

Working  
Heritage

# ANNUAL REPORT

2018–2019



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Working Heritage Incorporated  
280 William Street  
Melbourne Victoria 3000

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Front cover: **Daylesford Court House**

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Working Heritage respectfully acknowledges Victoria's Aboriginal communities and pays respect to their Elders both past and present. The organisation acknowledges the richness of Aboriginal cultures in Victoria and their connection to country.

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## CHAIRPERSON'S REPORT

I am pleased to report that the Working Heritage Committee of Management (the Committee) recorded a number of achievements during 2018–19.

The Committee continued to implement key aspects of its *Strategic Plan* (the Plan) for 2018 to 2021. The Plan lays out a three-year, seven-year and 21-year vision for the organisation – Working Heritage is an organisation with a long-term outlook. The five priorities noted in the Plan are:

- government relationships
- financial health
- awareness and influence
- asset utilisation and innovation
- positive social impact.

### THE FORMER ROYAL MINT

The most notable achievement for this year was the completion at the former Royal Mint site of the stabilisation works for the masonry walls dating from 1870 which enclose three sides of this site. This work, completed on time and under budget by McCorkell Construction under the watchful eyes of Working Heritage staff, will ensure the continued stability of this significant heritage and streetscape element for decades to come. In addition, the layout and appearance of the car park was substantially improved and a small pocket park for public use was created along the northern wall overlooking Latrobe Street.

The extent and technical complexity of the Mint walls stabilisation project necessitated the Committee, with approval of the Department of Treasury and Finance, to seek loan funding from the Treasury Corporation of Victoria to be repaid over a ten year term. Although a very small deficit in operations was recorded this year due to commencement of loan repayments and other capital works, Working Heritage continues to be self-funded with a strong underlying financial position and cash flow to enable continued investment in the properties under the Committee's management.

With the walls stabilisation project complete, the Committee continued work towards automation of car park operations. In addition, consultants were appointed to undertake a feasibility study into the long term development options for the car park site – the largest undeveloped site within the Hoddle grid in central Melbourne.

### JACK'S MAGAZINE

Expressions of interest were called for activation of another flagship site, Jack's Magazine on the banks of the Maribyrnong River. After a rigorous evaluation, a preferred tenant was identified and negotiations are continuing on all aspects of a long term tenancy that will significantly contribute to the activation of this site.

Small scale works continued to be undertaken to improve access to and conservation of this unique site while facilitating continued activation and visitation.

The Committee continues to value the on-going support of and advice from Maribyrnong City Council in the planning for and activation of this wonderful site.

### OTHER PROPERTIES

Due to the large investment in work on the former Royal Mint site, work on other properties was restricted to smaller improvements as well as progressing development of an overall asset management strategy. The Committee undertook research into alternative uses for some of its rural and regional properties including a Warracknabeal Artists in Residence program run in partnership with Working Heritage, Yarriambiack Shire Council and Monash University.

A series of site visits was undertaken during the year by the Committee to enable members to get to know the diverse sites under our management. The Committee was also pleased to be appointed to manage the Daylesford Court House Precinct – taking over from Parks Victoria.

### STAFF DEVELOPMENT

Staff members undertook a range of development programs including training in leadership, negotiation skills, records management, asset management, risk management, and Crown Land leasing and licensing processes. The Committee was pleased to support staff members participating in relevant local and international conferences.

### GOVERNANCE

The Committee continued to contribute to the Inter Departmental working group guiding implementation of the recommendation from the Victorian Environment Assessment Council's *Investigation into Heritage Places* (September 2016) that Working Heritage be re-established as a trust for public land historic places.

The Audit and Risk Sub-Committee continued its work in the formulation of policy and procedures for the Committee and oversight of the internal audit process and risk management for Working Heritage.

In March 2019, Working Heritage (and its predecessor The Mint Incorporated) celebrated its 21st birthday with a party in the refurbished car park and new pocket park at the rear of the main Mint building. The Committee was very pleased to welcome our Minister, Hon Lily D'Ambrosio MP as guest of honour along with many of our key stakeholders and tenants. The Committee greatly appreciates the Minister's continued interest in its work.

Thank you to all Committee members who have worked harmoniously and creatively to inform and guide the strategic direction for Working Heritage. I also wish to thank Executive Officer, Ross Turnbull, and the staff of Working Heritage for their commitment, innovation and energy in giving effect to the Committee's strategic direction and policies. As well, I would like to thank officers of the Department of Environment, Water, Land and Planning for ongoing advice and support.

In accordance with the *Crown Land (Reserves) Act 1978*, I am pleased to present Working Heritage's Annual Report for the year ending 30 June 2019.

A handwritten signature in black ink, reading 'Helen Weston', followed by a long, sweeping diagonal line extending to the right.

**Helen Weston**  
Chair, Working Heritage Incorporated  
Committee of Management  
15 October 2019

## WHAT WE DO

### INTRODUCTION

The Working Heritage Incorporated Committee of Management (Working Heritage) conserves and manages heritage properties on public land on behalf of the State of Victoria. Since its inception in 1998, Working Heritage (known as The Mint Inc from 1998 to 2015) has been appointed to manage sixteen sites across Victoria, undertaking expert conservation and adaptation works so the community can benefit from these revitalised historic buildings and sites.

Working Heritage's Strategic Plan 2018–21 puts forward a strategy snapshot as follows:

#### Our Strategic Focus:

*Sustainable growth by scope and scale building upon our strengths and extending into new and innovative areas of heritage property management.*

#### Our Priorities:

- *Government relationships*
- *Financial health*
- *Awareness and influence*
- *Enhanced asset utilisation and a culture of innovation*
- *Positive social impact*

#### Our Pillars:

- *Sound, responsible and strong organisational culture*
- *Best practice heritage property management*
- *Partnerships*
- *Proactivity*
- *Creativity*

#### Our Three-year Vision

- *Financial security:* Working Heritage secures ongoing income from the Mint site.
- *Government Relationship:* work with the State government to create the Trust for Public Heritage and build organisational capacity for expanded operations.
- *Awareness:* Build organisational recognition, reputation and relationships.
- *Innovation:* in reuse of redundant government assets and embedding environmental sustainability into our processes.
- *Income:* Jack's Magazine is successfully leased and accessible to the public.
- *Growth:* At least an additional five sites under Working Heritage management.
- *Social Impact:* Working Heritage establishes respectful working relationships with the Traditional Owners of our sites.

### OUR RESPONSIBILITIES

The Working Heritage Committee of Management (Committee) currently has nine members appointed under the *Crown Land (Reserves) Act 1978*, administered by the Department of Environment, Land, Water and Planning (DELWP). The Committee reports to the Minister for Environment, Climate Change and Water, the Hon. Lily D'Ambrosio MP.

The Committee has responsibility to:

- manage, improve, maintain and control the land for the purposes for which it is reserved;
- report on its finances and other issues as required by the Department;
- maintain records and administer its affairs as a public body; and
- exercise its statutory powers to carry out its duties.

## STRATEGIC PLAN 2018–21

In the period June – August 2018, the Committee reviewed its Strategic Plan 2016–18 against the objectives and performance measures it set. In response to organizational evolution and opportunities arising to expand its portfolio of properties under management, the Committee adopted a new Strategic Plan for the years 2018–21 that set the following strategic priorities:

Priority and Objective	Means of achievement
<b>1. Government Relations</b> <i>Transition from a Committee of Management to a Trust for Public Heritage with a capital fund and secure income to fund operations.</i>	<ul style="list-style-type: none"> <li>• Productive and responsive Ministerial and Departmental relations.</li> <li>• Maintain high standard of heritage management.</li> <li>• Maintain contact with and presence to the VEAC Response inter-agency working group.</li> <li>• Continue to embed deeper relationships with existing and new stakeholders/partners and other participants in the sector and beyond.</li> <li>• Actively explore new, innovative models of use and adaptation.</li> </ul>
<b>2. Financial Health</b> <i>Match our growth trajectory with appropriate financial resources.</i>	<p>Increase our revenue through:</p> <ul style="list-style-type: none"> <li>• more productive leases on key city properties such as Horticultural Hall, Jack's Magazine and the Mint Bar including turnover provisions in hospitality leases; and</li> <li>• look for opportunities to develop land consistent with heritage conservation objectives.</li> </ul> <p>Diversify income streams:</p> <ul style="list-style-type: none"> <li>• Examine opportunities to diversify income streams.</li> <li>• Consider the land development option.</li> <li>• Develop a long-term financial resilience fund.</li> <li>• Take the lead on the long-term future of the Mint site.</li> <li>• Seek management of properties with commercial potential to underpin low-return properties.</li> </ul>
<b>3. Awareness and influence</b> <i>Working Heritage is recognised as a leader in adaptive reuse of heritage buildings.</i>	<p>Relevant sectors include:</p> <ul style="list-style-type: none"> <li>• State Government</li> <li>• Local government (partner)</li> <li>• Arts and Culture (source of tenants and users)</li> <li>• Universities (partner and potential tenant or user)</li> <li>• Property (source of tenants)</li> <li>• Hospitality/tourism (source of tenants)</li> <li>• Heritage profession (reputation and assistance to WH)</li> <li>• Not-For-Profit (source of tenants and users)</li> </ul> <p>Communications that highlight our innovative reuse of heritage buildings:</p> <ul style="list-style-type: none"> <li>• Social media</li> <li>• Mainstream media</li> <li>• Digital media</li> </ul> <p>Other means:</p> <ul style="list-style-type: none"> <li>• Targeting of heritage conservation and property industry forums.</li> <li>• Inviting key people for briefings to Committee meetings.</li> <li>• Nomination for profession/industry awards.</li> <li>• Celebrating our achievements</li> </ul>



Priority and Objective	Means of achievement
<b>4. Enhanced Asset Utilization and Culture of Innovation</b> <i>Our portfolio of properties is, as a whole, in use by the community and environmentally, socially and financially sustainable.</i>	<ul style="list-style-type: none"> <li>• Complete and implement our asset management strategy embedding environmental sustainability and climate change into our processes.</li> <li>• Complete asset management plans for each site using a standard methodology.</li> <li>• Monitor and improve performance of each property against financial, social and environmental criteria</li> <li>• Think expansively to improve performance: e.g. public/private partnerships, collaborations with institutions and community groups</li> <li>• Look for low risk opportunities to experiment – in particular with rural/regional properties.</li> <li>• Collection of relevant data to identify opportunities for improvement and enhancement.</li> <li>• Consider digital strategies for innovation via increased operational efficiencies</li> <li>• Analyse Working Heritage workplace needs in relation to portfolio and staff expansion. Develop strategy for workplace efficiency, productivity and creativity- identify options and consider move of office from the Mint site.</li> </ul>
<b>5. Positive Social Impact</b> <i>To deliver discernible and measurable community benefits overall and at a property-specific level.</i>	<ul style="list-style-type: none"> <li>• Develop social impact framework to enable identification and delivery of social benefits aligned with relevant State Government policies</li> <li>• Build our relationship with Traditional Owners</li> <li>• Develop relationships with the social enterprise sector as a potential route to tenancies with positive social outcomes</li> <li>• Increase relationship with local government to align Working Heritage properties with social policies of Councils.</li> <li>• Measure and report on public benefit delivered by Working Heritage</li> <li>• Continue to engage local communities when considering development/use options for sites.</li> </ul>

16

Properties

38

Buildings

25

Tenants

4

Sectors

Community | Commercial  
Culture & Arts | Hospitality

\$2M

Income in 2018-19

\$2.03M

Expenses in 2018-19

(Including depreciation)

9 Committee of  
Management Members

6 Staff  
Members....

\$121M

Land & Buildings

In 2018–19 these objectives were addressed and the following outcomes achieved:

### 1. Property Portfolio Management

- The former Royal Mint Perimeter Wall Structural Remediation Project was completed in December 2018. This project was the largest capital works project undertaken by Working Heritage since the conservation of the Mint Buildings in 2000–01. The project was successfully completed on time and within budget. The perimeter wall, built in 1870, is a significant visual element in the streetscape of Latrobe and Little Lonsdale Streets and the completed works will ensure the wall's stable ongoing presence for decades to come.

In addition, this project achieved the following outcomes for Working Heritage and all Victorians:

- ensured public safety by minimising the risk of structural failure of the wall;
- enabled Working Heritage to continue to conserve and adapt historic properties on Crown land across the state by securing the continued productivity of its key financial asset (the former Royal Mint site);
- protected the economic value of the site to the State of Victoria by enabling future development of the site within a framework of protected and conserved historic built fabric; and
- improved public amenity and increased tree cover in the central city of Melbourne.
- 2018–19 saw Working Heritage issue a Request for Proposal to lease the heritage buildings and land of Jack's Magazine in Maribyrnong on the banks of the Maribyrnong River. Negotiation with the preferred proponent is expected to conclude in late 2019 with the tenant taking possession in mid-2020. Working Heritage has an adopted Site Management Plan for Jack's Magazine that sets out a use and development strategy for the site to be implemented over a 15- to 20-year period.
- Working Heritage continued its partnership with Monash University (Monash Art, Design and Architecture) in 2018–19 with the award of a \$75,000 grant from Creative Victoria allowing the development of a pilot artist-in-residence / art hotel program on the Warracknabeal Court House reserve. The pilot program is expected to commence on site in 2020, following completion of accessibility improvements to the Court House building.

### 2. Organisation and Management

- Working Heritage was appointed Committee of Management for the Daylesford Court House reserve in September 2018.
- Internal Audits were completed by HLB Mann Judd, Working Heritage's contracted internal auditor, in the following areas of operation:
  - Project Management: Mint walls structural remediation works
  - Review of Corporate Governance
  - Standing Directions 2016 (Year 2)
- Working Heritage recognises the importance and value of developing staff capabilities. In 2018–19, staff participated in external training in Negotiation, Records Management (Cert IV), Asset Management, Crown Land Leasing and Risk Management.

### 3. Relationships and Advocacy

- Working Heritage continues to develop its network of relationships across State and Local Government, business, the arts, community and commercial sectors.
- Executive Officer Ross Turnbull and Working Heritage staff advocated for the Working Heritage model of adaptive reuse and management of historic places via:
  - Attendance and presentation of a paper to the Managing Urban Cultural Heritage Conference held in Georgetown, Penang (October 2018) on the 10th anniversary of Georgetown's inscription on the UNESCO World Heritage register. The conference paper, authored by Clare Chandler and Ross Turnbull, entitled, *The potential of neglect: creating authentic spaces in the historic buildings of changing cities*, examined the intersection of conservation, affordability and retention of social and historical meanings through the example of the South Melbourne Temperance Hall.
  - Attendance at the Resartis International Conference held in Kyoto, Japan entitled, *Creative encounters, reimagining residencies*. The conference was an opportunity for Working Heritage to gain insight into the management of artist-in-residence programs and to make connection with networks and operators in the sector identified by Working Heritage as particularly suited to adaptive reuse of heritage properties.
  - Participation in Melbourne Design Week 2019 as sponsor and host. Jack's Magazine was the

location of a site-specific exhibition of moving image, sound and installation works entitled, *Jack's Reloaded: Material as Memory* exploring the cultural narratives of Victoria through an analysis of the material history of basalt (bluestone). In the courtyard of the former Royal Mint, Working Heritage held Place is a Slow Event, a conversation on shifting perspective on heritage and Crown Land through four themes: deep time, Aboriginal knowledge of country, land transformed by mining and extraction, and the more-than-human city.

- Participation in Open House Melbourne 2018 which saw the following Working Heritage properties open to the public:
  - Jack's Magazine with guided tours provided by Working Heritage staff.
  - South Melbourne Temperance Hall tours hosted by Executive Officer Ross Turnbull and BalletLab Director Phillip Adams.
  - The Royal Mint (managed by our tenant, The Hellenic Museum).
  - Carlton Court House (managed by our tenant, La Mama Theatre).
- Participation in post-graduate heritage conservation education at the University of Melbourne.
- Active and increasing use of social media to build awareness of Working Heritage.

## HOW WE WORK

Working Heritage aims to have a balanced and diverse portfolio of heritage properties. In managing and considering expansion of the portfolio, Working Heritage considers five interrelated outcomes:

- **Heritage** – the property is appropriately conserved and its heritage significance identified, conserved and valued;
- **Financial** – most (if not all) properties are self-supporting and, ideally, contribute to Working Heritage's income stream in order to fund conservation of further properties;
- **Adaptation** – capital expenditure on adaptation of its properties is directed to a return on investment objective (where specified) tied to a lease agreement;
- **Community** – the property is used, conserved and maintained for the local community and the people of Victoria; and
- **Sustainability** – conservation of the property is undertaken in accordance with principles of environmental sustainability.

Working Heritage adopts practices in line with the Australia ICOMOS *Charter for Places of Cultural Significance* (the **Burra Charter**). This Charter sets out a standard of practice for the conservation of places of cultural significance in Australia. The Charter is accepted by both the Victorian Government in administering the *Heritage Act 2017* and the profession in conservation practice.



## OUR PORTFOLIO

**Table 1: The following properties made up Working Heritage’s portfolio in 2018–19.**

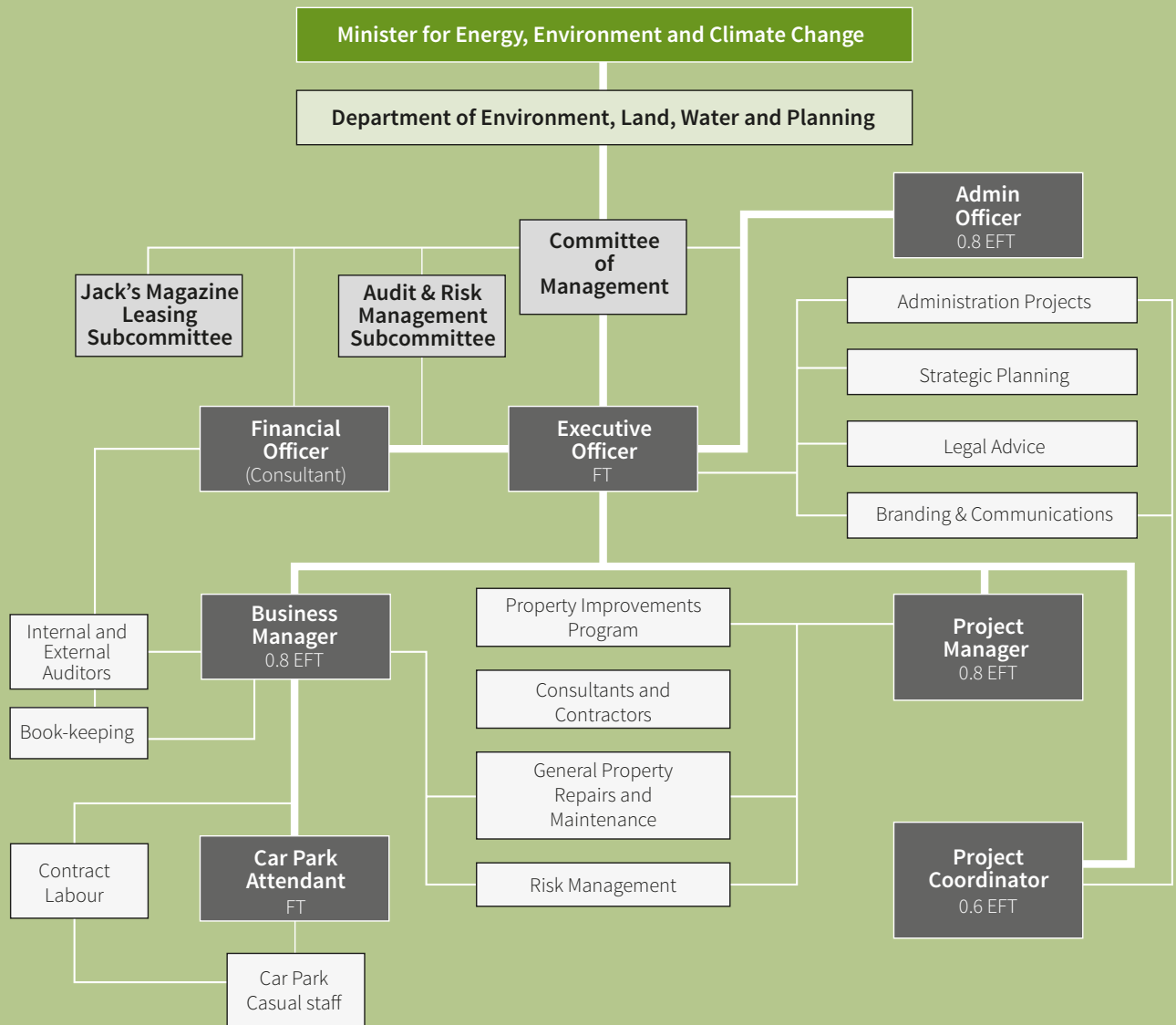
Property	Tenancy	Lease Expiry
Former Royal Mint Site: Car Park	Mint Car Park (Working Heritage)	n/a
Former Royal Mint Site: Main Building	Ryssal-One	2027
	Nafsika Stamoulis Hellenic Museum	
Former Royal Mint Site: North Guard House	The Mint Bar Limited	2021
Former Royal Mint Site: South Guard House	Working Heritage	n/a
Horticultural Hall	Victorian Opera	2021
Carlton Court House	La Mama Theatre	2029
Geelong Telegraph Station	Geelong Performing Arts Centre	2024
Avoca Police Residence	Neelabindu	2024
Skipton Court House	Skipton Historical Society	2021
Skipton Police Residence	Skipton Historical Society	2021
Beaufort Court House	Beaufort Historical Society	2020
Drysdale Free Library and Hall	Drysdale Scouts	2019
Farm Vigano: Fairview	True Italian	2032
Farm Vigano: Shed	Hormayr Building	Monthly
Farm Vigano: Cottage	Not leased	n/a
Farm Vigano: Community Centre	DPV Health	2031
Carome	Two Beans and a Farm	2023
	Mernda Community Garden at Carome	2027
Ballan Court House	Ballan Shire Historical Society	2022
Clunes School of Mines	Clunes Angling Club	2024
Warracknabeal Court House	Not leased	n/a
South Melbourne Temperance Hall	BalletLab Association	2032
Jack’s Magazine	Data Arts Pty Ltd (licence)	Monthly
	Sawdust Bureau (licence)	
	Timber Shack (licence)	
	Patrick Dagg (licence)	
	Piecework Projects (licence)	
Daylesford Court House	Daylesford Neighbourhood Centre	Monthly

## OUR RELATIONSHIPS

Working Heritage values its relationships with key stakeholders and works collaboratively to achieve its strategic outcomes. Our key stakeholders are:

- The Victorian Government
- The Minister for Energy, Environment and Climate Change
- Department of Environment, Land, Water and Planning
- Department of Economic Development, Jobs, Transport and Regions
- Department of Treasury and Finance:
  - Treasury Corporation of Victoria
- Heritage Victoria
- Creative Victoria
- Regional Arts Victoria
- ResArtis
- Heritage Council of Victoria
- Victorian Environment Assessment Council
- Parks Victoria
- Registered Aboriginal Parties and other Aboriginal organisations
- Local Government:
  - City of Greater Geelong
  - City of Melbourne
  - City of Port Phillip
  - City of Whittlesea
  - Corangamite Shire Council
  - Hepburn Shire Council
  - Maribyrnong City Council
  - Moorabool Shire Council
  - Pyrenees Shire Council
  - Yarriambiack Shire Council
- Higher Education:
  - Monash Art, Design and Architecture, Monash University
  - Melbourne School of Design, University of Melbourne
  - Architecture and Urban Design, RMIT
  - School of Humanities and Social Sciences, Deakin University
- Local communities
- Our tenants
- Our suppliers
- Australia ICOMOS
- The National Trust of Australia (Victoria)
- Open House Melbourne
- Local Historical Societies

# ORGANISATIONAL STRUCTURE



ORGANISATIONAL CHART

## THE COMMITTEE OF MANAGEMENT

Committee of Management members are appointed for a three-year term by the Minister for Energy, Environment and Climate Change, the Hon Liliana D'Ambrosio MP (the Minister).

The Committee membership in 2018–19 was:

Helen Weston (Chair)  
 Dr Timothy Hubbard  
 Phillip Davies  
 Joan Ko  
 Borz Shamsavand  
 Kerry Anderson  
 Elizabeth Drozd  
 Haleh Homaei  
 Adam Magennis

An overview of members' qualifications and experience is provided on the following pages.

**Table 2: Committee Attendance: 1 July 2018 – 30 June 2019**

Committee Member	No. of Eligible Meetings	No. of Meetings Attended
Helen Weston	9	9
Timothy Hubbard	9	8
Phillip Davies	9	7
Joan Ko	9	9
Borz Shamsavand	9	9
Kerry Anderson	9	9
Elizabeth Drozd	9	7
Haleh Homaei	9	7
Adam Magennis	9	4

The Committee is supported by an Executive Officer, Ross Turnbull, who leads the organisation

## ORGANISATIONAL EVOLUTION

Working Heritage (formerly The Mint Incorporated) was formed in 1998 to manage the Former Royal Mint site in William Street, Melbourne. Since then, the organisation has evolved to become a sustainable, professional business. With a new Committee appointed in June 2014, an inaugural Charter was developed to clarify the roles and responsibilities of the Committee and enhance its operation and decision making.

In 2018–19 Working Heritage continued to evolve through the application of its business model and further refinement of its governing policies and procedures through a process of regular internal audits conducted by HLB Man Judd. The internal auditor reports to the Audit and Risk Management Subcommittee (ARMS) regarding the effectiveness of Working Heritage's documented management procedures and matters of compliance with government policies and directions.

Working Heritage's 2018–19 Annual Financial Statements were audited by BPR Audit in 2018 in accordance with the requirements of the *Public Administration Act 2004* (Section 81(1)(k)).



▲ Working Heritage 21st Birthday celebration. The Hon. Lily D'Ambrosio with the Working Heritage Committee of Management and Executive Officer Rohit Jhawar







## COMMITTEE OF MANAGEMENT AND WORKING HERITAGE EXECUTIVE OFFICER

### HELEN WESTON – CHAIR

Helen is a retired urban planner with extensive experience in statutory planning, environmental and social impact assessment and community consultation.

Helen has worked on the environmental and/or social impact assessment of transport infrastructure (road, rail and airport) projects throughout Australia and has international experience in India, Vietnam, Indonesia, Kiribati and New Zealand. She also has extensive experience in the design and conduct of community consultation programs.

Helen was appointed to the Board of Parks Victoria in August 2017. She chairs the Board's Planning Project and Asset Management Committee and is a member of the People and Safety, Conservation and Science, and Commercial Business and Engagement Committees.

### KERRY ANDERSON

As a small business owner and founder of the *Operation Next Gen Program*, Kerry Anderson works with rural Australian towns encouraging them to take control of their own future by looking at existing landscapes with fresh eyes. Committed to sharing positive stories of rural businesses and communities, she is the author of *Entrepreneurship: It's Everybody's Business* and frequently speaks at national and international conferences and events. As part of her work she facilitates important community conversations with a rural emphasis.

In 2018 Kerry was named as one of Australia's Top 50 Regional Agents-of-Change and awarded the Regional Innovation Ecosystem Leadership Award.

A graduate of the Australian Company Directors Course, Kerry serves on the Board of Castlemaine Health and is a volunteer tour guide at Buda Historic Home & Garden in Castlemaine.

### PHILLIP DAVIES

Phillip has held and continues to hold a range of senior executive management roles in both the private, legal and public sectors in Australia.

Phillip is currently Chief Executive and General Counsel of the not for profit company – Advanced Paediatric Life Support Services. He has a number of key directorships including Box Hill Institute of TAFE, Box Hill Enterprise Pty Ltd and Box Hill Institute Singapore PTE. He is a member of the Board of Trustees at the Southern Metropolitan Cemeteries Trust.

Phil is a member of a number of state disciplinary and professional standards tribunals.

### ELIZABETH DROZD

Elizabeth Drozd has been working in community services sector and local government since 1991. Ms Drozd is currently the CEO of Australian Multicultural Community Services, Board Director of Care Connect and a Chairperson of a charitable foundation for the Rotary Club of Footscray.

She was a Victorian Multicultural Commissioner from 2008 to 2015.

In 2019, she was awarded a scholarship by the Harvard Club of Victoria to participate in the prestigious Strategic Perspectives in Non-profit Management at the Harvard Business School in Boston, USA.

Community engagement, mentoring, business management and leadership are some of her key strengths.

**HALEH HOMAEI**

Haleh Homaei is the CEO of HousingFirst. Haleh has over 27 years of experience in housing, 12 years of which were with the Victorian Office of Housing and the rest within the Community Housing Sector.

Haleh's expertise is in the area of social advocacy, strategic and business planning, governance and compliance, leadership and stakeholder management.

She has a Diploma in Social Science (Housing Management and Policy) and is a Graduate of the Australian Institute of Company Directors (GAICD).

Haleh has been a member of the Australasian Housing Institute (AHI) since 1998 and was a Director on the National Board representing Victoria until mid- 2015. She has been a Board member of the Community Housing Federation of Victoria since 2009 and served as Chair from 2016–19. Haleh has also been a Board member of ASRC since 2018.

**JOAN KO**

Joan is a Chartered Environmentalist focused on sustainability in planning and strategy. She leads Advisory, Planning and Design for Arup in Victoria.

Joan specialises in leading multidisciplinary teams that work across environment and economics. Examples of her work include advising on sustainability standards for the City of Melbourne, identifying circular economy opportunities for government and precincts, and developing sustainability strategy for resources companies.

At Working Heritage, Joan chairs the Audit and Risk Management Subcommittee. She is active in embedding sustainability and climate change resilience into Working Heritage's strategic agenda.

**DR TIMOTHY HUBBARD**

Timothy is a retired architect and planner. Before establishing his own practice in 1988, Timothy worked with the Department of Planning and the Historic Buildings Council. He has been heritage advisor to many municipalities, both metropolitan and rural. Alone and with others, he has authored some thirty major reports and studies.

With the support of the Daryl Lindsay Scholarship and the Marten Bequest he was the Australian nominee to ICCROM in Rome for 1986. With the assistance of a Deakin University Scholarship, he completed his PhD 'Towering Over All, the Italianate Villa in the Colonial Landscape' in 2004. He was awarded the inaugural ISSI Leslie M. Perrott Travelling Fellowship in 2006 to study historic roads in the US, UK and Europe.

Timothy has been a member of the Heritage Council of Victoria, of the Executive Council of the Victorian Chapter of the Institute of Architects and of the Australia ICOMOS Executive Committee. He continues as a member of the ICOMOS International Committee on Cultural Routes, with a special interest in air routes as cultural routes, and is a sessional member of Planning Panels Victoria.

**ADAM MAGENNIS**

Adam Magennis's career and industry experience includes the past 15 years working within the Victorian Heritage, Environmental and Communities sector within local and state government. Prior to a career in the public service, Adam's first career was in the building sector mainly a bricklayer and stone mason.

He has worked as a mason in Ontario Canada and Michigan in the US. He has qualifications as a Heritage Advisor, Archaeology (hons) 2014, a current PhD candidature in archaeology. He enjoys investigating cultural archaeological landscapes and has a keen interest in historical brickwork, brick architecture and brick making. He has also been a professional artist for over 25 years.

**BORZ SHAHSAVAND**

Borz is the Chief Executive Officer of Sustain Group, a leading sustainability focused asset management company building and managing commercial properties. Having held senior executive positions within leading design, construction and facility management companies across Australia, he has made it his mission to leave a legacy of sustainable change in the property sector.

Borz's passion is to constantly improve on the total cost of ownership and facilitate a broader view of facility management practices that cover utilities and risk of operations.

Borz holds a Masters of Corporate Sustainability Management, undergraduate Aerospace and Mechanical engineering degrees from Monash University as well as postgraduate qualifications in contract law and project management.

**ROSS TURNBULL – EXECUTIVE OFFICER**

Ross has over thirty years' experience working across the fields of architecture, heritage conservation, project management and building construction in both the public and private sectors. As Executive Officer at Working Heritage, Ross has embedded a new business model focused on social, financial and environmental sustainability; implemented improvements to organizational governance; and is working to establish an Artist-In-Residence program as a means to revitalise redundant government assets with heritage significance.

Before joining Working Heritage, Ross worked on nationally and internationally significance heritage places with Root Projects Australia and at the Sydney Harbour Federation Trust. He has a particular interest in cities and urbanism with a focus on how cities can conserve and adapt their historic fabric to enable the economic development and social outcomes that are critical to urban life.

Ross has degrees in architecture and heritage conservation as well as being a trade-certified carpenter and joiner. He is an experienced designer, project and business manager. He has been part of Working Heritage since late 2013.



▲ Jack's Magazine, Maribyrnong, with the City of Melbourne in the distance John Gollings





▲ The Hon. Lily D'Ambrosio, Minister for Energy, Environment and Climate Change – Minister for Solar Homes, opens the Mint Pocket Park.



▲ Former Royal Mint Car Park and Pocket Park under construction.

## GOVERNANCE

As a public entity, Working Heritage is committed to good governance and includes supportive actions in its Strategic Plan, namely:

- The Committee actively manages each of the pillars of good governance: strategy and direction setting, effective relationships, risk management and integrity
- The Committee undertakes regular self-evaluation.

The Committee undertakes training to improve both its collective capability and the skills of individual members. In 2018–19, the Committee as a whole participated in a program of training in Public Land management, while individual members were trained in financial management (for directors) and risk management.

Working Heritage has adopted a continuous improvement approach to governance, reviewing its obligations and addressing gaps to enhance accountability through its internal audits program

An independent Audit and Risk Management Subcommittee (ARMS) operates to assist the Committee and the organisation to fulfil governance and oversight responsibilities in:

- financial reporting;
- internal and external auditing;
- internal control systems and processes;
- risk management;
- information systems; and
- legislative and regulatory compliance.

The ARMS consists of four members, made up of three Committee of Management members and one external appointee. In 2018–19, the ARMS was chaired by Joan Ko.

**Table 3: Audit and Risk Management Subcommittee (ARMS) attendance, 1 July 2018 – 30 June 2019**

ARMS Member	Eligible Meetings	Meetings Attended
<b>Joan Ko</b> (ARMS Chair)	5	5
<b>Timothy Hubbard</b>	5	4
<b>Kerry Anderson</b>	5	5
<b>Mark Anderson</b> (external member)	5	5



Landscaping, Mint Car Park ►



## ACHIEVEMENTS IN 2018–19

### AWARENESS AND INFLUENCE

Following the change of corporate identity in 2015 from The Mint Incorporated to Working Heritage Incorporated, we have worked to raise awareness of the Committee, our properties, and our approach to the conservation and adaptation of historic places. In 2018–19 the Executive Officer and staff have delivered presentations to local Councils, community groups and university students as well as presented a paper on the Working Heritage approach to adaptive reuse of our built heritage to the Managing Urban Cultural Heritage Conference in Georgetown, Penang, Malaysia.

In addition to direct engagement, Working Heritage has continued to use social media as a communication tool to connect with individuals and groups working in the heritage conservation field. Social media has also enabled a more direct connection with the activity of our tenants across the sixteen Working Heritage properties. Working Heritage again participated in Open House Melbourne 2018 with four properties open to the public – Jack’s Magazine, South Melbourne Temperance Hall, Carlton Courthouse and the former Royal Mint.



### PROPERTY MANAGEMENT

In 2018–19 Working Heritage’s singular capital works project was also the Committee’s largest since the 2001 conservation and adaptation of the main Mint Building. The scope and importance of the Mint Walls Structural Remediation Project was such that the Committee sought, and gained, approval of the Minister to borrow 85% of the project cost from the Treasury Corporation of Victoria. This borrowing will enable Working Heritage to amortize the cost of the works over a ten year period which, in turn, enables the Committee to continue to undertake its program of planned capital improvements and conservation works across its sixteen properties in that time.

#### MINT WALLS STRUCTURAL REMEDIATION PROJECT

The historic masonry perimeter wall of the Mint site was built in 1870 as part of the Royal Mint complex. Over the course of its 147 years, sections of the wall have moved slightly in response to environmental factors including changing structural loads, periods of drought and construction on adjacent sites. Working Heritage has had the wall surveyed each year since 1999 to monitor movement and manage any risk to public safety.

In 2016, Working Heritage’s advising structural engineer reported that:

*The Walls cannot be allowed to continually move outward, as they will inevitably, at an unknown point in time, reach a dangerous state in which collapse outward onto the street footpath and onto adjoining buildings would be extremely likely.*

*Retention of the walls without intervention works in the long term is not considered possible.*

In early 2018, Working Heritage engaged McCorkell Constructions as its head contractor for the project after an open two stage tender process. The contractor successfully completed the works in late 2018 with the site being successfully managed to ensure access for Working Heritage staff, tenants and a limited number of car park customers during the 9-month construction period. The project was completed 20% under budget with 27 days of approved extensions-of-time.

◀ Boundary wall works, former Royal Mint

In addition to addressing public safety risks and conserving significant heritage fabric, the project has delivered operational improvements to the Working Heritage commercial car park including improved lighting and a more efficient layout. These improvements will enable Working Heritage to operate the car park 24 hours per day, seven days per week which will, in turn, generate increased revenue. There have also been improvements to public amenity in the creation of a new pocket park along the northern wall above Latrobe Street and landscaping improvements to the site.

### WARRACKNABEAL COURT HOUSE

Over the course of 2018–19, Working Heritage and its project partners, Monash University and Yarriambiack Shire have continued development work on the Court House and the pilot artist-in-residence program. The project team has conducted stakeholder consultation and community information events in Warracknabeal in 2019. During this period, the project design has progressed to town planning application stage and a locally-based consultant has commenced preparation of a business plan.

### DAYLESFORD COURT HOUSE

Working Heritage was appointed Committee of Management for the Daylesford Court House Reserve in December 2018. In addition to the Court House building, the Reserve is the site of a two cell lock-up and an 1875 Police residence building. The property has been managed by Parks Victoria since the mid-1990s and is tenanted by the Daylesford Neighbourhood Centre who have a well-established community service business on the site. Working Heritage will conduct consultation with local stakeholders and the existing tenant in preparation of a Site Management Plan for the Daylesford Court House.

### JACK'S MAGAZINE

The leasing of buildings at Jack's Magazine proceeded through a Request for Proposal process in 2018 resulting in negotiations being conducted with a preferred proponent in early 2019. The lessee is expected to commence operation at the site in mid-2020 after completion of both landlord's and tenant's works packages. During the leasing period, Working Heritage has moved its early activation tenants onto short-term licenses to enable the ongoing presence of people and activity on the site. In accordance with Burra Charter principles, this serves to protect the site's heritage buildings from vandalism and provides a base level of maintenance via tenant/user attention; in addition, the site is now generating income for Working Heritage.

### ONGOING PROPERTY MAINTENANCE

Working Heritage carried out programmed property maintenance across all sixteen of its sites in a manner consistent with responsible property management and the Department of Treasury and Finance's Asset Management Accountability Framework.



▲ Warracknabeal Court House



▲ Daylesford Court House



▲ Powder Magazine, Jack's Magazine, Maribyrnong  
John Gollings



# FINANCIAL STATEMENTS

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## HOW THIS REPORT IS STRUCTURED

Working Heritage Incorporated (Working Heritage) has presented its audited general-purpose financial statements for the financial year ended 30 June 2019 in the following structure, to provide users with the information about the resources entrusted to it.

### FINANCIAL STATEMENTS

- Comprehensive Operating Statement
- Balance Sheet
- Cash Flow Statement
- Statement of Changes in Equity

### NOTES TO THE FINANCIAL STATEMENTS

**Note 1: About this report**

The basis on which the financial statements have been prepared and compliance with reporting regulations.

**Note 2: Funding delivery of our services**

Revenue recognised from taxes, grants, sales of goods and services and other sources.

2.1 Summary of income that funds the delivery of our services

**Note 3: The cost of delivering services**

Operating expenses of Working Heritage.

3.1 Expenses incurred in delivery of services

3.2 Other operating expenses

**Note 4: Key assets available to support service delivery**

Assets, investments accounted for using the equity method, investments and other financial assets.

4.1 Non-financial assets carrying amount

**Note 5: Other assets and liabilities**

Working capital balances, and other key assets and liabilities.

5.1 Receivables

5.2 Payables

**Note 6: How we financed our operations**

Borrowings, cash flow information, leases and assets pledged as security.

6.1 Cash flow information and balances

6.2 Commitments for expenditure

**Note 7: Risks, contingencies and valuation judgements**

Financial risk management, contingent assets and liabilities as well as fair value determination.

7.1 Financial instruments specific disclosures

7.2 Contingent assets and contingent liabilities

7.3 Fair value determination

**Note 8: Other disclosures**

8.1 Reserves

8.2 Responsible persons

8.3 Remuneration of accountable officer

8.4 Related parties

8.5 Remuneration of auditors

8.6 Subsequent events

8.7 Australian Accounting Standards issued that are not yet effective

8.8 Glossary of technical terms

8.9 Style conventions

## DECLARATION

### ACCOUNTABLE OFFICERS' AND CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and financial position of the Committee at 30 June 2019.

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

We authorise the attached financial statements for issue on 15 October 2019.



**Antony Christianen**  
Chief Finance Officer

15 October 2019



**Helen Weston**  
Chairperson

15 October 2019



**Ross Turnbull**  
Executive Officer

15 October 2019

## INDEPENDENT AUDITOR'S REPORT

BPR AUDIT PTY LTD  
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### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF WORKING HERITAGE INC

#### Opinion

We have audited the financial report of Working Heritage Inc (the Entity), which comprises the balance sheet as at 30 June 2019, the comprehensive operating statement, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and declaration in the financial statements.

In our opinion, the accompanying financial report gives a true and fair view of the financial position of the Entity as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting requirements of part 7 of the Financial Management Act 1994 and applicable Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Committee of Management and Those Charged with Governance for the Financial Report

The Committee of Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



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APPROVED UNDER PROFESSIONAL  
STANDARDS LEGISLATION



### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



BPR Audit Pty Ltd  
(Authorised Audit Company)  
Reg. No. 311673  
Suite 16, 333 Canterbury Road  
CANTERBURY VIC 3126



Bernie Rohan  
Director

Dated: 17/12 October 2019

## COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	<i>Notes</i>	<b>2019 (\$)</b>	<b>2018 (\$)</b>
<b>Income from transactions:</b>			
Income	2.1	1,998,753	2,157,551
<b>Total income from transactions</b>		<b>1,998,753</b>	<b>2,157,551</b>
<b>Expenses from transactions:</b>			
Employee expenses	3.1.1	552,125	533,785
Other operating expenses	3.2	928,482	814,220
Depreciation	4.1.1	518,912	472,450
Interest expense	6.1	33,690	–
<b>Total expenses from transactions</b>		<b>2,033,208</b>	<b>1,820,455</b>
<b>Net result from transactions (net operating balance)</b>		<b>(34,455)</b>	<b>337,097</b>
<b>Net result</b>		<b>(34,455)</b>	<b>337,097</b>
<b>Comprehensive result</b>		<b>(34,455)</b>	<b>337,097</b>

*The accompanying notes form part of these financial statements*

## BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019 (\$)	2018 (\$)
<b>ASSETS:</b>			
<b>Financial assets</b>			
Cash and deposits		1,923,494	649,537
Receivables	5.1	149,626	233,391
Security Deposits		7,329	7,329
<b>Total financial assets</b>		<b>2,080,449</b>	<b>890,256</b>
<b>Non-financial assets:</b>			
Furniture, equipment and fit-out		12,280	33,841
Crown Land		98,681,930	87,749,249
Improvements		22,688,333	18,072,814
<b>Total non-financial assets</b>	4.1	<b>121,398,543</b>	<b>105,855,904</b>
<b>Total Assets</b>		<b>123,478,992</b>	<b>106,746,160</b>
<b>LIABILITIES:</b>			
Payables	5.2	65,329	56,379
Other Liabilities		91,356	72,331
Borrowings	6.1	3,274,836	–
<b>Total Liabilities</b>		<b>3,431,521</b>	<b>128,710</b>
<b>Net Assets</b>		<b>120,047,471</b>	<b>106,617,450</b>
<b>EQUITY:</b>			
Accumulated surplus		90,665,493	90,699,948
Physical asset revaluation surplus	8.1	29,381,979	15,917,502
<b>Net Worth</b>		<b>120,047,471</b>	<b>106,617,450</b>

The accompanying notes form part of these financial statements

## CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Notes	2019 (\$)	2018 (\$)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Receipts</b>			
Receipts received		1,979,917	2,413,273
Goods and Services Tax received from the ATO (a)		105,629	(122,698)
Interest received		5,123	5,186
<b>Total Receipts</b>		<b>2,090,669</b>	<b>2,295,761</b>
<b>PAYMENTS:</b>			
Payments to suppliers and members		(1,460,783)	(1,520,131)
Interest and other costs of finance paid		(33,690)	0
<b>Total Payments</b>		<b>(1,494,473)</b>	<b>(1,642,829)</b>
<b>Net cash flows from / (used in) operating activities</b>	6.2.1	<b>596,196</b>	<b>775,630</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of non-physical assets		(2,597,074)	(1,846,753)
<b>Net cash flows from / (used in) investing activities</b>		<b>(2,597,074)</b>	<b>(1,846,753)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS:</b>			
Cash and cash equivalents beginning of financial year		649,537	1,720,660
<b>Cash and cash equivalents at end of financial year</b>	6.2	<b>1,923,494</b>	<b>649,537</b>

*The accompanying notes form part of these financial statements*

*(a) Goods and Services Tax received from the Australian Taxation Office (ATO) is presented on a net basis.*



## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Physical asset revaluation surplus (\$)	Accumulated Surplus (\$)	Total (\$)
<b>Balance as at 1 July 2017</b>	15,917,502	90,362,850	106,280,353
Net result for the year	–	337,097	337,097
<b>Balance as at 30 June 2018</b>	<b>15,917,502</b>	<b>90,699,947</b>	<b>106,617,450</b>
Net result for the year	–	(34,455)	(34,455)
Other comprehensive income for the year	13,464,476	–	13,464,476
<b>Balance as at 30 June 2019</b>	<b>29,381,979</b>	<b>90,665,492</b>	<b>120,047,471</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 1: ABOUT THIS REPORT

Working Heritage Incorporated is a Committee of Management and was constituted (as The Mint Incorporated) by Order in Council in March 1998 and gazetted on 5 March 1998 under the Crown Land (Reserves) Act 1978.

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

The principal address is: Working Heritage Incorporated  
280 Williams Street  
Melbourne VIC 3000

### 1.1 BASIS OF PREPARATION

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

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

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

These financial statements cover the WH as an individual reporting entity.

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

### 1.2 COMPLIANCE INFORMATION

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

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

## NOTE 2: FUNDING DELIVERY OF OUR SERVICES

Working Heritage conserves and manages heritage properties on public land on behalf of the State of Victoria.

Whilst respecting the heritage values of the sites, Working Heritage gives properties a new lease of life for community and / or commercial use. Since its inception in 1998 (as The Mint Incorporated), Working Heritage has been appointed to manage sixteen sites across Victoria undertaking expert conservation and building works so the community can benefit from previously locked and empty buildings.

Working Heritage has a responsibility to:

- manage, improve, maintain and control the land for the purposes for which it is reserved;
- report on its finances and other issues as required by the Department of Environment, Land Water and Planning (DELWP);
- maintain records and administer its affairs as a public body; and
- exercise its statutory powers to carry out its duties.

### 2.1 INCOME FROM TRANSACTIONS

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

**Table 2.1 Income from Transactions**

INCOME TRANSACTION CATEGORIES:	2019 (\$)	2018 (\$)
a) Car parking receipts	776,849	965,373
b) Rental income from properties	1,214,542	1,169,443
c) Interest	5,123	5,186
d) Other income	2,239	17,549
<b>Total</b>	<b>1,998,753</b>	<b>2,157,551</b>

Notes:

- Car Parking Receipts:** Revenue is received from operating a commercial car park.
- Property Income from properties:** Revenue is received from leasing properties.
- Interest:** Includes interest received on bank term deposits and other investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.
- Other income:** Revenue is received from sales of assets, hiring of venues and grant funding.

### NOTE 3: THE COST OF DELIVERING SERVICES

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

#### 3.1 EXPENSES INCURRED IN THE DELIVERY OF SERVICES

Table 3.1a: Expenses incurred in the delivery of services

	Note	2019 (\$)	2018 (\$)
EXPENSES:			
Employee benefit expenses	3.1.1	552,125	533,785
Other operating expenses	3.2	928,482	814,220
<b>Total expenses incurred in delivery of services</b>		<b>1,480,606</b>	<b>1,348,005</b>

##### 3.1.1 EMPLOYEE BENEFITS IN THE COMPREHENSIVE OPERATING STATEMENTS

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

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The WH does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the WH is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Table 3.1.1a: Employee benefits in the comprehensive operating statement

	2019 (\$)	2018 (\$)
EMPLOYEE BENEFITS:		
Salaries and wages, annual leave and long service leave	503,191	491,921
Defined contribution plans	48,934	41,864
<b>Total employee expenses</b>	<b>552,125</b>	<b>533,785</b>

##### 3.1.2 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.



**Table 3.1.2a: Employee benefits in the balance sheet**

	2019 (\$)	2018 (\$)
<b>EMPLOYEE BENEFITS:</b>		
<b>Current provisions</b>		
Annual leave (unconditional and expected to settle within 12 months)	9,406	8,618
Long-service leave (unconditional and expected to settle within 12 months)	19,961	3,248
Provisions for on costs (unconditional and expected to settle within 12 months)	4,655	1,315
<b>Total current provisions for employee benefits</b>	<b>34,023</b>	<b>13,181</b>
<b>Non current provisions</b>		
Employee benefits	7,439	23,499
On costs	1,972	2,716
<b>Total non current provisions for employee benefits</b>	<b>9,412</b>	<b>26,215</b>
<b>Total provisions for employee benefits</b>	<b>43,435</b>	<b>39,396</b>

**3.1.3 RECONCILIATION OF MOVEMENT IN ON-COST PROVISION**

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

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

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

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

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

**Unconditional Long-Service Leave (LSL)** is disclosed as a current liability; even where the WH does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value – if Working Heritage expects to wholly settle within 12 months; or
- present value – if Working Heritage does not expect to wholly settle within 12 months.

**Conditional Long-Service Leave (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. This non-current LSL is measured at present value.

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

**Table 3.1.3a: Reconciliation of movement in on-cost provision**

RECONCILIATION OF MOVEMENT IN ON-COST PROVISION:	2019 (\$)
Opening balance	39,397
Additional provisions recognised	4,038
<b>Closing balance</b>	<b>43,435</b>
Current	34,023
Non current	9,412

**3.1.4 SUPERANNUATION CONTRIBUTIONS**

Employees and Committee members of the Working Heritage are entitled to receive superannuation benefits paid to defined contribution plans.

**Table 3.1.4: Superannuation contributions**

	Paid contribution for the year		Contribution outstanding at year end	
	2019 (\$)	2018 (\$)	2019 (\$)	2018 (\$)
SUPERANNUATION CONTRIBUTIONS:				
<b>Defined contribution plans</b>				
VicSuper	7,551	6,937	0	0
Other	41,383	34,927	0	0
<b>Total</b>	<b>48,934</b>	<b>41,864</b>	<b>0</b>	<b>0</b>

**3.2 OTHER OPERATING EXPENSES**

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts expense.

**Table 3.2a: Other operating expenses**

OTHER OPERATING EXPENSES:	2019 (\$)	2018 (\$)
<b>Category</b>		
Administration expenses	42,439	62,575
Audit fees	9,135	9,135
Bank charges	4,256	1,122
Car Parking expenses	357,132	261,002
Committee expenses	84,187	52,799
External Finance/Internal Audit fees	56,850	55,050
Property outgoings	227,322	223,724
Property and Administration Improvements	147,160	148,813
<b>Total other operating expenses</b>	<b>928,482</b>	<b>814,220</b>

#### NOTE 4: KEY ASSETS AVAILABLE TO SUPPORT SERVICE DELIVERY

Working Heritage controls property, plant and equipment and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Working Heritage to be utilised for delivery of its objectives and activities.

##### Significant judgement: Classification of investments as ‘Key Assets’

Working Heritage has made the judgement that investments are key assets utilised to support the Working Heritage’s objectives and outputs.

##### Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

#### 4.1 NON-FINANCIAL ASSETS: CARRYING AMOUNT

**Table 4.1: Non-financial assets carrying amount**

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2019 (\$)	2018 (\$)	2019 (\$)	2018 (\$)	2019 (\$)	2018 (\$)
NON-FINANCIAL ASSETS:						
Furniture, equipment and fit-out	61,144	61,144	(32,864)	(27,303)	28,280	33,841
Crown Land at fair value	98,681,930	87,749,249	–	–	98,681,930	87,749,249
Improvements at fair value	24,092,185	18,963,315	(1,403,852)	(890,501)	22,688,333	18,072,814
<b>Net carrying amount</b>	<b>122,835,259</b>	<b>106,773,708</b>	<b>(1,436,716)</b>	<b>(917,804)</b>	<b>121,398,543</b>	<b>105,855,904</b>

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

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

**Subsequent measurement:** Plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset’s highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised below by asset category.

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

**Heritage assets and infrastructure:** These are valued using the depreciated replacement cost method. This cost generally represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. However, for some heritage and iconic assets, the cost may be the reproduction cost rather than the replacement cost if those assets’ service potential could only be replaced by reproducing them with the same materials.

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

Note 7.3 includes additional information in connection with fair value determination of plant and equipment.

#### 4.1.1 DEPRECIATION AND AMORTISATION

Charge for the period.

**Table 4.1.1a: Depreciation and amortisation**

	2019 (\$)	2018 (\$)
DEPRECIATION AND AMORTISATION:		
Furniture, equipment and fit-out	5,561	6,291
Improvements	513,351	466,159
<b>Total depreciation</b>	<b>518,911</b>	<b>472,450</b>

All infrastructure assets, buildings, furniture, equipment and fit out and other non-financial physical assets that have finite useful lives, are depreciated.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Typical estimated useful lives for the different asset classes for current and prior years are included in the table below.

**Table 4.1.1b: Estimated useful life for asset types**

ESTIMATED USEFUL LIFE:	Useful life (years)
<b>Asset Type</b>	
Improvements	30 to 100
Furniture, equipment and fit-out	3 to 10

#### 4.1.2 CARRYING VALUES BY 'PURPOSE' GROUPS

**Table 4.1.2a: Carrying values by 'purpose' groups**

	Public administration		Total	
	2019 (\$)	2018 (\$)	2019 (\$)	2018 (\$)
<b>Nature-based classification:</b>				
Furniture, equipment and fit out at fair value	28,280	33,841	28,280	33,841
Land at fair value	98,681,930	87,749,249	98,681,930	87,749,249
Improvements at fair value	22,688,333	18,072,814	22,688,333	18,072,814
<b>Net carrying amount</b>	<b>121,398,543</b>	<b>105,855,904</b>	<b>121,398,543</b>	<b>105,855,904</b>



#### 4.1.3 RECONCILIATION OF MOVEMENTS IN CARRYING AMOUNT OF NON-FINANCIAL ASSETS

**Table 4.1.3a: Reconciliation of movements in carrying amounts of non-financial assets (2019)**

	Land at fair value	Improvements at fair value	Furniture, equipment and fit-out at fair value
2019:	(\$)	(\$)	(\$)
<b>Opening balance</b>	87,749,249	18,072,813	33,841
Revaluations	10,932,681	2,531,796	–
Improvements / acquisitions	–	2,597,076	–
Depreciation	–	(513,351)	(5,561)
<b>Closing balance</b>	<b>98,681,930</b>	<b>22,688,334</b>	<b>28,280</b>

*Note: Fair value assessments have been performed for this asset class and the assessment indicated movements would be changed based on indexations where appropriate for a full revaluation.*

**Table 4.1.3b: Reconciliation of movements in carrying amounts of non-financial assets (2018)**

	Land at fair value	Improvements at fair value	Furniture, equipment and fit-out at fair value
2018:	(\$)	(\$)	(\$)
<b>Opening balance</b>	81,495,630	16,593,074	36,108
Revaluations	6,253,619	103,170	–
Improvements / acquisitions	–	1,842,729	4,024
Depreciation	–	(466,160)	(6,291)
<b>Closing balance</b>	<b>87,749,249</b>	<b>18,072,813</b>	<b>33,841</b>

*Note: Fair value assessments have been performed for this asset class and the assessment indicated movements would be changed based on indexations where appropriate for a full revaluation.*

## NOTE 5: OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from Working Heritage's operations.

### 5.1 RECEIVABLES

**Table 5.1a: Receivables – contractual and statutory**

	2019 (\$)	2018 (\$)
<b>RECEIVABLES:</b>		
<b>Contractual</b>		
Sale of goods and services	122,920	109,207
<b>Statutory</b>		
GST input tax credit recoverable	26,706	124,184
<b>Total receivables</b>	<b>149,626</b>	<b>233,391</b>
<i>Represented by:</i>		
Current receivables	149,626	233,391

**Contractual receivables** are classified as financial instruments and categorised as 'financial assets and amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. Working Heritage 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. Working Heritage applies AASB 9 for initial measurement of the statutory receivables and as a result, statutory receivables are initially recognised at

fair value plus any directly attributable transaction cost. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

Details about Working Heritage's impairment policies, its exposure to credit risk and the calculation of the loss allowance are set out in note 7.1.2.

## 5.2 PAYABLES

**Table 5.2a: Payables – contractual and statutory**

	2019 (\$)	2018 (\$)
RECEIVABLES:		
<b>Contractual</b>		
Supplies and services	9,798	9,000
<b>Statutory</b>		
GST payable	55,530	47,379
<b>Total payables</b>	<b>65,329</b>	<b>56,379</b>
Represented by:		
Current payables	65,329	56,379

Payables consist of:

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

Payables for supplies and services have an average credit period is 30 days.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

In the determination of fair value, consideration is given to factors including the overall capital management / prudential supervision framework in operation, the protection provided by the State Government by way of funding, should the probability of default increase, probability of default by the guaranteed party and the likely loss to Working Heritage in the event of default.

### 5.2.1 MATURITY ANALYSIS OF CONTRACTUAL PAYABLES

**Table 5.2.1: Maturity analysis of contractual payables<sup>(i)</sup>**

	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1–3 months	3–12 months	1–5 years
CONTRACTUAL PAYABLES:						
						(\$)
<b>2019</b>						
Supplies and services	9,798	9,798	9,798	–	–	–
<b>Total</b>	<b>9,798</b>	<b>9,798</b>	<b>9,798</b>	–	–	–
<b>2018</b>						
Supplies and services	9,000	9,000	9,000	–	–	–
<b>Total</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	–	–	–

Notes:

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

## NOTE 6. HOW WE FINANCED OUR OPERATIONS

This section provides information on the sources of finance utilised by Working Heritage during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of Working Heritage.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

### 6.1 BORROWINGS

‘Borrowings’ refer to interest-bearing liabilities mainly raised from public borrowings via the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements.

Borrowings are classified as financial instruments. The measurement basis depends on whether the WH has categorised its interest bearing liabilities as either ‘financial liabilities designated at fair value through net result’, or financial liabilities at ‘amortised cost’. The classification depends on the nature and purpose of the interest bearing liabilities. Working Heritage determines the classification of its interest bearing liabilities at initial recognition.

**Table 6.1a: Borrowings – current and non-current**

	2019 (\$)	2018 (\$)
<b>BORROWINGS:</b>		
<b>Current borrowings</b>		
Loans from TCV	305,478	–
<b>Total current borrowings</b>	<b>305,478</b>	<b>–</b>
<b>Non-current borrowings</b>		
Loans from TCV	2,969,358	–
<b>Total non-current borrowings</b>	<b>2,969,358</b>	<b>–</b>
<b>Total borrowings</b>	<b>3,274,835</b>	<b>–</b>

Working Heritage has designated certain financial liability at fair value through net result to eliminate or significantly reduce the accounting mismatch that would otherwise arise. All other interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities designated at fair value through net result, all transaction costs are expensed as incurred. And they are subsequently measured at fair value with changes in fair value relating to Working Heritage’s own credit risk recognised in other comprehensive income and the remaining amount of changes in fair value recognised in net result. Amounts in other comprehensive income related to credit risk are not subject to recycling in profit loss but are transferred to retained earnings when realised.

**Defaults and breaches:** During the current and prior year, there were no defaults and breaches of any of the loans.

Interest-bearing liabilities are classified as financial instruments. All interest-bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the WH has categorised its interest-bearing liabilities as either ‘financial liabilities designated at fair value through profit or loss’, or financial liabilities at ‘amortised cost’.

**Table 6.1b: Maturity analysis of borrowings**

	Carrying amount	Nominal amount	Maturity dates				
			Less than 1 month	1–3 months	3–12 months	1–5 years	5+ years
CONTRACTUAL PAYABLES:			(\$)				
2019							
Loans from TCV	3,274,835	3,274,835	25,209	50,552	229,717	1,289,045	1,680,323
Total	3,274,835	3,274,835	25,209	50,552	229,717	1,289,045	1,680,313
2018							
Loans from TCV				–	–	–	–
Total				–	–	–	–

**Table 6.1c: Interest expense**

TCV LOAN:	2019 (\$)	2018 (\$)
Interest on loans from TCV	33,690	-
<b>Total interest expense</b>	<b>33,690</b>	<b>-</b>

**6.2 CASH FLOW INFORMATION AND BALANCES**

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

For cash flow statement presentation purposes, cash and cash equivalents are indicated below.

**Table 6.2a: Interest expense**

INTEREST EXPENSE:	2019 (\$)	2018 (\$)
Total cash and deposits disclosed in the balance sheet	1,923,494	649,537
<b>Balance as per cash flow statement</b>	<b>1,923,494</b>	<b>649,537</b>

**6.2.1 RECONCILIATION OF NET RESULT FOR THE PERIOD TO CASH FLOW FROM OPERATING ACTIVITIES****Table 6.2.1a: Reconciliations**

RECONCILIATIONS:	2019 (\$)	2018 (\$)
<b>Net result for the period</b>	<b>(34,455)</b>	<b>337,099</b>
Non cash movements:		
Depreciation of plant and equipment	518,912	472,450
<b>Movements in assets and liabilities:</b>		
Increase/decrease in receivables	91,916	(33,011)
Increase/decrease in payables	798	(11,229)
Increase/decrease in other liabilities	19,025	10,321
<b>Net cash flows from / (used in) operating activities</b>	<b>596,196</b>	<b>775,630</b>



### 6.3 COMMITMENTS FOR EXPENDITURE

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

#### 6.3.1 TOTAL COMMITMENTS PAYABLE

**Table 6.3.1a: Total commitments payable – nominal amounts for 2019**

	Less than 1 year	1–5 years	5+ years	Total
NOMINAL AMOUNTS: 2019	(\$)			
Commitments payable	–	–	–	–
<b>Total commitments (inclusive of GST)</b>	–	–	–	–
Less GST recoverable from the Australian Tax Office	–	–	–	–
<b>Total commitments (exclusive of GST)</b>	–	–	–	–

**Table 6.3.1b: Total commitments payable – nominal amounts for 2018**

	Less than 1 year	1–5 years	5+ years	Total
NOMINAL AMOUNTS: 2018	(\$)			
Commitments payable	2,450,861	–	–	2,450,861
<b>Total commitments (inclusive of GST)</b>	<b>2,450,861</b>	–	–	<b>2,450,861</b>
Less GST recoverable from the Australian Tax Office	(222,806)	–	–	(222,806)
<b>Total commitments (exclusive of GST)</b>	<b>2,228,055</b>	–	–	<b>2,228,055</b>

## NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Working Heritage 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 Working Heritage, related mainly to 'fair value' determination.

### 7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

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 Working Heritage's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

Guarantees issued on behalf of Working Heritage are financial instruments because, although authorised under statute, terms and conditions for each financial guarantee may vary and are subject to an agreement.

From 1 July 2018, Working Heritage applied AASB 9 and classified all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

#### Categories of financial assets under AASB 9

Financial assets at amortised cost:

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

- the assets are held by Working Heritage 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.

Working Heritage recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables); and
- term deposits.

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

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

Working Heritage recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables); and
- term deposits.

**Held to maturity financial assets:** If Working Heritage has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held to maturity. These are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

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

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

Working Heritage recognises some debt securities that are held for trading in this category and designated certain debt securities as fair value through net result in this category.

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.

Working Heritage recognises the following liabilities in this category:

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

De-recognition of financial liabilities:

A financial liability is de-recognised 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 de-recognition 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.

#### 7.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION

**Table 7.1.1a: Contractual financial assets and liabilities – 2019**

	Cash and Deposits	Financial liabilities at amortised cost (AC)	Total
2019	(\$)	(\$)	(\$)
<b>CONTRACTUAL FINANCIAL ASSETS:</b>			
Cash and deposits	1,923,494	–	1,923,494
<b>Receivables<sup>(i)</sup></b>			
Sale of goods and services	–	122,920	122,920
<b>Total contractual financial assets</b>	<b>1,923,494</b>	<b>122,920</b>	<b>1,856,821</b>
<b>CONTRACTUAL FINANCIAL LIABILITIES:</b>			
<b>Payables<sup>(i)</sup></b>			
Supplies and services	–	9,000	9,000
Loans from TCV	–	3,274,836	3,274,836
<b>Total contractual financial liabilities</b>	<b>–</b>	<b>3,283,836</b>	<b>3,283,836</b>

Note:

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

**Table 7.1.1b: Contractual financial assets and liabilities – 2018**

	Cash and Deposits (\$)	Financial liabilities at amortised cost (AC) (\$)	Total (\$)
2018			
<b>CONTRACTUAL FINANCIAL ASSETS:</b>			
Cash and deposits	649,537	–	649,537
<b>Receivables<sup>(i)</sup></b>			
Sale of goods and services	–	109,207	109,207
<b>Total contractual financial assets</b>	<b>649,537</b>	<b>109,207</b>	<b>758,744</b>
<b>CONTRACTUAL FINANCIAL LIABILITIES:</b>			
<b>Payables<sup>(i)</sup></b>			
Supplies and services	–	9,000	9,000
<b>Total contractual financial liabilities</b>	<b>–</b>	<b>9,000</b>	<b>9,000</b>

Note:

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

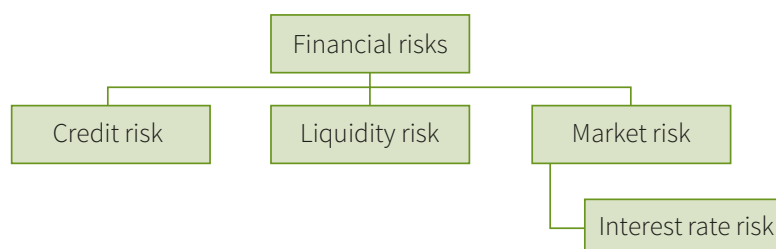
### 7.1.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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



Working Heritage uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Audit and Risk Management Subcommittee (ARMS) of Working Heritage.

#### Financial Instruments: Credit Risk

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

Credit risk associated with Working Heritage's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Working Heritage's policy to only deal with entities with high credit ratings of a minimum triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.



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

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

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

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

There has been no material change to Working Heritage's credit risk profile in 2018–19.

**Table 7.1.2a: Credit quality of contractual financial assets that are neither past due nor impaired<sup>(i)</sup>**

	(\$)			
	Financial institutions	Government agencies	Other	Total
<b>2019:</b>				
Cash and deposits	1,923,494	–	–	1,923,494
Receivables		17,064	105,856	122,920
<b>Total contractual financial assets</b>	<b>1,923,494</b>	<b>17,064</b>	<b>105,856</b>	<b>2,046,414</b>
<b>2018:</b>				
Cash and deposits	649,537	–	–	649,537
Receivables	–	8,340	100,867	109,207
<b>Total contractual financial assets</b>	<b>649,537</b>	<b>8,340</b>	<b>100,867</b>	<b>758,744</b>

Note:

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

### Financial Instruments: Liquidity Risk

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

Working Heritage is exposed to liquidity risk mainly through the financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees.

Working Heritage manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- capital.

Working Heritage's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available for sale financial investments.

Working Heritage's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available for sale financial investments.

The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements represents Working Heritage's maximum exposure to liquidity risk.

#### Financial Instruments: Market Risk

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

#### Sensitivity disclosure analysis and assumptions

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

The following movements are 'reasonably possible' over the next 12 months. A movement of 100 basis points up and down (100 basis points up and down) in market interest rates (AUD) and the tables that follow show the impact on the WH's net result and equity for each category of financial instrument held by the WH at the end of the reporting period, if the above movements were to occur.

#### Interest rate risk

**Table 7.1.2b: Interest rate exposure of financial instruments (2019)**

		(\$)			
	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non interest bearing
2019:					
<b>FINANCIAL ASSETS:</b>					
<b>Cash and deposits</b>	0.9%	1,923,494	250,478	1,673,017	–
<b>Receivables<sup>(i)</sup></b>					
Sale of goods and services		122,920	–	–	122,920
<b>Total financial assets</b>		<b>2,046,414</b>	<b>–</b>	<b>1,673,017</b>	<b>122,920</b>
<b>FINANCIAL LIABILITIES:</b>					
<b>Payables<sup>(i)</sup></b>					
Supplies and services		9,798	–	–	9,798
<b>Total financial liabilities</b>		<b>9,798</b>	<b>–</b>	<b>–</b>	<b>9,798</b>

Note:

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

**Table 7.1.2c: Interest rate exposure of financial instruments (2018)**

		(\$)			
	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non interest bearing
2018:					
<b>FINANCIAL ASSETS</b>					
<b>Cash and deposits</b>	1.23%	649,537	250,477	399,060	0
<b>Receivables<sup>(a)</sup></b>					
Sale of goods and services		109,207	0	0	109,207
<b>Total financial assets</b>		<b>758,744</b>	<b>250,477</b>	<b>399,060</b>	<b>109,207</b>
<b>FINANCIAL LIABILITIES</b>					
<b>Payables<sup>(a)</sup></b>					
Supplies and services		9,000	0	0	9,000
<b>Total financial liabilities</b>		<b>9,000</b>	<b>0</b>	<b>0</b>	<b>9,000</b>

Note:

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

**Table 7.1.2d: Interest rate risk sensitivity**

	(\$)		
		100 basis points	+100 basis points
2019:	Carrying amount	Net result	Net result
<b>Contractual financial assets</b>			
Cash and deposits <sup>(i)</sup>	1,923,494	(19,235)	19,235
<b>Total impact</b>	<b>1,923,494</b>	<b>(19,235)</b>	<b>19,235</b>
<b>2018:</b>			
<b>Contractual financial assets</b>			
Cash and deposits <sup>(i)</sup>	649,537	(6,495)	6,495
<b>Total impact</b>	<b>649,537</b>	<b>(6,495)</b>	<b>6,495</b>

Note:

(i) Cash and deposits includes a deposit of \$1,982,648 (2018: \$649,537) that is exposed to floating rates movements. Sensitivities to these movements are calculated as follows: 2019:  $\$1,982,648 \times 0.01 = \$19,826$ ; and 2018:  $\$649,537 \times 0.01 = \$6,495$

## 7.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

### Contingent assets:

Working Heritage has no contingent assets (2018: \$Nil)

### Contingent liabilities:

Working Heritage has no contingent liabilities (2018: \$Nil)

## 7.3 FAIR VALUE DETERMINATION

Significant Judgement: fair value measurements of assets and liabilities

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

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

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result; and
- land, buildings, infrastructure, plant and equipment.

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

Working Heritage determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities, as required.

### Fair value hierarchy

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

The levels are as follows:

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

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

#### 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 Note 7.3.1) and non-financial physical assets (refer Note 7.3.2).

#### 7.3.1 FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND LIABILITIES

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

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

Working Heritage currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019–20 reporting period.

These financial instruments include:

Financial Assets	Financial Liabilities
<ul style="list-style-type: none"> <li>• Cash and deposits</li> <li>• Receivables: <ul style="list-style-type: none"> <li>– Sale of goods and services</li> <li>– Other</li> </ul> </li> <li>• Investments and other contractual financial assets <ul style="list-style-type: none"> <li>– Term deposits</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Payables: <ul style="list-style-type: none"> <li>– For supplies and services</li> <li>– Other payables</li> </ul> </li> <li>• Borrowings: <ul style="list-style-type: none"> <li>– Loans from TCV</li> </ul> </li> </ul>

## 7.3.2 FAIR-VALUE DETERMINATION: NON-FINANCIAL ASSETS

Table 7.3.2a: Fair-value measurement hierarchy (2019)

		(\$)		
	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using:		
2019:		Level 1	Level 2 <sup>(i)</sup>	Level 3
Furniture, equipment and fit-out	28,280	–	28,280	–
Crown Land	98,681,930	–	98,681,930	–
Improvements	22,688,333	–	22,688,333	–
<b>Total of non-financial assets at fair value</b>	<b>121,398,543</b>	–	<b>121,398,543</b>	–

Note:

(i) Classified in accordance with the fair value hierarchy see note 7.3.1

Table 7.3.2b: Fair-value measurement hierarchy (2018)

		(\$)		
	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
2018:		Level 1	Level 2 <sup>(i)</sup>	Level 3
Furniture, equipment and fit-out	33,841	–	33,841	–
Crown Land	87,749,249	–	87,749,249	–
Improvements	18,072,814	–	18,072,814	–
<b>Total of non-financial assets at fair value</b>	<b>105,855,904</b>	<b>–</b>	<b>105,855,904</b>	<b>–</b>

Note:

(i) Classified in accordance with the fair value hierarchy see note 7.3.1

There were no changes in valuation techniques throughout the period to 30 June 2019, therefore, these assets are classified as Level 2 under the market approach.

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



## NOTE 8: OTHER DISCLOSURES

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

### 8.1 RESERVES

**Table 8.1a: Asset revaluation and reserves**

	2019 (\$)	2018 (\$)
<b>Physical asset revaluation surplus<sup>(a)</sup></b>		
Balance at beginning of financial year	15,917,502	9,560,713
Revaluation increments/(decrements)	13,464,477	6,356,789
<b>Balance at end of financial year</b>	<b>29,381,979</b>	<b>15,917,502</b>
<b>Net changes in reserves</b>	<b>13,464,477</b>	<b>6,356,789</b>

Note:

(a) The physical assets revaluation surplus arises on the revaluation of land and improvements.

### 8.2 RESPONSIBLE PERSONS

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

The persons who held the positions of Ministers and Responsible Officers in Working Heritage are as follows:

- Minister for Energy, Environment and Climate Change | The Hon Lily D'Ambrosio MP | 1 July 2018 to 30 June 2019
- Executive Officer | Ross Turnbull | 1 July 2018 to 30 June 2019

The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report. The persons who held the positions of Responsible Officers at Working Heritage are noted in the following table.

**Table 8.2a: Working Heritage Responsible Officers**

Name	Position	Period
Ms Helen Weston	<i>Committee Chair</i>	<i>1 July 2018 to 30 June 2019</i>
Dr Timothy Hubbard	<i>Committee member</i>	<i>1 July 2018 to 30 June 2019</i>
Mr Phillip Davies	<i>Committee member</i>	<i>1 July 2018 to 30 June 2019</i>
Mr Adam Magennis	<i>Committee member</i>	<i>1 July 2018 to 30 June 2019</i>
Mr Borz Shamsavand	<i>Committee member</i>	<i>1 July 2018 to 30 June 2019</i>
Ms Elizabeth Drozd	<i>Committee member</i>	<i>1 July 2018 to 30 June 2019</i>
Ms Haleh Homaei	<i>Committee member</i>	<i>1 July 2018 to 30 June 2019</i>
Ms Joan Ko	<i>Committee member</i>	<i>1 July 2018 to 30 June 2019</i>
Ms Kerry Anderson	<i>Committee member</i>	<i>1 July 2018 to 30 June 2019</i>

**Table 8.2b: Remuneration of the Responsible Officers**

	Total number of Responsible Officers	
BAND RANGE:	2019	2018
\$0–\$9,999	9	12
<b>Total number of Responsible Officers</b>	<b>9</b>	<b>12</b>
<b>Total remuneration (\$)</b>	<b>48,132</b>	<b>34,957</b>

### 8.3 REMUNERATION OF ACCOUNTABLE OFFICER

The executive officer is the accountable officer and the remuneration of the accountable officer, including superannuation, is shown as the total annualised employee equivalents and provides a measure of full-time equivalent accountable officers over the reporting period.

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

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

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

**Table 8.3a: Remuneration of the Accountable Officer**

Remuneration	2019 (\$)	2018 (\$)
Short-term employee benefits	143,791	143,865
Post-employment benefits	13,752	8,252
<b>Total remuneration</b>	<b>159,562</b>	<b>152,117</b>
Total number of Accountable Officers	1	1
Total annualised employee equivalents (i)	1	1

Note:

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over 52 weeks for a reporting period.

### 8.4 RELATED PARTIES

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

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- all departments and public-sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

#### 8.4.1 SIGNIFICANT TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

Working Heritage received funding from the entities are noted in the table below.

**Table 8.4.1a: Income from government-related entities**

GOVERNMENT-RELATED ENTITY:	2019 (\$)	2018 (\$)
Attorney General	–	7,650
Court Services Victoria	3,370	7,650
Department of Justice and Community Safety	13,440	20,310
Land Victoria	–	13,520
Metro Trains Melbourne Pty Ltd	131,650	–
DPV Health	3,370	97,104
<b>Total</b>	<b>151,830</b>	<b>146,234</b>

Working Heritage transactions with government-related entities are noted in the table below.

**Table 8.4.1b: Transactions with government-related entities**

GOVERNMENT-RELATED ENTITY:	2019 (\$)	2018 (\$)
City of Melbourne	45,082	165,600
Deakin University	6,250	–
State Revenue Office	263,737	–
Victorian Government Solicitors Office (VGSO)	8,140	24,475
<b>Total</b>	<b>323,209</b>	<b>190,075</b>

#### 8.4.2 KEY MANAGEMENT PERSONNEL

The Key Management Personnel (KMP) of Working Heritage include the Portfolio Minister, Committee members and the Executive Officer. The compensation in the following table excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances are set by the Parliamentary Salaries and Superannuation Act 1968 and are reported within the Department of Parliamentary Services' Financial Report.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories. Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services. Post-employment benefits include 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.

**Table 8.4.2a: Compensation for Key Management Personnel**

CATEGORY:	2019 (\$)	2018 (\$)
Short-term benefits <sup>(a)</sup>	188,759	177,129
Post-employment benefits	16,916	9,945
<b>Total<sup>(b)</sup></b>	<b>205,675</b>	<b>187,074</b>

Notes:

(a) Total remuneration paid to KMPs including those employed as a contractor during the reporting period through an external service provider has been reported under short-term employee benefits.

(b) Note that KMPs are also reported in the disclosure of remuneration of accountable officer (Note 8.3).

#### 8.4.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND OTHER RELATED PARTIES

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

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

## 8.5 REMUNERATION OF AUDITORS

**Table 8.5a: Remuneration of Auditors**

REMUNERATION:	2019 (\$)	2018 (\$)
Audit and review of the financial statements	9,135	9,000
<b>Total</b>	<b>9,135</b>	<b>9,000</b>

## 8.6 SUBSEQUENT EVENTS

Working Heritage is not aware of any subsequent events that have occurred after the reporting period and before authorisation of the financial statements.

## 8.7 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

The following AASs become effective for reporting periods commencing after 1 July 2019:

- AASB 1059 Service Concession Arrangements: Grantor;
- AASB 16 Leases;
- AASB 15 Revenue from Contract with Customers; and
- AASB 1058 Income for Not-for-Profit Entities.

### Service concession arrangements

Prior to the issuance of AASB 1059, there was no definitive accounting guidance in Australia for service concession arrangements, which include a number of public private partnership (PPP) arrangements. The AASB issued the new standard to address the lack of specific accounting guidance and based the content thereof broadly on its international equivalent: International Public Sector Accounting Standard 32: Service Concession Arrangements: Grantor.

For arrangements within the scope of AASB 1059, the public sector grantor will be required to record the asset(s) used in the service concession arrangement at current replacement cost in accordance with cost approach to Fair Value under AASB 13: Fair Value Measurement (AASB 13), with a related liability, which could be a financial liability, an accrued revenue liability (referred to as the 'Grant Of A Right To The Operator' or GORTO liability) or a combination of both. The AASB recently announced a one-year deferral on the new accounting requirements for public sector grantors in service concession arrangements. As a result, AASB 1059 will apply to annual periods beginning on or after 1 January 2020, rather than 1 January 2019. However, the WH intends to early adopt AASB 1059 in line with the original adoption date of 1 January 2019, i.e. the 2019–20 financial year.

Working Heritage will apply the standard using a full retrospective approach to prior reporting periods from 1 July 2018 ("transition date"). As a result, all comparative information in the financial statements has been prepared as if AASB 1059 had always been in effect with a cumulative adjustment between the recognition of service concession assets and financial liabilities and/or GORTO liabilities recognised in accumulated surplus as at 1 July 2018.

Working Heritage has identified no material service concession arrangements and has performed a detailed impact assessment and there is no impact on Working Heritage from service concessions.

### Leases

AASB 16 Leases replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a Right-Of-Use (RoU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below \$10,000).

AASB 16 also requires the lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, and remeasure the lease liability upon the occurrence of certain

events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the re-measurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The effective date is for annual reporting periods beginning on or after 1 January 2019. Working Heritage intends to adopt AASB 16 in 2019–20 financial year when it becomes effective.

Working Heritage will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

Various practical expedients are available on adoption to account for leases previously classified by a lessee as operating leases under AASB 117. The WH will elect to use the exemptions for all short-term leases (lease term less than 12 months) and low value leases (deemed to be below \$10,000).

In addition, AASB 2018–8 – *Amendments to Australian Accounting Standards – Right-of-Use Assets (RoU) of Not-for-Profit Entities* allows a temporary option for not-for-profit entities to not measure RoU assets at initial recognition at fair value in respect of leases that have significantly below-market terms, since further guidance is expected to be developed to assist not-for-profit entities in measuring RoU assets at fair value. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such RoU assets at cost rather than fair value) to include additional disclosures. The WH intends to choose the temporary relief to value the RoU asset at the present value of the payments required (at cost).

The WH has performed a detailed impact assessment of AASB 16 and the potential impact in the initial year of application has been estimated there is no significant impact.

## Revenue and Income

AASB 15 supersedes AASB 118 Revenue, AASB 111 *Construction Contracts* and related interpretations, and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.

To address specific concerns from the ‘not-for-profit’ sector in Australia, the AASB also released the following standards and guidance:

- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian implementation guidance for NFP entities* (AASB 2016-8), to provide guidance on application of revenue recognition principles under AASB 15 in the not-for-profit sector.
- AASB 2018-4 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors* (2018-4), to provide guidance on how to distinguish payments received in connection with the access to an asset (or other resource) or to enable other parties to perform activities as tax and non-IP licence. It also provides guidance on timing of revenue recognition for non-IP licence payments.
- AASB 1058 *Income of Not-for-Profit Entities*, to supplement AASB 15 and provide criteria to be applied by not-for-profit entities in establishing the timing of recognising income for government grants and other types of contributions previously contained within AASB 1004 Contributions.

AASB 15, AASB 1058 and the related guidance will come into effect for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019. Working Heritage intends to adopt these standards in 2019–20 financial year when it becomes effective.



Working Heritage will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

Working Heritage has performed a detailed impact assessment of AASB 15 and AASB 1058 and the potential impact for each major class of revenue and income in the initial year of application has determined there is no significant impact

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2019 reporting period. DTF assesses the impact of all these new standards and advises Working Heritage of their applicability and early adoption where required.

## 8.8 GLOSSARY OF TECHNICAL TERMS

### **Borrowings**

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

### **Commitments**

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

### **Borrowings**

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

### **Comprehensive result**

The net result of all items of income and expense recognised for the period. It is the aggregate of the operating result and other comprehensive income.

### **Depreciation**

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

### **Effective interest method**

The effective interest method is used to calculate the amortised cost of a financial asset or liability 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 instrument, or, where appropriate, a shorter period.

### **Ex gratia expenses**

Ex gratia expenses are the voluntary payment 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 or claim against the entity.

### **Financial asset**

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right or statutory right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that
  - are potentially favourable to the entity; or

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

**Financial instrument**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial liability**

A financial liability is any liability that is:

- (a) a contractual or statutory obligation:
- (i) to deliver cash or another financial asset to another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
- (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

**Financial statements**

A complete set of financial statements comprises:

- (a) a balance sheet as at the end of the period;
- (b) a comprehensive operating statement for the period;
- (c) a statement of changes in equity for the period;
- (d) a cash flow statement for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraph 41 of AASB 101.

**Grants and other transfers**

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits in the form of goods or services to particular taxpayers in return for their taxes.

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.

**Interest expense**

Costs incurred in connection with the borrowing of funds. Interest expenses include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance lease repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

**Interest income**

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

**Leases**

Rights to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of infrastructure, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

**Net result**

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 classified as 'other non-owner movements in equity'.

**Net result from transactions or net operating balance**

Net operating balance or net result from transactions 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**

Assets less liabilities, which is an economic measure of wealth.

**Non-financial assets**

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

**Operating result**

This 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 movements in equity'. Refer also 'net result'.

**Other economic flows – other comprehensive income**

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; share of net movement in revaluation surplus of associates and joint ventures; and gains and losses on remeasuring available-for-sale financial assets.

**Payables**

Includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

**Receivables**

Includes amounts owing from government through appropriation receivable, short and long term credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

### Supplies and services

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 Working Heritage.

### Transactions

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.

### 8.9 STYLE CONVENTIONS

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

- zero, or rounded to zero
- 201x year period
- 201x–1x / 201x–2x year period

The financial statements and notes are presented based on the illustration for a government department in the 2018–19 *Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Working Heritage's annual reports.





# Working Heritage

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