The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reinsurance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.</p> <p>This standard currently does not apply to the not-for-profit public sector entities.</p>	1 January 2021	As AGPC has no such arrangements, no impact is expected.
<b>AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material</b>	<p>This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.</p>	1 January 2020	The standard is not expected to have a significant impact on the public sector, including AGPC.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on AGPC financial statements
<b>AASB 1059 Service Concession Arrangements: Grantor</b>	<p>This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.</p>	<p>1 January 2020 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)</p>	<p>As AGPC has no such arrangements, no impact is expected.</p>
<b>AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059</b>	<p>This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.</p>	<p>1 January 2020 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)</p>	<p>This standard defers the mandatory effective date of AASB 1059 for periods beginning on or after 1 January 2019 to 1 January 2020. As the State has elected to early adopt AASB 1059, the financial impact will be reported in the financial year ending 30 June 2019, rather than the following year.  As outlined above, AGPC has no such arrangements.</p>
<p>In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2018-19 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.</p> <p>AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments  AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments  AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation  AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures  AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle  AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement  AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements  AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business</p>			

## 7.8.7 Other accounting policies and disclosures

### Goods and services tax (GST)

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

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

### Income tax

The Corporation is exempt from income tax under Section 24AR of Division 1B of the *Income Tax Assessment Act, 1936*.

### Other non-financial assets

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

### Foreign currency transactions and balances

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

Foreign currency translation differences are recognised in 'other economic flows' and accumulated in the cash flow hedge reserve in the period in which they arise.

### Economic dependency

The ongoing activities of the Corporation are dependent upon the Corporation being able to exercise its rights and perform its obligations under the *Australian Grand Prix Act 1994* and the continued existence of certain contracts with international bodies concerning the staging of the Formula 1® Grand Prix at Albert Park and the staging of the Motorcycle Grand Prix at Phillip Island. The contract in respect of the Formula 1® Grand Prix runs until 2025. The contract in respect of the Motorcycle Grand Prix runs until 2026.

The Corporation is economically dependent upon funding from the Victorian State Government.

## 7.8.8 Glossary of technical terms

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

**Amortisation** is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

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

**Comprehensive result** is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

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

**Effective interest method** is the method used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

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

**Employee benefits expenses** include all costs related to employment including wages and salaries, leave entitlements, termination payments and superannuation contributions.

**Financial asset** is any asset that is:

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

**Financial instrument** is any contract that gives rise to a financial asset of one entity and a liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

**Financial liability** is any liability that is:

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

**Financial statements:** Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (September 2007), which means it may include the main financial statements and the notes.

**Grants** can either be operating or capital in nature. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

**Intangible assets** represent identifiable non-monetary assets without physical substance.

**Interest income** includes interest received on bank term deposits, interest from investments and other interest received.

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

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

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

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

**Non-financial assets** are all assets that are not 'financial assets'. It includes prepayments, infrastructure, equipment and intangible assets.

**Other economic flows included in net result** are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets as well as fair value changes of financial instruments.

**Other economic flows – other comprehensive income** comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. They include changes in physical asset revaluation surplus and gains and losses on remeasuring available-for-sale financial assets.

**Payables** includes short and long-term trade debt and accounts payable, grants and interest payable.

**Receivables** includes short and long-term trade credit and accounts receivable, grants, taxes and interest receivable.

**Sales of goods and services** refers to revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services and fees from regulatory services. User charges includes sale of goods and services revenue.

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

**Transactions** are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

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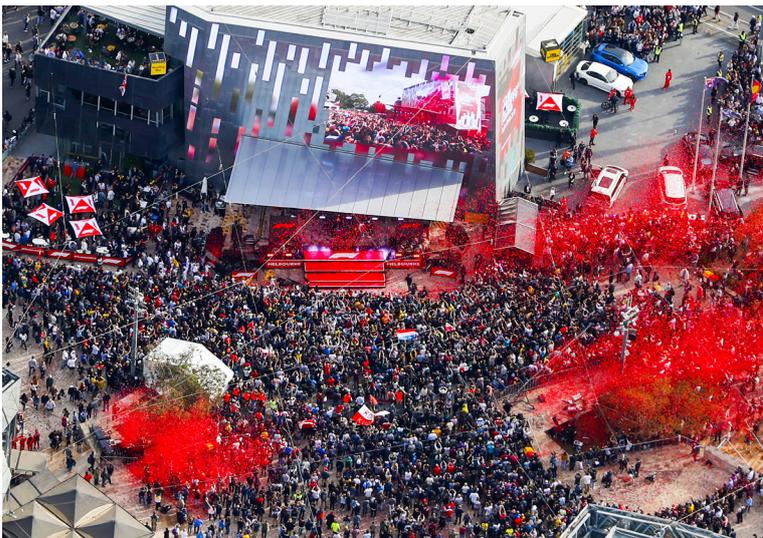
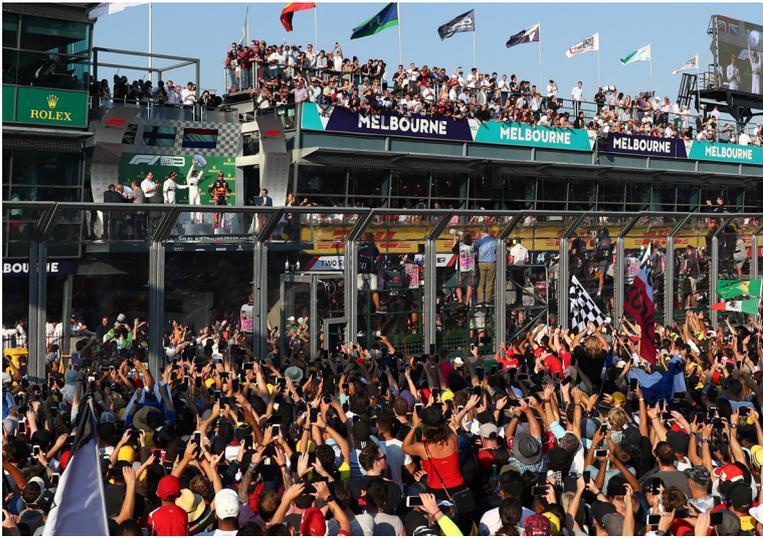


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