

An aerial photograph of Melbourne, Australia, showing the city skyline in the background and the Formula 1 paddock in the foreground. The paddock is filled with various structures, including large white tents, smaller buildings, and numerous cars parked in rows. A large body of water, likely the Yarra River, is visible in the middle ground, with a small island in the center. The overall scene is a mix of urban development and event infrastructure.

2021 ANNUAL REPORT

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AUSTRALIAN GRAND PRIX CORPORATION

Report of Operations

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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 2021.

A handwritten signature in black ink, appearing to read 'Paul Little', with a small horizontal line at the end.

Paul Little AO
Chairman
Australian Grand Prix Corporation

24 August 2021

2. Report of the Chairman

Since the organisation's inception in the mid-1990s, the Australian Grand Prix Corporation (AGPC) has been responsible for delivering both the Formula 1® Australian Grand Prix and the Australian Motorcycle Grand Prix – two events that have made important contributions to the state's visitor economy and helped solidify Victoria's position as Australia's home of major international events.

However, due to restrictions and logistical challenges relating to the ongoing COVID-19 pandemic, the 2021 Formula 1® Australian Grand Prix (in both March and November) and the 2020 and 2021 Australian Motorcycle Grand Prix events were unfortunately cancelled. We look forward to continuing to work with all parties to bring both events back to Victoria in 2022.

Despite the event cancellations, AGPC has been hard at work to deliver and stimulate value for Victoria, both now and into the future. The Corporation has developed a series of robust and world-class COVID-Safe major event plans, which will no doubt serve as important roadmaps to success for future major international events in Victoria.

Formula 1® Australian Grand Prix

The Formula 1® Australian Grand Prix is one of the world's most prestigious motorsport events. It has proven itself to be a key pillar of Victoria's sporting calendar and a critical asset for the state's visitor economy.

Prior to the ultimate cancellation of the 2021 Formula 1® Australian Grand Prix, AGPC worked collaboratively with the Victorian Government and Formula 1® to reschedule the event due to the COVID-19 pandemic and I would like to thank the Victorian Government, Formula 1® and the FIA for their commitment and understanding during this process.

Looking ahead, the 2022 Formula 1® Australian Grand Prix will be an event like no other, thanks to a range of exciting modifications made to the Albert Park Grand Prix Circuit which are designed to promote faster and more competitive racing. The circuit modification works undertaken in the past 12 months represent the biggest change to the circuit since the race moved to Melbourne in 1996, with seven corners modified and two removed entirely.

The project has been a major contributor to Victorian employment. So far, the development has provided 24 weeks of site works, employing contracts for more than 50,000 construction labour hours and over 10,000 hours of both planning and management.

In consultation with Parks Victoria, the project will also deliver a range of community benefits that are aligned with the Albert Park Master Plan. The project will also resurface the Albert Park Grand Prix Circuit, which will be the first time the circuit has been resurfaced since it was originally laid in 1995.

In addition to the range of geometric circuit alterations and resurfacing, the 2022 Formula 1® Australian Grand Prix will offer fans a new and exciting on-track competition, with drivers competing behind the wheel of a new generation of Formula 1® cars, thanks to new regulations which are designed to promote closer racing. The event will also mark Daniel Ricciardo's first race at the Albert Park Grand Prix Circuit with McLaren and we look forward to seeing him race again in front of his home crowd.

Australian Motorcycle Grand Prix

The Australian Motorcycle Grand Prix is our country's largest regional international sporting event. The three-day spectacle brings huge visitation from Melbourne, regional Victoria and around Australia from fans who make the annual pilgrimage to Phillip Island, creating a fantastic atmosphere and providing incredible opportunities for local economic stimulus.

Whilst we were unable to deliver the 2020 Australian Motorcycle Grand Prix and will be unable to deliver the 2021 event, there is a tenacity and determination at AGPC to bring this important event

back to Phillip Island in 2022. I thank Dorna Sports, the FIM and IRTA for their understanding, professionalism and commitment to the process.

There will be significant interest in the 2022 Australian Motorcycle Grand Prix, with Remy Gardner, the son of motorsport legend, Wayne Gardner AM, joining fellow Australian, Jack Miller, on the MotoGP™ grid, giving patriotic fans two Aussies to cheer for in the premier class.

Acknowledgements

I would firstly like to welcome Nicki Kenyon to the AGPC Board. Ms Kenyon brings a wealth of tourism, marketing and business knowledge to the role – her appointment further strengthens our organisation's ability to host world-class events. I also acknowledge and thank our other dedicated individuals who serve on the AGPC Board, including Kimberley Brown, Mick Doohan AM, Tal Karp, Paul Lappin, Kate Lundy, Trent Smyth AM, and Mark Webber AO. This has been a challenging year for us all and your guidance and counsel has proven to be invaluable.

AGPC would not be able to operate, let alone at such a high standard, without its diligent staff and I thank them for their passion, hard work and resolute commitment to strive for excellence over what has been a challenging period.

To the legion of fans right across Australia, we share in the disappointment of not seeing our Aussie heroes compete on home soil. Our team is humbled to be the custodians of two sports that mean so much to so many people, and we cannot wait to see you all at Albert Park and Phillip Island in 2022.

Lastly, to the Victorian Government including the Premier of Victoria the Hon. Daniel Andrews and the Minister for Tourism, Sport and Major Events the Hon. Martin Pakula MP, we appreciate your commitment to ensuring our great state remains the home of both the Formula 1® Australian Grand Prix and Australian Motorcycle Grand Prix.

A handwritten signature in black ink, appearing to read 'P. Little', with a small horizontal line at the end.

Paul Little AO
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 motorsport 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:

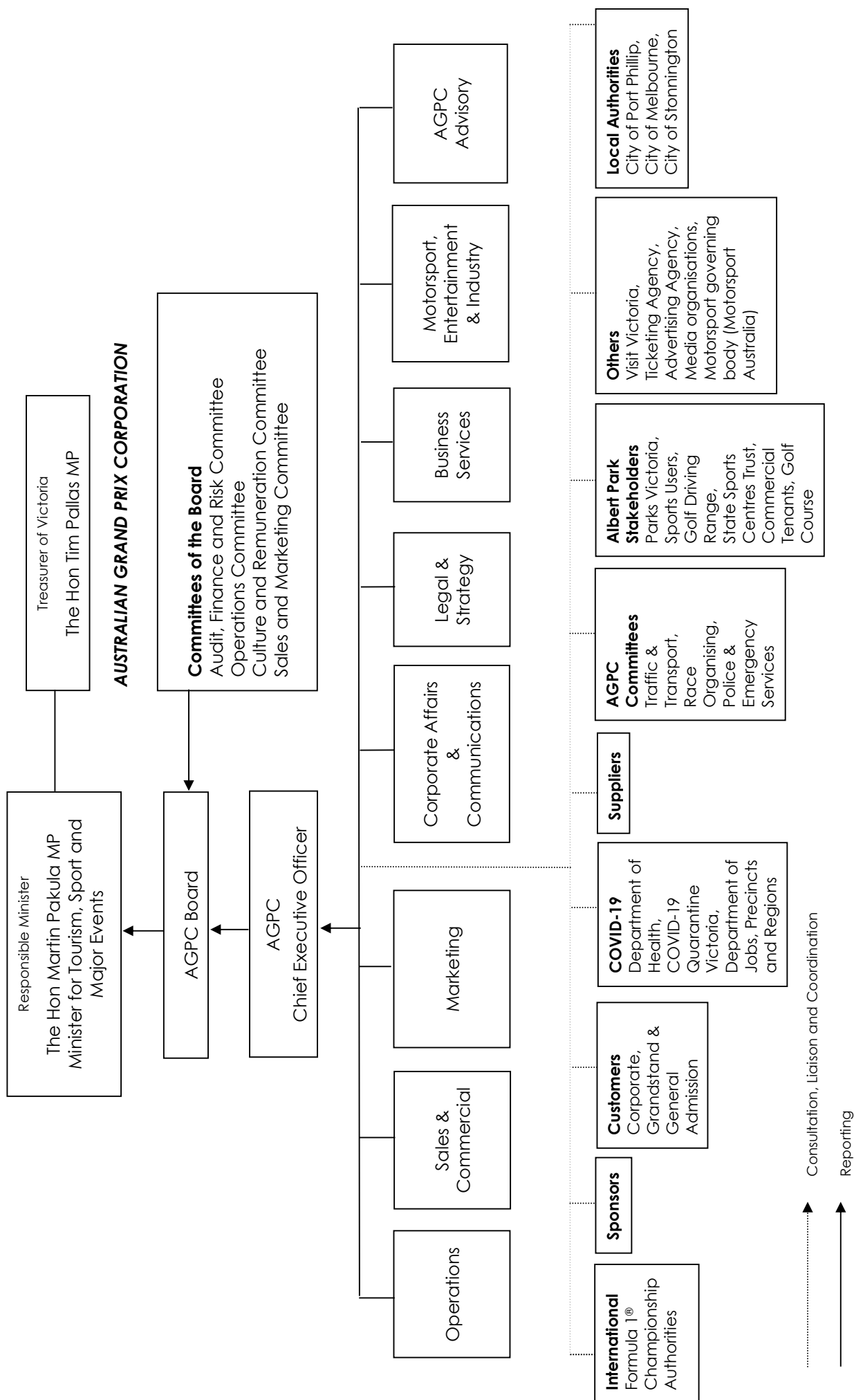
- **Promote Melbourne and Victoria through the events**
 - To ensure local and global branding of Melbourne and Victoria.
 - To drive national and international awareness of the events, Melbourne and Victoria.
 - To integrate the events into tourism strategies developed by the Victorian Government and 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.

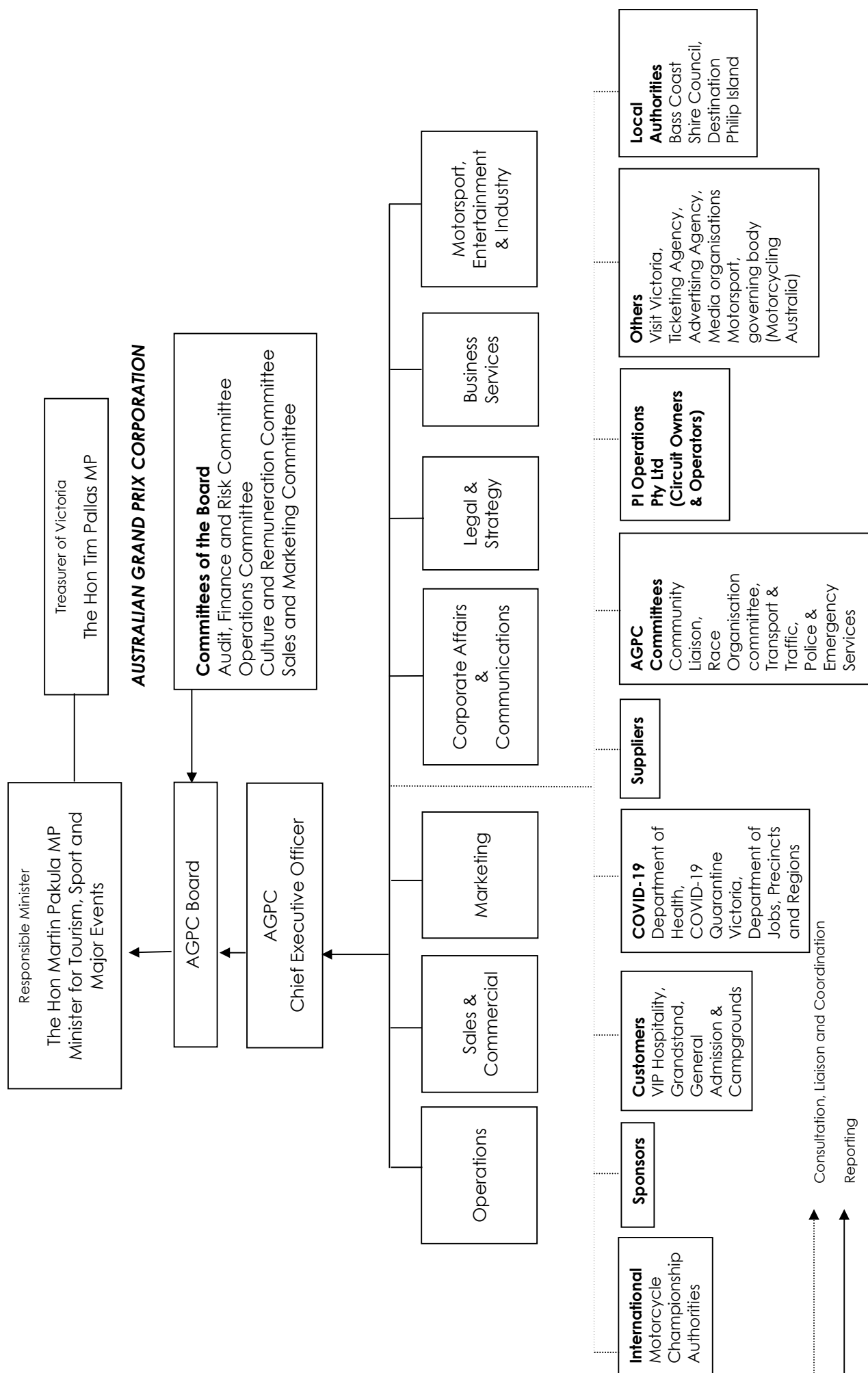
These strategic priorities define the way the Corporation will deliver both the Formula 1® Australian Grand Prix and the Australian Motorcycle Grand Prix. Each is supported by a set of initiatives and specific tactical elements that are reviewed for each event on an annual basis.

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 (as at 30 June 2021)



Reporting & Consultative Structure – Australian Motorcycle Grand Prix (as at 30 June 2021)



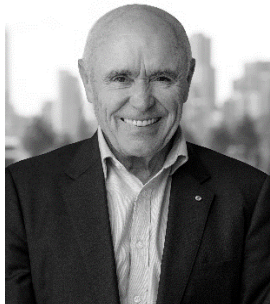
e. Administrative Structure

Members of the Corporation

The Members of the Corporation act in an honorary capacity. The Members of the Corporation as at 30 June 2021 are:

- **Paul Little AO - Chairman**

Mr Paul Little is Chairman and Founder of the Little Group.



Formed in 2006, the Little Group focused initially on opportunities in the property sector through Little Projects and Little Real Estate. The Group has since expanded investments across a range of enterprises including aviation and passenger ferries.

In November 2015 Mr Little and his wife Jane Hansen launched the Hansen Little Foundation, a large-scale, active philanthropic undertaking with the singular objective of leaving a legacy of significant and positive change.

From 1986 to 2011, Mr Little was the Managing Director of Toll Holdings and oversaw the Toll Group's rise to become Asia's pre-eminent provider of logistics services.

Mr Little has received a Doctor of Business honoris causa from RMIT University.

In 2010 he was awarded an Officer of the Order of Australia for service to the development of the transport and logistics industries, and for service to the community through philanthropic support of sporting and medical research organisations.

Mr Little is Chairman of Skalata Ventures and a former Director of Property Exchange Australia (PEXA). He is a past Chairman of Visit Victoria and the Essendon Football Club and is a Fellow of the University of Melbourne, the Australian Institute of Company Directors and the Chartered Institute of Logistics and Transport.

From March 2020 until April 2021 Mr Little was a Commissioner of the National COVID-19 Commission Advisory Board, appointed by the Prime Minister.

- **Kimberley Brown**



Ms Brown lives in the Bass Coast Shire, home of the Australian Motorcycle Grand Prix, 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). Ms Brown 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 Vice President of the Phillip Island Business Association.

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 also formerly served as Director of Table Tennis Victoria.

Ms Brown is currently involved in the tourism and hospitality industry as a General Manager of venues for 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 and 98.

Duly acclaimed as one of the greatest motorcycle riders of all time, Mr Doohan received worldwide acknowledgement and recognition of his distinguished career during and after his retirement in 1999. He was awarded the Member of the Order of Australia in 1996 and an Australian Sports Medal in 2000. He was inducted into the Sport Australia Hall of Fame in 2009 and was elected a member of the prestigious Laureus World Sports Academy in 2010, a position he still occupies today. In 2018, Mr Doohan received legend status in the Australian Motor Sport Hall of Fame.

Mr Doohan has given back to the sport he loves and to his passion for motorsport more generally. His current commitment to the board of the Corporation and, until recently, as Chairman and Director of Competition for Karting Australia (Australian Karting Association Ltd) for many years, are testimony.

Mr Doohan transitioned to business life with the same determination, intuition and vision which saw him dominate his chosen sport. Channelling his passion for aviation, Mr Doohan now owns and operates Jetcraft Australia and New Zealand, Global Jet International, and the Platinum Business Aviation Centres on the Gold Coast and in Melbourne. Jetcraft Australia and New Zealand is one of the world's largest private aircraft brokerage businesses.

Mr Doohan has numerous other business interests and investments. These interests span private equity, real estate, and domestic and international investment holdings.

Mr Doohan brings to the board's decision making an invaluable combination of elite athlete and successful business owner and entrepreneur.

- **Tal Karp**



Ms Karp is an Olympian, lawyer and organisational strategist, with extensive experience working in sport, legal, not for profit and public sectors.

Ms Karp is the co-founder and director of Sixfold Consulting Group, which specialises in providing strategy, policy, organisational culture and stakeholder engagement services and advice for organisations in the public, not for profit and private sectors. Ms Karp is also a Senior Expert at Right Lane Consulting, where she leads Right Lane's Sports Practice and Innovation Practice. Additionally, Ms Karp is a 'Change our Game' (Gender Equality) Ambassador for the Victorian Government.

In earlier years Ms Karp balanced her legal career with elite sport, representing Australia as a member of the Matildas (the Australian Women's Soccer Team) and captaining Melbourne Victory in the W-League. After completing her law degree at the Australian National University with first class honours and the University's Blackburn Medal, Ms Karp became Associate to Justice Hayne of the High Court of Australia.

A graduate of the Australian Institute of Company Directors, Ms Karp is also a Director of Victoria Legal Aid. Ms Karp was formerly a Director of YMCA Australia and Football Victoria.

- **Nicki Kenyon**



Ms Kenyon is a globally experienced director, strategic marketing leader and growth strategist with a successful career of building businesses and brands across Asia Pacific in emerging and established markets.

Ms Kenyon has held executive leadership and change management roles for global corporations and start-ups within travel, financial and technology sectors. Her experience has been gained working with organisations facing intense growth, undergoing transformation, disrupting industry or entering new global markets. Her diverse background, working for companies including Visit Victoria, Visa, Facebook and Ogilvy, has equipped her with expertise in transformational change, operational leadership, business development and

digital innovation & integrated marketing.

Ms Kenyon is a multi-dimensional, inclusive leader who inspires individuals to work collectively to innovate and exceed goals. She thrives on making a tangible impact for companies and communities, with a keen focus on driving impact, growth and business success.

Ms Kenyon has held Executive Board positions and is a graduate of the Australian Institute of Company Directors (AICD). She sits on the Boards of Fenwick Software and Canterbury Surrey Hills Community Finance Pty Ltd as a Non-Executive Director, and is an Advisory board member of Shootsta, a next-generation video production company.

- **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.

Mr Lappin's work as a Director with PGA of Australia and the Melbourne Fashion Festival and former chairman roles in a national catering firm and a digital disruption firm has given him experience in the need to find and engage the next generation of customer or supporter. Mr Lappin is also the Chair of Nico-Lab Limited, an International Meditech Company.

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 Non-Executive Director of the Cyber Security Cooperative Research Centre, National Roads and Motorists Association, Electro Optic Systems, the National Youth Science Forum and Canberra Institute of Technology as well as managing director of Technology Innovation Partners Pty Ltd.

Ms Lundy is also an ACT Defence Industry ambassador and a member of the Sports Diplomacy Foundation, the Australian Space Industry Leaders Forum and the strategic advisory groups for Region Media and Downer Defence Systems.

- **Trent Smyth AM**



In 2020, Mr Smyth became the Director-General of the Chief of Staff Association, a Public Benefit Corporation headquartered in New York drawing Chiefs of Staff from the world's largest companies, governments, family offices and the military.

Mr Smyth is the founder of the Sports Diplomacy Foundation. The Sports Diplomacy Foundation assists Australian companies, and major international sporting events tap into diplomatic and government channels to export their specialist capability through strategic advice and partnerships. In addition to the commercial opportunities, sporting events provide an exciting and engaging platform to inform and influence targeted demographics, particularly youth, emerging leaders, CALD communities and women.

In 2012, Mr Smyth was designated by the Government of Malawi to open the country's first diplomatic mission in Australia and was appointed to the position of Honorary Consul in the same year. In 2014 Mr Smyth was elected to the position of Secretary of the Consular Corps Melbourne, an organisation that comprises the diplomatic missions of more than eighty sovereign nations located in Victoria.

Mr Smyth has a keen interest in motorsport and is the former Chief Curator of the Australian International Concours d'Elegance (Motorclassica), and the former President of the Ferrari Club of Australia/Vic, positions he held for ten years and six years respectively.

Mr Smyth was awarded the Member of the Order of Australia in 2021 in recognition of his significant service to international relations, to motorsport and to business.

- **Mark Webber AO**



Mr Webber competed in 215 races across 12 seasons from 2002 until 2013 in the FIA Formula One World Championship™ with four World Constructors Championships, nine 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.

Mr Webber 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 testimonee, Red Bull athlete and television commentator and analyst for Channel 4's coverage of Formula 1® in the United Kingdom. He 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:

- Paul Lappin (Chair);
- Kimberley Brown; 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 appointment, 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; and
10. Management actions and implementations of external and internal audit recommendation.

Management of the Corporation as at 30 June 2021

- **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 and culture, information technology and security, business system and process requirements.

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



Responsibilities include motorsport, all on-track content and scheduling and off-track entertainment, track medical services, concerts, live shows, fan engagement activities, merchandise program and broader industry and education partnerships.

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



Responsibilities include brand strategy for both Formula 1® and MotoGP™ events in Australia and leading the team to execute the tactics to achieve marketing and business objectives. The areas of responsibility include brand, digital, consumer sales and customer experience.

- **General Manager, Sales and Commercial – Michelle Greco**



Responsibilities include driving and retention of sales and commercial revenue, through corporate hospitality ticket sales and sponsorship sales with growth and development of general admission and grandstand sales being managed in collaboration with the General Manager – Marketing. Responsible for shaping patron offerings and experiences during AGPC events, with the objective of ensuring a strategic, contemporary, and customer-focused approach. This includes the development of new and innovative facilities and hospitality product offerings that lead to sales growth and increased customer satisfaction.

- **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 and compliance management, crisis and emergency management, traffic and transport operations, emergency services planning and liaison, 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, 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.

Note: Mr Ashley Davies was a member of the management team in the role of Director, Advisory Services from 1 July 2020 until his resignation on 13 November 2020. The role was not replaced.

b. Wellbeing and Safety

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

Initiatives undertaken during the year ending 30 June 2021 to ensure effective risk management, prevent injury and promote a safe environment included:

Risk and Safety Management Systems:

- Further development of the risk and safety management system;
- Further development of the audit and assurance of the risk and safety management systems;
- Transitioning to Hammertech for all AGPC operations to drive consistency and efficiency;
- Development of the Event-Safe risk management tool;
- Development of departmental risk registers;
- Dual event risk assessment to inform decision making;
- Appointing the role of Safety and Compliance Coordinator;
- Further implementation of identified improvements at Tottenham Storage Yard (TSY) following the completion of an external audit / review;
- HSE internal inspection program developed for TSY;
- Commenced roll-out of a revised risk and safety training program; and
- Development of the COVID-Safe Plan to align with government requirements.

Event and Public Safety:

- Development of the Event COVID-Safe Plan;
- Development of the COVID-19 Preparedness and Response Plan;
- Development of the Event COVID Operating Model (ECOM);
- Roll out of an on-sale readiness program;
- Development and implementation of the safety and security framework;
- Enhanced public safety provisions and protocols;
- Emergency management planning;
- Partnering with the provider of engineering project management services (iEDM) to enhance contractor and third-party management process;
- Departmental risk registers updated in preparation for the Formula 1® event;
- Circuit planning and infrastructure placement;
- Participation in major event and mass gathering networks; and
- Effective site safety committee to oversee the safety of the build, event and dismantle.

Health and Wellbeing:

- Life Styles Inventory (LSI) and Organisational Culture Inventory (OCI) measurements undertaken;
- *Gender Equality Act 2020* (Vic) promotion activities;
- Professional Conduct in the Workplace training;
- Training related to communication and feedback attended by all staff;
- Wellbeing training delivered for all staff;
- Information session on stress management and dealing with uncertainty;
- Online self-paced training program offered in relation to managing stress;
- Improvement of health and wellbeing policies and procedures;
- Initiatives related to Men's health week, Women's health week and World Mental Health Month;
- Diversity and inclusion initiatives;
- Implementation of an on-line wellbeing platform;
- Mental Health First Aid support;
- Promotion of the employee assistance program;
- Staff flu vaccinations;
- Physical and mental health related training sessions and initiatives;
- Support for staff during working from home arrangements due to COVID-19;
- Australian Government infection control training: COVID-19;
- Development of staff engagement activities during COVID-19 whilst working from home; and
- Completing the Health and Safety Index Survey.

c. Occupational Health and Safety Performance Indicators

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

<i>Injuries</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
Lost Time Injuries	1	2	-
Medical Treated Injuries	-	-	5
First Aid Injuries	-	-	1
Total	1	2	6
Claims			
No. of standard claims ^(a)	0	2	-
Rate per 100 FTE ^(b)	0	2	-
Average cost per standard claim ^(a)	\$0	\$8,796	\$0

Notes:

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

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

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 and has made further improvements to policies and procedures to support its current practices. The Corporation has commenced its workplace gender audit and development of its gender equality action plan in accordance with the requirements of the *Gender Equality Act 2020* (Vic).

f. Multicultural Policy

The Corporation has implemented initiatives and structures to recruit and retain 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 following table discloses the annualised total salary for executive officers of the Corporation. The salary amount is reported as the full-time annualised salary.

	Executives
\$500,000 - \$519,999	-
\$480,000 - \$499,999	-
\$460,000 - \$479,999	-
\$440,000 - \$459,999	-
\$420,000 - \$439,999	1
\$400,000 - \$419,999	-
\$380,000 - \$399,999	-
\$360,000 - \$379,999	-
\$340,000 - \$359,999	-
\$320,000 - \$339,999	-
\$300,000 - \$319,999	-
\$280,000 - \$299,999	1
\$260,000 - \$279,999	1
\$240,000 - \$259,999	1
\$220,000 - \$239,999	2
\$200,000 - \$219,999	2
\$180,000 - \$199,999	-
\$160,000 - \$179,999	-
\$140,000 - \$159,999	-
\$120,000 - \$139,999	-
\$100,000 - \$119,999	-
Less than \$100,000	-
Number of Executives*	8
Total annualised employee equivalent (AEE) **	7.37

Notes:

The salaries reported above are for the full financial year, at a 1-FTE rate, and excludes superannuation.

* Includes Executive Officers and other persons occupying a significant management role. There is one executive officer with the annualised total salary disclosed, that held their position for an annualised employee equivalent of 0.37.

** 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 2021 Formula 1® Australian Grand Prix was to be held on 18 – 21 March 2021. Melbourne and Victoria were ready to be on global display as the opening round of the 2021 FIA Formula One World Championship™. Unfortunately, the event was not able to be held due to the COVID-19 pandemic. It was therefore deferred to November 2021 before being cancelled once again due to the COVID-19 pandemic.

As shown in the table below, the government investment for the Formula 1® 2021 Rolex Australian Grand Prix was \$12.477 million.

	(\$ thousand)				
Formula 1® Grand Prix - Result by Event	2021 Event**	2020 Event	2019 Event	2018 Event	2017 Event
Sales Revenue	-	60	38,697	34,903	32,126
Total Revenue	646	9,680	55,001	51,443	40,098
Total Expenditure*	(13,123)	(49,402)	(115,154)	(107,972)	(97,221)
Operating Result before Government Investment & Depreciation	(12,477)	(39,722)	(60,153)	(56,499)	(57,123)
Government Investment	12,477	39,722	60,153	56,499	57,123

Notes:

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

** No event took place during the 2020/21 financial year. The costs incurred relate to general running of the business and costs incurred in preparing and planning for the event prior to its cancellation.

Capital Works Activities

The total capital spend for the 2020-21 financial year was \$13.81 million (2019-20: \$4.17 million). The 2020-21 capital works expenditure (encompassing works conducted under licence from Parks Victoria) included:

- Track modifications and resurfacing;
- Track and race infrastructure;
- Event and services infrastructure and equipment; and
- Computing and ICT infrastructure upgrades.

Australian Motorcycle Grand Prix

The 2020 Australian Motorcycle Grand Prix was to be held during 23 – 25 October 2020. Unfortunately, the event was cancelled due to the COVID-19 pandemic.

(\$ thousand)

<i>Motorcycle Grand Prix - Result by Event</i>	<i>Future Events</i>	<i>2020 Event**</i>	<i>2019 Event</i>	<i>2018 Event</i>	<i>2017 Event</i>
Sales Revenue	-	-	7,495	7,700	7,215
Total Revenue	-	-	11,241	11,991	11,315
Total Expenditure*	-	(3,887)	(25,202)	(24,627)	(22,705)
Operating Result before Government Investment & Depreciation	-	(3,887)	(13,961)	(12,636)	(11,390)
Government Investment	7,758	3,887	13,961	12,636	11,390

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

** No event took place during the 2020/21 financial year. The costs incurred relate to fixed contractual costs and other costs incurred in preparing and planning for the event prior to its cancellation.

(\$ thousand)

<i>Motorcycle Grand Prix - Result by Financial Year</i>	<i>2020-21 Financial Year**</i>	<i>2019-20 Financial Year</i>	<i>2018/19 Financial Year</i>	<i>2017/18 Financial Year</i>	<i>2016/17 Financial Year</i>
Sales Revenue	-	7,495	7,700	7,215	6,656
Total Revenue	-	11,241	11,991	11,315	9,116
Total Expenditure*	(3,887)	(25,202)	(24,627)	(22,705)	(18,971)
Operating Result before Government Investment & Depreciation	(3,887)	(13,961)	(12,636)	(11,390)	(9,854)
Government Investment	7,758	13,369	12,717	11,465	10,551

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

** No event took place during the 2020/21 financial year. The costs incurred relate to fixed contractual costs and other costs incurred in preparing and planning for the event prior to its cancellation.

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 30 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. If an applicant is not satisfied by a decision made by the Corporation, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

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 the OVIC website (www.ovic.vic.gov.au).

Charges

Requests for access must be accompanied by a \$30.10 application fee as at 1 July 2021. 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 and www.motogp.com.au and produces promotional newsletters for sending to subscribers.

FOI statistics/timeliness

During 2020-21, the Corporation received three applications. All requests received were from the general public.

The Corporation made four FOI decisions during the 12 months ended 30 June 2021.

Three decisions were made within the statutory 30-day time period. The other decision was finalised within 30 days of a determination made by the OVIC. This application was originally received in 2019 and had been subject to ongoing legal review and discussion with the OVIC.

The average time taken to finalise requests received in 2020-21 was estimated to be 27 days, but this excludes any approved extension of time, in consultation with the applicant. It also excludes the matter originally received in 2019.

During 2020-21, two requests were subject to a complaint/internal review by the OVIC. In both instances, this resulted in further information being provided by the Corporation.

b. Consultancy Services

Details of consultancies over \$10,000

		(\$ thousands)		
Consultant	Purpose of consultancy	Total approved project fee	Expenditure 2020-21	Future expenditure
KPMG	Financial reporting advice	19	19	-
KPMG	Derivatives advice	15	15	-
Tilke GmbH & Co. KG	Track geometric design	159*	14	-
Hart Consult International GmbH	Track asphalt design	29	29	-

*\$145k of this relates to prior financial years

Details of consultancies under \$10,000

In 2020-21, 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 Paul Little AO (Chair)	9	9
Ms Kimberley Brown	9	9
Mr Michael Doohan AM	8	9
Ms Tal Karp	9	9
Ms Nicki Kenyon	9	9
Mr Paul Lappin **	8	9
Ms Kate Lundy	9	9
Mr Trent Smyth AM	9	9
Mr Mark Webber AO	8	9

* Meeting of 11 January 2021 was an extraordinary meeting not scheduled at the commencement of the financial year

** Not in attendance at extraordinary meeting

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

The *Local Jobs First Act 2003 (Vic)* requires Departments and public sector bodies to report on the implementation of the Local Jobs First. Departments and public sector bodies are required to apply the Local Jobs First in standard projects valued at \$3 million or more in metropolitan Melbourne and for state-wide projects, or \$1 million or more for procurement activities in regional Victoria.

Projects Commenced – Local Jobs First Standard

During 2020-21, the Australian Grand Prix Corporation (AGPC) commenced two¹ Local Jobs First applicable procurements in metropolitan Melbourne valued at approximately \$12.0 million. During 2020-21, no Local Jobs First applicable procurement commenced in regional Victoria.

The outcomes expected from the implementation of the Local Jobs First Policy to both these projects identified in metropolitan Melbourne, on the information provided to AGPC, is as follows:

- 100% per cent local content commitment was made;
- commitment to create 13.28 new jobs; and
- commitment to retain 14.54 full-time roles.

Projects Completed – Local Jobs First Standard

During 2020-21, five Local Jobs First applicable procurements were completed by AGPC, totalling approximately \$51.1 million.² Of those projects, all were located in metropolitan Melbourne, with an average commitment of 99.3 per cent local content.

The outcomes from the implementation of the Local Jobs First policy to these projects where information was provided, was as follows:³

- the creation of 1,875 new jobs and the retention of 4,785 existing jobs;⁴
- a total of 70 positions for apprentices, trainees and cadets were committed, including the creation of 20 new apprenticeships, traineeships and cadets; and
- the retention of 30 existing apprenticeships, traineeships and cadets.

Disclosure of Major Contracts

AGPC entered into a number of contracts for the same project that totalled a value of approximately \$10.0 million during the year that ended 30 June 2021.⁵

¹ AGPC reports this data based on agreements that are fully executed by both parties at the time of writing this disclosure.

² Represents the cumulative value over the life of the five contracts, noting all projects were schedule of rates contracts and varied in value per year based on ordering requirements. Duration of the contracts varied from 3 – 5 years.

³ These values represent the data over the life of the contracts. In some instances, the values will be cumulative, for instance, the same role re-engaged for each event.

⁴ Numbers are approximate and are based on unaudited data provided by the relevant suppliers.

⁵ This procurement commenced in 2017 but construction commenced in this financial year. The \$10.0 million dollar value is made up of a number of individual contracts.

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 sites www.grandprix.com.au and www.motogp.com.au.

g. Details of Advertising Expenditure

(campaigns with a media spend of \$100,000 or greater)

(\$ thousands)

Name of Campaign	Campaign summary	Start/End date	Advertising (Media)	Creative and campaign development	Research and Evaluation	Print and collateral	Other Campaign
Formula 1® Australian Grand Prix 2021	Campaign and brand strategy, creative development and tactical planning.	September 2020 – January 2021	0	268	26	0	5
Australian Motorcycle Grand Prix 2020	Campaign and brand strategy, creative development and tactical planning.	N/A*	0	198	0	0	0

*Note: In the case of the Australian Motorcycle Grand Prix, these expenses were incurred prior to the announcement of the cancellation in May 2020 and were recognised as prepaid expenses as at 30 June 2020. They have been brought to account this financial year in accordance with required accounting treatment.

h. Information and Communication Technology Expenditure

For the 2020-21 reporting period, the Corporation had a total ICT expenditure of \$823,002, with the details shown below:

(\$ thousands)

Business As Usual (BAU) ICT Expenditure	Non- Business As Usual (non-BAU) ICT expenditure	Operational Expenditure	Capital Expenditure
590	233	96	137

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 Public Interest Disclosures Act 2012 (Vic)

	2020-21	2019-20
The number of assessable disclosures made to the Corporation and notified to IBAC:		
Assessable disclosures	-	-

Employees and/or officers of the Australian Grand Prix Corporation have been made aware of the *Public Interest Disclosures 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

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 live with a disability. Disabilities cover a wide spectrum including physical, intellectual, mental, sensory, neurological, or immunological.

The Australian Grand Prix Corporation (AGPC) 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 AGPC is committed to not only meeting these requirements but exceeding them.

As a government organisation, AGPC is further required by the Victorian State Government to have a Disability Action Plan under the *Disability Act (2006)*. The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across government sectors and within the community.

The AGPC has complied with its obligations under the *Disability Act* to prepare a Disability and Inclusion Action Plan (Plan). The Plan focuses on continually enhancing facilities and services for all patrons, inclusive of those with disabilities. The Plan also promotes an ongoing consideration and awareness within the AGPC of the requirements of patrons with disabilities and assists the Corporation in being not only responsive but also anticipating the changing expectations and needs of people with disabilities.

AGPC continues to deliver and enhance the accessible functions and services provided at the Formula 1® Australian Grand Prix and the Australian Motorcycle Grand Prix. These include:

- Complimentary accessible transport services around the venue;
- General admission accessible viewing platforms;
- Accessible grandstands;
- Accessible corporate facilities;
- Changing places facilities;
- Complimentary onsite accessible parking; and
- Blindsquare, a self-voicing application, announcing points of interest to the user developed for the blind and vision impaired.

Through close consultation and engagement with its Disability Advisors at Get Skilled Access, the AGPC will remain committed to delivering and continuously improving on the services and facilities it offers.

k. Attestation for Financial Management Compliance with Standing Direction 5.1.4

I, Paul Little, on behalf of the Responsible Body, certify that the Australian Grand Prix Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

A handwritten signature in black ink, appearing to read 'Paul Little', with a small dot at the end.

**Paul Little AO
Chairman
Australian Grand Prix Corporation**

24 August 2021

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.

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Report of Operations		
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Dated at Melbourne on 24 August 2021
Signed in accordance with a resolution of Members

Paul Little AO
Chairman



AUSTRALIAN GRAND PRIX CORPORATION

ABN 86 947 927 465

Financial Statements For the Year Ended 30 June 2021

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 2021 in the following structure to provide users with the information about the Corporation's stewardship of resources entrusted to it.

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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 information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes present fairly the financial transactions during the year ended 30 June 2021 and the financial position as at 30 June 2021;
- (b) the financial statements are drawn up in accordance with Standing Direction 5.2 of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations and other mandatory professional reporting requires; 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 24 August 2021

Signed in accordance with a resolution of the Members of the Board.



Paul Little AO
Chairman



Andrew Westacott
Chief Executive Officer



Anthony Connelly
Chief Finance Officer

Independent Auditor's Report

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

Opinion	<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"> • balance sheet as at 30 June 2021 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • statement by members of the board and officers. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the 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>
Members of the Board's responsibilities for the financial report	<p>The Members of the Board of the corporation 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 determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the 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>

Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
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MELBOURNE
26 August 2021



Simone Bohan
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the financial year ended 30 June 2021

(\$ thousand)

	Notes	2021	2020
Income from transactions			
Formula 1® Grand Prix		28,428	71,780
Motorcycle Grand Prix		-	17,882
Future Grands Prix		7,758	6,778
Total income from transactions	7.2.1	36,186	96,440
Expenses from transactions			
Formula 1® Grand Prix		(16,035)	(69,467)
Motorcycle Grand Prix		(4,049)	(25,392)
Total expenses from transactions	7.3.1	(20,084)	(94,859)
Net result from transactions (net operating balance)		16,102	1,581
Other economic flows included in net result			
Net gain/(loss) on financial instruments		108	16,809
Net gain/(loss) on sale/disposal of non-financial assets		(228)	4
Total other economic flows included in net result		(120)	16,813
Net result		15,982	18,394
Other economic flows – other comprehensive income			
Items that will not be reclassified to net result			
Change in fair value of derivatives recognised through cash flow hedge reserve	7.6.2	(15,913)	602
Total other economic flows – other comprehensive income		(15,913)	602
Comprehensive result		69	18,996

The accompanying notes form part of these financial statements.

Balance sheet

As at 30 June 2021

(\$ thousand)

	Notes	2021	2020
Assets			
Financial assets			
Cash and deposits	7.4.2	39,809	42,648
Receivables	7.5.1	652	1,770
Derivatives	7.7.3.1	1,969	3,272
Other financial assets	7.4.3	55,802	-
Total financial assets		98,232	47,690
Non-financial assets			
Prepayments		2,429	970
Buildings, infrastructure and equipment	7.4.1	29,500	17,973
Intangible assets		263	101
Total non-financial assets		32,192	19,044
Total assets		130,424	66,734
Liabilities			
Payables	7.5.2	3,395	10,883
Borrowings	7.5.3	3,359	3,107
Employee related provisions	7.3.2.3	1,202	1,305
Deferred income	7.5.4	63,617	1,070
Derivatives	7.7.3.1	19,134	4,525
Total liabilities		90,707	20,890
Net assets		39,717	45,844
Equity			
Contributed capital	7.6.1	10,739	10,739
Cash flow hedge reserve	7.6.2	(23,361)	(1,252)
Asset revaluation reserve	7.6.3	9,123	9,234
Accumulated surplus		43,216	27,123
Net worth		39,717	45,844

The accompanying notes form part of these financial statements.

Cash flow statement

For the financial year ended 30 June 2021

(\$ thousand)

	Notes	2021	2020
Cash flows from operating activities			
Receipts			
Receipts from customers, sponsors and commercial entities		893	19,931
Interest received		159	541
Government contributions – Formula 1® Grand Prix		81,631	68,310
Government contributions – Motorcycle Grand Prix		-	7,305
Government contributions – future Grands Prix		8,534	7,456
Government contributions – non-current		10,925	-
Total receipts		102,142	103,543
Payments			
Payments to suppliers and employees ^(a)		(34,750)	(89,325)
Goods and services tax paid to the ATO ^(b)		6,334	(3,014)
Total payments		(28,416)	(92,339)
Net cash flows from/(used in) operating activities	7.4.2.1	73,726	11,204
Cash flows from investing activities			
Payments for other financial assets		(61,998)	-
Redemption of other financial assets		-	9,430
Payments for Grand Prix infrastructure, equipment and intangibles		(14,166)	(3,997)
Proceeds from the sale of equipment		25	5
Net cash flows from/(used in) investing activities		(76,139)	5,438
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		(534)	(550)
Realised foreign exchange gain/(loss)		108	16,809
Net cash flows from/(used in) financing activities		(426)	16,259
Net increase/(decrease) in cash and cash equivalents		(2,839)	32,901
Cash and cash equivalents at beginning of financial year		42,648	9,746
Cash and cash equivalents at end of financial year	7.4.2	39,809	42,648

The accompanying notes form part of these financial statements.

Notes:

(a) Interest of leases is presented in operating activities.

(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 2021

(\$ thousand)

	Notes	Cash flow hedge reserve	Asset revaluation reserve	Contributed capital	Accumulated surplus	Total
Balance at 1 July 2019	7.6	(1,854)	9,235	10,739	8,728	26,848
Net result for the year		-	-	-	18,394	18,394
Change in fair value of derivatives recognised through cash flow hedge reserve	7.6.2	602	-	-	-	602
Change in asset revaluation reserve	7.6.3	-	(1)	-	1	-
Balance at 30 June 2020	7.6	(1,252)	9,234	10,739	27,123	45,844
Balance at 1 July 2020		(1,252)	9,234	10,739	27,123	45,844
Net result for the year		-	-	-	15,982	15,982
Change in fair value of derivatives recognised through cash flow hedge reserve	7.6.2	(15,913)	-	-	-	(15,913)
Accumulated losses on foreign exchange hedging	7.6.2	(6,196)	-	-	-	(6,196)
Change in asset revaluation reserve	7.6.3	-	(111)	-	111	-
Balance at 30 June 2021	7.6	(23,361)	9,123	10,739	43,216	39,717

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.

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 under the heading "significant judgements or estimates".

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

Impact of Coronavirus (COVID-19) on operations, economic dependency and going concern arrangements

The Australian Motorcycle Grand Prix scheduled for 23-25 October 2020 and the Formula 1® Australian Grand Prix 2021 scheduled for 18-21 March 2021 did not proceed due to the international travel disruptions and other matters related to coronavirus. The Corporation has considered the impact on the 30 June 2021 financial statements and presented the financial position resulting from these cancellations accordingly. There was no impact in 2020/21 on the ability of the Corporation to meet and satisfy its debts and other obligations as they became due.

In a letter dated 30 July 2021 from the Minister for Tourism, Sport and Major Events, confidence was provided to the Corporation that it could prepare its Annual Financial Report for 2020-21 on a going concern basis to meet the requirements of Australian Accounting Standard AASB 101 *Presentation of Financial Statements*. The letter from the Minister also confirmed that the 2021/22 funding request will be promptly considered and approved when received. On this basis, management believes the Corporation can continue to pay its debts as and when they fall due and that it is appropriate to prepare these financial statements on a going concern basis.

The Corporation will continue to monitor the changing environment and provide the relevant disclosures required by the Australian Accounting standards.

A number of transactions, including portions of funding received from Government, revenue received from customers, expenses paid to suppliers, and impacts on the cash flow hedge reserve have been treated as deferred revenue, prepaid expenses or otherwise treated in accordance with the requirements of relevant accounting standards as they relate specifically to obligations to be undertaken or performed at a future event.

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 7.8.9.

The annual financial statements were authorised for issue by the Chairman of the Board on 24 August 2021.

7.2 Funding delivery of our events

Introduction

The Corporation's overall objective is to stage two international motorsport events, the Formula 1[®] 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

	2020-21 Financial year				2019-20 Financial year				(\$ thousand)
	2021		2020		2020		2019		
	Formula 1® Grand Prix	Motorcycle Grand Prix	Future Grand Prix	2020-21 Financial year total	Formula 1® Grand Prix	Motorcycle Grand Prix	Future Grand Prix	2019-20 Financial year total	
Income from transactions^(a)									
Sales revenue	-	-	-	-	60	7,495	-	7,555	
Sponsorship/commercial revenue	151	-	-	151	2,675	1,501	-	4,176	
Interest revenue	159	-	-	159	441	100	-	541	
Government contributions – recurrent ^(b)	17,849	-	7,758	25,607	62,100	6,641	6,778	75,519	
Government contributions – non-current	9,932	-	-	9,932	-	-	-	-	
Other operating revenue	337	-	-	337	6,504	2,145	-	8,649	
Total income from transactions	28,428	-	7,758	36,186	71,780	17,882	6,778	96,440	

Notes:

(a) The income above relating to the Formula 1[®] Grand Prix does not include resources provided free of charge from the Department of Transport relating to the provision of free public transport. Refer Note 7.8.4 for further details.

(b) Includes \$7,758,000 for recurrent funding for the 2021 Motorcycle Grand Prix received in the 2020-21 financial year (2020: \$6,778,000 for the 2020 Motorcycle event).

The Corporation has completed an assessment of all revenue streams in accordance with AASB 15 Revenue from Contracts with Customers and has classified its revenue as follows:

- **Sales revenue** includes ticket sales for products including corporate hospitality, grandstands and general admission;
- **Sponsorship/commercial revenue** includes sponsorship, royalty and exhibition revenue;
- **Interest revenue** includes interest received or receivable on bank deposits and other investments; and
- **Other operating revenue** includes non-ticket sales, recoveries and consulting revenue.

Performance obligations and revenue recognition

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

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and accepted by the customer.
- Revenue from the sale of goods is recognised when the goods are delivered and have been accepted by the customer.
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

Sales, sponsorship/commercial and other operating revenues are recognised after the completion of the event. Until the event has occurred, the amounts received are recognised as deferred income (refer to Note 7.5.4 for further details).

Interest revenue is recognised using the effective interest method which allocates the interest over the relevant period.

The Corporation has determined that **all recurrent government contributions** are recognised as income of not-for-profit entities in accordance with AASB 1058 *Income of Not-for-Profit Entities*, except for government contributions that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15 *Revenue from Contracts with Customers*.

Income from recurrent government contributions without any sufficiently specific performance obligations, or that are not enforceable, are recognised when the Corporation has an unconditional right to receive cash which usually coincides with the receipt of cash. On initial recognition of the asset, the Corporation recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004 *Contributions*;
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15 *Revenue from Contracts with Customers*;
- a lease liability in accordance with AASB 16 *Leases*;
- a financial instrument, in accordance with AASB 9 *Financial Instruments*; or
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

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

Income from government contributions that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers under AASB 15 *Revenue from Contracts with Customers*. These contributions relate to funding provided to acquire license rights to host the Formula 1® event and the works performed within Albert Park under licence from Parks Victoria in its capacity as Committee of Management for Albert Park. Government contributions in relation to such works are recognised as revenue in the financial year in which the obligation has been satisfied.

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

Structure

7.3.1 Expenses incurred in delivery of events.....	45
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7.3.3 Other operating expense.....	48

(\$ thousand)

	2020-21 Financial year				2019-20 Financial year			
	2021		2020		2020		2019	
	Formula 1® Grand Prix	Motorcycle Grand Prix	Formula 1® Grand Prix	Motorcycle Grand Prix	Formula 1® Grand Prix	Motorcycle Grand Prix	Formula 1® Grand Prix	Motorcycle Grand Prix
Expenses from transactions^(a)								
Event management and staging ^(b)	4,647	2,190	-	6,837	10,809	15,003	-	25,812
Recurrent engineering	3,171	3	-	3,174	33,846	5,452	-	39,298
Marketing and promotion	3,218	234	-	3,452	7,283	1,403	-	8,686
Catering	19	-	-	19	5,175	1,303	-	6,478
Administration ^(b)	4,980	1,622	-	6,602	12,354	2,231	-	14,585
Total expenses from transactions	16,035	4,049	-	20,084	69,467	25,392	-	94,859

Notes:

(a) The expenses above relating to the Formula 1® Grand Prix do not include resources consumed free of charge from the Department of Transport relating to the provision of free public transport. Refer to Note 7.8.4.

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

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.

7.3.2 Employee benefits

7.3.2.1 Employee benefits in the comprehensive operating statement

(\$ thousand)

	Notes	2021	2020
Salaries and wages, annual leave and long service leave		7,698	9,699
Superannuation contributions	7.3.2.2	654	801
Termination benefits		8	13
Total employee benefits expense		8,360	10,513

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	
	2021	2020	2021	2020
Defined contributions plan				
IOOF Superannuation	108	149	-	-
HostPlus	100	123	-	-
Australian Super	105	96	-	-
Other ^(a)	408	436	-	-
Total	721	804	-	-

Note:

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

The superannuation amount of \$721,212 for 2020-21 exceeds the defined contribution superannuation expense disclosed at Note 7.3.2.1 (\$654,441) by \$66,771. This relates to an amount provided for in the 2020-21 financial year in relation to accrued wages and salaries.

The superannuation amount of \$804,163 for 2019-20 exceeds the defined contribution superannuation expense disclosed at Note 7.3.2.1 (\$800,813) by \$3,350. This relates to an amount provided for in the 2019-20 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, considering the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, the 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)	
	2021	2020
Current provisions:		
Annual leave^(a)		
Unconditional and expected to settle within 12 months	624	677
Unconditional and expected to settle after 12 months	-	-
Long service leave^(a)		
Unconditional and expected to settle within 12 months	82	86
Unconditional and expected to settle after 12 months ^(b)	245	277
Provisions for on-costs		
Unconditional and expected to settle within 12 months	135	132
Unconditional and expected to settle after 12 months	40	59
Total current provisions for employee benefits	1,125	1,231
Non-current provisions:		
Employee benefits – long service leave ^(b)	66	64
On-costs	11	10
Total non-current provisions for employee benefits	77	74
Total provisions for employee benefits	1,202	1,305

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
	2021	2021	2021
Opening balance	1,104	201	1,305
Net movement in provision	(88)	(15)	(103)
Closing balance	1,016	186	1,202
Current	950	175	1,125
Non-current	66	11	77
Total	1,016	186	1,202

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 7.8.9).

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)	
	Notes	2021	2020
Rental expenses		2,277	2,485
Fair value assets and services provided free of charge to Parks Victoria		55	310
Ex gratia expense	7.8.1	8	4,339
(Write back of) loss allowance		(13)	(172)
Total other operating expenses		2,327	6,962

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 (refer Note 7.8.1).

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

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7.4.1 Total buildings, infrastructure and equipment

Refer to note 7.7.4 for additional information on fair value determination of infrastructure and equipment.

Gross carrying amount and accumulated depreciation (\$ thousand)

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2021	2020	2021	2020	2021	2020
Buildings – right-of-use assets at fair value ^(b)	4,038	3,169	(1,175)	(585)	2,863	2,584
Property, plant and equipment – right-of-use assets at fair value	236	-	(1)	-	235	-
Equipment at fair value	3,792	3,683	(3,428)	(3,049)	364	634
Grand Prix infrastructure at fair value	21,078	20,773	(9,722)	(7,898)	11,356	12,875
Work in progress	14,682	1,880	-	-	14,682	1,880
Net carrying amount	43,826	29,505	(14,326)	(11,532)	29,500	17,973

Notes:

(a) AASB 16 Leases has been applied for the first time from 1 July 2019.

(b) Buildings at fair value comprise of the Corporation's office and storage leases.

Total right-of-use assets: buildings and equipment (\$ thousand)

	Gross carrying amount	Accumulated depreciation	Net carrying amount
	2021	2021	2021
Buildings at fair value	4,038	(1,175)	2,863
Equipment at fair value	236	(1)	235
Net carrying amount	4,274	(1,176)	3,098

	Buildings	Equipment
Opening balance - 1 July 2020	2,584	-
Additions		236
Remeasurement of right-of-use assets	869	-
Disposals	-	-
Depreciation	(590)	(1)
Closing balance - 30 June 2021	2,863	235

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.

Right-of-use asset acquired by lessees – Initial measurement: The Corporation recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

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.

Right-of-use asset – Subsequent measurement: The Corporation depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

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

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 have tested assets for impairment in this financial period. No impairment of assets identified.

Refer to Note 7.7.4 for additional information on fair value determination of infrastructure and equipment.

Depreciation charge for the period
(\$ thousand)

	2021	2020	2020-2021	2020	2019	2019-2020
	Formula 1®	Motorcycle	Financial	Formula 1®	Motorcycle	Financial
	Grand Prix	Grand Prix	year	Grand Prix	Grand Prix	year
			Total			Total
Buildings – right-of-use assets at fair value ^(a)	590	-	590	585	-	585
Property, plant and equipment – right-of-use assets at fair value	1	-	1	-	-	-
Equipment at fair value	284	94	378	357	119	476
Grand Prix infrastructure at fair value	1,829	56	1,885	1,968	60	2,028
Total depreciation	2,704	150	2,854	2,910	179	3,089

Notes:

(a) The table incorporates depreciation of right-of-use assets as AASB 16 Leases have been applied for the first time from 1 July 2019.

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.

	(year)	
Asset	2021	2020
Buildings: Right-of-use assets	5 to 9	5 to 9
Equipment: Right-of-use assets	5 to 9	-
Equipment	3 to 5	3 to 5
Grand Prix infrastructure	3 to 50	3 to 50

Reconciliation of movements in carrying amounts of infrastructure and equipment													(\$ thousand)
	Buildings – right-of-use assets at fair value		Property, plant and equipment – right-of-use assets		Grand Prix infrastructure at fair value		Equipment at fair value		Work in progress		Total		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Opening balance	2,584	-	-	-	12,875	12,597	634	692	1,880	806	17,973	14,095	
Recognition of right-of-use assets on initial application of AASB 16 ^(a)	-	3,169	-	-	-	-	-	-	-	-	-	3,169	
Adjusted balance at 1 July 2019	-	3,169	-	-	-	12,597	-	692	-	806	-	17,264	
Additions	-	-	236	-	-	-	-	-	13,812	4,109	14,048	4,109	
Re-measurement of right-of-use assets	869	-	-	-	-	-	-	-	-	-	869	-	
Disposals	-	-	-	-	(80)	(2)	-	(42)	-	-	(80)	(44)	
Transfer to Parks Victoria	-	-	-	-	-	-	-	-	(55)	(310)	(55)	(310)	
Transfer in/(out) of WIP	-	-	-	-	388	2,307	108	418	(955)	(2,725)	(459)	-	
Depreciation	(590)	(585)	(1)	-	(1,885)	(2,028)	(378)	(476)	-	-	(2,854)	(3,089)	
Write back of accumulated depreciation	-	-	-	-	58	1	-	42	-	-	58	43	
Closing balance	2,863	2,584	235	-	11,356	12,875	364	634	14,682	1,880	29,500	17,973	

Notes:

(a) This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 relating to operating leases.

7.4.2 Cash flow information and balances

(\$ thousand)

	2021	2020
Cash on hand	-	3
Cash at call	39,809	42,645
Balance as per cash flow statement	39,809	42,648

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)

	2021	2020
Net result for the period	15,982	18,394
Non-cash movements		
Capital works transferred to Parks Victoria	55	310
(Gain)/loss on sale of non-current assets	228	(4)
Depreciation and amortisation of non-current assets	2,912	3,135
Provision of doubtful debts	(89)	(90)
Net (gain)/loss on financial instruments	(108)	(16,809)
Movements in assets and liabilities		
Decrease/(Increase) in receivables and prepayments	(341)	1,832
(Decrease)/Increase in payables	(7,357)	6,350
(Decrease)/Increase in provisions	(103)	266
(Decrease)/Increase in deferred income	62,547	(2,180)
Net cash flows from/(used in) operating activities	73,726	11,204

7.4.3 Other financial assets

(\$ thousand)

	2021	2020
Current other financial assets		
Term deposits:		
US dollar term deposits > three months	55,802	-
Total other financial assets	55,802	-

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

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7.5.1 Receivables

	(\$ thousand)	
	2021	2020
Contractual		
Trade receivables	36	692
Allowance for impairment losses of contractual receivables	(1)	(90)
Net trade receivables	35	602
Other receivables	29	248
Statutory		
GST input tax credit recoverable	588	920
Total receivables	652	1,770
<i>Represented by</i>		
Current receivables	652	1,770

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 statutory receivables, which are initially recognised at fair value plus any directly attributable transaction costs.

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 7.7.3.

7.5.2 Payables

	(\$ thousand)	
	2021	2020
Contractual		
Supplies and other services	3,312	10,798
Statutory		
Fringe Benefits Tax payable	55	56
Other taxes payable	28	29
Total payables	3,395	10,883
<i>Represented by:</i>		
Current payables	3,395	10,883

Payables consist of:

- **contractual payables**, such as accounts payable, are classified as financial instruments and measured at amortised cost (refer to Note 7.7.3 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.

Maturity analysis of contractual payables ^{(a)(b)}

	(\$ thousand)				
	Carrying amount	Nominal amount	Less than 1 month	Maturity dates	
				1-3 months	3 months–1 year
2021 Payables	3,395	3,395	3,308	-	87
2020 Payables	10,883	10,883	10,368	165	350

Notes:

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

(b) Nature and extent of risks arising from contractual payables. Refer to Note 7.7.3.3 for the nature and extent of risks arising from contractual payables.

7.5.3 Borrowings

	(\$ thousand)	
	2021	2020
Current borrowings		
Lease liabilities	639	608
Total current borrowings	639	608
Non-current borrowings		
Lease liabilities	2,720	2,499
Total non-current borrowing	2,720	2,499
Total borrowings	3,359	3,107

Borrowings recognised on the balance sheet is entirely made up of lease liabilities.

Recognition and measurement of leases as a lessee

Lease Liability – initial measurement

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

Lease payments included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments) less any lease incentive receivable.

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. The aggregate costs 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.

During the current financial year, the Corporation entered into a lease for the use of a forklift for a term of 4.5 years, starting from 23 June 2021 and ending 31 December 2025. The total lease liability recorded is \$ 235,840.

Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

During the current financial year, the lease term for the Corporation's office lease was extended to 31 December 2026. The revision of these lease terms increased the total lease liability to \$2,545,576 from an original total lease liability of \$2,195,062 (net increase of \$350,514).

7.5.4 Deferred income

	(\$ thousand)	
	2021	2020
Current		
Advance commercial income	1,600	339
Income received in advance	20	731
Government contributions – recurrent	61,997	-
Total deferred income	63,617	1,070

Income is deferred where the Corporation has a contractual obligation to deliver specified goods or services that are enforceable and sufficiently specific in relation to performance obligations. The extent to which performance obligations have been met dictates the amount of income to recognise or defer to a future period.

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

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7.6.1 Contributed capital

	(\$ thousand)	
	2021	2020
Contributed capital at the beginning of the year	10,739	10,739
Contributed capital at the end of the year	10,739	10,739

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)	
	2021	2020
Cash flow hedge reserve at the beginning of the year	(1,252)	(1,854)
Change in fair value of derivatives recognised through cash flow hedge reserve	(15,913)	602
Deferred losses on foreign exchange hedging	(6,196)	-
Cash flow hedge reserve at the end of the year	(23,361)	(1,252)

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)	
	2021	2020
Asset revaluation reserve at the beginning of the year	9,234	9,235
Write back on disposal of assets	(111)	(1)
Asset revaluation reserve at the end of the year	9,123	9,234

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, leases, 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

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7.7.1 Commitments for expenditure

The Corporation has commitments associated with foreign exchange forward contracts (refer Note 7.7.3). The Corporation has not disclosed the gross payable and receivable value of foreign currency contracts, nor has it disclosed operational and capital commitments as it is exempt under Section 49 of the *Australian Grands Prix Act 1994*.

7.7.2 Commitments for leases

Right-of-use assets are presented in note 7.4.1 as buildings at fair value and equipment at fair value.

The tables below highlight the additional disclosures in the comprehensive operating statement and cash flow statement as a result of the adoption of AASB 16.

Lease amounts recognised in the comprehensive operating statement

	(\$ thousand)	
	2021	2020
Interest expense on lease liabilities	126	130
Expenses relating to short term leases	2,544	2,484
Expenses relating to leases of low-value assets	-	1
Total amount recognised in the comprehensive operating statement	2,670	2,615

Lease amounts recognised in the cash flow statement

	(\$ thousand)	
	2021	2020
Total cash outflow for leases	2,544	2,386

Short-term leases and leases of low-value assets

The Corporation has elected not to recognise right-of-use assets and lease liabilities for short term leases of land and building used in circuit hire arrangements that have a lease term of 12 months or less and leases of low-value assets, including Albert Park, Philip Island and the surrounding land. The Corporation has determined that the non-cancellable term of these leases (representing the period of use) is 12 months or less, and thus elects to apply the recognition exemption for these short-term leases. The Corporation recognises the lease payments associated with these leases as an expense on a straight-line bases over the lease term.

Leases at significantly below-market terms and conditions

The Corporation has elected to recognise leases at significantly below-market terms and conditions (peppercorn leases) at their nominal value as an expense on a straight-line basis over the lease term. The principle activities of the Corporation depend on peppercorn leases, in particular the arrangements for the Formula 1® show car and Albert Park circuit hire. The underlying assets in these leases are the show car hire, the land and relevant sport halls are used to facilitate the provision of the annual Formula 1® Grand Prix. The nominal lease payment on the Formula 1® show car hire is \$2 with no defined end date and the sports hall component of the Albert Park lease is \$1,000 with a remaining lease term of 4 years.

7.7.3 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.

Categories of financial instruments

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 and liabilities at fair value through other comprehensive income

Derivative financial instruments are initially recognised at fair value on the date in which a derivative contract is entered into. Derivatives are carried as financial assets when their fair value is positive and as financial 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 comprehensive operating statement as other comprehensive income. Upon disposal of these derivative instruments, any related balance in the fair value reserve is reclassified to profit or loss.

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.

Financial assets and liabilities at fair value through profit and loss

Other financial assets liabilities 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.

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

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.

Derecognition of financial assets: A financial asset is derecognised when the rights to receive cash flows from the asset have expired, or the Corporation retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement, or the Corporation has transferred its rights to receive cash flows from the asset and transferred substantially all the risks and rewards of the asset or transferred control of the asset.

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

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

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

7.7.3.1 Financial instruments: Categorisation

(\$ thousand)

2021	Contractual financial assets/liabilities designated at fair value through OCI	Contractual financial assets at amortised cost	Contractual financial liabilities at amortised cost	Total
Contractual financial assets				
Cash and deposits	-	39,809	-	39,809
Other financial assets	-	55,802	-	55,802
Receivables (a)				
Trade and other receivables	-	64	-	64
Financial derivatives(b)	1,969	-	-	1,969
Total contractual financial assets	1,969	95,675	-	97,644
Contractual financial liabilities				
Payables (a)				
Trade and other payables	-	-	3,312	3,312
Lease liabilities	-	-	3,359	3,359
Financial derivatives(b)	19,134	-	-	19,134
Total contractual financial liabilities	19,134	-	6,671	25,805

2020	Contractual financial assets/liabilities designated at fair value through OCI	Contractual financial assets at amortised cost	Contractual financial liabilities at amortised cost	Total
Contractual financial assets				
Cash and deposits	-	42,648	-	42,648
Receivables (a)				
Trade and other receivables	-	940	-	940
Financial derivatives(b)	3,272	-	-	3,272
Total contractual financial assets	3,272	43,588	-	46,860
Contractual financial liabilities				
Payables (a)				
Trade and other payables	-	-	10,798	10,798
Lease liabilities	-	-	3,107	3,107
Financial derivatives(b)	4,525	-	-	4,525
Total contractual financial liabilities	4,525	-	13,905	18,430

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.

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

(\$ thousand)

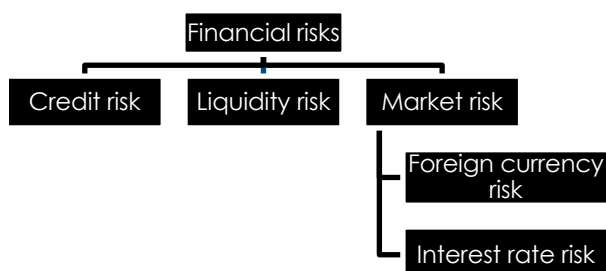
2021	Net holding gain/(loss)	Total interest income/(expense)	Total
Contractual financial assets			
Financial assets at amortised cost	-	159	159
Derivatives at fair value through net result	(15,913)	-	(15,913)
Total contractual financial assets	(15,913)	159	(15,754)

2020	Net holding gain/(loss)	Total interest income/(expense)	Total
Contractual financial assets			
Financial assets at amortised cost	-	541	541
Derivatives at fair value through net result	602	-	602
Total contractual financial assets	602	541	1,143

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

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

7.7.3.3 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 derivative 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 through the application of the expected credit loss model. The Corporation uses a provision matrix that calculates expected future losses based on historical loss rates on trade receivables balances

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Loss allowance written off by mutual consent is classified as a transaction expense. Loss allowance 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 ^(a) (\$ thousand)

2021	Government agencies (triple-A credit rating)	Financial institutions (double-A credit rating)	Other credit rating (min triple-B credit rating)	Total
Cash and deposits	-	39,809	-	39,809
Receivables ^(a)	-	-	652	652
Other financial assets	55,802	-	-	55,802
Total contractual financial assets	55,802	39,809	652	96,263

2020	Government agencies (triple-A credit rating)	Financial institutions (double-A credit rating)	Other credit rating (min triple-B credit rating)	Total
Cash and deposits	-	42,645	3	42,648
Receivables ^(a)	-	-	850	850
Total contractual financial assets	-	42,645	853	43,498

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

The Corporation has been recording the allowance for expected credit loss for the relevant financial instruments using 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.

Derivative instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through profit and loss 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's opening and closing balances in relation to loss allowance are as follows:

	Current	Less than 1 month	1–2 months	2–3 months	3–4 months	Over 4 months	Total
30 June 2021							
Expected loss rate	1%	3%	5%	8%	13%	90%	
Gross carrying amount of contractual receivables ^(a)	31	4	-	-	-	1	36
Loss allowance	-	-	-	-	-	1	1

	Current	Less than 1 month	1–2 months	2–3 months	3–4 months	Over 4 months	Total
1 July 2020							
Expected loss rate	1%	3%	5%	8%	13%	90%	
Gross carrying amount of contractual receivables ^(a)	35	136	177	24	1	-	373
Loss allowance	-	4	9	2	-	-	15

Notes:

(a) Contractual receivables do not include those receivables that have been fully provided as doubtful 2021: nil (2020: \$74,250).

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

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.

The Corporation's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding 5 year period, with all variables other than the primary risk variable held constant.

Foreign currency risk

The Corporation has entered into forward foreign exchange contracts 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 7.8.8 Other accounting policies and disclosures (Economic dependency).

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of financial markets, the Corporation believes the following foreign currency 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 foreign exchange rates from year-end rates.

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

		(\$ thousand)	
	Carrying amount	-15% net result	+15% net result
2021			
Derivative assets	1,969	14,585	(7,355)
Derivative liabilities	(19,134)	11,211	(41,563)
Total derivatives	(17,165)	25,796	(48,918)
2020			
Derivative assets	3,272	19,961	(9,063)
Derivative liabilities	(4,525)	25,086	(26,411)
Total derivatives	(1,253)	45,047	(35,474)

The line item in the comprehensive operating statement in which the hedge ineffectiveness is recognised is *Change in fair value of derivatives recognised through cash flow hedge reserve*.

Interest rate risk

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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation manages this risk by monitoring movement in interest rates and through using interest-bearing deposits and/or term deposits in order to minimise interest rate risk.

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

(\$ thousand)				
2021	Weighted average interest rate (%)	Carrying amount	Variable interest rate	Non-interest bearing
Financial assets				
Cash and deposits	0.49	39,809	39,809	-
Receivables (a)		64	-	64
Other financial assets	0.15	55,802	55,802	-
Total financial assets		95,675	95,611	64
Financial liabilities				
Lease liabilities	2.46	3,359	3,359	-
Total financial liabilities		3,359	3,359	-

2020	Weighted Average interest rate (%)	Carrying amount	Variable interest rate	Non-interest bearing
Financial assets				
Cash and deposits	0.47	42,648	42,648	-
Receivables (a)		851	-	851
Total financial assets		43,499	42,648	851
Financial liabilities				
Lease liabilities	3.54	3,107	3,107	-
Total financial liabilities		3,107	3,107	-

Notes:

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

Interest rate sensitivity

(\$ thousand)					
2021		-100 basis points		+100 basis points	
	Carrying Amount	Net result	Fair value through OCI revaluation reserve	Net result	Fair value through OCI revaluation reserve
Contractual financial assets					
Cash and deposits	39,809	(398)	-	398	-
Total impact		(398)	-	398	-
Contractual financial liabilities					
Lease liabilities	3,359	(34)	-	34	-
Total impact		(34)	-	34	-

2020		-100 basis points		+100 basis points	
	Carrying Amount	Net result	Fair value through OCI revaluation reserve	Net result	Fair value through OCI revaluation reserve
Contractual financial assets					
Cash and deposits	42,648	(426)	-	426	-
Total impact		(426)	-	426	-
Contractual financial liabilities					
Lease liabilities	3,107	(31)	-	31	-
Total impact		(31)	-	31	-

7.7.4 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 2021 and the comparative information presented for the year ended 30 June 2020.

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).

7.7.4.1 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 Grands Prix Act 1994*. Disclosure of this information would constitute a breach of the international agreements as defined in Note 7.8.8 Other accounting policies and disclosures (Economic dependency).

7.7.4.2 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy		(\$ thousand)		
	Carrying amount as at 30 June 2021	Fair value measurement at end of reporting period using:		
		Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
Equipment	364	-	-	364
Grand Prix infrastructure	11,356	-	-	11,356
Closing balance	11,720	-	-	11,720

	Carrying amount as at 30 June 2020	Fair value measurement at end of reporting period using:		
		Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
Equipment	634	-	-	634
Grand Prix infrastructure	12,875	-	-	12,875
Closing balance	13,509	-	-	13,509

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 Assistant Treasurer. 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. The next valuation was scheduled to occur during the 2020-21 financial year. However, as a result of the event not proceeding in March, the Executive Director, Financial Reporting – Principal Accounting

Officer at DTF has approved a deferral of the asset valuation to the 2021-22 financial year to enable the valuation to take place when the assets are in set-up form.

Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation. The next scheduled full revaluation for this purpose group will be conducted during 2021-22.

Reconciliation of Level 3 fair value movements

(\$ thousand)

	2021		2020	
	Equipment	Grand Prix infrastructure	Equipment	Grand Prix infrastructure
Opening balance	634	12,875	692	12,597
Additions/(disposals)	108	307	376	2,305
Depreciation	(378)	(1,826)	(434)	(2,027)
Closing Balance	364	11,356	634	12,875

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
Equipment	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.
Infrastructure	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.

7.7.5 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.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

There are no contingent assets for the year ended 30 June 2021 (2020: Nil)

Contingent liabilities

Contingent liabilities are:

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

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

There are no quantifiable claims for the year ending 30 June 2021 (2020: Nil).

A potential obligation remains unquantifiable at this time arising from the cancellation of the Formula 1® Rolex Australian Grand Prix 2020. The Corporation has denied liability and is defending the claim.

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

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7.8.1 Ex gratia expenses

The Corporation incurred ex gratia expenses in relation to the postponement of the Formula 1® Australian Grand Prix 2020 event. Ex gratia expenses are the voluntary payments of money or other non-monetary benefit that is not made to acquire goods, services or other benefits for the Corporation, nor to meet a legal liability, or to settle or resolve a possible legal liability or claim against the Corporation.

	(\$ thousand)	
	2021	2020
Employee termination payments	8	-
Settlements relating to event cancellation ^(a)	-	4,339
Total ex gratia expenses	8	4,339

Notes:

(a) The line item on the comprehensive operating statement for which the expense is recognised in is Formula 1® Grand Prix expenses from transactions. The line item on the balance sheet for which amounts are payable is recognised in payables.

7.8.2 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.

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

Responsible Minister

The Honourable Martin Pakula MP, Minister for Tourism, Sport and Major Events	1 July 2020 to 30 June 2021
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Accountable Officer

Mr Andrew Westacott	1 July 2020 to 30 June 2021
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Members of the Board

Mr Paul Little AO (Chair)	1 July 2020 to 30 June 2021
Ms Kimberley Brown	1 July 2020 to 30 June 2021
Mr Michael Doohan AM	1 July 2020 to 30 June 2021
Ms Tal Karp	1 July 2020 to 30 June 2021
Ms Nicki Kenyon	20 July 2020 to 30 June 2021
Mr Paul Lappin	1 July 2020 to 30 June 2021
Ms Kate Lundy	1 July 2020 to 30 June 2021
Mr Trent Smyth AM	1 July 2020 to 30 June 2021
Mr Mark Webber AO	1 July 2020 to 30 June 2021

Remuneration

Members of the Board act in an honorary capacity.

The total remuneration of the Accountable Officer, including superannuation contributions, in connection with the management of the Corporation during the reporting period was in the range \$490,000 – \$499,999 (2020: \$550,000 – \$559,999). 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

No tickets were used by Responsible Persons free of charge or were provided to entities related to Responsible Persons under contractual obligations during 2020-21 (2020: \$9,849 ex. GST).

7.8.3 Remuneration of executives

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

Remuneration comprises employee benefits (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)

<i>Remuneration of executive officers (excludes CEO)</i> <i>(including Key Management Personnel disclosed in Note 7.8.4)^(a)</i>		
	2021	2020
Short-term employee benefits	1,737	2,003
Post-employment benefits	147	160
Other long-term benefits	119	35
Total remuneration ^(a)	2,003	2,198
Total number of executives	7	7
Total annualised employee equivalents ^(b)	6.4	6.6

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 7.8.4).

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

7.8.4 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 Premier and Cabinet (DPC);
- the Department of Transport (DoT);
- the 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)

Compensation of KMPs	2021	2020
Short-term employee benefits	2,189	2,499
Post-employment benefits	188	204
Other long-term benefits	126	45
Total remuneration ^(a)	2,503	2,748

Notes:

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 7.8.3).

Significant transactions with government-related entities

The Corporation received funding of \$107.3 million (2020: \$83.1 million) from the Department of Jobs, Precincts and Regions.

The Corporation has term deposits with the Treasury Corporation of Victoria as reflected in notes 7.4.2 and 7.4.3.

The Corporation transferred assets free of charge to Parks Victoria as reflected in note 7.4.1.

The Corporation has also had transactions with the following government related entities:

- Ambulance Services Victoria - \$0 (2020: \$0.1m)
- Department of Transport (DoT) - \$0 (2020: \$0.2m). Note: DoT receive this funding directly from the Department of Treasury and Finance
- VMIA - \$0.1m (2020: \$0.4m)
- Victoria Police - \$0 (2020: \$0.3m)

Transactions and balances with key management personnel and other related parties

During the financial year, no transactions were entered into 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 (2020: \$0m).

7.8.5 Remuneration of auditors

	(\$ thousand)	
	2021	2020
Victorian Auditor-General's Office		
Audit of the financial statements	62	72
Other non-audit services^(a)		
Amount paid or payable for internal audit activities	65	68
Total remuneration of auditors	127	140

Notes:

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

7.8.6 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 6 July 2021, it was announced that the Australian Motorcycle Grand Prix scheduled for October 2021 and the Formula 1® Australian Grand Prix scheduled for November 2021 were both cancelled due to restrictions and logistical challenges relating to the ongoing COVID-19 pandemic.

Following the cancellation announcement, the Minister for Tourism, Sport and Major Events provided a letter dated 30 July 2021 giving confidence to the Corporation that it could prepare its financial statements on a going concern basis for 2020/21 and that funding support from the Victorian State Government would continue.

The General Manager, Legal and Strategy (General Counsel) resigned from the Corporation on 9 July 2021. A replacement will be sought.

An organisational restructure came into effect on 22 July 2021. As a result, activities of the Motorsport, Entertainment and Industry department were re-allocated across other departments within the Corporation. The role of General Manager, Motorsport, Entertainment and Industry was made redundant as a result of this restructure.

Outside of this, there has not arisen in the interval between the end of the financial year and the date of signing these financial statements, any other 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.

7.8.7 Australian Accounting Standards issued that are not yet effective

Certain new and revised Australian Accounting Standards (AAS) and interpretations have been published that are not mandatory for the 30 June 2021 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 2021, 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
AASB 17 Insurance Contracts	<p>The new Australian standard seeks to eliminate 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 2023	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	<p>This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.</p>	1 January 2023	The standard is not expected to have a significant impact on the public sector.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on AGPC financial statements
AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021	This Standard amends AASB 16 to extend by one year the application period of the practical expedient added to AASB 16 by AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the covid-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications (e.g. account for as variable lease payment instead). This standard extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.	1 April 2021	The standard is not expected to have a significant impact on the public sector.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards and interpretations that are not effective for the 2020-21 reporting period. In general, these amending standards listed below are considered to have limited impact on the public sector reporting.

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).
 AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.
 AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.
 AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19-Rent Related Concessions: Tier 2 Disclosures.
 AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2.
 AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments.
 AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities.
 AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.

7.8.8 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 Grands 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. With the impact of COVID-19, the Corporation's assessment is that there is no material uncertainty over the Corporation's ability to continue to perform its obligations and will continue to seek support and funding from the Victorian State Government. This support and access to funding has been confirmed in a letter date 14 October 2020 from the Minister for Tourism, Sport and Major Events.

7.8.9 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'.

Borrowings refers to interest-bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, lease liabilities, service concession arrangements and other interest-bearing arrangements. Borrowings also include non-interest-bearing advances from government that are acquired for policy purposes.

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 derivative 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 derivative 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 derivative 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 derivative 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 derivative 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 derivative instruments. For this purpose, the entity's own derivative instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own derivative 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 expense represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of lease repayments, service concession financial liabilities and amortisation of discounts or premiums in relation to borrowings.

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

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

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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