

VICTORIAN ARTS CENTRE TRUST

Annual Report

2022-2023



Arts Centre Melbourne and the Melbourne Arts Precinct sit on a site that has been a gathering place for song, storytelling, community and culture for First Nations people for millennia.

We acknowledge the Traditional Owners and Custodians of the land on which we gather, the Wurundjeri Woi Wurrung. We also acknowledge the neighbouring Kulin Nation groups, the Boonwurrung and Bunurong people, and pay our respects to elders, past and present.

Both land and sovereignty have never been ceded. It always was and always will be Aboriginal Land.

WARNING: Aboriginal and Torres Strait Islander readers are advised that this publication contains the names of deceased persons.

The Victorian Arts Centre Trust (the "Trust"), trading as "Arts Centre Melbourne", is a statutory authority within the Creative Industries portfolio, which is administered by Creative Victoria, a division of the Department of Jobs, Skills, Industry and Regions.

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.

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 2023.



Ian Carson AM
President
Victorian Arts Centre Trust

ABBREVIATIONS USED IN THIS REPORT

"FY2023" refers to the 2022–23 Financial Year (the reporting year covered by this report). Other reporting years are indicated by a year preceded by "F", for example "FY2016" refers to the 2015–16 Financial Year.

Front cover: Students join King Stingray on stage as part of Live at the Bowl 2023 at the dedicated schools show.

Photo: Jason Lau.

Contents

| | |
|--|-----|
| About us | 5 |
| Trust President's report | 6 |
| Chief Executive Officer's report | 8 |
| Our strategic framework | 14 |
| Our impact | 16 |
| Our contribution to government policy | 17 |
| Our year in review | 20 |
| Reimagining Arts Centre Melbourne | 20 |
| Performing arts | 24 |
| First Nations Foundations and Equity and Inclusion | 32 |
| Customer experience | 36 |
| People | 40 |
| Operations | 44 |
| Our partners | 48 |
| Philanthropy | 50 |
| Our philanthropic supporters | 54 |
| The Victorian Arts Centre Trust | 60 |
| Financial overview | 72 |
| Summary of results FY2019-FY2023 | 76 |
| Financial statements | 78 |
| Administrative reporting requirements | 144 |



About us

Arts Centre Melbourne sits on the lands of the Wurundjeri Woi Wurrung people. The site has been a gathering place for storytelling, community and culture for First Nations people for millennia.

In recent times, the same place has become home to the Melbourne Arts Precinct – one of the largest concentrations of cultural and creative organisation and artists in the world.

Built into the banks of the Birrarung (Yarra River) and extending below the water table, Arts Centre Melbourne was constructed with ingenuity, guts and sheer determination. This limitless imagination and creativity are reflected in the performances, events and experiences on and beyond our stages.

As we reimagine what a future performing arts centre could look like, we are approaching our future with the same ambition, faith and courage with which we were founded.

Our ever-evolving program speaks as much to who we are, as to who we could be. Our partnerships, government and philanthropic support, commissions, education and digital offers see the best emerging and established artists, makers and presenters bring their art to life. Together we inspire and connect audiences, no matter who or where they are.

We are home to four Resident Companies: The Australian Ballet, Melbourne Symphony Orchestra, Melbourne Theatre Company and Opera Australia. We are also home to many of our state and national performing arts companies and major festivals including Bangarra Dance Theatre, Australian Chamber Orchestra, ILBIJERRI Theatre Company, Victorian Opera, Circa, Bell Shakespeare, RISING and Melbourne International Comedy Festival.

We invest in world-leading technical capability and training through our Arts Industry Learning program to provide the performing arts sector with more of the skills it needs to flourish. We support the mental health and wellbeing of our sector through the Arts Wellbeing Collective – a preventative health initiative that promotes positive mental health in the performing arts industry.

We share stories of contemporary Australian performing and visual arts through our custodianship and display of the world-class Australian Performing Arts Collection, Australian Music Vault and Public Art Collection.

We believe that hospitality is at the heart of a shared experience – from the moment we welcome visitors until they head home.

Our aspiration is to be a place where everyone is welcome and feels that they belong.

Image on left: Arts Centre Spire at night.
Photo: Tom Blachford.

President's report

2022 – 2023



Ian Carson AM
Photo: Josh Robenstone.

I am delighted to present the Victorian Arts Centre Trust's Annual Report for 2022 – 2023.

After a global search, we could not have been more thrilled to have welcomed our new Chief Executive Officer, Karen Quinlan AM, in October 2022 at a pivotal moment in Arts Centre Melbourne's history, as we transitioned out of the pandemic environment and into a period of reinvention as an organisation.

Karen brings a wealth of experience and enthusiasm to the CEO role, and the skills and strength we need as we continue our change journey – one that sets a high bar for where we want to head through four new priority focus areas: First Nations Culture, Equity and Inclusion, Gathering Place, and Sustainable Future.

These priorities align in supporting the Victorian Government's *Creative State 2025* strategy and will guide our organisation to create effective and long-lasting change.

The Victorian Arts Centre Trust believes that what we do matters, and the power, impact and importance of arts and culture continues to make a difference to our lives.

I thank the Victorian Government for its ongoing support of and belief in our organisation and the creative industries, which contribute so much to our state's culture, community and visitor economy. I especially thank the Premier, the Hon. Daniel Andrews MP; the Treasurer, Tim Pallas MP; the Minister for Creative Industries, Steve Dimopoulos MP; and our colleagues at Creative Victoria.

The business model for Arts Centre Melbourne leverages the government funding we receive. Prior to the pandemic, every \$1 contributed by the Victorian Government to Arts Centre Melbourne enabled us to generate \$4 of other revenues. This allows us to deliver the many outstanding programs and projects that meet government policy priorities in a way that represents exceptional value for money for Victorians. Furthermore, the economic impact for the State of

Victoria amounted to \$16 for every \$1 of Victorian Government funding. Rebuilding our financial sustainability following the pandemic and collaborating with our government and project partners for a transformed arts precinct is key to restoring and growing these outcomes.

This past year we helped the Victorian Government break ground on a once-in-a-generation cultural infrastructure project – the \$1.7 billion Melbourne Arts Precinct Transformation. A key component of the project, Reimagining Arts Centre Melbourne, will play a pivotal role in ensuring we remain fit for purpose for a new generation of artists and audiences, cementing our city as Australia's cultural and creative capital.

I am honoured to lead a group of Trustees who have a deep belief in the value we deliver for the Victorian community and sector we are here to serve. Our role is to ensure Arts Centre Melbourne delivers on its responsibilities under the *Victorian Arts Centre Act 1979*, and to guide, support and assist in decision-making as required by the CEO and Executive.

On behalf of the entire Trust, I thank Arts Centre Melbourne's leadership team, led by Interim CEO Leanne Lawrence throughout much of 2022, progressing our organisation's change agenda while also ensuring a smooth transition for Karen.

I thank our partners and our generous donors, whose ongoing support helps us to drive meaningful change and improvement in our sector and community.

I also thank the entire team at Arts Centre Melbourne for its continued dedication and passion.

Together we change lives through what we do – and we do it with vision, creativity, innovation – and a belief in the essential need for arts and culture in all our lives.



Ian Carson AM
President
Victorian Arts Centre Trust

Chief Executive Officer's report

2022 – 2023



Karen Quinlan AM
Photo: Mark Gambino.

I was honoured to join Arts Centre Melbourne as CEO this year, returning to my hometown of Melbourne to lead an iconic institution as it enters an exciting new phase.

It is a big moment for Arts Centre Melbourne – a pivotal time in its 40-year history.

It has been a tough operating environment in which to navigate the challenging economic conditions to welcome more audiences back to our venues. It is also a time of change and transformation.

This is happening physically in our beloved Theatres Building through Reimagining Arts Centre Melbourne as part of the Melbourne Arts Precinct Transformation; and in how we do things as an organisation, especially through our renewed focus on First Nations culture and Equity and Inclusion.

Our commitment to First Nations culture as a strategic priority is a significant one. We are a young organisation on ancient land with a rich history of storytelling, culture and community for First Nations people for millennia. We have not always lived up to our promise of being a welcoming place for everyone and we acknowledge there is still work to do.

In November 2022 I was privileged to appoint our first-ever Executive Director of First Nations, and Equity & Inclusion, Troy Walsh. In May 2023 we launched our inaugural Reflect Reconciliation Action Plan – a significant milestone in our reconciliation and truth-telling journey; a roadmap to meaningful change and improvement.

In the equity and inclusion space, we launched a new organisational value, Equity: Fairness and Justice, in recognition that we still have much work to do before we are a place where discrimination and barriers to access cease to exist.

On our stages, our Resident Companies – The Australian Ballet, Melbourne Symphony Orchestra, Melbourne Theatre Company and Opera Australia – presented more than 450 performances, including Opera Australia's record-breaking smash-hit on the State Theatre stage over summer, *The Phantom of the Opera*.

Our third iteration of Live at the Bowl helped bring new audiences to the Sidney Myer Music Bowl as part of a record-setting summer season, with special performances just for schools, and amazing and impactful First Nations-led programming including *PASIFIX* and *Share the Spirit Festival*.

We also marked the 40th anniversary of our much-loved Hamer Hall, which first opened its doors in November 1982 as the

Melbourne Concert Hall. Also, this year, we refreshed the subterranean storage area under Hamer Hall where we preserve much of our Australian Performing Arts Collection, to provide new ways for the community to access the stories and objects of our live performance history.

The inaugural Alter State festival – co-presented with Arts Access Victoria and supported by an enormous group of creative partners and donors – engaged more than 100 Deaf and Disabled artists and created a meaningful and vital platform for disability-led artistic expression and celebration.

After the pandemic shortened the second-ever Asia TOPA: Asia-Pacific Triennial of Performing Arts in 2020, we began planning for the 2025 festival with the appointment of a new creative team this financial year.

As we celebrate a year of milestones and achievements, I look to the future energised to lead the extraordinary Arts Centre Melbourne team with the support of Ian Carson AM and the Victorian Arts Centre Trust.

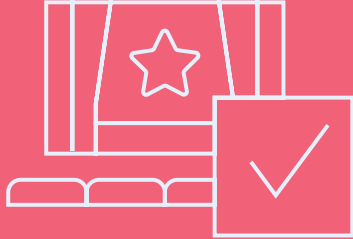
My thanks to the Victorian Government for its extraordinary belief in Arts Centre Melbourne as a vital part of Melbourne's cultural fabric, and its support for our future as part of the Melbourne Arts Precinct Transformation.

I am surrounded each day by creative and passionate people who believe in the fundamental benefit of the arts and culture to thriving communities. Thank you for welcoming me in and trusting me to guide Arts Centre Melbourne into the future.



Karen Quinlan AM
Chief Executive Officer
Arts Centre Melbourne

Arts Centre Melbourne



2,560,827

visitors attended Arts Centre Melbourne

350+

different productions of

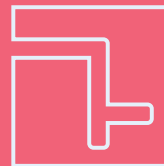
1,160+

individual performances across all our stages



5,152,621

Arts Centre Melbourne website visits



100+

Deaf and Disabled artists presented 60 in-person and online events at the inaugural Alter State 2022 festival

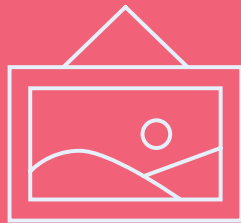
32,700+

students engaged through our educational experiences, workshops and shows



841,556

total number of items
in the Collections



\$78.7 million

total and combined
value of the
Collections



9,203

number of financial
donations received

30



Live at the
Bowl events



180,000

Live at the Bowl
attendances

Don't take our word for it!

Performances and programs

"There are no words for me to describe my feelings about performing at Arts Centre Melbourne. It was so special for me ... I think we did our best to show audiences the beauty of culture and human connection with our stories."

Hasiba Ebrahimi, co-creator and performer, *Dorr-e Dari: A Poetic Crash Course in the Language of Love*

"Participants thoroughly enjoyed re-connecting with Afghan theatre. For most, it was their first city or theatre experience."

Sanam Wahidi, Australian Women's Muslim Centre for Human Rights, on the Persian love poetry performance of *Dorr-e Dari*

"It's great to be back, especially as part of Arts Centre Melbourne's ALWAYS LIVE program, and do things differently this time."

Mary Mihelakos, music journalist and founder of Melbourne Music Bus Tour

"Alter State is about showcasing the extraordinary talent Deaf and Disabled communities bring to our creative industries, putting artists at the helm of a new festival that raises the bar on inclusive and accessible events for all."

Steve Dimopoulos MP, Minister for Creative Industries

"No one knows about our history because it's not in the books. It's also about bringing Blak artists together on stage – three generations of one family together. That's one thing that is very special and beautiful about BLAKTIVISM, and shows like this, is that we all come together and celebrate our brothers, cousins, uncles, aunts."

Jodie Cockatoo, Yothu Yindi vocalist, on BLAKTIVISM in *Beat Magazine*

Arts Wellbeing Collective

"[The Arts Wellbeing Collective's Work Well Guide] recognised that mental health is the responsibility of everyone and provided real steps toward systemic change on organisational and individual levels. The Work Well Guide offers a truly comprehensive, practical and honest guide tailor-made for the performing arts in Australia. It is a welcome

addition to the rehearsal studio, board room or production office, and I invite anyone whose life and work is about creating great art to have a read and incorporate the guide's recommendations into their practice."

Erica McCalman, creative producer, curator, arts facilitator and member of the Arts Wellbeing Collective's Lived Experience Advisory Group

Tech Connect industry training

"Back-of-house workers and theatre technicians are absolutely vital to our creative industries. [Arts Centre Melbourne and Geelong Arts Centre personnel] efforts have primed this cohort to bring much needed technical expertise to our region's thriving arts sector."

Christine Couzens MP, Member for Geelong, in the Geelong Advertiser

"For us as a regional venue, getting skilled staff is really hard, but having this sort of training and being able to offer the opportunity for them to get those skills...allows us then to train staff within our organisation so we're not so struggling to get the trained and experienced crew along."

Stuart McKellar, Team Leader of Technical Services at Bendigo Venues and Events, in the Bendigo Times

First Call Fund

"We are so fortunate to be a part of the First Call Fund program this year. Without this financial support, taking students to see good quality, live theatre is increasingly difficult. This is the third program this year I have been able to involve our students in at Geelong High School and I believe

it has had a deep impact on students and their interest in the arts. I have no doubt that this has led to the increasing drama enrolments at the school for 2023."

Tessa Kirk, teacher, Geelong High School, on attending Bangarra Dance Theatre's Sandsong through the First Call Fund Schools Access program

Hamer Hall 40th anniversary

"As the proud niece of the late Archie Roach, I have such sweet and precious memories of watching Uncle sing at this glorious venue. He loved Hamer Hall and as he travelled this great country of ours, he always made his way back there. As a family we gathered; gave each other strength and celebrated his music and storytelling each and every

time he performed there. Thank you for the memories Hamer Hall and deepest gratitude to my Uncle for the love he shared with all of us who were blessed to see him perform there."

Tracey Evans, on her Uncle, the late Archie Roach AC

Our strategic framework

Arts Centre Melbourne is proud of the role we play in the artistic life of Victoria and as a major contributor to the state's creative and visitor economies. Here is why and how we do it.

Our purpose

A gathering place where everyone is welcome on Country to experience the wonders of the performing arts, both on and beyond the stage.

What we do

A performing arts centre that connects Victorians with the creativity that inspires them and connects artists, makers and presenters with the stages they belong on.

Values

EQUITY

Fairness and justice

LEADERSHIP

Courage and conviction

COMMUNITY

Working together

CARE MORE

A place for everybody

CREATIVITY

A boundless imagination

Our strategic priorities

| First Nations Culture | Equity and Inclusion | Gathering Place | Sustainable Future |
|--|---|--|---|
| <p>First Nations culture is integral to our purpose. Arts Centre Melbourne is built on Aboriginal land. We acknowledge the enduring connection First Nations people hold to their Country, waters and culture. This cultural authority and leadership must be central to everything we do.</p> | <p>We must reflect the diversity of the people of our state. We will remove barriers and address systemic discrimination to make sure that what we do on and off our stages is accessible to everyone. In doing so, we will reflect the principle of “nothing about us without us”.</p> | <p>Some people believe the performing arts are a luxury, rather than an essential part of society that helps to build more connected and empathetic communities. As loneliness and social isolation grow, we have to play a part in helping people connect through the live performances and experiences we offer.</p> | <p>The world is rapidly changing, and the performing arts sector must evolve together to thrive. We will look beyond ourselves to make sense of the forces shaping our future to lead and strengthen Victoria’s performing arts sector.</p> |



State Theatre,
Arts Centre Melbourne
Photo: Mark Gambino.

Our impact

As a purpose-led organisation we have been creating a positive impact since our establishment more than 40 years ago. In the last decade we have been measuring our impact in numbers alone and we think we can do better in demonstrating our value.

In FY2023 we developed a unique, organisation-wide impact model to help us to support our advocacy, demonstrate our accountability and better inform our decision-making. Anchored in our purpose, the impact model and the research program that supports it will help us to empirically measure the benefits (or outcomes) we create over time.

Our model speaks to different kinds of impact as equally important contributors – economic, social, cultural, educational and environmental. It aligns with the Victorian Government's *Creative State 2025* strategy¹ and the Department of Jobs, Skills, Industry and Regions 2021–2025 Strategic Plan², and it incorporates the outputs against which we are required to report as a Creative Industries portfolio agency.

Our model is designed to represent a uniquely Arts Centre Melbourne point of view, which also speaks to the value of the arts – our story, told in three ways.

Our contribution to government policy

Impact 1: more imagination → creative future

Our work inspires audiences and helps people to discover more about themselves and our world, sparking public imagination and helping to shape a creative future.

Applied imagination (aka creativity) can be part of the solution for a better future, and imagination is our business at Arts Centre Melbourne. Our work, and the work of our industry, enables genuine creativity and the skills needed to build complex human relationships and to respond to unpredictability.

Impact 2: more wellbeing → better lives

Our work also helps people to connect and to feel like they belong in their community and world, supporting wellbeing and helping them to live better lives.

We know the power of the arts in supporting wellbeing and of measuring progress by wellbeing rather than by economic growth alone. Anyone who has heard music, or has danced, or has been enthralled in a story knows that art can heal.

Impact 3: more artistry → stronger industry

Our capability supports livelihoods for artists, makers and presenters, which nurtures artistry and helps to build a stronger industry.

Arts Centre Melbourne sits at the nexus between our industry and audiences, and we have an important role to play in creating and supporting jobs both in our industry and in allied industries such as hospitality and tourism. We provide the skills, technology, networks and spaces for ambitious work at scale, and we help to build capability and careers so our industry can keep doing its best work.

1. Creative Victoria, *Creative State 2025*, <https://creative.vic.gov.au/about/our-strategy>

Crowded House perform at Live at the Bowl 2022, Sidney Myer Music Bowl.

Photo: Ian Laidlaw.



Arts Centre Melbourne contributes to Victorian Government policy with a focus on implementing activities and initiatives that support *Creative State 2025*.

Our strategic priority to support First Nations representation and self-determination is aligned with the Victorian Government's commitment to self-determination and to the *Creative State 2025* First Peoples First principle. In FY2023, we made a commitment to reconciliation with the formal endorsement of our inaugural Reflect Reconciliation Action Plan. We are committed to ensuring Arts Centre Melbourne is a welcoming and safe gathering place for First Peoples communities. We aim to increase First Peoples representation across our audience and visitors, creators and performers, and team members.

Sitting at the gateway to the Melbourne Arts Precinct, we collaborated with our neighbouring cultural sector colleagues to attract visitors and tourists through delivering and partnering on major initiatives including ALWAYS LIVE, RISING, Live at the Bowl and the Australian Music Vault.

Our commitment to equity and inclusion as a strategic priority is aligned to the Victorian Government's equality agenda, including *Pride in our future: Victoria's LGBTIQ+ strategy 2022–32*, *Gender Equality Strategy* and *Inclusive Victoria: state disability*

plan (2022–2026). It also aligns with the *Creative State 2025* For Every Victorian principle. In FY2023, we co-presented the inaugural *Alter State* festival – a celebration of disability, creativity and culture – in partnership with Arts Access Victoria. The festival was disability-led and celebrated contemporary art and live performance by artists from Australia and Aotearoa (New Zealand). Supported by VicHealth, *Alter State* improved access to employment opportunities for Deaf and Disabled artists.

We are proud custodian of two nationally significant collections: the Australian Performing Arts Collection and the Public Art Collection. In FY2023 we continued to strengthen our capability to collect, store and preserve the art and cultural items in our collections, and we launched a new initiative, the Collections Store, to provide the people of Victoria with greater access to their cultural heritage. The project enables new ways to share the Collection, both physically and digitally, creating pathways for learning, research and public engagement. The Collections Store offers a window into the work, science and technology involved in developing, managing, preserving and sharing a collection.

In FY2023, we continued to provide Victorian students and teachers with access to a range of Creative Learning programs and opportunities by partnering with the Victorian Department of Education. Our schools program, which is also supported by donors, is delivered in partnership with professional arts organisations and guest teaching artists. They invite teachers and

students – including those from lower-socio-economic areas – to become makers, providing curriculum-aligned opportunities to access mainstage performances and hybrid workshops.

The curation and planning for the next Asia TOPA festival was well underway in FY2023. A joint initiative of Arts Centre Melbourne and the Sidney Myer Fund, Asia TOPA is Australia’s major festival of contemporary Asia Pacific performance and is delivered in partnership with creative and cultural organisations across Melbourne, Australia and the region. This major Victorian Government funded initiative will be delivered in 2025 and will increase access to international markets for Victorian and Australian artists and makers, and will attract visitors and tourists to the Melbourne Arts Precinct. With new

leadership and a refreshed creative vision, Asia TOPA will play a lead role in creating future models for international exchange, creative development, festival-making and audience outreach.

In this period, we continued to support the strength and recovery of the performing arts sector by creating paid employment for the presenters, organisations and artists who share their work in our venues. Our Arts Wellbeing Collective provided resources, support and advice to the creative sector on fostering healthy, safe and respectful working environments. We also increased access to training hubs and accredited training programs through our Registered Training Organisation and its Tech Connect program, delivered to build technical capacity, safety and capability in Victoria’s regional performing arts centres.

Rising: The Wilds, at Sidney Myer Music Bowl.

Photo: Ian Laidlaw.



Our year in review

Highlights from our work across our strategic priorities is outlined on the pages that follow.

Reimagining Arts Centre Melbourne

Together with the Victorian Government, we are Reimagining Arts Centre Melbourne as part of the \$1.7 billion Melbourne Arts Precinct Transformation – a city-changing project that will cement Melbourne's position as Australia's cultural and creative capital.

In July 2022, Minister for Creative Industries Steve Dimopoulos joined Arts Centre Melbourne, project partners and Early Works contractor Lendlease to break ground on the much-anticipated project, which includes the first major upgrade of the Theatres Building under the Spire in almost 40 years.

Early works – which prepare the site for main construction – included several major changes on the building's western side: the relocation of services, the relocation of Stage Door, and the demolition of the Harold Alexander Terrace.

Services like gas, water and electricity were relocated to above-ground pipework – now visible on the western side of the building – to ensure that Arts Centre Melbourne stays open and operating throughout the project.

Stage Door, where artists, crew and staff enter the Theatres Building via Sturt Street, has shifted to the former Café Vic on the building's street level, ensuring deliveries

and artist arrivals can also continue as normal while Sturt Street becomes the staging ground for further project activity.

At the same time, Arts Centre Melbourne's project team led more than 100 building tours with stakeholders including donors, government representatives, project partners and industry partners to share more project detail. Several community drop-in sessions were also held onsite, with the project team and project partners Melbourne Arts Precinct Corporation (MAP Co), Development Victoria, Lendlease and NGV meeting local residents to further understand their needs and share future project plans.

In November 2022 demolition began of the Harold Alexander Terrace – the concrete decking structure between the Theatres Building and neighbouring Primrose Potter Australian Ballet Centre. The removal of more than 4,000 tonnes of concrete, much of it sent offsite for recycling, makes way for future excavation works to expand the Theatres Building's footprint under Sturt Street.

The team also successfully completed an "anode replacement trial", which involved developing the methodology, testing it off site and, finally, replacing an anode deep underground on Level 2 of the Theatres Building. This work will enable elements



Left to right: Lendlease's Sam Fallon, performer Casey Donovan, Arts Centre Melbourne CEO Karen Quinlan AM, dancers Isabella Triscari and Estelle Crompton-Lamb, Minister for Creative Industries Steve Dimopoulos MP, and Ms Nina Taylor MP.

Photo: Charlie Kinross.

of the specialist engineering system that protects the building's foundations from corrosion to be replaced in future.

These early works commenced four months ahead of schedule with zero operational disruption to planned performances, including the blockbuster summer musical in the State Theatre, *The Phantom of the Opera*. This initial work was a strong test of Arts Centre Melbourne's capacity and commitment to stay open throughout the construction to provide performance spaces to our artists and presenters and support the sector.

In April 2023 another significant milestone was reached with the appointment of a head contractor, Lendlease again, as the provider of the Main Works package. In

this phase of work, crews have begun to excavate below ground at Sturt Street, making way for an expanded Loading Dock, as well as a new rehearsal room and function space.

To mark the occasion, Minister for Creative Industries Steve Dimopoulos MP visited the construction site, joined by Casey Donovan, who starred in *Chicago* and *9 to 5* on the State Theatre stage, and dancers Isabella Triscari and Estelle Crompton-Lamb from The Australian Ballet School, who attended to represent the future of performers who will benefit from this important work.



Construction at Arts Centre Melbourne, with above-ground pipework seen on the Theatres Building façade, and construction works continuing at Sturt Street level.

Photo: Charlie Kinross.

“ Arts Centre Melbourne is a much-loved institution and destination, with a rich history and legacy; these upgrades to the Theatres Building are a major step forward in our reimagining, to ensure we are fit-for-purpose for presenters and audiences alike for the next 40 years. Since opening, the State Theatre has seen an estimated 12,000 performances on its stage – witnessed by more than 12 million Victorians and visitors.”

Karen Quinlan AM, Chief Executive Officer, Arts Centre Melbourne



A concrete bridge spanning Sturt Street between the Theatres Building and City Road is removed in January 2023.

Photo: Anna Devlin.

Performing arts

Our venues were busy in FY2023 with programming focused on presenting a range of events driving our commitment to First Nations, cultural equity, access and inclusion.

First Nations

Our commitment to First Nations culture has supported the creation and presentation of compelling First Nations-led work including the *BLAKTIVISM* concert (Hamer Hall; December 2022) and associated program; *Share the Spirit Festival* (Sidney Myer Music Bowl; January 2023); YIRRAMBOI Festival through three co-presentations (May 2023); and *Spirits of the Land*, a large-scale digital projection artwork by Aunty Zeta Thomson illuminating the façade of Hamer Hall as part of the *Electric* series, in collaboration with RISING (June 2023).

Building Arts Centre Melbourne's engagement with First Nations artists, community and audiences, we are working to progress our audience engagement strategy, including the provision of a reduced-price ticket program for all First Nations-led and Community-driven events (Mob tix). We are focusing on relationship marketing to foster genuine connections and help bring audiences back to our venues post-pandemic through deeper engagement. This is a strategic move to improve access to our programs.

Resident Companies

Our four Resident Companies continued their return to our stages with a combined 456 performances across 56 events.

- Opera Australia's production of *The Phantom of the Opera* broke attendance records in the State Theatre, selling almost 200,000 tickets across the 2022–23 summer season.
- Melbourne Theatre Company presented the original production of Suzie Miller's *Prima Facie*. The play has since enjoyed global success, earning two Olivier Awards, one Tony Award and three other Tony Award nominations.
- The Australian Ballet curated *Dance X*, a new festival of contemporary dance that saw the Playhouse theatre host eight contemporary dance companies from around Australia in October and November 2022.
- Melbourne Symphony Orchestra continued its blockbuster season in Hamer Hall as well as hosting Sir Simon Rattle conducting the London Symphony Orchestra.



The Betty Amsden Participation Program returned with a new commission, Liesel Zink's *Us And All Of This*.

Photo: Mark Gambino.

Creative Engagement

- Highlights from across our Creative Engagement programs included premiering commissions and platforming First Nations, neurodiverse, LGBTQIA+ and young artists.
- When the World Turns, presented in September 2022 and commissioned with philanthropic funding, was an international collaboration with Polyglot Theatre (Australia) and Oily Cart (United Kingdom) for children with complex disability. The work was nominated for a Green Room Award in 2023.
- In a sell-out season on the State Theatre stage in May 2023, *Gender Euphoria: Mighty Reveal* represented the largest ensemble of trans and gender diverse performers to feature on an Australian main stage.
- The Families program reconnected with audiences with new work and the schools program collaborated with Resident Companies and hirers to increase engagement with students and teachers by 77 per cent from pre-2020 averages. Delivering MEGAMIX Social and Academy at Arts Centre Melbourne with the Department of Education, our First Call Fund Schools Access program ensured equity of access for disadvantaged students while our First Call Fund Community Access program supported audience engagement.
- In September 2022, *Alter State*, a festival celebrating disability-led artistic expression, was co-presented with Arts Access Victoria. Supported by 20 creative partners, including 11 funding partners and philanthropic donors, the inaugural festival engaged over 100 Deaf and Disabled artists to present 60 in-person and online events for audiences. *Alter State* went on to win the 2023 Green Room Award for "Contribution to Sector and Community".
- The Creative Learning public program PLAY encourages collaboration to strengthen industry networks and build capacity for youth, emerging creatives and lifelong learners. Arts Centre Melbourne's Relaxed Performances program further welcomed neurodiverse audiences, including over 1,000 at Opera Australia's *The Phantom of the Opera*.

Public participation

The Betty Amsden Participation Program returned in 2023 with a new commission, *Us and All Of This* by Liesel Zink, the first Australian female choreographer commissioned to develop a work for the program. In March and April 2023, 228 people participated across three venues in Victoria.

The inaugural Alter State festival took place in September 2022.

Photo: Kate Disher-Quill.



“ It was an amazing time last September, and it was many years in the making, that involved many, many, many people...This is the beginning, it is far from the end, and I want to acknowledge the partnership, I want to acknowledge the incredible team at Arts Centre Melbourne and at Arts Access Victoria, and all the other partnerships that were part of the festival. Most importantly I want to acknowledge the significance and importance of the platform that this festival provides for Deaf and Disabled artists from across Australia and Aotearoa New Zealand. It's really important, and this is an amazing recognition of all of those artists.”

Caroline Bowditch, Alter State Creative Lead



Aunty Zeta Thomson's *Spirits of the Land* lights up Hamer Hall during RISING 2023.

Photo: Arts Centre Melbourne.

Sidney Myer Music Bowl

The Sidney Myer Music Bowl had a successful run of 51 events that welcomed a record 339,000 attendees throughout the September 2022 to April 2023 season. The venue hosted a variety of shows, from rock and pop concerts to jazz and classical performances, catering to the diverse musical tastes of our audiences. Of the 51 performances, 30 were delivered during our Live at the Bowl festival, which delivered a program that embraced a variety of communities and cultures.

In its third year, Live at the Bowl continued to support innovative new programs and audience connection including the first-

ever dedicated schools performance at Sidney Myer Music Bowl, headlined by ARIA-winning band King Stingray in March 2023. We engaged a capacity 2,000 students and teachers from more than 30 schools across Victoria, supported by the First Call Fund Schools Access program. The Families and Children's performance of the ARIA-winning Teeny Tiny Stevies also enjoyed a sold-out event in February 2023. Further innovations included new presentation formats for the First Nations-led participatory presentation of *Sorbaes: Sundae* and the Pasifika First Nations-led *PASIFIX* event.

Costume worn by Dame Joan Sutherland, Les Huguenots (The Australian Opera, 1981) on display in Ulumbarra Theatre in Bendigo as part of a 2023 regional exhibition. Gift of Opera Australia, 2019 Australian Performing Arts Collection.

Photo: Arts Centre Melbourne.





Australian Performing Arts Collection

Photo: Tom Blachford.

Australian Performing Arts Collection

We are proud custodian of the Australian Performing Arts Collection, which now holds over 800,000 items from Australian performing arts history. We continued to evolve and diversify the Collection, including acquisitions from Circus Oz capturing more than 20 years of performance from the company, as well as working with Indigenous performers to develop the Collection and tell stories in an inclusive way. This included the First Nations-led exhibition *Rites: Dancing towards a shared history*, and stories featuring the voices of First Nations dancer Ella Havelka and circus performer Dale Woodbridge-Brown.

This year 53 items from the Australian Performing Arts Collection were loaned for various temporary exhibitions at the Shrine of Remembrance (Melbourne), Australian Sports Museum and Melbourne Cricket Club Museum (Melbourne), Bunjil Place (Narre Warren, Victoria), Ulumbarra Theatre (Bendigo), National Museum of Australia (Canberra) and Museums of History NSW (Sydney).

As a part of the Melbourne Arts Precinct Transformation and Reimagining Arts Centre Melbourne, seven outdoor sculptures from the Public Art Collection were sent on a five-year loan to the Marilyn Rowe House

(The Australian Ballet School), McClelland Sculpture Park and Gallery, and Heide Museum of Modern Art.

This year 66 objects have been loaned to Arts Centre Melbourne for the Australian Music Vault exhibition featuring John Farnham, Colin Hay and other artists, to be showcased in the Australian Music Communities display installed in June 2023.

The Collection broadened its reach regionally with a display at Bendigo's Ulumbarra Theatre featuring costumes from the Dame Joan Sutherland Collection.

The Collections Store project

Through the generous support of Creative Victoria and philanthropic supporters, the Collections Store project has seen the creation of Arts Centre Melbourne's new storage, research and education facility at Hamer Hall. The project will make the Australian Performing Arts Collection more accessible to the people of Victoria from September 2023 through behind-the-scenes experiences and activations.

The project received a "Highly Commended" accolade in the Sustainability Project category at the Australian Museum and Gallery Association National Awards in Newcastle in May 2023.

The Strength in Sound display opened in June 2023 at the Australian Music Vault.

Photo: Jacinta Keefe.



Australian Music Vault

The Australian Music Vault exhibition was refreshed with the addition of a new case, *Strength in Sound*, devoted to music communities that create supportive places for artists and audiences to connect, including Music in Exile, The Boite, Songlines, PBS FM and online community Sound as Ever.

Lifetime achievements in music were honoured in the exhibition as part of the APRA AMCOS Ted Albert Award and the National Indigenous Music Awards Hall of Fame, and a new immersive video experience was added to The Amplifier space to celebrate the 50th anniversary of Mushroom Group.

Beyond the walls of the exhibition, we partnered with ALWAYS LIVE to collaborate on Hometown concerts with First Nations artists Alice Skye and Isaiah Firebrace, hosted *From the Vault* sessions in the SoundBox on the Theatres Building forecourt, and welcomed guests aboard the Melbourne Music Bus Tour on Saturdays throughout October to December 2022.

Capturing and telling great music stories remained central with 19 new Long Play interviews filmed with artists including Paul Kelly, Emma Donovan, Shane Howard, Ollie Olsen and Vika & Linda. The short-term

appointment of a Wikipedian in Residence also helped to enhance online visibility of underrepresented Australian musicians, organisations and events.

Arts industry learning

FY2023 was the busiest year to date in the history of our Registered Training Organisation, with 145 learners undertaking a variety of training programs. Learners collectively completed 794 nationally accredited units of competency in areas of safety, staging, lighting, sound and vision, production management, wellbeing and workplace training and mentoring.

Our team delivered the third year of the Creative Victoria funded Tech Connect Regional Training Program based in Bendigo and Shepparton training hub venues. The Registered Training Organisation has also continued to offer traineeships onsite at Arts Centre Melbourne and, for the first time, new traineeships have been established across the Queensland Performing Arts Centre network and at Sydney Opera House to further assist in national skills shortage recovery efforts.



Asia TOPA April 2023.
Between Islands
featuring a performance
by Bhenji Ra
Photo: Jason Lau.

Asia TOPA

As a triennial festival of contemporary arts and performance from across the Asia Pacific, each Asia TOPA is the culmination of three years of creative collaborations between makers, producers, presenters and the communities in which we live and work.

Between festivals, Asia TOPA hosts a series of creative LABs – seeding and developing new works, inviting international artists from the Asia Pacific region to explore potential collaborations with artists from Australia.

As international borders slowly reopened across our region, the Virtual LAB series kept Australian artists and their Asian collaborators from more than a dozen countries creating together. In FY2023, in partnership with Canberra’s National Museum of Australia, a major exhibition of screen-based Virtual LAB outcomes was exhibited, drawing more than 25,000 visitors.

The new Asia TOPA leadership team has developed a refreshed vision and strategic plan for the 2025 Asia TOPA festival.

First Nations foundations and Equity and Inclusion

2023 marks the third year since Arts Centre Melbourne embarked on a journey of transformation where equity and inclusion emerged as a central theme driving organisational and new strategic direction, prioritising the areas of First Nations and Equity & Inclusion.

We have made significant progress since 2020 by establishing the foundations to address our strategic aims in relation to First Nations and Equity & Inclusion. Investment into resourcing resulted in the appointment of Troy Walsh, a proud Panninher/Palawa man, as the inaugural Executive Director of First Nations and Equity & Inclusion in November 2022, along with creating a Cultural Equity & Inclusion team dedicated to addressing racial equity, an Inclusion team as part of Learning and Development to foster awareness of the many dimensions of diversity, and a new representative on the Asia TOPA Creative Leadership team.

First Nations and Equity & Inclusion are fundamental to our future sustainability, ensuring our place as a key part of Melbourne's cultural footprint and delivering a reimagined Arts Centre Melbourne and transformed Melbourne Arts Precinct in the future.

First Nations Foundations

Our objective is to set safe cultural foundations across the organisation with a view to seeing more First Nations Peoples on our stages, in our audiences and across our teams. The Reconciliation Action Plan forms our business plan and future direction.

Reconciliation Action Plan

In a defining moment for Arts Centre Melbourne, in May 2023 our inaugural *Reflect* Reconciliation Action Plan was formally endorsed by Reconciliation Australia and publicly launched with key partners, stakeholders and our team. It is a strategic document of deliverables that run over an 18-month period to October 2024. These deliverables focus on multiple areas, notably First Peoples culture, audience, internal employees, and First Peoples creative performers from a programming perspective, aiming to increase representation. Our aim is to transform Arts Centre Melbourne to be a gathering place for all. Our Reconciliation Action Plan was developed by a cross-organisational working group with guidance and input from multiple internal and external stakeholders, including Victorian Arts Centre Trustee Professor Kerry Arabena, a descendant of the Meriam people of the Torres Strait.



Above: BLAKTIVISM at Hamer Hall, December 2022

Photo: Tiffany Garvie.

Right: BLAKTIVISM performers (L-R): Kee'ahn, Deline Briscoe, Dr. Lou Bennett (foreground), Emma Donovan.

Photo: Tiffany Garvie.



Our Reconciliation Action Plan deliverables are geared towards the following areas:

- **Training:** Creating a culturally safe workplace and public space that is inclusive and provides rewarding experiences.
- **Workforce:** Improving employment outcomes by increasing Aboriginal and Torres Strait Islander recruitment, retention and professional development.
- **Procurement:** Increasing Aboriginal and Torres Strait Islander supplier diversity to support improved economic and social outcomes.
- **Relationship development:** Establishing and strengthening mutually beneficial relationships with Aboriginal and Torres Strait Islander stakeholders and organisations.
- **Partnerships:** Promoting reconciliation through our own sphere of influence as a cultural institution.
- **Celebrating/marketing key dates:** Building awareness, knowledge and respect for Aboriginal and Torres Strait Islander cultures and histories by celebrating key cultural dates and activities throughout the year.
- **Programming:** Ensuring our program offering is aligned to First Nations creative performers that will cater to and enrich our audience experience.

Cultural equity and inclusion

In December 2022, we moved the Cultural Equity & Inclusion team into the portfolio of the Executive Director, First Nations and Equity & Inclusion. This was in recognition that our priority area of racial equity cannot be truly realised without centering First Nations in its approach. The synergies between these two areas have been part of our approach from day one, with First Nations engagement and stakeholder relationships playing a critical role in shaping Arts Centre Melbourne's current racial equity priority alongside people of colour and culturally and linguistically diverse stakeholders.

The added organisational value of *Equity: Fairness and Justice* was launched in February 2023. This value supports the ongoing work Arts Centre Melbourne must do to remove barriers, address systemic discrimination and ensure that what we do on and off our stages is accessible to everyone. In doing so, we will reflect the principle of "nothing about us without us".

Arts Centre Melbourne is working towards creating safer spaces through implementing the Cultural Awareness and Development Plan. This will elevate the racial equity and inclusion maturity of the organisation and support the following goals:

- Take measures to ensure that Arts Centre Melbourne is a safe and welcoming place for everyone.
- Foster a culture of inclusion, collaboration and accountability.
- Recruit, develop and retain a workforce that reflects the population of Victoria.

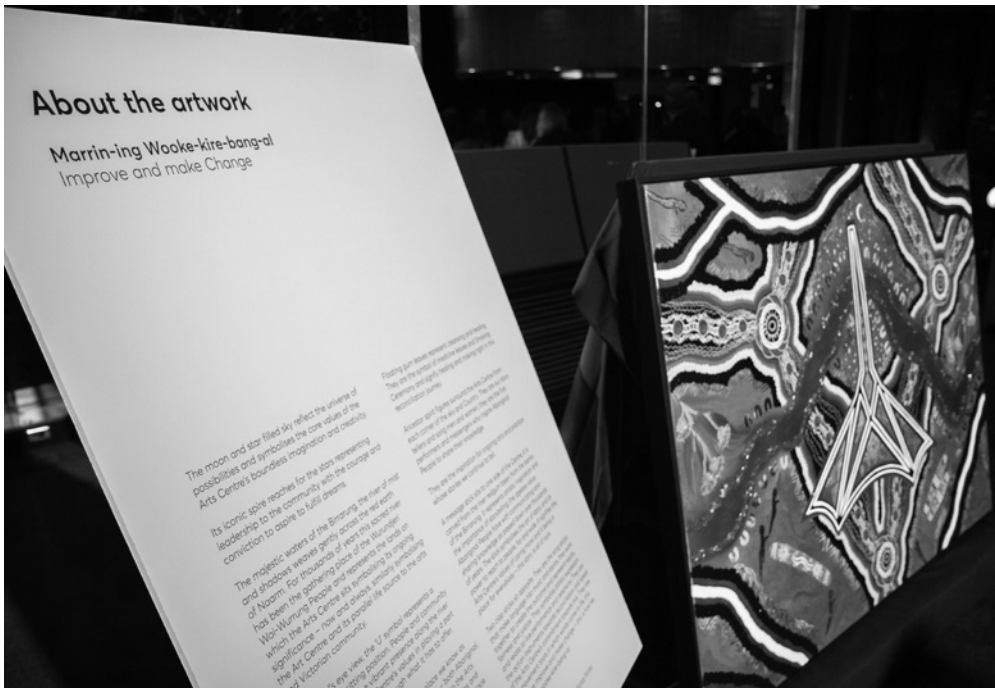
In October 2022, the inaugural Racial Equity Network was launched and has met regularly each month. Employee networks play an essential role in bringing to life Arts Centre Melbourne's strategic priority of Equity & Inclusion. The purpose of the Racial Equity Network is to enhance the culture of Arts Centre Melbourne by building community through strengthening belonging and connection, and empowers members to play a leading part in advancing racial equity in our organisation.

The Cultural Equity & Inclusion team continued to build on the success of the Live at the Bowl pilot program to embed equity and inclusion practices. Equity & Inclusion initiatives were implemented in the 2023 season based on what was learnt during the previous season.



Troy Walsh, Arts Centre Melbourne's inaugural Executive Director of First Nations and Equity & Inclusion.

Photo: James Henry.



Our inaugural Reflect Reconciliation Action Plan, featuring Wurundjeri Woi Wurrung / Yorta-Yorta artist Simone Thomson's artwork "Marrin-ing Wooke-kire-bang-al - Improve and make Change".

Photo: James Henry.

Customer experience

In FY2023 we started our recovery vision to create the ultimate performing arts experience for Victorians and visitors, with several key outcome areas.

Customer service: the perfect host

We aim to be the perfect host for everyone who visits us. Following the uncertainty of venue activity through COVID-19, this year brought greater stability in staffing levels for our frontline service team. On top of delivering our jam-packed calendar of events, we focused on continuous growth in our service delivery through understanding the specific needs of diverse communities.

Customer innovation: extending the stage

We continued the creative innovation of our end-to-end customer experience to bring visitors the same joy, magic and excitement as the performance itself.

The newest addition to our casual dining offer opened in January. Pawa Café & Bar has been a true partnership as we enable and support a First Nations food and beverage retail venue along the Hamer Hall riverfront. Established by Aboriginal woman Niyoka Bundle from the Gundijtmara people of southwest Victoria and the Yuin people of Bega, Pawa brings together native ingredients and familiar foods to create a unique and exciting Indigenous-inspired menu that is also available to our business events function customers.

Over the 2022–23 summer we invited popular Melbourne brewery Moon Dog and restaurant Q Barbeque to pop up on our Theatres Building forecourt, expanding our offer of outdoor activations for visitors to enjoy.

Customer engagement: a destination for everyone

We took a refreshed focus on maximising customer engagement with Arts Centre Melbourne's brand, shows, experiences and fundraising campaigns. Collaborative marketing relationships were formed with Victorian festivals including ALWAYS LIVE, YIRRAMBOI, RISING, Midsumma Festival and Melbourne International Comedy Festival; media partnerships included First Nations radio station 3KND and digital publisher Broadsheet; and relationships were also maintained with the City of Melbourne, Visit Victoria and Public Transport Victoria.

The *Always On* digital campaign supported revenue recovery by driving visitation and spend outside of show and experience campaigns, promoting high-appeal events across the venue. The campaign delivered more than \$2 million in revenue and reached approximately 40 million people across January to June 2023.

Customer engagement continues to improve following COVID-19 impacts, through considerable growth on Arts Centre Melbourne's owned channels with website visitation, email marketing and social media reach all growing year-on-year. Over the reporting period, website visitations have grown to 5.1 million visits (increasing 70 per cent), social media reach has grown to 65 million (increasing 62 per cent) and email communications reached 12.5 million people (increasing 39 per cent).

Audience behaviour has shifted rapidly, so several research projects were undertaken to understand and



Pawa Café & Bar at Hamer Hall.

Photo: Armelle Habib.

Hamer Hall celebrated its 40th anniversary last year.

Photo: Mark Gambino.



respond to these changes, including the Arts Centre Melbourne Community Perceptions Research (July 2022) and Arts Centre Melbourne Previous Ticket-Buyer Research (August 2022); further supported by insights gained in the national Patternmakers Audience Outlook Monitor Research (October 2022, April 2023) in which Arts Centre Melbourne participates. This research uncovered that the primary barriers to attendance earlier in the financial year were attributed to COVID-19 uncertainty, evolving to cost-of-living pressures as the year progressed. Consistent behaviours throughout the reporting period have been increasing price resistance, late ticket purchasing, reduction in attendance frequency, and a strong preference for well-known artists and shows. Marketing activity addressed these insights by communicating the value of live performance and memorable experiences, phasing promotions later in the campaign lifecycle, and more investment in digital media to reach audiences where they are. To address economic barriers, a new initiative *Tix at 12* launched in June 2023, providing discounted tickets for a limited time online every week.

Major digital marketing projects were initiated this year in an aim to improve our digital experience and connection with customers. These projects will continue in the new financial year and include the Arts Centre Melbourne eCommerce website content management system upgrade, the Customer Communication Preferences project to build an email marketing preference centre online, and development of the Email Marketing strategy to reengage and acquire subscribers.

Customer growth: provide value that inspires participation

The newly formed Customer Growth team is responsible for our ticketing function to both the industry and the public, evolving the online transaction experience to increase conversion and spend per head. A major highlight was to adapt our financial model to remove the biggest barrier to participation – mandatory ticket fees for online bookings. Everyone can now enjoy fee-free transactions online, with optional paid extras still available for those with specific ticket delivery requirements.

Communications: telling the story

Several major communications storytelling campaigns in FY2023 helped highlight how lives are changed through the power of creativity and opportunity – and ultimately the power of the performing arts:

- **Hamer Hall 40th Anniversary:** celebrating stories from icons in our community and everyday Victorians.
- **Together Experiences:** our second major brand storytelling campaign, celebrating stories of how what we do makes a difference to individuals, generating meaningful impact on the lives of Victorians.
- **Kylie: Behind the Seams:** our first-ever podcast series featuring Kylie Minogue superfans delving deep into her iconic costumes held in our Australian Performing Arts Collection. The podcast was released through JOY Media.



Kylie: Behind the Seams co-hosts Joseph Berto and Owen Lambourn delve into items from Kylie Minogue in the Australian Performing Arts Collection alongside Research Coordinator Claudia Funder.

Photo: Arts Centre Melbourne.

Kylie: Behind the Seams co-hosts Owen Lambourn and Joseph Berto record the podcast at JOY Media.

Photo: Arts Centre Melbourne.



People

FY2023 has seen us focus on both the needs of our team and our industry leadership through several key activities. As our industry recovers from the impacts of COVID-19 and live performance activity increases, and as construction work continues on the upgrade of the Theatres Building, looking after our team and industry stakeholders/colleagues is paramount.

Feedback is a gift

At various points through the year we undertook surveys and pulse checks of our team members and the broader community to ask how they felt about a range of issues including:

- COVIDSafe vaccination policy and the work environment
- wellbeing and psychosocial safety through our wellbeing audit and leader coaching
- workplace engagement via our periodic Culture Amp survey
- the future program of the Arts Wellbeing Collective via a member survey.

Connection

We understand the importance of our team members' strong connections to Arts Centre Melbourne and to each other. As Reimagining Arts Centre Melbourne ramped up activity a highly collaborative cross-organisational project has helped to move 290 team members, the majority of our office-based workforce, to new nearby accommodation at Hub Flinders Street or The Primrose Potter Australian Ballet Centre.

Pleasingly, our new surroundings are encouraging a return to the office at a rate above that experienced by other employers in Melbourne's CBD, and is higher than trends for office-based worker return globally. Along with flexibility, access to modern amenities and technology, our team members are able to collaborate wherever they are located within the Melbourne Arts Precinct or while working remotely. During periods of reduced capacity while fitting out the new office areas, an average 50 per cent of workstations were booked on a regular basis and this continues to increase.

Connection, and meeting people where they are, has also been evident in our journey towards equity and inclusion, in the establishment of three new reference groups:

- GLADA (Gender, LGBTQIA+, Age, Disability and Access).
- Racial Equity Network (specifically for Arts Centre Melbourne's people of colour).
- Lived Experience Advisory Group (across the national and international performing arts community via the Arts Wellbeing Collective).

These groups are critical to the progress of equity, inclusion and wellbeing as they not only provide a safe forum, but an opportunity to explore intersecting experiences, and to discuss and have input into programs, policies and practices. We look forward to the contribution they will make.



Arts Wellbeing
Collective's Lived
Experience Advisory
Group meeting
23 May 2023.

Photo:
Theresa Harrison.



Significant achievements in our equity journey are also marked by our first Gender Equality Action Plan. We have committed to 42 actions and delivered/commenced 27 including:

- increased primary and secondary parental leave
- superannuation paid on up to 52 weeks of unpaid parental leave
- ability to update own gender and demographic profile in our human resources system
- all-gender bathroom sites and signage
- established our employee reference groups.

Learning at Arts Centre Melbourne

Investment in learning and development of our team continues. After the successful delivery of our Emerging Leader Program in 2021 we have now launched the Everyday Leader Program, following an earlier pilot. This program is uniquely designed to develop excellence in both people and operational leadership at Arts Centre Melbourne in a practical and supportive way, focusing on inclusive leadership, psychological safety, performance coaching and feedback, and much more – all contextualised for our unique workplace. 63 team members have already participated in the program.

Mental health in our sector

This year was the first of the Arts Wellbeing Collective's new three-year strategic plan. It also saw our first Lived Experience Advisory Group established. The 11 diverse members, selected via a public expression of interest process, possess strong professional connections to the performing arts across Australia and internationally, and have a lived experience of mental health challenges. The group has helped

develop lived experience guiding practices and principles for the program and for specific projects, advised the Arts Wellbeing Collective on program design, delivery and evaluation, and reviewed relevant organisational communications, key documents and platforms. The group meets bi-monthly and our first in-person meeting was held in May 2023.

We developed and expanded our suite of sector training opportunities, including Mental Health First Aid, Creative Self-Care, and Creating Mentally Healthy Workplaces ready for delivery in FY2024.

Other recent collaborations include a Wellness Hotline pilot at this year's Frame (dance) Festival and engaging with our Strategy, Advocacy and Partnerships team to design an impact and evaluation framework.

We reviewed our digital resources and released a Digital Shorts program – four bite-sized videos on some of our most requested topics: mental health 101, self-care, supportive conversations and creating mentally healthy workplaces. This digital offering supports our plan of making sure our program is sustainable for the long term.

Systems and processes

We collaborated across the organisation to design and implement new rostering technology. This work is part of a wider push to improve our systems and processes and support our people to do their best work. This significant step forward will see a contemporary, cloud-based platform in place to engage with our team. In addition, our human resources system now has a contemporary self-service platform, providing better ability to manage personal details and for people managers to access information about their team.



We launched our first Gender Equality Action Plan in FY2023.

Photo: Arts Centre Melbourne.

Operations

Data and insights

With recent advancements in technology, data plays an increasingly vital role that presents tremendous potential to transform us into a smarter Arts Centre Melbourne.

In FY2023 we have invested in data and insights capabilities to enable smarter decision making and storytelling across what we do. We are also committed to governing our data in an ethical and secure manner, and treat with the utmost respect the rights of our visitors in how we maintain and protect their personal data.

Information technology

This year we continued to improve our current capabilities and systems while preparing for future enhancements.

We established a dedicated Arts Centre Melbourne cloud capability as well as progressing the continued move towards software-as-a-service applications. We delivered foundational improvements to the Arts Centre Melbourne website which will allow us to make further improvements in the coming years. We also commenced the deployment of our integration platform to enable better data integration between existing and future applications.

Operationally we were busy supporting the move of many of our office-based team members to new office spaces at Hub Flinders Street and The Primrose Potter Australian Ballet Centre, establishing connectivity to these venues and rolling out equipment. We commenced a modernisation of WiFi technology to allow us to move forward with a future expansion of WiFi capacity.

This was also a busy year for IT security, and we continued our cyber training program to embed good IT security habits across the team. We introduced improvements to security systems including firewalls and anti-virus platforms, while performing timely and regular security updates across our systems.

Infrastructure

Throughout the year we maintained a focus on addressing the challenges of aging infrastructure and in successfully delivering a range of capital works upgrades, alongside essential service maintenance. Notable projects included the completion of repurposed space within Hamer Hall to house and exhibit the Australian Performing Arts Collection's new Collections Store, which delivers dedicated spaces for the storage, preservation and exhibition of the Collection. Safety and customer welfare remains a priority as the team embarked on a program of further measures to reduce the spread of viruses through the implementation of contactless taps to venue bathrooms.

We made significant progress through the year on our commitment to a sustainable future. This has included the development of an environmental emissions Inventory Tool, capturing CO₂ emissions, and the development of an Environmental Sustainability Roadmap, designed to significantly reduce carbon emissions. Targets have been set and we are already advanced in delivering on goals strategically aligned to the Whole of Victorian Government emissions reduction pledge.



Arts Centre Melbourne's new office spaces at Hub Flinders Street

Photo: Pixel Collective.



Australian Performing Arts Collection's new Collections Store

Photo: Tom Blachford.

Meremere,
Alter State 2022.

Photo: Kate Disher-Quill.



Project Management Office

The Project Management Office role is to support Arts Centre Melbourne in “doing the right things” and “doing things right”. Informed by our business plan priorities and sitting alongside our onstage activities, it is a key mechanism for strategy delivery. In addition to stewarding project delivery, prioritisation and managing dependencies, the Project Management Office plays a vital role in business analysis to comprehensively consider business problems before recommending appropriate, effective and achievable solutions to drive business benefits. The Project Management Office also provides a mentoring and capability building role within the organisation, which enables career development opportunities that have seen performing arts specialists move into enterprise project management roles.

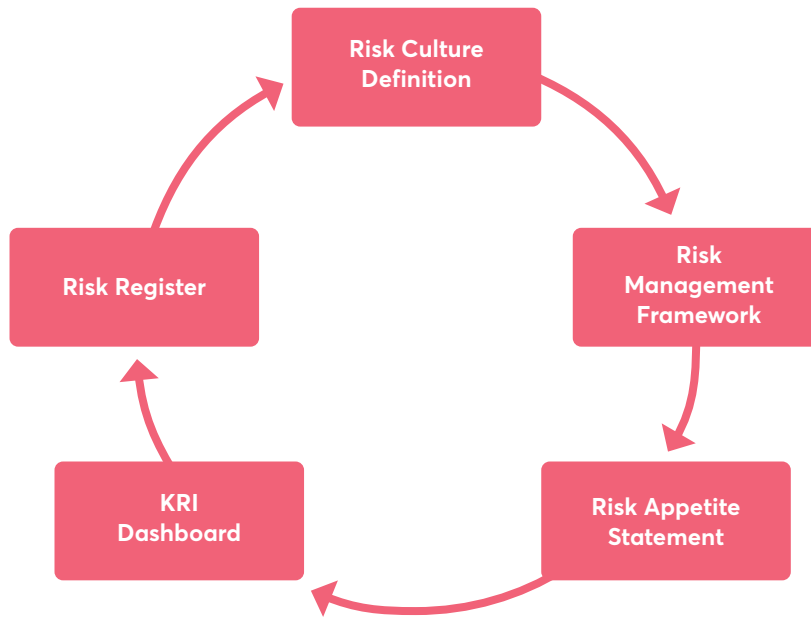
Over the course of the year a project management framework was put into place, with a governance model that ensures the effective delivery of “enablement” initiatives that support the core business of an international performing arts centre. A variety of projects were overseen by the Project Management Office during FY2023 across infrastructure, technical, digital and data – many of which are outlined throughout this report.

Occupational health and safety

Our safety culture continued to grow, with the creation of an accessible induction specifically for hirers and performers with disability or accessibility needs. This project was implemented in time for the Alter State 2022 festival and highlighted the importance of providing a platform for inclusion in all safety information.

We continued to focus on team wellbeing, including through the thriving Care More Week in November 2022. A hybrid online and in-person program of more than a dozen health, safety and wellbeing activities was well attended by our team members, in addition to other activities throughout the year.

We worked closely with the team from Opera Australia to ensure the safe delivery of special effects and pyrotechnics during the record-breaking season of *The Phantom of the Opera*, helping create an incredible experience for audiences.



Risk management

Effective risk management is imperative to protecting and creating value for Arts Centre Melbourne, enabling our strategy and corporate plans and assisting with risk intelligent decision making.

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 Standing Directions 2018 under the *Financial Management Act 1994*. The diagram below depicts the key elements that drive our risk management towards a risk intelligent culture.

The key to effective risk management in practice is being able to keep a strong future-focused eye on any changes to both the internal and the external environment, and to adapt to any uncertainties and changes.

In FY2023 we continued to actively monitor significant events and changes in the external environment. To that end, we

have been actively ensuring that all aspects of our risk management activity have been responsive to the environment, including the world’s emergence from lockdowns in response to the global pandemic and, closer to home, inflationary pressures and budget management constraints.

More broadly, we continue to embed 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.

A full review of the Strategic Risk Register was conducted in FY2023 in response to the significant changes in both the internal and external environment. Quarterly risk reports are provided to the Trust’s Risk Management and Audit Committee and to Creative Victoria, including reporting against the Strategic Risk Register.

Our partners

Over the course of this year our unwavering focus has been on fostering connections with our current partners and laying the groundwork for our collective future. We choose to collaborate with organisations that not only share our aspirations but also believe that together we can create a profound impact on the people of Victoria.

Our partnerships are a source of immense pride and inspiration, and there are several notable collaborations from this period to highlight.

Together with our Innovation Partner, PwC, we collaborated on projects that generated positive impact for Arts Centre Melbourne including wayfinding, digital capability, and vision scoping. Additionally, our Supporting Partners, JCDcaux and Singapore Airlines, stand alongside us in championing diverse cultural experiences.

Our Strategic Alliance with the University of Melbourne is dedicated to unlocking untapped potential in research and development while nurturing future talent pipelines. In the realm of contemporary music, our Strategic Alliances form the bedrock of the Australian Music Vault, sector advocacy and programming, fortified by the invaluable support of ARIA, APRA AMCOS, ABC, Nightlife Music, The Push, and ALWAYS LIVE. Through partnerships with Media Partners like Broadsheet and 3KND, we extend our reach to new and emerging audiences.

Together, we strive to drive cultural, social, educational and economic transformations for the people of Victoria. Our strategic partners provide us with invaluable resources, tapping into new audiences and customers, building our brand equity and reputation, creating networking and engagement opportunities, and supporting our operations through a range of in-kind, contra and cash contributions. By aligning our partners with signature initiatives, captivating storytelling moments, and unparalleled hospitality experiences, Arts Centre Melbourne creates enduring and cross-sector goodwill.

Our relationships with our partners will play a vital role in driving our physical and organisational transformation. Driving social impact, fostering shared value and cultivating long-lasting, multi-faceted partnerships have become the cornerstones of our approach to collaboration, and they will continue to shape our partnership model in FY2024 and beyond.

Our FY2023 partners

INNOVATIONS PARTNER



SUPPORTING PARTNERS



MEDIA PARTNERS



INDUSTRY PARTNERS



Philanthropy

We give our sincere thanks to all our philanthropic supporters for helping make the performing arts more equitable and inclusive, diverse and accessible to all for another year. Philanthropy continues to play a critical role in extending the reach and impact of all our programs.

Through the loyal and generous support of our donors and our shared vision and commitment, we continue to bring the joy, inspiration and wonder of the performing arts to so many who may otherwise not have the opportunity.

Throughout this year, donations to Arts Centre Melbourne have helped: provide access to the arts for disadvantaged, diverse and distanced members in our communities; commission artists and create new works; open up our extraordinary Australian Performing Arts Collection; offer life-changing artistic experiences and creative learning; and provide essential mental health and wellbeing programs.

Highlights of the impact of philanthropic giving to Arts Centre Melbourne across our five key program areas this financial year include:

Access and Inclusion

Making the arts more accessible for all is at the core of our philanthropic support. This year 33,866 students engaged in our Schools program, with thousands supported through our 100 per cent philanthropically funded First Call Fund, which pays for tickets and transport for schools and communities that could not otherwise afford to attend. For many children it is the first time they have experienced the joy, connection and educational enrichment of the performing arts. In mid-September

2022 we presented the new disability-led festival Alter State, in collaboration with Arts Access Victoria. The festival was supported through philanthropy, both in funding for commissioning the works and for helping provide access, paying for tickets and transport where required.

Education and Creative Learning

In March 2023, thanks to supporters of our First Call Fund Schools Access program, we held our first-ever education concert at the Sidney Myer Music Bowl – bringing 2,000 school children from more than 30 schools from all corners of Victoria to see ARIA award-winning band King Stingray. Students and teachers received tickets and subsidised transport to participate in what was for many their first, and unforgettable, rock concert experience, while also being given the opportunity to learn about music making and First Nations peoples and culture through creative learning resources.

Arts Centre Melbourne is a Registered Training Organisation, and recruits four technical trainees each year. These unique, venue-based training opportunities are made entirely possible by philanthropic support. In FY2023, we expanded our successful Tech Connect venue based training offer to Queensland, with thanks to a generous multi-year grant from the Vincent Fairfax Family Foundation.



Students join King Stingray on stage as part of Live at the Bowl 2023 at the dedicated schools show.

Photo: Jason Lau.

“ In my 20+ years of teaching I have never seen a more engaged and enthusiastic group of students on an excursion. Watching King Stingray perform live at the Sidney Myer Music Bowl was a once-in-a-lifetime opportunity for them. We can teach the arts in a classroom but experiencing it in real life adds a whole new element of magic! Our students are still beaming with excitement and have already asked if we can see more live music. It was an inspirational experience for our students, most who had never seen a live music performance before.

Without the generosity of the donors it wouldn't have been possible for them to experience what most of them are calling 'the best day of my life'. We would like to thank all the performers, donors and staff from Arts Centre Melbourne for making this opportunity a reality.”

Kylie Jones, teacher, Seaford Park Primary School

Commissions and Creative Partnerships

After a two-year creative development process, which successfully navigated the complex challenges of the global pandemic, we presented our first-ever inclusive theatre commission, *When the World Turns*. With philanthropic funding support, this immersive theatre experience was designed specifically for young people with multiple and complex disabilities, their families and carers. An international collaboration between Arts Centre Melbourne, Polyglot Theatre (Australia) and Oily Cart (United Kingdom), this ground-breaking work had its world premiere in Melbourne in September 2022 and centred those who normally face the most significant of barriers to engaging with the arts in the very heart of the performance – in a world created just for them.

Collections

Thanks to generous supporters of the Australian Performing Arts Collections, in October 2022 we revealed our new purpose-built storage, research and educational facility. The new Collections Store offers a window into the work and science involved in developing, managing, preserving and sharing our Collection. Emerging in response to a shortage of storage space, the state-of-the-art facility includes a photography studio for digitisation, a conservation lab to preserve the Collection and an area for display, storytelling and enhanced public access. This new donor-supported experience will help preserve and share more of our Collection with our communities now and for future generations.

Arts Wellbeing Collective

Together with leadership from the performing arts industry and generous philanthropic support, the Arts Wellbeing Collective continues to mature, broaden and deepen its reach and impact across the sector. Its inaugural Lived Experience Advisory Group was established to inform, advise and represent the diverse needs and views of the industry, and with donor support, welcomed a new Learning and Engagement Manager to work with and across the sector to design, manage and deliver a new wellbeing training program. Among presentations, webinars, workshops, and other resources, the Arts Wellbeing Collective also published its *Work Well Guide*, an innovative new resource aimed at improving mental health in the performing arts industry.

Imagine Anew: our major fundraising campaign

We are leveraging the Victorian Government's landmark investment in the Melbourne Arts Precinct Transformation with philanthropic support to launch a visionary major fundraising campaign, Imagine Anew. Imagine Anew aims to enable both the reimagining of Arts Centre Melbourne's Theatres Building spaces and facilities, and the transformation of our organisation into a world-leading performing arts destination that fosters artistic excellence, delivers cultural equity and enriches the lives of Victorians today and for generations to come. Through this philanthropic drive, we will support both the physical redevelopment works and the expansion of robust programs and initiatives that foster inclusivity, engage marginalised communities, provide regional outreach and equitable opportunities for participation for all.



Arts Centre Melbourne's Reimagined northern aspect, featuring new restaurants and parkland.
Credit: NH Architecture.

Arts Centre Melbourne Foundation

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.

Our Foundation Members in FY2023

- Paul Bonnici (Chair)*
- Andrew Myer AM (Chair)^
- Frankie Airey^
- John Barlow
- Dr Alberto Calderon*
- Ian Carson AM
- Andy Dinan
- Vas Katos
- Wendy Kozica*
- Eleanor Langford^
- Snowe Li
- Kelly Smorgon*
- Kee Wong

*Appointed as a member of the Foundation during FY2023.

^Resigned as a member of the Foundation during FY2023.

Our philanthropic supporters

Philanthropy plays a critical role in extending the reach and impact of Arts Centre Melbourne's five philanthropic pillars: Access, Education, Commissions, Collections and the Arts Wellbeing Collective. We offer our heartfelt thanks to all our donors whose generosity, loyalty and commitment play a crucial role in supporting the performing arts.

LIFETIME BENEFACTORS

Those who have made landmark gifts to Arts Centre Melbourne.

The late Miss Betty Amsden AO, DSJ

Mr John Barlow & Mrs Mary Barlow

The Clemenger Foundation

Mr Carrillo Gantner AC &
Mrs Ziyin Gantner

The late Mrs Neilma Gantner

Mrs Diana Gibson AO

The Ian Potter Foundation

Mr Richard Pratt & Mrs Jeanne Pratt AC

The Estate of the late
Kenneth Baillieu Myer AC, DSC

Sidney Myer Fund

The Smorgon Family

Ms Maureen Wheeler AO &
Mr Tony Wheeler AO

MAJOR SUPPORTERS

Those who have given significant and sustained support to Arts Centre Melbourne.

Mrs Jeanne Pratt AC & the late Mr Richard Pratt

The late Miss Betty Amsden AO, DSJ

Mr Kevin Bamford & Mrs Colleen Bamford

Mr John Barlow & Mrs Mary Barlow

Mr Neville Bertalli & Mrs Di Bertalli

Mr Marc Besen AC & the late
Mrs Eva Besen AO

Mrs Krystyna Campbell-Pretty AM &
the late Mr Harold Campbell-Pretty

Ms Robin Campbell & Mr Bobby Valentine

The Clemenger Foundation

The Fox Family

The Gandel Family

Mrs Ethel Goldin

Grollo Ruzzene Foundation

Mrs Barbara Haynes OAM

The Ian Potter Foundation

Mr Robert Kirby AO & Mrs Mem Kirby OAM

Mrs Rosie Lew AM & Family

Mirlex Australia Pty Ltd

Mr Philip Munz AM & Mrs Sylvia Munz

The late Dame Elisabeth Murdoch AC DBE

Mr Andrew Myer AM & Ms Kerry Gardner AM

Mrs Sarah Myer & the late Mr Baillieu Myer AC

Mr Bruce Parncutt AO

Playking Foundation

Prescott Family Foundation

The late Mrs Rae Rothfield

Mr Peter Scanlon AO & Mrs Angie Scanlon

Sidney Myer Fund

Mr Graham Smorgon AM &
Mrs Annette Smorgon

Mrs Minnie Smorgon
& the late Mr Sam
Smorgon AO

Mr Leon Velik &
Mrs Sandra Velik

Vincent Fairfax
Family Foundation

Ms Maureen Wheeler
AO & Mr Tony
Wheeler AO

Mrs Lyn Williams AM

**LEADING LIGHT
PATRON – GIFTS
OF \$100,000 +**

Mr Marc Besen AC
& the late Mrs Eva
Besen AO

The Betty Amsden
Endowment

Mrs Margaret Bland
& Mr John Bland

Mrs Krystyna
Campbell-Pretty AM
& the late Mr Harold
Campbell-Pretty

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Sidney Myer Fund

The Ian Potter
Foundation

Mr Charles Tegner

Vincent Fairfax
Family Foundation

Ms Maureen Wheeler
AO & Mr Tony
Wheeler AO

Anonymous (1)

**LUMINARY
PATRON – GIFTS
OF \$75,000 +**

Mr Neville Bertalli &
Mrs Di Bertalli

**VISIONARY
PATRON – GIFTS
OF \$50,000 +**

The Andrew &
Geraldine Buxton
Foundation

The Bowden
Marstan Foundation

Bowness Family
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Hansen Little
Foundation

The Scobie & Claire
Mackinnon Trust

The Vizard
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**BENEFACTOR
PATRON – GIFTS
OF \$30,000 +**

Ms Robin Campbell &
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MARD Philanthropy

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**PRINCIPAL
PATRON – GIFTS OF
\$10,000 +**

Mr Don Argus AC
& Mrs Pat Argus

Mr Kevin Bamford &
Mrs Colleen Bamford

Mr John Bates &
Mrs Lorraine Bates

Mr Chris Begg

Ms Danielle Besen

Mr Barry Bloom &
Mrs Lorraine Bloom

Mr Paul Bonnici &
Mrs Wendy Bonnici

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Mr Aaron Kanat

Mrs Nancy Butler

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AO & Mrs Christine
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& Mrs Helen Carp

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Mrs Marlen Carp

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Mr Mario Lo Giudice

Mr Ron Dobell &
Mrs Margaret Dobell

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AM, KC &
Dr Deborah Golvan

Mrs Jan Green & the
late Mr Robert Green

Mr Robert Grodski
and Mrs Pauline
Grodski

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Caroline & Derek
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Anonymous (2)

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GIFTS OF \$5,000 +**Angela Baldi - Balcon
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and Ingrid Van Dijken

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Anonymous (3)

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GIFTS OF \$2,000 +**Catherine Aird &
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Mrs Simone Carson
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Mrs Lucy Clemenger

Ms Kate Cobbold

Miss Ann Darby

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Mr Stephen Fisher

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– GIFTS OF \$500 +**

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| Mrs Marg Goodall | Mrs Janet Leckie | Mrs Susan Renouf | Mary Venuto |
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| Mrs Beverley Harvey & Mr John Harvey | Mr Kevin Luscombe AM & Mrs Barbara Luscombe | Mr Graham Ryles OAM, KSJ & Mrs Judith Ryles OAM, KSJ | Chloe White |
| Julia Heagerty | Mr Kevin Luscombe AM & Mrs Barbara Luscombe | Mr Jordan & Mr Anthony Saba-Bowering | Mr Richard Williams |
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| Mr Peter Hordern & Mrs Jennifer Hordern | Liliane Mauer | Dr Nora Scheinkestel | Anonymous (38) |
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| Stephen Howard | Ms Andrea McCall | Mr Kevin Sheehan & Mrs Lisa Sheehan | |
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| Mr Geoff Illing & Mrs Denise Illing | Mr Ian McKenzie & Ms Susan Cutler | Jan Simon | |
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| Dr Jerry Koliha & Ms Marlene Krelle | Jane Pease | Mr Allan Thorne | |
| Suzanne Krauskopf | Professor Roger Pepperell AM | Mrs Lorraine Tully | |
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| Ms Robyn Lansdowne | Ms Kerry Pratchett | Ms Winifred Van Paridon | |
| Ms Heather Law | Ms Deborah Reich | Ms Jennifer Vaughan | |
| Ms Verona Lea | Mr Paul Reid | | |
| | Mr Ralph Renard & Ruth Renard | | |

**FIRST CALL FUND
FOUNDING GIFTS**

Giving young Victorians from disadvantaged communities the opportunity to experience the performing arts at Arts Centre Melbourne

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

Mr Christopher Begg & the late Mrs Patricia Begg OAM

The late Mr Martin Carlson OAM

Mr Carrillo Gantner AC & Mrs Ziyin Gantner

The late Mrs Neilma Gantner

The late Dr Milan Kantor OAM & the late Mrs Anne Kantor AO

The Myer Foundation

AMSDEN ENSEMBLE

The Amsden Ensemble is the community for individuals who have made the extraordinary commitment to leave a Gift in Will to Arts Centre Melbourne.

Miss Jenny Anderson

Mr John Bates & Mrs Lorraine Bates

Mr Christopher Begg

Mrs Judith Ben-Meir

Mr Tony Berry

Mrs Jenny Brukner OAM & the late Mr John Brukner

Ms Lyndsey Burton

Mr Douglas Butler

Michelle Button

Ms Peggy Cole

Ms Leanne Collis

Ms Pamela Creed & Mr Chris Walsh

Mrs Judi Dey

Mr Ron Dobell & Mrs Margaret Dobell

Mrs Isabella Edgoose OAM & Mr Graeme Edgoose

The Hon Alan Egan JP

Mr Richard Farrar

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Mr Barrie Follows AM JP & Mrs Gail Follows

Ms Rosemary Forbes & Mr Ian Hocking

Mr Peter Game & Mrs Betty Game

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Mr Andrew Gemmell

Mrs Mia Hall

Ms Adrienne Harding

Mr Charles Hardman

Ms Gabriella Havlin

Ms Carol Hay

Ms Denise Hughes

Ms Val Johnstone

Mr Taylor Kane

Dr Richard King AM & Mrs Andrea King

Ms Jane Kunstler

Mr Hugo Leschen

Mr Ieuan Mapperson & Mrs Kathy Mapperson

Mr Dean Matchett

Ms Andrea McCall

Ms Ann McLaren

Alan McNair

Ms Caroline Molesworth

Mr Jack Moshakis & Ms Gill Tasker

Mr Andrew Myer AM

Mr Luke Nestorowicz

Mr Kenneth Park

Ms Lyn Payne

Ms Alison Pearce

Mr David Pisterman & Mrs Cheryl Pisterman

Ms Lynne Robertson

Mr Craig Robson

Ms Anne Roussac-Hoyne

Mr Robin Rowe

Mr Graham Ryles OAM KSJ & Mrs Judith Ryles OAM

Mr John Short

Mr John Stanistreet

Mrs Val Stirling

Mr Graeme Studd

Mrs Pamela Swansson

Ms Jane Teasdale

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Mrs Judith Vennell

Marina Ward

Mrs Dinanda Waterham

Ms Jill Watson

Ms Judy Watt

Mr Ian Watts OAM

Mrs Dinah Whitaker

Mr Ben McKenzie White

Mrs Pamela Wilson

Anonymous (9)

ESTATE GIFTS

The Estate of Elizabeth Alexandra

The Estate of Miss Betty Amsden AO, DSJ

The Estate of Mrs Patricia Begg OAM

The Estate of Kenneth Bullen

The Estate of Maxwell & Merle Carroll

The Estate of Suzette Marie Chapple

The Estate of Ms Beverley Ruth Dunn

The Estate of Peter Ronald Dwyer

The Estate of Wilma Farrow

The Estate of Joyce Isobel Grimshaw

The Estate of Alexander Maxwell Johnston

The Estate of Ms Nita Johns

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The Estate of Barbara Margetts

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The Estate of Mr John Metherall Lee

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Mary Pierce-Williams

The Estate of
Mr David Richards

The Estate of
Mr Maurice Scott

The Estate of
Miss Sheila Scotter
AM MBE

The Estate of
Jan Stevenson

The Estate of Joyce
Winsome Woodroffe

The Estate of
Mr Owen White

Anonymous (1)

COLLECTION DONORS

**We thank
the following
generous donors
who contributed
significant cultural
material to our
collections.**

The Australian Ballet

Angeline Baroni

The late Pierre Baroni

Richard Bonyngé AC,
CBE

Maggie Browne

The late Edna Busse

Sandra Davies
OAM – Cloc Musical
Theatre

Blair Edgar

Gale Edwards

Laurel Frank –
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The late Anne Fraser

Carrillo Gantner AC
& Ziyin Gantner

Bill Garner

Michelle Gearon –
PBS 106.7 FM

Sue Gore

Lee Harrison

Ella Havelka

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Stella Pabon

Roy Poyser

Bill Runting –
PBS 106.7 FM

Cathy Simpson

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Marie Tinning

Helen Williams

Steven Wilson –
Footscray
Historical Society

There are many ways you can support
Arts Centre Melbourne. To discuss
joining our community of supporters,
please email
donations@artscentremelbourne.com.au

Thank you

Every gift, large or small, has a lasting
and important impact on the arts for
all Victorians.

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 authority 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 within the Creative Industries portfolio.

The Creative Industries portfolio is administered by Creative Victoria, a division of the Department of Jobs, Skills, Industry and Regions.

The Members of the Victorian Arts Centre Trust 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

| | Ian Carson ^{AM} President | Kerry Arabena | Paul Barker Risk Management and Audit Committee Chair | Greta Bradman | Leigh Johns ^{OAM} Philanthropy Committee Chair | Ian Roberts | Helen Silver ^{AO} People Committee Chair | Kee Wong ³ |
|--|---------------------------------------|---------------|---|---------------|--|-------------|--|-----------------------|
| The Victorian Arts Centre Trust (the Trust) | 5/5 | 4/5 | 3/5 | 5/5 | 5/5 | 4/4 | 5/5 | 3/5 |

The Trust met eight times in F2023.⁴

| | | | | | | | | |
|--|-----|---|-----|-----|-----|---|---|---|
| Risk Management and Audit Committee | 4/5 | - | 5/5 | 4/5 | 4/5 | - | - | - |
|--|-----|---|-----|-----|-----|---|---|---|

Consistent with the requirements of the Standing Directions of the *Financial Management Act 1994*, 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 Standing Direction 3.2.1 of the *Financial Management Act 1994*.

This Committee met five times in FY2023.

| | | | | | | | | |
|-------------------------|-----|---|---|---|---|-----|-----|---|
| People Committee | 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 two times in FY2023.

| | | | | | | | | |
|---|-----|---|---|---|-----|---|---|---|
| Arts Centre Melbourne Foundation | 3/3 | - | - | - | 3/3 | - | - | - |
|---|-----|---|---|---|-----|---|---|---|

The Philanthropy Committee is responsible for overseeing the Imagine Anew capital campaign and overall philanthropy strategy, guiding and monitoring progress in instilling a culture of philanthropy at Arts Centre Melbourne, driving the focus of the Foundation and evaluating the success of fundraising activity.

The Philanthropy Committee met three times in FY2023.

Non-Trustee Foundation Members:

Paul Bonnici – Foundation Chair

¹ Frankie Airey's term as Trustee ended on 15 August 2022. No meetings were held prior to this date.

² Term ended on 25 April 2023.

³ Resigned from the Trust effective 30 June 2023.

Trustees

Ian Carson AM (President)

Ian Carson AM is the Executive Chair of Tanarra Restructuring Partners (TRP). TRP rescues companies affected by external events. It seeks to save businesses and jobs and invests 10 per cent of profits in social entrepreneurs.

Previously, Ian was Chairman of Markets at PWC and the Co-founder of SecondBite. Ian founded Carson McLellan, becoming PPB Advisory; a consulting firm that merged with PWC in 2018.

Co-founding SecondBite, Ian and his partner Simone revolutionised food rescue in Australia, creating a new sector involving the rescue of fresh food on a national scale. They were named Melburnians of the Year in 2018, and were awarded the Order of Australia in 2017 for 'significant service to the community through contributions and leadership in the food rescue sector, and to business'.

Ian holds various board positions such as Chair of the Australian Reinsurance Pool Corporation and member of the Melbourne Cricket Ground Trust.

Professor Kerry Arabena

A descendant of the Meriam people from the Torres Strait, Kerry's work has brought her to the forefront of Indigenous affairs in Australia.

A former social worker with a Doctorate in Environmental Science, Kerry has held senior positions including Chair of Indigenous Health at the University of Melbourne, Executive Director of First 1000 Days Australia, CEO of the Lowitja Institute and Director of Indigenous Health Research at Monash University. Internationally, Kerry has held senior positions with Ecohealth International, consulted for the World Health Organisation, is a former Scientific Commissioner on the Lancet Pathfinder project and completed a Fellows program with the Rockefeller Foundation.

With an extensive background in public health, administration, community development and research, Kerry has led a wide range of organisations and committees. Currently a Director of IgNITE, Kerry holds an honorary professorial position with the University of Melbourne, manages her burgeoning consulting, publishing and coaching companies and has several entrepreneurial programs in development.

Paul Barker

Paul Barker is a financial services professional with extensive experience at both board and executive level in Australia and overseas.

He is the former Chairman of WorkSafe Victoria, the Transport Accident Commission, the Emergency Services Telecommunication Authority, VicForests, Mirvac Funds Management Ltd, Stadium Operations Ltd (Marvel Stadium), Cricket Victoria, the Melbourne Stars and the Melbourne Renegades and Federation Square Pty Ltd.

He is currently a member of the Suburban Rail Loop Authority and The Melbourne Arts Precinct Corporation Board. He is also a Director of the Bradman Foundation.

Greta Bradman

Greta Bradman is an Australian soprano and recording artist, registered psychologist, ABC broadcaster, investor and tech startup consultant and founder, and board director.

Amongst her qualifications she holds a Master of Psychology (Clinical), MBA from Melbourne Business School, an Australian National Academy of Music Fellowship, a GradDip in Advanced Vocal Studies (UK), and is a Graduate of the Australian Institute of Company Directors.

As a professional solo singer, Greta released four no.1 albums and toured nationally and internationally through USA, UK, EU, and the Asia Pacific. She champions works by Australian composers and female composers. As a psychologist Greta works in clinical and coaching practice and also champions scalable, population level mental health and wellbeing initiatives. Greta pitched and helped develop the Arts Wellbeing Collective at Arts Centre Melbourne. As an ABC Classic broadcaster, Greta presents "Weekend Brunch" and created the "Music for Wellbeing" channel. In tech, she consults with startups around data analytics, SaaS based product in workforce intelligence, wellbeing, and HR spaces, values and culture.

Other current governance work includes the Arts Centre Melbourne Audit and Risk Committee, the Bradman Foundation, and the Australian Mental Health Prize.

Leigh Johns OAM

Commissioner Leigh Johns holds a Bachelor of Economics and Bachelor of Laws from Monash University and a Master of Laws from the University of Melbourne. Leigh is a Fair Work Commissioner. He has previously held senior roles in private legal practice and in government as the Chief Counsel of the Fair Work Ombudsman and then appointments as the Chief Executive Officer of two independent Commonwealth Government statutory agencies.

Leigh has a long history of governance experience in the arts sector. Prior to his appointment to the Trust Leigh had been a Director of The Australian Ballet School for 17 years and its Chairman for eight years. He is also a former long serving Board Member and President of the Midsumma Festival, Victoria's premier LGBTQIA+ cultural festival. Between 2018–2020 Leigh was Deputy Chair of the Victorian College of the Arts Secondary School. In 2017 Leigh was awarded the Medal of the Order of Australia in the General Division for services to the performing arts, primary health care organisations and industrial relations.

Helen Silver AO

Helen Silver is a non-executive Director of the PEXA Group Limited. PEXA is the operator of the world's first digital property exchange platform. Helen has been an experienced senior executive who has worked at the highest level in both the public and private sectors. From 2013 she worked for eight and half years at Allianz Australia where her last role was Deputy Managing Director. Allianz is Australia's third largest insurer.

Prior to joining Allianz Australia, Helen had spent more than 30 years in executive roles in the Victoria and Commonwealth public sectors, culminating in 2008 as Head of the Victorian Public Service as the Secretary to the Department of Premier and Cabinet. Helen was a respected negotiator at the highest levels of government and played a key role in a number of Commonwealth and State reform initiatives as well as leading the administration and development of the Victorian Public sector.

Helen has taken a lead role in promoting and advocating for gender equality and diversity and has a deep interest in public policy and the Arts. In 2015 Helen was awarded an Officer of the Order of Australia (AO) for distinguished service to public administration, business and commerce and the Victorian community.

Helen has a Bachelor of Economics (Hons) and a Master of Economics from Monash University. She is a National Fellow of the Institute of Public Administration Australia, a Distinguished Fellow of ANZSoG and a Graduate member of the Australian Institute of Company Directors. Helen also serves on a number of boards including Melbourne Symphony Orchestra and is a former board member of the Judicial Commission of Victoria.

Outgoing trustees

Frankie Airey

(term ended 15 August 2022)

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 60 art and cultural institutions.

She is a graduate of the Art & Practice of Leadership Development at the Harvard Kennedy School and has attained the IECL Coaching Essentials Certificate Level 1.

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.

Ian Roberts

(term ended 25 April 2023)

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.

Kee Wong

(resigned effective 30 June 2023)

Kee Wong is an experienced entrepreneur, investor, advisor and experienced non-executive Director with qualifications in engineering, information technology and business.

Kee joined IBM in 1994 as a senior executive running part of its e-business group in the Asia Pacific region, including Australia and New Zealand. In 1999, he founded e-Centric Innovations, an IT/Management consulting firm, and went on to establish several businesses.

Kee is a current Board member of ASX listed companies Carsales.com, and Invocare Ltd. as well as not-for-profit companies Walter and Eliza Hall Institute and the Centre for Asian Australian Leadership (CAAL). He also holds current Directorships for the Victorian Government Investment Fund (Breakthrough Victoria), and Nomura Research Institute (NRI).

Amongst previous Board positions, Kee was also the immediate past Chairman of the Australian Information Industry Association (AIIA), Deputy Chairman of Asialink and a Director of Australian Institute of Company Directors.

Kee is an Adjunct Professor of Engineering and IT at La Trobe University and was awarded a Fellow of Monash University in 2010 and Distinguished Alumni in 2014. He has a Bachelor of Engineering (Hons.), a Graduate Diploma in Computing and an MBA.

Executive team

Karen Quinlan AM

Chief Executive Officer

Karen Quinlan AM commenced as CEO in October 2022 and brings a wealth of senior experience to the role, having held leadership positions at some of Australia's most revered creative organisations.

She is most recognised for her transformative role as Director of Bendigo Art Gallery from 2000 until 2018, working with international cultural institutions to bring blockbuster exhibitions to regional Victoria, driving cultural tourism and the visitor economy. She is recognised for her strength in working with teams across the arts sector, bringing innovation and fresh thinking to her roles as well as her deep commitment to First Nations people and the principles of diversity and inclusion.

She possesses an outstanding reputation and is well respected nationally and internationally for her leadership. Over the past four years, Karen has steered the National Portrait Gallery through a period of change and ambition and, as a result, the gallery has markedly extended its reach and profile nationally. Karen was awarded an Order of Australia medal in 2019 for Services to the Arts.

Deirdre Blythe

Chief Operating Officer

As Chief Operating Officer, Deirdre has led our Operations team since 2015, incorporating Finance and the Project Management Office, Information Technology and Digital, Infrastructure Planning and Management of Arts Centre Melbourne's iconic buildings, Legal and Governance, and Risk Management and Compliance. She also led the creation of Arts Centre Melbourne's newest business unit, Data and Insights, in 2022. Deirdre has particular interests in strategic leadership and transformation, risk management and governance and in values-based commercial sustainability.

Deirdre is a Fellow of the Institute of Chartered Accountants with a background in commercial finance and also fulfils the role of Arts Centre Melbourne's Chief Financial Officer. She has held senior finance roles in Melbourne and overseas across the public, private and not-for-profit sectors, including Executive Director Finance of Alfred Health and Chief Financial Officer of BUPA Australia and BUPA International.

Deirdre is also a Fellow of the Australian Institute of Company Directors and, until 30 June 2023, was a Director of Peter MacCallum Cancer Centre, where she chaired the Audit and Risk Management Committee. She continues to be a Director of Peter Mac biotech subsidiary Cell Therapies Pty Ltd.

Leanne Lawrence

Chief People Officer

Leanne leads our People 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 human resources 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. She is a Director of Financial Counselling Victoria and an Affiliate of the Australian Institute of Company Directors.

Fiona Poletti

Executive Director, Strategy, Advocacy and Partnerships

Fiona leads the Strategy, Advocacy and Partnerships Business Unit designed to enable and support Arts Centre Melbourne's organisational transformation, strategic priority delivery and revenue generation as we adapt to a dynamic internal and an uncertain external environment resulting from the impact of COVID-19.

Fiona has had an extensive and rewarding career working in leadership roles in government and the not-for-profit sector with a focus on shaping and delivering impactful initiatives and strategic projects through advocacy, policy and partnerships. From her current role as Executive Director of Strategy, Advocacy and Partnerships at Arts Centre Melbourne to her early career as a senior Federal Ministerial Adviser for Arts and Broadcasting policy, Fiona has been in roles enabling her to shape policy and navigate complex stakeholder challenges and opportunities across government, business, tertiary and not-for-profit sectors.

As a passionate advocate for the creative industries sector, Fiona has been fortunate to have pursued this ambition through her career choices including holding senior management and advisory positions at the Australia Council for the Arts, the Australian Embassy in Tokyo, Circus Oz and for the last eight years at Arts Centre Melbourne.

Melanie Smith

Executive Director, Performing Arts

Melanie leads the creative content areas, including Programming, Presenter Services, Production, Collections and Asian Arts teams.

She is responsible for the development and delivery of the Performing Arts Strategy and Business Plan. Melanie is dedicated to ensuring a breadth of events and programs form part of our programming portfolio; support industry partnerships and the small to medium and independent sectors; engage with young people; offer creative learning experiences for students and families; inspire community participation; and develop Arts Centre Melbourne audiences into the future.

Melanie was previously the Deputy Director and Head of Programming for Auckland Live, New Zealand's largest performing arts centre. She is 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

Beau leads the end-to-end experience for customers with a focus on engagement, innovation, service, growth and communications.

Beau is an executive leader with a vision to create a happier, healthier, connected society through memorable, fun and inspiring life experiences. He does this through empowering and enabling people to be their best self, think big, focus on impact and not be bound by tradition.

Beau started with Arts Centre Melbourne as a casual usher in 2002 and through years of learning and leadership growth joined the Executive team in April 2018. Beau has previously been a Board Member with Arts Access Victoria and is currently a board member with Tessitura Network—a global arts and cultural technology organisation.

Beau has worked on customer transformation projects with Melbourne Recital Centre from 2010–14. Beau also worked with the Mushroom Group from 2008–18 leading event-day audience experience for A Day on the Green in Victoria, and worked on the team that started the iconic Hanging Rock concert venue in 2011.

Beau is passionate about the Melbourne Arts Precinct being a welcoming and enriching place that represents the diversity of our state. Beau strives to create unique experiences and strong happy memories for people when they gather in our place and connect with the performing arts.

Troy Walsh

Executive Director, First Nations and Equity & Inclusion

Troy Walsh is an immensely proud Panninher/Palawa man from Tasmania. He was born on Gunaikurnai Lands and raised in regional Victoria and Melbourne.

Troy holds qualifications in Business, Management (AIB Post-Grad), ITSM ITIL, Technology/Network Engineering & Executive Leadership (UNSW AGSM). Troy worked in the corporate world for Telstra for almost 29 years, employed in various Network Engineering, Senior Management roles (around Transit & IP/Aggregation Networks, International Submarine Cable Networks), and involved as a business lead in IT Transformation.

Prior to finishing his tenure with Telstra, Troy was involved in the Data & Automation Solutions area for the company. While at Telstra, he was also part of the company's Indigenous Reference & Focus groups working on aspects around Indigenous recruitment, career progression and retention as well as involvement in the companies RAP, cultural awareness training and various community initiatives.

Troy has also worked in a NFP Community Controlled sector for VACCHO (Aboriginal Peak for Health and Wellbeing) as a

Chief of Staff (CEO Office) and Executive Director—Research, Health Information & Technology.

During his time at VACCHO he was involved in many initiatives but below is short summary:

- Involved in raising the Age of Criminality (Victoria from 10yo to 14yo)
- Decriminalising Public Intoxication
- Member of the Aboriginal Justice Caucus & Forum
- Member of the Victorian Close the Gap Partnership Forum
- Member of the Dhelk-Dja Family Violence Forum
- Member of the Indigenous Data Network (UoM) and the Indigenous Data Governance Group (UoWA)
- Build and establishment of Aboriginal Health & Wellbeing Data-Lake, implementing the Victorian Aboriginal Research Accord Program (VARAP), building and deploying both relationship and case management systems
- Implementing a Funding Evaluation Strategy with the Victorian Department of Health
- Involved in the Aboriginal Strategic Governance Framework (ASGF) between the Victorian Government and Aboriginal Community Controlled Organisation (ACCOs)

Richard Zimmermann

Executive Director, Philanthropy

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

With a strong background in film, music and the 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 fundraising charity 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 (ACMI), 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.

Financial overview

The five-year summary of results is presented on page 76.

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 84.

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
- Funding that is used for capital purposes
- Expenses that are supported by capital funding which cannot be capitalised as assets

Operating activities

FY2023 was the first full financial year since 2019 in which there were not capacity limits or other public health orders which constrained activity levels. As such, trading revenues materially increased – up 85% on the prior year – however, they still remain 9% below pre-pandemic levels. This is representative of a complex operating environment in which the Reimagining Arts Centre Melbourne project broke ground, and disruption to programming and other activity began to be felt. The net impact of the works is mitigated by the provision of specific business disruption funding, but results in a reduction to both trading revenues and expenses, which will increase further as the project moves to the redevelopment of indoor spaces in FY2024 and beyond.

Additionally, as we began to see an easing of the residual impact of the pandemic on consumer behaviours and appetite for public gathering, global cost of living pressures were increasing. The economic situation is affecting the

population differently, in particular placing constraints on those with mortgages or experiencing a challenging rental market. As such, ticket sales are continuing to experience challenges. Over FY2023, the average audience size in all indoor venues has been below pre-pandemic levels, ranging from 13% to 20% behind, depending on venue. In contrast, the Sidney Myer Music Bowl has continued to benefit from strong demand from presenters and performers who have been keen to present a backlog of content that had been hampered by the pandemic. The 'Live at the Bowl' initiative, which commenced during the pandemic when outdoor venues were less constrained, has continued to thrive. As a program heavily oriented around social outcomes, there has been keen interest from presenting partners in aligning with this season. The Sidney Myer Music Bowl therefore contributed significantly to overall attendance being strong – attendances to performances returned to being above one million for the first time in four years, with almost 1.3 million attendees to performances, and 2.9 million visitors to Arts Centre Melbourne more broadly.

Recurrent funding from the Victorian Government was \$20.6 million in FY2023 (FY2022 \$20.9 million). Total non-recurrent funding for the FY2023 period was \$26.9 million (FY2022 \$30.6 million). This consisted of:

- \$8.2 million relating to the operating costs associated with the Reimagining Arts Centre Melbourne redevelopment project, and funding to support the associated disruption to venues and

trading activities

- \$3.0 million to support enterprise agreement wage inflation
- \$2.1 million for the continued operation of the Australian Music Vault
- \$2.0 million to support the Live at the Bowl program
- \$1.0 million for Megamix Social program
- \$0.8 million for the Asia TOPA festival
- \$0.7 million Access All Stages funding to support resident companies
- \$1.5 million of other grants to support programming projects and the delivery of the Tech Connect program delivered by our Registered Training Organisation

As a State Government entity, Arts Centre Melbourne received solvency support to facilitate critical activity and service levels, in line with the conditions attached to that funding and to ensure the organisation's ability to trade as a going concern.

Arts Centre Melbourne was provided with COVID-19 solvency funding support of \$7.6 million (FY2022 \$26.5 million).

Employee expenses in the year totalled \$61.3 million (FY2022: \$50.7 million), which reflects a return to more normal operating levels, as well as the compound effect of annual wage awards and progression increments that equate to 15% since FY2019 and make up \$7.8 million of FY2023 employee expenses. The increase to the Superannuation Guarantee Charge and the Mental Health & Wellbeing Levy applied to Payroll Tax also drove increases to employee expenses amounting to \$0.6 million.

Performance generated expenses reflect the increased program that was supported by specific grant funding – initiatives such as Live at the Bowl, Megamix Social, and Electric as well as a series of smaller programming activities.

Other Operating Expenses include commercial operating costs for areas such as the Food & Beverage business, as well as organisational enablement and support. With business activity returning to more normal operating levels, expenses have returned to pre-pandemic levels. Information systems and technology has required additional investment in FY2023 to deliver vital upgrades to website technology and enterprise architecture to mitigate risk and ensure business continuity. Furthermore, Arts Centre Melbourne has invested in its data capabilities which will support decision making, and ultimately support revenue growth. The ongoing challenge in specific areas of the labour market has inhibited our ability to fill vacancies relating to web development, and as such there has been an increased reliance on external contractors to complete critical works.

Expenditure has been managed in adherence to the strict conditions for funding support, with a focus on delivering core activities, mitigating business interruption risk and driving revenue growth.

Non-operating activities

Net income from non-operating activities falls predominantly into two categories. Philanthropic funds flow represents the timing difference between raising funds and undertaking the activity for which they are designated.

Fundraising has remained strong with the ongoing support of donors for social, cultural and educational programs, and generous gifts of almost \$1.8 million for the Reimagining Arts Centre Melbourne and Australian Performing Arts Collection's 'Reveal' capital projects. Additionally, investment income bounced back following a period of volatility through the pandemic. \$3.8 million of philanthropic revenues were distributed to support programs (FY2022 \$1.7 million), whilst the capital gifts noted above were transferred from

the other primary category, 'revenue for capital purpose'. This category relates to income that is either capital in nature, for example non-cash donations to collections or income used to support Arts Centre Melbourne's capital investment.

Total revenues for capital purpose consisted of:

- \$0.5 million in relation to the Australian Performing Arts Collection 'Reveal' project which is opening up access to the Australian Performing Arts Collection, with a combination of funding from donors and the Victorian Government;
- \$1.3 million donation to Reimagining Arts Centre Melbourne;
- \$1.8 million operating revenues transferred to support capital expenditure – the majority of this relates to the lease of alternative office accommodation during the Reimagining capital project; and
- \$1.9 million relating to endowments, non-cash donations to the Australian Performing Arts Collection, and investment income on Arts Centre Melbourne's bank deposits.

Included in non-operating activities in FY2023 is income received to support other business initiatives, for which commitments have been entered into and will be completed in early FY2024.

The Reimagining Arts Centre Melbourne project saw demolition works undertaken to make way for the construction of new infrastructure for Arts Centre Melbourne and the Melbourne Arts Precinct. These works are funded by a contribution to equity by the Victorian Government, however, the cost of demolition undertaken in FY2023 is required to be expensed under current accounting standards. Therefore, \$9.6 million of demolition costs are recognised in non-operating activities with the associated funding being recognised in the balance sheet.

Net result

The net operating result was a surplus of \$1 million (FY2022 deficit \$0.4 million). Solvency funding support is provided on a cashflow basis, and this simply reflects a breakeven position where Arts Centre Melbourne's working capital requirements are maintained. Non-operating activities delivered a deficit of \$3.3 million resulting from the demolition costs which were required to be expensed.

Depreciation and amortisation of \$18.9 million results in a net deficit from transactions of \$21.1 million.

The demolition works also required Arts Centre Melbourne to recognise the disposal of this element of the building, an area of gardens and canopy sitting above the logistics area and loading dock for the Theatres Building. The book value of these demolished assets written down was \$2.5 million. Other fluctuations in the valuation of investment assets and long-service leave liabilities also contributed to these 'other economic flows', taking the comprehensive result to a deficit of \$22.9 million.

Balance sheet

Net assets of the Trust amount to \$658.8 million (FY2022: \$651.3 million), of which \$625.2 million relates to property, plant and equipment. In addition to depreciation outlined above, there were \$23.3 million of net additions, almost entirely relating to the Reimagining Arts Centre Melbourne major capital project.

Financial assets decreased by 23% to \$57.6 million (FY2022: \$74.6 million). A decrease of \$18.3 million in box office funds held on behalf of presenters is the primary driver. Coming out of the pandemic, Arts Centre Melbourne had a very high level of events which had been rescheduled to future dates as well as new programs going on sale, which had resulted in an unusual level of funds being held at the end of FY2022. There was an increase in other restricted cash holdings of \$6.0 million, relating to Foundation funds and grants with specific performance obligations.

Other non-financial assets have increased by \$0.5 million, which relates to prepayment of funds to Development Victoria for the Reimagining Arts Centre Melbourne project.

Total liabilities decreased by 35% to \$36.0 million (FY2022 \$55.2 million), most notably driven by the decrease in box office creditors outlined above.

During the year, \$30.6 million of contributed capital was provided by the Victorian Government, almost exclusively relating to the Reimagining Arts Centre Melbourne project taking contributed capital to a total of \$619.9 million.

Summary of Results 2019-2023

2022 - 2023

| Financial performance | FY2023 \$m | FY2022 \$m | FY2021 \$m | FY2020 \$m | FY2019 \$m |
|---|----------------|---------------|---------------|---------------|---------------|
| OPERATING REVENUE | | | | | |
| Victorian Government grants – recurrent | 20.6 | 20.9 | 20.9 | 20.9 | 20.9 |
| Victorian Government grants – non-recurrent | 11.2 | 4.0 | 7.2 | 2.1 | 3.6 |
| Victorian Government grants – RACM project & disruption | 8.2 | - | - | - | - |
| Victorian Government grants – solvency support | 7.6 | 26.5 | 36.1 | 8.5 | - |
| Trading revenues | 64.2 | 34.7 | 16.3 | 51.3 | 70.1 |
| Distribution from Foundation funds | 3.8 | 1.7 | 1.7 | 4.7 | 3.0 |
| Operating revenue allocated for capital purposes | (1.8) | (0.7) | (0.4) | (1.2) | (0.3) |
| Revenue allocated to non-operating activities | (1.1) | (1.0) | - | - | - |
| Total operating revenue | 112.6 | 86.2 | 81.9 | 86.4 | 97.4 |
| OPERATING EXPENSES | | | | | |
| Employee expenses | (61.3) | (50.7) | (46.0) | (51.9) | (51.9) |
| Performance generated expenses | (16.4) | (10.9) | (11.7) | (11.6) | (13.0) |
| Other operating expenses | (20.7) | (14.2) | (10.0) | (14.9) | (18.9) |
| Facilities expenses | (13.3) | (10.9) | (10.2) | (11.9) | (14.5) |
| Total operating expenses | (111.6) | (86.6) | (78.0) | (90.3) | (98.4) |
| Net income from operating activities | 1.0 | (0.4) | 3.9 | (3.9) | (1.0) |
| REVENUE FOR CAPITAL PURPOSES | | | | | |
| Investment income | 1.2 | 0.1 | 0.1 | 0.3 | 0.7 |
| Bequests and endowments | 0.6 | 0.1 | 0.0 | 0.1 | 3.5 |
| Donations to the Australian Performing Arts Collection | 0.2 | 0.2 | 0.0 | 0.1 | 1.1 |
| Operating revenue allocated for capital purposes | 1.8 | 0.7 | 0.4 | 1.2 | 0.3 |
| Philanthropic funding for capital purposes | 1.8 | 1.2 | 0.1 | - | - |
| Revenue for capital purposes | 5.6 | 2.2 | 0.7 | 1.7 | 5.5 |
| PHILANTHROPIC FUNDS FLOW | | | | | |
| Philanthropy | 3.8 | 3.7 | 3.4 | 3.3 | 2.7 |
| Other grants (federal, international, local) | 0.2 | 0.4 | 0.5 | 0.6 | 0.1 |
| Foundation investment income | 1.3 | 1.0 | 0.7 | 0.9 | 1.1 |
| Distribution to operating activities | (3.8) | (1.7) | (1.7) | (4.7) | (3.0) |
| Distribution to capital funding | (1.8) | (1.2) | (0.1) | - | - |
| Philanthropic funds flow | (0.3) | 2.2 | 2.7 | 0.0 | 0.9 |
| Other non-operating | 1.1 | 1.0 | - | - | - |
| RACM demolition costs | (9.6) | - | - | - | - |
| Net income from non-operating activities | (3.3) | 5.4 | 3.4 | 1.7 | 6.5 |
| Net result from transactions before depreciation | (2.3) | 5.0 | 7.3 | (2.2) | 5.5 |
| Depreciation and amortisation | (18.9) | (17.7) | (12.0) | (11.8) | (23.2) |
| Net result from transactions | (21.1) | (12.7) | (4.8) | (14.0) | (17.8) |
| Other economic flows included in net result | (1.7) | (2.3) | 2.0 | (0.8) | (0.8) |
| Net result | (22.9) | (15.0) | (2.8) | (14.7) | (18.5) |
| Other economic flows – other comprehensive income | - | - | (21.1) | 59.8 | - |
| Comprehensive result | (22.9) | (15.0) | (23.9) | 45.0 | (18.5) |

Summary of activity 2019 – 2023

| | Notes | FY2023 | FY2022 | FY2021 | FY2020 | FY2019 |
|--|-------|--------------|--------------|--------------|--------------|--------------|
| PATRONAGE PROFILE | | '000s | '000s | '000s | '000s | '000s |
| Attendances at performances | 1 | 1,296 | 705 | 302 | 989 | 1,431 |
| Attendances at public programs | 2 | 140 | 1 | 1 | 21 | 111 |
| Attendances at exhibitions | | 257 | 86 | 4 | 506 | 708 |
| Other visitors and facility users | 3 | 1,217 | 628 | 206 | 782 | 1,105 |
| Total Arts Centre Melbourne attendances | | 2,910 | 1,420 | 513 | 2,298 | 3,355 |
| Asia TOPA consortium/partner attendances | 4 | - | - | - | 804 | - |
| Total visitations | | 2,910 | 1,420 | 513 | 3,102 | 3,355 |
| EVENTS PROFILE | | # | # | # | # | # |
| Performance events | 5 | 1,303 | 953 | 436 | 1,152 | 1,626 |
| Public Program events | | 397 | 34 | 68 | 192 | 834 |
| Exhibitions and displays | | 1 | 1 | 1 | 6 | 15 |
| Total Arts Centre Melbourne events | | 1,701 | 988 | 505 | 1,350 | 2,475 |
| Asia TOPA consortium/partner events | | - | - | - | 175 | - |
| Total events | | 1,701 | 988 | 505 | 1,525 | 2,475 |
| VENUE UTILISATION | | % | % | % | % | % |
| State Theatre | | 80% | 50% | 8% | 62% | 97% |
| Playhouse | | 73% | 48% | 28% | 59% | 95% |
| Fairfax Studio | | 72% | 38% | 21% | 65% | 97% |
| Hamer Hall | | 78% | 37% | 28% | 59% | 73% |
| Indoor main stage venues | | 76% | 43% | 21% | 61% | 91% |
| Sidney Myer Music Bowl | | 21% | 33% | 28% | 11% | 16% |
| Main stage venues | | 65% | 41% | 23% | 51% | 76% |
| The Famous Spiegelentent | 6 | 62% | 48% | 71% | 32% | 79% |

Notes:

- Attendances at performances includes education and community engagement related performances.
- Attendance at public programs excludes online attendances
- Other visitors and facility users include visitors to food and beverage outlets, Sunday market, the Hamer Hall visitor hub and car park.
- Asia TOPA consortium and partner events and attendances relate to events held at our partner organisations.
- Performance events includes education and other community engagement related performances.
- The Famous Spiegelentent utilisation relates to the period when Spiegelentent is on Arts Centre Melbourne's premises.

Victorian Arts Centre Trust

Contents

For the financial year ended 30 June 2023

How this report is structured

The Victorian Arts Centre Trust (also referred to as Arts Centre Melbourne or the Trust) has presented its audited general purpose financial statements for the financial year ended 30 June 2023 in the following structure to provide users with the information about the Victorian Arts Centre Trust's stewardship of resources entrusted to it.

Financial statements

| | |
|--|-----------|
| Accountable Officer's and Chief Financial Officer's declaration | 80 |
| Independence declaration | 81 |
| Independent auditor's report | 82 |
| Comprehensive operating statement | 84 |
| Balance sheet | 85 |
| Statement of changes in equity | 86 |
| Cash flow statement | 87 |

Notes to the financial statements

| | |
|--|------------|
| 1. About this report | 88 |
| 1.1 Basis of accounting preparation and measurement | 88 |
| 1.2 Compliance statement | 89 |
| 1.3 Economic dependency | 89 |
| 2. Funding delivery of our services | 90 |
| 2.1 Summary of revenue and income that funds the delivery of our services | 90 |
| 2.2 Revenue and income from transactions | 90 |
| 2.2.1 Sales of goods and services | 90 |
| 2.2.2 Income from fundraising activities | 91 |
| 2.2.3 Grants | 92 |
| 2.2.4 Income from financial assets | 93 |
| 2.2.5 Fair value of assets and services received free of charge or for nominal consideration | 93 |
| 2.2.6 Other income | 94 |
| 3. The cost of delivering services | 95 |
| 3.1 Summary of expenses incurred in delivery of services | 95 |
| 3.2 Employee benefit expenses | 95 |
| 3.2.1 Employee benefits in the comprehensive operating statement | 95 |
| 3.2.2 Employee benefits in the balance sheet | 96 |
| 3.2.3 Superannuation contributions | 97 |
| 3.3 Performance generated expenses | 98 |
| 3.4 Other commercial expenses | 98 |
| 3.5 Facilities expenses | 99 |
| 3.6 Other operating expenses | 99 |
| 3.7 Demolition expenses | 100 |
| 4. Key assets available to support output delivery | 101 |
| 4.1 Total property, plant and equipment | 101 |
| 4.1.1 Depreciation and amortisation | 104 |

Victorian Arts Centre Trust

Contents Continued

For the financial year ended 30 June 2023

| | |
|--|------------|
| 4.1.2 Reconciliation of movements in carrying amount of property, plant and equipment | 105 |
| 4.2 Intangible assets | 105 |
| 4.3 Investments and other financial assets | 106 |
| 5. Other assets and liabilities | 107 |
| 5.1 Receivables and contract assets | 107 |
| 5.1.1 Receivables | 107 |
| 5.1.2 Contract assets | 108 |
| 5.2 Payables and contract liabilities | 108 |
| 5.2.1 Payables | 108 |
| 5.2.2 Contract liabilities | 109 |
| 5.3 Inventories | 110 |
| 5.4 Other non-financial assets | 110 |
| 6. How we financed our operations | 111 |
| 6.1 Leases | 111 |
| 6.1.1 Leases | 111 |
| 6.1.2 Short-term and low value lease liabilities | 113 |
| 6.2 Cash flow information and balances | 113 |
| 6.2.1 Reconciliation of net result for the period to cash flow from operating activities | 114 |
| 6.3 Commitments for expenditure | 115 |
| 6.3.1 Total commitments payable | 115 |
| 7. Risks, contingencies and valuation judgements | 116 |
| 7.1 Financial instruments specific disclosures | 116 |
| 7.1.1 Financial instruments: Categorisation | 118 |
| 7.1.2 Financial instruments – Net holding gain/(loss) on financial instruments by category | 120 |
| 7.1.3 Financial risk management objectives and policies | 120 |
| 7.2 Contingent assets and contingent liabilities | 126 |
| 7.3 Fair value determination and impairment | 127 |
| 7.3.1 Fair value determination of financial assets and liabilities | 128 |
| 7.3.2 Fair value determination: Non-financial physical assets | 130 |
| 8. Other disclosures | 133 |
| 8.1 Other economic flows included in net result | 133 |
| 8.2 Reserves | 134 |
| 8.3 Responsible persons | 134 |
| 8.4 Remuneration of executives | 135 |
| 8.5 Related parties | 136 |
| 8.6 Remuneration of auditors | 137 |
| 8.7 Subsequent events | 137 |
| 8.8 Other accounting policies | 138 |
| 8.9 Australian Accounting Standards issued that are not yet effective | 138 |
| 8.10 Glossary of technical terms | 140 |

Victorian Arts Centre Trust

Accountable Officer's and Chief Financial Officer's declaration

For the financial year ended 30 June 2023

2022 - 2023

Accountable Officer's and Chief Financial Officer's declaration

We certify that the attached financial statements for the Victorian Arts Centre Trust have been prepared in accordance with Standing Direction 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 2022*, 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 2023 and the financial position of the Trust as at 30 June 2023. 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.

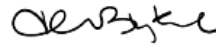
We authorise the attached financial statements for issue on 24 August 2023.



Ian Carson AM
President



Karen Quinlan AM
Chief Executive Officer



Deirdre Blythe
Chief Operating Officer

Victorian Arts Centre Trust

Independence declaration

For the financial year ended 30 June 2023

OFFICIAL



2022 – 2023

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 2023, 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
31 August 2023

A handwritten signature in blue ink, appearing to read "S Bohan".

Simone Bohan
as delegate for the Auditor-General of Victoria

OFFICIAL

Victorian Arts Centre Trust

Independent auditor's report

For the financial year ended 30 June 2023



Independent Auditor's Report

To the Trustees of the Victorian Arts Centre Trust

| | |
|--|---|
| Opinion | <p>I have audited the financial report of the Victorian Arts Centre Trust (the trust) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2023• 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 officer's and chief financial officer's declaration. <p>In my opinion the financial report is in accordance with Part 7 of the <i>Financial Management Act 1994</i> and Division 60 of the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, including:</p> <ul style="list-style-type: none">• presenting fairly, in all material respects, the financial position of the trust as at 30 June 2023 and of its financial performance and its cash flows for the year then ended• complying with Australian Accounting Standards and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulations 2022</i>. |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the trust in accordance with the auditor independence requirements of the <i>Australian Charities and Not-for-profits Commission Act 2012</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Trustees' responsibilities for the financial report | <p>The Trustees of the trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Financial Management Act 1994</i> and the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, and for such internal control as the Trustees determine 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.</p> <p>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.</p> |

Victorian Arts Centre Trust

Independent auditor's report

For the financial year ended 30 June 2023

2022 – 2023

| | |
|---|--|
| Auditor's responsibilities for the audit of the financial report | <p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none">• 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. <p>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.</p> <p>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.</p> |
|---|--|

MELBOURNE
31 August 2023


Simone Bohan
as delegate for the Auditor-General of Victoria

Victorian Arts Centre Trust

Comprehensive operating statement

For the financial year ended 30 June 2023

2022 – 2023

| CONTINUING OPERATIONS | Notes | 2023 \$'000s | 2022 \$'000s |
|--|-------|------------------|------------------|
| REVENUE AND INCOME FROM TRANSACTIONS | | | |
| Sales of goods and services | 2.2.1 | 60,768 | 32,561 |
| Income from fundraising activities | 2.2.2 | 5,496 | 4,504 |
| Grants | 2.2.3 | 47,770 | 51,859 |
| Income from financial assets | 2.2.4 | 2,504 | 1,090 |
| Fair value of assets and services received free of charge or for nominal consideration | 2.2.5 | 406 | 369 |
| Other income | 2.2.6 | 1,996 | 1,245 |
| Total revenue and income from transactions | | 118,941 | 91,628 |
| EXPENSES FROM TRANSACTIONS | | | |
| Employee benefit expenses | 3.2 | (61,250) | (50,660) |
| Performance generated expenses | 3.3 | (16,406) | (10,874) |
| Other commercial expenses | 3.4 | (8,169) | (5,360) |
| Facilities expenses | 3.5 | (13,277) | (10,893) |
| Other operating expenses | 3.6 | (12,525) | (8,841) |
| Demolition expenses | 3.7 | (9,608) | - |
| Depreciation and amortisation | 4.1.1 | (18,851) | (17,732) |
| Total expenses from transactions | | (140,087) | (104,360) |
| Net deficit from transactions | | (21,145) | (12,732) |
| OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT | | | |
| Net gain/(loss) on non-financial assets ^(a) | 8.1 | (2,503) | (176) |
| Net gain/(loss) on financial assets ^(b) | 8.1 | 569 | (2,602) |
| Other gains/(losses) from other economic flows | 8.1 | 202 | 519 |
| Total other economic flows included in net result | | (1,732) | (2,259) |
| Net Result | | (22,878) | (14,991) |
| OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME | | | |
| Items that will not be reclassified to net result | | | |
| Changes in physical asset revaluation surplus | 8.2 | - | - |
| Total other economic flows – other comprehensive income | | - | - |
| Comprehensive result | | (22,878) | (14,991) |

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

Notes:

- (a) 'Net gain/(loss) on non-financial assets' includes unrealised and realised gains/(losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.
- (b) 'Net gain/(loss) on financial assets' includes bad and doubtful debts from other economic flows, unrealised and realised gains/(losses) from revaluations, impairments and reversals of impairment, and gains/(losses) from disposals of financial assets.

Victorian Arts Centre Trust

Balance sheet

As at 30 June 2023

| ASSETS | Notes | 2023 \$'000s | 2022 \$'000s |
|--|-------|-----------------|-----------------|
| Financial assets | | | |
| Cash and cash equivalents | 6.2 | 39,089 | 52,966 |
| Receivables | 5.1.1 | 1,649 | 6,482 |
| Contract assets | 5.1.2 | 806 | 468 |
| Investments and other financial assets | 4.3 | 16,013 | 14,636 |
| Total financial assets | | 57,557 | 74,551 |
| Non-financial assets | | | |
| Inventories | 5.3 | 822 | 605 |
| Property, plant and equipment | 4.1 | 625,233 | 620,518 |
| Intangible assets | 4.2 | 13 | 165 |
| Other non-financial assets | 5.4 | 11,185 | 10,745 |
| Total non-financial assets | | 637,253 | 632,033 |
| Total assets | | 694,810 | 706,584 |
| LIABILITIES | | | |
| Payables | 5.2.1 | 7,997 | 8,869 |
| Contract liabilities | 5.2.2 | 16,018 | 36,847 |
| Provisions | 3.2.2 | 9,672 | 9,067 |
| Lease liabilities | 6.1 | 2,317 | 462 |
| Total liabilities | | 36,003 | 55,245 |
| Net assets | | 658,807 | 651,341 |
| EQUITY | | | |
| Contributed capital | | 619,876 | 589,531 |
| Donation and endowment reserve | 8.2.1 | 24,104 | 22,019 |
| Asset revaluation surplus | 8.2.2 | 335,351 | 335,351 |
| Accumulated deficit | | (320,524) | (295,562) |
| Total equity | | 658,807 | 651,341 |

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 2023

2022 - 2023

| | Notes | Contributed capital \$'000s | Donation and endowment reserve \$'000s | Physical asset revaluation surplus \$'000s | Accumulated deficit \$'000s | Total \$'000s |
|--|------------|--------------------------------|---|---|--------------------------------|------------------|
| Balance at 1 July 2021 | 8.2 | 577,576 | 22,340 | 335,351 | (280,892) | 654,376 |
| Net result for the year | | - | - | - | (14,991) | (14,991) |
| Fair value adjustment to financial assets attributed to donation & endowment reserve | (iii) | - | (2,514) | - | 2,514 | - |
| Bequests and endowment funds received | (i) | - | 106 | - | (106) | - |
| Net donations and investment income received | (i) | - | 5,140 | - | (5,140) | - |
| Donations and endowment distributions | (i) | - | (4,619) | - | 4,619 | - |
| Donations for capital purpose | | - | 1,567 | - | (1,567) | - |
| Capital appropriations | (ii) | 11,955 | - | - | - | 11,955 |
| Balance at 30 June 2022 | 8.2 | 589,531 | 22,019 | 335,351 | (295,562) | 651,341 |
| Net result for the year | | - | - | - | (22,878) | (22,878) |
| Fair value adjustment to financial assets attributed to donation & endowment reserve | (iii) | - | 569 | - | (569) | - |
| Bequests and endowment funds received | (i) | - | 554 | - | (554) | - |
| Net donations and investment income received | (i) | - | 3,518 | - | (3,518) | - |
| Donations and endowment distributions | (i) | - | (4,382) | - | 4,382 | - |
| Donations for capital purpose | | - | 1,826 | - | (1,826) | - |
| Capital appropriations | (ii) | 30,344 | - | - | - | 30,344 |
| Balance at 30 June 2023 | 8.2 | 619,876 | 24,104 | 335,351 | (320,524) | 658,807 |

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

- (i) During the year \$1.5m was transferred from the accumulated deficit to the donation and endowment reserve. In FY2022 \$2.2m was transferred from the accumulated deficit to the donation and endowment reserve. This represents the net movement between philanthropic income and the income generated from endowed funds and the amounts contributed to the Trust's programming activity during the financial year.
- (ii) Creative Victoria provided capital funding of \$0.5m (FY2022 \$0.5m) in relation to the Cultural Facilities Maintenance fund, \$29.3m (FY2022: \$10.3m) for Reimagining, and \$0.5m (FY2022: \$0.5m) for minor maintenance. These transfers are designated as a contribution from the owners (capital appropriations).
- (iii) The portion of the fair value adjustment under AASB 9 that is related to Arts Centre Melbourne's Foundation is allocated to the donation & endowment reserve.

Victorian Arts Centre Trust

Cash flow statement

For the financial year ended 30 June 2023

| | Notes | 2023 \$'000s | 2022 \$'000s |
|---|--------------|------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Receipts from customers ^(a) | | 68,658 | 51,671 |
| Receipts from fundraising activities | | 6,016 | 4,554 |
| Receipts from bequests and endowments | | 554 | 106 |
| Government grants received | | 45,744 | 54,225 |
| Interest and distributions received ^(b) | | 1,696 | 259 |
| Total receipts | | 122,668 | 110,814 |
| Payments | | | |
| Payments to suppliers | | (69,058) | (34,776) |
| Payments to employees | | (62,627) | (50,677) |
| GST paid to the Australian Taxation Office ^(c) | | (2,206) | (280) |
| Interest and other costs of finance paid | | (70) | (18) |
| Total payments | | (133,961) | (85,751) |
| Net cash from/ (used in) operating activities | 6.2.1 | (11,293) | 25,063 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for property, plant and equipment | | (4,016) | (4,849) |
| Receipts from investments ^(d) | | 602 | - |
| Prepayment for property, plant and equipment | | (28,168) | (10,127) |
| Net cash from/ (used in) investing activities | | (31,582) | (14,975) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Capital contribution received from State Government | | 30,366 | 11,967 |
| Repayment of borrowings and principal portion of lease liabilities ^(e) | | (1,368) | (224) |
| Net cash provided by financing activities | | 28,998 | 11,743 |
| Net (decrease)/ increase in cash and cash equivalents | | (13,877) | 21,831 |
| Cash and cash equivalents at the beginning of the financial year | | 52,966 | 31,136 |
| Cash and cash equivalents at the end of the financial year | 6.2 | 39,089 | 52,966 |

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

Notes:

- Receipts from customers in FY2023 includes \$12.1m (FY2022: \$20.9m) of cash received from ticket purchasers for future events which can only be made available to the Presenter (ticketing receipts) and the Trust (venue rental, ticketing commission and other recoveries) after the relevant event has occurred.
- 'Interest and distributions received' is recognised as cash flow from operating activities.
- GST paid to the Australian Taxation Office is presented on a net basis.
- Includes equity and debt instruments.
- The Trust has recognised cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 - 2023

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 Jobs, Skills, Industry and Regions.

Its principal address is:

Victorian Arts Centre Trust
100 St Kilda Rd
Melbourne VIC 3004

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

Structure

| | | |
|-----|---|----|
| 1.1 | Basis of accounting preparation and measurement | 88 |
| 1.2 | Compliance statement | 89 |
| 1.3 | Economic dependency | 89 |

1.1 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 the notes under the heading: 'Significant judgement or estimates'.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated. Discrepancies in tables between total and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

1.2 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 the *Australian Charities and Not-for-profit Commission Regulations 2022* 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.

1.3 Economic dependency

FY2023 was the first full financial year since FY2019 in which Arts Centre Melbourne could operate without capacity limits or other public health orders which constrained activity levels. While self-earned revenue increased significantly as a result, it did not recover to pre-pandemic levels and was not sufficient to offset the compound effect of annual wage awards and progression increments that equate to 15% since FY2019. Consequently, Arts Centre Melbourne remained partially dependent on solvency funding from the State Government during FY2023.

Arts Centre Melbourne has prepared projected cash flow information for the twelve months from the date of approval of these financial statements taking into consideration the estimation of the impact of continued challenging economic conditions and cost of living pressures. The projections demonstrate that further support will be required over the coming year based on current expectations, which are highly uncertain.

Arts Centre Melbourne is dependent on the continued financial support of the State Government and in particular, the Department of Jobs, Skills, Industry & Regions ("DJSIR") as it seeks to return to financial sustainability in the face of challenging economic conditions and a rising cost base. Without the continuation of this support Arts Centre Melbourne could not continue as a going concern.

The Trustees have received written confirmation from the Victorian Government that it will continue to support Arts Centre Melbourne to maintain existing services and improve the sustainability of operations. The letter of support provides the necessary confidence for Arts Centre Melbourne to prepare its Annual Financial Report for 2022-23 on a going concern basis to meet the requirements of Australian accounting standard AASB 101 *Presentation of Financial Statements*.

Support is conditional upon Arts Centre Melbourne minimising discretionary expenditure while maintaining core activities, programs and services and maximising revenue through adopting appropriate operational strategies.

On this basis Trustees believe that it remains appropriate to prepare the financial statements on a going concern basis.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 – 2023

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 revenue and income that funds the delivery of our services | 90 |
| 2.2 | Revenue and income from transactions | 90 |

2.1 Summary of revenue and income that funds the delivery of our services

| | Notes | 2023 \$'000s | 2022 \$'000s |
|--|-------|-----------------|-----------------|
| Sales of goods and services | 2.2.1 | 60,768 | 32,561 |
| Income from fundraising activities | 2.2.2 | 5,496 | 4,504 |
| Grants | 2.2.3 | 47,770 | 51,859 |
| Income from financial assets | 2.2.4 | 2,504 | 1,090 |
| Fair value of assets and services received free of charge or for nominal consideration | 2.2.5 | 406 | 369 |
| Other income | 2.2.6 | 1,996 | 1,245 |
| Total revenue and income from transactions | | 118,941 | 91,628 |

Revenue and income from transactions of the Trust are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

2.2 Revenue and income from transactions

2.2.1 Sales of goods and services

| | 2023 \$'000s | 2022 \$'000s |
|--|-----------------|-----------------|
| Arts Centre Melbourne programming | 4,450 | 2,367 |
| Theatre services | 23,232 | 12,633 |
| Ticketing | 8,893 | 4,719 |
| Food and beverage | 18,903 | 9,796 |
| Car park | 5,280 | 3,044 |
| Other commercial | 10 | 3 |
| Total Sales of goods and services | 60,768 | 32,561 |

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

The sale of goods and services included in the table above are transactions that the Trust has determined to be classified as revenue from contracts with customers in accordance with AASB 15.

Performance obligations and revenue recognition policies

Key income areas are as follows:

- Arts Centre Melbourne programming income comprises ticket sales from Arts Centre Melbourne presented and produced events. Revenue is recognised at a point in time when the performance obligation is satisfied, when the event is completed;
- Theatre services income consists of the recovery of event production costs and venue rental. Revenue is recognised at a point in time when the performance obligation is satisfied, when the event is completed;
- Ticketing income comprises commissions on the sale of tickets as well as merchant and transaction fees. Revenue is recognised at a point in time when the performance obligation is satisfied;
- The food and beverage revenue is earned from the various Arts Centre Melbourne bars and restaurants and from the Conference Meetings and Event business. Revenue is recognised at the point of time when a customer uses the bars and restaurants. For events, revenue is recognised when the event is completed; and
- The car park income is earned from the onsite car parking facilities. Revenue is recognised at the point in time when a customer uses the facility.

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability (Note 5.2.2). Where the performance obligations is satisfied but not yet billed, a contract asset is recorded (Note 5.1.2).

2.2.2 Income from fundraising activities

| | 2023 \$'000s | 2022 \$'000s |
|---|-----------------|-----------------|
| Philanthropy | 3,797 | 3,736 |
| Bequests and endowments | 554 | 106 |
| Membership | 444 | 264 |
| Sponsorships | 701 | 399 |
| Total income from fundraising activities | 5,496 | 4,504 |

All philanthropic 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.

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

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 – 2023

2.2.3 Grants

| | 2023 \$'000s | 2022 \$'000s |
|--|-----------------|-----------------|
| Victorian Government appropriation – recurrent | 20,648 | 20,937 |
| Victorian Government grants – Australian Music Vault | 2,057 | 72 |
| Victorian Government grants – RACM | 8,160 | - |
| Other Victorian Government grants – non-recurrent | 16,684 | 30,484 |
| Federal government grants | 108 | 59 |
| Other grants | 113 | 308 |
| Total grants | 47,770 | 51,859 |

Non-recurrent Victorian Government grants

The Trust received non-recurrent funding from the Victorian Government of \$16.7m in FY2023 (FY2022: \$30.5m) comprising COVID-19 crisis funding support of \$7.6m, funding for additional costs arising from Arts Centre Melbourne's Enterprise Agreement 2022 of \$3.0m and \$6.0m of funding for programming and other core purpose activities (including the Live At The Bowl summer season, Megamix Social and Asia TOPA).

Grants recognised under AASB 1058

The Trust has determined that grant income recognised under AASB 1058 has been earned under arrangements that are either not enforceable and/ or linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Trust has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the Trust recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards.

Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004;
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- a lease liability in accordance with AASB 16;
- a financial instrument, in accordance with AASB 9; or
- a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Grants recognised under AASB 15

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers under AASB 15. These grants primarily relate to programming activity, the Australian Music Vault and the Arts Wellbeing Collective. Revenue is recognised when the Trust satisfies the performance obligation. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2.2.4 Income from financial assets

| | 2023 \$'000s | 2022 \$'000s |
|--|-----------------|-----------------|
| Interest – bank deposits ^(a) | 1,445 | 134 |
| Dividends and interest – externally managed unitised trusts ^(b) | 1,059 | 955 |
| Total Income from financial assets classified as available for sale | 2,504 | 1,090 |

Note:

(a) Interest includes \$0.3m (FY2022: \$19k) relating to fundraising activities and \$1.2m (FY2022: \$115k) relating to operating activities.

(b) Dividends related solely to fundraising 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 investment of philanthropic funds in financial assets.

Net unrealised gains and losses on the revaluation of investments do not form part of the income from transactions, but are reported as unrealised gains and losses from other economic flows included in the net result.

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

| | 2023 \$'000s | 2022 \$'000s |
|---|-----------------|-----------------|
| Donations to the Performing Arts and visual art collections | 151 | 164 |
| Sponsorship income | 256 | 206 |
| Total fair value of assets and services received free of charge or for nominal consideration | 406 | 369 |

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the Trust obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

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.

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.

Voluntary Services: Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. The Trust did not receive material volunteer services which would otherwise have been purchased and does not depend on volunteers to deliver its services.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 - 2023

2.2.6 Other income

| | Notes | 2023 \$'000s | 2022 \$'000s |
|---|-------|-----------------|-----------------|
| Facilities income ^(a) | | 542 | 447 |
| Cost recovery from third parties ^(b) | 3.5 | 241 | 251 |
| Rental income | | 662 | 322 |
| Sundry income | | 552 | 224 |
| Total other income | | 1,996 | 1,245 |

Note:

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

(b) The Trust shares infrastructure with the National Gallery of Victoria (NGV) and the Trust's food and beverage tenants. The Trust incurs costs in relation to this shared infrastructure, a proportion of which are recovered from the NGV and food & beverage tenants. All recoveries are made at cost.

Rental income is earned from the Trust's food & beverage tenants and stallholders at the Trust's weekend markets. Rental income from operating leases is recognised on a straight-line basis over the lease term.

Operating leases relate to the Trust's food & beverage tenancies with lease terms between 5 and 10 years, currently with no option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. The risks associated with rights that the Trust retains in underlying assets are not considered to be significant, the Trust employs strategies to minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Trust when a property has been subject to excess wear and tear during the lease term.

| | 2023 \$'000s | 2022 \$'000s |
|---|-----------------|-----------------|
| Non-cancellable operating lease receivables | | |
| Not longer than one year | 84 | 52 |
| Longer than one year but not longer than five years | 158 | 38 |
| Total | 242 | 90 |

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

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 | 95 |
| 3.2 | Employee benefit expenses | 95 |
| 3.3 | Performance generated expenses | 98 |
| 3.4 | Other commercial expenses | 98 |
| 3.5 | Facilities expenses | 99 |
| 3.6 | Other operating expenses | 99 |
| 3.7 | Demolition expenses | 100 |

3.1 Summary of expenses incurred in delivery of services

| | Notes | 2023 \$'000s | 2022 \$'000s |
|--|-------|-----------------|-----------------|
| Employee benefit expenses | 3.2 | 61,250 | 50,660 |
| Performance generated expenses | 3.3 | 16,406 | 10,874 |
| Other commercial expenses | 3.4 | 8,169 | 5,360 |
| Facilities expenses | 3.5 | 13,277 | 10,893 |
| Other operating expenses | 3.6 | 12,525 | 8,841 |
| Demolition expenses | 3.7 | 9,608 | - |
| Total expenses incurred in the delivery of services | | 121,236 | 86,628 |

3.2 Employee benefit expenses

3.2.1 Employee benefits in the comprehensive operating statement

| | 2023 \$'000s | 2022 \$'000s |
|--|-----------------|-----------------|
| Salaries and wages | 52,636 | 43,987 |
| Superannuation | 5,260 | 4,123 |
| Taxes | 3,005 | 2,387 |
| Termination benefits | 118 | - |
| Other employee expenses | 231 | 163 |
| Total employee benefit expenses | 61,250 | 50,660 |

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.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

recognised when the Trust is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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.

| | 2023 \$'000s | 2022 \$'000s |
|---|-----------------|-----------------|
| Current provisions: | | |
| Annual leave | | |
| Unconditional and expected to settle within 12 months | 2,550 | 2,387 |
| Unconditional and expected to settle after 12 months | 875 | 993 |
| Long service leave | | |
| Unconditional and expected to settle within 12 months | 456 | 386 |
| Unconditional and expected to settle after 12 months | 3,474 | 2,943 |
| Provision of on-costs | | |
| Unconditional and expected to settle within 12 months | 434 | 390 |
| Unconditional and expected to settle after 12 months | 749 | 616 |
| Total current provisions for employee benefits | 8,538 | 7,717 |
| Non-current provisions: | | |
| Employee benefits | 961 | 1,161 |
| On-costs | 173 | 189 |
| Total non-current provisions for employee benefits | 1,134 | 1,350 |
| Total provisions for employee benefits | 9,672 | 9,067 |

Reconciliation of movement in on-cost provisions

| | 2023 \$'000s | 2022 \$'000s |
|---|-----------------|-----------------|
| Opening balance | 1,195 | 1,192 |
| Additional provisions recognised | 911 | 705 |
| Reductions arising from payments | (723) | (629) |
| Unwind of discount and effect of changes in the discount rate | (28) | (73) |
| Closing balance | 1,355 | 1,195 |
| Current | 1,182 | 1,006 |
| Non-current | 173 | 189 |
| Total | 1,355 | 1,195 |

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.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

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 Comprehensive Operating Statement as it is taken.

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.

| | Paid contribution for the year | | Contribution outstanding at year end | |
|-----------------------------------|--------------------------------|-----------------|--------------------------------------|-----------------|
| | 2023 \$'000s | 2022 \$'000s | 2023 \$'000s | 2022 \$'000s |
| Defined benefit plans | | | | |
| Vision Super | 71 | 81 | 23 | 23 |
| Defined contribution plans | | | | |
| Australian Super | 2,400 | 1,829 | - | 185 |
| HostPlus Super | 798 | 493 | - | 62 |
| Other | 2,366 | 1,581 | - | 176 |
| Total | 5,564 | 3,903 | 23 | 445 |

(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 10.5% in FY2023 (10.0% in FY2022) or as per enterprise agreements. The Superannuation Guarantee contribution rate is legislated to progressively increase to 12% by 2025, and will increase to 11% from 1 July 2023.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

(b) Defined benefit fund

The Trust makes all of its defined benefit employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund "the Fund". This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The Defined Benefit category provides lump sum benefits based on years of service and final average salary. In certain circumstances a defined benefit member may be eligible to purchase a lifetime pension with up to 50% of their lump sum benefit.

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

3.3 Performance generated expenses

| | 2023 \$'000s | 2022 \$'000s |
|---|-----------------|-----------------|
| Arts Centre Melbourne programming | 8,524 | 5,112 |
| Theatre services | 4,015 | 3,790 |
| Ticketing | 1,951 | 573 |
| Performance marketing | 1,915 | 1,398 |
| Total performance generated expenses | 16,406 | 10,874 |

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

| | 2023 \$'000s | 2022 \$'000s |
|--|-----------------|-----------------|
| Food and beverage | 6,793 | 4,427 |
| Car park | 1,055 | 835 |
| Commercial marketing | 263 | 65 |
| Other commercial | 58 | 34 |
| Total other commercial expenses | 8,169 | 5,360 |

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

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

3.5 Facilities expenses

| | Notes | 2023 \$'000s | 2022 \$'000s |
|---|-------|-----------------|-----------------|
| Maintenance and renewal | | 3,109 | 2,004 |
| Maintenance contracts | | 3,419 | 3,008 |
| Equipment | | 917 | 381 |
| Cleaning, waste and security services | | 4,164 | 3,966 |
| Utilities | | 1,427 | 1,284 |
| Other costs recovered from third parties ^(a) | 2.2.6 | 241 | 251 |
| Total facilities expenses | | 13,277 | 10,893 |

Note:

(a) The Trust shares infrastructure with the National Gallery of Victoria (NGV) and the Trust's food and beverage tenants. The Trust incurs costs in relation to this shared infrastructure, a proportion of which are recovered from the NGV and food & beverage tenants. All recoveries are made at cost.

Facilities expenses generally represent the cost of running and maintaining infrastructure, and are recognised in the reporting period in which they are incurred.

3.6 Other operating expenses

| | 2023 \$'000s | 2022 \$'000s |
|---|-----------------|-----------------|
| Other marketing | 577 | 435 |
| Information systems and technology | 3,159 | 2,118 |
| Lease rental expenses – short term leases | 299 | 268 |
| Lease rental expenses – variable leases | - | 225 |
| Lease rental expenses – low-value assets | 279 | 17 |
| Insurance | 734 | 672 |
| Legal and professional | 3,905 | 2,729 |
| Finance costs | 331 | 142 |
| Travel, transportation and freight | 702 | 264 |
| Office expenses | 436 | 198 |
| Staff support | 1,073 | 705 |
| Bad debts | 6 | 166 |
| General | 1,044 | 901 |
| Total other expenses | 12,525 | 8,841 |

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 7.1.3 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. Other marketing services provided free of charge in FY2023 were \$0.3m (FY2022: \$0.2m).

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 – 2023

The following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low-value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments that are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate and which are not, in substance fixed) such as those based on performance or usage of the underlying asset, are recognised in the Comprehensive operating statement (except for payments which have been included in the carrying amount of another asset) in the period in which the event or condition that triggers those payments occur.

3.7 Demolition expenses

| | Notes | 2023 \$'000s | 2022 \$'000s |
|----------------------------------|-------|-----------------|-----------------|
| Demolition expenses | | 9,608 | - |
| Total demolition expenses | | 9,608 | - |

Demolition expenses have been incurred as part of the Early Works package of Reimagining Arts Centre Melbourne (RACM). As discussed in more detail in the *Our year in review* section of the Annual Report, part of the Theatres Building has been demolished to make way for the major upgrades to its facilities to be delivered by the project. Demolition costs are captured by the quantity surveyor on the RACM project and are recorded in the reporting period in which they are incurred.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

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.

Structure

| | | |
|-----|--|-----|
| 4.1 | Total property, plant and equipment | 101 |
| 4.2 | Intangible assets | 105 |
| 4.3 | Investments and other financial assets | 106 |

Fair value measurement

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

4.1 Total property, plant and equipment

| | Gross carrying amount | | Accumulated depreciation | | Net carrying amount | |
|---|-----------------------|-----------------|--------------------------|-----------------|---------------------|-----------------|
| | 2023 \$'000s | 2022 \$'000s | 2023 \$'000s | 2022 \$'000s | 2023 \$'000s | 2022 \$'000s |
| Land at fair value | 204,850 | 204,850 | - | - | 204,850 | 204,850 |
| Buildings at fair value | 148,134 | 146,446 | (6,082) | (2,643) | 142,052 | 143,803 |
| Building fit outs at fair value | 150,112 | 143,342 | (23,936) | (11,915) | 126,176 | 131,426 |
| Work in progress at cost ^(a) | 42,900 | 29,665 | - | - | 42,900 | 29,665 |
| Furniture and equipment at cost | 79,652 | 78,118 | (49,062) | (45,884) | 30,591 | 32,234 |
| Motor vehicles at cost | 119 | 111 | (110) | (100) | 9 | 10 |
| Work of art at fair value | 44,802 | 44,809 | - | - | 44,802 | 44,809 |
| Performing art collection at fair value | 33,852 | 33,721 | - | - | 33,852 | 33,721 |
| Net carrying amount | 704,423 | 681,061 | (79,190) | (60,543) | 625,233 | 620,518 |

Note:

(a) Work in progress contains \$40.4m (FY2022: \$27.8m) related to Reimagining Arts Centre Melbourne, \$2.1m (FY2022: \$1.1m) related to APAC Reveal and \$0.4m (FY2022: \$0.7m) related to other government-funded minor capital works. These work in progress assets have been designated as contributions by owners and are recognised in contributed capital. The balance relates to miscellaneous work in progress capital projects.

4.1 (a) Total right-of-use assets: buildings, plant, equipment and vehicles

| | Gross carrying amount | | Accumulated depreciation | | Net carrying amount | |
|-------------------------------|-----------------------|-----------------|--------------------------|-----------------|---------------------|-----------------|
| | 2023 \$'000s | 2022 \$'000s | 2023 \$'000s | 2022 \$'000s | 2023 \$'000s | 2022 \$'000s |
| Buildings at fair value | 3,316 | 430 | (1,312) | (238) | 2,004 | 192 |
| Motor vehicles | 8 | - | (8) | - | - | - |
| Property, plant and equipment | 557 | 417 | (289) | (166) | 268 | 252 |
| Net carrying amount | 3,881 | 848 | (1,609) | (404) | 2,272 | 444 |

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

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

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.

2022 - 2023

| 2023 | Buildings at fair value \$'000s | Motor vehicles \$'000 | Property, Plant and Equipment \$'000s |
|---------------------------|---------------------------------|-----------------------|---------------------------------------|
| Opening balance | 192 | - | 252 |
| Additions | 2,885 | 8 | 140 |
| Disposals | - | - | - |
| Depreciation on disposals | - | - | - |
| Depreciation | (1,073) | (8) | (124) |
| Closing balance | 2,004 | - | 268 |

| 2022 | Buildings at fair value \$'000s | Motor vehicles \$'000 | Property, Plant and Equipment \$'000s |
|---------------------------|---------------------------------|-----------------------|---------------------------------------|
| Opening balance | 1 | - | 326 |
| Additions | 297 | - | 30 |
| Disposals | (30) | (26) | (49) |
| Depreciation on disposals | 30 | 26 | 49 |
| Depreciation | (106) | - | (104) |
| Closing balance | 192 | - | 252 |

Right-of-use asset acquired by lessees: initial measurement

The Trust recognises a right-of-use asset (a lessee's right to use an asset over the life of a lease) and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

Subsequent measurement: Property, plant and equipment (PPE) and right of use assets under leases 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.

In FY2021 an independent valuation of the Trust's land was performed by Valuer-General Victoria and an independent valuation of the buildings was performed by Napier & Blakeley Pty Ltd on behalf of the Valuer-General Victoria. An external revaluation process is required every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if material movements in fair value are identified.

Under Financial Reporting Direction (FRD) 103 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. Indices issued by the Valuer-General Victoria indicate a change of less than 10% in this area, and as such, the fair value assessment undertaken by the Trust indicates no material change in value as at 30 June 2023.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

However, as demolition works have been undertaken on the Theatres Building as part of the Early Works phase of Reimagining Arts Centre Melbourne, an independent valuation of the impact of these demolition works on the FY2021 valuation of the Theatres Building was undertaken by Napier & Blakeley on behalf of the Value-General Victoria. This has been reflected in the carrying value of the Theatres Building as at 30 June 2023.

Right-of-use asset – Subsequent measurement

The Trust depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

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 the CSO adjustment is also equally applicable to market participants.

For the majority of the Trust's specialised buildings, the current replacement cost method is used, adjusting for the associated depreciation.

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.

Indefinite life assets: Land, 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 of property, plant and equipment

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

Significant estimation uncertainty in valuation of assets

The Trust's assets relating to land, buildings, infrastructure and cultural assets were independently valued by the VGV (land, buildings and infrastructure) and independent specialist valuers (cultural assets) as at 30 June 2021. The market that the assets are valued in is being impacted by the uncertainty that the coronavirus (COVID-19) outbreak has caused. The VGV has advised that the current market environment, impacted by COVID-19, creates a significant valuation uncertainty. The value assessed at the evaluation date may therefore change over a relatively short time period.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 – 2023

4.1.1 Depreciation and amortisation

Charge for the period

| | 2023 \$'000s | 2022 \$'000s |
|--|-----------------|-----------------|
| Buildings | 3,462 | 2,509 |
| Building fit-out | 12,049 | 11,915 |
| Furniture and equipment | 3,178 | 3,135 |
| Motor vehicles | 10 | 1 |
| Intangible assets | 152 | 171 |
| Total depreciation and amortisation | 18,851 | 17,732 |

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 is 100 years and for 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 and prior year, are as follows:

| Asset | Useful life (years) |
|---|---------------------|
| Buildings | 50 to 100 |
| 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 |
| Right of use buildings | 2 to 3 years |
| Right of use motor vehicles | 1 to 3 years |
| Right of use equipment | 2 to 5 years |
| 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 have been no changes to the useful lives since the prior year.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the Trust obtains ownership of the underlying leases asset or if the cost of the right-of-use asset reflects that the Trust will exercise a purchase option, the Trust depreciates the right-of-use asset over its useful life.

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 2023

4.1.2 Reconciliation of movements in carrying amount of property, plant and equipment

2022 – 2023

| 2023 | 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 | 204,850 | 143,803 | 131,426 | 32,234 | 10 | 44,809 | 33,721 | 29,665 | 620,518 |
| Additions | - | 2,885 | 7,991 | 870 | 8 | 7 | 152 | 14,010 | 25,923 |
| Disposals | - | (1,197) | (1,330) | - | - | (13) | (21) | - | (2,561) |
| Transfers | - | - | 109 | 665 | - | - | - | (774) | - |
| Depreciation | - | (3,462) | (12,049) | (3,178) | (10) | - | - | - | (18,699) |
| Depreciation on disposals | - | 23 | 29 | - | - | - | - | - | 52 |
| Expensed | - | - | - | - | - | - | - | - | - |
| Closing balance | 204,850 | 142,052 | 126,176 | 30,591 | 9 | 44,802 | 33,852 | 42,900 | 625,233 |

| 2022 | 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 | 204,850 | 146,017 | 143,342 | 33,809 | 11 | 44,809 | 33,769 | 22,253 | 628,859 |
| Additions | - | 297 | - | 198 | - | - | 173 | 8,899 | 9,567 |
| Disposals | - | (30) | - | (73) | (26) | - | (221) | - | (351) |
| Transfers | - | - | - | 1,362 | - | - | - | (1,362) | - |
| Transfers to intangible | - | - | - | - | - | - | - | (116) | (116) |
| Depreciation | - | (2,510) | (11,915) | (3,135) | (1) | - | - | - | (17,562) |
| Depreciation on disposals | - | 30 | - | 73 | 26 | - | - | - | 129 |
| Expensed | - | - | - | - | - | - | - | (10) | (10) |
| Closing balance | 204,850 | 143,803 | 131,426 | 32,234 | 10 | 44,809 | 33,721 | 29,665 | 620,518 |

4.2 Intangible assets

| | 2023 \$'000s | 2022 \$'000s |
|--|-----------------|-----------------|
| Gross carrying amount | | |
| Opening balance | 6,376 | 6,344 |
| Additions | - | 33 |
| Closing balance | 6,376 | 6,376 |
| Accumulated depreciation, amortisation and impairment | | |
| Opening balance | (6,212) | (6,040) |
| Amortisation of intangible non-produced assets | (152) | (171) |
| Closing balance | (6,363) | (6,212) |
| Net book value at end of financial year | 13 | 165 |

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 - 2023

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:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) an intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) 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 2.5 and 4.5 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 2.5 to 4.5 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.

4.3 Investments and other financial assets

| | 2023 \$'000s | 2022 \$'000s |
|---|-----------------|-----------------|
| Managed investment schemes: ^(a) | | |
| Managed investment schemes – Foundation Funds ^(b) | 16,013 | 14,636 |
| Total non-current investments and other financial assets | 16,013 | 14,636 |
| Total investments and other financial assets | 16,013 | 14,636 |

Note:

- (a) The Trust designates 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.
- (b) Investments held relating to Foundation funds are donated for an agreed purpose and not available for general operations

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

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 and contract assets | 107 |
| 5.2 | Payables and contract liabilities | 108 |
| 5.3 | Inventories | 110 |
| 5.4 | Other non-financial assets | 110 |

2022 – 2023

5.1 Receivables and contract assets

5.1.1 Receivables

| | 2023 \$'000s | 2022 \$'000s |
|--|-----------------|-----------------|
| Contractual | | |
| Sale of goods and services | 1,600 | 5,447 |
| Allowance for impairment losses of contractual receivables | (386) | (387) |
| Other receivables | 435 | 1,421 |
| Statutory | | |
| GST receivable | - | - |
| Total receivables | 1,649 | 6,482 |
| Represented by: | | |
| Current receivables | 1,649 | 6,482 |
| Non-current receivables | - | - |

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The Trust holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. The Trust applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivable are initially recognised at fair value plus any directly attributable transaction cost.

Details about the Trust's impairment policies, the Trust's exposure to credit risk, and the calculation of the loss allowance are set out in note 7.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 - 2023

5.1.2 Contract assets

| | 2023 \$'000s | 2022 \$'000s |
|---|-----------------|-----------------|
| Contract assets | | |
| Opening balance | 468 | 629 |
| Add: Additional costs incurred that are recoverable from the customer | 806 | 468 |
| Less: Transfer to revenue recognition | (468) | (629) |
| Total contract assets | 806 | 468 |
| Represented by: | | |
| Current contract assets | 806 | 468 |
| Non-current contract assets | - | - |

Contract assets relate to the Trust's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. This usually occurs when the Trust issues an invoice to the customer. The works are expected to be completed and recovered early next year.

5.2 Payables and contract liabilities

5.2.1 Payables

| | 2023 \$'000s | 2022 \$'000s |
|-------------------------------------|-----------------|-----------------|
| Contractual | | |
| Supplies and services | 1,618 | 1,184 |
| Sundry creditors and accruals | 5,189 | 3,928 |
| Box Office creditors | 803 | 965 |
| Defined pension superannuation call | - | 1,457 |
| Statutory | | |
| FBT payable | 15 | 16 |
| GST payable | 348 | 165 |
| Superannuation guarantee payable | 24 | 448 |
| Other taxes payable | - | 706 |
| Total payables | 7,997 | 8,869 |
| Represented by: | | |
| Current payables | 7,073 | 7,702 |
| Non-current payables | 924 | 1,166 |

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 as payables until the performance has occurred.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

5.2.2 Contract liabilities

| | 2023 \$'000s | 2022 \$'000s |
|--|-----------------|-----------------|
| Contract liabilities | | |
| Opening balance | 36,847 | 13,669 |
| Add: Payments received for performance obligations yet to be completed during the period | 12,145 | 28,859 |
| Add: Grant consideration for sufficiently specific performance obligations received during the year | 3,678 | 3,862 |
| Less: Revenue recognised in the reporting period for the completion of a performance obligation | (32,570) | (7,129) |
| Less: Grant revenue for sufficiently specific performance obligations works recognised consistent with the performance obligations met during the year | (4,083) | (2,414) |
| Total contract liabilities | 16,018 | 36,847 |
| Represented by: | | |
| Current contract liabilities | 15,950 | 36,723 |
| Non-current contract liabilities | 67 | 124 |

Contract liabilities include consideration received in advance from customers in respect of performances. Income is recognised or funds are passed to the Presenter after the relevant event has occurred.

In addition, grant consideration was also received from the State Government in support of programming activity and other initiatives. Grant income is recognised when the relevant services are provided each month. The remaining grant revenue is recognised when the services are rendered in the following year.

Maturity analysis of contractual payables ^(a)

| 2023 | 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 | 1,618 | 1,618 | - | - | - | - |
| Sundry creditors and accruals | 5,189 | 4,264 | - | - | 924 | - |
| Box Office creditors | 803 | 708 | - | 95 | - | - |
| Defined pension superannuation call | - | - | - | - | - | - |
| Total | 7,610 | 6,591 | - | 95 | 924 | - |

| 2022 | 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 | 1,184 | 1,184 | - | - | - | - |
| Sundry creditors and accruals | 3,928 | 3,928 | - | - | - | - |
| Box Office creditors | 965 | 640 | 66 | 259 | - | - |
| Defined pension superannuation call | 1,457 | - | - | 291 | 1,166 | - |
| Total | 7,534 | 5,752 | 66 | 550 | 1,166 | - |

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 2023

2022 – 2023

5.3 Inventories

| | 2023 \$'000s | 2022 \$'000s |
|----------------------------|-----------------|-----------------|
| Current inventories | | |
| Theatre equipment | 76 | 84 |
| Central plant | 90 | 44 |
| Cleaning consumables | 26 | 24 |
| Food and beverage | 630 | 453 |
| Total inventories | 822 | 605 |

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

| | 2023 \$'000s | 2022 \$'000s |
|-----------------------------------|-----------------|-----------------|
| Current other assets | | |
| Prepayments | 11,185 | 10,745 |
| Total current other assets | 11,185 | 10,745 |

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. The prepayment amount includes \$8.7m (FY2022 \$9.2m) paid to Development Victoria as a prepayment for property, plant and equipment.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

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

| | |
|--|-----|
| 6.1 Leases | 111 |
| 6.2 Cash flow information and balances | 113 |
| 6.3 Commitments for expenditure | 115 |

6.1 Leases

6.1.1 Leases

Information about leases for which the Trust is a lessee is presented below.

The Trust's leasing activities

The Trust leases various properties, equipment and motor vehicles. The lease contracts are typically made for fixed periods of 1-3 years with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals.

The Trust leases IT equipment with contract terms of one to three years. These leases are short-term and or/leases of low value items. The Trust has elected not to recognise right-of-use assets and lease liabilities for these leases.

At 30 June 2023, the Trust was committed to short-term and low-value leases and the total commitment at that date was \$2.3m.

6.1.1 (a) Right-of-use Assets

Right-of-use assets are presented in note 4.1(a).

6.1.1 (b) Right -of-use Assets Lease liabilities

| | 2023 \$'000s | 2022 \$'000s |
|---------------------------------|-----------------|-----------------|
| Lease liabilities – current | 1,673 | 183 |
| Lease liabilities – non-current | 644 | 279 |
| Total lease liabilities | 2,317 | 462 |

6.1.1 (c) Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases

| | 2023 \$'000s | 2022 \$'000s |
|---|-----------------|-----------------|
| Interest expense on lease liabilities | 70 | 18 |
| Expenses relating to short term leases | 299 | 268 |
| Expenses relating to leases of low-value assets | 279 | 225 |
| Variable lease payments, not included in the measurement of lease liabilities | - | 17 |
| Total amount recognised in the comprehensive operating statement | 648 | 528 |

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 - 2023

6.1.1 (d) Amounts recognised in the Cash Flow Statement

The following amounts are recognised in the Cash Flow Statement for the year ended 30 June 2023 relating to leases.

| | 2023 \$'000s | 2022 \$'000s |
|--------------------------------------|-----------------|-----------------|
| Total cash outflow for leases | 1,368 | 224 |

For any new contracts entered into, the Trust considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Trust assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Trust and for which the supplier does not have substantive substitution rights;
- the Trust has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Trust has the right to direct the use of the identified asset throughout the period of use; and
- the Trust has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Recognition and measurement of leases as a lessee

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Trust's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

Short-term leases and leases of low value assets

The Trust has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

Below market/Peppercorn lease

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the Trust to further its objectives, are initially and subsequently measured at cost.

These right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Presentation of right-of-use assets and lease liabilities

The Trust presents right-of-use assets as 'property plant equipment'. Lease liabilities are presented as 'borrowings' in the balance sheet.

6.1.2 Short-term and low value lease liabilities

Short-term and low-value leases 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 short-term and low-value leases 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 short-term and low-value 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 short-term and low-value 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.

| | 2023 \$'000s | 2022 \$'000s |
|---|-----------------|-----------------|
| Cash on hand and in bank | 1,400 | 3,012 |
| Cash held in box office bank account ^(a) | 11,235 | 29,499 |
| Cash held in Foundation bank account ^(b) | 7,153 | 6,179 |
| Bank deposits (restricted use) ^(c) | 19,301 | 14,276 |
| Balance as per cash flow statement | 39,089 | 52,966 |

Note:

- (a) 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.
- (b) Cash held in the Foundation bank account represents accumulated revenue received from donations, bequests, investment income and similar sources which is dedicated to be spent for an agreed purpose, usually on the Trust's own programming activities, and not available for general operations.
- (c) Restricted funds relate to capital funding and income received in advance held to a specific purpose and not available for general operations.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

6.2.1 Reconciliation of net result for the period to cash flow from operating activities

| | 2023 \$'000s | 2022 \$'000s |
|---|-----------------|-----------------|
| Net result for the period | (22,878) | (14,991) |
| Non-cash movements | | |
| (Gain)/loss on sale or disposal of non-current assets | 2,503 | 176 |
| (Gain)/loss on financial assets | (569) | 2,602 |
| Depreciation and amortisation of non-current assets | 18,851 | 17,732 |
| Donations of property, plant and equipment | (151) | (164) |
| Re-investment of dividends | (808) | (831) |
| Demolition expenses | 9,608 | - |
| Movements in assets and liabilities | | |
| (Increase)/decrease in receivables | 1,706 | (4,058) |
| (Increase)/decrease in contract assets | (338) | 161 |
| (Increase)/decrease in inventories | (217) | (86) |
| (Increase)/decrease in other current assets | (938) | 1,609 |
| Increase/(decrease) in payables | 307 | (455) |
| Increase/(decrease) in contract liabilities | (20,829) | 23,178 |
| Increase/(decrease) in provisions including employee benefits | 605 | 56 |
| Increase/(decrease) in other liabilities | 1,855 | 134 |
| Net cash flows from/(used in) operating activities | (11,293) | 25,063 |

Financing facility

| | 2023 \$'000s | 2022 \$'000s |
|--|-----------------|-----------------|
| Unsecured credit card facility, reviewed annually and payable at call | | |
| Amount used | 61 | 53 |
| Amount unused | 239 | 247 |
| Total | 300 | 300 |

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

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 2023 | Less than 1 year \$'000s | 1 – 5 years \$'000s | 5+ years \$'000s | Total \$'000s |
|---|--------------------------------|---------------------------|------------------------|------------------|
| Operating commitments payable | 5,218 | 7,639 | - | 12,857 |
| Capital expenditure commitments payable ^(a) | 74,184 | 310,087 | - | 384,272 |
| Short-term and low-value lease commitments payable ^(b) | 910 | 671 | - | 1,582 |
| Programming commitments payable | 735 | 160 | - | 894 |
| Total commitments (inclusive of GST) | 81,048 | 318,557 | - | 399,605 |
| Less GST recoverable | 7,173 | 28,840 | - | 36,013 |
| Total commitments (exclusive of GST) | 73,874 | 289,717 | - | 363,592 |

Note:

- (a) Capital expenditure commitments of \$383m are funded by Development Victoria in relation to the Reimagining Arts Centre Melbourne project. The project is being managed on behalf of the Victorian Government by Melbourne Arts Precinct Corporation (MAP Co) in partnership with Arts Centre Melbourne, National Gallery of Victoria and Creative Victoria.
- (b) Short-term and low-value lease commitments predominantly relate to computer equipment with lease terms typically between one and three 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 2022 | Less than 1 year \$'000s | 1 – 5 years \$'000s | 5+ years \$'000s | Total \$'000s |
|---|--------------------------------|---------------------------|------------------------|------------------|
| Operating commitments payable | 4,313 | 1,207 | - | 5,519 |
| Capital expenditure commitments payable ^(a) | 663 | - | - | 663 |
| Short-term and low-value lease commitments payable ^(b) | 171 | 363 | - | 534 |
| Programming commitments payable | 438 | 144 | - | 582 |
| Total commitments (inclusive of GST) | 5,586 | 1,713 | - | 7,299 |
| Less GST recoverable | 398 | 112 | - | 510 |
| Total commitments (exclusive of GST) | 5,188 | 1,601 | - | 6,789 |

Note:

- (a) Capital expenditure commitments of \$0.1m are funded by Development Victoria in relation to the Reimagining Arts Centre Melbourne.
- (b) Short-term and low-value lease commitments predominantly relate to computer equipment with lease terms between one and three 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.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 - 2023

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

| | | |
|-----|--|-----|
| 7.1 | Financial instruments specific disclosures | 116 |
| 7.2 | Contingent assets and contingent liabilities | 126 |
| 7.3 | Fair value determination and impairment | 127 |

7.1 Financial instruments specific disclosures

Introduction

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 assets

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

- the assets are held by the Trust to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Trust recognises the following assets in this category:

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

Financial assets at fair value through net result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, the Trust may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Trust has designated all of its managed investment schemes fair value through net result.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

Categories of financial liabilities

The Trust does not recognise any 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 and lease liabilities (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.

De-recognition 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.

De-recognition 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.

Reclassification of financial instruments: Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the Trust's business model for managing its financial assets has changed such that its previous model would no longer apply.

If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in net result.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

7.1.1 Financial instruments: Categorisation

| 2023 | Financial assets designated at fair value through profit/loss \$'000s | Financial assets at amortised cost \$'000s | Contractual financial liabilities at amortised cost \$'000s | Total \$'000s |
|---|---|--|---|---------------|
| Contractual financial assets | | | | |
| Cash and deposits | - | 39,089 | - | 39,089 |
| Receivables ^(a) | | | | |
| Sale of goods and services | - | 1,600 | - | 1,600 |
| Other receivables | - | 435 | - | 435 |
| Investments and other contractual financial assets | | | | |
| Managed investment schemes | 16,103 | - | - | 16,013 |
| Total contractual financial assets | 16,103 | 41,124 | - | 57,137 |
| Contractual financial liabilities | | | | |
| Payables ^(a) | | | | |
| Supplies and services | - | - | 1,618 | 1,618 |
| Box Office creditors | - | - | 803 | 803 |
| Defined Pension superannuation call | - | - | - | - |
| Other payables | - | - | 5,189 | 5,189 |
| Borrowings | | | | |
| Lease liabilities | - | - | 2,317 | 2,317 |
| Total contractual financial liabilities | - | - | 9,927 | 9,927 |

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 2023

| 2022 | Financial assets designated at fair value through profit/loss \$'000s | Financial assets at amortised cost \$'000s | Contractual financial liabilities at amortised cost \$'000s | Total \$'000s |
|---|---|--|---|---------------|
| Contractual financial assets | | | | |
| Cash and deposits | - | 52,966 | - | 52,966 |
| Receivables ^(a) | | | | |
| Sale of goods and services | - | 5,447 | - | 5,447 |
| Other receivables | - | 1,421 | - | 1,421 |
| Investments and other contractual financial assets | | | | |
| Managed investment schemes | 14,636 | - | - | 14,636 |
| Total contractual financial assets | 14,636 | 59,834 | - | 74,470 |
| Contractual financial liabilities | | | | |
| Payables ^(a) | | | | |
| Supplies and services | - | - | 1,184 | 1,184 |
| Box Office creditors | - | - | 965 | 965 |
| Defined Pension superannuation call | - | - | 1,457 | 1,457 |
| Other payables | - | - | 3,928 | 3,928 |
| Borrowings | | | | |
| Lease liabilities | - | - | 462 | 462 |
| Total contractual financial liabilities | - | - | 7,996 | 7,996 |

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 2023

2022 – 2023

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

| 2023 | Net holding gain/(loss) \$'000s | Total interest income/ (expense) \$'000s | Total \$'000s |
|---|------------------------------------|--|------------------|
| Contractual financial assets | | | |
| Financial assets at amortised cost – loans and receivables | 1 | 1,445 | 1,446 |
| Financial assets designated at fair value through profit/loss | 569 | 1,059 | 1,628 |
| Total contractual financial assets | 569 | 2,504 | 3,073 |

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

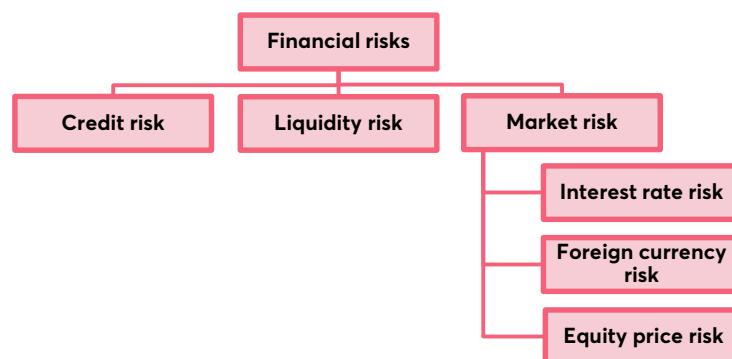
| 2022 | Net holding gain/(loss) \$'000s | Total interest income/ (expense) \$'000s | Total \$'000s |
|---|------------------------------------|--|------------------|
| Contractual financial assets | | | |
| Financial assets at amortised cost – loans and receivables | (387) | 134 | (252) |
| Financial assets designated at fair value through profit/loss | (2,216) | 955 | (1,260) |
| Total contractual financial assets | (2,602) | 1,090 | (1,512) |

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 and financial assets at amortised cost, 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.
- for financial asset that are mandatorily measured at or designated at fair value through net result, the net gain or loss is calculated by taking the movement in the fair value of the financial asset.

7.1.3 Financial risk management objectives and policies



Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

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

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

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 and market 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 2022-23.

Credit quality of contractual financial assets

| | Financial institutions (AA credit rating) \$'000s | Government agencies (AA credit rating) \$'000s | Other \$'000s | Total \$'000s |
|---|---|---|------------------|------------------|
| 2023 | | | | |
| Cash and deposits | 39,088 | - | 1 | 39,089 |
| Receivables ^(a) | 12 | - | 2,019 | 2,035 |
| Investments and other financial assets | - | 16,013 | - | 16,013 |
| Total contractual financial assets | 39,100 | 16,013 | 2,019 | 57,137 |

Note:

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

| | Financial institutions (AA credit rating) \$'000s | Government agencies (AA credit rating) \$'000s | Other \$'000s | Total \$'000s |
|---|---|---|------------------|------------------|
| 2022 | | | | |
| Cash and deposits | 52,966 | - | 1 | 52,966 |
| Receivables ^(a) | 31 | 1,442 | 5,396 | 6,868 |
| Investments and other financial assets | - | 14,636 | - | 14,636 |
| Total contractual financial assets | 52,996 | 16,078 | 5,397 | 74,470 |

Note:

(a) The total amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable).

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 – 2023

Impairment of financial assets under AASB 9

The Trust records the allowance for expected credit loss for the relevant financial instruments, applying AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Trust's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Although not a financial asset, contract assets recognised applying AASB 15 (Note 5.1.1) are also subject to impairment however it is immaterial.

Contractual receivables at amortised cost

The Trust applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Trust has grouped contractual receivables on shared credit risk characteristics and days past due and selected the expected credit loss rate based on the Trust's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, the Trust determines the closing loss allowance at end of the financial year as follows:

| 2023 | Current | Less than 1 month | 1–3 months | 3 months – 1 year | 1–5 years | Total |
|--|---------|-------------------|------------|-------------------|-----------|-------|
| Expected loss rate | - | - | 73% | 82% | 87% | 19% |
| Gross carrying amount of contractual receivables | 1,315 | 258 | 39 | 191 | 232 | 2,035 |
| Loss allowance | - | - | 28 | 157 | 201 | 386 |

| 2022 | Current | Less than 1 month | 1–3 months | 3 months – 1 year | 1–5 years | Total |
|--|---------|-------------------|------------|-------------------|-----------|-------|
| Expected loss rate | - | - | 61% | 60% | 65% | 6% |
| Gross carrying amount of contractual receivables | 4,319 | 1,911 | 124 | 446 | 68 | 6,868 |
| Loss allowance | - | - | 76 | 267 | 44 | 387 |

Reconciliation of the movement in the loss allowance for contractual receivables is shown as follows:

| | 2023 \$'000s | 2022 \$'000s |
|---|-----------------|-----------------|
| Balance at beginning of the year | (387) | - |
| Increase in provision recognised in the net result | (95) | (570) |
| Reversal of provision of receivables written off during the year as uncollectible | - | 183 |
| Reversal of unused provision recognised in the net result | 95 | - |
| Balance at end of the year | (386) | (387) |

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

Statutory receivables and debt investments at amortised cost

The Trust's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance has been recognised.

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 as shown in note 7.1.1.

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 (FY2022: 100 basis points up and down) in market interest rates (AUD);
- a movement of 15% up and down (FY2022: 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.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the Trust's sensitivity to interests rate risk are set out in the table that follows.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 - 2023

Interest rate exposure of financial instruments

| 2023 | 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 | 2.98% | 39,089 | - | 39,089 | - |
| Receivables ^(a) | | | | | |
| Sale of goods and services | - | 2,009 | - | - | 2,009 |
| Other receivables | - | (360) | - | - | (360) |
| Investments | | | | | |
| Managed investment schemes | - | 16,013 | - | - | 16,013 |
| Total financial assets | | 56,751 | - | 39,089 | 17,662 |
| Financial liabilities | | | | | |
| Payables ^(a) | | | | | |
| Supplies and services | - | 1,618 | - | - | 1,618 |
| Box Office Creditors | - | 803 | - | - | 803 |
| Other payables | - | 5,189 | - | - | 5,189 |
| Borrowings | | | | | |
| Lease liabilities | 3.38% | 2,317 | 2,317 | - | - |
| Total financial liabilities | | 9,927 | 2,317 | - | 7,610 |

Note:

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

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 – 2023

| 2022 | 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 | 0.34% | 52,966 | - | 52,966 | - |
| Receivables ^(a) | | | | | |
| Sale of goods and services | - | 5,061 | - | - | 5,061 |
| Other receivables | - | 1,421 | - | - | 1,421 |
| Investments | | | | | |
| Managed investment schemes | - | 14,636 | - | - | 14,636 |
| Total financial assets | - | 74,083 | - | 52,966 | 21,118 |
| Financial liabilities | | | | | |
| Payables ^(a) | | | | | |
| Supplies and services | | | | | |
| Box Office Creditors | - | 965 | - | - | 965 |
| Defined pension superannuation call | 7.5% | 1,457 | 1,457 | - | - |
| Other payables | - | 3,928 | - | - | 3,928 |
| Borrowings | | | | | |
| Lease liabilities | 3.34% | 462 | 462 | - | - |
| Total financial liabilities | - | 7,996 | 1,920 | - | 6,077 |

Interest rate risk sensitivity

| 2023 | Carrying amount \$'000s | Net result \$'000s | |
|---------------------|-------------------------|--------------------|-------------------|
| | | -100 basis points | +100 basis points |
| Cash | 39,089 | (391) | 391 |
| Total impact | 39,089 | (391) | 391 |

| 2022 | Carrying amount \$'000s | Net result \$'000s | |
|---------------------|-------------------------|--------------------|-------------------|
| | | -100 basis points | +100 basis points |
| Cash | 52,966 | (530) | 530 |
| Total impact | 52,966 | (530) | 530 |

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

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 has appointed a State organisation to manage its investment portfolio in accordance with the Investment Risk Management Plan approved by the Treasurer. The fund manager on behalf of the Trust closely monitors performance and manages the equity price risk through diversification of its investment portfolio.

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

Other price risk sensitivity

| 2023 | Carrying amount \$'000s | Net result \$'000s | |
|----------------------------|----------------------------|-----------------------|------------|
| | | -5% | +5% |
| Managed investment schemes | 16,013 | (801) | 801 |
| Total Impact | 16,013 | (801) | 801 |

| 2022 | Carrying amount \$'000s | Net result \$'000s | |
|----------------------------|----------------------------|-----------------------|------------|
| | | -5% | +5% |
| Managed investment schemes | 14,636 | (732) | 732 |
| Total Impact | 14,636 | (732) | 732 |

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 in the current and prior year.

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.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

Contingent liabilities are also classified as either quantifiable or non-quantifiable assets in the current and prior year.

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 determines fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through net result;
- 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.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

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).

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 FY2023.

These financial instruments include:

| Financial assets | Financial liabilities |
|---|---------------------------------------|
| Cash on hand and in bank | Payables: |
| Receivables: | • For supplies and services |
| • Sale of goods and services | • Box office creditors |
| • Other receivables | • Other payables |
| Investments and other contractual financial assets: | • Defined benefit superannuation call |
| • Managed investment schemes | • Lease liabilities |

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

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

Financial assets measured at fair value ^(a)

| 2023 | Carrying amount as at 30 June \$'000s | Fair value measurement at end of reporting period using: | | |
|----------------------------|---------------------------------------|--|--------------------------------|--------------------------------|
| | | Level 1 ^(b) \$'000s | Level 2 ^(b) \$'000s | Level 3 ^(b) \$'000s |
| Managed investment schemes | 16,013 | - | 16,013 | - |
| Total | 16,013 | - | 16,013 | - |

| 2022 | Carrying amount as at 30 June \$'000s | Fair value measurement at end of reporting period using: | | |
|----------------------------|---------------------------------------|--|--------------------------------|--------------------------------|
| | | Level 1 ^(b) \$'000s | Level 2 ^(b) \$'000s | Level 3 ^(b) \$'000s |
| Managed investment schemes | 14,636 | - | 14,636 | - |
| Total | 14,636 | - | 14,636 | - |

Note:

(a) The fair value hierarchy disclosures shall be disclosed by class of financial instrument where class is the lowest level disclosed in the financial statements or notes and is distinct from a category of financial instrument as specified in AASB 9.4.1 paragraph 9.

(b) 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 Growth 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 2023

2022 - 2023

7.3.2 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy

| 2023 | Carrying amount as at 30 June 2023 \$'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 | 204,850 | - | - | 204,850 |
| Total of land at fair value | 204,850 | - | - | 204,850 |
| Buildings at fair value | | | | |
| Specialised buildings and building fit-out | 268,229 | - | - | 268,229 |
| Total of buildings at fair value | 268,229 | - | - | 268,229 |
| Furniture, equipment and vehicles at fair value | | | | |
| Vehicles (b) | 9 | - | - | 9 |
| Furniture and Equipment | 30,591 | - | - | 30,591 |
| Total of Furniture, equipment and vehicles at fair value | 30,600 | - | - | 30,600 |
| Cultural assets at fair value | | | | |
| Works of art | 44,802 | - | - | 44,802 |
| Performing Arts Collection | 33,852 | - | - | 33,852 |
| Total of cultural assets at fair value | 78,655 | - | - | 78,655 |
| 2022 | | | | |
| 2022 | Carrying amount as at 30 June 2022 \$'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 | 204,850 | - | - | 204,850 |
| Total of land at fair value | 204,850 | - | - | 204,850 |
| Buildings at fair value | | | | |
| Specialised buildings and building fit-out | 275,229 | - | - | 275,229 |
| Total of buildings at fair value | 275,229 | - | - | 275,229 |
| Furniture, equipment and vehicles at fair value | | | | |
| Vehicles (b) | 10 | - | - | 10 |
| Furniture and Equipment | 32,234 | - | - | 32,234 |
| Total of Furniture, equipment and vehicles at fair value | 32,244 | - | - | 32,244 |
| Cultural assets at fair value | | | | |
| Works of art | 44,809 | - | - | 44,809 |
| Performing Arts Collection | 33,721 | - | - | 33,721 |
| Total of cultural assets at fair value | 78,530 | - | - | 78,530 |

Note:

- (a) Classified in accordance with the fair value hierarchy.
- (b) Vehicles are categorised as Level 3 assets as the current 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 2023

Specialised land and specialised buildings: Specialised land is 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, 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 current 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 2021.

Under Financial Reporting Direction (FRD) 103 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. Indices issued by the Valuer-General Victoria indicate a change of less than 10% in this area, and as such, the fair value assessment undertaken by the Trust indicates no material change in values as at 30 June 2023.

However, as demolition works have been undertaken on the Theatres Building as part of the Early Works phase of Reimagining Arts Centre Melbourne, an independent valuation of the impact of these demolition works on the FY2021 valuation of the Theatres Building was undertaken by Napier & Blakeley on behalf of the Value-General Victoria. This has been reflected in the carrying value of the Theatres Building as at 30 June 2023.

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 2021.

Vehicles are valued using the current 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 current replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2023.

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

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 - 2023

Reconciliation of Level 3 fair value movements

| | Specialised land 2023 \$'000s | Specialised buildings and building fit outs 2023 \$'000s | Specialised land 2022 \$'000s | Specialised buildings and building fit outs 2022 \$'000s |
|--|-------------------------------------|--|-------------------------------------|--|
| Opening balance | 204,850 | 275,229 | 204,850 | 289,359 |
| Purchases | - | 10,985 | - | 297 |
| Gains or losses recognised in net result | | | | |
| Depreciation | - | (15,511) | - | (14,425) |
| Disposal of property, plant & equipment ^(a) | - | (2,475) | - | - |
| Subtotal | - | (17,986) | - | (14,425) |
| Closing balance | 204,850 | 268,229 | 204,850 | 275,229 |

Note:

(a) This relates to the partial demolition of assets of the Trust's Theatres Building, as part of the Reimagining Arts Centre Melbourne project.

Description of significant unobservable inputs to Level 3 valuations

| 2023 and 2022 | 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 | 30-60% (44%) ^(a) | A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value. |
| Specialised buildings | Current replacement cost ^(b) | Direct cost per square metre | \$514-\$6,274/m ² (\$2,812) | 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 | 30-100 years (65 years) | A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |

Note:

(a) CSO adjustments ranging from 30% to 60% were applied to reduce the market approach value for the Trust's specialised land, with the weighted average 28% 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 2022.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

8. Other disclosures

Introduction

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

Structure

| | | |
|------|---|-----|
| 8.1 | Other economic flows included in net result | 133 |
| 8.2 | Reserves | 134 |
| 8.3 | Responsible persons | 134 |
| 8.4 | Remuneration of executives | 135 |
| 8.5 | Related parties | 136 |
| 8.6 | Remuneration of auditors | 137 |
| 8.7 | Subsequent events | 137 |
| 8.8 | Other accounting policies | 138 |
| 8.9 | Australian Accounting Standards issued that are not yet effective | 138 |
| 8.10 | Glossary of technical terms | 140 |

2022 – 2023

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:

- Net gains/ losses on disposal of property, plant and equipment;
- Movement in the provision for doubtful debts;
- Net gains/ losses arising from revaluation of financial assets at fair value through the net result; and
- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

| | 2023 \$'000s | 2022 \$'000s |
|--|-----------------|-----------------|
| Net gain/(loss) on non-financial assets | | |
| Net gain/(loss) on disposal of property plant and equipment | (2,503) | (176) |
| Total net gain/(loss) on non-financial assets | (2,503) | (176) |
| Net gain/(loss) on financial assets | | |
| Impairment of financial assets at amortised cost ^(a) | 1 | (387) |
| Net gain/loss arising from revaluation of financial assets at fair value through net result ^(b) | 569 | (2,216) |
| Total net gain/(loss) on financial assets | 569 | (2,602) |
| Other gains/(losses) from other economic flows | | |
| Net gain/(loss) arising from revaluation of long service liability ^(c) | 202 | 519 |
| Total other gains/(losses) from other economic flows | (1,732) | (2,259) |

Note:

- (a) Including increase/(decrease) in provision for doubtful debts and bad debts from other economic flows – refer to Note 7.1.3. Loans and receivables were reclassified as financial assets at amortised cost as per AASB 9.
- (b) Revaluation of financial assets reclassified at fair value through net result as per AASB 9.
- (c) Revaluation gain/(loss) due to changes in bond rates.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 - 2023

8.2 Reserves

| | Note | 2023 \$'000s | 2022 \$'000s |
|---|--------------|-----------------|-----------------|
| Donation and endowment reserve | 8.2.1 | | |
| Balance at beginning of financial year | | 22,019 | 22,340 |
| Fair value adjustment to financial assets transferred | | 569 | (2,514) |
| Bequests and endowment funds received | | 554 | 106 |
| Net donations and investment income received | | 3,518 | 5,140 |
| Donations received for capital purposes | | (4,382) | (4,619) |
| Donations and endowment distributions | | 1,826 | 1,567 |
| Balance at end of financial year | | 24,104 | 22,019 |
| Asset revaluation surplus ^(a) | 8.2.2 | | |
| Balance at beginning of financial year | | 335,351 | 335,351 |
| Revaluation (decrements)/ increments | | - | - |
| Balance at end of financial year | | 335,351 | 335,351 |
| Net changes in reserves | | 2,085 | (321) |

8.2.1 Donation and endowment reserve

Represents accumulated revenue received from donations, bequests, investment income and similar sources which is dedicated to be spent on the Trust programming.

8.2.2 Asset revaluation surplus

Represents increments arising from the periodic revaluation of land, building, plant and machinery and cultural assets.

8.3 Responsible persons

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

Responsible Minister

Mr Steve Dimopoulos MP, Minister for Creative industries

Responsible Persons

Ian Carson AM

Frankie Airey (to 15 August 2022)

Professor Kerry Arabena

Paul Barker

Greta Bradman

Leigh Johns OAM

Ian Roberts (to 23 April 2023)

Helen Silver AO

Kee Wong

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

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.

Accountable Officer

Leanne Lawrence (Interim CEO until 2 October 2022)

Karen Quinlan AM (CEO from 3 October 2022)

Remuneration

The remuneration of the Accountable Officer was in the range of \$400,000 - \$410,000 (FY2022: \$400,000 - \$410,000).

8.4 Remuneration of executives

The number of executive officers, other than ministers and 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.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the State's annual financial report.

| Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.5) | Total remuneration | |
|--|--------------------|-----------------|
| | 2023 \$'000s | 2022 \$'000s |
| Short-term employee benefits | 1,462 | 1,312 |
| Post-employment benefits | 145 | 120 |
| Other long-term benefits | 33 | 33 |
| Total remuneration ^(a) | 1,640 | 1,463 |
| Total number of executives | 7 | 6 |
| Total annualised employee equivalents ^(b) | 6.4 | 5.8 |

Note:

(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.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

8.5 Related parties

The Trust is a Victorian Government statutory authority of Creative Victoria, a division of the Department of Jobs, Skills, Industry & Regions.

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

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

Key management personnel of the Trust includes the Portfolio Minister, the 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 |
|--|------------------------|
| Ian Carson AM | President of the Trust |
| Frankie Airey (to 15 August 2022) | Trustee |
| Professor Kerry Arabena | Trustee |
| Paul Barker | Trustee |
| Greta Bradman | Trustee |
| Leigh Johns OAM | Trustee |
| Ian Roberts (to 23 April 2023) | Trustee |
| Helen Silver AO | Trustee |
| Kee Wong | Trustee |
| Karen Quinlan AM (from 3 October 2022) | CEO |
| Leanne Lawrence (Interim CEO until 2 October 2022 and Executive from 3 October 2022) | Interim CEO/ Executive |
| Deirdre Blythe | Executive |
| Fiona Poletti | Executive |
| Melanie Smith | Executive |
| Beau Vigushin | Executive |
| Troy Walsh (from 7 November 2022) | Executive |
| Richard Zimmermann | Executive |

| Compensation of KMPs ^(a) | 2023 \$'000s | 2022 \$'000s |
|-------------------------------------|-----------------|-----------------|
| Short-term employee benefits | 1,839 | 1,698 |
| Post-employment benefits | 171 | 143 |
| Other long-term benefits | 36 | 43 |
| Total | 2,046 | 1,884 |

Note:

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.4).

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

Significant transactions with government-related entities

In FY2023, the Trust received operating funding of \$34.6m (FY2022: \$52.6m) and capital funding of \$30.3m (FY2022: \$12.0m) from the Department of Jobs, Skills, Industry & Regions.

The Trust also received the following from other State Government entities:

- Funding for operating costs related to Reimagining Arts Centre Melbourne of \$9.6m from the Melbourne Arts Precinct Corporation; and
- Funding for programming activities of \$0.8m from the Department of Education and Training.

During the year, the Trust had the following transactions with State Government related entities as part of usual business activities, with receipts of \$2.5m (FY2022: \$2.3m) and payments of \$1.4m (FY2022: \$1.3m):

- receipts for shared infrastructure at cost from the National Gallery of Victoria (NGV);
- receipts for venue hire and related services from the Department of Premier and Cabinet and Worksafe Victoria;
- payments for insurance to Victorian Managed Insurance Authority (VMIA);
- payments to South East Water Corporation for water and sewerage services;
- payments for salary packaged public transport to Public Transport Victoria
- payments for rental to Public Records Office Victoria (PROV); and
- payments for rental to Museum Victoria.

Transactions and balances with key management personnel and other related parties

Paul Barker is a board member of the Melbourne Arts Precinct Transformation Corporation (MAP Co), from which the Trust received \$9.6m of funding for the Reimagining Arts Centre Melbourne project in FY2023.

No other transactions have occurred between KMP and their related parties that are considered material for disclosure. In this context, transactions are only disclosed when they are considered necessary to draw attention to the possibility that the Trust's financial position and profit or loss may have been affected by the existence of related parties, and by transactions and outstanding balances, including commitments, with such parties.

8.6 Remuneration of auditors

| | 2023 \$'000s | 2022 \$'000s |
|---|-----------------|-----------------|
| Victorian Auditor-General's Office | | |
| Audit of the financial statements | 56 | 55 |
| Total remuneration of auditors | 56 | 55 |

8.7 Subsequent events

There are no subsequent events for the financial year ended 30 June 2023.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 – 2023

8.8 Other accounting policies

Contributions by owners

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

Additions to net assets that 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.

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 comprehensive operating statement and accumulated in a separate component of equity, in the period in which they arise.

8.9 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2022-23 reporting period. These accounting standards have not been applied to the Trust's financial statements.

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

AASB 2022-10 amends AASB 13 *Fair Value Measurement* by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.

Among other things, the Standard:

- specifies that an entity needs to consider whether an asset's highest and best use differs from its current use only when it is held for sale or held for distributions to owners under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* or if it is highly probable that it will be used for an alternative purpose;
- clarifies that an asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services;
- specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data; and
- provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and identification of economic obsolescence.

This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

AASB 17 Insurance Contracts, AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments and AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector

AASB 17 replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* for not-for-profit public sector entities for annual reporting periods beginning on or after 1 July 2026.

AASB 2022-9 amends AASB 17 to make public sector-related modifications (for example, it specifies the pre-requisites, indicators and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026.

AASB 2022-8 makes consequential amendments to other Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026. This Standard applies for annual reporting periods beginning on or after 1 January 2023.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2020-1 amended AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current and was applicable to annual reporting periods beginning on or after 1 January 2022.

AASB 2020-6 subsequently amended AASB 2020-1, deferring the mandatory effective date of AASB 2020-1 from 1 January 2022 to 1 January 2023. AASB 2022-6 was applicable for annual reporting periods beginning on or after 1 January 2022.

AASB 2022-6 amends and clarifies the requirements contained in AASB 2020-1. Among other things, it:

- clarifies that only those covenants that an entity must comply with at or before the reporting date affect a liability's classification as current or non-current; and
- requires additional disclosures for non-current liabilities that are subject to an entity complying with covenants within twelve months after the reporting date.

AASB 2022-6 applies to annual reporting periods beginning on or after 1 January 2023.

The Trust is in the process of analysing the impacts of the new and revised accounting standards. However, it is not anticipated that they will have a material impact on the financial statements in the period of initial application.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

8.10 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

Amortisation is the expense that results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

Borrowings refers to interest-bearing liabilities.

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

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

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

Effective interest method is the method used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

Financial asset is any asset that is either:

- cash
- an equity instrument of another entity
- a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is either:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

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

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

Financial liability is any liability that is either:

- a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity
- a contract that will or may be settled in the entity's own equity instruments and is either:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements comprise:

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

General government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those that are mainly non-market in nature, those that are largely for collective consumption by the community and those that involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Interest expense represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of lease repayments, service concession financial liabilities and amortisation of discounts or premiums in relation to borrowings.

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

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Net result from transactions is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth is calculated as assets less liabilities, which is an economic measure of wealth.

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

Non-financial assets are all assets that are not financial assets. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, cultural and heritage assets, intangibles and biological assets such as commercial forests.

Victorian Arts Centre Trust

Notes to the financial statements

For the financial year ended 30 June 2023

2022 – 2023

Non-produced assets are assets needed for production that have not themselves been produced. They include land and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced.

Operating result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also to 'net result'.

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non produced) from their use or removal.

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. They include changes in physical asset revaluation surplus; share of net movement in revaluation surplus of associates and joint ventures; and gains and losses on remeasuring available-for-sale financial assets.

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

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films and research and development costs (which does not include the start-up costs associated with capital projects).

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

Sales of goods and services refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows into an entity such as depreciation, where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the Government.

Administrative reporting requirements

Public sector values and employment principles

The *Public Administration Act 2004* established the Victorian Public Sector Commission (VPSC). The VPSC's role is to strengthen public sector efficiency, effectiveness and capability, and advocate for public sector professionalism and integrity.

The Trust has policies and practices that are consistent with the VPSC's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. The Trust has implemented policies, training and other processes to advise its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

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*.

Occupational health and safety (OH&S)

The Victorian Arts Centre Trust (Arts Centre Melbourne) recognises its role in providing a healthy, safe and secure environment for Arts Centre Melbourne team members and all other users of venues and facilities including hirers, tenants, contractors, patrons and public. Our commitment

is embedded in our culture statement, *The Role You Play*, and its core values of Leadership, Community, Care More, Creativity and Equity. In FY2023, our focus was in creating strong processes with foundations set within our Health and Safety Policy.

The Occupational Health and Safety Committee, with its Health and Safety Representatives from across the organisation, has continued to support the health, safety and wellbeing of Arts Centre Melbourne through representation and the review of safety policies and procedures. Since the start of the COVID19 pandemic the focus remained on safe systems of work and being fit for work. This was further supported with high levels of incident reporting and hazard and near-miss reporting. This ensured, through the support of managers and the OH&S team, the provision of early intervention to team members in the form of resources, treatments and suitable work arrangements.

Arts Centre Melbourne's strong commitment to health, safety and wellbeing is demonstrated through our WorkCover premium being well below the industry rate. 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 | FY2022 | FY2021 | FY2020 |
|---------------------------------------|---|----------|-----------------------|----------|
| 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 |
| Incident Reporting | Number of staff member incidents per 100 full-time equivalent staff members | 19.4 | 12.6 | 12.0 |
| | Number of visitor incidents per 100 visitors | 0.032 | 0.031 | 0.021 |
| | Number of hazards per 100 full-time equivalent staff members ¹ | 42.5 | 90.1 | 35.6 |
| Workers Compensation | Number of standard claims per 100 full-time equivalent staff members ² | 1.29 | 0.37 | 0.47 |
| | Number of lost time standard claims per 100 full-time equivalent staff members ³ | 0.37 | 0.59 | 0.24 |
| | Average cost per standard claim ⁴ | \$10,948 | \$96,053 ⁵ | \$10,786 |
| | Number of claims exceeding 13 weeks | 2 | 3 | 1 |
| | Return to work ⁶ | 98% | 98.5% | 98% |

1. Hazard reports include the reports of COVID-19 cases of team members, contractors and hirers.

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

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

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

5. Significant costs contributed to FY2022 Standard Claims resulting in a higher than usual average cost per standard claim

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

Comparative Workforce Data

The following table discloses the head count and full-time staff equivalent (FTE) of all active employees of the Trust, employed in the last full pay period in June of the current reporting period (FY2023), and in the last full pay period in June of the previous reporting period (FY2022).

These figures may not be representative of employment levels over the course of each financial year due to the seasonality of Arts Centre Melbourne's events profile and the resulting variability in labour requirements. All employees have been correctly classified in workforce data collections as outlined in the below table.

Details of Employment Levels in June 2021 and 2023

June 2023

| | ALL EMPLOYEES | | ONGOING | | | VARIABLE-TIME ¹ | | FIXED TERM AND CASUAL | |
|--|--------------------|--------------|-----------------------|-----------------------|--------------|----------------------------|-------------|-----------------------|--------------|
| | Number (headcount) | FTE | Full-time (headcount) | Part-time (headcount) | FTE | Number (headcount) | FTE | Number (headcount) | FTE |
| DEMOGRAPHIC DATA | | | | | | | | | |
| Gender | 774 | 541.8 | 267 | 23 | 283.3 | 101 | 61.7 | 383 | 196.8 |
| Female | 446 | 302.7 | 145 | 20 | 159.1 | 47 | 27.2 | 234 | 116.4 |
| Male | 314 | 230.2 | 118 | 3 | 120.2 | 51 | 32.4 | 142 | 77.6 |
| Self-described | 14 | 8.9 | 4 | - | 4.0 | 3 | 2.1 | 7 | 2.9 |
| Age | 774 | 541.8 | 267 | 23 | 283.3 | 101 | 61.7 | 383 | 196.8 |
| 15-24 | 146 | 64.9 | 7 | - | 7.0 | 11 | 6.3 | 128 | 51.6 |
| 25-34 | 218 | 153.1 | 66 | 6 | 70.5 | 42 | 25.5 | 104 | 57.2 |
| 35-44 | 166 | 135.3 | 78 | 10 | 85.2 | 17 | 10.7 | 61 | 39.4 |
| 45-54 | 139 | 109.7 | 68 | 6 | 72.2 | 14 | 9.0 | 51 | 28.5 |
| 55-64 | 79 | 60.5 | 39 | 1 | 39.4 | 10 | 6.0 | 29 | 15.1 |
| 65+ | 26 | 18.3 | 9 | - | 9.0 | 7 | 4.2 | 10 | 5.1 |
| CLASSIFICATION DATA | | | | | | | | | |
| Administrative, support & managerial | 758 | 525.8 | 259 | 23 | 275.3 | 101 | 61.7 | 375 | 188.8 |
| Administrative, functional and technical support | 424 | 213.8 | 41 | 0 | 41.0 | 73 | 43.2 | 310 | 129.6 |
| Supervisory, base-level professional and senior administrative | 165 | 148.5 | 88 | 12 | 96.4 | 27 | 17.8 | 38 | 34.3 |
| Managerial, supervisory and professional | 169 | 163.6 | 130 | 11 | 138.0 | 1 | 0.6 | 27 | 25.0 |
| Senior employees | 16 | 16.0 | 8 | - | 8.0 | - | - | 8 | 8.0 |
| Strategic and professional leadership | 8 | 8.0 | 8 | - | 8.0 | - | - | - | - |
| Executives | 8 | 8.0 | - | - | - | - | - | 8 | 8.0 |
| Total employees | 774 | 541.8 | 267 | 23 | 283.3 | 101 | 61.7 | 383 | 196.8 |

June 2022

| | ALL EMPLOYEES | | ONGOING | | | VARIABLE-TIME ¹ | | FIXED TERM AND CASUAL | | |
|----------------------------|--|------------|--------------------------|--------------------------|-----------|----------------------------|------------|-----------------------|------------|--------------|
| | Number (headcount) | FTE | Full-time (headcount) | Part-time (headcount) | FTE | Number (headcount) | FTE | Number (headcount) | FTE | |
| DEMOGRAPHIC DATA | Gender | 734 | 509.9 | 248 | 27 | 267.9 | 110 | 67.5 | 349 | 174.5 |
| | Female | 420 | 280.0 | 133 | 25 | 151.3 | 49 | 28.8 | 213 | 100.0 |
| | Male | 305 | 222.9 | 112 | 2 | 113.6 | 60 | 38.1 | 131 | 71.2 |
| | Self-described | 9 | 7.0 | 3 | 0 | 3 | 1 | 0.7 | 5 | 3.3 |
| | Age | 734 | 509.9 | 248 | 27 | 267.9 | 110 | 67.5 | 349 | 174.5 |
| | 15–24 | 182 | 86.1 | 8 | 1 | 8.8 | 24 | 13.7 | 149 | 63.6 |
| | 25–34 | 195 | 145.3 | 81 | 7 | 86.1 | 30 | 18.1 | 77 | 41.1 |
| | 35–44 | 155 | 125.2 | 72 | 13 | 81.6 | 24 | 15.3 | 46 | 28.4 |
| | 45–54 | 125 | 97.9 | 58 | 5 | 62.0 | 15 | 9.9 | 47 | 25.9 |
| | 55–64 | 66 | 49.9 | 28 | 1 | 28.4 | 14 | 8.7 | 23 | 12.7 |
| | 65+ | 11 | 5.6 | 1 | 0 | 1.0 | 3 | 1.9 | 7 | 2.7 |
| CLASSIFICATION DATA | Administrative, support & managerial | 720 | 495.9 | 240 | 27 | 259.9 | 110 | 67.5 | 343 | 168.5 |
| | Administrative, functional and technical support | 420 | 217.7 | 44 | 1 | 44.8 | 81 | 48.0 | 294 | 124.8 |
| | Supervisory, base-level professional and senior administrative | 156 | 139.7 | 95 | 9 | 100.9 | 28 | 18.9 | 24 | 20.0 |
| | Managerial, supervisory and professional | 144 | 138.5 | 101 | 17 | 114.2 | 1 | 0.6 | 25 | 23.7 |
| | Senior employees | 14 | 14.0 | 8 | 0 | 8.0 | 0 | 0.0 | 6 | 6.0 |
| | Strategic and professional leadership | 8 | 8.0 | 8 | 0 | 8.0 | 0 | 0.0 | 0 | 0.0 |
| | Executives | 6 | 6.0 | 0 | 0 | 0.0 | 0 | 0.0 | 6 | 6.0 |
| | Total employees | 734 | 509.9 | 248 | 27 | 267.9 | 110 | 67.5 | 349 | 174.5 |

1. Variable-time employment is a form of flexible secure employment which may be ongoing or fixed term and is not casual employment. A variable-time employee is engaged under equivalent conditions to non-casual employees performing the same work, except that they are engaged to work a minimum guaranteed number of ordinary time hours within a specified period.

Annualised Total Salary, by \$20 000 Bands, for Executives and Other Senior Non-Executive Staff

| INCOME BAND (SALARY) | Executives | Senior Employees |
|-----------------------|------------|------------------|
| < \$200 000 | 2 | 9 |
| \$200 000 – \$219 999 | 3 | - |
| \$220 000 – \$239 999 | - | - |
| \$240 000 – \$259 999 | - | - |
| \$260 000 – \$279 999 | 1 | - |
| \$280 000 – \$299 999 | 1 | - |
| \$300 000 – \$319 999 | - | - |
| \$320 000 – \$339 999 | - | - |
| \$340 000 – \$359 999 | - | - |
| \$360 000 – \$379 999 | - | - |
| \$380 000 – \$399 999 | 1 | - |
| Total | 8 | 9 |

Note: The salaries reported above are for the full financial year, at a 1-FTE rate, and exclude superannuation.

Workforce Inclusion Policy

The Trust is continually working towards a more inclusive working environment, where equity and inclusion are valued, and one which reflects the communities we serve.

Gender Equality Action Plan (GEAP)

We are pleased to report the following progress against Arts Centre Melbourne's GEAP:

- More than 54 per cent of action items are currently in progress.
- More than 14 per cent of action items are complete.
- 28 Executive and Senior Leaders have completed Inclusive Leadership Training.
- 16 changes to the Enterprise Agreement to promote gender equity and workplace diversity.
- More than 1,500 pronoun pins and Pride lanyards distributed to our team members and stakeholders.
- 6 changes to our employee database to expand our data collection capability.
- 3 demographic data fields introduced into our employee portal, allowing team members to see and update their own data.
- 14 staff bathrooms approved to be converted to all gender bathrooms.
- 7 active members in the GLADA (Gender, LGBTQIA+, Age and Disability Access) Employee Reference Group from 6 different business units.
- 3 new Equity and Inclusion resource pages on the employee intranet encouraging conversations about equity and inclusion.

The Trust values staff with non-binary gender identities at all levels. The Trust acknowledges that due to historic and current barriers to disclosure of non-binary gender identities, staff may not choose to disclose this information. As a result, targets or quotas are not currently a useful way to promote opportunities for gender diverse staff at all levels.

Local Jobs First

The Local Jobs First Act 2003 introduced in August 2018 brings together the Victorian Industry Participation Policy (VIIP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Public sector agencies are required to apply the Local Jobs First policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

The MPSG policy applies to all construction projects valued at \$20 million or more.

During FY2023 Arts Centre Melbourne did not commence or complete any Local Jobs First standard projects regionally or statewide, or any Local Jobs First Strategic projects.

Projects commenced: Local Jobs First Standard

During FY2023, Arts Centre Melbourne commenced one Local Jobs First Standard project with a value of \$5.5 million. This project was located in metropolitan Melbourne. The MPSG did not apply to this project.

The outcomes expected from the implementation of the Local Jobs First policy to this project are as follows:

- A commitment of a minimum of 97 per cent local content was made;
- A total of 23 jobs (Annualised Employee Equivalent – AEE) were committed, including the creation of two new jobs and the retention of 21 existing jobs (AEE);
- No positions were committed for apprentices, trainees or cadets

Projects completed: Local Jobs First Standard

Arts Centre Melbourne did not complete any applicable projects during FY2023.

Details Of Government Advertising Expenditure

Campaigns with a media spend of \$100,000 or greater

| Name of campaign; (start/end date); campaign summary | Advertising (media) expenditure FY2023 (excluding GST) | Creative and campaign development expenditure FY2023 (excluding GST) | Research and evaluation expenditure FY2023 (excluding GST) | Print and collateral expenditure FY2023 (excluding GST) | Other campaign expenditure FY2023 (excluding GST) | Total campaign expenditure FY2023 (excluding GST) |
|---|---|--|---|--|--|--|
| Live at the Bowl – umbrella campaign (December 2022 – April 2023): The campaign included media advertising, venue promotional signage, content creation and visual documentation across a five-month period | \$246,558 | \$17,590 | \$0 | \$12,526 | \$199,907 | \$476,581 |
| Australian Music Vault – awareness campaign (April – June 2023): The campaign included advertising, search engine marketing, social media boosting and social media dark posts (Australian Music Vault and The Channel content) | \$137,940 | \$24,145 | \$0 | \$0 | \$26,000 | \$188,085 |

Consultancy Expenditure

Details of consultancies (valued at \$10,000 or greater)

In FY2023, there were 4 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during FY2023 in relation to these consultancies is \$179,171 (excluding GST). Details of individual consultancies can be viewed at artscentremelbourne.com.au/annualreport. In FY2023, there were no consultancy engagements during the year with total fees payable less than \$10,000.

Information and communication technology expenditure

Details of information and communication technology (ICT) expenditure

For the FY2023 reporting period, the Trust had a total ICT expenditure of \$7.9 million, with the details shown below.

(\$ thousand)

| All operational ICT expenditure | ICT expenditure related to projects to create or enhance ICT capabilities | | | |
|---------------------------------|---|---|-------------------------|---------------------|
| | Business-as-Usual (BAU) ICT expenditure (total \$'000s) | Non Business-as-Usual (non BAU) ICT expenditure (total \$'000s = operational expenditure and capital expenditure) | Operational expenditure | Capital expenditure |
| 4,677 | | 3,238 | 3,149 | 89 |

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

In addition to the above, ICT expenditure of \$0.3 million was incurred in setting up Arts Centre Melbourne's alternate office accommodation at Hub Australia. This has been excluded from the figures above as it was fully reimbursed by the Melbourne Arts Precinct Corporation.

Freedom Of Information

The Freedom of Information Act 1982 (Vic) ("FOI Act") allows the public a right of access to documents held by the Trust. The purpose of the FOI Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by the Trust. This comprises documents both created by the Trust or supplied to the Trust by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by the Trust is available on the Trust's website under its Part II Information Statement: artscentremelbourne.com.au/freedom-of-information

The Act allows the Trust to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include: cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to the Trust in-confidence and information that is confidential under another Act.

Under the FOI Act, the FOI processing time for requests received is 30 days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, the processing time is 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

If an applicant is not satisfied by a decision made by the Trust, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

Making a request

When making an FOI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought. An application fee of \$31.80 applies. Access charges may be payable if the document pool is large and the search for material time consuming.

Requests for documents in the possession of the Arts Centre Melbourne should be addressed to:

Freedom of Information Officer
Arts Centre Melbourne
100 St Kilda Rd
Melbourne 3004
foi@artscentremelbourne.com.au

FOI statistics/timeliness

In the 12 months ending 30 June 2023 Arts Centre Melbourne received two FOI applications, both from Members of Parliament.

Two decisions were made in relation to these requests within the statutory time periods including agreed extension periods allowable under the Act. Of these decisions, one denied access in full and one granted access in part. As at 30 June 2023, one request was subject to review by OVIC.

Further information

Further information regarding the operation and scope of FOI can be obtained from the Act; regulations made under the Act; and ovic.vic.gov.au.

Competitive Neutrality Policy

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, that any advantage arising solely from their government ownership are removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. The policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

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 including compliance with the requirements of the policy statement, *Competitive Neutrality Policy Victoria* and any subsequent reforms.

Social Procurement Framework

The Social Procurement Framework (SPF) works to leverage the Victorian Government's buying power to create jobs and skills-based training in areas of disadvantage. It seeks to address systematic inequalities and improve environmental outcomes in local communities. Arts Centre Melbourne is committed to advancing social and sustainable objectives in accordance with the SPF. The Social Procurement Framework objectives prioritised during the year were:

- opportunities for Victorian Aboriginal people
- environmentally sustainable outputs
- environmentally sustainable business practices.

In FY2023, Arts Centre Melbourne has made progress towards its SPF objectives through:

- The introduction of Pawa catering as an option for events hosted at Arts Centre Melbourne. Pawa is an Aboriginal-owned catering business whose mission is to showcase the incredible flavours of native ingredients, and is also dedicated to providing a sustainable and environmentally friendly product and place of employment for Aboriginal communities.
- The selection of Hub Australia as our alternate office accommodation for staff relocated due to the Melbourne Arts Precinct Transformation construction works on the Theatres Building. Hub Australia locations are carbon neutral and B Corp Certified, and by selecting Hub Australia, Arts Centre Melbourne is able to share amenities with other organisations rather than building new amenities in a new location that would only be used for a short period of time. To help us minimise waste, all furnishings used by Arts Centre Melbourne at Hub Australia are relocatable and were selected with the intention that they will be re-purposed when Arts Centre Melbourne vacates Hub Australia.
- Increasing the proportion of our electricity that is produced from green sources to 50 per cent, and committing to 100 per cent green power from FY2024 onwards.

| Social procurement metrics | Expenditure \$000 | No. of businesses engaged |
|---|----------------------|------------------------------|
| Total spend with Victorian Aboriginal businesses | 230 | 16 |
| Total spend with Victorian social enterprises led by a mission for people with disability and Australian Disability Enterprises | 631 | 9 |
| Total spend with Victorian social enterprises led by a mission for the disadvantaged | 1,785 | 20 |
| Total spend with social enterprises and Aboriginal businesses | 3,751 | 39 |

Compliance with the Public Interest Disclosures Act 2012

The *Public Interest Disclosures Act 2012* ("Act") encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

The Trust is committed to the aims and objectives of the Act. In particular, the Trust does not tolerate improper conduct by its staff nor the taking of reprisals against those who come forward to disclose such conduct.

Reporting procedures

The Trust is not a public body to which disclosures under the Act 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 ibac.vic.gov.au

Further information

The Trust's Public Interest Disclosure Guidelines outline the procedures of the Trust for protecting people who make public interest disclosures from detrimental action by the Trust or its staff. This is available on the Trust's website: artscentremelbourne.com.au/about-us/how-we-work/our-policies

Compliance with the Disability Act 2006

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

The Trust has complied with its obligations under the *Disability Act 2006* to prepare a Disability Action Plan, called the Disability Equity and Inclusion Plan at Arts Centre Melbourne, for the purpose of: reducing barriers to access goods, services and facilities, reducing barriers to people with a disability obtaining and maintaining employment, promoting inclusion and participation in community and achieving tangible changes in attitudes and practices that discriminate against people with a disability.

Arts Centre Melbourne's Disability Equity and Inclusion Plan is focused on:

1. Achieving tangible changes in attitudes and practices which discriminate against people with disability.
2. Reducing barriers to people with disability obtaining and maintaining employment.
3. Reducing barriers to people with disability accessing goods, services, and facilities.
4. Promoting inclusion and participation in the community of people with disability.

Arts Centre Melbourne is committed to contributing to change both inside and outside our walls. Equity and Inclusion is not about changing the core function of Arts Centre Melbourne but changing the

way that we interact with those around us and in doing so, embodying the principle of “nothing about us without us.” Our commitment is to provide a welcoming, safe gathering place where all Victorians can feel a sense of belonging in any capacity both on and off our stages, as outlined below.

As required by the *Disability Act 2006*, the Trust reports annually on the implementation of its Disability Equity and Inclusion Plan in its annual report with the following initiatives and outcomes achieved in FY2023:

Reducing barriers to accessing goods, services and facilities

Arts Centre Melbourne and our Resident Companies delivered a variety of relaxed performances throughout the year, designed for anyone who would benefit from a more relaxed environment, including people with autism, sensory sensitivities, Tourette’s syndrome, learning disabilities or dementia, as well as people living with anxiety or people who have experienced trauma. Highlights included relaxed performances of *Creation, Are We There Yet?* and a relaxed season in *The Channel of ARCO Jnr.*

Alter State, co-founded and presented by Arts Centre Melbourne and Arts Access Victoria, a major arts and disability festival engaging artists and audiences from Australia and Aotearoa (New Zealand), delivered a total of 51 relaxed performances throughout the festival. More than 5,700 audience members engaged with Alter State in-person and online, with nearly 75 per cent engaging with content online.

Opera Australia and the Really Useful Group in association with Cameron Mackintosh also presented a relaxed performance of the new production of Andrew Lloyd Webber’s *The Phantom of the Opera* in the State Theatre.

As part of our Reimagining Arts Centre Melbourne project, we continued consulting with Arts Access Victoria on standards and the proposed upgrades to our State Theatre, which will expand accessibility options across all ticketing levels.

Reducing barriers to persons with a disability obtaining and maintaining employment

The introduction of Equity as an organisational value reflects Arts Centre Melbourne’s commitment to fairness and justice as we continue to work towards systemic and cultural change across our ways of working.

- Arts Centre Melbourne’s Inclusive Leadership Model was integrated into the newly launched Everyday Leaders Program in FY2023. This ensured a focus for our People leaders, team leaders and supervisors on leading with humility, curiosity, effective collaboration, cultural intelligence, flexibility and agility, and always with a visible commitment to Equity and Inclusion.

Promoting inclusion and participation in the community

As part of our commitment to greater awareness and education, Arts Centre Melbourne launched its Disability Awareness 101 module for all team members and now forms part of the Arts Centre Melbourne’s compulsory Onboarding and Induction program.

FY2023 also saw a series of Lunchbox Learning sessions delivered for all Arts Centre Melbourne staff. This series of informal conversations, hosted by CEO of Arts Access Victoria, Caroline Bowditch ahead of Alter State, was an opportunity to gain insights from key leaders in the arts and disability community.

Achieving tangible changes in attitudes and practices that discriminate against people with a disability

The organisations AMAZE, Vision Australia and Break a Finger worked with our teams ahead of Alter State last year. This enabled our team to provide a dedicated Front of House team for Alter State, ensuring consistent and inclusive service for the whole festival. The flow on effects of this training have been important for our Relaxed Performance schedule throughout the year, ensuring our service delivery made everyone feel welcome and safe. Our management team also benefitted by being able to assist team members who chose to disclose that they are on

the autism spectrum and have used this learning to make necessary and meaningful adjustments to the work environment for these team members.

The inaugural Alter State festival, in partnership with Arts Access Victoria, was held across September and October in 2022 as a disability-led hybrid offering, with more than 100 Deaf and Disabled artists engaged. The festival delivered live performances across Arts Centre Melbourne's theatres and spaces as well as digital content online. Ninety per cent of audiences surveyed felt Alter State celebrated disability-led artistic expression, and 82 per cent strongly agreed that Alter State challenged perceptions of disability through its programming of contemporary, high-quality artistic work. Reflecting upon their time working on Alter State, 93 per cent of team members who provided feedback agreed that they had taken learnings from working on the festival and were applying them as part of their business-as-usual practices. Arts Centre Melbourne and Arts Access Victoria were recognised for "Contribution to Sector and Community" at the 40th annual Green Room Awards in 2023.

Disclosure of Emergency Procurement

Emergency Procurement procedures were not utilised by the Trust during FY2023.

Environmental reporting

Arts Centre Melbourne is committed to environmental sustainability in its operations. Sustainability and greenhouse gas emissions reduction form core parts of Arts Centre Melbourne's corporate strategy. Specifically, in FY2023 Arts Centre Melbourne developed a comprehensive Environmental Inventory tool that captures Scope 1, 2 and 3 emissions and an associated Environmental Roadmap that forms the basis for phased emissions reduction strategies and targets. Arts Centre Melbourne's strategy reflects

legislation, policies, and strategies, including the *Climate Change Act 2017*, Victoria's Climate Change Strategy, Whole of Victorian Government emissions reduction pledge, Victorian Renewable Energy Target, Recycling Victoria, and Creative State 2025.

Reporting boundary for environmental data

All the operations and activities of Arts Centre Melbourne are included within the organisational boundary for this reporting period, namely:

- Theatres Building
- Hamer Hall
- Sidney Myer Music Bowl.

Greenhouse gas emissions

Arts Centre Melbourne reports its greenhouse gas emissions broken down into emissions "scopes" consistent with national and international reporting standards.

- Scope 1 emission sources include fuel use in buildings, heating and cooling and car fleet.
- Scope 2 emission sources include electricity, procured under the State Procurement Contract.
- Scope 3 emission sources include waste, water and air travel.

The period from FY2021 to FY2023 saw emissions fluctuate in accordance with the impact on operations from COVID-19 pandemic settings, with a significant reduction attributable to a reduction in Scope 2 emissions in FY23 achieved through the adoption of 50% green sourced energy in the year.

| Indicator | FY2023 | FY2022 | FY2021 |
|--|---------|---------|---------|
| Total Scope 1 greenhouse gas emissions (Tonnes CO ₂ -e) | 993.49 | 1063.34 | 1102.99 |
| Total Scope 2 greenhouse gas emissions (Tonnes CO ₂ e) | 2910.84 | 6428.46 | 5293.01 |
| Total Scope 3 greenhouse gas emissions from commercial air travel and waste disposal (Tonnes CO ₂ -e) | 588.83 | 442.52 | 240.89 |

Electricity production and consumption

Arts Centre Melbourne continues to implement a range of energy efficiency policies across its sites to reduce electricity use. These measures include:

- the installation of LED lighting across all department sites within three years
- Building Management Systems (BMS) upgrades and the application of “machine learning” for efficiency
- adjusting set-points to heating and cooling systems to optimise electricity savings.

Total electricity use is constantly monitored by the Arts Centre Melbourne Facilities team and necessarily impacted by venue utilisation.

Scope 2 emissions more than halved from FY2022 to FY2023 as consequence of adopting 50 per cent green-sourced electricity effective from 1 July 2022, under a new contract of arrangement with the State Procurement Contract

| Indicator | FY2023 | FY2022 | FY2021 |
|---|-------------|-------------|-------------|
| Total electricity consumption (MWh) | 9353 | 7937 | 6085 |
| Purchased electricity – consolidated | 9353 | 7936 | 6084 |
| Self-generated (MWh) | 0 | 0 | 0 |
| On-site electricity generated (MWh) | | | |
| Other non-renewable (diesel backup generator) (d) | 0.39 | 0.58 | 0.68 |
| Total electricity offsets (MWh) | | | |
| LGC's voluntarily retired by the entity | 0 | 1475 | 1131 |
| Greenpower | 6435 | 0 | 0 |

Stationary fuel use

Sources of emissions from stationary fuel include natural gas used in some buildings' heating systems and diesel back-up generators for critical facilities. Arts Centre Melbourne collected data primarily through billing information from fuel suppliers. Consumption levels for the period from FY2021 to FY2023 saw emissions fluctuate only in accordance with COVID-19 pandemic settings impacting operations.

| Indicator | FY2023 | FY2022 | FY2021 |
|--|-------------------|-------------------|-------------------|
| Total fuels used in buildings and machinery (MJ) | 19,142,230 | 20,503,172 | 21,302,472 |
| Buildings (a) | | | |
| Natural gas | 18,971,000 | 20,348,000 | 21,128,000 |
| Machinery (b) | | | |
| Diesel | 171,230 | 155,172 | 174,472 |
| Greenhouse gas emissions from stationary fuel consumption (Tonnes CO₂-e) | 989.60 | 1,059.43 | 1100.97 |

Transportation

Arts Centre Melbourne's vehicle fleet comprised four vehicles essential to support services and maintenance, of which four were internal combustion engine vehicles.

| Indicator | FY2023 | % | FY2022 | % | FY2021 | % |
|------------------------------------|----------|-----|----------|-----|-----------|-----|
| Road vehicles | | | | | | |
| Internal combustion engines | | | | | | |
| Petrol | 19,924MJ | 50% | 26,153MJ | 50% | 2,188.8MJ | 50% |
| Diesel/Biodiesel | 19,803MJ | 50% | 14,167MJ | 50% | 0MJ | 50% |

Total energy use

Total energy used for the period from FY2021 to FY2023 moved in accordance with COVID-19 pandemic settings, with the greatest reduction in non-renewable energy/increase in renewable energy attributable to the move in FY2022 to 50 per cent green-sourced electricity.

| Indicator | FY2023 | FY2022 | FY2021 |
|--|------------|------------|------------|
| Total energy usage from fuels (stationary and transportation) (MJ) | 19,181,956 | 20,543,492 | 21,304,661 |
| Total energy used from electricity (MJ) | 33,670,800 | 28,569,600 | 21,902,112 |
| Total energy used segmented into renewable and non-renewable sources (MJ) | | | |
| Renewable | 23,166,000 | 5,311,332 | 4,071,600 |
| Non-renewable | 10,504,800 | 23,259,600 | 17,830,800 |
| Units of energy used normalised by FTE | | | |

Sustainable buildings and infrastructure

Environmentally Sustainable Design in new buildings and infrastructure

No new buildings were built or acquired during the reporting period. The design of new buildings constructed as part of the Melbourne Arts Precinct Transformation will have a minimum 5-star Green Star Buildings certified rating.

Sustainable procurement

Arts Centre Melbourne considers sustainable procurement objectives through its implementation of the Social Procurement Framework, which establishes requirements that apply to Victorian Government departments and agencies when they procure goods, services and construction. More details of Arts Centre Melbourne's implementation of the Social Procurement Framework are contained in the relevant section of the Annual Report.

Water consumption

The period from FY2021 to FY2023 saw water consumption fluctuate in accordance with COVID-19 pandemic settings, and an increased number of events at the Sidney Myer Music Bowl in FY2023.

| Indicator | FY2023 | FY2022 | FY2021 |
|---|--------|--------|--------|
| Total water consumption by an entity (kilolitres) | 43,853 | 30,482 | 25,489 |
| Potable water consumption | 35,300 | 23,220 | 18,851 |
| Metered reused water consumption | 0 | 0 | 0 |
| Units of metered water consumed normalised by FTE | k/L | k/L | k/L |

Waste and recycling

The period from FY2021 to FY2023 saw waste production fluctuate in accordance with COVID-19 pandemic settings.

| Indicator | FY2023 | % | FY2022 | % | FY2021 | % |
|---|---------|--------|------------|--------|----------|--------|
| Total units of waste disposed (kg and %) | 425,664 | | 355,524,40 | | 201,240 | |
| Landfill (disposal) | 179.28T | 42.12% | 54.24T | 15.26% | 63T | 31.31% |
| Recycling/recovery (disposal) | | | | | | |
| Food and garden organics (FOGO) | 8.65T | 2.03% | 10.78T | 3.03% | 1.9T | 0.94% |
| Cardboard | 26.04T | 6.12% | 15.78T | 4.44% | 7.0& | 3.48% |
| Percentage of office sites which are covered by dedicated collection services for | | | | | | |
| Printer cartridges | | | 0.14T | 0.04% | 0.14T | 0.07% |
| Batteries | | | 0.14T | 0.04% | 0.0T | 0% |
| E-waste | 0.33T | 0.08% | 0.66T | 0.19% | 0.0T | 0% |
| Soft plastics | | | | | | |
| Total units of waste disposed of normalised by FTE (kg/FTE) | 3.647kg | | 3.0274kg | | 1.7137kg | |
| Recycling rate (%) | | 58% | | 64% | | 69% |
| Greenhouse gas emissions associated with waste disposal (Tonnes CO ₂ -e) | 425.58T | | 325.56T | | 172T | |
| Landfill | 425.58T | | 126.39T | | 63T | |

Budget Paper 3 output reporting

| | FY2023 | FY2022 | FY2021 | FY2020 | FY2019 |
|---|-----------|-----------|-----------|-----------|-----------|
| Attendances ¹ | 2,612,024 | 1,272,493 | 430,573 | 2,048,065 | 3,115,240 |
| Website visitation ² | 5,152,621 | 3,063,087 | 1,856,535 | 3,966,919 | 3,948,728 |
| Memberships | 1,033 | 1,342 | 1,422 | 1,413 | 1,422 |
| Volunteer hours | 1,176 | 298 | 297 | 2,043 | 1,754 |
| Student attendances at education programs | 32,769 | 3,345 | 14,341 | 32,796 | 54,949 |
| Collections storage meeting industry standard (%) | 78 | 78 | 73 | 73 | 73 |
| Visitors satisfied with visit (%) | 91 | 90 | 93 | 94 | 96 |

Notes:

- Attendances represent the number of visitors to Arts Centre Melbourne including visitors to Food and Beverage and Sunday Market (this excludes Carpark patrons).
- Website visitation represents the number of online visits to Arts Centre Melbourne's website.

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.

Subsequent events

There are no subsequent events for the financial year ended 30 June 2023.

Attestation for financial management compliance with

Standing Direction 5.1.4

Victorian Arts Centre Trust Financial Management
Compliance Attestation Statement

I, Ian Carson AM, on behalf of the Responsible
Body, certify that the Victorian Arts Centre Trust
has no material compliance deficiency with respect
to the applicable Standing Directions under the
Financial Management Act 1994 and Instructions.

A handwritten signature in black ink, appearing to read 'Ian Carson', with a long horizontal flourish extending to the right.

Ian Carson AM
President
Victorian Arts Centre Trust
21st September 2023

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

| LEGISLATION | REQUIREMENT | PAGE |
|---|--|----------|
| REPORT OF OPERATIONS AND ADMINISTRATIVE REPORTING REQUIREMENTS | | |
| CHARTER AND PURPOSE | | |
| FRD 22* | Manner of establishment and the relevant Ministers | 61 |
| FRD 22 | Purpose, functions, powers and duties | 60 |
| FRD 22 | Key initiatives and projects | 14-31 |
| FRD 22 | Nature and range of services provided | 31-47 |
| MANAGEMENT AND STRUCTURE | | |
| FRD 22 | Organisational structure | 61 |
| FINANCIAL AND OTHER INFORMATION | | |
| FRD 10 | Disclosure index | 161 |
| FRD 22 | Operational and budgetary objectives and performance against objectives | 5-59 |
| FRD 22 | Employment and conduct principles | 144 |
| FRD 22 | Occupational health and safety policy | 144 |
| FRD 22 | Summary of the financial results for the year | 72 |
| FRD 22 | Significant changes in financial position during the year | 72-75 |
| FRD 22 | <i>Major changes or factors affecting performance</i> | 72 |
| FRD 22 | Subsequent events | 137, 159 |
| FRD 22 | Application and operation of Freedom of Information Act 1982 | 151 |
| FRD 22 | Compliance with building and maintenance provisions of Building Act 1993 | N/A |
| FRD 22 | Statement on National Competition Policy | 152 |

| | | |
|---|---|-----|
| FRD 22 | Application and operation of the Public Interest Disclosures Act 2012 | 153 |
| FRD 22 | Details of consultancies over \$10,000 | 150 |
| FRD 22 | Details of consultancies under \$10,000 | 150 |
| FRD 22 | Details of government advertising expenditure | 149 |
| FRD 22 | Details of ICT expenditure | 150 |
| FRD 22 | Statement of availability of other information | 153 |
| FRD 22 | Disclosure of emergency procurement | 155 |
| FRD 24 | Environmental reporting | 155 |
| FRD 25 | Local Jobs First | 149 |
| FRD 29 | Workforce Data disclosures | 145 |
| COMPLIANCE ATTESTATION AND DECLARATION | | |
| SD 5.4.1 | Attestation of compliance with Ministerial Standing Direction | 160 |
| SD 5.2.3 | Declaration in report of operations | 2 |

Financial statements

| DECLARATION | | PAGE |
|---|--|-------------|
| SD 5.2.2 | Declaration in Financial Statements | 80 |
| OTHER REQUIREMENTS UNDER STANDING DIRECTION 5.2 | | |
| SD 5.2.1(a) | Compliance with Australian accounting standards and other authoritative pronouncements | 89 |
| SD 5.2.1(a) | Compliance with Standing Directions | 80 |
| OTHER DISCLOSURES AS REQUIRED BY FRDS IN NOTES TO THE FINANCIAL STATEMENTS | | |
| FRD 110 | Cash flow statement | 87 |
| FRD 11 | Disclosure of ex-gratia payments | N/A |
| FRD 21 | Responsible person and executive officer disclosures | 134 |
| FRD 102 | Inventories | 110 |
| FRD 103 | Non-financial physical assets | 101 |
| FRD 106 | <i>Impairment of assets</i> | 127 |
| FRD 109 | Intangible assets | 105 |
| FRD 112 | Defined benefit superannuation obligations | 98 |
| FRD 114 | Financial Instruments | 116 |
| FRD 119 | Transfers through Contributed Capital | N/A |

Legislation*Freedom of Information Act 1982**Building Act 1993**Public Interest Disclosures Act 2012**Disability Act 2006**Local Jobs First Act 2003**Financial Management Act 1994**Audit Act 1994**Australian Charities and Not-for-profits Commission Act 2012*

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

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

