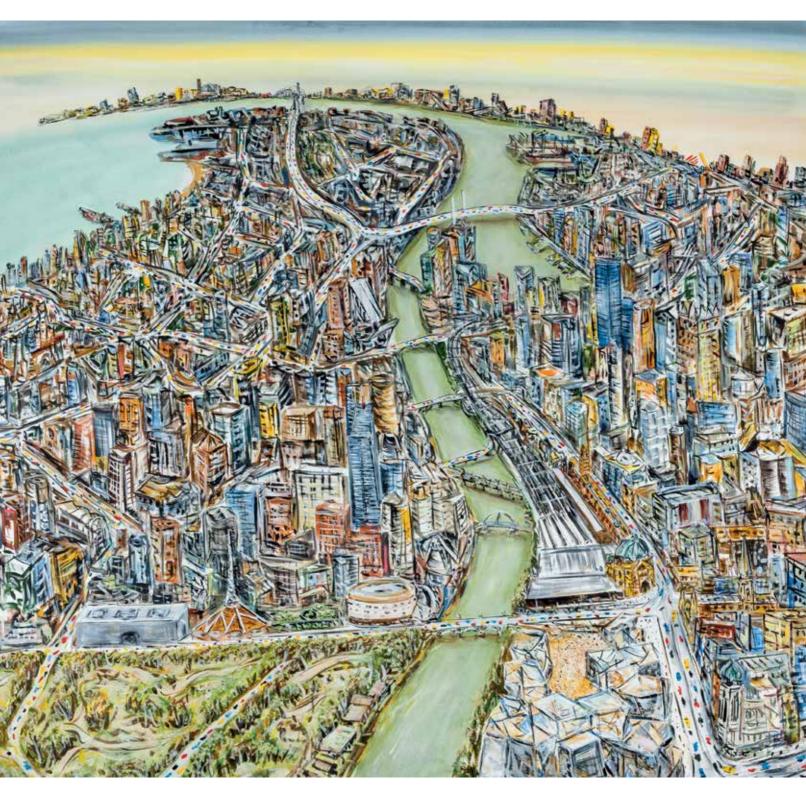


Victorian Arts Centre Trust 2014 – 2015 ANNUAL REPORT





ACCOUNTABLE OFFICER'S DECLARATION

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Arts Centre Trust's Annual Report for the year ending 30 June 2015.

Claire Spencer

Claire Spencer Chief Executive Officer Arts Centre Melbourne

Contents

President's Report	2
Chief Executive Officer's Report	3
About Us	4
Arts Centre Melbourne by Numbers	6
Priorities: The Performing Arts	8
Priorities: Audience Focussed	10
Priorities: Custodianship	13
Priorities: People	16
Priorities: Business Excellence	18
The Trust's Role and Context	20
Organisational Context – Committees	21
Philanthropic and Corporate Supporters	22
Summary of Results	26
Financial Overview	27
Financial Statements	28
Administrative Reporting Requirements	66
Disclosure Index	71

President's REPORT



On behalf of the Victorian Arts Centre Trust, I am pleased to present this report of our operations, financial results and the key achievements in 2014/2015.

We welcomed our new Chief Executive, Claire Spencer, in November. Claire moved with her family from her previous role as Chief Operating Officer of the Sydney Opera House and has made a very strong start consolidating and building on the excellent team of Executives at the core of Arts Centre Melbourne.

The focus on financial discipline that has driven the consolidation of Arts Centre Melbourne over the last two years has borne further fruit with a modest cash surplus and a program of reinvestment in growth and critical maintenance. Arts Centre Melbourne's financial business model that we rolled out last year (and described in last year's report) continues to guide capital and expenditure allocation decisions and is at the centre of monitoring performance.

The base of this three tier business model is the cost of maintaining the buildings, the central business services and core staffing. The Victorian Government has provided sustainability funding of an additional \$5.0 million per year for F2015 and F2016. With this funding due to expire, the Victorian Government has commissioned a base funding and business model review of Arts Centre Melbourne to recommend a future funding level. We are hopeful that the review will increase certainty and the ability to plan by recommending triennial funding – including the renewal and increase in the sustainability funding to the full cost of sustaining the base.

The second tier of the model is the commercial tier, including the revenue we receive from our Resident Companies, presenting companies, commercial hirers and sponsors. Our preferred course is for the base tier to be fully funded by the Victorian Government and for all of the funds that are produced as surpluses in the second tier to be reinvested with the presenting companies and the sector. We also work to support more small to medium organisations, who are critical to the overall health of the sector and are frequently at the edge of innovation and creativity.

The top tier of the business model features Arts Centre Melbourne's own programming and development. This tier is funded by box office income from our productions, our supporters (including individual donors, Trusts and Foundations) and by funds committed by the Victorian Government for programming and community engagement. Critically this tier is fully funded from these sources. This structure makes our position clear that our fundraising quest is to support our programming outcomes – which in turn contributes to the State's cultural offering. It also makes clear that the major performing arts companies and other partners are not subsidising 'Arts Centre Melbourne Presents' productions.

Our proposition has been that if the Victorian Government is taking care of the base tier, people will be more likely to support projects and programs in this top tier. The Sidney Myer Fund, chaired by Carrillo Gantner AO, committed over \$2.0 million to Arts Centre Melbourne for Asian arts programs. This commitment was made immediately after the Victorian Government lifted our funding and we were very grateful to what amounts to a proof point of our proposition. Key to attracting the support of the broader community is that for every dollar provided by way of a gift, 100 cents of that dollar is invested in programming or performance.

The Victorian Government has provided much needed and valued support with a capital grant of \$16.4 million over three years which was received in the 2014 State Budget. The grant has been used to renew critical asset infrastructure, improving visitor experience and energy efficiency.

We are grateful to the Victorian Government and private supporters for making possible our continuing work on plans to redevelop the site to address the Centre's role in the Arts Precinct and to further unlock Melbourne's creative potential. In time for the 30th Anniversary celebrations for the Theatres Building, Architects – Yvonne von Hartel, Peter Elliott and John Wardle produced a master plan concept that opens up the Arts Precinct by creating a mall from the Richard Pratt lawn down to Southbank Boulevard, activating spaces in the north of the Arts Centre Melbourne site and linking Harner Hall to the Theatres Building.

Central to the plans is a home and gallery for Arts Centre Melbourne's rich collection of Australian performing arts materials. It is a collection that is internationally recognised and remains one of this city's, and the country's, greatest hidden treasures. It will provide a stunning centrepiece for the Arts Precinct. It is a living collection that shows the creativity and vibrancy of the performing arts industry in Australia and showcases the exceptional talents it has spawned. The Premier, the Hon Daniel Andrews MP declared his support for the idea of a home for the Collection when he accepted a further gift of costumes from Kylie Minogue in April.

In our short, medium and long term ambitions, we are focussed on revitalising and opening up our offering. Supporting more small and medium size companies and the youth and educational audiences, is a central piece of the Centre's work.

I would like to thank my fellow Trustees including our new Trustee Ian Roberts, for their passionate commitment to the arts in Melbourne and am delighted to welcome Helen Silver AO as a new member of the Trust from August 2015. I would like to acknowledge the work of Julian Clarke AM who has been a wise mentor and insightful participant in the Trust's work over the last five years, and who will shortly be stepping down from his role.

Jodie Bennett, the Chief Operating Officer (COO) of the Centre announced she was leaving the Centre in September. She leaves us with the profound gratitude and good wishes of the Trust for her work through a very difficult period of transition and reconstruction. Jodie prior to her appointment as COO was at various times acting and Chief Financial Officer and also served as Acting Chief Executive Officer.

1 Jones Harle

TOM HARLEY PRESIDENT VICTORIAN ARTS CENTRE TRUST

Chief Executive Officer's REPORT

I am delighted to present my first Annual Report since taking on the role of Arts Centre Melbourne Chief Executive Officer in November 2014. It is an exciting time for Victoria, with the Victorian Government seeking to work with the industry to develop the state's first ever Creative Industries Strategy. We have welcomed the opportunity to work with the Victorian Government to find solutions that leverage the creative industries as a way to create new jobs, nurture creative talent and strengthen Victoria's unique and diverse culture, thereby making it as accessible as possible to local, national and international audiences.

CUSTODIANSHIP

Arts Centre Melbourne is an icon in the Melbourne landscape. We owe a great legacy to its founders Sir Roy Grounds, John Truscott, Kenneth Myer and George Fairfax. Their significant achievement was an everlasting gift to Melbourne when Arts Centre Melbourne was completed in 1984 and is ingrained in the Melbourne psyche. Their aim was to create a place where art and culture are democratised while at the same time providing a place where Melburnians could "feel removed from the prosaic surroundings of everyday life". We are reminded of George Fairfax every time we pass his magnificent portrait in the Fairfax Studio Foyer. Earlier this year, we honoured our other founders by adding portraits of John Truscott and Sir Roy Grounds in the St Kilda Road Gallery. We continue to explore ways that we can celebrate our legacy and stories – especially by drawing on our nationally significant Performing Arts Collection.

OUR PEOPLE AND CULTURE

Over the year our people have worked together to undertake a program of transformational change to ensure the right culture and optimum structure is in place to enable Arts Centre Melbourne to move into its next phase of innovation and growth. This has been coupled with new approaches to systems and processes to underpin the changes and facilitate a more nimble, responsive and demand driven organisation. Valuable time spent thinking and reflecting on who we are, how we can make a difference, what matters and how we get there has formed the basis of a holistic organisational culture statement that articulates our commitment to Arts Centre Melbourne. It is these critical pieces of work that will enable Arts Centre Melbourne to prepare for the future and deliver our vision to the people of Victoria.

PRECINCT DEVELOPMENT – PREPARING FOR THE FUTURE

Arts Centre Melbourne is much more than a place to experience great performing arts. Our iconic site hosts a rich history of treasured experiences and offers the promise of a bright and vibrant future for generations to come.

As custodians of this cultural legacy, we are planning for a new era for our audiences and our city. Developing the Arts Centre Melbourne precinct is important to Melbourne as the place for all Victorians to make social bonds through shared cultural experiences.

Enhancing Arts Centre Melbourne acknowledges that creativity is a fundamental human experience and that our contribution in this area is significant to Victoria. We foster creative excellence; build audiences and community engagement; curate the renowned Performing Arts Collection and welcome and collaborate with our major performing arts companies.

As the custodian of Melbourne's cherished performing arts centre and the gateway to the city's emerging cultural precinct, we



take this responsibility seriously. We will respect and build upon this legacy as we respond to the changing face and expectations of Melburnians.

Commencing this redevelopment project is an important step to realising our future vision and we look forward to reporting back the results next year.

THANK YOU

At the close of a year of significant renewal and activity for Arts Centre Melbourne, there are many to whom we owe thanks.

To our Resident Companies – The Australian Ballet, Melbourne Symphony Orchestra, Melbourne Theatre Company and Opera Australia – we say thank you for the diversity of exceptional and memorable performances you brought to our stages this year. Thank you also to our regular hirers and commercial partners who help us ensure that Arts Centre Melbourne offers something for everybody. To the small to medium companies and individual artists who come for a few days or a lengthy development period – we thank you for making Arts Centre Melbourne an even more vibrant and creative place to be.

A number of our projects this year were made possible by directed gifts, and our 'Arts Centre Melbourne Presents' programming relies entirely on donor generosity. Enormous thanks are owed to our donors for their continued support, and also to our corporate partners for their contribution to the organisation's ongoing strength and sustainability.

Lastly, I would like to thank the dedicated and tenacious Arts Centre Melbourne team. I have enjoyed being part of this caring, connected and inquisitive community and look forward to continuing to work with courage for the good of Arts Centre Melbourne.

up Spencer

CLAIRE SPENCER CHIEF EXECUTIVE OFFICER ARTS CENTRE MELBOURNE

About US



Our community is at the very heart of all that we do. We are passionate about bringing people of all cultures and ages together through events and value the opportunity to explore new ways for audiences to see and experience live performance. For 30 years Arts Centre Melbourne has played a leading role in showcasing the best local, national and international performing arts – from the worlds of music, dance and drama to comedy and cabaret. We are partner and home to a flagship group of performing arts companies we call our Resident Companies – The Australian Ballet, Melbourne Symphony Orchestra, Melbourne Theatre Company and Opera Australia – who join a range of other regular presenting companies that bring our stages and our remarkable spaces to life.

To complement the work of these performing arts companies, Arts Centre Melbourne presents its own program of performances, events and activities that offer audiences a distinctly multidimensional approach to participation, education and engagement.

This year almost 1.2 million people enjoyed performances held across our venues, including 77,900 students who came through our growing and highly successful schools program. We also ran 1,877 participation, education and engagement programs reaching over 227,000 people.

Adding to the depth of the performing arts experience at Arts Centre Melbourne are our Art and Performing Arts Collections. The Performing Arts Collection is Australia's largest and most significant collection of performing arts history comprising more than 640,000 items documenting nearly 200 years of performance in Australia. The Collection evocatively tells the story and history of the performing arts in Australia.

In the past year, we were delighted to accept new donations from Kylie Minogue and Barry Humphries. In addition to these luminaries, the Performing Arts Collection includes items that reference bodies of work from some of Australia's most important performing artists such as Nick Cave and Geoffrey Rush, while our Public Art Collection has now reached 1,000 significant works of art by such iconic Australian visual artists as Jeffrey Smart, Sidney Nolan and John Olsen.

Our community is at the very heart of all that we do. We are passionate about bringing people of all cultures and ages together through events and value the opportunity to explore new ways for audiences to see and experience live performance. We strive to ensure Arts Centre Melbourne is a place for everyone and this is reflected in our broad range of ticket prices, free events, access initiatives, daytime programming, digital projects and online experiences.

And as an arts centre in the 21st Century, not only do we provide a comprehensive performing arts program but an all-encompassing seven-day-a-week offering ranging from fine dining and guided tours to a popular Sunday Market, exhibitions and installations.

Across all of our venues we are proud to present works of local, national and international significance to engage, inspire and challenge our audiences.

| OUR STRATEGIC FRAMEWORK

Arts Centre Melbourne is a statutory authority of the Creative Industries portfolio which is administered by Creative Victoria, a division of the Department of Economic Development, Jobs, Transport and Resources. The Trustees are appointed by the Governor in Council on recommendation of the Minister for Creative Industries.

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)). This purpose drives our overarching Strategic Goal to enhance the creativity of Melbourne.

The Trust and Arts Centre Melbourne team has worked together this year to define our Purpose – to **Create, Connect and Enrich**. We believe that what we do makes a difference by:

- Making Melbourne more creative and vibrant
- Making the arts more welcoming and accessible
- Presenting works of local, national and international significance to engage, inspire and challenge our audiences
- Being the Melbourne home for Australia's leading performing arts companies
- Bringing families and communities together across generations and cultural divides
- Inspiring curious minds of all ages through innovative and contemporary arts practice
- Preserving the legacy and building Australia's Performing Arts
 Collection
- Leveraging our unique position in the Industry, providing leadership within the creative and cultural sector.

Our Commitment is to **Earn the Encore** in everything we do, working as an ensemble to be on show every day. Building on Victoria's original vision for Arts Centre Melbourne, we shall:

- Be visionary and pioneering
- Build vitality and relevance in the arts for the next generation
- Demonstrate leadership across the creative and cultural sector
- Turn performances into events, and events into memorable stories
- Be 'curtain up'; always performance-ready.

Our Priorities are the five most important things we are focussed on to ensure we Earn the Encore in everything we do. The structure of this Report of Operations reflects the five Priorities jointly developed by the Trustees, Foundation Governors and Senior Leadership Team.

1. The Performing Arts

We champion the development and promotion of the performing arts, engaging with our supporters to realise our shared vision.

2. Audience Focussed

We welcome the community and foster deep connections to the performing arts.

3. Custodianship

Treasuring the past and creating new stories.

4. People

Working together as one team, celebrating creativity, caring for each other and encouraging lifelong learning.

5. Business Excellence

Striving for the highest standards.

| KEY INITIATIVES AND PROJECTS

Arts Centre Melbourne's key initiatives and projects throughout F2015 were aligned with our Strategic Framework and are detailed throughout this Report of Operations. Key outcomes are also highlighted in the Arts Centre Melbourne by Numbers section on the following pages.

Significant changes to our key initiatives and projects from the previous Report of Operations are:

- The appointment of a new Chief Executive Officer in November 2014
- The development of a new Strategic Framework (refer Our Strategic Framework left)
- Venue utilisation increased 9% year on year, resulting in increases in venue rental and presenter services income (refer Financial Overview on page 27)
- The opening of The Channel our dedicated participation, learning and creative space on the riverside of Hamer Hall (refer page 12)
- Significant in-kind donations to the Performing Arts Collection from Barry Humphries and Kylie Minogue (refer page 13)
- Celebration of the 30th anniversary of the Theatres Building in October 2014 (refer page 14)
- Completion of a range of projects to maintain and improve the effective functioning of the site (refer page 14)
- An organisational restructure which was undertaken in Q3 and Q4 (refer page 16).

Our expectations for F2016 include:

- The launch and implementation of our internal Culture Statement outlining our Purpose, Commitment, Priorities, Foundation and Values in September 2015
- Successfully plan and deliver the ISPA (international Society for the Performing Arts) Congress in March 2016, consolidating Arts Centre Melbourne's return to the international community
- Food and beverage refresh to increase engagement with our food and beverage offerings through an improved physical amenity, food and service offering and audience awareness
- Development of the Preliminary Business Case for the redevelopment of the Theatres Building and broader precinct for progression through the Department of Treasury and Finance Gateway process in November 2015
- Delivery of Critical Asset Renewal projects (commenced in F2015) including Transformer Replacement, Heating Hot Water Renewal, Chilled Water System Renewal and Sewerage Pipework Renewal.

Arts Centre Melbourne BY NUMBERS



82,827 number of first time ticket buyers

397 free or low cost events produced 53,300 attendances at free or low cost events

169,034

More than **\$3.8M** Philanthropic revenue 23% increase from 2014

more than

GROSS PAYROLL

\$38<u>.9</u>M

team members

for over **47**

FIRST CALL FUND 19,216 people including 17,903 students from 150 schools were able to attend performances and

workshops at Arts Centre Melbourne

54%↑ on F2014

204,000 Coffees sold at Cento

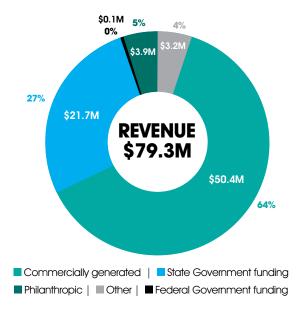
\$22.0M

Goods and Services purchased



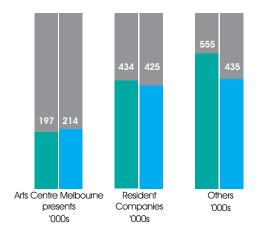
90% \uparrow in mobile traffic to website **29%** \uparrow in tablet traffic

24% \uparrow in site traffic overall



 PERFORMANCE ATTENDANCES

 2015 total 1,186,254
 2014 total 1,074,027



PERFORMANCE EVENTS 2015 total 1,452 **2014** total 1,126

Arts Centre Melbourne Resident Companies

FACEBOOK REVIEWS

"Love everything about this place. Location, atmosphere, artists, performers, staff, wine and food."

- DONNA PRENTICE

"The most beautiful venue in the world for artistic expression, serving the community in inspired and creative work productions. I love you my Arts Centre Melbourne. Thankyou."

- KIRSTY GREEN AUTHOR

"A place to enjoy the most wonderful entertainment. Have been going there for years and never tire of the variety of shows presented. Top cheers for our Melbourne Arts Centre!!"

- VERONIKA LAVRIN

"Pure performing arts" – WAYNE KRUMBACH

TWITTER POSTS

"Thanks heaps to the staff at the @artscentremelb car park. Fantastic customer service!"

- @PAUL_HARRIS9

"I'm so stoked to be placed at @artscentremelb as a volunteer for @OpenHouseMelb – what a building!"

- @CATTY_JONES

Priorities: THE PERFORMING ARTS



A HOME FOR THE ART AND ARTISTS TO FLOURISH

Arts Centre Melbourne sits at the gateway to Melbourne's thriving cultural precinct and offers audiences a comprehensive performance program through its collaboration with leading performance companies and commercial presenters, as well as presenting its own programs and exhibitions.

RESIDENT COMPANY PARTNERS

Arts Centre Melbourne is proud to call four of Australia's leading performing arts organisations – The Australian Ballet, Melbourne Symphony Orchestra, Melbourne Theatre Company and Opera Australia – its Resident Companies. These influential companies play an important role in bringing the best of ballet, music, theatre and opera to our stages.

In the past year, Arts Centre Melbourne together with the Resident Companies worked hard to identify and create opportunities to develop audiences or to pursue further artistic ambitions. We partnered with Melbourne Symphony Orchestra to present *Bryn Terfel* & *Lisa McCune Sing Broadway Classics* in March and achieved near capacity houses. A second partnership with the Melbourne Symphony Orchestra will see internationally acclaimed American soprano Renee Fleming appear at Hamer Hall in September 2015.

The audience experience during the Opera Australia 2015 autumn season included themed dining packages in the Café Vic extension. These proved particularly popular for the season of Puccini's *Madama Butterfly* with over 500 visitors taking up the offer.

We have instituted a strategy of increased partnership with the Resident Companies and other major hirers to maximise venue usage through collaboration and risk sharing. These partnerships have enabled the companies to invest further in artists and provide audiences with an experience that extends beyond the performance.

We have also expanded the wi-fi network across the forecourt and Theatres Building, to deliver improved signal capability for our presenters, team and audiences, including our many backstage and public spaces that reside underground.

PRESENTING PARTNERS

Across all of Arts Centre Melbourne's venues there is a diverse range of events delivered by Australia's leading companies and commercial presenters.

In July 2014, Bell Shakespeare staged their energetic production of *Henry V*, which went on to win Green Room Awards for Best Ensemble and Best Production (Theatre Companies). Spurred by their success last year, The Production Company gave a record 37 performances of Broadway classics *Guys and Dolls, Show Boat* and *La Cage Aux Folles*. Victorian Opera continued their Sondheim trilogy with *Into the Woods*, and Bangarra Dance Theatre celebrated their 25th Anniversary with *Patyegarang* in September. In October, Melbourne Festival utilised our various venues to full effect to present their exciting circus program, as well as theatre, music and dance from Australia and the world.

In the past year, Arts Centre Melbourne collaborations with commercial partners included *Le Noir*, presented with Tim Lawson, Simon Painter and Red Live, which transformed the State Theatre stage into a spectacular circus cabaret for both audiences and performers, and a sell-out Playhouse season of the classic musical *Sweet Charity*, an award-winning production presented in association with Luckiest Productions, Neil Gooding Productions, Tinderbox Productions and Hayes Theatre Co.

Arts Centre Melbourne has also proudly supported the creation of new Australian work by providing venue space at low or no cost to the independent sector for rehearsals. Beneficiaries of these arrangements included MKA: Theatre of New Witting (for their MTC NEON production *Double Feature*) and Elbow Room (for a production to be presented in 2016).

| CREATIVE DEVELOPMENT AND COMMISSIONING

5x5x5 – a mentorship program for five emerging Victorian-based composers aged 30 years and under, with the aim of providing assistance towards increasing their skills and developing professional networks and public profiles – returned for its second year. The project, devised by Arts Centre Melbourne, supports composers to create a new composition of five minutes, for five specific sites at Arts Centre Melbourne. In 2014, compositions came from Andrew Aronowicz, Susan Hull, Alistair McLean, Luke Paulding and Nigel Tan. All compositions were recorded by Australian National Academy of Music students at the South Melbourne Town Hall, and at The Channel. 5x5x5 received the Victorian State Award for Excellence by an Organisation at the Art Music Awards in August 2014.

Fly By Night, a self-guided tour through Hamer Hall utilising iPhone technology, was developed and specifically designed for the Hall by Melinda Hetzel & Co. The project guides participants on an enchanted journey through the building using a purpose built mobile app. The project allows Hamer Hall to be seen as never before, with a surprise around every corner, live roving performers and multimedia elements on the phone screen bringing the experience to life. *Fly by Night* had a showing to Arts Centre Melbourne and industry representatives in July 2014 and was programmed for public engagement in July 2015.

Arts Centre Melbourne manages and administers Playking Travel Grants to Australian artists initiating collaborative projects with their Asian counterparts. In F2015, the following grants were made:

ANZAC CENTENARY

In recognition of the Centenary of the First World War Gallipoli Campaign, Arts Centre Melbourne's programming featured performances and an exhibition especially aligned with the commemoration.

Black Diggers, a Queensland Theatre Company production, told the story of the forgotten Indigenous soldiers. Drawing from interviews with the families of the soldiers, as well as conversations with veterans, historians and academics, the landmark production told a story of honour and sacrifice, with a lightness of touch and an Aussie-larrikin attitude. The play was supported by an exhibition featuring some of the stories that formed the basis for the script of *Black Diggers*. *Black Diggers* was supported by the ANZAC Centenary Fund.

The second ANZAC presentation was *Rotunda*, a contemporary dance performance by the New Zealand Dance Company

Grant Recipient	Home	Organisation/Project	Destination
Yaron Lifschitz	QLD	CIRCA	India
Jeff Kahn	NSW	Performance Space	Taiwan
Tamara Harrison	VIC	Polyglot	Indonesia
Harley Stumm	NSW	Intimate Spectacle	Cambodia
Geoff Nees	VIC	Independent	Japan
Victoria Chiu	VIC	Independent	China
Tim Stitz	VIC	Chamber Made	China
Reko Rennie	VIC	Independent	India
Joanne Dudley	SA	Independent	Indonesia
Anna Tregloan	NSW	Independent	Korea/Taiwan/
			Indonesia

ASIAN PERFORMING ARTS PROGRAM

Arts Centre Melbourne's Asian Performing Arts Program (formerly known as the Kenneth Myer Asian Theatre Series) seeks to foster opportunities for Asian artists and creative collaboration between Australia and the Asian region.

The second Asian Creative LAB, a collaboration with the Australian Theatre Forum, was held at the Seymour Centre and Carriageworks, Sydney in January 2015. The projects included:

- The Ghost Project. Featuring shards of video, installation, lecture and discussion, this project has been presented in Seoul, Korea, and in the Blue Mountains and Campbelltown in Sydney, along with developments in Hong Kong and Indonesia. 45 delegates participated.
- The Cantonese Opera Trilogy. Over one week, the Lab brought together local Cantonese Opera communities and artists to begin a process of re-imagining and reconstituting traditional material and performance techniques towards the conception of a major contemporary work. 42 delegates participated.
- The Natural World Project. Artists Nigel Jamieson (Australia), Garin Nugroho (Indonesia), Senyawa (Indonesia) spent three days in the second stage of project development of a commission for 2017. 50 delegates participated.

The Asian Performing Arts Program and Programming teams collaborated closely to conceive and develop projects as part of a

making their Australian debut. The performance blended dance and live brass music and featured Melbourne's own awardwinning Darebin City Brass.

In Gallery 1, Arts Centre Melbourne presented the exhibition Theatres of War – War Time Entertainment and the Australian Experience. Supported by the ANZAC Centenary Fund, the exhibition highlighted the crucial role played by music and theatre in the lives of Australians from the First World War to Afghanistan. Drawn primarily from the Performing Arts Collection, along with items lent from performers involved in war time or peace keeping mission entertainment, the exhibition is scheduled to tour to New South Wales, Queensland and South Australia in 2016-17.

Melbourne Symphony Orchestra, Australian Chamber Orchestra and Victorian Opera also themed performances to reflect the Gallipoli Centenary.

weekend long festival of 'ecstatic performance' called Supersense, scheduled to run in August 2015. To support the inaugural program, Indonesian cultural foundation Yayasan Taut Seni funded a four-month fellowship for a mid-career production manager to work in Melbourne. The fellowship will provide an opportunity for outstanding training for an Indonesian intern, and promote a greater understanding of cross cultural performance.

| OTHER PROGRAM HIGHLIGHTS

A capacity Hamer Hall audience of 2,385 attended a performance by the London Symphony Orchestra as part of a world tour conducted by legendary Russian Maestro Valery Gergiev. The visit included a series of masterclasses given by musicians for students from the Australian National Academy of Music.

Arts Centre Melbourne contributed again to the annual White Night Melbourne activities and took advantage of the technical capabilities of the Hamer Hall stage equipment to devise and deliver Ghostly Machines. This specially created showcase attracted more than 15,000 visitors who eagerly queued for a seat in the Hamer Hall stalls to witness the 10-minute cycle of sound, light and video. Capacity attendance continued throughout the night, with the busiest stretch coming between 10.30pm and 3.30am. 'Amazing' and 'Very interesting' were the common catch-phrases of the exiting audiences. Popular backstage ghost tours of the Theatres Building ran continuously from 6.30pm to 3.30am, with a large percentage booked online prior to the event. More than 1,000 people delved into the backstage areas in small groups throughout the night. The one-hour tours were accompanied by specially researched 'ghostly' detail which received well-appreciated compliments from the audiences.

| THANK YOU TO OUR DONORS

Arts Centre Melbourne acknowledges the generous support of our donors. We direct 100% of our Arts Angels gifts to Arts Centre Melbourne Presents programming which greatly assists us to bring quality Australian and international work to our stages. We have also been able to deliver a number of projects because of directed gifts from generous individuals allowing us to add to the breadth and depth of activity presented.

Priorities: AUDIENCE FOCUSSED



Arts Centre Melbourne engages with its customers through important and growing online channels for general and programming information, ticketing and extended visitor experience. Our on-site service includes exemplary support from skilled front-line staff for a broad visitor demographic spanning young children, schools and families to older patrons and those with special needs.

| FAMILIES

Arts Centre Melbourne's year round Families Program is highly respected in Melbourne, Australia and internationally and is an essential part of the Arts Centre Melbourne Presents program. From the free events offered throughout school holidays and small intimate theatre experiences from some of the world's best companies for young audiences, to the larger-scale theatre experiences with a broad appeal, to the diverse range of interactive workshops, the program is robust and continues to grow in its size, scale and scope.

The year's highlights included the next instalment in the Christine Dunstan Production's Treehouse series, *The 26-Storey Treehouse*, which sold to 97% of capacity. We also enjoyed a highly successful two and a half week run of the critically acclaimed West End production of *The Tiger Who Came to Tea* which was performed to over 20,600 children and their families. Alongside both of these large-scale shows were interactive activities in the Smorgon Family Plaza which extended experiences beyond the theatre and encouraged the whole family to participate and create.

Other family highlights in the program included the premiere of the Arts Centre Melbourne commissioned work *upsidedowninsideout*, an immersive journey through the labyrinth that is the Theatres Building; *Hans Christian, You Must Be An Angel*, a lively theatre installation from internationally acclaimed Danish company Gruppe 38; an on-board adventure on the Yarra River with Arena Theatre Company's *The Marlin Expedition*; and Drop Bear Theatre's *Rain* – an intimate sensory experience for babies and their carers.

| HOME

7,000 LITTLE HOUSES. ONE BIG HOUSE. A FREE PUBLIC ARTS CELEBRATION ALL ABOUT YOU.

Home was the second in a series of four large-scale public participation projects planned by Arts Centre Melbourne as part of the Betty Amsden Participation Program, celebrating creativity and art for all. The program was launched in the summer of 2014 with *Play Me, I'm Yours* which filled the city with music as 24 distinctively decorated pianos graced Melbourne's streets for anyone to play and enjoy.

Home brought communities together in artist-led workshops across Melbourne and Victoria where participants were asked to decorate a Little House in response to what 'home' meant to them. In January 2015, 7,000 Little Houses and one Big House took over the Lawn at Arts Centre Melbourne.

Following the opening event, *The Big Housewarming*, everyone was encouraged to take a Little House, give it a new home, photograph it and upload the image to social media. The Little Houses appeared in streets, parks, homes, gardens, public buildings, beaches, cafés and workplaces. Through a custom-built website, their journeys were followed as they made their way around Melbourne, Australia and the world while a program of workshops and performances continued for two weeks at the Big House.

Bailey and Yang Consultants' independent evaluation revealed Home was highly inclusive and accessible with 4,500 community participants from 100 community groups and organisations taking part in the project, along with an estimated 106,379 members of the general public.

Some of the findings from the evaluation include:

- 92% of participants agreed that *Home* made the arts feel more open
- Over 89% of participants felt inspired and creative in their response to the project
- Over 85% of participants felt more a part of a community through being part of the project and it made them think about other people.

Home was made possible through the generous support of Miss Betty Amsden AO.

| FIRST CALL FUND

We are committed to removing barriers of access for learning and participation in the performing arts for people from traditionally under-represented groups in the civic space, especially those from disadvantaged, culturally and linguistically diverse or regional areas.

The First Call Fund is Arts Centre Melbourne's ticket subsidy program that allows young people disadvantaged by distance or circumstance to experience live performing arts. The First Call Fund covers the cost of tickets, travel to Arts Centre Melbourne and, if necessary, relief teachers for the participating schools. The Fund continues to meet a critical need for disadvantaged young people in our community. We seek to establish and develop deep and ongoing working relationships with artists, community organisations and networks for young people to harness the well documented power of the arts to develop the potential of young people artistically, personally and socially.

In 2015, more than 17,900 students from 150 schools were able to attend performances and workshops at Arts Centre Melbourne, a 54% increase on F2014. We continue to welcome more schools and in F2015 also saw an increasing number of community groups (such as Government Service Providers, libraries, health services and youth groups) request support from the Fund. More than 40 different organisations brought over 1,300 individuals to performances. Total First Call Fund attendees for the year across both school and non-school groups was over 19,200.

| ARTSCONNECT9

The ArtsConnect9 program for year 9 regional students has been running since 1997 and continues to evolve. A highlight of the F2015 program was our Street Art Tours and Workshop – an interactive, full-day experience that also enabled our contributing partner Blender Studios to triple the number of artists they employ. During the year over 5,000 students from more than 70 schools from Mildura to Mallacoota engaged with ArtsConnect9.

ARTS ACCESS AND RELAXED PERFORMANCE

Arts Centre Melbourne continues to explore new ways to provide disability access with a program that tests a broad range of programming choices around diverse audience needs; evaluates strengths, challenges and improvement needs, our position and relationships in the sector; and seeks to develop an informed programming policy that embeds a more inclusive practice. Over the course of the year we increased our provision of audiodescribed, captioned and Auslan-interpreted performances.

The successful pilot of relaxed performances in F2014 inspired a joint effort with the Victorian Opera to bring pre-show tactile tours and a relaxed performance of *Alice's Adventures in Operaland* to the public in F2015. The project was embraced across the business and successfully overcame the physical challenges of the Playhouse venue, receiving overwhelmingly positive feedback from audiences.

A relaxed performance of *I Think I Can* was supported by gifts from the Pamela and Lorenzo Galli Foundation and the Cassandra Gantner Foundation.

A strong relationship has now been built with Arts Access and has led to the implementation of a dedicated access role with the groundwork laid for the third phase of this initiative, the staging of a specifically programmed sensory and immersive performance and workshop event, *Oddysea*, scheduled for early F2016.

| LIVE BROADCASTS

Arts Centre Melbourne continues to expand its technical capabilities in the area of broadcasting and live streaming.

The *Morning Melodies Christmas* presentation was broadcast live from Hamer Hall to Federation Square where deck chairs and umbrellas were erected. Some 100 people attended the outdoor location at any given time during the broadcast to join in the carols.

Working in collaboration with the Melbourne Symphony Orchestra we also streamed their Education Week activities live to more than 250 schools via the ABC Splash website.

The growing popularity of Melbourne's Chinese New Year celebrations featured a special Melbourne Symphony Orchestra *East Meets West* concert with composer Tan Dun. The concert utilised the cutting edge broadcast technology at Hamer Hall and the performance was first broadcast by ABC's Australia Plus service and then relayed to an estimated audience of 1.3 billion people throughout China on Shanghai Media Group's Arts & Culture channel.

| ONLINE ENGAGEMENT

Arts Centre Melbourne is embracing the growing need to digitise its services to audiences. In December 2014 Arts Centre Melbourne released a new 'responsive' website that extended our 'select your own seat' and shopping cart functionality to tablets and smartphones. The project was delivered within eight months and was developed and designed internally. This has provided a significantly enhanced customer experience that reaches all customer demographics, resulting in an 8% increase in online ticket sales since this implementation, and a substantial shift in users accessing the website through mobile devices.

Mobile traffic to the website has increased significantly, up 75% on the previous year, and tablet traffic has increased by 23%. Year-onyear, overall site traffic has increased by 24%. The number of new users to the site has also increased by 21%.

A strategy to increase social media posting has seen our audience numbers across all social media platforms increase significantly, with most nearly doubling in size. The exception to this is our Instagram follower count which has grown by over 200%.

Other key marketing initiatives in the last financial year were largely social media-led. As part of the social media interaction devised for the community participation project, *Home*, we engaged Stackla to build a custom website, aggregating all social media posts for the *#*homemelb campaign, allowing people to search and upload directly on the website. This resulted in over 16,200 visits and 8,300 posts to the website. Little Houses travelled all around the world with posts from more than 10 different countries.

Real-time activity associated with the *Home* social media engagement was projected to a foyer screen, allowing even those "offline" to view the conversation.

THE CHANNEL AND YOUTH PARTICIPATION

The Channel is Arts Centre Melbourne's dedicated participation, learning and creative space, located on the riverside of Hamer Hall. Since opening in December, The Channel has engaged more than 4,000 school students, families and community members in creative workshops, performances, recordings, artist in conversation events and collaborative projects.

Its prominent location and world-class facilities has fostered new relationships with organisations such as RMIT University, Freeplay Independent Games Festival, The Boite Choir, Liquid Architecture, Gertrude St Projection Festival, Pause Festival and The Comedy Festival.

The Youth Leadership Team this year started to take responsibility for devising and directing content for Arts Centre Melbourne's hip-hop music program *Dig Deep*. This is a significant step in the program's long-term goal of becoming truly youth-led and youth-run. In the coming year the aim is to have the program 100% run

by young people, for young people. During F2015 *Dig Deep* ran one session per week for 38 weeks, engaging 20-30 people each week.

Rap for Reconciliation, a Dig Deep collaboration with indigenous songwriter Kutcha Edwards during Reconciliation Week, attracted 120 people to The Channel's new participatory space. The event engaged nine artists and three people from the Tech Specs training program.

Sisters on the Mic, a bridging program responding to the need for more gender balance in rap and hip-hop, had its final instalment in September 2014. This initiative provided an opportunity for women to step up to a mentoring role, creating a safe and accessible space for young women to get involved in hip-hop.

Rap for Reconciliation and Sisters on the Mic were generously supported by Mrs Debbie Dadon.

During F2015, we also contributed to *Inner Beat Projected*, a collaborative public artwork exploring the construction of complex cultural identities, and involving a collaboration between young emerging African artists from Melbourne's inner-west.

| AUDIENCE RESEARCH

Arts Centre Melbourne is committed to building an evidence base to track the difference programming makes to the lives of Victorians whilst promoting a culture of continuous improvement throughout our organisation.

Programs are evaluated against Arts Centre Melbourne's core purpose under our Act – to enrich the lives of Victorians socially, educationally, culturally and economically.

We have invested in an on-going, annual program of research that measures the experience of our audience. This research is conducted by cultural strategy and research agency Morris Hargreaves McIntyre and helps us to understand why our audiences attend Arts Centre Melbourne.

In August 2014, Arts Centre Melbourne became the first Australian cultural organisation to implement the 'Culture Segments App'. Culture Segments is a psychographic tool that segments audiences based on their motivation to visit. Combined with an Audience Atlas commissioned by Creative Victoria, this software has enabled us to survey ticket buyers and effectively 'tag' them with their Culture Segment. Ultimately these insights will help us better communicate with our visitors and deliver them the right messages to spark repeat engagement and visitation. As part of this strategy we have introduced pre-performance emails to remind ticket buyers of the opportunities for broader experiences during their forthcoming visit.

To enable us to better engage with audiences under the age of 30 across the breadth of our program, we have commissioned a research project to help us to create an organisation-wide, threeyear youth engagement plan.

| FOOD AND BEVERAGE

To ensure our extended experience offer meets contemporary visitor expectations we constantly explore opportunities to improve our important food and beverage services.

During the year the final Hamer Hall tenancy Teatro started operations and continues to grow its connection with Arts Centre Melbourne and tourism precinct visitors.

To build on the success of the new Hamer Hall food and beverage facilities, which include the successful introduction of a pre-show food offer from the St Kilda Rd foyer, improvements are in the process of being rolled out in the Theatres Building and the forecourt outlets.

The Tram Bar was removed, enhancing visitor awareness of the main entrance to the Theatres Building. The Cento footprint has been extended, and amenity improved through new furniture. Cento now includes a night bar with a food offer, which performed strongly over the summer period.

Plans for improvements to Curve Bar have been agreed and the venue will be redeveloped during October 2015. These are the first significant works since the bar's construction in 2006 and we look forward to launching the new-look design.

Special projects helped provide a stronger connection between the performance and the extended visitor offer. Where possible, food and beverage theming was aligned with performances. These included chocolate 'slippers' specially created for the ballet performances of *Cinderella* and themed lunch packs for children's shows.

Priorities: CUSTODIANSHIP

| PRECINCT REDEVELOPMENT

Arts Centre Melbourne has long recognised the importance of enhancing creative places and spaces. We have been working towards making our internal spaces more accessible to a broader group of artists and small to medium sized organisations as well as better activating our external spaces. Arts Centre Melbourne has been evolving a precinct redevelopment plan for over a decade to enable more affordable, suitable spaces for a broader range of artists, to cultivate collaborations and cross-pollination with other arts institutions and organisations in the precinct and generate increased visitation for the cultural precinct.

Our most recent concept plan articulates the challenges, opportunities and changes required to unlock the full potential of the precinct. This includes a proposed Australian Performing Arts Gallery, a major new attraction for Melbourne that reflects our national cultural fabric through the performing arts, as well as new public spaces and improved amenity with access to and from Southbank. It also ensures our existing venues remain flexible and that any new spaces are considered in the context of the wider precinct and city. By doing this we will further enhance Victoria's status as Australia's creative capital.

Key objectives of the redevelopment are to maximise the position of Arts Centre Melbourne as a gateway to Melbourne's arts precinct and to generate revenue to subsidise other parts of the organisation that are not commercial in nature but have significant community benefit. By increasing our ability to support the small to medium arts sector with access to venue space and resources we will contribute to the growth, sustainability and strength of Victoria's cultural ecosystem.

| THE COLLECTIONS

Under the Victorian Arts Centre Act, the Trust has an important role to play to ensure the maintenance, conservation, development and promotion of the State collection of performing arts material, including overseeing the exhibition of material from the Collection. The Trust also maintains, conserves, develops, promotes and exhibits the Public Art Collection.

Both the Public Art Collection and the Performing Arts Collection continue to develop through the generosity of their many donors and supporters.

Over 3,600 items were added to the Performing Arts Collection in F2015.

Collection Patron Barry Humphries donated a significant archive of material relating to his work as a performer, writer and artist. The donation deepens and enriches the holdings developed through his prior donations of costumes, props, sets, photographs and documents.

Continuing her long-standing support of the Performing Arts Collection, pop princess Kylie Minogue took time out backstage before her Melbourne concert in March 2015 to donate 26 costumes (comprising more than 70 items in total) from her performance career. The Premier, the Hon. Daniel Andrews MP and the Minister for Creative Industries, Martin Foley MP attended the handover, with the Premier agreeing the donation gave great weight to the hoped-for future expansion of the collection facilities.



| COLLECTIONS ACCESS, RESEARCH AND LENDING

The interim Collection Storage Solution project funded by Creative Victoria was extended in June 2015, allowing the continued relocation of material off-site to the Public Record Office Victoria. The space created on-site as a result for more high profile items has continued to improve access to the Research Centre. More than 300 research inquiries were managed through the Performing Arts Collection Research Centre in the last year. The collection was a significant research resource for authors of recently published biographies of Dame Maggie Scott, John Farnham and Googie Withers with John McCallum.

Both local and national companies continue to access archival materials to research and plan re-staging of productions. Research and materials have been provided to three television production houses developing documentaries or miniseries on contemporary music or music identities.

Research assistance and loans of collection materials for the purpose of exhibition have been provided to a range of Victorian and interstate organisations including the State Library of Victoria, Museum Victoria, ACMI, NGV and the National Sports Museum in Melbourne, the National Portrait Gallery and National Museum of Australia in Canberra, and MAAS (Powerhouse) in Sydney.

Work also continues on the significant job of digitising the Collection.

The Public Art Collection has grown through commissions made possible by the generous support of Ms Jennifer Brukner and the Maxwell and Merle Carroll Bequest. We have been able to commission a painting by Jan Senbergs and a sculpture from Geoffrey Bartlett, both Melbourne artists. Through the assistance of the Australian Government Ministry for the Arts Cultural Gifts Program we have received significant gifts to the Collection from artists Yvone Audette and Anna Scott-Wilson.

30TH ANNIVERSARY CELEBRATIONS

October 2014 marked the 30th anniversary of the Theatres Building. In celebration of this milestone, Arts Centre Melbourne delivered the following activities:

- Gala Dinner for 195 guests on the State Theatre stage
- A time capsule dedication including contributions from government, artists and the performing arts industry
- The creation of a special chocolate version of the iconic spire by members of the Food and Beverage team
- Special edition of *Encore* magazine featuring a portrait series of 30 individuals and their Arts Centre Melbourne stories

| FACILITIES DEVELOPMENT

In December 2014 Arts Centre Melbourne opened The Channel on the Riverside Terrace in Hamer Hall. The Channel is Arts Centre Melbourne's first dedicated participation, learning and creative space. Designed by Clare Cousins Architects, the space features a configurable performance space, two dedicated workshop areas and a recording studio. The Architect received a Public Design Commendation in the 2015 Australian Interior Design Awards.

Our buildings are ageing and require ongoing maintenance to remain operational. With the assistance and financial support of Creative Victoria we have been able to quickly progress the development of an asset strategy with a view to having a strategic asset management plan in place by early F2016. This will provide us with a roadmap to service our customers better and reduce risk to the organisation.

We have commenced our redevelopment journey capitalising on the work of the Southbank Precinct Blueprint that was released in 2013, with the aim of making Arts Centre Melbourne better connected to the community and to our Southbank neighbours, and to enable us to provide better service to our presenters and patrons.

Arts Centre Melbourne was grateful to receive a capital grant from the Victorian Government of \$16.4 million over three years to renew a number of assets that are critical to the operation of its venues and the neighbouring National Gallery of Victoria (NGV). The capital grant provided funds specifically for the following replacement and renewal projects: high-voltage transformers, heating hot water system, chilled water system, sewerage pipework renewal, and escalators. Detailed planning, design and documentation has been undertaken on the above critical assets, with construction works to commence in F2016 through to F2017.

- A Facebook competition, where fans shared their heartfelt memories of Arts Centre Melbourne
- Show Time Spotlight on the Art Collection, an exhibition reflecting on the Collection and accompanied by a detailed publication.

We reproduce opposite Geoffrey Rush's speech from the Time Capsule dedication on 29 October 2014. The original copy of Geoffrey's speech joined other important performing arts memorabilia sealed in a time capsule now safely housed in the Performing Arts Collection archives. Acclaimed illustrator Oslo Davis helps bring Geoffrey's words to life.

| CAPITAL IMPROVEMENTS

Arts Centre Melbourne has completed a range of projects to maintain and improve the effective functioning of the site including:

- Sewer system renewal (Stage 1)
- Upgrades to various lifts
- · Improvements to catering equipment throughout the site
- Various safety improvements including installation of fall arrest systems
- Improvements to rehearsal rooms for our performers
- Upgraded lighting to improve the way we display our collection
- Audio/visual installation at The Channel
- Installation of a new access keying system to improve functionality and security.

| ENVIRONMENTAL PERFORMANCE

Arts Centre Melbourne is progressively upgrading infrastructure to improve the asset and continue reducing our environmental footprint. The most recent project involved the refurbishment of one of our main boilers which has resulted in ongoing savings in gas usage. These usage savings are in the order of 13% when comparing current year to our 2013 baseline.

In addition we continue to replace end of life lighting fixtures with more efficient products such as LEDs, including carpark foyer lighting, handrail lighting on stairs and part of the spire lighting system.



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Arts Centre Melbourne asked me what I'd like to contribute. Well, this speech for starters. And I'd like to include it in the time capsule.

Book Antiqua 2

16pt.

iii

What will the people of Melbourne in 2044 say when they open it – they'll be looking back at us – at US looking, rightfully, back at ourselves - Will we seem strange? - I have a strong feeling they'll be amazed ...

This is Book Antiqua 16pt font on paper –not a cheap Gigabyte Memory Stick – 'cos I thought, for people who are predicted to be intimately merged with machines by then, they might eat it! –

Anywaythis is what it says:

"Dear People of Melbourne in 2044. I'm here today Wednesday October 29th 2014 in the Common Era. C.E. ...You may find the stray letters A.D. lurking around on old desktops in landfill- (you'll just have to research a lot of important religious footnotes.)

So, Nano-descendants, I'm here today as a mere sentence in the much bigger story of the Arts Centre Melbourne which you of course will all be familiar with as the Geoffrey Rush Memorial Hall. (ha ha) We write "ha ha" in the Common Era to denote the deployment of humour. Somehow (and its hard to *pin*point the date) we've lost our skill of putting feelings into writing – otherwise without "ha ha" it could inappropriately be interpreted as irony, or satire ...

(Point of interest: A pin is a thin two centimetre Jong metal object that has a sharp end.)

detective shows we used to watch on a thing we once called "tel-e-vision" – Precinct!- for me it doesn't have the rough smell of artistic endeavour.

I prefer "The Great Artsy Daisy Chain!" It's about a kilometre long! Most of it happened in the brief span of a couple of generations. Check it out on your neuro-controlled wafer-thin transparent pocketsize scrolls. I don't know if you still have pockets – but the humble matchbox has survived in our era so I have high hopes.

The Great Artsy Daisy Chain: from across the river -ACMI – (started as the State Film Centre in 1946); Ian Potter Centre for Indigenous and Australian Art; the Mediatheque; Hamer Hall; Playhouse, the State Theatre; the Fairfax; National Gallery; the Sidney Myer Music Bowl; the Sumner and the Lawler; Recital Centre; Ballet Centre; ABC radio (also home of the MSO); ACCA; Malthouse which grew out of the ashes of the Playbox; Headquarters of Musica Viva, Chunky Move and the MTC Victorian College of the Arts; the VCA High School!! - It's a miracle mile!

Things you no doubt treasure mid-century – I'm sure a number of them have been converted into an IGA or a 7 Eleven – but one has to accept progress.

Let's not forget the vital proximity of the Butterfly Club, Red Stitch, 45 Downstairs, Theatreworks; Chapel Off Chapel; National Academy of Music; all the Festivals: Mélbourne; Spring Music; the Latin Fest; writers festival; *Emerging* writers festival; International Comedy Fest; the Emerge festival celebrating African, Afghanistan, Kurdistan cultures and beyond; Text Publishing; the unique Wheeler Centre - The list is long ... 1 could go on and on! So, middle-aged Generation Z persons, *we're* all here today to celebrate the Centre's thirtieth birthday - underneath what used to be the spire. I'll conjure this excitement by referencing our shared rational alphabet - the periodic table.

The number 30 as you know is Zinc ... when the Arts Centre was 1 it would have been hydrogen – the most common element in the universe – which forms explosive mixtures in the air – *Liquid* hydrogen is used as a rocket fuel, – so from the get-go the arts were well and truly launched.

At ten we were neon - our name up in lights!

Zinc at 30 - what can I say - it's *essential* for good health!! And it *galvanises*!!

- (Point of interest) - excess Zinc is toxic and can cause nausea. (any future surviving cerebral interdisciplinary post-modernists - remember it's an element - keep it *elemental*)...

At 60 – your year for festivities - it's Neodymium – that rare earth metal. We know in 2044 you'll have an understanding of Earth and its rarity.

Point of Interest: In our time, Neodymium crystals are used in lasers to treat skin cancer – you, in the future, are probably using them in bucketloads. We use them as flints in cigarette lighters – but I can tell I've probably lost you there.



This building is great, bursting with a diversity of artistic expression. It's part of the Arts Precinct. "precinct" – erk! I don't like that word -it belongs to old black and white

 that's for the doubters, the naysayers – I'm just rubbing their noses in it! (ha ha) – crossed out.

This bountiful cornucopia nourishes us and our offspring! Citizens and denizens of 2044! We from decades past are beaming today with a kilometre-wide smile!

- but there's a gap in this irresistible grin.

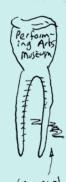
Our Performing Arts Collection is the missing tooth. Our truly deep deep history and heritage, is pretty much permanently buried underground - not unlike a time capsule. It needs air. It needs above ground public accessibility and regular full scale exhibitions.

Let's broaden this smile with a crown.

Obviously some bold, maverick, visionary government will have sensed the unstoppable seething layers of boundless creativity that this city thrives on and has already grabbed the opportunity for such an important legacy. Many of you in the Age of the Singularity no doubt regularly visit St Kilda Road and pop into the stunning resource centre of the Geoffrey Rush Performing Arts Museum (ha ha) ...

And so it gives me great pleasure to seal this degustation smorgasbord of artistic and cultural artefacts on behalf of all here today – and I shall return when I'm 93 for its unveiling. ... just to see if any of the jokes work.





(METAPHOR)

Priorities: PEOPLE



Front-line staff continue to receive high commendations from audiences, reflecting their finely honed customer services training across general access, support for those with special needs and emergency evacuation procedures.

A CARING, CONNECTED AND INQUISITIVE COMMUNITY

Arts Centre Melbourne plays an important leadership role in the cultural sector. The foundation of this leadership is a skilled workforce working with the tools they need to do their job to support all stakeholder expectations and deliver best-practice performance.

Crucial to this leadership is strong and strategic direction from the Executive and senior managers across the organisation. Two interim Chief Executives successfully steered the operations during the first part of the year until the appointment of a new Chief Executive Officer in November 2014. A subsequent internal realignment has set an exciting new direction for the future of the organisation.

This restructure has seen the business organised into three organisational divisions – Performing Arts, Operations, and Audience and Engagement.

The process for this change has been detailed and strongly geared to maximise participation and communication. Throughout the process we worked closely with internal and external stakeholders to enable the best outcomes.

The changes made will enable:

- Organisational alignment on how we serve our visitors
- The formation of cross-functional teams
- Improved communications between teams who work to the same objectives
- Stronger accountabilities to deliver to targets
- De-centralised decision-making
- Better service for our presenters from first booking enquiry to final settlement
- Clearer career paths for our team
- A common set of goals towards which all teams are working.

| SKILLING OUR TEAM AND THE BROADER INDUSTRY

In F2015 Arts Centre Melbourne recruited 172 employees, of which 79 were usher/foyer bar attendants and Food and Beverage attendants.

During the year, two rounds of recruitment for the Visitor Services team reflected continued interest from a diverse group of applicants with ages ranging from early 20s up to late 70s.

Front-line staff continue to receive high commendations from audiences, reflecting their finely honed customer services training across general access, support for those with special needs and emergency evacuation procedures.

As a result of skills demonstrated by staff during programs aimed specifically at younger audiences, a new front-of-house 'guest host' role has been designed to support children's performances and events, and to help maximise the joy in their performing arts experience. To ensure a more efficient and collaborative organisation we have also invested in training for conflict resolution, time and project management, resilience and stress management.

Food and Beverage has over 200 staff working 364 days of the year. The introduction of staff multi-skilling across all foyer bars has enabled us to better integrate Food and Beverage operations across the business and has improved teamwork between customer-facing departments.

Training for our behind-the-scenes operations has enabled Arts Centre Melbourne's leadership credentials in this important area to shine. As a Registered Training Organisation we provide accredited career development opportunities.

As an indication of our expertise in this area, production, lighting and staging team members have been invited to take part in overseas tours with both The Australian Ballet and Opera Australia.

| INDUSTRY LEADERSHIP

Arts Centre Melbourne maintains its status as a Registered Training Organisation, ensuring we are able to deliver accredited skills to our own staff and the broader industry. In the past year, three new Production trainees attained a Certificate III in Live Production, Theatre and Events, working alongside our in-house teams. We also provided flying system training to the newly recruited technical team at Bendigo's Ulumbarra Theatre as part of our support for the Victorian Association of Performing Arts Centres (VAPAC).

Six young people from Indigenous and emerging Australian communities took part in *Tech Specs*, a trainee skills program funded by Mrs Debbie Dadon and developed by our Production, Participation, and Family and Youth Programs teams. Using a series of workshops, *Tech Specs* is designed to build community capacity in the areas of lighting and sound in the technical performing arts. The program provides a transferable VET unit of competency in occupational health and safety that can be used towards a broader qualification. Graduates also worked as part of the production team on a live event for the *Dig Deep* collective in The Channel in late May. Those who have achieved their Certificate IV in Training and Assessment at Arts Centre Melbourne have then delivered training to groups who have engaged in the *Tech Specs* program.

The important Food and Beverage operations also provided in-house training and career development. Two current kitchen apprentices have come from within the organisation.

Across the broader industry sector the expertise of our personnel enables us to continue to play a leadership role. Examples of this include providing advice to the Geelong Performing Arts Centre on their redevelopment, speaking at the Venue Managers Association (VMA) congress and lecturing at the VMA School.

The organisation supported members from Development, Ticketing, Payroll and Production to attend conferences around Australia and overseas. This is important in order to develop technical and professional skills, as well as to maximise opportunities for collaborations, benchmarking and networking with peers and acknowledged experts. Our people contribute their knowledge and ideas to a number of industry bodies, including: Arts Access Victoria, championing increased and improved opportunities for arts and cultural participation for people with a disability; the Tessitura Network Member Advisory Committee, representing Australia and New Zealand arts and culture organisations in developing technology to support business growth; we also had a representative on the industry panel at Melbourne Polytechnic's industry advisory day, providing feedback on the syllabus and helping to develop new training initiatives.

| CAREER DEVELOPMENT OPPORTUNITIES

An explicit aim of the organisational restructure is to ensure that we have succession planning in place for key roles, and that career paths through Arts Centre Melbourne are clear.

Recognition of team skills and assistance with individual career development is supported by the Betty Amsden Scholarship Program which this year generously awarded a \$10,000 scholarship to Ebony Bott (Family and Youth Participation).

Ebony researched how other major performing arts and cultural institutions worldwide work with companies and artists to create immersive audience pre and post performance programs and how they facilitate deeper relationships with specific audiences. Ebony had the opportunity to travel overseas to meet with producers and presenters of major performing arts centres across the world to draw from their experiences.

During the year, Bernie Manchee, a recipient of the F2014 Betty Amsden Scholarship, developed a new industry lighting board training and development program, and was mentored by a senior manager from Melbourne Museum.

Priorities: BUSINESS EXCELLENCE

Our business credentials are clear and trusted. We are lean and agile and responsive to our customers and environment and actively manage the risks that may prevent us achieving our strategy.

| FINANCIAL MANAGEMENT

Through prudent management, income generating initiatives and Trust oversight, Arts Centre Melbourne continues to improve its financial position. Our thanks are due to the Victorian Government for providing sustainability funding of \$10.0 million over two years, along with \$16.4 million over three years for Critical Asset Renewal. With this funding sunsetting in June 2016, we have welcomed the opportunity to work with Creative Victoria on the brief for a business model review aimed at identifying Arts Centre Melbourne's longer term funding needs.

A review of Arts Centre Melbourne's financial reporting to the Trust was undertaken this year, with a new reporting format adopted as a result. These improvements allow the Trust and Management to better monitor and manage the financial health of the organisation, and the inherent risks of the business such as box office sales.

The Finance and Governance teams have focussed this year on maximising the value for money that procurement can provide. This has led to the decision to consolidate all commercial printing and print signage into one contract and utilising the preferred State supplier to access rates which represent a significant saving on past expenditure. Selected facilities contracts were also reviewed to streamline our processes and provide clarity to suppliers ahead of the next significant procurement period, which will ensure that value for money is achieved.

| PRESENTER RELATIONSHIPS STRATEGY

Our relationship with presenters is crucial to our business and we engaged Sandwalk Partners to perform a benchmark review to inform the creation of a strategic framework for an optimal customer service model and presenter strategy. The recommendations from the review underpin plans for improving our working relationships across a range of areas including customer service, venue hire process, marketing, ticketing and audience development and maximising commercial opportunities. We will continue to monitor and measure presenter satisfaction as part of our commitment to learn and continually improve.

| OUR SAFETY RECORD

Arts Centre Melbourne is proud to incur fewer lost time injuries than the broader industry. In F2015 we've laid the foundations to enable us to build upon our well-ingrained safety culture and knowledge base through ongoing shared-learning to continue to improve our safety record in F2016. We have also increased our resourcing in the safety area in F2015, with the addition of a Health and Safety Coordinator.

| IMPROVED TRAINING AND ACCREDITATION COMPLIANCE

Across Arts Centre Melbourne, training and accreditation requirements have been standardised to ensure that individuals have the skills they need to undertake specialised tasks. As part of our commitment to being a child-safe organisation, all staff in key "child facing" roles have undertaken Working with Children Checks.

| HARNESSING THE CAPABILITIES OF TESSITURA

We have completed a complex project to move Education bookings into our ticketing system Tessitura, which has introduced transparency and cohesion across multiple teams.

The project has delivered vastly improved customer and sales data, resulting in stronger reporting and analysis, and increased opportunity to use this data to further extend Arts Centre Melbourne's arts learning and community reach, and support further philanthropic engagement through the First Call Fund.

Using Tessitura has facilitated the ability to effectively track engagement and relationships with Schools and Community Groups, allowing Arts Centre Melbourne to improve and enhance the experience students, teachers, and the community have across our Education, The Channel, and ArtsConnect9 programs

We've laid the foundations to enable us to build upon our wellingrained safety culture and knowledge base through ongoing sharedlearning to continue to improve our safety record

Production bump-in, photography Peter Casamento

The Trust's ROLE & CONTEXT

The Victorian Arts Centre 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 Creative Industries for the Victorian Government.

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

- (a) to control, manage, operate, promote, develop and maintain the Centre; and
- (b) to present and produce theatrical performances, operas, plays, dramas, ballets and musical and other performances and entertainment of any kind at any place; and
- to promote the use of the theatres, concert hall and other places of assembly by suitable persons and bodies; and
- (d) to provide leadership in the promotion and development of the performing arts; and
- to ensure the maintenance, conservation, development and promotion of the State collection of performing arts material; and
- (f) 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; and
- (fa) to establish, maintain, conserve, develop, promote and exhibit the public art collection; and
- (fb) to make any object from the public art collection available for study or loan to persons or institutions, subject to any conditions that the Trust determines; and
- (g) 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; and
- (h) to perform any other functions appropriate to the Centre as the Minister may approve; and
- (i) to carry out any other function conferred on the Trust under this Act.

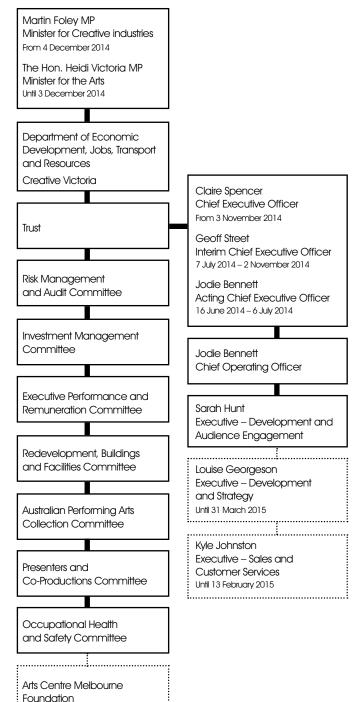
In carrying out its functions, the Trust must endeavour to contribute to the enrichment of the cultural, educational, social and economic life of the people of Victoria.

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 Disability Act 2006
- the Privacy and Data Protection Act 2014

| ORGANISATIONAL CONTEXT

The Victorian Arts Centre Trust is a statutory authority of the Creative Industries portfolio. The Creative Industries portfolio is administered by Creative Victoria, a division of the Department of Economic Development, Jobs, Transport and Resources. The Trustees are appointed by the Governor in Council on recommendation of the Minister for Creative Industries.



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Organisational Context COMMITTEES

| THE VICTORIAN ARTS CENTRE TRUST (THE TRUST)

The Trust met seven times in 2014-15.

Tom Harley, President Sandy Clark Julian Clarke AM Jim Cousins AO Dana Hlavacek Catherine McClements Ian Roberts (from 9 September 2014) Graham Smorgon AM

| TRUST COMMITTEES

RISK MANAGEMENT AND AUDIT COMMITTEE

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. All members are independent as defined by Financial Direction 2.2 of the *Financial Management Act 1994*.

The Committee met four times in 2014-15.

Dana Hlavacek, Chair Sandy Clark Tom Harley Graham Smorgon AM

INVESTMENT MANAGEMENT COMMITTEE

The purpose of this Committee is to ensure that Arts Centre Melbourne's investments are managed in accordance with Arts Centre Melbourne's Investment Policy and, in particular, that the investment objectives for growth and returns are met over time.

The Committee met four times in 2014-15.

Sandy Clark, Chair Tom Harley (from 5 May 2015) Dana Hlavacek Graham Smorgon AM

EXECUTIVE REMUNERATION AND PERFORMANCE COMMITTEE

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

The Committee met four times in 2014-15.

Tom Harley, Chair Sandy Clark Dana Hlavacek Graham Smorgon AM (from 26 May 2015)

REDEVELOPMENT, BUILDINGS AND FACILITIES COMMITTEE

The purpose of this Committee is to oversee all major infrastructure and building design activity performed by or on behalf of Arts Centre Melbourne and make recommendations to the Trust based on this oversight, and to develop, advocate and provide oversight to capital funding strategies and management for redevelopment, infrastructure and building activities.

The Committee met five times in 2014-15.

Jim Cousins AO, Chair Sandy Clark Tom Harley

AUSTRALIAN PERFORMING ARTS COLLECTION COMMITTEE

The purpose of this Committee is to ensure appropriate policies are in place for the Australian Performing Arts Collection; to develop, advocate and provide oversight of the Australian Performing Arts Collection including its exhibition, access, storage, documentation and preservation; and to ensure alignment with the priorities of the Victorian State Collections through the Creative Victoria Collections Working Group and other forums.

The Committee met three times in 2014-15.

Catherine McClements, Chair Deborah Beale Rachael Maza Julian Meyrick Bruce Mildenhall Emma Telfer

PRESENTERS AND CO-PRODUCTIONS COMMITTEE

The Committee provides advice on policy and presenter-related strategic matters including but not limited to Resident Companies, co-productions, other presenters, venue rental and ticketing, and provides governance over presenter-related initiatives.

The Committee met two times in 2014-15.

lan Roberts, Chair (from 9 September 2014) Tom Harley

OCCUPATIONAL HEALTH AND SAFETY COMMITTEE

The primary objective of the Occupational Health and Safety Committee is to oversee compliance to legislative requirements and guide continuous improvement to health and safety in the workplace.

The Committee met four times in 2014-15.

Dana Hlavacek, Chair Sandy Clark (from 14 May 2015) Tom Harley (from 14 May 2015) Ian Roberts (from 17 December 2014) Graham Smorgon AM (from 14 May 2015)

ARTS CENTRE MELBOURNE FOUNDATION

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

The Foundation met four times in 2014-15.

Sandy Clark, Chair John Haddad AO, Emeritus Chair Betty Amsden AO Deborah Beale Debbie Dadon John Denton AO Colin Golvan QC Tom Harley Dana Hlavacek Mem Kirby OAM Snowe Li James Ostroburski Jennifer Prescott

Philanthropic SUPPORTERS

| MAJOR BENEFACTORS

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

MAJOR SUPPORTERS

The late Mr Richard Pratt & Mrs Jeanne Pratt AC Mr Baillieu Myer AC & Mrs Sarah Myer Mr Marc Besen AC & Mrs Eva Besen AO Mr Leon Velik & Mrs Sandra Velik Mr Sam Smorgon AO & Mrs Minnie Smorgon The Gandel Family Mrs Rosie Lew & Family Miss Betty Amsden AO Mr Robert Kirby & Mrs Mem Kirby OAM Mr Kevin Bamford & Mrs Colleen Bamford Mrs Lyn Williams AM The late Dame Elisabeth Murdoch AC DBE Mrs Barbara Haynes OAM

TRUSTS AND FOUNDATIONS

Hugh D. T. Williamson Foundation The Lorenzo and Pamela Galli Charitable Trust Playking Foundation The Scobie and Claire MacKinnon Trust Sidney Myer Fund

ARTS ANGELS ANNUAL FUND

ARTS ANGEL LEADING LIGHT

- GIFTS OF \$100,000 OR MORE Miss Betty Amsden AO

Mr Marc Besen AC & Mrs Eva Besen AO

ARTS ANGEL VISIONARY PATRON

- GIFTS OF \$50,000 - \$74,999 Mr Harold Campbell-Pretty & Mrs Krystyna Campbell-Pretty

ARTS ANGEL BENEFACTOR PATRON

- GIFTS OF \$30,000 - \$49,999 The Gandel Family Mirlex Australia Pty Ltd

ARTS ANGEL PRINCIPAL PATRON - GIFTS OF \$20,000 - \$29,999

Mr Kevin Bamford & Mrs Colleen Bamford Mr Neville Bertalli & Mrs Di Bertalli Mrs Jennifer Brukner Mrs Nancy Butler Mr Ron Dobell & Mrs Margaret Dobell The Fox Family Mr Rino Grollo & Mrs Diana Ruzzene Grollo Mr Robert Kirby & Mrs Mem Kirby OAM Mrs Rosie Lew & Family Mr Bruce Parncutt & Ms Robin Campbell Prescott Family Foundation Mr Peter Scanlon AO & Mrs Angie Scanlon Mr Sam Smorgon AO & Mrs Minnie Smorgon Mr Leon Velik & Mrs Sandra Velik

ARTS ANGEL PREMIER PATRON - GIFTS OF \$15,000 - \$19,999

Ms Dana Hlavacek & Mr Stephen Creese Mrs Jennifer Leaper & Dr John Leaper Mr Graham Smorgon AM & Mrs Annette Smorgon

ARTS ANGEL PATRON - GIFTS OF \$10,000 - \$14,999

Ms Roseanne Amarant Mr Chris Begg & Mrs Patricia Begg OAM Mr Barry Bloom & Mrs Lorraine Bloom Mr Terry Campbell AO & Mrs Christine Campbell Mr Bernard Carp & Mrs Helen Carp Dr Leon Carp & Mrs Marlen Carp Ms Rosemary Forbes & Mr Ian Hocking Mrs Ethel Goldin Mr Colin Golvan QC & Dr Deborah Golvan Mr Robert Green & Mrs Jan Green GSA Industries Ptv Ltd Mr John Haddad AO & Mrs Agita Haddad Dr Jack Hansky AM & Mrs Paula Hansky OAM Mrs Barbara Haynes OAM Mrs Sally Redlich Mr Mark Robertson & Mrs Anne Robertson The William & Rita Rogers Charitable Foundation Mrs Rae Rothfield Mr Alan Selwyn, Mrs Ahda Selwyn & Ms Evi Selwyn Mrs Shirley Strauss Ms Maureen Wheeler AO & Mr Tony Wheeler AO Mr Derek Young AM & Mrs Caroline Young

ARTS ANGEL GOLD ASSOCIATE

- GIFTS OF \$7,500 - \$9,999 Mr James Ostroburski

ARTS ANGEL SILVER ASSOCIATE - GIFTS OF \$5,000 - \$7,499

Brasher Family Foundation Dr Andrew Buchanan Mr John Kirby AM & Mrs Carolyn Kirby Ms Susanna Mason Mr Ian McKellar & Mrs Margaret McKellar Anonymous (2)

ARTS ANGEL BRONZE ASSOCIATE - GIFTS OF \$2,000 - \$4,999

Mr John Bell & Ms Cristina Regiani Mr Peter Cotter & Mrs Marilyn Cotter Mr Em Dawes OBE & Mrs Nola Dawes Mr Kim Edwards & Mrs Jan Edwards The Hon Alan Goldberg AO QC & Mrs Rachel Goldberg Mrs Linda Herd Mr Peter Hordern & Mrs Jennifer Hordern Mr Jost Kaiser & Mrs Dorothy Kaiser Dr Richard King AM & Mrs Andrea King Mr Larry Kornhauser Mr John Leslie OBE Mr Simon Lubansky & Mrs June Lubansky Mrs Marie Morton Dr Paul Nisselle AM & Mrs Sue Nisselle Mr John Ralph & Mrs Barbara Ralph Mr Robin Reid & Mrs Liz Reid Mr Fergus Ryan AO & Mrs Judy Ryan Mrs Joy Smith & Mr Russell Smith Mr Michael Stevens Ms Ricci Swart Ms Susan Thacore Mrs Lesley Thomas & Mr Peter Thomas

ARTS ANGEL ASSOCIATE

- GIFTS OF \$800 - \$1,999 Mr Philip Aiken & Mrs Fran Aiken Mrs Wilma Attwood Mrs Meredith Baldwin & Mr John Baldwin Dr Jennifer Coghlan-Bell & Dr Simon Bell Mrs Isabel Edgoose & Mr Graeme Edgoose Ms Lynette Grigg Mrs Jennifer Gross Mr Louis Hamon OAM Mr Ian Harris & Miss Nance Grant AM MBE Mr Hans Henkell & Mrs Petra Henkell - Henkell Family Fund Dr Alastair Jackson Dr Michael Jelinek & Mrs Danielle Jelinek Dr. Judith Kinnear Mr Ken Klooger & Mrs Carol Klooger Dr Geraldine Lazarus & Mr Greg Gailey Mr Graham Ludecke & Mrs Pam Ludecke Mr Kevin Luscombe AM & Mrs Barbara Luscombe The Madame Ashton Memorial Scholarship for Ladies Art Mr Stephen Newton AO Mr Tom O'Dea & Mrs Ruth O'Dea Mr Norman Pinder & Mrs Carolyn Pinder Mrs Fleur Spitzer OAM Anonymous

Philanthropic SUPPORTERS

ARTS ANGELS ANNUAL FUND (CONTINUED)

ARTS ANGEL ENTRY ASSOCIATE

- GIFTS OF \$350 \$799 Ms Margaret Astbury Ms Marja Berclouw Mrs Rosetta Bloom Ms Rene Brown Mr Tom Bruce AM & Mrs Beth Bruce Ms Diana Burleigh Miss Elizabeth Butt Mr Arthur Charlwood Ms Min Li Chong Dr Cyril Curtain Dr George Deutsch & Mrs Kathy Deutsch Mr Matt Duckworth & Mrs Lina Duckworth Mrs Joyce Flowers
- Dr David Fox-Smith Mrs Marg Goodall Mr Rod Harden & Mrs Lesley Harden Mrs Jean M Healey Mr Gil Hoskins & Mrs Sandi Hoskins Ms Helen Hunwick Mr Timothy James Mr Ronald Jones & Mrs Carole Jones Mrs Irene Kearsey Mrs Beverly Langsford-Willing Mrs Verona Lea Ms Rosemary Leffler Mr Morris Margolis & Mrs Helen Margolis Ms Fiona McConnell & Ms Cecilia Wilkes Ms. Jane McKay Mr John Mitcham & Mrs Patricia Mitcham

Mrs Fran Ostroburski & Mr Sam Ostroburski Mr John Pearson & Mrs Carolyn Pearson Mr Tony Pointon & Mrs Corinne Pointon Mr Bill Rogers & Mrs Jan Rogers Mr Tim Sherwood & Mrs Lynne Sherwood Mr. John Short Mrs Edda Smrekar Mr Colin Squires & Mrs Mary Squires Mrs Eva Sweet Mr Russell Taylor Mr Lyle Thomas & Ms Christina Turner Mr Ron Thorn & Mrs Helen Russell Thorn Dr Walter Uhlenbruch AO & Mrs Waltraud Uhlenbruch Ms Shirley Yeates Anonymous (5)

| FIRST CALL FUND

FOUNDING GIFTS

Mr Chris Begg & Mrs Patricia Begg OAM Mr Martin Carlson OAM Mr Carrillo Gantner AO & Mrs ZiYin Gantner The late Mrs Neilma Gantner Dr Milan Kantor OAM & Mrs Anne Kantor The Myer Foundation

GIFTS OF \$25,000 OR MORE

Crown Resorts Foundation The Packer Family Foundation

GIFTS OF \$10,000 - \$24,999 Cassandra Gantner Foundation

GIFTS OF \$5,000 - \$9,999

Miss Betty Amsden AO Ms Joanna Baevski Mr John Bates & Mrs Lorraine Bates Brian M Davis Charitable Foundation The Duggan Foundation The late Mrs Neilma Gantner Mr Colin Golvan QC & Dr Deborah Golvan Mrs Barbara Haynes OAM Mrs Linda Herd The Hicks-Ricketts Family Dr Geraldine Lazarus & Mr Greg Gailey Mrs Jennifer Leaper & Dr John Leaper Ms Kylie Minogue OBE Mr Baillieu Myer AC & Mrs Sarah Myer The Myer Foundation Joy Smith Family Foundation Mr Ralph Ward-Ambler AM & Mrs Barbara Ward-Ambler Anonymous

GIFTS OF \$1,500 - \$4,999

Mr Chris Begg & Mrs Patricia Begg OAM Mrs Christine Fleer & Mr Gavin Fleer Mrs Rosemary Geer Mrs Jean M Healey Mr Peter Hordern & Mrs Jennifer Hordern Mr Keith Irvine & Mrs Jo Irvine Mis Dorothy Karpin Mr Clark Kirby & Mis Sara Kirby Mr Robert Kirby & Mis Mem Kirby OAM Mr Larry Kornhauser Mis Silvana Layton and Family Ms Rosemary Leffler Mr Ian McCall & Mis Paula McCall Mr Bruce Parncutt & Ms Robin Campbell Mr Mark Robertson & Mis Anne Robertson Mr John Schiller & Mis Elisabeth Schiller Mis Leonie Szabo & Mr Peter Szabo Mr Peter Wharton & Mis Anne Wharton Mr Rob Williamson & Mis Mary-Paula Williamson Anonymous (5)

GIFTS OF \$450 - \$1,499

Ms Margaret Astbury Bardas Foundation Mr Robbie Barker Mrs Adrienne Basser Ms Laurie Bebbington Ms Kirsty Bennett Mrs Jenny Brash Mrs Joan Brown Mrs Patricia Burke Mr Greg Burns Mrs Nancy Butler Mrs Shirley Campbell Mrs Clare Carlson & Mr Richard Carlson Mrs Ellen Chow Mr Sandy Clark & Ms Marie McDonald Mrs Caroline Clemente & Mr Robert Clemente Ms Suzanne Daley Mr Ern Dawes OBE & Mrs Nola Dawes Mr Peter Doughty Mr Matt Duckworth & Mrs Lina Duckworth Miss Lvn Foo Miss Catherine Grav Mrs Jennifer Gross Mrs Nereda Hanlon & Mr Michael Hanlon AM Mrs Fella Harbig Miss Nance Grant AM MBE Ms Carol Hav

Mr Peter Hekel & Mrs Marie-Louise Hekel Mr. John V. Kaufman Mrs Angela Kayser Mrs Irene Kearsev Dr Judith Kinnear Mrs Julie Landvogt Mrs Janet Leckie Mr Gregory Levine Ms Snowe Li Ms Elizabeth H Loftus Mr Simon Lubansky & Mrs June Lubansky Ms Ann Marsh Ms Susanna Mason Mr Ian McKellar & Mrs Margaret McKellar Mrs Janet McMenamin Mrs Margot Melzak The Merriaan Family Mrs Marie Morton Mr. Jack Moshakis & Ms Gill Tasker Dr Deirdre Murphy Mr Greg Noonan Mr Nicholas Perkins & Mr Paul Banks Ms Kerrvn Pratchett Mrs Sally Redlich Mrs Jan Richards & Mr Keith Richards Mr Fergus Ryan AO & Mrs Judy Ryan Mr Graham Ryles OAM KSJ & Mrs Judith Ryles OAM Mr Gregory Shalit & Ms Miriam Faine Dr. John Sime Ms Claire Spencer & Mr Andrew Spencer Ms Patricia Spring Miss Jean Stewart Mrs Judy Ann Stewart Dr Mark Suss Mr Richard Thomas Professor Kenneth Thomson & Mrs Barbara Thomson Mr Allan Thorne Mrs Ngaire Turner Mrs Alice Vaughan Mr Leon Velik & Mrs Sandra Velik Dr N Jane Wischusen Anonymous (17)

PhilanthropicSUPPORTERS

| LEGACY ANGELS

Ms Elizabeth Alexandra Miss Betty Amsden AO Miss Jenny Anderson Mr Chris Begg & Mrs Patricia Begg OAM Mr Tony Berry Mrs Jennifer Brukner Mr Ken Bullen Ms Lyndsey Burton Mr Douglas Butler Ms Peggy Cole Mr Ron Dobell & Mrs Margaret Dobell The Hon Alan Egan JP Mr Richard Farrar Ms Wilma Farrow Ms Nola Finn Mr Barrie Follows AM JP & Mrs Gail Follows Ms Rosemary Forbes & Mr Ian Hocking Mr Max Frost & Mrs Glenda Frost Mr Peter Game & Mrs Betty Game Ms Diane Gardiner Mr Peter Gassenheimer

Mr Andrew Gemmell Mrs Mia Hall Ms Carol Hav Mr Timothy Hayes & Mr Michael Waugh Mr Richard Heathcote Ms Denise Hughes Mr Max Johnston & Mr Owen White Dr Richard King AM & Mrs Andrea King Mr Barry Kitcher Mr Hugo Leschen Mr leuan Mapperson & Mrs Kathy Mapperson Ms Barbara Maraetts Ms Caroline Molesworth Mr Andrew Moon Mr Jack Moshakis & Ms Gill Tasker Mr Luke Nestorowicz Mr Robert Nixev Mr James Ostroburski & Mr Leo Ostroburski Mr Kenneth Park Ms Lvn Pavne Prof Graham Peirson & Mrs Chris Peirson

Mr David Pisterman & Mrs Cheryl Pisterman Mr David Richards Mrs Noelle Robb Ms Lynne Robertson Mr Graham Ryles OAM KSJ & Mrs Judith Ryles OAM Mr Maurice Scott Mr John Short Mr John Stanistreet Mrs Val Stirling Mr Graeme Studd Mrs Pamela Swansson Ms Margot Vaughan & Ms Bernadette Nicholls Ms Judy Watt Mr Ian Watts Mrs Dinah Whitaker Mrs Pamela Wilson Anonymous (11)

BEQUEST RECEIVED

Mr Maxwell Carroll & Mrs Merle Carroll Miss Joyce Grimshaw

HOME SUPPORTERS

- Mr Peter Aird & Mrs Catherine Aird Ms Gwen Armstrong Mrs June Beaverstock Mr Marc Besen AC & Mrs Eva Besen AO Mrs Nancy Butler Mrs Luisa Calandra Mr Terry Campbell AO & Mrs Christine Campbell Mr Jim Cousins AO & Mrs Libby Cousins Miss Ann Darby Mr Michael Davies & Mrs Cathy Davies Dr George Deutsch & Mrs Kathy Deutsch Dr Simon Evans & Ms Melissa Conley-Tyler Mr William Fleming Gandel Philanthropy Mrs Lynn Gardner Mr Edwin Gill Mr Ron Goldschlager & Mrs Dina Goldschlager Mrs Mathel Gottlieb-Drucker
- Mr Garry Grossbard & Mrs Julie Grossbard Mrs Fella Harbia Mrs Linda Herd Ms Dana Hlavacek & Mr Stephen Creese Mrs Noel Hoitinga Dr Sam Howes & Mrs Maraaret Howes Ms Helen Hunwick Mrs Margaret Inglis Dr Judith Kinnear Mr Robert Kirby & Mrs Mem Kirby OAM Dr Geoffrey Knights AM & Dr Ann Knights Ms Claudine Lam Mrs Rosemary Mangiamele Dr Janine Manwaring Mrs Margot Melzak Mr Trevor Moy Ms Judith Neale Miss Linda Notley

Mr James Ostroburski Mr Anthony Papageorge & Mrs Carolyn Papageorge Ms Sarah Louise Ricketts Mr Mark Robertson & Mrs Anne Robertson Ms Anne Roussac-Hoyne Mr Leo Schumacher Mrs Cathy Scott Ms Claire Spencer & Mr Andrew Spencer Mrs Judy Ann Stewart Mrs Gina Stuart Dr Stephen Szental & Mrs Debbie Szental Mrs Beverley Theodore Mr Craig Watkins Mr Gordon Wilson Miss Kathleen Wilson Anonymous (11)

MELBOURNE ARTS WALK SUPPORTERS

Miss Betty Amsden AO Mrs Jennifer Brukner The Michael & Andrew Buxton Foundation Mr Sandy Clark & Ms Marie McDonald Mr Sondy Clark & Ms Marie McDonald Mr Robert Green & Mrs Jan Green Mr Rino Grollo & Mrs Diana Grollo Ms Dana Hlavacek & Mr Stephen Creese Mr Elias Jreissati & Mrs Colleen Jreissati Mr Robert Kirby & Mrs Mem Kirby OAM Mr Norman Lees & Mrs Betty Lees Mr John Leslie OBE Sir Cameron Mackintosh Ms Kylie Minogue OBE Mr Allan J. Myers QC AO & Mrs Maria Myers AO Lady Potter AC & Countess Krasicki V. Siecin Mrs Rae Rothfield Mr Peter Scanlon AO & Mrs Angie Scanlon Mr Graham Smorgon AM & Mrs Annette Smorgon Mr Sam Smorgon AO & Mrs Minnie Smorgon Ms Janet Whiting & Mr Phil Lukies Anonymous (1)

SEAT DEDICATION

Mr Robbie Barker Mr Michael Buxton & Mrs Janet Buxton Ms Maragret Campbell Dr David Fox-Smith & Mrs Judith Fox-Smith Mrs Jann Griffin Mrs Katrina Grove & Mr Peter Grove The family & friends of Natalie Klasan Ms. Jane Kunstler Mr Ron Lesh & Family Ms Snowe Li Alan, Peter & David Lipshut for Mary Lipshut Mr Nicholas Perkins & Ms Sarah Perkins Ms Keatha Stebbins Miss Sophie Strezos Ms Wendy Whelan Mrs Joyce Woodroffe





Summary of Results F11 – F15

FINANCIAL PERFORMANCE	2014-15 \$M	2013-14 \$М	2012-13 \$M	2011-12 \$M	2010-11 \$M
Total income from transactions	79.3	73.0	77.4	60.4	57.8
Less Total expenses from transactions	76.8	70.1	84.6	61.4	51.7
Net result from transactions before depreciation	2.5	2.9	-7.2	-1.0	6.1
Less Depreciation	16.0	15.9	15.4	13.4	13.3
Net deficit from transactions	-13.5	-13.0	-22.6	-14.4	-7.2
Total Assets	524.5	530.6	542.9	549.7	481.8
Less Total Liabilities	30.0	24.2	26.5	31.3	18.6
Total Equity	494.5	506.4	516.4	518.4	463.2
PATRONAGE PROFILE	2014-15 ('000s)	2013-14 ('000s)	2012-13 ('000s)	2011-12 ('000s)	2010-11 ('000s)
Attendances at Performances ¹	1,186	1,074	1,305	879	924
Attendances at Public Programs	227	629	200	194	130
Attendances at Exhibitions	443	485	713	653	681
Total Attendances	1,856	2,188	2,218	1,726	1,735
Other Visitors & Facility Users ²	1,032	955	1,061	1,266	1,337
EVENTS PROFILE	2014-15	2013-14	2012-13	2011-12	2010-11
Performance Events ³	1,452	1,126	1,696	1,239	1,262
Public Program Events	1,877	2,240	1,923	1,922	2,155
Exhibitions & Displays	17	10	19	17	19
Total Events	3,346	3,376	3,638	3,178	3,436
VENUE UTILISATION	2014-15 %	2013-14 %	2012-13 %	2011-12 %	2010-11 %
State Theatre	87	95	93	82	90
Playhouse	92	72	88	95	87
Fairfax Studio	92	80	91	99	98
Hamer Hall	85	77	77	-	1
Average mainstage utilisation	89	81	87	92	92
Sidney Myer Music Bowl	36	25	33	19	21
The Famous Spiegettent	65	-	85	85	82

¹Attendances at performances includes education and community engagement related performances.

² Other visitors and facility users include visitors to car park, food and beverage outlets and Sunday Market.

³ Performance events includes education and other community engagement related performances.

Financial OVERVIEW

The net result from transactions before depreciation of the Trust for the year ended 30 June 2015 was a surplus of \$2.5 million.

The comprehensive result for the year was a deficit of 14.7 million, which comprises:

- Net result from transactions before depreciation of \$2.5 million
- Depreciation expense of -\$16.0 million
- Other economic flows included in net result of -\$1.1 million

The operating result from transactions was achieved as a result of strong performance and business improvement in ticketing and food and beverage operations, improvements in gross margin from programming activities, the receipt of a sustainability grant from the Victorian Government and a continued focus on effective cost management.

The ongoing financial constraints of the organisation continue to put pressure on providing an adequate level of expenditure on building maintenance and services. The sustainability grant funding received from government enabled additional expenditure of \$1.2 million into capital renewal, allowing some catch up in significant activity deferred from prior years.

| GENERAL OPERATIONS

Total income from transactions increased \$6.2 million or 8.5% on the prior year. Key reasons for this include:

- Venue utilisation increased 9% year on year, resulting in increases in venue rental and presenter services income. Box office revenues from Arts Centre Melbourne programming decreased following a change in programming mix which led to a reduction in Arts Centre Melbourne Presents events but a stronger contribution margin.
- Ticketing and visitor services income increased by \$1.2 million (19%) due to a higher proportion of tickets being sold through Arts Centre Melbourne sales channels, particularly through a significant increase in online sales, and higher average revenue per visit. Strong growth in the number of permanent parkers drove a 12% increase in car park revenue. The continued strong performance of food and beverage operations increased income by \$1.1 million.
- In-kind donations of \$1.2 million to the performing arts collection were \$1.0 million higher than in F2014, and included significant donations from Kylie Minogue and Barry Humphries.
- Government grant revenue increased \$5 million in the form of sustainability funding from the Victorian Government. This was offset by a \$1.4 million reduction from one-off grants from the Victorian Government that were received in F2014.

Total expense from transactions increased by \$6.7 million or 9.9% year on year. Key reasons for this include:

- Corporate services expenditure increased by \$3.8 million due to the costs of the restructure, creation of new capabilities, training and associated recruitment costs, and the reinstatement of targeted business development spending.
- Ticketing and visitor services expenditure increased by \$1.1 million due to the increased activity in these business areas. Food and beverage also increased expenditure by \$0.5 million attributed to increased activity.
- Facilities operating maintenance and services increased \$0.8 million associated with addressing the backlog of critical maintenance activities

| BUILDING DEVELOPMENT AND MAINTENANCE

Building maintenance and renewal expenditure totalled \$9.2 million, up from \$7.9 million in F2014. The sustainability funding and strong performance in programming and marketing/visitor experience allowed a partial catch up in maintenance expenditure following the deferral of costs from prior years.

Work commenced on a number of investment projects, including refreshing key food and beverage areas including Curve, Café Vic and Cento and the replacement of the front-of-house paging system.

In addition government capital grants of \$2.8 million were received during the year, facilitating delivery of:

- The relocation of The Channel into Hamer Hall \$0.9 million;
- Critical Asset Maintenance \$0.7 million for multiple projects, including replacement of high voltage transformers, renewal of heating hot water system, and replacement of chilled water system;
- Sewer system renewal \$0.8 million; and
- Back-of-house wireless communications replacement \$0.4 million.

Comprehensive operating statement for the financial year ended 30 June 2015

	NOTES	2015 \$'000s	2014 \$'000s
CONTINUING OPERATIONS			
INCOME FROM TRANSACTIONS			
Programming	2	22,294	21,734
Marketing and visitor experience	2	31,925	28,604
Ticketing incentive	2	-	1,050
Facilities management	2	2,293	2,421
Corporate services	2	102	197
Investment income	2	840	860
Government grants	2	21,846	18,211
TOTAL INCOME FROM TRANSACTIONS		79,300	73,077
EXPENSES FROM TRANSACTIONS			
Programming	3	(21,655)	(20,931)
Marketing and visitor experience	3	(25,815)	(24,149)
Facilities management	3	(16,037)	(15,243)
Corporate services	3	(13,257)	(9,503)
Finance costs	3	(17)	(248)
Defined pension superannuation call	3	(41)	(43)
TOTAL EXPENSES FROM TRANSACTIONS		(76,822)	(70,117)
NET RESULT FROM TRANSACTIONS BEFORE DEPRECIATION		2,478	2,960
EXPENSES FROM TRANSACTIONS (CONTINUED)			
Depreciation and amortisation	3	(16,032)	(15,970)
NET DEFICIT FROM TRANSACTIONS		(13,554)	(13,010)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Net loss on non-financial assets	5(a)	(1,154)	-
Net gain/(loss) on financial assets	5(b)	(82)	153
Other gains/(losses) from other economic flows	5(c)	94	(72)
TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT		(1,142)	81
COMPREHENSIVE RESULT		(14,696)	(12,929)
		· · · ·	

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

Balance sheet as at 30 June 2015

	NOTES	2015 \$'000s	2014 \$'000s
ASSETS		•	•
FINANCIAL ASSETS			
Cash and deposits	6	34,676	28,914
Receivables	7	3,292	3,882
TOTAL FINANCIAL ASSETS		37,968	32,796
NON-FINANCIAL ASSETS			
	0	420	41.2
Inventories	8	430	413
Property, plant and equipment	9	485,611	496,751
Intangible assets	10	33	208
Other non-financial assets	11	520	446
TOTAL NON-FINANCIAL ASSETS TOTAL ASSETS		486,594 524,562	497,818
LIABILITIES			
LIABILITES Payables	12	21,228	17,142
Provisions	12	6,960	5,077
Other liabilities	13	1,886	2,012
TOTAL LIABILITIES	14	30,074	2,012
NET ASSETS		494,488	506,383
EQUITY			
Contributed capital		501,620	498,819
Donation and endowment reserve		11,511	10,945
Asset revaluation reserve		161,991	161,991
Accumulated deficit		(180,634)	(165,372)
TOTAL EQUITY		494,488	506,383
Commitments for expenditure and operating leases	15 & 16		
Contingent assets and liabilities	25		

The balance sheet should be read in conjunction with the notes to the financial statements.

Statement of changes in equity for the financial year ended 30 June 2015

		CONTRIBUTED CAPITAL \$'000s	DONATION AND ENDOWMENT RESERVE \$'000s	ASSET REVALUATION RESERVE \$'000s	ACCUMULATED DEFICIT \$'000s
BALANCE AT 30 JUNE 2013		495,879	9,287	161,991	(150,785)
Net result for the year		-		-	(12,929)
Endowment funds received	(i)	-	196	-	(196)
Net donations and investment income received	(i)	-	2,175	-	(2,175)
Donations and endowment distributions	(i)	-	(713)	-	713
Capital appropriations	(ii)	2,940	-	-	-
BALANCE AT 30 JUNE 2014		498,819	10,945	161,991	(165,372)
Net result for the year		-	-	-	(14,696)
Endowment funds received	(i)	-	72	-	(72)
Net donations and investment income received	(i)	-	2,778	-	(2,778)
Donations and endowment distributions	(i)	-	(2,284)	-	2,284
Capital appropriations	(ii)	2,801	-	-	-
BALANCE AT 30 JUNE 2015		501,620	11,511	161,991	(180,634)

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

- (i) During the year \$0.6m (F2014: \$1.7m) was transferred from the accumulated deficit to the donation and endowment reserve. This amount represents the net revenue earned by the Arts Centre Melbourne Foundation ("the Foundation"), governed by a subcommittee of the Trust.
- (ii) Creative Victoria provided capital funding of \$0.5m (F2014: \$0.7m) in relation to the Arts and Cultural Facilities Maintenance fund, \$1.8m (F2014: \$0.6m) for Critical Asset Maintenance and \$0.5m (F2014: \$0.5m) for minor maintenance. These transfers are designated as a contribution from the owners (capital appropriations).

Cash flow statement for the financial year ended 30 June 2015

CASH FLOWS FROM OPERATING ACTIVITIES	NOTES	2015 \$'000s	2014 \$'000s
RECEIPTS		+ •••••	+
Receipts from customers		62,709	55,536
Receipts from endowments		72	196
Government grants received		21,846	18,211
Interest and distributions received		840	860
TOTAL RECEIPTS		85,467	74,803
PAYMENTS			
Payments to suppliers		(36,894)	(35,193)
Payments to employees		(37,151)	(36,367)
GST paid to the Australian Taxation Office		(1,375)	(1,458)
TOTAL PAYMENTS		(75,420)	(73,018)
NET CASH FROM OPERATING ACTIVITIES	17(b)	10,047	1,785
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(7,086)	(2,800)
NET CASH USED IN INVESTING ACTIVITIES		(7,086)	(2,800)
CASH FLOWS FROM FINANCING ACTIVITIES			
Owner contributions by State Government		2,801	1,780
NET CASH PROVIDED BY FINANCING ACTIVITIES		2,801	1,780
Net increase in cash and cash equivalents		5,762	765
Cash and cash equivalents at the beginning of the financial year		28,914	28,149
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6,17(a)	34,676	28,914

The above cash flow statement should be read in conjunction with the notes to the financial statements.

Notes to the financial statements for the financial year ended 30 June 2015

NOTES TO THE FINANCIAL STATEMENTS - TABLE OF CONTENTS

NOTE	NOTE DESCRIPTION	PAGE
Note 1.	Summary of significant accounting policies	33
Note 2.	Income from transactions	42
Note 3.	Expenses from transactions	43
Note 4.	Net result from transactions	44
Note 5.	Other economic flows included in net result	44
Note 6.	Cash and deposits	44
Note 7.	Receivables	45
Note 8.	Inventories	45
Note 9.	Property, plant and equipment	46
Note 10.	Intangible assets	50
Note 11.	Other non-financial assets	50
Note 12.	Payables	50
Note 13.	Provisions	51
Note 14.	Other current liabilities	51
Note 15.	Operating leases	52
Note 16.	Commitments for expenditure	52
Note 17.	Cash flow statement	53
Note 18.	Financial instruments	53
Note 19.	Superannuation	58
Note 20.	Responsible persons	60
Note 21.	Remuneration of responsible persons	60
Note 22.	Remuneration of auditors	61
Note 23.	Remuneration of executives	61
Note 24.	Related party transactions	62
Note 25.	Contingent assets and liabilities	62
Note 26.	Subsequent events	62

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements represent the audited general purpose financial statements for the Victorian Arts Centre Trust ("the Trust") for the period ended 30 June 2015. The purpose of the report is to provide users with information about the Trust's stewardship of resources entrusted to it.

A. STATEMENT OF COMPLIANCE

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA), the *Australian Charities and Not-for-profit Commission Act 2012* and *Regulations 2013* and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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.

B. BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

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.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS that have significant effects on the financial statements and estimates relate to:

- The fair value of property, plant and equipment (refer to Note 1(J)); and
- Provisions (refer to Note 1(K)).

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention, except for:

- Non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date
 of the revaluation, less any subsequent accumulated depreciation and subsequent impairment losses. The fair value of an asset is
 generally based on its depreciated replacement value. Revaluations are made with sufficient regularity to ensure that the carrying
 amounts do not materially differ from their fair value; and
- Provision for employee benefits is calculated at net present value, where relevant.

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

Consistent with AASB 13 Fair Value Measurement, the Trust determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, investment properties and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Trust determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer General Victoria ("VGV") is the Trust's independent valuation agency.

An external third party valuer performs the valuations to determine the fair value of the Works of art and the Performing Arts Collection, due to the specialised nature of the assets. The Trust, in conjunction with VGV and other external valuers, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

Notes to the financial statements for the financial year ended 30 June 2015

Scheduled revaluation is undertaken every five years with an annual assessment of fair value to determine if it is materially different to the carrying value. If it appears that the movement in fair values, as indicated by the compounded impact of Valuer General of Victoria indices, is potentially material (greater than 10 per cent), a managerial revaluation is undertaken while a movement greater than 40 per cent will normally involve an approved valuer (Valuer General of Victoria) to perform detailed assessment of the fair value. If the movement in fair value since the last revaluation is less than or equal to 10 per cent, then no change is made to carrying amounts. For the Furniture and Vehicles asset classes, where the Trust is able to demonstrate that there is no evidence that a reliable market-based fair value (or other fair value indicators) exist for these assets, depreciated replacement cost is used to represent a reasonable approximation of fair value.

C. REPORTING ENTITY

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

Victorian Arts Centre Trust 100 St Kilda Rd Melbourne VIC 3004

A description of the nature of the Trust's operations and principal activities is included in the report of operations on pages 2 to 27, which does not form part of these financial statements.

OBJECTIVES AND FUNDING

The core objective of the Trust is 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 both Victorian Government grants and commercial sources such as ticketing, retail, philanthropy, corporate sponsorship, venue rental and food and beverage operations.

D. SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENT

The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two represents the net result.

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

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 and Amendments to Australian System of Government Finance Statistics 2005 (ABS Catalogue 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. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in-kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from disposals;
- revaluations and impairments of non-financial physical and intangible assets;
- actuarial gains and losses arising from defined benefit superannuation plans; and
- fair value changes of financial instruments.

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

Notes to the financial statements for the financial year ended 30 June 2015

STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from the 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 economic flows – other movements in equity' related to 'Transactions with owner in its capacity as owner'.

CASH FLOW STATEMENT

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

ROUNDING OF AMOUNTS

Amounts in the financial statements (including the notes) have been rounded to the nearest \$1,000, unless otherwise stated.

COMPARATIVES

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

E. CHANGES IN ACCOUNTING POLICIES

Subsequent to the 2013-14 reporting period, there have been no new and revised Standards adopted in the current period that have a financial impact on the financial statements.

F. INCOME FROM TRANSACTIONS

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 at fair value.

GRANTS AND CONTRIBUTIONS

Grants and contributions are generally recognised as income when the Trust obtains control over the assets comprising grants and contributions. Control over grants and contributions are normally obtained when the obligations relating to the receipt have been met.

SALES OF GOODS AND SERVICES

a. Income from the provision of services

Key income areas are as follows:

- Arts Centre programming income comprises ticket sales from Arts Centre Melbourne presented and produced events;
- Marketing and visitor experience income comprises the recovery of event production costs, ticketing commissions, philanthropy and corporate sponsorship, food and beverage income and car park income; and
- Facilities management income comprises the recovery of facilities management services from third parties.

Income from these areas is held as unearned revenue on the balance sheet until the performance has occurred and subsequently recognised as revenue.

Membership revenue is recognised on a basis that reflects the timing, nature and value of the benefits provided.

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

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

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.

Notes to the financial statements for the financial year ended 30 June 2015

ASSETS AND SERVICES RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

Resources received free of charge or for nominal consideration are recognised at fair value when control is obtained 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 received as a donation.

OTHER INCOME

All donations, sponsorships and non-reciprocal contributions from the public are included in the Trust's revenue on receipt. Pledged donations are not recognised as income until received. The value of goods and services received by way of sponsorship were included in the Trust's revenue for the year in contra sponsorship. The respective goods and services relating to this income are reflected in the appropriate expense or asset accounts. The values of such sponsorship are brought to account on the proviso that a fair value of the sponsorship could be ascertained.

Donated Works of art or Performing arts assets are recognised when the gift is accepted by the Trust and is recorded at fair value. Fair value is determined by either an average of independent valuations under the Cultural Gifts Program or curatorial assessment by the Trust.

G. EXPENSES FROM TRANSACTIONS

Expenses from transactions are recognised as they are incurred and reported in the financial year to which they relate.

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 assets) 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 maximum useful lives for buildings and building fit outs is 50 years. This has been assessed as reasonable as there is a public expectation that iconic buildings are maintained to an acceptable level which is not reflective of their physical effective life. The expected useful lives, as assessed as reasonable by management in the current year, are as follows:

ASSET CLASS	USEFUL LIFE
Buildings	25 to 50 years
Building fit outs	4 to 50 years
Furniture and equipment	3 to 20 years
Motor vehicles	5 years
Software intangible assets	2.5 to 4.5 years
Works of art and Performing Arts Collection assets	Non-depreciable

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

The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed at least annually.

EMPLOYEE EXPENSES

Refer to the section in Note 1(K) regarding employee benefits.

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

SUPERANNUATION

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by the Trust to the relevant superannuation plans in respect to the services of the Trust's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that the Trust is required to comply with.

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.

Notes to the financial statements for the financial year ended 30 June 2015

BAD AND DOUBTFUL DEBTS

Bad and doubtful debts are assessed on a regular basis and written off when appropriate.

FAIR VALUE OF ASSETS AND SERVICES PROVIDED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION 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.

H. 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:

Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an other economic flow on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Gain/(loss) arising from transactions in foreign exchange

Refer to Note 1(R) Foreign currency.

Impairment of non-financial assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

All other assets are assessed annually for indications of impairment.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their 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.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amounts for most assets are measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Refer to Note 1(J) in relation to the recognition and measurement of non-financial assets.

NET GAIN/(LOSS) ON FINANCIAL ASSETS

Net gain/(loss) on financial assets includes disposals of financial assets, the allowance for doubtful debts and realised gains and losses from revaluations of financial assets at fair value.

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

Notes to the financial statements for the financial year ended 30 June 2015

I. 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 with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash assets include donations and endowments received by the Arts Centre Melbourne Foundation.

RECEIVABLES

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

Receivables are subject to impairment testing as described below. 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.

IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period, the Trust assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result.

J. 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.

Food and beverage inventories are measured at weighted average cost per unit.

PROPERTY, PLANT AND EQUIPMENT

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred from a government department are transferred at their carrying amount.

Cultural assets, such as Works of art and Performing Arts Collection that the Trust 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 ASSETS, 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.

Non financial physical assets such as national parks, other Crown land and heritage assets are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non financial physical assets will be their highest and best uses.

REVALUATIONS OF NON-CURRENT ASSETS

Non-current physical assets are measured at fair value in accordance with FRD 103F. 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.

Notes to the financial statements for the financial year ended 30 June 2015

Revaluation increases or decreases arise from differences between carrying value and fair value.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

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.

K. LIABILITIES

PAYABLES

Payables consist predominantly of accounts payable and other sundry liabilities (contractual payables). 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 (contractual), goods and services tax and fringe benefits tax payables (statutory).

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

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 reporting date, 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, using discount rates that reflect the time value of money and risks specific to the provision.

EMPLOYEE BENEFITS

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

Wages, salaries and annual leave

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

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

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

Long service leave

Liability for LSL is recognised in the provision for employee benefits.

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 if the Trust expects to wholly settle within 12 months; and
- present value if the Trust does not expect to wholly settle within 12 months.

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 in the 'net result from transactions', except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow (refer to Note 1(H)).

Notes to the financial statements for the financial year ended 30 June 2015

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. The Trust recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

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.

L. 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.

M. EQUITY

CONTRIBUTIONS BY OWNERS

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

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

N. COMMITMENTS

Commitments for future expenditure include operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources. These commitments are disclosed by way of a note (refer to Note 16) at their nominal value inclusive of goods and services tax (GST) payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

O. 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 (refer to Note 25) and, if quantifiable, are measured at nominal value inclusive of GST receivable or payable.

P. ACCOUNTING FOR THE 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.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

Q. 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.

R. 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 to the functional currency at the rates prevailing at the date when the fair value was determined.

Foreign currency translation 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.

Notes to the financial statements for the financial year ended 30 June 2015

S. AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new AAS have been published that are not mandatory for the 30 June 2015 reporting period. The Department of Treasury and Finance (DTF) assesses the impact of these new standards and advises the Trust of their applicability and early adoption where required.

As at 30 June 2015, the following standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2015. The Trust has not early adopted these standards.

STANDARD/INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON PUBLIC SECTOR ENTITY FINANCIAL STATEMENTS
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2017	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening retained earnings if there are no former performance obligations outstanding.

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 2: INCOME FROM TRANSACTIONS	NOTES	2015 \$'000s	2014 \$'000s
PROGRAMMING	NOIES	\$ 0005	\$ 0005
Arts Centre programming		8,229	9,519
Presenter services		5,357	4,973
Venue rental		7,474	6,974
Performing Arts Collection		1,234	268
		22,294	21,734
MARKETING AND VISITOR EXPERIENCE			
Visitor businesses		6,306	6,079
Ticketing and visitor services		7,319	6,137
Philanthropy and corporate sponsorship	(i)	3,842	3,112
Food and beverage		14,150	13,044
Marketing and communications		308	232
		31,925	28,604
TICKETING INCENTIVE		-	1,050
FACILITIES MANAGEMENT			
Facilities management		1,764	1,924
Safety and security services		529	497
		2,293	2,421
CORPORATE SERVICES		102	197
INVESTMENT INCOME		840	860
GRANTS			
Recurrent Victorian Government appropriation		14,734	14,743
Non-recurrent Victorian Government grants		7,000	3,410
Other grants		112	58
		21,846	18,211
TOTAL INCOME		79,300	73,077

(i) Philanthropy and corporate sponsorship income includes \$0.1m of endowment funds received (F2014: \$0.2m). Endowments are invested in order to provide a permanent source of income for approved Arts Centre Melbourne programs. The endowment corpus cannot be spent, only the income arising from the investment of these endowments.

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 3: EXPENSES FROM TRANSACTIONS	NOTES	2015 \$'000s	2014 \$'000s
PROGRAMMING		• • • • • • • • • • • • • • • • • • • •	• • • •
Arts Centre programming		10,598	10,608
Presenter services		7,535	7,203
Venue rental		1,536	1,370
Performing Arts Collection		1,986	1,750
		21,655	20,931
MARKETING AND VISITOR EXPERIENCE			
Visitor businesses		2,492	2,065
Ticketing and visitor services		7,102	6,363
Philanthropy and corporate sponsorship		1,296	1,416
Food and beverage		12,144	11,590
Marketing and communications		2,781	2,715
		25,815	24,149
FACILITIES MANAGEMENT			
Facilities management		13,242	12,615
Safety and security services		2,795	2,628
		16,037	15,243
CORPORATE SERVICES			
Executive services		4,439	2,337
Finance services		2,457	2,130
People and culture		2,195	1,262
Information services		4,166	3,774
		13,257	9,503
FINANCE COSTS		17	248
DEFINED PENSION SUPERANNUATION CALL	19	41	43
TOTAL EXPENSES FROM TRANSACTIONS		76,822	70,117
DEPRECIATION AND AMORTISATION			
Depreciation	(i)	15,857	15,686
Amortisation		175	284
TOTAL DEPRECIATION AND AMORTISATION		16,032	15,970

(i) The Trust does not receive funding for depreciation.

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 4: NET RESULT FROM TRANSACTIONS	2015 \$'000s	2014 \$'000s
Net result from transactions includes the following expenses:		
Operating lease rental expenses	862	1,082
Defined pension superannuation call	41	43

NOTE 5: OTHER ECONOMIC FLOWS INCLUDED		2015	2014
IN NET RESULT	NOTES	\$'000s	\$'000s
(A) NET LOSS ON NON-FINANCIAL ASSETS			
Net loss on disposal of property, plant and equipment	9	(1,154)	-
TOTAL NET LOSS ON NON-FINANCIAL ASSETS		(1,154)	•
(B) NET GAIN/(LOSS) ON FINANCIAL ASSETS			
Increase/(Decrease) in provision for doubtful debts		(82)	153
TOTAL NET GAIN/(LOSS) ON FINANCIAL ASSETS		(82)	153
(C) OTHER LOSSES FROM OTHER ECONOMIC FLOWS			
Net gain/(loss) arising from revaluation of long service leave		94	(72)
TOTAL OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS		94	(72)

NOTE 6: CASH AND DEPOSITS	NOTES	2015 \$'000s	2014 \$'000s
Cash on hand and in bank	(i)	24,808	21,254
Cash held in box office bank account	(ii)	9,868	7,660
TOTAL CASH ASSETS	17(a)	34,676	28,914

(i) Cash and deposits includes \$11.5m (F2014: \$10.9m) of Arts Centre Melbourne Foundation funds, which are held in separate bank accounts. Endowment funds received are recognised as income in the year in which they are received. Only a portion of income generated by these funds is used to fund programming activities. Actual endowments received are retained in perpetuity by the Foundation to generate income through investing activities.

(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 and other earned revenue i.e. venue rental and services) after the relevant event has occurred.

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 7: RECEIVABLES	NOTES	2015 \$'000s	2014 \$'000s	
CONTRACTUAL CURRENT RECEIVABLES				
Trade debtors	(1)	2,470	3,195	
Less provision for doubtful debts	7(a)	(99)	(17)	
Other receivables	(i)	870	704	
STATUTORY CURRENT RECEIVABLES				
Net GST receivable		51	-	
TOTAL RECEIVABLES	18	3,292	3,882	

(i) The average credit period for sales of goods and services and for other receivables is 21 days (F2014: 22 days). A provision has been made for estimated irrecoverable amounts when there is objective evidence that an individual receivable is impaired. The increase was recognised in the net result for the current financial year.

	2015	2014	
(A) DOUBTFUL DEBTS	\$'000s	\$'000s	
BALANCE AT BEGINNING OF THE YEAR	17	170	
Increase/(decrease) in provision recognised in the net result	82	(153)	
BALANCE AT END OF THE YEAR	99	17	

(B) AGEING ANALYSIS OF CONTRACTUAL RECEIVABLES

Refer to Note 18 for the ageing analysis of contractual receivables.

(C) NATURE AND EXTENT OF RISK ARISING FROM CONTRACTUAL RECEIVABLES

Refer to Note 18 for the nature and extent of risks arising from contractual receivables.

heatre lamps, gels and tapes Central plant	2015 \$'000s	2014 \$'000s
CURRENT INVENTORIES		
Theatre lamps, gels and tapes	79	70
Central plant	58	11
Cleaning consumables	6	8
Retail merchandise	-	37
Food and beverage	287	287
TOTAL INVENTORIES	430	413

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 9: PROPERTY, PLANT AND EQUIPMENT	NOTES	2015 \$'000s	2014 \$'000s
LAND			
At valuation		126,676	126,676
BUILDINGS			
At valuation		185,476	185,476
Less accumulated depreciation		(33,029)	(24,433)
		152,447	161,043
BUILDING FIT OUTS			
At valuation		83,552	83,552
At cost		58,870	57,212
Less accumulated depreciation		(11,888)	(9,231)
		130,534	131,533
OTHER ASSETS			
Furniture and equipment at cost		38,798	38,011
Less accumulated depreciation		(20,130)	(15,681)
		18,668	22,330
Motor vehicles at cost		142	142
Less accumulated depreciation		(113)	(106)
		29	36
Works of art at cost		734	517
Works of art at valuation		28,067	28,067
		28,801	28,584
Performing Arts Collection at cost		1,268	160
Performing Arts Collection at valuation		25,997	25,997
		27,265	26,157
Work in progress	(i)	1,191	392
TOTAL PROPERTY, PLANT AND EQUIPMENT		485,611	496,751

(i) Work in progress contains \$0.5m (F2014: \$0.3m) in relation to Critical Asset Renewal projects. These work in progress assets have been designated as contributions by owners and are recognised in contributed capital. A further \$0.7m (F2014: \$0.1m) relates to miscellaneous work in progress capital projects.

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2014	LAND \$'000s	BUILDINGS \$'000s	BUILDING FIT OUT \$'000s	FURNITURE \$'000s	MOTOR VEHICLES \$'000s	WORKS OF ART \$'000s	PERFORMING ARTS COLLECTION \$'000s	WORK IN PROGRESS \$'000s	TOTALS \$'000s
Carrying amount at start of year	126,676	169,639	123,948	25,347	42	28,579	25,897	9,774	509,902
Additions	-	-	1,828	121	-	5	260	379	2,593
Transfers	-	-	8,340	1,362	-	-	-	(9,702)	-
WIP items expensed	-	-	-	-	-	-	-	(59)	(59)
Depreciation expense	-	(8,596)	(2,583)	(4,500)	(6)	-	-	-	(15,685)
CARRYING AMOUNT AT END OF YEAR	126,676	161,043	131,533	22,330	36	28,584	26,157	392	496,751
2015									
Carrying amount at start of year	126,676	161,043	131,533	22,330	36	28,584	26,157	392	496,751
Additions	-	-	2,568	787	-	217	1,108	1,191	5,871
Disposals (i)	-	-	(1,154)	-	-	-	-	-	(1,154)
Transfers	-	-	392	-	-	-	-	(392)	-
Depreciation expense	-	(8,596)	(2,805)	(4,449)	(7)	-	-	-	(15,857)
CARRYING AMOUNT AT END OF YEAR	126,676	152,447	130,534	18,668	29	28,801	27,265	1,191	485,611

(i) The Trust did not take up the option to extend the lease in the Ballet Centre for an additional 4 years and exited the building in October 2014. As a result \$1.1m of building fit out costs were written off.

RESTRICTED ASSETS

The Trust holds \$279.1m (F2014: \$287.7m) worth of properties listed as heritage assets, namely specialised land and buildings. These heritage assets cannot be modified nor disposed of without formal ministerial approval.

Notes to the financial statements for the financial year ended 30 June 2015

LEVEL 3(I)

2014

2015

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AS AT 30 JUNE 2015 FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING: CARRYING CARRYING AMOUNT AS AT AMOUNT AS AT LEVEL 1(I) LEVEL 2(I) 30 JUNE 2015 30 JUNE 2014 2015 2014 2015 2014 Land at fair value Non-specialised land

Specialised land	126,676	126,676	-	-	-		126,676	126,676
TOTAL	126,676	126,676	-	-	-		126,676	126,676
Buildings at fair value								
Non-specialised buildings	-	-	-	-	-		-	-
Specialised buildings & building fit out	282,981	292,576	-	-	-		282,981	292,576
TOTAL	282,981	292,576	-	-	-		282,981	292,576
Furniture, equipment and vehicles at fair value								
Vehicles (ii)	29	36	-	-	29	36	-	-
Furniture and equipment	18,668	22,330	-	-	18,668	22,330	-	-
TOTAL	18,697	22,366	-	-	18,697	22,366	-	-
Other assets at fair value								
Works of art	28,801	28,584	-	-	28,801	28,584	-	-
Performing Arts Collection	27,265	26,157	-	-	27,265	26,157	-	-
TOTAL	56,066	54,741	-	-	56,066	54,741	-	-

(i) Classified in accordance with the fair value hierarchy, see Note 1(B).

(ii) Vehicles are categorised to Level 2 assets as the depreciated replacement cost is used in estimating the fair value.

(iii) There have been no transfers between levels during the period.

SPECIALISED LAND AND SPECIALISED BUILDINGS

The market approach is used for specialised land, although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the majority of the Trust's specialised buildings, the depreciated replacement cost method is used, adjusting for the associated useful lives. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of the Trust's specialised land and specialised buildings was performed by the Valuer General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2011.

OTHER ASSETS

Works of art and the Performing Arts Collection are valued using the best estimate of the price reasonably obtainable in the market at reporting date.

An independent valuation of the Works of art was performed by Reeder Fine Art and the Performing Arts Collection valuation was performed by lan Armstrong (OAM). The valuation method compared recent auction prices for similar items. Factors taken into account include age, condition, importance of item and relative importance of the performer with which each item was associated.

To the extent that Other assets do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach. The effective date of the valuation for Works of art and the Performing Arts Collection is 20 June 2011.

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

VEHICLES

Vehicles are valued using the depreciated replacement cost method. The Trust acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced personnel in the Trust who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

FURNITURE AND EQUIPMENT

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

There were no changes in valuation techniques throughout the period to 30 June 2015.

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

RECONCILIATION OF LEVEL 3 FAIR VALUE

	SPECIALISED LAND		SPECIALISED BUILDINGS		TOTAL	
	2015 \$'000s	2014 \$'000s	2015 \$'000s	2014 \$'000s	2015 \$'000s	2014 \$'000s
OPENING BALANCE	126,676	126,676	292,576	293,587	419,252	420,263
Purchases (sales)	-	-	1,806	10,168	1,806	10,168
Transfers in (out) of Level 3	-	-	-	-	-	-
Depreciation	-	-	(11,401)	(11,179)	(11,401)	(11,179)
Impairment loss	-	-	-	-	-	-
SUBTOTAL	126,676	126,676	282,981	292,576	409,657	419,252
Revaluation	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
CLOSING BALANCE	126,676	126,676	282,981	292,576	409,657	419,252

DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATIONS (AS AT 30 JUNE 2015 AND 2014)

	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE)	SENSITIVITY OF FAIR VALUE MEASUREMENT TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS
SPECIALISED LAND	Market approach (ii)	Community Service Obligation (CSO) adjustment	40–60% (46%) (i)	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.
SPECIALISED BUILDINGS	Depreciated	Direct cost per square	\$75–\$7,500/m2 (\$6,382)	A significant increase
(INCLUDING FIT OUT)	replacement cost (ii)	metre. Remaining useful life of specialised buildings & Fit out	4–50 years	or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value.
				A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

(i) CSO adjustments ranging from 40 per cent to 60 per cent were applied to reduce the market approach value for the Trust's specialised land, with the weighted average 46 per cent reduction applied.

(ii) For some heritage and iconic assets, cost may be the reproduction cost of the asset rather than the replacement cost if their service potential could only be replaced by reproducing them with the same materials.

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 10: INTANGIBLE ASSETS	2015 \$'000s	2014 \$'000s
Opening cost	5,491	5,491
Additions	-	-
CLOSING COST	5,491	5,491
Opening accumulated amortisation	(5,283)	(4,998)
Charge for the period	(175)	(285)
CLOSING ACCUMULATED AMORTISATION	(5,458)	(5,283)
Carrying amount at start of year	208	493
CARRYING AMOUNT AT END OF YEAR (i)	33	208

(i) Intangible assets consist solely of software.

NOTE 11: OTHER NON-FINANCIAL ASSETS	2015 \$'000s	2014 \$'000s
Prepayments	520	446
TOTAL OTHER NON-FINANCIAL ASSETS	520	446

NOTE 12: PAYABLES	NOTES	2015 \$'000s	2014 \$'000s
CURRENT PAYABLES		• • • • • • • • • • • • • • • • • • • •	• • • • •
CONTRACTUAL			
Trade creditors	(i)	1,892	1,013
Sundry creditors and accruals		4,104	3,836
Box office creditors		11,284	7,951
STATUTORY			
GST Payable		-	69
CONTRACTUAL NON-CURRENT PAYABLES			
Defined pension superannuation call	19	3,948	4,273
TOTAL PAYABLES	18	21,228	17,142

(i) The average credit period is 26 days (F2014: 35 days).

(A) MATURITY ANALYSIS OF CONTRACTUAL PAYABLES

Please refer to Note 18 for the maturity analysis of contractual payables.

(B) NATURE AND EXTENT OF RISK ARISING FROM CONTRACTUAL PAYABLES

Please refer to Note 18 for the nature and extent of risks arising from contractual payables.

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 13: PROVISIONS	NOTES	2015 \$'000s	2014 \$'000s
(A) CURRENT EMPLOYEE PROVISIONS			
Annual leave	(i)		
Annual leave entitlement expected to settle within 12 months	(ii)	1,478	1,435
Annual leave entitlement expected to settle after 12 months	(iii)	246	170
Unconditional long service leave entitlement	(i)		
Unconditional and expected to settle within 12 months	(ii)	214	214
Unconditional and expected to settle after 12 months	(iii)	2,151	1,939
Other employee entitelements	(iv)	1,372	-
		5,461	3,758
NON-CURRENT EMPLOYEE PROVISIONS			
Conditional long service leave entitlement	(i) & (iii)	728	642
TOTAL EMPLOYEE BENEFITS		6,189	4,400
Current on-costs		679	575
Non-current on-costs		92	102
TOTAL ON-COSTS		771	677
TOTAL PROVISIONS		6,960	5,077
	ON-COST	OTHER	TOTAL

(B) MOVEMENT IN PROVISIONS	2015 \$'000s	2015 \$'000s	2015 \$'000s
OPENING BALANCE	677	4,400	5,077
Additional provisions recognised	378	3,562	3,940
Reductions arising from payments	(285)	(1,780)	(2,065)
Unwind of discount and effect of changes in the discount rate	1	7	8
CLOSING BALANCE	771	6,189	6,960
Current	679	5,461	6,140
Non-current	92	728	820
TOTAL	771	6,189	6,960

(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.

(iv) Other employee entitlements consist of amounts due to employees relating to an organisational restructure.

NOTE 14: OTHER CURRENT LIABILITIES	2015 \$'000s	2014 \$'000s
Venue hire income received in advance	576	723
Other income received in advance	1,310	1,289
TOTAL OTHER CURRENT LIABILITIES	1,886	2,012

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 15: OPERATING LEASES	2015 \$'000s	2014 \$'000s
Payable no later than one year	396	628
Longer than one year and not longer than five years	324	276
TOTAL LEASES	720	904

	2015	2014
NOTE 16: COMMITMENTS FOR EXPENDITURE	\$'000s	\$'000s
OPERATING COMMITMENTS		
Not longer than one year	1,897	3,240
Longer than one year and not longer than five years	860	3,023
TOTAL OPERATING COMMITMENTS	2,757	6,263
PROGRAMMING COMMITMENTS		
Not longer than one year	862	629
TOTAL PROGRAMMING COMMITMENTS	862	629
CAPITAL COMMITMENTS		
Not longer than one year	637	-
TOTAL CAPITAL COMMITMENTS	637	-
TOTAL COMMITMENTS	4,256	6,892

Notes to the financial statements for the financial year ended 30 June 2015

		2015	2014
NOTE 17: CASH FLOW STATEMENT	NOTES	\$'000s	\$'000s
(A) RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash balance comprises:			
Cash on hand and in bank		24,808	21,254
Cash held in box office bank account		9,868	7,660
CLOSING CASH BALANCE	6	34,676	28,914
(B) RECONCILIATION OF NET RESULT FROM OPERATING ACTIVITIES TO NET (CASH USED IN OPERATING A	CTIVITIES	
NET RESULT FOR THE PERIOD		(14,696)	(12,929)
NON-CASH MOVEMENTS:			
Depreciation and amortisation of non-current assets		16,032	15,970
Donations of property, plant and equipment		1,215	265
Loss on disposal of non-current assets		1,154	-
MOVEMENT IN ASSETS AND LIABILITIES			
Decrease in receivables		590	213
(Increase)/decrease in inventories		(17)	51
(Increase)/decrease in other current assets		(74)	473
Increase/(decrease) in payables		4,086	(2,804)
Decrease in other current liabilities		(126)	(39)
Increase in employee benefits		1,883	585
NET CASH FROM OPERATING ACTIVITIES		10,047	1,785

NOTE 18: FINANCIAL INSTRUMENTS

(A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trust's principal financial instruments comprise:

- cash assets;
- receivables (excluding statutory receivables); 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 which include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk.

The Trust uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for identification and management of financial risks rests with the Trust.

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

Cash and deposits on hand include Arts Centre Melbourne Foundation funds. The investment of Arts Centre Melbourne's donation and endowment funds is guided by the Investment Management Committee, a sub-committee of the Trust.

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

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	2015 \$'000s	2014 \$'000s
Cash and term deposits (< 12 months)	Contractual financial assets - loans and receivables	34,676	28,914
Receivables: (i)			
Trade debtors	Contractual financial assets - loans and receivables	2,371	3,178
Other receivables		870	704
TOTAL CONTRACTUAL FINANCIAL ASSETS		37,917	32,796

TOTAL CONTRACTUAL FINANCIAL LIABILITIES		21,228	17,073
Defined pension superannuation call		3,948	4,273
Other payables		4,104	3,836
Box office creditors	Contractual financial liabilities at amortised cost	11,284	7,951
Trade creditors		1,892	1,013

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government).

	NET HOLDING GAIN/(LOSS)	TOTAL INTEREST INCOME	TOTAL
NET HOLDING GAIN ON FINANCIAL INSTRUMENTS BY CATEGORY	\$'000s	\$'000s	\$'000s
2015			
CONTRACTUAL FINANCIAL ASSETS			
Financial assets - loans and receivables	-	840	840
TOTAL CONTRACTUAL FINANCIAL ASSETS AS AT 30 JUNE 2015	-	840	840
2014			
CONTRACTUAL FINANCIAL ASSETS			
Financial assets - loans and receivables	-	860	860
TOTAL CONTRACTUAL FINANCIAL ASSETS AS AT 30 JUNE 2014	-	860	860

For cash and cash equivalents and loans or receivables the net gain or loss is calculated by taking the movement in the fair value of the assets minus any impairment recognised in the net result.

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

(B) CREDIT RISK

Credit risk arises from the contractual financial assets of the Trust, which comprise cash and deposits and non-statutory receivables. The Trust's exposure to credit risk arises from the potential default of counter-parties 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.

The Trust's policy is that sales are only made to customers that are credit worthy. Provision for impairment of contractual financial assets is recognised when there is objective evidence that the Trust is not able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue and changes in debtor credit ratings.

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.

CREDIT QUALITY OF CONTRACTUAL FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

	FINANCIAL INSTITUTIONS (AA CREDIT RATINGS) \$'000s	OTHER \$'000s	TOTAL \$'000s
2015			
Cash and cash equivalents	34,676	-	34,676
Receivables	19	3,222	3,241
TOTAL CONTRACTUAL FINANCIAL ASSETS	34,695	3,222	37,917
2014			
Cash and cash equivalents	28,914	-	28,914
Receivables	1,311	2,571	3,882
TOTAL CONTRACTUAL FINANCIAL ASSETS	30,225	2,571	32,796

AGEING ANALYSIS OF CONTRACTUAL FINANCIAL ASSETS

		PAST DUE BUT NOT IMPAIRED					
	CARRYING AMOUNT \$'000s	NOT PAST DUE AND NOT IMPAIRED \$'000s	LESS THAN 1 MONTH \$'000s	MORE THAN 1 MONTH \$'000s	IMPAIRED FINANCIAL ASSETS \$'000s		
2015							
RECEIVABLES:							
Trade debtors	2,470	2,328	31	12	99		
Other receivables	870	870	-	-	-		
TOTAL	3,340	3,198	31	12	99		
2014							
RECEIVABLES:							
Trade debtors	3,195	1,720	1,413	45	17		
Other receivables	704	704	-	-	-		
TOTAL	3,899	2,424	1,413	45	17		

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

The Trust does not currently 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, and they are stated at the carrying amount as indicated.

(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 cash on hand. 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	GREATER THAN 1 YEAR \$'000s
2015					
PAYABLES:					
Trade creditors	1,892	1,896	1	(5)	-
Box office creditors	11,284	4,026	6,241	1,017	-
Other payables	4,104	4,104	-	-	-
Defined pension superannuation call	3,948	-	-	484	3,464
TOTAL	21,228	10,026	6,242	1,496	3,464
2014		·			
PAYABLES:					
Trade creditors	1,013	998	15	-	-
Box office creditors	7,951	3,660	2,335	1,956	-
Other payables	3,836	3,836	-	-	-
Defined pension superannuation call	4,273	-	-	484	3,789
TOTAL	17,073	8,494	2,350	2,440	3,789

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 the relevant event.

(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 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

The Trust has minimal exposure to cash flow interest rate risks through its cash and deposits that are at floating rate.

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

INTEREST RATE EXPOSURE OF FINANCIAL INSTRUMENTS

2015	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	2.49	24,808	24,808	-	-
Cash held in box office bank account	1.98	9,868	9,868	-	-
Receivables - trade debtors		2,371	-	-	2,371
Receivables - other debtors		870	-	-	870
TOTAL		37,917	34,676	-	3,241
FINANCIAL LIABILITIES					
Trade creditors		1,892	-	-	1,892
Box office creditors		11,284	-	-	11,284
Other creditors		4,104	-	-	4,104
Defined pension superannuation call	7.5	3,948	-	3,948	-
TOTAL		21,228	-	3,948	17,280
2014					
FINANCIAL ASSETS					
Cash at bank and on hand	2.74	21,254	21,254	-	-
Cash held in box office bank account	2.13	7,660	7,660	-	-
Receivables - trade debtors		3,178	-	-	3,178
Receivables - other debtors		704	-	-	704
TOTAL		32,796	28,914	-	3,882
FINANCIAL LIABILITIES					
Trade creditors		1,013	-	-	1,013
Box office creditors		7,951	-	-	7,951
Other creditors		3,836	-	-	3,836
Defined pension superannuation call	7.5	4,273	-	4,273	-
TOTAL		17,073	-	4,273	12,800

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, therefore 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 (F2014: 50 up and down) in market interest rates (AUD).

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.

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

MARKET RISK EXPOSURE - INTEREST RATE RISK

		-0.50%	-0.50%	0.50%	0.50%
2015	CARRYING AMOUNT	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	34,676	(173)	-	173	-
TOTAL	34,676	(173)	-	173	-

2014

FINANCIAL ASSETS

Cash at bank and on hand	28,914	(145)	-	145	-
TOTAL	28,914	(145)	-	145	-

NOTE 19: SUPERANNUATION

The Trust makes all of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from the Trust and the Trusts's legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are made or due.

(A) ACCUMULATION

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2015, this was 9.5% required under Superannuation Guarantee legislation (for 2013/14, this was 9.25%)). Our commitment to defined contribution plans is limited to making contributions in accordance with our minimum statutory requirements (There can be other agreements – ie contractual and or EA that require additional contributions). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

The Superannuation Guarantee contribution rate is legislated to progressively increase to 12% by 2025. The Superannuation Guarantee rate will remain at 9.5% for 7 years, increasing to 10% from 1 July 2021, and eventually to 12% from 1 July 2025.

(B) DEFINED BENEFIT

As provided under Paragraph 34 of AASB 119 *Employee Benefits,* the Trust does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan.

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of the Trust in the Fund cannot be measured as a percentage compared with other participating employer. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for the purposes of AASB 119.

FUNDING ARRANGEMENTS

The Trust makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

The Fund's latest actuarial investigation was held as at 30 June 2014 and it was determined that the Vested Benefit Indexed (VBI) of the defined benefit category of which the Trust is a contributing employer was 103.4%.

Notes to the financial statements for the financial year ended 30 June 2015

The Australian Prudential Regulation Authority (APRA) has introduced a prudential standard (SPS 160 – Defined Benefit Matters) to determine the funding requirements of a defined benefit (DB) arrangement.

The Fund's employer funding arrangements comprise of three components as follows:

- 1. Regular contributions which are ongoing contributions needed to fund the balance of benefits for current members and pensioners;
- 2. Funding calls which are contributions in respect of each participating employer's share of any funding shortfalls that arise; and
- 3. Retrenchment increments which are additional contributions to cover the increase in liability arising from retrenchments.

The Trust is also required to make additional contributions to cover the contribution tax payable on components 2 and 3 referred to above.

Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

EMPLOYER CONTRIBUTIONS

REGULAR CONTRIBUTIONS

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, the Trust makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2015, this rate was 9.5% of members' salaries. This rate increased from 9.25% for the year ended 30 June 2014 and will increase in line with the required Superannuation Guarantee contribution rate.

In addition, the Trust reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit is calculated as the vested benefit index (VBI) multiplied by the benefit).

FUNDING CALLS

The Fund is required to comply with the superannuation prudential standards. Under the superannuation prudential standard SPS 160, the Fund is required to target full funding of its vested benefits. There may be circumstances where:

- a fund is in an unsatisfactory financial position at an actuarial investigation (i.e. its VBI is less than 100% at the date of the actuarial investigation); or
- a fund's VBI is below its shortfall limit at any time other than at the date of the actuarial investigations.

If either of the above occur, the fund has a shortfall for the purposes of SPS 160 and the fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. There may be circumstances where the Australian Prudential Regulation Authority (APRA) may approve a period longer than three years.

The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including the Trust) are required to make an employer contribution to cover the shortfall.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. In the unlikely event that the Fund is wound up and there is a surplus in the Fund, the surplus cannot be applied for the benefit of the defined benefit employers where there are on-going defined benefit obligations. The surplus would be transferred to the fund accepting those defined benefit obligations (including the lifetime pension obligations) of the Fund.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

DIFFERENCES BETWEEN CALCULATIONS

The Fund surplus or deficit (i.e. the difference between fund assets and liabilities) is calculated differently for funding purposes (i.e. calculating required contributions), for the calculation of accrued benefits as required in AAS 25 and for the values needed for the AASB 119 disclosure in the Trust's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

LATEST ACTUARIAL INVESTIGATION SURPLUS AMOUNTS

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which the Trust is a contributing employer:

- A VBI surplus of \$77.1 million; and
- A total service liability surplus of \$236 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2014.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

The Trust was notified of the results of the actuarial investigation during January 2015.

Notes to the financial statements for the financial year ended 30 June 2015

ACCRUED BENEFITS

The Fund's liability for accrued benefits was determined in the 30 June 2014 actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 – Financial Reporting for Superannuation Funds follows:

	30 JUNE 2014 \$'000s
Net Market Value of Assets	2,355
Accrued Benefits (per accounting standards)	(2,062)
Difference between Assets and Accrued Benefits	293
Vested Benefits	2,278

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:

Net Investment Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

The next full actuarial investigation of the Fund's liability for accrued benefits will be based on the Fund's position as at 30 June 2017.

(C) 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 9.50% (9.25% up to 30 June 2014) or as per enterprise development agreements.

NOTE 20: RESPONSIBLE PERSONS

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

RESPONSIBLE MINISTER

The Hon Heidi Victoria MLA, Minister for the Arts until 3 December, 2014 Mr Martin Foley MP, Minister for Creative Industries from 4 December, 2014

RESPONSIBLE PERSONS

Mr Tom Harley Mr Sandy Clark Mr Julian Clarke AM Mr Jim Cousins AO Ms Dana Hlavacek Ms Catherine McClements Mr Ian Roberts (from 9 September 2014) Mr Graham Smorgon AM

ACCOUNTABLE OFFICER

Ms Jodie Bennett (acting CEO from 16 June to 6 July 2014) Mr Geoff Street (interim CEO from 7 July to 2 November 2014) Ms Claire Spencer (CEO from 3 November 2014 to current)

NOTE 21: 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 24 for related party transactions.

The remuneration of the accountable officer was in the range of \$190,000 - \$199,999 (F2014: \$260,000 - \$269,999). This is not included in the table within Note 23.

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 22: REMUNERATION OF AUDITORS	2015 \$'000s	2014 \$'000s
VICTORIAN AUDITOR-GENERAL'S OFFICE		
Audit of the financial statements	54	57

NOTE 23: REMUNERATION OF EXECUTIVES

(A) REMUNERATION OF EXECUTIVES

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 2015 the number of males represented in the following table is 1 (F2014: 2) and females is 3 (F2014: 3). In 2015 the Chief Executive and 4 executives (F2014: 4) were employed under Executive Employment Contracts. Base remuneration is exclusive of bonus payments, long service leave payments and retirement benefits.

Refer to Note 21 for the remuneration of the accountable officer which is not shown in the table below.

	TOTAL REM	UNERATION	BASE REM	BASE REMUNERATION	
	2015	2014	2015	2014	
\$50,000 - \$100,000	-	1	-	1	
\$150,000 - \$159,999	-	-	1	-	
\$160,000 - \$169,999	1	-	1	-	
\$200,000 - \$209,999	-	1	-	1	
\$220,000 - \$229,999	1	1	1	1	
\$240,000 - \$249,999	-	1	-	2	
\$250,000 - \$259,999	-	1	1	-	
\$270,000 - \$279,999	1	-	-	-	
\$280,000 - \$289,999	1	-	-	-	
Total number of reportable executives	4	5	4	5	
Total annualised employee equivalent (AEE) (i)	3.4	4.3	3.4	4.3	
	\$'000s	\$'000s	\$'000s	\$'000s	
THE AGGREGATE REMUNERATION PAID TO EXECUTIVES	946	1,025	801	994	

(i) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

(B) PAYMENTS TO OTHER PERSONNEL

The number of other personnel and contractors charged with significant management responsibilities is disclosed within the \$10,000 expense band table. These other personnel are responsible for planning, directing or controlling, directly or indirectly, the entity's activities.

	TOTAL EXPENSES (EXCL	TOTAL EXPENSES (EXCLUSIVE OF GST)		
	2015	2014		
\$70,000 - \$79,999	1	-		
\$110,000 - \$119,999	-	1		
\$190,000 - \$199,999	-	1		
	1	2		
	\$'000s	\$'000s		
TOTAL EXPENSES (EXCLUSIVE OF GST)	73	308		

Notes to the financial statements for the financial year ended 30 June 2015

NOTE 24: RELATED PARTY TRANSACTIONS

Mr Tom Harley is Chairman of Dow Chemical Australia Ltd for which related party transactions totalled \$13,176 for function services provided by the Trust.

Mr Julian Clarke AM is a Director of Herald & Weekly Times for which related party transactions for venue rental and associated services received by the Trust amounted to \$45,587 and newspaper subscriptions paid to Herald & Weekly Times by the Trust amounted to \$4,911. He is also Director of Nationwide News Pty Limited to which the Trust paid \$598 for archival images.

Mr Jim Cousins AO is Chairman of The Australian Ballet for which related party transactions for venue rental and associated services provided by the Trust amounted to \$2,209,968, function services provided by the Trust amounted to \$87,836 and merchandise and car parking provided to the Trust amounted to \$2,046. Other amounts paid by the Trust to The Australian Ballet amounted to \$227,150. He is also Director of The Melbourne Museum who received \$41,611 for Collections storage costs and ArtsConnect9 event tickets from the Trust.

Dana Hlavacek is Non-Executive Director of Melbourne Water Corporation for which related party transactions totalled \$3,900 for function services provided by the Trust.

Donations and Endowments totalling \$41,750 (F2014: \$47,200) were received from Arts Centre Melbourne Trustees.

NOTE 25: CONTINGENT ASSETS AND LIABILITIES

The Trust is not aware of any contingent assets or liabilities.

NOTE 26: SUBSEQUENT EVENTS

There were no subsequent events for the financial year ended 30 June 2015.

ACCOUNTABLE OFFICERS' 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*, the *Australian Charities and Not-for-profit Commission Act 2012* and the Australian Charities and Not-for-profit Commission Regulations 2013, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes presents fairly the financial transactions during the year ended 30 June 2015 and the financial position of the Trust as at 30 June 2015.

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

We authorise the attached financial statements for issue on 25 August 2015.

None Hanley

Claire Spencer

Tom Harley President

Claire Spencer

Chief Executive Officer

Abenter

Jodie Bennett Chief Operating Officer





Victorian Auditor-General's Office

Level 24, 35 Collins Street Melbourne VIC 3000 Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Trustees, Victorian Arts Centre Trust

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of the Victorian Arts Centre Trust which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Accountable Officers' and Chief Financial Officer's declaration 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, and the financial reporting requirements of the *Financial Management Act 1994* and *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Trustees determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about 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.

Auditing in the Public Interest



Independent Auditor's Report (continued)

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 and the *Australian Charities and Not-for-profits Commission Act 2012*. I confirm that I have given the Trustees of the Trust a written independence declaration, a copy of which is included in the annual report.

Opinion

In my opinion, the financial report of the Victorian Arts Centre Trust is in accordance with the *Financial Management Act 1994* and the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the entity's financial position as at 30 June 2015 and its financial performance for the year ended on that date
- b) complying with Australian Accounting Standards and the Australian Charities and Notfor-profits Regulation 2013.

TMaple

MELBOURNE 28 August 2015

for John Doyle Auditor-General

Auditing in the Public Interest



Level 24, 35 Collins Street Melbourne VIC 3000 Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Victorian Auditor-General's Office

AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

To the Trustees, Victorian Arts Centre Trust

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for the Victorian Arts Centre Trust for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no:

- contraventions of auditor independence requirements of the Australian Charities and Notfor-profits Commission Act 2012 in relation to the audit
- · contraventions of any applicable code of professional conduct in relation to the audit.

TMQUD

MELBOURNE 28 August 2015

for John Doyle Auditor-General

Auditing in the Public Interest

Administrative Reporting REQUIREMENTS

| WORKFORCE DATA

The Trust is committed to a merit based recruitment and selection process that ensures all positions are remunerated at salaries that are appropriate to their level of responsibilities and is compliant with the *Equal Opportunity Act*. All employees have been correctly classified in workforce data collections as outlined in the table below:

	ONGOING				VARIABLE TIM	1E ¹			FIXED TERM / CASUAL EMP	
	EMPLOYEES (HEADCOUNT)		FTE		EMPLOYEES (HEADCOUN	Ŋ	FTE		FTE	
	2015 ²	2014 ³	2015	2014	2015	2014	2015	2014	2015	2014
GENDER										
Male	126	116	122	114	32	30	21	19	78	69
Female	130	122	119	113	13	7	7	4	98	86
Total	256	238	241	227	45	37	28	23	177	155
AGE										
Under 25	4	4	3	3	4	4	2	2	44	35
25-34	78	69	75	66	14	11	9	7	68	60
35-44	82	71	77	69	10	8	6	5	28	29
45-54	48	50	45	47	8	5	5	3	21	23
55-64	37	36	36	35	7	8	4	5	10	5
Over 64	7	8	6	7	2	1	1	1	5	3
Total	256	238	241	227	45	37	28	23	177	155

¹ 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.

²2015 employee headcount figure reflects 214 full time headcount and 42 part time headcount

³ 2014 employee headcount figure reflects 208 full time headcount and 30 part time headcount

| OCCUPATIONAL HEALTH AND SAFETY (OH&S)

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

CATEGORY	КРІ	2014-15	2013-14	2012-13
Workers' Compensation	Premium rate ¹	0.7%	1.0%	1.0%
	No. of standard claims	11	5	6
	No. of lost time standard claims	6	3	1
	Average cost per standard claim ²	\$3,230	\$9,673	\$6,578
	Average days lost per Workers' Compensation claim ³	3.5	4.5	5.3
	Return to work ⁴	87%	85.7%	83.3%
OHS Management Systems Compliance	Achieve compliance to A\$48015	89%	87%	86%

¹Percentage of total remuneration compared to the industry average of 1.8%.

²Average cost per standard claim as at 30 June 2015.

³ Average days lost for all claims, including minor and standard claims.

⁴ Percentage of injured staff that returned to work in less than 10 days.

⁵ Percentage achieved on internal audit of Occupational Health and Safety Management Systems.

| ENVIRONMENTAL PERFORMANCE

KEY MEASURABLE		2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Electricity Total Consumption	Kilowatt Hr (kWh)	23,000,581	22,595,365	24,000,243	21,997,133	24,254,591	27,542,133
Natural Gas Total Consumption	Gigajoules (Gj)	50,812	47,607	56,657	60,588	70,713	77,986
Water Total Consumption	Kilolitres (kL)	69,517	72,670	70,627	67,461	75,020	77,729*
Total Green House Gas Emissions	Tonnes of Co2-e	33,422	32,455	34,809*	32,199	35,686	42,144

Figures include services supplied to the National Gallery of Victoria.

The reduction in energy usage in years 2010–11 and 2011–12 was due to the refurbishment of Hamer Hall.

* Figures adjusted from those published in 2012–13 Annual Report

| BUDGET PAPER 3 OUTPUT REPORTING

	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Access – visitors/users ¹	2,613,744	2,838,482	2,911,930	2,298,103	2,313,670	2,642,401
Access – online visitors to website ²	2,770,680	2,194,864	2,130,984	1,486,482	1,371,784	2,710,491
Number of members and friends ³	1,385	1,365	1,272	1,152	1,194	1,518
Number of volunteer hours	898	1,113	1,475	2,264	1,641	1,627
Number of students participating in education programs	77,900	46,072	58,380	59,259	70,288	81,709
% of collections stored to industry standard	68	68	68	67	67	60
% of visitors satisfied with visit overall ⁴	94	89	87	85	98	98

¹ Access – visitors/users represent number of attendances as well as visitors to Food and Beverage and Sunday Market (this excludes Carpark). ² From F2011, as advised by Creative Victoria, online visitation is counted by browser based web analytical tools.

³ From F2011, as advised by Creative Victoria, number of members and friends represents number of paid memberships at the agency. ⁴ From F2012, the measure of this KPI has been amended from previous years. The new customer satisfaction survey has been used to measure customer satisfaction across the various touch point chains within the Arts Centre Melbourne operations, which replace the previously more generic assessment.

| 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.

In the 12 months ending 30 June 2015 the Trust received one formal FOI application from an organisation. This request was reviewed internally and refused due to the information sought being exempt under the Act.

All requests for FOI access must be made in writing to Arts Centre Melbourne's Freedom of Information Officer: Suzanne Daley, 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 is \$27.20 (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 2014.

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

Administrative Reporting REQUIREMENTS

| 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 Arts Centre Melbourne'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 Arts Centre Melbourne about Arts Centre Melbourne and how these can be obtained.
- Details of any major external reviews carried out on Arts Centre Melbourne.
- Details of major research and development activities undertaken by Arts Centre Melbourne.
- Details of changes in prices, fees, charges, rates and levies charged by Arts Centre Melbourne.
- 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 Arts Centre Melbourne to develop community awareness of Arts Centre Melbourne 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 Arts Centre Melbourne and details of time lost through industrial accidents and disputes.
- Details of Trust committees, the purposes of each committee and the extent to which the purposes have been achieved.
- Details of all consultancies and contractors including:
 - · Consultants/contractors engaged;
 - Services provided; and
 - Expenditure committed to for each engagement.

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

| NATIONAL COMPETITION POLICY

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 National Competition 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 building permits are required and also following construction on works, to certify compliance with building regulations.

During 2014-15 the following permits were issued:

- 10 building permits
- one planning permit
- one occupancy certificate

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

| PROTECTED DISCLOSURE ACT 2012

On 10 February 2013, the *Whistleblowers Protection Act 2001* was repealed and replaced with the *Protected Disclosure Act 2012* (the Act). The Act establishes a new scheme for protecting people who make disclosures about improper conduct in the public sector.

The Trust is committed to the aims and objectives of the Act. In particular, the Trust does not tolerate improper conduct by its staff or the taking of reprisals against those who come forward to disclose such conduct.

| COMPLIANCE WITH THE PROTECTED DISCLOSURE ACT 2012

The Trust is not a public body to which disclosures may be made. Disclosures of improper conduct or detrimental action relating to the Trust should generally be made to the Independent Broad-based Anti-corruption Commission (IBAC).

Further information about making disclosures to the IBAC can be found at www.ibac.vic.gov.au.

As required by s.58(5) of the Act, procedures of the Trust for protecting people who make protected disclosures from detrimental action by the Trust or its staff are available on its website: www.artscentremelbourne.com.au.

| COMPLIANCE WITH THE CARERS RECOGNITION ACT 2012

Arts Centre Melbourne seeks to comply with its obligations under the Carers Recognition Act 2012 (the Act) as an organisation funded by the Victorian Government.

- We are an affiliate of the Companion Card scheme which provides a companion carer with a ticket free of charge.
- We ensure our staff have an awareness and understanding of the role of the Companion Card in supporting carer relationships
- We consider the carer relationships principles set out in the Act when setting employment policies and provide for carers leave in our Enterprise Agreement.

| 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 \$3.0 million in metropolitan Melbourne and \$1.0 million in regional Victoria.

In 2014-15 the Trust did not commence or complete any contracts with a value in excess of \$3.0 million in metropolitan Melbourne or \$1.0 million in regional Victoria.

| SUBSEQUENT EVENTS

There were no subsequent events for the financial year ended 30 June 2015.

| RISK MANAGEMENT ATTESTATION AT 30 JUNE 2015

I, Tom Harley, certify that the Victorian Arts Centre Trust has complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes.

The Victorian Arts Centre Trust's Risk Management and Audit Committee verifies this.

Thomas Hanle

Tom Harley, President Victorian Arts Centre Trust 19 August, 2015

Administrative Reporting REQUIREMENTS

| CONSULTANCIES

DETAILS OF CONSULTANCIES OVER \$10,000

		EXPENDITURE (EXCLUDING GST)	FUTURE EXPENDITURE (EXCLUDING GST)
CONSULTANT	PURPOSE OF CONSULTANCY	\$'000s	\$'000s
Norman Disney & Young	Engineering advice	79	88
Sandwalk Partners Pty Ltd	Presenter relationship management strategy consulting	75	8
Clare Cousins Architects	Architect services	58	-
Donald Cant Watts Corke	Surveying and consultancy services	46	56
POP	Online ticketing development	38	-
Corporate Edge	Culture project advice	35	-
Pure Hacking Pty Ltd	IT security consulting	35	-
Arup Pty Ltd	Project management and acoustic consultation	28	18
Schuler Shook Pty Ltd	Project management Front of House paging system	27	-
Design by PAC Pty Ltd	Marketing consulting	25	-
Philanthropy Squared Pty Ltd	Philanthropic advice	22	22
DWS Advanced Business Solutions	Website testing	20	-
Peta Huggett	Web development advice	14	-
Hanson Associates Pty Ltd	Design consultancy services	11	-

DETAILS OF CONSULTANCIES UNDER \$10,000

In 2014-15, Victorian Arts Centre Trust engaged 18 consultancies where the total fees payable to the consultants were less than \$10,000, with a total expenditure of \$70,516 (excl GST).

| DETAILS OF ADVERTISING EXPENDITURE

Details of government advertising expenditure (campaigns with a media spend of \$150,000 or greater):

NAME OF CAMPAIGN	CAMPAIGN SUMMARY	START/END DATE	ADVERTISING (MEDIA) EXPENDITURE 2014-15 (EXCLUDING GST) \$'000s	CREATIVE & CAMPAIGN DEVELOPMENT EXPENDITURE 2014-15 (EXCLUDING GST) \$'000s	RESEARCH & EVALUATION EXPENDITURE 2014-15 (EXCLUDING GST) \$'000s	PRINT & COLLATERAL EXPENDITURE 2014-15 (EXCLUDING GST) \$'000s	OTHER CAMPAIGN EXPENDITURE 2014-15 (EXCLUDING GST) \$'000s
The Illusionists 2.0	Print, Online, TV & Radio Advertising 20 Shows	November 2014 – January 2015	291,196	0	0	0	0
Le Noir	Print, Online, TV & Radio Advertising 13 Shows	February 2015 – April 2015	234,522	0	0	0	0



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

MINISTERIAL DIRECTIONS

LEGISLATION	REQUIREMENT	PAGE REFERENCE
REPORT OF OPERA	TIONS AND ADMINISTRATIVE REPORTING REQUIREMENTS	
Charter and purpos	Se	
FRD 22F*	Manner of establishment and the relevant Ministers	20-21
FRD 22F	Objectives, functions, powers and duties	20
FRD 22F	Nature and range of services provided	4-19
Management and	structure	
FRD 22F	Organisational structure	20
Financial and other	rinformation	
FRD 10	Disclosure index	71-72
FRD 22F	Operational and budgetary objectives and performance against objectives	2-19, 26-27
FRD 22F	Employment and conduct principles	66
FRD 22F	Occupational health and safety	66
FRD 22F	Summary of the financial results for the year	26
FRD 22F	Significant changes in financial position during the year	26-27
FRD 22F	Major changes or factors affecting performance	26-27
FRD 22F	Subsequent events	62, 69
FRD 22F	Application and operation of Freedom of Information Act 1982	67
FRD 22F	Compliance with building and maintenance provisions of Building Act 1993	68
FRD 22F	Statement on National Competition Policy	68
FRD 22F	Application and operation of the Protected Disclosure Act 2012	69
FRD 22F	Application and operation of the Carers Recognition Act 2012	69
FRD 22F	Details of consultancies over \$10,000	70
FRD 22F	Details of consultancies under \$10,000	70
FRD 22F	Statement of availability of other information	68
FRD 24C	Reporting of office-based environmental impacts	67
FRD 25B	Victorian Industry Participation Policy disclosures	69
FRD 29	Workforce Data disclosures	66
SD 4.5.5	Risk management compliance attestation	69
SD 4.2(g)	Specific information requirements	4-19
SD 4.2(j)	Sign-off requirements	Inside front cover, 62

* 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.

Disclosure INDEX

28

29

30

31

33

33

35

62

FINANCIAL STATEMENTS

Financial statements required under Part 7 of the Financial Management Act 1994 SD 4.2(b)** Comprehensive operating statement SD 4.2(b) Balance sheet SD 4.2(a) Statement of changes in equity SD 4.2(b) Cash flow statement Other directions under Standing Direction 4.2 SD 4.2(c) Compliance with Australian accounting standards and other authoritative pronouncements SD 4.2(c) Compliance with Ministerial Directions SD 4.2(d) Rounding of amounts SD 4.2(c) Accountable officer's declaration Other disclosures as required by FRDs in notes to the financial statements FRD 11A Disclosure of ex-aratia payments

FRD 11A	Disclosure of ex-gratia payments	N/A
FRD 21B	Responsible person and executive officer disclosures	60-62
FRD 102	Inventories	38, 45
FRD 103E	Non-current physical assets	38-39, 46-49
FRD 104	Foreign currency	40, 56
FRD 106	Impairment of assets	37, 39
FRD 107A	Investment properties	N/A
FRD 109	Intangible assets	39, 50
FRD 110	Cash flow statement	31
FRD 112D	Defined benefit superannuation obligations	58-60
FRD 113	Investments in subsidiaries, jointly controlled entities and associates	N/A
FRD 114A	Financial Instruments – General government entities and public non-financial corporations	53-58
FRD 119A	Contributions by owners	30, 40

LEGISLATION

Freedom of Information Act 1982	67
Building Act 1993	68
Protected Disclosure Act 2012	69
Carers Recognition Act 2012	69
Victorian Industry Participation Policy Act 2003	69
Financial Management Act 1994	20, 33
Audit Act 1994	63-65
Privacy and Data Protection Act 2014	20
Public Administration Act 2004	20
Disability Act 2006	20
Australian Charities and Not-for-profits Commission Act 2012	33, 62
Australian Charities and Not-for-profits Commission Regulations 2013	33, 62

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

Cover image: Jan Senbergs Melbourne Labyrinth – Yarra and the Arts Precinct, 2014 synthetic polymer paint on paper 125.0 x 137.0 cm

Commissioned with the support of Jennifer Brukner in 2015 Arts Centre Melbourne, Art Collection

Photograph: Mark Ashkanasy, courtesy the artist and Niagara Galleries, Melbourne

