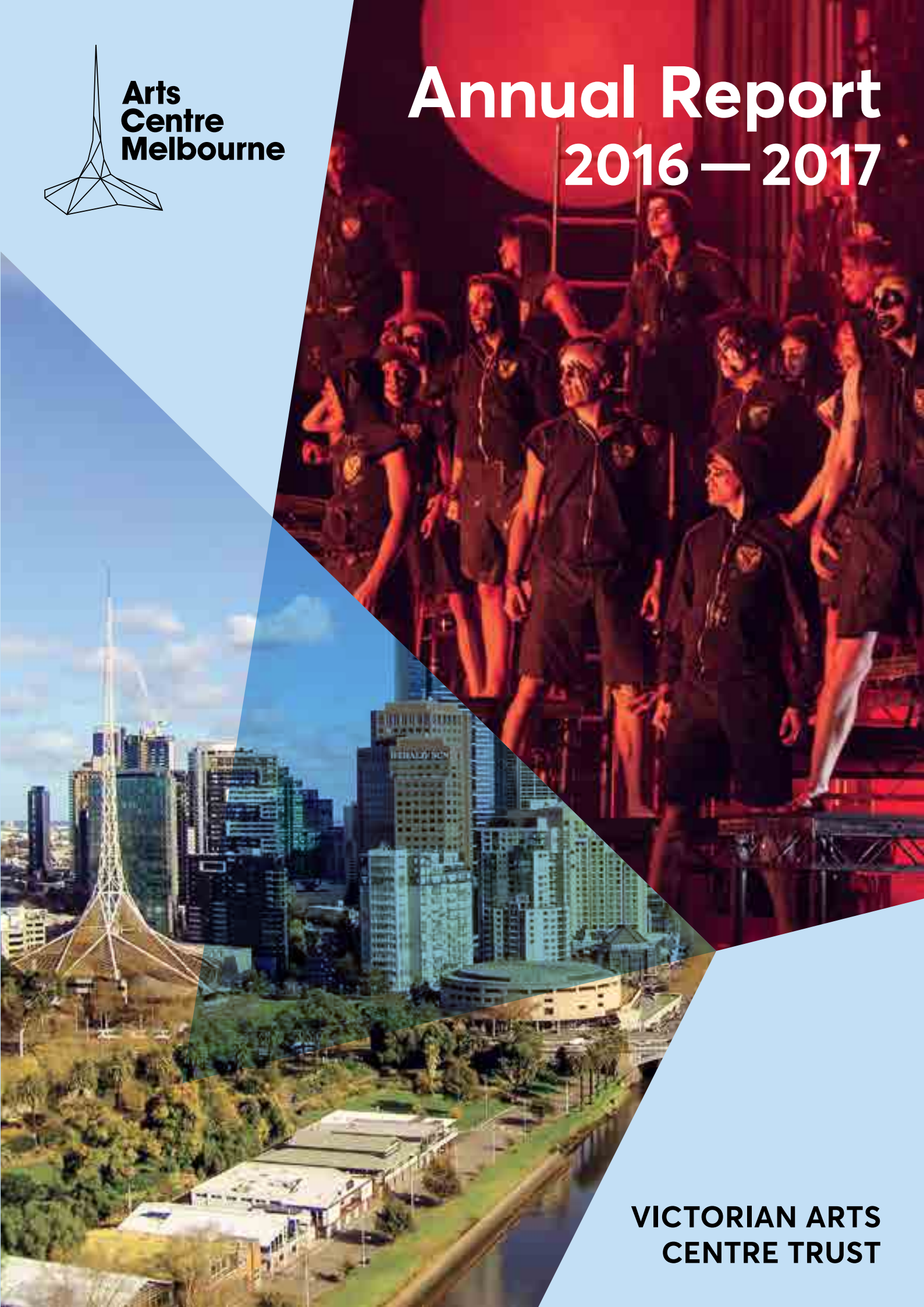




Annual Report 2016 — 2017



**VICTORIAN ARTS
CENTRE TRUST**

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


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

The Trust's core purpose is to enrich the lives of Victorians – culturally, educationally, socially and economically (*Victorian Arts Centre Act 1979*, s.5(2)). This purpose drives our overarching Strategic Goal to enhance the creativity of Melbourne.

For further detail on the Trust's role refer to page 56.

RESPONSIBLE BODY'S DECLARATION

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Arts Centre Trust's Annual Report for the year ending 30 June 2017.



James MacKenzie
President
Victorian Arts Centre Trust

ABBREVIATIONS USED IN THIS REPORT

"F2017" refers to the 2016–17 Financial Year (the reporting year covered by this report). Other reporting years are indicated by a year preceded by "F", for example "F2015" refers to the 2014–15 Financial Year.



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About us

ARTS CENTRE MELBOURNE

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

We are Australia's largest performing arts centre. In F2017 we welcomed 3.04 million visitors through our doors. As a cultural and architectural landmark of Melbourne, we have showcased the best of Australian and international performing arts for over 30 years.

Our commitment is to bring people together to share in remarkable experiences. This is underpinned by the Trust's core purpose to enrich the lives of Victorians – culturally, educationally, socially and economically.

We are proudly the home of our flagship Resident Companies – The Australian Ballet, Melbourne Symphony Orchestra, Melbourne Theatre Company and Opera Australia – and a range of presenters who collectively bring our stages and spaces to life.

Together with our own program of performances, events and activities we offer a diversity of audiences a distinctly multidimensional approach to participation, education and entertainment.

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

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

¹ Boston Consulting Group *Melbourne as a Global Cultural Destination* report 2017.

THE FUTURE

The Victorian Government's vision for Melbourne is to advance its position as an internationally recognised cultural and creative destination and retain its crown of being the world's most liveable city.

Both aspirations are highly achievable as already the 2017 Boston Consulting Group report ranks Melbourne as the third cultural destination city in the Asia-Pacific and 12th in the world¹.

It is clear that an environment and capacity for constant enrichment, evolution and innovation through our creative industries and cultural infrastructure is critical to retaining the city's crown and for future global positioning.

As one of Melbourne's major cultural institutions, sitting at both the gateway and heart of the burgeoning Southbank Arts Precinct, we are committed to playing a leading role in realising this vision.

Today, there is a complex tapestry of organisations, artists, creative industries, producers and makers who drive a thriving creative environment. Over 40 cultural institutions alone are located in and around the Southbank Arts Precinct.

In F2017 we continued to support this rich ecosystem at all levels as connector, collaborator, partner, innovator and sector leader. Together we work collectively to enhance capabilities amongst the Southbank Arts Precinct's cultural institutions and within the broader creative community, to build a more exciting and creative place for all Victorians and for inbound international and interstate visitors.

In F2017 we committed to long-term future planning with the commencement of a Masterplan for the Theatres Building, in the context of broader Southbank Arts Precinct challenges and opportunities (page 47).

Investing in Melbourne's cultural infrastructure will be key to achieving the Victorian Government's aspiration to further increase Melbourne's status amongst the world's cultural destinations. Continued investment in Arts Centre Melbourne's infrastructure and programming will ensure we play a central role in realising this vision.

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

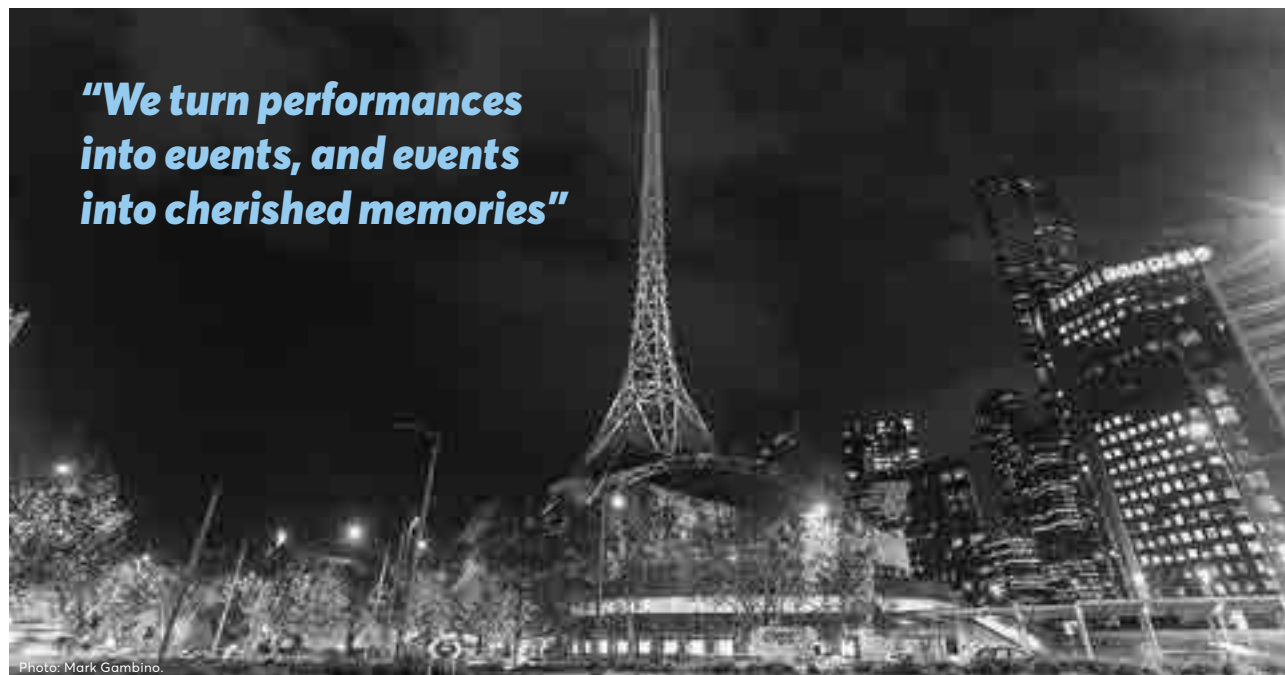


Photo: Mark Gambino.

OUR STRATEGIC FRAMEWORK

OUR PURPOSE

Our Purpose is to Create, Connect and Enrich. We believe that what we do makes a difference by:

- making Melbourne more creative and vibrant
- making the arts more welcoming and accessible
- presenting works of local, national and international significance to engage, inspire and challenge our audiences
- being the Melbourne home for Australia's leading performing arts companies
- bringing families and communities together across generations and cultural divides
- inspiring curious minds of all ages through innovative and contemporary arts practice
- preserving the legacy of and building the Australian Performing Arts Collection
- leveraging our unique position in the industry, providing leadership within the creative and cultural sector.

OUR COMMITMENT

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

- be visionary and pioneering
- build vitality and relevance in the arts for the next generation
- demonstrate leadership across the creative and cultural sector
- turn performances into events, and events into memorable stories
- be "curtain up"; always performance-ready.

OUR VALUES

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

- Leadership
 - We work with courage and conviction to achieve our strategy.
 - We are honest and straightforward and hold each other to account.
 - We celebrate success and learn from our mistakes.
 - We are part of an evolving industry and advocate for change and increased support.
- Community
 - We connect people of all ages and backgrounds to participate in the arts as audiences, as performers, as learners and as critics.
 - We take a positive approach to communication and knowledge sharing, which embeds trust and cooperation in our community.
 - We foster partnerships and inclusivity with integrity.
- Care More
 - We create a safe and secure environment for everybody, where we respect and look after each other.
 - We take the additional steps necessary and do it with integrity and pride.
 - We look out for one another while we work to a common goal.
- Creativity
 - We use our imagination and sense of adventure to stay one idea ahead.
 - We are innovative and agile in our dynamic environment and industry.

OUR STRATEGIC PRIORITIES

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

The Performing Arts (page 20)

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

Audience Focused (page 30)

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

Custodianship (page 44)

Treasuring the past and creating new stories.

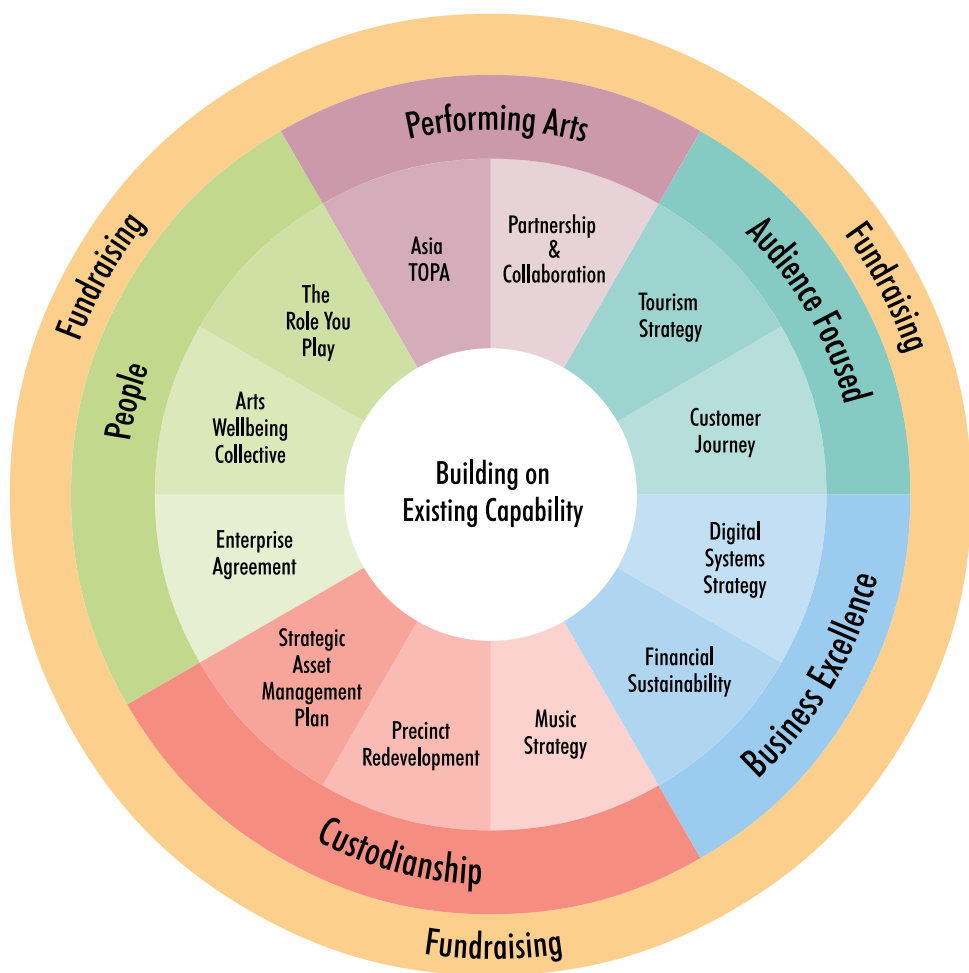
People (page 48)

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

Business Excellence (page 52)

Striving for the highest standards.

KEY INITIATIVES AND PROJECTS



Cross-organisation Strategic Projects

Impact Measurement	Environment Management	Stakeholder Relations & Advocacy	Reconciliation Strategy	Precinct & Industry Leadership
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OUTCOMES IN F2017

Our key initiatives and projects during F2017 were driven by our *Corporate Plan 2016–2019*, resulting in the following key outcomes:

- We completed and submitted the *Business Case and Masterplan to Reimagine Arts Centre Melbourne* (page 47).
- We successfully delivered the inaugural Asia TOPA with a Consortium of industry partners to an audience of over 890,000 (page 24).
- We enhanced access to the Southbank Arts Precinct by reopening Hamer Hall during the day, adding food and beverage outlet Bombini Buzz (page 43) and establishing the City of Melbourne Visitor Hub at Hamer Hall in partnership with the City of Melbourne (page 39).
- We launched the Arts Wellbeing Collective and delivered seminars to over 120 member organisations in metro Melbourne and regional Victoria, as well as providing online resources (page 50).
- We announced the establishment of the Australian Music Vault through a collaborative partnership with the music industry, which, when it opens in F2018, will deliver on a key Victorian Government election commitment under its Music Works strategy (page 46).
- We deepened our community partnerships and youth outreach through projects such as *Fun Run* (page 34) and *Lord of the Flies* (page 28).
- We increased access to our programs for those who experience barriers due to disadvantage, disability, distance or disenfranchisement, including through the first year of our tixatsix initiative (page 37) and the First Call Fund (page 36).
- We scoped and implemented a relationship management framework for Resident Companies and major hirers (page 23).
- We continued the shaping and development of our internal culture (page 49).
- We engaged with regional Victorian schools and students through initiatives including ArtsConnect9 (page 37), *Lord of the Flies* (page 28) and the First Call Fund (page 36).

EXPECTATIONS FOR F2018

Arts Centre Melbourne supports the Vision of the Victorian Department of Economic Development, Jobs, Transport and Resources' 2016 Strategic Plan for "A productive, competitive and sustainable Victorian economy that contributes to a prosperous and inclusive society".

As part of the department, Arts Centre Melbourne is contributing to the delivery of the department's:

- ten-year outcome focus on prosperity and inclusion; liveability; innovation; productivity; and global connections
- four-year priorities and strategies to "Establish Victoria's position as a premier creative and visitor economy, providing quality cultural, recreational and tourism experiences" and "Increase the value, speed and targeting of trade and investment for Melbourne and Victoria through strengthening and leveraging global connections".

Our *Corporate Plan 2017–2020* has been developed having regard to the Victorian Government's *Creative State: Victoria's first creative industries strategy 2016–2020*. We actively contribute to the Action Areas in *Creative State*, including:

- backing creative talent: through our Partnership and Collaboration Strategy including a significant focus on cross-cultural and Indigenous arts
- strengthening the creative industries ecosystem: through our industry-wide Arts Wellbeing Collective initiative and capacity building through our support of the independent and small-to-medium sector
- delivering wider social and economic impact: through long-term social impact projects in The Channel and the development of a more comprehensive Arts Learning strategy
- increasing participation and access: through delivery of the Australian Music Vault, our large-scale public participation projects, access initiatives like the First Call Fund and tixatsix, the regional presentation of the *Kylie on Stage* exhibition and the regional roadshow of the Arts Wellbeing Collective
- building international engagement: through a long-term investment in Asian work and business relationships and the development of our Tourism Strategy.

Our contribution to government policy extends far wider than *Creative State*, and the Strategic Priority Projects in the *Corporate Plan 2017–2020* include linkages to other key policies including the Visitor Economy Strategy, International Trade and Investment, Workplace Wellbeing, Education State, Multiculturalism, the China Strategy, Gender Equality and the draft 30-Year Infrastructure Plan.

After forming a collaborative working relationship with the City of Melbourne to open the City of Melbourne Visitor Hub at Hamer Hall in January 2017, we shall continue to work together to support the delivery of Victoria's Visitor Economy strategy.

We shall leverage the knowledge developed during the inaugural Asia TOPA to enhance the role we can play in international tourism and cultural diplomacy, particularly in the Asia-Pacific region.



PRESIDENT'S REPORT

This has been my first full year as President of the Victorian Arts Centre Trust. I am heartened by the successes we have achieved both on and off the stage and the strategic approach the organisation has taken towards our future and the role we play in Victoria.

For 35 years we have helped shape Melbourne's cultural identity to the local, national and international communities.

The Trust's response to the Victorian Government's Creative Industries strategy, *Creative State*, has seen Arts Centre Melbourne connect across a broad range of disciplines, engaging with other organisations, large and small, to bring premium performances to our stages, help develop new work and provide remarkable experiences for all Victorians.

In Melbourne's Southbank Arts Precinct we are surrounded by many of Australia's leading cultural organisations. Now more than ever we are able to contribute to Victoria's creative and visitor economies through collaboration, including programs which are developed with a strong regional reach through offsite delivery and important digital platforms.

The Asia-Pacific Triennial of Performing Arts (Asia TOPA), the Australian Music Vault, the Arts Wellbeing Collective and the partnerships with our Resident Companies – Opera Australia, The Australian Ballet, Melbourne Symphony Orchestra and Melbourne Theatre Company – have enriched audiences through collaboration. Presenters from the small-to-medium and the commercial sector continue to provide further diversity and range for our stages.

The sense of growth and collaboration was no better demonstrated than in the ground-breaking Asia TOPA festival.

Asia TOPA (page 24) also provided a powerful conduit towards strengthening cultural diplomacy, connecting to the creative minds of our regional neighbours, forging new partnerships and building important bridges between nations. These elements will be essential building blocks for the return of Asia TOPA in 2020. The united effort of Asia TOPA enveloped the city's arts community, providing new experiences for audiences, inspiring creative development as it crossed borders, and building new friendships. The Trust acknowledges the success of this project – made possible by the significant contribution by the Sidney Myer Fund – and the skill that assembled and delivered its complex format.

A special single-program highlight came in September 2016. Victoria's great cultural and sporting assets combined to turn Hamer Hall into a passionate sporting arena when *The Draw: A Symphony* (page 21) crossed cultural boundaries. Music and football fans – complete with scarves and sirens and a specially designed *AFL Record* – united for the filmed replay of the drawn 2010 AFL Final between Collingwood and St Kilda. It was a night to remember as the players of the Melbourne Symphony Orchestra matched the AFL players note for note, ball for ball, on this unusual playing ground of a concert hall, much to the delight of the capacity audience.

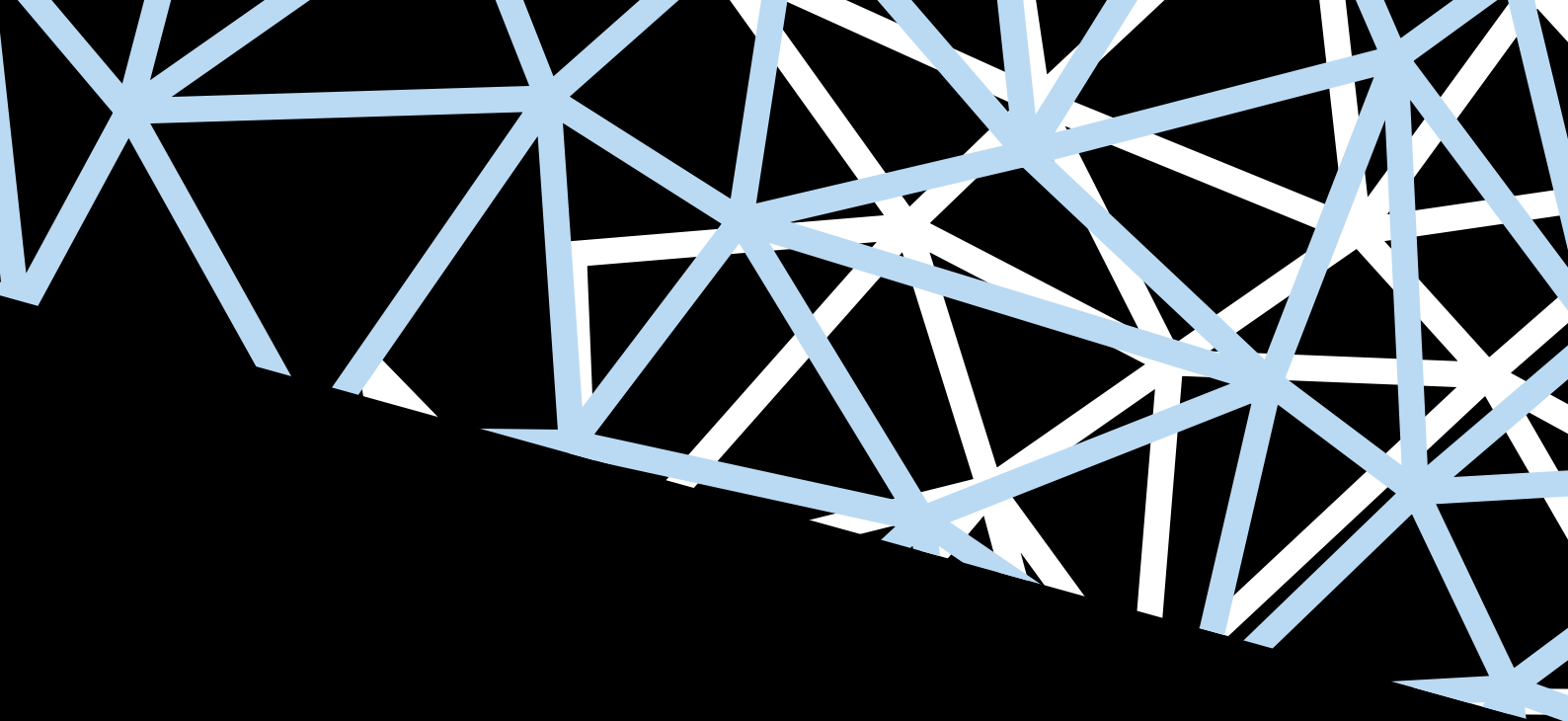
Our expertise in helping document and preserve the great Australian performing arts industry through the internationally acclaimed Australian Performing Arts Collection was further reinforced during the year when the Victorian Government announced the creation of the Australian Music Vault (page 46). This project, with \$8.3 million in funding from the Victorian Government and developed with the support and collaboration of the Australia's contemporary music industry, will be launched to the public in coming months as a dynamic free exhibition space, supported by online and education programs.

We are heartened by the support and passion we receive from all our stakeholders and the interest they have in what we do.

Premier of Victoria, The Hon Daniel Andrews MP, and the Minister for Creative Industries, Martin Foley MP, continue to be engaged with our activities. We acknowledge the \$40 million funding commitment we received from the Victorian Government in the 2017 State Budget for the important renewal of theatre equipment to enable us to maintain a safe and agile organisation capable of presenting premium programs, as well as the support received for the development of the Arts Wellbeing Collective (page 50), a pilot program focused on sector wellbeing that has been embraced wholeheartedly by more than 120 organisations across Victoria.

Our place in the community has been strengthened by important new partnerships with the City of Melbourne, enabling Hamer Hall to be opened daily as a visitor centre (page 39), and through the connection with the city's international students at the Asia Pop Fest concert at the Sidney Myer Music Bowl.

We continue to enjoy strong support from our Principal Partner Bank of Melbourne, an organisation with a similar community focus that provides great synergy with our vision and values.



The passion of our key donors remains strong and involved. I thank them for their continued support and willingness to come on the journey. We were saddened by the death early in 2017 of Miss Betty Amsden AO, DSJ, one of our most involved donors. Her legacy will be felt for many years to come.

During the year Dana Hlavacek and Sandy Clark stepped down from the Victorian Arts Centre Trust (page 59). I thank them for their diligence over many years of service, in particular their well-considered advice during difficult times. We also welcomed newcomers Nora Scheinkestel and Paul Barker to the Trust and look forward to their contribution to the success of the organisation as we move into a new era.

I was pleased to welcome Andrew Myer to the role of Chairman of the Arts Centre Melbourne Foundation. This important group will be critical in helping the Trust's planning for the future. Andrew's long-standing connection with the organisation provides him with the well-informed credentials to guide the Foundation.

The work of Chief Executive Officer Claire Spencer continues to inspire her Executive team and the whole of the organisation. I thank her for her endless energy and her vision and willingness to take the organisation to new heights.

As we look to the future and to our role in Victoria, collaboration will continue to be an important feature of our planning – redevelopment of the theatres and the connections across the precinct footprint, our creative programming and our stakeholder engagement will be front-and-centre.

There are exciting times ahead.



James MacKenzie
President
Victorian Arts Centre Trust



CHIEF EXECUTIVE OFFICER'S REPORT

Every day we're focused on our commitment to bring people together for remarkable experiences and F2017 demonstrates the outcomes and impact of that focus.

We are a major contributor to Victoria's creative and visitor economies and our place in the Southbank Arts Precinct remains an important focus for the organisation, through our presentation of performing arts, our people, our connections and our facilities.

F2017 has been a year of growth and new initiatives underpinned, always, by partnerships and collaborations. Across a broad spectrum, projects have increasingly been delivered through collaborations, allowing individual strengths to combine for better outcomes and deeper impacts.

Through industry events, including the Tessitura Users regional conference and our partnership in the Victorian Government's Creative State Summit, we were able to share knowledge and expertise that will ultimately benefit the broader industry and community.

As a Registered Training Organisation, we support future generations looking to establish a career in the performing arts (page 51). Production trainees have worked with our team, gaining experience in areas of sound, lighting and staging and through offsite training regional organisations benefited from our expertise across production disciplines.

The support of the Victorian Government and the generosity of our philanthropic supporters continues to provide an important foundation for success.

Community and collaboration were important components of several major programming initiatives during the year.

Asia TOPA (page 24)

The inaugural Asia TOPA set new parameters for collaboration between over 40 Melbourne and Victorian arts organisations, reaching out to the creative minds of our Asian neighbours and engaging an audience of 890,000 people and 1,070 local and international artists. This Arts Centre Melbourne led festival strengthened the important creative dialogue across the region, bolstered industry connections, created new works and attracted new audiences.

Asia TOPA was made possible through the generosity of the Sidney Myer Fund with support from the Australian and Victorian Governments, City of Melbourne and the business and philanthropic communities. We thank them for their support.

Community participation

Working with acclaimed UK choreographer Sir Matthew Bourne we became the first international venue to present his landmark production of *Lord of the Flies* (page 28). This much-lauded dance treatment of the classic William Golding novel allowed us to engage with communities across Victoria to audition boys and young men, many of whom had never danced before, to join professional dancers for the State Theatre season.

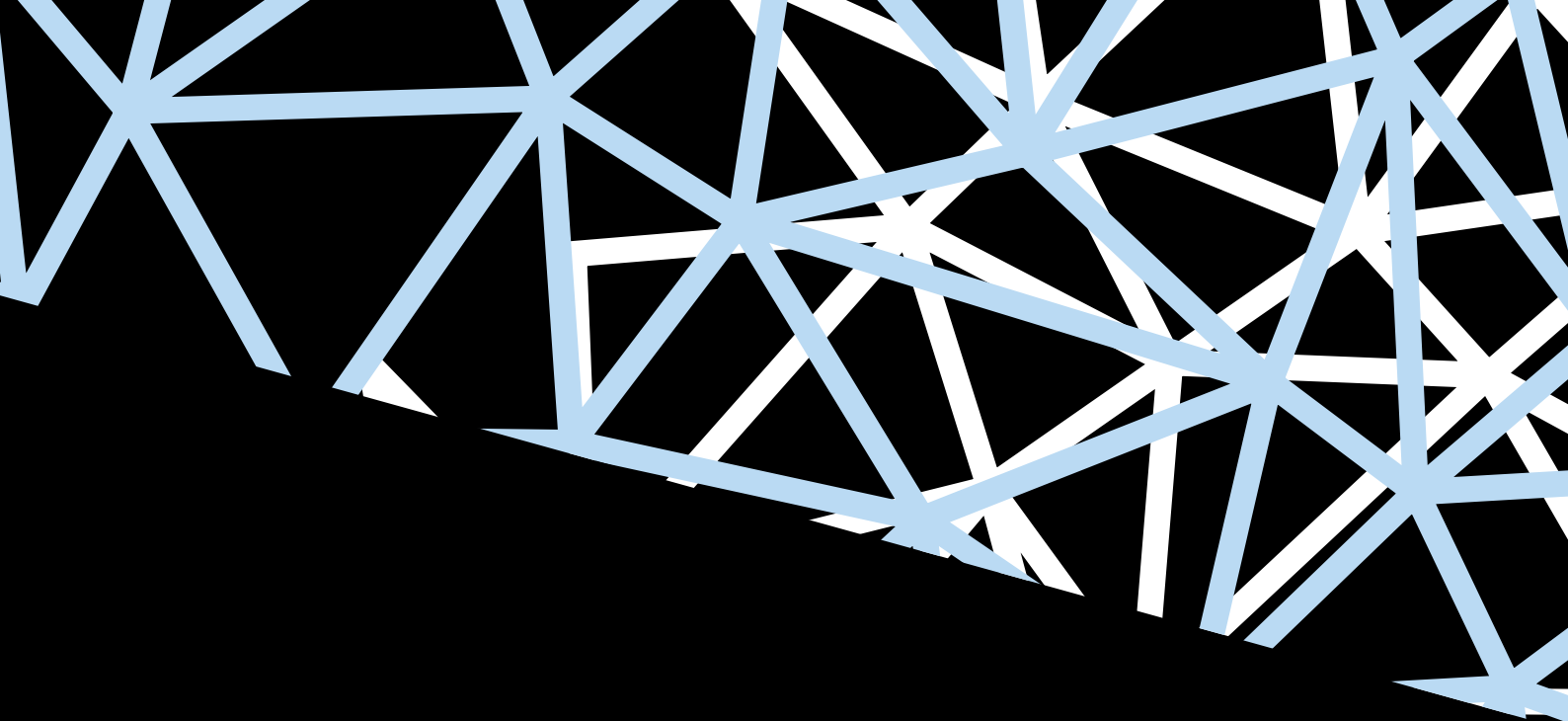
Under the banner of the Betty Amsden Participation Program, in February 2017 *Fun Run* (page 34) brought together communities from across Melbourne to engage with the performing arts. Over 450 participants from 22 community groups and schools and an audience of 45,000 for the workshops, live event and online connected through *Fun Run*. Sadly, the event was delivered just days after the death of Betty Amsden, an ever-energetic champion of community engagement. Hers was a life well-lived and her influence and love of Arts Centre Melbourne will not easily be forgotten.

Creative collaborations

Collaboration with our Resident Companies – Melbourne Symphony Orchestra, The Australian Ballet, Melbourne Theatre Company and Opera Australia – strengthened relationships in F2017.

Highlights included: the return of Opera Australia's *Ring Cycle* and a partnership to develop, present and tour *El Kid*, an opera for children; collaboration with the Melbourne Symphony Orchestra and the AFL on *The Draw: A Symphony*, and with the Melbourne Symphony Orchestra for the Helpmann Award-winning *Satan Jawa* and the Chinese Lunar New Year Concert as part of Asia TOPA; and the National Ballet of China's *The Red Detachment of Women*, presented in collaboration with The Australian Ballet and Orchestra Victoria. We partnered with the City of Melbourne for an international student concert at the Sidney Myer Music Bowl as part of Asia TOPA, attracting many newcomers to the iconic venue.

To broaden our reach into the community we worked with the city's major festivals – Melbourne International Comedy Festival, Midsumma, Melbourne Festival and Melbourne Food and Wine Festival – to support new works or by providing venues or spaces. We were especially pleased to collaborate on the creation of *Lady Eats Apple* with Back to Back Theatre during Melbourne Festival. The work has since toured internationally.



Accessible programming creates opportunities for people experiencing disadvantage or living with disability to participate in the arts. Our accessible music programs and relaxed performances give visitors, parents and families confidence to experience live performance. Bamboozle's *Down to Earth* (page 37), our partnerships with Victorian Opera to present a relaxed performance of *The Princess and the Pea* and Circus Oz to present *Model Citizens* under the Big Top!, and programs such as *Siblings in Sync* and *Sound Beginnings* at The Channel (page 38) reinforce that the performing arts is for everyone.

Arts Wellbeing Collective (page 50)

Mindful of the people who bring the magic of the performing arts to life and the importance of their wellbeing in an industry renowned for mental stress, we successfully launched the Arts Wellbeing Collective in F2017. This 12-month pilot aims to facilitate proactive, preventative resourcing and training to support mental health and wellbeing in the performing arts. This Arts Centre Melbourne led initiative is supported by the Victorian Government and Entertainment Assist, and attracted membership from more than 120 organisations across the state.

Australian Music Vault (page 46) and the Australian Performing Arts Collection (page 44)

In December 2016, the Victorian Government announced Arts Centre Melbourne would deliver on a key policy commitment to create the Australian Music Vault – a celebration of the Australian music story. This permanent exhibition at Arts Centre Melbourne will draw on the riches of our Australian Performing Arts Collection and will be supported by digital, education and public programs. It will open in December 2017.

A highlight of the Australian Performing Arts Collection exhibition program was *Kylie on Stage*, a showcase of pop-diva Kylie Minogue's stage show costumes. Kylie attend the opening and after a successful run at Arts Centre Melbourne, the exhibition is now on a two-year national tour.

City of Melbourne Visitor Hub at Hamer Hall (page 39)

Our partnership with the City of Melbourne continued to grow with the introduction of a new visitor hub at Hamer Hall. The council's popular Red Coat Ambassadors and our own Visitor Experience team have connected with more than 70,000 tourists during the City of Melbourne Visitor Hub's first six months. As part of an associated Southbank Arts Precinct project we are also working with the City of Melbourne to improve wayfinding signage.

Thank you

I acknowledge the continued passion and generosity of our loyal supporters, who continue to engage with our programs and projects. We could not succeed without them.

To the Victorian Arts Centre Trustees, we thank you for your wisdom and support.

Across a broad range of projects and collaborations we thank the expert advisory groups that work closely with our teams. The Australian Music Vault, Arts Wellbeing Collective and Asia TOPA have benefited immensely through input from many individuals and we thank them for their passion and support.

We acknowledge the strong relationship we have with the office of the Minister for Creative Industries and the engagement we receive from Minister Martin Foley MP. We look forward to continued cooperation in the future.

The final thank you must go to our team. Their support, courage, passion and determination for this place and the community and industry we serve is a daily inspiration and surely worthy of a standing ovation.



Claire Spencer
Chief Executive Officer
Arts Centre Melbourne

Arts Centre Melbourne

BY NUMBERS

98% visitor satisfaction

399 schools engaged through the our learning programs (+14% on F2016) **460**

399

free or low-cost community and school events we presented (+22% on F2016)

4.39 million+ website visits (+29% increase on F2016)

26,826

First Call Fund student and community partner attendances

697,000

people attended Asia TOPA Consortium and partner events

public program events we delivered (+37% on last year)

1,920

1,498 performance events

performance attendances

1.2 million

first-time ticket buyers **92,325**

99% attendees likely to attend another event at Arts Centre Melbourne

48,408

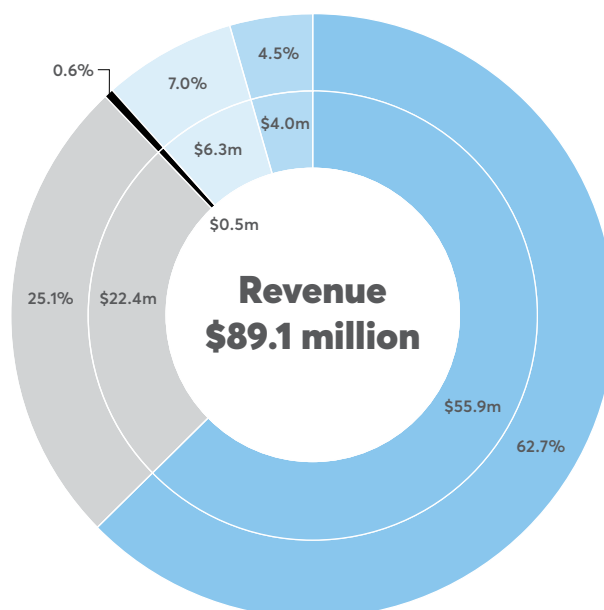
people engaged with the *Fun Run* event

car park spaces sold **272,000**

3.04 million

people visited Arts Centre Melbourne throughout the year (page 61)

352,028 coffees sold in all of our venues



- Commercially generated
- Victorian Government funding
- Australian Government funding
- Fundraising
- Other

Don't take our word for it

WHAT PEOPLE SAID ABOUT US

"A shining example to other companies on how to create greater inclusion within a community."

Australian Arts Review on Lord of the Flies

"Brutally brilliant."

The Herald Sun on Lord of the Flies ★★★★★½

"Attractor is primal, electrifying contemporary dance at its best."

The Age on the Helpmann Award-winning Attractor at XO State for Asia TOPA ★★★★★½

"This is theatre with a purpose; devastating, empowering and uplifting."

Time Out on Hot Brown Honey ★★★★★

"It broke the stigma of live art completely – I can't believe the energy and sense of community created. I LOVED IT."

Fun Run audience member

"Bridgman's clownish antics entertain the kids ceaselessly and his warm, loving and spirited dad is delightful."

The Herald Sun on The Snail and the Whale ★★★★★

"...a rich tapestry of contemporary theatre, dance and music from across Asia is laid bare in all its creative glory – and you're a part of it."

Beat Magazine on XO State at Asia TOPA

"Its subtle touches elevate the everyday into something remarkable and with simple intelligent storytelling it pulls you into a gripping theatrical experience that is difficult to leave."

ArtsHub on Passenger ★★★★★

"...the vaudevillian combination of storytelling, dance and technology works a treat."

The Age on Ira Glass' Three Acts, Two Dancers, One Radio Host ★★★★★

"Doing this workshop has allowed me to gain a lot more confidence, and I really feel like it's opened all these doors...I feel really confident now that I can take away the building blocks to produce something that I'm really proud of."

Participant, Operator

"Saltbush was a beautiful and moving experience. It was a wonderful and effective way to make students really engage and connect with the concept of 'country' and what it means for Indigenous Australians."

Teacher of school that attended Saltbush

"It's an incredible and rare experience for the students I teach. Due to their complex health issues, difficulties controlling their bodies and behaviour it can often be difficult to get them to the theatre. They absolutely love the experience and more of it would have huge benefits for them."

Teacher on Down to Earth

"The performance was outstanding. The whole outing to Arts Centre Melbourne was a fantastic experience for our students."

Teacher on Bangarra Dance Theatre's OUR people land stories

"Arts Centre Melbourne is an amazing inspirational resource for everyone. Melbourne is very lucky!"

Teacher, 2017 School Program Launch

Our stakeholders

PARTNERSHIPS AND SUPPORTERS

We extend sincere thanks to our generous donors, corporate partners, philanthropic trusts and foundations, and the Victorian, Australian and local governments that have supported the delivery of a wide range of programs and projects this year. We simply cannot achieve our goals without them.

Our loyal Arts Angels donors continue to support our Arts Centre Melbourne Presents and Collections programming, allowing us to bring the best of Australia and around the world to our stages. This year, their support assisted us to present many high-calibre works such as *Jack Charles V The Crown* and the *Kylie on Stage* exhibition, whilst also supporting our Families program and Arts Learning activity.

We thank our generous First Call Fund donors, whose continued support in F2017 enabled 26,826 students and community partners to experience the power of performance and participate in workshops and creative events. This included 366 subsidised tickets to community members of our regional First Call Fund Community Partners (page 36).

The inaugural Asia TOPA took over our stages in February 2017 to critical and audience acclaim. We thank the Sidney Myer Fund for its lead gift to this remarkable project and also the many donors, trusts, foundations and government agencies for their support.

Sir Matthew Bourne's interpretation of *Lord of the Flies* burst onto the State Theatre stage in April 2017. This unique project brought together professional dancers and a cast of non-professional boys and young men from across the state and would not have been possible without the support of an inspirational group of supporters. Heartfelt thanks to the individuals, trusts and foundations that supported this project.

In March 2017 we saw the final project in the current tranche of the Betty Amsden Participation Program, *Fun Run*, hit our Forecourt. Special thanks to the late Miss Betty Amsden AO, DSJ for making this project possible and the trustees of her foundation, who will continue Betty's philanthropic legacy.

F2017 saw the second successful year of our Principal Partnership with Bank of Melbourne. It has supported a range of Arts Centre Melbourne programming including *Snugglypot and Cuddlepup* and *Lord of the Flies*, helping us to activate these programs and add value to our audience experience.

COLLABORATIONS

Our passionate and committed team is focused on positioning Arts Centre Melbourne for growth and arts leadership in Australia.

Our work to reimagine a future for Arts Centre Melbourne, support artists and cultural organisations, increase our impact in the industry landscape and maximise our contribution to the Victorian creative and visitor economies continued in F2017.

Meaningful two-way engagement with collaborators, partners and stakeholders remains crucial to delivering on our strategic business objectives.

Throughout F2017, we sharpened our focus to be more strategic, nimble and responsive in our relationship management and to harness significant strengthening of our advocacy capabilities.

The success has been evident through the delivery of a raft of new initiatives including: the inaugural Asia TOPA; the Arts Wellbeing Collective; the City of Melbourne Visitor Hub at Hamer Hall; *Lord of the Flies*; and partnerships with organisations including PwC Australia, the Australian Football League and Australian Migrant Employment Services.

Underpinned by our organisational culture plan, *The Role You Play*, we have supported our people to grow and prosper, which has enabled collaboration in ways that challenged us to innovate our thinking and to partner in ways that have been risk managed and strongly aligned to our core values.

With an ever-shifting dynamic in the ways business, government at all levels and the philanthropy sector work together, it is clear that true collaboration and meaningful partnering is the way these respective worlds connect and collide.

The next phase of our development will require investment in the external-facing aspects of our work, significantly in the areas of philanthropy, business, community and government to ensure better alignment, coordination, identification of opportunities and delivery of strategic projects and business as usual.

These stakeholders will be critical in supporting major projects such as the Australian Music Vault and a future redevelopment of the Theatres Building, and in building capability and capacity to diversify revenue streams. Together with our renewed focus on advocacy to support major programs and projects such as Asia TOPA 2020, this work has positioned us to build on these successes into the future.

With a transformational agenda being implemented over F2017 our priority was to develop a consistent and compelling narrative, build trust and confidence within government, industry and funders, and garner significant support and advocacy for our vision and shared objectives.

At the close of F2017, we are well placed to deliver on our agenda and continue to demonstrate leadership and innovation in the sector, while contributing to Victoria's creative and visitor economies and Melbourne's international reputation as Australia's cultural and creative capital.



Rehearsal for Matthew Bourne's *Lord of the Flies*. Photo: Mark Gambino.

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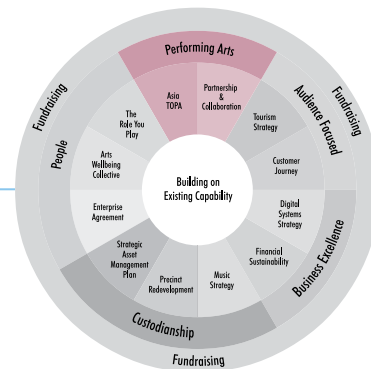
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THE PERFORMING ARTS



Each year we play host to thousands of productions, shows, events and community performance activities – both on our stages and throughout our venues and surrounding spaces. This diverse collection of performing arts works is at the heart of our role as one of the country's leading cultural and creative institutions, and we strive each year to present programs for widely diverse audiences. A few of our highlights from F2017 follow, demonstrating that there are remarkable experiences on offer for everyone who engages with us.

A highlight for the year was our presentation of Sir Matthew Bourne's adaptation of William Golding's 1954 novel *Lord of the Flies* (State Theatre, April 2017; page 28). This work included an enormously valuable community outreach component; alongside 26 community partners, Arts Centre Melbourne delivered 50 dance workshops to over 450 participants across Victoria that culminated in bringing 23 boys and young men – amateur dancers – onto the stage alongside nine professional dancers, providing a life-transforming experience for the young performers.



We continued our long association with Queensland-based circus company, Circa, to present a season of its new work, *Il Ritorno* (Playhouse, August 2016). This work used music from Monteverdi's opera *Il Ritorno d'Ulisse in Patria* as the setting for what was described as a physical poem, featuring seven highly skilled circus artists. This company consistently challenges expectations of how circus arts can marry into other art forms and this combination of opera, acrobatics and storytelling was no exception.

Victoria's Back to Back Theatre is one of the world's most exciting and urgent companies working today, tirelessly charting trails deeper into the landscape of the unconscious through ground-breaking programming. We partnered with Back to Back and Melbourne Festival to present *Lady Eats Apple* in October 2016, transforming the Hamer Hall into a large-scale inflatable and enclosed performance space.



In *Burning Doors* (Fairfax Studio, November–December 2016), activist theatre company Belarus Free Theatre combined forces with Pussy Riot's Maria Alyokhina to share real-life, moving stories of persecuted artists and the realities of artists living under dictatorship. Response from audiences and the arts industry to this powerful political work was strong. We also contributed to the creation of the show by commissioning its development earlier in the year.

Ilbjerri Theatre Company is Victoria's flagship Indigenous theatre company and we were proud to present its award-winning production of *Jack Charles V The Crown* (Fairfax Studio, November 2016). The work premiered in 2009 during Melbourne Festival, toured the world and, after eight years, finally came full-circle to Arts Centre Melbourne. Uncle Jack Charles' amazing life story, and the generous performance of the 2015 Victorian Senior of the Year, made this a sell-out season.

"Everyone in our group came away with a huge amount of respect for Jack Charles. He was inviting, brave, funny, clever, talented and honest."

Teacher on attending *Jack Charles V The Crown*

A HOME FOR THE ARTS AND ARTISTS TO FLOURISH

Over the past year, we have collaborated with City of Melbourne in developing a significant contribution to the inaugural YIRRAMBOI First Nations Arts Festival (May 2017). Our YIRRAMBOI program focused on both high-quality contemporary music presentations and investing in capacity building amongst Indigenous artists. Our Youth Outreach program supported a creative development by Indigenous choreographer Brent Watkins, presented at the closing ceremony of the festival, and Indigenous boys from the recently completed *Lord of the Flies* project were part of broader First Nations workshops and performance at the same closing ceremony event.



Inner Beat – Live at the YIRRAMBOI First Nations Arts Festival. Photo: Nicola Dracoulis.

Families and Youth Outreach programs supported a creative development based on the book *Butcher Paper, Texta, Blackboard and Chalk* by the late Indigenous artist Ruby Hunter. Aunty Ruby was also central to our mainstage program in the Playhouse with an outstanding tribute concert from Indigenous singer/songwriter Emma Donovan with the Putbacks; Hunter's husband Archie Roach also performing his most recent album *Let Love Rule*. The concert program was accompanied by an exhibition about Ruby in the Smorgon Family Plaza, all during May 2017.

PROGRAMMING PARTNERSHIP

We partnered with the Australian Football League and the Melbourne Symphony Orchestra to create *The Draw: A Symphony* (Hamer Hall, September 2016). An Australian first, the work was a new film version of the drawn 2010 Grand Final between Collingwood and St Kilda using previously unseen footage married to a commissioned score by Melbourne composer Tamil Rugeon. The event transformed Hamer Hall into an outstation of the Melbourne Cricket Ground, complete with half-time pies, ushers in team colours, foyer announcements from well-known AFL commentators and theatre bells replaced by the game-day siren.

MUSIC

We continued to present some of Australia's great independent artists.

We presented Australian rock royalty with Tim Rogers in his new show *Last Night When We Were Young*, an intimate exploration of songs of loss and longing (Playhouse, August 2016). West Australian group The Waifs played two shows (Hamer Hall, March 2017) as part of their 25th anniversary tour, while *The Rockwiz Really Good Friday* enjoyed its second successive year on our stages, featuring a great cross-section of Australian artists in Hamer Hall (April 2017).

Stand By Your Woman (Hamer Hall, May 2017) was a celebration of contemporary female musicians with an all-female band backing Kate Miller-Heidke, Tim Rogers, Kate Ceberano, Tex Perkins, Jen Cloher, Steve Kilbey, Harry Angus and Davey Lane, who shared the stage and their favourite tunes with the most exciting new female talent in Melbourne's music scene.



Stand By Your Woman's all-female band. Photo: Greg Noakes.

International artists were well represented across the year. Italian Ludovico Einaudi (Hamer Hall, February 2017) enjoyed his third visit to Arts Centre Melbourne as his ensemble played his mesmerising cinematic compositions to rapt audiences over two nights. American punk icon Henry Rollins delivered his firebrand sermon over two nights (State Theatre, September 2016) in his biggest-ever Melbourne shows, while British electronic duo Underworld brought one of the most technically complex shows ever seen on the State Theatre (April 2017), complete with subsonic bass and large format HD LED screens.

CONTEMPORARY PERFORMANCE

At the end of 2016 Fairfax Studio featured a powerful, proactive and playful complement of works: the gender and racial stereotype-smashing *Hot Brown Honey* and the burlesque bravado of *Briefs*. We were proud to host the artists and shows at Arts Centre Melbourne after their critically acclaimed international tours. *Hot Brown Honey* went on to win the 2017 Helpmann Award for Best Cabaret Performer.



Hot Brown Honey. Photo: courtesy of the artists.

In January 2017 we presented Tim Finn's poetic and beautiful music storytelling performance, *White Cloud*. We then launched into Midsumma Festival, presenting seven shows including the Australian premiere of *Free Admission* by Ursula Martinez (UK) and the Green Room Award-winning *Playing to Win* by Ash Flanders. Our partnership with Midsumma Festival saw us present the Midsumma Festival Bar in our own food and beverage outlet, The Barre, including local DJs, *Dolly Diamond's Piano Barre* and *Collecting Kylie*, a super-fan event to celebrate the last weekend of our *Kylie on Stage* exhibition in Gallery 1. We sold out Ireland's "national treasure" Panti Bliss and also hosted a panel discussion on marriage equality. No less than 72 independent artists were supported over three weeks with 59 individual programming sessions. Arts Centre Melbourne was truly a hub to the very best of queer performances in 2017.

"...so elegant, searching and clever."

The Age on Free Admission

Our co-commission, *Passenger*, by Jessica Wilson, Ian Pidd and Nicola Gunn, was presented as part of Women of the World Festival Melbourne in partnership with Footscray Community Arts Centre. This experimental contemporary performance work on a bus took passengers on a riveting and film-like journey through Melbourne's Docklands area. It was critically acclaimed and will tour nationally and internationally in future years.



Passenger. Photo: Gerard Assi.

In July 2016 we partnered with The Wheeler Centre to present *Three Acts, Two Dancers, One Radio Host*. An extraordinary combination of live radio and contemporary dance from This American Life creator Ira Glass and dancers Monica Bill Barnes and Anna Bass, the unique State Theatre show featured radio interviews restaged as dance pieces alongside stories from the lives of the three performers.

El Kid, a new family opera developed by Opera Australia and Arts Centre Melbourne, toured schools across Victoria in 2016 before appearing on stage in Fairfax Studio in November 2016. The work explored youth issues including sibling rivalry, bullying, loneliness and social conformity and helped to introduce young audiences to opera.

SUPPORT FOR SMALL-TO-MEDIUM AND INDEPENDENT SECTOR

Our commitment to supporting the small-to-medium and independent sector manifested in many and varied presentations, commissions, creative developments and artistic opportunities for artists throughout the year. This commitment to the sector and developing artists and their practices will ensure that our stages continue to present diverse voices, artistic practices and relevant contemporary performances to inspire and connect with all Victorians (*Creative State Action Areas 1 – Backing creative talent; and 2 – Strengthening the creative industries ecosystem*).

We partnered with a range of organisations and companies including Melbourne Fringe, Midsumma Festival, Footscray Community Arts Centre, Arts Access Victoria, Red Stitch, Geelong Performing Arts Centre, YIRRAMBOI, Ilbjerri Theatre Company, Circa, All the Queens Men, Cohealth arts generator, VicHealth, Polyglot Theatre, The Inhabitants and Briefs Factory.

In June 2017 we launched a new temporary arts industry space, *The Kiln*, which provided masterclass opportunities, networking and learning events for Melbourne's arts industry. Over 80 artists and companies were involved in this program.

"Just a note to thank and commend you and your team for the recent developments in The Kiln. As someone who works a lot with emerging artists and as someone who considers himself to be 'mid-career', The Kiln development has come as a breath of fresh air, and a welcome boost to the community of performing artists working in the city."

Workshop participant at *The Kiln*

New commissions developed included *Take Over!*, a major new commission for Melbourne Fringe; *Polar Force* with Speak Percussion; work with Indigenous playwright Katie Beckett; *Who's Still Afraid*, a new play by Andrew Bovell, Patricia Cornelius, Christos Tsiolkas, Melissa Reeves and Irine Vela; and continued work on a new project with Paul Grabowski, Emma Matthews, Steve Vizard and Jamie Oehlers.

Our team provided invaluable commissioning and creative development opportunities to many artists including Nat Cursio, Sandpit, Company 13, Bunk Puppets, Flying Fruit Fly Circus and David Wells and Neil Thomas.

Our Arts Industry program was revitalised with increased membership in F2017 and offers of some remarkable experiences for our Arts Industry members. Highlights included a free three-day masterclass for theatre makers presented by Belarus Free Theatre and a *Meet the Producers* forum with three prominent commercial producers, Liza McLean, Moira Bennett and Linda Catalano.



Deaifferent Theatre rehearsal, one of many events programmed in *The Kiln*. Photo: Paul Dunn.

PRESENTER RELATIONSHIP MANAGEMENT FRAMEWORK

We undertook collaborative planning with our Resident Companies as the first phase of the Presenter Relationship Management Framework being developed as part of our focus on strategic partnerships and collaboration. The project objective is to create a practical planning framework for the management of Arts Centre Melbourne Resident Companies relationships. This project has the benefit of creating a shared focus for developing new audiences and experiences, with a view to optimising artistic endeavours and commercial outcomes for both parties.

ASIA TOPA: A NEW APPROACH TO PROGRAMMING AND ENGAGEMENT

In partnership with the Sidney Myer Fund, the inaugural Asia TOPA: Asia-Pacific Triennial of Performing Arts arrived on stages and spaces across Victoria and the world in early 2017 in a dynamic artistic celebration of our connection to Asia: past, present and future.

Asia TOPA brought together an unprecedented group of collaborators and partners in a unique Consortium model to present Asian works across all disciplines of performing, literary and visual arts.

Asia TOPA enabled us to enrich our view of, and connection to, the myriad cultures and communities across the region, while celebrating what is unique about contemporary Australasian identity. The program provided audiences with a dazzling array of contemporary works that shifted the frontier of Australasian performance.

Supported by the Victorian and Australian Governments, the City of Melbourne and a broad range of bilateral councils and foreign governments, Asia TOPA was as much a success as a cultural and diplomatic connector as it was as a drawcard for new audiences (*Creative State Action Area 5 – Building international engagement*).

THE CONSORTIUM

The Asia TOPA Consortium was led by Arts Centre Melbourne and included:

- The Australian Ballet
- Australian Centre for Contemporary Art
- Australian Centre for the Moving Image (ACMI)
- Chunky Move
- Federation Square
- Malthouse Theatre
- Melbourne Recital Centre
- Melbourne Symphony Orchestra
- Melbourne Theatre Company
- Museums Victoria
- National Gallery of Victoria
- State Library of Victoria
- Victorian College of the Arts

Asia TOPA also featured collaborations and partnerships with a host of local independent artists and producers from the small-to-medium and independent sector including Next Wave Festival, Melbourne Writers Festival, Arts House, Bluebottle and Footscray Community Arts Centre, among others. The success of Asia TOPA in reaching and connecting with new and multicultural audiences can be found on page 55.

"Watching this work is an electric experience; it is a highly successful collaboration between Australian and international artists that is evenly balanced and rich."

The Age on Helpmann Award-winning

Attractor at XO State ★★★★★½

ARTS CENTRE MELBOURNE PRESENTS FOR ASIA TOPA

Arts Centre Melbourne's program brought together more than 600 local and international artists, of whom nearly 50% were from the Asia-Pacific region. Just under 30% of the Australian artists featured in the program identified themselves as of Asian heritage.

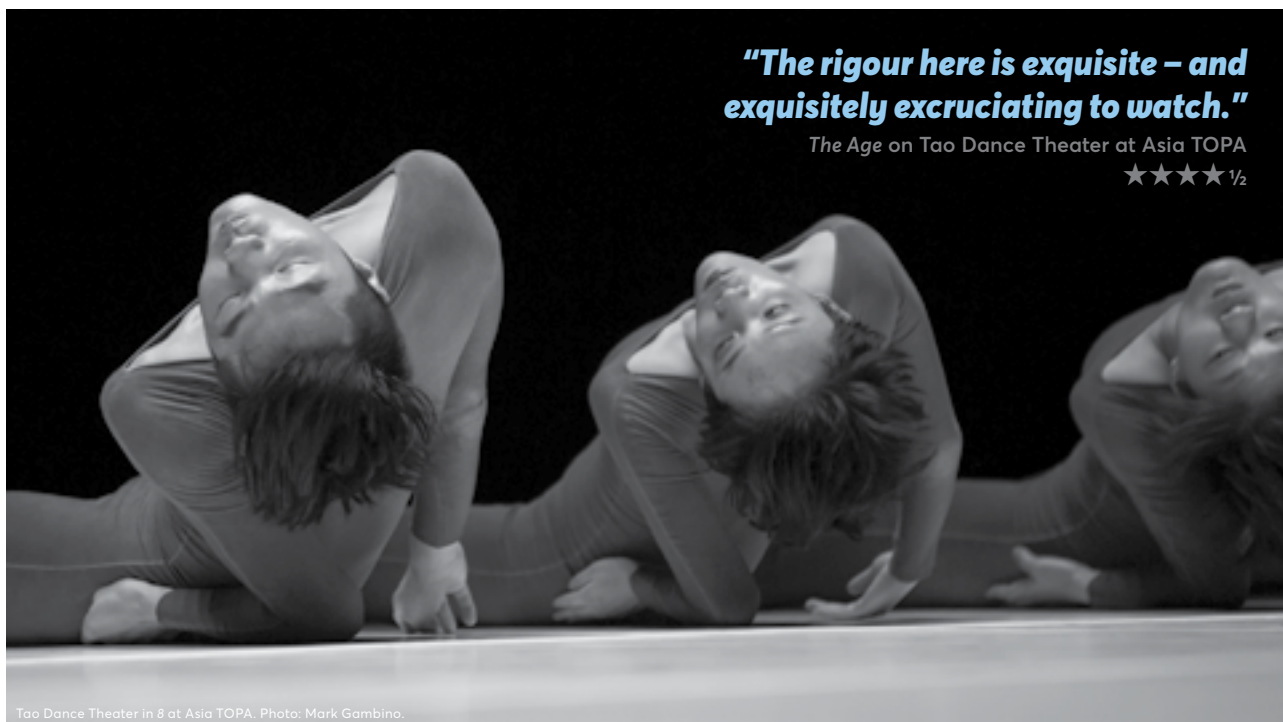
Of the 24 Arts Centre Melbourne Presents programs, four were co-programmed with the small-to-medium and independent sector, three with Victorian community groups and five with either Southbank Arts Precinct peers or our Resident Companies. A total of 14 of our works were new commissions while another four were Australian premieres. 70% of our program was commissioned specifically for Asia TOPA and 60% of performances were exclusive to Melbourne.

We commissioned Australia's leading contemporary circus company, Circa, in collaboration with an ensemble of Mallakhamb artists from Delhi, to create the exquisite *One Beautiful Thing* featuring the live music of Utsav Lal. Indian superstar AR Rahman made a guest appearance in a concert of his work by the Melbourne Symphony Orchestra and we partnered with Melbourne Recital Centre to present Roysten Abel's captivating work by the children of Rajasthan in *The Manganiyar Classroom*. Tao Dance Theater returned from Beijing to perform its signature minimalism to maximum effect in 6 and 8.

Our audience accounted for almost one quarter of all Asia TOPA ticketed attendances. Major collaborations included *Satan Jawa*, a masterpiece of Indonesian film by Garin Nugroho and live gamelan and symphonic score commissioned by Arts Centre Melbourne with the Melbourne Symphony Orchestra, which went on to win a Helpmann Award for Best Original Score; the combined musical and marketing forces of Orchestra Victoria and The Australian Ballet in our presentation of the National Ballet of China's *The Red Detachment of Women*; and our partners at Arts House and ACMI, with whom we co-presented three seasons of cutting-edge theatre and digital works from Korea, the Philippines and Japan.

On the State Theatre stage, director and choreographer Gideon Obarzanek and Filipino artist Eisa Jocson curated *XO State*: five nights of extraordinary contemporary performance and music acts from over a dozen countries, including performances by Asian-Australian artists and diaspora community groups. *Attractor*, part of the *XO State* program, won two Helpmann Awards for Best Choreography in a Ballet, Dance or Physical Theatre Production and Best Dance Production.

Cerita Anak, a collaboration with Polyglot Theatre and Indonesia's Papermoon Puppet Theatre, was also nominated for a Helpmann Award for Best Presentation for Children.



"The rigour here is exquisite – and exquisitely excruciating to watch."

The Age on Tao Dance Theater at Asia TOPA

★★★★½

Tao Dance Theater in 8 at Asia TOPA. Photo: Mark Gambino.

A NEW WAY OF COLLABORATIVE THINKING

Artists collaborate, and never more by nature or necessity than in the performing arts. Too often, though, the major performing arts miss the opportunity to collaborate as a sector, to challenge the status quo and reset our goals as cultural leaders and enablers through a collective creativity. Asia TOPA broke new ground with its simultaneous programming strategy: presenting a kaleidoscope of curatorial approaches, creative spaces and artistic voices through the singular focus of our imaginative connection with contemporary Asia.

Concurrent with our leadership of the Asia TOPA Consortium, we developed an unparalleled program of Asian guest productions and new works through an evolving network of local, national and international partnerships. We hosted more than 400 international artists from dozens of cities stretching from Delhi and Mumbai in the west, Tokyo, Seoul and Beijing in the north, Halmahera, Manila, Jakarta and Port Moresby in the south, and as far east as the Solomon Islands. Australian artists also featured strongly, frequently in collaborations seeded and developed by Arts Centre Melbourne.

Our collaborations included partnerships with TPAM (Japan) and Esplanade – Theatres on the Bay (Singapore) supporting new work creation by artists working in challenging contexts in Thailand and Indonesia. Advocating our role as generators of new repertoire in our region as well as presenters at home inspired and was inspired by a range of new, innovative commissioning partnerships with the Playking Foundation, the Australian Government's Department of Foreign Affairs and Trade and the Australia Council for the Arts. With support from Creative Victoria we developed opportunities for independent artists from Melbourne's small-to-medium and independent arts community.

With the City of Melbourne and Study Melbourne we conceived and produced a landmark event for the city's international student community in Asia Pop Fest.

Close to half of our program was seeded or developed with support from our annual program of Asian Creative Labs and networking initiatives including our management of the Playking Foundation Travel Grant, which since 2013 has supported 25 artists and creative groups to travel to Asia to initiate intercultural performance projects. These collaborations are game changers for the artists, the audiences and our shared identity and sense of place. Overwhelmingly, interest from Asia, Europe and North America has been in our new work program and intercultural commissions. Invitations have been confirmed from a slew of prestigious international festivals with more predicted.

We created impactful partnerships with our Resident Companies to present works of far-reaching consequence. We co-presented projects "offsite" with Southbank and city-based partners. Creating new stages for new voices encouraged us to reconfigure our own spaces as well as work with our city-based partners, ACMI and Arts House, with whom we co-presented extensively. We supported work to perform in regional Victoria and facilitated successful national touring partnerships with Australia's summer festivals including Supercell Dance Festival in Brisbane, Sydney Festival, WOMADelaide and Perth Festival. This ensured Asia TOPA reached a national audience and achieved one of its primary goals: the development of presenting networks for contemporary Asian arts. These multi-city seasons delivered economic benefit, attracted high-quality artists and positioned Asia TOPA nationally.

LEADING ROLE IN CULTURAL DIPLOMACY AND INTERNATIONAL ENGAGEMENT

To build awareness of Asia TOPA as a tool for international engagement, we hosted pre-launch briefings for Trade Victoria, bilateral business councils and Melbourne consular corps.

Asia TOPA proved to be an innovative platform supporting government cultural and economic diplomacy objectives through hospitality. Each country-specific event provided an occasion to host aligned stakeholders, promoting formal and informal dialogue that strengthened cultural understanding and business links in our region.

During the festival, our venues hosted 14 events for cultural, diplomatic and government guests and 13 events for the private sector. Trade Victoria leveraged Asia TOPA to welcome inbound trade delegations from key markets and the Australian Government's Department of Foreign Affairs and Trade hosted a number of high-level functions to strengthen people-to-people links.



EkosDance Company's *Balabala* at Asia TOPA. Photo: Mark Gambino.



The National Ballet of China's *The Red Detachment of Women* at Asia TOPA. Photo: Mark Gambino.

KENNETH MYER ASIAN THEATRE SERIES (KMATS): ASIAN ARTS PROGRAM

With support from the KMATS Endowment Fund, in F2017 Arts Centre Melbourne's Asian Arts program seeded and supported numerous Asia TOPA-related activities.

These included *Water Futures*, a three-day interdisciplinary meeting of artists, scientists and cultural leaders in creative explorations about our region's most essential, life-giving resource. A collaboration with Arts House and Tipping Point Australia, the event produced outcomes including a series of high-impact, arts-led projects in development with Asian and Australian partners. We undertook two projects with ACMI: screenings of Jisun Kim's extraordinary digital theatre work, *Climax of the Next Scene*, and a commission for Asian-Australian artists Jason Shoulder and Bhenji Ra to create the fourth in their *Ex Nilalang* series of transformative moving image works. The program also contributed to the commission and development of Asia TOPA's *Attractor* by Indonesian duo Senyawa with Dancenorth, Lucy Guerin and Gideon Obarzanek.

To enhance the quality of the cultural diplomacy dimensions of the Asia TOPA evaluation project, the program supported a residency in Melbourne by ex-Ambassador Professor Cynthia Schneider from Georgetown University and Brookings Institute.

PLAYING TRAVEL GRANTS

The KMATS Asian Arts program works in partnership with the Playking Foundation to offer Playking Travel Grants to Australian artists travelling to Asia to explore and establish an intercultural collaboration. In F2017, with additional investment from Arts Centre Melbourne, six travel grants were offered to artists from Victoria, Western Australia and the Northern Territory to travel to Korea, China, Indonesia, Malaysia and Hong Kong. After four years, it was decided to suspend and review the outcomes of the program. We are delighted that the program's artistic and cultural diversity – and astonishing success rate of 85% progressing to full production – has prompted an extension of the program for another year. Playking Foundation's support of creative ideas at their earliest conception has delivered a bounty of extraordinary public encounters with artists connecting cultures through performance. Asia TOPA featured no fewer than eight projects initially supported under this program.



"Supported by a coalition of private philanthropy and government – federal and local – funding, Asia TOPA revealed the full potential of creative leadership backed by enlightened public-private funding."

Cynthia Schneider, Professor in the Practice of Diplomacy, Georgetown University, School of Foreign Service, in *The Huffington Post*

XO State at Asia TOPA. Photo: Mark Gambino.

LORD OF THE FLIES: OUTREACH AND PARTICIPATION

"I just want to give the gift back that was given to me: inspiring young males like me. Males often think that dancing is a bit feminine. I'm sure that there are lots of guys that really want to dance, but are ashamed to do it. By giving me this opportunity, it has inspired me and given me the drive to do more than I imagined."

Lord of the Flies Young Ensemble member

"On behalf of my son I would like to thank Arts Centre Melbourne and all of the staff involved for the extremely professional and caring nature with which you treated the boys and us parents. This experience has done more for my son than anything I could've done and he is a better, more confident and happier person because of it. It was truly a special project to be a part of. Thank you."

Parent of Lord of the Flies Young Ensemble member





Matthew Bourne's *Lord of the Flies*. Photo: Mark Gambino.

In April 2017, Sir Matthew Bourne's critically acclaimed contemporary dance production of *Lord of the Flies* was presented on the State Theatre stage. An Australian exclusive, the production is an adaptation of William Golding's classic novel transformed into a chilling, beautiful and entertaining work by Matthew Bourne's New Adventures and Re:Bourne.

The production is unique in its approach: a cast of professional dancers from the UK and Australia dancing alongside remarkable young amateur talent from across Victoria, sourced through a large-scale and state-wide grassroots community outreach program.

One of the great strengths of Arts Centre Melbourne's collaboration with New Adventures and Re:Bourne on *Lord of the Flies* was the strong alignment of the values of both organisations and Arts Centre Melbourne's past work in community engagement and public participation. What took place on the State Theatre stage was the culmination of over eight months of direct community liaison, development and workshop programs led by Arts Centre Melbourne based on the *Lord of the Flies* UK outreach model, but drawing on our own significant and local experience in this area.

"This community we see on stage is Australia's community – the cast thrive in the choreography."

The Guardian on Lord of the Flies

Dance workshops targeted to boys and young men were delivered in partnership with community groups, social service providers, schools and arts and cultural centres in inner and outer metropolitan Melbourne and extending into regional Victoria. Through 26 community partners, Arts Centre Melbourne delivered 50 dance workshops to over 450 participants across Victoria – as far and wide as Geelong, Mildura, Swan Hill, Robinvale, Shepparton and the Latrobe Valley.

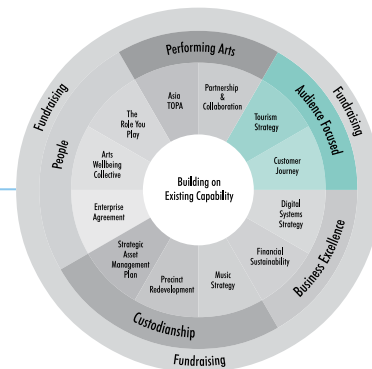
The outreach program culminated in 107 boys and young men auditioning to be part of the production, with 23 selected to form the Young Ensemble for the season at the State Theatre. The boys and their families (including five from regional Victoria) became an integral part of the team and the experience has had a significant impact on the skills, confidence and potential future opportunities for the boys. *Lord of the Flies* has connected a diversity of new Victoria-wide community organisations and families to Arts Centre Melbourne and the collaboration continues through the *Lord of the Flies* Legacy Fund, which provides funding to participating community organisations for continued dance workshops, training, equipment and activities in their locality.

"For some of these cast members, this is the first time they've ever performed on stage in front of a packed house and their expressions, and body language, as they look out and process their first standing ovation during the curtain call is moving beyond belief."

The Music on Lord of the Flies ★ ★ ★ ★ ½

Our Strategic Priorities

AUDIENCE FOCUSED



ARTS LEARNING

Learning in the arts fosters creativity, critical thinking, a sense of shared citizenship and insight into the artistic process. We are committed to providing enriching experiences that enable a deeper engagement with the performing arts and understanding of the creative world while learning new skills. From primary school students to emerging artists, adults and their families, we provide programs, insight and inspiration about the transformative power of lifelong arts learning.

In F2017, 460 schools engaged with Arts Centre Melbourne learning programs – an increase of 14% from the previous financial year. Schools travelled from across Victoria and the country, including from Western Australia and the Northern Territory, to visit our performance spaces and dedicated learning and participation venue, The Channel.

Our public learning programs encompass the arts learning experiences we create and facilitate for adults, emerging creatives and young families. In F2017, we ran 115 learning events and programs for these audiences.



Photo: Jason Lau.

SCHOOL PROGRAMS

There was a 10% increase in primary and secondary school student attendances on F2016 across all of our schools programs, including performances, workshops, tours and teacher professional development.

We continue to deliver high-quality, creative workshops for students across all age groups and ability levels. With an expert and dedicated team of educators, we offer workshops across the performing arts. In F2017 we added *Science of Sound*, a cross-curricular workshop about physics and music, and an introduction to comedy to our successful workshop series in music composition, sound design, film editing, scriptwriting and digital storytelling. Almost 10,000 students experienced an arts learning workshop in The Channel in the reporting year.

Almost 30,000 students experienced a live performance at one of our venues. Aboriginal theatre and stories took centre stage with students experiencing works by leading Indigenous artists and companies including Bangarra Dance Theatre (*OUR people land stories*), Jack Charles and Ilbjerri Theatre Company in *Jack Charles V The Crown* and Compagnia TPO and Insite Arts' *SalTBush*.

Among our extended learning opportunities for students, *Stories in the Wall* offered a collaborative digital storytelling project with Victorian primary and secondary school students. Playwrights Amelia Evans and Dan Giovannoni created stories on the theme of "bush tales" with young learners from three primary schools. Secondary students then wrote original music and created original sound design for the recordings. The new creative work went on display at Arts Centre Melbourne and a dedicated website.

"As lovers of the arts and regular attendees at Arts Centre Melbourne we left last night enthused and excited by the opportunities both our daughters have in front of them in Melbourne with such an iconic facility and professional organisation promoting the arts."

Parent, Australian Institute of Magicians Juniors

A PLACE WHERE YOU ARE WELCOME

PROFESSIONAL LEARNING

Teachers deliver essential work in the classroom to prepare students for arts excursions; often their first visits to the theatre or to Melbourne. We offer a range of support for teachers and educators to develop the skills and confidence needed to implement the arts in the classroom. Teacher professional development like our Creative Curriculum training program and partnerships with professional teaching institutions like Drama Victoria are an essential aspect of our school programs.

PUBLIC LEARNING PROGRAMS

Public learning programs offer arts learning experiences for families, creatives and adults across a range of art forms. A focus in F2017 was engaging with and supporting emerging artists. We offer emerging artists the space and resources they require to develop their practice through networking, skills development and performance opportunities. The result in F2017 was over 2,500 attendances across 83 events for emerging creatives. Highlights of our emerging creatives programs in F2017 included:

We ran two eight-week courses of the *Operator* program, designed to address the underrepresentation of women in electronic music production. The overwhelming response to the first iteration of *Operator* in F2016 proved the need for this type of learning opportunity in the community. The two courses in F2017, held in The Channel, were run with open sessions to support and develop the skills of our *Operator* alumni. Participants worked with artist mentors Jane Hanely (Kids At Midnight) and Annika Schmarsel (Alice Ivy), as well as our specialist staff. Participants learnt how to build beats, compose with software and sample from vinyl. *Operator* alumni created a Facebook group to share new learning, articles and live music events.

The Channel hosted two new arts-based community meet-up events. *Small and Loud* is a theatre "scratch night" at which emerging writers and performers share selections of their performance works in development with a live audience. Following the performances the audience is encouraged to provide feedback for the writers and performers. In F2017, 300 people witnessed 15 new performances by over 40 young writers and performers. The monthly *Magicians at Work* meeting enables Melbourne's emerging magicians to share skills, perform newly developed tricks and learn techniques from established practitioners, while also providing opportunities for younger learners through a monthly juniors program. In F2017 *Magicians at Work* also presented a formal performance in which magicians honed their live performance skills in front of a crowd of 45 people.

"Just being given a comedy festival show is perhaps the coolest thing that could happen to a young comedian."

LOL Squad participant



Ilbjerri Theatre Company's *Jack Charles V The Crown*. Photo: Bindi Cole.

The award-winning 5x5x5 mentorship program brings together emerging Victorian-based composers aged 30 and under to increase their skills, professional networks and public profiles. The project supports these emerging composers, mentored by Peter Knight, Artistic Director of the Australian Art Orchestra, to each create a new composition of five minutes especially for five specific journeys through Arts Centre Melbourne to an item from the Australian Performing Arts Collection. This year the program offered an online virtual journey through Hamer Hall accompanied by the new compositions.

Our partnership with Melbourne International Comedy Festival continued to grow as we embarked upon our second year of the *LOL Squad* program and hosted the Victorian heats and final of the *Class Clowns* competition. Eleven of Australia's best teenage comedians, selected from the national *Class Clowns* competition, formed the 2017 *LOL Squad*. Working with professional comedians such as Aunty Donna, Anne Edmonds, Scott Buchanan and Nellie Thomas, the young comedians developed sketch comedy videos and a live performance. The group, which included three interstate comedians, went on to present four sold-out shows as part of the 2017 Melbourne International Comedy Festival. We also welcomed back 2016 *LOL Squad* alumni to participate in creative development in support of their next video project.

The *New Slang* committee, comprising 14 Victorians aged 14 to 18, continued to provide opportunities for participants to gain hands-on experience in the contemporary music industry across a range of areas including stage management, technical and sound production, promotions, marketing and photography. Through this collaboration between Arts Centre Melbourne and Victorian non-profit youth music organisation The Push, participants are mentored by industry professionals Zo Damage (live music and event photographer) and Lara Soulio (audio engineer and sound technician) to develop their skills and program and deliver monthly live shows for an all-ages audience. *New Slang* events in F2017 featured young musical artists from diverse genres and were attended by over 350 young people.

PARTICIPATION



Lara Tumak's *Imaginary Architecture*. Photo: Ben King.

Our Participation programs reflect our leading role in producing and hosting high-quality and engaging art that respects and acknowledges the individuality of our diverse audiences. They also seek to address the Victorian Government's *Creative State* recommendations on increasing projects that include participation, access and cultural diversity (Action Area 4 – Increasing participation and access).

Whatever their scale or genre, these programs all aim to encourage audiences to come together to participate in arts experiences, nurture creativity and imagination, foster active creation of culture, see the world through different lenses and celebrate our diversity and shared experiences.

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

FAMILIES

Our Families program is nationally and internationally recognised for its quality of work and its provision of opportunities for families and young people aged 12 and under to interact, connect and discover through engaging arts experiences that nurture creativity and stimulate thinking. The program fosters individual and collective imagination, supporting families to become a cultural force in our Arts Centre Melbourne community.

From the free events offered throughout the school holidays; to small intimate theatre experiences from some of the world's best companies for young audiences; to larger-scale populist theatre experiences with a broad appeal; to the diverse range of interactive workshops: the program is robust and continues to grow in size, scale and scope.



Corpus' *Les Moutons*. Photo: Jason Lau.

Highlights this year included Polyglot's co-production with Indonesia's Papermoon Puppet Theatre, *Cerita Anak*, as part of Asia TOPA, *Macbeth* by Company 13, CDP Theatre Producers' production of Tall Stories' *Room on the Broom* and international productions *Air Play* (Acrobuffus, USA), *The Snail and the Whale* (Tall Stories, UK), *Les Moutons* (Corpus, Canada) and the Australian premiere of *Down to Earth* by Bamboozle (UK), a work for children with profound and multiple disabilities.

The program also included performances made specifically for primary and secondary school students and families. These included Insite Arts' *Saltbush*, CDP Theatre Producers' *Mr Stink*, Gruppe 38's *A Sonatina* (Denmark), Monkey Baa's *Pete the Sheep* and the remarkable dance works *Jump First, Ask Later* by Powerhouse Youth Theatre and *Force Majeure*, *Cypher* by Nick Power and *The Wolf and Peter* by CoisCéim Dance Theatre (Ireland).

Our participatory events are a celebrated cornerstone of the Families program. These include a range of small- and large-scale foyer participatory events and take-home projects that invite families to extend their experience and explore their own creativity. In F2017 these included the *Stink Police* and *Pete the Sheep Hairstyles*.

Standalone interactive and immersive works included *Imaginary Architecture* by Lara Tumak, *Dig*, an immersive work for two- to four-year-olds by Drop Bear Theatre and The Seam, and *In A Deep Dark Forest* by The Inhabitants.

YOUTH OUTREACH

Arts Centre Melbourne's Youth Outreach programs and projects engage many marginalised young people through outreach and engagement partnerships with community organisations that work with marginalised young people. We provide opportunities for art making and performance practice to build confidence, life skills, peer leadership, mentoring and ongoing opportunities for wider community engagement in our broader participatory program offer. These outreach engagements also support young and emerging culturally diverse artists who are often underrepresented in the mainstream arts.

ONGOING PROGRAMS

Dig Deep, our flagship youth-led music mentoring program, engaged up to 30 young people aged 14 to 24 each week during the school term. It provided opportunities for their creative and professional development including planning and delivering their own youth events.

Sisters on the Mic, a bridging program for *Dig Deep* responding to the need for more gender balance in the *Dig Deep* program, continued in F2017 to provide an opportunity for young women to be mentored by professional female artists and created a safe and accessible space for young women to be involved in music, poetry, song writing and performance.



Sisters on the Mic program. Photo: Nicola Dracoulis.

The *Stage 1* technical training program provided underprivileged youth with a free eight-week program to learn technical skills. Mentored by our Production team and trainers, the outcome of the program was the *Dig Deep Winter Block Party* event in May 2017, at which participants had the opportunity to practice the technical skills they had developed.

EVENTS AND PROJECTS

Project highlights in F2017 included a partnership with MPavilion to host a workshop with international artist Akala for The Hip-hop Shakespeare Company and the *Dig Deep Summer Jam* event during the January 2017 school holidays.

The *Cypher* dance outreach project in May 2017 engaged with three secondary schools and two community groups to increase youth knowledge and capability in contemporary dance, while our *Hot Brown Honey* in-conversation event in December 2016 delivered a panel presentation at The Channel on the development of the touring production and the professional careers of the production's female artists.

Inner Beat – Live for Asia TOPA in February 2017 was an outdoor public performance piece on the Hamer Hall upper lawn featuring Asian and culturally diverse young people. *Inner Beat – Live* for the City of Melbourne's YIRRAMBOI First Nations Arts Festival in May 2017 was a contemporary dance work devised and performed by young First Nations artists.



Inner Beat – Live at Asia TOPA. Photo: Nicola Dracoulis.

PARTICIPATION AND COMMUNITY

LORD OF THE FLIES ONGOING ENGAGEMENT – FUN RUN AND YIRRAMBOI YAN YAN

Longer-term engagement with the boys and young men from the *Lord of the Flies* workshops (page 28) continued with workshop participants and Young Ensemble members invited to be part of *Fun Run* and *YIRRAMBOI Yan Yan*. Ten participants from *Lord of the Flies* workshops worked with choreographer Bec Reid to develop a dance routine for the *Fun Run* event day. Choreographer Gilbert Douglas led three days of workshops with Indigenous and culturally and linguistically diverse boys to create a contemporary dance work for presentation as part of *Burren Noogee*, the final gathering and event of *YIRRAMBOI First Nations Arts Festival*.

HAIRCUTS BY CHILDREN

In partnership with Melbourne Festival and supported by the City of Stonnington, we co-presented *Haircuts by Children* as part of the 2016 Melbourne Festival program.

Haircuts by Children is a participatory performance work from Toronto-based Mammalian Diving Reflex, which creates site- and social-specific performance events that explore the notion of the audience as active participants and willing collaborators in the creative process.

We invited groups of school children from diverse communities from two of our First Call Fund (page 36) partner schools to work with the artists and local professional hair stylists to run a real hair salon, offering free haircuts to members of the public. Over two weeks of the Melbourne Festival the artists led workshops in the two schools and the children ran the hair salons over two weekends in the Melbourne CBD and Windsor, providing haircuts to over 200 willing patrons. *Haircuts by Children* was a project about power and trust as the adult participants were challenged to set their vanity aside, relinquish control and trust that a 10-year-old has the creative ability, dexterity and responsibility to command a sharp pair of scissors!

BETTY AMSDEN PARTICIPATION PROGRAM

FUN RUN

Fun Run, the fourth project in the Betty Amsden Participation Program, took place on 12 March 2017 on the Theatres Forecourt and was the culmination of over two months of workshops in diverse communities across Melbourne and general public flash mob workshops at Arts Centre Melbourne and in the Melbourne CBD. For over five hours, Melbourne artist Tristan Meecham ran 42 kilometres on a treadmill live on stage, supported by striking staging, a booming soundtrack, emcee Eddie Perfect, professional dancers from Indigenous Hip Hop Projects, over 450 community participants and an estimated audience of over 48,000 for the workshops, live event and online. *Fun Run* was delivered in partnership with Circus Oz and supported by funding provided through VicHealth. This tripartite relationship follows on from the VicHealth Active Arts Program partnership initiated in 2015.

An independent evaluation of *Fun Run* by BYP Group found that:

- 86% of active participants and audience members felt a sense of being part of the wider Melbourne community
- 78% of active participants interacted with people whom they would not normally meet otherwise
- 90% of active participants and 77% of audience members felt they shared something unique with other people
- 88% of active participants and audience members felt that *Fun Run* made the city feel more creative and vibrant
- 91% of active participants and audience members felt that *Fun Run* made the arts feel more open to everyone
- 97% of active participants felt proud of their involvement.

"Awesome experience. I felt proud and privileged to live in such a culturally diverse city! I love Melbourne!"

Fun Run community group participant



ACCESS AND COMMUNITY ENGAGEMENT

As a performing arts centre for all Victorians we continuously ask ourselves "How do we reflect the diversity that is Victoria?" We are committed to ensuring that everyone has opportunities to experience the wonder of the performing arts and universal access is the lens we apply across our work to welcome everyone.

Nearly 30% of Victorians are born overseas and nearly one in five Victorians reports having a disability, the majority of which are invisible. We know that people with disability have lower rates of participation than the general community (about 60% of the general community's participation rate) as audience, artists and employees, and at Arts Centre Melbourne we are no exception. For visitors new to the performing arts, our iconic building, theatres and stages can be perceived as intimidating.

Diverse and accessible programming is one of the ways in which we create opportunities for people experiencing disadvantage or living with disability to participate in the arts. Our accessible music programs, audience support and relaxed performances are integral parts of this shift, giving visitors, parents and families confidence to experience performances and programs: something they may not have considered before.

We present performances that are "Auslan Interpreted" for audiences who are deaf and use Auslan as their first language. We program "Highly Visual" shows with little or no spoken word suitable for people who are deaf, hard of hearing or speak a language other than English; "Captioned" performances for audience members experiencing hearing loss; and "Audio Described" performances for people who are blind or visually impaired.

"There are no other experiences out there that actually cater for children like my son, so it was and is very important that experiences like this exist for us to be able to attend. As it was a small personal performance he was engaged, and felt part of the experience. Children like my son don't get a lot of opportunity and they like culture as well as the next person."

Parent on attending *Down to Earth*



Bamboozle Theatre Company's *Down to Earth*. Photo: Jason Lau.

FIRST CALL FUND

The First Call Fund was created in 2008 to help alleviate barriers of economic disadvantage, life circumstances such as homelessness and disability, and perceptions about the arts that make it difficult for members of the community to participate in the arts.

The First Call Fund Founding Donors were:

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

Mr Chris Begg & Mrs Patricia Begg OAM

Mr Martin Carlson OAM

Mr Carrillo Gantner AO & Mrs ZiYin Gantner

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

Dr Milan Kantor OAM & Mrs Anne Kantor AO

The Myer Foundation

Through the First Call Fund, partnerships are fostered with schools and community groups that support individuals and families who do not normally have the capacity to connect with us. The First Call Fund continues to grow through the generosity of many Victorians who share our belief that everyone deserves the opportunity to engage with the arts in a meaningful way. We lost our First Call Fund patron, Miss Betty Amsden AO, DSJ, in February 2017, whose unwavering support and passion for the arts and arts education left an indelible mark and enabled us to significantly expand our efforts in developing innovative participatory programs for children, young people and the wider community.

This year we invited First Call Fund community groups to tell us what they valued most about their relationship with us. This consultation deepened our partner relationships and has given us rich data with which to strategically plan. We have strengthened our focus on equitable and inclusive participation at Arts Centre Melbourne, understanding that many people in our community need time, a positive experience and support to participate.

In F2017, 26,826 students and community partners experienced the power of performance and participated in workshops and creative events that have connected them with us – many for the first time. In the last 12 months interest from community groups to access the First Call Fund has grown to more than 60 partners, 40% of whom are new to the First Call Fund; an exciting development of which we are proud. These organisations service people from across all ages and cultural backgrounds who have different means, abilities and interest in the arts.

The First Call Fund program engages community organisations from all over Melbourne, but it has also holds relationships with many communities in regional Victoria including in Kerang, Colac, Wodonga, Geelong, Ballarat and Mornington. These regional First Call Fund Community Partners attended seven different Arts Centre Melbourne events in F2017, with the First Call Fund providing 366 subsidised tickets to their community members.

"I went to Romeo and Juliet with a group of young people seeking asylum (mainly from Iran and Afghanistan). They had never been to Arts Centre Melbourne, and were all blown away by the State Theatre itself (as much as by the actual ballet) and the sense of occasion of attending a performance there."

First Call Fund community partner



Photo: Jason Lau.

TIXATSIX: 12 MONTHS ON

In May 2017 we celebrated 12 months since launching our tixatsix access initiative. tixatsix increases the accessibility of performances at Arts Centre Melbourne by providing a minimum of 20 tickets per night for just \$30 each.

In the F2017 period, 4,764 tixatsix tickets were sold and, of the 2,088 ticket buyers, 44% were new to the Arts Centre Melbourne database and nearly 15% of ticket buyers were from interstate or overseas. Since buying a tixatsix ticket in F2017, those visitors have continued on to buy 2,860 tickets at full price, demonstrating high audience satisfaction with their experience. Over the next year, the initiative will focus on growing our "new to file" rate by targeted campaigns to student and tourism audiences. This focus will be supported through the organisation's Tourism Strategy, to be launched later in 2017.

"Love the shows, the venue and love tixatsix!"

Customer feedback via Facebook

ARTSCONNECT9

Now in its 21st year, ArtsConnect9 has introduced over 100,000 young Victorians to Melbourne's street art, theatres, museums, galleries, circus big tops, libraries and performance venues. As custodian of Creative Victoria's ArtsConnect9, we are proud of the program's significant reach into regional Victoria. In F2017 we welcomed 12 new ArtsConnect9 partners, increasing the consortia to 30 arts and cultural organisations who together provide a curated program of imaginative and creative experience for Year 9 students from regional Victoria.

In F2017, 83 different schools participated in ArtsConnect9, bringing 4,136 Year 9 students from regional Victoria to Melbourne to participate in nearly 300 different curated arts events presented by the city's cultural institutions and arts organisations.

SECTOR LEADERSHIP

Arts Centre Melbourne is a place where imaginations are ignited and where audiences feel included. We aim to be universally accessible, creating opportunities for people with disability and all walks of life to enjoy exceptional art. Throughout the year we presented a captivating program of inclusive performances by some of the best Australian and international companies that are accessible for everyone.

We supported the Melbourne Symphony Orchestra to host Australia's first autism-friendly concert specifically designed for young people with disability or on the autism spectrum to enjoy the performing arts with families, carers and friends. Going to a theatrical event can be difficult for children on the autism spectrum and the Melbourne Symphony Orchestra's relaxed and autism-friendly PIXAR concert broke new ground for an Australian orchestra and music lovers alike. We were thrilled to be part of this ground-breaking event and look forward to continuing to work with the Melbourne Symphony Orchestra on future access performances.

DOWN TO EARTH

We are proud to be leading the way in presenting theatre made exclusively for children and young people with disability. We presented the Australian premiere of *Down to Earth*, a work by ground-breaking UK theatre company Bamboozle made specifically for children and young people with profound and multiple disabilities that offers an individualised experience for each audience member. The presentation of *Down to Earth* enabled us to expand the breadth of our access program and offer audiences, families and schools an inclusive theatre experience they could enjoy together. Specific performances for special development schools proved popular, with schools from as far as Bendigo attending this unique event.

"It was one of the best mornings we have had in a long time. Life is really tough sometimes and I was so thrilled for my daughter that someone understands her and wants to do something special for her. We both loved it."

Parent on *Down to Earth*



"In my 11 years as a special needs teacher this was by far the best experience any of my students have had. It was perfectly pitched at their level and allowed the students plenty of time to get their bodies right to respond."

Teacher on *Down to Earth*

THE BAMBOOZLE APPROACH

We are interested in the transformative power of art and the presentation of *Down to Earth* provided an opportunity to continue the journey we embarked on last year with Sensorium's *Odyssey* to explore this transformative theatre-making practice and its impacts on audience members, educators and theatre practitioners.

Sharing more than 20 years of experience in developing and delivering exceptional programming, Arts Centre Melbourne engaged internationally acclaimed Bamboozle director Christopher Davies to lead *The Bamboozle Approach*: two industry training workshops for teachers, artists and independent theatre practitioners from Victoria and interstate. This in-depth exchange and training ignited local interest in this leading-edge methodology; interest we hope to support and develop further.

The Bamboozle Approach reflects our desire to take a leadership role in sector capacity building, encouraging Australian artists to create performing arts experiences by, for and with people with a disability.

"Career changing! The performance is a must see for everyone – with disability or mainstream. There is very little around by way of theatre in education for Multiple Profound Learning Disability people. It was creative, quite beautiful and the result of a unique creative process."

The Bamboozle Approach participant

LEADING VICTORIA IN RELAXED PERFORMANCES

Over the last four years we have developed internal expertise of presenting relaxed performances that we share with industry colleagues. Relaxed performances welcome children with disability, sensory and learning challenges to the theatre. The production is designed to be "relaxed" with lowered lighting and sounds at certain points in the show. Theatre doors remain open, a quiet area is available and audience members can download a visual story resource before they visit to help them prepare for the show. The atmosphere is non-judgemental and noisy enthusiasm is embraced so young audience members are able to be themselves with friends, family and carers.

Keen to innovate and reflect international trends in access, Arts Centre Melbourne partnered again with Victorian Opera to present a relaxed performance of *The Princess and the Pea* and with Circus Oz to present *Model Citizens*.

For an organisation committed to making the arts accessible, relaxed performances are an important first experience for many of our families. By inviting our Resident Companies, presenting partners and other industry partners whose work we present to join our access journey, we have increased the range and number of accessible performances for this previously poorly serviced audience.

MUSIC TECHNOLOGY CREATIVE DEVELOPMENT

"Music therapy meets innovative technology" has been the source of an exciting creative development project exploring the motivations of children attending our accessible music programs. Working with a sound design/user experience professional, we are developing interfaces that use children's natural movement to allow them to be music creators as well as super-engaged participants. This world-first project is discovering new territory in creativity, inclusion and technology and went on to be presented by Arts Centre Melbourne in F2018 at the July 2017 World Congress of Music Therapy in Japan.

ACCESSIBLE MUSIC PROGRAMS

We have leading music-based programs that are accessible and we work closely with schools and disability service organisations with one-off and term-based programs. *Siblings in Sync* and *Sound Beginnings* are delivered in small groups at The Channel, our innovative learning space. Our music therapy-based programs are uniquely based in Victoria's major performing arts centre rather than a hospital setting so families who typically experience exclusion because of their child's disability feel included and welcomed. Our programs attract families from all over Melbourne, with some travelling up to 60 kilometres to participate in a 30-minute program.

INDUSTRY ENGAGEMENT AND PARTNERSHIPS

Our community and industry partnerships are in many ways the backbone to our Participation, Access and Community programming. Deeply respected, these partnerships represent the diversity that is our community and connect us with communities we would otherwise not reach.

In F2017 we extended our relationships with the disability services sector and communities of disadvantage through the groups, schools and organisations we partner with and by participating in Meeting Place, a major national forum on arts and disability held in Perth in March 2017 and co-hosted by Perth International Arts Festival, Arts Access Australia and Disability in the Arts Disadvantage in the Arts (DADAA).

A STRATEGIC VOICE IN PLANNING FOR INCLUSION

We actively contribute to the development of an accessible and inclusive arts and cultural sector. As a stakeholder, we contributed to Creative Victoria's submission to the Australian Government's evaluation of the National Arts and Disability Strategy. Our commitment to access was evident in our presence at the Meeting Place forum in March 2017.

Reflecting our strong interest in inclusion and diversity, we attend the monthly VPS Diversity and Inclusion Community of Interest group, with its whole-of-government and public sector dialogue, and were a stakeholder at Creative Victoria's Diversity and Inclusion in the Creative Industry Co-design Workshop in May 2017, the outcomes of which are ongoing.

CITY OF MELBOURNE VISITOR HUB AT HAMER HALL

Throughout F2017, we developed a Tourism Strategy to provide a consolidated approach to our tourism marketing to position Arts Centre Melbourne as a must-visit destination for landed international tourists and intrastate and interstate visitors. This strategy is designed to secure a larger proportion of this audience segment, which we have long recognised as a gap in our visitor profile. A major starting point in this strategy was the January 2017 reopening to the public of Hamer Hall during the day, creating an activated gateway to the Southbank Arts Precinct and playing host to a new City of Melbourne Visitor Hub. This is just one way in which we contribute to the Victorian Government's Visitor Economy strategy.

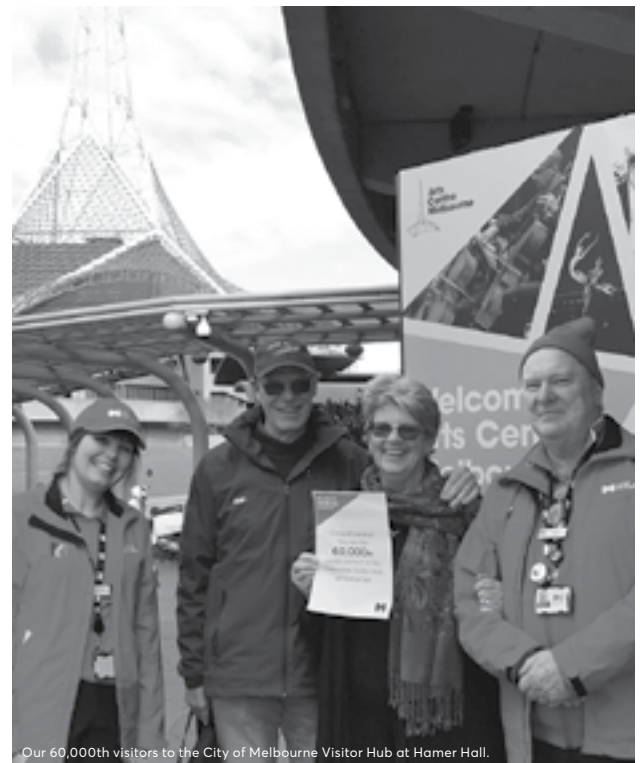
The public response to this six-month trial service was significant, with over 70,000 "contact points" made between members of the public and City of Melbourne team members by the end of the reporting period. Common enquiries focused on things to do and wayfinding in the Southbank Arts Precinct. The implementation of a dedicated Arts Centre Melbourne Concierge role at Hamer Hall to support the City of Melbourne Visitor Hub enabled our team to talk with visitors and assist with event enquiries and ticket sales. Close to 5,000 tickets were sold through this channel at the close of F2017.

Feedback from the City of Melbourne has been positive – its team relishes being positioned at the gateway to the Southbank Arts Precinct and is delighted to offer services to our audiences, tourists and visitors. The activation of Hamer Hall during daytime hours (outside of performance times) combined with the City of Melbourne Visitor Hub further cemented the venue's positioning as this gateway.

The initial success of the venture led to an extension of the trial into the first half of F2018 to further test wayfinding, signage, seasonal trends and hours of service required for a potential permanent implementation of the initiative. The second stage of the Tourism Strategy will see the development of multi-language tour products released in late 2017, with tours planned to commence at the Hamer Hall site.

"The new City of Melbourne Visitor Hub at Hamer Hall will be open in time for our busy festival season; when tourists pack the city for our world-class calendar of events including Moomba, the Melbourne Food and Wine Festival, the Virgin Australia Melbourne Fashion Festival, Asia TOPA and the Melbourne International Comedy Festival. Our dedicated army of more than 400 volunteers and staff will embrace this new and exciting base in Melbourne's world-renowned arts precinct."

The Honourable Lord Mayor Robert Doyle



Our 60,000th visitors to the City of Melbourne Visitor Hub at Hamer Hall.



Photo: Mark Gambino.

DIVERSITY

Arts Centre Melbourne belongs to everyone.

Our commitment is to provide people of all ages and abilities with the opportunity to engage with art and culture regardless of their gender, age, cultural or socio-economic background. We exist to bring people together, as individuals or groups, to share in remarkable experiences.

We make available a broad range of ticket price-points, program free and low-cost events, and ensure access to daytime programming, digital, mobile and online experiences, accessible performances for people of all abilities, and projects and programs delivered via outreach.

We engage broad audiences through our formal and informal communication channels and through culturally diverse programming on our stages and our spaces. Across F2017 we have more than quadrupled our engagement with Culturally and Linguistically Diverse (CALD) audiences thanks to major programming initiatives like Asia TOPA.

Marketing, communications and social campaigns in support of Asia TOPA programming allowed us to reach into myriad communities of interest and talk to potential audiences in their preferred language. We engaged partners such as S&J Media and Youku that allowed us to further connect with CALD communities through bespoke channels with high degrees of reach.

The consortium model for Asia TOPA also meant that the overarching brand campaign for the festival was able to connect deeply into target audiences, which translated through to high numbers of first-time ticket buyers and visitors. 59% of Asia TOPA visitors engaged with Arts Centre Melbourne for the first time and a remarkable 53% of surveyed audiences identified as speaking a language other than English at home.

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

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

AUDIENCE ENGAGEMENT

YOU ARE WELCOME



Photo: Mark Gambino.

Customer service excellence across all visitor touchpoints at Arts Centre Melbourne is a cornerstone of our commitment to ensuring everyone who engages with us, whether in person, online or via the phone, has a positive experience that makes them want to return again and again.

Our frontline team is often the first point of contact for visitors and they live and breathe our brand values and commitment to being an excellent host. This provision of a warm welcome for our visitors exists across all touchpoints and we take great pride in this commitment and the tangible response it evokes in audiences.

In F2017, we welcomed more than 3.04 million people to our venues. Reflecting our commitment to service excellence, research conducted in April 2017 by EY Sweeney showed:

- 98% of visitors reported being satisfied with the overall experience of visiting Arts Centre Melbourne
- 94% were satisfied with the level of service
- 97% were satisfied with the ticket buying experience
- 93% of all visitors would recommend a visit to friends and family.

Further, 99% of all visitors were satisfied with the venue cleanliness while 92% of visitors said their experience of a performance or exhibition met or exceeded their expectations.

While visitation is largely driven by programming, throughout F2017, we further developed our Tourism Strategy to ensure we can tap into a market that is challenging to reach, particularly for performing arts venues with short-run seasons.

In F2017, 95% of visitors to Arts Centre Melbourne were from Victoria, with the remaining 5% from interstate or overseas. This highlights other opportunities for us: reaching into more diverse cultural audiences through programming that resonates, engages and increases our brand awareness.

Initiatives such as the City of Melbourne Visitor Hub at Hamer Hall have positively contributed to higher engagement with the tourism market and we continued to work with Visit Victoria to explore new ways to collaborate in the tourism space. The opening of the Australian Music Vault in F2018 will also ensure we have a permanent "always on" free general public offer.

OUR AUDIENCES



Photo: Mark Gambino.

Melbourne has a well-earned reputation for being Australia's arts and culture capital and regardless of personal preference and taste, there is something for everyone year-round. The diversity of programming and experiences reflects the demographic of both locals and international visitors.

Our program and that of our Resident Companies and major hirers allow us to reach into existing market segments where programming drives attendance and tap into new markets where audience drives the program. This was clearly evident in Asia TOPA (page 55).

Understandably, audience segmentation varies wildly depending on the program and we recognise that this is a major area of opportunity for us to engage with untapped or underrepresented audience segments. Top-level audience research shows that 82% of our visitors are female and 18% male, with 87% of all audiences come from an English-speaking home. This figure is higher than the Victorian average. The comparative figure from surveyed Asia TOPA audiences contrasts starkly at 53% from non-English-speaking backgrounds, further highlighting the importance of programming for this segment of the market.

Our commitment to providing access to programming for people of all abilities has been a focus in F2017 (page 35) with audience research telling us that 15% of all visitors identify as having some form of accessibility challenge.

CUSTOMER JOURNEY

In August 2016 we began the first stage of unrolling our new brand visual identity. Our new identity uses a contemporary and refreshed colour palette and approach to brand templates for our presenters. Following on from a brand positioning exercise that was first conducted in late 2015, we have been staging the rollout of our new look to coincide with the planned website launch in September 2017.

To date, our visual identity has appeared across various marketing outputs including our bi-monthly *On Guide*, our *Families* brochure and signage, our tourism materials positioned at the City of Melbourne Visitor Hub at Hamer Hall and some donor/membership materials.

This new look will culminate with the launch of our new website and be inclusive of new signage templates on and throughout our buildings. This approach will provide consistent brand touchpoints for our audience, from online to onsite.

Further work is being conducted on our positioning line: "Together Experiences", which was unveiled in a social media campaign beginning in June 2017 and will be referenced in the website architecture of our new site.



ARTS CENTRE MELBOURNE WEBSITE

F2017 showed excellent growth for website traffic, with session numbers surpassing 4.39 million – up 29% on the prior year. The number of individual users also increased by 46% and the number of new customer sessions received on the site was also up by 870,000 sessions.

Over 303,000 tickets were purchased through the website in F2017, comprising 122,900 transactions. Combined with the transactions generated through the Asia TOPA website (an Arts Centre Melbourne initiative), 311,000 tickets were processed via Arts Centre Melbourne web channels.

Unsurprisingly with the worldwide trend towards mobile-first, ticket revenue through mobile devices grew by 31% on the previous year.

ARTS CENTRE MELBOURNE WEBSITE REDEVELOPMENT PROJECT

During F2017, development of the new website commenced in conjunction with Bravo, a design and development company. From March 2017 onwards Arts Centre Melbourne brought the development of the project in-house, with the aim of upskilling our people and shoring up extensive corporate knowledge for ongoing site growth and improvements. We are on track for a September 2017 launch.

The new site will be a digital manifestation of the new brand and has been designed to adopt a mobile-first approach. The site aims to fulfil the objectives of making transactions seamless and intuitive for our audience; providing a showcase of who we are and what we do; providing an outstanding online service for our presenters and Resident Companies; setting a new standard for our sector; and bringing Arts Centre Melbourne up-to-date with government and Web Content Accessibility Guidelines.

ASIA TOPA WEBSITE

In F2017 we created a standalone Asia TOPA website that delivered additional shopping cart features such as multi-purchase discounts and new experiences for patrons such as the ability to purchase pre-show drinks with ticket. The site included details of all Asia TOPA programming across all Consortium and partner programs.

Over 281,000 customers visited the site from launch in September 2016, with 8,000 tickets purchased online. Mobile traffic was around 4% higher than on our regular website and social media played the strongest role in delivering traffic to the site.

SOCIAL MEDIA ENGAGEMENT

Social media continued to play a crucial role in building audience engagement with our programs and events. In May 2017 a new strategy was adopted to drive fan growth, audience participation, brand awareness and increased revenue attribution across all social channels. Major changes included a more diverse content mix across channels, optimised frequency of posts and withdrawal from inactive social channels.

We drove strong follower growth over the year. Notably, Facebook fans grew by 15% to a total of 260,011 likes – one of the highest totals amongst Victorian cultural institutions – and Instagram grew 64% to 35,500 followers. Across Facebook, Twitter, Instagram and YouTube we grew 6%, achieving a total of 300,950 social media fans.

Our digital content strategy continues to communicate brand values and identity through content. Across the year, we focused on the production of highly engaging content to reinforce our position as a leader in the digital space. We also trialled successful Facebook Live, Virtual Reality and 360 experiences. Additionally, we invested in Facebook advertising, running 308 campaigns for productions by Arts Centre Melbourne, Resident Companies and other presenters. This yielded a total reach of 4.3 million unique views, 595,867 link clicks, 4.9 million video views and 5.8 million post engagements.

Our social media coverage of Asia TOPA was captured through standalone social media platforms on Facebook, Twitter and Instagram. Enhanced social media activity during the period enabled us to successfully grow the festival brand on social media, resulting in 11,520 fans across all platforms and reaching 1,967,728 people. One of the festival's major events, Asia Pop Fest 2017, was received exceptionally well on social media with the hashtag #asiapopfest17 trending nationwide on Twitter throughout the event.

Our social media mentions and engagement also peaked around the year's major cultural events as we actively participated in important global conversations surrounding major events such as the Manchester terrorist attacks, International Day Against Homophobia, Biphobia and Transphobia (IDAHOBIT) and National Reconciliation Week.

"What's On at Victoria's Largest Performance Arts Centre' needs to be edited to 'What's On at Australia's Best Performance Arts Centre'."

Customer feedback via Facebook

FOOD AND BEVERAGE

An exceptional food and beverage experience is integral to a visit to Arts Centre Melbourne, and we are focused on continually providing our visitors with diverse options at outlets and venues across our buildings.

Working with Opera Australia, we crafted an array of creative menus designed with the enthralling plots of Wagner's *Ring Cycle* in mind to coincide with the *Ring Cycle* season in November and December 2016. Patrons had the opportunity to enjoy a multitude of dining options inspired by what was happening on stage.

Also significant was the collaboration with three celebrity chefs to activate our food and beverage outlets during Asia TOPA. Melbourne's status as home to some of Australia's most acclaimed Asian cuisine chefs provided an ideal opportunity to create a fully immersive dining experience. Like the arts, food has historically been a medium that can break down cultural barriers and bring people together; with Vietnamese, Thai and Chinese-influenced menu offerings from chefs Jerry Mai, David Moyle and Victor Liong in several of our dining venues, the Asia TOPA food and beverage activation was about doing just that. A special pop-up bar on the State Theatre Stage for *XO State* at Asia TOPA added a customised food and beverage experience to the dynamic performance program.

The establishment in January 2017 of the new food and beverage outlet, Bombini Buzz, in a space that had been underutilised on the Southbank Promenade beneath Hamer Hall, was another milestone in the development of our offering. In line with our renewed strategic focus towards Victorians supporting Victorians, the use of local produce is demonstrated through Bombini Buzz's offer of a variety of Melburnian first, Victorian second and Australian third beverage and food items.

Our outstanding venues and unique spaces continue to be used for events of all kinds that extend well beyond the performing arts.

"Our very special thanks for supporting the event last night. It was a complete success. The team have been wonderful to work with and delivered a truly world-class event."

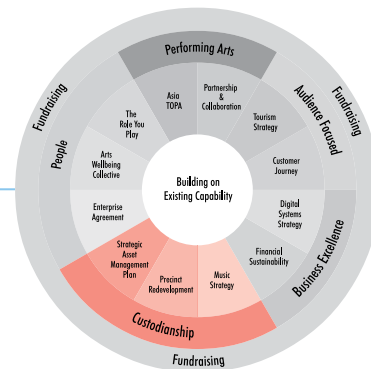
The New York Times In Conversation event, May 2017



The State Theatre loading dock transforms for Asia TOPA. Photo: Kristoffer Paulsen.

Our Strategic Priorities

CUSTODIANSHIP



COLLECTIONS

EXHIBITIONS

In F2017, we presented an exciting exhibition program that celebrated the extraordinary career of Australia's pop princess Kylie Minogue, showcased highlights from the Australian Performing Arts Collection and explored contemporary visual-performing art practices in Southeast Asia.

The exhibition *Stage Presence: Design from the Australian Performing Arts Collection*, in Gallery 1 from April to September 2016, showcased designs from the Australian Performing Arts Collection and explored the vitality and contribution of Australia's renowned stage and costume designers including Roger Kirk, Brian Thomson, Hugh Colman, Judith Cobb and Jennie Tate.

This show was followed by *Kylie on Stage*, which was launched with substantial coverage across television, print and online media. Kylie Minogue showed her ongoing support of Arts Centre Melbourne by visiting Melbourne specifically for the launch. Closing in late January 2017, *Kylie on Stage* attracted over 250,000 visitors.

The significance and longevity of the exhibition will be extended as it tours regional Victoria in 2017–19, with the support of Creative Victoria. *Kylie on Stage* will tour to Mildura Arts Centre, Geelong Gallery, Ararat Regional Art Gallery and the Latrobe Regional Gallery. The tour also reflects our commitment to engaging more Victorians in cultural and creative endeavour (*Creative State Action Area 4 – Increasing participation and access*).

Political Acts: Pioneers of Performance Art in Southeast Asia, which ran from February to May 2017, formed an integral element of Asia TOPA. Exploring the creative intersections between the visual and performing arts, the exhibition presented a selection of 70 challenging works, including artists' photographs, films and installations by some of the most innovative pioneers of performance art in Southeast Asia. The seven artists represented were Dadang Christanto (Indonesia/Australia), Khvay Samnang (Cambodia), Lee Wen (Singapore), Liew Teck Leong (Malaysia), Moe Satt (Myanmar), Melati Suryodarmo (Indonesia) and Tran Luong (Vietnam). The exhibition had a visitation of over 157,000.

Our program of outreach continued with *Theatres of War: Wartime Entertainment and the Australian Experience* on its national tour, travelling to the Glasshouse Port Macquarie during February to April 2017 and to what was its final venue at the Albury Library Museum in July to August 2017. This national tour was generously funded by the ANZAC Centenary Local Grants Program.

Other onsite displays included *Opera Pioneers in Australia*, acknowledging the contributions of Ercole and Nancy Filippini, curated in collaboration with their descendants including grandson singer-songwriter, Paul Kelly; a tribute to former Arts Centre Melbourne Trustee, David Vigo, *Celebrating the life of David Vigo*; Nick Cave's *A Little Odyssey*, providing a glimpse into some of his songs as seen through his notebooks and lyrics; and from the Art Collection, Sidney Nolan's vibrant evocation of nature in *Paradise Garden* and key paintings by eminent artists Donald Laycock and John Peart.



Minister Martin Foley MP and Kylie Minogue at the opening of *Kylie on Stage*. Photo: Marty Philbey.

TREASURING THE PAST, CREATING NEW STORIES

COLLECTION HIGHLIGHTS

The Australian Performing Arts Collection continues to grow in significance and reputation and is the nation's largest collection dedicated to the performing arts. In F2017, 27 new acquisitions, ranging from large and highly significant private collections of performing arts material to individual works of art, were acquired by the Collections Development Group.

Major acquisitions generously donated included the:

- Margret RoadKnight Collection, charting RoadKnight's career, influences, performance history, appearances in dance and theatre productions and successful recording career
- Jeannie Lewis Collection, reflecting the breadth of Lewis' career on stage both as a singer and stage performer, including costumes, accessories, photographs, programs and news clippings
- Paul Kelly Collection, encompassing his personal archive that affords an extraordinary insight into his life and history as a writer, performer and musician
- Judith Durham Collection, consisting of costumes, photographs and awards relating to the career of the singer and, of particular significance, the emerald green dress worn by her during The Seekers' record-breaking performance at Sidney Myer Music Bowl in 1967.

Other donated items included the costume worn by Kylie Minogue in the *KylieX2008* tour, designed by renowned French fashion designer Jean Paul Gaultier; archival material documenting the work of promoters Clifford Hocking and David Vigo; costume and set designs by Ann Church for The Australian Ballet; a collection of rare circus posters dating from the 1920s to 1990s; and instalments in our ongoing deposit arrangements with The Australian Ballet and Opera Australia, including designs, photographs and programs.

COLLECTION LOANS

We continue to support other organisations and venues to tell the many and varied stories of the performing arts through the loan of material from the Australian Performing Arts Collection, including the Hawthorn Arts Centre's Town Hall Gallery, with 48 items consisting of theatre designs, masks and a set model for the exhibition *Louis Kahan: Art, Theatre, and Fashion*, which was on display from August to October 2016. The Auckland War Memorial Museum also borrowed three sets of Split Enz costumes for its exhibition *Volume: Making Music in Aotearoa*, which ran from October 2016 to May 2017.

RESEARCH CENTRE

The Australian Performing Arts Collection is a significant research resource for academics, authors and producers, with nearly 200 enquiries and access requests managed through the Research Centre in F2017. Recent research outcomes include published biographies of John Farnham and Mathilde Marchesi (Dame Nellie Melba's teacher) and a forthcoming history on the Playbox Theatre. The Research Centre also provides industry access to the Australian Performing Arts Collection for organisations including Opera Australia, Arena Theatre, the National Gallery of Victoria and The Australian Ballet.

The Research Centre is currently facilitating outcomes for a major Australia Research Council AusStage Project on visualising theatre venues in Australia. This project involves 13 Australian universities and four partner organisations, including Arts Centre Melbourne. This project will make publically available online historical material from the Australian Performing Arts Collection relating to theatres in Melbourne, including Arts Centre Melbourne's venues.

PUBLICATIONS AND LECTURES TO THE PUBLIC

To coincide with *Stage Presence: Design from the Australian Performing Arts Collection*, a major industry and public forum *Designing for the Stage* was held in August 2016, which attracted a capacity crowd of 350 attendees and was supported by the Hugh Williamson Foundation.

The exhibition *Kylie on Stage* was accompanied by a range of popular educational and public programs, including four ticketed events that attracted nearly 900 people, including the sold-out show *Silent Disco: Collecting Kylie: A Super Fan Event*; *Composure: Chong Lim talks Kylie on Stage*; and a special *In Conversation: Rafael Bonachela and Kylie Minogue with David McAllister*.

Our curators continue to share their expert knowledge through publications and online channels. Curator of *Kylie on Stage*, Margot Anderson, authored two popular brochures for the exhibition, one a limited edition for Kylie collectors. To accompany *Political Acts: Pioneers of Performance Art in Southeast Asia*, curator Dr Steven Tonkin authored an exhibition catalogue, sponsored by the Gordon Darling Foundation.

COLLECTIONS CARE

We actively participated in the Collections Storage Victoria Steering Committee and Creative Victoria Collections Working Group, forums fostering collaborative approaches across the sector that continued to prioritise short- and long-term storage solutions and legacy data.

A major digitisation project of over 3,600 negatives from the Kathleen O'Brien Collection was completed and launched online in June 2017. Working as a freelance photographer for Australian rock journals *RAM*, *JUKE* and *Rolling Stone* from 1977–81, O'Brien's images document both Australian and visiting international rock artists.

VOLUNTEERS

Work on the Australian Performing Arts Collection was significantly enhanced through the contribution of a dedicated team of volunteers who focused on archival collections including the Gordon Frost Organisation, music posters from the 1980s, program sorting and filing, The Australian Ballet Collection, sheet music and the Victorian Arts Centre archives. Special thanks and acknowledgement go to Maggie Anderson, Liz Balogh, Virginia Boon, Claudia Funder, Sandy Graham and Barbara Langley.

AUSTRALIAN MUSIC VAULT

In December 2016, the Victorian Minister for Creative Industries, Martin Foley MP, announced a major new cultural drawcard for Victoria, the Australian Music Vault.

To be delivered as a cornerstone of the Victorian Government's \$22 million Music Works policy, the Australian Music Vault will comprise a permanent exhibition, digital and interactive experiences, and public and arts learning programs that will chart the story of contemporary Australian music. It will also incorporate the ARIA Hall of Fame.

Joining the announcement was music industry identity and co-founder of Mushroom Records, Michael Gudinski, and music legend Ian "Molly" Meldrum. Together with Kylie Minogue and Archie Roach, they are the founding Australian Music Vault patrons.

Arts Centre Melbourne was chosen as the organisation to partner with industry to deliver the Victorian Government's vision for the Australia Music Vault owing to our long history of presenting live musical performance, our internationally recognised curatorial pedigree, excellence in exhibition delivery and collection management experience.

Countless memories of Australian music performance have been created during concerts on our stages. A diversity of genres and artists have entertained audiences in the millions over decades, including AC/DC, The Seekers, Nick Cave, Midnight Oil, Paul Kelly, Kate Ceberano, Tina Arena, Peter Allen, the Little River Band and Marcia Hines.

The heritage of Australian music making also has an important place in the Australian Performing Arts Collection, where more than 600,000 items across all performing genres have been housed since the collection started in the late 1970s.

The stories of the great musicians, songwriters and arrangers, not to mention the tours and all their associated rituals, are powerfully represented in the Australian Performing Arts Collection – for contemporary and future generations to enjoy.

Much of the rich content that will be discovered in the Australian Music Vault, both in the exhibition and online, will be drawn from the Australian Performing Arts Collection. Specially commissioned interviews and digital content will also be created to further expand the visitor experience.

Developed in partnership with the music industry, the Australian Music Vault will provide a dedicated purpose-built space on the ground floor of our Theatres Building, where locals and visitors can explore the diverse stories and defining impact of Australian music.

"Victoria is the creative state and Melbourne one of the great music cities of the world. The industry has been calling for a hall of fame for many years and we are proud to be working with the industry to make it a reality."

Martin Foley MP, Minister for Creative Industries

A panel of leading music industry leaders was formed as an advisory group to support project development. The Advisory Group includes:

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

Since the project's announcement, an expert team of curators, digital content producers and project-specific personnel have joined Arts Centre Melbourne to bring the Australian Music Vault to life.

A special music sector engagement event was held in February 2017, bringing together practitioners, programmers, presenters, artists and management from across the sector to commence the process of industry consultation and advocacy that will continue through the life of the project.

The Australian Music Vault will open to the public as a free exhibition and online experience in summer 2017.



Michael Gudinski, Ian "Molly" Meldrum and Minister Martin Foley MP announce the Australian Music Vault. Photo: Mark Gambino.

PROTECTING OUR HERITAGE – ENSURING OUR FUTURE

Thriving creative industries are critical to Melbourne's prosperity as it seeks to harness the full capabilities of the creative and visitor economies. To ensure we can meaningfully contribute to achieving this, our leadership role in the sector and the Southbank Arts Precinct, together with our facilities and infrastructure, need to change to meet the shifting expectations of audiences, presenters, artists, nearby residents and visitors to Melbourne.

We undertook significant planning and preparation throughout F2017 to ensure we are well positioned for the future. This involved the development of a detailed *Business Case and Masterplan to Reimagine Arts Centre Melbourne*.

This Masterplan will allow us to: respond to the changing needs of our growing city; provide critical linkages and connectedness between peers and visitors across the Southbank Arts Precinct; rejuvenate our infrastructure so we meet presenter and audience expectations; and provide a safer environment for our team and our visitors. Together with a design team led by NH Architecture, in partnership with Snøhetta, we began this process to shape our future with the support of the Victorian Government.

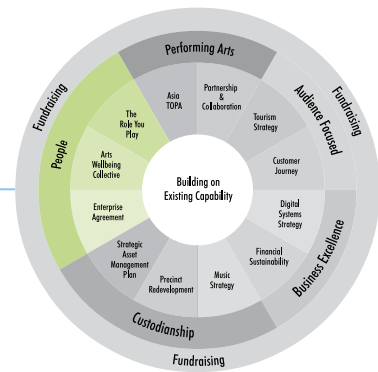
This vision was progressed in May 2017 with a State Budget commitment of \$40 million for critical infrastructure upgrades within the Theatres Building, including replacing the ageing State Theatre Flying System. More significant upgrades to infrastructure and amenity are urgently required, which will be foremost in our planning to deliver on our redevelopment vision.



Southbank Arts Precinct. Photo: Mark Gambino.

Our Strategic Priorities

PEOPLE



Our people are integral to our success. Through their skills, knowledge and expertise they provide the inspiration, vision, creativity and motivation that gives life to everything that we do. We pride ourselves on being an organisation that fully recognises, acknowledges and values the vital contribution our team make to our success.



Photo: Mark Gambino.

A CARING, CONNECTED AND INQUISITIVE COMMUNITY

THE ROLE YOU PLAY

Our culture statement, The Role You Play, outlines our purpose, vision, priorities and values, while setting expectations we have of each other and across the team. The Role You Play is a shared language to which we hold ourselves accountable and is based on the values of leadership, community, care more and creativity. It defines our:

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

Our people have been adapting new skills, utilising new knowledge, influencing their networks, leveraging experience, collaborating with different teams and working to demanding timelines while managing business as usual in F2017.

The learning and development focus for us has changed substantially in order to deliver to this agenda by empowering and equipping our teams to work differently. While we have continued to develop individual skills such as business writing and public speaking, we have created and delivered a suite of targeted programs aimed at increasing agility.

In F2017 our culture training has delivered:

- team management training for all supervisors in The Role You Play
- delivery of "Train the Trainer" skills to all supervisors to enable local facilitation of The Role You Play to increase local management capability
- leadership development for all senior managers in adaptive leadership and feedback
- workshops to help the leadership team to identify the key capabilities required by them for the short-, mid- and long-term
- recruiting training to identify unconscious bias, selection techniques and equal opportunity responsibilities
- equal opportunity and diversity training for all new starters
- Indigenous cultural awareness training to all senior leaders and the Programming team through AFL SportsReady
- delivering "Open Your Eyes" disability awareness training to all Visitor Experience team leaders
- learning about gender diversity with tailored large and small group training through LGBTI Jobs.

In a period that delivered Asia TOPA, the *Ring Cycle*, international collaboration in *Lord of the Flies*, the Arts Wellbeing Collective and the establishment of the Australian Music Vault, we have prepared our people through:

- partnering with the Centre for Excellence in Child and Family Welfare to rollout Child Safety Standards for targeted members of our team
- a health and wellbeing focus to the Production team, especially through massages to minimise injuries during bump in and bump out through the *Ring Cycle*
- adaptive and networked team training to promote early Australian Music Vault planning
- key individuals undertaking project management and leadership courses
- workforce planning and supporting managers to balance leave, project deliverables and deploy resources to cover business as usual, as well as stretch periods
- Executive training on high-performing teams, increasing accountability, collaboration and trust.

ENTERPRISE AGREEMENT

On 1 July 2016, Arts Centre Melbourne submitted its management log of claims to the Victorian Government to support the development of the next iteration of Arts Centre Melbourne's Enterprise Agreement.

At 30 June 2017, we were finalising productive and positive negotiations and it is hoped that this Enterprise Agreement, which supports both employee and union claims, as well as our strategic objectives, will be confirmed, supported and implemented in F2018.

ARTS WELLBEING COLLECTIVE

In February 2017 we launched a new health and wellbeing program, the Arts Wellbeing Collective, in line with The Role You Play People Priority: *A caring, connected and inquisitive community.*

The Arts Wellbeing Collective is an Arts Centre Melbourne initiative delivered in partnership with Entertainment Assist and comprises a consortium of Victorian arts and cultural organisations whose shared vision is to effect better mental health and wellbeing for Victorian performing arts workers.

The pilot program was developed in response to Victoria University's report commissioned by Entertainment Assist, Working in the Entertainment Industry, as well as trends in Arts Centre Melbourne's human resources case management, information captured at an industry working group meeting in early 2016 and input from expert facilitators Dr Michael Carr-Gregg and internationally acclaimed opera singer, Greta Bradman.

The pilot program is funded through a mix of private, public and philanthropic support. Major sponsors include the Victorian Government, WorkSafe Victoria, Marriner Group and VicHealth.

The development of the Arts Wellbeing Collective was led by an Advisory Group comprising Arts Centre Melbourne CEO, Claire Spencer; Arts Centre Melbourne Executive Director of Human Resources, Sonia Lindsay; Arts Centre Melbourne Trustees, Ian Roberts and Catherine McClements; Marriner Group CEO, Jason Marriner; producer Andrew Kay; Ambassador Theatre Group CEO, Tim McFarlane; Entertainment Assist Board Member, Kendra Reid; and Greta Bradman.

The objectives of the pilot program are:

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

This will be done by:

- leading a sector-wide response to mental illness in our industry. Our response will be tailored to the needs of the arts sector and based on positive psychology
- focusing on the particular vulnerabilities of our people with a range of tools, services and activities to support our teams
- creating networks within the cultural sector to raise awareness of the importance of mental health and to reduce the stigma of mental illness
- developing a consortium model to enable us to build ownership of the program and develop tailored activities that are sustainable
- measuring participation and utilising feedback as part of the evaluation process and to determine the possible lifespan of the pilot program.

The Arts Wellbeing Collective evolved rapidly and organically through word-of-mouth referrals and new ideas, and more than 120 arts and cultural organisations across Victoria have committed to the initiative. The pilot program comprises workshops, professional development activities, masterclasses and resources, all specifically tailored to the needs of the arts sector and incorporating tools and strategies from positive psychology. Six regional hubs were selected to host workshops across the state, ensuring engagement for rural and regional arts organisations. The Arts Wellbeing Collective's reach through a dedicated website and regional programs has helped to increase accessibility of support for team members who may be seasonal or casual.

The response from the sector to the Arts Wellbeing Collective has been overwhelmingly positive and we are committed to building the program's momentum beyond its pilot year.

Working in partnership with the Victorian Government, Entertainment Assist, WorkSafe Victoria, VicHealth, Allianz Insurance, Australian Unity, CPSU and MEAA unions, Marriner Group, Live Performance Australia and philanthropic supporters, we are encouraged that there is a groundswell of support to nurture and safeguard the wellbeing of our creative community.

"I congratulate Arts Centre Melbourne and Entertainment Assist for taking the initiative on this important matter. Thank you for your commitment to mental health and wellbeing in the creative industries."

Martin Foley MP, Minister for Creative Industries



Photo: Mark Gambino.

PRODUCTION – TRAINING AND OUTREACH

Our Registered Training Organisation (RTO) operations have been committed to the continuous development and delivery of high-quality training for our Production team for over six years. It has always been a priority and focus for the RTO to continue to raise safety and service standards within the live performance industry as a whole.

In February 2017 our latest group of three students undertaking the Production Traineeship Program graduated in the theatre disciplines of sound, lighting and staging, achieving their Certificate III qualification in Live Production Services. Over 190 training units were delivered in F2017, with 59 new students enrolled.

F2017 saw independent auditors conduct an internal audit of the RTO to ensure it is well-placed for future operations and meeting operational standards as determined by the national governing regulatory body.

Regional training has had its busiest year since the launch of the RTO. A new training module in "Customer Service" was delivered regionally in Kyneton and a module in "Entertainment Industry Safety" at RMIT. Most recently, an "Advanced Lighting Systems" course for five students from the Capital Theatres in Bendigo was delivered. Trainee technicians were taught by a member of our senior lighting systems team in Arts Centre Melbourne's virtual reality studio. Trainees were later mentored at their home venue to complete the training package.

Development of our new "Tech-Connect" model of regional training for units from the Certificate III and IV level qualifications in Live Production and Technical Services is ready for delivery to industry peers in regional Victorian venues throughout 2017–19. A state-of-the-art lighting console was acquired for regional training and will support the RTO program delivery over the next three years.

"We enrolled our technicians from the Theatre Gippsland network of venues through the Work in Fly Towers training program and it was really well delivered and very effective for our team to do."

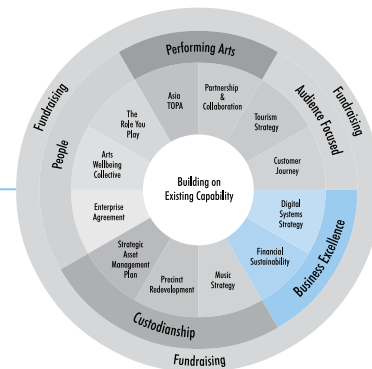
West Gippsland Arts Centre



The 2017 Traineeship team undertakes our "Work Safely at Heights" course.

Our Strategic Priorities

BUSINESS EXCELLENCE



RISK MANAGEMENT

Effective risk management is imperative in ensuring the delivery of our strategic, financial, operational and compliance objectives under the overarching Business Excellence strategic priority.

We are committed to embedding 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 and event planning.

In F2017 we refined our risk management processes for events to ensure we are adequately resourced and prepared for a broad range of risks. We also implemented a comprehensive incident, risk and compliance management system, which had led to improved reporting and increased understanding of the interrelationships between each of these areas.

Risk management was incorporated into the development of our three-year Corporate Plan to:

- identify what could impact on our objectives
- provide an opportunity to develop strategies to minimise the impact
- support decisions on how much risk can be taken to achieve an objective.

Risk management is performed in accordance with the standard AS/NZS 31000 – Risk Management, the Victorian Government's Risk Management Framework (VGRMF) and the 2016 Standing Directions for the Minister of Finance. It is carried out in accordance with the Arts Centre Melbourne Risk Management Strategic Framework, including regular reporting to the Victorian Arts Centre Trust, the Risk Management and Audit Committee and Creative Victoria.

SUSTAINABILITY

We recognise that as a performing arts venue with significant energy requirements for staging performances across multiple spaces and sites there are limitations to our ability to substantially reduce elements of our environmental footprint. However, we have a focus on improving our long-term sustainability and efficiency and continue to upgrade and update infrastructure with this objective in mind. Key projects in F2017 included:

- completion of the central plant upgrade, which includes six new chillers and refurbishment of three boilers. This project will see improved efficiency in both electricity and gas usage for the site
- completion of cooling towers refurbishments, which will reduce our ongoing reliance on water
- upgrade to lighting in the Sturt Street underpass with LED technology
- completion of a detailed energy, water and waste audit across all venues to identify efficiency improvements
- development of a waste and recycling strategy
- installation of water-efficient urinals, flushers and taps in Theatres Building public amenities
- implementation of new and more efficient site-wide printing facilities
- implementation of an environmentally responsible green cleaning approach
- refurbishment and reinstatement of the stormwater capture and irrigation system at the Sidney Myer Music Bowl.

In addition to the above physical works, our Green Team, comprising team members from across the organisation, continued to focus on improving our sustainability. A new sustainability policy was been developed and endorsed as a guiding principle for the entire Arts Centre Melbourne team. In addition, work continued on developing a sustainability action plan that sets out the direction for the next three years with targets for efficiency improvements. The plan will ensure that sustainability continues to be relevant and integrated into ongoing business operations.

STRIVING FOR THE HIGHEST STANDARDS

FINANCIAL SUSTAINABILITY

The Victorian Government's provision of short-term sustainability funding was converted to ongoing base funding in the 2016 State Budget, which has enabled us to extend our planning horizon to deliver a high-quality program, enhance our financial sustainability and enter into longer-term agreements with Resident Companies.

In F2017, 78% of our revenue was self-generated, an increase of 4% over F2016, with the remaining 22% consisting of recurrent Victorian Government funding. As our base funding is not indexed we strive to deliver efficiencies and invest in initiatives that enable revenue growth to deliver a sustainable financial outcome. Food and beverage operations have delivered strong revenue growth since being brought in-house in F2013 and this continued in F2017, including the opening of an additional riverside venue, Bombini Buzz.

This year our partnership with City of Melbourne to trial the City of Melbourne Visitor Hub at Hamer Hall, supporting the delivery of Victoria's Visitor Economy strategy, has allowed us to open Hamer Hall during the day in a financially sustainable manner.

Asset renewal continues to be a major focus for the organisation, with the ongoing challenge of ageing assets. The works being delivered through the F2015–F2017 \$16.4 million Critical Asset Renewal funding are nearing completion. We welcome the announcement in the 2017 State Budget of \$40 million of capital funding for Arts Centre Melbourne, which will underpin our critical major maintenance program of works and behind-the-scenes upgrades and replacement of our end-of-life assets.

SECURITY AND EMERGENCY MANAGEMENT

Information gathering and dissemination continued as significant themes in our Security Services operations to stay in step with the constantly evolving nature of the security environment. The introduction of an incident, risk and compliance management reporting system has delivered a significant improvement in access to incident data and trends, which in turn has enabled greater trend analysis and targeted response strategies. The Arts and Cultural Precinct Security and Emergency Group, comprising organisations across the Southbank Arts Precinct, continued to meet quarterly as it worked to share information, strengthen relationships and conduct regular desktop exercises.

Emergency management was also a significant focus, with warden training extended to additional customer-facing areas and chief warden training strengthened to deal with site-specific responses to critical incidents like an active shooter.

In the second half of F2017 we instigated a detailed review and testing of the existing security systems, processes and response capability with the aim of creating a roadmap for ongoing development and improvements to our security environment.

HEALTH AND SAFETY



Photo: Mark Gambino.

We implemented an updated Occupational Health and Safety Management System in F2017. This updated system underwent a full audit and subsequently undergoes ongoing review.

The new Risk and Incident Reporting System has improved the overall efficiency of our risk and incident reporting procedures across the organisation.

A major project was initiated focusing on the high-risk work activities inherent in an operating theatre to ensure safe infrastructure and systems of work are in place for high-risk work such as work at height, plant and equipment and hazardous manual handling.

Other projects implemented to improve health and safety in our venues included:

- establishing a new preferred Melbourne CBD-based medical clinic for prompt treatment of team member injuries and/or illness
- Supervisor, Manager, Executive and Trust OH&S awareness training programs
- strengthening OH&S induction programs for team members and contractors.

A range of safety infrastructure improvement works were completed including prevention of falls and safe work at height engineering works, lighting improvements, egress pathway enhancements and the purchase and installation of new ergonomic office chairs and sit-stand desks.

Strong consultative arrangements were ongoing in F2017, with the Health, Safety and Security Committee meeting monthly and a new Contractor and Tenant Health, Safety and Security Committee meeting on a quarterly basis.

INFORMATION TECHNOLOGY SERVICES

Major projects in F2017 focused on a number of key technology areas.

With the increasing prevalence of cyberattacks around the world, cybersecurity was a key focus for our business, with the protection and integrity of customer information and data critical to our obligations under the *Privacy Act*, our reputation and in our capacity to ensure business continuity. There were no cyber incidents for F2017, and our systems were patched and protected prior to a number of ransomware attacks occurring elsewhere in the reporting period. In addition to system upgrades, opportunities for additional training on cybersecurity were provided to our team to ensure our human resources preparedness matched technological capacity.

Our ceaseless commitment to providing proactive and risk-based approach to our technology and systems saw an uptime of 99.65% across all of our systems, 24 hours a day, seven days a week. To help reinforce the robustness of our risk landscape, the replacement of incident and risk management processes and systems was completed with a new incident reporting tool introduced across the business.

Working cross-organisationally and with external stakeholders, we undertook two significant website development projects. In addition to the development of a new Arts Centre Melbourne website we built a site for the Asia TOPA Consortium using agile project management techniques that allowed for iterative, incremental delivery. The project included the implementation of new pricing rules and cross-selling and upselling functionality that significantly increased revenue and customer opportunities.

Other important projects in F2017 included the replacement of all printers to reduce costs and environmental impacts; the implementation of dashboards and increased systems functionality to support our Conferences, Meetings and Events business; and improvements to the Wi-Fi system at Hamer Hall to meet increased demand with the reopening of Hamer Hall during the day alongside the City of Melbourne Visitor Hub at Hamer Hall.



Satan Jawa at Asia TOPA. Photo: Mark Gambino.

SECTOR DEVELOPMENT FUND

In addition to our core base funding, the sustainability funding provided to us by the Victorian Government in recent years has been critical in our capacity to effectively manage risk and in providing additional capability to invest in projects and activities that provide a future return on investment (*Creative State Action Area 3 – Delivering wider economic and social impacts*).

Supported projects and initiatives vary from those focused on partnerships and initiatives with our Resident Companies to food and beverage activations and engagement with the small-to-medium and independent sector. Highlights of the F2017 projects supported by the Sector Development Fund include:

- a venue partnership with the Melbourne Symphony Orchestra for the presentation of *Simone Young conducts Wagner and Bruckner*, a world-class presentation for Arts Centre Melbourne audiences
- the commissioning of *Satan Jawa*, presented in partnership with the Melbourne Symphony Orchestra as part of Asia TOPA
- venue hire support for Victorian Opera to present its Education Week performances of *The Princess and The Pea*
- alongside a substantial program of events, our food and beverage outlet, The Barre, was transformed into the official Festival Bar for Midsumma Festival, providing a welcoming atmosphere for the LGBTIQ community and audiences
- a contribution to the redevelopment of Arts Centre Melbourne's website, which will greatly enhance the customer journey and user experience
- a programming partnership with the inaugural edition of City of Melbourne's YIRRAMBOI First Nations Arts Festival, featuring performances from Emma Donovan and The Putbacks and Archie Roach
- support for the presentation of the ANZTRUC 2017 Tessitura Conference and the inaugural Creative State Summit
- a partnership with local independent company Insite Arts to present the second iteration in *Supersense* in August 2017; focusing on commissioning new works and offering creative development opportunities
- *The Kiln* in Gallery 1 – a temporary space for workshops, rehearsals and industry initiatives for the small-to-medium and independent sectors
- the refurbishment of Wirths' staff cafeteria to the benefit of all Resident Companies, visiting artists and Arts Centre Melbourne staff.

CAPITAL WORKS PROGRAM

F2017 saw the completion of a number of major facilities upgrade works. Four of five previously approved projects were successfully completed including a major upgrade of the central plant, which provides power and air conditioning services across both the Theatres Building and Hamer Hall, and extensive plumbing works in the Theatres Building, where aging pipework was placing the organisation at risk. The fifth project – the renovation of two escalators in the Theatres Building that move patrons from the Level 5 Smorgon Family Plaza to the Level 3 State Theatre Foyer – was scheduled to reach practical completion in November 2017.

Other major capital works completed included:

- replacement of the Access Control Security System to improve safety across all Arts Centre Melbourne buildings
- development of a robust security plan to inform both immediate safety requirements and to assist in master planning
- replacement of the roadway lighting in the underpass outside of Theatres Stage Door to improve safety for motorists and pedestrians
- replacement of non-compliant access ways to the Theatres Building roof and the base of the Spire.

A further 30 smaller-scale projects were successfully delivered in the reporting period in addition to these major projects.

CUSTOMER RELATIONSHIP MANAGEMENT

Arts Centre Melbourne is one of over 550 cultural, arts and entertainment organisations around the world to utilise the sophisticated purpose-built customer relationship management system, Tessitura. This fully integrated multi-functional platform allows us to efficiently and effectively manage ticketing, fundraising, marketing services, customer insights, reporting and stakeholder relationship management.

Our leadership and expertise in the customer relationship management field is sought-after at home and abroad. We share insights and best practice with peers across the global Tessitura network to leverage its full capacity to support delivery of our business and audience development strategies. We proudly represent Australia and New Zealand in a small global committee that provides guidance and support to Tessitura Network on future software development and enhancements.

In 2017 we were host of the Australia and New Zealand Tessitura Regional Users Conference (ANZTRUC). Our team, together with representatives from across the network, set a new standard in peer-to-peer learning by delivering the most successful regional conference ever with record attendance, high levels of stakeholder engagement and more learning and networking opportunities than at any previous conference.

We continued to leverage the full capacity of Tessitura to expand our insights into our audiences. Our customer relationship management database within Tessitura continued to grow in F2017 with an increase of 10% active constituents (customer records) in the reporting period. We are capturing robust and insightful analytics on our audiences such as geographical location, ticket price types, time of purchase, genre preference and increased survey result gathering to enhance our box office data.

The degree of sophistication in our data capture and analysis has enabled us to increase our engagement with first-time visitors: "new to file" customers. In F2017, 46% of total attendees in the reporting period were new to our database. This significant increase was program-driven through exciting programming initiatives like Asia TOPA.

Asia TOPA alone saw a 59% new-to-file rate, 25% higher than the yearly Arts Centre Melbourne Presents season. As a result, our top five industry-recognised MOSAIC audience segmentation saw the introduction of three "codes" rarely seen across the standard Arts Centre Melbourne seasons: "Multicultural Mix", "Cultural Fusion" and "Extended Ethnicities". Data also showed that Asia TOPA audiences travelled from some of Melbourne's outer suburbs such as St Albans, Clayton and Mount Waverley – areas not typically reflected in our top 10 postcodes.

To enhance our increasing box office customer data, we have implemented Morris Hargreaves McIntyre's Cultures Segments, the new international standard segmentation system for the arts, culture and heritage organisations. This survey-based audience segmentation allows us to personalise our communications by gaining insights into the motivations of our audiences for attending arts and culture events. This in turn allows us to provide more targeted and indicative marketing to patrons. This has been evident in the recently launched marketing initiative of split-email testing (AB Testing), sending multiple emails with the same goal but using different content and messaging to suit each Culture Segment. Our first AB test send saw a rise in email open rates by 20%.

The Victorian Arts Centre Trust

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

STATUTORY FUNCTIONS

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

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

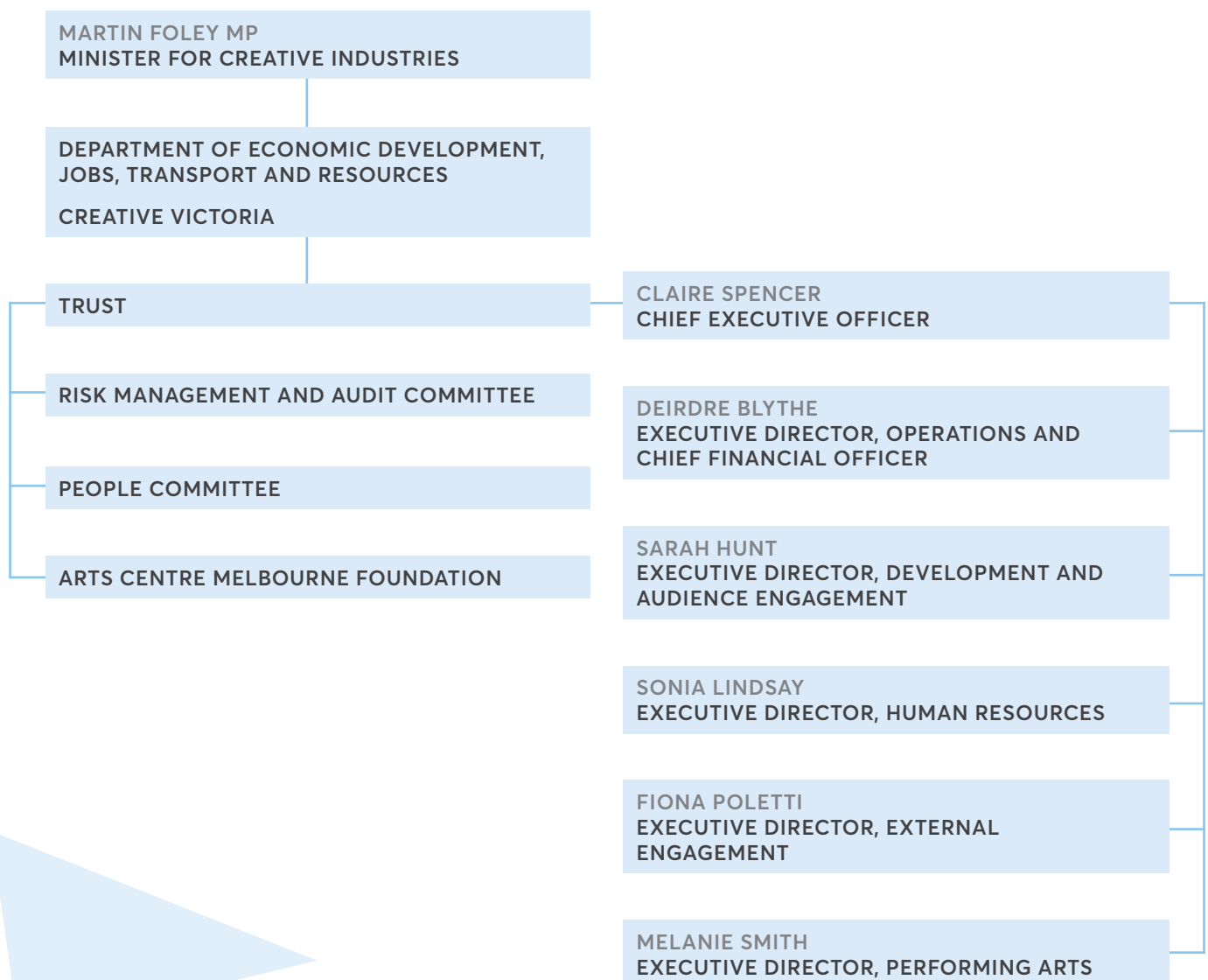
- a) to control, manage, operate, promote, develop and maintain the Centre; and
- b) to present and produce theatrical performances, operas, plays, dramas, ballets and musical and other performances and entertainment of any kind at any place; and
- c) to promote the use of the theatres, concert hall and other places of assembly by suitable persons and bodies; and
- d) to provide leadership in the promotion and development of the performing arts; and
- e) to ensure the maintenance, conservation, development and promotion of the State collection of performing arts material; and
- f) to oversee the exhibition of performing arts material from the State collection and make any performing arts material from the State collection available on loan to persons or institutions; and
- fa) to establish, maintain, conserve, develop, promote and exhibit the public art collection; and
- fb) to make any object from the public art collection available for study or loan to persons or institutions, subject to any conditions that the Trust determines; and
- g) to carry on, whether within or outside Victoria, whether alone or in association with any other person or persons and whether or not in relation to the Centre, a business of providing ticketing, inventory management of admissions, marketing and related services; and
- h) to perform any other functions appropriate to the Centre as the Minister may approve; and
- i) to carry out any other function conferred on the Trust under this Act.

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



ORGANISATIONAL CONTEXT

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



TRUST AND COMMITTEE ATTENDANCE

	James Mackenzie President	Frankie Airey ¹	Paul Barker ²	Warwick Bray ¹	Sandy Clark ³	Dana Hlavacek ³	Catherine McClements	Ian Roberts ⁴	Nora Scheinkestel ²	Helen Silver AO	Graham Smorgon AM
Figures below indicate the number of meetings attended / the total possible attendances for each Trustee											
The Victorian Arts Centre Trust (the Trust)	6/6	5/5	1/1	3/5	4/5	5/5	5/6	4/6	1/1	5/6	4/6
The Trust met six times in F2017.											
Risk Management and Audit Committee	3/4	-	1/1	2/3	-	3/3	-	-	-	-	2/4
Consistent with the requirements of the Standing Directions of the Minister for Finance, this Committee provides advice to the Trust on matters relating to financial management, security and emergency management, risk management and all aspects of internal and external audit and compliance matters. This Committee must exercise independent judgement and be objective in its deliberations, decisions and advice. All members are independent as defined by Financial Direction 3.2.1.3 of the <i>Financial Management Act 1994</i> .											
This Committee met four times in F2017.											
People Committee	2/2	-	-	-	-	-	2/2	2/2	-	2/2	-
This Committee provides advice to the Trust on Executive remuneration, Executive performance and general remuneration policy matters.											
This Committee met twice in F2017.											
Arts Centre Melbourne Foundation	3/3	3/3	-	-	2/2	-	-	1/1	-	-	-
The Arts Centre Melbourne Foundation was established as a subcommittee of the Trust in 2016 to provide practical support and active participation in identifying and cultivating prospective supporters and raising funds in order to realise the Trust's financial goals.											
The Arts Centre Melbourne Foundation met three times in F2017.											
Non-Trustee Foundation Members:	<i>Andrew Myer, Chair (from 7 June 2017)</i> <i>Krystyna Campbell-Pretty</i> <i>Debbie Dadon (until 16 June 2017)</i> <i>Nicholas Haddad</i> <i>Sara Kirby</i> <i>Snowe Li</i> <i>Jennifer Prescott</i>										

¹ Term began on 16 August 2016

² Term began on 26 April 2017

³ Term ended on 25 April 2017

⁴ Arts Centre Melbourne Foundation membership began 25 April 2017

Note: Following an independent Governance Review conducted in F2016, the number of Subcommittees of the Victorian Arts Centre Trust has been reduced in order to support the Trust's focus on strategic matters. The strategic responsibilities of the dissolved Subcommittees have been redistributed between the Risk Management and Audit Committee and the Trust.

TRUSTEES

James MacKenzie (President)

Originally a chartered accountant, James has extensive experience in the private and public sectors with roles across ANZ, Norwich Union, Mirvac Group and Pacific Brands. He has also held a number of public sector roles in Victoria including at the Transport Accident Commission (TAC) and the Victorian Major Events Company (VMEC). James has been a regular visitor to Arts Centre Melbourne over the years.

Frankie Airey Term began on 16 August 2016

Frankie 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 1994–97. Over the years she 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 over 140 non-profit organisations, including 45 art and cultural institutions. She has served on the Boards of the Malthouse Theatre in Melbourne and Sadler's Wells in London, and is currently a Trustee of the Betty Amsden Foundation.

Paul Barker Term began on 26 April 2017

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

Warwick Bray Term began on 16 August 2016

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

Catherine McClements

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

Ian Roberts

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

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

Nora Scheinkestel Term began on 26 April 2017

Dr Nora Scheinkestel is an experienced company director, having served for over 20 years as a non-executive chairman and director of companies in a wide range of industry sectors and in the public, government and private spheres. She is currently Chairperson of Macquarie Atlas Roads Limited and a director of its stapled entity, Macquarie Atlas Roads International Limited, as well as a Director of Telstra Corporation Limited, Stockland Group and Ausnet Services Ltd and also an Associate Professor at the Melbourne Business School (MBS).

Helen Silver AO

Helen Silver is a Chief General Manager of Allianz Australia. She has held senior positions in both the Victorian and Commonwealth public services and the private sector. Helen served as Secretary of the Department of Premier and Cabinet in Victoria from 2008–13. She is a National Fellow of the Institute of Public Administration Australia and a Director of the Melbourne Symphony Orchestra.

Graham Smorgon AM

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

OUTGOING TRUSTEES

Sandy Clark Term ended on 25 April 2017

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

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

Dana Hlavacek Term ended on 25 April 2017

Dana Hlavacek is an experienced corporate executive and independent director with expertise in international treasury and finance, audit, risk and compliance. Her executive career includes roles in the mining sector and audit and assurance.

Dana holds a number of directorships including at Melbourne Water Corporation, where she is the Chair of the Audit, Risk and Finance Committee, and VicWater. She is a Trust Member of the Greater Metropolitan Cemeteries Trust. She is Chair of the Brotherhood of St Laurence Audit and Risk Committee and a member of the Salvation Army Corporate and Philanthropy Committee.

EXECUTIVE TEAM

Claire Spencer

Chief Executive Officer

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

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

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

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

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

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

Deirdre Blythe

Executive Director, Operations and Chief Financial Officer

Deirdre leads our Operations team, which includes Finance, IT, Legal, Strategic Planning and Governance, Facilities Management, Arts Centre Melbourne's Food and Beverage businesses and Infrastructure Planning and Development.

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

Sarah Hunt

Executive Director, Development and Audience Engagement

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

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

Sonia Lindsay

Executive Director, Human Resources

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

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

Fiona Poletti

Executive Director, External Engagement

Fiona is responsible for strategic and government relationships and advocacy.

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

Melanie Smith

Executive Director, Performing Arts

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

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

Summary of results

F2013 – F2017

Financial performance	F2017 \$m	F2016 \$m	F2015 \$m	F2014 \$m	F2013 \$m
Total income from transactions	89.1	85.4	79.3	73.0	77.4
Less total expense from transactions	87.4	82.9	76.8	70.1	84.6
Net result from transactions before depreciation	1.8	2.5	2.5	2.9	-7.2
Less depreciation	22.0	16.0	16.0	15.9	15.4
Net deficit from transactions	-20.2	-13.5	-13.5	-13.0	-22.6
Total assets	612.9	625.4	524.5	530.6	542.9
Less total liabilities	31.8	31.5	30.0	24.2	26.5
Total equity	581.1	593.9	494.5	506.4	516.4
Patronage profile	F2017 (000s)	F2016 (000s)	F2015 (000s)	F2014 (000s)	F2013 (000s)
Attendances at performances ¹	1,207	1,212	1,186	1,074	1,305
Attendances at public programs	137	251	227	629	200
Attendances at exhibitions	494	416	443	485	713
Other visitors and facility users ³	1,205	1,010	1,032	955	1,061
Total Arts Centre Melbourne attendances	3,043	2,889	2,889	3,143	3,279
Asia TOPA Consortium/partner attendances ²	697	-	-	-	-
Total visitations	3,740	2,889	2,889	3,143	3,279
Events profile	F2017	F2016	F2015	F2014	F2013
Performance events ⁴	1,498	1,468	1,452	1,126	1,696
Public program events	1,920	1,397	1,877	2,240	1,923
Exhibitions and displays	26	25	17	10	19
Total Arts Centre Melbourne events	3,444	2,890	3,346	3,376	3,638
Asia TOPA Consortium/partner events	210	-	-	-	-
Total events	3,654	2,890	3,346	3,376	3,638
Venue utilisation	F2017 %	F2016 %	F2015 %	F2014 %	F2013 %
State Theatre	93	87	87	95	93
Playhouse	86	94	92	72	88
Fairfax Studio	94	95	92	80	91
Hamer Hall	90	84	85	77	77
Average mainstage utilisation	91	90	89	81	87
Sidney Myer Music Bowl	27	16	36	25	33
The Famous Spiegeltent ⁵	59	67	65	-	85

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

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

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

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

⁵ The Famous Spiegeltent utilisation relates to the period when Spiegeltent is on Arts Centre Melbourne's premises.

Financial overview

The net result from transactions before depreciation of the Trust for the year ended 30 June 2017 was a surplus of \$1.8 million.

The comprehensive result for the year was a deficit of \$20.5 million, which comprises:

- net result from transactions before depreciation of \$1.8 million
- depreciation expense of -\$22.0 million
- other economic flows included in net result of -\$0.3 million.

The operating result from transactions was achieved as a result of continued growth in venue utilisation, which in particular was driven by:

- Opera Australia's presentation of the *Ring Cycle* in the State Theatre
- strong utilisation of Hamer Hall, in part due to periods of closure for the refurbishment of other Melbourne venues
- growth in the number of events held at the Sidney Myer Music Bowl, particularly resulting from a Sunday afternoon season during the summer.

Significant growth in philanthropic, sponsorship and grant income was achieved in the year to fund the inaugural Asia TOPA festival, and support increased programming activity. Further development of the food and beverage business also generated increased revenues.

GENERAL OPERATIONS

Total income from transactions increased \$3.7 million to \$89.1 million, an increase of 4.3% on the prior year. Key reasons for this include:

- a strong year for venue utilisation resulted in an increase in theatre services income of \$2.4 million, which represents an increase of 16% on the prior year, and related to venue rental and the recovery of event production costs from hirers
- growth of 36.8% was achieved in relation to philanthropic and sponsorship income, an increase of \$1.4 million, driven by the level of support for the delivery of the inaugural Asia TOPA festival
- as a result of growth in the conferences, meetings and events business, enhancements to existing outlets and the addition of Bombini Buzz to the Trust's portfolio, food and beverage income grew \$1.6 million on F2016, an increase of 11%
- a reduction of \$2.3 million in box office income from Arts Centre Melbourne Presents programming was the result of the specific focus on the delivery of Asia TOPA and presenting work in the smaller venues due to high utilisation of the State Theatre and Hamer Hall by Resident Companies and other hirers. Despite this, Arts Centre Melbourne Presents increased the number of attendances to its program by 4%, and delivered 71% more performance events than in F2016.

Total expense from transactions increased by \$4.4 million to \$87.4 million, as a result of increased activity and revenue growth. Key drivers include:

- an increase in employee expenses of \$4.0 million, or 9.8%, is the result of increased programming activity, in particular the production labour relating to the *Ring Cycle*, growth in food and beverage revenue, and visitation to Arts Centre Melbourne increasing to more than three million visitors in the year. Variable time and casual hours increased to support this activity growth, whilst the number of permanent full-time equivalents remained unchanged on F2016
- performance generated expenses increased by \$1.4 million compared to the prior year, an increase of 11%, with the total number of events at Arts Centre Melbourne increasing by 19%
- facilities expenses fell by \$1.2 million, a drop of 9% compared to the prior year, and was the result of savings delivered through procurement of utilities, cleaning, waste management and consumables, as well as a reduction in the purchase and hire of equipment. Expenditure relating to the maintenance of the Trust's assets has increased 2% on F2016
- a reduction of \$0.5 million in other expenses, equating to 5.6%, is the result of further procurement efficiencies and in-sourcing of out-of-hours IT support.

BUILDING DEVELOPMENT AND MAINTENANCE

The Trust has continued to invest heavily in maintaining its ageing infrastructure. Whilst Hamer Hall has benefited from the redevelopment that was completed in 2012, the Theatres Building – which contains the State Theatre, Playhouse and Fairfax Studio – is now 33 years old and the building's ageing assets require significant maintenance in order to reduce the risk of asset failure and business interruption. Repairs and maintenance spend, specifically, has grown at a compound annual rate of 10% since F2014.

In addition to the operational repairs and maintenance expenditure, and \$0.6 million of self-funded capital maintenance, the Trust received \$7.3 million of capital funding from the Victorian Government to fund the following projects:

- completion of the heating, hot water and chilled water system renewal project, with \$2.4 million of spend in the year
- completion of the three-year project to renew approximately one-third of the Theatres Building sewerage system. \$3.2 million of work was completed in the year
- security and lighting works to the value of \$0.8 million were carried out during the year
- other minor capital projects totalling \$0.7 million were completed.

The detailed *Business Case and Masterplan to Reimagine Arts Centre Melbourne*, which commenced in F2016, was completed during the year.

Victorian Arts Centre Trust

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How this report is structured

Arts Centre Melbourne has presented its audited general purpose financial statements for the financial year ended 30 June 2017 in the following structure to provide users with the information about the Victorian Arts Centre Trust's stewardship of resources entrusted to it.

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Victorian Arts Centre Trust

ACCOUNTABLE OFFICERS' AND CHIEF FINANCIAL OFFICER'S DECLARATION

Accountable officers' and chief financial officer's declaration

We certify that the attached financial statements for the Victorian Arts Centre Trust have been prepared in accordance with Standing Direction 5.2 of the *Financial Management Act 1994*, the *Australian Charities and Not-for-profit Commission Act 2012* and the *Australian Charities and Not-for-profit Commission Regulations 2013*, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations and other mandatory professional reporting requirements. We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes presents fairly the financial transactions during the year ended 30 June 2017 and the financial position of the Trust as at 30 June 2017. 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 11 September 2017.



James MacKenzie
President



Claire Spencer
Chief Executive Officer



Deirdre Blythe
Executive Director, Operations and CFO

Victorian Arts Centre Trust

INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017



Independent Auditor's Report

To the Trustees of the Victorian Arts Centre Trust

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

- balance sheet as at 30 June 2017
- 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 a summary of significant accounting policies
- accountable officers' and chief financial officer's declaration.

In my opinion the financial report is in accordance with Part 7 of the Financial Management Act 1994 and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- presenting fairly, in all material respects, the financial position of the trust as at 30 June 2017 and of its financial performance and its cash flows for the year then ended
- complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013*.

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

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

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

Trustees' responsibilities for the financial report The Trustees of the trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Financial Management Act 1994* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Trustees determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Victorian Arts Centre Trust

INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

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

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

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

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

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



Anna Higgs

as delegate for the Auditor-General of Victoria

MELBOURNE
11 September 2017

Victorian Arts Centre Trust

INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017



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 2017, 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.

A handwritten signature in black ink, appearing to read "A Higgs", is written over a horizontal line.

Anna Higgs

as delegate for the Auditor-General of Victoria

MELBOURNE
11 September 2017

Victorian Arts Centre Trust

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Notes	2017 \$'000s	2016 \$'000s
CONTINUING OPERATIONS			
INCOME FROM TRANSACTIONS			
Sales of goods and services	2.2.1	55,894	54,134
Income from fundraising activities	2.2.2	6,256	5,682
Grants	2.2.3	23,559	22,096
Income from financial assets classified as available for sale	2.2.4	699	949
Other income	2.2.5	2,694	2,567
Total income from transactions		89,102	85,428
EXPENSES FROM TRANSACTIONS			
Employee expenses	3.2	(45,153)	(41,124)
Performance generated expenses	3.3	(14,520)	(13,061)
Other commercial expenses	3.4	(7,073)	(6,493)
Facilities expenses	3.5	(11,992)	(13,133)
Other operating expenses	3.6	(8,612)	(9,126)
Total expenses from transactions		(87,350)	(82,937)
Net result from transactions before depreciation		1,752	2,491
Depreciation and amortisation	4.4	(21,995)	(15,964)
Net deficit from transactions		(20,243)	(13,473)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Net gain/(loss) on non-financial assets	8.1	-	65
Net gain/(loss) on financial assets	8.1	30	46
Other gains/(losses) from other economic flows	8.1	(284)	(240)
Total other economic flows included in net result		(254)	(129)
Net Result		(20,497)	(13,602)
OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	8.2	-	103,741
Items that may be classified subsequently to net result			
Changes to financial assets available-for-sale revaluation surplus/ (deficit)	8.2	362	(177)
Total other economic flows – other comprehensive income		362	103,564
Comprehensive result		(20,135)	89,962

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

Victorian Arts Centre Trust

BALANCE SHEET AS AT 30 JUNE 2017

	Notes	2017 \$'000s	2016 \$'000s
ASSETS			
Financial assets			
Cash and deposits	6.2	16,973	24,107
Receivables	5.1	3,908	4,075
Investments and other financial assets	4.3	18,772	12,410
Total financial assets		39,653	40,592
Non-financial assets			
Inventories	5.3	511	455
Property, plant and equipment	4.1	571,506	583,715
Intangible assets	4.2	620	-
Other non-financial assets	5.4	638	603
Total non-financial assets		573,275	584,773
Total assets		612,928	625,365
LIABILITIES			
Payables	5.2	23,003	22,846
Provisions	3.2.2	6,885	6,093
Other liabilities	5.5	1,959	2,523
Total liabilities		31,847	31,462
Net assets		581,081	593,903
EQUITY			
Contributed capital		518,387	511,073
Donation and endowment reserve		12,572	13,626
Physical asset revaluation surplus		265,732	265,732
Financial assets available-for-sale revaluation surplus/(deficit)		185	(177)
Accumulated deficit		(215,795)	(196,351)
Total equity		581,081	593,903
Commitments for expenditure and operating leases	6.3.1		
Contingent assets and liabilities	7.2		

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

Victorian Arts Centre Trust

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Contributed capital \$'000s	Donation and endowment reserve \$'000s	Physical asset revaluation surplus \$'000s	Financial assets available- for-sale revaluation surplus \$'000s	Accumulated deficit \$'000s	Total \$'000s
Balance at 1 July 2015		501,620	11,511	161,991	-	(180,634)	494,488
Net result for the year						(13,602)	(13,602)
Other comprehensive income for the year	(i)			103,741	(177)		103,564
Endowment funds received	(i)		932			(932)	-
Net donations and investment income received	(i)		3,457			(3,457)	-
Donations and endowment distributions	(ii)		(2,275)			2,275	-
Capital appropriations		9,453					9,453
Balance at 30 June 2016		511,073	13,626	265,732	(177)	(196,351)	593,903
Net result for the year						(20,497)	(20,497)
Other comprehensive income for the year					362		362
Endowment funds received	(i)		94			(94)	-
Net donations and investment income received	(i)		5,263			(5,263)	-
Donations and endowment distributions	(i)		(6,411)			6,411	-
Capital appropriations	(ii)	7,314					7,314
Balance at 30 June 2017		518,387	12,572	265,732	185	(215,795)	581,081

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

- (i) During the year \$1.1m was transferred from the donation and endowment reserve to the accumulated deficit. In F2016 \$2.1m was transferred from the accumulated deficit to the donation and endowment reserve. This amount represents the net expense incurred/revenue earned by the Arts Centre Melbourne Foundation ("the Foundation").
- (ii) Creative Victoria provided capital funding of \$842k (F2016: \$0.9m) in relation to the Arts and Cultural Facilities Maintenance fund, \$5.9m (F2016: \$8.1m) for Critical Asset Maintenance and \$0.5m (F2016: \$0.5m) for minor maintenance. These transfers are designated as a contribution from the owners (capital appropriations).

Victorian Arts Centre Trust

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Notes	2017 \$'000s	2016 \$'000s
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts</i>			
Receipts from customers		64,078	61,159
Receipts from endowments		44	932
Government grants received		23,559	22,032
Interest and distributions received		700	949
Total receipts		88,380	85,072
<i>Payments</i>			
Payments to suppliers		(42,951)	(40,926)
Payments to employees		(43,389)	(40,677)
GST paid to the Australian Taxation Office		(404)	(820)
Total payments		(86,745)	(82,423)
Net cash from operating activities	6.2.1	1,635	2,649
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(9,464)	(10,084)
Payments for investments		(6,000)	(12,587)
Payments for intangible assets		(620)	-
Net cash used in investing activities		(16,084)	(22,671)
CASH FLOWS FROM FINANCING ACTIVITIES			
Owner contributions by State Government		7,314	9,453
Net cash provided by financing activities		7,314	9,453
Net increase in cash and cash equivalents		(7,134)	(10,569)
Cash and cash equivalents at the beginning of the financial year		24,107	34,676
Cash and cash equivalents at the end of the financial year	6.2	16,973	24,107

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

1. ABOUT THIS REPORT

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

Its principal address is:

Victorian Arts Centre Trust
100 St Kilda Rd
Melbourne VIC 3004

A description of the nature of the Trust's operations and principal activities is included in the report of operations on pages 56 to 60, which does not form part of these financial statements.

Basis of accounting preparation and measurement

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

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

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

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

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

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

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

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

Compliance Statement

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

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

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

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. FUNDING DELIVERY OF OUR SERVICES

Introduction

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

The Trust is a public entity and as such derives its funding from both Victorian Government grants and commercial sources such as ticketing, retail, philanthropy, corporate sponsorship, venue-rental and food and beverage operations.

Structure

2.1 Summary of income that funds the delivery of our services	74
2.2 Income from Transactions	74

2.1 SUMMARY OF INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES

	Notes	2017 \$'000s	2016 \$'000s
Sales of goods and services	2.2.1	55,894	54,134
Income from fundraising activities	2.2.2	6,256	5,682
Grants	2.2.3	23,559	22,096
Income from financial assets classified as available for sale	2.2.4	699	949
Other income	2.2.5	2,694	2,567
Total income from transactions		89,102	85,428

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

2.2 INCOME FROM TRANSACTIONS

2.2.1 SALES OF GOODS AND SERVICES

	2017 \$'000s	2016 \$'000s
Arts Centre Melbourne programming	9,826	12,110
Theatre services	17,427	15,048
Ticketing	5,843	5,996
Food and beverage	16,457	14,817
Car park	5,965	5,742
Other commercial	376	421
Total Sales of goods and services	55,894	54,134

Key income areas are as follows:

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

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Income from a number of these areas relates to specific performances, and this income is held as unearned revenue on the balance sheet until the performance has occurred and is subsequently recognised as revenue. Details of unearned revenue is disclosed in note 5.5.

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

- the Trust no longer has any of the significant risks and rewards of ownership of the goods transferred to the buyer;
- the Trust no longer has continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- the amount of income, stage of completion and associated costs incurred or to be incurred in respect of the transaction can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Trust.

2.2.2 INCOME FROM FUNDRAISING ACTIVITIES

	2017 \$'000s	2016 \$'000s
Philanthropy	3,614	2,727
Bequests	44	952
Membership	607	724
Sponsorships	1,667	1,133
Donations to the Performing Arts and visual art collections	324	146
Total income from fundraising activities	6,256	5,682

All donations, sponsorships and non-reciprocal contributions from the public are included in the Trust's revenue on receipt. Pledged donations are not recognised as income until received.

The value of goods and services received by way of sponsorship are included in the Trust's revenue for the year in contra sponsorship. The respective goods and services relating to this income are reflected in the appropriate expense or asset accounts. The values of such sponsorship are brought to account on the proviso that a fair value of the sponsorship could be ascertained.

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

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

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

2.2.3 GRANTS

	2017 \$'000s	2016 \$'000s
Victorian Government appropriation – recurrent	21,535	14,655
Victorian Government grants – non-recurrent	873	7,213
Federal government grants	535	164
Other grants	616	64
Total grants	23,559	22,096

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

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2.2.4 INCOME FROM FINANCIAL ASSETS CLASSIFIED AS AVAILABLE FOR SALE

	2017 \$'000s	2016 \$'000s
Interest – bank deposits	384	742
Dividends and interest – externally managed unitised trusts	315	207
Total Income from financial assets classified as available for sale	699	949

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

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

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

2.2.5 OTHER INCOME

	2017 \$'000s	2016 \$'000s
Facilities management ^(a)	1,952	2,058
Sundry ^(b)	742	509
Total other income	2,694	2,567

Note:

(a) Facilities income comprises the recovery of facilities management services costs from third parties; and

(b) Sundry income includes recoveries of general expenses.

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

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3.5 Facilities expenses	81
3.6 Other expenses	81

3.1 SUMMARY OF EXPENSES INCURRED IN DELIVERY OF SERVICES

	Notes	2017 \$'000s	2016 \$'000s
Employee benefit expenses	3.2	45,153	41,124
Performance generated expenses	3.3	14,520	13,061
Other commercial expenses	3.4	7,073	6,493
Facilities expenses	3.5	11,992	13,133
Other expenses	3.6	8,612	9,126
Total expenses incurred in delivery of services		87,350	82,937

3.2 EMPLOYEE BENEFIT EXPENSES

3.2.1 EMPLOYEE BENEFITS IN THE COMPREHENSIVE OPERATING STATEMENT

	2017 \$'000s	2016 \$'000s
Salaries and wages	39,234	35,728
Superannuation	3,470	3,139
Termination benefits	-	-
Taxes	1,990	1,918
Other employee expenses	459	339
Total employee benefit expenses	45,153	41,124

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, or when an employee accepts an offer of benefits in exchange for the termination of employment. The Trust recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value. No termination benefits were paid this year or last year.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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.

	2017 \$'000s	2016 \$'000s
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	1,627	1,736
Unconditional and expected to settle after 12 months	405	241
Long service leave		
Unconditional and expected to settle within 12 months	191	196
Unconditional and expected to settle after 12 months	2,416	2,524
Other employee entitlements		
Unconditional and expected to settle within 12 months	607	-
Provision of on-costs		
Unconditional and expected to settle within 12 months	367	311
Unconditional and expected to settle after 12 months	446	404
Total current provisions for employee benefits	6,059	5,412
Non-current provisions:		
Employee benefits	712	587
On-costs	114	94
Total non-current provisions for employee benefits	826	681
Total provisions for employee benefits	6,885	6,093

Reconciliation of movement in on-cost provisions

	2017 \$'000s
Opening balance	809
Additional provisions recognised	488
Reductions arising from payments	(331)
Unwind of discount and effect of changes in the discount rate	(39)
Closing balance	927
Current	813
Non-current	114
Total	927

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

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

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

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

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

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

The components of this current LSL liability are measured at:

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

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL is measured at present value.

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

3.2.3 SUPERANNUATION CONTRIBUTIONS

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

(a) Defined contribution superannuation funds

The majority of the superannuation funds are defined contribution funds. The Trust does not make contributions to these funds other than at the superannuation guarantee levy rate of 9.50% or as per enterprise agreements. The Superannuation Guarantee contribution rate is legislated to progressively increase to 12% by 2025. The Superannuation Guarantee rate will remain at 9.5% for the next 4 years, increasing to 10% from 1 July 2021, and eventually to 12% from 1 July 2025.

(b) Defined benefit

The Trust makes all of its defined benefit employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund "the Fund". As provided under Paragraph 34 of AASB 119 *Employee Benefits*, the Trust does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan.

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

Funding arrangements

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

As at 30 June 2016, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the defined benefit category of which the Trust is a contributing employer was 102.0%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

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

Vision Super has advised that the estimated VBI at 30 June 2017 was 103.1%.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Employer contributions

Regular contributions

On the basis of the results of the 2016 interim actuarial investigation conducted by the Fund's Actuary, the Trust makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2017, this rate was 9.5% of members' salaries. This will increase in line with the required Superannuation Guarantee contribution rate.

In addition, the Trust reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

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

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

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

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

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

The 2016 interim actuarial investigation surplus amounts

The Fund's most recent interim actuarial investigation, as at 30 June 2016, identified the following in the Defined Benefit category of which the Trust is a contributing employer:

- A VBI surplus of \$40.3 million; and
- A total service liability surplus of \$156 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2016.

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

The 2017 full triennial actuarial investigation

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2017. It is anticipated that this actuarial investigation will be completed in December 2017.

3.3 PERFORMANCE GENERATED EXPENSES

	2017 \$'000s	2016 \$'000s
Arts Centre Melbourne programming	9,079	8,261
Theatre services	2,244	1,489
Ticketing	696	774
Performance marketing	2,501	2,537
Total performance generated expenses	14,520	13,061

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

	2017 \$'000s	2016 \$'000s
Food and beverage	5,464	4,868
Car park	1,119	1,229
Commercial marketing	403	294
Other commercial	87	102
Total other commercial expenses	7,073	6,493

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

3.5 FACILITIES EXPENSES

	2017 \$'000s	2016 \$'000s
Maintenance and renewal	2,711	2,664
Maintenance contracts	2,372	2,335
Equipment	374	927
Cleaning, waste and security services	3,564	3,711
Utilities	2,971	3,496
Total facilities expenses	11,992	13,133

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

3.6 OTHER OPERATING EXPENSES

	2017 \$'000s	2016 \$'000s
Other marketing	1,246	986
Information systems and technology	1,438	1,840
Operating leases	515	467
Insurance	561	628
Legal and professional	1,523	1,661
Finance costs	265	306
Travel, transportation and freight	619	598
Office expenses	784	799
Staff support	893	778
Bad debts	32	12
General	736	1,051
Total other expenses	8,612	9,126

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

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

Services provided free of charge or for nominal consideration are only recognised when the value can be reliably determined and the services would have been purchased if not donated.

Operating lease payments (including contingent rentals) are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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.

Significant judgement: Classification of investments as 'key assets'

The Trust has made the judgement that investments are key assets utilised to support the Trust's objectives and outputs.

Fair value measurement

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

Structure

4.1 Total property, plant and equipment	82
4.2 Intangible assets	83
4.3 Investments and other financial assets	84
4.4 Depreciation and amortisation	85

4.1 TOTAL PROPERTY, PLANT AND EQUIPMENT

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2017 \$'000s	2016 \$'000s	2017 \$'000s	2016 \$'000s	2017 \$'000s	2016 \$'000s
Land at fair value	141,354	141,354	-	-	141,354	141,354
Buildings at fair value	172,679	172,679	(2,610)	-	170,069	172,679
Building fit outs at fair value	195,487	186,303	(15,178)	-	180,309	186,303
Work in progress at cost ^(a)	4,351	7,179	-	-	4,351	7,179
Furniture and equipment at cost	42,447	39,367	(28,647)	(24,447)	13,800	14,920
Motor vehicles at cost	142	142	(126)	(120)	16	22
Work of art at fair value	37,134	37,123	-	-	37,134	37,123
Performing art collection at fair value	24,473	24,135	-	-	24,473	24,135
Net carrying amount	618,067	608,282	(46,561)	(24,567)	571,506	583,715

Note:
(a) Work in progress contains \$3.2m (F2016: \$5.5m) in relation to Critical Asset Renewal projects. These work in progress assets have been designated as contributions by owners and are recognised in contributed capital. A further \$1.1m (F2016: \$1.7m) relates to miscellaneous work in progress capital projects.

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

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

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

Non-specialised land, non-specialised buildings and 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.

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

2017	Land \$'000s	Buildings \$'000s	Building Fit-out \$'000s	Furniture and Equipment \$'000s	Motor vehicles \$'000s	Work of Art \$'000s	Performing Arts Collection \$'000s	Work in Progress \$'000s	Total \$'000s
Opening balance	141,354	172,679	186,303	14,920	22	37,123	24,135	7,179	583,715
Additions	-	-	5,696	964	-	11	338	2,775	9,784
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	3,488	2,115	-	-	-	(5,603)	-
Depreciation	-	(2,610)	(15,178)	(4,199)	(6)	-	-	-	(21,993)
Revaluation of Land and Buildings and Collections	-	-	-	-	-	-	-	-	-
Closing balance	141,354	170,069	180,309	13,800	16	37,134	24,473	4,351	571,506

2016	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	126,676	152,447	130,535	18,668	29	28,801	27,265	1,191	485,612
Additions	-	2,633	695	444	-	42	106	6,379	10,299
Disposals	-	-	-	(4)	-	-	-	-	(4)
Transfers	-	-	137	254	-	-	-	(391)	-
Depreciation	-	(8,596)	(2,886)	(4,442)	(7)	-	-	-	(15,931)
Revaluation of Land and Buildings and Collections	14,678	26,195	57,822	-	-	8,280	(3,236)	-	103,739
Closing balance	141,354	172,679	186,303	14,920	22	37,123	24,135	7,179	583,715

4.2 INTANGIBLE ASSETS

	2017 \$'000s	2016 \$'000s
Gross carrying amount		
Opening balance	5,490	5,490
Additions	46	-
Closing balance	5,536	5,490
Work in Progress	576	-
Accumulated depreciation, amortisation and impairment		
Opening balance	(5,490)	(5,457)
Amortisation of intangible non-produced assets	(2)	(33)
Closing balance	(5,492)	(5,490)
Net book value at end of financial year	620	-

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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 3 and 5 years.

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

Impairment of intangible assets

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

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

Significant intangible assets

The Trust has capitalised website development expenditure for the development of its website. The website is still under development and carrying amount of the capitalised development expenditure is \$44K (2016: \$Nil). Its useful life will be five years from the date website is published.

4.3 INVESTMENTS AND OTHER FINANCIAL ASSETS

	2017 \$'000s	2016 \$'000s
Current investments and other financial assets		
Term deposits: ^(a)		
Australian dollar term deposits > three months – General Funds	2,500	-
Australian dollar term deposits > three months – Box Office Funds	3,500	-
Total current investments and other financial assets	6,000	-
Non-current investments and other financial assets		
Managed investment schemes:		
Managed investment schemes ^(b)	12,772	12,410
Term deposits: ^(a)		
Australian dollar term deposits > 12 months	-	-
Total non-current investments and other financial assets	12,772	12,410
Total investments and other financial assets	18,772	12,410

Note:

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

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

Ageing analysis of investments and other financial assets

All investments and financial assets are not past due and not impaired for 2017 (2016: not past due and not impaired).

4.4 DEPRECIATION AND AMORTISATION

Charge for the period

	2017 \$'000s	2016 \$'000s
Buildings	2,610	8,596
Building fit-out	15,178	2,886
Furniture and equipment	4,199	4,442
Motor vehicles	6	7
Intangible assets	2	33
Total depreciation and amortisation	21,995	15,964

Depreciation and amortisation is calculated on the straight line method to write off the value of non-current physical assets (excluding land, Works of art and Performing Arts Collection assets) to its residual value over its expected useful life to the Trust.

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

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

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

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

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

5. OTHER ASSETS AND LIABILITIES

Introduction

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

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5.5 Other current liabilities	89

5.1 RECEIVABLES

	2017 \$'000s	2016 \$'000s
Contractual		
Sale of goods and services	2,818	2,618
Provision for doubtful debts	(20)	(54)
Accrued investment income	16	209
Other receivables	1,094	892
Statutory		
Net GST receivable	-	409
Total receivables	3,908	4,074
Represented by		
Current receivables	3,908	4,074
Non-current receivables	-	-

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

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

5.1.1 MOVEMENT IN THE PROVISION FOR DOUBTFUL DEBTS

	2017 \$'000s	2016 \$'000s
Balance at beginning of the year	(54)	(99)
Reversal of unused provision recognised in the net result	9	85
Increase in provision recognised in the net result	(6)	(40)
Reversal of provision of receivables written off during the year as uncollectible	31	-
Balance at end of the year	(20)	(54)

Doubtful debts: Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

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

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

5.1.2 AGEING ANALYSIS OF CONTRACTUAL RECEIVABLES

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

2016	Carrying amount \$'000s	Not past due and not impaired \$'000s	Past due but not impaired			
			Less than 1 month \$'000s	1 – 3 months \$'000s	3 months – 1 year \$'000s	1 – 5 years \$'000s
Sale of goods and services	2,564	1,729	661	98	77	-
Accrued investment income	209	209	-	-	-	-
Other receivables	892	892	-	-	-	-
Total	3,665	2,829	661	98	77	-

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

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

5.2 PAYABLES

	2017 \$'000s	2016 \$'000s
Contractual		
Supplies and services	1,095	2,272
Sundry Creditors and accruals	4,361	4,338
Box Office Creditors	13,553	11,607
Defined pension superannuation call	3,263	3,979
Statutory		
FBT payable	24	25
GST payable	227	-
Other taxes payable	480	625
Total payables	23,003	22,846
Represented by:		
Current payables	19,740	18,867
Non-current payables	3,263	3,979

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Payables consist of:

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

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

Maturity analysis of contractual payables ^(a)

2017	Carrying amount \$'000s	Maturity dates				
		Less than 1 month \$'000s	1 – 3 months \$'000s	3 months – 1 year \$'000s	1 – 5 years \$'000s	5+ years \$'000s
Supplies and services	1,095	1,094	1	-	-	-
Sundry Creditors and accruals	4,361	4,361	-	-	-	-
Box Office Creditors	13,553	3,637	3,786	6,130	-	-
Defined pension superannuation call	3,263	-	-	379	1,514	1,371
Total	22,272	9,092	3,787	6,509	1,514	1,371

2016	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	2,272	2,267	5	-	-	-
Sundry Creditors and accruals	4,338	4,338	-	-	-	-
Box Office Creditors	11,607	4,473	3,012	4,122	-	-
Defined pension superannuation call	3,979	-	-	371	1,487	2,121
Total	22,196	11,078	3,017	4,493	1,487	2,121

Note:

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

5.3 INVENTORIES

	2017 \$'000s	2016 \$'000s
Current inventories		
Theatre equipment	72	100
Central plant	42	26
Cleaning consumables	15	8
Food and beverage	382	321
Total inventories	511	455

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

	2017 \$'000s	2016 \$'000s
Current other assets		
Prepayments	638	603
Total current other assets	638	603

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

5.5 OTHER CURRENT LIABILITIES

	2017 \$'000s	2016 \$'000s
Venue hire income received in advance	667	502
Other income received in advance ^(a)	1,292	2,021
Total other current liabilities	1,959	2,523

Note:

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

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

6. HOW WE FINANCED OUR OPERATIONS

Introduction

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

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

Structure

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6.1 LEASES

6.1.1 FINANCE LEASE

The Trust is not party to any finance leases.

6.1.2 OPERATING LEASE LIABILITIES

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

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

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

Note 6.3.1 has details of all the operating lease commitments.

6.2 CASH FLOW INFORMATION AND BALANCES

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

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

	2017 \$'000s	2016 \$'000s
Cash on hand and in bank ^(a)	7,516	13,700
Cash held in box office bank account ^(b)	9,457	10,407
Balance as per cash flow statement ^(c)	16,973	24,107

Note:

(a) Cash and deposits includes \$1.4m (F2016: \$2.5m) of Foundation funds.

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

(c) During F2017 additional funds were deposited in fixed-term deposits with an original maturity of more than three months, as detailed in note 4.3.

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

	2017 \$'000s	2016 \$'000s
Net result for the period	(20,247)	(13,602)
Non-cash movements		
(Gain)/loss on sale or disposal of non-current assets	-	(65)
(Gain)/loss on financial assets	(30)	(46)
Depreciation and amortisation of non-current assets	21,997	15,964
Donations of property, plant and equipment	(324)	(146)
Movements in assets and liabilities		
(Increase)/decrease in receivables	195	(736)
(Increase)/decrease in inventories	(56)	(25)
(Increase)/decrease in other current assets	(35)	(83)
Increase/(decrease) in payables	157	1,614
Increase/(decrease) in provisions including employee benefits	792	(863)
Increase/(decrease) in other liabilities	(564)	637
Net cash flows from/(used in) operating activities	1,635	2,649

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.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

6.3.1 TOTAL COMMITMENTS PAYABLE

Nominal amounts 2017	Less than 1 year \$'000s	1 – 5 years \$'000s	5+ years \$'000s	Total \$'000s
Operating commitments payable	3,046	2,827	1,746	7,619
Capital expenditure commitments payable	1,501	-	-	1,501
Operating lease commitments payable ^(a)	651	642	-	1,294
Programming commitments payable	870	-	-	870
Total commitments (inclusive of GST)	6,068	3,469	1,746	11,284
Less GST recoverable	534	315	159	1,009
Total commitments (exclusive of GST)	5,534	3,154	1,587	10,275

Notes:

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

Nominal amounts 2016	Less than 1 year \$'000s	1 – 5 years \$'000s	5+ years \$'000s	Total \$'000s
Operating commitments payable	3,005	1,664	706	5,374
Capital expenditure commitments payable	7,219	-	-	7,219
Operating lease commitments payable ^(a)	442	503	-	945
Programming commitments payable	864	-	-	864
Total commitments (inclusive of GST)	11,530	2,167	706	14,402
Less GST recoverable	1,021	197	64	1,282
Total commitments (exclusive of GST)	10,509	1,970	642	13,120

Notes:

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

6.3.2 COMMITMENTS

	2017 Nominal value (incl. GST) \$'000s	2016 Nominal value (incl. GST) \$'000s
Operating expenditure commitments: Facilities and IT maintenance	7,619	5,374
Capital expenditure commitments: Capital maintenance works	1,501	7,219
Lease commitments: Computers and IT equipment	1,294	945
Other commitments: Programming	870	864
Total commitments	11,284	14,402

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

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

Structure

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7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

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 INSTRUMENTS

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

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

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other economic flows – other comprehensive income' until the investment is disposed. Movements resulting from impairment and foreign currency changes are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss previously recognised in 'Other economic flows – other comprehensive income' is transferred to other economic flows in the net result. The Trust recognises investments in managed investment schemes in this category.

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

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

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

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

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

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

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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.

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

The Trust has not reclassified any financial instruments during the year (2016: Nil).

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

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

7.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION

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

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

2016	Contractual financial assets – loans and receivables and cash \$'000s	Contractual financial assets – available-for-sale \$'000s	Contractual financial liabilities at amortised cost \$'000s	Total \$'000s
Contractual financial assets				
Cash and deposits	24,107	-	-	24,107
Receivables ^(a)				
Sale of goods and services	2,564	-	-	2,564
Accrued investment income	209	-	-	209
Other receivables	892	-	-	892
Investments and other contractual financial assets				
Managed investment schemes	-	12,410	-	12,410
Term deposits	-	-	-	-
Total contractual financial assets	27,772	12,410	-	40,182
Contractual financial liabilities				
Payables ^(a)				
Supplies and services	-	-	2,272	2,272
Box Office Creditors	-	-	11,607	11,607
Defined Pension superannuation call	-	-	3,979	3,979
Other payables	-	-	4,338	4,338
Total contractual financial liabilities	-	-	22,196	22,196

Note:

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

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

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

2016	Net holding gain/ (loss) \$'000s	Total interest income/ (expense) \$'000s	Total \$'000s
Contractual financial assets			
Financial assets – loans and receivables	46	742	788
Financial assets available-for-sale recognised in net result	-	207	207
Financial assets available-for-sale recognised in other comprehensive result	(177)	-	(177)
Total contractual financial assets	(131)	949	818
Total contractual financial liabilities	-	-	-

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

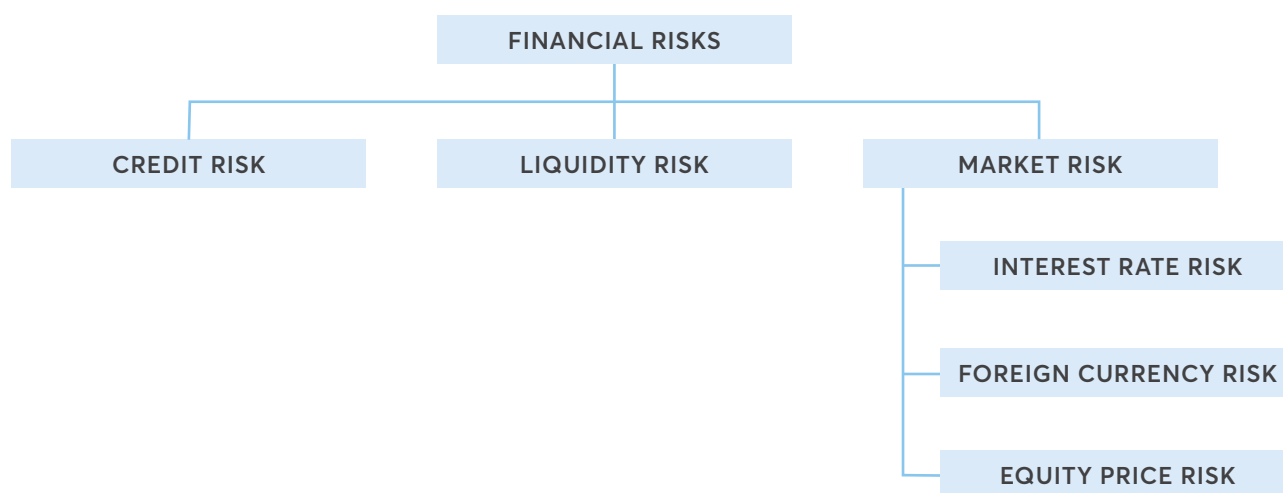
Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

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

7.1.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES



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

The main purpose in holding financial instruments is to prudentially manage the Trust's financial risks within the government policy parameters.

The Trust's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Trust manages these financial risks in accordance with its financial risk management policy.

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

Financial instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The Trust's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Trust. Credit risk is measured at fair value and is monitored on a regular basis.

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

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

There has been no material change to the Trust's credit risk profile in 2016-17.

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

2017	Financial institutions (AA credit rating) \$'000s	Government agencies (triple-A credit rating) \$'000s	Other \$'000s	Total \$'000s
Cash and deposits	2,050	14,843	80	16,973
Receivables ^(a)	104	783	3,021	3,908
Investments and other financial assets	-	16,272	-	16,272
Total contractual financial assets	2,154	31,898	3,101	37,153

Note:

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

2016	Financial institutions (AA credit rating) \$'000s	Government agencies (triple-A credit rating) \$'000s	Other \$'000s	Total \$'000s
Cash and deposits	12,036	12,000	71	24,107
Receivables ^(a)	1	50	3,614	3,665
Investments and other financial assets	-	12,410	-	12,410
Total contractual financial assets	12,037	24,460	3,685	40,182

Note:

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

Financial instruments: Liquidity risk

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

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

Maturity analysis of contractual financial liabilities

2017	Carrying amount \$'000s	Less than 1 month \$'000s	1 – 3 months \$'000s	3 months – 1 year \$'000s	Greater than 1 year \$'000s
Payables:					
Trade creditors	1,095	1,094	1	-	-
Box office creditors	13,553	3,637	3,786	6,130	-
Other payables	4,361	4,361	-	-	-
Defined pension superannuation call	3,263	-	-	379	2,885
Total	22,272	9,092	3,787	6,509	2,885

2016	Carrying amount \$'000s	Less than 1 month \$'000s	1 – 3 months \$'000s	3 months – 1 year \$'000s	Greater than 1 year \$'000s
Payables:					
Trade creditors	2,272	2,267	5	-	-
Box office creditors	11,607	4,473	3,012	4,122	-
Other payables	4,338	4,338	-	-	-
Defined pension superannuation call	3,979	-	-	372	3,608
Total	22,196	11,078	3,017	4,494	3,608

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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 (2016: 100 basis points up and down) in market interest rates (AUD);
- a movement of 15 per cent up and down (2016: 15 per cent) 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 for cash at bank as financial assets that can be left at floating rate without necessarily exposing the Trust to significant bad risk, management monitors movement in interest rates.

Interest rate exposure of financial instruments

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

Note:

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

2016	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	2.49	13,700	-	13,700	-
Cash held in box office bank account	1.98	10,407	-	10,407	-
Receivables ^(a)					
Sale of goods and services		2,564	-	-	2,564
Accrued investment income		209	-	-	209
Other receivables		892	-	-	892
Investments and other contractual financial assets					
Managed investment schemes		12,410	-	-	12,410
Term deposits		-	-	-	-
Total financial assets		40,183	-	24,107	16,075
Financial liabilities					
Payables ^(a)					
Supplies and services		2,272	-	-	2,272
Box Office Creditors		11,607	-	-	11,607
Defined pension superannuation call	7.5	3,979	3,979	-	3,979
Other payables		4,338	-	-	4,338
Total financial liabilities		22,196	3,979	-	22,196

Note:

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

Interest rate risk sensitivity

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

2016	Carrying amount \$'000s	-100 basis points		+100 basis points	
		Net result \$'000s	Available-for-sale revaluation surplus \$'000s	Net result \$'000s	Available-for-sale revaluation surplus \$'000s
Contractual financial assets					
Cash and deposits ^(a)	24,107	(241)	-	241	-
Term Deposits	-	-	-	-	-
Total impact	24,107	(241)	-	241	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

(b) Foreign currency risk

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

(c) Equity price risk

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

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

Other price risk sensitivity

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

2016	Carrying amount \$'000s	-5%		+5%	
		Net result \$'000s	Available-for-sale revaluation surplus \$'000s	Net result \$'000s	Available-for-sale revaluation surplus \$'000s
Contractual financial assets					
Managed investment schemes	12,410	-	(621)	-	621
Total impact	12,410	-	(621)	-	621

7.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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

Contingent assets

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

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

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

Contingent liabilities

Contingent liabilities are:

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

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

Non-quantifiable contingent liabilities

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

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

The Trust is not aware of any quantifiable contingent liabilities

7.3 FAIR VALUE DETERMINATION AND IMPAIRMENT

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

The following assets and liabilities are carried at fair value:

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

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

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

Fair value hierarchy

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

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

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

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

How this section is structured

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

7.3.1 FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND LIABILITIES

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

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

The Trust currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2017-18 reporting period.

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables:
Receivables:	<ul style="list-style-type: none"> • For supplies and services • Box office creditors • Other payables • Defined Pension superannuation call
<ul style="list-style-type: none"> • Sale of goods and services • Accrued investment income • Other receivables 	
Investments and other contractual financial assets:	
<ul style="list-style-type: none"> • Term deposits • Managed investment schemes 	

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

Financial assets measured at fair value

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

2016	Carrying amount as at 30 June \$'000s	Fair value measurement at end of reporting period using:		
		Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s
Managed investment schemes	12,410	-	12,410	-
Total	12,410	-	12,410	-

There have been no transfers between levels during the period.

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

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

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

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

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

7.3.2 FAIR VALUE DETERMINATION: NON-FINANCIAL PHYSICAL ASSETS

Fair value measurement hierarchy

2017	Carrying amount as at 30 June \$'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)} \$'000
Land at fair value				
Non-specialised land	-	n.a.	-	-
Specialised land	141,354	n.a.	-	141,354
Total of land at fair value	141,354	n.a.	-	141,354
Buildings at fair value				
Non-specialised buildings	-	n.a.	-	-
Specialised buildings and building fit-out	350,378	n.a.	-	350,378
Total of buildings at fair value	350,378	n.a.	-	350,378
Furniture, equipment and vehicles at fair value				
Vehicles ^(b)	16	n.a.	16	-
Furniture and Equipment	13,800	n.a.	13,800	-
Total of Furniture, equipment and vehicles at fair value	13,816	n.a.	13,816	-
Cultural assets at fair value				
Works of art	37,134	n.a.	37,134	-
Performing Arts Collection	24,473	n.a.	24,473	-
Total of cultural assets at fair value	61,607	n.a.	61,607	

Notes:

(a) Classified in accordance with the fair value hierarchy.

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

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

(d) Level 1 hierarchy applies only to the financial assets with readily observable prices and with a reliable fair market value, and therefore not applicable to physical assets.

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2016	Carrying amount as at 30 June \$'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				
Non-specialised land	-	n.a.	-	-
Specialised land	141,354	n.a.	-	141,354
Total of land at fair value	141,354	n.a.	-	141,354
Buildings at fair value				
Non-specialised buildings	-	n.a.	-	-
Specialised buildings and building fit-out	358,982	n.a.	-	358,982
Total of buildings at fair value	358,982	n.a.	-	358,982
Furniture, equipment and vehicles at fair value				
Vehicles ^(b)	22	n.a.	22	-
Furniture and Equipment	14,920	n.a.	14,920	-
Total of Furniture, equipment and vehicles at fair value	14,942	n.a.	14,942	-
Cultural assets at fair value				
Works of art	37,123	n.a.	37,123	-
Performing Arts Collection	24,135	n.a.	24,135	-
Total of cultural assets at fair value	61,258	n.a.	61,258	

Notes:

(a) Classified in accordance with the fair value hierarchy.

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

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

(d) Level 1 hierarchy applies only to the financial assets with readily observable prices and with a reliable fair market value, and therefore not applicable to physical assets.

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

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

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

An independent valuation of the Trusts' specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2016.

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

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

To the extent that cultural assets do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach. The effective date of the valuation for Works of art and the Performing Arts Collection is 30 June 2016.

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

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

There were no changes in valuation techniques throughout the period to 30 June 2017.

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

Reconciliation of Level 3 fair value movements

	Specialised land 2017 \$'000s	Specialised buildings and building fit outs 2017 \$'000s	Specialised land 2016 \$'000s	Specialised buildings and building fit outs 2016 \$'000s
Opening balance	141,354	358,984	126,676	282,982
Purchases (sales)	-	9,183	-	3,466
Transfers in (out) of Level 3	-	-	-	-
Gains or losses recognised in net result	-	-	-	-
Depreciation	-	(17,788)	-	(11,482)
Impairment loss	-	-	-	-
Subtotal	-	(8,605)	-	(8,016)
Gains or losses recognised in other economic flows – other comprehensive income				
Revaluation	-	-	14,678	84,017
Subtotal	-	-	14,678	84,017
Closing balance	141,354	350,378	141,354	358,983

Description of significant unobservable inputs to Level 3 valuations

2017 and 2016	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment	18-43% (32%) ^(a)	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.
Specialised buildings	Depreciated replacement cost ^(b)	Direct cost per square metre	\$570-\$8 000/m ² (\$5,645)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Useful life of specialised buildings	30-60 years (45 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

Note:

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

(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 2016.

Indefinite life assets: Works of art and Performing arts collection assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment: Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

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

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

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8. OTHER DISCLOSURES

Introduction

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

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8.9 Australian Accounting Standards issued that are not yet effective	111

8.1 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

	2017 \$'000s	2016 \$'000s
Net gain/(loss) on non-financial assets		
Net gain on disposal of property plant and equipment	-	65
Total net gain/(loss) on non-financial assets	-	65
Net gain/(loss) on financial instruments		
Impairment of: ^(a)		
Loans and receivables	30	46
Total net gain/(loss) on financial instruments	30	46
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability ^(b)	(284)	(240)
Total other gains/(losses) from other economic flows	(254)	(129)

Notes:

(a) Including increase/(decrease) in provision for doubtful debts and bad debts from other economic flows – refer to Note 6.2.1.

(b) Revaluation gain/(loss) due to changes in bond rates.

8.2 RESERVES

	2017 \$'000s	2016 \$'000s
Donation and endowment reserve		
Balance at beginning of financial year	13,626	11,511
Endowment funds received	94	932
Net donations and investment income received	5,263	3,457
Donations and endowment distributions	(6,411)	(2,275)
Transfers to accumulated surplus	-	-
Disposal or transferred out	-	-
Balance at end of financial year	12,572	13,625
Physical asset revaluation surplus ^(a)		
Balance at beginning of financial year	265,732	161,991
Revaluation increments/(decrements)	-	103,741
Balance at end of financial year	265,732	265,732
Financial assets available-for-sale revaluation surplus ^(b)		
Balance at beginning of financial year	(177)	-
Valuation gain/(loss) recognised	362	(177)
Cumulative gain/(loss) transferred to net result on impairment of financial assets	-	-
Disposal or transferred out	-	-
Balance at end of financial year	185	(177)
Net changes in reserves	265,917	265,555

Notes:

(a) The physical assets revaluation surplus arises on the revaluation of infrastructure, land and buildings.

(b) The financial assets available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, a portion of the revaluation surplus which relates to that financial asset is effectively realised, and is recognised in the net result. Where a revalued financial asset is impaired, that portion of the revaluation surplus which relates to that financial asset is recognised in the net result.

8.3 RESPONSIBLE PERSONS

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

Responsible Minister

Mr. Martin Foley MP, Minister for Creative Industries

Responsible Persons

James MacKenzie
 Frankie Airey (from 16 August 2016)
 Paul Barker (from 26 April 2017)
 Warwick Bray (from 16 August 2016)
 Sandy Clark (until 25 April 2017)
 Dana Hlavacek (until 25 April 2017)
 Catherine McClements
 Ian Roberts
 Nora Scheinkestel (from 26 April 2017)
 Helen Silver AO
 Graham Smorgon AM

All members of the Trust are appointed by the Governor in Council. They do not receive remuneration for services provided to the Trust in their role as Trustees, although they are eligible to be reimbursed for out of pocket expenses. See Note 8.5 for related party transactions.

Remuneration

The remuneration of the Accountable Officer was in the range of \$320,000 – \$329,999 (F2016: \$320,000 – \$329,999).

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

8.4 REMUNERATION OF EXECUTIVES

The number of executive officers, other than the Accountable Officer, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.6)	Total remuneration	
	2017 \$'000s	2016 ^(a) \$'000s
Short-term employee benefits	983	
Post-employment benefits	83	
Other long-term benefits	27	
Termination benefits	-	
Total remuneration ^{(a) (b)}	1,010	1,128
Total number of executives	5	5
Total annualised employee equivalents ^(c)	4.9	4.8

Notes:

(a) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2015-16 reporting period.

(b) 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).

(c) Annualised employee equivalent is based on the time fraction worked over the reporting period.

8.5 RELATED PARTIES

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

Related parties of the Trust include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- minister for Creative Industries and his close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

Key management personnel of the Trust includes the Portfolio Minister, the Hon. Martin Foley MP, Minister for Creative Industries, "all cabinet ministers and their close family members, members of the Trust and members of the Senior Executive Team.

Name of the KMP	Role
James MacKenzie	President of the Trust
Frankie Airey (from 16 August 2016)	Trustee
Paul Barker (from 26 April 2017)	Trustee
Warwick Bray (from 16 August 2016)	Trustee
Sandy Clark (until 25 April 2017)	Trustee
Dana Hlavacek (until 25 April 2017)	Trustee
Catherine McClements	Trustee
Ian Roberts	Trustee
Nora Scheinkestel (from 26 April 2017)	Trustee
Helen Silver AO	Trustee
Graham Smorgon AM	Trustee
Claire Spencer	CEO
Deirdre Blythe	Executive
Melanie Smith	Executive
Sarah Hunt	Executive
Fiona Poletti	Executive
Sonia Lindsay	Executive

Compensation of KMPs	2017 \$'000s
Short-term employee benefits	1,290
Post-employment benefits	102
Other long-term benefits	34
Termination benefits	-
Total	1,426

Notes:

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

Significant transactions with government-related entities

During the year, the Trust received funding and made payments to the consolidated fund along with other government related entity transactions which are disclosed in the following notes:

- Note 2 Income that funds the delivery of our services including 2.2.3 Grants
- Note 3 Expenses incurred in delivery of services
- Note 5.1 Receivables
- Note 5.2 Payables
- Note 6.2 Cash flow information and balances

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Transactions and balances with key management personnel and other related parties

Claire Spencer has no related party transactions in F2017. Her partner Andrew Spencer is an Executive Producer for the presenters Works Entertainment Group and TML Enterprises, and there were no related party transactions with these entities during the year.

Melanie Smith has no related party transactions for F2017, however her partner Mark Burlace is Head of Programming for Melbourne International Arts Festival (MIAF) with whom related party transactions totalled \$1,010,536 in venue rental and associated services provided by the Trust. \$27,086 was paid by the Trust to MIAF towards coproduced events.

Sarah Hunt is a board member of Polyglot Theatre. In F2017, the Trust made a contribution of \$24,750 to Polyglot for the development of *Cerita Anak* (Child's Story), as part of the Asia TOPA festival.

All other transactions that have occurred with KMP and their related parties have not been considered material for disclosure. Also all related party transactions have been entered into on an arm's length basis.

8.6 REMUNERATION OF AUDITORS

	2017 \$'000s	2016 \$'000s
Victorian Auditor-General's Office		
Audit or review of the financial statements	56	54
Other non-audit services ^(a)	-	-
Total remuneration of auditors	56	54

Note:

(a) The Victorian Auditor-General's Office is not allowed to provide non-audit services.

8.7 SUBSEQUENT EVENTS

There are no subsequent events for the financial year ended 30 June 2017.

8.8 OTHER ACCOUNTING POLICIES

Foreign currency balances / transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction or rate as per hedging contract in line with the Trust's policy. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date when the fair value was determined.

Foreign currency translation differences are recognised in other economic flows in the consolidated comprehensive operating statement and accumulated in a separate component of equity, in the period in which they arise.

8.9 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

The following AASs become effective for reporting periods commencing after the operative dates stated:

Certain new Australian Accounting Standards (AAS) have been published which are not mandatory for the 30 June 2017 reporting period. DTF assesses the impact of all these new standards and advises the Trust of their applicability and early adoption where applicable. Please refer to the table below for the detailed list of the AASs issued but are not yet effective for the 2016-17 reporting period.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. 	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. <p>Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI).</p> <p>Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge.</p> <p>For entities with significant lending activities, an overhaul of related systems and processes may be needed.</p>
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 Not-for-Profit Entities</i> defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019."	1 Jan 2019	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. <p>A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening retained earnings if there are no former performance obligations outstanding.</p>

Victorian Arts Centre Trust

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase.</p> <p>Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>No change for lessors.</p>
AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	<p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments:</p> <ul style="list-style-type: none"> require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and clarifies circumstances when a contract with a customer is within the scope of AASB 15. 	1 Jan 2019	The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

Administrative reporting requirements

BUDGET PAPER 3 OUTPUT REPORTING

	F2017	F2016	F2015	F2014	F2013
Access – visitors/users ¹	2,691,062	2,637,075	2,613,744	2,838,482	2,911,930
Access – online visitors to website	4,398,875	3,414,510	2,770,680	2,194,864	2,130,984
Number of members and friends	1,546	1,379	1,385	1,365	1,272
Number of volunteer hours	1,313	1,007	898	1,113	1,475
Number of students participating in education programs	56,677	50,977	77,900	46,072	58,380
% of collections stored to industry standard	71	68	68	68	68
% of visitors satisfied with visit overall	98	97	94	89	87

¹ Access – visitors/users represent number of attendances as well as visitors to Food and Beverage and Sunday Market (this excludes Carpark).

FINANCIAL AND OTHER INFORMATION RETAINED BY THE ACCOUNTABLE OFFICER

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

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

Arts Centre Melbourne undertook audience research and evaluation projects during the reporting period. There were no significant changes in prices or services during the period.

FREEDOM OF INFORMATION

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

In the 12 months ending 30 June 2017 the Trust received one formal FOI application from an organisation. This request was reviewed internally. Some information was assessed to be exempt from release, and all remaining information was released.

All requests for FOI access must be made in writing to Arts Centre Melbourne's Freedom of Information Officer: Suzanne Daley, PO Box 7585, St Kilda Road, VIC 8004. The subject and date range of the information sought should be indicated as precisely as possible, and the request should be accompanied by the application fee, which is \$28.40 (waived in certain circumstances). Apart from the application fee, certain other charges such as search fees and photocopying charges might apply in relation to the provision of documents as stipulated in the *Freedom of Information (Access Charges) Regulations 2014*.

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

Administrative reporting requirements

WORKFORCE DATA

DETAILS OF EMPLOYMENT LEVELS IN JUNE 2016 AND 2017

		Jun-17		
		All employees		Ongoing
		Number (headcount)	FTE	Full-time (headcount)
Demographic data	Gender			
	Female	392	261	108
	Male	316	238	114
	Age			
	15-24	124	67	1
	25-34	244	170	67
	35-44	156	122	79
	45-54	108	82	43
	55-64	61	50	30
	65+	15	8	2
Classification data	Arts Centre Melbourne 1-5 grades	687	479	209
	Administrative, functional and technical support	448	256	44
	Supervisory, base-level professional and senior administrative	122	110	71
	Managerial, supervisory and professional	117	113	94
	Senior employees	21	21	13
	Strategic and professional leadership	15	15	13
	Executives	6	6	0
	Total employees	708	499	222

		Jun-16		
		All employees		Ongoing
		Number (headcount)	FTE	Full-time (headcount)
Demographic data	Gender			
	Female	346	218	102
	Male	317	218	115
	Age			
	15-24	71	28	1
	25-34	243	153	64
	35-44	159	118	78
	45-54	104	75	38
	55-64	70	53	32
	65+	16	9	4
Classification data	Arts Centre Melbourne 1-5 grades	644	418	208
	Administrative, functional and technical support	411	200	39
	Supervisory, base-level professional and senior administrative	122	111	79
	Managerial, supervisory and professional	111	108	90
	Senior employees	19	18	9
	Strategic and professional leadership	13	13	9
	Executives	6	6	0
	Total employees	663	437	217

Jun-17					
Ongoing		Variable		Fixed term and casual	
Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE
19	120	39	23	226	118
5	117	44	29	153	92
0	1	9	5	114	61
5	70	37	23	135	77
6	83	15	9	56	30
8	48	11	7	46	26
3	32	8	5	20	13
2	3	3	2	8	4
22	223	83	52	373	204
9	49	63	40	332	167
10	78	18	11	23	21
3	96	2	1	18	16
2	15	0	0	6	6
1	14	0	0	1	1
1	1	0	0	5	5
24	237	83	52	379	210

Jun-16					
Ongoing		Variable		Fixed term and casual	
Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE
21	114	29	17	194	87
11	122	44	28	147	68
1	2	3	2	66	25
9	69	29	18	141	66
4	81	21	13	56	24
10	44	9	5	47	26
3	34	9	5	26	13
5	7	2	1	5	1
30	226	73	45	333	148
13	46	56	34	303	120
12	86	15	10	16	15
5	94	2	1	14	13
2	10	0	0	8	8
1	10	0	0	3	3
1	1	0	0	5	5
32	236	73	45	341	156

Administrative reporting requirements

ANNUALISED TOTAL SALARY, BY \$20,000 BANDS, FOR EXECUTIVES AND OTHER SENIOR NON-EXECUTIVE STAFF

Income band (salary)	Executives	Senior Employees
< \$180,000	2	4
\$180,000 – \$199,999		
\$200,000 – \$219,999	1	
\$220,000 – \$239,999	2	
\$240,000 – \$259,999		
\$260,000 – \$279,999		
\$280,000 – \$299,999	1	
Total	6	4

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

EMPLOYMENT AND CONDUCT PRINCIPLES

The Trust is committed to a merit-based recruitment and selection process that ensures all positions are remunerated at salaries that are appropriate to their level of responsibilities and is compliant with the *Equal Opportunity Act 2010*. All employees have been correctly classified in workforce data collections as outlined in the above table.

OCCUPATIONAL HEALTH AND SAFETY (OH&S)

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

Category	KPI	F2017	F2016	F2015
Incident Reporting	Number of employee incidents per 100 full-time equivalent staff members	34.2	30.9	44.0
	Number of visitor incidents per 100 visitors	0.020	0.012	0.009
	Number of hazards per 100 full-time equivalent staff members	42.3	18.0	9.2
Workers Compensation	Premium rate ¹	1.1%	0.9%	0.7%
	No. of standard claims ²	1.29	0.92	2.47
	No. of lost time standard claims ³	0.21	0.46	1.34
	Average cost per standard claim ⁴	\$9,126	\$3,208	\$15,093
	Average days lost per Workers' Compensation claim ⁵	0.7	1.6	3.5
	Return to work ⁶	100%	93.7%	86.9%
OHS Management Systems Compliance	OHS Management Systems Compliance Achieve compliance to AS4801 ⁷	91%	91%	89%

¹ Percentage of total remuneration compared to the industry average of 1.9%.

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

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

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

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

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

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

ENVIRONMENTAL PERFORMANCE

Key measures		F2017	F2016	F2015	F2014	F2013
Electricity Total Consumption	kWh	12,385,047	13,228,872	13,136,692	12,670,867	13,115,758
Natural Gas Total Consumption	Gj	29,906	35,510	37,580	31,019	23,765
Water Total Consumption ¹	K/L	62,580	59,496	48,187	39,304	33,575
Green House Gas Emissions	T/CO ₂ -e	16,705	19,648	19,313	13,813	13,076

The above figures include services supplied to Arts Centre Melbourne only and exclude any NGV usage data. Previous annual reports included combined usage.

¹The increase in water usage is largely due to Hamer Hall tenancies being fully occupied and increased usage at Sidney Myer Music Bowl.

NATIONAL COMPETITION POLICY

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

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

STATEMENT OF COMPLIANCE WITH THE BUILDING ACT 1993

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

During F2017 the following building type activities were undertaken:

- four building permits and four final inspection certificates were issued
- fourteen works projects valued at more than \$50,000

In addition there were zero emergency orders / building orders issued and all buildings of the Trust were compliant with the *Building Act 1993*. The Trust had mechanisms in place to ensure inspection, reporting, scheduling and carrying out of maintenance occurred and that the buildings comply with building standards.

COMPLIANCE WITH THE CARERS RECOGNITION ACT 2012

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

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

Administrative reporting requirements

DETAILS OF GOVERNMENT ADVERTISING EXPENDITURE (CAMPAIGNS WITH A MEDIA SPEND OF \$100,000 OR GREATER)

Name of campaign	Campaign summary	Start/ End date
Festival – Asia TOPA	The aims for the Asia TOPA campaign were to; introduce the inaugural Asia TOPA 'umbrella' brand to the Victorian and interstate market, build awareness and understanding of the brand and its purpose (including building awareness of consortium members and their programming contribution), drive ticket sales and exceed set audience KPIs, continue to support Arts Centre Melbourne's successful entry into new markets and gain visitation from a more culturally diverse audience, continue to encourage first time visitation and position the triennial in its inaugural year as a cultural 'must-do' event in 2020 and beyond. These aims were achieved through an extensive above-the-line campaign including TV (SBS), online marketing, onsite signage, cinema advertising, outdoor and transit, radio, a dedicated CALD campaign and tourism-focused engagement and advertising.	Sep-16 – Apr-17
<i>Burn the Floor</i>	Due to the highly visual nature of the event, tactics included a peak buy on Channel 9 TV, accompanied by a spend in cinemas in the lead up to the summer blockbuster period. Outdoor street furniture was a heavy feature as an online campaign across SBS, Yahoo and Exponential which featured the event's striking video asset. There was a small print spend with <i>The Age</i> and a Chinese language newspaper.	Oct-16 – Jan-17
<i>Lord of The Flies</i>	Our media objectives sought to drive both awareness and conversion to ticket sales for <i>Lord of the Flies</i> . An integrated marketing and communications plan was rolled out across paid, earned and owned channels. With the majority of above the line media spend going towards paid and earned. The campaign focused on SBS TV and a partnership with Foxtel, supported by cinema, outdoor, radio, online and a partnership with the Melbourne airport to capture the tourism market.	Aug-16 – Apr-17

DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the F2017 reporting period, the Trust had a total ICT expenditure of \$5 million, with the details shown below.

All operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
BAU ICT expenditure (\$000s)	Non-BAU ICT expenditure (\$000s)	Operational expenditure (\$000s)	Capital expenditure (\$000s)
3,414	1,608	1,065	543
3,414	1,608	1,065	543

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

Advertising (media) expenditure F2017 (excluding GST) \$'000s	Creative and campaign development expenditure F2017 (excluding GST) \$'000s	Research and evaluation expenditure F2017 (excluding GST) \$'000s	Print and collateral expenditure F2017 (excluding GST) \$'000s	Other campaign expenditure F2017 (excluding GST) \$'000s
456,726	0	0	0	0
167,761	0	0	0	0
118,411	0	0	0	0

Administrative reporting requirements

CONSULTANCIES

In F2017, there were nine (9) consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during F2017 in relation to these consultancies is \$345,000 (excluding GST). Details of individual consultancies can be viewed at www.artscentremelbourne.com.au/annualreport.

There were 19 consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during F2017 in relation to these consultancies was \$43,000 (excluding GST).

PROTECTED DISCLOSURE ACT 2012

The *Protected Disclosure Act 2012* (the Act) establishes a framework for protecting people who make disclosures about improper conduct in the public sector.

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

COMPLIANCE WITH THE PROTECTED DISCLOSURE ACT 2012

The Trust is not a public body to which disclosures may be made. Disclosures of improper conduct or detrimental action relating to the Trust should generally be made to the Independent Broad-based Anti-corruption Commission (IBAC). Further information about making disclosures to the IBAC can be found at www.ibac.vic.gov.au

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

IMPLEMENTATION OF THE VICTORIAN INDUSTRY PARTICIPATION POLICY

During F2017, Arts Centre Melbourne completed two *Local Jobs First – VIPP* applicable projects valued at \$11.5 million. These projects were located within metropolitan Melbourne. The outcomes reported from the implementation of the policy where information was provided, are as per the below table.

Project	Project value	VIPP reference	ANZ value add	AEE positions created	Apprenticeships/ Traineeships created
Sanitary Plumbing and Sewer Drainage	\$5.7m	ICN2015-E157	59.3%	5	1
Mechanical Services Renewal	\$5.8m	ICN2015-E091	49.4%	4	2
Total	\$11.5m			9	3

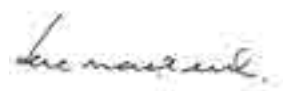
SUBSEQUENT EVENTS

There were no subsequent events for the financial year ended 30 June 2017.

RISK MANAGEMENT ATTESTATION AT 30 JUNE 2017

I, James MacKenzie, certify that the Victorian Arts Centre Trust has complied with the 2016 Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes.

The Risk Management and Audit Committee verifies this.



James MacKenzie
President
Victorian Arts Centre Trust
14 August 2017

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.

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

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

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

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