

**Arts
Centre
Melbourne**

VICTORIAN ARTS CENTRE TRUST
Annual Report
2017 — 2018



At Arts Centre Melbourne we acknowledge the traditional owners of the land on which we are located, the People of the Kulin Nations, and pay our respects to elders, past, present and future.

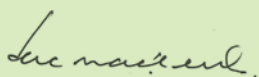
The Victorian Arts Centre Trust (the "Trust"), trading as "Arts Centre Melbourne", is a statutory authority of the Creative Industries portfolio, which is administered by Creative Victoria, a division of the Department of Economic Development, Jobs, Transport and Resources. The Trustees are appointed 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 56.

RESPONSIBLE BODY'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 2018.



James MacKenzie
President
Victorian Arts Centre Trust

ABBREVIATIONS USED IN THIS REPORT

"F2018" refers to the 2017–18 Financial Year (the reporting year covered by this report). Other reporting years are indicated by a year preceded by "F", for example "F2015" refers to the 2014–15 Financial Year.



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About us

ARTS CENTRE MELBOURNE

At Arts Centre Melbourne, we bring people together for remarkable experiences.

Sitting beneath our iconic Spire, we are Australia's largest and busiest performing arts centre.

In the past year, we staged more than 4,000 performances and public events and welcomed a record 3.76 million people through our doors.

In fact, as a cultural and architectural landmark in our nation's cultural capital, we have showcased the best of Australian and international performing arts for nearly 40 years.

We are proudly the home of our flagship Resident Companies – The Australian Ballet, Melbourne Symphony Orchestra, Melbourne Theatre Company and Opera Australia – and a range of other presenters who collectively bring our stages and spaces to life. Through these works, together with our own program of performances, events and activities, we offer diverse audiences a distinctly multidimensional approach to participation, education and entertainment.

On our world-renowned stages, in communities across Victoria, online, via mobile and through digital and outreach programming, our connection to individuals, families and communities traverses generations, and transcends cultural and geographical divides.

Everyone is welcome, and we devise programs and projects to enable our visitors and audiences to experience the arts, both as spectator and creator. Our commitment to participation and education are central to what we do, enabling us to inspire a new generation of creatives and makers.

The Victorian Government's vision for Melbourne is to advance its position as an internationally recognised cultural and creative destination, as well as retaining its crown of being the world's most liveable city. As one of Melbourne's major cultural centres, sitting at both the gateway and heart of the burgeoning Melbourne Arts Precinct, Arts Centre Melbourne is committed to realising this vision.

"We bring people together for remarkable experiences."



Arts Centre Melbourne's Hamer Hall and iconic Spire atop the Theatres Building.
Photo: Mark Gambino.

OUR STRATEGIC FRAMEWORK

Arts Centre Melbourne's Culture Statement, *The Role You Play*, outlines our Vision, Purpose, Commitment, Values and Strategic Priorities. It is at the centre of our organisational culture and strategy.

OUR VISION

Arts Centre Melbourne enriches the cultural, educational, social and economic lives of Victorians by bringing people together for remarkable experiences in the Melbourne Arts Precinct.

OUR PURPOSE

To create enriching experiences that connect artists with audiences, audience members with each other and visitors with the wider precinct. What we do makes a difference:

- 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 of and building the Australian Performing Arts Collection.
- Leveraging our unique position in the industry, providing leadership within the creative and cultural sector.

OUR COMMITMENT

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 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 STRATEGIC PRIORITIES

Our Strategic Priorities, outlined in our *Strategic Plan: Looking to 2027*, are the five most important things we are focused on to ensure we Earn the Encore in everything we do. By 2027 we aim to achieve the following:

Performing Arts (page 20)

Arts Centre Melbourne will be a contemporary and relevant home for the performing arts that serves the whole of Victoria, including the outer metro and regional community.

Audience Focused (page 28)

Arts Centre Melbourne and the surrounding precinct will be a place where everyone feels welcome and can have remarkable experiences.

Custodianship (page 41)

Arts Centre Melbourne will be part of a connected precinct that treasures the past and creates new stories.

People (page 46)

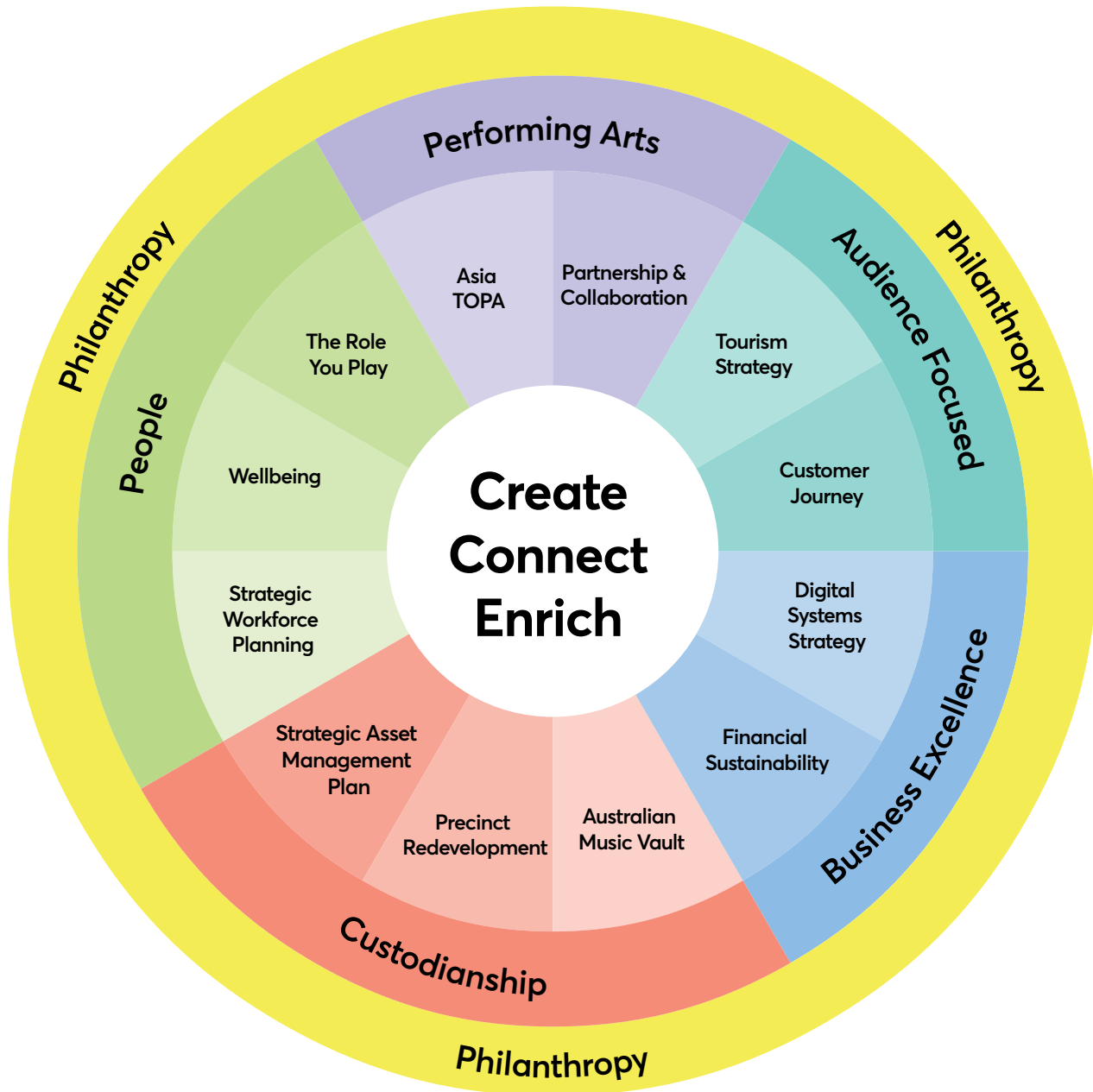
Arts Centre Melbourne will be a place where the very best in the industry aspire to work and collaborate.

Business Excellence (page 51)

Arts Centre Melbourne will continue to be a value-for-money state asset that supports the Victorian Government to achieve its goals.

KEY INITIATIVES AND PROJECTS

ARTS CENTRE MELBOURNE CORPORATE PLAN F2018 – F2020



Strategic Projects



FOCUS AND OUTCOMES IN F2018

Our key initiatives and projects during F2018 were driven by our *Corporate Plan F2018 – F2020*. Collaboration was a driving force behind these activities, and we continue to seek opportunities to partner across the sector to ensure that Melbourne has the most vibrant creative industry possible.

Our activities in F2018 resulted in the following key outcomes:

- Precinct planning and partnership work with the National Gallery of Victoria, Creative Victoria, Development Victoria and the Victorian Government on the transformation of the Melbourne Arts Precinct and the commencement of *Reimagining Arts Centre Melbourne*, leading to the Premier the Hon Daniel Andrews MP's 3 June 2018 announcement of \$208 million funding support (page 41).
- Opening the Australian Music Vault in partnership with the Australian music industry, which has provided a unique and free experience for more than 400,000 visitors since December 2017 (page 44).
- Delivering a record-breaking summer season in partnership with Live Nation (Pop-up Globe), Gordon Frost Organisation (*Dream Lover*) and Melbourne Theatre Company (the National Theatre (UK) production of *The Curious Incident of the Dog in the Night-Time*) (page 20).
- Consortium programming and commissioning of new work through Asia TOPA (page 24), the citywide MEL&NYC festival initiative and new work partnerships like *Take Over!* with the Melbourne Fringe (page 26).
- Delivering the *Play Me, I'm Yours* public participation project through the Betty Amsden Participation Program. An estimated 1.7 million people engaged in person and online (page 35).
- Delivering technical and safety training to 149 regional and metro students through our Registered Training Organisation (page 49).
- Partnering with Resident Companies and regular presenters to deliver data sharing, audience insights, professional development workshops, education offerings and relaxed performances (demonstrated throughout this report).
- Delivering visitor information in partnership with the City of Melbourne (page 28).
- Developing best practice zero tolerance tools (page 54) and contributing to the Creative Victoria Working Group on addressing sexual harassment in the creative industries.
- Partnering with industry, government and business to deliver the Arts Wellbeing Collective to more than 130 member organisations across the state and plan for its next iteration (page 48).
- Developing our Digital Strategy in partnership with our Innovation Partner, PwC (page 52).
- Environmental sustainability improvements through the work of our employee-led Green Team and targeted asset upgrades (page 51).
- Collaborating with the Indigenous community to draft our Reconciliation Action Plan (page 15).
- Formalising four key areas of focus for our philanthropic case for support in collaboration with our Foundation and key donors (page 14).

FOCUS AND OUTCOMES IN F2018 *cont.*

CONTRIBUTION TO GOVERNMENT POLICY

In F2018 we actively contributed to the Victorian Government's *Creative State* Action Areas:

- *Action Area 1 – Backing creative talent:* through our commitment to present and develop more culturally diverse and Indigenous arts programming and creative developments, and supporting talent development through our Registered Training Organisation and mentoring relationships.
- *Action Area 2 – Strengthening the creative industries ecosystem:* through investment in new work development by the small-to-medium and independent sector, knowledge sharing through the Arts Wellbeing Collective, zero tolerance and Your Choice initiatives, and technical capacity building through our Registered Training Organisation and Reconciliation Action Plan.
- *Action Area 3 – Delivering wider economic and social impacts:* through planning for *Reimagining Arts Centre Melbourne*, long-term social impact projects in The Channel, our focus on building the visitor economy, fostering opportunities for cultural diplomacy and providing targeted cultural offerings for the evolving Culturally and Linguistically Diverse (CALD) community.
- *Action Area 4 – Increasing participation and access:* through large-scale public participation projects such as *Play Me, I'm Yours*, access initiatives like the First Call Fund, tixatsix and relaxed performances, and regional offerings of the Arts Wellbeing Collective.
- *Action Area 5 – Building international engagement:* through a long-term investment in artistic partnerships and business relationships with Asia and a commitment to attracting more international visitors through our tourism approach.

EXPECTATIONS FOR F2019

On 3 June 2018 the Premier of Victoria, the Hon Daniel Andrews MP, announced a \$208 million reimagining of the Melbourne Arts Precinct, including Arts Centre Melbourne and the National Gallery of Victoria. The initiative will transform the Southbank area, reimagine existing facilities and create new amenities for visitors, artists and the community.

The *Reimagining Arts Centre Melbourne* program of works will commence immediately and continue until 2027, a timeframe corresponding to our *Strategic Plan: Looking to 2027*. Our existing program of works for critical asset replacement will continue and dovetail into the larger project where appropriate.

This will dramatically expand the focus of Arts Centre Melbourne, our Trustees, and our Executive and Leadership teams.

The scope of our operations will expand to incorporate the planning and delivery of *Reimagining Arts Centre Melbourne*. It will also deliver on our business-as-usual activities: a vibrant program of performing arts, support to our Resident Companies and hirers, an engaging customer experience and the safe operations of our facilities.

Critical asset maintenance will continue, but planning and reactive maintenance must be viewed through a new lens. The learning and development of our people will continue, but again this must be viewed through the lens of precinct redevelopment. We must understand the skills we need to deliver *Reimagining Arts Centre Melbourne* and retain the skills needed to both run the business through a period of disruption and prepare for a new era post-completion.

It is an exciting time but a complex exercise, and F2019 will be the year when the groundwork is laid for the next decade. Our expectations for F2019 are set out in our *Corporate Plan F2019 – F2021*, which addresses both the reimagining and ongoing operations of Arts Centre Melbourne. Our activities in F2019 will focus on mobilisation and design for *Reimagining Arts Centre Melbourne*, as well as forward planning to ensure business sustainability during the disruption period and beyond. Related areas of focus include:

- enhancing Arts Centre Melbourne's community and corporate brand to support our philanthropic and strategic partnership objectives
- improving organisational excellence through renewed systems and processes and implementation of efficiency projects like our Sustainability Action Plan
- continuing to engage with all Victorians through participation and access programs, our Registered Training Organisation's regional training offer, the Arts Wellbeing Collective and broadcast and digital technology
- ensuring long-term business sustainability through projects such as the development of a Workforce Capability Plan, a base funding review and financial model analysis.

EXPECTATIONS FOR F2019 *cont.*

CONTRIBUTION TO GOVERNMENT POLICY

In F2019 our activities will support a range of government policy initiatives beyond *Creative State*:

- The Australian Music Vault, the planned Australian Performing Arts Gallery, our exclusive presentations and our broader Tourism Strategy, which support the Visitor Economy Strategy.
- Asia TOPA, which supports the delivery of the objectives of the China Strategy, India Strategy and ASEAN more broadly, as well as creating a platform for cultural diplomacy opportunities, supporting international trade and investment and creating engagement opportunities for international students.
- The Arts Wellbeing Collective, which supports the WorkSafe mental health initiative and the Victorian Government Public Service Mental Health and Wellbeing Charter.
- Our Arts Learning Strategy, including the Australian Music Vault education program, which supports the objectives of Education State.
- Our Participation and Access programs, our Registered Training Organisation's regional training offer and broadcast and digital technology, which support government strategies for regional Victoria.
- Our Registered Training Organisation activities, which support of the government's skills, training and jobs agenda.
- Relaxed performances, audio description, AUSLAN interpretation and the implementation of Changing Places, which support access objectives.
- Including Family Violence Leave in our 2018 Enterprise Bargaining Agreement, reflecting and supporting the Victorian Government's campaign *Ending Family Violence*, *Victorian Plan for Change*.
- Supporting the Victorian Government's LGBTQI+ equality agenda by ensuring our workplaces and public spaces are safe and inclusive, reflecting the government's commitment to remove discrimination from all laws, services and society.
- Our Insights and Impacts Evaluation framework is aligned to our Act, *Creative State* and broader government policy objectives and we will continue to measure and report our social, cultural, educational and economic impact.



PRESIDENT'S REPORT

It has been an incredibly successful year for Arts Centre Melbourne.

Remarkable experiences continue to provide the life blood of what we do – but there is more.

The Victorian Arts Centre Trust recognises that the performing arts is in many ways the most democratic and accessible art form, open to everyone regardless of gender, age, ability or cultural or socioeconomic background. Our commitment is to provide opportunities to engage with our programs and projects not just within our physical spaces, but beyond: in communities across Victoria and online to the world.

Standing still is not an option for an organisation that plays a leadership role in the community. To this end, the Trust has spent much time and energy over the past year on developing a future strategy for the organisation and its place in the world-renowned Melbourne Arts Precinct.

Our vision is far from a simple refurbishment of Australia's largest and busiest performing arts centre, albeit an ageing and increasingly outdated asset in the Theatres Building; it is about imagining the role we could play as a gateway to a seamlessly connected precinct.

Critical to sustaining our success will be our capacity to: respond to the changing needs of a growing city; provide connectedness between peers across the precinct; rejuvenate our infrastructure so we meet presenter and audience expectations; and provide a safer environment for artists, visitors and our team.

We have a leading role to play in ensuring this vision becomes reality. This was recognised by the Victorian Government with its June 2018 announcement of an initial \$208 million precinct development commitment. Part of this funding will be directed to progress detailed planning and design for a redeveloped Theatres Building, a new fourth campus for Arts Centre Melbourne (complementing Hamer Hall, the Sidney Myer Music Bowl and the Theatres Building) on the adjacent 1 City Road site, and a new public realm connecting to the precinct and beyond: all under the umbrella of *Reimagining Arts Centre Melbourne*.

The inward-looking, labyrinthine public spaces of our Theatres Building will be turned inside out, replaced with cathedrals of natural light, while undulating lawns will offer visitors the chance to forge their own path through the precinct. Our 1 City Road campus will feature studio and education spaces, an expanded Australian Music Vault, and new avenues to explore the creative riches of the state-owned Australian Performing Arts Collection through a major new gallery.

The current condition of our assets and their ability to provide the appropriate level of service required of a major cultural institution has been one of the driving forces behind *Reimagining Arts Centre Melbourne*. Our assets pose significant challenges for our team and make it increasingly difficult for us to deliver our range of programs. Managing this risk in the short term remains a primary focus for the team; it continues to be the Trust's highest strategic risk and will not be appropriately mitigated until our *Reimagining Arts Centre Melbourne* project is complete.

Underpinning our strategy is the foundation of collaboration as key to Arts Centre Melbourne's prosperity and a realisation of the power precincts play in thriving and vibrant communities.

The Premier of Victoria, the Hon Daniel Andrews MP, and the Minister for Creative Industries, Martin Foley MP, have been strong advocates for Arts Centre Melbourne and its projects and programs, which enable the organisation to play such an important role in Victoria's prosperity. We thank them for their interest and support and also acknowledge the continued engagement from the Hon Jacinta Allan MP, Minister for Major Projects, and the Hon Gavin Jennings MP, Special Minister of State.

Likewise, our relationship with the City of Melbourne continues to provide important partnership opportunities and we look forward to working with new Lord Mayor Sally Capp and her team.

Precinct projects that have been led by Arts Centre Melbourne and embrace collaboration wholeheartedly include: the Arts and Cultural Security Precinct and Emergency Group, which brings together precinct security teams to share best practice on precinct-wide security and safety measures; the acclaimed industry-wide Arts Wellbeing Collective, which provides sector-specific resources, workshops and programs addressing issues of mental health and wellbeing; and the landmark Asia-Pacific Triennial of Performing Arts (Asia TOPA), which in F2017 brought together a consortium of over 40 large and small organisations to simultaneously present a festival of contemporary Asian performing arts and is now firmly in planning for its 2020 iteration.



The December 2017 opening of the Australian Music Vault has provided a major stimulation for one of our key cultural assets, the Australian Performing Arts Collection, and allowed us to collaborate with new partners across the music industry. It has not only brought many new visitors to Arts Centre Melbourne to discover stories of contemporary Australian music, but also provided impetus for the creation of a dedicated gallery, as part of *Reimagining Arts Centre Melbourne*, to showcase the depth and breadth of our collections across the areas of opera, music, dance, theatre and circus.

I acknowledge the continued generosity of our donors and all our supporters. Their passion and interest in what we do will have a key supporting role to play as we prepare for the decade ahead.

During the year Graham Smorgon AM stepped down from the Trust after nine years of dedicated service. Graham's counsel, particularly in areas of governance and in helping establish and then lead the Arts Centre Melbourne Foundation, has contributed much to a firm footing for the organisation's future success. During the year we were also pleased to welcome Andrew Myer AM to the Trust, adding to his role as Chairman of the Foundation.

I take this opportunity to acknowledge the leadership and passion of Chief Executive Officer Claire Spencer, who continues to be the driving force behind the organisation's success with a determination to ensure that future generations will benefit from the legacy of her team.



James MacKenzie
President
Victorian Arts Centre Trust



CHIEF EXECUTIVE OFFICER'S REPORT

The past 12 months have proven that the performing arts is as strong, vibrant and relevant as ever. Visitor numbers and performances staged hit record highs for Arts Centre Melbourne, reinforcing the vital importance of our commitment to bring people together for remarkable experiences and the need to focus on reimagining Arts Centre Melbourne for future generations.

Collaboration with our presenting partners and precinct stakeholders remains key to all we do, reinforcing our role as a major contributor to Victoria's creative and visitor economies. The success of key projects illustrates the strength of stakeholder relationships, and the capacity of the organisation to deliver at scale and pace, and still keep its eye on the future and meet stakeholder expectations.

In addition to ongoing extraordinary work with our Resident Companies (Melbourne Symphony Orchestra, Melbourne Theatre Company, Opera Australia and The Australian Ballet) and major presenter companies (The Production Company, Bangarra Dance Theatre and Bell Shakespeare), several major projects reached fruition after many months of negotiations and planning:

- opening the Australian Music Vault (page 44)
- the return of the summer musical to Arts Centre Melbourne, with *Dream Lover* becoming the biggest selling show in our main stage history (page 20)
- co-presentation with Melbourne Theatre Company of the National Theatre (UK) award-winning production of *The Curious Incident of the Dog in the Night-Time* and an extensive associated arts learning program (page 20 and 32)
- the Australian premiere season of the Pop-up Globe at the Sidney Myer Music Bowl (page 20)
- the return of *Play Me, I'm Yours*, the fifth project run through the Betty Amsden Participation Program (page 35)
- the return of *Supersense – Festival of the Ecstatic* (page 21).

In addition, our collaboration with the Melbourne Festival season of *Tree of Codes* was an important highlight on the State Theatre stage, while *Vigil* and *Calamity Jane* stole the limelight in the intimate Fairfax Studio.

Asia TOPA (page 24)

We were pleased to receive positive analysis on the inaugural Asia TOPA, held in early 2017. Asia TOPA delivered a new strategic approach to growing capacity for the Victorian cultural sector to feature contemporary Asian performing arts, broke down cultural barriers inhibiting diverse community participation in the arts and created opportunities for broad-based public engagement with cultural traditions of our region. As we shape content for the second edition of Asia TOPA in 2020, 35 artists and "connectors" from eight Asia-Pacific countries came together in May 2018 for a Creative Lab.

New works (page 24–27)

We are proud to support the creative development, commissioning and presentation of new works by emerging and established independent Australian and international artists and companies, acting as producer and investor for commissioning pieces. We do this through partnership with individual donors, trusts and foundations to support creative ideas that deliver extraordinary encounters between artists and audiences. These creative development projects would not be possible without the help of these loyal supporters and we thank them for their continued passion.

Arts Wellbeing Collective (page 48)

Throughout 2017 we led a 12-month pilot of the Arts Wellbeing Collective to address mental health and wellbeing issues for arts industry workers. The pilot engaged 138 organisations across Melbourne and regional Victoria and delivered 14 workshops on self-care, time management, mental health literacy and effective people management. An independent external evaluation was overwhelmingly positive about the program's future. We are now taking lessons learnt from the pilot and developing a program to roll out over the next three years.

Partnerships (page 15)

We continued to evolve our approach to partnering with likeminded organisations who share a common purpose: to drive real social change in the community. As part of this evolution we are developing a new strategic partnership model designed to unlock greater value through collaboration, engagement and demonstrated impact. Under this approach we welcomed new Innovation Partner, PwC, which joined our Principal Partner, Bank of Melbourne, and Official Partner, Hostplus, in helping deliver a successful year of partnership work.

Support for industry on key issues

Over the past year the entertainment industry worldwide has drawn much attention around areas of social awareness, with several campaigns reflecting a changing attitude to zero tolerance throughout our industry.

Arts Centre Melbourne wholeheartedly supports these social campaigns through our value of Care More. We acknowledge the support and interest that has come from the Victorian Government, particularly from the Hon Natalie Hutchins MP, Minister for Women and Minister for the Prevention of Family Violence.

We have supported the government's Victoria Against Violence campaign since its inception. This year we hosted an exhibition in the foyers of Hamer Hall and highlighted the campaign period through lighting our iconic Spire.

We have been proudly involved in the Your Choice campaign since its 2016 launch. This music industry-supported campaign aims to reduce antisocial behaviour at music events such as alcohol, drugs, assault and harassment and inspire a culture of positive behaviour through shared responsibility. The Your Choice message was rolled out at many music events, including our Sidney Myer Music Bowl summer season, and has contributed to a safer patron experience.

During the landmark Australian Marriage Law Postal Survey in 2017 our Spire was lit in rainbow colours and our public stance received strong support in social and traditional media. We were also pleased to support the annual Victorian Public Sector Pride Awards.

Reimagining Arts Centre Melbourne (page 41)

Plans to secure the future of Arts Centre Melbourne and its place in the Melbourne Arts Precinct took a major step forward with the Victorian Government's June 2018 announcement of a transformation of the precinct. Over coming years, the *Reimagining Arts Centre Melbourne* project will provide an important roadmap for everything we do and be a landmark in the organisation's rich cultural history.

Thanks

We acknowledge the support *Reimagining Arts Centre Melbourne* has received from the Victorian Government and Creative Victoria and we look forward to working with them to achieve the project goals.

Aligned to these goals is important investment from the Victorian and Australian Governments and City of Melbourne for major projects including Asia TOPA, the Arts Wellbeing Collective, and our learning and cultural programming. We thank them wholeheartedly.

We have valued expert advice from our Advisory Groups for the Australian Music Vault and Arts Wellbeing Collective, without which these projects would not be thriving as they are. To our Advisory Group members, we share our unreserved thanks.

I reiterate our thanks to our donors for their continued generosity. Their passion contributes to so much of our success and reputation in the community.

I commend the Victorian Arts Centre Trust, the Arts Centre Melbourne team and the Arts Centre Melbourne Foundation, who have worked tirelessly to ensure the *Reimagining Arts Centre Melbourne* project plan provides the best outcomes for Melbourne and all Victorians. And I acknowledge the work that has already begun to ensure our many stakeholders and supporters come on the journey with us.

It is truly an exciting time.



Claire Spencer
Chief Executive Officer
Arts Centre Melbourne

Arts Centre Melbourne

BY NUMBERS



performance attendances
(+27% increase on F2017)



3.76 MILLION+

people visited Arts Centre Melbourne throughout the year



performance events
(+32% increase on F2017)



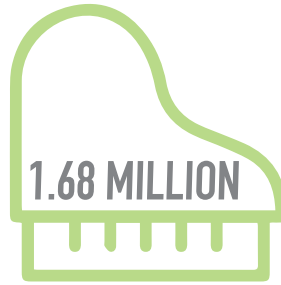
increase in commercially generated revenue compared to last year



Donors to Arts Centre Melbourne



free or low-cost community and school events we presented (+48% on F2017)



people engaged on the streets and online with *Play Me, I'm Yours* event



transactions where reusable cups have been used at our venues, contributing \$4,300 to our First Call Fund



reduction in our gas usage on F2017



schools engaged through our learning programs



car park spaces sold



public program events we delivered



First Call Fund student and community partner attendances



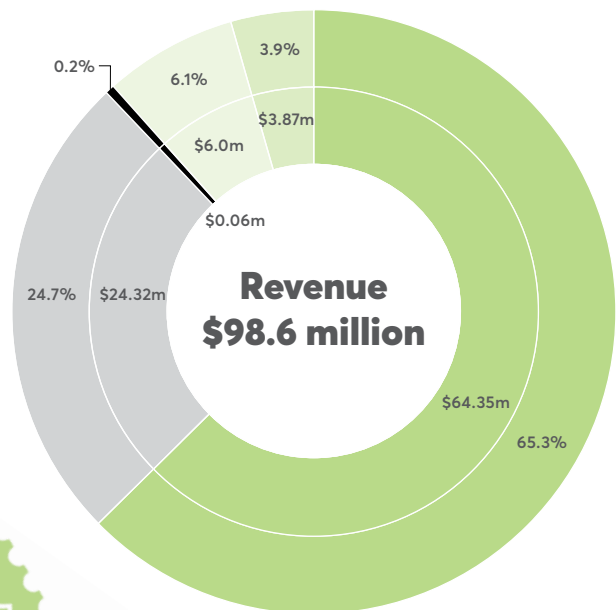
visitor satisfaction



attendees likely to attend another event at Arts Centre Melbourne



first-time ticket buyers (+49% on F2017)



- COMMERCIALY GENERATED
- VICTORIAN GOVERNMENT FUNDING
- AUSTRALIAN GOVERNMENT FUNDING
- FUNDRAISING
- OTHER

Don't take our word for it

A FEW THOUGHTS FROM THOSE WHO SPENT TIME WITH US LAST YEAR

"I love Arts Centre Melbourne, don't you? Doesn't it just make you proud to be a Melburnian?"

VISITOR FEEDBACK

"I wanted to write with a small note of gratitude to the people who make the tixatsix program at Arts Centre Melbourne possible. We love the performing arts but over the last six months my partner and I have both been unemployed and we have both been incredibly grateful for the ability to occasionally see some opera, ballet or the orchestra. This program, which makes access to world-class shows available to people (like us this past year) who otherwise would certainly not be able to go, is deeply valuable. I hope one day soon to be in a position to 'pay forward' this incredible gift in some small way. Thank you."

TIXATSIX AUDIENCE MEMBER, VIA LIMELIGHT MAGAZINE

"Love your venue! I wish every show I saw was in one of your theatres."

REVIEW ON INSTAGRAM

"The group LOVED it. 'So cool. So cool.' was all I heard from one member afterwards. For one of the members, it was her second time seeing the show that week. We really did enjoy it."

FIRST CALL FUND COMMUNITY GROUP ATTENDEE

"Quite honestly, I love attending performances at Arts Centre Melbourne. I've been to concerts at Hamer Hall, theatre at the Playhouse, State Theatre and Fairfax Studio, wandered through the gallery in awe of the abilities of the arts, sculptors etc. displaying there. I've taken children to a variety of things too. I believe there is something for everyone; you just have to decide which to go to."

AUDIENCE FEEDBACK SURVEY

"Thought it was bloody tops! Bravo! :) There was a great mix of content, it was beautifully presented, and I got a real thrill out of it. Especially the punk-related parts."

AUSTRALIAN MUSIC VAULT VISITOR

"My sister and I go to all three musicals [from The Production Company] every year and love them. We find all the staff so friendly and helpful. We commented last show what a pleasure it is to see everybody happy and smiling (staff). I live at Port Fairy and have to leave home at 11:00am to get to the theatre on time, but it's worth it."

AUDIENCE FEEDBACK SURVEY

"We will treasure the dedication and coincidentally, when I attended the ballet on Saturday, our seats were behind our usual ones, because of the different configuration of the orchestra pit. But no one was sitting in that seat or the one next to it, so it was almost as though [my mother] was there enjoying it, too!"

FEEDBACK ON OUR SEAT DEDICATION PROGRAM

Our stakeholders

STAKEHOLDERS AND PARTNERSHIPS

Arts Centre Melbourne partners with those who share our values, passion for the performing arts and vision to enrich the lives of all Victorians. Without the support of our generous and passionate philanthropic and partnership community, it would not be possible for us to deliver on our purpose to bring people together for remarkable experiences.

This year has been marked by innovation, transformation and evolution as we work towards designing new ways of engaging, working and partnering with our donors, trusts and foundations, business partners, and the Victorian, Australian and local governments.

GOVERNMENT

Our approach to all levels of government has been to continue growing our whole-of-government partnerships, which create shared value and contribute to our strategic projects, capability, innovation and sustainability. This includes investment from the Victorian and Australian Governments and City of Melbourne in major projects and signature initiatives including Asia TOPA, the Arts Wellbeing Collective, arts learning activities and our cultural programming.

PHILANTHROPY

Arts Centre Melbourne's vision is helped made possible through the extraordinary support of our philanthropic community, whose belief in the power of the performing arts to change and enhance lives is critical in ensuring that we strive to fully realise our mission.

Philanthropic support from individual donors, trusts, foundations and bequests continued to play a central role in extending the reach and impact of our cultural, education, commissioning and exhibition programs. These four key areas remain integral to Arts Centre Melbourne's role in the cultural landscape.

ACCESS (PAGE 37)

We want everyone to have opportunities to experience the wonder of the performing arts, regardless of gender, age, ability or cultural or socioeconomic background. We thank our wonderful First Call Fund supporters for their generous support, which allowed us to provide subsidised or complimentary transport for regional schools, specially produced access programs and relaxed performances and free and subsidised tickets to more than 23,000 school and community groups throughout the year (page 40).

EDUCATION (PAGE 32)

Each year we aim to provide transformative experiences to the next generation of creatives and makers. Thanks to the support of our donors, hundreds of schools and thousands of students, along with families, communities and lifelong learners, were able to participate in our active learning programs and exclusive engagement opportunities. We also acknowledge the significant philanthropic support that enabled us to stage our most extensive associated program of access and learning activities to date, to coincide with the Australian premiere season of *The Curious Incident of the Dog in the Night-Time*.

COMMISSIONS (PAGE 26)

Providing pathways for performing artists at the forefront of contemporary practice to create and perform in our theatres is integral to our mission. We are actively partnering with donors to support the creative development and presentation of new works by Australian and international artists and companies as well as successfully supporting numerous co-productions and collaborations. This was most notably seen in F2018 in the launch of the *Take Over!* commission program.

COLLECTIONS (PAGE 42)

We are proud custodians of the Australian Performing Arts Collection, dedicated to the preservation presentation of Australia's circus, dance, music, opera and theatre heritage. The collection holds more than 680,000 items that have influenced our love of the performing arts, including major acquisitions from Kylie Minogue, Nick Cave, Dame Nellie Melba, The Australian Ballet, Barry Humphries, Dame Joan Sutherland and countless others. Philanthropy enables us to fund these acquisitions and their long-term care and presentation, and this year also supported the successful opening of the Australian Music Vault (page 44). We thank our wonderful supporters for their ongoing generosity.

PARTNERSHIPS

There is a real power in working with like-minded organisations that share a common purpose: to drive meaningful change in our community. Much of Art Centre Melbourne's work has been made possible through the help of our generous corporate partners – Bank of Melbourne, PwC and Hostplus.

We celebrated our third successful year with our Principal Partner, Bank of Melbourne. This partnership supports programming and enables us to continue nurturing a vibrant, creative and liveable city. Alongside Bank of Melbourne we programmed and presented the contemporary performing arts festival *Supersense – Festival of the Ecstatic* (pages 21 and 31). The innovative and experimental *Supersense* was created in association with curator and performer Sophia Brous.

Our Official Partner, Hostplus, continued to support the sector through support of the Arts Industry Program, a free membership program for professional artists and arts workers. Throughout the year 990 members had access to free or accessible masterclasses, workshops and other industry collectives including discussion groups and networking events.

Through extensive stakeholder consultation and research conducted throughout F2018, we learnt much about the changing partnership landscape and have responded by developing a partnering approach that is evidence based and informed by best practice. Our new strategic partnership model is designed to unlock greater value for both parties through collaboration, engagement and demonstrated impact. Under this approach we welcomed new Innovation Partner PwC, which is supporting us to create immersive customer experiences, create a more vibrant Melbourne Arts Precinct and inspire our city to solve the challenges of tomorrow.

The December 2017 opening of the Australian Music Vault could not have happened without significant partnership support. We acknowledge our strategic alliances and industry partners, including Major Partners APRA AMCOS, ARIA and Spotify; Official Partners CrowdDJ and NFSA; and Supporting Partners ABC, Ableton and SYN Media. With this support, we are able to continue to nurture a vibrant, creative and liveable city.

THE ARTS CENTRE MELBOURNE FOUNDATION

The Arts Centre Melbourne Foundation (page 58) was established by the Victorian Arts Centre Trust to provide practical support and active participation in identifying and cultivating prospective supporters and raising funds in order to realise the Trust's financial goals.

The Foundation plays a crucial role in supporting the work of Art Centre Melbourne's Philanthropy team by establishing relationships with existing and prospective individual donors, philanthropic funding bodies and corporate partners so that they can be sufficiently informed, educated and involved in the life of the Trust to maintain and grow their support.

These philanthropic fundraising and sponsorship programs are integral to ensuring that the Trust can sustainably deliver its purpose to contribute to the enrichment of the cultural, educational, social and economic life of the people of Victoria.

RECONCILIATION ACTION PLAN

Australia is home of the world's oldest continuing culture; a culture of storytelling that dates back tens of thousands of years.

Plans are underway to develop our first Reconciliation Action Plan. The Reconciliation Action Plan will recognise our First Nations people across all business and operations areas of Arts Centre Melbourne and ensure that Arts Centre Melbourne can be a place of meeting, work, performance and enjoyment for all.

At the time of publishing this Annual Report, we are in the early stages of drafting the plan. We have been working closely with Reconciliation Australia to create an action plan that is respectful, meaningful and recognises our history on stolen land, whilst celebrating our shared future.

We recognise that Arts Centre Melbourne has a long way to go towards reconciliation and that we are just at the start of our journey.

Philanthropic supporters

THANK YOU

Arts Centre Melbourne extends our heartfelt thanks to all of our supporters, whose generosity, loyalty and commitment play a crucial role in ensuring as many Victorians as possible have the opportunity to experience the joy of the performing arts in Melbourne.

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Those who have made landmark gifts to Arts Centre Melbourne.

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Enabling Arts Centre Melbourne to create and deliver a world-class program of performances, arts education and participation events for the children and adults of Victoria.

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Giving young disadvantaged Victorians the invaluable opportunity to experience the performing arts at Arts Centre Melbourne.

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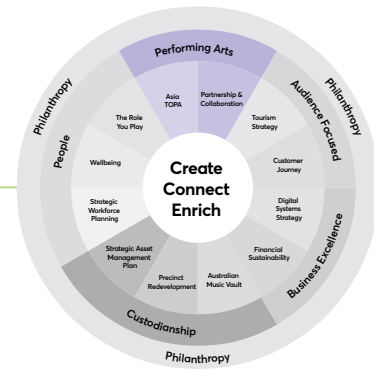
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Our Strategic Priorities

PERFORMING ARTS

A home for the arts and artists to flourish



RESIDENT COMPANIES AND PRESENTER PROGRAMS

Our Resident Companies had an expansive footprint in our venues this year, with highly ambitious projects achieving record-breaking heights.

The Australian Ballet's *Alice's Adventures in Wonderland* (State Theatre, September 2017) made its Australian premiere and quickly proved one of the company's most successful productions ever. More than 40,500 people took in the production's extravagant sets and costumes and extraordinary score.

Melbourne Symphony Orchestra's expanding residence in Hamer Hall was highlighted by the Australian premiere of the music of Joe Hisaishi from the Studio Ghibli films of Hayao Miyazaki. Co-presented with Asia TOPA and Arts Centre Melbourne, the sell-out season highlighted the Melbourne Symphony Orchestra's growing trend in reaching new audiences through innovative programming.

Following on from Opera Australia's spring 2017 season of the opulent operetta *The Merry Widow*, the company began 2018 with a bang, presenting a gleaming, elegant revitalisation of the Verdi masterwork *La Traviata*. The work was presented along with *Don Quichotte* and *Tosca* and made for a stellar autumn season that helped draw more than 62,500 people to the State Theatre over the year.

In partnership with the Gordon Frost Organisation we presented the Helpmann Award-winning *Dream Lover – The Bobby Darin Musical* (State Theatre, December 2017 – March 2018), which surpassed *War House* (2013) to become the highest-selling show ever presented at our venues, with more than 120,000 tickets sold. The combination of the music of Bobby Darin and an acclaimed cast assisted the triumphant return of the summer musical to our stages.

Our co-presentation with Melbourne Theatre Company of the acclaimed National Theatre (UK) production of *The Curious Incident of the Dog in the Night-Time* (Playhouse, January – February 2018) was our biggest drama theatre hit since *One Man, Two Guvnors* in 2012. The seven-week season sold out well in advance of opening and the show itself was received extremely positively by audiences and critics. The interaction with our extensive Arts Learning associated program (page 32) also proved valuable and included a popular relaxed performance and three schools shows.

The Production Company's residence and legacy of success in Arts Centre Melbourne venues is unquestioned, and this year the company presented another hugely popular season for its loyal audiences. The upbeat *Hello, Dolly!* (five stars with the *Herald Sun*), the enduring classic *Jesus Christ Superstar* and the surprise hit of the season, the tongue-in-cheek *Brigadoon*, drove ticket sales for the three-show season past 61,500.

The most ambitious project of F2018 was the Pop-up Globe, the world's first full-scale temporary working replica of one of the greatest theatres in history, Shakespeare's second Globe Theatre. Brought to Melbourne by Live Nation, the Pop-up Globe made its international debut at Sidney Myer Music Bowl in September 2017. Labelled "*The best night of theatre ever*" (*Australian Stage*), audiences were blown away by the intimate, interactive and immersive experience of seeing Shakespeare performed in the space for which it was written. The season delighted audiences with four stunning productions of Shakespeare's masterworks, sold 150,000 tickets and was extended twice, finishing its run in February 2018.



The Pop-up Globe at Sidney Myer Music Bowl. Photo: Jay Wennington.



The Pop-up Globe at Sidney Myer Music Bowl. Photo: Jay Wennington.



Joshua Jenkins (Christophe Boone) and ensemble in the National Theatre's *The Curious Incident of the Dog in the Night-Time* Tour 2017. Photo: BrinkhoffM+ Agenburg, courtesy National Theatre.

OTHER LARGE-SCALE WORKS

Arts Centre Melbourne and The Works Entertainment presented the large-scale variety show *The Unbelievables* (Hamer Hall, January 2018). Old-school juggling, circus strongmen, magicians and Jay Johnson, the only ventriloquist to win a Tony Award, all kept Hamer Hall active during a normally quiet period.

The second edition of *Supersense – Festival of the Ecstatic* took over Arts Centre Melbourne in August 2017 with great effect, scoring the headline “*The only music festival that really matters*” in *The Age*. Three days of immersive music and performance took place in and around the corridors and crannies of the Theatres Building and Hamer Hall. Highlights included performances from Russian protest punk icons Pussy Riot and a specially created live reimagining of Bryon Gysin and William Burroughs’ seminal experiential invention, *The Dream Machine*. The latter has gone on to the Red Bull Music Festival in New York and Manchester International Festival (UK), taking the Arts Centre Melbourne/*Supersense* brand to the world.



Memory Field: Waangenga Blanco + Laurence Pike at *Supersense*.
Photo: Mark Gambino.

“Supersense was a seriously epic festival. What a weekend!”

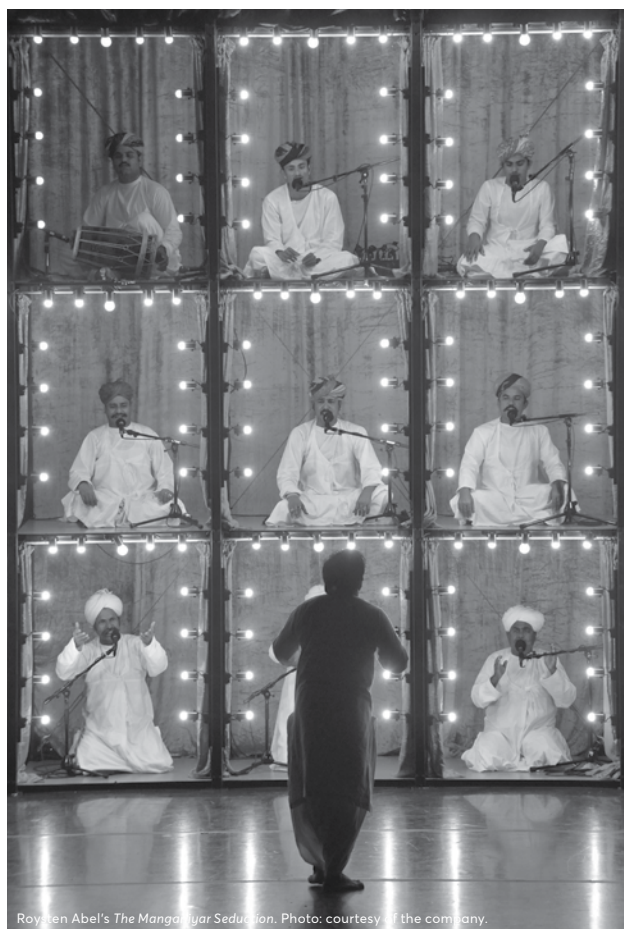
SUPERSENSE ATTENDEE VIA FACEBOOK

MUSIC

Robyn Archer, Australian Art Orchestra, Archie Roach and Tiddas, Melbourne Music Bus Tour, and *The Soundtrack Series* (featuring *Cookin’ on 3 Burners* and *The Meltdown*) all continued our celebration of Australian musicians and connected our live program with the Australian Music Vault (page 44).

In January 2018, *Symphonica* – our second partnership with Melbourne Symphony Orchestra and Mushroom Group – came to Sidney Myer Music Bowl with DJ Armand van Helden. This event was rewarded with a Helpmann nomination for best Australian Contemporary Concert.

In March 2018, Roysten Abel’s *The Manganiyar Seduction* featured the folk music of India’s Thar Desert Dwellers. In an astonishing audiovisual feast, 40 musicians were gradually revealed in a series of light boxes in a slow build-up of intensity – a show perfectly tailored to the State Theatre.



Roysten Abel’s *The Manganiyar Seduction*. Photo: courtesy of the company.

CONTEMPORARY PERFORMANCE

We launched our *Big World, Up Close* series in August 2017, a series of powerful, intimate works from across the globe. The inaugural program featured *Pike St* by Nilaja Sun (USA), *Black T-shirt Collection* by Inua Ellams (Nigeria/UK) and *Guru of Chai* by Indian Ink Theatre Company (New Zealand/India) in the Fairfax Studio. Through comedy, transformational acting, provocation and beautiful storytelling, these plays transported audiences to worlds beyond our horizon, while exploring vital themes from our global community.



Inua Ellams in *Black T-shirt Collection*. Photo: Brian Roberts.

We worked in partnership with Melbourne Festival to present Joel Ma and James Mangohig's *In Between Two* (Fairfax Studio, October 2017). This Contemporary Asian Australian Performance company show combined storytelling, music and film in a deeply personal and highly entertaining production.



Joel Ma and James Mangohig's *In Between Two*. Photo: William Yang.

During the 2017–18 summer months we worked in partnership with Sydney and Perth Festivals to bring two new shows to Australia. Following the success of Nassim Soleimanpour's *White Rabbit Red Rabbit*, we presented the Australian premiere of his new work, *Nassim*. With guest artists including Nakiah Lui, Charlie Pickering and Benjamin Law, this stunning work saw guests perform onstage with the writer himself in a work that explored family, language and connection. *Riot*, by Irish theatre company THISISPOPBABY, saw Panti Bliss lead a political, queer, outrageously funny and joyous night of cabaret, circus and song. This fresh and contemporary take on the popular variety show sat beautifully in Fairfax Studio following its successful Sydney Festival season.



Panti Bliss in THISISPOPBABY's *Riot*. Photo: Fiona Morgan.

In January 2018 we presented *La Vie Dans Une Marionette*, an endearing small-scale work by New Zealand Indigenous company White Face Crew and the Australian debut performance of *John Barrowman in Concert*, which brought audiences from across Australia and New Zealand to see this star of the screen and stage.

In the same month, in partnership with Midsumma we presented two sold-out shows in Fairfax Studio. The powerful, moving and inclusive *Cocoa Butter Club*, a cross between performance club, variety and cabaret, was curated and performed by artists from diverse cultural backgrounds and shifted perceptions about who our stages are for in the process. *Midsumma Comedy Extravaganza* brought together some of Australia's best queer comedians in a hilarious night of comedy.

In March 2018 we presented a sold-out two-week season of the musical *Calamity Jane*, starring Virginia Gay. With seating on stage and the intimacy of Fairfax Studio, this work delighted audiences and critics and will return for an encore season in December 2018. The presentation continued Arts Centre Melbourne's relationship with Hayes Theatre by providing opportunities for smaller-scale musicals to shine at Arts Centre Melbourne and give further touring opportunities to high-quality works from the independent sector.

In May 2018 we presented Angus Cerini's multi-award winning play, *The Bleeding Tree*, in a Griffin Theatre production. This hard-hitting, poetic and vital new Australian work resonated deeply with audiences, earned rave reviews and built on our reputation of presenting the most exceptional works from both local and national small-to-medium companies to Melbourne audiences.



Paula Arundell in Griffin Theatre's *The Bleeding Tree*. Photo: Brett Boardman.



Virginia Gay in *Calamity Jane*. Photo: John McRae.

SMALL-TO-MEDIUM AND INDEPENDENT SECTOR

Our commitment to supporting the small-to-medium and independent sector continued in F2018. Supporting the sector and developing artists and their practices helps ensure that our stages continue to present diverse and relevant voices, artistic practices and contemporary performances to connect with and inspire all Victorians.

We provided commissioning and development support for many new projects including: Steve Vizard and Paul Grabowsky's *The Space Between*, performed by Emma Matthews and directed by Leticia Caceres; *Who's Afraid*, a new play by Andrew Bovell, Christos Tsiolkas, Irine Vela, Melissa Reeves and Patricia Cornelius; *Polar Force* by Speak Percussion; *Native Tongue* by Mojo Juju; *Gender Euphoria* by Mama Alto and Maude Davey; and *I'm a Phoenix, Bitch* by Bryony Kimmings (UK).

We supported Yana Alana to develop her new cabaret work to be a fully integrated accessible work for the deaf and hearing impaired community, and contributed to Multicultural Arts Victoria's festival Mapping Melbourne by supporting two creative developments by Priya Srinivasan and Indigenous-Australian Vicky Couzens and by Victoria Chiu and Candy Bowers.

Arts Centre Melbourne worked in partnership with Melbourne Fringe to commission two new works as part of the *Take Over!* initiative (page 26): the immersive, ambitious and provocative *Discordia*, presented as part of Melbourne Fringe 2017, and a new work by Stephanie Lake, to be created during 2018 for presentation in late 2018.

The Arts Industry Program continued to grow in membership and activity. Throughout July and August 2017 our Theatres Building gallery space, now home to the Australian Music Vault, was transformed into The Kiln, a pop-up space for artist and industry development opportunities. We engaged with approximately 70 organisations and artists to present workshops, talks, residencies and masterclasses. Arts Industry members were offered an exciting array of workshops and opportunities with the likes of Inua Ellams, Nilaja Sun, Lee Lewis and Bryony Kimmings.

PRESENTER MANAGEMENT FRAMEWORK

Collaborative planning with Resident Companies continues and this engagement is yielding great new opportunities for partnership and innovations in commercial and artistic development. Spin-off projects within this Presenter Management Framework aim to more closely share information and survey and analyse our premium presenters and their audiences. They are cultivating increased sales and loyalty, as shown by bumper seasons held with Live Nation, Frontier Touring and Gordon Frost Organisation.

These flourishing relationships and our reinvigorated efforts to optimise venue utilisation and grow revenues is evident in the record-breaking success of *Dream Lover* (State Theatre, December 2017 – March 2018), the staggering impact of the Pop-up Globe, and another stellar season at Sidney Myer Music Bowl including the sold-out Midnight Oil triple bill, Paul Kelly and Chainsmokers concerts.

Collaboration is key as we extend our philosophies in strengthening partnerships and innovation with presenters to our major government stakeholders and our own priority projects. We helped to capture the imagination of 600,000 people attending White Night (February 2018) with programming throughout our venues including *High Vaultage*, which saw our iconic Spire become a beat-thumping, laser-lit beacon that drew audiences to experience the Australian Music Vault.



Arts Centre Melbourne's Spire alight for *High Vaultage* during White Night. Photo: Ari Adar Photography, courtesy of Genius Laser Technology.

ASIA TOPA

Following the success of the inaugural Asia TOPA: Asia-Pacific Triennial of Performing Arts over the summer of 2017, a clear focus for Arts Centre Melbourne has been a series of event reporting and evaluations. These have been undertaken internally and externally with Consortium members and Program Partners, and led externally by our Evaluation Partner, Deakin University, and extended to all levels of government. Importantly, we have engaged deeply and meaningfully with our supporters, audiences, participating artists and communities and many project partners across Australia and internationally.

Many perspectives and experiences were shared through these evaluations. What was singularly clear was how dynamic, exciting and affirming it is to place diverse, contemporary Asian arts and culture centre-stage – and how telling its habitual absence is. Asia TOPA is nothing less than a centrifugal force and while much was achieved, opportunities for deeper community engagement, more extensive public programming and more strategic sector development have been important learnings and provocations.

Asia TOPA is certainly distinctive among festivals. Its ambition is as unprecedented as the collective model that delivers it – but perhaps its most thrilling distinction is the sheer volume and quality of intercultural collaborations that premiered at the festival and the outstanding success they have subsequently enjoyed on the global stage. More than 20 seasons of Asia TOPA commissions and new works have since performed in Australia, Asia, Europe and North America.

We are thrilled that the Asia TOPA Consortium has committed to presenting a second edition of the triennial in 2020. Efforts are firmly established to ensure that the second edition also features commissions and collaborations. To this end, in F2018 Arts Centre Melbourne, the KMATS Endowment Fund, Sidney Myer Fund and Playking Foundation have directed resources towards the seeding and development of new works. Additional support has been received from the Australia-Singapore Arts Group. We also extend our thanks to our private givers.

A significant focus of this support has been the fourth Asian Creative Lab. Held in May 2018, the Lab supported artists and creative leaders from Indonesia, China, Taiwan, Japan, Malaysia, Singapore, Hong Kong and New Zealand to spend time in Melbourne with local artists and colleagues from Sydney, Perth and Adelaide. In the spirit of reciprocity, guest artists explored the city and began to shape their own connections with venues, partners and the communities they will potential create with or perform for. The Lab welcomed ritual performers, theatre makers, choreographers, costume designers, musicians, sonic artists, film makers, digital artists, gamers, writers and composers. As many as 12 projects are likely to be further developed, with at least five receiving substantial commissioning support from Arts Centre Melbourne.



Bangsokol: A Requiem for Cambodia. Photo: Zan Wimberley, courtesy Melbourne International Arts Festival.

New work development is also at the heart of the Playking Foundation Travel Grant program, run in collaboration with Arts Centre Melbourne. Over F2018 eight grants were awarded in a competitive process to artists across music, theatre, curation, dance and digital arts to initiate creative connections in China, Japan, Korea, Indonesia, Thailand, Taiwan, Singapore, Cambodia and Mongolia.

As part of our in-house Asia TOPA program and with support from the KMATS Endowment Fund, Arts Centre Melbourne provided new work commissions to a range of artists in Singapore, Cambodia, China, Indonesia and Australia with public performance outcomes in F2018. These included:

- Eko Supriyanto's unforgettable performance in *Salt*, commissioned by Asia TOPA with support from the Australian Government's Department of Foreign Affairs and Trade and co-presented in Jakarta with Salahari Theatre and in Melbourne with Dancehouse
- Tao Ye's final work in the number series, *9*, commissioned by Asia TOPA and premiered at the National Performing Arts Centre, Beijing
- Henry Jock's surfing art project, *Little Penguin Cup*, developed by Asia TOPA for Australia Now
- Ho Tzu Nyen's much anticipated follow-up to *One or Several Tigers*, *The Mysterious Lai Teck*, which received commissioning support from Asia TOPA and was to premiere in Europe in August 2018
- *Bangsokol: A Requiem for Cambodia*, which premiered in partnership with the 2018 Melbourne Festival.

Since 2015, the Asia TOPA team has been travelling to Phnom Penh to work with Cambodian Living Arts and The Office (New York) to creatively develop a co-production with commissioning partners Brooklyn Academy of Music, Philharmonie de Paris and ArtsEmerson (Boston). The work is *Bangsokol: A Requiem for Cambodia*, conception and film by Rithy Pahn, music by Him Sophy, text by Trent Walker and stage direction by Gideon Obarzanek (Australia).

Bangsokol is offered as an inspiration for post-conflict societies around the world – to rebuild, transmit and innovate through arts. It offers a space for healing for those who have suffered violent conflict and forced migration, and honours those who have passed away. Arts Centre Melbourne and Asia TOPA developed community engagement strategies that resulted in more than 500 members of Melbourne's Cambodian community attending the performance. These strategies informed subsequent presentations of the work in New York, Paris and Boston.

One: Infinity, an early collaboration between Arts Centre Melbourne and Playking Productions, underwent a series of creative developments in Melbourne and Beijing over two years. *One: Infinity* has since become a major Australian festivals commission led by Playking Productions and Melbourne Festival and will be presented in October 2018. Asia TOPA has continued its association with the project through support of a documentary about the making of work.

TAKE OVER!

Arts Centre Melbourne and Melbourne Fringe combine forces to support independent Australian performing artists.

It's not every day you're directed by the authoritative voice of TV goddess Lee Lin Chin to follow a sect of pink prawn-suit-wearing humans into Arts Centre Melbourne's darkest corners and invited to pledge allegiance to the hovering homage of legendary singer Celine Dion as supreme deity of the church of Holy Chaos – all in the name of Discordianism.

But, thanks to Arts Centre Melbourne's commitment to providing pathways and opportunities for Australia's leading independent artists, programming such as September 2017's *Discordia*, presented in partnership with Melbourne Fringe, has a chance to shine on some of Australia's eminent stages.

Discordia, a production by Melbourne-based creative team Supple Fox, was the first project taken on via Arts Centre Melbourne's *Take Over!* commission program, the most significant open call-out commission for independent artists in Australia.

It's one of the many ways Arts Centre Melbourne is supporting independent artists and companies to flourish in the competitive landscape of Australian performing arts.

"We're the largest arts centre in Australia and we try to be an arts centre for all Victorians," says Daniel Clarke, Programmer at Arts Centre Melbourne. "The small-to-medium and independent sector is making really interesting works and we have a role to play in supporting those artists and companies to make work and develop their own practice."

Take Over! seeks to do just that, offering financial, marketing, technical and production support to artists to develop work in a profound way.

"Arts Centre Melbourne and Melbourne Fringe identified the best way the two organisations could work together was to use Arts Centre Melbourne's resources to enable mid-career to established artists and companies to push their artistic practice and create a work of ambition and scale for the Melbourne Fringe," says Daniel.

There were 99 applications from across the country for the first iteration of *Take Over!* in 2017, with four making the shortlist based on application reviews by a panel from Arts Centre Melbourne and Melbourne Fringe. Applicants needed to outline their idea and how it extended their artistic practice, provide examples of their track record of work and articulate how their process to developing their finished work.

"We saw it as an opportunity to formalise our collaboration and make a work from scratch in a context we hadn't worked in before," says Hannah Fox, Creative Director of Supple Fox. "It was also appealing to work in an environment that has built-in experience and skills amongst the Arts Centre Melbourne team."

Notably, *Take Over!* is only possible with philanthropic support: seed funding of \$30,000 from donors, which goes to the company to help it develop the work. Arts Centre Melbourne then buys the work for the presentation season, along with

providing rehearsal space, marketing support and the venue. The overall investment from Arts Centre Melbourne is more than \$100,000, including financial and in-kind support.

"I've always loved classical music because I studied the piano since I was four. But I feel strongly that music, and all art, needs to keep evolving to be relevant and still exciting to the next generation," says Monica Lim, who with partner Konfir Kabo contributed seed funding to the inaugural *Take Over!* and created an arts funding initiative called Project 11 to support these types of works.

"Creating experimental work is often a risk borne by the artist. Konfir and I want to remove some of that risk so that more artists have more freedom and opportunity to make those wild experiments that may not necessarily be commercially feasible in the present day," she says.

"This was the first time we had supported a project and production with an unknown end product. Initially it did not particularly bother us as we had confidence in the people running the project," agree donors Lorraine and John Bates, who also contributed seed funding. "We liked that Arts Centre Melbourne was enabling independent artists the opportunity to present a fully funded project in the Fairfax Studio as part of the Melbourne Fringe. We were confident that the panel of experts would choose a worthy recipient."

That unknown end product – the finished, refined work rather than malleably defined in the initial application – was a risk worth taking.

"When people ask me what *Discordia* was, I still don't know how to describe it!" says Monica. "But that's part of the fun and the point. Konfir and I quite consciously choose to support projects which are risky, and we're very glad that institutions such as Arts Centre Melbourne and other donors such as Lorraine and John Bates are also willing to take those risks. We felt that regardless of the end product, the process itself was worthwhile."

"We learnt a lot about the process of collaboration and our strengths and weaknesses in developing a 'show' from scratch," says Hannah of the process of creating *Discordia*. "There are many things we would do differently and some ideas born out of this project that we're keen to delve deeper into and refine. We're currently developing new work with these learnings in mind. We also built a strong audience out of the *Take Over!* experience, which really makes a big difference for embarking on the next step."

And that process also enables Arts Centre Melbourne to program work that challenges or recasts some of the traditional perceptions held by audiences.

"We want to present work that's relevant to a contemporary Melbourne audience; we have a unique role to play in that we should be able to lead audiences to new ideas, forms and stories," says Daniel. "We're committed to bringing diverse stories, images, bodies and ideas to our stages – and strive to present a program that reflects the rich diversity of our community."

Year one was not without its learnings; in 2018, the second year of the program, Arts Centre Melbourne has removed the compulsory requirement that the work "take over" both the foyer and theatre space and will support the company to broker a relationship with a mentoring artist of national or international significance.

"We have access to great nationally and internationally recognised artists making work in this space so in terms of professional and skills development, making sure the independent artists of Victoria can access those established artists as mentors is really important," says Daniel.

To that end, the Stephanie Lake Company was announced as the recipient of the second *Take Over!* commission, with work to be developed and presented later in 2018.

"It's an absolute thrill and honour to be commissioned by Arts Centre Melbourne. I'm excited to have the opportunity to bring my work to this iconic venue. This commission means I can dream big and fulfil a long-held ambition to make a mass work for more than 50 dancers," says choreographer Stephanie Lake. "I'll be working with emerging dance artists and a team of leading collaborators. The intention is to create a dance work that's emotionally moving and choreographically sophisticated. Without the support of this program a work of this scale simply wouldn't be possible."

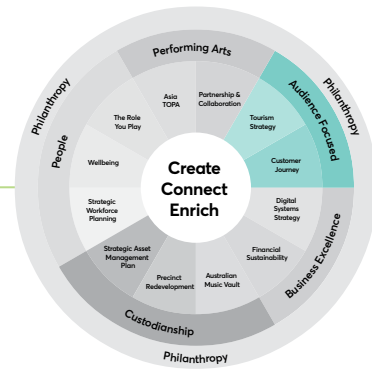


Discordia, 2017. Photo: Mark Gambino.

Our Strategic Priorities

AUDIENCE FOCUSED

A place where you are welcome



From the moment anyone enters our doors, our focus is on creating a welcoming, safe and memorable visit. Be it through a world-class performance, an innovative education event, an industry-leading accessible program, a community participation activity or fine dining, we take pride in offering a world-class visitor experience.

THE VISITOR EXPERIENCE

We deliver exceptional customer service each and every day. Customer expectations are changing as technology evolves and leisure time becomes more valuable than ever before. We continue to find new, innovative and creative ways to stay ahead and continue to provide a relevant and exemplary level of service into the future.

Our customer service team members are the face of Arts Centre Melbourne, championing our commitment to provide remarkable experiences. In F2018 We reimagined our Concierge and Information Desk at the main entrance to the Theatres Building, moving away from a bulky service counter to provide a more welcoming, relaxed and mobile service experience led by a multi-skilled Welcome Team that offers a one-stop shop for ticketing, guided tours, information and merchandise sales.

Following completion of an 18-month trial of the City of Melbourne Visitor Hub at Hamer Hall, we continued our collaboration with the City of Melbourne as it extended its City Ambassador Program to include the Melbourne Arts Precinct with the famous red coat volunteers providing a valuable information service outside Hamer Hall.



Photo: Mark Gambino.

"I'll go back any day of the week! That's how fantastic the service and venue is."

REVIEW ON FACEBOOK

FOOD AND BEVERAGE

A visit to Arts Centre Melbourne is not complete without an exceptional food and beverage experience, and we continue to explore new ideas and offers to provide visitors with creative, high-quality and diverse options at outlets and venues across our venues.

Inspired by some of the exceptional performances on our stages in F2018, we fashioned magical offerings to coincide with The Australian Ballet's *Alice's Adventures in Wonderland* (September 2017), the Australian premiere season of the Pop-up Globe (September 2017 – February 2018), Opera Australia's spring 2017 and autumn 2018 seasons and *Dream Lover* (December 2017 – March 2018), all of which contributed to excitement, delight and a personalised dining experience even before the curtain lifted.

We also introduced new initiatives to improve the environmental and social sustainability of our food and beverage services. In July 2017 a reusable coffee cup scheme was introduced to our cafés that rewarded customers who brought their own cups with a donation to our First Call Fund. 15,332 reusable cup transactions took place in F2018, resulting in more than \$4,300 contributed to the First Call Fund. In June 2018 we ceased use of plastic drinking straws in our cafés and commenced a review of our other retail services for similar environmental sustainability measures. We also entered our fifth year in partnership with food recycling organisation Oz Harvest, through which we donate surplus food from our food and beverage services to help those in our community who are struggling to make ends meet.

Our bespoke conferences, meetings and events offerings continue to be developed to offer clients memorable hosting opportunities. Taking advantage of our unique spaces, from hidden rehearsal rooms to theatre stages, we further enhanced our offerings in F2018 and saw a 66% increase year on year in the number of corporate events held.



Photo: Jason Lau.



CENTO FORECOURT CAFÉ DESIGN COMPETITION

In May 2018 we invited small and emerging Victorian architectural design practices to participate in a design competition to reimagine our beloved but ageing forecourt café, Cento, to create a unique and memorable food and beverage experience.

The competition brief called for a redesign of Cento, built almost a decade ago as a temporary structure, that included: increased comfort for customers; increased serving capacity; generous civic presence, given the café's location at the entrance to our Theatres Building; and a short-term, sustainable design, expected to have a lifespan of approximately five years.

Designs were evaluated by a panel comprising Vanessa Bird, Director, Bird de la Coeur Architects; David Islip, Principal Adviser, Office of the Victorian Government Architect; Hamish Lyon, Director, NH Architecture; and members of Arts Centre Melbourne management.

The winning entry was expected to be announced in early F2019.

YOUR CHOICE CAMPAIGN

As we diversify our programming to engage different audiences and welcome all visitors through our doors, so too does our need to change how we interact with our audiences.

We recognise that our audiences have a right to a good time, but not at the expense of others. Antisocial behaviour impacts upon the individual and collective audience experience. Arts Centre Melbourne has joined a music industry led campaign – Your Choice – to address some of the harmful behaviours seen at live performance events and to create safe environments for all visitors.

We have commenced work with emergency services, community organisations and government agencies to develop informed strategies to educate our visitors and encourage collective responsibility.

We have also engaged the Alcohol and Drug Foundation to assist us in understanding how to educate our audiences to stay safe at our events and provide avenues to obtain more health and safety information if needed.

We have piloted an SMS line for visitors to the Sidney Myer Music Bowl to contact if they witness or are involved in any antisocial behaviour and will continue to train our team to respond to diverse customer needs and behaviours.

We will continue to encourage our audiences to look out for each other and call out poor behaviour when they see it. Because the actions of one can ruin an event for all – one person's choice can become everyone's story.

AUDIENCE ENGAGEMENT

Arts Centre Melbourne belongs to everyone.

Our commitment is to provide people of all ages and abilities with the opportunity to engage with art and culture regardless of their gender, age, ability or cultural or socioeconomic background. We make available a broad range of ticket price-points, program free and low-cost events, and ensure access to daytime programming, digital, mobile and online experiences, accessible performances for people of all abilities, and projects and programs delivered via outreach.

We constantly seek new and innovative ways in which to engage with new audiences and enhance our engagement with our existing audiences, including Culturally and Linguistically Diverse (CALD) audiences. Underpinning our commitment to CALD audiences is our support for the Victorian Government's Cultural Diversity Planning Guiding Principles to:

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

In F2018, we welcomed more than 3.76 million people to our venues. Reflecting our commitment to providing remarkable experiences, research conducted throughout the financial year by independent research company EY Sweeney showed:

- 97% of visitors reported being satisfied with the overall experience of visiting Arts Centre Melbourne
- 96% were satisfied with the level of service
- 94% were satisfied with the ticket buying experience
- 97% of all visitors would be likely or extremely likely to recommend a visit to friends and family.

Further, 99% of all visitors were satisfied with venue cleanliness while 94% of visitors said their experience of a performance or exhibition met or exceeded their expectations.



AUDIENCE DEVELOPMENT

Through Tessitura, our customer relationship management (CRM) system, we have conducted thorough analysis of our audience and built an in-house segmentation tool that better allows us to target, remarket and optimise our audience and influence their buying decisions through email marketing. Combining this analysis and the strategic goals of our corporate planning, clear areas of audience development opportunity present themselves. In particular, in the months following the success of Asia TOPA 2017, we have been ensuring that our diverse programming continues to attract audiences from CALD communities.

Our F2018 exit survey reported 9% of our audiences speak a language other than English at home. Similarly, further developing our regional and interstate audiences is key to realising our tourism objectives. With the success of major productions such as *Dream Lover*, the Pop-up Globe and *The Curious Incident of the Dog in the Night-Time*, 93% of visitors to Arts Centre Melbourne were from Victoria (83% from greater Melbourne and 17% from regional Victoria) and 7% were from interstate or overseas. The launch of the Australian Music Vault also proved to be an excellent lure for tourists with 27% of its audience coming from interstate, 3% from overseas and an impressive 24% from regional Victoria. This rich and diverse programming has enabled the Arts Centre Melbourne database to grow 11% across the F2018.

TIXATSIX

Arts Centre Melbourne's accessible ticket program, tixatsix, had another excellent year, with more than 5,000 tickets purchased – a 25% increase year on year. Consistent with F2017, 6% of buyers were from regional Victoria and 9% from interstate. This year we refreshed the tixatsix social media creative campaign and worked directly with Facebook Asia-Pacific on a bespoke campaign aimed at both youth and CALD audiences. We refreshed the creative with a new promotional video that was seen on Facebook and Instagram by 614,323 people including 247,723 people aged 18–24. Compared to the original tixatsix brand creative, this age group saw a 362% increase in clicks to our website to learn more and a 17% increase in video engagement.



SOCIAL MEDIA

Social media continued to be a critical platform for audience development, playing a key role in all aspects of audience lifecycles including community awareness, audience engagement, ticket sales and advocacy.

We have taken a proactive approach to community management and shifted our focus from fan growth to engagement. This strategy has strengthened the health across our social channels and increased brand advocacy through our online community. We have far exceeded the non-profits industry standard of a 0.17% engagement rate with an average of 30% engagement on Facebook alone.

Our commitment to producing high-quality video content ensures rich, aspirational storytelling that communicates brand stories and drives ticket sales. In July 2017 we launched the Australian Music Vault social media channels and in the first year, we have grown activity on these platforms to 24,500 Facebook fans and 1,300 Instagram followers with an average engagement of 15% on each platform.

Our website retargeting strategy has yielded returns at 35x ROI over the year. We also upgraded our Facebook advertising capabilities to link audiences through our website and CRM, and better attribute ticket sales. Throughout the year we ran 326 campaigns for Arts Centre Melbourne, Resident Companies and other presenters. This yielded a total reach of 2 million unique views, 265,757 link clicks, 5.2 million video views, 5.6 million post engagements and \$3.3 million of direct ticket sales at an average return of 9x ROI.

CUSTOMER JOURNEY

One of the biggest improvements to our customer journey was delivered with the launch of our new website in December 2017. Major improvements to the shopping cart process, the ability to include "add-ons" such as food and beverage, and the mobile-responsive nature of every part of the journey have all contributed to significant online revenue and transaction activity.

For the six-month period since the new website launched, the number of transactions increased by 35.5% and e-commerce revenue increased by 34.9% when compared to the six months before launch. Improvements to the customer's mobile journey have been key as 45% of our online audience are now transacting with Arts Centre Melbourne by either tablet or mobile. This is a marked shift from 39% pre-redevelopment.

Another excellent improvement since redevelopment has been a 13% increase in average session duration, indicating that our audiences are now spending more time on our site and enjoying the richer content now on offer. Updates have also been made to increase the prominence and useability of the donations page, along with more profile for our careers section to reiterate our position as an employer of choice.

SUPERSENSE: NEW AUDIENCE ENGAGEMENT

The second iteration of *Supersense* was held in August 2017. The three-day festival benefited from a great collaboration with our new Innovation Partner, PwC, which created a mobile-based interactive map to help audiences better navigate the subterranean performance spaces of Arts Centre Melbourne used during the event. Compared to other audiences surveyed throughout the year, the *Supersense* audience was evenly gender balanced and attracted a large percentage of people aged in their 30s. This younger and highly engaged demographic also took heavily to social media to enthusiastically respond to their experience at the festival.

"Loved it. Was amazing and can't wait for the next one!"

VIA FACEBOOK

"Congratulations to [Sophia] Brous and the team for an amazing festival. I eagerly await next year!"

VIA FACEBOOK

"I'm still buzzing from yesterday, total natural high! Loved it all!!"

VIA FACEBOOK

"Totally ecstatic. I was letting [Kimbra's] music take my whole being and it was indescribable."

VIA FACEBOOK



Supersense, 2017. Photo: Mark Gambino.

ARTS LEARNING

Learning in the arts fosters creativity, critical thinking and a richer understanding of the world around us. For school students, learning and engagement with the arts has been shown to result in positive academic outcomes, improved wellbeing and increased motivation.

In F2018, more than 49,200 students engaged with Arts Centre Melbourne learning programs – including world-class performances in our venues, creative workshops in our dedicated arts learning space, The Channel, and ArtsConnect9, our long-running regional access program. Schools travelled from across Victoria and around the country, including New South Wales and the Northern Territory.

More than 8,000 people engaged in our public learning program, which offers formal and informal learning experiences for emerging creatives, adults reconnecting with their creative side, kids and families and people wanting to learn about the creative process of established artists.

In F2018 we delivered our two biggest Arts Learning programs to date: the Australian Music Vault Arts Learning Program and the Curious Incident Associated Program.

AUSTRALIAN MUSIC VAULT ARTS LEARNING PROGRAM

The Australian Music Vault Arts Learning Program launched alongside the opening of the exhibition in December 2017 (page 44). The development of the program leveraged our expertise and experience and was driven by the idea of offering not just a program for people to learn about Australia's rich contemporary music history but also opportunities for emerging artists to write their own chapter.

For teachers and students, we developed a digital resource kit: a comprehensive suite of activities, prompts, guides and videos to support teachers using the Australian Music Vault as a stimulus for their classrooms. Using the resources, teachers can work with their students to remix a song, write and publish their own music magazine, design gig posters and even curate and present their own exhibition at school. For schools visiting The Channel, bespoke workshops in lyrics writing, poster design and music composition were available as part of our annual workshop program.

The Australian Music Vault Choir was conceived as a schools project that provided school choirs with new arrangements of classic Australian songs, such as "Beautiful Child" by Archie Roach and "Weir" by Killing Heidi. Schools nationally have been using the arrangements to bring Australian songs into their schools and we received a request from a South African school to take part in the project. Requests for the arrangements are now coming from local community choirs, giving the project reach outside schools.

We also offered a series of three talks entitled *Stories of Australian Music*, presented in our Members' Lounge, nestled above the Australian Music Vault exhibition. Topics were a discussion on gender imbalance in the music industry; celebrating the importance of music fans; and an in-depth

conversation with inaugural ARIA Music Teacher of the Year, Renee McCarthy. Videos of the talks were also made available via the Australian Music Vault website.

In partnership with APRA AMCOS we presented the Australian Music Vault Academy, an intensive four-day skills building program for emerging musicians and songwriters; brought together the best abstract thinkers on music and sound for the full-day *Process* forum; and paired young radio makers from SYN FM with industry mentors to present *Sound As Ever*, a podcast series giving young people a voice on the issues surrounding contemporary music in Australia. Six producers under the age of 26 planned, scripted, interviewed, engineered and produced six podcasts in F2018, which have subsequently been picked up by Community Radio Network for distribution around Australia.

CURIOS INCIDENT ASSOCIATED PROGRAM

The presentation of *The Curious Incident of the Dog in the Night-Time* in early 2018 provided a perfect platform to deepen engagement through an arts learning program, thanks to the production's innovative technical elements, dynamic movement from the cast, cleverly composed musical score and young lead character. Comprising more than 50 individual events and more than 2,000 participants, the associated program was described by the National Theatre as the broadest it had ever experienced.

A highlight of the program was involvement from the production's playwright, Simon Stephens, who worked with 12 emerging playwrights over three days, sharing his creative processes and insights. He also spoke in public events on the process and challenges of adapting a novel for stage.

The production's composer, Adrian Sutton, facilitated a three-day composition program with 15 emerging composers in The Channel to experiment with the innovative composition style of the production, which used prime numbers as its basis.

"The best thing I have ever done in my life."

AN EMERGING PLAYWRIGHT ON WORKING ALONGSIDE SIMON STEPHENS IN THE CURIOS INCIDENT ASSOCIATED PROGRAM

"I've had a brilliant time, and have enjoyed the workshop thing so much that I'm seriously going to look at doing more of it elsewhere. Just to be able to play any small part in getting young composers' lives on the right track is something I've found hugely satisfying."

COMPOSER ADRIAN SUTTON ON PARTICIPATING IN THE CURIOS INCIDENT ASSOCIATED PROGRAM

The Curious Incident Design Academy brought 12 emerging designers together over five days to work with industry professionals in set design, theatrical projection and costume design to reimagine the production. The program culminated in a multimedia installation in the Playhouse foyer.



Foyer display created by participants in the Design Academy program as part of the Curious Incident Associated Program. Also shown is a portion of Kaapa Tjampitjinpa's *The Winparku Serpents*, 1978 (Estate of Kaapa Tjampitjinpa). Photo: Jason Lau.

A recurring device in the award-winning production is that of maths and numbers. We presented Maths Inspiration (UK), which devised a schools show that leveraged the production's mathematical theme to demonstrate the real-world application of maths and inspire students. More than 1,000 students attended these performances at Arts Centre Melbourne and at regional showings in Warrnambool and Ballarat.

In addition to these programs, there were post-show talks with the cast, technical insight sessions with our own technical staff, movement masterclasses with Frantic Assembly (UK) and full-day experiences for the general public that took participants behind the curtain.

THE CHANNEL LEARNING PROGRAMS

Beyond these two dynamic programs, The Channel remained busy with a variety of activity. More than 6,000 students took part in our creative workshop program, exploring music making, digital media, science and theatre sound design. With The Channel now operating at full capacity, the *Reimagining Arts Centre Melbourne* project aspires to double the available space dedicated to arts learning, providing even more opportunities for Victorian school students and the general public to engage with our program.

The *Operator* program, which supports women in electronic music production, had three iterations, with more than 50 people taking part. Scratch theatre night *Small and Loud* continued to grow its community of young writers and performers and our music production meet-up, the Ableton User Group Melbourne, was recognised as one of the most successful of its kind in the world at the 2017 Loop summit in Berlin. The magic community continue to rally around *Magicians at Work*, a skill development meet-up and performance opportunity, and we hosted Melbourne Fringe and Midsumma Festival artist development workshops. Our collaboration with the Melbourne International Comedy Festival, *LOL Squad*, continued into its third year, with four sold-out performances by young comedians as part of the festival, and *New Slang*, our youth-curated music series, continued to present the newest upcoming acts to all-ages crowds in The Channel.

We also welcomed \$150,000 over three years of partnership funding from Victorian Government's Department of Education and Training to support *Stories in the Wall*, an interactive storytelling project that connects Victorian school students to professional playwrights, sound designers and composers to create original radioplays.



Frantic Assembly's *Movement Uncovered* workshop during the Curious Incident Associated Program. Photo: Jason Lau.

PARTICIPATION

Our Participation programs reflect our leading role in creatively engaging with diverse audiences to create, connect, share, participate in and experience transformative creative projects and foster community guardianship. The programs build civic engagement by, and with, artists, communities and others, enabling a space to share their experiences, knowledges and reflections of intangible and tangible cultural heritage and practice.

The programs address the Victorian Government's *Creative State* recommendations on increasing projects that include participation, access and cultural diversity by creating cultural experiences that are made by, and directly appeal to, Victoria's changing demographic populations; honour our First Nations artists and communities; and engage students and young people from diverse cultural backgrounds, all kinds of families, LGBTQI+ communities, refugees and new arrivals, people experiencing homelessness or disability, and those who are financially disadvantaged.

These creative experiences are made with independent artists and small companies who are emerging, established, ageing, local or international to strengthen participative practice in the Australian cultural sector into the future. Our four focus areas include: commissioning and presenting participative projects in the public realm; our Families program; the next generation of young artist makers through the Creative Young Connectors programs; and a raft of initiatives engaging communities through our Access and Inclusion programs.

We build evaluation, legacy and exit strategies into all our programs and new initiatives to ensure sustainability and capacity to be responsive to new dynamics and prepare us for a creative future.

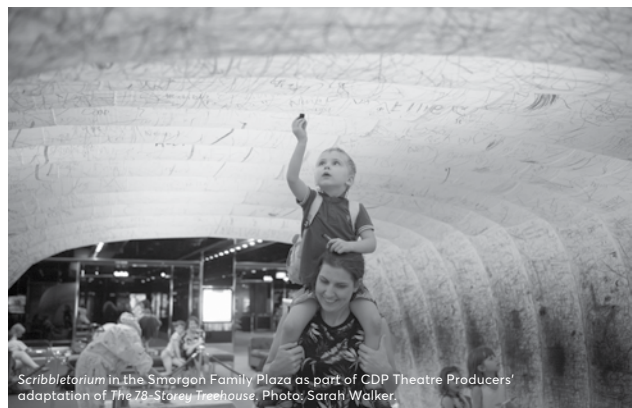


FAMILIES PROGRAM

Arts Centre Melbourne is a place where children and families can experience the wonder of the performing arts and share in remarkable artistic experiences from Australia and around the world. The program fosters individual and collective imagination, supporting families and young people aged 12 and under to become a cultural force in our community. Our program consists of a range of interactive workshops, theatrical performances, intimate experiences, free participatory activities and school holiday and term-time programs. The program is robust and continues to grow in size, scale and scope. Across F2018 we hosted three seasons created by First Nation artists, 12 Australian seasons and four international companies.

Highlights included the presentation of *Three Monks* by China National Theatre for Children, the commissioning of *LOOP* by independent dancer Nat Cursio, the presentation of *JUNK* by Flying Fruit Fly Circus (Winner, 2017 Green Room Award – Best Production for Young Audiences), the premiere of *I See You Like This*, a unique one-on-one child/adult visual arts experience by Jessica Wilson, and the presentation of *Our Corka Bubs*, an Aboriginal dance work for babies.

We are committed to presenting quality works for young audiences and in F2018 began the journey of a new commission, supporting local independent artist and writer Alan Brough to adapt his children's book *Charlie and the War Against the Grannies* into a mainstage production.



Our participatory events are a celebrated cornerstone of the Families program. These include a range of small and large-scale foyer and outdoor participatory events that extend children's experiences and allow them to explore their own creativity. These included *Bambert's Book of Lost Stories – Magic Box*, *Emily Brown and The Thing – Create the Thing* and *Scribbletorium*, in response to CDP Theatre Producers' adaptation of *The 78-Storey Treehouse*.

Across the summer holidays on our forecourt, 300 young people participated in a parade, chanting their own anthem, "Kids can rule the world, kids can rule the world!" as part of *The Children's Republic of Melbourne* by Ben Landau. This free participatory installation grew across five days, with 2,000 children formulating their own constitution and becoming drivers of social change.

Leading their adults on a journey through flag making and creating rules, they literally stitched together their own micro-nation. At the conclusion of the week the young participants presented their republic to their own adults and the general public and challenged them to make their ideas a reality.



Ben Landau's *The Children's Republic of Melbourne*. Photo: Nicola Dracoulis.

YOUNG CONNECTORS PROGRAM

Arts Centre Melbourne engages the next generation of young artist makers through the *Young Connectors* music and performance programs, which involve skill development workshops, mentoring and peer-to-peer learning, outreach and presentations.

For 10 years, *Dig Deep* has been a successful drop-in hip hop program for young people, some of whom are identified by youth support agencies as at risk. It has provided a consistent opportunity for youth engagement and furthered the flow of skilled artists in the Australian hip hop music scene, led by two professional artists, Mantra (Rob Tremlett) and Mohamed Kombura. *Sisters on the Mic* provides a culturally safe space within *Dig Deep* for women of diverse backgrounds to engage with music making.

In 2017, *Dig Deep* celebrated 10 years of leading the Australian arts sector in youth engagement, culminating in a live music event on the Riverside Terrace at Hamer Hall and a 30-minute documentary capturing the extensive and powerful legacy of the program.



Dig Deep celebrated 10 years of youth engagement in F2018. Photo: Nicola Dracoulis.

This reporting year, *Dig Deep* focused on peer leadership and professional mentorship, with tangible outcomes every week such as real-time recording, cyphers, music jams and songwriting that assisted the building of each emerging artist's portfolios and referrals to industry partners.

Sisters on the Mic presented one large-scale female empowerment event, *Black Girl Magic*; developed a series of spoken word events, *Sisterhood*; and held four professional development workshops with artists Sista Zai, Idil Ali and Candy Bowers.

Three works were presented on our main stages by emerging artists: *Vessel*, in partnership with Outer Urban Projects; *AMKA – Narratives from the African Diaspora*, in partnership with CoHealth Arts Generator; and *9 Dimes* from Efen Pamilacan. All three shows were seen by record crowds and *9 Dimes* exceeded our attendance projection by 300%, demonstrating the interest audiences have in seeing new work by Victoria's up-and-coming artists.

PARTICIPATION AND PUBLIC REALM PROGRAM

This program engages the people of Melbourne and Victoria in transgenerational, participative and multi-scaled creative experiences that are led by experienced experimental artists. In January 2018 we presented a return season of *Play Me, I'm Yours*, the fifth project in the hugely successful Betty Amsden Participation Program.

Play Me, I'm Yours, an international touring artwork devised by British artist Luke Jerram, saw 21 decorated pianos installed across the Melbourne CBD in iconic locations such as Flinders Street Station, the Queen Victoria Market and the Royal Botanic Gardens and outer metropolitan areas including Broadmeadows, Cranbourne, Preston and Williamstown, extending our programming reach far outside our walls and into Melbourne's communities. The pianos are free to be played by the public.



Play Me, I'm Yours. Photo: Sarah Walker.

As a public art work, *Play Me, I'm Yours* offers numerous generous creative engagement opportunities, which start long before the pianos hit the streets. Throughout the project, we deepened relationships with 21 diverse Melbourne communities and generous private donors to realise the final work. In the four months leading up to the installation, a series of workshops with guiding artists from The Blender Studios saw 170 community participants help decorate the donated pianos.

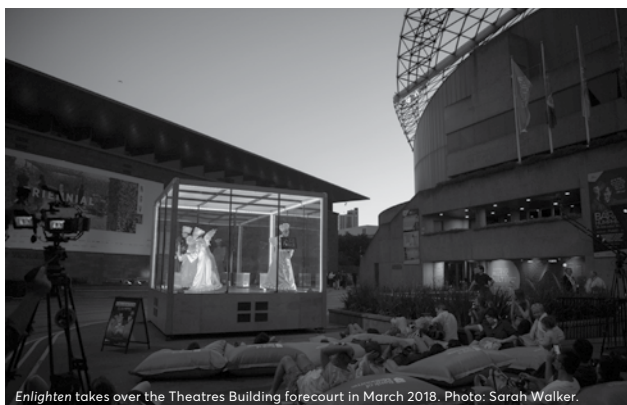
The return season of *Play Me, I'm Yours* extended its reach and impact. The project engaged with more than 380,000 people across our city and outer metro areas and more than 1.3 million people online due to a strong social media strategy and bespoke video content created especially for online mediums. There was once again an overwhelmingly positive response to the project.

"What an amazing journey it was walking the streets of Melbourne and stopping at every piano listening to people of all cultures and genders play. I was delighted at the opportunity to play for an audience, and overall it was an experience I will never forget. It adds so much to the city culture."

PLAY ME, I'M YOURS 2018 PARTICIPANT

ENLIGHTEN – BORN IN A TAXI

Over the Labour Day long weekend in March 2018, more than 5,300 people engaged in our free performances of *Enlighten* and daily activation programming in The CUBE. *Enlighten* is a participatory outdoor performance from award-winning Australian independent theatre company Born in a Taxi and was performed in a striking custom-designed venue, The CUBE, on our forecourt. To capitalise on having an additional stage available, we complemented evening performances of *Enlighten* by developing a free daytime program of participatory, performance and visual arts in The CUBE, engaging a further seven independent artists to present five additional works across the weekend.



Enlighten takes over the Theatres Building forecourt in March 2018. Photo: Sarah Walker.

ALL THE SEX I'VE EVER HAD – MELBOURNE FESTIVAL

In partnership with Melbourne Festival, we co-presented *All the Sex I've Ever Had* as part of the 2017 Melbourne Festival program. *All the Sex I've Ever Had* is a participatory performance work from Toronto-based Mammalian Diving Reflex, which creates site and social-specific performance events that explore the notion of the audience as active participants and willing collaborators in the creative process. Arts Centre Melbourne brought together eight community elders with artists and dramaturgs to workshop, rehearse and then perform stories from their own lives in a ticketed theatrical performance in the Playhouse attended by 1,700 people.

CREATIVE DEVELOPMENTS

During F2018 we continued to invest in and support artists through a number of staged creative developments and commissions. The model used allows for the prototyping of development of big, bold concepts and large-scale works, led by Australian artists, to be delivered from 2019–21 and beyond, including a participatory work for Asia TOPA 2020. These projects of scale, commissioned by Arts Centre Melbourne, have the potential to carry our brand and reach regionally, nationally and internationally, build capacity and support the sustainability of the independent artists who create these works.

ARTISTS IN PUBLIC SPACES – ARTISTS IN RESIDENCE

Over the year, internationally acclaimed local performance artists Neil Thomas and David Wells took over Arts Centre Melbourne's foyers and spaces with a suite of performance interactions that surprised, enthralled and transformed visitor experiences. Specialists at animating the everyday, the duo encouraged spontaneous audience interaction with art and became a much-loved and unexpected feature of an Arts Centre Melbourne visit. More than 3,800 people engaged with the duo's delightful and varied cast of characters. Work developed with our support led the artists to performances at the 2018 Commonwealth Games on the Gold Coast and beyond.

ACCESS AND COMMUNITY ENGAGEMENT

ACCESS FOR ALL

Arts Centre Melbourne is a place where everyone should have the opportunity to experience the wonder of the performing arts. We are committed to making our performances, programs and venues accessible for everybody by planning for access upfront and by understanding the barriers many visitors face to participate fully with friends and family.

Through an ambitious agenda that reimagines access, we continue our journey to embrace audiences that rarely, if ever, come in our front doors, despite our best intentions.

Throughout the year, Arts Centre Melbourne created opportunities for people with disability to enjoy exceptional performing arts by presenting a captivating program of inclusive performances – accessible for everyone – by some of the best Australian and international companies.

Our Accessible Music Program, *AMP for Schools*, continued to be delivered during the school term, while our early intervention program *Sound Beginnings* and families program *Siblings in Sync* successfully ran during school holidays. Thirty-two students from four Victorian specialist development schools rocked out at *AMP It Up!*, performing to a capacity crowd in a showcase of young artists and musicians with disability on our stage.



Sound Beginnings. Photo: Jason Lau.

WELCOMING OUR COMMUNITY

One of our new priorities is to engage with specific communities (LGBTQI+, Indigenous, Victorians from diverse backgrounds and people with disability) in a range of creative programs, whilst at the same time providing opportunities for all community groups to come to Arts Centre Melbourne. These programs fall under the banner of *Our Place*, launched as an ongoing inclusion program in F2018.

Our Place strengthens our relationships with community groups through creative collaboration with independent artists, amplifies the voices of Victorians who are marginalised and celebrates cultural connection through inclusion, fostering community connection to Arts Centre Melbourne.

RAINBOW REVIEWS

In partnership with All The Queens Men, LGBTQI+ elders come to Arts Centre Melbourne to record their reflections (artistic and personal experience) for a series of reviews that will be broadcast online and on radio over the coming year. *Rainbow Reviews* empowers elders to express their arts experience and enhance their artistic literacy and digital capability. Most importantly, the program fosters a sense of shared community and social connection for a pioneering generation of LGBTQI+ people who often experience isolation and exclusion.



All The Queens Men's *Rainbow Reviews*. Photo: Bryony Jackson.

THE HISTORY SALON

In partnership with the City of Melbourne's YIRRAMBOI: First Nations Arts Festival, *The History Salon* is a curated program of conversations with Indigenous arts elders from across Australia. Bringing to life the history pages of Blak Arts in Australia, Indigenous arts elders talk about their work, highlighting seminal moments that defined, inspired or transformed a generation of Indigenous arts practice.

The History Salon is recorded, creating an invaluable archive for anyone to access. Elders have included Uncle Jack Charles, Aunty Lillian Crombie and Uncle Noel Tovey AM.

RELAXED PERFORMANCES FOR SCHOOLS AND FAMILIES

Arts Centre Melbourne is proud to lead Victoria in "relaxing" theatre experiences for children and families, creating an environment that has been carefully adapted, is friendly and informal and embraces different audience reactions. In 2018 an unprecedented 13 relaxed performances provided an important first experience for many families new to theatre and Arts Centre Melbourne.

It can be hard to take a person with disability to the theatre; they may be overwhelmed by the unfamiliar environment and many families worry about the reaction of others in the audience. Relaxed performances are one of the ways Arts Centre Melbourne presents theatre that is welcoming for everyone. Relaxed performances are specially designed to welcome anyone who would benefit from a more relaxed environment, including people with autism, sensory sensitivities and learning disabilities as well as those who have experienced trauma or have anxiety. Arts Centre Melbourne is committed to offering this captivating program of inclusive performances for everyone to enjoy.

We are sharing our learnings with the arts and cultural sector and proactively supported 15 national and international theatre companies and independent artists to develop relaxed performances, including Melbourne Theatre Company, Flying Fruit Fly Circus, CDP Kids, Circus Oz, National Theatre (UK), Singapore Repertory Theatre and Victorian Opera.

Having already embedded relaxed performances in our Families and Schools programs, we relished the opportunity to extend this philosophy to a young adult and older audience in F2018. The production of *The Curious Incident of the Dog in the Night-Time* was our first relaxed performance and post-show cast talk designed specifically for this audience, and it established a successful model for us to replicate in future programming. We created new audiences by reaching out to 115 community organisations and forging seven new partnerships within the disability sector. We provided 190 Arts Centre Melbourne customer-facing team members with specialist training in autism awareness and understanding and worked with 18 special development schools.



Curious Incident Associated Program. Photo: Jason Lau.

SECTOR LEADERSHIP AND INNOVATION

THE DEEP DIVE – THE ART OF NEURODIVERSITY

We curated a program of ground-breaking work by artists who identify as neurodiverse in *The Deep Dive* artists lab, igniting new arts conversations and creative connections. As part of the Curious Incident Associated Program (page 32), *The Deep Dive* brought together some of Australia's leading neurodiverse artists and allies to share their art, arts practice and creative processes.

In a day of keynotes, performances, conversations and workshops, conventional notions of artistic expression and performance were challenged. Speakers and artists involved included: Professor Jill Bennett, Australian Research Council Laureate Fellow, Director, The Big Anxiety and Director, National Institute for Experimental Arts, UNSW; Tom Middleditch, actor, writer, director, dramaturg, philosopher and co-founder of A_tistic; and Stéphanie Kabanyana Kanyandekwe, composer and multidisciplinary artist.

The Deep Dive artists and provocations were subsequently broadcast on ABC Radio National's *All in the Mind* program in a segment called *The art of neurodiversity*.

SOUND EXPRESSION CREATIVE DEVELOPMENT

Technology intersects with music in our exciting creative development *Sound Expression*. Working with music technology professionals, our Accessible Music Program is designing, testing and prototyping a range of new music interfaces for children and young people with disability to be highly expressive, musical creators.

Sound Expression is breaking new ground in access, music and technology. Trials include new interfaces from Australia, America and France. Excitingly, some of these devices allow children with disability to create sound through movement using motion-sensing accelerometers that enable physical control over sound production.



Sound Expression. Photo: Jason Lau.



ACO Move, presented in partnership with Australian Chamber Orchestra and Back to Back Theatre. Photo: Jason Lau.

THE BIG UMBRELLA

In recognition of our leadership in creating opportunities for children and young people with disability to experience the performing arts, Arts Centre Melbourne was one of 20 arts organisations worldwide invited to attend *The Big Umbrella* at the Lincoln Center (USA), a world-first event dedicated to exploring inclusive theatre and arts programs for children on the autism spectrum and their families.

The insightful symposium, which included performances from companies around the world leading this work, highlighted that our inclusive programming and presentation of relaxed theatre shines as best practice on the world stage. Our national and international leadership in the provision on inclusive arts experiences is a point of considerable and growing pride.

INDUSTRY ENGAGEMENT AND PARTNERSHIP

ACO MOVE

In partnership with Sydney-based Australian Chamber Orchestra (ACO) and Geelong's Back to Back Theatre, Arts Centre Melbourne commenced presentation of the award-winning *ACO Move*, a pilot program of music, sound and movement workshops for young performers with disability from Back to Back Theatre's *Theatre of Speed* ensemble. Participants work alongside a movement facilitator and classical musicians from *ACO Inspire*.

ACO Move is a wonderful opportunity for us to work with the Australian Chamber Orchestra and develop a new creative partnership in a distinctly Melbourne-tailored program that firmly establishes our shared goals and ambitions in disability inclusion.

FIRST CALL FUND – SCHOOLS AND COMMUNITY

Established in 2008, the First Call Fund helps school students and community groups experience Arts Centre Melbourne by removing barriers of access, such as economic disadvantage, disability and life circumstances such as homelessness.

Through the First Call Fund, Arts Centre Melbourne invites schools and community partners to have extraordinary arts experiences by providing fully funded tickets to performances, workshops, tours and participation events as well as supporting transport, access needs, translation and interpretation services.

The First Call Fund Founding Donors are:

The late Miss Betty Amsden AO, DSJ
– Patron of the First Call Fund

Mr Chris Begg and Mrs Patricia Begg OAM

Mr Martin Carlson OAM

Mr Carrillo Gantner AO and Mrs ZiYin Gantner

The late Mrs Neilma Gantner
– Founder of the First Call Fund

Dr Milan Kantor OAM and Mrs Anne Kantor AO

The Myer Foundation

As the fund enters its tenth year of existence, teachers from schools all over Victoria are aware of the fund and many plan their students' year around a visit to Arts Centre Melbourne. Teachers who apply to the fund understand the positive effects an arts experience can have on a young person, especially those from low socioeconomic areas, regional areas or communities with complex social issues. This year, students came from suburban areas, outer metro and regional towns such as Hiamdale, Orbost and Narracan. In F2018, 21,217 students benefited from the First Call Fund, the majority experiencing the performing arts in our venues for the first time.

Our First Call Fund community relationships open our doors to the diverse audiences we want to reach and organisations that support individuals and families we do not normally see in our venues, including people experiencing disadvantage and homelessness, living with disability or who are new to Australia. Our community partners include organisations of all sizes who offer support and services to people from a range of backgrounds and circumstances, from across Melbourne and regional Victoria including Geelong, Lake Charm, Ballarat, Kerang, Colac and Bendigo. These regional partners extend our reach well beyond metropolitan Melbourne. In F2018, 1,827 community members experienced the power of performance and participated in workshops and creative events.

Across its 10 years, the First Call Fund has assisted more than 140,000 students and community members. We believe an arts experience can be transformative and our schools and community partners repeatedly feed back the significance of coming to Arts Centre Melbourne – an experience many of us take for granted.

“Thank you. For a few hours, all my problems didn't exist. For a few hours, it was just Christmas.”

CLIENT OF YOUTH PROJECTS, AN ORGANISATION SUPPORTING PEOPLE EXPERIENCING LONG-TERM HOMELESSNESS

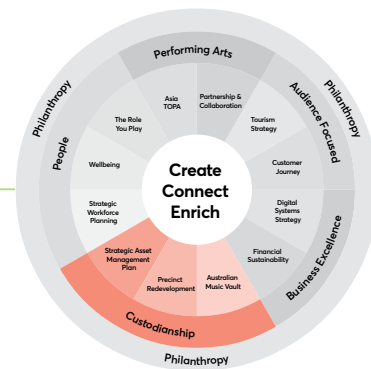
“...thank you for making tickets available to organisations such as Brainwave...for free...it is the ONLY way that families such as mine are able to attend performances such as this. I am a huge believer in exposing our kids to as much variety and experiences as possible; it's a wonderful learning experience and educational tool. Sadly though many families are in a similar situation as I now find myself in. Many have had to give up work as a result of the demands associated with having special needs children and/or find themselves as single parents for the same reasons. This makes simple pleasures such as attending theatre shows cost-prohibitive when on carer's payment, as there are other financial priorities. This is why I am eternally grateful for the opportunity to see this show and to take my boys to it.”

CLIENT OF BRAINWAVE, AN ORGANISATION SUPPORTING CHILDREN WITH NEUROLOGICAL CONDITIONS AND THEIR FAMILIES

Our Strategic Priorities

CUSTODIANSHIP

Treasuring the past and creating new stories



REIMAGINING ARTS CENTRE MELBOURNE

A fully integrated, seamlessly connected, Melbourne Arts Precinct will finally be realised following the announcement in June 2018 by the Premier of Victoria, the Hon Daniel Andrews MP, of the first phase of a once-in-a-generation city-shaping project for Melbourne.

The initial \$208 million commitment will allow the detailed planning for Arts Centre Melbourne's Theatres Building to leap forward, with plans to improve venues to retain world-class status, deliver better access and amenity, and revitalise our spaces to meet contemporary expectations of audiences and artists alike. The investment also sees a fourth campus for Arts Centre Melbourne on the adjacent 1 City Road site, which will allow us to realise a long-held dream to create an Australian Performing Arts Gallery showcasing our rich Australian Performing Arts Collection, expand the popular Australian Music Vault and provide support to the small-to-medium and independent arts sector through new studio spaces for theatre-making, development and performance.

This work builds on the detailed Masterplan Arts Centre Melbourne carried out in F2017 that was successful in receiving \$40 million in F2018 to continue planning and to replace the State Theatre flying system and other critical assets nearing end of life. The replacement of the flying system has been working through detailed planning and design phases in F2018 to minimise the disruption it will cause to the State Theatre when the replacement stage commences.

The precinct announcement also recognised the anchor foundation status of two major publicly funded institutions located at the gateway to the burgeoning precinct: Arts Centre Melbourne and the National Gallery of Victoria. The level of commitment, collaboration and generosity shown by both institutions working with Development Victoria, Creative Victoria and the Victorian Government to progress the precinct project epitomises why Melbourne is the cultural capital of Australia.

To develop the Masterplan, *Reimagining Arts Centre Melbourne*, Arts Centre Melbourne has engaged renowned architects NH Architecture and Snøhetta, theatre planners Schuler Shook, engineers Aurecon and acousticians Acoustic Studio to work collaboratively and in partnership with Creative Victoria and Development Victoria to realise the vision. Further funding announcements for future stages of the Melbourne Arts Precinct project, including 18,000 square metres of public realm and the new Arts Centre Melbourne on 1 City Road, are expected across the coming years.



The Victorian Government announcement of a revitalised Melbourne Arts Precinct in June 2018. Photo: Eugene Hyland, courtesy National Gallery of Victoria.

COLLECTIONS

From our internationally-renowned Australian Performing Arts Collection and Art Collection to the ground-breaking initiative of the Australian Music Vault, Arts Centre Melbourne celebrates the nation's performing arts heritage.

We are proud to be custodian of the Australian Performing Arts Collection, dedicated to the collection, preservation and interpretation of Australia's circus, dance, music, opera and theatre heritage, and to hold one of the most significant public collections of Australian art outside the major state galleries.

Work continued in F2018 to support the development, care and display of these collections.

FOYER DISPLAYS

We continued to promote and provide onsite public access to the Australian Performing Arts Collection and Art Collection through dynamic and well-researched displays in our foyers, many of which were linked to programming within the venues. The foyer display program featured *Being Barry* (Hamer Hall, May – July 2018), which included rare artwork and objects from the Barry Humphries Collection to coincide with Barry Humphries' production *The Man Behind the Mask*; new acquisitions including designs by Hermia Boyd for the Australian musical *Lola Montez*, staged in 1958; and an insightful display from the Holden Brothers Circus Collection. An outcome of our Australian Research Council AusStage project on visualising theatre venues was *Melbourne's Lost Theatres*, which explored historic venues.



The *Being Barry* exhibition in Hamer Hall. Photo: Mark Gambino.

CONTEMPORARY ART PROJECTS

We implemented a new contemporary art program to strengthen relationships with the sector and to utilise and respond to the Arts Centre Melbourne site and wider Melbourne Arts Precinct. Artist and musician Jon Campbell created a neon work called *Sing What You Feel*, installed in window of The Channel to coincide with White Night 2017. Louise Paramor was commissioned to create *Polyphony I-IV* (2018) for the Café Vic Courtyard next to our Theatres Building through our partnership with Melbourne Art Fair.

TOURING

Following its success at Arts Centre Melbourne in 2016, our *Kylie on Stage* exhibition, showcasing costumes from the extraordinary career of Kylie Minogue now held in the Australian Performing Arts Collection, commenced its regional tour at Mildura Arts Centre in August 2017. The exhibition moved to Geelong Gallery in December 2017, where it attracted more than 7,000 visitors, 42% of them first-time attendees. The regional tour provided an opportunity to share part of the Australian Performing Arts Collection outside of Melbourne and was enhanced by public programs conducted by the curator.

"Fantastic...sang my way out after!"

KYLIE ON STAGE REGIONAL TOUR ATTENDEE

"Thank you, it's so valuable to have such a high-quality exhibition free of charge."

KYLIE ON STAGE REGIONAL TOUR ATTENDEE

Theatres of War, exploring entertainment during wartime, travelled to its final venue during F2018, AlburyCity's LibraryMuseum, where it attracted more than 5,700 visitors. Funded by the Australian Government's ANZAC Centenary Fund, 17,000 people attended the exhibition and associated floor talks by the curatorial team across three national venues during a 19-month tour.

COLLECTION HIGHLIGHTS

The Australian Performing Arts Collection continued to grow, with 33 new acquisitions added in F2018 including significant collections and items documenting the history of dance, music, theatre, circus and opera in Australia. The additions took the total objects held in the collection to more than 680,000. Major acquisitions this year:

- Opera Australia costumes and designs representing the performers, designers and directors who have worked with the company over six decades, purchased at auction with funds from Mr Frank Van Straten AM and Mr Adrian Turley, Mr Jeremy Vincent and the David Richards Gift.
- Joan Sutherland costumes, including wigs and related archival material from *Semiramide* (1965) and *The Tales of Hoffman* (1970), donated by Trevor Rasmussen.
- Costume and set designs by Tom Lingwood for Opera Australia, including designs for *War and Peace*, which opened the Sydney Opera House in 1973.
- *Jazz Resonance* (2017–18), by Augustine Dall'Ava, which was commissioned as part of the Maxwell & Merle Carroll Bequest.

Other donated items included Peter Milne's *The Oddfellows Daughter* photographic series (2015); costume and set designs by Hugh Colman and Tony Tripp; Rowland S. Howard's guitar, amplifier and notebooks; Holden Brothers Circus material (1870s – 1990s); and material donated by Nick Cave, Patti Newton and Midnight Oil.

COLLECTION LOANS

Objects from the Australian Performing Arts Collection were lent to a number of important exhibitions during the year, including: Dame Nellie Melba's costume for *Romeo and Juliet* to the National Gallery of Australia's *Cartier: the Exhibition*; archival material to the National Gallery of Victoria for the *Brave New World* exhibition; stage designs to Heide Museum of Modern Art for *Call of the Avant Garde*; and other material to the State Library of Victoria and ACMI. Collaboration also began with the University of Melbourne's Grainger Museum on an exhibition exploring internationally renowned Australian performing arts icons Percy Grainger and Dame Nellie Melba, to open in F2019.

RESEARCH CENTRE

Our Research Centre provided 178 local, national and international researchers with access to 55,000 items from the Australian Performing Arts Collection this year. Notably, The Australian Ballet researched the Sydney Dance Company collection for its season of works by Graeme Murphy; Ray Gill commenced work on a major publication on the history of Playbox; producer Steven Helper viewed Lola Montez-related material to assist in restaging the production; and Lucy Robertson and Peter Adams drew on the Barry Humphries Collection heavily for the show *The Man Behind the Mask*, with the collection determining the content and reflections in the show and featuring heavily in the program. Other resources accessed by researchers included archives relating to Max Gillies, Joan Sutherland, Francis Saville and *Juke* magazine.

STORAGE AND COLLECTION MANAGEMENT

Improving storage and collection management was a major focus for the year. Storage remains a major challenge for the Australian Performing Arts Collection, as major acquisitions cannot easily be adsorbed into current facilities in Hamer Hall and at Public Records Victoria. Funding from Creative Victoria in F2018 for interim storage will enable some improvements at the offsite facility. Other previously inaccessible storage areas onsite have been converted into artefact quarantine zones, a photographic studio and Arts Centre Melbourne's first-ever conservation laboratory.



Arts Centre Melbourne's collections. Photo: Mark Gambino.

The appointment of a conservator has increased our capacity to preserve the Australian Performing Arts Collection and Art Collection. Bringing conservation in-house, including the establishment of this conservation lab, has increased knowledge about the condition of the collections and the efficiency of treatments for exhibition. As part of preparing for *Reimagining Arts Centre Melbourne* an audit of the Art Collection was commenced to produce a comprehensive conservation assessment and prioritised treatment plan.

Creative Victoria also provided funding for legacy data until June 2020. This project will see large volumes of backlog material become discoverable and accessible through enhanced documentation including images, which will be made available through the Collections Online portal.

COLLECTIONS VOLUNTEERS

Our work has been significantly enhanced by the remarkable work of dedicated volunteers who contributed 735 hours during the year. We acknowledge and thank Maggie Anderson, Virginia Boon, Sandy Graham, Barbara Langley and Liz Balogh for helping us to preserve and provide access to the Australian Performing Arts Collection.

We also welcomed Kristy Wandmaker, the recipient of the George Fairfax Internship, presented in association with Deakin University. Kristy observed the relationship between curatorial practice and public engagement and made a great contribution to future planning for the Research Centre.

UNLOCKING AN IMPOSING DOOR

Curating exhibitions from the 680,000-object-strong Australian Performing Arts Collection is a big ask – but the team behind the new Australian Music Vault has answered the call.

It's surely a fact that we've all been guilty of a little hoarding at some point. But imagine cramming your cupboards with more than 680,000 bits and bobs, each with a unique story from Australian performing arts history.

It's a challenge Arts Centre Melbourne's been adeptly juggling since 1975 – and not just in the circus arts sense of the word. The Australian Performing Arts Collection, a state-recognised collection under the proud custodianship of Arts Centre Melbourne, is the nation's largest and most important collection of performing arts history. It includes costumes, designs, programs, photographs, posters, personal memorabilia and archival material from Australia's circus, dance, music, opera and theatre heritage.

Over the years, portions of the collection have been displayed publicly in Arts Centre Melbourne's gallery spaces and taken on the road to tell the stories and history that have shaped our performing arts culture, most recently with the *Kylie on Stage* exhibition travelling around regional Victoria in 2017–18. But with a great collection comes great responsibility, not to mention the curatorial headscratcher of how and what to display.

"As the collection continues to grow so too do the opportunities to share stories from the extraordinary lives of Australia's performing arts community," says Carolyn Laffan, Arts Centre Melbourne's Senior Curator of the Australian Music Vault. "Sometimes it's a special object that provides the initial spark of inspiration, other times it's a burning desire to tell a certain story that sends you down the rabbit hole searching through hundreds of objects until you find just the right one."

Part of that challenge was addressed in December 2017, when Arts Centre Melbourne realised a longstanding Victorian Government commitment and significant curatorial goal as the Australian Music Vault opened its doors in celebration of Australian contemporary music.

Open daily and featuring a free permanent exhibition, digital and interactive experiences and an extensive learning program, the Australian Music Vault charts the story of contemporary Australian music from the 1950s until today. It showcases the iconic people, events and places that define Australian music in a purpose-built exhibition space within Arts Centre Melbourne's Theatres Building. In the process, it enables more than a few of the 30,000-odd music-specific objects in the Australian Performing Arts Collection to spend some time in the (museum-grade) spotlight.

In its first six months of operation, the Australian Music Vault has already proved to be a huge success, attracting more than 400,000 visitors.

"We've been truly overwhelmed by the support and interest we've received, both from the music industry and the general public," says Carolyn. "So many people have come forward with stories about how important music has been in their lives. It's very inspiring."

The Australian Music Vault was created in collaboration with the music industry, with its development supported by an advisory group of music industry leaders. The Victorian Government invested \$8.3 million into the creation of the Australian Music Vault as a cornerstone of its Music Works policy and commitment to strengthening the state's music industry and culture. But it's also a symbolic home to the vibrant history and storylines of the nation's contemporary music scene.

"The Australian Music Vault, which incorporates the ARIA Hall of Fame, has been established to care, protect and store the historical artefacts of our rich and diverse Australian music heritage," says Michael Gudinski, one of five Australian Music Vault patrons alongside legendary music industry figures Kylie Minogue, Archie Roach, Ian "Molly" Meldrum and Tina Arena. "Our great Australian music artists finally have a true home."

Designed to be organic and evolving, displays will be refreshed regularly to provide a broad brushstroke of the Australian music story, while exploring specific rotating themes in more depth and detail. This approach ensures with each visit there's something new to explore and learn.

There's no shortage of talent represented within the exhibition, with the likes of Radio Birdman, Chrissy Amphlett, AC/DC, Courtney Barnett, The Easybeats, Nick Cave, Goanna, Margret RoadKnight, The Seekers, INXS, Midnight Oil, Missy Higgins, Yothu Yindi, Divinyls, Col Joye, Jimmy Little, Skyhooks, Split Enz and Paul Kelly, to name just a few. Many of these artists and bands, along with their families and estates, have donated to the collection, playing an important part in further immortalising the Australian music story.

"This project has given us a once-in-a-generation opportunity to really focus on the enormous task of preserving Australia's music heritage. We've already had some wonderful donations to the collection including costumes from Judith Durham, Rowland S. Howard's icon guitar and setlists and lyrics from the band Spiderbait," says Carolyn. "Many important items and collections are still held by artists and managements, and we're really looking forward to deepening these relationships over the coming years."

The Australian Music Vault is not approached chronologically or by genre, but rather four broad themes with interlinking content encouraging visitors to create and discover unexpected connections across time periods and styles.

"We really wanted to place popular music in the centre of the cultural conversation. Taking a thematic approach has allowed us to explore issues around migration, protest and cultural identity in a much richer way and has really opened up the story of Australian music for an intergenerational audience," says Carolyn.

The Real Thing explores whether there really is an "Australian voice" by looking at musical influences, lyric composition and the impact of performance venues on the Australian "sound". *Two Way Traffic* looks at the careers of the many performers who have helped put Australian music front and centre on the world stage, including the influence of Australia's First Peoples. *The Wild Ones* uncovers the role of the trailblazers whose creative approaches to playing, recording, performing and distributing music have helped shape the Australian music industry. *Agents of Change* delves into the role of music in responding to and affecting social change.

The innovative exhibition concept and design has earned accolades already; the Australian Music Vault earned gold for *Pop-Ups, Display, Exhibit* and *Set Design* in the 2017 Melbourne Design Awards and a Highly Commended nod for *Permanent Exhibition or Gallery Fitout* at the 2018 Museums and Galleries National Awards.

It's not just about what's contained within the four walls of the exhibition, however. The Australian Music Vault Arts Learning Program (page 32) offers students and teachers ways to engage with the Australian contemporary music story, as well as opportunities to write their own chapters of the story. The Arts Learning Program provides hands-on creative workshops where students compose music, write lyrics and design gig posters, inspired by what they've seen in the exhibition. Schools are also supported in starting their own choir, writing songs or staging their own collection in their school.

For people for whom school is a distant (or not so distant) memory, the Arts Learning Program offers a range of talks, music-making workshops and public events.

"We're thrilled to have the Australian Music Vault at Arts Centre Melbourne," says Dave Rogers, Program Manager of Creative Learning. "It provides an amazing opportunity for people of all ages to learn about Australian music and inspire the next generation of musicians and artists."



Australian Music Vault Patron Archie Roach helped launch the Australian Music Vault in December 2017. Photo: Jim Lee.



The Australian Music Vault. Photo: Jim Lee.

AUSTRALIAN MUSIC VAULT ADVISORY GROUP

The Australian Music Vault Advisory Group is a group of music industry leaders formed by Arts Centre Melbourne to provide expert advice, networking, advocacy and promotion for the Australian Music Vault. The group met four times in F2018 in July, October and December 2017 and in May 2018. Members are:

Jane Gazzo, broadcaster, journalist and author, Chair
 David Anderson, Arts Centre Melbourne
 Peter Bain Hogg, Rockwiz
 Janine Barrand, Arts Centre Melbourne
 Lou Bennett, Indigenous language scholar and musician
 Shaad D'Souza, The Push
 Patrick Donovan, Music Victoria
 Adam Jankie, Illusive Entertainment Group
 Joel Ma, Multicultural Arts Victoria
 Chris MacDonald, City of Melbourne
 Bruce Milne, Infidelity Records
 Jan Muller, National Film and Sound Archive
 Jenny Morris, singer/songwriter and APRA Chair
 Dobe Newton, musician and lecturer
 Fifa Riccobono, music industry consultant
 Kirsty Rivers, Creative Victoria
 Dan Rosen, ARIA
 Melanie Smith, Arts Centre Melbourne
 Dan West, producer and instrumentalist

"It's a tough call to try to represent the history (and future) of Australian music in one room – but the Australian Music Vault has done a sterling job."

CAMERON ADAMS, HERALD SUN

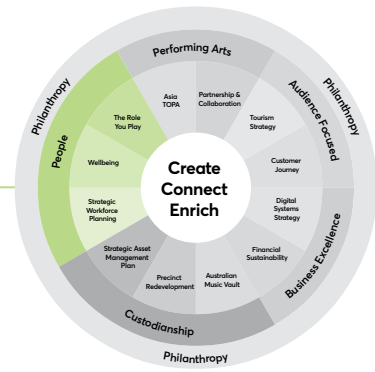
"It brought back so many memories! I remember that gig; I was there!"

VISITOR FEEDBACK ON RELIVING THE 1972 SUNBURY MUSIC FESTIVAL AT THE AUSTRALIAN MUSIC VAULT

Our Strategic Priorities

PEOPLE

A caring, connected and inquisitive community



Our people are at the heart of everything we do. Their expertise, knowledge and professionalism provide so much of the inspiration, creativity and motivation that makes Arts Centre Melbourne the remarkable place that it is. We take pride in being an employer of choice that recognises, acknowledges and values the vital contribution our team makes to our success.



TEAM ENGAGEMENT SURVEY – EARNING THE ENCORE

In October 2017 we conducted our Team Engagement Survey – Earning the Encore. This confidential online team survey was designed to better understand our workplace culture, identify what was working well and areas for improvement and hear ideas on new opportunities to further engage our team.

Results showed that 87% of our team are proud to work at Arts Centre Melbourne and 78% would recommend us as a great place to work. We are so proud of these results. At 62% overall engagement in the survey, however, we have some work to do to make our workplace engagement even better. Our team members want to see:

- better technology, systems and processes
- strong leadership and visioning
- effective learning and development and reward and recognition
- above all, action taken in response to these results.

Work is well underway. We have directed considerable attention to improving our systems and processes in response to this feedback. A major achievement is the launch of our new recruitment system, PageUp, and a refreshed careers website.

We've also embraced technology in the kitchen, with a new team-developed Food Safety Hub app that transforms the way the team records and monitors food safety. It also delivers quick and easy training and improves compliance levels.

A number of significant technology projects are underway across the business relating to our customer database, phone system, rostering, event management and ticketing systems.

Our teams are also responding to the feedback and taking action in areas that will make a difference to their working environments.

On the learning front, our new Associate Director of Learning and Organisational Development will lead creation of our organisation-wide learning framework. Work is also underway on developing a Workforce Capability Plan to ensure we have firm foundations in place for the challenges that lie ahead and we continue to Earn the Encore.

LEARNING AND ORGANISATIONAL DEVELOPMENT

The Role You Play continues to be a vital and important element of our culture, guiding us and aligning us around our purpose, vision, priorities and values. It has provided great focus for our team and binds together all the things that are critical to our success.

Our Care More value was a particular area of focus of The Role You Play in F2018. We lived this value through a continued focus on wellbeing within the organisation and more broadly by providing leadership to the industry in this area. We worked hard at raising awareness through delivery of Mental Health First Aid to more than 30 key team members including the Executive team. Sessions were delivered by Arts Centre Melbourne team members who are trained Mental Health First Aid instructors with experience in the performing arts sector.

We also provided mental health literacy skills to more than 200 team members who interact with our visitors. This training helped equip them to look after visitors, themselves and each other.

Our focus on our Community value also shone through in team member development activity focused on providing inclusive and welcoming places for each other and our visitors. Indigenous cultural awareness sessions and intellectual property workshops are just the beginning of improving our understanding, which will be further built upon in our first Reconciliation Action Plan (page 15).

We also provided a newly developed program for inductees across several key areas of the organisation. This program provided new team members with skills, knowledge and abilities related to diversity and equal opportunity.



Photo: Mark Gambino.

Business excellence was the main focus for development across our Executive team, which has been adopting a renewed approach to effectiveness and balance through the Work Smarter: Live Better program. This practical program helps leaders evolve work habits and transform ways of working. It has been fully embraced, providing great outcomes for our leaders. We look forward to bringing this to a wider audience next year.

Other development opportunities saw Arts Centre Melbourne well represented at 35 industry conferences and events, with team members either sharing their expertise as leaders in their fields or learning from experts to ensure we connect with contemporary practice and continue to be at the forefront of thought leadership and innovation.

As we prepare for major changes across the organisation through *Reimagining Arts Centre Melbourne*, we are putting the foundations in place to take learning and development of our team to the next level. Our people systems will be expanded to include a learning management module. The system is a web-based, mobile, always accessible application and will enable the entire Arts Centre Melbourne community to take control of their learning. It will be the place where our community sees and completes all learning and development related activity and where our organisation accesses the relevant learning and development data we need for tracking, reporting and to inform decision making.

ENTERPRISE AGREEMENT

On 11 April 2018, we lodged the next iteration of Arts Centre Melbourne's Enterprise Agreement for consideration by the Fair Work Commission. This key milestone comes after an extended period of negotiations. New provisions have been made to address job security and family violence and strengthen our commitment to safety. We have also sought to support the diversity of team members through provisions such as gender-neutral parental leave and improved Aboriginal and Torres Strait Islander leave. We anticipate approval early in F2019. In the meantime, an implementation working group has been making necessary updates to systems, policies, processes, guidelines and training resources to facilitate a smooth transition once the new Agreement is approved.

ROSTERING REVIEW

As part of our commitment to business excellence, rostering has been identified as a key improvement opportunity. A significant proportion of our workforce is rostered and the application of associated terms and conditions of employment is complex. However, we need to ensure Arts Centre Melbourne is "curtain ready" across our diverse range of business activities. The past year has seen an extensive process of auditing, consultation and analysis, which has provided considerable insight regarding existing practice, and confirmed current and future requirements and future technology possibilities. The next financial year will see system upgrades, integration with related organisational systems, process streamlining and a focus on establishing a Community of Practice. These changes seek to ensure we are not only operating efficiently but that we continue to build internal knowledge and experience in this area.

ARTS WELLBEING COLLECTIVE

The Arts Wellbeing Collective is a demonstration of commitment to our core purpose of providing leadership in the development of the performing arts.

Led by Arts Centre Melbourne, the Arts Wellbeing Collective was created in response to the need for a customised, sector-wide program that addressed the particular mental health and wellbeing challenges faced by performing arts workers.

A world-first initiative, the Arts Wellbeing Collective comprises a consortium of more than 130 arts and cultural organisations across Victoria whose shared vision is to effect better mental health and wellbeing for performing arts workers. Our objectives are to:

- improve support services for Victorian arts workers
- collate and share information
- effect industry cultural change
- improve support networks within and between arts organisations.

The Pilot Program concluded at the end of 2017, having delivered more than 40 workshops, masterclasses, resources and professional development activities, all tailored to the unique pressures of the performing arts. The Arts Wellbeing Collective was a 2017 finalist in the Australian HR Awards (Best Health and Wellbeing Program) and the VicHealth Awards (Improving Mental Wellbeing).

The Pilot Program was funded through a mix of private, public and philanthropic support. Major sponsors included the Victorian Government, WorkSafe Victoria, Marriner Group and VicHealth.

Arts Centre Melbourne commissioned an independent external evaluation of the Pilot Program. Informed by nearly 500 pieces of written feedback, focus groups and phone interviews, the report made several recommendations, which have greatly contributed to the future development of the Arts Wellbeing Collective. Working with our Innovation Partner, PwC, various opportunities were scoped for strategic growth and optimisation of the program.

Building on the success of the Pilot Program, Arts Centre Melbourne has now developed a three-year strategy that aims to build capability and capacity across the performing arts sector year on year. We are thrilled to work cross-industry with a dynamic Advisory Group, passionate precinct partners and member organisations to deliver this vital initiative.

The new program was to be announced in July 2018.

"Feedback was overwhelmingly positive with a desire for the program to continue and expand. The program was seen as timely, useful, resource-rich and generally well presented. There was relief that the program had started and gratitude to Arts Centre Melbourne for making it happen."

EXECUTIVE SUMMARY, ARTS WELLBEING COLLECTIVE
EVALUATION REPORT 2017





2018 Trainees Allee Richards (Lighting), Rachelle Fennelly (Sound and Vision) and Claire Ferguson (Staging). Photo: Murray Johnstone.

PRODUCTION TRAINEESHIPS DELIVER QUALITY TRAINING ACROSS THE INDUSTRY

With a wealth of experience presenting myriad productions in our diverse venues with both traditional and state-of-the-art technical facilities, we recognise our distinctive capacity to provide quality accredited technical training.

Arts Centre Melbourne was first accredited as a Registered Training Organisation (RTO) in 1997. In 2010, the technical theatre industry acknowledged a noticeable decline in the availability of technicians with prior experience in theatre and live performance. As a venue of national significance, Arts Centre Melbourne pioneered the establishment of our RTO facility and has since provided three individual Certificate III technical traineeships for each of the disciplines – sound, lighting and staging.

Inspired by the Victorian Government's *Creative State* strategy we have harnessed the opportunity of the RTO program and broadened its scope to respond to the operational and professional development requirements not only within Arts Centre Melbourne but to technicians from other venues and organisations affiliated with the sector.

Hence the various courses and programs developed for our in-house purposes are now being contextualised for delivery to other venues, in particular Victorian regional venues and members of the Victorian Association of Performing Arts Centres.

Over the course of the year, our RTO has continued its commitment to deliver quality industry-based training and assessment to new and existing production team and technicians from the wider Victorian arts community, resulting in the delivery of 289 individual units of competency with an enrolment of 149 students.

In February 2018 we celebrated the graduation of our 2017 production trainees, simultaneously passing the training baton to three new trainees in our Sound and Vision, Lighting and Staging teams after a highly competitive recruitment program.

"My favourite thing about my apprenticeship was the endless opportunities," says Teresa Noble, a Certificate III Graduate in 2018. "I got to work with experienced theatre practitioners who trusted and encouraged me to work independently and improve my skills in the practicalities of performance lighting, alongside the science and creativity that lies behind it. So many people at Arts Centre Melbourne invested their time into ensuring I succeed, which is something I will never forget."

The RTO's commitment is to ensure safety is a common language spoken across Arts Centre Melbourne's wider business and operational areas. This has also resulted in key members of our Executive team gaining accreditation alongside the core technical team in the Entertainment Safety Program.

"Safety is a core principle within production, and being able to provide certified training to the wider organisation provides valuable insights into the activities within production and underpins our Care More principles throughout our organisation," says David Harvey, Arts Centre Melbourne's Technical Director.

Arts Centre Melbourne, as an RTO, continued to build on its impact within the industry by delivering training to venues in New South Wales and across Victoria. After considerable investment from the Technical Training and Development team, we were proud to receive accreditation to extend our scope to include Certificate IV in Live Production and Technical Services qualifications. This has allowed us to successfully deliver training and assessment in the safe operation of theatrical flying systems to venues in Nowra and Albury, New South Wales. Return business for the RTO has also been welcomed, with training programs again reaching our industry peers in Bendigo and Horsham.

"As an industry leader we believe it's important to play a role in providing training and skills development opportunities across the broader sector – and particularly in regional areas where access to facilities and expertise may not be as readily available without support from an organisation such as Arts Centre Melbourne," says Murray Johnstone, Arts Centre Melbourne's Manager of Technical Training and Development.

F2018 also saw our course "Production Safety – Construction Induction" meet with WorkSafe Victoria's benchmark, providing all course graduates with dual accreditation from our RTO and the statutory authority.

Expansion and development was also a particular focus this year, with the creation of a significant in-house library of learning and assessment materials required to deliver higher-level training at the Certificate IV level. The RTO has also ensured that our entire training team has undertaken the necessary professional development required to hold the current version of accreditation to meet standards as recently updated by the National Training Authority.

We are thrilled with our successful bid to secure additional funding for training via a grant application submitted to the Ian Potter Foundation. This exciting result will enable Arts Centre Melbourne to support the expansion of our Certificate III traineeship from three to five trainees throughout F2019 and F2020 and continue to support development of further Certificate IV level training materials. These two new positions will again provide an opportunity for Arts Centre Melbourne to offer entry-level technicians a chance to learn and work with the very best in the business within our wardrobe and corporate events departments, adding further depth and support to these important skillsets within the production environment.

"Arts Centre Melbourne's stand-alone safety modules are helping the industry to adopt a more safety-conscious culture and create safer backstage workforces long into the future."

**RIVERLINKS VENUES, ENTERTAINMENT AND EVENTS,
SHEPPARTON**

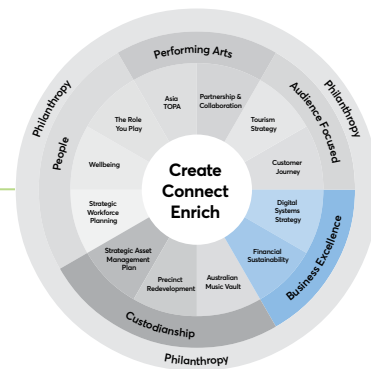


Photo: Mark Gambino.

Our Strategic Priorities

BUSINESS EXCELLENCE

Striving for the highest standards



RISK MANAGEMENT

Effective risk management is imperative in ensuring the delivery of Arts Centre Melbourne's strategic, financial, operational, and compliance objectives. The incorporation of *Reimagining Arts Centre Melbourne* into our activities is now being reflected in all risk management practices.

Risk management at Arts Centre Melbourne is performed in accordance with the AS/NZS 31000 – Risk Management standard, the Victorian Government's Risk Management Framework and the 2016 Standing Directions for the Minister of Finance. Quarterly risk reports are provided to the Trust's Risk Management and Audit Committee and Creative Victoria.

In F2018, Arts Centre Melbourne developed risk appetite statements that will be used to guide strategic decision making across the organisation, and alert the Risk Management and Audit Committee and the Trust when business performance is outside agreed parameters. Our risk appetite covers key business areas including customer service, service delivery, information systems and technology, political and reputation, human resources, health and safety, governance, financial and venue yield.

More broadly, Arts Centre Melbourne embeds risk management principles and practices into every aspect of our organisational culture and decision-making processes including governance and accountability arrangements, systems and processes, planning, reporting, performance review, change management, partnerships and event planning.

Risk management is incorporated into corporate planning to identify what could impact Arts Centre Melbourne's objectives, including *Reimagining Arts Centre Melbourne*, providing an opportunity to develop strategies to minimise the impact and supporting decisions on how much risk can be taken to achieve an objective.

ENVIRONMENTAL SUSTAINABILITY

We recognise that our venues have significant energy requirements and the age of our assets places limits on our ability to substantially reduce certain parts of our environmental footprint. However, we have continued our focus on improving our long-term sustainability and efficiency, and to drive improvements across the site.

Our Environmental Performance results (page 125) show positive improvements given our increased visitor numbers and demonstrate the impact of efficiency projects undertaken in recent years.

Key outcomes in F2018 included:

- a 21% reduction in electricity usage per visitor since F2016 achieved through:
 - the full-year impact of central plant upgrades including new chillers in F2017
 - upgrade to back-of-house lighting with energy-efficient LED technology
 - installation of variable-speed drive devices on specific mechanical equipment
 - improvements made to our building automation system to improve efficiency
- a 48% decrease in gas consumption since F2016 following the completion of the central plant upgrade in F2017
- implementation of stage one of our waste management strategy
- installation of a range of water meters to better monitor usage across the site
- implementation of a reusable coffee cup program for our food and beverage outlets
- rollout of digital screens and whiteboards in office areas
- installation of green walls in specific locations throughout the site.



Photo: Mark Gambino

In addition to these physical works, the employee-led Green Team continued to focus on improving our sustainability within the office, back-of-house areas and public spaces. A Sustainability Action Plan has been finalised, which has been driven by our sustainability policy and sets a number of key targets for the organisation over the next two years. The Green Team has also formed an engagement unit to specifically focus on improving engagement with sustainability across the entire Arts Centre Melbourne team, which will be a major focus over the coming year.

SECURITY AND EMERGENCY MANAGEMENT

In line with the continually evolving security environment we continued to invest in the evolution of our systems, services and processes.

F2018 saw the continuation of our security roadmap implementation through the delivery of significantly expanded CCTV coverage and extended access control in Hamer Hall and the Sidney Myer Music Bowl.

The tendering of event security services at the Sidney Myer Music Bowl for the 2017–18 season was an opportunity to create new relationships and to leverage the knowledge and experience of existing partnerships. The season also saw the implementation of a number of key initiatives aimed at ensuring a safe, secure and enjoyable experience for audiences at high-risk events.

Security services in the Theatres Building and Hamer Hall continue to focus on engagement with and personalised care for our community. As part of this focus we updated our security uniform to a more contemporary and approachable look. Our security officers continue to embrace improved security systems and deliver positive outcomes through their proactive monitoring of our venues.

We have worked collaboratively with our presenting partners to expand the schedule and scope of emergency exercises. This culminated in a test evacuation involving a live audience attending a performance by The Australian Ballet. This will continue to be our focus in the coming year as we work with our partners to ensure the best levels of emergency preparedness in our venues.

HEALTH, SAFETY AND WELLBEING

In F2018 we completed a major high-risk work project focusing on identifying infrastructure improvements and ensuring we have safe systems of work by reviewing our safe work procedures and related risk management documentation. The project was successful in obtaining funding to implement a program of infrastructure improvements including:

- release and working at height improvements such as modifications to ladders, installation of barriers to bridges and installation of falls arrest systems
- feasibility study funding to replace the State Theatre orchestra pit netting
- hazardous manual handling improvements within our food and beverage services.

We strengthened our early intervention strategy by creating job task analysis for key positions and information packs for managers and team members to assist with return-to-work planning.

In line with our Care More value, a *Take 5* campaign was initiated to promote health, safety and wellbeing practices in the workplace. The campaign formed the basis for our *Warm-up for Work* exercise video, developed to encourage team members to warm up and be ready for work.

During the second half of F2018, a new wellbeing program was initiated that took into account feedback from our annual wellbeing survey and our aim to align with other national health and wellbeing activities.

DIGITAL AND TECHNOLOGY

We worked with our Innovation Partner, PwC, during the year to develop our Digital Strategy, supporting our vision to engage, connect with and enrich all of our stakeholders through digital innovation. We commenced its implementation with an initial focus on our website and systems improvements to provide the foundations to move to operational and stakeholder experience transformation.

We delivered two fundamental projects as part of the end-to-end People systems review: a new recruitment system and a rostering process review and gap analysis. This has delivered significant benefits through systems and process improvements, with further work planned in F2019 to support implementation of enhanced learning management capability and rostering systems.

IT Services delivered technical leadership and an Agile project management approach to the delivery of the new Arts Centre Melbourne website. We partnered both internally and externally to showcase the new website, which enhances the digital experience for our customers. We also worked collaboratively with PwC to deliver a wayfinding application to support *Supersense* in 2017, which guided visitors to events in spaces usually reserved for back-of-house functions.

Other key projects in F2018 included the commencement of *Importal*, an innovative technology project that imports data from presenters to Arts Centre Melbourne, which will enable the implementation of digital ticketing, several key system upgrades and strengthening capability in project management and business analysis.

The opening of the Australian Music Vault demonstrated great collaboration across our business, with IT Services providing digital technology, content management, people counting and networking infrastructure.

IT Services manages and supports 55 systems that range from ticketing and CRM to our car park. The team resolved 8,553 jobs throughout F2018, implemented 169 major changes and installed 149,236 patches on our infrastructure. The team's deep commitment to a proactive and risk-based approach to its technology and systems in resulted in an uptime of 99.66% across all of our systems, 24x7.

Cyber security continues to be a key focus for Arts Centre Melbourne, with the safety and integrity of all information critical to our reputation as a world-class performing arts venue. External penetration tests were also conducted across the website and Wi-Fi and the team continued to conduct cyber-incident management training and testing. There were 3,654 hacking attempts identified and stopped on our public website. We were impacted by two data breaches experienced by cloud-based vendors for the year, which further developed our risk assessment capability.

FINANCIAL SUSTAINABILITY

Arts Centre Melbourne continues to focus on enhancing long-term financial sustainability, whilst fulfilling our core purpose and building upon the outcomes that we deliver for the Victorian community and visitors to Melbourne.

Recurrent operating funding from the Victorian Government of \$21.1 million meets a proportion of the costs incurred in operating and maintaining our facilities, preserving the Australian Performing Arts Collection and overheads. It is critical that Arts Centre Melbourne maintain sustainable funding levels. As such, we strive to deliver efficiencies and invest in initiatives that enable revenue growth to deliver a sustainable financial outcome. In F2018 strong visitor growth allowed us to increase food and beverage revenue and ticketing income, with total trading income increasing by \$8 million or 13% compared to the prior year, and a compound annual growth rate of 7% over the last five years.

Our Arts Centre Melbourne Presents programming is made possible with the support of our generous donors and funding partners. Self-generated income was \$74.2 million, which represents 75% of total income and constitutes a rise of 11% on F2017.

As a performing arts centre, Arts Centre Melbourne's operations are highly labour-intensive and wage growth places significant pressure on financial performance. The reimagining of the Melbourne Arts Precinct announced in June 2018 provides for significant renewal works on our Theatres Building, which will address significant issues relating to our ageing asset infrastructure and enable Arts Centre Melbourne to meet presenter and visitor expectations for future generations. However, the long-term, staged nature of the project means that maintenance requirements are expected to continue to rise steeply for several years in order to avoid performance disruption. Arts Centre Melbourne's operations and aged assets mean we are a significant user of energy, and significant increases to energy pricing will continue to drive increased costs pressure.

Arts Centre Melbourne works hard to self-generate a significant proportion of our revenue – more than other national and comparable international performing arts organisations. Our commercial activities provide the means by which to meet the balance of these expenses and fulfil our purpose. By optimising and investing in the expansion of our service offerings we are able to grow our self-generated income, and together with the delivery of efficiencies, we aim to achieve ongoing strength and sustainability.

We remain committed to complementing these commercial operations with accessible arts opportunities for all Victorians. We continued to offer many free and low-cost experiences throughout the year including education, participation and community events, visible collections through the Australian Music Vault and rotating exhibitions, and support to our sector with initiatives such as the Arts Wellbeing Collective.

ASSET MANAGEMENT AND CAPITAL WORKS PROGRAM

The majority of our assets and equipment no longer provide the level of service required for and expected by our team, hirers, presenters, visitors and site users. There is a substantial backlog of critical maintenance works that needs to be implemented in order to provide the appropriate level of service expected.



The State Theatre flying system. Photo: Mark Gambino.

The Victorian Government's commitment to *Reimagining Arts Centre Melbourne* will address the majority of these service delivery challenges over the coming decade. However, during this extended period, service delivery will be impacted due to the condition of our ageing assets. To assist in managing this challenge, there has been a significant uplift in maintenance funding for next year. In addition, it is imperative that our asset management systems and practices are enhanced to align with the Asset Management Accountability Framework. Significant work has been undertaken on this framework in F2018. Arts Centre Melbourne has no material deficiencies associated with the framework but has developed an Improvement Action Plan to ensure continuous improvement over the coming years.

In the short-term, the Trust continues to invest heavily in compliance, risk and safety-related works through the completion of a range of projects including:

- escalator upgrades
- high-risk work improvements
- Sidney Myer Music Bowl and Hamer Hall CCTV enhancements
- radio communication improvements
- improvements to our fire systems.

A range of other smaller-scale projects were also successfully delivered during F2018, all of which aim to improve our service delivery.

ZERO TOLERANCE

Arts Centre Melbourne has zero tolerance for inappropriate workplace behaviour. This is reflected in our organisational values (Care More) and in our external organisational statements.

At the start of 2018, Arts Centre Melbourne management established a working group to look at ways in which Arts Centre Melbourne can continue to promote a zero tolerance culture and to ensure that people in our venues feel able to speak up about inappropriate workplace behaviour.

The working group has recommended 12 streams of activity, including an awareness campaign across all venues; a code of conduct for all people who work in Arts Centre Melbourne venues or otherwise represent Arts Centre Melbourne, whether or not employed by Arts Centre Melbourne; updated induction materials for people who work at Arts Centre Melbourne including non-employee team members; a clear operating policy to guide the management and handling of complaints by or involving team members; and an anonymous reporting mechanic to encourage team members to report incidents where direct reporting is not reasonable or possible in the circumstances.

The working group has significantly progressed these recommendations. The awareness campaign and new training approaches were due to be implemented in the first quarter of F2019.

SECTOR DEVELOPMENT FUND

Sustainability funding provided to us by the Victorian Government in recent years is critical to our ability to effectively manage risk and further support and invest in projects that offer future return on investment. Supported projects and initiatives vary from those focused on partnerships and initiatives with our Resident Companies and precinct partners, to engagement with the small-to-medium and independent sectors, and supporting outreach, access and community engagement.

Highlights of the F2018 projects supported by the Sector Development Fund include:

- a significant and highly successful partnership with Melbourne Theatre Company to present the National Theatre (UK) production of *The Curious Incident of the Dog in the Night-Time*
- supporting the Melbourne Symphony Orchestra to establish a Box Office at Hamer Hall
- a programming partnership with the National Gallery of Victoria on a citywide festival initiative, MEL&NYC, in support of the National Gallery of Victoria's winter masterpiece MoMA exhibition
- a strategic consultation with the small-to-medium and independent sector to inform and guide our ongoing commitment to programs and initiatives around artist engagement and industry development
- support for artist Sarah Ward to develop a cabaret work into an Australian-first fully integrated hearing impaired accessible performance
- to coincide with the presentation of South African theatre work *The Fall* in F2019, development of an emerging arts leaders program, involving an industry and cultural sector-led marketing campaign and education and outreach associated programs, and engagement with independent artist Candy Bowers and a small team of emerging CALD arts workers as consultants, ambassadors and curators on the program
- an audience development plan to connect with Victorian Arabic-speaking audiences of Middle Eastern origin
- a series of staff and public activations and activities around NAIDOC (National Aborigines and Islanders Day Observance Committee) Week
- commissioning a new Australian work of scale for families: Alan Brough's *Charlie and the War Against the Grannies*.

COLLABORATING FOR A SAFER PRECINCT

Providing a safe and secure environment for everyone who visits our venues is a priority for Arts Centre Melbourne – and so too is contributing to a safe and secure wider neighbourhood.

Recognising our role as one of Melbourne's many major cultural destinations, in 2016 Arts Centre Melbourne established the Arts and Cultural Security Precinct and Emergency Group to bring together neighbouring arts and cultural organisations in a cohesive, precinct-wide network to enhance communication and coordination.

We continued to support the group as Chair organisation throughout F2018 and by playing the primary role in the collection and dissemination of information to member organisations.

"It's vitally important that larger organisations like Arts Centre Melbourne take a leading role as we can assist and share our extensive expertise more broadly with other organisations and in particular the small-to-medium sector," says Mark Bullen, Arts Centre Melbourne's Head of Facilities Management Services.

The number of member organisations and attendees expanded over the course of F2018 to in excess of 20, bringing with it further benefits.

"It was pleasing to have additional representation from the commercial sector join us this year as well," says Mark. "It's a valuable exercise to have such a cross-section contribute to activities and it ensures that views from all areas of the arts and cultural industries environment are discussed and considered."

Formal terms of reference were adopted by the group this year, which recognise the core aims of sharing information, developing sector and government collaboration, developing security plans, and testing of capability and practices. The terms also reflect the inclusive nature of the group and recognise that membership is open to public and private entities, peak bodies and organisations that are affiliated with the sector.

"This is a group that can only be further strengthened by broad representation," says Mark. "Formalising these terms of reference ensures the group continues to focus on the important elements that enhance safety across our venues in a coordinated and collaborative way."

"It's been heartening for Her Majesty's Theatre, as a member of this outwardly disparate group, to realise that the concern of providing a safe, secure and comfortable environment was a priority we were eager to tackle together," says Nigel Hordern, Operations Manager at Her Majesty's Theatre, which is a member of the group.

"Despite venue differences, the collegial sharing of experiences, strategies and challenges has benefited Her Majesty's Theatre's preparedness in real terms, enhancing our visitor experience. We consider participation in the group to be among our most valuable partnerships in Melbourne and are grateful for the leadership shown by Art Centre Melbourne in organising and hosting it."

The group continues to meet every quarter and also held two tabletop exercises throughout the year aimed at enhancing understanding, communication and collaboration between the group in the event of a major city-wide incident.



The Melbourne Arts Precinct. Photo: Mark Gambino.

The Victorian Arts Centre Trust

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.



TRUST AND COMMITTEE MEETING ATTENDANCE

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

	James MacKenzie President	Frankie Airey	Paul Barker	Warwick Bray	Catherine McClements	Andrew Myer AM ¹	Ian Roberts	Nora Scheinkestel	Helen Silver AO	Graham Smorgon AM ²
The Victorian Arts Centre Trust (the Trust)	5/5	5/5	5/5	5/5	3/5	0/1	4/5	4/5	5/5	4/4
The Trust met five times in F2018.										
Risk Management and Audit Committee	4/4	-	4/4	4/4	-	1/1	-	-	-	3/3
Consistent with the requirements of the Standing Directions of the Minister for Finance, this Committee provides advice to the Trust on matters relating to financial management, security and emergency management, risk management and all aspects of internal and external audit and compliance matters. This Committee must exercise independent judgement and be objective in its deliberations, decisions and advice. All members are independent as defined by Financial Direction 2.3 of the <i>Financial Management Act 1994</i> .										
This Committee met four times in F2018.										
People Committee	1/2	-	-	-	1/2	-	2/2	2/2	2/2	-
This Committee provides advice to the Trust on Executive remuneration, Executive performance and general remuneration policy matters.										
This Committee met twice in F2018.										
Arts Centre Melbourne Foundation	3/4	4/4	-	-	-	4/4	1/4	-	-	-

The Arts Centre Melbourne Foundation provides practical support and active participation in identifying and cultivating prospective supporters and raising funds in order to realise the Trust's financial goals. The Arts Centre Melbourne Foundation met four times in F2018.

Non-Trustee Foundation Members:

John Barlow
 Krystyna Campbell-Pretty
 Andy Dinan
 Nicholas Haddad
 Lisa Hennessy
 Sarah Kirby
 Snowe Li
 Jennifer Prescott

¹ Term began on 13 March 2018.

² Term ended on 12 March 2018.

TRUSTEES

James MacKenzie **President**

Originally a chartered accountant, James MacKenzie 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 and the Victorian Major Events Company. James has been a regular visitor to Arts Centre Melbourne over the years.

Frankie Airey

Frankie Airey has a long and distinguished career in development and philanthropy in both the UK and Australia commencing with a hugely successful stint in the university sector including at Oxford University and the University of London. In the 1990s, she moved to Australia and was Director of Development at Arts Centre Melbourne from 1994-1997. Over the years Frankie has established an in-depth knowledge of the philanthropic sector and a track record of achievement in senior positions and consultancy. She founded boutique consulting firm Philanthropy Squared in 2003, and she and her team have worked with more than 140 non-profit organisations, including 45 art and cultural institutions. Frankie has served on the Boards of the Malthouse Theatre in Melbourne and Sadler's Wells in London, and is currently Chair of the Betty Amsden Foundation.

Paul Barker

Paul Barker is a financial services professional with extensive experience at both board and executive level in Australia and overseas. He is currently the Chairman of WorkSafe Victoria and a Non-Executive Director of Cricket Victoria. He has held board and committee appointments with the Transport Accident Commission, Victorian WorkCover Authority, Mirvac Funds Management Ltd and Stadium Operations Ltd (Etihad Stadium).

Warwick Bray

Warwick Bray is Chief Financial Officer at Telstra, his latest senior management role in more than 25 years of global experience in finance, strategy, telecommunications and business development. Prior to Telstra, Warwick worked in investment banking with roles at Taemas Bridge in Australia, Babcock and Brown, JP Morgan, and Dresdner Kleinwort Wasserstein in London and for 10 years at McKinsey and Company in both London and Melbourne advising on strategy, regulation, mergers and acquisitions, capital spend and operational effectiveness.

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.

Catherine was WorkSafe Health and Safety Month Ambassador in 2017, and is a member of the Arts Wellbeing Collective Advisory Group.

Andrew Myer AM

Term began on 13 March 2018

Andrew Myer pursues a variety of business interests through the A V Myer Group of Companies, including property development, investment, film and philanthropy. He has been a director of The Myer Family Investments since 2013, a Trustee of The Sidney Myer Fund, and was a Vice President of The Myer Foundation from 1999 to 2003.

Andrew's appointments in the arts include 16 years with the board of the Melbourne International Film Festival, including a term as Chair. In 2017 Andrew was appointed Chair of the Arts Centre Melbourne Foundation, and in the same year became a director of Documentary Australia Foundation. Andrew also joined the board of the Malthouse Theatre in February 2018. As a producer and executive producer, Andrew's cinema credits include the Australian feature films *Radiance*, *Balibo*, *Paper Planes*, *Last Cab to Darwin* and the telemovie *Dangerous Remedy* for the ABC.

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. Previously Ian has served as the Chief Executive Officer of the Harold Mitchell Foundation, General Manager of the Melbourne Festival, and General Manager of the Geelong Performing Arts Centre. Ian also spent six months as the Interim CEO of Arts Centre Melbourne in 2014.

Ian's board appointments have included terms as Chair of the Victorian Australia Day Committee, as Deputy Chair of the Melbourne International Film Festival, and as Deputy Chair of the Australian Centre for Contemporary Art. Ian has also served as a member of the Major Performing Arts Board of the Australia Council for the Arts.

Nora Scheinkestel

Dr Nora Scheinkestel is an experienced company director, having served for more than 20 years as a non-executive chairman and director of companies in a wide range of industry sectors and in the public, government and private spheres. Nora is currently Chairperson of Atlas Arteria Ltd and a director of its stapled entity, Atlas Arteria International Ltd. Nora is also a director of Telstra Corporation Ltd, Ausnet Services Ltd and OceanaGold Corporation, and an Associate Professor at the Melbourne Business School.

Helen Silver AO

Helen Silver is 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, a Director of the Melbourne Symphony Orchestra and a member of the Judicial Commission of Victoria.

OUTGOING TRUSTEES

Graham Smorgon AM **Term ended on 21 March 2018**

Graham Smorgon is a prominent Australian businessman who has held a number of board positions in the public and private sectors. Graham is currently serving as Director of Incitec Pivot Ltd, Chairman of Smorgon Consolidated Investments and Chairman of the GBM Group. Graham has previously held the positions of Chairman of Smorgon Steel Group Ltd, and Partner of law firm Barker Harty & Co, where he practiced as a commercial lawyer for 10 years.

Graham's former appointments in health, research and education include terms as Deputy Chairman of Melbourne Health, as Director of The Walter and Eliza Hall Institute of Medical Research, as a Trustee of the Royal Melbourne Hospital Neuroscience Foundation, and as a Member of the Council of Bialik College. In Melbourne's sports and creative industries, Graham has held positions as President of the Carlton Football Club, Director of Fed Square Pty Ltd, Director of Playbox Theatre Co, and Chairman of the Arts Centre Foundation.

EXECUTIVE TEAM

Claire Spencer **Chief Executive Officer**

Claire commenced work at Arts Centre Melbourne as Chief Executive Officer in November 2014.

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

She is also a member of the Federal Government's Australia-Singapore Arts Group, established in May 2016 to build on the commitment both countries made following the signing of the Memorandum of Understanding on Cooperation in the Field of Arts and Culture in 2015.

Claire is on the Board of The Pinnacle Foundation, established to provide scholarships and mentoring support to lesbian, gay, bisexual, trans, queer and intersex students (aged 16-24) who are marginalised or disadvantaged.

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.

Prior to Arts Centre Melbourne, Claire was at the Sydney Opera House for nearly 12 years – her last role being Chief Operating Officer. Prior to her tenure at the Sydney Opera House, Claire worked at Ernst and Young (London) and Cable and Wireless (London and Sydney).

Deirdre Blythe **Chief Operating Officer**

As Chief Operating Officer, Deirdre leads our Operations team, which includes Finance, IT, Facilities Management, Legal, Strategic Planning and Governance and Infrastructure Planning and Management.

Deirdre is a Fellow of the Institute of Chartered Accountants with a background in commercial finance and fulfils the role of Arts Centre Melbourne's Chief Financial Officer. She has held senior finance roles in Melbourne and overseas, including Executive Director Finance of Alfred Health and Chief Financial Officer of BUPA Australia.

Deirdre is also a Director of Peter MacCallum Cancer Centre and until April 2018 was a member of Cancer Council Victoria's Finance, Risk Management, Audit and Compliance Committee.

Leanne Lawrence
Executive Director, Human Resources
Commenced on 30 October 2017

Leanne leads our Human Resources team and supports the delivery of Arts Centre Melbourne's strategic goals through workforce planning, industrial and employee relations, change management, succession planning, professional development and talent management, wellbeing, diversity and HR operations.

Leanne has held senior roles in federal and state government agencies including the Fair Work Commission and the Department of Premier and Cabinet, Victoria. Leanne joined Arts Centre Melbourne after working at Benetas, one of Victoria's leading not-for-profit providers of aged care and retirement living. Leanne also has a broader interest in governance and community and is currently President of a not-for-profit education and support services organisation.

Fiona Poletti
Executive Director, External Engagement

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. In this role Melanie was responsible for developing Arts Programmes and the Commercial Theatre Business plan and negotiating commercial contracts for Auckland Stadiums for non-sporting events. Melanie is also an Executive Councillor on the Live Performance Australia Executive Council, the national peak body formed to ensure the long term sustainability of the Australian live performance industry.

Beau Vigushin
Executive Director, Customer Experience
Commenced on 2 July 2018

Beau is responsible for all customer-focused areas, leading our Ticketing and Visitor Experience, Marketing and Communications, and Food and Beverage teams.

Beau is new to the Executive team, but by no means new to Arts Centre Melbourne. Beau started as a casual Usher in early 2002 and through years of learning and leadership growth was most recently our Director, Ticketing and Visitor Experience from 2015 to 2018. Beau is dedicated to customer-focused transformation to deliver an enhanced audience experience and ensuring that our team places customer service at the heart of everything we do.

Richard Zimmermann
Executive Director, Philanthropy
Commenced on 13 November 2017

Richard leads our Philanthropy team and is responsible for growing philanthropic support for Art Centre Melbourne's access, education, commissions and collections programs, all of which are enabled through the generosity of donors.

With a strong background in film and performing arts, Richard's first foray into not-for-profit fundraising occurred when, as Director of Management Enterprises Ltd, an entrepreneurial arts marketing company he co-founded in New Zealand, he mounted a successful rock concert called "Rain Aid", with all proceeds going to provide relief for flood victims.

Since moving to Melbourne in 1990 Richard has continued to work extensively in marketing and fundraising for the film, arts and health sectors. He has headed up successful philanthropy programs at The Australian Film Institute, The Australian Ballet School, Jewish Care, the Australian Centre for the Moving Image, Bush Heritage Australia and the Royal Children's Hospital Foundation.

Richard is a longstanding member of the Fundraising Institute Australia and, outside of his professional work, is actively involved in supporting arts, philanthropy and education. Since 2006 he has been the Chairman of not-for-profit arts company Tashmadada, which aims to support, nurture and engage in contemporary performing arts practices.

Financial overview

The five-year summary of results is presented on pages 64–65. To improve transparency this summary differentiates between Arts Centre Melbourne's operating and non-operating activities, which are not readily distinguished in the comprehensive operating statement on page 72. This distinction is important as under accounting standards the comprehensive operating statement includes a number of income streams and expenditure which are either not available for operating purposes or are subject to differences in timing.

Non-operating items include:

- philanthropic bequests and endowments
- donations of items to the Australian Performing Arts Collection
- timing differences in relation to Fundraising activities.

OPERATING ACTIVITIES

Recurrent funding from the Victorian Government was \$21.1 million in F2018 (F2017 \$21.5 million), and the growth in Government funding in the year relates to non-recurrent funding for specific projects, most notably the creation and management of the Australian Music Vault.

Arts Centre Melbourne has continued to grow our trading revenues, with an increase of \$8 million (13%) compared to the prior year. This reflects a compound annual growth rate of 7% over the last five years. In F2018 strong visitor growth allowed us to increase food and beverage revenue and ticketing income. The number of performance events grew by 32% in the year, and total attendance at performances grew by 27% to over 1.5 million.

There were two key drivers of this significant growth:

- The Pop-up Globe was located in the grounds of the Sidney Myer Music Bowl from late September 2017 through to early February 2018. Effectively adding a sixth venue to Arts Centre Melbourne's portfolio, the Pop-up Globe entertained 134,000 visitors.
- *Dream Lover – The Bobby Darin Musical* was the highest-selling show ever presented at Arts Centre Melbourne, with more than 120,000 tickets sold.

These increases in activity represent compound annual growth in the number of events of 15% since F2014, and annual growth in performance attendances of 9% over the same period.

Our theatres and events business is highly people-driven. The increase in operating activity drives an increase in our variable labour. With more than 50% of our costs consisting of employee expenses, Arts Centre Melbourne has correspondingly grown our contribution to Victoria's employment by a compound annual rate of 7% over the last five years.

Facilities expenses have continued to grow as the Trust has undertaken investment projects over recent years to reduce the risk of asset failure and associated performance cancellation, as well as deliver energy efficiency to partially offset the rising cost of utilities. In F2018 an additional investment of \$2.1 million (18%) was made in facilities compared to F2017, with a focus on maintenance and equipment. Significant investment in information systems and technology has also been made in order to enhance efficiency and reduce operating risk.

Growth in other operating expenses in F2018 reflects expenses related to the creation and opening of the Australian Music Vault, and the notional costs of services provided in-kind by corporate partners.

NON-OPERATING ACTIVITIES

Bequests and endowments received in F2018 totalled \$1.1 million, with these funds being invested in order to generate income to support programming and allied activity.

Fundraising continues to be an essential enabler of the Trust fulfilling its core purpose. F2017 fundraising income was unusually high as a result of the Asia TOPA festival, which was facilitated by the generous support of donors and partners for this innovative initiative, and this was reflected in the high level of fundraising distributions to operating activities in that year.

In F2018 \$3.2 million of income from non-operating activities was distributed to support the programming and exhibitions program in the year.

NET RESULT

The net operating result was \$0.5 million for the year, consistent with the average result across the last five years.

After allowing for non-operating activities, the net result from transactions before depreciation of the Trust for the year ended 30 June 2018 was a surplus of \$2.6 million (F2017 \$1.8 million). Depreciation and amortisation of \$22.5 million resulted in a net deficit from transactions of \$19.9 million.

With the rising value of land, the Trust has recognised an increase in the value of its land assets, supported by the indices of the Valuer-General Victoria. This revaluation drives a comprehensive result that is a surplus of \$11.5 million.

BALANCE SHEET

Net assets of the Trust amount to \$605 million, of which \$586 million is comprised of property, plant and equipment. Depreciation is considered a non-operating expense and the Victorian Government provides funding for capital purposes through the Economic Review Committee for Cabinet (ERC) via the Department of Treasury and Finance, as well as through Creative Victoria via the Cultural Facilities Maintenance Fund.

A number of capital works were completed during the year with funding provided by Government, and these included:

- escalator replacements
- high voltage transformer replacement
- CCTV and access control.

During F2018, work commenced on the Critical Asset Renewal project, for which the Victorian Government have committed \$40 million of funding over four years. The Trust has capital expenditure commitments at 30 June 2018 of \$8.5 million for this work.

Overall, property, plant and equipment increased in value by \$14.6 million. Additions including the works outlined above amounted to \$6.2 million and the revaluation of land resulted in an increase in asset value of \$31 million. Depreciation charges for the year totalled \$22.5 million.

Financial assets increased by \$15 million to \$54.7 million during F2018, driven by the receipt of the first instalment of capital funding for the Critical Assets Renewal project as well as cash from box office sales relating to future shows.

Summary of results

F2014 – F2018

Financial performance	2018 \$m	2017 \$m	2016 \$m	2015 \$m	2014 \$m
OPERATING REVENUE					
Victorian Government grants – recurrent	21.1	21.5	21.7	14.7	14.5
Victorian Government grants – non-recurrent	3.2	0.9	0.1	7.1	3.6
Trading revenue	68.9	60.9	58.6	52.9	51.7
Fundraising – distribution to operating activities	3.2	6.2	2.1	2.2	0.7
Total operating revenue	96.4	89.5	82.5	76.9	70.5
OPERATING EXPENSES					
Employee expenses	(48.7)	(45.2)	(41.1)	(39.1)	(36.4)
Performance generated expenses	(14.4)	(14.5)	(13.1)	(10.4)	(9.9)
Facilities expenses	(14.1)	(12.0)	(13.1)	(12.7)	(12.1)
Other operating expenses	(18.7)	(15.7)	(15.6)	(14.6)	(11.7)
Total operating expenses	(95.9)	(87.3)	(82.9)	(76.7)	(70.1)
Operating result before depreciation and similar charges	0.5	2.1	(0.4)	0.1	0.4
NET INCOME FROM NON-OPERATING ACTIVITIES					
Philanthropic fundraising	2.8	3.9	2.8	2.4	1.7
Other grants (federal, international, local)	0.1	0.7	0.2	0.0	0.1
In-kind donations to Performing Arts and Art Collections	0.2	0.3	0.1	1.2	0.3
Interest and investment income	1.1	0.7	0.9	0.8	0.9
Bequests and endowment funds received	1.1	0.1	1.0	0.2	0.3
Distribution of fundraising income to operating activities	(3.2)	(6.2)	(2.1)	(2.2)	(0.7)
Total net income from non-operating activities	2.1	(0.4)	2.9	2.4	2.5
Net result from transactions before depreciation	2.6	1.8	2.5	2.6	2.9
Depreciation and amortisation	(22.5)	(22.0)	(16.0)	(16.0)	(16.0)
Net result from transactions	(19.9)	(20.2)	(13.5)	(13.5)	(13.1)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT	0.0	(0.3)	(0.1)	(1.2)	0.2
Net result	(19.9)	(20.5)	(13.6)	(14.7)	(12.9)
Changes in physical asset revaluation surplus	31.0	0.0	103.7	0.0	0.0
Changes to financial assets available-for-sale revaluation surplus/(deficit)	0.4	0.4	(0.2)	0.0	0.0
COMPREHENSIVE RESULT	11.5	(20.1)	90.0	(14.7)	(12.9)

Summary of results

F2014 – F2018

Patronage profile	F2018 '000s	F2017 '000s	F2016 '000s	F2015 '000s	F2014 '000s
Attendances at performances ¹	1,535	1,207	1,212	1,186	1,074
Attendances at public programs	497	137	251	227	629
Attendances at exhibitions	406	494	416	443	485
Other visitors and facility users ³	1,324	1,205	1,010	1,032	955
Total Arts Centre Melbourne attendances	3,762	3,043	2,889	2,889	3,143
Asia TOPA Consortium/partner attendances ²	0	697	0	0	0
Total visitations	3,762	3,740	2,889	2,889	3,143

Events profile	F2018	F2017	F2016	F2015	F2014
Performance events ⁴	1,971	1,498	1,468	1,452	1,126
Public program events	1,384	1,920	1,397	1,877	2,240
Exhibitions and displays	20	26	25	17	10
Total Arts Centre Melbourne events	3,375	3,444	2,890	3,346	3,376
Asia TOPA Consortium/partner events ²	0	210	0	0	0
Total events	3,375	3,654	2,890	3,346	3,376

Venue utilisation	F2018 %	F2017 %	F2016 %	F2015 %	F2014 %
State Theatre	87	93	87	87	95
Playhouse	79	86	94	92	72
Fairfax Studio	92	94	95	92	80
Hamer Hall	84	90	84	85	77
Average mainstage utilisation	86	91	90	89	81
Sidney Myer Music Bowl	23	27	16	36	25
The Pop-up Globe ⁵	51	-	-	-	-
The Famous Spiegelent ⁶	58	59	67	65	-

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

2 Asia TOPA Consortium and partner events and attendances relate to events held at our partner organisations.

3 Other visitors and facility users include visitors to food and beverage outlets, Sunday Market, the City of Melbourne Visitor Hub at Hamer Hall and car park.

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

5 Whilst the Pop-up Globe was co-located at the Sidney Myer Music Bowl, it is shown separately above, and utilisation relates to the period that it was in-situ.

6 The Famous Spiegelent utilisation relates to the period when Spiegelent is on Arts Centre Melbourne's premises.



Victorian Arts Centre Trust

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How this report is structured

Arts Centre Melbourne has presented its audited general purpose financial statements for the financial year ended 30 June 2018 in the following structure to provide users with the information about the Victorian Arts Centre Trust's stewardship of resources entrusted to it.

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Victorian Arts Centre Trust


ACCOUNTABLE OFFICERS' AND CHIEF FINANCIAL OFFICER'S DECLARATION

for the financial year ended 30 June 2018

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 5.2 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 2018 and the financial position of the Trust as at 30 June 2018. 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 28 August 2018.



James MacKenzie
President



Claire Spencer
Chief Executive Officer



Deirdre Blythe
Chief Operating Officer

Victorian Arts Centre Trust

INDEPENDENT AUDITOR'S REPORT

for the financial year ended 30 June 2018

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report

To the Trustees of the Victorian Arts Centre Trust

Opinion I have audited the financial report of the Victorian Arts Centre Trust (the trust) which comprises the:

- balance sheet as at 30 June 2018
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- Accountable Officers' and Chief Finance Officer's Declaration.

In my opinion the financial report is in accordance with Part 7 of the *Financial Management Act 1995* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- presenting fairly, in all material respects, the financial position of the trust as at 30 June 2018 and of its financial performance and its cash flows for the year then ended
- complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013*.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the trust in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Trustees responsibilities for the financial report The Trustees are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Financial Management Act 1995* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Trustees determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Victorian Arts Centre Trust

INDEPENDENT AUDITOR'S REPORT

for the financial year ended 30 June 2018

**Auditor's
responsibilities
for the audit of
the financial
report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees
- conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Trustees with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

MELBOURNE
29 August 2018



Simone Bohan
as delegate for the Auditor-General of Victoria

Victorian Arts Centre Trust

INDEPENDENT AUDITOR'S REPORT

for the financial year ended 30 June 2018

VAGO

Victorian Auditor-General's Office

Auditor-General's Independence Declaration

To the Trustees, the 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 2018, 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.
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
29 August 2018



Simone Bohan
as delegate for the Auditor-General of Victoria

Victorian Arts Centre Trust

COMPREHENSIVE OPERATING STATEMENT

for the financial year ended 30 June 2018

	Notes	2018 \$'000s	2017 \$'000s
CONTINUING OPERATIONS			
INCOME FROM TRANSACTIONS			
Sales of goods and services	2.2.1	64,348	55,894
Income from fundraising activities	2.2.2	5,997	6,677
Grants	2.2.3	24,389	23,138
Income from financial assets classified as available for sale	2.2.4	1,127	699
Other income	2.2.5	2,721	2,694
Total income from transactions		98,582	89,102
EXPENSES FROM TRANSACTIONS			
Employee expenses	3.2	(48,661)	(45,153)
Performance generated expenses	3.3	(14,418)	(14,520)
Other commercial expenses	3.4	(8,311)	(7,073)
Facilities expenses	3.5	(14,139)	(11,992)
Other operating expenses	3.6	(10,419)	(8,612)
Total expenses from transactions		(95,948)	(87,350)
Net result from transactions before depreciation		2,634	1,752
Depreciation and amortisation	4.4	(22,516)	(21,995)
Net deficit from transactions		(19,882)	(20,243)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Net gain/(loss) on non-financial assets	8.1	-	-
Net gain/(loss) on financial assets	8.1	12	30
Other gains/(losses) from other economic flows	8.1	(7)	(284)
Total other economic flows included in net result		5	(254)
Net result		(19,877)	(20,497)
OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	8.2	30,957	-
Items that may be classified subsequently to net result			
Changes to financial assets available-for-sale revaluation surplus/(deficit)	8.2	449	362
Total other economic flows – other comprehensive income		31,406	362
Comprehensive result		11,529	(20,135)

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 2018

	Notes	2018 \$'000s	2017 \$'000s
ASSETS			
Financial assets			
Cash and deposits	6.2	5,906	16,973
Receivables	5.1	6,359	3,908
Investments and other financial assets	4.3	42,409	18,772
Total financial assets		54,674	39,653
Non-financial assets			
Inventories	5.3	551	511
Property, plant and equipment	4.1	586,183	571,595
Intangible assets	4.2	820	531
Other non-financial assets	5.4	1,853	638
Total non-financial assets		589,407	573,275
Total assets		644,081	612,928
LIABILITIES			
Payables	5.2	26,880	23,003
Provisions	3.2.2	9,268	6,885
Other liabilities	5.5	2,500	1,959
Total liabilities		38,648	31,847
Net assets		605,433	581,081
EQUITY			
Contributed capital	8.2.1	531,210	518,387
Donation and endowment reserve	8.2.2	13,740	12,572
Asset revaluation surplus	8.2.3	296,689	265,732
Financial assets available-for-sale revaluation surplus/(deficit)	8.2.4	634	185
Accumulated deficit	8.2.5	(236,840)	(215,795)
Total equity		605,433	581,081
Commitments for expenditure and operating leases	6.3		
Contingent assets and liabilities	7.2		

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 2018

		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 2016		511,073	13,626	265,732	(177)	(196,351)	593,903
Net result for the year		-	-	-	-	(20,497)	(20,497)
Other comprehensive income for the year		-	-	-	362	-	362
Bequests and endowment funds received	(i)	-	138	-	-	(138)	-
Net donations and investment income received	(i)	-	5,025	-	-	(5,025)	-
Donations and endowment distributions	(i)	-	(6,217)	-	-	6,217	-
Capital appropriations	(ii)	7,314	-	-	-	-	7,314
Balance at 30 June 2017		518,387	12,572	265,732	185	(215,795)	581,081
Net result for the year		-	-	-	-	(19,877)	(19,877)
Other comprehensive income for the year		-	-	30,957	449	-	31,406
Bequests and endowment funds received	(i)	-	1,071	-	-	(1,071)	-
Net donations and investment income received	(i)	-	3,333	-	-	(3,333)	-
Donations and endowment distributions	(i)	-	(3,236)	-	-	3,236	-
Capital appropriations	(ii)	12,823	-	-	-	-	12,823
Balance at 30 June 2018		531,210	13,740	296,689	634	(236,840)	605,433

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

- (i) During the year \$1.169m was transferred from the accumulated deficit to the donation and endowment reserve. In F2017 \$1.05m was transferred from the donation and endowment reserve to the accumulated deficit. This represents the net movement between Philanthropic income and the income generated from endowed funds and the amounts contributed to Arts Centre Melbourne's programming activity during the financial year.
- (ii) Creative Victoria provided capital funding of \$0.9m (F2017: \$0.9m) in relation to the Arts and Cultural Facilities Maintenance fund, \$8.6m (F2017: \$5.9m) for Critical Asset Maintenance, \$0.5m (F2017: \$0.5m) for minor maintenance and \$2.8m (F2017: Nil) relating to the Australian Music Vault. 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 2018

	Notes	2018 \$'000s	2017 \$'000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from customers		65,784	59,009
Receipts from fundraising activities		4,126	5,309
Receipts from bequests and endowments		184	138
Government grants received		25,396	23,224
Interest and distributions received		981	700
Total receipts		96,471	88,380
Payments			
Payments to suppliers		(43,048)	(42,951)
Payments to employees		(47,063)	(43,389)
GST paid to the Australian Taxation Office		(2,343)	(404)
Total payments		(92,454)	(86,745)
Net cash from operating activities	6.2.1	4,017	1,635
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(5,464)	(9,464)
Payments for investments		(22,300)	(6,000)
Payments for intangible assets		(131)	(620)
Net cash used in investing activities		(27,895)	(16,084)
CASH FLOWS FROM FINANCING ACTIVITIES			
Owner contributions by State Government		12,811	7,314
Net cash provided by financing activities		12,811	7,314
Net increase in cash and cash equivalents		(11,067)	(7,134)
Cash and cash equivalents at the beginning of the financial year		16,973	24,107
Cash and cash equivalents at the end of the financial year	6.2	5,906	16,973

The 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 2018

1. ABOUT THIS REPORT

The Victorian Arts Centre Trust (the "Trust"), trading as "Arts Centre Melbourne", is a Victorian Government statutory authority of Creative Victoria, a division of the Department of Economic Development, Jobs, Transport and Resources.

A description of the nature of the Trust's operations and principal activities is included in the report of operations on pages 56 to 61, which does not form part of these financial statements.

Its principal address is:

Victorian Arts Centre Trust
100 St Kilda Rd
Melbourne VIC 3004

Basis of accounting preparation and measurement

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

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

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

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

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

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

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

Compliance Statement

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994*, 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.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

2. FUNDING DELIVERY OF OUR SERVICES

Introduction

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.

Structure

2.1	Summary of income that funds the delivery of our services	77
2.2	Income from transactions	77

2.1 SUMMARY OF INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES

	Notes	2018 \$'000s	2017 \$'000s
Sales of goods and services	2.2.1	64,348	55,894
Income from fundraising activities	2.2.2	5,997	6,677
Grants	2.2.3	24,389	23,138
Income from financial assets classified as available for sale	2.2.4	1,127	699
Other income	2.2.5	2,721	2,694
Total income from transactions		98,582	89,102

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

2.2 INCOME FROM TRANSACTIONS

2.2.1 SALES OF GOODS AND SERVICES

	2018 \$'000s	2017 \$'000s
Arts Centre Melbourne programming	8,149	9,826
Theatre services	20,324	17,427
Ticketing	8,600	5,843
Food and beverage	20,519	16,457
Car park	6,340	5,965
Other commercial	416	376
Total sales of goods and services	64,348	55,894

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 bars and restaurants and from the Conference Meetings and Event business; 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. Details of unearned revenue is disclosed in note 5.5.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

Income from the **sale of goods and services** is recognised when:

- the Trust no longer has any of the significant risks and rewards of ownership of the goods transferred to the buyer;
- the Trust no longer has continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- the amount of income, stage of completion and associated 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.

2.2.2 INCOME FROM FUNDRAISING ACTIVITIES

	2018 \$'000s	2017 \$'000s
Philanthropy	2,857	3,942
Bequests and endowments	1,071	138
Membership	535	606
Sponsorships	1,272	1,667
Donations to the Performing Arts and visual art collections	262	324
Total income from fundraising activities	5,997	6,677

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.

Bequests and 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 Arts Centre Melbourne Foundation ("the Foundation") to generate income through investing activities.

The value of goods and services received by way of sponsorship are 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 Collection 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.

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 philanthropic trusts and foundations has been reclassified as income from fundraising activities as opposed to grants, reflecting the philanthropic nature of these income streams. The comparatives for F2017 have been adjusted accordingly (see note 2.2.3).

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

2.2.3 GRANTS

	2018 \$'000s	2017 \$'000s
Victorian Government appropriation – recurrent	21,062	21,535
Victorian Government grants – Australian Music Vault	2,565	544
Other Victorian Government grants – non-recurrent	689	329
Federal government grants	50	535
Other grants	23	195
Total grants	24,389	23,138

Government grants and contributions are generally recognised as income when the Trust obtains control over the assets comprising grants and contributions.

Income from philanthropic trusts and foundations has been reclassified as income from fundraising activities as opposed to grants, reflecting the philanthropic nature of these income streams. The comparatives for F2017 have been adjusted accordingly (see note 2.2.2).

2.2.4 INCOME FROM FINANCIAL ASSETS CLASSIFIED AS AVAILABLE FOR SALE

	2018 \$'000s	2017 \$'000s
Interest – bank deposits ^(a)	594	384
Dividends and interest – externally managed unitised trusts ^(b)	533	315
Total income from financial assets classified as available for sale	1,127	699

Note:

(a) Interest includes \$29k (2017: \$39k) relating to fundraising activities and \$565k (2017: \$345k) relating to operating activities.

(b) Included in dividends is \$488k (2017: \$291k) relating to fundraising activities and \$45k (2017: \$24k) relating to operating activities.

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

2.2.5 OTHER INCOME

	Notes	2018 \$'000s	2017 \$'000s
Facilities management ^(a)		472	356
Utilities cost recovery from third parties ^(b)	3.5	1,670	1,596
Sundry ^(c)		579	742
Total other income		2,721	2,694

Note:

(a) Facilities income comprises the recovery of facilities management services costs from presenters and hirers.

(b) Third parties include National Gallery of Victoria and food and beverage tenancies. National Gallery of Victoria and Arts Centre Melbourne share infrastructure. All recoveries are made at cost.

(c) Sundry income includes recoveries of general expenses.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

3. THE COST OF DELIVERING SERVICES

Introduction

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

Structure

3.1	Summary of expenses incurred in delivery of services	80
3.2	Employee benefit expenses	80
3.3	Performance generated expenses	84
3.4	Other commercial expenses	84
3.5	Facilities expenses	84
3.6	Other operating expenses	85

3.1 SUMMARY OF EXPENSES INCURRED IN DELIVERY OF SERVICES

	Notes	2018 \$'000s	2017 \$'000s
Employee benefit expenses	3.2	48,661	45,153
Performance generated expenses	3.3	14,418	14,520
Other commercial expenses	3.4	8,311	7,073
Facilities expenses	3.5	14,139	11,992
Other expenses	3.6	10,419	8,612
Total expenses incurred in delivery of services		95,948	87,350

3.2 EMPLOYEE BENEFIT EXPENSES

3.2.1 EMPLOYEE BENEFITS IN THE COMPREHENSIVE OPERATING STATEMENT

	2018 \$'000s	2017 \$'000s
Salaries and wages	42,532	39,234
Superannuation	3,642	3,470
Taxes	2,109	1,990
Other employee expenses	378	459
Total employee benefit expenses	48,661	45,153

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

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

3.2.2 EMPLOYEE BENEFITS IN THE BALANCE SHEET

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave (LSL) and other entitlements for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2018 \$'000s	2017 \$'000s
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	1,694	1,627
Unconditional and expected to settle after 12 months	536	405
Long service leave		
Unconditional and expected to settle within 12 months	239	191
Unconditional and expected to settle after 12 months	2,440	2,416
Other employee entitlements		
Unconditional and expected to settle within 12 months	2,328	607
Provision of on-costs		
Unconditional and expected to settle within 12 months	613	367
Unconditional and expected to settle after 12 months	451	446
Total current provisions for employee benefits	8,301	6,059
Non-current provisions:		
Employee benefits	837	712
On-costs	130	114
Total non-current provisions for employee benefits	967	826
Total provisions for employee benefits	9,268	6,885

Reconciliation of movement in on-cost provisions

	2018 \$'000s
Opening balance	927
Additional provisions recognised	612
Reductions arising from payments	(338)
Unwind of discount and effect of changes in the discount rate	(7)
Closing balance	1,194
Current	1,064
Non-current	130
Total	1,194

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

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

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

No provision has been made for sick leave as all sick leave is non-vesting and the expense is recognised in the Statement of Comprehensive Income as it is taken.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

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

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

The components of this current LSL liability are measured at:

- undiscounted 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.

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 is measured at present value.

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

3.2.3 SUPERANNUATION CONTRIBUTIONS

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 9.5% 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 4 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 2017, a triennial/full actuarial investigation was completed. The vested benefit index (VBI) of the defined benefit category of which the Trust is a contributing employer was 103.1%. The financial assumptions used to calculate the VBIs were:

Net investment returns	6.5% pa
Salary information	3.5% pa
Price inflation (CPI)	2.5% pa

Vision Super has advised that the estimated VBI at 30 June 2018 was 106.06%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2017 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

Employer contributions

Regular contributions

On the basis of the results of the 2016 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 2018, 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

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category 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. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

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

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

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.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

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.

The 2017 full actuarial investigation surplus amounts

The Fund's full actuarial investigation as at 30 June 2017 identified the following for the Defined Benefit category of which the Trust is a contributing employer:

- A VBI surplus of \$69.8 million
- A total service liability surplus of \$193.5 million, and
- A discounted accrued benefits surplus of \$228.8 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 2017.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2017.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2017.

The Trust was notified of the 30 June 2017 VBI during August 2017.

The 2018 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2018 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2018.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

3.3 PERFORMANCE GENERATED EXPENSES

	2018 \$'000s	2017 \$'000s
Arts Centre Melbourne programming	7,677	9,079
Theatre services	3,371	2,244
Ticketing	928	696
Performance marketing	2,442	2,501
Total performance generated expenses	14,418	14,520

Performance generated expenses are recognised in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

3.4 OTHER COMMERCIAL EXPENSES

	2018 \$'000s	2017 \$'000s
Food and beverage	6,731	5,464
Car park	1,058	1,119
Commercial marketing	419	403
Other commercial	103	87
Total other commercial expenses	8,311	7,073

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.

3.5 FACILITIES EXPENSES

	Notes	2018 \$'000s	2017 \$'000s
Maintenance and renewal		3,671	2,711
Maintenance contracts		2,498	2,372
Equipment		1,107	374
Cleaning, waste and security services		3,685	3,564
Utilities		1,508	1,375
Other utilities costs recovered from third parties ^(a)	2.2.5	1,670	1,596
Total facilities expenses		14,139	11,992

Note:
(a) Utilities costs are recovered from National Gallery of Victoria and food and beverage tenancies as they share infrastructure with Arts Centre Melbourne. All recoveries are made at cost.

Facilities expenses generally represent the cost of running and maintaining infrastructure.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

3.6 OTHER OPERATING EXPENSES

	2018 \$'000s	2017 \$'000s
Other marketing	1,032	1,246
Information systems and technology	2,054	1,438
Operating leases	531	515
Insurance	595	561
Legal and professional	2,500	1,523
Finance costs	313	265
Travel, transportation and freight	802	619
Office expenses	794	784
Staff support	1,030	893
Bad debts	5	32
General	763	736
Total other expenses	10,419	8,612

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

Bad and doubtful debts are assessed on a regular basis and written off when appropriate. Refer note 5.1.1 for further details.

Services provided free of charge or for nominal consideration are only recognised when the value can be reliably determined and the services would have been purchased if not donated. Legal and professional services provided free of charge in F2018 were \$0.4m and in F2017 were \$0.0m.

Operating lease payments (including contingent rentals) are recognised 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.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

The Trust controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the Trust to be utilised for delivery of those outputs.

Fair value measurement

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

Structure

4.1	Total property, plant and equipment	86
4.2	Intangible assets	88
4.3	Investments and other financial assets	89
4.4	Depreciation and amortisation	90

4.1 TOTAL PROPERTY, PLANT AND EQUIPMENT

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2018 \$'000s	2017 \$'000s	2018 \$'000s	2017 \$'000s	2018 \$'000s	2017 \$'000s
Land at fair value	172,310	141,354	-	-	172,310	141,354
Buildings at fair value	172,679	172,679	(5,221)	(2,610)	167,458	170,069
Building fit outs at fair value	196,322	195,487	(30,559)	(15,178)	165,762	180,309
Work in progress at cost ^{(a), (b)}	6,371	4,440	-	-	6,371	4,440
Furniture and equipment at cost	45,426	42,447	(33,138)	(28,647)	12,289	13,800
Motor vehicles at cost	142	142	(127)	(126)	14	16
Work of art at fair value	37,175	37,134	-	-	37,175	37,134
Performing art collection at fair value	24,804	24,473	-	-	24,804	24,473
Net carrying amount	655,229	618,156	(69,045)	(46,561)	586,183	571,595

Note:

(a) Work in progress contains \$3.3m (F2017: \$3.2m) 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 \$3.0m (F2017: \$1.1m) relates to miscellaneous work in progress capital projects.

(b) In F2017 \$89k was reported as intangible assets work in progress which related to building fit-out. This has been reclassified in the F2017 comparatives in these financial statements (see note 4.2).

Initial recognition: All non-financial physical assets are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Artworks are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

Refer to Note 7.3 for additional information on fair value determination of property, plant and equipment.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

4.1.1 RECONCILIATION OF MOVEMENTS IN CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT

2018	Land \$'000s	Buildings \$'000s	Building Fit-out \$'000s	Furniture and Equipment \$'000s	Motor vehicles \$'000s	Work of Art \$'000s	Performing Arts Collection \$'000s	Work in Progress \$'000s	Total \$'000s
Opening balance	141,354	170,069	180,309	13,800	16	37,134	24,473	4,440	571,595
Additions	-	-	553	2,456	-	40	330	2,833	6,214
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	281	524	-	-	-	(805)	-
Depreciation	-	(2,611)	(15,381)	(4,491)	(1)	-	-	-	(22,484)
Expensed	-	-	-	-	-	-	-	(97)	(97)
Revaluation of Land and Buildings and Collections	30,956	-	-	-	-	-	-	-	30,956
Closing balance	172,310	167,458	165,762	12,289	14	37,175	24,804	6,371	586,183

2017	Land \$'000s	Buildings \$'000s	Building Fit-out \$'000s	Furniture and Equipment \$'000s	Motor vehicles \$'000s	Work of Art \$'000s	Performing Arts Collection \$'000s	Work in Progress \$'000s	Total \$'000s
Opening balance	141,354	172,679	186,303	14,920	22	37,123	24,135	7,179	583,715
Additions	-	-	5,696	964	-	11	338	2,864	9,873
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	3,488	2,115	-	-	-	(5,603)	-
Depreciation	-	(2,610)	(15,178)	(4,199)	(6)	-	-	-	(21,993)
Revaluation of Land and Buildings and Collections	-	-	-	-	-	-	-	-	-
Closing balance	141,354	170,069	180,309	13,800	16	37,134	24,473	4,440	571,595

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

4.2 INTANGIBLE ASSETS

	2018 \$'000s	2017 \$'000s
Gross carrying amount		
Opening balance	5,536	5,490
Additions	808	46
Closing balance	6,344	5,536
Work in progress^(a)	-	487
Accumulated depreciation, amortisation and impairment		
Opening balance	(5,492)	(5,490)
Amortisation of intangible non-produced assets	(32)	(2)
Closing balance	(5,524)	(5,492)
Net book value at end of financial year	820	531

Note:

(a) In F2017 \$89k was reported as intangible assets work in progress which related to building fit-out. This has been reclassified in the F2017 comparatives in these financial statements (see note 4.1).

Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. 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.

An **internally generated intangible asset** arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

Intangible produced assets with finite useful lives, are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. Produced intangible assets have useful lives of between 3 and 5 years.

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a straight-line basis over their useful lives. The amortisation period is 3 to 5 years.

Impairment of intangible assets

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

The policy in connection with testing for impairment is outlined in section 7.3.

Significant intangible assets

The Trust has capitalised website development expenditure for the development of its website. The carrying amount of the capitalised development expenditure is \$792k (2017: \$44k). Its useful life will be five years from the date the website is published.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

4.3 INVESTMENTS AND OTHER FINANCIAL ASSETS

	2018 \$'000s	2017 \$'000s
Current investments and other financial assets		
Term deposits:^(a)		
Australian dollar term deposits > three months – General Funds	18,300	2,500
Australian dollar term deposits > three months – Box Office Funds	10,000	3,500
Total current investments and other financial assets	28,300	6,000
Non-current investments and other financial assets		
Managed investment schemes:		
Managed investment schemes ^{(b), (c)}	14,109	12,772
Term deposits:^(a)		
Australian dollar term deposits > 12 months	-	-
Total non-current investments and other financial assets	14,109	12,772
Total investments and other financial assets	42,409	18,772

Note:

(a) Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

(b) The Trust designated all its managed investment schemes at fair value through profit or loss. Unless such assets are part of a disposal group held for sale, all managed investment schemes are classified as non-current.

(c) Managed investment schemes 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 value at the end of the year is \$10.50m (F2017: \$9.49m).

Ageing analysis of investments and other financial assets

All investments and financial assets are not past due and not impaired for F2018 (F2017 not past due and not impaired).

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

4.4 DEPRECIATION AND AMORTISATION

Charge for the period

	2018 \$'000s	2017 \$'000s
Buildings	2,611	2,610
Building fit-out	15,381	15,178
Furniture and equipment	4,491	4,199
Motor vehicles	1	6
Intangible assets	32	2
Total depreciation and amortisation	22,516	21,995

Depreciation and amortisation 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	Useful life (years)
Buildings	52 to 86
Building fit-outs	3 to 50
Furniture and equipment	3 to 30
Motor vehicles	5 to 6
Software intangible assets	2.5 to 4.5
Works of art and Performing Arts Collection	Non-depreciable

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. There has been no changes to the useful lives since the prior year.

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

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

5. OTHER ASSETS AND LIABILITIES

Introduction

This section sets out those assets and liabilities that arose from the Trust's controlled operations.

Structure

5.1	Receivables	91
5.2	Payables	92
5.3	Inventories	94
5.4	Other non-financial assets	94
5.5	Other current liabilities	94

5.1 RECEIVABLES

	2018 \$'000s	2017 \$'000s
Contractual		
Sale of goods and services	5,501	2,818
Provision for doubtful debts	(8)	(20)
Accrued investment income	174	16
Other receivables	631	1,094
Statutory		
Net GST receivable	61	-
Total receivables	6,359	3,908
Represented by		
Current receivables	6,359	3,908
Non-current receivables	-	-

Contractual receivables are classified as financial instruments and categorised as 'loans and receivables'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments.

5.1.1 MOVEMENT IN THE PROVISION FOR DOUBTFUL DEBTS

	2018 \$'000s	2017 \$'000s
Balance at beginning of the year	(20)	(54)
Reversal of unused provision recognised in the net result	15	9
Increase in provision recognised in the net result	(7)	(6)
Reversal of provision of receivables written off during the year as uncollectable	4	31
Balance at end of the year	(8)	(20)

Doubtful debts: Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. 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*.

A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. The increase in the provision for the year is recognised in the net result.

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

5.1.2 AGEING ANALYSIS OF CONTRACTUAL RECEIVABLES

2018	Carrying amount \$'000s	Not past due and not impaired \$'000s	Past due but not impaired			
			Less than 1 month \$'000s	1 – 3 months \$'000s	3 months – 1 year \$'000s	1 – 5 years \$'000s
Sale of goods and services	5,493	4,932	338	223	-	-
Accrued investment income	174	174	-	-	-	-
Other receivables	631	631	-	-	-	-
Total	6,298	5,737	338	223	-	-

2017	Carrying amount \$'000s	Not past due and not impaired \$'000s	Past due but not impaired			
			Less than 1 month \$'000s	1 – 3 months \$'000s	3 months – 1 year \$'000s	1 – 5 years \$'000s
Sale of goods and services	2,798	2,526	198	69	5	-
Accrued investment income	16	16	-	-	-	-
Other receivables	1,094	1,094	-	-	-	-
Total	3,908	3,636	198	69	5	-

No interest is charged for the first 30 days from the invoice date. Thereafter, interest can be charged at 2% on the outstanding balance. The average credit period for sales of goods/services and for other receivables is 21 days. There are no material financial assets that are individually determined to be impaired.

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 amounts as indicated.

5.2 PAYABLES

	2018 \$'000s	2017 \$'000s
Contractual		
Supplies and services	3,448	1,095
Sundry Creditors and accruals	5,678	4,361
Box Office Creditors	14,767	13,553
Defined pension superannuation call	2,907	3,263
Statutory		
FBT payable	31	24
GST payable	-	227
Other taxes payable	49	480
Total payables	26,880	23,003
Represented by:		
Current payables	24,368	20,119
Non-current payables	2,512	2,884

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

Payables consist of:

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

Payables for supplies and services have an average credit period of 30 days. Box office creditors are held payables until the performance has occurred.

Maturity analysis of contractual payables^(a)

2018	Carrying amount \$'000s	Maturity dates				
		Less than 1 month \$'000s	1 – 3 months \$'000s	3 months – 1 year \$'000s	1 – 5 years \$'000s	5+ years \$'000s
Supplies and services	3,448	3,448	-	-	-	-
Sundry Creditors and accruals	5,678	5,678	-	-	-	-
Box Office Creditors	14,767	3,734	5,654	5,379	-	-
Defined pension superannuation call	2,907	-	-	395	1,346	1,166
Total	26,800	12,860	5,654	5,774	1,346	1,166

2017	Carrying amount \$'000s	Maturity dates				
		Less than 1 month \$'000s	1 – 3 months \$'000s	3 months – 1 year \$'000s	1 – 5 years \$'000s	5+ years \$'000s
Supplies and services	1,095	1,094	1	-	-	-
Sundry Creditors and accruals	4,361	4,361	-	-	-	-
Box Office Creditors	13,553	3,637	3,786	6,130	-	-
Defined pension superannuation call	3,263	-	-	379	1,514	1,370
Total	22,272	9,092	3,787	6,509	1,514	1,370

Note:

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

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

5.3 INVENTORIES

	2018 \$'000s	2017 \$'000s
Current inventories		
Theatre equipment	74	72
Central plant	50	42
Cleaning consumables	16	15
Food and beverage	411	382
Total inventories	551	511

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value.

Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

5.4 OTHER NON-FINANCIAL ASSETS

	2018 \$'000s	2017 \$'000s
Current other assets		
Prepayments	1,853	638
Total current other assets	1,853	638

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.

5.5 OTHER CURRENT LIABILITIES

	2018 \$'000s	2017 \$'000s
Venue hire income received in advance	770	667
Other income received in advance ^(a)	1,730	1,292
Total other current liabilities	2,500	1,959

Note:

(a) Other current liabilities have been deferred in line with the revenue recognition as described in Note 2.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

6. HOW WE FINANCED OUR OPERATIONS

Introduction

This section provides information on the sources of finance utilised by the Trust during its operations and other information related to financing activities of the Trust.

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

Structure

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6.1 LEASES

6.1.1 FINANCE LEASE

The Trust is not party to any finance leases.

6.1.2 OPERATING LEASE LIABILITIES

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 is 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.

Note 6.3.1 has details of all the operating lease commitments.

6.2 CASH FLOW INFORMATION AND BALANCES

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

For cash flow statement presentation purposes, cash and cash equivalents include the following.

	2018 \$'000s	2017 \$'000s
Cash on hand and in bank ^(a)	3,544	7,516
Cash held in box office bank account ^(b)	2,362	9,457
Balance as per cash flow statement^(c)	5,906	16,973

Note:

(a) Cash and deposits includes \$0 (F2017: \$1.4m) of Foundation funds.

(b) 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.

(c) During F2018 additional funds were deposited in fixed-term deposits with an original maturity of more than three months, as detailed in note 4.3.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

6.2.1 RECONCILIATION OF NET RESULT FOR THE PERIOD TO CASH FLOW FROM OPERATING ACTIVITIES

	2018 \$'000s	2017 \$'000s
Net result for the period	(19,877)	(20,497)
Non-cash movements		
(Gain)/loss on sale or disposal of non-current assets	-	-
(Gain)/loss on financial assets	(12)	(30)
Depreciation and amortisation of non-current assets	22,516	21,997
Donations of property, plant and equipment	(262)	(324)
Movements in assets and liabilities		
(Increase)/decrease in receivables	(2,438)	195
(Increase)/decrease in inventories	(40)	(56)
(Increase)/decrease in other current assets	(1,216)	(35)
Increase/(decrease) in payables	2,421	157
Increase/(decrease) in provisions including employee benefits	2,384	792
Increase/(decrease) in other liabilities	541	(564)
Net cash flows from/(used in) operating activities	4,017	1,635

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

6.3 COMMITMENTS FOR EXPENDITURE

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

6.3.1 TOTAL COMMITMENTS PAYABLE

Nominal amounts 2018	Less than 1 year \$'000s	1 – 5 years \$'000s	5+ years \$'000s	Total \$'000s
Operating commitments payable	3,250	1,996	-	5,246
Capital expenditure commitments payable	8,473	-	-	8,473
Operating lease commitments payable ^(a)	553	312	-	865
Programming commitments payable	1,155	-	-	1,155
Total commitments (inclusive of GST)	13,431	2,308	-	15,739
Less GST recoverable	(1,202)	(210)	-	(1,412)
Total commitments (exclusive of GST)	12,229	2,098	-	14,327

Notes:

- (a) Operating lease commitments relate to computer equipment with lease terms between one and four years. These contracts do not allow the Trust to purchase the equipment after the lease ends. No material amount of operating leases are expected to be capitalised in the future.

Nominal amounts 2017	Less than 1 year \$'000s	1 – 5 years \$'000s	5+ years \$'000s	Total \$'000s
Operating commitments payable	3,046	2,827	1,746	7,619
Capital expenditure commitments payable	1,501	-	-	1,501
Operating lease commitments payable ^(a)	651	642	-	1,293
Programming commitments payable	870	-	-	870
Total commitments (inclusive of GST)	6,068	3,469	1,746	11,284
Less GST recoverable	(534)	(315)	(159)	(1,009)
Total commitments (exclusive of GST)	5,534	3,154	1,587	10,275

Notes:

- (a) Operating lease commitments relate to computer equipment with lease terms between one and four years. These contracts do not allow the Trust to purchase the equipment after the lease ends. No material amount of operating leases are expected to be capitalised in the future.

6.3.2 COMMITMENTS

	2018 Nominal value (incl. GST) \$'000s	2017 Nominal value (incl. GST) \$'000s
Operating expenditure commitments: Facilities and IT maintenance	5,246	7,619
Capital expenditure commitments: Capital maintenance works	8,473	1,501
Lease commitments: Computers and IT equipment	865	1,294
Other commitments: Programming	1,155	870
Total commitments	15,739	11,284

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

The Victorian Arts Centre Trust is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Trust related mainly to fair value determination.

Structure

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7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Trust's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

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 investment is disposed. 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 result. The Trust recognises investments in managed investment schemes in this category.

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

The held to maturity category includes certain term deposits for which the Trust intends to hold to maturity.

The Trust does not recognise any **financial assets and liabilities at fair value through net result**.

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

Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Trust has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where the Trust does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

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 retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Trust has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - 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.

Reclassification of financial instruments: Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

The Trust has not reclassified any financial instruments during this year (2017: Nil).

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

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

7.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION

2018	Contractual financial assets – loans and receivables and cash \$'000s	Contractual financial assets – available-for-sale \$'000s	Contractual financial liabilities at amortised cost \$'000s	Total \$'000s
Contractual financial assets				
Cash and deposits	5,906	-	-	5,906
Receivables^(a)				
Sale of goods and services	5,493	-	-	5,493
Accrued investment income	174	-	-	174
Other receivables	631	-	-	631
Investments and other contractual financial assets				
Managed investment schemes	-	14,109	-	14,109
Term deposits	28,300	-	-	28,300
Total contractual financial assets	40,504	14,109	-	54,613
Contractual financial liabilities				
Payables^(a)				
Supplies and services	-	-	3,448	3,448
Box Office Creditors	-	-	14,767	14,767
Defined Pension superannuation call	-	-	2,907	2,907
Other payables	-	-	5,678	5,678
Total contractual financial liabilities	-	-	26,800	26,800

Note:

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

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

2017	Contractual financial assets – loans and receivables and cash \$'000s	Contractual financial assets – available-for-sale \$'000s	Contractual financial liabilities at amortised cost \$'000s	Total \$'000s
Contractual financial assets				
Cash and deposits	16,973	-	-	16,973
Receivables^(a)				
Sale of goods and services	2,798	-	-	2,798
Accrued investment income	16	-	-	16
Other receivables	1,094	-	-	1,094
Investments and other contractual financial assets				
Managed investment schemes	-	12,772	-	12,772
Term deposits	6,000	-	-	6,000
Total contractual financial assets	26,881	12,772	-	39,653
Contractual financial liabilities				
Payables^(a)				
Supplies and services	-	-	1,095	1,095
Box Office Creditors	-	-	13,553	13,553
Defined Pension superannuation call	-	-	3,263	3,263
Other payables	-	-	4,361	4,361
Total contractual financial liabilities	-	-	22,272	22,272

Note:

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

7.1.2 FINANCIAL INSTRUMENTS – NET HOLDING GAIN/(LOSS) ON FINANCIAL INSTRUMENTS BY CATEGORY

2018	Net holding gain/(loss) \$'000s	Total interest income/(expense) \$'000s	Total \$'000s
Contractual financial assets			
Financial assets – loans and receivables	12	594	606
Financial assets available-for-sale recognised in net result	-	533	533
Financial assets available-for-sale recognised in other comprehensive result	449	-	449
Total contractual financial assets	461	1,127	1,588
Total contractual financial liabilities	-	-	-

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

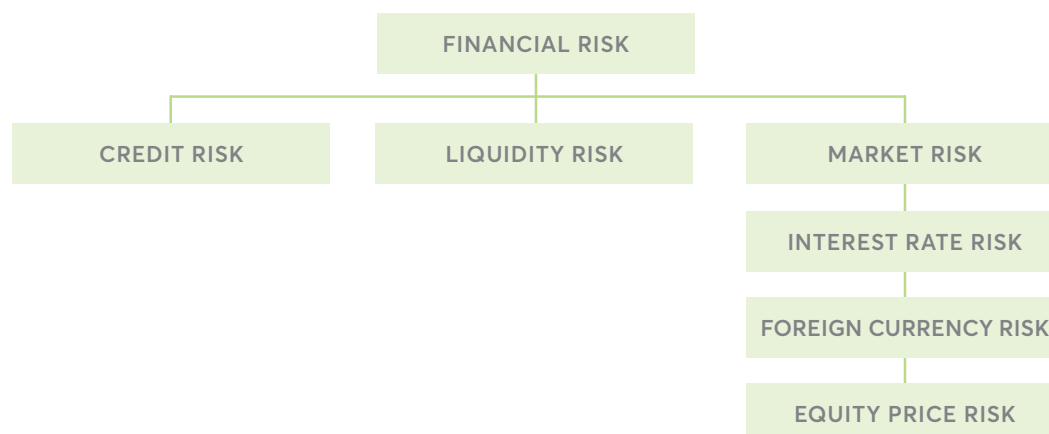
2017	Net holding gain/(loss) \$'000s	Total interest income/ (expense) \$'000s	Total \$'000s
Contractual financial assets			
Financial assets – loans and receivables	30	384	414
Financial assets available-for-sale recognised in net result	-	315	315
Financial assets available-for-sale recognised in other comprehensive result	362	-	362
Total contractual financial assets	392	699	1,091
Total contractual financial liabilities	-	-	-

Note: Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

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

- for cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result

7.1.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES



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

The main purpose in holding financial instruments is to prudentially manage the Trust's financial risks within the 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 manages these financial risks in accordance with its financial risk management policy.

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

Financial instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. 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.

There has been no material change to the Trust's credit risk profile in 2017-18.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

Credit quality of contractual financial assets that are neither past due nor impaired^(a)

2018	Financial institutions (AA credit rating) \$'000s	Government agencies (triple-A credit rating) \$'000s	Other \$'000s	Total \$'000s
Cash and deposits	1,328	4,501	77	5,906
Receivables ^(a)	22	281	5,434	5,737
Investments and other financial assets	-	42,409	-	42,409
Total contractual financial assets	1,350	47,191	5,511	54,052

Note:

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

2017	Financial institutions (AA credit rating) \$'000s	Government agencies (triple-A credit rating) \$'000s	Other \$'000s	Total \$'000s
Cash and deposits	2,050	14,843	80	16,973
Receivables ^(a)	104	748	2,784	3,636
Investments and other financial assets	-	18,772	-	18,772
Total contractual financial assets	2,154	34,363	2,864	39,381

Note:

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

Financial instruments: Liquidity risk

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

The Trust's exposure to liquidity risk is deemed insignificant based on prior period's data and current assessment of risk. Cash for unexpected events is generally sourced from cash on hand. The maximum exposure to liquidity risk is the carrying amount of financial liabilities. The following table discloses the contractual maturity analysis for the Trust's financial liabilities.

Maturity analysis of contractual financial liabilities

2018	Carrying amount \$'000s	Less than 1 month \$'000s	1 – 3 months \$'000s	3 months – 1 year \$'000s	Greater than 1 year \$'000s
Payables:					
Trade creditors	3,448	3,448	-	-	-
Box office creditors	14,767	3,734	5,654	5,379	-
Other payables	5,678	5,678	-	-	-
Defined pension superannuation call	2,907	-	-	395	2,512
Total	26,800	12,860	5,654	5,774	2,512

2017	Carrying amount \$'000s	Less than 1 month \$'000s	1 – 3 months \$'000s	3 months – 1 year \$'000s	Greater than 1 year \$'000s
Payables:					
Trade creditors	1,095	1,094	1	-	-
Box office creditors	13,553	3,637	3,786	6,130	-
Other payables	4,361	4,361	-	-	-
Defined pension superannuation call	3,263	-	-	379	2,884
Total	22,272	9,092	3,787	6,509	2,884

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

Financial instruments: Market risk

The Trust's exposures to market risk are primarily through interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

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 100 basis points up and down (2017: 100 basis points up and down) in market interest rates (AUD);
- a movement of 15% up and down (2017: 15%) for the top ASX 200 index.

The tables that follow show 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, if the above movements were to occur.

a) Interest rate risk

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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust has minimal exposure to cash flow interest rate risks through cash and deposits, and term deposits that are at floating rate.

The Trust manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded, cash at bank as financial assets can be left at floating rate without necessarily exposing the Trust to significant risk. Management monitors movement in interest rates on a regular basis.

Interest rate exposure of financial instruments

2018	Weighted average interest rate %	Carrying amount \$'000s	Interest rate exposure		
			Fixed interest rate \$'000s	Variable interest rate \$'000s	Non-interest bearing \$'000s
Financial assets					
Cash at bank and on hand	1.35	3,544	-	3,544	-
Cash held in box office bank account	1.37	2,362	-	2,362	-
Receivables ^(a)					
Sale of goods and services		5,493	-	-	5,493
Accrued investment income		174	-	-	174
Other receivables		631	-	-	631
Investments and other contractual financial assets					
Managed investment schemes		14,109	-	-	14,109
Term deposits	1.95	28,300	28,300	-	-
Total financial assets		54,613	28,300	5,906	20,407
Financial liabilities					
Payables ^(a)					
Supplies and services		3,448	-	-	3,448
Box Office Creditors		14,767	-	-	14,767
Defined pension superannuation call	7.5	2,907	2,907	-	-
Other payables		5,678	-	-	5,678
Total financial liabilities		26,800	2,907	-	23,893

Note:

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

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for the financial year ended 30 June 2018

2017	Weighted average interest rate %	Carrying amount \$'000s	Interest rate exposure		
			Fixed interest rate \$'000s	Variable interest rate \$'000s	Non-interest bearing \$'000s
Financial assets					
Cash at bank and on hand	1.38	7,516	-	7,516	-
Cash held in box office bank account	1.40	9,457	-	9,457	-
Receivables ^(a)					
Sale of goods and services		2,798	-	-	2,798
Accrued investment income		16	-	-	16
Other receivables		1,094	-	-	1,094
Investments and other contractual financial assets					
Managed investment schemes		12,772	-	-	12,772
Term deposits	2.02	6,000	6,000	-	-
Total financial assets		39,653	6,000	16,973	16,680
Financial liabilities					
Payables ^(a)					
Supplies and services		1,095	-	-	1,095
Box Office Creditors		13,553	-	-	13,553
Defined pension superannuation call	7.5	3,263	3,263	-	-
Other payables		4,361	-	-	4,361
Total financial liabilities		22,272	3,263	-	19,009

Note:

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

Interest rate risk sensitivity

2018	Carrying amount \$'000s	-100 basis points		+100 basis points	
		Net result \$'000s	Available-for-sale revaluation surplus \$'000s	Net result \$'000s	Available-for-sale revaluation surplus \$'000s
Contractual financial assets					
Cash and deposits ^(a)	5,906	(59)	-	59	-
Term deposits	28,300	(283)	-	283	-
Total impact	34,206	(342)	-	342	-

2017	Carrying amount \$'000s	-100 basis points		+100 basis points	
		Net result \$'000s	Available-for-sale revaluation surplus \$'000s	Net result \$'000s	Available-for-sale revaluation surplus \$'000s
Contractual financial assets					
Cash and deposits ^(a)	16,973	(170)	-	170	-
Term deposits	6,000	(60)	-	60	-
Total impact	22,973	(230)	-	230	-

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

b) Foreign currency risk

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

c) Equity price risk

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

The Trust's sensitivity to equity price risk is set out below.

Other price risk sensitivity

2018	Carrying amount \$'000s	-5%		+5%	
		Net result \$'000s	Available-for-sale revaluation surplus \$'000s	Net result \$'000s	Available-for-sale revaluation surplus \$'000s
Contractual financial assets					
Managed investment schemes	14,109	-	(705)	-	705
Total impact	14,109	-	(705)	-	705

2017	Carrying amount \$'000s	-5%		+5%	
		Net result \$'000s	Available-for-sale revaluation surplus \$'000s	Net result \$'000s	Available-for-sale revaluation surplus \$'000s
Contractual financial assets					
Managed investment schemes	12,772	-	(639)	-	639
Total impact	12,772	-	(639)	-	639

7.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

The Trust is not aware of any quantifiable or non-quantifiable contingent assets.

Contingent liabilities

Contingent liabilities are:

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

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

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

Non-quantifiable contingent liabilities

A number of potential obligations are non-quantifiable at this time arising from:

- indemnities provided in relation to transactions, including financial arrangements and consultancy services, as well as for directors and administrators;
- performance guarantees, warranties, letters of comfort and the like;
- deeds in respect of certain obligations; and
- unclaimed monies, which may be subject to future claims by the general public against the Trust.

The Trust is not aware of any quantifiable contingent liabilities.

7.3 FAIR VALUE DETERMINATION AND IMPAIRMENT

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

The following assets and liabilities are carried at fair value:

- available-for-sale financial assets;
- land, buildings, infrastructure, plant and equipment; and
- cultural assets

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

The Trust determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Significant judgement: Fair value measurement of assets and liabilities

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

Fair value hierarchy

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

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

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

The Trust, in conjunction with the Valuer-General Victoria "VGV" and other external valuers, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - a reconciliation of the movements in fair values from the beginning of the year to the end; and
 - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 7.3.1) and non-financial physical assets (refer to Note 7.3.2).

Victorian Arts Centre Trust

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for the financial year ended 30 June 2018

7.3.1 FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND LIABILITIES

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

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

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 2017-18 reporting period.

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables:
Receivables:	• For supplies and services
• Sale of goods and services	• Box office creditors
• Accrued investment income	• Other payables
• Other receivables	• Defined benefit superannuation call
Investments and other contractual financial assets:	
• Term deposits	
• Managed investment schemes	

There are no financial instruments where the fair value is different from the carrying amount.

Financial assets measured at fair value

2018	Carrying amount as at 30 June \$'000s	Fair value measurement at end of reporting period using:		
		Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s
Managed investment schemes	14,109	-	14,109	-
Total	14,109	-	14,109	-

2017	Carrying amount as at 30 June \$'000s	Fair value measurement at end of reporting period using:		
		Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s
Managed investment schemes	12,772	-	12,772	-
Total	12,772	-	12,772	-

There have been no transfers between levels during the period.

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.

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.

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*.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

7.3.2 FAIR VALUE DETERMINATION: NON-FINANCIAL PHYSICAL ASSETS

Fair value measurement hierarchy

2018	Carrying amount as at 30 June 2018 \$'000s	Fair value measurement at end of reporting period using:		
		Level 1 ^{(a), (c), (d)} \$'000s	Level 2 ^{(a), (c)} \$'000s	Level 3 ^{(a), (c)} \$'000s
Land at fair value				
Specialised land	172,310	n.a.	-	172,310
Total of land at fair value	172,310	n.a.	-	172,310
Buildings at fair value				
Specialised buildings and building fit-out	333,220	n.a.	-	333,220
Total of buildings at fair value	330,220	n.a.	-	333,220
Furniture, equipment and vehicles at fair value				
Vehicles ^(b)	14	n.a.	14	-
Furniture and equipment	12,289	n.a.	12,289	-
Total of furniture, equipment and vehicles at fair value	12,304	n.a.	12,304	-
Cultural assets at fair value				
Works of art	37,175	n.a.	37,175	-
Performing Arts Collection	24,804	n.a.	24,804	-
Total of cultural assets at fair value	61,978	n.a.	61,978	-

Notes:

- (a) Classified in accordance with the fair value hierarchy.
- (b) Vehicles are categorised to Level 2 assets as the depreciated replacement cost is used in estimating the fair value.
- (c) There have been no transfers between levels during the period.
- (d) Level 1 hierarchy applies only to the financial assets with readily observable prices and with a reliable fair market value, and therefore not applicable to physical assets.

2017	Carrying amount as at 30 June 2017 \$'000s	Fair value measurement at end of reporting period using:		
		Level 1 ^{(a), (c), (d)} \$'000s	Level 2 ^{(a), (c)} \$'000s	Level 3 ^{(a), (c)} \$'000s
Land at fair value				
Specialised land	141,354	n.a.	-	141,354
Total of land at fair value	141,354	n.a.	-	141,354
Buildings at fair value				
Specialised buildings and building fit-out	350,378	n.a.	-	350,378
Total of buildings at fair value	350,378	n.a.	-	350,378
Furniture, equipment and vehicles at fair value				
Vehicles ^(b)	16	n.a.	16	-
Furniture and equipment	13,800	n.a.	13,800	-
Total of furniture, equipment and vehicles at fair value	13,816	n.a.	13,816	-
Cultural assets at fair value				
Works of art	37,134	n.a.	37,134	-
Performing Arts Collection	24,473	n.a.	24,473	-
Total of cultural assets at fair value	61,607	n.a.	61,607	-

Notes:

- (a) Classified in accordance with the fair value hierarchy.
- (b) Vehicles are categorised to Level 2 assets as the depreciated replacement cost is used in estimating the fair value.
- (c) There have been no transfers between levels during the period.
- (d) Level 1 hierarchy applies only to the financial assets with readily observable prices and with a reliable fair market value, and therefore not applicable to physical assets.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

Specialised land and specialised buildings: The market approach is also used for specialised land, although 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 depreciations. 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 Trusts' 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.

Under Financial Reporting Direction (FRD) 103F the Trust is required to perform a fair value assessment of specialised land and specialised buildings. A cumulative movement, since the last formal revaluation, of greater than 10% requires management to undertake a managerial valuation. The Trust uses Valuer-General Victoria land and building indices to determine the movement.

Land valuation indices issued by the Valuer-General Victoria indicate a cumulative 21.9% increase for this area, and as such, requires a managerial valuation. An adjustment of \$30.95m (21.9%) has been made to the physical assets revaluation reserve in the F2018 financial statements.

Cultural 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 cultural 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 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 fleet managers in the Trust who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Furniture and equipment is held at fair value. When plant 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 2018.

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

Reconciliation of Level 3 fair value movements

	Specialised land 2018 \$'000s	Specialised buildings and building fit outs 2018 \$'000s	Specialised land 2017 \$'000s	Specialised buildings and building fit outs 2017 \$'000s
Opening balance	141,354	350,378	141,354	358,984
Purchases (sales)	-	834	-	9,183
Transfers in (out) of Level 3	-	-	-	-
Gains or losses recognised in net result	-	-	-	-
Depreciation	-	(17,992)	-	(17,788)
Impairment loss	-	-	-	-
Subtotal	-	(17,157)	-	(8,605)
Gains or losses recognised in other economic flows – other comprehensive income				
Revaluation	30,957	-	-	-
Subtotal	30,957	-	-	-
Closing balance	172,311	333,220	141,354	350,378

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for the financial year ended 30 June 2018

Description of significant unobservable inputs to Level 3 valuations

2018 and 2017	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment	18-43% (32%) ^(a)	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.
Specialised buildings	Depreciated replacement cost ^(b)	Direct cost per square metre	\$518-\$7,500/m ² (\$5,249)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Useful life of specialised buildings	30-60 years (45 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

Notes:

(a) CSO adjustments ranging from 18% to 43% were applied to reduce the market approach value for the Trust's specialised land, with the weighted average 32% reduction applied.

(b) 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.

Significant unobservable inputs have remained unchanged since June 2017.

Indefinite life assets: Works of art and Performing arts collection assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment: Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

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 it 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 impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount 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.

Victorian Arts Centre Trust

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for the financial year ended 30 June 2018

8. OTHER DISCLOSURES

Introduction

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

Structure

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8.1 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the 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 or 'other transfers' of assets.

	2018 \$'000s	2017 \$'000s
Net gain/(loss) on non-financial assets		
Net gain on disposal of property plant and equipment	-	-
Total net gain/(loss) on non-financial assets	-	-
Net gain/(loss) on financial instruments		
Impairment of: ^(a)		
Loans and receivables	12	30
Total net gain/(loss) on financial instruments	12	30
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability ^(b)	(7)	(284)
Total other gains/(losses) from other economic flows	5	(254)

Notes:

(a) Including increase/(decrease) in provision for doubtful debts and bad debts from other economic flows – refer to Note 5.1.

(b) Revaluation gain/(loss) due to changes in bond rates.

Victorian Arts Centre Trust

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for the financial year ended 30 June 2018

8.2 RESERVES

	Note	2018 \$'000s	2017 \$'000s
Donation and endowment reserve	8.2.2		
Balance at beginning of financial year		12,572	13,626
Bequests and endowment funds received		1,071	138
Net donations and investment income received		3,333	5,025
Donations and endowment distributions		(3,236)	(6,217)
Transfers to accumulated surplus		-	-
Disposal or transferred out		-	-
Balance at end of financial year		13,740	12,572
Asset revaluation surplus^(a)	8.2.3		
Balance at beginning of financial year		265,732	265,732
Revaluation increments/(decrements)		30,957	-
Balance at end of financial year		296,689	265,732
Financial assets available-for-sale revaluation surplus^(b)	8.2.4		
Balance at beginning of financial year		185	(177)
Valuation gain/(loss) recognised		449	362
Cumulative gain/(loss) transferred to net result on impairment of financial assets		-	-
Disposal or transferred out		-	-
Balance at end of financial year		634	185
Net changes in reserves		311,063	278,489

Notes:

(a) The physical assets revaluation surplus arises on the revaluation of infrastructure, land and buildings.

(b) The financial assets available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, a portion of the revaluation surplus which relates to that financial asset is effectively realised, and is recognised in the net result. Where a revalued financial asset is impaired, that portion of the revaluation surplus which relates to that financial asset is recognised in the net result.

8.2.1 CONTRIBUTED CAPITAL

Additions to net assets which have been designated as contribution by owners (the State of Victoria) are recognised as contributed capital. Consistent with the requirements of AASB 1004 *Contributions*, other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

8.2.2 DONATION AND ENDOWMENT RESERVE

Represents accumulated revenue received from donations, bequests, investment income and similar sources which is dedicated to be spent on Arts Centre Melbourne programming.

8.2.3 ASSET REVALUATION SURPLUS

Represents increments arising from the periodic revaluation of land, building, plant and machinery and cultural assets.

8.2.4 FINANCIAL ASSETS AVAILABLE-FOR-SALE REVALUATION SURPLUS/(DEFICIT)

Represents increments arising from the periodic revaluation of financial assets classified as available-for-sale.

8.2.5 ACCUMULATED DEFICIT

Represents the cumulative net results from current year and all prior years.

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NOTES TO THE FINANCIAL STATEMENTS

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8.3 RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Minister for 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

James MacKenzie

Frankie Airey

Paul Barker

Warwick Bray

Catherine McClements

Andrew Myer AM (*from 13 March 2018*)

Ian Roberts

Nora Scheinkestel

Helen Silver AO

Graham Smorgon AM (*until 12 March 2018*)

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 8.5 for related party transactions.

Remuneration

The remuneration of the Accountable Officer was in the range of \$340,000 – \$350,000 (F2017: \$320,000 – \$329,999).

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for the financial year ended 30 June 2018

8.4 REMUNERATION OF EXECUTIVES

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

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

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

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

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.6)	Total remuneration	
	2018 \$'000s	2017 \$'000s
Short-term employee benefits	1,037	983
Post-employment benefits	103	83
Other long-term benefits	(6)	27
Termination benefits	115	-
Total remuneration^(a)	1,249	1,093
Total number of executives	6	5
Total annualised employee equivalents^(b)	5.3	4.9

Notes:

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 8.5).

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

8.5 RELATED PARTIES

The Victorian Arts Centre Trust (the "Trust"), is a Victorian Government statutory authority of Creative Victoria, a division of the Department of Economic Development, Jobs, Transport and Resources.

Related parties of the Trust include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- minister for Creative Industries and his close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

Victorian Arts Centre Trust

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for the financial year ended 30 June 2018

Key management personnel of the Trust includes the Portfolio Minister, the Hon. Martin Foley MP, Minister for Creative Industries, all cabinet ministers and their close family members, members of the Trust and members of the Senior Executive Team.

Name of the KMP	Role
James MacKenzie	President of the Trust
Frankie Airey	Trustee
Paul Barker	Trustee
Warwick Bray	Trustee
Catherine McClements	Trustee
Andrew Myer AM (from 13 March 2018)	Trustee
Ian Roberts	Trustee
Nora Scheinkestel	Trustee
Helen Silver AO	Trustee
Graham Smorgon AM (until 12 March 2018)	Trustee
Claire Spencer	CEO
Deirdre Blythe	Executive
Sarah Hunt (until 20 April 2018)	Executive
Melanie Smith	Executive
Leanne Lawrence (from 30 October 2017)	Executive
Fiona Poletti	Executive
Richard Zimmermann (from 13 November 2017)	Executive

Compensation of KMPs ^(a)	2018 \$'000s
Short-term employee benefits	1,362
Post-employment benefits	123
Other long-term benefits	2
Termination benefits	115
Total	1,602

Notes:

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.4).

Significant transactions with government-related entities

During the year, the Trust had the following significant transactions with government-related entities:

- The Trust received operating funding of \$24.3m (2017: \$22.4m) from the Department of Economic Development, Jobs, Transport and Resources and capital funding of \$12.8m (2017: \$7.3m).
- The Trust shares infrastructure with the National Gallery of Victoria and during the year recovered utilities at cost to the value of \$1.5m (2017: \$1.4m).

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Transactions and balances with key management personnel and other related parties

Claire Spencer has no related party transactions in F2018, however her partner Andrew Spencer is an Executive Producer for the presenters Works Entertainment Group with whom related party transactions totalled \$561,378 towards payments for Arts Centre Melbourne produced shows.

Melanie Smith has no related party transactions for F2018, however her partner Mark Burlace is Head of Programming for Melbourne International Arts Festival (MIAF) with whom related party transactions totalled \$1,390,510 in venue rental and associated services provided by the Trust. \$107,502 was paid by the Trust to MIAF towards co-produced events.

All other transactions that have occurred with KMP and their related parties have not been considered material for disclosure. Also, all related party transactions have been entered into on an arm's length basis.

8.6 REMUNERATION OF AUDITORS

	2018 \$'000s	2017 \$'000s
Victorian Auditor-General's Office		
Audit or review of the financial statements	57	56
Other non-audit services^(a)	-	-
Total remuneration of auditors	57	56

Note:

(a) The Victorian Auditor-General's Office is not allowed to provide non-audit services.

8.7 SUBSEQUENT EVENTS

There are no subsequent events for the financial year ended 30 June 2018.

8.8 OTHER ACCOUNTING POLICIES

Foreign currency balances / transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction or rate as per hedging contract in line with the Trust's policy. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date when the fair value was determined.

Foreign currency translation differences are recognised in other economic flows in the consolidated comprehensive operating statement and accumulated in a separate component of equity, in the period in which they arise.

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NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

8.9 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

The following AASs become effective for reporting periods commencing after the operative dates stated:

Certain new Australian Accounting Standards (AAS) have been published which are not mandatory for the 30 June 2018 reporting period. DTF assesses the impact of all these new standards and advises the Trust of their applicability and early adoption where applicable. Please refer to the table below for the detailed list of the AASs issued but are not yet effective for the 2017-18 reporting period.

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 hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	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. The initial application of AASB 9 is not expected to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs 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, 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 AASs 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.
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. Note that amending standard AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	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.

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for the financial year ended 30 June 2018

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
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 as follows: <ul style="list-style-type: none"> 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 2018, 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 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: <ul style="list-style-type: none"> a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 Jan 2019	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 <ul style="list-style-type: none"> Statutory receivables are recognised and measured similarly to financial assets AASB 15 <ul style="list-style-type: none"> The 'customer' does not need to be the recipient of goods and/or services; The 'contract' could include an arrangement entered into under the direction of another party; Contracts are enforceable if they are enforceable by legal or 'equivalent means'; Contracts do not have to have commercial substance, only economic substance; and Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions.
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1058 <i>Income of Not-for-Profit Entities</i>	<p>AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 <i>Contributions</i>.</p> <p>The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context.</p> <p>AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p>	1 Jan 2019	<p>The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds.</p> <p>This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets.</p> <p>The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants.</p> <p>The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.</p>

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1059 <i>Service Concession Arrangements: Grantor</i>	<p>This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.</p> <p>The State has 2 types of PPPs:</p> <ol style="list-style-type: none"> 1. Social Infrastructure: A PPP that requires the government to make payments to the operator upon commencement of services: <ul style="list-style-type: none"> ◦ Operator finances and constructs the infrastructure; and ◦ State pays unitary service payments over the term. 2. Economic Infrastructure: A PPP that is based on user pays model: <ul style="list-style-type: none"> ◦ Operator finances and constructs the infrastructure; ◦ State does not pay for the cost of the construction; and ◦ Operator charges asset users and recovers the cost of construction and operation for the term of the contract. 	1 Jan 2019	<p>For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied:</p> <ul style="list-style-type: none"> • Operator is providing public services using a service concession asset; • Operator manages at 'least some' of public services under its own discretion; • The State controls/regulates: <ul style="list-style-type: none"> ◦ what services are to be provided; ◦ to whom; and ◦ at what price; • State controls any significant residual interest in the asset. <p>If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard. Currently the social infrastructure PPPs are only recognised on the balance sheet at commercial acceptance. The arrangement will need to be progressively recognised as and when the asset is being constructed. This will have the impact of progressively recognising the financial liability and corresponding asset as the asset is being constructed.</p> <p>For economic infrastructure PPP arrangements, that were previously not on balance sheet, the standard will require recognition of these arrangements on balance sheet. There will be no impact to net debt, as a deferred revenue liability will be recognised and amortised over the concession term.</p>
AASB 17 <i>Insurance Contracts</i>	<p>The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.</p> <p>This standard does not apply to the not-for-profit public sector entities. The AASB is undertaking further outreach to consider the application of this standard to the not-for-profit public sector.</p>	1 Jan 2021	<p>The assessment has indicated that there will be no significant impact for the public sector.</p>

Administrative reporting requirements

WORKFORCE DATA

DETAILS OF EMPLOYMENT LEVELS IN JUNE 2017 AND 2018

	June 2018								
	All employees		Ongoing			Variable		Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE
Gender									
Female	414	252.0	95	17	106.1	36	20.7	266	125.3
Male	320	230.8	107	4	109.7	50	32.6	159	88.4
Self-described ¹	0	0	0	0	0	0	0	0	0
Age									
15–24	132	49.9	1	0	1.0	11	6.5	120	42.4
25–34	239	159.3	53	3	55.2	31	19.5	152	84.6
35–44	161	125.1	68	6	71.7	19	11.8	68	41.6
45–54	119	88.6	49	6	53.2	13	8.0	51	27.4
55–64	64	48.1	28	2	29.2	9	5.9	25	13.0
65+	19	11.8	3	4	5.5	3	1.6	9	4.7
Arts Centre Melbourne 1-5 grades	724	473.3	200	19	212.3	86	53.3	419	207.7
Administrative, functional and technical support	465	232.6	37	7	40.6	66	41.4	355	150.5
Supervisory, base-level professional and senior administrative	127	114.8	71	7	75.9	17	10.7	32	28.3
Managerial, supervisory and professional	132	125.9	92	5	95.8	3	1.2	32	28.9
Senior employees	10	9.5	2	2	3.5	0	0.0	6	6.0
Strategic and professional leadership	4	3.6	2	1	2.6	0	0.0	1	1.0
Executives	6	5.9	0	1	0.9	0	0.0	5	5.0
Total employees	734	482.8	202	21	215.8	86	53.3	425	213.7

		June 2017								
		All employees		Ongoing			Variable		Fixed term and casual	
		Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE
Demographic data	Gender									
	Female	392	261.4	108	19	120.4	39	23.2	226	117.9
	Male	316	238.1	114	5	117.0	44	29.0	153	92.0
	Self-described ¹	0	0	0	0	0	0	0	0	0
	Age									
	15–24	124	67.3	1	0	1.0	9	5.4	114	60.9
	25–34	244	170.0	67	5	70.0	37	23.4	135	76.6
	35–44	156	122.3	79	6	83.2	15	9.3	56	29.8
45–54	108	81.5	43	8	48.2	11	7.2	46	26.1	
55–64	61	50.2	30	3	31.9	8	5.3	20	13.0	
65+	15	8.2	2	2	3.1	3	1.6	8	3.5	
Classification data	Arts Centre Melbourne 1-5 grades	698	490.0	220	22	233.9	83	52.2	373	203.9
	Administrative, functional and technical support	448	256.4	44	9	48.8	63	40.3	332	167.3
	Supervisory, base-level professional and senior administrative	122	109.5	71	10	77.7	18	11.1	23	20.7
	Managerial, supervisory and professional	128	124.1	105	3	107.4	2	0.8	18	15.9
	Senior employees	10	9.5	2	2	3.5	0	0.0	6	6.0
	Strategic and professional leadership	4	3.6	2	1	2.6	0	0.0	1	1.0
	Executives	6	5.9	0	1	0.9	0	0.0	5	5.0
	Total employees	708	499.5	222	24	237.4	83	52.2	379	209.9

¹ Arts Centre Melbourne is upgrading its workforce information collection systems to allow employees to specify their gender in their own terms.

ANNUALISED TOTAL SALARY, BY \$20,000 BANDS, FOR EXECUTIVES AND OTHER SENIOR NON-EXECUTIVE STAFF

Income band (salary)	Executives	Senior Employees
< \$180,000	2	4
\$180,000 – \$199,999	1	
\$200,000 – \$219,999		
\$220,000 – \$239,999	2	
\$240,000 – \$259,999		
\$260,000 – \$279,999		
\$280,000 – \$299,999	1	
Total	6	4

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

EMPLOYMENT AND CONDUCT PRINCIPLES

The Trust is committed to a merit-based recruitment and selection process that ensures all positions are remunerated at salaries that are appropriate to their level of responsibilities and is compliant with the *Equal Opportunity Act 2010*. All employees have been correctly classified in workforce data collections as outlined in the above table.

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	F2018	F2017	F2016
Management Commitment	Evidence of OHS Policy statement, OHS objectives, regular reporting to senior management of OHS and OHS plans	Yes	Yes	Yes
Consultation and Participation	Evidence of agreed structure of designated workgroups (DWG), health and safety representatives (HSRs) and Issue Resolution Procedures	Yes	Yes	Yes
	Number of staff member incidents per 100 full-time equivalent staff members	29.2	34.2	30.9
Incident Reporting	Number of visitor incidents per 100 visitors	0.014	0.020	0.012
	Number of hazards per 100 full-time equivalent staff members	40.5	42.3	18.0
Workers Compensation	No. of standard claims ¹	2.27	1.29	0.92
	No. of lost time standard claims ²	0.62	0.21	0.46
	Average cost per standard claim ³	\$10,950	\$9,126	\$3,208
	Number of claims exceeding 13 weeks	2	1	0
	Return to work ⁴	88%	100%	94%

¹ Rate of standard claims for the year per 100 full-time equivalent staff members.

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

³ Average cost per standard claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe).

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

ENVIRONMENTAL PERFORMANCE

Key Measures		F2018	F2017	F2016
Electricity total consumption	kWh	11,330,391	11,311,213	11,972,226
Electricity consumption per visitor	kWh / V	3.4	3.8	4.3
Natural gas total consumption	Gj	18,466	29,095	35,510
Water total consumption ¹	KL	57,638	55,719	48,756
Water consumption per visitor	L / V	17.1	18.8	17.6
Greenhouse gas emissions	T CO ₂ -e	15,832	16,142	15,724
Greenhouse gas emissions per visitor	KG CO ₂ -e / V	4.7	5.4	5.7

Notes:

Total Visitation excludes Betty Amsden Participation Program attendance and all online activity.

Usage per visitor has reduced when comparing F2017 to F2018 due to a range of efficiency projects outlined in the Environmental Sustainability section on page 51.

¹ The increase in water usage is largely due to Hamer Hall operational hours increasing and increased usage at Sidney Myer Music Bowl.

BUDGET PAPER 3 OUTPUT REPORTING

	F2018	F2017	F2016	F2015	F2014
Access – visitors/users ¹	3,489,047	2,691,062	2,637,075	2,613,744	2,838,482
Access – online visitors to website	4,035,418	4,398,875	3,414,510	2,770,680	2,194,864
Number of members and friends	1,442	1,546	1,379	1,385	1,365
Number of volunteer hours	1,528	1,313	1,007	898	1,113
Number of students participating in education programs	49,231	56,677	50,977	77,900	46,072
% of collections stored to industry standard	73	71	68	68	68
% of visitors satisfied with visit overall	96	98	97	94	89

¹ Access – visitors/users represent number of attendances as well as visitors to Food and Beverage and Sunday Market (this excludes Carpark).

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 2018 the Trust received two formal FOI applications, both from individuals. These requests were reviewed internally. In the first case, all requested information was released. In the second case, 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 \$28.90 (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

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

During F2018 the following building type activities were undertaken:

- Three building permits and three final inspection certificates were issued.
- Thirteen works projects valued at more than \$50,000.

In addition there were zero emergency orders / building orders issued and all buildings of the Trust were compliant with the *Building Act 1993*. The Trust had mechanisms in place to ensure inspection, reporting, scheduling and carrying out of maintenance occurred and that the buildings confirm with building standards.

PROTECTED DISCLOSURE ACT 2012

The *Protected Disclosure Act 2012* (the Act) establishes a framework 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

During F2018, Arts Centre Melbourne commenced one *Local Jobs First – VIPP* applicable project valued at \$9.1 million. This project is located within metropolitan Melbourne. The outcomes planned for the implementation of the policy are as per the below table.

Project	Project value	VIPP reference	ANZ value add	AEE positions created	AEE positions retained	Traineeships created	Traineeships retained
Design Services for Reimagining Arts Centre Melbourne	\$9.1m	2018/ICN42478	92.64%	3	74	2	4
Total	\$9.1m						

SUBSEQUENT EVENTS

There were no subsequent events for the financial year ended 30 June 2018.

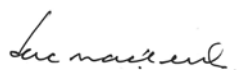
ARTS CENTRE MELBOURNE FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION STATEMENT

I, James MacKenzie, on behalf of the Responsible Body, certify that Arts Centre Melbourne has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

ASSET MANAGEMENT ACCOUNTABILITY FRAMEWORK

I further certify that Arts Centre Melbourne has materially complied with the Ministerial Standing Direction 4.2.3 – Asset Management Accountability Framework system and processes. The Risk Management and Audit Committee has reviewed the Attestation and is satisfied with the process.

This Attestation relates specifically to the Asset Management Accountability Framework mandatory requirements and does not in any way represent that the current condition of the Victorian Arts Centre Trust's assets is adequate to meet the service delivery objectives of Arts Centre Melbourne.



James MacKenzie

President

Victorian Arts Centre Trust

28 August 2018

CONSULTANCIES

In F2018, there were 11 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during F2018 in relation to these consultancies is \$598,000 (excluding GST). Details of individual consultancies can be viewed at www.artscentremelbourne.com.au/annualreport. There was one consultancy engagement during the year where the total fees payable to the individual consultant were less than \$10,000. The total expenditure incurred during F2018 in relation to these consultancies was \$7,000 (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 F2018	Creative and campaign development Expenditure F2018	Research and evaluation Expenditure F2018	Print and collateral Expenditure F2018	Other Campaign Expenditure F2018
			(excluding GST) \$'000s	(excluding GST) \$'000s	(excluding GST) \$'000s	(excluding GST) \$'000s	(excluding GST) \$'000s
<i>The Unbelievables</i>	The overall strategy for <i>The Unbelievables</i> was to seek to deliver experiences and engagement to audiences whilst communicating the excitement of the show. ARN Radio Advertising across KIIS 101.1 and Gold 104.3 included targeted sponsorships and bespoke integrated promotion/giveaway across 15-second boosters, live reads, Facebook, dedicated win page with digital display banners and wallpaper skin. Online media buys across selected channels were cross-device ensuring we were able to target audiences as they filter throughout the day from their mobile to desktop to tablet.	August 2017 – January 2018	130,919	0	0	0	0

DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the F2018 reporting period, Arts Centre Melbourne had a total ICT expenditure of \$7.2m, with the details shown below.

All operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
	BAU ICT expenditure \$'000s	Non-BAU ICT expenditure \$'000s	Operational expenditure \$'000s
3,536	3,674	1,994	1,680
3,536	3,674	1,994	1,680

ICT expenditure refers to Arts Centre Melbourne'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 Arts Centre Melbourne'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.

Disclosure index

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

MINISTERIAL DIRECTIONS

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* FRD is a Financial Reporting Direction issued by the Minister for Finance pursuant to s.8 of the *Financial Management Act 1994*. Compliance with FRDs is mandatory.

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

FINANCIAL STATEMENTS

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Other directions under Standing Direction 5.2

SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	76
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ISSN: 0810-0632



CREATIVE VICTORIA

