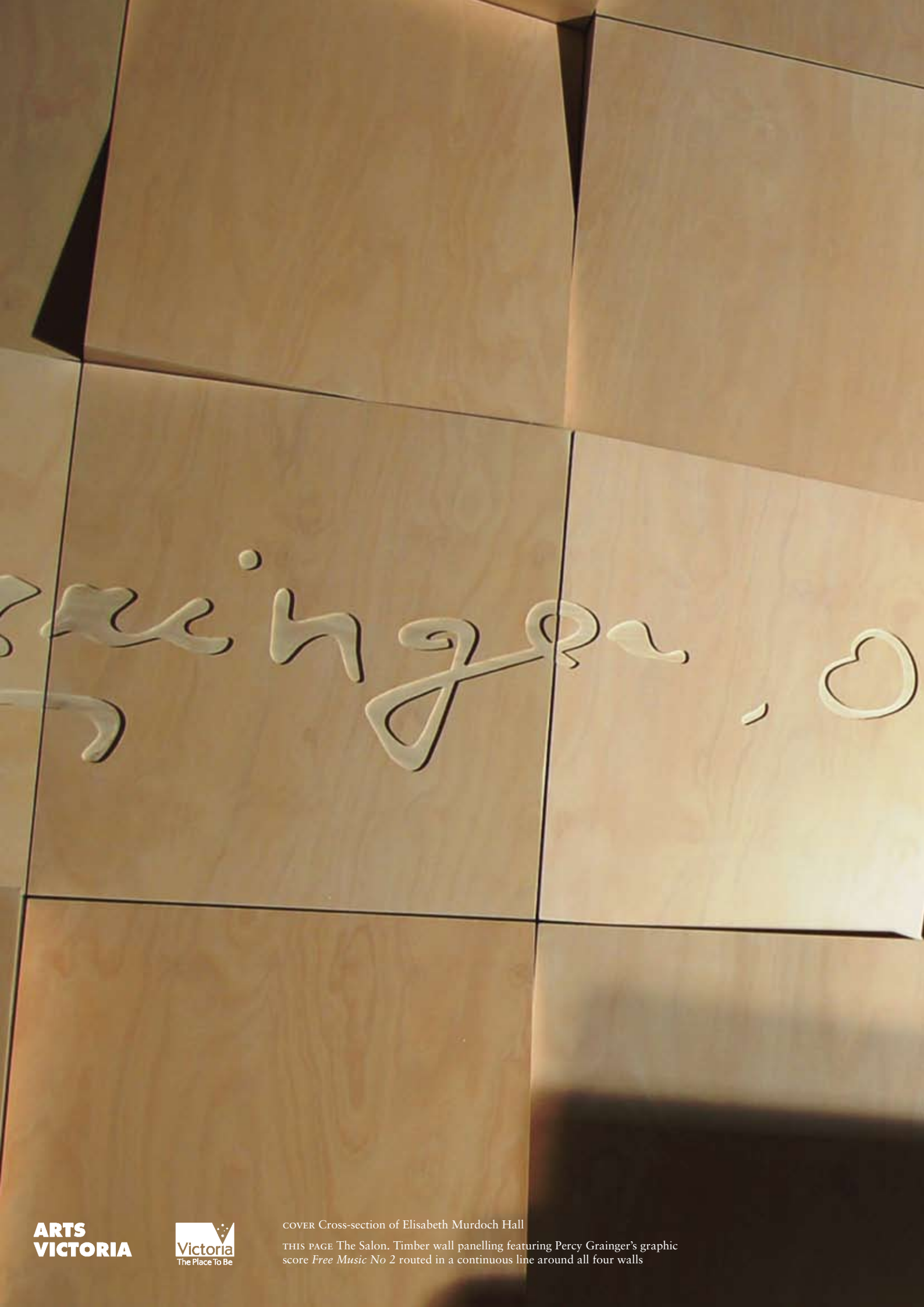


MELBOURNE RECITAL CENTRE LTD

ANNUAL REPORT

2006-07





## OUR HISTORY

For over three decades, Melbourne's music sector and dedicated supporters lobbied for a purpose-built recital hall. In February 2002, the Bracks Government made a commitment to build two new venues in the heart of Melbourne's arts precinct — a fine 1001-seat recital hall, in honour of Victoria's most generous and longest serving philanthropist, Dame Elisabeth Murdoch, and a 500-seat theatre for the Melbourne Theatre Company. For several years thereafter, Lin Bender researched and developed the recital hall venture as a consultant to Arts Victoria.

In late 2003, an inaugural reference group of over seventy representatives of the music sector was established to inform the Recital Hall brief; the design team was assembled; an interim Board was established to advise Government, and by March 2004, the project was well under way. Today, Melbourne Recital Centre is a significant project of the Victorian Government. Ashton Raggatt McDougall are the architects, Arup Acoustics are the acoustic consultants, Arts Victoria — a branch of the Department of Premier and Cabinet — is the client and Major Projects Victoria is the project manager.

In November 2005, Mary Delahunty MP, then Minister for the Arts, announced the establishment of Melbourne Recital Centre Ltd as the operating company and the appointment of a Board of Directors with Jim Cousins AO as Chairman. Bovis Lend Lease was awarded the construction contract and construction began in July 2006. Development of the management team started in October 2006, with the appointment of Dr Jacques de Vos Malan as CEO of the organisation.

Melbourne Recital Centre is scheduled for completion in late 2008 and the building will open to the public in the first quarter of 2009. The budget for the construction of Melbourne Recital Centre is AUD74.5 million.

Alongside managing the venue as a presenting hall, approximately one-third of programming will be delivered by Melbourne Recital Centre Ltd itself. A comprehensive range of programming, including Western chamber music, choral music and the art music of diverse cultures is currently in planning, and the company has recently begun accepting bookings from major ensembles and music presenters.

## OUR CHARTER

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### VISION

Melbourne Recital Centre is internationally acclaimed as a performance venue, recognised for its architecture and acoustics, celebrated for its programming, distinguished by its innovative and responsive management, and enjoyed by everyone.

### MISSION

To build an organisation and venue that creates the opportunity to:

- ◆ Present artistic performances
- ◆ Promote artistic excellence
- ◆ Nurture artistic expression

in an environment that is accessible and valued by the community.

### VALUES

#### RESPECT

We respect and celebrate each other's differences and individuality

#### EXCELLENCE

We are dedicated to excellence in everything we do

#### CREATIVITY

We have the courage to innovate and be creative; we applaud success and we have permission to fail

#### INCLUSIVENESS

Our venue welcomes people and works to create value for everyone

#### TEAMWORK

We are team players and support each other whenever possible

#### ACCOUNTABILITY

We act with integrity and fairness in all our dealings with each other, with our clients, customers and suppliers

#### LOYALTY

We value the importance of all our people and we reward their contributions

## OUR ARTISTIC PHILOSOPHY

The philosophy of Melbourne Recital Centre is to establish and develop the venue as a centre for artistic excellence. This we do by carefully selecting and managing the mix of key presenting partners at the Centre and by enriching the overall offer for audiences with a substantial proportion of our own programming.

Our house brand, *MRC Presents*, is being developed as a collection of innovative, scholarly, exciting and highly differentiated programming initiatives that complement — rather than compete with — the performances of our key hirers.

We will be active across a variety of musical genres, celebrating the rich diversity of the art music traditions of the world and presenting creativity, experimentation, virtuosity and sheer beauty without frontiers.

We aim to be a home for Australian composers as much as a stage for performers. We are developing ways in which to provide meaningful opportunities for our presenting partners to access our venues for educational programming, at primary, secondary and tertiary tiers. We plan to nurture young performers and their audiences, by serving as an accessible platform for emerging talent and we are committed to sharing our passion for fine music with people of all ages who are keen to discover their own.

We have appointed international artistic advisers in North America, Europe and Asia and we will engage local musicians as curators of specific programming events in Melbourne. Through our presenting partners, we are linked to some of Australia's finest performing ensembles and we are actively engaged in developing a network of art music presenters across the Asia-Pacific region.

## REPORT FROM THE CHAIRMAN

It gives me great satisfaction to present the first Annual Report of Melbourne Recital Centre since our incorporation in March 2006 and, indeed, since this extraordinary project began.

This is a milestone occasion. For four years, we have planned, consulted and negotiated to get to this stage of creating an exciting new building and a significant new arts company.

The Bracks Government is to be congratulated on its commitment to building a great recital hall in Melbourne. We thank Premier Steve Bracks for his strong personal support in initiating this project, and Treasurer John Brumby for enabling it to proceed. We are grateful to the Minister for Major Projects, Theo Theophanous and his predecessor John Lenders, and to the Minister for the Arts, Lynne Kosky and her predecessor Mary Delahunty, for their wholehearted commitment to the project. We are also grateful to Penny Hutchinson, Director of Arts Victoria, who has enthusiastically guided this venture from the outset.

Since construction began last July, swift progress has been made. It is pleasing to report that the construction of our finely tuned “instrument” continues on schedule and on budget. This is entirely due to the professionalism of the Project Control Group and the highly skilled teams led by Ian McDougall of Ashton Raggatt McDougall Architects, Raf Orlowski and Andrew Nicol of Arup Acoustics, Geoff Moore of Bovis Lend Lease and Sean Sweeney of Major Projects Victoria.

We are confident that the acoustic qualities of both Elisabeth Murdoch Hall and the Salon will be excellent, the ambience will be welcoming and the facilities throughout the building will be state-of-the-art. We look forward to seeing these become reality over the next twelve months.

Of course, iconic architecture alone will not create the lively hub filled with musicians and audiences that we envisage; eventually people will be attracted because of what we do and how well we do it.

To this end, Melbourne Recital Centre Ltd is quickly assuming its role as an independent organisation with a clear vision for the future. We have set ourselves high standards. We have made an ongoing commitment to quality programming, to nurturing talent, to aesthetic education and to access for the whole community.

The appointment of our CEO Dr Jacques de Vos Malan last October has enabled us to develop strategic plans and policies, while governance and operating procedures are laid in place.

In the course of the year, the Board has approved detailed plans and budgets for the next four years, and ensured that the company fully complies with relevant legislation. We have sought and begun to attract capital funds for the construction of the building, and we have established an Endowment Fund so that we will be able to develop the careers of musicians and enrich the lives of future generations of audiences.

The Board has also overseen the development of a comprehensive artistic policy, and begun the process of developing the profile and brand of Melbourne Recital Centre. We intend to provide a concert platform that is ranked among the world's finest and to be an international cultural beacon for Melbourne and Victoria through our live performances, broadcasts and recordings.

Over the past year, we have valued the advice and support of our neighbours, including ABC Southbank, ACCA, Chamber Music Australia, Chunky Move, Melbourne Symphony Orchestra, Melbourne Theatre Company, Musica Viva Australia, National Gallery of Victoria, The Australian Ballet, The Arts Centre, The Malthouse, and Victorian College of the Arts, along with Radio 3MBS. We are proud to be in their company.

We farewell our founding board member Philip Gude and government representative Bruce Mildenhall and thank them for their contribution over the past two years, and we welcome new board members Julie Kantor and Bill McHarg, who joined us earlier in the year.

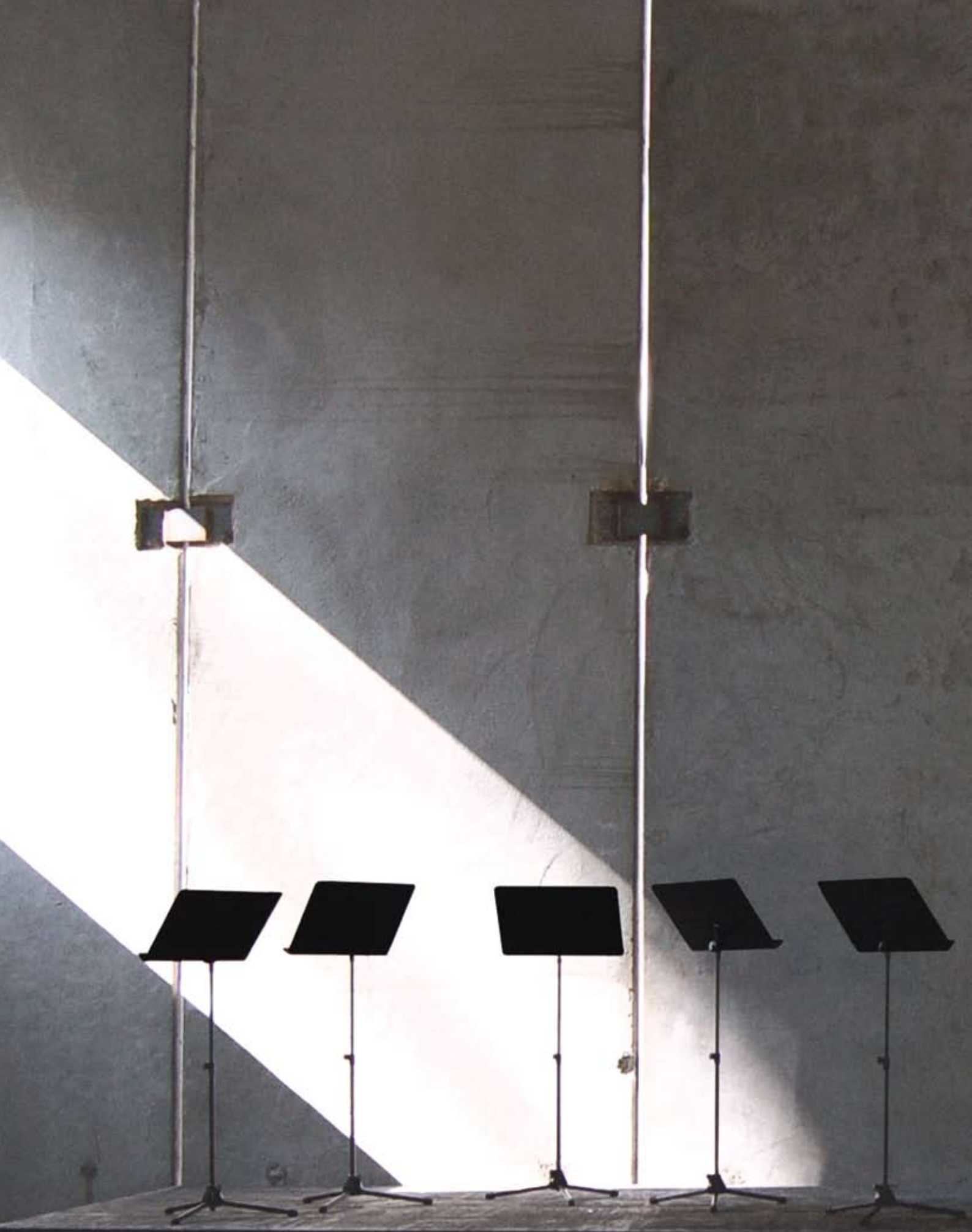
The next eighteen months are crucial for Melbourne Recital Centre Ltd. During this time, we will be seeking support from the community to reach our \$11M capital fundraising target, as well as building the Endowment Fund for future artistic activity. We will begin the fit-out of the building, including purchasing technical equipment, musical instruments and seats. We will be establishing broadcast partnerships and we will be implementing operational, IT and ticketing systems. We will be expanding our staff and we will be creating an annual calendar of events that we believe will thoroughly inspire Australia's fine music audiences.

In short, we will be adding the finishing touches to Melbourne's newest cultural institution. We look forward to the exciting times ahead.

I take this opportunity to thank our dedicated Board members, our staff ably led by Dr Jacques de Vos Malan, and the staff of Arts Victoria.



JIM COUSINS AO  
*Chairman*



## REPORT FROM THE CEO

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The first year of management as an incorporated body has been a busy and productive one. For all of 2006/07, the company has comprised no more than two employees, advised by consultants and external technical experts, and assisted by a committed board of directors.

There have been two broad areas of activity: the construction project itself and the establishment of the operating company. In the first case, our role has been — and continues to be — to provide the best possible advice to Government regarding the rapidly evolving building project. This means anticipating and planning hundreds upon hundreds of practical details about how the venue will be operated, in order to influence critical decisions on the building site, ranging from cable routes, door sizes and the height of lighting bars, to seat numbering, kitchen facilities and the installation of wireless technology. Co-ordinating this advice and ensuring that the wisest possible choices are made, properly prioritised, with an eye to future technological developments and the constraints of budgets, continues to be a challenge for all concerned.

At the same time, we are establishing a working agency of government, with our own mission and values, to deliver the artistic outcomes associated with the new venue. Some of the apparatus of public sector companies is generic and we have enjoyed significant assistance and support from well-established cultural agencies such as The Arts Centre and ACMI, as well as the Department of Premier and Cabinet. Apart from having generously hosted our administration throughout this year, Arts Victoria continues to provide encouragement, enthusiasm and wise counsel.

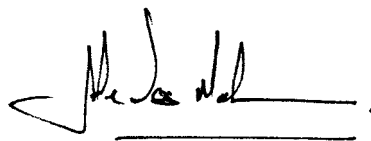
Yet this is the only purpose-built venue for programming chamber music in Australia and there are aspects of a State-owned recital hall that have not been tried before, areas in which we are required to break new ground; and in those, we take full responsibility for our future success. I am confident that we will be introducing innovations in the areas of programming, production and customer service that will clearly differentiate our activities for audiences.

A key focus is identifying who our stakeholders are: ranging from some of Australia's best-known classical music presenters, to newly emerging ensembles seeking a platform in Melbourne on which to perform. Evaluating these competing expectations and evolving creative and appropriate responses for all is a daily activity.

Laying the philosophical basis for artistic programming has been an important undertaking and our international Artistic Advisers, William Lyne CBE AM (London), Leila Getz CM OBC DFA (Vancouver) and Professor Vivien Ku (Taipei) have played a significant part in this process, helping us to benchmark our plans against the great presenting concert halls of the world.

Substantial effort has been put into recruitment during this year and now we are seeing the fruits of this. As we report on the past year, the company has already undergone its first transformation, into a small hand-picked team of professional managers. Competition for these positions has been intense and we have had the luxury of selecting from among candidates on three continents.

The chief executive of a venture such as this is only as good as the people around her or him and I would like to express my thanks to our Patron Dame Elisabeth Murdoch and her extended family, Premier Bracks, Ministers Delahunty and Kosky, my Chairman Jim Cousins and directors, Penny Hutchinson and Dennis Carmody of Arts Victoria, the design team at Ashton Raggatt McDougall and Arup Acoustics, Major Projects Victoria, Bovis Lend Lease, our neighbours at MTC and my colleagues Lin Bender and Katharine Dally, all of whom continue to contribute to this wonderful venture.



DR JACQUES DE VOS MALAN  
*Chief Executive Officer*



## REPORT OF OPERATIONS

### OBJECTIVES & TARGETS 2006/07

| OBJECTIVES  | TARGETS  | STATUS  |
|---|--|---|
| Prepare detailed budgets and operating plans for next four years            | Board has approved detailed budgets and plans by 31 December 2006  | Corporate Business Plan completed and approved  |
| Establish systems, policies and procedures for the company                  | Melbourne Recital Centre Ltd fully complies with the Financial Management Compliance Framework at 30 June 2007                           | While no financial staff were appointed during the year, the major systems, policies and procedures were established by 30 June 2007  |
| Establish and operate a Public Fund to raise money for construction         | Have Melbourne Recital Centre Ltd placed in the Register of Cultural Organisations. Raise \$100,000 in cash by 30 June 2007              | Registered on Register of Cultural Organisations and the Melbourne Recital Centre Public Fund established as the Deductible Gift recipient with effect from 15 December 2006. \$250,000 received as at 30 June 2007 |
| Build Melbourne Recital Centre's profile and brand                          | Website is re-established, marketing plan is approved by the Board and corporate communications protocols are documented by 30 June 2007 | Completed   |
| Develop Melbourne Recital Centre's artistic policy and commence programming | An Artistic Director is engaged by 1 March 2007 and artistic policy approved by the Board by 30 June 2007                                | CEO given artistic responsibility; Artistic Administrator appointed on 30 May 2007. Artistic Rationale approved by the Board on 7 December 2006   |
| Design IT system  | Architecture and data flows are documented, procurement plan and RFQs prepared by 30 June 2007   | Completed   |

## KEY ACTIVITIES 2006/07

| ACTIVITY                                 | TARGET   | STATUS  |
|--|--|---|
| ESTABLISHING OPERATIONS                  | Establish formal procurement strategies, policies, processes and delegations of authority  | Ongoing   |
|  | Prepare a detailed procurement plan for everything from grand pianos to the cleaning contract so that the company can begin to specify requirements for equipment and fit-out from 1 July 2007   | Ongoing   |
| FUNDRAISING                              | Operate a Public Fund to hold gifts made to Melbourne Recital Centre Ltd   | Melbourne Recital Centre Public Fund established as the Deductible Gift recipient with effect from 15 December 2006 |
|  | Develop and implement a fundraising strategy to assist in the construction of the Centre and to establish a corpus   | Ongoing   |
| ADVICE TO GOVERNMENT ON CONSTRUCTION     | Maintain representation on the Project Control Group   | Ongoing   |
|  | Provide industry advice to Arts Victoria about design and construction issues, to support Arts Victoria's project of constructing the Melbourne Recital Centre. This will include advice about technical matters such as lighting, sound, audience flow, on-going management needs etc | Ongoing   |
| BOARD, GOVERNANCE AND GENERAL MANAGEMENT | Engage a Chief Executive Officer and other staff   | CEO appointed October 2006  |
|  | Take out appropriate insurances  | Completed   |
|  | Prepare a detailed plan and budget for the on-going operation of the Centre  | Corporate Business Plan completed and approved  |
|  | Establish organisational systems to enable the company to meet its compliance requirements   | Ongoing   |
|  | Liaise with Melbourne Theatre Company, as required, related to issues of joint operational interest that might, in the future, be a matter for the building's body corporate   | Ongoing   |
|  | Provide information to Arts Victoria to enable it to prepare submissions for Budget in October 2006  | Completed   |
|  | Prepare reports for the Minister, Arts Victoria, ASIC, ATO and other bodies as required.   | Completed and ongoing   |
| PROGRAMMING                              | Develop the artistic policy and begin planning the Centre's performances   | CEO and Artistic Administrator appointed and Artistic Policy in development   |

## Key activities continued

| ACTIVITY            | TARGET  | STATUS   |
|---------------------|---|--|
| FINANCE AND PAYROLL | Appoint a Chartered Accounting firm to do bookkeeping, accounting and payroll, and Internal Auditor | LBW Chartered Accountants appointed as financial services provider and William Buck Chartered Accountants appointed as internal auditors |
| IT                  | Prepare a strategy and implementation plan for the IT and telecommunications systems                | Completed in consultation with SMS Consulting Group Limited  |
| MARKETING           | Establish and maintain national and international industry networks                                 | Database created and networks established; ongoing   |
|                     | Establish and maintain stakeholder relations  | Ongoing  |
|                     | Develop marketing strategies  | Ongoing  |

## OBJECTIVES &amp; TARGETS 2007/08

The forthcoming financial year 2007/08 will represent the second and final year of preparation for Melbourne Recital Centre Ltd before full operations commence during 2008/09.

During 2007/08, some of the operating systems and equipment required for the venue will be sourced, ordered and/or acquired; extensive program and other business planning will be

undertaken; brand strategies and development (fundraising) will be initiated; marketing tools and hiring protocols will be developed; the next tier of organisational development will be put in place; and the business model will be formalised.

It is anticipated that another three members of staff will be added, to complete the middle-management staff complement by July 2008.

## CORPORATE PLAN 2007–2010

| KEY RESULT AREAS |  |
|------------------|--|
| GOAL ONE         | Provision of a world-class facility and music presentation services to key Victorian and interstate arts organisations at an affordable rate                                 |
| GOAL TWO         | Maximisation of commercial hire opportunities to suitable “classical” music presenters as well as corporate clients  |
| GOAL THREE       | Provision of a wide range of culturally diverse programming at diverse price points, to make many of the performances accessible to the broad community                      |
| GOAL FOUR        | Maximisation of ancillary commercial opportunities including food and beverage, retail, recording and broadcasting opportunities   |
| GOAL FIVE        | Maximisation of private sector fundraising, involving infrastructure naming rights, services in-kind, financial support for programming packages and philanthropic donations |

## STATEMENT OF CORPORATE GOVERNANCE

### MANNER OF ESTABLISHMENT

Melbourne Recital Centre Ltd was incorporated on 2 March 2006 with the sole member being the Minister for the Arts.

The Directors of Melbourne Recital Centre Ltd are committed to the highest standard of corporate governance and acknowledge the need for continued maintenance of governance practice and ethical conduct by all directors and employees.

Accordingly, they have ensured that systems and procedures are in place to provide appropriate assurance that the company undertakes its activities and functions in accordance with:

- ♦ all legal requirements
- ♦ the best interests of members
- ♦ an environment that meets relevant standards, and
- ♦ a manner that is responsible to all stakeholders and the wider community

### OBJECTIVES OF THE COMPANY

The objectives of the company are those set out in the Melbourne Recital Centre Ltd Constitution. The company's objective is the promotion of fine music by, without limitation:

- ♦ undertaking preparations for, and assisting in the funding of, the construction of Melbourne Recital Centre
- ♦ commissioning musical performances and programming for Melbourne Recital Centre
- ♦ promoting the Melbourne Recital Centre, and
- ♦ planning and managing the operations of Melbourne Recital Centre

and to do all things incidental or conducive to these objectives.

### POWERS AND DUTIES OF DIRECTORS

The directors are responsible for managing the company's business and affairs and may exercise to the exclusion of the company in general meeting all the company's powers which are not required, by the Act or by this constitution, to be exercised by the company in general meeting.

The directors may decide how cheques, promissory notes, bankers drafts, bills of exchange or other negotiable instruments must be signed, drawn, accepted, endorsed or otherwise executed (as applicable) by or on behalf of the company.

The directors may pay out of the company's funds all expenses of the promotion, formation and registration of the company and the vesting in it of the assets acquired by it.

The directors may:

- ♦ appoint or employ a person to be an officer, agent or attorney of the company for the purposes, with the powers, discretions and duties (including powers, discretions and duties vested in or exercisable by the directors), for the period and on the conditions they think fit
- ♦ authorise an officer, agent or attorney to delegate all or any of the powers, discretions and duties vested in the officer, agent or attorney, and
- ♦ subject to any contract between the company and the relevant officer, agent or attorney, remove or dismiss any officer, agent or attorney at any time, with or without cause.

A power of attorney may contain any provisions for the protection and convenience of the attorney or persons dealing with the attorney that the directors think fit.

### BOARD COMMITTEES

The Board has established a number of permanent Committees whose decisions become recommendations for consideration by the Board:

- ♦ Governance, Audit and Risk Committee
- ♦ Building Committee
- ♦ Artistic Committee
- ♦ Endowment Fund Committee, and
- ♦ Marketing and Commercial Committee

## FREEDOM OF INFORMATION

Freedom of Information (FOI) arrangements followed by the company are in accordance with procedures established under the *Freedom of Information Act 1982*. The company received no requests for information during the year.

Requests for FOI access must be made in writing to the FOI Officer, Philip Bird. The subject and date range of the information sought should be indicated as precisely as possible. The information required to be published under sections 8 and 11 of the Act is also available from the FOI Officer.

Categories of documents held by the company in its principal record include mailing lists, computer tapes, drawing and manuals. Charges for access are in accordance with the *Freedom of Information (Access Charges) Regulations 2004*.

## FINANCIAL AND OTHER INFORMATION RETAINED BY THE ACCOUNTABLE OFFICER

Relevant information detailed in Financial Reporting Direction (FRD) 22 Standard Disclosures in the Report of Operations under the *Financial Management Act 1994* section 3 is retained by the company's Accountable Officer and is available on request.

## NATIONAL COMPETITION POLICY

The company is committed to the implementation of requirements of the competitive neutrality principles and is satisfied that its activities comply with the Victorian Government's Competitive Neutrality Policy.

## IMPLEMENTATION OF THE VICTORIAN INDUSTRY PARTICIPATION POLICY

In October 2003, the Victorian Parliament passed the *Victorian Industry Participation Policy Act 2003* which required public bodies and departments to report on the implementation of the Victorian Industry Participation Policy (VIPP). The company is required to apply the VIPP in all tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria. The company did not commence or complete any contracts during 2006/07 to which the VIPP applies.

## WHISTLEBLOWERS PROTECTION ACT 2001

The following information is disclosed pursuant to section 104 of the *Whistleblowers Protection Act 2001*.

- ♦ The number and type of disclosures made to Melbourne Recital Centre Ltd during the period – *Nil*
- ♦ The number of disclosures referred to the Ombudsman for determination as to whether they are public interest disclosures – *Nil*
- ♦ The number and types of disclosures referred to Melbourne Recital Centre Ltd by the Ombudsman – *Nil*
- ♦ The number and types of disclosures referred by Melbourne Recital Centre Ltd to the Ombudsman to investigate – *Nil*
- ♦ The number and types of investigations of disclosures taken over by the Ombudsman from Melbourne Recital Centre Ltd – *Nil*
- ♦ The number of requests by complainants to have their disclosure investigated by the Ombudsman due to their dissatisfaction with the way Melbourne Recital Centre Ltd is investigating the matter – *Nil*
- ♦ The number and types of disclosure that Melbourne Recital Centre Ltd has declined to investigate – *Nil*
- ♦ The number and type of disclosed matters that were substantiated on investigation and the action taken on completion of the investigation – *Nil*
- ♦ Any recommendations made by the Ombudsman that relate to Melbourne Recital Centre Ltd – *Nil*

**INTERNAL AUDIT**

The company engaged William Buck Chartered Accountants as the Internal Auditor to assist in evaluating the company's internal controls, who subsequently developed an audit plan, having due regard to the company's risk management programme. Implementation of the internal audit activities commenced during the period.

**WORKFORCE DATA**

Full-time equivalent staff at 30 June 2006 was two. The number of staff will increase in the subsequent years as staff are recruited and appointed to approved positions. Staff are appointed under fixed term contracts and are bound by the *Code of Conduct for Victorian Public Sector Employees*. During the period there were no lost work days, no assessments regarding risk management, nor was there any staff turnover.

**CONSULTANTS**

Melbourne Recital Centre Ltd engaged four consultants during the period who were paid an aggregate of \$182,500. None of the four consultants were paid over \$100,000.

## OUR PEOPLE 2006-2007

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### PATRON

Dame Elisabeth Murdoch AC DBE

### BOARD OF DIRECTORS

Jim Cousins AO  
*Chairman*

Mary Waldron  
*Company Secretary*

Caroline Almonte

Philip Gude (to March 2006)

Julie Kantor

Sally Macindoe

Bill McHarg

Race Mathews

Campbell Rose

Matt Zema

### BOARD COMMITTEES

#### GOVERNANCE, AUDIT AND RISK COMMITTEE

Matt Zema *Chair*

Jim Cousins AO

Mary Waldron

#### BUILDING COMMITTEE

Jim Cousins AO *Chair*

Bill McHarg

Race Mathews

Matt Zema

#### ARTISTIC COMMITTEE

Race Mathews *Chair*

Caroline Almonte

Barry Tuckwell AO OBE

#### ENDOWMENT FUND COMMITTEE

Jim Cousins AO *Chair*

Julie Kantor

Bill McHarg

Campbell Rose

#### MARKETING AND COMMERCIAL COMMITTEE

*To 22 March 2007 when combined with the Endowment Fund Committee*

Philip Gude *Chair* (to March 2006)

Campbell Rose

### EXTERNAL REPRESENTATION

Penny Hutchinson  
*Director, Arts Victoria*

Bruce Mildenhall MLA  
*Parliamentary Secretary to the Premier* (to November 2006)

Barry Tuckwell AC OBE  
*Artistic Committee Member*

### MANAGEMENT

Jacques de Vos Malan  
*Chief Executive Officer*

Katharine Dally  
*PA & Office Coordinator*

### CONTRACTORS & CONSULTANTS

Lin Bender  
*Corporate Development*

Stephen Banham  
*Graphic Design*

Peter Brown  
*Studio Design*

William Buck  
*Internal Audit*

Rée Izett  
*Communications*

Shauna Kelly  
*Business Services*

Richard Stuart  
*Technical Services*

Barry Sweeney  
*Project Development*

LBW Chartered Accountants  
*Financial Services*

SMS Consulting Group  
*IT Services*

William Buck Chartered Accountants  
*Internal Auditors*

### ARTISTIC ADVISORY GROUP

Leila Getz CM OBC DFA  
*Artistic Director, Vancouver Recital Society*

Prof Vivien Ku  
*Managing Director, Novel Hall for Performing Arts, Taipei*

William Lyne CBE AM  
*Director Emeritus, Wigmore Hall, London*

## DESIGN &amp; CONSTRUCTION

**YARRA ARTS PROJECT  
CONTROL GROUP**

Jim Cousins AO  
*Chairman,  
Melbourne Recital Centre*

David Percival  
*Vice-Principal & Chief  
Financial Officer,  
University of Melbourne*

John Wiles  
*Deputy Director,  
Major Projects Victoria*

Dennis Carmody  
*Deputy Director, Agencies &  
Infrastructure, Arts Victoria*

**PROJECT MANAGER**

Major Projects Victoria

**DESIGN TEAM AND  
PROJECT CONSULTANTS**

## ARCHITECT

Ashton Raggatt McDougall  
(ARM)

## ACOUSTIC CONSULTANT

Arup Acoustics

## THEATRE DESIGN

Entertech / Theatreplan UK

## STRUCTURAL ENGINEERS

Bonacci Group

## SERVICES ENGINEERS

Umow Lai & Associates  
(ULA)

BUILDING REGULATIONS  
CONSULTANTS

McKenzie Group

## QUANTITY SURVEYORS

Rider Hunt

## FIRE ENGINEERS

Thomas Nicolas

## PLANNING CONSULTANTS

Urbis JHD

## HERITAGE ARCHITECTS

Allom Lovell

TRAFFIC AND TRANSPORT  
CONSULTANTS

Greg Tucker & Associates  
(GTA)

## ARCHITECTURAL SIGNAGE

Vivid Communications

## LANDSCAPE ARCHITECTS

Rush Wright & Associates

## DISABLED ACCESS CONSULTANTS

Morris Goding  
Universal Access

## WIND CONSULTANT

MEL Consultants

ENVIRONMENTALLY  
SUSTAINABLE DEVELOPMENT

Irwinconsult

## FACADE ENGINEERS

Connell Mott McDonald

ARCHITECTURAL  
LIGHTING DESIGNERS

electrolight specialist

## DRAINAGE SYSTEM

Rimington and Associates

**BUILDER**

Bovis Lend Lease



## IMAGINING MELBOURNE RECITAL CENTRE

The following individuals made valuable contributions to the early life of the project:

### INTERIM BOARD MEMBERS

Michel Lawrence  
William Lyne AC OBE  
Jonathan Mills

### PROJECT DEVELOPMENT/ MANAGEMENT

Sheree Brooks  
James Cain  
Gail Conman  
Dr Doug Daines  
Graeme Kaye  
Alexandra Lawlor  
Sue Natrass  
Ian McRae  
Annie Reid  
Lisabeth Shanahan  
Sean Sweeney  
Barry Sweeney  
Bree Trevena  
John Weston

### SPECIALIST TECHNICAL ADVISERS

Ian de Gruchy  
Chris Iatrou  
Dr Harold Marshall  
John O'Donnell  
Nick Schlieper  
James Verdon

### INDUSTRY REFERENCE GROUP

An Industry Reference Group was established in November 2003 which ultimately comprised more than 100 music industry leaders. Its purpose was to inform the development of the Recital Hall Brief. These expert musicians, technical and operations specialists, arts managers and informed music lovers contributed their knowledge, expertise and commitment to the Melbourne Recital Centre Project.

MELBOURNE RECITAL CENTRE LTD

ABN 46 118 617 619

**FINANCIAL REPORT FOR THE  
PERIOD ENDED 30 JUNE 2007**

## DIRECTORS' REPORT

The directors present this report on the company for the financial year ended 30 June 2007.

### DIRECTORS

The names of each person who has been a director during the year and to the date of this report are:

Jim Cousins  
Caroline Almonte  
Phillip Gude (*resigned 22 March 2007*)  
Julie Kantor (*appointed 13 April 2006*)  
Sally Mcindoe  
Race Matthews  
Bill McHarg (*appointed 30 October 2006*)  
Campbell Rose  
Mary Waldron  
Matt Zema

Directors have been in office since 2 March 2006 to the date of this report unless otherwise stated.

### COMPANY SECRETARY

Mary Waldron held the position of Company Secretary at the end of the financial year. Ms Waldron is a senior partner at PricewaterhouseCoopers.

### MEMBERSHIP OF MELBOURNE RECITAL CENTRE LTD

Melbourne Recital Centre Ltd is a company limited by guarantee. The sole member of the company is the Minister for the Arts, Lynne Kosky, for the State of Victoria.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the financial period was:

Planning and managing the operations of Melbourne Recital Centre.

No significant changes in the nature of the company's activity occurred during the financial period.

### OPERATING RESULTS

The surplus of the company amounted to \$2,040,788.

### DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

### REVIEW OF OPERATIONS

In the company's first period of operations the focus was planning and establishing the processes of operation.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There was no change in the state of affairs during the period.

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

### AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

### FUTURE DEVELOPMENTS

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

#### ENVIRONMENTAL REGULATIONS

No significant environmental regulations apply that are likely to have an unexpected material affect on the operations or financial results of Melbourne Recital Centre Ltd.

#### OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

#### MEETINGS OF DIRECTORS

During the financial period, 17 meetings of directors were held. Attendees by each director were as follows:

| Directors Meetings | NUMBER<br>ELIGIBLE<br>TO ATTEND | NUMBER<br>ATTENDED |
|--------------------|---------------------------------|--------------------|
| Jim Cousins        | 17                              | 17                 |
| Caroline Almonte   | 17                              | 15                 |
| Phillip Gude       | 13                              | 11                 |
| Julie Kantor       | 16                              | 13                 |
| Sally Mcindoe      | 17                              | 15                 |
| Race Matthews      | 17                              | 16                 |
| Bill McHarg        | 8                               | 7                  |
| Campbell Rose      | 17                              | 13                 |
| Mary Waldron       | 17                              | 14                 |
| Matt Zema          | 17                              | 13                 |

#### DIRECTORS' BENEFITS

Directors' benefits are set out in notes 12 and 13 to the financial statements.

#### INSURANCE OF DIRECTORS AND OFFICERS

During the financial period \$6,900 was paid by the company to the Victorian Managed Insurance Authority for Directors' and Officers' Liability insurance premiums and recorded as an expense in the Statement of Financial Performance. The insurance provides cover for directors and officers of Melbourne Recital Centre Ltd against certain personal liabilities that they may incur by reason of their duties as directors and officers.

#### INDEMNIFYING OFFICERS OR AUDITOR

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

#### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 20 of the directors' report.

Signed in accordance with a resolution of the Board of Directors.

DIRECTOR



Jim Cousins AO

DATED THIS FIRST DAY OF OCTOBER 2007

# VAGO

Victorian Auditor-General's Office

## AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

### To the Directors of Melbourne Recital Centre Ltd

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 authority and for the purposes of conducting an audit has access to all documents and property, and may report to parliament any matters which the Auditor-General considers appropriate.

#### *Independence Declaration*

As auditor for Melbourne Recital Centre Ltd for the period ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE  
1 October 2007

  
D.D.R. Pearson  
Auditor-General

**OPERATING STATEMENT FOR THE PERIOD 2 MARCH 2006 TO 30 JUNE 2007**

|                            |  | NOTE | 2007<br>\$ |
|----------------------------|--|------|------------|
| REVENUE                    | Revenue from government and other grants | 2    | 2,615,127  |
|                            | Other revenue                            | 2    | 341,438    |
|                            | TOTAL REVENUE                            |      | 2,956,565  |
| EXPENSES                   | Employee benefits expense                | 3    | 183,254    |
|                            | Finance costs                            | 3    | 304        |
|                            | Supplies and consumables                 |      | 168,206    |
|                            | Training expense                         |      | 10,490     |
|                            | Audit, legal and consultancy expense     |      | 553,365    |
|                            | Other expenses                           |      | 158        |
|                            | TOTAL EXPENSES                           |      | 915,777    |
| NET SURPLUS FOR THE PERIOD |  |      | 2,040,788  |

**BALANCE SHEET AS AT 30 JUNE 2007**

|             |                     |                           | NOTE | 2007<br>\$ |
|-------------|---------------------|---------------------------|------|------------|
| ASSETS      | CURRENT ASSETS      | Cash and cash equivalents | 4    | 1,802,364  |
|             |                     | Other current assets      | 5    | 56,218     |
|             |                     | TOTAL CURRENT ASSETS      |      | 1,858,582  |
|             | NON-CURRENT ASSETS  | Other non-current assets  | 6    | 322,727    |
|             |                     | TOTAL NON-CURRENT ASSETS  |      | 322,727    |
|             | TOTAL ASSETS        |                           |      | 2,181,309  |
| LIABILITIES | CURRENT LIABILITIES | Trade and other payables  | 7    | 135,427    |
|             |                     | Provisions                | 8    | 5,094      |
|             |                     | TOTAL LIABILITIES         |      |            |
| NET ASSETS  |                     |                           |      | 2,040,788  |

|              |                   |           |
|--------------|-------------------|-----------|
| EQUITY       | Retained Earnings | 2,040,788 |
| TOTAL EQUITY |                   | 2,040,788 |

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 2 MARCH 2006 TO 30 JUNE 2007

|                                     | 2007<br>\$ |
|-------------------------------------|------------|
| Total equity at beginning of period | –          |
| Net result for the period           | 2,040,788  |
| TOTAL EQUITY AT END OF PERIOD       | 2,040,788  |

## CASH FLOW STATEMENT FOR THE PERIOD 2 MARCH 2006 TO 30 JUNE 2007

|  | NOTE  | 2007<br>\$ |
|--|-------|------------|
| CASH FLOW FROM OPERATING ACTIVITIES                                |       |            |
| Appropriation from Victorian Government                            |       | 2,615,127  |
| Payments to suppliers and employees                                |       | (831,170)  |
| Donations received – private                                       |       | 250,000    |
| Interest received  |       | 91,438     |
| Finance costs  |       | (304)      |
| NET CASH GENERATED FROM OPERATING ACTIVITIES                       | 14(B) | 2,125,091  |
| CASH FLOW FROM INVESTING ACTIVITIES                                |       |            |
| Payment for deposits on musical instruments                        |       | (322,727)  |
| NET CASH USED IN INVESTING ACTIVITIES                              |       | (322,727)  |
| NET INCREASE IN CASH AND CASH EQUIVALENTS HELD                     |       | 1,802,364  |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD |       | –          |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD       | 14(A) | 1,802,364  |

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 2 MARCH 2006 TO 30 JUNE 2007

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report is for Melbourne Recital Centre Ltd as an individual company, incorporated and domiciled in Australia. Melbourne Recital Centre Ltd is a company limited by guarantee.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

The accounting policies have been consistently applied, unless otherwise stated.

#### BASIS OF PREPARATION

##### *Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

This is the first financial report and covers the period 2 March 2006 to 30 June 2007. Pursuant to section 323D of the *Corporations Act* and section 6 of the *Financial Management Act 1994* approval has been granted for the variation to the length of the reporting period.

#### ACCOUNTING POLICIES

##### A. REVENUE

Grant revenue is recognised in the operating statement when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the balance sheet as a liability until such conditions are met or services provided.

Donations and bequests are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as prepaid income on the balance sheet.

Interest revenue and distribution income from investments is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

All revenue is stated net of the amount of goods and services tax (GST).

##### B. INVENTORIES

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

##### C. PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair values less, where applicable, accumulated depreciation and impairment losses.

##### *Property*

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross



carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost or for nominal cost are valued at the fair value of the asset at the date it is acquired.

#### Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same classes of assets are charged against fair value reserves directly in equity; all other decreases are charged to the operating statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the operating statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

#### Depreciation

The depreciable amount of all plant, property and equipment including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| CLASS OF ASSET             | DEPRECIATION RATE |
|----------------------------|-------------------|
| Buildings                  | 2.5%              |
| Plant and equipment        | 10% – 33.33%      |
| Leased plant and equipment | 10% – 33.33%      |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the operating statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### D. LEASES

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the company are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

## E. FINANCIAL INSTRUMENTS

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

### Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the operating statement in the period in which they arise.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

### Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

### Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

### Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

### Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

### Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the operating statement.

## F. IMPAIRMENT OF ASSETS

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the operating statement.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the company would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

## G. EMPLOYEE ENTITLEMENTS

### Wages, salaries and annual leave

Liabilities for employee entitlements for wages and salaries (including non-monetary benefits) and annual leave represent present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on remuneration rates, including on-costs that the company expects to pay.

### Superannuation

All superannuation contributions are to defined contribution plans and expensed when incurred.

### Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Long-service leave entitlements after seven years service are treated as a current liability while entitlements for less than seven years service are treated as non-current liabilities.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

## H. COMMITMENTS

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value.

## I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

## J. DOUBTFUL DEBTS AND BAD DEBTS

A provision for doubtful receivables is made when there is objective evidence that the debts will not be collected. Bad debts are written off when identified.

## K. EVENTS AFTER THE REPORTING DATE

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the company and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the balance date and the date the statements are authorised for issue where the events relate to conditions which arose after the reporting date and which may have a material impact on the results of subsequent years.

## L. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cashflow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### M. UNEXPENDED GRANTS

The company receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the company to treat project grants monies as unexpended grants in the balance sheet where the company is contractually obliged to provide the services in a subsequent financial period to when the grants are received, or in the case of specific project grants, where the project has not been completed.

#### N. CONTRIBUTIONS

Melbourne Recital Centre Ltd receives non-reciprocal contributions from the government and other parties for no or a nominal value. These contributions are recognised at fair value on the date of acquisition upon which time an asset is taken up in the balance sheet and revenue in the operating statement.

#### O. INCOME TAX

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

#### P. INTANGIBLES

##### Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and two years. It is assessed annually for impairment.

#### Q. PROVISIONS

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### R. COMPARATIVE FIGURES

As this report covers the first reporting period of operations there are no prior period comparative figures.

#### S. ECONOMIC DEPENDENCE

Melbourne Recital Centre Ltd is dependent on Arts Victoria for the majority of its funding required used to operate the business. At the date of this report the Directors have no reason to believe Arts Victoria will not continue to support Melbourne Recital Centre Ltd.

The financial report was authorised for issue on 20 September 2007 by the board of directors.

**NOTE 2: REVENUE**

|   |                                     | 2007<br>\$       |
|---|-------------------------------------|------------------|
| <b>REVENUE FROM GOVERNMENT AND OTHER GRANTS</b> | State government appropriations     | 2,615,127        |
|   | TOTAL                               | 2,615,127        |
| <b>OTHER REVENUE</b>                            | Charitable income and fundraising   | 250,000          |
|   | Interest received from corporations | 91,438           |
|   | TOTAL                               | 341,438          |
| <b>TOTAL REVENUE</b>                            |                                     | <b>2,956,565</b> |

**NOTE 3: EXPENSES**

|                             |                             | 2007<br>\$ |
|-----------------------------|-----------------------------|------------|
|                             | Finance costs – external    | 304        |
|                             | Employee benefits expense   | 183,254    |
| <b>Auditor Remuneration</b> | External audit services     | 14,000     |
|                             | Internal services           | 19,957     |
|                             | TOTAL AUDITORS REMUNERATION | 33,957     |

**NOTE 4: CASH AND CASH EQUIVALENTS**

|                |                                     | 2007<br>\$       |
|----------------|-------------------------------------|------------------|
| <b>CURRENT</b> | Cash at bank – Trading Account      | 1,552,147        |
|                | Cash at bank – Public Fund          | 250,000          |
|                | Cash at bank – Cheque Account (EFT) | 17               |
|                | Cash on hand                        | 200              |
| <b>TOTAL</b>   |                                     | <b>1,802,364</b> |

**NOTE 5: OTHER CURRENT ASSETS**

|         |                  | 2007<br>\$ |
|---------|------------------|------------|
| CURRENT | Security deposit | 800        |
|         | GST Refundable   | 55,418     |
| TOTAL   |                  | 56,218     |

**NOTE 6: OTHER NON-CURRENT ASSETS**

|                     |   | 2007<br>\$ |
|---------------------|---|------------|
| PLANT AND EQUIPMENT | Deposits on purchase of musical instruments | 322,727    |
| TOTAL               |   | 322,727    |

**NOTE 7: TRADE AND OTHER PAYABLES**

|         |                   | 2007<br>\$ |
|---------|-------------------|------------|
| CURRENT | Trade payables    | 104,904    |
|         | Employee benefits | 30,523     |
| TOTAL   |                   | 135,427    |

## NOTE 8: PROVISIONS

|  | EMPLOYEE BENEFITS<br>\$ | TOTAL<br>\$ |
|--|-------------------------|-------------|
| Balance at the beginning of the period     | –                       | –           |
| Additional provisions raised during period | 5,094                   | 5,094       |
| Amounts used                               | –                       | –           |
| BALANCE AT THE END OF THE PERIOD           | 5,094                   | 5,094       |

|                              |         | 2007<br>\$ |
|------------------------------|---------|------------|
| ANALYSIS OF TOTAL PROVISIONS | Current | 5,094      |
| TOTAL                        |         | 5,094      |

## NOTE 9: COMMITMENTS FOR EXPENDITURE

|   |   | 2007<br>\$ |
|---|---|------------|
| CAPITAL<br>COMMITMENTS  | Later than one year but not later than 5 years    | 338,500    |
|   | TOTAL CAPITAL COMMITMENTS                         | 338,500    |
| EXPENDITURE<br>COMMITMENTS                                    | Not later than one year                           | 131,988    |
|   | Later than one year but not later than five years | 22,500     |
|   | TOTAL EXPENDITURE COMMITMENTS                     | 154,488    |
| TOTAL COMMITMENTS FOR EXPENDITURE ( <i>inclusive of GST</i> ) |   | 492,928    |
| LESS GST RECOVERABLE FROM THE AUSTRALIAN TAXATION OFFICE      |   | 38,681     |
| TOTAL COMMITMENTS FOR EXPENDITURE ( <i>exclusive of GST</i> ) |   | 454,307    |

The capital commitment is for purchase of pianos due for payment in late 2009 upon delivery and acceptance.

**NOTE 10: EVENTS AFTER THE BALANCE DATE**

Since 30 June 2007, there are no matters or circumstances that have arisen that require adjustments to or disclosure in the financial statements.

**NOTE 11: RESPONSIBLE PERSONS**

The names of the persons who held the positions of Minister, Responsible Persons, and Accountable Officer are as follows:

|                       |                                       |                             |
|-----------------------|---------------------------------------|-----------------------------|
| Minister for the Arts | The Hon Mary Delahunty                | <i>to 30 November 2007</i>  |
| Minister for the Arts | The Hon Lynne Kosky                   | <i>from 1 December 2006</i> |
| Responsible Persons   | Jim Cousins AO <i>Chairman</i>        |                             |
|                       | Mary Waldron <i>Company Secretary</i> |                             |
|                       | Caroline Almonte                      |                             |
|                       | Phillip Gude                          | <i>to 22 March 2007</i>     |
|                       | Julie Kantor                          | <i>from 13 April 2007</i>   |
|                       | Sally McIndoe                         |                             |
|                       | Race Matthews                         |                             |
|                       | Bill McHarg                           | <i>from 30 October 2006</i> |
|                       | Campbell Rose                         |                             |
| Matt Zema             |                                       |                             |
| Accountable Officer   | Dr Jacques de Vos Malan               | <i>from 4 October 2006</i>  |

The remuneration of the Accountable Officer fell within the following bands \$130,000 – \$139,999

Total remuneration paid or payable to executive officers whose income is \$100,000 or more is \$137,335

**NOTE 12: DIRECTORS' REMUNERATION**

All directors are appointed by the Minister for the Arts. They do not receive remuneration for services provided in their role as directors although they are eligible to be reimbursed for out of pocket expenses.



**NOTE 13: RELATED PARTY TRANSACTIONS**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

During the year Deacons, a legal firm associated with Sally Macindoe, provided legal services for \$3,300.

**NOTE 14: CASH FLOW INFORMATION**

|   |   | 2007<br>\$ |
|---|---|------------|
| A.<br>RECONCILIATION<br>OF CASH AND CASH<br>EQUIVALENTS                                     | Cash at bank                            | 1,802,164  |
|   | Other cash on hand                      | 200        |
|   | TOTAL                                   | 1,802,364  |
| B.<br>RECONCILIATION<br>OF CASHFLOW FROM<br>OPERATIONS WITH<br>NET RESULT FOR<br>THE PERIOD | Net result for the Period               | 2,040,788  |
|   | Non cash flows                          |            |
|   | Changes to provisions                   | 5,094      |
|   | Changes in assets<br>and liabilities    |            |
|   | Increase in receivable and other assets | (56,218)   |
|   | Increase in trade and other payables    | 135,427    |
| NET CASH AND CASH EQUIVALENTS GENERATED FROM OPERATIONS                                     |   | 2,125,091  |

**NOTE 15: FINANCIAL INSTRUMENTS****A. FINANCIAL RISK MANAGEMENT**

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The company does not have any derivative instruments at 30 June 2007.

**Financial Risks**

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

**A. FOREIGN CURRENCY RISK**

The company is not exposed to material fluctuations in foreign currencies.

**B. LIQUIDITY RISK**

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

**C. CREDIT RISK**

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

## B. INTEREST RATE RISK

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

|                          |                             | WEIGHTED<br>AVERAGE<br>EFFECTIVE<br>INTEREST RATE | FLOATING<br>INTEREST<br>RATE | NON-<br>INTEREST<br>BEARING | TOTAL      |
|--------------------------|-----------------------------|---|------------------------------|-----------------------------|------------|
|                          |                             | 2007<br>%   | 2007<br>\$                   | 2007<br>\$                  | 2007<br>\$ |
| FINANCIAL<br>ASSETS      | Cash at bank                | 6.07  | 1,802,164                    | –                           | 1,802,164  |
|                          | Cash on hand                | –   | –                            | 200                         | 200        |
|                          | TOTAL FINANCIAL ASSETS      |   | 1,802,164                    | 200                         | 1,802,364  |
| FINANCIAL<br>LIABILITIES | Trade and other payables    | –   | –                            | 135,427                     | 135,427    |
|                          | TOTAL FINANCIAL LIABILITIES |   |                              | 135,427                     | 135,427    |

## C. NET FAIR VALUES

The carrying amount of financial assets and financial liabilities in the financial statements approximate their fair values.

## NOTE 16: ACCOUNTING POLICIES

The following Accounting Standards issued or amended and are applicable to the company but not yet effective and have not been adopted in preparation of the financial statements at reporting date.

| AASB<br>AMENDMENT  | STANDARDS AFFECTED                                    | OUTLINE OF AMENDMENT                                  | APPLICATION<br>DATE OF<br>STANDARD   |
|--|---|---|--|
| AASB 2005-10<br>Amendments to<br>Australian<br>Accounting<br>Standards | AASB 1  | First-time adoption of AIFRS                          | The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard. |
|  | AASB 4  | Insurance Contracts                                   |  |
|  | AASB 101  | Presentation of Financial Statements                  |  |
|  | AASB 117  | Leases  |  |
|  | AASB 133  | Earnings per Share                                    |  |
|  | AASB 1023   | General Insurance Contracts                           |  |
|  | AASB 1038   | Life Insurance Contracts                              |  |
| AASB 139   | Financial Instruments:<br>Recognition and Measurement |   |  |
| AASB 7 Financial<br>Instruments:<br>Disclosures                        | AASB 132  | Financial Instruments:<br>Disclosure and Presentation | As above.  |

**NOTE 17: COMPANY DETAILS**

## THE REGISTERED OFFICE OF THE COMPANY IS:

Melbourne Recital Centre Ltd  
%o Arts Victoria, Level 6, 2 Kavanagh Street, SOUTH BANK VIC 3006

## THE PRINCIPAL PLACE OF BUSINESS IS:

Melbourne Recital Centre Ltd  
%o Arts Victoria, Level 6, 2 Kavanagh Street, SOUTH BANK VIC 3006

**NOTE 18: MEMBER'S GUARANTEE**

The company is incorporated under the *Corporations Act 2001* and is an company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstandings and obligations of the company. At 30 June 2007 the number of members was 1.

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 17 to 35, are in accordance with the *Corporations Act 2001* and:
  - A. comply with Accounting Standards and the *Corporations Regulations Act 2001*; and
  - B. give a true and fair view of the financial position as at 30 June 2007 and of the performance for the period ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

DIRECTOR



Jim Cousins AO

DATED THIS FIRST DAY OF OCTOBER 2007

# INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MELBOURNE RECITAL CENTRE LTD

## VAGO

Victorian Auditor-General's Office

### INDEPENDENT AUDIT REPORT

#### Melbourne Recital Centre Ltd

To the Members of the Parliament of Victoria and the Directors of the Company

##### *Matters Relating to the Electronic Presentation of the Audited Financial Report*

This auditor's report for the financial period ended 30 June 2007 relates to the financial report of Melbourne Recital Centre Ltd included on its web site. The Directors of Melbourne Recital Centre Ltd are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

##### *The Financial Report*

The accompanying financial report for the period ended 30 June 2007 of Melbourne Recital Centre Ltd which comprises the operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the director's declaration has been audited.

##### *The Responsibility of the Company Directors for the Financial Report*

The Directors of Melbourne Recital Centre Ltd are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Corporations Act 2001*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

##### *Auditor's Responsibility*

As required by the *Corporations Act 2001* and *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the Company Directors' preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Company Directors, as well as evaluating the overall presentation of the financial report.

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

##### *Independence*


The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. The Auditor-General, his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

##### *Auditor's Opinion*

In my opinion, the financial report of Melbourne Recital Centre Ltd is in accordance with: the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2007 and of its financial performance for the period ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

MELBOURNE  
1 October 2007

  
D.D.R. Pearson  
Auditor-General

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### LEGISLATION

*Corporations Act 2001*

*Freedom of Information Act 1982*

*Financial Management Act 1994*

*Audit Act 1994*

*Whistleblowers Protection Act 2001*

*Victorian Industry Participation Policy Act 2003*

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**ARTS  
VICTORIA**

