



Victorian Arts Centre Trust
Annual Report 2009 - 2010

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the Arts Centre
MELBOURNE

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President's Report

Janet Whiting



As I complete my first 12 months as President of the Victorian Arts Centre Trust, I am proud of what has been achieved and look forward with a great sense of confidence.

It has been a year of change.

A new Minister for the Arts, a new Chief Executive, and changes in the Trust membership have brought a new focus for the Arts Centre and provided strong stimulus for the Trust's key strategies for now and into the future.

Key to the Trust agenda has been the Hamer Hall redevelopment project, continued excellence in programming and in ensuring the organisation continues to lead the way in the performing arts industry.

Redevelopment

The upgrade of Hamer Hall, Stage 1 of the Southbank Cultural Precinct Redevelopment, has been at the heart of the Trust planning for some time. These past 12 months have been critical in ensuring that the project delivers the best possible result for the Trust, the Victorian Government and the people of Victoria.

Working with our Alliance partners - Major Projects Victoria, Arts Victoria, Baulderstone Pty Ltd (builders) and Ashton Raggart McDougall (architects) - we have made important decisions on design and the complex works schedule. As Hamer Hall closes to allow the real work to begin, the Trust is confident that the project will ultimately deliver a world-class concert hall and enable the Arts Centre to attract the best artists to perform.

The support of the Victorian Government, most notably through Premier John Brumby, the Minister for the Arts Peter Batchelor and his predecessor Lynne Kosky, has been steadfast. I am sure that the two-year redevelopment period will continue to provide opportunities as well as challenges for all stakeholders; however I am confident that we are on the right track.

The impetus for change must continue and the Trust will continue to advocate for future stages in the Southbank Cultural Precinct Redevelopment. We remain excited, committed and hopeful for stage two of our redevelopment occurring in the not too distant future.

Programming

Across the broad range of presenters – the Trust itself, the major performing companies, commercial and independent presenters - there continues to be a wealth of choice on offer for audiences to experience the performing arts right across the Arts Centre venues.

The Arts Centre is an important iconic asset for all Victorians and as our community grows our quantity, quality and breadth of our programming must expand to support that growth.

While the Arts Centre's own entrepreneurial activity has delivered a strong line-up across a diverse range of genres, the supply of quality performance from the major Australian performing arts companies continues to enrich our stages. The Trust's relationships with the Melbourne Symphony, the Melbourne Theatre Company, Opera Australia and the Australian Ballet remain very important. Similarly important, are our relationships with all our hirers including Orchestra Victoria, The Production Company, the Bell Shakespeare Company and Victorian Opera, to name just a few.

The Trust is especially thankful for the important contributions of key donors in supporting the mainstage programming, through seasons such as the Kenneth Myer Asian Theatre Series and the Full Tilt creative development program. A similar debt is due to those individuals and corporate organisations who continue to demonstrate a real passion for investment in programs targetting young people and their families. These are very important relationships and enable the Arts Centre to continue to connect more people to the performing arts and what we do.

Reputation in the Arts

The management and staff of the Arts Centre continue to strive for the best possible results, and I commend them for their dedication and efforts.

Thanks are also due to departing Trustees Ailsa Piper and Michael Daddo, whose time on the Trust saw many important decisions made. Both Ailsa and Michael contributed passionately to ensure the best outcomes for the organisation and our leadership role in the performing arts.

I would also like to record formally, appreciation to our previous Chief Executive, Tim Jacobs. Tim's contribution as CEO of the Arts Centre for nine years was extremely significant. Tim worked hard in helping secure the funds for the redevelopment of Hamer Hall and his efforts have set the organisation on an exciting journey forward. We wish him all the best for the future.

The transition from Tim to the internationally experienced Judith Isherwood, has been seamless. I am delighted with the way Judith has settled in and is leading the team at the Arts Centre with clarity of vision and much enthusiasm.

We move forward with a very strong Trust, including the recent appointments of Julian Clarke, Terry Bracks and Catherine McClements, and look forward to the next twelve months filled with fabulous performances to a wide range of audiences.

Chief Executive's Report of Operations

Judith Isherwood



In my first year as Chief Executive I have learnt much about the organisation and how it works. I am excited about the opportunities for future improvements to ensure that the Arts Centre's reputation as a leader in the creation and presentation of local, national and international performance has every chance to grow and allow the organisation to achieve success.

Over the past year, despite the impacts from overseas of the global financial crisis, the Trust was still able to attract and present a large program of international companies and performers to the theatres. The music industry appeared to feel the impacts of the world financial woes more heavily, and the season at the Sidney Myer Music Bowl delivered far fewer performances than originally planned.

While attendances at public programmes and exhibitions reflected an increase on the previous year, the number of ticketed events was down on the previous 12 months; and subsequently, ticket sales across the venues were similarly impacted. It was pleasing to note that the investment in online capability attracted a significant increase in visitation to the website.

We have continued to develop new connections with audiences through a strengthening of the kids and families offer and have grown the relationship with supporters and audiences through the introduction and associated benefits of a customer relationship system with in-house ticketing.

Much attention has also necessarily focussed on the closure of Hamer Hall for an important two-year redevelopment, the impact that the closure will have on our daily business and the detail required to ensure that the project delivers the best results.

The year has also seen changes to the membership of the Trust and I am confident that under the chair of Janet Whiting, the governance of the organisation is in good hands and is keenly focussed on future success.

Performance program

The Arts Centre continued to present a range of international companies to complement the programs offered by Australian organisations. These included: The National Ballet of China, Israel's *Mayumana*, Brazil's *Bale de Rua*, India's *Merchants of Bollywood*, Canada's Ronnie Burkett and his Theatre of Marionettes and the English National Ballet.

The exclusive Australian season of the acclaimed ballet *Raise the Red Lantern* from the National Ballet of China was one of the highlights in the State Theatre this year.

The Arts Centre also co-commissioned marionette master, Ronnie Burkett's new work *Billy Twinkle* and this was presented in the Fairfax Studio for an extended three-week season in September.

Meet Me in the Middle of the Air, a concert starring Paul Kelly, Paul Grabowsky and the Australian Art Orchestra with Linda and Vika Bull, was a sold out success in Hamer Hall in June.

Our key presenting partners from Australia continued a range of subscription seasons in the theatres and in Hamer Hall.

Melbourne Theatre Company successfully presented three seasons in the Playhouse and three in the Fairfax Studio. The hit of the year was summer musical *The Drowsy Chaperone*, starring Geoffrey Rush. The season broke all previous MTC box office records.

The Australian Ballet experienced strong audience growth in a difficult market. Highlights for the company were *Sleeping Beauty*, which attracted the second biggest audience since 2000 (only just pipped at the post by *Nutcracker* earlier in 2009). Audiences also saw the Australian premiere of Graeme Murphy's *The Silver Rose*, an enchanting *Coppelia* and *Peggy!* (created in honor of Australian Ballet founder Peggy van Praagh).

Opera Australia had a successful year, presenting seven productions across two seasons in the State Theatre. This line-up included many productions seen in Melbourne for the first time, including *Bliss*, a new opera by Brett Dean and Amanda Holden, based on the novel by Peter Carey. Opera Australia also welcomed its new artistic director, Lyndon Terracini in late 2009.

Melbourne Symphony Orchestra continued to be a mainstay in the Hamer Hall programming. Highlights include acclaimed performances by Vladimir Ashkenazy and the orchestra's new Principal Guest Conductor Tadaaki Otaka. Long-serving Managing Director Trevor Green was farewelled and Matthew VanBesien took up the reins of the orchestra's management. The musicians prepared to vacate the stage of Hamer Hall to make way for the redevelopment. Through the year much collaborative work was done with the orchestra to help ensure the best possible results from the Hamer Hall redevelopment, most notably in terms of technical and acoustic upgrades. The orchestra will continue to have a presence in the Arts Centre with performances of special events in the State Theatre.

Commercial Presenters

The Trust continues to partner with a range of commercial presenters and through the year explored performances that made good use of the Playhouse and Fairfax Studio, venues made available by the opportunities associated with changes to venue usage as a result of the Melbourne Theatre Company schedule at their Southbank theatre.

Contemporary Cultures

In its fifth year, *Mix It Up!* continued to celebrate Victoria's cultural diversity with performances by international, national and local artists from diverse cultural backgrounds, supported by a range of public and community engagement programs. *Mix It Up!* is presented by the Arts Centre in partnership with Multicultural Arts Victoria.

A new initiative was the introduction of the free *Visible Sessions* at the BlackBox, giving emerging artists valuable opportunities to perform at the Arts Centre.

The pathways that *Mix It Up!* helped develop for emerging culturally diverse artists over its history were demonstrated with groups such as Diafrix, the Public Opinion Afro Orchestra and Unified Gecko featuring in major festivals and launching new recordings during the year.

The new biennial Kenneth Myer Asian Theatre Series was launched in 2010. Supported by a major endowment of \$4.5million, the Kenneth Myer Asian Theatre Series will present Asia's leading contemporary performing arts companies and foster greater understanding and cultural connection between Asia and Australia. The first two productions featured in March were Jing Xing Dance Theatre's contemporary dance work *Shanghai Beauty* and Kalaphool's music and, utilising an outdoor environment, the multimedia work *Mother India: 21st Century Remix*.

Other programming initiatives included the Australia Day *Jai Ho!* celebrations of Indian culture at the Sidney Myer Music Bowl, presented in partnership with the Australia Day (Victoria) Committee and Multicultural Arts Victoria, and the continued growth of the innovative *Dig Deep* hip hop and urban music program working with disadvantaged and culturally diverse young people.

Education, Families and Young People

This year was a banner year for Education, Families and Young People programs at the Arts Centre. We welcomed over 150,000 children, students, youth and their families to the Centre with a range of innovative programs. During the year, 81,709 students participated in education programs.

Kids at the Arts Centre, a program of performance and workshops was launched in August. Audiences responded with many sell-out performances.

There was an increased focus on indigenous engagement and disability awareness with *The Grimstones* by Asphyxia, *Grungada* and didgeridoo workshops by Mark Atkins, *Big Notes* with Kutcha Edwards, Dan Sultan and Candy Bowers.

Strong international productions for children included *The Dragon Child*, an Arts Centre co-production with China Children's Art Theatre, and *Angelina's Big Audition* from English National Ballet.

The program also provided support for Victorian companies in the creation of new work for Arena Theatre Company, Polyglot Theatre, Flying Fruit Flies Circus, My Darling Patricia, Born in a Taxi, Black Hole Theatre, Complete Works Theatre Company and Jump Leads.

Full Tilt

Full Tilt and the Creative Development program enjoyed a busy year with the presentation of 11 productions in the Fairfax Studio and BlackBox, and supported the creative development of 9 other projects.

Featured artists and companies in the *Full Tilt* program included *Affection* by Ranters Theatre, *Red Sky Morning* by Red Stitch Actors Theatre, James Saunders in *The Harry Harlow Project*, Hayloft Theatre's *B.C.*, a production set in a rollerskating rink called *The Man With the September Face*, and the premiere of *Urchin* by Encyclopedia of Animals.

We also built upon our partnerships with major festivals. *Full Tilt* and Melbourne Fringe co-presented interactive live art event *Toys*, and we programmed more than 13 comedy productions during the Melbourne International Comedy Festival. Comic musicians Tripod also developed and performed a workshop version of their new show *Tripod and The Dragon* which is now touring internationally.

Full Tilt productions were nominated for 13 Green Room Awards in the 2009 Awards Ceremony and *The Harry Harlow Project* has been selected for a national tour of 5 cities in 2011.

The Arts Centre, through the Full Tilt Program was selected by the Australia Council to establish a development program for New Music Theatre. This is a grant for \$300,000 over two years. The first projects will be showcased in January 2011.

Exhibitions

The year in review saw the delivery of a dynamic exhibition program both on and offsite with *AC/DC Australia's Family Jewels* a highlight. The fifth exhibition in the groundbreaking popular culture *Icon* series *AC/DC Australia's Family Jewels* attracted some 230,000 Rock 'n Roll visitors to the Arts Centre over the summer. A celebration of the musical creativity, 35-year history and sheer presence of one of the world's great rock and roll bands; the exhibition was made possible by the support of AC/DC, Albert Music, Sony Music, the Western Australian Museum and numerous lenders.

The Arts Centre hosted the Melbourne Festival exhibition, *Open House: Gordon Matta-Clark; Bobby Dazzler: Celebrating the Helpmann Centenary*, which toured from the Queensland Performing Arts Centre; and the *ARIA Hall of Fame* which celebrated the 2009 inductees. *Sight & Sound: Music and Abstraction in Australian Art* and *Rough Magic: Celebrating 20 years of Bell Shakespeare* were also a focus.

The Arts Centre continued to extend its reach both regionally and nationally through two touring exhibitions. The acclaimed *Creative Australia and the Ballet Russes* exhibition travelled to Shepparton Art Gallery and Hamilton Art Gallery. *Nick Cave: The Exhibition* completed its national tour at the National Library of Australia, attracting a total of 351,000 visitors at the Arts Centre and on tour.

Collection Development

The Arts Centre's collections continue to grow through both purchase and gifts. Highlights included:

- Stage designs by Kenneth Rowell for Victoria State Opera and Sydney Dance Company productions. Gift of Victoria Rowell
- Costume worn by Hugh Jackman as Peter Allen, *The Boy From Oz*, Australian arena production, 2006. Gift of BFO Arena Pty Ltd in memory of Ben Gannon
- Barrie Kosky Archive. Gift of Barrie Kosky
- Photographs by Lyn Pool of Melbourne's fringe and independent theatre scene in the early to mid 1990s. Gift of Lyn Pool
- The generosity of the Leon and Sandra Velik Works on Paper Trust enabled the purchase of significant works on paper by Wendy Sharp, Natalya Hughes and Tania Mason inspired by The Australian Ballet's production of *Firebird*. The works were commissioned for the *Creative Australia and the Ballet Russes* exhibition.
- The Carroll Bequest supported the commissioning of a work by Julie Blyfield inspired by the Dame Nellie Melba Collection.
- Collections documenting performers and theatre practitioners Carrillo Gantner, Claude Guest, Andris Toppe, Strella Wilson and Angus Winneke were also acquired.

Collections Care

During the year a major project to assess the internationally significant Dame Nellie Melba stage costume collection commenced. When completed, Melba's costumes will have undergone conservation assessment and treatment and will reside in rehoused conditions. Carl Mille's sculpture *Hand of God*, donated to the Arts Centre by the Potter Foundation, was relocated to the Sidney Myer Music Bowl, and Clement Meadmore's *Dervish* underwent conservation treatment. Sixty percent of collections are now stored to industry standard.

Collections Access

The Research Service continued to strengthen its role in promoting performing arts research with 430 research inquiries and 11,200 objects accessed onsite during the year. Photographs and stage designs from the Performing Arts Collection featured in the first of a planned 3-Volume publication on *World Scenography* - the first volume to be published at the Prague Quadrennial in 2011; an ABC TV documentary, *The Ballet Russes in Australia*; and *Handling Edna*: the unauthorised biography by Barry Humphries that featured images from the John Timbers Photographic Collection.

Marketing and Corporate Relations

This financial year saw some significant changes in Marketing and Communications with the arrival of a new Executive - Marketing and Visitor Experience and the commencement of the newly created Director – Marketing and Corporate Relations. The clear direction for the department this year has been a stronger focus on ticket sales, corporate branding and a strengthening of the relationship with programming.

Developments in the Arts Centre's ticketing channel have provided opportunities for a greater understanding of the Arts Centre's customer base and the ability to communicate with them regularly in a targeted and relevant manner.

The implementation of the Mosaic profiling tool will increase the Arts Centre's ability to accurately identify key target audiences.

The Arts Centre continued to refine its digital offering, with increased use of social networking tools and electronic direct mail. Healthy increases were seen in website visitation and the online purchase of tickets.

Customer Relations

In May 2009 the Arts Centre brought its ticketing function in-house (utilising the Tessitura software) enabling an increased connection with the customer and greater ongoing insight into purchasing habits. During 2009-10 the complex implementation focussed on the purchase experience, establishment and improvement of sales channels (box office, contact centre and on-line) and integration with core business systems. The next stage of the implementation is underway and includes integration of Car Park, Philanthropy and Membership systems, and the facilitation of selling Packages via all our sales channels.

We are now focussed on the opportunities for future development that will increase throughput and service levels. The robustness of the system and its implementation gives us the ability to look at strategic opportunities that leverage the customer relationship management system capability.

This period also saw the consolidation of our service-focussed areas of Visitor Services and Ticketing Services within the one area of Customer Relations to continue to capitalise on the organisation's high levels of service delivery.

Philanthropy

The Arts Centre Foundation Board of Governors has completed its first full-year with a number of significant milestones. The Foundation, comprising the Chairman, Mr Graham Smorgon, and nine volunteer governors, is responsible for the stewardship of the Arts Centre's relationship with its donors. In particular, the Foundation is responsible for securing gifts to the Arts Centre Endowment Fund.

The endowment corpus currently exceeds \$7M and in 2009-10 it earned more than \$400k to support programs and performances at the Arts Centre. In total, more than \$10M has been pledged to the Endowment Fund, against a 2012 target of \$20M.

The impact of endowment gifts was very evident with the Kenneth Myer Asian Theatre Series early in 2010. The Kenneth Myer Asian Theatre Endowment Fund was established in 2009 with a grant from The Myer Foundation and the Sidney Myer Fund and founding gifts from Mrs Neilma Gantner, Mr Carrillo Gantner AO and Mrs ZiYin Gantner and Mr Baillieu Myer AC and Mrs Sarah Myer.

It was also encouraging to see a steady growth in gifts to the annual giving appeal. At a time when many charities are facing a decline in their fundraising, the Arts Centre has experienced five per cent growth in its annual giving appeal. This year, gifts to the appeal supported the Trust's expanded programs for children, young people and families.

The Arts Centre Foundation would also like to thank the many donors who made gifts to the First Call Fund. More than 8,500 Victorian students have been able to visit the Arts Centre, many for the first time, as a result of the First Call Fund.

In total donors contributed more than \$1.5M to support the Arts Centre's programs and performances in 2009-10. There are currently 1,518 members and donors supporting the Arts Centre.

Donor List

Arts Angels Major Benefactors

The Smorgon Family
The late Mr Richard Pratt & Mrs Jeanne Pratt AC
The Clemenger Foundation
Mrs Neilma Gantner
The Playking Foundation
The Myer Foundation
Sidney Myer Fund
Miss Betty Amsden OAM

Arts Angels Individuals

The late Mr Richard Pratt & Mrs Jeanne Pratt AC
Mr Baillieu Myer AC & Mrs Sarah Myer
Mr Marc Besen AO & Mrs Eva Besen AO
Mr Leon Velik & Mrs Sandra Velik
Mr Sam Smorgon AO & Mrs Minnie Smorgon
The Gandel Family
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Miss Betty Amsden OAM
Mr Robert Kirby & Mrs Mem Kirby OAM
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Mrs Lyn Williams AM
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Arts Angels Corporations

Spotless
Commonwealth Bank of Australia
National Australia Bank
Foster's Group Ltd
Rio Tinto
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Tattersall's
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Visionaries

Anonymous (1)
Miss Betty Amsden OAM
Mrs Barbara Haynes
Mr Gerard Ryan OAM & Mrs Valerie Ryan

Benefactors

Mr Marc Besen AO & Mrs Eva Besen AO
The Gandel Family
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Premier Patrons

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From previous page

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Mr Peter Wharton & Ms Anne Wharton
Mrs Sanae Winston
Ms Shirley Yeates
Worldwide Ticketing

Bequests Received 2009-2010

Maxwell & Merle Carroll
Mrs Mavis Thompson

Trusts and Foundations

Grants received between July 2009 - June 2010
The Besen Family Foundation
Helen Macpherson Smith Trust
William Paxton Charitable Fund (managed by Perpetual)

Chairman's Circle

Confirmed bequestors

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Mrs Pamela Wilson

Seat Endowments received in 2009-2010

Mrs Shirley Campbell
Ms Nerida O'Loughlin
Mrs Beryl Stone
The Arnold Foundation

As at 30 June 2010

Corporate Partnerships

During a year when outside influences made it difficult to attract new sponsorship opportunities, our key efforts were directed towards strengthening our existing supporter base and investigating new prospects.

The on-going support of our key corporate partners has enabled us to broaden their understanding of what we do and we are confident that further growth in our activities will deliver even stronger relationships across our programming offer.

During the year RACV renewed its support as a major partner of the successful *Kids at the Arts Centre* program. Streets, Yering Station and the Art Series Hotel Group are recent new partners and we look forward to developing a healthy relationship with these organisations in the coming year.



Major Partner,
Kids at the Arts Centre

RioTinto

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The National Ballet of China's
Raise the Red Lantern



Program Partner

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Wine Partner



Ice cream Partner

CORPORATE MEMBERS

Black



Gold

Coca Cola Amatil
Deloitte
Pitcher Partners
RACV
Mallesons Stephen Jaques
Rathbone Wine Group

Visitor Businesses

Overall the Visitor Businesses department was in line with budget for the year. Car Park and Retail departments were standouts, offsetting disappointing financial results from the Food and Beverage offer and Sunday Market.

The Car Park exceeded budget by close to 10 per cent, mainly driven by daytime parking - utilisation is up from 57 per cent (2008-09) to 64 per cent (2009-10).

Retail secured a tour contract for programs and merchandise sales. This supplemented the lower than expected revenue from the theatres and AC/DC icon exhibition.

Food and Beverage revenue was down due to lower than anticipated theatre and Sidney Myer Music Bowl attendance, and the slowing of the Functions market.

The Sunday Market net return was slightly down on budget due to extra costs required for the planned relocation of the market during the redevelopment of Hamer Hall.

Facilities

Throughout the year, Facilities delivered a number of significant projects and continued its focus on reducing energy. Our services area assumed a more active role in driving environmental initiatives with exceptional success.

Recycling at the Arts Centre has improved dramatically since a total waste diversion program commenced in November. Initially at around 20 per cent per month; recycling now averages 60 per cent per month with further improvements guaranteed. This diversion of waste from landfill is the core of the organisation's environment strategy as the Arts Centre works towards being an accredited Waste Wise venue.

Other notable environmental improvements since late 2009 include the cessation of chemical hand soaps; introduction of recycled paper products for hand towels; introduction of toilet tissue created through the utilisation of sugar cane waste and printing using environmentally accredited printers. The presentation of assets continues to rise since the appointment of a new cleaning contract in May 2009. The 2010 Asset Condition Index (ACI) report shows that cleaning standards are at the highest they have been since the commencement of the ACI in 1996.

The Arts Centre's ongoing commitment to the Water Management Plan includes Cooling Tower water efficiency audits in 2009-10. The Arts Centre has received funding from the Water Efficiency Fund for the conversion to dual flush toilets in high use areas, with further funding applications to the Business Water Grant in 2010-11.

Sustained energy management and savings continues to be an important commitment. Plant and Electrical efficiencies have provided more than 3 per cent reduction in electrical use for the year.

Next year we will continue to undertake plant and electrical efficiencies, to further reduce energy use. This includes the commencement of CO₂ auditing to determine the footprint of the Arts Centre, allowing an abatement process to be accomplished.

We delivered a range of maintenance works, upgrades and renewal projects through our Asset Management Program (AMP) which included renewal of the Fibre Optic Communications link to the Sidney Myer Music Bowl to ensure a secure data connection and enhance future capability (including audio-visual capability); the relocation of Collections & Research and the Soundhouse from Hamer Hall before its closure and a range of smaller projects aimed at improving the safety of visitors and staff.

Redevelopment

This year saw the finalisation of the Alliance project team to oversee Stage 1 of the Southbank Cultural Precinct Redevelopment, Hamer Hall and its environs. Boulderstone Pty Ltd was appointed as construction partner, joining architects Ashton Raggatt McDougall and Peter Elliott, and government partners Major Projects Victoria, the Arts Centre and Arts Victoria.

Design of Stage 1 was developed to provide the foundation for a distinctive and contemporary performing arts centre and a destination gateway for Melbourne's iconic cultural precinct. Elements include:

- A renewed auditorium with improved acoustics, seating, air conditioning and technical capacity
- Foyers with improved vertical circulation including escalators to each of four levels, more toilets and better amenities
- Opening up of the Hall with glazing at the St Kilda road level and creation of a new entry at river level with a lobby and interconnecting foyer
- A new façade and promenade along the riverside, including three new restaurants
- Improved back of house facilities, to significantly improve access at street level to the loading dock and to facilitate better connection from the loading dock to the stage for bump-in and bump-out of equipment and instruments.

Throughout the year, stakeholder and neighbour consultations were undertaken to ensure that the project schedule and outcomes for a revitalised Hamer Hall were understood.

The Hall closed on 5 July 2010 following a gala farewell concert and community open day.

People and Culture

The Arts Centre's continuing commitment to the development of a safety culture delivered some welcome milestones during the year.

Key Achievements

- The Health, Safety & Security Committee was shortlisted by WorkSafe Victoria for the Best Health and Safety Committee of the Year Award. Being shortlisted from the 118 applicants across all industries provides an indication of how we are placed and considered with regard to OH&S.
- The adoption of proactive strategies has led to continuous improvement for OH&S performance on previous years. Our WorkCover premium continues to be significantly lower than our industry equivalent.
- 89 'toolbox' meetings were conducted across the organisation to respond to immediate safety matters. This is up from 42 in 2008 and 26 in 2007.
- A commitment from the whole organisation is expressed by the number of staff attending non-compulsory safety activities and lectures during national safety week. 2007–86 participants; 2008–112 participants; 2009–184 participants.

Finance and Business

This year the focus for Finance and Business has been on the integration of the Arts Centre's core business systems (Event Management and Finance and Ticketing) to promote smooth settlement processes and enhanced information management. Further initiatives have been taken to simplify organisational reporting and planning, leading to more efficient and streamlined processes for both. Significant modelling has also been undertaken in order for the Arts Centre to plan for the impacts of the Hamer Hall redevelopment.

Governance

During the past 12 months the Governance business area has continued with the process of strengthening the Arts Centre's risk management processes. This has included developing and implementing a new business continuity planning framework for the Arts Centre's ticketing operations, and developing a new Fraud, Corruption and Whistleblowers Framework, which has since been used as leading practice by other Victorian Government Agencies. The Arts Centre's risk management framework was subject to the Government's Risk Framework Quality Review process during the year and achieved a 'Very Good – Exemplary' rating.

Information Services

The Information Services business unit has been supporting the Arts Centre's operations through improved service and system delivery in a range of departmental areas. These improvements have led to increased service levels for customers and improvements in business operational efficiencies. In particular, Information Services has facilitated increased customer choice at the Arts Centre website, Box Office and Contact Centre through updates in the Arts Centre's ticketing system and management of the telephone system. Information Services has been working with other business units on Business Continuity initiatives and providing leadership on governance issues for system and information management and storage.

The Victorian Government's Arts Policy – “Creative Capacity + Arts for All Victorians”

The Trust complies with all relevant legislation and regulations, and responds to such Government policies and guidelines as may apply to public entities from time to time.

Further to its own Act, the statutes having particular relevance to the Trust's role and operations are:

- *the Financial Management Act 1994*
- *the Public Administration Act 2004*

The principal policy framework is *Creative Capacity + Arts for all Victorians* which is the Victorian Government's policy framework for the arts and cultural heritage sectors.

The Policy outlines three broad goals:

- Arts for all Victorians: a culture of participation
- On the threshold: an economy based on innovation
- Creative place: a dynamic cultural sector

The policy outlines four strategies:

Developing artists, ideas and knowledge

Artistic development, innovation and collaboration, new ideas, new forms of creative expression, a challenging, stimulating and creative environment.

Engaging creative communities

Engaging communities in creative life, broadening access, enabling more people from all backgrounds to enjoy the arts and cultural heritage, valuing creativity, diversity and participation.

Building creative industries

Thriving, viable creative industries and increased cultural productivity, a vibrant successful and sustainable cultural sector.

Creative place and space

Creatively planned spaces, local distinctiveness and a sense of place, civic pride and confidence in cultural facilities and cultural collections, integral to vibrant communities.

The Trust's role and context

The Trust's core purpose is to enrich the lives of Victorians – culturally, educationally, socially and economically (*Victorian Arts Centre Act 1979, s.5(2)*).

Statutory functions

The Trust is a statutory entity subject to the general direction and control of the Minister for the Arts of the Victorian Government.

The functions of the Trust are described in section 5(1) of the *Victorian Arts Centre Act, 1979* (as amended).

They are:

- “to control, manage, operate, promote, develop and maintain the Centre;
- to present and produce theatrical performances, operas, plays, dramas, ballets and musical and other performances and entertainment of any kind at any place;
- to promote the use of the theatres, concert hall and other places of assembly by suitable persons and bodies;
- to provide leadership in the promotion and development of the performing arts;
- to ensure the maintenance, conservation, development and promotion of the State collection of performing arts material;
- to oversee the exhibition of performing arts material from the State collection and make any performing arts material from the State collection available on loan to persons or institutions;
- to carry on, whether within or outside Victoria, whether alone or in association with any other person or persons and whether or not in relation to the Centre, a business of providing ticketing, inventory management of admissions, marketing and related services;
- to perform any other functions appropriate to the Centre as the Minister may approve;
- to carry out any function conferred on the Trust under this Act.”

Vision

The Trust's vision for the Arts Centre is simple – it is to be recognised as one of the world's great performing arts centres. Achieving this vision will mean that we will be:

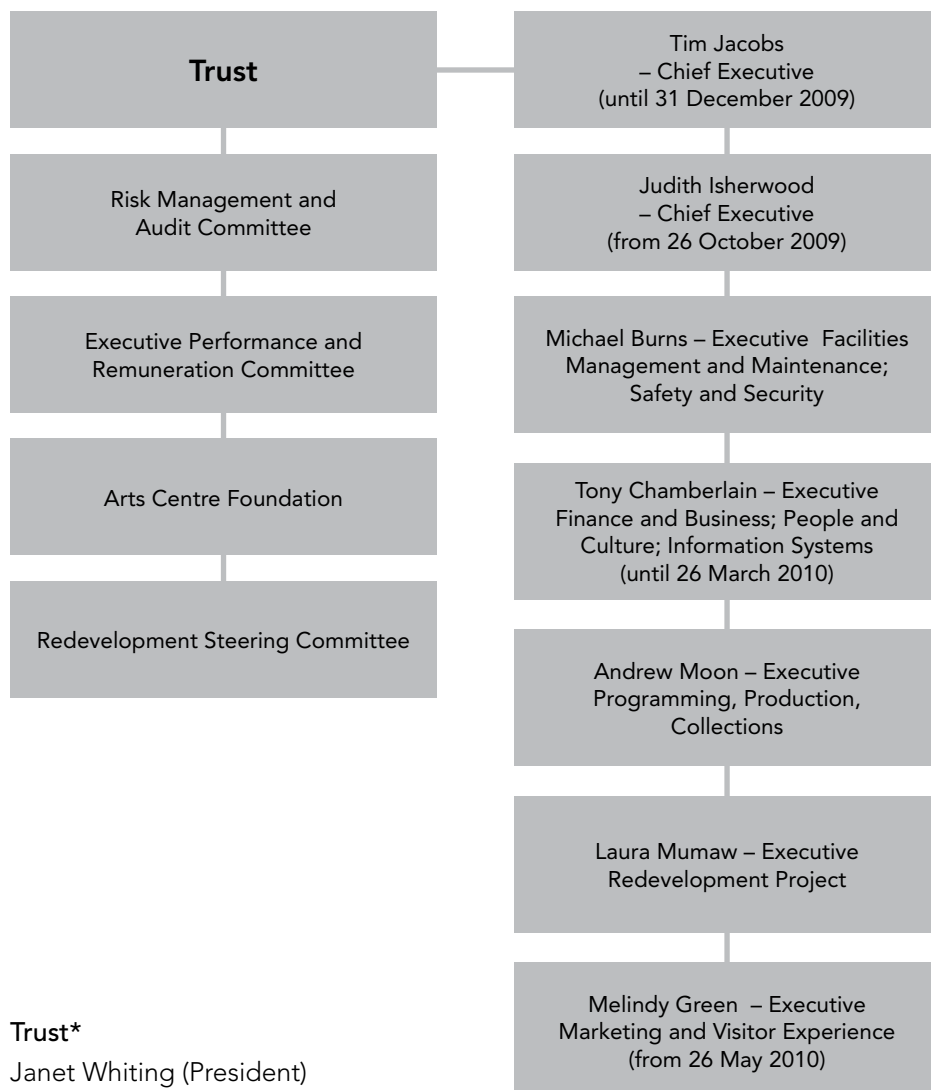
- Actively engaging people in exceptional performing arts experiences
- The venue of choice for the world's best performers, performance companies and producers
- An integral part of the arts across Victoria, with deep connections and high levels of engagement
- An innovator, known for ground breaking programming and presentations
- Accessible to visitors of all ages and backgrounds
- Financially strong and stable.

The Organisation

Organisational context

The Arts Centre is a statutory authority of the Arts portfolio. The Arts portfolio is administered by Arts Victoria, a division of the Department of Premier and Cabinet. The Trustees are appointed by the Governor in Council on recommendation of the Minister for the Arts.

Organisation chart



Trust*

Janet Whiting (President)
 Deborah Beale
 Paul Brasher
 Julian Clarke (from 23 June 2010)
 Michael Daddo (until 12 March 2010)
 Ailsa Piper (until 12 March 2010)
 Catherine McClements (from 23 June 2010)
 Leon van Schaik AO
 Graham Smorgon
 David Vigo

The Trust met 10 times in 2009-10 (including 3 extraordinary meetings)

*Terry Bracks (from 1 July 2010)

Trust Committees

Risk Management and Audit Committee

Paul Brasher (Chair)
Graham Smorgon
Janet Whiting

The Committee provides advice to the Trust on matters relating to financial management, physical assets, investments, risk management and all aspects of internal and external audit and compliance matters.

The Committee met eight times in 2009-10.

Executive Performance and Remuneration Committee

Janet Whiting (Chair)
Paul Brasher
Michael Daddo (to 12 March 2010)

The Committee provides advice to the Trust on executive remuneration, executive performance and general remuneration policy matters.

The Committee met once in 2009-10.

The Arts Centre Foundation

Graham Smorgon (Chairman)
Carrillo Gantner AO (Vice Chairman)
Betty Amsden OAM
Sandy Clark
Debbie Dadon
John Denton
Dana Hlavacek
Mem Kirby OAM
Ailsa Piper (to March 2010)
Jennifer Prescott
Doug Shears

The purpose of the Foundation is to raise funds from individuals and philanthropic organisations, to manage the investment of donated funds, and recommend the application of those funds in support of the statutory purpose and strategic priorities of the Trust.

The Foundation met five times in 2009-10

Redevelopment Steering Committee

Leon van Schaik AO (Chair)
Michael Daddo (to 12 March 2010)
Janet Whiting

The primary objective of the Redevelopment Steering Committee is to assist the Trust to fulfil its corporate governance and oversight responsibilities by monitoring and reporting to and acting for the Trust (when delegated) on all matters pertaining to the Redevelopment of the Arts Centre through the Southbank Cultural Precinct Redevelopment project.

The Committee met nine times in 2009-10.

Administrative reporting requirements

Workforce Data

	Ongoing				Variable Time*				Fixed Term & Casual Employees	
	Employees (Headcount)		FTE		Employees (Headcount)		FTE		FTE	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Gender										
Male	101	99	92.45	96.28	28	29	16.47	18.26	40.20	42.60
Female	94	106	94.28	98.33	9	7	4.62	3.50	48.75	58.68
Total	195	205	186.73	194.61	37	36	21.09	21.76	88.95	101.28
Age										
Under 25	3	4	3.00	3.60	2	1	1.18	0.53	12.17	11.52
25-34	55	61	53.00	58.60	9	10	5.02	5.95	35.13	43.08
35-44	55	53	51.60	49.24	11	12	5.98	7.26	24.44	23.67
45-54	50	49	49.40	48.43	9	9	5.68	5.66	10.87	15.57
55-64	28	31	26.85	29.85	5	3	2.84	1.83	4.42	5.43
Over 64	4	7	2.88	4.89	1	1	0.39	0.53	1.92	2.01
Total	195**	205***	186.73	194.61	37	36	21.09	21.76	88.95	101.28

*Variable-time employment is distinct from ongoing, fixed term or casual employment. Staff are engaged for a specific number of hours in a year, which may range from 624 to 1560. The actual hours worked in a week may vary depending on demand, with the total number of hours worked over the year equating to the amount in the staff member's variable-time contract.

** This figure reflects 176 full time headcount and 19 part-time headcount.

*** This figure reflects 181 full time headcount and 24 part-time headcount.

Disability Action Plan

The Disability Action Plan underpinned a number of initiatives during the 2010 financial year, supported by the Arts Centre's Disability Advisory Group. With the revision of the plan itself continuing throughout the year, specific achievements included the delivery of AUSLAN training to key frontline service staff and the upgrade of the assisted listening devices used in all venues. In addition, the creation of an Access Guide listing the various accessible services offered at our venues and performances highlighted an increased marketing approach, which also included the targeted marketing of performances such as *The Grimstones* to specific access groups and organisations.

At the end of 2009, the Arts Centre was privileged to be awarded the inaugural Arts Portfolio Leadership Award for Leadership in Disability Access for the theatre captioning trial, in which two potential captioning systems were trialled with hearing impaired audience members. The creation of an ongoing survey in June 2009 enabled the monitoring of access satisfaction from patrons using the wide range of accessible services across the Arts Centre, returning a steady 81% throughout the year. These two measures indicate a strong base for the Arts Centre's overall approach to accessibility on which to build in future years.

Occupational Health and Safety

A number of KPIs have been identified to enable the measurement of OH&S effectiveness and provide a valuable tool in the strategic management of these issues. Results for the year are outlined in the following chart:

Measure	KPI	Result
Worker's Compensation	WorkCover Performance Rating	39.6% which is 60.4% better than the industry 3 year average (previously 70.6% equating to being 24.9% better in 2008-09)
	Premium Rate	0.596% of total remuneration which is 0.9% better than the industry average at 1.504% (.5% better than the industry rate and previously 1.7% of total remuneration in 2008-09)
	Average days lost per worker's compensation claim	6 (10 in 2007-08, 4.5 in 2008-09)
	Return to work	90% of injured staff returned to work in under 10 days (75% in 2007-08 and 90% in 2008-09)
OHS Management Systems Compliance	Achieve compliance to AS4801	91% (compliance is achieved at 80%)

Environmental performance

Enviromental Performance						
Key Measurables		2009-10	2008-09	2007-08	2006-07	2005-06
Electricity Total Consumption	Kilowatt Hr (kWh)	27,542,133	29,328,081	31,044,422	31,207,378	31,384,841
Natural Gas Total Consumption	Gigajoules (Gj)	77,986	76,419	69,678	70,485	69,230
Water Total Consumption	Kilolitres (kL)	88,861	101,006*	101,280	98,925	104,492
Total Green House Gas Emissions	Tonnes of CO ₂ -e	42,144	40,652	44,660	44,920	45,081

Figures include services supplied to National Gallery of Victoria

The Arts Centre purchase a small portion renewable enegy for the National Gallery of Victoria, this reduces the above Green House Emissions by 2371.7 CO₂-e

*Figure adjusted from estimate published in 2008-09 Annual Report.

Volunteers

	2009-10	2008-09	2007-08
Number of volunteer hours ¹	1,627	1,415	1,293

¹ Number of volunteer hours represent total numbers of hours volunteers spent at the agency.

This does not include hours spent by Trustees & Foundation Governors.

Freedom of Information

The Trust is an 'agency' for the purposes of the *Freedom of Information Act 1982* (the Act) and is therefore subject to the Act. Freedom of Information (FOI) arrangements followed by the Trust are in accordance with procedures established under the Act.

The Trust received one request under the *Freedom of Information Act* in the year, which was still being processed at 30 June 2010.

All requests for FOI access must be made in writing to the Arts Centre's Freedom of Information Officer, Annabel Allen, PO Box 7585, St Kilda Road, VIC 8004.

The subject and date range of the information sought should be indicated as precisely as possible, and the request should be accompanied by the application fee which from 1 July 2010 is \$23.90 (waived in certain circumstances). Apart from the application fee, certain other charges such as search fees and photocopying charges might apply in relation to the provision of documents as stipulated in the *Freedom of Information (Access Charges) Regulations 2004*.

Further information on the Act may be obtained from www.foi.vic.gov.au

Financial and other information retained by the accountable officer

The following additional information is retained by the Trust for the period covered by the Annual Report and can be accessed subject to a request in accordance with the provisions of the *Freedom of Information Act 1982*, to the Arts Centre's Freedom of Information Officer as detailed above.

- A statement that Declarations of pecuniary interests have been duly completed by all relevant officers of the Trust.
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority.
- Details of publications produced by the Arts Centre about the Arts Centre and how these can be obtained.
- Details of any major external reviews carried out on the Arts Centre.
- Details of changes in prices, fees, charges, rates and levies charged by the Arts Centre.
- Details of overseas visits undertaken, including a summary of objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities undertaken by the Arts Centre to develop community awareness of the Arts Centre and its services.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- A general statement of industrial relations within the Arts Centre and details of lost time lost through industrial accidents and disputes, and
- Details of Trust committees, the purposes of each committee and the extent to which the purposes have been achieved.

There were no research and development activities undertaken by the Arts Centre during the reporting period, and there were no significant changes in prices or services during the period.

Competitive Neutrality Policy compliance

Competitive Neutrality requires Government businesses to ensure where services compete or potentially compete with the private sector, that any advantages arising from their Government ownership are removed if they are not in the public interest.

The Trust is committed to the ongoing compliance with the requirements of the competitive neutrality principles and is satisfied that its activities comply with the Victorian Government's Competitive Neutrality Policy.

Statement of compliance with the *Building Act 1993*

The Trust continues to comply with the relevant guidelines, pursuant to Section 220 of the *Building Act 1993*. To ensure compliance, third party surveyors are engaged prior to commencement of any works where planning permits are required and also following construction on all works, to certify compliance with building regulations.

During 2009-10 there were no works completed in Trust buildings that required certification and no works subject to mandatory inspections. In addition, one building permit has been required to undertake the relocation of the Soundhouse from Hamer Hall to the Australian Ballet Building where the Trust has a tenancy. The final inspection is yet to occur as the project was not scheduled to be completed during the financial year. No problems are anticipated with the final inspection and issuing of the Final Certificate.

All buildings of the Trust were compliant with the *Building Act 1993* throughout the period.

Implementation of the Victorian Industry Participation Policy

In October 2003, the Victorian Parliament passed the *Victorian Industry Participation Policy Act 2003* which required public bodies and departments to report on the implementation of the Victorian Industry Participation Policy (VIPP). The Trust is required to apply the VIPP in all tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria.

In 2009-10 the Trust did not commence or complete any contracts with a value in excess of \$3m in metropolitan Melbourne or \$1 million in regional Victoria. Major Projects Victoria have responsibility for ensuring compliance with the requirements of the VIPP in respect of the Southbank Cultural Precinct Redevelopment.

Whistleblowers Protection Act 2001

This section of the report contains information that is required to be published annually under the *Whistleblowers Protection Act 2001* (the 'Act') Section 104.

The Trust has established written procedures for handling disclosures made under the Act in accordance with the guidelines issued by the Ombudsman Victoria. A full copy of the procedures is available on the Arts Centre's web site <http://www.theartscentre.com.au>.

The procedures include detailed information about:

- roles and responsibilities of the Disclosure Officer and the Disclosure Coordinator;
- confidentiality provisions;
- procedures for the conduct of investigations;
- action to be taken after an investigation;
- managing the welfare of the whistleblower;
- management of the person against whom a disclosure had been made.

In respect of the Act:

- The Trust has not received any disclosures during the year, consequently, the Trust has not referred any disclosures to the Ombudsman for determination as to whether they are public interest disclosures, or for the Ombudsman to investigate, and there have been no investigations of disclosed matters taken over by the Ombudsman from the Trust during the year.
- There have been no investigations of disclosed matters referred from the Ombudsman to the Trust.
- The Trust has made no request under section 74 of the Act to the Ombudsman to investigate disclosed matters during the year.
- The Trust has not declined to investigate a disclosed matter during the year.

Subsequent Events

As part of the Southbank Cultural Precinct Redevelopment project, Hamer Hall closed on 5 July 2010. \$128.5m has been allocated by the Victorian Government for the redevelopment of Hamer Hall and its surrounds. New assets arising from this redevelopment will be transferred to the Victorian Arts Centre Trust at the completion of the project, which is scheduled to be July 2012.

Attestation under the Victorian Government's Risk Management Framework

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Australia
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St Kilda Road Vic 8004

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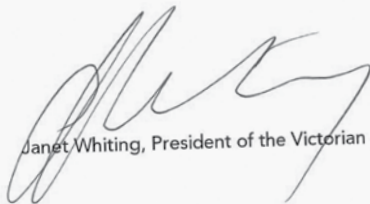
the Arts Centre
ABN 83 295 983 059

the Arts Centre

Risk Management Attestation at 30 June 2010 *Direction 4.5.5 – Risk Management Compliance*

I, Janet Whiting, certify that the Victorian Arts Centre Trust has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures.

The Risk Management and Audit Committee verify this assurance and the risk profile of the Arts Centre has been critically reviewed within the last 12 months.



Janet Whiting, President of the Victorian Arts Centre Trust



Summary of results 2009-10 (F2010)

Financial Performance	F2010	F2009	F2008	F2007	F2006
	\$m	\$m	\$m	\$m	\$m
Total Revenue	56.5	53.5	62.5	47.0	42.4
Less Total Expenses	53.0	52.2	51.0	44.8	43.1
Net result	3.5	1.3	11.5	2.2	-0.7
Less Depreciation	13.3	12.8	13.0	19.3	18.9
Net Result For Period	-9.8	-11.5	-1.5	-17.1	-19.6
Total Assets	403.4	412.3	421.8	419.9	504.7
Less Total Liabilities	18.2	18.0	16.2	15.5	14.7
Total Equity	385.2	394.3	405.6	404.4	490.0

Patronage Profile	F2010	F2009	F2008	F2007	F2006
	(000s)	(000s)	(000s)	(000s)	(000s)
Attendances at Performances	985	1,115	1,278	1,250	1,249
Attendances at Public Programs	288	284	316	242	399
Attendances at Exhibitions	616	601	834	693	808
Total Attendances	1,889	2,000	2,428	2,185	2,456
Online Visitors	2,710	1,573	1,222	1,116	982
Other Visitors & Facility Users ¹	1,473	1,447	1,336	1,209	na

Events Profile	F2010	F2009	F2008	F2007	F2006
Performance Events	975	1,260	1,360	1,378	1,425
Public Program Events	3,659	3,407	3,624	4,294	4,212
Exhibitions & Displays	22	27	29	38	43
Total Events	4,656	4,694	5,013	5,710	5,680

Venue Utilisation	F2010	F2009	F2008	F2007	F2006
	%	%	%	%	%
Hamer Hall	70	71	76	81	73
State Theatre	86	85	93	99	99
Playhouse	88	93	97	98	90
Fairfax Studio	92	99	97	98	98
Average mainstage utilisation	84	87	91	94	90
Sidney Myer Music Bowl	16	25	26	24	30

Facilities Management	F2010	F2009	F2008	F2007	F2006
	%	%	%	%	%
Asset Condition Index Venue	73	76	78	na	76
Asset Condition Index Infrastructure	51	54	63	na	74

¹ This measure includes car park users and food & beverage customers

*Total attendances of 1,889,000 is for all attendances at Arts Centre performances, programs and exhibitions. The BP3 visitor / user figure of 2,642,401 includes these attendances plus visitors at the Arts Centres Food & Beverage activities, Sunday Market and Tours.'

Financial Overview of Operations

This review of operations and the financial statements in this report relate to the activities of the Victorian Arts Centre Trust (the Trust) for the year ended 30 June 2010 (F2010).

Operating Result: Excluding depreciation of \$13.3 million, the reported net result for the year was \$3.5 million (F2009: \$1.4 million). Total revenues increased by \$3.0 million while total expenditure including depreciation only increased by \$1.4 million from \$64.9 million in F2009 to \$66.3 million in F2010.

In accordance with the relevant accounting standards, the audited financial statements include capital and endowment receipts and income received in advance that is to be applied against future expenditure. Excluding these revenues and the unfunded annual depreciation expense presents a more accurate record of the annual operating performance of the Trust.

The following adjusted operating statement show the comparable „net cash operating result for the last four years and demonstrates that in recent years the Trust has consistently delivered a positive cash surplus from its operating activities.

	F2010 (\$m)	F2009 (\$m)	F2008 (\$m)	F2007 (\$m)
Total revenues as per audited financial statements	56.5	53.5	62.5	47.0
Less capital and endowment receipts and income received in advance	0.9	-0.9	6.6	1.0
Total net operating revenues	55.6	54.4	55.9	46.0
Less total expenses as per audited financial statements (excluding depreciation)	53.0	52.2	51.0	44.8
Net operating result	2.6	2.2	4.9	1.2
Less capital projects funded from operating revenues	1.1	0.9	3.1	0.4
Net cash operating result	1.5	1.3	1.8	0.8

F2010 saw a \$1.2 million increase in net operating revenues with operating expenses only increasing by \$0.8 million and capital expenditure funded from operating revenues increasing by \$0.2m, resulting in an overall increase in the net cash operating surplus from F2009.

Revenues: The 5.6% increase in total revenues from F2009 reflects a \$2.2 million increase in income from our in-house ticketing system and visitor generated revenues (car park and retail), a \$4.2 million increase in Victorian government grants (\$1.8 million in respect of the Southbank Cultural Precinct Redevelopment project and the F2009 asset maintenance grant advance¹). These have been partially offset by a reduction in endowment receipts of \$2.2 million; reduced investment earnings of \$0.5 million and a reduction in corporate services income of \$0.7 million. Reduced attendances resulted in a \$0.9 million reduction in the contribution from Programming.

Expenditure: Total expenditure excluding depreciation increased by only 2%. Increases in ticketing and programming costs as well as inflationary impacts were partially offset by organisational cost savings. A number of organisational Information Services compliance projects, including Payment Card Industry Data Security Standard compliance, contributed to the \$1.2 million increase in this area.

Equity: The reduction in total equity of \$9.1 million (F2009: \$11.3 million) reflects the operating deficit of -\$9.8m (F2008: \$11.5 million deficit), which is primarily due to depreciation of fixed and intangible assets (\$13.3 million).

¹In F2008, the Trust received \$4 million asset maintenance grant which was recognised in that period but applied to asset maintenance expenditure in F2009.

Asset and Liabilities: Apart from the increase in cash and deposits which reflects positive cashflows from operating, financing and investing activities, there is no significant movement in financial assets or liabilities.

The reduction in non-financial assets from \$382.7 million to \$371.2 million reflects the net impact of capital expenditure of \$2.1 million (F2009: \$4.9 million) less depreciation of \$13.3 million (F2009: \$12.8 million) and a reduction of \$0.3 million prepayments.

Cash Flows: Net positive cash flows of \$1.2 million from operating, investing and financing activities reflect endowment fund receipts of \$0.8 million and other net operating and capital receipts of \$2.5 million less investment in fixed and intangible assets of \$2.1 million.

Patronage, Events and Venue Utilisation

Overall attendance at performances has declined by 12% which is consistent with a decline in performance events and lower major venue occupancy in major venues (with the exception of the State Theatre which has seen slightly increased occupancy), reflecting the general contraction in the economic environment and a change in programming mix (Spiegeltent not returning in F2010, some MTC events moving to their new building).

Public program attendances are slightly above F2009 levels despite a 7% increase in events, while exhibition attendances (at the same number of exhibitions as F2009) are 2% ahead of F2009 levels. A reduction in displays has reduced the number of exhibitions and displays to 22 in F2010.

On-line activity has grown rapidly (reflecting in part the launch of Arts Centre in-house ticketing) while patronage of our visitor facilities (food and beverage customers and car park usage) has increased slightly by 2%.

Asset Condition

The effect of reduced funding for facility maintenance and development is evident in the declining and condition indices of the assets. The overall venue condition index has fallen by 3% to 73% in F2010.

The 23% decline in the infrastructure (including operating plant) index since F2006 to the current level of 51% signals the increasing risk of failure of these assets and the urgent need for increased maintenance funding.

Accountable Officer's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Arts Centre Trusts Annual Report for the year ending 30 June 2010.

Judith Isherwood
Chief Executive
31 August 2010



Victorian Arts Centre Trust
Comprehensive operating statement
For the financial year ended 30 June 2010

	Notes	2010 \$000's	2009 \$000's
Continuing operations			
Income from transactions			
Programming	2	16,772	16,778
Marketing and Visitor Experience	2	17,028	17,085
Facilities and Redevelopment	2	2,709	2,687
Corporate Services	2	97	687
Investment Income	2	1,052	1,543
Government Grants	2	18,831	14,739
Total income from transactions	2	56,489	53,519
Expenses from transactions			
Programming	3	17,976	17,056
Marketing and Visitor Experience	3	12,061	11,475
Facilities and Redevelopment	3	14,570	14,687
Corporate Services	3	8,361	8,453
Finance costs	3	27	27
Depreciation and amortisation	3	13,314	12,817
Total expenses from transactions	3	66,309	64,515
Net deficit from transactions (net operating balance)		(9,820)	(10,996)
Other economic flows included in net result			
Net loss on financial assets	5	(11)	(404)
Other losses from other economic flows	5	(17)	(65)
Total other economic flows included in net result		(28)	(469)
Net result		(9,848)	(11,465)
Other economic flows - other non-owner changes in equity			
Changes to financial assets available-for-sale	19	136	(475)
Total other economic flows included in net result		136	(475)
Comprehensive result		(9,712)	(11,940)

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 34 to 66.

Victorian Arts Centre Trust
Balance sheet
as at 30 June 2010

	Notes	2010 \$000's	2009 \$000's
Assets			
Financial assets			
Cash and deposits	6	26,706	25,503
Receivables	7	3,800	2,578
Investments	8	1,762	1,579
Total financial assets		32,268	29,660
Non-financial assets			
Inventories	9	125	129
Other non-financial assets	10	69	357
Property, plant and equipment	11	369,290	380,030
Intangible assets	12	1,679	2,150
Total non financial assets		371,163	382,666
Total assets		403,431	412,326
Liabilities			
Payables	13	12,886	12,264
Provisions	14	4,667	4,817
Other liabilities	15	684	930
Total liabilities		18,237	18,011
Net assets		385,194	394,315
Equity			
Contributed capital		348,692	348,101
Donation and endowment reserve		9,058	8,039
Asset revaluation reserve		133,434	133,434
Available-for-sale revaluation deficit		(339)	(475)
Accumulated deficit		(105,651)	(94,784)
Total equity		385,194	394,315
Commitments for expenditure	16 & 17		
Contingent liabilities and contingent assets	26		

The balance sheet should be read in conjunction with the accompanying notes included on pages 34 to 66.

Victorian Arts Centre Trust
Cash flow statement
for the financial year ended 30 June 2010

	Opening balance	Total comprehensive result	Transfers between reserves	Other transactions	Closing balance
	\$000's	\$000's	\$000's	\$000's	\$000's
For the financial year ended 30 June 2010					
Accumulated deficit	(94,784)	(10,598)	-	-	(105,382)
Transfer to donation and endowment reserve	-	-	(269)	-	(269)
	(94,784)	(10,598)	(269)	-	(105,651)
Asset revaluation reserve	133,434	-	-	-	133,434
Contributed capital	348,101	-	-	-	348,101
Capital appropriation received	-	-	-	591	591
	348,101	-	-	591	348,692
Donation and endowment reserve	8,039	-	-	-	8,039
New endowment funds received	-	750	-	-	750
Net donations and investment income received	-	-	1,713	-	1,713
Donations and endowment income accessed	-	-	(1,444)	-	(1,444)
	8,039	750	269	-	9,058
Available-for-sale revaluation deficit	(475)	136	-	-	(339)
Total equity at end of the financial year	394,315	(9,712)	-	591	385,194
For the financial year ended 30 June 2009					
Accumulated deficit	(83,433)	(14,340)	-	-	(97,773)
Transfer to donation and endowment reserve	-	-	98	-	98
Transfer from contribution by owners	-	-	2,891	-	2,891
	(83,433)	(14,340)	2,989	-	(94,784)
Asset revaluation reserve	133,434	-	-	-	133,434
Contributed capital	350,148	-	-	-	350,148
Capital appropriation received	-	-	-	844	844
Transfer to accumulated deficit	-	-	(2,891)	-	(2,891)
	350,148	-	(2,891)	844	348,101
Donation and endowment reserve	5,407	-	-	-	5,407
New endowment funds received	-	2,875	-	-	2,875
Transfer from accumulated deficit	-	-	(98)	-	(98)
Donations and endowment income accessed	-	-	-	(145)	(145)
	5,407	2,875	(98)	(145)	8,039
Available-for-sale revaluation deficit	-	(475)	-	-	(475)
Total equity at end of the financial year	405,556	(11,940)	-	699	394,315

The statement of changes in equity should be read in conjunction with the accompanying notes included on pages 34 to 66.

Victorian Arts Centre Trust
Cash flow statement
for the financial year ended 30 June 2010

		2010	2009
	Notes	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts</i>			
Receipts from customers		31,848	32,190
Proceeds from endowments		750	2,875
Government grants received	2	18,831	14,739
Interest & dividends received	2	1,005	1,507
Total receipts		52,434	51,311
<i>Payments</i>			
Payments to suppliers		(23,193)	(21,075)
Payments to employees		(26,011)	(26,387)
GST paid to the Australian Taxation Office		(512)	(10)
Total payments		(49,716)	(47,472)
Net cash from operating activities	18c	2,718	3,839
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(2,107)	(4,917)
Proceeds from sale of investments		-	11,630
Net cash (used in) / provided by investing activities		(2,107)	6,713
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from capital contributions by the Victorian Government		591	844
Net cash provided by financing activities		591	844
Net increase in cash and cash equivalents		1,203	11,398
Cash and cash equivalents at the beginning of the financial year		25,503	14,105
Cash and cash equivalents at the end of the financial year	18a, 6	26,706	25,503

The above cashflow statement should be read in conjunction with the accompanying notes included on pages 34 to 66.

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 1: Statement of accounting policies

The annual financial statements represent the audited general purpose financial statements for the Victorian Arts Centre Trust.

A. Statement of compliance

These financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, including interpretations (AASs). AASs include Australian equivalents to International Financial Reporting Standards.

Where applicable, those paragraphs of the AASs applicable to not-for-profit entities have been applied.

B. Basis of preparation

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid, with the exception of endowment and grant receipts which are recognised when received. Refer to Note 1E for further details.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Trust.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

The report has been prepared in accordance with the historical cost convention except for:

- non-current physical assets which are measured initially at cost and subsequently revalued at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised; and
- certain liabilities that are calculated with regard to actuarial assessments.

Historical cost is based on the fair values of the consideration given in exchange for assets.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented for the year ended 30 June 2009.

C. Reporting entity

The reporting entity is the Victorian Arts Centre Trust ("the Trust") and the financial statements include all the controlled activities of the Trust. Its principal address is:

100 St Kilda Rd
Melbourne VIC 3000

Objectives and funding

The core objectives of the Trust are to enrich the lives of Victorians – culturally, educationally, socially and economically - by enabling people to enjoy and value the performing arts.

The Trust is a public entity and as such derives its funding from Victorian Government, Federal Government grants and operational sources.

D. Scope and presentation of financial statements

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of financial statements.

'Transactions' and 'other economic flows' are defined by the Australian system of government finance statistics: concepts, sources and methods 2005 Cat. No. 5514.0 published by the Australian Bureau of Statistics.

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions 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. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets and fair value changes of financial instruments.

The net result is equivalent to profit or loss derived in accordance with AASs.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Cash flow statement

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

E. Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured, for each of the Trust's major activities as follows:

Grants

State Government appropriation and other Government grants are recognised on receipt in accordance with AASB 118 *Revenue*. Grants from other third parties are recognised as income in the reporting period to the extent to which economic benefits will flow to the Trust.

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Sales of goods and services

a. Income from the provision of services

Income from the provision of services is recognised by reference to the stage of completion when:

- the amount of income, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Trust.

Key revenue areas are as follows:

- Programming revenues comprise ticket sales from Arts Centre presented and produced events.
- Presenter Services revenues comprise the recovery of event production costs.
- Cultural Collections revenues comprise research fees and donations to the Cultural Gifts Program.
- Facilities Management revenues comprise the recovery of Facilities Management services from third parties.

b. Income from the sale of goods

Income from the sale of goods is recognised when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer;
- the Trust retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of income and the costs incurred or to be incurred in respect of the transaction can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Trust.

Interest and investment income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Dividends are recognised when the right to receive payment is established.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported as part of income from other economic flows in the net result or as unrealised gains and losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

Resources received free of charge

Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

Other income

Donations are recognised when received and are appropriated to a designated donation or endowment fund. Donation funds and income from endowment funds are used to fund the programming and exhibition activities of the Trust.

Donated works of art or performing arts assets are recognised when the gift is accepted by the Trust and is recorded at fair value at the time of the donation. Fair value is determined by either an average of independent valuations for works donated under the Cultural Gifts Program or by a curatorial assessment by the Trust.

F. Expenses from transactions

Depreciation and amortisation

Depreciation is calculated on the straight line method to write off the value of non current physical assets (excluding land, works of art and performing arts collection) to its residual value over its expected useful life to the Trust.

Estimates of the remaining useful lives for all assets are reviewed at least annually. The expected useful lives, as assessed by the Valuer General in 2007 and assessed as reasonable by management, are as follows:

- (i) Buildings: **105 to 139** years
- (ii) Building fit outs: **3.7 to 45** years
- (iii) Furniture and equipment: **3.7 to 7.7** years
- (iv) Motor vehicles: **4.44** years
- (v) Software intangible assets: **3.7** years
- (vi) Cultural collection assets are non-depreciable.

Management have reviewed the useful lives as at 30 June 2010.

Major spare parts purchased for plant are capitalised and depreciated on the same basis as the plant to which they relate.

Amortisation of an intangible non-produced asset with a finite useful life is not classified as a transaction and is included in the net result as an other economic flow. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

Employee expenses

Employee expenses include superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Contributions to defined contribution plans are expensed when incurred.

Where a plan is a defined benefit plan under the terms of the plan, it is accounted for as a defined benefit plan; that is the Trust's share of the defined benefit obligation, plan assets and costs associated with the plan are accounted for in the financial statements of the Trust.

Other operating expenses

Other operating expenses generally represent the day to day running costs incurred in normal operations.

Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Bad and doubtful debts

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off are classified as a transaction expense. The allowance for doubtful receivables is classified as other economic flows.

Fair value of assets and services provided free of charge or for nominal consideration

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them.

Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

G. Other economic flows included in the net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions. These include:

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

- revaluation gains/(losses) of non-current physical assets – refer to Note 1(I) Non-financial assets;
- disposal of non-financial assets - any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time;
- amortisation of non-produced intangible assets - refer to Note 1(I) Non-financial assets;
- gain/(loss) arising from transactions in foreign exchange - refer to Note 1(Q) Foreign currency; and
- impairment of non-financial assets – all assets are assessed annually for indications of impairment, except for inventories.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an other economic flow, except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell.

Net gain/(loss) on financial assets

Net gain/(loss) on financial assets includes disposals of financial assets and the allowance for doubtful debts.

The revaluation gain/(loss) on financial assets at fair value excludes dividends or interest earned on financial assets, which is reported as part of income from transactions.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from:

- transfer of amounts from reserves and or/accumulated surplus to net result due to disposal or derecognition or reclassification; and
- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates

H. Financial assets

Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments 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.

Cash assets include donations and endowments received by the Arts Centre Foundation. The Arts Centre Foundation is a sub-committee of the Trust.

Receivables

Receivables consist predominantly of debtors in relation to goods and services, accrued investment income and GST input tax credits recoverable. Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Investments and other financial assets

Investments held by the Trust include equity and debt securities held as part of a Managed Fund and equities received by way of donation. Investments are recognised and de-recognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the net result as an other economic flow for the period.

Impairment of financial assets

The Trust assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

I. Non financial assets

Inventories

Inventories are measured at the lower of cost or net realisable value. Net realisable value is determined on the basis of the Trust's normal selling pattern.

Property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

Cultural assets, collections and heritage assets that the State intends to preserve because of their unique historical, cultural or environmental attributes are measured at their replacement cost. Cultural collections are non-depreciable.

The fair value of furniture, equipment and motor vehicles is determined by reference to the asset's depreciated replacement cost. Existing depreciated cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

Plant and equipment controlled by the Trust is required to be maintained on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are expensed as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

Restrictive nature of cultural and heritage assets and Crown land

During the reporting period, the Trust held cultural assets, heritage assets and Crown land.

Cultural and heritage assets are held for performance, exhibition, education, research and/or historical interest. Such assets, including Crown land, are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The nature of these assets means that there are certain limitations and restrictions imposed on their use and/or disposal.

Revaluations of non current assets

Non-current physical assets are measured at fair value in accordance with FRD 103D. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in value. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increments or decrements arise from differences between carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in other comprehensive income and accumulated in equity under the revaluation surplus, except that the net revaluation increase shall be recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except that the net revaluation decrease shall be recognised in other comprehensive income to the extent that a credit balance exists in the revaluation surplus in respect of the same class of property, plant and equipment. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes. Any revaluation surplus is not normally transferred to accumulated funds on de-recognition of the relevant asset.

Intangible assets

Intangible assets comprise software assets and are measured initially at cost. Software has a finite useful life and therefore these assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Trust. The Trust assesses at the end of each reporting period whether there is objective evidence that intangible assets are impaired.

Other non-financial assets

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

J. Liabilities

Payables

Payables consist predominantly of accounts payable and other sundry liabilities. Accounts payable represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid, and arise when the Trust becomes obliged to make future payments in respect of the purchase of those goods and services.

Other liabilities included in payables mainly consist of unearned/prepaid income, goods and services tax and fringe benefits tax payables.

Payables are initially recognised at fair value, being the cost of the goods and services, and subsequently measured at amortised cost.

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Provisions

Provisions are recognised when the Trust has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

Wages, salaries and annual leave - Liabilities for wages and salaries, including non-monetary benefits and annual leave which are expected to be settled within 12 months of the reporting period, are recognised in the provision for employee benefits. These liabilities are classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave - Liability for long service leave (LSL) is recognised in the provision for employee benefits.

- (i) Current liability – unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Trust 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 nominal value (component that the Trust expects to settle within 12 months) and present value (component that the Trust does not expect to settle within 12 months).
- (ii) Non-current liability – conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability 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 an other economic flow.

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

K. Leases

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

The Trust is not party to any finance leases.

L. Equity

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

M. Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value inclusive of GST payable.

N. Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value inclusive of GST receivable or payable.

O. Goods and services tax (GST)

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

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

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

P. Events after the reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Trust and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Disclosure is made in the notes about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent reporting periods.

Q. Foreign currency

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

Exchange differences are recognised in other economic flows in comprehensive income and accumulated in a separate component of equity, in the period in which they arise.

R. Rounding

Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

S. AASs issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2010 reporting period. DTF assesses the impact of these new standards and advises the Trust of their applicability and early adoption where applicable.

As at 30 June 2010, the following standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2010. The Trust has not early adopted these standards.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Trust's financial statements
AASB 2009-5 Further amendments to Australian Accounting Standards arising from the annual improvements project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 124 Related party disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Impact expected to be insignificant.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a minimum funding requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of <i>Prepayments of a minimum funding requirement</i>	Beginning 1 Jan 2011	Impact expected to be insignificant.
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial instruments: recognition and measurement</i> (AASB 139 <i>financial Instruments: recognition and measurement</i>).	Beginning 1 Jan 2013	Impact is being evaluated.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Impact is being evaluated.

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 2: Income from transactions	Notes	2010 \$000's	2009 \$000's
Programming			
Arts Centre Programming		5,898	6,165
Presenter Services		4,397	3,996
Venue Rental		6,356	6,442
Performing Arts Collection		121	175
		16,772	16,778
Marketing and Visitor Experience			
Visitor Businesses		8,744	8,079
Ticketing & Visitor Services		5,225	3,706
Philanthropy and Corporate Support	(i)	2,984	5,233
Marketing and Communications		75	67
		17,028	17,085
Facilities and Redevelopment			
Facilities Management and Precinct Redevelopment		2,117	1,791
Safety & Security Services		592	896
		2,709	2,687
Corporate Services			
		97	687
Investment Income			
Interest received	(ii)	891	1,543
Dividends received		161	-
		1,052	1,543
Government Grants			
Victorian government appropriation		16,026	13,625
Other Victorian government grants	(iii)	2,506	670
Other government grants	(iv)	299	444
		18,831	14,739
Total income		56,489	53,519

- (i) Philanthropy and Sponsorship income includes \$750,000 of endowment funds received (F2009: \$2,875,000). Endowments are invested in order to provide a permanent source of income for approved Arts Centre programs. The endowment corpus cannot be spent, only the income arising from the investment of these endowments.
- (ii) Interest received includes \$47,000 of Managed fund income distributions re-invested in the fund (F2009:\$36,000).
- (iii) Other Victorian government grants comprise \$2,212,000 from Arts Victoria and Major Projects Victoria in respect of the Southbank Cultural Precinct Redevelopment, \$269,000 from the Department of Education and Early Childhood Development and \$25,000 from the Victorian Health Foundation.
- (iv) Other government grants include \$256,000 from Australia Council in respect of the Music Theatre Initiative (\$180,000), Program Presenter grant for Full Tilt (\$50,000) and a mentorship program (\$26,000).

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 3: Expenses from transactions	Notes	2010	2009
		\$000's	\$000's
Programming			
Arts Centre Programming		9,226	8,609
Presenter Services		6,568	6,568
Venue Rental		494	380
Performing Arts Collection		1,688	1,499
		17,976	17,056
Marketing and Visitor Experience			
Visitor Businesses		2,834	2,725
Ticketing and Visitor Services		6,137	5,531
Philanthropy and Corporate Support		1,190	1,240
Marketing and Communications		1,900	1,979
		12,061	11,475
Facilities and Redevelopment			
Facilities Management and Precinct Redevelopment		12,516	12,392
Safety & Security Services		2,054	2,295
		14,570	14,687
Organisation			
Executive Services		1,935	1,834
Finance Services		1,673	2,398
People & Culture		1,231	1,941
Information Services		3,522	2,280
		8,361	8,453
Finance Costs			
		27	27
Depreciation and amortisation			
	(i)		
Buildings		1,421	1,421
Building fit outs		9,416	9,380
Other depreciable assets		1,768	1,681
Amortisation		709	335
Total depreciation and amortisation		13,314	12,817
Total expenses		66,309	64,515

(i) The Victorian Government does not fund the Trust for depreciation.

Note 4: Net result from transactions

Net result from transactions includes the following expenses:

Operating lease rental expenses		519	321
Consultants	(ii)	476	569
		995	890

(ii) The Trust engaged 16 consultants in total during F2010 (2009: 12). One consultant, Deloitte, was paid \$175,000 in respect of Ticketing web development, which was in line with the approved budget for this project (2009:0).

Victorian Arts Centre Trust
Notes to the financial statements
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		2010	2009
	Notes	\$000's	\$000's
Note 5: Other economic flows included in net result			
a. Net loss on financial assets			
Bad debts written off		(11)	-
Net loss on disposal of financial instruments		-	(404)
Total net loss on financial assets		(11)	(404)
b. Other losses from other economic flows			
Net loss arising from revaluation of long service liability	(i)	(17)	(65)
Total other losses from other economic flows		(17)	(65)

(i) Revaluation loss due to change in bond rates.

Note 6: Cash and deposits

Cash on hand and in bank	(i)	7,144	2,178
Cash held in box office bank account	(ii)	6,974	8,002
Term deposits	(i)	12,588	15,323
Total cash assets	18a	26,706	25,503

(i) Cash and deposits include \$7,296,000 of Arts Centre Foundation funds. The Arts Centre Foundation is a sub-committee of the Trust.

(ii) Cash held in the box office bank account is held in trust for the ticket purchaser and can only be made available to the Presenter (ticketing receipts) and the Trust (ticketing fees) after the relevant event has occurred.

Victorian Arts Centre Trust
Notes to the financial statements
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Note 7: Receivables	Notes	2010 \$000's	2009 \$000's
Current receivables			
Trade debtors	(i)	2,171	1,590
Less provision for doubtful debts	7a	(28)	(43)
Other receivables		1,657	745
Net GST receivable		-	286
Total receivables	19	3,800	2,578

(i) The average credit period for sales of goods and services and for other receivables is 14 days. A provision has been made for estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

a. Doubtful debts

Balance at beginning of the year	43	43
Reversal of unused provision recognised in the net result	(17)	-
Increase in provision recognised in the net result	28	-
Previously provided for receivables written off as uncollectible	(26)	-
Balance at end of the year	28	43

b. Ageing analysis of contractual receivables

Refer to Note 19 for the ageing analysis of contractual receivables.

c. Nature and extent of risk arising from contractual receivables

Refer to Note 19 for the nature and extent of risks arising from contractual receivables.

Note 8: Investments

Current investments			
Managed funds		1,582	1,422
Australian listed equity securities		180	157
Total investments	19	1,762	1,579

Investments represent Arts Centre Foundation funds. The Arts Centre Foundation is a not-for-profit entity, established as a sub-committee of the Trust.

a. Ageing analysis of investments and other financial assets

Refer to Note 19 for the ageing analysis of investments and other financial assets.

b. Nature and extent of risk arising from investments and other financial assets

Refer to Note 19 for the nature and extent of risks arising from investments and other financial assets.

Note 9: Inventories

Current inventories			
Theatre lamps, gels and tapes		74	74
Central plant		36	30
Consumables		15	25
Total inventories		125	129

Note 10: Other non-financial assets

Prepayments		69	357
Total other non-financial assets		69	357

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 11: Property, plant & equipment	Notes	2010 \$000's	2009 \$000's
a. Land at valuation			
Hamer Hall		33,003	33,003
Theatres building		35,997	35,997
Car park		18,250	18,250
Sidney Myer Music Bowl		12,500	12,500
Total land	(i)	99,750	99,750
b. Buildings at valuation			
Hamer Hall		31,121	31,121
Less accumulated depreciation		(931)	(621)
		30,190	30,500
Theatres building		83,630	83,630
Less accumulated depreciation		(2,511)	(1,675)
		81,119	81,955
Car park		16,024	16,024
Less accumulated depreciation		(481)	(321)
		15,543	15,703
Sidney Myer Music Bowl		11,410	11,410
Less accumulated depreciation		(342)	(228)
		11,068	11,182
Total buildings	(ii)	137,920	139,340
c. Building fit outs			
Hamer Hall at valuation		36,108	36,108
Hamer Hall at cost		153	94
Less accumulated depreciation		(7,409)	(4,940)
		28,852	31,262
Theatres building at valuation		71,643	71,643
Theatres building additions at cost		2,198	1,845
Less accumulated depreciation		(18,901)	(12,589)
		54,940	60,899
Car park at valuation		1,026	1,026
Car park additions at cost		504	499
Less accumulated depreciation		(726)	(606)
		804	919
Ballet Centre at cost		1,270	673
Less accumulated depreciation		(27)	(4)
		1,243	669
Sidney Myer Music Bowl at valuation		13,122	13,122
Sidney Myer Music Bowl at cost		592	577
Less accumulated depreciation		(1,458)	(965)
		12,256	12,734
Total building fit outs	(ii)	98,095	106,483

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 11: Property, plant & equipment (continued)	Notes	2010	2009
		\$000's	\$000's
d. Plant and equipment			
Furniture and equipment at cost		11,144	11,308
Less accumulated depreciation		(5,169)	(4,309)
		5,975	6,999
Motor vehicles at cost		98	98
Less accumulated depreciation		(98)	(97)
		-	1
Total plant and equipment		5,975	7,000
e. Cultural collections			
Works of art at cost		249	207
Works of art at valuation		15,400	15,400
	(iii)	15,649	15,607
Performing arts collection at cost		1,827	1,738
Performing arts collection at valuation	(iv)	10,074	10,074
		11,901	11,812
Total cultural collections		27,550	27,419
f. Work in progress			
Work in progress		-	38
		-	38
Total property, plant and equipment		369,290	380,030

- (i) Land was revalued to fair value by the Valuer General Victoria, as at 30 June 2007 using the best estimate of the price reasonably obtainable in the market at reporting date. The value of the car park land was valued using the methodology outlined in the 'Valuation of Land Act 1960' for valuing strata titled parcels of land. In accordance with FRD103D, a fair value assessment was performed by management during the reporting period and given that movements in land indices were not material (less than or equal to 10 per cent), a full revaluation was not deemed necessary.
- (ii) Buildings and Building Fit outs were valued at fair value as at 30 June 2007 by the Valuer General Victoria, which under FRD103D is based on the depreciated replacement cost. In accordance with FRD103D, a fair value assessment was performed by management during the reporting period and given that movements in building indices were not material (less than or equal to 10 per cent) a full revaluation was not deemed necessary.
- (iii) Works of art were revalued to fair value by Tim Pitcher for the Valuer General Victoria, as at 30 June 2007 using the best estimate of the price reasonably obtainable in the market at reporting date. In accordance with FRD103D, a fair value assessment was performed by management during the reporting period and changes in value were not deemed to be material (less than or equal to 10 per cent) to warrant a full revaluation. No depreciation is charged on works of art.
- (iv) The performing arts collection was revalued to fair value as at 30 June 2008 by Ian Armstrong (OAM) for the Australian Government Valuation Office at fair value using the best estimate of the price reasonably obtainable in the market at reporting date. In accordance with FRD103D, a fair value assessment was performed by management during the reporting period and changes in value were not deemed to be material (less than or equal to 10 per cent) to warrant a full revaluation. No depreciation is charged on the performing arts collection.

The next scheduled full revaluation for all asset classes will be conducted in F2011.

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 11: Property, plant & equipment (continued)

**g. Movement in carrying amount
2010**

	Opening carrying amount	WIP transferred	Additions	Disposals & write offs	Depreciation	Revaluation	Closing carrying amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Land	99,750	-	-	-	-	-	99,750
Buildings							
Hamer Hall	30,500	-	-	-	(310)	-	30,190
Theatres Building	81,955	-	-	-	(836)	-	81,119
Car Park	15,703	-	-	-	(160)	-	15,543
Sidney Myer Music Bowl	11,182	-	-	-	(114)	-	11,068
		-					
Building Fit Out							
Hamer Hall	31,262	-	59	-	(2,469)	-	28,852
Theatres Building	60,899	-	353	-	(6,312)	-	54,940
Car Park	919	-	5	-	(120)	-	804
Sidney Myer Music Bowl	12,734	-	15	-	(493)	-	12,256
Ballet Centre	669	-	597	-	(23)	-	1,243
Other Assets							
Furniture & Equipment	6,999	38	705	-	(1,767)	-	5,975
Motor Vehicles	1	-	-	-	(1)	-	-
Works Of Art	15,607	-	42	-	-	-	15,649
Performing Arts Collection	11,812	-	89	-	-	-	11,901
Work In Progress	38	(38)	-	-	-	-	-
Total	380,030	-	1,865	-	(12,605)	-	369,290

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 11: Property, plant & equipment (continued)

**g. Movement in carrying amount
2009**

	Opening carrying amount	WIP transferred	Additions	Disposals & write offs	Depreciation	Revaluation	Closing carrying amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Land	99,750	-	-	-	-	-	99,750
Buildings							
Hamer Hall	30,810	-	-	-	(310)	-	30,500
Theatres Building	82,792	-	-	-	(837)	-	81,955
Car Park	15,863	-	-	-	(160)	-	15,703
Sidney Myer Music Bowl	11,296	-	-	-	(114)	-	11,182
		-					
Building Fit Out							
Hamer Hall	33,682	47	-	-	(2,468)	-	31,262
Theatres Building	66,340	580	285	-	(6,306)	-	60,899
Car Park	682	234	121	-	(118)	-	919
Sidney Myer Music Bowl	12,739	22	456	-	(484)	-	12,734
Ballet Centre	-	-	673	-	(4)	-	669
Other Assets							
Furniture & Equipment	7,005	151	1,513	-	(1,669)	-	6,999
Motor Vehicles	13	-	-	-	(12)	-	1
Works Of Art	15,465	-	142	-	-	-	15,607
Performing Arts Collection	11,812	-	-	-	-	-	11,812
Work In Progress	1,046	(1,034)	27	-	-	-	38
Total	389,295	-	3,217	-	(12,482)	-	380,030

	2010 \$000's	2009 \$000's
Note 12: Intangible assets		
Software at cost	5,977	5,958
Less accumulated depreciation	(4,517)	(3,808)
Total software	1,460	2,150
Work in progress	219	-
Total Intangibles	1,679	2,150

Victorian Arts Centre Trust
Notes to the financial statements
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Note 12: Intangibles - Movement in carrying amount

2010

	Opening carrying amount	WIP transferred	Additions	Disposals & write offs	Depreciation	Revaluation	Closing carrying amount
	\$000's		\$000's	\$000's	\$000's	\$000's	\$000's
Software	2,150	-	19	-	(709)	-	1,460
Work In Progress	-	-	219	-	-	-	219
Total	2,150	-	238	-	(709)	-	1,679

2009

	Opening carrying amount	WIP transferred	Additions	Disposals & write offs	Depreciation	Revaluation	Closing carrying amount
	\$000's		\$000's	\$000's	\$000's	\$000's	\$000's
Software	559	237	1,689	-	(335)	-	2,150
Work In Progress	237	(237)	-	-	-	-	-
Total	796	-	1,689	-	(335)	-	2,150

Note 13: Payables	Notes	2010 \$000's	2009 \$000's
Current payables			
Trade creditors	(i)	789	1,834
Sundry creditors and accruals		5,363	3,620
Box office creditors		6,520	6,810
Net GST payable		214	-
Total payables	19	12,886	12,264

(i) The average credit period is 30 days. No interest is charged on the other payables for the first 30 days from the date of the invoice.

a. Maturity analysis of contractual payables

Please refer to Note 19 for the maturity analysis of contractual payables

b. Nature and extent of risk arising from contractual payables

Please refer to Note 19 for the nature and extent of risks arising from contractual payables.

Victorian Arts Centre Trust
Notes to the financial statements
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Note 14: Provisions	Notes	2010 \$000's	2009 \$000's
a. Current employee provisions			
Annual leave entitlement expected to settle within 12 months	(i)	1,350	1,394
Unconditional long service leave entitlement	(i)		
Unconditional and expected to settle within 12 months	(ii)	138	65
Unconditional and expected to settle after 12 months	(iii)	1,762	1,744
		3,250	3,203
Non current employee provisions			
Conditional long service leave entitlement	(i) & (iii)	303	241
Superannuation - unfunded liability	20	535	813
		838	1,054
Total employee benefits		4,088	4,257
Current on costs		207	214
Non-current on costs		372	346
Total on costs		579	560
Total provisions		4,667	4,817
b. Movement in provisions			
	On- costs 2010 \$000's	Other 2010 \$000's	Total 2010 \$000's
Opening balance	560	4,257	4,817
Additional provisions recognised	252	1,349	1,601
Reductions arising from payments	(236)	(1,532)	(1,768)
Unwind of discount and effect of changes in the discount rate	3	14	17
Closing balance	579	4,088	4,667
Current	207	3,250	3,457
Non-current	372	838	1,210
Total	579	4,088	4,667

- (i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.
(ii) The amounts disclosed are nominal amounts.
(iii) The amounts disclosed are discounted to present values.

Victorian Arts Centre Trust
Notes to the financial statements
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	Notes	2010 \$000's	2009 \$000's
Note 15: Other current liabilities			
Venue hire income received in advance		487	529
Other income received in advance		197	401
Total other current liabilities		684	930

Note 16: Leases

Payable no later than one year		783	898
Longer than one year and not longer than five years		2,072	2,774
Total leases		2,855	3,672

Note 17: Commitments for expenditure

Operating commitments			
Not longer than one year		4,131	6,012
Longer than one year and not longer than five years		3,158	8,614
Total operating commitments		7,289	14,626
Programming commitments			
Not longer than one year		890	1,499
Total programming commitments		890	1,499
Total commitments		8,179	16,125

Commitments for expenditure exclude capital commitments which are associated with the redevelopment of Hamer Hall as such commitments are reflected by the Department of Premier and Cabinet.

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 18: Cash flow statement	Notes	2010 \$000's	2009 \$000's
a. Reconciliation of cash and cash equivalents			
Cash balance comprises:			
Cash at bank and on hand		14,118	10,180
Cash on short term deposits		12,588	15,323
Closing cash balance	6	26,706	25,503
b. Financing facilities available			
At balance date, the following financing facilities had been negotiated and were available:			
Facilities with the ANZ Banking Group		9,800	9,800
Facility in use as at year end		-	-
c. Reconciliation of net result from operating activities to net cash used in operating activities			
Net result for the period		(9,848)	(11,465)
Non-cash movements:			
Depreciation of non-current assets		13,314	12,817
Investment income re-invested		(47)	(70)
Other non income cash		-	145
Movement in assets and liabilities			
(Increase)/decrease in receivables		(1,222)	885
Decrease/(increase) in inventories		4	(3)
Decrease/(increase) in other current assets		288	(270)
Increase in payables		625	1,760
(Decrease)/increase in other current liabilities		(246)	124
Decrease in employee benefits		(150)	(84)
Net cash from operating activities		2,718	3,839

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 19: Financial Instruments

a. Financial risk management objectives and policies

The Trust's principal financial instruments comprise:

- cash assets;
- term deposits;
- receivables (excluding statutory receivables);
- investments in equities and managed funds; and
- payables (excluding statutory payables).

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 1 to the financial statements.

The main purpose in holding financial instruments is to prudently manage the Trust's financial risks.

Cash assets include funds held in trust in the box office bank account for the ticket purchaser and can only be made available to the Presenter (ticketing receipts) and the Trust (service fees) after the relevant event has occurred.

Term deposits and investment in equities and managed funds include \$7,296,000 of Arts Centre Foundation funds. The Arts Centre Foundation is a sub-committee of the Trust, responsible for managing the Arts Centre's donation and endowment funds.

The carrying amounts of the Trust's financial assets and financial liabilities by category are shown in the table below:

Categorisation of financial instruments

Contractual financial assets	Category	2010 \$000's	2009 \$000's
Cash and term deposits (< 12 months)	Contractual financial assets - loans and receivables	26,706	19,503
Term deposits (> 12 months)	Contractual financial assets - loans and receivables	0	6,000
Receivables:			
Trade debtors	Contractual financial assets - loans and receivables	2,143	1,547
Other receivables		1,657	745
Investments in equities and managed funds	Contractual financial assets - available for sale	1,762	1,579
Total contractual financial assets		32,268	29,374
Contractual financial liabilities			
Payables: (i)			
Trade creditors	Contractual financial liabilities at amortised cost	789	1,834
Box office creditors		6,520	6,810
Other payables		5,363	3,620
Total contractual financial liabilities		12,672	12,264

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 19: Financial Instruments (continued)

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

	2010			2009		
	Net holding gain / (loss)	Total interest income / (expense)	Total	Net holding gain / (loss)	Total interest income / (expense)	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Contractual financial assets						
Financial assets - loans and receivables	-	891	891	-	1,507	1,507
Financial assets - available for sale recognised in net result	-	161	161	(404)	36	(368)
Financial assets - available for sale recognised in other comprehensive result	136	-	136	(475)	-	(475)
Total	136	1,052	1,188	(879)	1,543	664

For cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the interest income minus any impairment recognised in the net result.

b. Credit risk

Credit risk arises from the contractual financial assets of the Trust, which comprise cash and deposits, non-statutory receivables and available-for-sale financial assets. The Trust's exposure to credit risk arises from the potential default of counter party on their contractual obligations resulting in financial loss to the Trust. Credit risk is measured at fair value and is monitored on a regular basis.

It is the Trust's policy to only deal with entities with high credit ratings. Provision for impairment of financial assets is based on past experience, and current and expected changes in customer's credit ratings.

Maximum exposure to credit risk

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

Victorian Arts Centre Trust
Notes to the financial statements
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Note 19: Financial Instruments (continued)

Credit quality of contractual financial assets that are neither past due nor impaired

2010	Financial institutions (AA credit ratings)	Other (Min BBB credit ratings)	Total
	\$'000s	\$'000s	\$'000s
Cash and cash equivalents	26,706	-	26,706
Receivables	1,400	2,428	3,828
Investments and other financial assets	1,762	-	1,762
Total contractual financial assets	29,868	2,428	32,296
2009			
Cash and cash equivalents	25,503	-	25,503
Receivables	379	1,956	2,335
Investments and other financial assets	1,579	-	1,579
Total contractual financial assets	27,461	1,956	29,417

The Department of Treasury and Finance approved the Arts Centre's Investment Management Policy for the financial year 2009-10. This policy permits the Arts Centre to invest with financial institutions with a credit rating greater than AA.

Ageing analysis of contractual financial assets

2010	Carrying amount \$'000s	Not past due and not impaired \$'000s	Past due but not impaired		Impaired financial assets \$'000s
			Less than 1 month \$'000s	1 - 3 months \$'000s	
Receivables:					
Trade debtors	2,171	2,026	102	15	28
Accrued investment income	292	292	-	-	-
Other receivables	1,365	1,365	-	-	-
Total	3,828	3,683	102	15	28
2009					
Receivables:					
Trade debtors	1,590	1,235	33	279	43
Accrued investment income	214	214	-	-	-
Other receivables	531	531	-	-	-
Total	2,335	1,980	33	279	43

Victorian Arts Centre Trust
Notes to the financial statements
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Note 19: Financial Instruments (continued)

Currently the Trust does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired.

c. Liquidity risk

Liquidity risk is the risk that the Trust would be unable to meet its financial obligations as and when they fall due. The Trust continuously manages risk through monitoring future cash flows to ensure adequate holding of high quality liquid assets.

The Trust's exposure to liquidity risk is deemed insignificant based on prior period's data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of short term deposits or available-for sale investments.

The maximum exposure to liquidity risk is the carrying amount of financial liabilities. The following table discloses the contractual maturity analysis for the Trust's financial liabilities:

Maturity analysis of contractual financial liabilities

	Carrying amount \$'000s	Less than 1 month \$'000s	1 - 3 months \$'000s	3 months - 1 year \$'000s
2010				
Payables:				
Trade creditors	789	789	-	-
Box office creditors	6,520	2,387	2,865	1,268
Other payables	5,363	5,363	-	-
	12,672	8,539	2,865	1,268
2009				
Payables:				
Trade creditors	1,834	1,834	-	-
Box office creditors	6,810	2,330	3,811	669
Other payables	3,620	3,620	-	-
	12,264	7,784	3,811	669

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

The contractual obligation to settle payments to box office creditors occurs at the date of relevant event.

Note 19: Financial Instruments (continued)

d. Market risk

The Trust's exposure to market risk is primarily through interest rate risk and price risk with only insignificant exposure to foreign currency risk. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

Foreign currency risk

The Trust is exposed to insignificant foreign currency risk through payments in respect to international artists and international software companies. The Trust's exposure is monitored through regular monitoring of movements in exchange rates against the principal currencies.

Interest rate risk

Exposure to interest rate risk arises primarily through cash held at bank and short term deposits. The Trust manages this risk by mainly undertaking fixed rate financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. The following table discloses the carrying amounts of financial assets and financial liabilities that are exposed to interest rate risk:

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 19: Financial Instruments (continued)

Interest rate exposure of financial instruments

2010	Weighted average interest rate	Carrying amount	Floating interest rate	Fixed interest rate	Non-interest bearing
Financial assets	%	\$000s	\$000s	\$000s	\$000s
Cash at bank and on hand	3.9%	7,144	7,144	-	-
Cash held in box office bank account	3.4%	6,974	6,974	-	-
Term deposits < 12 months	5.0%	12,588	-	12,588	-
Investments		1,762	-	-	1,762
Receivables - trade debtors		2,143	-	-	2,143
Receivables - other debtors		1,657	-	-	1,657
		32,268	14,118	12,588	5,562
Financial liabilities					
Trade creditors		789	-	-	789
Box office creditors		6,520	-	-	6,520
Other creditors		5,363	-	-	5,363
		12,672	-	-	12,672
2009					
Financial assets					
Cash at bank and on hand	4.5%	2,178	2,178	-	-
Cash held in box office bank account	4.5%	8,002	8,002	-	-
Term deposits < 12 months	6.4%	9,323	-	9,323	-
Term deposits > 12 months	4.4%	6,000	-	6,000	-
Investments		1,579	-	-	1,579
Receivables - trade debtors		1,547	-	-	1,547
Receivables - other debtors		745	-	-	745
		29,374	10,180	15,323	3,871
Financial liabilities					
Trade creditors		1,834	-	-	1,834
Box office creditors		6,810	-	-	6,810
Other creditors		3,620	-	-	3,620
		12,264	-	-	12,264

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 19: Financial Instruments (continued)

Equity price risk

Exposure to price risk arises primarily through shifts in the unit prices of investments held as available for sale financial assets. The carrying value at year end reflects the fair value.

Sensitivity disclosure analysis

The Trust's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. The Trust's fund managers cannot be expected to predict movements in market rates and prices, sensitivity analyses shown are for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months:

- a movement of 50 basis points up and down (2009: 50 down and 50 up) in market interest rates (AUD);
- a movement of 10 per cent up and down (2009: 10 per cent) for the top ASX 200 index.

The table below discloses the impact on the Trust's net result and equity for each category of financial instrument held by the Trust at year-end as presented to key management personnel, if the above movements were to occur.

Market risk exposure - interest rate risk

2010	Carrying amount	-0.5% Net result	-0.5% Available for sale revaluation surplus	+0.5% Net result	+0.5% Available for sale revaluation surplus
Financial assets	\$000s	\$000s	\$000s	\$000s	\$000s
Cash at bank and on hand	14,118	(59)	-	59	-
Term deposit < 12 months	12,588	(69)	-	69	-
Investments	1,762	-	-	-	-
	28,468	(128)	-	128	-
2009					
Financial assets					
Cash at bank and on hand	10,180	(60)	-	60	-
Term deposit < 12 months	9,323	(65)	-	65	-
Term deposit > 12 months	6,000	(11)	-	11	-
Investments	1,579	-	-	-	-
	27,082	(136)	-	136	-

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 19: Financial Instruments (continued)

Market risk exposure - price risk

2010	Carrying amount	-10%	-10%	+10%	+10%
		Net result	Available for sale revaluation surplus	Net result	Available for sale revaluation surplus
Financial assets	\$000s	\$000s	\$000s	\$000s	\$000s
Cash at bank and on hand	14,118	-	-	-	-
Term deposit < 12 months	12,588	-	-	-	-
Investments	1,762	-	(176)	-	176
	28,468	-	(176)	-	176
2009					
Financial assets					
Cash at bank and on hand	10,180	-	-	-	-
Term deposit < 12 months	9,323	-	-	-	-
Term deposit > 12 months	6,000	-	-	-	-
Investments	1,579	-	(158)	-	158
	27,082	-	(158)	-	158

e. Fair value

The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.

The Trust considers the carrying amount of financial assets and financial liabilities recorded in the financial report to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

Note 20: Superannuation

Employees of the Trust are entitled to receive superannuation benefits and the Trust contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

A. Vision superannuation Fund (defined benefit fund)

As at 30 June 2010 Vision Superannuation Fund (the Scheme) was carrying total liabilities, including liabilities for members' benefits, in excess of the value of the Scheme's assets. The notional share of the Scheme's unfunded liabilities attributable to the Trust included in the Balance Sheet is \$535,000 (2009: \$813,000) based on figures supplied by the Scheme as at 30 June 2010 (Refer to Note 14). During the year the Trust's contributions to the above scheme totalled \$116,000 (2009: \$156,000) for employer SGL contributions. The policy adopted for calculating employer contributions is based on the advice of the Scheme. The Scheme has advised that it expects the rate of earnings on existing rates of contribution will be sufficient to ultimately discharge future liabilities. Employer contribution rates represent 9% for accumulation and guarantee fund members, 9.25% for defined benefit members (2009: 9% and 9.25%) of employee gross salary.

The Scheme referred to above is a multi-employer sponsored defined benefit plan with a number of different membership categories. The assets and liabilities of the former fund are pooled and are not allocated by employer. Whilst the Actuaries make notional allocations of benefit liabilities, assets and costs between employers for the purpose of determining contribution rates, these allocations are not done in a way which would satisfy the requirements of AASB119 for defined benefit plans. As provided under Paragraph 32 (b) of AASB119 the Trust does not use defined benefit accounting for this Scheme.

The Trust makes employer contributions to the Schemes at rates determined by the Minister for Finance on the advice of the Actuaries.

The contributions to the Fund and the Scheme are expected to be sufficient to fund future benefits accruing to the Trust's employees. Whilst the Trust is not currently required to make additional contributions in respect of past service benefits it may be required to do so in the future.

B. Other superannuation funds

The remainder of the superannuation funds are defined contribution funds. The Trust does not make contributions to these funds other than at the superannuation guarantee levy rate of 9% or as per enterprise development agreements.

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 21: Responsible persons

The names of persons who were responsible persons at any time during the financial year were:

Responsible minister

The Hon. Peter Batchelor MP (appointed 20 January 2010)

The Hon. Lynne Kosky MP (resigned 18 January 2010)

Responsible persons

Ms Janet Whiting

Ms Deborah Beale

Mr Paul Brasher

Mr Julian Clarke (appointed 23 June 2010)

Mr Michael Daddo (term expired 12 March 2010)

Ms Catherine McClements (appointed 23 June 2010)

Ms Ailsa Piper (term expired 12 March 2010)

Mr Graham Smorgon

Professor Leon van Schaik AO

Mr David Vigo

Accountable Officer

Ms Judith Isherwood (appointed 26/10/09)

Mr Tim Jacobs (retired 31/12/09)

Subsequent to the year end, Ms Terry Bracks was appointed to the Trust on 1 July 2010.

Note 22: Remuneration of responsible persons

All members of the Trust are appointed by the Governor in Council. They do not receive remuneration for services provided to the Trust in their role as Trustees, although they are eligible to be reimbursed for out of pocket expenses. See Note 25 for related party transactions.

The remuneration of the accountable officers was in the range of \$540,000 - \$549,999 (F2009: \$300,000 - \$309,999). This is not included in the Executive Remuneration table within Note 24. The remuneration of the former accountable officer includes the payment of previously accrued annual leave and long service leave entitlements, earned in accordance with his executive contract and was paid on retirement.

	2010	2009
	\$000's	\$000's
Note 23: Remuneration of Auditors		
Victorian Auditor-General's Office		
Audit of the financial statements	48	44

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Note 24: Remuneration of executives and accountable officer

The total number of executives who received remuneration in connection with the management of the affairs of the Trust is shown in the following bands. For 2010 the number of males represented in the following table is 3 (2009: 4) and females is 2 (2009: 1). In 2010 the Chief Executive and 5 executives (2009: 5) were employed under Executive Employment Contracts. Base remuneration is exclusive of bonus payments, long service leave payments and retirement benefits.

A number of executive officers resigned during the year. Refer to Note 22 for remuneration of the accountable officers which is not shown in the table below.

	Total Remuneration		Base Remuneration	
	2010	2009	2010	2009
\$100,000 - \$109,999	-	-	-	1
\$110,000 - \$119,999	1	-	-	-
\$150,000 - \$159,999	-	-	1	-
\$160,000 - \$169,999	-	1	1	1
\$170,000 - \$179,999	1	-	-	-
\$180,000 - \$189,999	1	-	-	-
\$190,000 - \$199,999	-	-	-	1
\$200,000 - \$209,999	1	3	2	2
\$210,000 - \$219,999	1	-	-	-
\$220,000 - \$229,999	-	1	-	-
Total number of reportable executives	5	5	4	5
	\$000's	\$000's	\$000's	\$000's
The aggregate remuneration paid to executives	\$1,031	\$1,094	\$967	\$941

Note 25: Related party transactions

Ms Deborah Beale is a director of The Production Company (Australia) Limited for which related party transactions in venue rental and associated services received by the Trust amounted to \$537,000. During the year, Ms Beale was also a Director within Ernst and Young. Ernst and Young were engaged to provide internal audit services, the fees for which totalled \$164,000.

Mr David Vigo is a Director of HVK Productions for which related party transactions in venue rental and associated services received by the Trust amounted to \$141,000.

Donations and endowments totalling \$921,000 were received from Arts Centre Trustees and Arts Centre Foundation Governors.

Note 26: Contingent assets and liabilities

The Trust is not aware of any contingent liabilities.

As part of the Southbank Cultural Precinct Redevelopment project, Hamer Hall closed on 5th July 2010. \$128.5m has been allocated by the Victorian Government for the redevelopment of Hamer Hall and its surrounds. New assets arising from this redevelopment will be transferred to the Victorian Arts Centre Trust at the completion of the project, which is scheduled to be July 2012.

Victorian Arts Centre Trust
Notes to the financial statements
for the financial year ended 30 June 2010

Accountable officer's and chief financial officer's declaration

We certify that the attached financial statements for the Victorian Arts Centre Trust have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards, including interpretations and other mandatory professional reporting requirements.

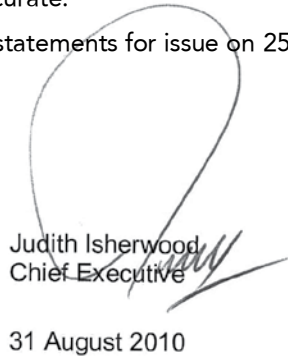
We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2010 and the financial position of the Trust as at 30 June 2010.

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

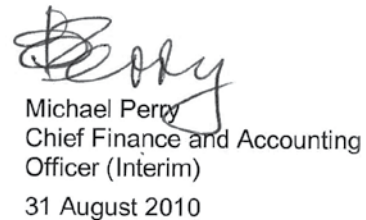
We authorise the attached financial statements for issue on 25 August 2010



Janet Whiting
President
31 August 2010



Judith Isherwood
Chief Executive
31 August 2010



Michael Perry
Chief Finance and Accounting
Officer (Interim)
31 August 2010

INDEPENDENT AUDITOR'S REPORT

To the Trustees, Victorian Arts Centre Trust

The Financial Report

The accompanying financial report for the year ended 30 June 2010 of the Victorian Arts Centre Trust which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the accountable officer's and chief financial officer's has been audited.

The Trustees' Responsibility for the Financial Report

The Trustees of the Victorian Arts Centre Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Auditing in the Public Interest

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of the Victorian Arts Centre Trust for the year ended 30 June 2010. The Trustees of the Victorian Arts Centre Trust are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Victorian Arts Centre Trust web site.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Victorian Arts Centre Trust as at 30 June 2010 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
2 September 2010


for D D R Pearson
Auditor-General

2

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Auditing in the Public Interest

Disclosure Index

The Annual Report of the Victorian Arts Centre Trust is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the organisation's compliance with statutory disclosure requirements.

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* FRD is a Financial Reporting Direction issued by the Minister for Finance pursuant to s8 of the Financial Management Act 1994. Compliance with FRDs is mandatory.

** SD is a Standing Direction under the Financial Management Act 1994. Compliance with SDs is mandatory.

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