



Annual Report 2015 – 2016

VICTORIAN ARTS CENTRE TRUST

The Victorian Arts Centre Trust (the "Trust"), trading as "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.

For further detail on the Trust's role refer to page 50.

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 2016.



Claire Spencer
Chief Executive Officer
Arts Centre Melbourne

Abbreviations used in this report

ACMI	Australian Centre for the Moving Image
ARC	Australian Research Council
F2015	2014–15 Financial Year
F2016	2015–16 Financial Year (this reporting year)
F2017	2016–17 Financial Year
MSO	Melbourne Symphony Orchestra
MTC	Melbourne Theatre Company
NGV	National Gallery of Victoria

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President's REPORT

It was my absolute pleasure to take on the role of Victorian Arts Centre Trust President in December 2015 in the midst of a year of strong consolidation for the organisation, and I am delighted to present the F2016 Annual Report.

A revitalised Executive team is leading a sharply focused approach to business strategy and operation through internal restructure and improved processes, resulting in clear growth in relationships across our many stakeholder groups. The foundations are set for the important reimagining of Arts Centre Melbourne's future.

It is clear that through collaboration, not just with our creative industry neighbours but also with adjacent tourism and sports precinct organisations, we play an important role in ensuring Melbourne's place on the international stage is stronger than ever.

Delivering the premium venue service level expected by our visitors and presenters is challenging and ever more critical. Recognising this, we have commenced long-term future planning to ensure Arts Centre Melbourne remains relevant, agile and able to lead in a contemporary environment.

In tandem with this work, the Trust has commissioned an in-depth analysis of Arts Centre Melbourne's economic impact on the state of Victoria. This impact measurement, being undertaken across several priority projects, will assist us to articulate success and demonstrate the cultural, economic and social value we create.

Our own programs are carefully curated to complement the work of our Resident Companies, smaller companies and commercial presenters. We are mindful of our place in the region and continue to foster connections with important creative organisations from our neighbours throughout the Asia-Pacific.

Much work has been done in the past year to enable us to create the inaugural Asia TOPA: Asia-Pacific Triennial of Performing Arts. Recognition and support for this work has come from both the Australian and Victorian Governments, and we acknowledge with great gratitude the faith and generosity shown by the Sidney Myer Fund, which has been the driving force behind this project.

Asia TOPA has already galvanised considerable support, enabling new partnerships to be developed. Importantly, they set the framework for Asia TOPA's long-term viability and growth, and for community and industry engagement in its first year and beyond.

Across the spectrum of performance last year were many programs I would like to personally acknowledge as important demonstrations of our role as a leading performing arts centre in a culturally diverse community. These include our annual Lunar New Year Concert with Melbourne Symphony Orchestra, a striking collaboration between two creative spheres; the production of *The Secret River*, a powerful and timely history lesson that became one of the year's hottest tickets; the city-wide community program, *Dominoes*, generously supported by Miss Betty Amsden AO; and the Melbourne exclusive season of the internationally acclaimed Nederlands Dans Theater. The Trust also commends the significant role of our dedicated learning and participation space, The Channel, a key asset in connecting our work to younger generations.



The Trust was pleased to welcome Bank of Melbourne as our first principal partner. The synergies between our two organisations, particularly in the area of community focus, were carefully considered as we developed this exciting new collaboration.

Throughout the year our key supporters continued to advocate for the important role Arts Centre Melbourne plays in the lives of Victorians. I thank them for their passion and involvement in all our programs, and particularly those key initiatives designed to help young people and disadvantaged communities join in our remarkable experiences.

From the moment of his appointment to the role of Minister for Creative Industries, Martin Foley has been an engaged advocate for the work of the Trust. In particular, his *Creative State* strategy has been an important roadmap for our organisation. On behalf of my fellow Trustees I thank the Minister and acknowledge the support he and Premier Daniel Andrews give to our programs and projects.

I also recognise my fellow Trustees for their commitment to the arts and Arts Centre Melbourne. I thank my predecessor Tom Harley for his support and the smooth handover at the start of my first year as President, and Jim Cousins AO, who has recently stepped down from the Trust. I also note the sad passing of recent Trustee David Vigo, who for many years supported the organisation through his expertise as a commercial presenter and wise counsel as a Trustee.

I acknowledge too the work of Claire Spencer and her Executive team. Claire has a true passion and understanding for Arts Centre Melbourne's future role. She has chosen her team with great care and an eye to the important cohesive contribution the entire organisation has to offer the cultural landscape.

It is a sign of more great work to come.

A handwritten signature in dark ink, reading 'James MacKenzie'.

James MacKenzie
President
Victorian Arts Centre Trust

Chief Executive Officer's REPORT



The performing arts have a way of bringing people together. As a leader in the sector, Arts Centre Melbourne plays a vital role in building wellbeing, supporting artistic imagination and endeavour and contributing to our state's creative economy. Simply put, our purpose is to bring people together for remarkable experiences.

In my first full year at Arts Centre Melbourne, I have had the joy of experiencing this firsthand every day I enter our brilliant buildings. From seeing school children gazing in awe for the first time at our unique Spire, to meeting theatre goers who avidly take in shows from the same seats they have occupied for decades – the passion is infectious. It reinforces my belief that our duty to bring people together for remarkable experiences is crucial and we will continue to strengthen this commitment and develop new and innovative ways to open our doors to all into the future.

At the heart of everything we do is our phenomenal team of more than 800 enthusiastic, talented staff and volunteers. The past year has seen our organisation move steadily through a significant change process: a restructure of how we work inside and out.

This change was spearheaded by the introduction of The Role You Play, a culture statement that outlines our purpose, vision and priorities. Based on the values of leadership, community, care more and creativity, it sets out our expectations of each other, within and across our teams.

These values extend to our external networks. Collaborations across the performing arts sector reflect our industry leadership, while our shared commitment and responsibilities through consortium modelling enable projects to develop in areas such as programming, mental health and wellbeing and security. These also seed improvements in our work practices and help enhance our capabilities well into the future.

The performing arts is our business. This year, we continued to work closely with our Resident Companies – The Australian Ballet, Opera Australia, Melbourne Theatre Company (MTC) and Melbourne Symphony Orchestra (MSO) – and many other leading companies and commercial presenters. Our commitment to presenting work by independent and small to medium companies and supporting them in the creation of new, innovative work has also grown following changes to funding at the national level.

Throughout F2016 much energy concentrated on planning the inaugural Asia TOPA, which, through a consortium of more than 30 organisations and with the generosity of significant philanthropic support, will feature across Melbourne in early 2017.

Our connection to the national and international performing arts sector was powerfully underscored as we hosted the 98th Congress of the International Society for the Performing Arts (ISPA) in May 2016. More than 370 delegates from 30 countries engaged in the week-long conversation centred on the theme of "reimagining" and shone a spotlight on Melbourne's significant cultural credentials. Highlights included a compelling keynote address by the Minister for Creative Industries, Martin Foley, and recognition of the industry contribution made by veteran administrator Sue Natrass AO, a previous CEO of Arts Centre Melbourne.

Schools continue to see our programs as an important part of their curriculum and cultural engagement. Since opening The Channel in 2014 we have increased by 28% the number of arts learning events we offer and expanded our work with students into support for adults and emerging creatives of all ages.

Our Participation programs cement Arts Centre Melbourne as a place where audiences can connect and interact with high-quality and engaging art that respects and acknowledges their individuality. Ranging in scale and genre, these programs encourage existing and new audiences to participate together in arts experiences; nurture creativity and imagination in everyone; and welcome those impacted by barriers of accessibility and other disadvantage such as distance and finance. We acknowledge the ongoing generosity of our supporters who make these programs possible.

We continue to develop new ways to connect to our diverse audiences. Major investments have been the May 2016 launch of *fixatsix*, which increases the accessibility of performances at Arts Centre Melbourne by providing a minimum of 20 tickets per night for just \$30 each, and a website redevelopment to go live in F2017.

The year also saw the successful launch of *The Barre*, which has quickly become a popular meeting place in the Theatres Building. The project was designed by leading Melbourne architect Clare Cousins and includes a menu focused on Victorian producers.

We sit at the heart of the city's arts precinct, and we are committed to being a major contributor to the state's future creative economy. As we address our own ageing facilities and reimagine how Arts Centre Melbourne will continue to meet the expectations of presenters and audiences in the 21st century, we are committed to ensuring Melbourne retains its position as Australia's arts and culture capital.

As custodians of two significant public collections of Australian visual and performing arts – the Art Collection and Performing Arts Collection – we see an opportunity to build greater public awareness for the stories of our national performing arts history and leading 20th century Australian art. Through these collections we also engage with leading performing arts companies, generous individuals, smaller independent companies and students keen to develop greater appreciation of the creative industries.

We are committed to best practice standards across all operations, from health and safety to financial and environmental management, IT and corporate governance. Our systems and processes are underpinned by a practice of continuous review and improvement to ensure we maintain responsible and sound business decisions.

Strengthened stakeholder engagement – within our own team through to presenters, audiences, supporters, our principal partner Bank of Melbourne and the Victorian Government – has played a significant role in our successes. Our new collaboration with Bank of Melbourne has delivered important community connections and we look forward to further developing this exciting relationship.

To our loyal donors who remain engaged and enthusiastic and provide strong advocacy across all our programs, I thank you for your ongoing commitment to Arts Centre Melbourne, our visitors and our industry.

We enjoy an incredibly constructive relationship with the Victorian Government, and particularly the Minister for Creative Industries and his entire team, that reinforces our voice in the lives of Victorians every day. I am grateful for this support and look forward to our continued cooperation.

And finally, as always, at the heart of our success is the dedicated and tenacious Arts Centre Melbourne team whose passion and energy contribute so much. Thank you all.



Claire Spencer
Chief Executive Officer
Arts Centre Melbourne

*"We turn performances
into events, and
events into cherished
memories"*



About US



ARTS CENTRE MELBOURNE

The Victorian Arts Centre Trust (the "Trust"), trading as "Arts Centre Melbourne", is a Victorian Government statutory authority.

At Arts Centre Melbourne, we bring people together to share remarkable experiences. Whether in our buildings, on our stages, in communities, online, or via mobile, digital or outreach – we connect with individuals, families and communities across generations and cultural divides.

We turn performances into events, and events into cherished memories. For more than 30 years, we have been a home for art and artists to flourish and today, more than ever, our pivotal role sitting at the heart of Melbourne's cultural and creative community is central to the future of the city.

The lives of Melburnians and visitors to Arts Centre Melbourne are enriched by their experience with us as we present the very best local, national and international performing arts across all genres and disciplines.

We are exceedingly proud of our own program, experienced by a multiplicity of audiences across the year, and we are equally proud to be home to our Resident Companies – The Australian Ballet, MSO, MTC and Opera Australia. Together with a prestigious range of regular presenting companies, collectively we bring our stages and spaces to life.

We are a place where everyone is welcome, and we devise programs and projects that enable our visitors and audiences to engage with us as consumer and creator: participation and education are central to what we do as we seek to inspire a new generation of creative people.

As custodians of the rich history of the performing arts living in our Collection, we treasure the past and commit to providing new opportunities to access this incredible archive both within our buildings and online.

And as we look to the future, we are preparing for what new and exciting roles we can play as a connector of people, artists, programmers and venues from our unique place at the heart of the arts in Melbourne.

OUR STRATEGIC FRAMEWORK

OUR PURPOSE

Our Purpose is 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

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

As reflected throughout this report, our Priorities are the five most important things we are focused on, ensuring we Earn the Encore in everything we do.

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 Focused

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.

OUR VALUES

In delivering on our Strategy, we are driven by our Values:

Leadership

- We work with courage and conviction to achieve our strategy.
- We are honest and straightforward and hold each other to account.
- We celebrate success and learn from our mistakes.
- We are part of an evolving industry and advocate for change and increased support.

Community

- We connect people of all ages and backgrounds to participate in the arts as audiences, as performers, as learners and as critics.
- We take a positive approach to communication and knowledge sharing, which embeds trust and cooperation in our community.
- We foster partnerships and inclusivity with integrity.

Care More

- We create a safe and secure environment for everybody, where we respect and look after each other.
- We take the additional steps necessary and do it with integrity and pride.
- We look out for one another while we work to a common goal.

Creativity

- We use our imagination and sense of adventure to stay one idea ahead.
- We are innovative and agile in our dynamic environment and industry.

Our Purpose:
*Create, Connect
and Enrich*

Our Commitment:
Earn the Encore

KEY INITIATIVES AND PROJECTS

Arts Centre Melbourne's key initiatives and projects during the reporting year were driven by our F2016 Corporate Plan, resulting in the following key outcomes:

- Programming and development of the Asia TOPA initiative, a festival-style celebration of Asian-focused performance and culture launching in Melbourne in February 2017 (refer page 25).
- Realignment of our culture through the launch and implementation of our internal culture statement, *The Role You Play*, in September 2015. As a result of the rollout, the Staff Engagement Survey saw approximately 84% of questions answered more favourably than the previous year (refer page 43).
- Delivery of the third large-scale Betty Amsden Participation Program, *Dominoes*, which brought together hundreds of volunteers and over 100,000 onlookers for a celebratory event that transformed Melbourne for a day (refer page 31).
- Extension of the First Call Fund to provide access to performances for disadvantaged schools and community groups, as well as an expanded Arts Learning offering for disadvantaged schools through the support of the Campbell-Pretty Family (refer page 33).
- Stronger relationships with our Resident Companies and key hires through judicious investment in audience development and commercial partnerships through the Sector Development Fund (refer page 47).
- Changes in our venue utilisation mix – with stronger usage by Arts Centre Melbourne Presents programming and more commercial comedy and music events. As a result of sell-out events like *Tame Impala* and *Florence and the Machine*, we also increased attendances at the Sidney Myer Music Bowl.
- Creation of a consortium of Melbourne-based firm NH Architecture and Norway's Snøhetta, together with AECOM, Aurecon, Rider Levett Bucknall, Arup, Schuler Shook and PSA Project, to deliver a comprehensive business case and master plan by December 2016.
- Increased audience awareness of our food and beverage offerings through improved marketing, communications and signage, along with the revamp and relaunch of our bar and dining space as *The Barre* (refer page 37).
- Negotiation of an Enterprise Agreement in accordance with Victorian Government guidelines and wages policy, despite an unclear financial landscape where we were unable to commit beyond 12 months (refer page 43).
- Securing a \$7 million increase to our base funding ongoing after working closely with Deloitte on the Base Funding and Business Model review that strongly articulated our business challenges and funding needs going forward (refer to page 47).

- Commencement of a website redevelopment aimed at increasing the functionality and appeal of the Arts Centre Melbourne website, deepening engagement, increasing conversion and generating an increase in ticket sales and e-commerce (refer page 36).
- Active contribution to the development of the Victorian Government's new *Creative State: Victoria's first creative industries strategy 2016–2020*, which presents opportunities for Arts Centre Melbourne in areas including the visitor economy, impact measurement, international engagement, participation, collections storage and Indigenous engagement.
- Improved accessibility of performances at Arts Centre Melbourne through the launch of the *fixatsix* initiative (refer page 34).
- Demonstrated leadership and collaboration with the precinct and creative industry through the establishment of the Precinct Security Group (refer page 48) and the scoping of an Arts Wellbeing Collective set for launch in F2017 (refer page 45).

Our expectations for F2016 are outlined in our new three-year *Corporate Plan 2016–2019*, and include:

- The delivery of the first Asia TOPA in February to April 2017. This project is significant not only for its programmatic content but in the collaborative way in which the project is being delivered across the city and industry.
- Continued commitment to establish a more confident and revitalised culture through phase two of *The Role You Play*.
- The delivery of our Full Business Case for a future reimagining of Arts Centre Melbourne. This is a highly significant project for the organisation that will lever the urgent need to replace our ageing assets by investing in the creation of Melbourne's performing arts home for the next generation.
- A revitalised approach to Corporate Partnerships and Philanthropy, which will further increase our impact across a range of programming, arts learning, access and participation projects and programs (refer page 13).
- The development of an Impact Measurement methodology aligned with the broader work by Creative Victoria under *Creative State* (Action Area 40 – creative impact research), which will allow us to clearly articulate not only our financial impact, but social and cultural as well.
- The development of a Tourism Strategy that will position Arts Centre Melbourne as a strategic asset in *Creative State* (Action Area 29 – Melbourne as a global cultural destination), as well as providing a financial return.
- Increased investment in Digital Systems through the development of a long-term strategy looking at everything from core IT systems and customer user technology to production technology that supports the aspirations of the companies and artists that perform at Arts Centre Melbourne.

Arts Centre Melbourne

BY NUMBERS

97%
VISITOR
SATISFACTION

TOTAL PEOPLE ENGAGED WITH ARTS CENTRE
MELBOURNE THROUGHOUT THE YEAR

2.89 million

(see page 54)

100,000+

People engaged with
the *Dominoes* event

220,682
Coffees sold by our forecourt cafe

1.2 million
PERFORMANCE ATTENDANCES

403

Schools
engaged
through
the Arts
Learning
program

3 million+
WEBSITE
VISITS

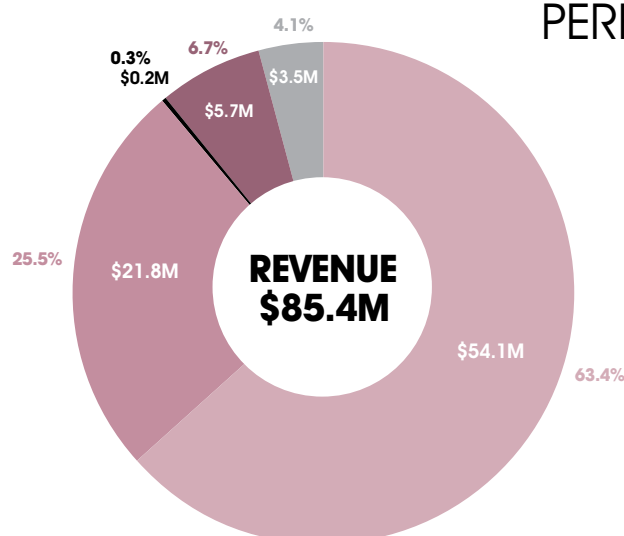
98,000
First-time ticket buyers

1,468
PERFORMANCE
EVENTS

99%

Attendees likely
to attend another
event at Arts
Centre Melbourne

281,854
CAR PARK SPACES SOLD



25,291

FIRST CALL FUND ATTENDANCES

28% Increase in arts learning
events offered since The
Channel opened in 2014

■ Commercially generated | ■ Victorian Government funding
■ Fundraising | ■ Other | ■ Australian Government funding

Don't take our WORD FOR IT

A FEW THOUGHTS FROM THOSE WHO ENTERED OUR DOORS THROUGHOUT THE YEAR

"The dancers are magnificent and so are the works in this program. It is a must see."

The Age on Nederlands Dans Theater

"So hilarious, flirty and gorgeously filthy that it's hard to decide if you want him as a new best friend or a lover. If you have tickets, keep them safe."

The Age on Alan Cumming Sings Sappy Songs

"I was so taken aback and had to stop from crying! Never have I felt so relaxed taking my child somewhere where she was so well looked after. Overwhelmed!!! The performers were amazing and the attention to detail was something I have never seen before. I was 'blown away'!!"

Parent on attending Oddysea, an inclusive programming event

"Andrew Bovell's adaptation is set to become one of the great Australian plays."

The Age on The Secret River (5 stars)

"Disorienting and dreadful, wondrous, hilarious and magnificent, Supersense was no place for dispassionate onlookers."

The Age on Supersense (4 stars)

"...a dashing and skilful piece of theatre."

The Age on North by Northwest (4 stars)

"Brilliant idea. Let's keep the arts accessible for everyone. Love Melbourne and love the arts. Let's keep it alive."

Facebook user on tixatsix access initiative

"I've never seen Melbourne so happy!"

Volunteer on the Dominoes project

"Sydney may have the Opera House and a bridge; Melbourne has Betty and the Arts Centre..."

Volunteer on the Dominoes project

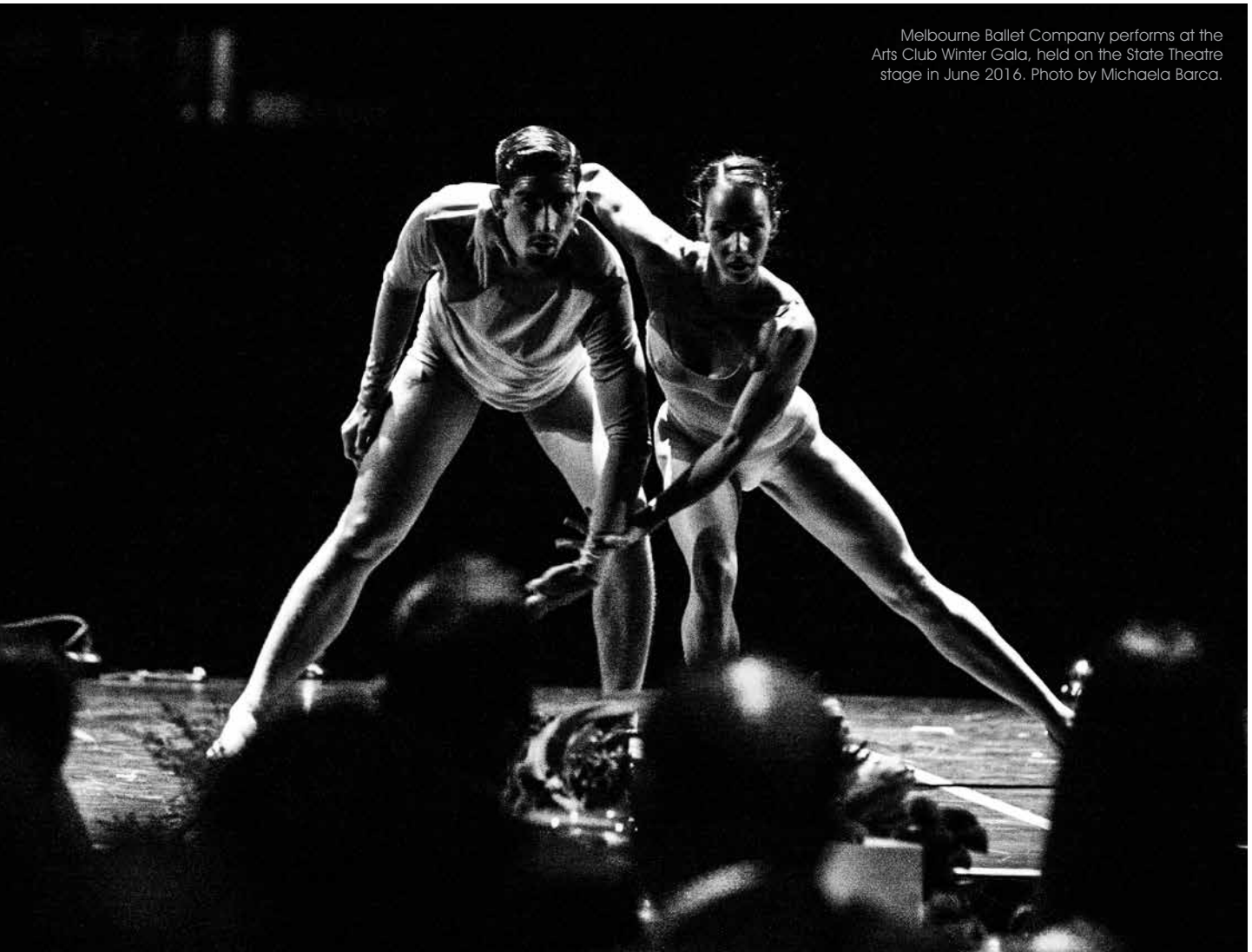
"I just wanted to say a HUGE thank you for your support for members of the Geelong African community taking part in the Boite Millennium Chorus."

"I can't begin to list all the positive outcomes I observed. The arts are truly a powerful medium and the opportunity to take part, a real gift."

Boite Millennium Choir on First Call Fund support

Our STAKEHOLDERS

Melbourne Ballet Company performs at the Arts Club Winter Gala, held on the State Theatre stage in June 2016. Photo by Michaela Barca.



As a major cultural agency, our core government funding enables us to provide myriad remarkable visitor experiences year-round.

In an increasingly challenging economic climate at home and abroad, our capacity to continue to deliver world-class offerings is enhanced through generous financial and in-kind support. Our donors, corporate partners, philanthropic trusts and foundations and passionate advocates collectively are critical to strengthening our capability to introduce new programs and projects.

As we look to the future, a critical factor in ensuring we continue to deliver on our strategic business objectives is the effective engagement and management of key stakeholder relationships.

Across F2016 we committed to strengthening our thinking and approach to stakeholder engagement and relationship management more strategically across the organisation to achieve the following objectives:

- To have a clear, comprehensive and structured view of our diverse stakeholder groups, enabling us to engage them with the ultimate goal of building deep, long-term alliances.
- To mobilise our direct networks of influence – our people – focusing on the Executive team, key staff, the Trust (and Trust Alumni) and Foundation.
- To lever our stakeholder networks to achieve our business objectives; to realise our vision for the organisation's future; and to maximise our self-generated fundraising and partnership capability.

Within a complex and rapidly changing external environment strong stakeholder engagement has been and will continue to be critical to our success. Stakeholder collaborations, partnerships and shared resources resulting in collective impact is how we are increasingly operating and positioning ourselves.

During F2016 programs including the development of Asia TOPA, our approach to precinct security and co-hosting opening nights and events were modelled around these types of mutually beneficial relationships.

To ensure we build meaningful and sustainable relationships, we have begun developing systems and processes to assist us to better connect, track, measure and understand our stakeholder relationships. This has meant we now have the ability to:

- health-check existing relationships
- identify gaps in our stakeholder landscape
- more effectively track our relationship management and engagement through our sophisticated customer relationship management (CRM) tool, Tessitura
- identify new contacts to build into longer-term relationships
- better utilise hospitality and events in ways that reflect our brand values to lever relationships and build new ones.

This work, together with our renewed focus on advocacy around major programs and projects, strongly positions us to enrich existing relationships into the future, while identifying and building new contacts with shared values and an equal commitment to ensuring arts access for all.

OUR APPROACH TO ADVOCACY

With our ambitious transformational agenda being implemented over F2016, it was vital to have an advocacy strategy underpinning these changes, reforms and aspirations. Our focus over the past year was to develop a consistent narrative to inform and engage government, our Resident Companies, the broader arts community and the private sector in the hope of building trust and garnering support for our vision and key objectives.

Increased operational and programmatic support from the Victorian and Australian Governments demonstrates the success of this strategic approach. Importantly, positive external feedback from our key stakeholders also demonstrates our new and more transparent approach to advocacy is resulting in greater trust, an appetite for exploring collaborations and stronger and more robust partnerships and relationships.

DEVELOPMENT, PARTNERSHIPS AND SUPPORTERS

We appreciate the generous support of our donors, corporate partners and many philanthropic trusts and foundations that ensure the continued delivery of our programs and projects across the year. Without this support we could not do what we do and achieve what we achieve. Our success is their success too.

A big thank you to all of our supporters for their generous support during F2016. It was a year in which we repositioned and refocused our fundraising efforts across three key areas: Private Giving and Memberships, Trusts and Foundations and Corporate Partnerships.

Our much-loved Arts Angels donors continued to support Arts Centre Melbourne Presents programming initiatives across the year including the landmark festival of contemporary performing arts, Supersense, along with stage productions such as *North by Northwest* and *The Secret River*. The contribution of this loyal donor base to our Annual Fund is critical to our ongoing

programming success and we thank them for sharing our vision to bring the best works from Australia and around the world to our stages for Victorians to enjoy.

We particularly thank Miss Betty Amsden AO for her leadership through the Betty Amsden Participation Program and Mrs Debbie Dadon AM for her support of our *Dig Deep* youth program, who have been enormously generous in their support, with remarkable outcomes for audiences and community.

Our Arts Learning programs have been strengthened through the support of the Campbell-Pretty Family, allowing us to engage more deeply with some of Victoria's most disadvantaged schools, and the Scobie and Claire Mackinnon Trust, whose support of the First Call Fund has helped us reach out to more secondary schools. In addition Mrs Jennifer and Dr John Leaper helped us bring our children and families programming to life with interactive foyer activities throughout the year.

This year we were the beneficiary of two significant bequests. The estate of an anonymous bequestor has generously supported the Arts Centre Melbourne endowment and the estate of Mr David Richards has established an endowment fund to support the acquisition of items related to stage design and costume into the Performing Arts Collection.

In October 2015 we launched a principal partnership with Bank of Melbourne – the first principal partner in Arts Centre Melbourne's 30-year history. This important new relationship enables four key programming initiatives to be presented across 2016, and supports plans to make performances at Arts Centre Melbourne more accessible to a wider audience and particularly first-time visitors.

In F2016 we increased our focus on working with Trusts and Foundations. This has resulted in an additional 12 granting agencies supporting our work. In particular we thank the Sidney Myer Fund for its support of our Asian Arts program and the Lorenzo and Pamela Galli Trust for its assistance in building the capacity of our Accessible Music program.

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
Mr Lindsay Fox AC & Mrs Paula Fox
Mrs Ethel Goldin
Mr Peter Scanlon & Mrs Angie Scanlon
Mr Neville Bertalli & Mrs Di Bertalli
Mrs Rae Rothfield

TRUSTS AND FOUNDATIONS

The Marian & E.H. Flack Trust
The Lorenzo and Pamela Galli Charitable Trust
Gwen and Edna Jones Foundation
Sidney Myer Fund
The Scobie and Claire Mackinnon Trust
Playking Foundation
Malcolm Robertson Foundation
Helen MacPherson Smith Trust
John Truscott Design Foundation Inc
Edward Wilson Estate
The Hugh D T Williamson Foundation

ARTS CENTRE MELBOURNE DIRECTED GIFTS

Miss Betty Amsden AO
Mrs Krystyna Campbell-Pretty, the late
Mr Harold Campbell-Pretty and the
Campbell-Pretty Family
Mrs Debbie Dadon AM
Harry and Virginia Boon Foundation
Mrs Jennifer Leaper & Dr John Leaper

ASIA TOPA SUPPORTERS

INITIATING GIFT

Sidney Myer Fund

MAJOR SUPPORTERS

Australia Council for the Arts
Creative Victoria
Department Foreign Affairs and Trade - Australia
Cultural Diplomacy Grants
Department Foreign Affairs and Trade - Australia-
ASEAN Council
Department Foreign Affairs and Trade - Australia
Indonesia Institute
Mr Michael Kantor
Mr Baillieu Myer AC
Mr James MacKenzie & Ms Flavia Gobbo
Ministry for the Arts - Catalyst Australian Arts and
Culture Fund
Playking Foundation

LORD OF THE FLIES SUPPORTERS

Miss Betty Amsden AO
Arts Centre Melbourne's Leadership Team
Barr Family Foundation
Mrs Linda Herd
Dr Geraldine Lazarus & Mr Greig Gailey
Ms Dannii Minogue
Ms Kylie Minogue OBE
Prescott Family Foundation
The Robert Salzer Foundation
William Buckland Foundation

ARTS ANGELS ANNUAL FUND

ARTS ANGEL LEADING LIGHT – GIFTS OF \$100,000 OR MORE

Mr Marc Besen AC & Mrs Eva Besen AO

ARTS ANGEL BENEFACTOR PATRON – GIFTS OF \$30,000 – \$49,999

Mrs Jennifer Brukner & Mr John Brukner
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 Nancy Butler
Ms Robin Campbell and Mr Bruce Parncutt AO
Mr Ron Dobell & Mrs Margaret Dobell
The Fox Family
Mr Rino Grollo & Mrs Diana Ruzzene Grollo
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you may see this year."*

***The Herald Sun on *The Secret River*
(5 stars)***

Nathaniel Dean (left) and Trevor Jamieson in *The Secret River*.
Photo courtesy of Sydney Theatre Company.

Our Priorities

THE PERFORMING ARTS

A HOME FOR THE ARTS AND ARTISTS TO FLOURISH

PERFORMING ARTS

The action on our stages and in our venues – our spectacular and diverse Performing Arts program – is at the heart of our ability to be one of Australia's leading cultural and creative institutions. Each year we stage thousands of productions, shows, events and community performance activities, and F2016 proved no exception. Below are just some of the many highlights from our core performing arts areas of site-specific programming, musical theatre, world music, contemporary music, major productions and programming partnerships, proving that there really is something on offer for everyone.

LARGE-SCALE WORKS

Together with Tim Lawson and Simon Painter we presented *The Illusionists 1903* (State Theatre, January 2016), which ran for 17 performances and, following the success of *The Illusionists* in 2014 and *The Illusionists 2.0* in 2015, featured new, world-class illusionists and magicians performing routines made famous during the golden age of magic.

In the same season we presented the remarkable circus show *La Verità (The Truth)* by Swiss contemporary circus company Compagnia Finzi Pasca. This poetic, surrealist production was as much a visual spectacle as a physical one, with lavish set design, costumes and lighting and awesome circus acts embedded in a humorous, theatrical narrative.

In conjunction with Kay + McLean Productions, we presented a return season of MTC's highly successful 2015 work *North by Northwest* (State Theatre, February 2016) for a 19-performance season. The overwhelming demand for the work, adapted from the iconic Alfred Hitchcock film, created a unique opportunity to bring it back into a larger theatre as part of a highly successful and accessible summer season.

Continuing the circus theme, we presented *Cirque Adrenaline* with Asia Live, Tim Lawson and Simon Painter as part of a world premiere Australian season (State Theatre, April 2016). This high-impact show featured over 30 performers mixing clowning, trapeze, strength and aerial acts with daredevil motorcyclists.

It was with much pride that we presented the Melbourne debut season of Sydney Theatre Company's *The Secret River* (Playhouse, March 2016). Based on Kate Grenville's award-winning novel of the same name, adapted for stage by playwright Andrew Bovell and directed by Neil Armfield, this outstanding work addressed a topic of national significance and sold out its Melbourne season to considerable audience acclaim.

Another significant performance was the national-exclusive five-show season of Nederlands Dans Theater (State Theatre, June 2016), which returned to Melbourne for the first time since 2011 with three works never before seen in Australia. Nederlands Dans Theater epitomises excellence in the international contemporary dance world and is renowned for visually stunning, virtuosic contemporary choreographies firmly based in classical ballet techniques.

PROGRAMMING PARTNERSHIPS

We have always been an organisation that recognises the immense value of partnering with like-minded collaborators and individuals on new and innovative programming. Combining commitment and creativity with shared resources allows us to deliver outstanding programs of scope and scale that may otherwise not have been possible, alongside smaller, intimate works for niche audiences. Being open to collaboration allows us to augment our existing program and remain nimble and responsive to new opportunities.

As part of the Melbourne Festival in October 2015, we presented the Australian Art Orchestra and Sydney Chamber Opera in short seasons in the Fairfax Studio. The Australian Art Orchestra and composer Erik Griswold teamed up with all-star musicians and performers from Sichuan, China, to create a colourful collage of winds, piano and percussion entitled *Water Pushes Sand*.

Sydney Chamber Opera's *Fly Away Peter* was a new work by Melbourne composer Elliott Gyger based on David Malouf's acclaimed novel on the First World War.

We were glad to support the Australian World Orchestra's sell-out return to Hamer Hall in August 2015 with a program of Debussy and Bruckner under the direction of Sir Simon Rattle. The Australian World Orchestra comprises Australian musicians based in Australia and overseas and proved Melbourne has a strong audience for world-class orchestral music.

Banquet of Secrets (Playhouse, March 2016), presented by Victorian Opera with our support, was a new chamber opera by Melbourne icons Steve Vizard and Paul Grabowsky based on a true story from Vizard's life, and featured four of Australia's leading opera performers (Antoinette Halloran, Dimity Shepherd, Kanen Breen and David Rogers-Smith). Directed by Roger Hodgman with a music ensemble directed by Grabowsky, *Banquet of Secrets* told of four old friends reflecting on the joys, sorrows and secrets of their lives.

The perennial, feel-good concert series Morning Melodies, now in its 30th year at Arts Centre Melbourne, continued to wow Hamer Hall audiences every month with its ever-changing line-up of artists. Rejoining Morning Melodies as a regular concert feature was the popular Jazz High Tea series, featuring top traditional and mainstream jazz performances delivered alongside delicious high tea from our kitchens.

The Coodabeen Champions Live, celebrating its 35th anniversary, has become an annual tradition at Arts Centre Melbourne. Melbourne's favourite footballing entertainers brought their well-honed humour to the Playhouse for a second consecutive sell out in August 2015, right as the football season reached its climax.

SBS TV hit *Rockwiz's The Rockwiz Really Really Good Friday* (State Theatre, March 2016) appeared for the first time outside Byron Bay. A sell-out crowd was thrilled by the likes of Deborah Conway, Tim Rogers, Kate Miller-Heidke, Rich Hall and Daryl Braithwaite.

Other programming highlights included local and international work such as *The Pianist* (a Melbourne exclusive from Finnish contemporary circus group Circo Aereo) and *Women in War* (Playhouse, August 2015) by an international cast of artists from Australia, Turkey and Greece.

CONTEMPORARY MUSIC

As a contributor to the development of Australia's music industry we continued to support the Australian World Music Expo (AWME) and Face the Music as important players in Melbourne's contemporary music scene. The three-day AWME (November 2015) comprised world-class music industry conference sessions and workshops featuring expert Australian and international guest speakers from some of the world's leading festivals, record labels, booking agencies and arts organisations. AWME has two distinct but connected elements – a conference and a public festival program – for which Arts Centre Melbourne was the main hub. The primary emphasis of AWME is to provide a platform to foster stronger relationships with domestic and international music industry associates who are specifically interested in product from this region. The two-day Face the Music, held concurrently with AWME, provides the Melbourne music community with a platform for professional and creative career development. It featured presentations, networking and music-making workshops and focused on cultivating skills, entrepreneurship and innovation in aspiring music industry professionals.

The United States-based band Calexico (Hamer Hall, March 2016), whose music combines big-screen grandeur with influences from Ennio Morricone's spaghetti western soundtracks to Tex-Mex dance music, performed highlights from their 20-year recording catalogue.

In January 2016, the eclectic musical talents of pop harpist and singer Joanna Newsom graced the Hamer Hall stage for one night as part of her national tour.

We leapt at the opportunity to present Sufjan Stevens for three nights (Hamer Hall, February 2016) during his national tour to support his seventh album *Carrie & Lowell*. The gorgeous night of perfectly crafted, folk-tinged indie pop was one of our more remarkable musical experiences this year.

A recent trend in contemporary music performance has been towards elegant tribute performances with high production values and star names, and several of these were seen on our stages across the year.

In July 2015 the team behind *Rockwiz* (SBS TV) presented a concert version of *The Last Waltz*, Martin Scorsese's famous live concert film of the final performance of The Band. Performing songs from *The Last Waltz*, the Rockwiz Orchestra, with Ashley Naylor, Bruce Haymes, Vika and Linda Bull and MC Brian Nankervis, was joined by Joe Camilleri, Richard Clapton, Mia Dyson, Tim Rogers, Kevin Borich, Kate Miller-Heidke and Marlon Williams.

In August 2015 we reprised a successful project from the previous year, *Everybody's Talkin' 'Bout Me*, with Tim Freedman (The Whitlams) inhabiting the life and songs of two-time Grammy winner Harry Nilsson. One of Australia's most accomplished contemporary songwriters, Freedman interpreted Nilsson classics to offer an intriguing insight into both musicians and their work.

Exploring the huge influence of Irish culture and music on contemporary Australia, *Exile: Songs and Tales of Irish Australia* (Hamer Hall, February 2016) featured performers Paul Kelly, Shane Howard and Pauline Scanlon. With almost a third of Australians claiming some degree of Irish descent, in the centenary year of the 1916 Easter Uprising, it felt timely to reflect upon this colourful history.

In February 2016 we joined with Room 8 to present *At Last - The Etta James Story* (Playhouse), which starred Australian soul powerhouse Vika Bull telling the story of Etta James's 57-year career with performances of her most heart-wrenching and beloved songs.

MUSICAL THEATRE

We were delighted to present the Australian debut of Broadway legend Audra McDonald and her trio in Hamer Hall in October 2015. With a record six Tony Awards and two Grammy Awards, among many other accolades, McDonald is unparalleled in the breadth and versatility of her artistry.

A new musical theatre work by Sydney-based writer and performer Sheridan Harbridge, *Songs for the Fallen* (Fairfax Studio, October 2015), kicked off a national tour in Melbourne. This highly acclaimed piece of independent music theatre is loosely based on the last days of Marie Duplessis.

Coinciding with Midsunma Festival, Trevor Ashley's tongue-in-cheek tribute to Liza Minnelli, *LIZA'S BACK! (is broken)* (Fairfax Studio, January 2016) premiered exclusively at Arts Centre Melbourne. The show followed up the much-loved diva and three-time Helpmann nominee Ashley's hit seasons of *Liza (On an E)* across Australia, Europe and on London's West End.

International star and Tony Award-winner Alan Cumming made his Melbourne debut with four sell-out shows (Playhouse, January 2016) that brought his immense talent, energy, style and devilish sense of humour to an evening of songs and anecdotes.

Fancy dress was the order of the day for the two-week run of *Heathers: The Musical* (Playhouse, May 2016), the latest success from Sydney-based Hayes Theatre Company. Based on the cult teen comedy film, *Heathers* is the latest Off-Broadway hit musical to come to Australia. Directed by Trevor Ashley (*Les Misérables*, *Priscilla Queen of the Desert*, *Fat Swan*), this production, which we presented with Showwork, was hailed as the most subversively funny show all year.

Broadway singing star Megan Hilty (Hamer Hall, June 2016) appeared during her debut Australian tour, accompanied in concert by her own four-piece band as she took audiences on a trip through the American Songbook. Hilty is well-known for her acclaimed role as Doralee Rhodes in the Broadway production of *9 to 5: The Musical* and in the NBC musical drama *Smash*.

WORLD MUSIC

Building on an existing partnership with local nine-piece Ethio-jazz band JAZmaris, we presented a two-show collaboration between JAZmaris and renowned Ethiopian singer Alemayehu Eshete (Fairfax Studio, January 2016). Eshete rose to prominence in the 1960s with his swinging sound that combines American rhythm and blues and funk with Ethiopian modes and rhythms.

Balkan rock star Goran Bregović is a familiar name to Hamer Hall audiences and in February 2016 we presented Bregović and his Orchestra for Weddings and Funerals in a concert entitled *Balkan Party*: a highly energised mixture of gypsy, rock and contemporary responses to religious music.

We also joined Arts Projects Australia to present Bollywood icon Asha Bhosle with her band (Hamer Hall, March 2016) as part of her international farewell tour. Bhosle's career started in 1943 and her singing has graced over a thousand Bollywood movies.

Padepokan Gunung Ukir perform the Javanese Kuda Lumping dance ritual at Supersense. Photo by Tim O'Connor.



SUPERSENSE – FESTIVAL OF THE ECSTATIC

For one weekend in August 2015, our stages, back rooms and hidden corners were transformed into an immersive performing environment known as Supersense – Festival of the Ecstatic. Curated by performer Sophia Brous in collaboration with our Asian Arts program, this new contemporary arts festival showcased musical and artistic traditions from across the Asia-Pacific region, inviting audiences to experience ecstatic performance while creating new and exciting experiential contexts for artists to produce their work.

Over 7,600 people attended 30 performances across our venues, traversing music, film, dance and interdisciplinary performance. Six world and seven Australian premieres featured, along with seven works commissioned specifically for the festival, six by Australian artists. There were nine curated artist collaborations (seven featuring Australian artists brought together with international artists) and seven co-funded and/or co-presented collaborations with other arts companies.

Media coverage extended into domestic and overseas publications including *I-D* magazine, *The Wire*, *The Thousands* and *Vice*.

"Little did I know as I walked down those stairs that the whirlwind of the next few days would literally be a life changing experience of cultural enrichment that I would never forget."

AU Review on Supersense

"If I were to describe ISPA's 98th Congress in one word, I would simply say, a 'triumph'! Congratulations...it was a sincere pleasure to work with the Arts Centre Melbourne team."

David Baile, CEO of ISPA



The Young Wägiluk Group of South East Arnhem Land perform at the opening of the ISPA Congress in 2016. Photo by Mark Gambino.

SITE-SPECIFIC PROGRAMMING

We constantly innovate to use our buildings in unique and dynamic ways, turning them into new performance experiences for our audiences.

We brought back 5x5x5, an Arts Centre Melbourne-initiated mentorship program that helps five emerging composers to increase their skills, professional networks and public profiles. Under the mentorship of an established musician, each composer creates a five-minute composition responding to five specific sites at Arts Centre Melbourne, seeking to illuminate, articulate and draw inspiration from the unusual site. The works were recorded by Australian National Academy of Music students and made available to the public via displays throughout the Theatres Building and Hamer Hall. 5x5x5 composers were Aviva Endean, Matthew Horsley, Oliver Paterson, Tillman Schauble and Samuel Smith.

Fly By Night was an immersive, alternative reality, digital-based adventure designed with love and affection for the Hamer Hall foyers by performance collective Melinda Hetzel & Co. It premiered at Nite Art and Open House Melbourne in July 2015. Weaving together dance, physical theatre, sound design and video art, the irreverent work delivered a promenade-style, self-guided tour via a purpose-built mobile application. Participants took an enchanted journey through Hamer Hall's secret passageways with a surprise around every corner, including live roving performers and multimedia elements. Guided by gamified visual clues and site-derived imagery mirrored on the device, *Fly By Night* allowed audiences to experience a familiar space in a new way.

RESIDENT COMPANIES AND MAJOR HIRERS

Our Resident Companies continue to be important partners to us and we take great pride in working with them to present their outstanding work on our stages. We hosted performances from Opera Australia of *The Marriage of Figaro*, *The Elixir of Love*, *The Pearlfishers*, *La Bohème* and the acclaimed *Luisa Miller*, The Australian Ballet's *Swan Lake*, *Vifesse* and *The Sleeping Beauty*, and new initiatives of a Christmas season of *Storytime Ballet* for families and an inaugural *Australian Ballet Scholarship*.

The MSO presented more than 60 performances in the magnificent Hamer Hall ranging from classics through to live performances of a film soundtrack in *Babe: The Twentieth Anniversary Concert*. We also experienced a ground-breaking collaboration with MSO and Frontier Touring co-presenting *MSO x Jeff Mills + Derrick May* at the Sidney Myer Music Bowl.

MTC again presented a year of critically acclaimed and popular seasons of such plays as *The Speechmaker*, *Buyer and Cellar* and *The Weir*. The Production Company had us singing along to the musical theatre performances of *West Side Story*, *Jerry's Girls* and *Nice Work If You Can Get It* and our regular hirers, including Victorian Opera, Bangarra Dance Theatre and Bell Shakespeare, brought the best of Australian performing arts to audiences. The annual Sidney Myer Music Bowl signature event, Vision Australia's *Carols by Candlelight*, broke box office records yet again in 2015.

Our relationships with key commercial presenters are also critically important. Adrian Bohm Presents brought British comedians touring Australia including John Cleese, Eric Idle and Stephen Fry and

Live Nation brought Americans Nick Offerman and Tim Heidecker & Eric Wareheim. Chugg Entertainment's announcement of Amy Schumer's Hamer Hall concert brought an almost immediate sell out, as did Sidney Myer Music Bowl events for Tame Impala and Florence and the Machine. Other Sidney Myer Music Bowl sell outs included Chet Faker (Frontier Touring) and Mumford and Sons (Secret Sounds).

Across the year, we hosted elements of key Victorian festivals such as Melbourne International Film Festival's opening night gala and many Melbourne International Comedy Festival shows, including in the legendary Spiegeltent. Melbourne Festival sold out two of its Arts Centre Melbourne seasons in 2015: an international presentation of George Orwell's *1984* by Headlong, Nottingham Playhouse and Almeida Theatre, as well as Opera Australia's adaption of John Marsden's book *The Rabbits*. A festival of accessible classical music was on offer in April 2016 with the first-ever Australian season of *BBC Proms*, followed by Melbourne International Jazz Festival presenting four of its international concerts, enhanced by our pop-up Riverside Jazz Club in the Hamer Hall Riverside Box Office and Mezzanine.

In August 2015 we hosted *Twisted Broadway*, a night to showcase musical theatre talent and raise funds to support sector colleagues living with HIV/AIDS.

Our community presenters are also highly valued partners and in January 2016 we were home to the annual national Polish community festival PolArt. The Barbershop Harmony Australia Convention took over Hamer Hall for a weekend in September 2015 and 38,000 family members celebrated student achievements by attending school concerts in our venues throughout the year.

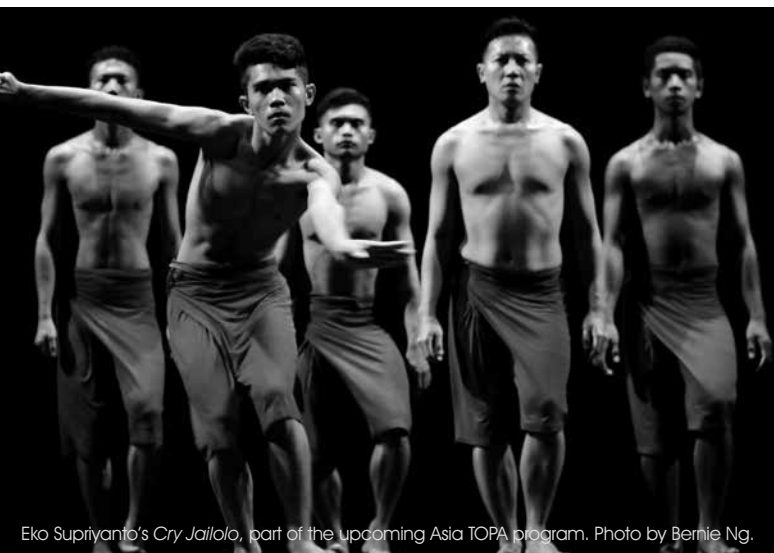
Of particular note were four moving and unique performances in February 2016 by Prince, entitled *Piano and A Microphone*, presented by Dainty Group. We were enormously proud to have been the venue personally chosen by this legendary entertainer for his Melbourne performances, which took place shortly before his untimely death, and to have been able to offer audiences the opportunity to experience his phenomenal skill in a live and utterly memorable performance.

ISPA CONGRESS 2016

Arts Centre Melbourne was the proud host of the 98th International Society for the Performing Arts (ISPA) Congress in June 2016. More than 370 delegates from 30 countries attended the Anthony Field Academy (30–31 May 2016) and the ISPA Congress (1–4 June 2016).

There were many highlights from the Congress, the first-ever presented in Melbourne. Our program had an unashamedly Australian focus, featuring a strong international presence (34% of delegates travelled to Melbourne from overseas) with many delegates from the Asia-Pacific region (55% of international delegates came from the wider Asia-Pacific region).

Accessibility was also important to us in preparing to present the Congress, and thanks to the provision of subsidised and sponsored admission, we were able to welcome representatives of organisations from the small to medium sector and independent artists and organisations, particularly from Victoria. Eighty-five delegates were either representatives of organisations from the



Eko Supriyanto's *Cry Jailolo*, part of the upcoming Asia TOPA program. Photo by Bernie Ng.

“Extending over four months, Asia TOPA will provide an unprecedented immersion in the contemporary culture and creativity of the Asia-Pacific – and a new major arts event for Australia’s creative capital.”

**Minister for Creative Industries,
Martin Foley**

small to medium sector or independent artists and organisations.

In programming the Congress we aimed for a diversity of speakers, with a clear Australian voice and perspective but also a range of international outlooks with an emphasis on the Asia-Pacific region. We were committed to a strong representation of First Nations people and a gender balance that gave space and prominence to women’s voices. Of the 30 speakers: 20 were Australian; 10 were international, including five from the Asia-Pacific region; nine were from First Nations; and 18 were female.

A particular focus was to engage delegates, especially international delegates, with a range of live work by Australian individual practitioners and organisations. We programmed performances into the Congress, including by William Yang (from *Blood Links*), ILBIJERRI Theatre Company (from *Jack Charles V The Crown*), The Delta Project (from *Under My Skin*), Sydney Dance Company (from *Lux Tenebris*), Jindi Woraback Dance Group, the Monash Arts Ensemble with the Young Wägiluk Group of South East Arnhem Land (*Nyilipidgi*), Eddie Perfect and Iain Grandage and our own *Ghostly Machines*.

The annual ISPA Awards Ceremony recognised three important contributions to the arts in Australia: Sue Natrass AO (International Citation of Merit), the Myer Family (Angel Award) and Archie Roach (Distinguished Artist Award).

We worked to six topics under the broad thematic of “reimagining” that reflected the current focus in the global performing arts sector on what the future will look like.

KENNETH MYER ASIAN THEATRE SERIES: ASIAN ARTS PROGRAM

Our goal is to normalise Asian arts programming on the Australian stage through leadership and by example. During F2016 the Asian Arts program collaborated across the whole of Arts Centre Melbourne and with a range of national and international industry partners to deliver major public outcomes, launch new initiatives and build on valued existing programs.

Through the generous support of the Kenneth Myer Asian Theatre Series Endowment (KMATS) and matched funding from Arts Centre Melbourne, the Asian Arts program leveraged further capacity from state and federal agencies, international and bilateral arts support and local programming partners to enhance the program’s impact and the scope of creative opportunities.

Since 2014, the Asian Arts program has focused its long-term outcomes on the development and delivery of the inaugural Asia TOPA: Asia-Pacific Triennial of Performing Arts in 2017.

Key objectives in F2016 were:

- connecting artists from the region with each other and Australian artists and seeding collaborative projects
- initiating commissions and securing production and presentation partnerships nationally and internationally
- energising and exciting audience and stakeholder engagement by developing new contexts
- securing diverse investment through value-add strategies – financially, culturally and creatively.

MAJOR ACTIVITIES IN F2016

Our Asian Arts team developed and produced a ground-breaking Asian performance program for inclusion in Arts Centre Melbourne's first Supersense festival, reaching new audiences, establishing artist connections and testing producing methodologies and staging.

With support from the Australia Council for the Arts and Department of Foreign Affairs and Trade (DFAT), the program included: a double-bill from Tao Dance Theater (China); a traditional *Kuda Lumping* trance performance (Indonesia); Sufi performer Pavathy Baul (India); heavy metal duo Senyawa (Indonesia); and pansori performers Noreum Machi (Korea) with Australian group Synergy Percussion.

The Asian Creative Labs are now in their third year and in 2016 we collaborated with Melbourne Festival to deliver *Special Combination*: a week-long dance intensive under the direction of Gideon Obarzanek. Along with seven Australian artists, international artists invited to participate included Gu Jiani and her collaborators (China), Wang Chong (China), Poon Wai-Shun (Taiwan), Na Yeon Woo and Hwang Soo-Hyun (Korea), Eisa Jocson (Philippines) and Venuri Perera (Sri Lanka). Guest workshop leaders included Andrew Schneider (US) and Rebecca Hilton (Australia).

As with previous Creative Labs, a number of collaborative projects have since emerged including *Strange Attractor*, which will feature at Arts Centre Melbourne and nationally in 2017.

With support from Playking, artists from the UK, India, Philippines, Korea, Papua New Guinea and Cambodia undertook individual project developments in Melbourne alongside their participation in the ISPA Congress. These projects are slated for performance at Arts Centre Melbourne in 2017 and beyond.

Mentoring and industry engagement remain a key focus of the program, which supported River Lin (Taiwan) and Cynthia Schneider (US) in skills exchange programs with the Melbourne team and, through a Playking initiative, Damian Cooper (Australia) to deliver a masterclass program in lighting design at the Beijing Central Academy (China).

ASIA TOPA: ASIA-PACIFIC TRIENNIAL OF PERFORMING ARTS

A major focus of the Asian Arts team in 2016 was the programming and development of the Asia TOPA initiative.

A curated celebration of the incredible richness and diversity of contemporary Asian arts, Asia TOPA will include a stunning program of new and recent works by the most dynamic performers and performance makers alongside iconic works and public encounters with thought leaders from across the Asia-Pacific region.

Over the summer months of 2017, Asia TOPA unites a consortium of major venues and cultural presenters in Melbourne's arts precinct to simultaneously present Asia-focused performing arts, visual and screen arts, literature, design and more. An additional 25 arts organisations from the independent sector will program public activities. For three weeks, Arts Centre Melbourne will be

the heart of Asia TOPA presenting a diverse program featuring new commissions, creative collaborations, exhibitions and guest productions from more than a dozen countries.

While based in Melbourne, Asia TOPA will reach into regional Victoria and connect with national festivals and presenters across Australia. Many of Asia TOPA's creative collaborations have developed into global partnerships with presenting opportunities growing beyond Australia and Asia into Europe and North America.

Building on the vision we share with The Myer Foundation and Sidney Myer Fund to connect all Australians with the arts and culture of the Asia-Pacific, the Sidney Myer Fund supported Arts Centre Melbourne with a grant of \$2 million (received over 2014–17) to initiate, lead and deliver the inaugural Asia TOPA. Over 2016, the initiative has been wholly integrated into Arts Centre Melbourne.

To encourage dynamic programming, Arts Centre Melbourne devolved 25% of its Sidney Myer Grant to precinct partners in support of research, development and the creation of Asia TOPA projects. The Victorian Government, through Creative Victoria, has contributed \$200,000 to connect Melbourne's independent and small to medium sector with Asia TOPA and to develop culturally nuanced marketing strategies. A further funding grant of \$230,000 was secured under the Australian Government's Catalyst program in support of audience development and reach for all Asia TOPA Consortium presenters. The Australia Council for the Arts and DFAT have provided valuable project support.

Asia TOPA has been embedded in both the Victorian Government's *Creative State* (Action Area 34 – new international platform events) and China engagement strategy.

PLAYKING TRAVEL GRANTS

Since 2013, Playking Foundation, in association with our Asian Arts program, has offered travel grants to assist Australian artists to establish creative connections and pursue performing arts collaborations across Asia.

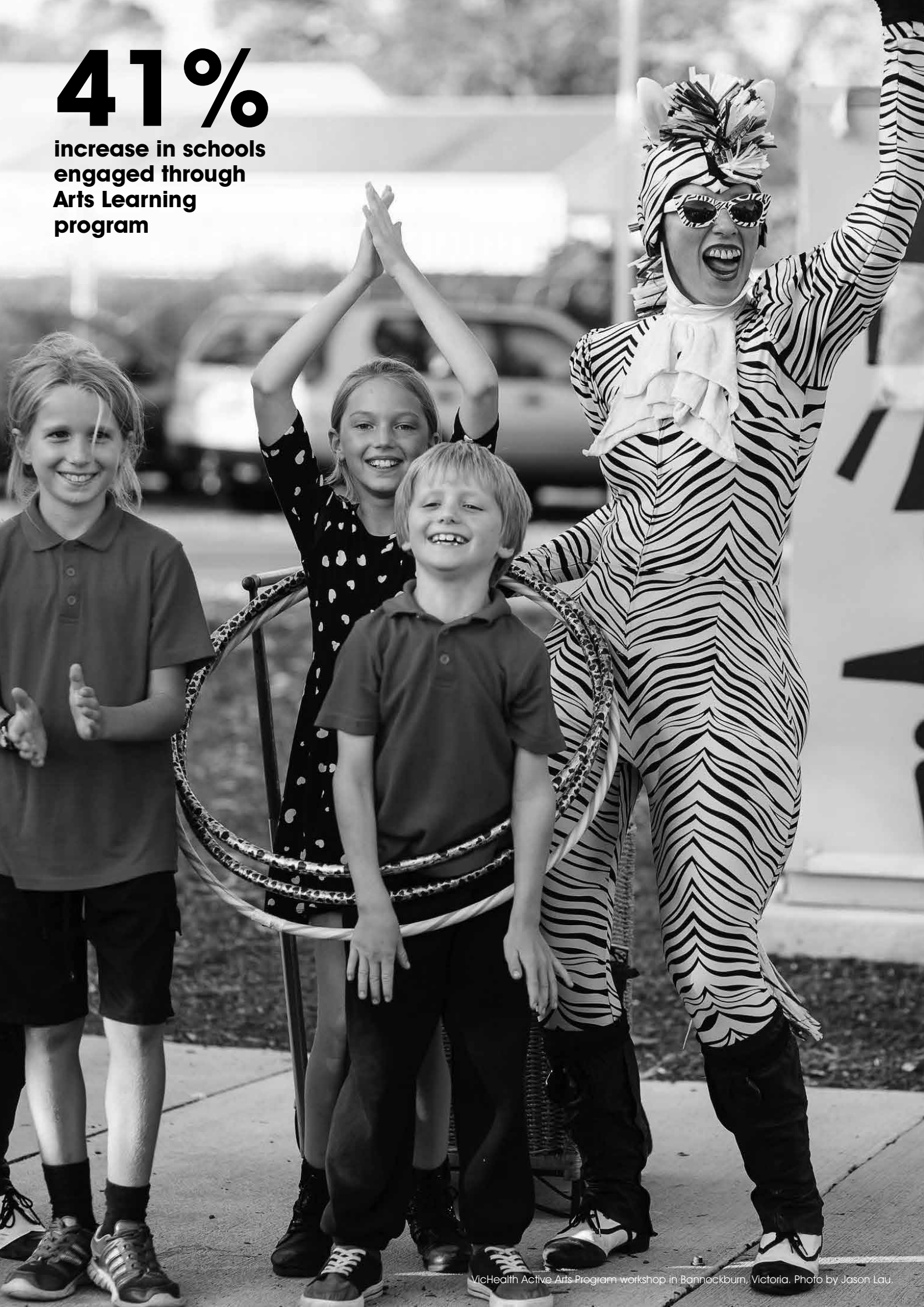
The grants support travel costs and living expenses for Australian artists developing their Asian partnerships and occasionally for reciprocal travel by Asian artists to Australia.

Since their inception, \$143,000 in travel grants have been paid directly to artists in 25 separate projects via six rounds of funding, supporting them to travel to 10 Asian countries. In 2016, eight grants were awarded to artists travelling to China, Japan, Indonesia, Singapore, Korea and Malaysia.

As a sign of just how vibrant creative relations are between Australia and artists in the Asia-Pacific region, 80% of travel undertaken through the grants resulted in successful inter-cultural projects with confirmed performance seasons; at least nine will premiere at Asia TOPA in 2017.

41%

increase in schools
engaged through
Arts Learning
program



Our Priorities

AUDIENCE FOCUSED

A PLACE WHERE YOU ARE WELCOME

ARTS LEARNING

Designed to inspire, empower and support students and adults, our Arts Learning program provides pathways to long-lasting engagement and meaningful appreciation for the performing arts. In F2016 we engaged 41% more schools than in the previous financial year (403 in F2016, compared to 238 in F2015). Beyond our own venues, our Arts Learning team has delivered outreach programs in schools and communities across the state, from Warrnambool to Broadmeadows and Fitzroy to Rutherglen.

SCHOOL PROGRAMS

We celebrated the first full year of operation for our dedicated learning and participation space, The Channel. Since opening The Channel, and to cope with demand, we increased by 28% the number of arts learning events we offer; demand for practical, skills-based arts learning continues to rise. From digital music workshops to performance and production skills sessions, adults and students alike have had diverse opportunities to engage deeply with the practical and artistic outputs of the performing arts.

Performances continued to shine, as thousands of students attended the best of Australian and international performing arts shows. From *The Rabbits* (produced by Opera Australia and Barking Gecko Theatre Company and presented by Melbourne Festival with Arts Centre Melbourne) and CDP Theatre Producers' *The 52-Storey Treehouse* to Australian Theatre for Young People's *Sugarland* and Sydney Theatre Company's *The Secret River*, students experienced a range of work presented by us and our partners. Bookings for our student theatre and concert hall tours more than doubled in F2016, as new teachers brought groups of students to experience Arts Centre Melbourne.

PROFESSIONAL LEARNING AND ADVOCACY

Working with partners in music, comedy, dance and education, we have run professional development sessions and masterclasses for teachers, artists and emerging creative talent.

Teacher professional development: our Creative Curriculum program worked intensively with 20 teachers and schools from across Victoria to build teaching capacity and strengthen performing arts engagement in their local communities. This course provided support from teaching artists, suggested new methodologies and critically developed a new arts learning project with each school to provide opportunities to trial learnings from the course in a practical environment.

EMERGING CREATIVES LEARNING PROGRAMS

Just a few examples of the newer programs we have introduced to support creative skill development, in line with *Creative State* (Action Areas 4 – talent development and 17 – creative education), are:

Operator: this eight-part hands-on workshop for women with Australian singer/songwriter, producer and DJ, Jane Elizabeth Hanley (Kids at Midnight), focused on electronic music production. *Operator* gave 15 female musicians the chance to develop their skills in music production, meet other musicians,

develop a supportive and open environment to discuss song writing and work towards a concrete musical goal in their own development timeline.

New Slang: 60 attendees and 15 teenage committee members participated in each of two *New Slang* events, the first in this new series of live music events pitched at an all-ages audience, and devised and run by young people for other young people, specifically 14- to 18-year-olds. In partnership with Victorian non-profit youth music organisation The Push, *New Slang* has developed a supportive framework for yearly intakes of young people to learn about programming, marketing and presenting music in our spaces.

Composure: this popular series for music practitioners and creators looked at the use of music in other industries. Discussions covered the experience of creating music in games and comedy settings and provided a space for networking and informal peer learning.

LOL Squad: in partnership with the Melbourne International Comedy Festival, we debuted an intensive mentorship series for nine teenagers selected from the 2015 Class Clowns competition, who went on to star in their own sell-out *LOL Squad* showcase. Together with a range of professional mentors *LOL Squad* wrote, acted in, filmed and edited original comedy sketches.

COLLECTIONS AND EXHIBITIONS

Stage Presence Design Academy: this new pilot collaboration between our Collections and Arts Learning teams saw 16 students from Albert Park College take part in a project linked with our *Stage Presence: Design from the Australian Performing Arts Collection* exhibition (see page 39). The program brought students together with skilled professionals from across the performing arts industry, providing an opportunity to create and showcase their own artistic work in the areas of set, costume, lighting and sound design. It provided them with unique access to internationally significant collections as they designed their own exhibition in response to *Stage Presence*.

SMALL TO MEDIUM AND INDEPENDENT PRODUCER ENGAGEMENT AND SUPPORT

The Arts Learning team works with a range of independent artists and small to medium creative companies. In F2016 we worked directly with over 60 artists and partner organisations including:

- Musica Viva – professional learning programs for music education
- The Song Room – community outreach and accessible music
- Ableton Users Group – monthly meetings of 80 freelance music professionals, designed to enhance peer learning and digital music skills sharing
- The Push – partner on *New Slang* youth music event program
- Sensorium – for *Odyssey*, the 2016 Helpmann-nominated show
- Milke – performing arts producer
- Melbourne Fringe – artist development programs.

ARTS LEARNING FORUM

Several Programming team members presented and chaired sessions about inclusion, digital programming and capacity building at the inaugural Arts Learning Forum, hosted by the Australia Council for the Arts. Designed for organisations and independent arts educators to share and learn from one another, 350 delegates from around the world discussed challenges and opportunities in arts and education.

PARTICIPATION

Our Participation programs reflect Arts Centre Melbourne as a venue where our audiences experience high-quality and engaging art that respects and acknowledges their individuality.

Programs range in scale and genre but all aim to facilitate and encourage audiences to come together to: collectively participate in arts experiences; nurture creativity and imagination in everyone; foster active creation of culture; see the world through different eyes; and celebrate our diversity and commonality as human beings.

The programs support a range of artists and attract both existing and new audiences with a commitment to removing financial and artistic barriers of access to the performing arts in theatres and public spaces. This includes people from traditionally underrepresented communities at Arts Centre Melbourne and those with and without a disability. Positive relationships and an ongoing engagement with the arts can have powerful positive impacts on us as individuals and society as whole and we are proud of our contribution to the lives of many Victorians.

We are committed to supporting independent and emerging artists and small to medium companies in their creation of innovative and exciting works to ensure new and high-quality work is made and presented for our audiences.

Our programs are created through strong partnerships with Australian and international presenting partners, Resident Companies, festivals, local councils, donors, trusts and philanthropic funds, community, access and health organisations, service providers and cultural institutions. These partnerships strengthen our relationships with a diversity of artists and audiences.

FAMILIES

Our Families program offers opportunities for families and young people aged 12 and under to interact, connect and discover together through engaging arts experiences that nurture their creativity and stimulate their thinking. The program fosters individual and collective imagination, supporting families to become a cultural force in our community.

From the free events offered throughout the school holidays; to small intimate theatre experiences from some of the world's best companies for young audiences; to larger-scale populist 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.

Highlights in F2016 included *The Sleepover* by Arena Theatre Company, commissioned by Arts Centre Melbourne, a curated event that saw 55 children and their carers experience a different kind of night at the theatre which ended with sleeping the night on the Playhouse stage; *Rain* by Drop Bear Theatre and *Out of*

the Blue by Welsh company Theatr Iolo, both for babies and their carers; while *Boxy and Sticky* and *Grug and the Rainbow* were great hits with young children.

We also presented the world premiere of Frank Woodley's first work for families, *Noodlenut*, Circa's first work for families, *Carnival of the Animals*, and London's West End production of *The 3 Little Pigs*, amongst others.

The Families program also featured performances made specifically for both primary and secondary school students. These included CDP Theatre Producers' *The 52-Storey Treehouse*, *Erth's Dinosaur Zoo*, Jason Neulander's *The Intergalactic Nemesis* and Australian Theatre for Young People's critically acclaimed *Sugarland*.

Our free participatory events have become a celebrated cornerstone of the Families program. Year-round we commission participatory events, programmed in response to an in-theatre experience. These include a range of small and large-scale foyer activities and take-home projects that invite families to reflect on and respond to the performance they have just attended. In F2016 these included: *Dance Floor*, *Huff & Puff*, *Disguise-O-Matic 5000* and *Grug – Make Your Own Rainbow*.

Standalone interactive and immersive works included Polyglot Theatre's *Tangle* and *Paper Planet*, Jessica Wilson's *SILK*, Lenine Bourke's *The Walking Neighbourhood* and a variety of hands-on creative workshops.

YOUTH OUTREACH

Our youth outreach programs and projects engage many marginalised young people who are supported by a range of youth, health and community services. We provide opportunities for: art making and performance practice to build confidence and life skills; peer leadership and mentoring; and wider community engagement in our broader participatory program offer.

These outreach engagements also support culturally diverse artists who are often under-represented in the mainstream arts. Creative Victoria's *Creative State* (Action Area 20 – creative industries inclusion and diversity) makes recommendations to increase projects that include participation, access and cultural diversity; our youth outreach initiatives address these projects.

ONGOING PROGRAMS

Dig Deep youth music mentoring program: our flagship youth-led music mentoring program is a vibrant, inclusive space for aspiring rappers, singers, beat-makers, poets and musicians. Young people hone their skills, learning from professional mentors with experience in the music industry, as they write, record and produce their own tracks using industry standard equipment and facilities. The program engages up to 30 people aged 14 to 24 from all cultures and backgrounds each week during the school term, sets artistic goals to develop the participants in the program and provides opportunities for their creative and professional development.

Sisters on the Mic young women's music program: *Sisters on the Mic* is a bridging program for *Dig Deep* responding to the need for more gender balance in the *Dig Deep* youth program. This school holiday initiative provides an opportunity for young women aged 14 to 24 to be mentored by professional women in the music industry, creating a safe and accessible space for them to be involved in music and spoken word.

Tech Specs training program: the free eight-week *Tech Specs* training program provides underprivileged young people with the chance to learn technical skills in lighting and sound. Mentored by our trainers, the outcome of the program was the *Rap for Reconciliation* event, at which program participants had the opportunity to practice their new skills.

EVENTS

Rap for Reconciliation: this Reconciliation Week event in May 2016 was a *Dig Deep*, *Sisters on the Mic* and *Tech Specs* collaboration with emerging Indigenous artists. The event attracted more than 100 people to The Channel to watch emerging artists at the forefront of progressive and inclusive hip-hop.

Inner Beat: Projected: this collaborative public art project in July 2015 explored the construction of complex identities of young African emerging artists from Melbourne's west. In a piece presented on our St Kilda Road Forecourt, audiences were invited into the inner world of each artist, looking down on a life-size digital bed with images of each artist sleeping. The piece was accompanied by spoken word pieces written by each sleeper and a musical soundscape created by a group of young musicians and a professional producer. A second projection outside The Channel depicted images and voices of young African men who had survived the journey from Africa to Australia as young refugees.

The Walking Neighbourhood: children and young people took the lead and gave participants the opportunity to experience life through young eyes. Audiences were taken on unique guided tours of Melbourne's arts precinct carefully curated for participants to learn about, reflect on, create or explore something or somewhere new. Audiences delighted in storytelling and discovery as they were introduced to some of our city's more curious, intriguing and interesting facets.

PRESENTATIONS AND OUTREACH ASSOCIATED WITH PRODUCTIONS

Performances for youth audiences included:

Stunt Lounge: by Flying Fruit Fly Circus, a new graduate program supporting the next generation of circus directors and artists.

Grand DiVisions: by Outer Urban Projects in collaboration with Black Grace Dance Company (NZ) and Melbourne Festival, exploring stories and identities of culturally diverse young people in Melbourne's outer urban communities.

Adventures in the Skin Trade: by Theatr Iolo (Wales), Dylan Thomas's last, unfinished work adapted for the stage as part of the Dylan Thomas Centenary in Wales in 2014.

Sugarland: by Australian Theatre for Young People, a work made with young Indigenous people from Katherine, NT. Outreach workshops as part of *Sugarland* were delivered with schools to increase young people's engagement in the performing arts and offer them opportunities to collaborate with professional artists from diverse backgrounds.



Performance by Indigenous artists Adrian the Eagle (left) and Philly during *Rap for Reconciliation 2016*. Photo by Nicola Dracoulis.

28%
increase in arts
learning events
in The Channel



Dominoes passed through Melbourne's city streets in February 2016.

*"I felt proud to live
in Melbourne."*

**Audience member on
the *Dominoes* project**

PARTICIPATION AND COMMUNITY

VICHEALTH ACTIVE ARTS PROGRAM

In partnership with Circus Oz and The Australian Ballet and with funding from VicHealth, we delivered free music workshops in five outer-metro and regional locations. These workshops grew from previous work undertaken in our Participation programs to use music as a pathway for engaging with communities and participants.

Working with the local councils of Brimbank, Golden Plains, Latrobe, Melton and Manningham, we delivered more than 20 workshops by local artists Born in a Taxi, All Day Fritz, Nicky Bomba, Valanga Khoza and the *Dig Deep* youth program. From January to April 2016, more than 2,000 local participants took part in this series of free workshops. This partnership aims to continue into 2017 with the organisations collaborating on arts-based projects and workshops that increase access to opportunities for physical activity, mental wellbeing and social connection for communities across Victoria.

BETTY AMSDEN PARTICIPATION PROJECT

DOMINOES

One day. One line of dominoes. A celebration across the city.

Dominoes was the third of four large-scale public participation projects planned as part of our Betty Amsden Participation Program, celebrating creativity and art for all. Following the highly successful *Play Me, I'm Yours* and *Home*, *Dominoes* brought together hundreds of volunteers and tens of thousands of onlookers for a celebratory event that transformed Melbourne for a day and helped build connections across our city's diverse communities.

Conceived and directed by UK company Station House Opera to link the five "host boroughs" for the London Olympics Arts Festival, *Dominoes* has since been presented in a dozen cities; Arts Centre Melbourne's presentation of the artwork was its first outside of Europe.

On 6 February 2016, Melbourne experienced the thrill of *Dominoes*: thousands of breezeblock "dominoes" falling one by one in a moving sculpture through the city. Starting at Melbourne Town Hall and culminating spectacularly at Arts Centre Melbourne, the two-kilometre domino line snaked its way along streets and through buildings in an unforgettable celebration for all who live in, work in or visit our city.

Community engagement and volunteerism were key to the success of the project. On the day, 216 volunteers took ownership of a number of sections of the city route and worked together to ensure the tumbling dominoes continued their journey. We also worked with a variety of location partners including City of Melbourne, St Paul's Cathedral, Flinders Street Station, Southgate, City Library and traders across the city to realise the project.

In the week before the domino fall the project extended into suburban Melbourne, where the actual event would not otherwise reach, and engaged with communities and businesses in the councils of Maribyrnong, Stonnington, Bayside and Yarra, along with the Port of Melbourne Corporation. Smaller domino lines were built through homes, shops, community centres and gathering places to bring the project to life for many other Melburnians. Their falls formed part of the *Dominoes* film that highlighted the city's cultural and community diversity. This video is available on our YouTube Channel.

Consultant BYP Group conducted an independent evaluation that revealed that *Dominoes* was a highly inclusive and creative community engagement project. Surveys of volunteers and the general public found:

- 98% of volunteers and 74% of general public respondents agreed they interacted with people they might not otherwise have met
- 96% of general public respondents said it made the city feel more creative and vibrant
- 95% of respondents agreed *Dominoes* made the arts feel more open to everyone
- Nine in 10 of general public respondents surveyed had a more positive view of Arts Centre Melbourne as a result of the project.

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

ACCESS AND COMMUNITY ENGAGEMENT

ACCESS FOR ALL

We have significantly strengthened our focus on community engagement and access in F2016, with a clear commitment to making the arts accessible and welcoming for everybody – from all backgrounds and with and without disability. Key to our strategy to deliver on this was the creation of a dedicated management role in access and community engagement that will continue to build our capacity to be inclusive and reach audiences that rarely, if ever, enter our doors, despite our best intentions.

REMOVING BARRIERS TO PARTICIPATION

People with a disability have lower rates of participation as audience, artists and employees than in the general community (about 60% of the general community's participation rate). We are no exception. We have embarked on a journey that is shifting the "access" conversation from one about wheelchair ramps and access services, to one about participation, innovation and leadership.

Programming through a lens of accessibility is becoming a game changer for us and our accessible music programs, access-friendly performances and relaxed performances are an integral part of this shift – giving parents and families confidence to expose their children to mainstream performances and programs: something they would not have considered before.

INCLUSIVE PROGRAMMING

Building on our Accessible Music and Families programming, we now routinely program: "Auslan-interpreted" shows for audiences who are deaf and use Auslan as their first language; "highly visual" shows with little or no spoken word, suitable for people who are deaf, hard of hearing or speak a language other than English; and "access-friendly" and "relaxed" performances. These performances are well-received by audiences and are a work highlight for many of our Visitor Experience staff.

Inviting our Resident Companies and industry partners to join our access journey has been part of our collaborations during the last year. Keen to innovate and reflect international trends in access, we once again partnered with Victorian Opera to present a relaxed performance of *Alice's Adventures in Operaland*.

Shows like *Alice's Adventures in Operaland* and *Odyssey*, a work made specifically for young people with a disability and their families, broaden the audiences we connect with, create new entry points for children and families to experience theatre and build relationships with new partners. This is a very exciting development.

ACCESSIBLE MUSIC PROGRAMS

We have leading music-based programs that are accessible and we work closely with schools, families and disability service organisations with one-off and term-based programs. *Siblings in Sync* and *Sound Beginnings* are delivered in small groups at The Channel. These two music therapy programs are planned and delivered by music therapists who tailor sessions for the specific needs of the children attending. They are uniquely based in

Victoria's major performing arts centre rather than a hospital setting so families who typically experience exclusion because of their child's disability can connect with each other in an environment that is also a supportive, vibrant and inclusive setting where their children can be themselves. Our programs attract families from all over Melbourne and some travel up to 60 kilometres to participate in a 30-minute program.

PILOTING NEW CREATIVE ACCESSIBLE INITIATIVES, SOMETIMES IN PARTNERSHIP WITH OTHERS

AMP It Up!: we celebrated International Day of People with Disability with a dynamic performance event for young musicians. Student solo singers, choirs, rock bands and dance troupes from Melbourne specialist schools performed to a capacity crowd of musicians and peers on stage at The Channel. Feedback was extremely positive, with schools observing the difference that participating in such events makes on the students' lives more broadly, including increased self-esteem and confidence.

Leading Victoria in accessible performances: over three years we have developed fabulous internal expertise that we share with our industry colleagues, such as through a three-year partnership with Victorian Opera to develop relaxed performances, and we share the learnings with the arts sector more broadly.

Relaxed performances welcome children with disability, sensory and learning challenges to the theatre. The production is adjusted to be relaxed, with lowered lighting and sounds at certain points in the show. Theatre doors remain open, a quiet area is available and a social story can be downloaded before you visit. The atmosphere is non-judgemental and noisy enthusiasm is embraced so young audience members are able to be themselves with friends, family and carers. Our evaluations tell us we are reaching an audience who would otherwise not go to theatre. More importantly, the inclusive programming is giving parents confidence for the first time to expose their children to mainstream performances and programs.

INDUSTRY ENGAGEMENT

We have deepened our relationships with the disability services sector and communities of disadvantage through the groups, schools and organisations with whom we partner.

Increasingly our industry engagement is broadening to reflect the diverse groups we connect with through our Participation, Access and Community programs. Our goals of increased participation and social inclusion align with those of social policy areas of disability, health, education and inclusion and this year we have strengthened our relationships within these sectors, such as with VicHealth and Arts Access Victoria.

In partnership with Arts Access Victoria we held an Arts Industry Forum in September 2015 to explore the notion "What does it look like when we present theatre in a universally inclusive way?" using *Odyssey* as the launch for a conversation about theatre-making for people with complex disability and high-support needs. Industry peers, performing arts peak bodies, disability service organisations, independent theatre makers, educators and parents attended.

A STRATEGIC VOICE IN PLANNING FOR INCLUSION

1. City of Melbourne – Active Melbourne strategy

City of Melbourne is developing an *Active Melbourne* strategy for 2016–21 that will act as a blueprint for how the city will improve the health and wellbeing of its community. As a stakeholder, we contributed to the consultations and made a submission with regard to aspects of diversity, youth issues and access.

2. City of Melbourne – Kings Domain review

As a key stakeholder, the Disability Action Group participated in the access consultation, contributing to the City of Melbourne Disability Access Group's submission to the Kings Domain master plan. There are many areas in which Arts Centre Melbourne has an interest (direct and indirect): as the Trust managing the Sidney Myer Music Bowl as well as from an inclusion and universal access perspective.

SOCIAL IMPACT OF OUR WORK – POLICY OUTCOMES

The arts are transformational and we are involved in policy setting, including in disability, education, social inclusion, health and wellbeing. We recognise the role the arts can play in a range of settings. Our partnership with VicHealth and the role of the arts in meeting the VicHealth Mental Wellbeing Strategy (such as the role our programs play in building resilience and self-esteem in young people) and the role our Participation and Access programs play in realising the goals of, for example, the Victorian State Disability Plan and the National Arts and Disability Strategy.

NATIONAL DISABILITY INSURANCE SCHEME

We presented at the National Disability Services Victorian conference on "Shaping the future: preparing for change". We were invited to join a panel that looked at what steps organisations are taking to be more inclusive of people with disability, reflecting on the factors driving this change. We presented plans for more accessible practice and what greater inclusion would look like for their organisations.

ISPA AND TENDERNESS AND RISK EXHIBITION

The ISPA Congress in Melbourne in June 2016 was a great example of how at Arts Centre Melbourne we "walk our talk". That is, we bring our values to life through our everyday actions. To fulfil our desire to make the Congress universally inclusive we ensured accessibility was embedded in our planning, communications, content and program. The Congress played an important part in reframing the discussion about access from one about ramps to one of leadership.

As part of ISPA we curated *Tenderness and Risk*, an exhibition by established Melbourne artist Paul Dunn that creatively exposed delegates and other venue visitors to notions of disability, creativity and inclusion in the context of performance. The exhibition was a powerful way to connect people with the art first and foremost, and the contribution disability makes to the arts.

For 20 years, Dunn has documented Melbourne theatre companies whose work is informed by the lived experience of disability: its narrative, the artists and theatre makers.

The companies whose work was the subject of this exhibition present some of the most provocative theatre in Victoria, exploring the world through a lens of otherness, inclusion and universality, and in doing so "embolden us to engage and connect in new ways that are

affirming of the unique capabilities that people with disability bring to the world of theatre” (Paul Dunn). Just some of the companies and shows included Rawcus, Fog Theatre, RAG Theatre and Weave Movement Theatre.

RELAX WITH CIRCUS OZ

We supported our partner Circus Oz to plan and stage its first relaxed circus performance in June 2016 – an Australian first that sold out four weeks before the show. Rehearsals and focus groups provided invaluable suggestions and understanding about how to modify the performance and experience including seating capacity, front-of-house activities, site access, quiet zones for taking breaks and resources sent to attending schools ahead of the event.

ARTSCONNECT9

The arts foster learning in myriad ways for students and their teachers, carers and families. Over time this can generate change in the lives of students and the communities in which they live.

ArtsConnect9 is a Victorian Government initiative dedicated to providing access for year nine regional students to the wealth of arts and cultural experiences on offer in Melbourne. We coordinate the program, curating an extraordinary range of performance and workshop programs, street art and backstage tours, and half-day and full-day experiences.

In F2016, 83 different schools engaged with ArtsConnect9 and 3,164 students from rural Victoria visited Melbourne to participate in 220 different curated arts events by the city’s cultural institutions and arts organisations.

FIRST CALL FUND

The arts can empower, challenge and inspire us. They can also broaden our experience, empathy and understanding of the world. We believe everyone has the right to experience the wonder of the arts and Arts Centre Melbourne.

For many, there are barriers that make it difficult to participate in the arts, for example economic disadvantage, life circumstances such as homelessness, disability, and perceptions about the arts and Arts Centre Melbourne and who can participate.

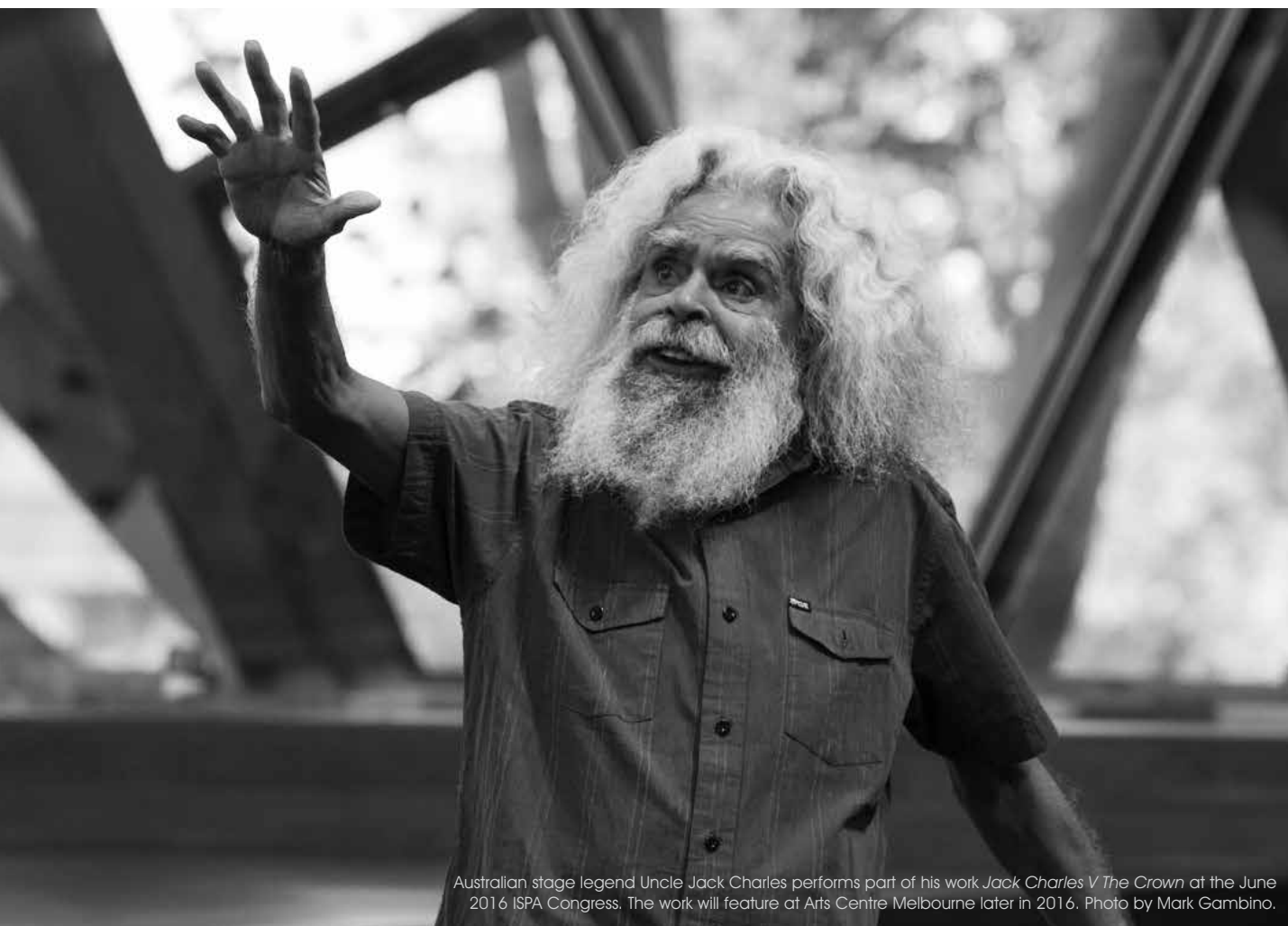
The First Call Fund was created in 2008 to help alleviate these barriers. Through the Fund, partnerships are fostered with schools and community groups that support individuals and families who do not normally have the capacity to connect with us, so they can experience the huge variety of live performances, workshops and other participatory events on offer at Arts Centre Melbourne.

Since then, the Fund has continued to grow through the generosity of many Victorians, who share our belief that everyone deserves the opportunity to engage with the arts in a meaningful way. Citing outcomes across educational, cultural and inclusion dimensions, evaluation points to the significant change being ignited in students and their communities.

In F2016, 25,291 students and community partners have experienced the power of performance, and participated in workshops and creative events that have connected them with us – many for the first time. This was an increase of 32% on F2015, which can be attributed to a more targeted approach to school engagement; working actively with schools from areas of greater disadvantage; and an increase in First Call Fund donations to support an expanded program offering.



3,164
students from rural Victoria
visited Melbourne through
the ArtsConnect9 program



Australian stage legend Uncle Jack Charles performs part of his work *Jack Charles V The Crown* at the June 2016 ISPA Congress. The work will feature at Arts Centre Melbourne later in 2016. Photo by Mark Gambino.

TIXATSIX

We truly believe the arts is for everyone and we exist to bring people together to share in remarkable cultural experiences. So, in May 2016, we introduced tixatsix, where visitors can turn up at the Box Office at 6.00 pm each night for the chance to see leading performers on our stages for the cost of a premium movie ticket.

tixatsix was developed to increase the accessibility of performances at Arts Centre Melbourne by providing a minimum of 20 tickets per night available for just \$30 each. tixatsix allows for new and existing audiences to engage with all of our offerings by removing pricing barriers. Since its launch, tixatsix had welcomed 723 audience members to our venues. Of these audiences, 34% had never transacted with us previously and 28% were lapsed audience members who returned as a result of the new initiative. All ticket purchasers are added to our customer database and receive follow-up communications to strengthen their relationship with us and encourage them to return to future performances.

DIVERSITY

Community is at the heart of what we do and we firmly believe that Arts Centre Melbourne is a place for everyone, which is reflected in our broad range of ticket prices, free events, and access to daytime programming, digital projects and online experiences.

We set about engaging the broadest of audiences through our communication channels and via extensive culturally diverse programming on our stages, online and in our spaces. Doing this provides our visitors with unique opportunities to enrich their perspective on and connection to other cultures and societies from across the world, while sharing what is unique about the Australian identity.

Throughout this report, we have demonstrated not only a commitment to engaging Culturally and Linguistically Diverse (CALD) audiences, but also our success in delivering public and education programming for this market and empowering people through community access and partnership projects.

While many of our programs and projects connect with CALD communities but are not necessarily created for this specific audience, our endeavour is to introduce clearer capture and reporting of data in 2016 and beyond to be able to measure our commitments and outcomes more robustly.

Across the F2016 reporting period, we actively increased our focus on CALD audience engagement through participation and community outreach programs and new programming such as Supersense. In addition, Asia TOPA (refer page 25) will reflect the rich and diverse Asian culture of Melbourne and actively target the broader young Asian-Pacific diaspora throughout Victoria. It will be supported by interpreters and translators and will access non-English speaking media channels in order to reach CALD audiences.

Underpinning our commitment to CALD audiences is our support for the Victorian Government's Cultural Diversity Planning Guiding Principles of:

- value diversity
- reduce inequality
- improve access
- encourage participation
- promote the social and economic benefits of cultural diversity to all Victorians.

MORE ABOUT US

YOU'RE WELCOME

First impressions count and we believe they are paramount to the visitor experience.

Our passionate and dedicated Ticketing and Visitor Experience team has this front of mind when providing excellent customer service to everyone who walks in the front door, picks up the phone or drops us an email.

Consistent with our internal workplace culture, the team is committed to ensuring visitors receive a warm welcome on arrival and that they leave us having had a fantastic and rewarding cultural experience. We take pride in rolling out the red carpet to visitors and earning the encore.

More than 2.8 million people visited our venues in F2016 and 97%¹ of visitors reported being satisfied with the experience of visiting Arts Centre Melbourne. According to research, 95%² felt that events either met or exceeded their expectations.

¹ See Budget Paper 3 Output Reporting, page 106.

² Based on research conducted by EY Sweeney, June 2016.

OUR AUDIENCES

Our audiences are a reflection of contemporary multicultural society, and much like Melbourne is a celebration of diversity, so too is our program – matched only by the incredibly diverse audiences that it attracts.

Whether contemporary or classical music, drama and dance, programs specifically designed for schools, or shows for children and families – our program allows us to connect with myriad audience demographics simultaneously. This enables us to reach into existing market segments where programming drives attendance, and tap into new markets where audience drives the program.

With an ever-growing customer database, we continue to capture insightful information about our ticket buyers and visitors. Our sophisticated CRM tool, Tessitura, can determine customer analytics such as their geographical location, the channels through which people purchase tickets, when they purchase, the price they pay and where they choose to sit.

In F2016, 45% of total ticket buyers were new to our database, indicating the high level of engagement we have with new audiences. This finding was particularly evident in the Arts Centre Melbourne Presents production of Asha Bhosle, with a record 72% of customers first-time buyers. With the addition of these new customers, our database increased by 10%.

Significant growth has been recorded in certain sub-areas of our database, notably a 15% increase in our Morning Melodies subscribers from our 2015 to 2016 seasons.

While Arts Centre Melbourne is the home to many Victorian performing arts enthusiasts, F2016 saw over 10,000 visitors from interstate.

AUDIENCE ENGAGEMENT

Over the past year we focused on increasing our dialogue with our audience base. As part of this, we introduced pre-performance emails, providing a higher standard of customer service to ticket buyers by informing them of other Arts Centre Melbourne facilities, offers and insider show information, but also opening additional channels for customer communication and feedback.

Wanting to know more about our ticket buyers, we have more extensively segmented our audiences using in-house and external survey functionality. At point of sale online, our website now offers ticket buyers the opportunity to take the Morris Hargraves McIntyre Culture Segment Survey. Through responses to three brief questions, we have been able to tag 18,000 constituents across the database, allowing us to determine culture type of our audience; that is, greater insight into ticket purchasing behaviour and why they choose to attend particular events. This information helps us to better understand and engage with audiences, and offer targeted and relevant communications.

OUR BRAND

Taking our internal workplace culture statement *The Role You Play* as a launching point, our Marketing team began an important project in 2016 to review our brand positioning.

We began working with branding agency, Brands to Life, to develop a positioning for Arts Centre Melbourne that will engage with our many audiences: from our own team and presenting partners through to philanthropic donors, corporate sponsors, government and the wonderfully varied potential audience members.

We recognised the need to strike a balance between being a venue for hire and a strong, well-articulated brand in its own right. To communicate this we have developed a set of brand values, personality, proposition and brand story.

While still in its early stages at the end of F2016, this work will, over the next year, arm the whole organisation with the right tools to better understand our audiences and bring our brand to the forefront of our audience's minds. This will then foster future organisational strength and growth.

ONLINE AND DIGITAL

Our website continued to perform well, receiving over three million visits – a growth of around 22% on the prior year. Mobile device traffic comprised 43% of total traffic, up from 38% in F2015. Revenue from purchases made on mobile devices increased by 51% and we saw a 38% increase in mobile device sessions. This notable trend toward mobile device use is informing our approach to website functionality and features as part of our website redevelopment project.

Over 270,000 tickets were purchased online in over 110,000 transactions, leading to an increase in online sales revenue of 15%. Younger audiences increased their online interactions, with the average website visitor now a female aged 25 to 34 years.

During F2016, two new website projects commenced. The first focused on the development of a microsite to promote and sell tickets on behalf of the Asia TOPA Consortium; whilst the second focused on a redevelopment of our main site in line with the new brand positioning from Brands to Life.

ARTS CENTRE MELBOURNE WEBSITE

After a successful procurement process in late 2015, we appointed Melbourne agency Bravo as design and development partner for our website redevelopment. Bravo brings a wealth of industry and e-commerce experience to the project, most notably in its previous digital work with Melbourne Festival and online ticketing platform Roller.

The website will be completed in F2017 and will fulfil the following objectives:

- Enhance our online transaction path, ensuring that customers, members and donors can locate information and complete transactions with ease.
- Help our audiences understand who we are and what we do.
- Provide an outstanding online service for our presenters and Resident Companies, setting a new standard for our sector.
- Bring Arts Centre Melbourne up to date with government-mandated Web Content Accessibility Guidelines.

ASIA TOPA WEBSITE

In March 2016 we committed to develop a joint ticketing solution to assist all members, partners and venues in Asia TOPA. The website is being developed using Arts Centre Melbourne resources and will profile more than 20 events and allow ticket purchases to all shows. Two new pricing features are being developed specifically for the microsite to enhance the online experience for site visitors. The Asia TOPA site will launch in September 2016 to coincide with tickets going on sale.

SOCIAL MEDIA ENGAGEMENT

Recognising the vital role social media plays in engaging our audiences, we have continued to focus on a comprehensive social media strategy in F2016 that is yielding impressive results.

Across the year, we experienced growth across all social media platforms. Most notably, we surpassed 200,000 fans on Facebook and 20,000 fans on Instagram, which remains our fastest-growing platform. This took our fan total across Facebook, Twitter, Instagram and YouTube to 279,632 fans.

We are also investing more into social activity – both on brand advertising and campaigns – and are seeing an increase of investment from both Resident Companies and other presenters in the digital space. This investment has resulted in 836 campaigns, reaching 4,516,925 people and 588,942 clicks.

Our social media coverage of *Dominoes* – which followed a team of volunteers on the journey of a falling domino line through Melbourne's CBD in February 2016, from building the line to the fall itself – was captured through live streaming platform Periscope, as well as on Twitter, Instagram and Facebook. On the day of *Dominoes* the hashtag #dominoesmelb was trending nationwide on Twitter.

Our social media mentions and engagement also peaked around the *Prince Piano and A Microphone* concert, *White Night* and where we were able to contribute and participate in important public conversations as the community responded to major events such as the deaths of Prince, David Bowie and Alan Rickman, Paris terrorist attacks and Orlando nightclub shooting.

Our first Facebook Live broadcast was used in the social media-focused launch strategy for our fixatix ticketing access initiative, recording over 13,000 views.

In F2016 we also launched a closed Facebook group for staff, which has been joined by over 300 team members and provides a dynamic platform for people across the business to better engage with each other – to share news, information and achievements.

FOOD AND BEVERAGE

We are committed to providing visitors with an outstanding, multi-layered food and beverage experience as an integral part of any visit to Arts Centre Melbourne – complementing a show or as a stand-alone event.

From a starting point of "food is art", we set about providing our visitors with rich experiences by developing the connection between our food, beverage and performing arts offerings. Whether it is before, during or after a show, the ultimate food and beverage experience is one that speaks to our entire audience.



Our new dining venue, The Barre, tips its hat to our building's architectural past. Photo by Peter Tarasiuk.

In F2016, our food and beverage offering focused on complementing the theatrical experience and enhancing the end-to-end visitor experience.

The renovation and reopening of the former Curve Bar in the Theatres Building, under the new name The Barre, was one of our highlights, creating a go-to destination for high-quality food and beverage service.

Designed by Clare Cousins Architects, The Barre takes much of its inspiration from its performing arts surrounds and, tipping its cap to our commitment to custodianship, treasuring the past while creating new stories.

With The Barre, we wanted to create plush booth seating as one of the distinctive spaces and the driving force behind the internal finishes was the iconic Truscott materials of the Theatres Building – velvet, saturated colour-on-colour. Rich yellow-gold, velvet upholstery, upholstered walls and gold ceilings over the booths are matched by timber floorboards that were repurposed from the former Hamer Hall stage and turned into parquetry to use throughout the main bar space.

We collaborated on several menu offerings aimed at creating a unique and memorable experience for patrons. In partnership with Victorian Opera and as part of the Melbourne Food and Wine Festival, we consulted with Steve Vizard and celebrated French

chef Philippe Mouchel (Déjà Vue, PM24) to create an elaborate degustation that was served on stage to the cast during the production of *Banquet of Secrets*. Following the performance, audiences were also able to enjoy their very own five-course “Banquet of Secrets” at The Barre.

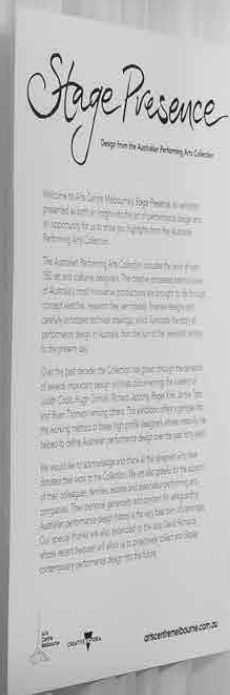
Whimsically themed offerings were also designed for events such as for the MSO's *Indiana Jones and the Raiders of the Lost Ark in Concert* and *The Godfather in Concert*, and the Victorian Opera's production of *Sweeney Todd*.

EVENTS AND FUNCTIONS

Our Meetings, Celebrations and Events team manages the delivery of hundreds of private hire events and functions in multiple spaces across our buildings every year. From meetings and conferences to launches, opening nights and stakeholder events, Arts Centre Melbourne provides a unique and spectacular backdrop. The team provides specialised services to assist with internal stakeholder functions and events and a multitude of external corporate client events. We manage a range of diverse and flexible spaces for hire with in-house audiovisual, technical and creative teams that can transform an event from ordinary to extraordinary. From meeting rooms to stunning corporate dinners on our stages with magnificent theatres as the backdrop – events at Arts Centre Melbourne stand out from the crowd.

"A delightful exhibition highlighting the wonderful talent of set and costume designers who bring the theatre to life for so many to enjoy – gorgeous!! Not often to see such intricate costumes, drawing etc. in such a delightful display and I truly loved it. Thank you."

Member of the public on Stage Presence exhibition



Our Priorities

CUSTODIANSHIP

TREASURING THE PAST, CREATING NEW STORIES

COLLECTIONS

EXHIBITIONS

In F2016, we presented an exciting exhibition program showcasing the Performing Arts Collection and public sculptures, and celebrated our collaborative partnerships with Melbourne International Comedy Festival, Manly Art Gallery and Museum, Music Victoria, Opera Australia and Bell Shakespeare, to name a few.

The Gallery 1 exhibition *Stage Presence: Design from the Australian Performing Arts Collection*, showcased designs from the Performing Arts Collection and explored the vitality and contribution of Australia's renowned stage and costume designers including Roger Kirk, Brian Thomson, Hugh Colman, Judith Cobb and Jennie Tate.

The St Kilda Road Foyer was rejuvenated with *Sculpture Show: Public Art in the Arts Precinct*, an exhibition highlighting the Trust's significant sculpture collection located throughout the interiors and external spaces. It became a fitting tribute to the late Inge King, whose work *Forward Surge* is loved and enjoyed by the community.

Manly Art Gallery and Museum's *Making of Midnight Oil* exhibition provided an exciting opportunity for community outreach, while celebrating the rich history of this iconic Australian rock band. A successful public program included a book signing with founder and lead singer Peter Garrett, a vinyl swap meet, panel discussion and the popular the "Art of Song Writing" education program developed with The Channel.

Our program of outreach extends with the *Theatres of War: Wartime Entertainment and the Australian Experience* exhibition currently on national tour, returning from Queensland Performing Arts Centre and travelling to the Glasshouse, Port Macquarie in F2017. The national tour was generously funded by the ANZAC Centenary Local Grants Program.

We also collaborated on a milestone with Melbourne International Comedy Festival to present *HUMOUR US: 30 Years of the Melbourne International Comedy Festival* in April 2016.

Towards the end of the financial year we announced a major new exhibition celebrating the many magical moments in costume and design from Kylie Minogue's hugely successful concert tours.

Drawn from Kylie's spectacular wardrobe held in our Performing Arts Collection, *Kylie On Stage* will feature costumes from tours dating back to 1989 through to *Aphrodite: Les Folies* in 2011. Featured designers within the world-first exhibition include Dolce & Gabbana, John Galliano, Julien Macdonald, Karl Lagerfeld and Jean Paul Gaultier, as well as local designers including Peter Morrissey and Mark Burnett. *Kylie On Stage* will also feature a selection of designs, working drawings, photographs and footage that explore the creative process behind each costume and provide rare glimpses into the world backstage. The exhibition will open in September 2016.

COLLECTION HIGHLIGHTS

The Australian Performing Arts Collection continues to grow and remains Australia's largest collection of performing arts ephemera and materials. Notable acquisitions in F2016 included set designs by theatre, opera and film designer Brian Thomson and material relating to the development of comedy in Melbourne from the "father of comedy" and owner of The Last Laugh Theatre Restaurant, John Pinder. Another major acquisition was 19th century Australian actress Essie Jenyns's collection of photographs, play scripts and a silver laurel wreath.

The public Art Collection has been enriched by the superb *Night Music* paintings by Kevin Lincoln, which complement an existing collection of the artist's work. Janine Tanzer is a deserving recipient of the Arts Centre Melbourne Silver Acquisitive Award for her work *Dragon's Gate*. This work is acquired thanks to the ongoing benevolence of the Maxwell and Merle Carroll Bequest.

With our vision to represent all facets of the performing arts in Australia we also have relationships with smaller independent companies. This year we received the second instalment of the Not Yet It's Difficult company archive, capturing the pioneering and interdisciplinary approach to contemporary performance.

Ongoing deposit relationships with Resident Companies are prospering too with The Australian Ballet collection continuing to grow as we received a large photographic archive, costume designs, posters and early newspaper clippings. A collection of stage weapons were donated by actor and former Bell Shakespeare director John Bell AO OBE.

Through assistance from our Sector Development Fund, we were able to further support Bell Shakespeare in the cataloguing and digitisation of photographic material from its collection for the development of a digital and online publication. This project will allow the company to engage with its own history and enrich our own audiences and the broader public.

DONORS TO OUR COLLECTIONS IN F2016

The Australian Ballet
Estate of Betty Stewart Hollis
Cathy Koning
Frank Van Straten
Greenagh Dalton
Kerry Walker
Jean Steward
Rachel U'Ren
Rodney Rigby
Betty Amsden AO
Hugh Hartshorne
His Majesty's Theatre (Perth)
National Film and Sound
Archive
Dalmazio Babare
Fred Braid MBE
Lorna Osborne
Nola Jones
Kathleen Duncan

Margaret Morrin
Roslyn Connor
Gwyn Gillard
Melbourne International
Comedy Festival
Neill Gladwin
Louise Fulton
Opera Australia
Brian Thomson
John Bell
Estate of Nigel Wood
Jan Gordon-Clark
Katie Little
Katie Pinder
Dasha Ross
Jean Conochie
Max Gillies
David Pledger
Kevin Lincoln



The Making of Midnight Oil exhibition, held from November 2015 – February 2016.

COLLECTION LOANS

Claude the Crow and Green Finger the Garden Gnome made a cameo appearance in the Seven Network's miniseries "Molly", based on the life of Ian "Molly" Meldrum AM. The two puppets, part of the Performing Arts Collection, were lent to the original donor and creator Richard Bence to support his recreation of some TV sets used in the miniseries.

The Eye's Mind, by Kevin Lincoln, was recently loaned from the Art Collection to the Art Gallery of Ballarat for a Kevin Lincoln survey exhibition.

COLLECTIONS VALUATION

Arts Centre Melbourne is required under Government Financial Reporting Directions to reassess the value of its State Collection every five years. During the year a revaluation of the Art and Performing Arts Collections was carried out, with a combined closing value of \$61.3 million.

The total value of the Performing Arts Collection is \$24.1 million and in the Art Collection, 767 works of art were valued at a total of \$37.1 million.

RESEARCH CENTRE

Apart from being a rich archive, the Performing Arts Collection is also a significant research resource. More than 200 research inquiries were managed in F2016, including requests to assist with published biographies of Hector Crawford and Con Colleano, television program *Who Do You Think You Are?* and a documentary about Molly Meldrum. The Research Centre continued to facilitate industry access to the collection for organisations such as Opera Australia, Arena Theatre Company, National Gallery of Victoria (NGV) and The Australian Ballet.

Current research projects include a Playbox Theatre retrospective showcase by the Australian Script Centre and images for television documentary *Stop Laughing This is Serious* (part 2). There is also provision of research and in-kind support for an Australian Research Council (ARC) project (Monash and RMIT universities) on popular music and cultural economy in Melbourne and an ARC project for Linkage Infrastructure, Equipment and Facilities proposal for AusStage visualising Australian live performance venues.

PUBLICATIONS AND LECTURES TO THE PUBLIC

Our Curator of Theatre, Margaret Marshall, presented on the exhibition *Theatres of War: Wartime Entertainment and the Australian Experience* at the annual conference of the Performing Arts Heritage Network, Museums Australia in Brisbane in October 2015.

Curator of Music Carolyn Laffan participated in the panel discussion at Face the Music, the 2015 Music Industry Conference held at Arts Centre Melbourne in November 2015.

COLLECTIONS STORAGE PROJECT

In 2011, Creative Victoria funded the state-funded collecting agencies Australian Centre for the Moving Image (ACMI), NGV, Museum Victoria and Arts Centre Melbourne to address issues arising from a lack of storage space for collections and archive materials (*Creative State Action Area 9 – collections storage*). As part of this, Arts Centre Melbourne was allocated a total of \$800,000 over four years. The Collections Storage Improvement Project is now complete, with over 750 objects moved offsite to the Public Record Office Victoria, 900 objects re-housed and 1,130 images added to the EMu collections management system, enhancing objects records and improving the capacity to identify and access the collection. This has greatly reduced overcrowding, leading to better immediate and long-term preservation and access.

PREPARING FOR THE FUTURE

The iconic Arts Centre Melbourne is nationally and internationally recognised as Australia's premier venue for performing arts. Located at the heart of Melbourne's cultural and creative precinct, it holds a rich history of treasured experiences and as it enters its fourth decade, it today offers the promise of a bright and vibrant future for generations to come.

We are now preparing for a new era of audience, presenter and producer expectations, and a rapidly evolving city landscape. This process commenced with Stage 1 of a master plan development, which included refurbishment of Hamer Hall, completed in 2012. Arts Centre Melbourne sits at the heart of what could be referred to as a creative economy arc, which also encompasses landmark facilities including the NGV, Flinders Street Station, Federation Square, ACMI, Birrarung Marr, Melbourne Cricket Ground and Melbourne & Olympic Parks. Continuing to develop the city's creative precinct as the hub for all Victorians to make social bonds through shared cultural experiences will be critical to ensuring Melbourne retains its position as Australia's arts and culture capital. Arts Centre Melbourne is at the centre of this important precinct, which will be a major contributor to Victoria's future as a driver of the creative economy.

SMALL TO MEDIUM AND INDEPENDENT SECTOR SUPPORT

Arts Centre Melbourne is committed to presenting work by independent artists and small to medium companies in the year-round Arts Centre Melbourne Presents program. We have supported the development and creation of new work and its subsequent presentation, particularly for Families and Participation programs in recent years. This support contributes to ensuring high-quality and challenging new Australian work is made and presented. Recognising these vital contributions, we increased our levels of support in F2016, in part responding to changes in sector funding at the national level.

In F2016 our Participation team supported the small to medium sector through the commissioning and presentation of Arena Theatre Company's *The Sleepover* and creative development for its new major work *Trapper*, which we will present in 2017. We have also contributed to the creative development of Polyglot Theatre's *Cerita Anak* with its world premiere presentation planned at Arts Centre Melbourne in 2017 as part of Asia TOPA.

Continuing to nurture the independent sector remains a high priority to ensure new, innovative and high-quality works continue to be created. Support in F2016 included creative development contribution towards works such as *For Heaven's Sake* by Born in a Taxi; *King Rabbit* by Neil Thomas and David Wells; Simon Bedford and Roslyn Oades's *In a Deep Dark Forest*; Dead Puppet Society's *Laser Beak Man*; Nat Cursio's *The Children's Dance Exchange Project*; Nicci Wilks's *Kit 'n' Kaboodle* and the presentation of the Arts Centre Melbourne-commissioned *The Teensy Top*; and the commissioning of Drop Bear Theatre and The Seam's *DIG* for presentation in July 2016.

"The support and kindness I was given by the staff was extraordinary, unstinting and overwhelmingly generous. Everyone without exception was so very understanding and helpful. I'll never forget how magnificent they were..."

Audience feedback



Our Priorities

PEOPLE

A CARING, CONNECTED AND INQUISITIVE COMMUNITY

It goes without saying that people are essential to any successful organisation. They provide inspiration, vision, creativity and motivation that gives life to the business. They bring the skills, expertise, knowledge and capacity that allows the organisation to function. We pride ourselves on being an organisation that fully recognises, acknowledges and values the vital contribution our teams make to our success.

THE ROLE YOU PLAY

In September 2015 our new culture statement, *The Role You Play*, was unveiled to the Arts Centre Melbourne team outlining our purpose, vision, priorities and values, while setting expectations we have of each other and across the team.

The Role You Play defines our:

- performance; goals set in performance development plans are aligned with *The Role You Play* and highlight that “how” is as important as “what” we achieve
- practice for constructive behaviour in meetings and in policies and procedures
- approach to and focus on new partners in tender documentation
- community to prospective employees.

The Role You Play has created a shared language to which we hold ourselves accountable and is based on the values of leadership, community, care more and creativity. An engagement survey was undertaken in 2015 to set a baseline for the organisation’s culture. The findings resulted in an organisational culture change plan that prioritised leadership, fairness and increased alignment of purpose through improved understanding of strategic priorities.

During F2016 all frontline and senior managers, directors and leaders undertook a structured management and leadership program that included elements of coaching, 360-degree feedback, peer review, performance management training, equal opportunity sessions and manager drop-in groups to share knowledge within teams.

Communication has also been a focus, with the creation of an internal team Facebook group to support engagement with our casual team; an ideas inbox to fast-track suggestions and feedback; a buddy system to welcome new employees; rotating morning teas around the organisation; and a cultural ambassadors group to test and provide feedback on a range of people matters affecting culture and engagement.

The engagement survey was repeated in May 2016 to assess the initial impact of these activities. There were increased engagement scores across 84% of questions. The most significant improvements in engagement were in relation to the understanding of the organisation’s purpose, values and strategic direction. Internal communications scores improved, as well as perceptions about the organisation’s structure and people to be effective. Whilst there were demonstrable improvements in engagement following the launch of *The Role You Play*, we recognise that the hard work is not complete and we are committed to evolving the initiative in F2017 to further strengthen team engagement, wellbeing and performance.

ENTERPRISE AGREEMENT

Arts Centre Melbourne’s *Enterprise Agreement 2012* expired on 30 June 2015. In F2016, the Victorian Government endorsed an Exchange of Letters between Arts Centre Melbourne, the Community and Public Sector Union (CPSU), Media Entertainment and Arts Alliance (MEAA) and employee representatives. The parties supported a 12-month agreement to 30 June 2016 based on the Victorian Government wages policy (2.5%) plus a one-off bonus of 0.5% to recognise a successful F2016 summer season at Arts Centre Melbourne. Following the agreement to the Exchange of Letters, all parties are working together towards the next Enterprise Agreement.

ORGANISATIONAL RESTRUCTURE

In early 2015 we reviewed our existing organisational structure to test for effectiveness and alignment to organisational business priorities, and to promote the priorities of *The Role You Play*, particularly in the areas of *business excellence* and *audience focus*.

A comprehensive consultation process was undertaken with the CPSU and MEAA, which resulted in a revitalised organisational structure through internal redeployment and role-matching into newly created roles, as well as phased departures. This was achieved with minimal redundancies and an increase in variable-time contracts so that headcount remained stable.

The new structure has focused on cross-skilling and collaboration with the establishment of a business partner model in the Finance team, one point of client contact for our hirers through the Presenter Services team and the provision of end-to-end service through the Visitor Experience team to provide seamless customer service.



50+

**new learners in
certified training
subjects for Safety
and Theatre Rigging
and Flying as part of
Certificate III**

MENTAL HEALTH AND WELLBEING

The 2015 Victoria University study, *Working in the Entertainment Industry**, commissioned by Dr Julie van den Eynde, Professor Adrian Fisher and Associate Professor Chris Sonn, identified that employees in the arts and entertainment sector can experience up to 10 times higher levels of suicidal ideation, planning and attempts when compared to the general population. Issues such as shift work, job insecurity and poor work/life boundaries create a vulnerable employee cohort.

In September 2015 we hosted Care More Week to promote wellbeing and mental health through a range of initiatives that have particular significance for our team members as employees in the sector. This was supported by team wellbeing activities such as pilates, mindfulness, yoga, flu shots, soccer in the park and meditation. These activities and Care More Week were wonderful ways to focus attention on wellbeing and how it directly affects the productivity and excellence of our services.

We also changed Employee Assistance Program provider to Davidson Trahaire Corpsych, which offers an integrated service of support for emotional, physical and social needs to provide a holistic service of support for our team. We also worked with psychologists, lawyers, superannuation partners and mental health professional Dr Michael Carr-Gregg on a range of initiatives including education, mental health first aid training, strategy and policy creation to prioritise the safety and care of our people.

In conversations within the arts sector it has become apparent that the characteristics and vulnerabilities observed in our team are consistent across the sector. We are working with the sector to lead a new mental wellness initiative in F2017 made up of a consortium of arts organisations under the banner of the Arts Wellbeing Collective.

*Van den Eynde, J., Fisher, A., & Sonn, C. (2015). *Working in the Entertainment Industry*. Victorian University.

PRODUCTION – TRAINING AND OUTREACH

Arts Centre Melbourne is a Registered Training Organisation that provides expert training for nationally recognised qualifications in live production and technical services. Our industry-leading Certificate III in Live Production and Services entered its fifth year, with over 50 new learners undertaking certificated training in Safety and Theatre Rigging and Flying subjects. Our core team actively engaged with trainees by sharing and updating knowledge and skills towards a health, safety and learning culture.

We were fortunate to secure \$30,000 of funding towards the expansion of the program from the Truscott Design Foundation, and will be rolling out the Certificate IV series of training modules in 2017.

Regional outreach increased in F2016, with courses delivered in regional Victorian Association of Performing Arts Centres (VAPAC) venues including Frankston, Shepparton, Mildura, Sale, Monash University, Launceston, Bendigo and Warragul. The production visualisation studio, which enables a live 3D virtual environment of our venues, partnered with students from Albert Park College to demonstrate virtual lighting and set designs as part of the *Stage Presence* exhibition.

We hosted the OzPAC Technical Managers Forum in August 2015, with attendees from performing arts centres across Australia taking part. In June 2016 we saw the first trans-Tasman partnership opportunity come to fruition as two technical team members from Auckland LIVE visited for a week of professional development and mentorship.

Our Production team's technical unit successfully devised, built and delivered this year's White Night event, *CMD, CTRL, Decipher*, in the Theatres Building forecourt, which entertained thousands of visitors with a participatory event to control the Spire lighting and soundscape around our buildings.

More than 100 events within our spaces have been recorded, webcast and broadcast across F2016. Highlights included the live web relay of MSO's *Meet the Orchestra* program from Hamer Hall to the ABC Splash Live! website, a live broadcast of the 2015 Barbershop Harmony Australia Convention, DVD releases for *The Boite and Fink About It*, and other webcasts from The Channel venue including a live stream of the Aarhus festival dance performance mixed with music performed live from other cities worldwide.

49%

**Increase in Arts
Centre Melbourne
Presents box office
revenue from F2015**

Our Priorities

BUSINESS EXCELLENCE

STRIVING FOR THE HIGHEST STANDARDS

RISK MANAGEMENT

Effective risk management is imperative in ensuring the delivery of our core strategic, financial, operational and compliance objectives, which are the foundation of our overarching objective of Business Excellence. This commitment to risk management informs systems, policies and processes across our business.

We embed risk management principles and practices into our organisational culture, governance and accountability arrangements, planning, reporting, performance review, change management and improvement processes.

Risk Management is:

- performed in accordance with the standard AS/NZS 31000 – Risk Management, the Victorian Government's Risk Management Framework (VGRMF) and the 2016 Standing Directions for the Minister of Finance
- carried out in accordance with the responsibilities outlined in our Risk Management Strategic Framework
- performed on a consistent basis, taking into account the risk appetite and tolerance of the Trust by using the approved Risk Assessment Criteria
- regularly reported to the Trust and Risk Management and Audit Committee.

Through the Risk Management Strategic Framework and its supporting processes, we formally establish and communicate our risk appetite, which guides the team in its actions and supports its capacity to identify and manage risks.

In F2016, the Trust was particularly focused on managing risks around financial sustainability, asset failure and the safety and security of employees and visitors. Our risk profile was also impacted by external events such as changes in federal government arts funding arrangements, international terrorism and increasing consumer competition for leisure time and spend.

SUSTAINABILITY

We recognise that as a performing arts venue with significant energy requirements for staging performances across multiple spaces and sites, there are limitations to our ability to substantially reduce certain parts of our environmental footprint. However we have a focus on improving our long-term sustainability and efficiency, and continue to upgrade and update infrastructure with this objective in mind. Key projects in F2016 included:

- ongoing upgrade works to our central plant, which will see significant reduction in both electricity and gas consumption for the site
- refurbishment of cooling towers will reduce our ongoing reliance on water
- replacement of car park lighting with LED technology
- major upgrades to lighting throughout our exit and emergency stairwells with LED technology
- use of more water-efficient appliances as part of our sewer replacement project
- installation of additional LED lights to improve the illumination of the Spire

- waste and recycling separation in public access and office areas
- office printers default to two-sided black and white printing on carbon neutral, 20% recycled paper.

In addition to the above physical works, a Green Team was created that includes team members from across the organisation. This group is currently developing our future vision and direction around sustainability to ensure this important element continues to be relevant and integrated into ongoing business operations.

FINANCIAL MANAGEMENT

By aiming for the optimal balance of risk and reward, growth of income-generating activities and a robust governance framework, we strive to continuously improve our financial position.

With \$2 million of programming and \$5 million of sustainability funding due to lapse at the end of F2016, we welcomed the opportunity to work with Creative Victoria during the year on a business model review to understand our longer-term funding needs. Following the review, we are grateful to the Victorian Government for the renewal of this funding, with the commitment of \$28 million over the next four years incorporated into base funding.

The confirmation of ongoing funding allows us to actively undertake longer-term planning, which has historically been difficult with uncertainty over future funding. This enables us to move forward, with confidence, to deliver our business objectives and contribute to the aspirations of the Victorian Government's *Creative State* strategy.

We have now received 60% of \$16.4 million Critical Asset Renewal funding provided by the Victorian Government over a three-year period, with the final tranche in F2017, which is supporting the replacement of ageing building services to help ensure venue availability.

Following the launch of a finance partnering model, the business is well supported with finance expertise, which has increased accountability and planning whilst improving agility to make sound and timely financial decisions. A key focus has been on continuous improvement – streamlining processes to allow us to be responsive to stakeholder needs – and this work is a major element of the key business excellence priority.

The Strategy and Governance team has also worked to create a strong risk management framework that allows the organisation to take considered risks to deliver strategy.

SECTOR DEVELOPMENT FUND

In addition to our core base funding, the sustainability funding provided to us by the Victorian Government has been critical in our capacity to effectively manage risk and in providing additional capability to invest in projects and activities that provide a future return on investment.

Supported projects and initiatives vary from those focused on safety, risk mitigation and maintenance through to those that simplify and streamline work processes and others which benefit our Resident Companies, key presenters, the small to medium sector and our audiences.



Highlights of the F2016 projects supported by the Sector Development Fund include:

- our fixatsix access initiative
- the Bell Shakespeare Display, Access and Digitisation project, which saw us document and display a comprehensive collection of costumes, scripts, photographs and creative ephemera to safeguard and celebrate the company's extraordinary legacy
- working with the Melbourne International Jazz Festival to transform Hamer Hall's Riverside Box Office into a pop-up venue for the 2016 festival, the Riverside Jazz Club
- introducing an automated state-of-the-art LED lighting system across our theatres that provides efficient, flexible and programmable lighting capacity that meets industry expectations while improving safety and amenity.
- replacing failing staircase lighting in venues to substantially improve amenity and safety
- a major upgrade to the Playhouse rope system to improve functionality and safety
- website redevelopment funds to ensure that our online ticketing purchasing experience can meet industry standards and customer expectations
- improved signage in the carpark spaces for patrons and visitors.

SECURITY AND EMERGENCY MANAGEMENT

In response to an increase in global terrorism activity we sought to improve communication and information sharing between peer and precinct arts and cultural organisations in relation to security and emergency management.

This led to the formation of the Arts and Cultural Precinct Security Group. The group is hosted by Arts Centre Melbourne and provides a collaborative forum for representatives of organisations from across the precinct to discuss challenges in the security and emergency management areas and is a conduit for security intelligence and guidance from the relevant emergency services authorities. The group conducted its first test scenario exercise in February 2016 and has committed to future exercises regularly to continue to foster support, cooperation and communication between government departments, emergency services authorities and the represented organisations.

HEALTH AND SAFETY

The Health, Safety and Environment team completed a major review of the *Health and Safety Policy and Procedures* that form the framework and foundation of the Arts Centre Melbourne Health and Safety Management System. Health and safety objectives and targets were also reviewed to allow increased monitoring of our key performance indicators.

A new Risk and Incident Reporting System was procured and will be implemented in F2017. The functionality of the system will improve accountability, assurance and efficiency overall within the Health, Safety and Environment and Security teams and across the wider organisation.

A range of projects were implemented to improve health and safety in our venues, including:

- manufacture and installation of rubber extrusions for the Playhouse seat hinges
- installation of a kick-rail at the front of the Hamer Hall stage
- preventative strategies for slips, trips and falls including umbrella-bagging stations and painting of demarcation lines on escalators
- line marking and signage improvements in the car park
- office upgrades to improve ergonomics and functionality.

The Health, Safety and Security Committee structure was revised to reflect changes in the organisational structure and provide adequate representation and resources for employees across all business units.

IT SERVICES

Major project works focused on several key technology areas in F2016. We implemented a three-year IT strategy aligned to the organisation's strategic priorities, which creates a strong vision and direction for IT Services and helps guides our project work moving forward.

We removed the legacy data integration system and developed a new interface between our ticketing and event management systems, which has considerably increased efficiency across our Finance, Ticketing, Presenter Services and IT Services teams.

An asset refresh saw the replacement of all computers within Arts Centre Melbourne, with a significant focus on increasing staff mobility, access to electronic documentation and improving workplace productivity.

We upgraded Tessitura, our CRM and ticketing system, to the latest version (12.5), which will drive improvements in pricing setup and opportunities for dynamic pricing, tracking and analysis of donor and engagement, and the ability to more effectively manage relationships and communications with our customers.

We implemented a new digital solution that has saved significant time collating and creating Trust papers by making them available digitally in an extremely secure environment.

A security review significantly enhanced online security within Arts Centre Melbourne through internal security training, the introduction of new technologies and recoding the website. These activities have met business requirements of continuous enhancements to payment security and compliance. We also migrated to a new banking provider that required the replacement of all EFTPOS devices throughout our buildings, with a benefit of providing greater payment functionality for customers.

We commenced work on enabling remote access to our internal intranet site, Centre Stage, to encourage greater engagement and communication with casual staff who are not always able to access intranet resources while on shift at our venues. This will substantially improve information sharing and engagement with the team.

CAPITAL WORKS PROGRAM

In 2014 we successfully applied for a specific Victorian Government grant to undertake major upgrade works of our facilities to replace critically failing assets. Five projects were approved, all of which commenced in F2016.

Three of these projects involve a major upgrade of the central plant, which provides power and air-conditioning services for the Theatres Building, Hamer Hall and also the NGV. A fourth project involves extensive plumbing works in the Theatres Building, where aging pipework is failing and placing the organisation's business operation at risk. In an initial stage, 12 of the highest risk sewer stacks and vents are being replaced out of a total of 33 stacks. Further funding will be sought to undertake the next stage of this essential work. The fifth project involves a complete renovation of the two escalators that move patrons from the Level 5 Smorgon Family Plaza to the Level 3 State Theatre Foyer.

Other notable projects in F2016 included the completion of major works to upgrade the front-of-house paging system in the Theatres Building; the replacement of the back-of-house radio headset system due to changes that meant our existing system was no longer compliant, and a major refurbishment of the Curve Bar into The Barre. A major upgrade to our CCTV system was successfully delivered in a short timeframe, greatly reducing the risk associated with the existing aging equipment, improving CCTV monitoring capabilities and enabling future expansion of the system.

CUSTOMER RELATIONSHIP MANAGEMENT

Tessitura was developed specifically for the needs of arts, cultural and entertainment organisations around the world and provides a 360-degree CRM platform for all aspects of customer interaction. With Tessitura, exceptional functionality is provided in one system and database – fully integrated and web-enabled, to manage ticketing, fundraising, marketing, reporting and relationship management. In choosing Tessitura as our CRM several years ago, we joined over 550 cultural and arts organisations around the world in harnessing the full capabilities of the system to manage relationships and customer connectivity.

While we utilise Tessitura across the business, including Ticketing and Development, our industry-leading use of the system to manage our relationships with schools has become a benchmark amongst our peers. The customised reports and tailored system configuration that we utilise to manage our engagement of schools has been presented at both global and regional conferences and has been shared amongst our peer institutions around the world.

Our peers continue to look to us for leadership and consultation in Tessitura best practice to support the delivery of their business and audience development strategies. We also proactively spearhead regular peer-to-peer sharing of system and industry knowledge within the local and regional Tessitura community.

We are also proud to represent Australia and New Zealand in joining a small team that provides direct guidance and advice to the Tessitura Network team about future software development and enhancements.

The Trust's

ROLE AND 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.

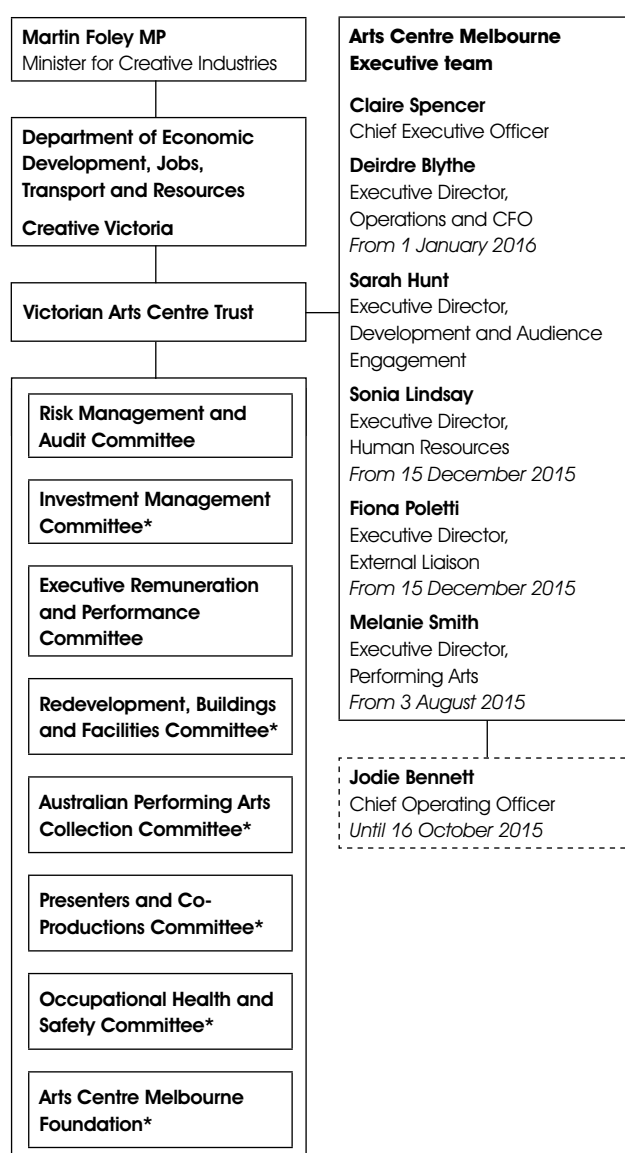
The functions of the Trust are described in section 5(1) of the *Victorian Arts Centre Act 1979* (as amended), which are:

- 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
- c) 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
- e) 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.

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. At 30 June 2016 the organisational structure was as shown below.



* **Note:** An external Governance Review was conducted by Paul Barker in F2016, with the Recommendations endorsed by the Trust on 14 June 2016. In line with the Recommendations, the Australian Performing Arts Collection Committee; the Foundation; the Occupational Health and Safety Committee; the Investment Management Committee; the Presenters and Co-Productions Committee; and the Redevelopment, Buildings and Facilities Committee were dissolved by resolution of the Trust on 19 July 2016.

EXECUTIVE TEAM

Claire Spencer **Chief Executive Officer**

Claire was appointed Chief Executive Officer in November 2014.

Since that time she has steered the organisation through a major restructure to better position us for the future and assist our key role as a leader in Melbourne's cultural precinct and a major contributor to Victoria's creative economy.

Claire is a Member of Chief Executive Women – the pre-eminent organisation representing Australia's most senior women leaders from the corporate, public service, academic and not-for-profit sectors – and is on the Executive Council of Live Performance Australia, the national peak body formed to ensure the long-term sustainability of the Australian live performance industry.

Claire was previously at the Sydney Opera House for nearly 12 years, most recently as Chief Operating Officer responsible for Precinct Businesses, Finance, Information Systems, People and Culture, Legal and Strategy and Risk Management. She has also worked at Ernst and Young (London) and Cable and Wireless (London and Sydney).

Deirdre Blythe **Executive Director, Operations and Chief Financial Officer**

Deirdre leads our Operations team, which includes Finance, IT, Facilities Management, Food and Beverage and Infrastructure Planning and Management. Deirdre is also the Chief Finance and Accounting Officer (CFAO).

She has held senior finance roles in Melbourne and overseas, including Executive Director Finance of Alfred Health and Chief Financial Officer of BUPA. She is also a member of Cancer Council Victoria's Finance, Risk Management, Audit and Compliance Committee.

Sarah Hunt **Executive Director, Development and Audience Engagement**

Sarah is responsible for our Development, Marketing and Communications strategies and leads the teams that deliver Ticketing and Visitor Experience.

Before Arts Centre Melbourne, Sarah worked for several UK performing arts companies including the National Theatre, Bristol Old Vic, Donmar Warehouse, Tricycle Theatre, English Touring Opera and the Orange Tree Theatre. During that time she was a Board Member for Headlong and Chair of the Signed Performances in Theatre. Sarah is a Board Member of Polyglot Theatre.

Sonia Lindsay **Executive Director, Human Resources**

Sonia has a focus on creating high-performing teams and aligning work to values to enable the organisation to be a caring, connected and inquisitive community. This includes recruiting, employee relations, learning and development, performance management and industrial relations.

She has a background in industrial relations, policy, communications and marketing in the public sector, as well as consulting and not-for-profits. She has worked in large and complex organisations such as La Trobe University and Victoria Police, as well as the City of Perth and Sustainability Victoria.

Fiona Poletti **Executive Director, External Liaison**

As Executive Director for External Liaison, Fiona is responsible for strategic and government relationships and advocacy.

She has held senior advisory positions to a Federal Arts Minister and the Australia Council for the Arts, as well as working at the Australian Embassy Tokyo in public diplomacy. After returning to Melbourne, Fiona took up a position as Director of Planning and Development with Circus Oz, along with being a staff-elected board representative for two years.

Melanie Smith **Executive Director, Performing Arts**

Melanie leads the Programming, Presenter Services, Production, Collections and Asian Arts program teams to develop and deliver the Performing Arts Strategy and Business Plan.

Melanie was previously the Deputy Director and Head of Programming for Auckland Live, New Zealand's largest performing arts centre, comprising Aotea Centre, Civic Theatre, Auckland Town Hall, Bruce Mason Centre, Aotea Square, where she was responsible for developing Arts Programmes and the Commercial Theatre Business plan and negotiating commercial contracts for Auckland Stadiums for non-sporting events.

Victorian Arts Centre Trust

AND TRUST COMMITTEES

Figures below indicate the number of meetings attended / the total possible attendances for each Trustee

	James Mackenzie ¹ President	Tom Hatley ² President	Sandy Clark	Julian Clarke AM ^{3,4}	Jim Cousins AO ³	Dana Hlavacek	Catherine McClements	Ian Roberts	Helen Silver AO ⁵	Graham Smorgan AM
Victorian Arts Centre Trust (the Trust)	3/3	3/3	5/5	0/4	4/4	4/5	4/5	4/5	5/5	3/5

The Trust met five times in F2016.

Risk Management and Audit Committee	4/4	2/3	6/6	-	-	6/6	-	-	4/5	4/6
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This 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*.

This Committee met six times in F2016.

Investment Management Committee	2/2	0/1	2/2	-	-	1/2	-	-	-	2/2
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This Committee ensures 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.

This Committee met twice in F2016.

Executive Remuneration and Performance Committee	1/1	2/2	3/3	-	-	1/3	-	-	3/3	0/3
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This Committee provides advice to the Trust on Executive remuneration, Executive performance and general remuneration policy matters.

This Committee met three times in F2016.

Redevelopment, Buildings and Facilities Committee	5/5	4/6	7/8	-	7/8	-	-	-	-	-
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This Committee oversees all major infrastructure and building design activity performed by or on behalf of Arts Centre Melbourne and makes recommendations to the Trust based on this oversight; and develops, advocates and provides oversight to capital funding strategies and management for redevelopment, infrastructure and building activities.

This Committee met eight times in F2016.

Australian Performing Arts Collection Committee	-	-	-	-	-	-	4/4	-	-	-
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This Committee ensures appropriate policies are in place for the Australian Performing Arts Collection; develops, advocates and provides oversight of the Australian Performing Arts Collection including its exhibition, access, storage documentation and preservation; and ensures alignment with the priorities of the Victorian State Collections through the Creative Victoria Collections Working Group and other forums.

This Committee met four times in F2016.

Presenters and Co-Productions Committee	-	-	-	-	-	-	1/2	2/2	-	-
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This 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.

This Committee met twice in F2016.

Occupational Health and Safety Committee	2/2	0/1	3/3	-	-	3/3	-	-	-	1/3
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This Committee oversees compliance to legislative requirements and guides continuous improvement to health and safety in the workplace.

This Committee met three times in F2016.

Arts Centre Melbourne Foundation	1/2	2/2	4/4	-	-	3/4	-	-	-	-
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The Foundation raises funds from individuals and philanthropic organisations and recommends the application of those funds in support of the statutory purpose and strategic priorities of the Trust.

The Foundation met four times in F2016.

Non-Trustee Foundation Members: John Haddad AO, Emeritus Chair

Betty Amsden AO
Deborah Beale
Debbie Dadon
John Denton AO (until 4 May 2016)
Colin Golvan QC
Mem Kirby OAM
Snowe Li
James Ostrobrski
Jennifer Prescott

¹ Term began on 11 December 2015

² Term ended on 10 December 2015

³ Term ended on 12 March 2016

⁴ Leave of Absence granted by Trust President

⁵ Term began on 11 August 2015

VICTORIAN ARTS CENTRE TRUST

James MacKenzie (President)

James MacKenzie was appointed President to succeed Tom Harley, whose three-year term ended in December 2015. Originally a chartered accountant, James has extensive experience in the private and public sectors with roles across ANZ, Norwich Union, Mirvac Group and Pacific Brands. He has also held a number of public sector roles in Victoria including at the Transport Accident Commission (TAC) and the Victorian Major Events Company (VMEC). James has been a regular visitor to Arts Centre Melbourne over the years.

Sandy Clark

Sandy Clark is Chairman of the Brown Brothers Wine Group, Chairman of the William Buckland Foundation, a Director of ANZ Wealth Companies, Oasis Fund Management Limited and OnePath Custodians Pty Ltd and a director of a number of other private companies.

He previously served as Chairman of the Aviva Australia Insurance Group, the Myer Family Office, the Brotherhood of St Laurence and the Melbourne Grammar School Council, as Deputy Chairman of the Myer Family Company Ltd, Eastern Energy Ltd and the Legal Practice Board of Victoria, and as a Director of Select Harvests Ltd and Southern Cross Broadcasting (Australia) Ltd.

Dana Hlavacek

Dana Hlavacek is an experienced corporate executive and independent director with expertise in international treasury and finance, audit, risk and compliance. Her executive career includes roles in the mining sector and audit and assurance. Dana holds a number of directorships including at Melbourne Water Corporation, where she is the Chair of the Audit, Risk and Finance Committee, and VicWater. She is a Trust Member of the Greater Metropolitan Cemeteries Trust. She is Chair of the Brotherhood of St Laurence Audit and Risk Committee and a member of the Salvation Army Corporate and Philanthropy Committee.

Catherine McClements

Catherine McClements graduated from the National Institute of Dramatic Art in 1985. She has had a successful and award-winning career in Australian film, television and theatre and received AFI awards for her work in *The Secret Life of Us*, *Tangle* and *Rush* along with Helpmann Award nominations for her work with theatre companies around the country.

Ian Roberts

Ian Roberts is the Executive Chair of the Annamila Foundation. He is also a freelance writer specialising in speeches and editing for daily press. He was the Interim CEO of Arts Centre Melbourne from January to June 2014. Previously Ian was the Chief Executive Officer of the Harold Mitchell Foundation, General Manager of the Melbourne Festival for six years (1995–2001) and General Manager of the Geelong Performing Arts Centre for five years (1990–95).

Previous Board positions include Chair of the Victorian Australia Day Committee, Deputy Chair of the Melbourne International Film Festival, Deputy Chair of the Australian Centre for Contemporary Art and member of the Major Performing Arts Board of the Australia Council for the Arts.

Helen Silver AO

Helen Silver is a Chief General Manager of Allianz Australia. She has held senior positions in both the Victorian and Commonwealth public services and the private sector. Helen served as Secretary of the Department of Premier and Cabinet in Victoria from 2008 to 2013. She is a National Fellow of the Institute of Public Administration Australia and a Director of the Melbourne Symphony Orchestra.

Graham Smorgon AM

Graham Smorgon is a Director of Incitec Pivot Limited, Chairman of Smorgon Consolidated Investments and Chairman of the GBM Group. Some of his former roles include Director of Fed Square Pty Ltd, Chairman of the Arts Centre Foundation, Chairman of Smorgon Steel Group Ltd, President of the Carlton Football Club, Deputy Chairman of Melbourne Health, Director of The Walter and Eliza Hall Institute of Medical Research, Member of the Council of Bialik College, Director of Playbox Theatre Co, Trustee of the Royal Melbourne Hospital Neuroscience Foundation and Partner of law firm Barker Harty & Co, where he practiced as a commercial lawyer for 10 years.

Summary of results

F2012 – F2016

FINANCIAL PERFORMANCE	F2016	F2015	F2014	F2013	F2012
	\$m	\$m	\$m	\$m	\$m
Total income from transactions	85.4	79.3	73.0	77.4	60.4
Less total expense from transactions	82.9	76.8	70.1	84.6	61.4
Net result from transactions before depreciation	2.5	2.5	2.9	-7.2	-1.0
Less depreciation	16.0	16.0	15.9	15.4	13.4
Net deficit from transactions	-13.5	-13.5	-13.0	-22.6	-14.4
Total assets	625.4	524.5	530.6	542.9	549.7
Less total liabilities	31.5	30.0	24.2	26.5	31.3
Total equity	593.9	494.5	506.4	516.4	518.4
PATRONAGE PROFILE	F2016	F2015	F2014	F2013	F2012*
	(000s)	(000s)	(000s)	(000s)	(000s)
Attendances at performances ¹	1,212	1,186	1,074	1,305	879
Attendances at public programs	251	227	629	200	194
Attendances at exhibitions	416	443	485	713	653
Total attendances	1,879	1,856	2,188	2,218	1,726
Other visitors and facility users ²	1,010	1,032	955	1,061	1,266
EVENTS PROFILE	F2016	F2015	F2014	F2013	F2012*
Performance events ³	1,468	1,452	1,126	1,696	1,239
Public program events	1,397	1,877	2,240	1,923	1,922
Exhibitions and displays	25	17	10	19	17
Total events	2,890	3,346	3,376	3,638	3,178
VENUE UTILISATION	F2016	F2015	F2014	F2013	F2012
	%	%	%	%	%
State Theatre	87	87	95	93	82
Playhouse	94	92	72	88	95
Fairfax Studio	95	92	80	91	99
Hamer Hall	84	85	77	77	-
Average mainstage utilisation	90	89	81	87	92
Sidney Myer Music Bowl	16	36	25	33	19
The Famous Spiegeltent	67	65	-	85	85

¹ Includes education and community engagement-related performances.

² Includes visitors to car park, food and beverage outlets and Sunday market.

³ Includes education and other community engagement-related performances.

* Adjusted figures from those published in 2011-2012 Annual Report.

Financial OVERVIEW

The net result from transactions before depreciation of the Trust for the year ended 30 June 2016 was a surplus of \$2.5 million.

The comprehensive result for the year was \$90.0 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 -\$0.1 million
- revaluation of assets available for sale of -\$0.2 million
- revaluation of assets of \$103.7 million.

The operating result from transactions was achieved as a result of a strong Arts Centre Melbourne Presents program of events, which delivered significant attendance growth and increased box office revenue. Development of the food and beverage business also generated increased revenue and improved margins.

Short-term sustainability funding, provided by the Victorian Government, was due to expire at the end of F2016. Following a comprehensive review during the year, the Government has renewed this funding by committing \$28.0 million over the next four years to the Trust, which now forms part of base funding.

During the year the Trust transitioned to investing long-term funds, predominantly the Foundation corpus, with the Victorian Funds Management Corporation. Distributed income from these investments is recognised as income from transactions, with capital gains or losses reflected as other economic flows in the operating statement.

GENERAL OPERATIONS

Total income from transactions increased \$6.1 million, an increase of 7.7% on the prior year. Key reasons for this include:

- Arts Centre Melbourne Presents programming enjoyed a very successful year, with box office income increasing by \$4.0 million over the prior year. Whilst the number of Arts Centre Melbourne Presents mainstage performances was slightly lower than in F2015, mainstage attendances increased by 28%
- two large bequests (totalling \$0.9 million) were received, bringing total bequests in the year to \$1.0 million compared to \$0.1 million in F2015
- food and beverage revenues grew by \$0.7 million – the result of programming mix as well as the launch of The Barre, extended opening hours and new menu offerings in other outlets
- sponsorship income increased by \$0.5 million. This is in part due to the principal partner agreement with Bank of Melbourne, which commenced during the year, as well as income from digital signage
- although the Trust received a number of donations to the Performing Arts Collection and Art Collection during the year, each was individually valued at less than \$30,000.

Total expense from transactions increased by \$6.1 million, with a focus on investment to support revenue growth. Key drivers include:

- Arts Centre Melbourne Presents programming expenses increased by \$1.8 million compared to F2015 as a result of the programming mix, which drove a significant increase in attendances and box office income
- employee expenses increased by \$2.0 million, an increase of 5% on the prior year. This was driven by a combination of a 12-month pay award following expiry of the existing Enterprise Agreement and the increased headcount required to support the growth of commercial revenue and additional Arts Centre Melbourne Presents programming
- general expenditure grew by \$0.8 million compared to F2015. This increase relates to investments in consultancy, compliance and assurance works, in solutions to contribute to the security and safety of our people and patrons, and stakeholder engagement initiatives. A significant additional investment was also made in training for our people.

BUILDING DEVELOPMENT AND MAINTENANCE

Building maintenance, renewal and service contract expenditure totalled \$9.6 million in the year, up from \$9.2 million in F2015. Strong performance in programming and commercial activities during the year allowed the Trust to undertake additional works in both F2015 and F2016.

The Theatres Building and associated infrastructure and theatre equipment is approaching end of life, with an associated increase in maintenance requirements, and maintenance costs continue to grow as a result. The focus of the works completed has been on reducing the risk of asset failure and associated performance cancellation.

Work was completed on the refurbishment, and the subsequent rebranding and launch, of The Barre in November 2015.

In addition, \$9.4 million in capital grants from the Victorian Government were received during the year, funding a number of projects:

- Heating, hot water and chilled water system renewal continued, with \$3.2 million of spend in the year. This project will be completed in F2017.
- Sewerage system renewal works, which commenced in F2015, also continued and saw \$2.8 million of work being completed in the year. The current scope of works is due to be completed in F2017, and will have replaced approximately one-third of the sewerage systems in the Theatres Building.
- Master-planning for a potential future redevelopment commenced in the year, with work totalling \$1.9 million completed.
- Upgrades to the security CCTV system were undertaken to the value of \$0.8 million.

REVALUATION OF ASSETS

A revaluation of the Trust's land and buildings, works of art and the Performing Arts Collection was undertaken in F2016. Revaluations are undertaken on a five-yearly cycle and are controlled by the Valuer General of Victoria. The increase in value of non-financial assets from \$486.6 million to \$584.8 million in F2016 is largely due to this revaluation.

VICTORIAN ARTS CENTRE TRUST

Comprehensive operating statement for the financial year ended 30 June 2016

	NOTES	2016 \$'000s	2015 \$'000s
CONTINUING OPERATIONS			
INCOME FROM TRANSACTIONS			
Sales of goods and services	2	54,134	49,287
Income from fundraising activities	2	5,746	5,056
Other income	2	2,567	2,271
Income from financial assets classified as available for sale	2	949	840
Government grants	2	22,032	21,846
TOTAL INCOME FROM TRANSACTIONS		85,428	79,300
EXPENSES FROM TRANSACTIONS			
Employee expenses	3	(41,123)	(39,111)
Performance generated expenses	3	(13,061)	(10,628)
Other commercial expenses	3	(6,492)	(6,202)
Facilities expenses	3	(13,133)	(12,672)
Other operating expenses	3	(9,128)	(8,209)
TOTAL EXPENSES FROM TRANSACTIONS		(82,937)	(76,822)
NET RESULT FROM TRANSACTIONS BEFORE DEPRECIATION		2,491	2,478
EXPENSES FROM TRANSACTIONS (CONTINUED)			
Depreciation and amortisation	3	(15,964)	(16,032)
NET DEFICIT FROM TRANSACTIONS		(13,473)	(13,554)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Net gain/(loss) on non-financial assets	4(a)	65	(1,154)
Net gain/(loss) on financial assets	4(b)	46	(82)
Other gains/(losses) from other economic flows	4(c)	(240)	94
TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT		(129)	(1,142)
NET RESULT		(13,602)	(14,696)
OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED TO NET RESULT			
Changes in physical asset revaluation surplus	20	103,741	-
ITEMS THAT MAY BE CLASSIFIED SUBSEQUENTLY TO NET RESULT			
Changes to financial assets available-for-sale revaluation surplus/ (deficit)	20	(177)	-
TOTAL OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME		103,564	-
COMPREHENSIVE RESULT		89,962	(14,696)

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

VICTORIAN ARTS CENTRE TRUST

Balance sheet as at 30 June 2016

	NOTES	2016 \$'000s	2015 \$'000s
ASSETS			
FINANCIAL ASSETS			
Cash and deposits	5	24,106	34,676
Receivables	6	4,074	3,292
Financial assets classified as available for sale	7	12,410	-
TOTAL FINANCIAL ASSETS		40,590	37,968
NON-FINANCIAL ASSETS			
Inventories	8	455	430
Property, plant and equipment	9	583,717	485,611
Intangible assets	10	-	33
Other non-financial assets	11	603	520
TOTAL NON-FINANCIAL ASSETS		584,775	486,594
TOTAL ASSETS		625,365	524,562
LIABILITIES			
Payables	12	22,842	21,228
Provisions	13	6,097	6,960
Other liabilities	14	2,523	1,886
TOTAL LIABILITIES		31,462	30,074
NET ASSETS		593,903	494,488
EQUITY			
Contributed capital		511,073	501,620
Donation and endowment reserve		13,626	11,511
Physical asset revaluation surplus		265,732	161,991
Financial assets available-for-sale revaluation surplus/(deficit)		(177)	-
Accumulated deficit		(196,351)	(180,634)
TOTAL EQUITY		593,903	494,488
Commitments for expenditure and operating leases	15 & 16		
Contingent assets and liabilities	26		

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

VICTORIAN ARTS CENTRE TRUST

Statement of changes in equity for the financial year ended 30 June 2016

		CONTRIBUTED CAPITAL \$'000S	DONATION AND ENDOWMENT RESERVE \$'000S	PHYSICAL ASSET REVALUATION SURPLUS \$'000S	FINANCIAL ASSETS AVAILABLE- FOR-SALE REVALUATION SURPLUS \$'000S	ACCUMULATED DEFICIT \$'000S	TOTAL \$'000S
BALANCE AT 1 JULY 2014		498,819	10,945	161,991	-	(165,372)	506,383
Net result for the year		-	-	-	-	(14,696)	(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	-	-	-	-	2,801
BALANCE AT 30 JUNE 2015		501,620	11,511	161,991	-	(180,634)	494,488
Net result for the year		-	-	-	-	(13,602)	(13,602)
Other comprehensive income for the year		-	-	103,741	(177)	-	103,564
Endowment funds received	(i)	-	932	-	-	(932)	-
Net donations and investment income received	(i)	-	3,457	-	-	(3,457)	-
Donations and endowment distributions	(i)	-	(2,274)	-	-	2,274	-
Capital appropriations	(ii)	9,453	-	-	-	-	9,453
BALANCE AT 30 JUNE 2016		511,073	13,626	265,732	(177)	(196,351)	593,903

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

- (i) During the year \$2.1m (F2015: \$0.6m) 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").
- (ii) Creative Victoria provided capital funding of \$0.9m (F2015: \$0.5m) in relation to the Arts and Cultural Facilities Maintenance fund, \$8.1m (F2015: \$1.8m) for Critical Asset Maintenance and \$0.5m (F2015: \$0.5m) for minor maintenance. These transfers are designated as a contribution from the owners (capital appropriations)

VICTORIAN ARTS CENTRE TRUST

Cash flow statement for the financial year ended 30 June 2016

		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES	NOTES	\$'000s	\$'000s
RECEIPTS			
Receipts from customers		61,774	62,709
Receipts from endowments		932	72
Government grants received		22,032	21,846
Interest and distributions received		949	840
TOTAL RECEIPTS		85,687	85,467
PAYMENTS			
Payments to suppliers		(41,249)	(36,894)
Payments to employees		(40,677)	(37,151)
GST paid to the Australian Taxation Office		(820)	(1,375)
TOTAL PAYMENTS		(82,746)	(75,420)
NET CASH FROM OPERATING ACTIVITIES	17(b)	2,941	10,047
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(10,377)	(7,086)
Payments for investments		(12,587)	-
NET CASH USED IN INVESTING ACTIVITIES		(22,964)	(7,086)
CASH FLOWS FROM FINANCING ACTIVITIES			
Owner contributions by State Government		9,453	2,801
NET CASH PROVIDED BY FINANCING ACTIVITIES		9,453	2,801
Net increase in cash and cash equivalents		(10,570)	5,762
Cash and cash equivalents at the beginning of the financial year		34,676	28,914
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5,17(a)	24,106	34,676

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

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

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VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for the Victorian Arts Centre Trust ("the Trust") for the period ending 30 June 2016. The report provides 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 AASs that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings, plant and equipment (refer to Note 1(K)); and
- Provisions (refer to Note 1(L)).

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. 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 and financial instruments, 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 ("VG") 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 VG 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.

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

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

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 3 to 55, 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 AAS.

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

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

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

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 are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if the Trust does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

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 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.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

E. CHANGES IN ACCOUNTING POLICIES

Subsequent to the 2014-15 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.

SALES OF GOODS AND SERVICES

a. Income from the provision of services

Key income areas are as follows:

- Arts Centre Melbourne programming income comprises ticket sales from Arts Centre Melbourne presented and produced events;
- Theatre services income consists of the recovery of event production costs and venue rental;
- Ticketing income comprises commissions on the sale of tickets as well as merchant and transaction fees;
- The food and beverage revenue is earned from the various Arts Centre Melbourne venues; and
- The car park income is earned from the onsite car parking facilities.

Income from a number of these areas relates to specific performances, and this income is held as unearned revenue on the balance sheet until the performance has occurred and is subsequently recognised as revenue.

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.

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.

INCOME FROM FUNDRAISING ACTIVITIES

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.

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

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.

OTHER INCOME

- Facilities income comprises the recovery of facilities management services from third parties; and
- Sundry income includes recoveries of general expenses.

INCOME FROM FINANCIAL ASSETS CLASSIFIED AS AVAILABLE FOR SALE

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.

Dividend income is recognised when the right to receive payment is established. Dividends represent the income arising from the Trust's investments in financial assets.

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.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Government 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.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

G. EXPENSES FROM TRANSACTIONS

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

EMPLOYEE EXPENSES

These expenses include all costs related to employment including wages and salaries, superannuation, leave entitlements, redundancy payments and WorkCover premiums.

The superannuation 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.

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

PERFORMANCE GENERATED EXPENSES AND OTHER COMMERCIAL EXPENSES

Supplies and services 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.

FACILITIES EXPENSES AND OTHER OPERATING EXPENSES

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

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.

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.

H. OTHER ECONOMIC FLOWS INCLUDED IN THE NET RESULT

Other economic flows are changes in the volume or value of an asset or liability that does not result from transactions.

NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS

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

Net gain/(loss) on 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.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

Gain/(loss) arising from transactions in foreign exchange

Refer to Note 1(S) 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 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 reversal 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. The impairment loss is reversed 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 is 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(K) in relation to the recognition and measurement of non-financial assets.

NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

Net gain/(loss) on financial instruments includes:

- realised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets and derecognition of financial liabilities.

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
- reclassified amounts relating to available for sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes and 'other transfers' of assets.

I. FINANCIAL INSTRUMENTS

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Trust's activities, certain financial assets and financial liabilities arise under statute rather than contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of the Department are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

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

The following refers to financial instruments unless otherwise stated.

CATEGORIES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS

Loans and Receivables

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

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

Available-for-sale financial assets

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset.

Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other economic flows – other comprehensive income' until the investments are disposed.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

Movements resulting from impairment and foreign currency changes are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss previously recognised in 'other economic flows – other comprehensive income' is transferred to other economic flows in the net results.

Fair value is determined in the manner described in Note 18 *Financial Instruments*.

Available-for-sale category includes certain equity investments that are designated as available-for-sale.

J. FINANCIAL ASSETS

CASH AND DEPOSITS

Cash and deposits recognised on the balance sheet 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 readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash assets include donations received by the Arts Centre Melbourne Foundation, which are held in separate bank accounts and are used to fund programming activities.

RECEIVABLES

Receivables consist of:

- contractual receivables, such as debtors in relation to goods and services and accrued investment income; and
- statutory receivables, such as amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 18 *Financial Instruments* for recognition and measurement). Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

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.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments are classified in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity; and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the comprehensive operating statement as a transaction.

Investments include endowments received by the Arts Centre Melbourne Foundation ("the Foundation"). 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.

Endowment funds received are recognised as income in the year in which they are received. A portion of income generated by these funds is used to fund programming activities and the balance is retained by the Foundation to generate income through investing activities.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Trust has transferred its rights to receive cash flows from the asset and either:
 - a. has transferred substantially all the risks and rewards of the asset; or
 - b. has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

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.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

K. NON-FINANCIAL ASSETS

INVENTORIES

Inventories include goods and other property held either for sale, or for distribution at zero or nominal cost, or for consumption in the ordinary course of business operations.

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 as part of a machinery of government change 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.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 9 *Property, plant and equipment*.

RESTRICTIVE NATURE OF CULTURAL ASSETS, HERITAGE ASSETS AND CROWN LAND

During the reporting period, the Trust held cultural assets, heritage assets and other non-financial physical assets (including Crown land and infrastructure assets) that the Trust intends to preserve because of their unique historical, cultural or environmental attributes.

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 Crown land and heritage assets are measured at fair value with regards 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-FINANCIAL PHYSICAL ASSETS

Non-current physical assets are measured at fair value on a cyclical basis, in accordance with the FRDs issued by the Minister of Finance. A full revaluation 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. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increases and decreases arise from differences between an assets carrying value and fair value.

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

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

Net revaluation decrease is recognised in 'other economic flows – other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'other economic flows – other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

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

INTANGIBLE ASSETS

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

OTHER NON-FINANCIAL ASSETS

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

L. LIABILITIES

PAYABLES

Payables consist of:

- contractual payables, such as accounts payable and unearned income. 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; and
- statutory payables, such as goods and services tax and fringe benefits tax payable.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

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 cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, 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.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

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)).

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.

M. LEASES

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

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of infrastructure, property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. For service concession arrangement, the commencement of the lease term is deemed to be the date the asset is commissioned. All other leases are classified as operating leases.

FINANCE LEASES

The Trust is not party to any finance leases.

OPERATING 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.

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

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

N. 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.

O. COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. 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.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

P. 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 26) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Q. ACCOUNTING FOR THE GOODS AND SERVICES TAX (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where 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 (refer to Note 16 and Note 26).

R. 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 between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made 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 that are considered to be of material interest.

S. FOREIGN CURRENCY

All foreign currency transactions during the 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 and accumulated in a separate component of equity, in the period in which they arise.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

T. AUSTRALIAN ACCOUNTING STANDARDS (AAS) ISSUED THAT ARE NOT YET EFFECTIVE

Certain new AAS have been published that are not mandatory for the 30 June 2016 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 2016, the following standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2016. 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 <i>Financial Instruments</i>	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 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. 	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AAS to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AAS to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

STANDARD/INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON PUBLIC SECTOR ENTITY FINANCIAL STATEMENTS
AASB 15 <i>Revenue from Contracts with Customers</i>	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 2018	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.
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: <ul style="list-style-type: none"> the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount can be measured reliably. 	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement. No change for lessors.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

STANDARD/INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON PUBLIC SECTOR ENTITY FINANCIAL STATEMENTS
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i> [AASB 116 & AASB 138]	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: <ul style="list-style-type: none"> establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset. 	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2015-1 <i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle</i> [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]	Amends the methods of disposal in AASB 5 Non-current assets held for sale and discontinued operations. Amends AASB 7 <i>Financial Instruments</i> by including further guidance on servicing contracts.	1 Jan 2016	The assessment has indicated that when an asset (or disposal group) is reclassified from 'held to sale' to 'held for distribution', or vice versa, the asset does not have to be reinstated in the financial statements. Entities will be required to disclose all types of continuing involvement the entity still has when transferring a financial asset to a third party under conditions which allow it to derecognise the asset.
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 <i>Related Party Disclosures</i> to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.
AASB 2016-4 <i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	The standard amends AASB 136 <i>Impairment of Assets</i> to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 <i>Fair Value Measurement</i> is the same as the depreciated replacement cost concept under AASB 136.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 2: INCOME FROM TRANSACTIONS	NOTES	2016 \$'000s	2015 \$'000s
SALES OF GOODS AND SERVICES			
Arts Centre Melbourne programming		12,110	8,138
Theatre services		15,048	15,521
Ticketing		5,996	5,417
Food and beverage		14,817	14,150
Car park		5,741	5,601
Other commercial		422	460
		54,134	49,287
INCOME FROM FUNDRAISING ACTIVITIES			
Philanthropy		2,791	2,443
Bequests	(i)	952	99
Membership		724	667
Sponsorship		1,133	632
Donations to performing arts and art collection		146	1,215
		5,746	5,056
OTHER INCOME			
Facilities management		2,058	1,637
Sundry		509	634
		2,567	2,271
INCOME FROM FINANCIAL ASSETS CLASSIFIED AS AVAILABLE FOR SALE			
Interest – bank deposits		743	840
Dividends and interest – externally managed unitised trusts		206	-
		949	840
GOVERNMENT GRANTS			
Victorian Government appropriation – recurrent		14,789	14,734
Victorian Government grants – non-recurrent		7,000	7,000
Federal government grants		243	101
Other grants		-	11
		22,032	21,846
TOTAL INCOME		85,428	79,300

(i) Bequest income consists of \$1.0m of endowment funds received by the Foundation (F2015: \$0.1m).

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 3: EXPENSES FROM TRANSACTIONS	NOTES	2016 \$'000s	2015 \$'000s
EMPLOYEE EXPENSES			
Salaries and wages		35,728	34,334
Superannuation		3,139	2,797
Taxes		1,917	1,671
Other employee expenses		339	309
		41,123	39,111
PERFORMANCE GENERATED EXPENSES			
Arts Centre Melbourne programming		8,261	6,450
Theatre services		1,489	1,438
Ticketing		774	670
Performance marketing		2,537	2,070
		13,061	10,628
OTHER COMMERCIAL EXPENSES			
Food and beverage		4,868	4,760
Car park		1,228	1,144
Commercial marketing		294	206
Other commercial		102	92
		6,492	6,202
FACILITIES EXPENSES			
Maintenance and renewal		3,630	3,260
Service contract		6,007	5,967
Utilities		3,496	3,445
		13,133	12,672
OTHER EXPENSES			
Other marketing		779	1,024
Information systems and technology		2,307	1,880
Insurance		628	665
General		5,414	4,640
		9,128	8,209
TOTAL EXPENSES FROM TRANSACTIONS	(i)	82,937	76,822
DEPRECIATION AND AMORTISATION			
Depreciation	(ii)	15,931	15,857
Amortisation		33	175
TOTAL DEPRECIATION AND AMORTISATION		15,964	16,032

(i) All labour is shown under employee expenses rather than allocated to performance and commercial expenses.

(ii) The Trust does not receive funding for depreciation and amortisation.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 4: OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT	NOTES	2016 \$'000s	2015 \$'000s
(A) NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS			
Net gain/(loss) on disposal of property, plant and equipment	9	65	(1,154)
TOTAL NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS		65	(1,154)
(B) NET GAIN/(LOSS) ON FINANCIAL ASSETS			
Impairment of:			
Receivables		46	(82)
TOTAL NET GAIN/(LOSS) ON FINANCIAL ASSETS		46	(82)
(C) OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS			
Net gain/(loss) arising from revaluation of long service leave		(240)	94
TOTAL OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS		(240)	94

NOTE 5: CASH AND DEPOSITS	NOTES	2016 \$'000s	2015 \$'000s
Cash on hand and in bank	(i)	13,699	24,808
Cash held in box office bank account	(ii)	10,407	9,868
TOTAL CASH ASSETS	17(a)	24,106	34,676

(i) Cash and deposits includes \$2.5m (F2015: \$11.5m) of Foundation funds.

(ii) Cash held in the box office bank account is held on behalf of the ticket purchaser and can only be made available to the Presenter (ticketing receipts) and the Trust (venue rental, ticketing commission and other recoveries) after the relevant event has occurred.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 6: RECEIVABLES	NOTES	2016 \$'000s	2015 \$'000s
CONTRACTUAL CURRENT RECEIVABLES			
Sale of goods and services	(i)	2,619	2,470
Provision for doubtful contractual receivables	6(a)	(54)	(99)
Other receivables	(i)	1,100	870
STATUTORY CURRENT RECEIVABLES			
Net GST receivable		409	51
TOTAL RECEIVABLES	18	4,074	3,292

(i) The average credit period for sales of goods and services and for other receivables is 21 days (F2015: 21 days). A provision has been made for estimated irrecoverable amounts when there is objective evidence that an individual receivable is impaired. The movement in the provision was recognised in the net result for the current financial year

	2016 \$'000s	2015 \$'000s
(A) DOUBTFUL DEBTS		
BALANCE AT BEGINNING OF THE YEAR	99	17
Increase/(decrease) in provision recognised in the net result	(45)	82
BALANCE AT END OF THE YEAR	54	99

(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.

NOTE 7: FINANCIAL ASSETS CLASSIFIED AS AVAILABLE FOR SALE	NOTES	2016 \$'000s	2015 \$'000s
NON-CURRENT INVESTMENTS AND OTHER FINANCIAL ASSETS			
Managed investment schemes	18	12,410	-
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS		12,410	-

Financial assets classified as available for sale includes \$11.1m (F2015: nil) of Arts Centre Melbourne Foundation funds.

(A) AGEING ANALYSIS OF INVESTMENTS AND OTHER FINANCIAL ASSETS

Refer to Note 18 for the ageing analysis of investments and other financial assets.

(B) NATURE AND EXTENT OF RISK ARISING FROM INVESTMENTS AND OTHER FINANCIAL ASSETS

Refer to Note 18 for the nature and extent of risks arising from investments and other financial assets.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 8: INVENTORIES	2016 \$'000s	2015 \$'000s
CURRENT INVENTORIES		
Theatre equipment	100	79
Central plant	26	58
Cleaning consumables	8	6
Food and beverage	321	287
TOTAL INVENTORIES	455	430

NOTE 9: PROPERTY, PLANT AND EQUIPMENT	NOTES	2016 \$'000s	2015 \$'000s
LAND			
At valuation		141,354	126,676
BUILDINGS			
At valuation		172,693	185,476
Less accumulated depreciation		-	(33,029)
		172,693	152,447
BUILDING FIT OUTS			
At valuation		186,291	83,552
At cost		-	58,870
Less accumulated depreciation		-	(11,888)
		186,291	130,534
OTHER ASSETS			
Furniture and equipment at cost		39,367	38,798
Less accumulated depreciation		(24,447)	(20,130)
		14,920	18,668
Motor vehicles at cost		142	142
Less accumulated depreciation		(120)	(113)
		22	29
Works of art at cost		40	734
Works of art at valuation		37,083	28,067
		37,123	28,801
Performing Arts Collection at cost		74	1,268
Performing Arts Collection at valuation		24,061	25,997
		24,135	27,265
WORK IN PROGRESS	(i)	7,179	1,191
TOTAL PROPERTY, PLANT AND EQUIPMENT		583,717	485,611

(i) Work in progress contains \$5.5m (F2015: \$0.5m) 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 \$1.7m (F2015: \$0.7m) relates to miscellaneous work in progress capital projects.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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	TOTAL \$'000S
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
2016									
Carrying amount at start of year	126,676	152,447	130,534	18,668	29	28,801	27,265	1,191	485,611
Additions	-	2,633	696	444	-	42	106	6,379	10,300
Disposals	-	-	-	(4)	-	-	-	-	(4)
Transfers	-	-	137	254	-	-	-	(391)	-
Depreciation expense	-	(8,596)	(2,886)	(4,442)	(7)	-	-	-	(15,931)
Revaluation of Land & Buildings and Collections	14,678	26,209	57,810	-	-	8,280	(3,236)	-	103,741
CARRYING AMOUNT AT END OF YEAR	141,354	172,693	186,291	14,920	22	37,123	24,135	7,179	583,717

(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 \$314.1m (F2015: \$279.1m) 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.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AS AT 30 JUNE 2016

	CARRYING AMOUNT AS AT 30 JUNE 2016	CARRYING AMOUNT AS AT 30 JUNE 2015	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:					
			Level 1 ⁽ⁱ⁾		Level 2 ⁽ⁱⁱ⁾		Level 3 ⁽ⁱⁱⁱ⁾	
			2016	2015	2016	2015	2016	2015
Land at fair value								
Non specialised land	-	-	-	-	-	-	-	-
Specialised land	141,354	126,676	-	-	-	-	141,354	126,676
TOTAL	141,354	126,676	-	-	-	-	141,354	126,676
Buildings at fair value								
Non specialised buildings	-	-	-	-	-	-	-	-
Specialised buildings & building fit out	358,984	282,981	-	-	-	-	358,984	282,981
TOTAL	358,984	282,981	-	-	-	-	358,984	282,981
Furniture, equipment and vehicles at fair value								
Vehicles ⁽ⁱ⁾	22	29	-	-	22	29	-	-
Furniture and equipment	14,920	18,668	-	-	14,920	18,668	-	-
TOTAL	14,942	18,697	-	-	14,942	18,697	-	-
Other assets at fair value								
Works of art	37,123	28,801	-	-	37,123	28,801	-	-
Performing Arts Collection	24,135	27,265	-	-	24,135	27,265	-	-
TOTAL	61,258	56,066	-	-	61,258	56,066	-	-

(i) Classified in accordance with the fair value hierarchy defined in 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 depreciation. 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 2016.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 Charles Nodrum Gallery and the Performing Arts Collection valuation was performed by Ian 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 30 June 2016.

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 2016.

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	
	2016 \$'000s	2015 \$'000s	2016 \$'000s	2015 \$'000s	2016 \$'000s	2015 \$'000s
OPENING BALANCE	126,676	126,676	282,981	292,576	409,657	419,252
Purchases (sales)	-	-	831	1,806	831	1,806
Transfers in (out) of Level 3	-	-	-	-	-	-
Depreciation	-	-	(11,482)	(11,401)	(11,482)	(11,401)
Impairment loss	-	-	-	-	-	-
SUBTOTAL	126,676	126,676	272,330	282,981	399,006	409,657
Revaluation	14,678	-	86,654	-	101,332	-
CLOSING BALANCE	141,354	126,676	358,984	282,981	500,338	409,657

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATIONS (AS AT 30 JUNE 2016)

	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE)	SENSITIVITY OF FAIR VALUE MEASUREMENT TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS
SPECIALISED LAND	Market approach ⁽ⁱ⁾	Community Service Obligation (CSO) adjustment	20–40% (32%) ⁽ⁱ⁾	A significant increase or decrease in the CSO adjustment would result in a significantly lower or higher fair value.
SPECIALISED BUILDINGS (INCLUDING FIT OUT)	Depreciated replacement cost ⁽ⁱⁱ⁾	Direct cost per square metre	\$570–\$8,000/m ² (\$5,610)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Remaining useful life of specialised buildings & Fit out	3–86 years	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 20 per cent to 40 per cent were applied to reduce the market approach value for the Trust's specialised land, with the weighted average 32 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.

	2016 \$'000s	2015 \$'000s
NOTE 10: INTANGIBLE ASSETS		
Opening balance	5,491	5,491
Additions	-	-
CLOSING BALANCE	5,491	5,491
Opening accumulated amortisation	(5,458)	(5,283)
Charge for the period	(33)	(175)
CLOSING ACCUMULATED AMORTISATION	(5,491)	(5,458)
NET BOOK VALUE AT END OF FINANCIAL YEAR ⁽ⁱ⁾	-	33

(i) Intangible assets consist solely of software.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

	2016 \$'000s	2015 \$'000s
NOTE 11: OTHER NON-FINANCIAL ASSETS		
Prepayments	603	520
TOTAL OTHER NON-FINANCIAL ASSETS	603	520

	NOTES	2016 \$'000s	2015 \$'000s
NOTE 12: PAYABLES			
Current payables			
Contractual			
Supplies and services	(i)	2,272	1,892
Sundry creditors and accruals		4,984	4,104
Box office creditors	(ii)	11,607	11,284
Contractual non-current payables			
Defined pension superannuation call	19	3,979	3,948
TOTAL PAYABLES	18	22,842	21,228

(i) The average credit period is 32 days (F2015: 26 days).

(ii) Box office creditors comprise box office receipts received by the Trust relating to shows which have not yet taken place.

(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.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 13: PROVISIONS	NOTES	2016 \$'000s	2015 \$'000s
(A) CURRENT PROVISIONS			
Annual leave:	(i)		
Unconditional and expected to settle within 12 months	(ii)	1,740	1,478
Unconditional and expected to settle after 12 months	(iii)	241	246
Long service leave:	(i)		
Unconditional and expected to settle within 12 months	(ii)	196	214
Unconditional and expected to settle after 12 months	(iii)	2,524	2,151
Other employee entitlements	(iv)	-	1,372
		4,701	5,461
NON-CURRENT EMPLOYEE PROVISIONS			
Conditional long service leave entitlement	(i) & (iii)	587	728
TOTAL EMPLOYEE BENEFITS		5,288	6,189
Current on-costs		715	679
Non-current on-costs		94	92
TOTAL ON-COSTS		809	771
TOTAL PROVISIONS		6,097	6,960

(B) MOVEMENT IN PROVISIONS	EMPLOYEE PROVISIONS 2016 \$'000s	ON-COST 2016 \$'000s	TOTAL 2016 \$'000s
Opening balance	6,189	771	6,960
Additional provisions recognised	796	299	1,095
Reductions arising from payments	(1,753)	(271)	(2,024)
Unwind of discount and effect of changes in the discount rate	56	10	66
CLOSING BALANCE	5,288	809	6,097
Current	4,701	715	5,416
Non-current	587	94	681
TOTAL	5,288	809	6,097

- (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.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 14: OTHER CURRENT LIABILITIES	2016 \$'000s	2015 \$'000s
Venue hire income received in advance	502	576
Other income received in advance	2,021	1,310
TOTAL OTHER CURRENT LIABILITIES	2,523	1,886

NOTE 15: OPERATING LEASES	2016 \$'000s	2015 \$'000s
Payable not longer than one year	402	396
Longer than one year and not longer than five years	457	324
TOTAL LEASES	859	720

NOTE 16: COMMITMENTS TO EXPENDITURE	2016 \$'000s	2015 \$'000s
OPERATING COMMITMENTS		
Not longer than one year	3,005	1,897
Longer than one year and not longer than five years	2,369	860
TOTAL OPERATING COMMITMENTS	5,374	2,757

PROGRAMMING COMMITMENTS		
Not longer than one year	813	862
TOTAL PROGRAMMING COMMITMENTS	813	862

CAPITAL COMMITMENTS		
Not longer than one year	7,219	637
TOTAL CAPITAL COMMITMENTS	7,219	637

TOTAL COMMITMENTS	13,406	4,256
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VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

		2016 \$'000s	2015 \$'000s
NOTE 17: CASH FLOW INFORMATION	NOTES		
(a) Reconciliation of cash and cash equivalents			
Cash balance comprises:			
Cash on hand and in bank		13,699	24,808
Cash held in box office bank account		10,407	9,868
CLOSING CASH BALANCE	5	24,106	34,676
(B) RECONCILIATION OF NET RESULT FROM OPERATING ACTIVITIES TO NET CASH USED IN OPERATING ACTIVITIES			
NET RESULT FOR THE PERIOD		(13,602)	(14,696)
NON-CASH MOVEMENTS:			
Depreciation and amortisation		15,964	16,032
Donations of property, plant and equipment		146	1,215
(Gain)/loss on disposal of non-current assets		(65)	1,154
(Gain)/loss on Financial Assets		(46)	82
MOVEMENT IN ASSETS AND LIABILITIES:			
(Increase)/decrease in receivables		(736)	508
(Increase)/decrease in inventories		(25)	(17)
(Increase)/decrease in other current assets		(83)	(74)
Increase/(decrease) in payables		1,614	4,086
Increase/ (decrease) in other current liabilities		637	(126)
Increase/ (decrease) in employee benefits		(863)	1,883
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		2,941	10,047

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 18: FINANCIAL INSTRUMENTS

(A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trust's principal financial instruments comprise:

- cash assets;
- investments with investment term more than one year;
- 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 within government policy parameters.

The Trust's main financial risks 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 the box office bank account on behalf of the ticket purchaser which can only be made available to the Presenter (ticketing receipts) and the Trust (venue rental, ticketing commission and other recoveries) after the relevant event has occurred.

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

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

	2016 \$'000s	2015 \$'000s
CONTRACTUAL FINANCIAL ASSETS		
Cash and term deposits	24,106	34,676
RECEIVABLES (i)		
Sale of goods and services	2,565	2,371
Other receivables	1,100	870
INVESTMENTS AND OTHER CONTRACTUAL FINANCIAL ASSETS		
Managed investment schemes	12,410	-
TOTAL CONTRACTUAL FINANCIAL ASSETS	40,181	37,917
CONTRACTUAL FINANCIAL LIABILITIES		
PAYABLES (i)		
Supplies and services	2,272	1,892
Box office creditors	11,607	11,284
Other payables	4,984	4,104
Defined pension superannuation call	3,979	3,948
TOTAL CONTRACTUAL FINANCIAL LIABILITIES	22,842	21,228

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

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

NET HOLDING GAIN ON FINANCIAL INSTRUMENTS BY CATEGORY	NET HOLDING GAIN/(LOSS) \$'000S	TOTAL INTEREST INCOME \$'000S	TOTAL \$'000S
2016			
CONTRACTUAL FINANCIAL ASSETS			
Financial assets - loans and receivables	46	743	789
Financial assets available-for-sale recognised in net result	(177)	206	29
TOTAL CONTRACTUAL FINANCIAL ASSETS AS AT 30 JUNE 2016	(131)	949	818
2015			
CONTRACTUAL FINANCIAL ASSETS			
Financial assets - loans and receivables	-	840	840
Financial assets available-for-sale recognised in net result	-	-	-
TOTAL CONTRACTUAL FINANCIAL ASSETS AS AT 30 JUNE 2015	-	840	840

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 asset, the interest income, and minus any impairment recognised in the net result.

(B) CREDIT RISK

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

The Trust's policy is that credit sales are only made to customers that are creditworthy. Provision of 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.

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

	FINANCIAL INSTITUTIONS (AA CREDIT RATINGS) \$'000S	GOVERNMENT AGENCIES (TRIPLE -A CREDIT RATING) (i) \$'000S	OTHER \$'000S	TOTAL \$'000S
2016				
Cash and cash equivalents	12,034	12,000	72	24,106
Receivables	1	50	3,614	3,665
Investments and other financial assets	-	12,410	-	12,410
TOTAL CONTRACTUAL FINANCIAL ASSETS	12,035	24,460	3,686	40,181
2015				
Cash and cash equivalents	34,676	-	-	34,676
Receivables	19	-	3,222	3,241
Investments and other financial assets	-	-	-	-
TOTAL CONTRACTUAL FINANCIAL ASSETS	34,695	-	3,222	37,917

(i) Financial assets held with Government agencies consists of cash held with Treasury Corporation of Victoria and managed investment schemes held with the Victorian Funds Management Corporation.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

AGEING ANALYSIS OF CONTRACTUAL FINANCIAL ASSETS

		PAST DUE BUT NOT IMPAIRED				
	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	LESS THAN 1 MONTH	MORE THAN 1 MONTH	IMPAIRED FINANCIAL ASSETS	
	\$'000S	\$'000S	\$'000S	\$'000S	\$'000S	
2016						
RECEIVABLES:						
Trade debtors	2,619	2,390	73	102	54	
Other receivables	1,100	1,100	-	-	-	
INVESTMENTS AND OTHER CONTRACTUAL FINANCIAL ASSETS						
Managed investment scheme	12,410	12,410	-	-	-	
TOTAL	16,129	15,900	73	102	54	
2015						
RECEIVABLES:						
Trade debtors	2,470	2,328	31	12	99	
Other receivables	870	870	-	-	-	
INVESTMENTS AND OTHER CONTRACTUAL FINANCIAL ASSETS						
Managed investment scheme	-	-	-	-	-	
TOTAL	3,340	3,198	31	12	99	

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.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

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
2016					
PAYABLES:					
Trade creditors	2,272	2,266	6	-	-
Box office creditors	11,607	4,473	3,012	4,122	-
Other payables	4,984	4,984	-	-	-
Defined pension superannuation call	3,979	-	-	372	3,607
TOTAL	22,842	11,723	3,018	4,494	3,607
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

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 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 and hedging of foreign currency exposures.

INTEREST RATE RISK

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates.

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

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

INTEREST RATE EXPOSURE OF FINANCIAL INSTRUMENTS

2016	WEIGHTED AVERAGE INTEREST RATE %	CARRYING AMOUNT \$'000S	FLOATING INTEREST RATE \$'000S	FIXED INTEREST RATE \$'000S	NON- INTEREST BEARING \$'000S
FINANCIAL ASSETS					
Cash at bank and on hand	1.53	13,699	13,699	-	-
Cash held in box office bank account	1.56	10,407	10,407	-	-
Receivables - trade debtors		2,565	-	-	2,565
Receivables - other debtors		1,100	-	-	1,100
INVESTMENTS AND OTHER CONTRACTUAL FINANCIAL ASSETS					
Managed investment schemes		12,410	-	-	12,410
TOTAL		40,181	24,106	-	16,075
FINANCIAL LIABILITIES					
Trade creditors		2,272	-	-	2,272
Box office creditors		11,607	-	-	11,607
Other creditors		4,984	-	-	4,984
Defined pension superannuation call	7.5	3,979	-	3,979	-
TOTAL		22,842	-	3,979	18,863

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

2015 FINANCIAL ASSETS	WEIGHTED AVERAGE INTEREST RATE %	CARRYING AMOUNT \$'000S	FLOATING INTEREST RATE \$'000S	FIXED INTEREST RATE \$'000S	NON- INTEREST BEARING \$'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
INVESTMENTS AND OTHER CONTRACTUAL FINANCIAL ASSETS					
Managed investment schemes		-	-	-	-
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

EQUITY PRICE RISK

The Trust is exposed to equity price risk through its investments in managed investment schemes. Such investments are allocated and traded to match the investment objectives appropriate for the Trust's liabilities.

Sensitivity disclosure analysis

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

- a movement of 50 basis points up and down (F2015: 50 up and down) in market interest rates (AUD); and
- a movement of 15 percent up and down for the top ASX 200 index.

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

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

OTHER PRICE RISK SENSITIVITY

		OTHER PRICE			
		-15%			+15%
2016	CARRYING AMOUNT \$'000S	NET RESULT	AVAILABLE- FOR-SALE REVALUATION SURPLUS	NET RESULT	AVAILABLE- FOR-SALE REVALUATION SURPLUS
CONTRACTUAL FINANCIAL ASSETS					
Investments and other contractual financial assets	12,410	(1,862)	-	1,862	-
TOTAL	12,410	(1,862)	-	1,862	-
2015					
CONTRACTUAL FINANCIAL ASSETS					
Investments and other contractual financial assets	-	-	-	-	-
TOTAL	-	-	-	-	-

MARKET RISK EXPOSURE - INTEREST RATE RISK

		-0.50%	-0.50%	0.50%	0.50%
2016	CARRYING AMOUNT \$'000S	NET RESULT \$'000S	AVAILABLE- FOR-SALE REVALUATION SURPLUS \$'000S	NET RESULT \$'000S	AVAILABLE- FOR-SALE REVALUATION SURPLUS \$'000S
FINANCIAL ASSETS					
Cash at bank and on hand	24,106	(121)	-	121	-
Investments and other contractual financial assets	12,410	(62)	-	62	-
TOTAL	36,516	(183)	-	183	-
2015					
FINANCIAL ASSETS					
Cash at bank and on hand	34,676	(173)	-	173	-
Investments and other contractual financial assets	-	-	-	-	-
TOTAL	34,676	(173)	-	173	-

FAIR VALUE

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

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

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

The Trust currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2016-17 reporting period. These financial instruments include:

FINANCIAL ASSETS	FINANCIAL LIABILITIES
Cash and deposits	Payables:
Receivables:	<ul style="list-style-type: none"> For supplies and services Amounts payable to government and agencies Other payables
<ul style="list-style-type: none"> Sale of goods and services Accrued investment income Other receivables 	
Investments and other contractual financial assets:	
<ul style="list-style-type: none"> Managed investment schemes 	

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

2016 FINANCIAL ASSETS	CARRYING AMOUNT AS AT 30 JUNE 2016 \$'000S	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1	LEVEL 2	LEVEL 3
Financial assets at fair value through profit or loss				
Managed investment scheme	12,410	-	12,410	-
TOTAL	12,410	-	12,410	-

The Trust did not hold any financial instruments at fair value for the year ended 30 June 2015.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate fair value.

MANAGED INVESTMENT SCHEMES

The Trust invests in managed funds which are not quoted in an active market and which may be subject to restrictions on redemptions.

The investments are in funds managed by VFMC and are held in their Balanced Fund and Capital Stable Fund.

The Trust considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investment, to ensure they are reasonable and appropriate and therefore the net asset value (NAV) of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions and redemptions, future commitments and other specific factors of the fund. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. To the extent that the significant inputs are observable, the Trust classifies these funds as level 2.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 19: SUPERANNUATION

Employees of the Trust are entitled to receive superannuation benefits and the Trust contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary. Superannuation contributions paid or payable for the reporting period are recognised as an expense in the Comprehensive Operating Statement when they are made or fall due.

(A) DEFINED CONTRIBUTION SUPERANNUATION FUNDS

The majority 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% or as per enterprise agreements. The Superannuation Guarantee contribution rate is legislated to progressively increase to 12% by 2025. The Superannuation Guarantee rate will remain at 9.5% for the next 5 years, increasing to 10% from 1 July 2021, and eventually to 12% from 1 July 2025.

(B) DEFINED BENEFIT

The Trust makes all of its defined benefit employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). 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 employers. 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 accounting purposes. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 because of the pooled nature of the Fund's Defined Benefit category.

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.

As at 30 June 2015, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the defined benefit category of which the Trust is a contributing employer was 105.8%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns	7.0% pa
Salary information	4.25% pa
Price inflation (CPI)	2.5% pa

Vision Super has advised that the estimated VBI at 30 June 2016 was 102.0%.

The Australian Prudential Regulation Authority (APRA) superannuation prudential standard (SPS 160) - Defined Benefit Matters determines the funding requirements of a defined benefit (DB) arrangement. Under this standard:

- The VBI is the measure to determine whether there is an unfunded liability; and
- Any unfunded liability that arises must be paid within three years.

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.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 19: SUPERANNUATION (CONTINUED)

EMPLOYER CONTRIBUTIONS

REGULAR CONTRIBUTIONS

On the basis of the results of the 2015 interim actuarial investigation conducted by the Fund's Actuary, 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 2016, this rate was 9.5% of members' salaries. This 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.

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 the Defined Benefit category's 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 2015 interim actuarial investigation identified the following in the Defined Benefit category of which the Trust is a contributing employer:

- A VBI surplus of \$130.8 million; and
- A total service liability surplus of \$239 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 2015.

The total service liability surplus means that the current value of the assets in the Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

The Trust was notified of the 30 June 2015 VBI during August 2015.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 19: SUPERANNUATION (CONTINUED)

ACCRUED BENEFITS

The Fund's liability for accrued benefits was determined in the 2015 interim actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 – Financial Reporting for Superannuation Funds follows:

	30 JUNE 2015 (INTERIM REVIEW) \$ MILLION	30 JUNE 2014 (FULL REVIEW) \$ MILLION
Net Market Value of Assets	2,379.2	2,354.9
Accrued Benefits (per accounting standards)	2,083.1	2,061.9
Difference between Assets and Accrued Benefits	296.1	293.0
Vested Benefits	2,248.4	2,277.8

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 interim actuarial investigation will be held as at 30 June 2016 and the next full actuarial investigation will be as at 30 June 2017.

NOTE 20: RESERVES	2016 \$'000s	2015 \$'000s
PHYSICAL ASSET REVALUATION SURPLUS:		
Balance at beginning of financial year	161,991	161,991
Revaluation increments/(decrements)	103,741	-
BALANCE AT END OF FINANCIAL YEAR	265,732	161,991
FINANCIAL ASSETS AVAILABLE-FOR-SALE REVALUATION SURPLUS/(DEFICIT):		
Balance at the beginning of the financial year	-	-
Revaluation increments/(decrements)	(177)	-
BALANCE AT END OF FINANCIAL YEAR	(177)	-
NET CHANGES IN RESERVES	103,564	-

NOTE 21: EX GRATIA EXPENSES (i)	2016 \$'000s	2015 \$'000s
Forgiveness or waiver of debt (ii)	12	-
TOTAL EX GRATIA EXPENSES	12	-

(i) Includes ex gratia expenses for both individual items and in aggregate that are greater than or equal to \$5,000.

(ii) Trade receivable write offs.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 22: RESPONSIBLE PERSONS

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

RESPONSIBLE MINISTER

Mr. Martin Foley MP, Minister for Creative Industries

RESPONSIBLE PERSONS

Mr James MacKenzie (from 11 December 2015)

Mr Tom Harley (until 10 December 2015)

Mr Sandy Clark

Mr Julian Clarke AM (until 12 March 2016)

Mr Jim Cousins AO (until 12 March 2016)

Ms Dana Hlavacek

Ms Catherine McClements

Mr Ian Roberts

Ms Helen Silver AO (from 11 August 2015)

Mr Graham Smorgon AM

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

ACCOUNTABLE OFFICER

The remuneration of the accountable officer was in the range of \$320,000 – \$329,999 (F2015: \$190,000 - \$199,999).

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 23: REMUNERATION OF EXECUTIVES AND PAYMENTS TO OTHER PERSONNEL (I.E. CONTRACTORS WITH SIGNIFICANT MANAGEMENT RESPONSIBILITIES)

(A) REMUNERATION OF EXECUTIVES

The numbers of executive officers employed during F2016, other than the Accountable Officer, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands.

The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of any bonus, long service leave, redundancy payments and retirement benefits. It includes nominal base salary plus superannuation.

	TOTAL REMUNERATION		BASE REMUNERATION	
	2016	2015	2016	2015
\$50,000 - \$100,000	2	-	3	-
\$130,000 - \$139,999	-	-	1	-
\$140,000 - \$149,999	1	-	-	-
\$150,000 - \$159,999	-	-	-	1
\$160,000 - \$169,999	-	1	-	1
\$200,000 - \$209,999	1	-	-	-
\$210,000 - \$219,999	-	-	1	-
\$220,000 - \$229,999	1	1	-	1
\$230,000 - \$239,999	-	-	1	-
\$240,000 - \$249,999	1	-	-	-
\$250,000 - \$259,999	-	-	-	1
\$270,000 - \$279,999	-	1	-	-
\$280,000 - \$289,999	-	1	-	-
Total number of reportable executives	6	4	6	4
Total annualised employee equivalent (AEE) (i)	3.7	3.4	3.7	3.4
	\$'000s	\$'000s	\$'000s	\$'000s
THE AGGREGATE REMUNERATION PAID TO EXECUTIVES	1,005	946	841	801

(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 (EXCLUSIVE OF GST)	
	2016	2015
\$70,000 - \$79,999	-	1
\$160,000 - 169,999	1	-
	1	1
	\$'000s	\$'000s
TOTAL EXPENSES (EXCLUSIVE OF GST)	165	73

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

NOTE 24: REMUNERATION OF AUDITORS

	2016 \$'000s	2015 \$'000s
VICTORIAN AUDITOR-GENERAL'S OFFICE		
Audit of the financial statements	54	54

NOTE 25: RELATED PARTY TRANSACTIONS

Dana Hlavacek is a non-executive director of Melbourne Water Corporation for which related party transactions totalled \$1,208 for function services provided by the Trust.

James (Jim) G Cousins AO is a non-executive director of The Australian Ballet for which related party transactions (during his tenure with the Trust) in venue rental and associated services provided by the Trust amounted to \$1,486,119, function services provided by the Trust amounted to \$50,301 and merchandise and tickets provided to the Trust amounted to \$4,362. He is also a director of the Melbourne Museum who provided the Trust \$26,435 in storage costs and ticket purchases.

Julian Clarke AM is a director of Herald & Weekly Times for which related party transactions in venue rental and associated services provided by the Trust (during his tenure with the Trust) amounted to \$33,442, and news subscriptions totalling \$413 were paid to Herald & Weekly Times by the Trust.

Helen Silver AO is a non-executive director of the Melbourne Symphony Orchestra for which related party transaction in venue rental and associated services provided by the Trust amounted to \$1,827,264 and function services provided by the Trust amounted to \$136,630. Additionally \$154,978 was paid by the Trust as contributions towards coproduced events.

Helen Silver is also Chief General Manager of Allianz Australia Workers Compensation who underwrite Workcover insurance for the Trust, for which the premium paid by the Trust was \$389,854.

Charles George (Sandy) Clark is the chairman of The William Buckland Foundation, who provided the Trust Grant funding of \$75,000 towards a future production. He is also a director of the Barr Family Foundation, which provided a donation of \$47,032 towards a future production.

Donations and endowments totalling \$92,150 (F2015: \$41,750) were received from Arts Centre Melbourne Trustees. Donations totalling \$1,250 (F2015: \$1,000) were received from Arts Centre Melbourne Executives.

Claire Spencer is a member of the Executive Council of Live Performance Australia for whom function services provided by the Trust amounted to \$2,370. Her partner Andrew Spencer is an Executive Producer for the presenters Works Entertainment Group and TML Enterprises, who paid the Trust \$11,504 in merchandise sales royalties in F2016 and who the Trust paid \$386,650 to co-produce the event *The Illusionists 1903*.

Melanie Smith has no related party transactions for F2016, however her partner Mark Burlace is Head of Programming for Melbourne International Arts Festival (MIAF) with whom related party transactions totalled \$763,243 in venue rental and associated services provided by the Trust and \$36,274 for catered function services provided by the Trust. \$70,279 was paid by the Trust to MIAF towards coproduced events.

NOTE 26: CONTINGENT ASSETS AND LIABILITIES

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

NOTE 27: SUBSEQUENT EVENTS

There were no subsequent events for the financial year ended 30 June 2016.

VICTORIAN ARTS CENTRE TRUST

Notes to the financial statements for the financial year ended 30 June 2016

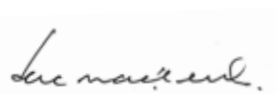
ACCOUNTABLE OFFICERS' AND CHIEF FINANCIAL OFFICER'S DECLARATION

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 2016 and the financial position of the Trust as at 30 June 2016.

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 23 August 2016.



James Mackenzie
President



Claire Spencer
Chief Executive Officer



Deirdre Blythe
Executive Director, Operations and CFO

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000

Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010

Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Trustees, Victorian Arts Centre Trust

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 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.

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*, the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Regulations 2013*, 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

Independent Auditor's Report (continued)

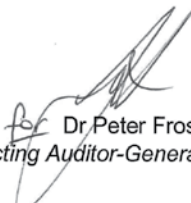
Independence

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, I and my 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 presents fairly, in all material respects, the financial position of the Victorian Arts Centre Trust as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Regulations 2013*.

MELBOURNE
29 August 2016


Dr Peter Frost
Acting Auditor-General

INDEPENDENT AUDITOR'S REPORT

VAGO

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

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.

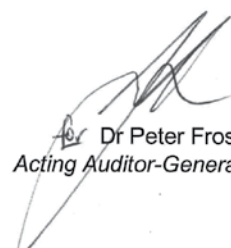
Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for the Victorian Arts Centre Trust for the year ended 30 June 2016, 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 Not-for-profits Commission Act 2012* in relation to the audit
- contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
29 August 2016


Dr Peter Frost
Acting Auditor-General

Auditing in the Public Interest

Administrative

REPORTING REQUIREMENTS

WORKFORCE DATA

ONGOING					VARIABLE TIME ¹				FIXED TERM AND CASUAL EMPLOYEES	
	EMPLOYEES (HEADCOUNT)		FTE		EMPLOYEES (HEADCOUNT)		FTE		FTE	
	2016 ²	2015 ³	2016	2015	2016	2015	2016	2015	2016	2015
GENDER										
Male	124	126	121	122	43	32	28	21	65	78
Female	127	130	119	119	27	13	15	7	85	98
Total	251	256	240	241	70	45	43	28	150	176
AGE										
Under 25	2	4	2	3	5	4	3	2	28	44
25-34	81	78	77	75	27	14	16	10	62	68
35-44	78	82	76	76	17	10	11	6	24	28
45-54	53	48	50	45	11	8	7	5	26	21
55-64	32	37	31	36	7	7	5	4	9	10
Over 64	5	7	4	6	3	2	1	1	1	5
Total	251	256	240	241	70	45	43	28	150	176

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 1,976. 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.

² 2016 employee headcount figure reflects 219 full-time headcount and 32 part-time headcount.

³ 2015 employee headcount figure reflects 214 full-time headcount and 42 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	KPI	2015-16	2014-15	2013-14
Incident Reporting	Number of employee incidents per 100 full-time equivalent staff members	30.9	44.0	50.3
	Number of visitor incidents per 100 visitors	0.012	0.011	0.009
	Number of hazards per 100 full-time equivalent staff members	18.0	9.2	5.1
Workers Compensation	Premium rate ¹	0.9%	0.7%	1.0%
	No. of standard claims ²	0.92	2.47	1.48
	No. of lost time standard claims ³	0.46	1.34	0.74
	Average cost per standard claim ⁴	\$3,208	\$15,093	\$10,051
	Average days lost per Workers Compensation claim ⁵	1.6	3.5	4.5
	Return to work ⁶	93.7%	86.9%	85.7%
OHS Management Systems Compliance	OHS Management Systems Compliance Achieve compliance to AS4801 ⁷	91%	89%	87%

¹ Percentage of total remuneration compared to the industry rate of 1.94%.

² Number of standard claims for the year per 100 full-time equivalent staff members.

³ Number of "lost time" standard claims for the year per 100 full-time equivalent staff members.

⁴ Average cost per standard claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe).

⁵ Average days lost for all claims, including minor and standard claims.

⁶ Percentage of injured staff that returned to work in less than 10 days.

⁷ Percentage achieved on internal audit of Occupational Health and Safety Management Systems.

Administrative

REPORTING REQUIREMENTS

ENVIRONMENTAL PERFORMANCE

KEY MEASURABLE		2015–16	2014–15	2013–14	2012–13 ¹	2011–12
Electricity total consumption	Kilowatt Hr (kWh)	22,889,523	23,000,581	22,595,365	24,000,243	21,997,133
Natural gas total consumption	Gigajoules (Gj)	53,084	50,812	47,607	56,657	60,588
Water total consumption	Kilolitres (kL)	98,657 ³	85,222 ²	72,670	70,627	67,461
Electrical green house gas emissions	Tonnes of CO ₂ -e	30,214	33,422	32,455	34,809	32,199
Natural gas green house gas emissions	T/CO ₂ -e/Gj	2,930	2,637	2,471	2,941	3,145

Notes:

The above figures include services supplied to the NGV. NGV's usage equates to 43% of electricity, 37% gas and 39% water.

¹ The increase in utility consumption in 2012–13 is related to the reopening of Hamer Hall following its refurbishment.

² The figures for water usage in 2014–15 have been adjusted from those published in the 2014–15 Annual Report after receipt of more accurate data.

³ The increase in water usage from 2014–15 to 2015–16 is due to Hamer Hall tenancies being fully occupied for the reporting period, and the installation of a new water meter at Sidney Myer Music Bowl.

BUDGET PAPER 3 OUTPUT REPORTING

	2015–16	2014–15	2013–14	2012–13	2011–12
Access – visitors/users ¹	2,637,075	2,613,744	2,838,482	2,911,930	2,298,103
Access – online visitors to website ²	3,414,510	2,770,680	2,194,864	2,130,984	1,486,482
Number of members and friends ³	1,379	1,385	1,365	1,272	1,152
Number of volunteer hours	1,007	898	1,113	1,475	2,264
Number of students participating in education programs	50,977	77,900	46,072	58,380	59,259
% of collections stored to industry standard	68	68	68	68	67
% of visitors satisfied with visit overall ⁴	97	94	89	87	85

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 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 2016 the Trust received two formal FOI applications – one from an individual and one from an organisation. The requests were reviewed internally. Some information was assessed to be exempt from release, and all remaining information was released.

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 \$27.90 (waived in certain circumstances). Apart from the application fee, certain other charges such as search fees and photocopying charges might apply in relation to the provision of documents as stipulated in the *Freedom of Information (Access Charges) Regulations 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 lost 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
 - expenditure committed to for each engagement.

Arts Centre Melbourne undertook audience research and evaluation projects during the reporting period. 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 2015–16 eight building permits were issued.

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

Administrative

REPORTING REQUIREMENTS

PROTECTED DISCLOSURE ACT 2012

The *Protected Disclosure Act 2012* (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 million in metropolitan Melbourne and \$1 million in regional Victoria. In 2015–16 the Trust had two contracts with VIPP plans.

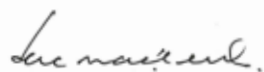
SUBSEQUENT EVENTS

There were no subsequent events for the financial year ended 30 June 2016.

RISK MANAGEMENT ATTESTATION AT 30 JUNE 2016

I, James MacKenzie, 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.



James MacKenzie,
President
Victorian Arts Centre Trust
17 August 2016

Administrative

REPORTING REQUIREMENTS

CONSULTANCIES

In 2015–16 there were nine consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2015–16 in relation to these consultancies was \$248,566 (excluding GST). Details of individual consultancies can be viewed at www.artscentremelbourne.com.au/annualreport. In 2015–16, there were 14 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2015–16 in relation to these consultancies was \$44,610 (excluding GST).

DETAILS OF GOVERNMENT ADVERTISING EXPENDITURE (campaigns with a media spend of \$100,000 or greater)

NAME OF CAMPAIGN	CAMPAIGN SUMMARY	START/END DATE	ADVERTISING (MEDIA) EXPENDITURE 2015–16 (EXCLUDING GST) \$'000s	CREATIVE & CAMPAIGN DEVELOPMENT EXPENDITURE 2015–16 (EXCLUDING GST) \$'000s	RESEARCH & EVALUATION EXPENDITURE 2015–16 (EXCLUDING GST) \$'000s	PRINT & COLLATERAL EXPENDITURE 2015–16 (EXCLUDING GST) \$'000s	OTHER CAMPAIGN EXPENDITURE 2015–16 (EXCLUDING GST) \$'000s
The Illusionists 1903	16 shows	December 2015 – January 2016	254,368	0	0	0	0
North by Northwest	Print, online, TV and radio advertising 19 shows	January 2016 – February 2016	164,393	0	0	0	0
Nederlands Dans Theater	Print, online and TV advertising 5 shows	June 2016	115,479	0	0	0	0
The Secret River	Print and online 11 shows	March 2016	102,775	0	0	0	0

DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the 2015–16 reporting period, the Trust had a total ICT expenditure of \$4.7 million, with the details shown below.

BUSINESS AS USUAL ICT EXPENDITURE \$'000s		NON-BUSINESS AS USUAL ICT EXPENDITURE \$'000s	
		Operational expenditure	1,412
		Capital expenditure	92
Total	3,198	Total	1,504

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

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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.

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



**Arts
Centre
Melbourne**

Victorian Arts Centre Trust
Arts Centre Melbourne
ABN 83 295 983 059

100 St Kilda Road
Melbourne VIC 3004
Australia
1300 182 183
artscentremelbourne.com.au
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