

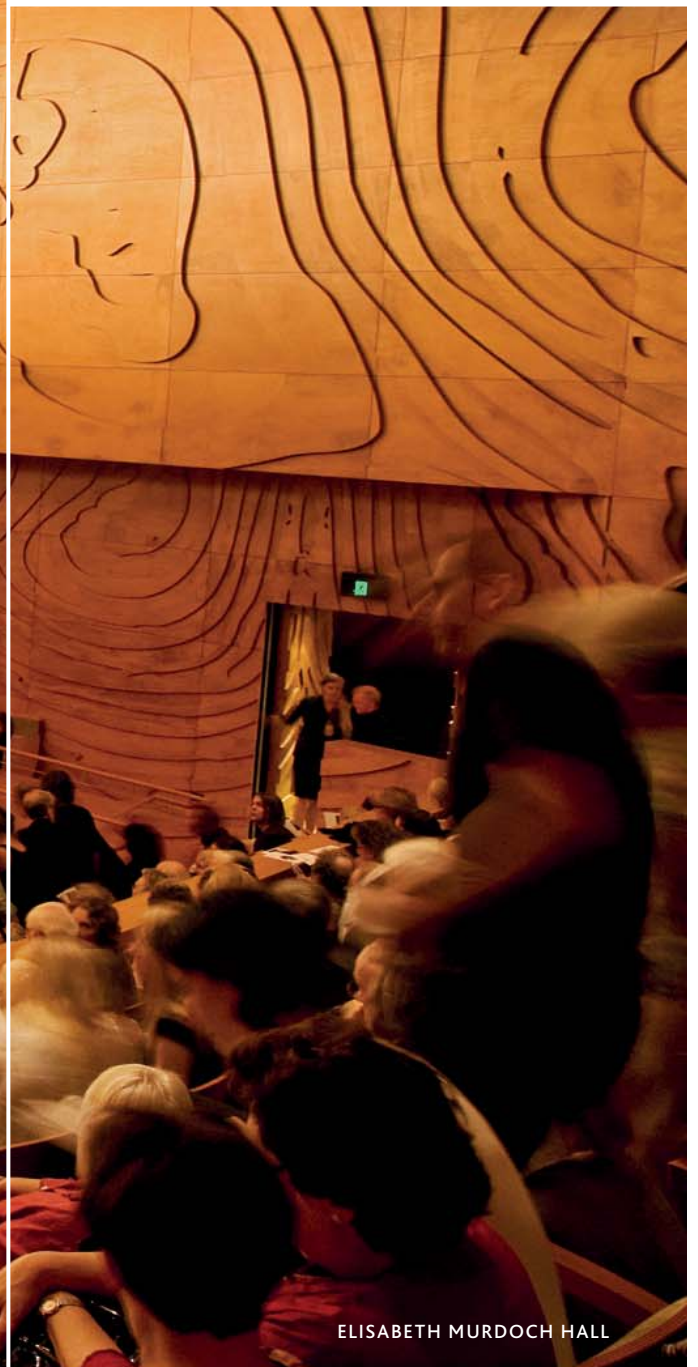
Melbourne Recital Centre
Annual Report 2008-09








{ “Bloomin’
marvellous!”
{ MIRIAM ALLAN — SOPRANO }



ELISABETH MURDOCH HALL



“One of the most thrilling new recital halls of the world!”

{MARKUS SCHÄFER — TENOR}



Our History

For over three decades, Melbourne's music industry and its dedicated supporters lobbied for a purpose built recital hall. In February 2002, the Bracks Government made a commitment to build two new venues side by side in the heart of Melbourne's famous arts precinct — a world-class, 1000-seat recital hall, in honour of Victoria's most generous and longest serving philanthropist, Dame Elisabeth Murdoch AC DBE, and a 500-seat theatre for the Melbourne Theatre Company.

In late 2003, an Industry Reference Group of over 70 representatives of the music industry 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. Melbourne Recital Centre (MRC) became a significant project of the Victorian Government, with Arts Victoria, a branch of the Department of Premier and Cabinet, the client and Major Projects Victoria the project manager.

In November 2005, Hon. Mary Delahunty MP, then Minister for the Arts, announced the establishment of Melbourne Recital Centre Limited 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 building began in July 2006.

Development of the MRC management team started in October 2006, with the appointment of Dr Jacques de Vos Malan as CEO.

Melbourne Recital Centre was completed in December 2008 and the building was opened to the public by the Premier, the Hon John Brumby MP in February 2009, to mark the 100th birthday of Dame Elisabeth Murdoch AC DBE.

Melbourne Recital Centre is a State Government company, reporting to the Minister for the Arts, Lynne Kosky MP. The company manages the venue and a proportion of programming is delivered by MRC itself. The company has a calendar of bookings from major ensembles and music presenters in Victoria, as well as interstate promoters, for 2010.



Our Charter

{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 embrace the challenge of experimentation

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

Melbourne Recital Centre holds in trust one of the finest acoustic spaces in the southern hemisphere and celebrates that role with an innovative, distinctive approach to programming, one that complements the work of existing music presenters in Melbourne.

We have incorporated a range of significant presenting partners into our planning; we continue to forge relationships with culturally diverse organisations, including artists, ensembles and performing arts centres, across the Asia-Pacific region; by engaging with emerging musicians we strive to discover new ways to support the development of the art form; and we believe that our thoughtful and scholarly approach to life-long aesthetic education is without precedent.

The Melbourne Recital Centre team is passionate about 'chamber' music, 'acoustic' performance and the 'handmade' ensemble traditions of many different cultures. We are committed to sharing this excitement widely and to developing audiences, creative artists and performers, to grow these art forms in Australia.

We see ourselves as being driven by excellence: in the work that we present and the ways in which we present it.

We are fired by the vision of a world made more beautiful through creativity: experimentation, daring and virtuosity, scholarship, reflection and the contemplation of the divine – sheer beauty, without frontiers.

“One of the most beautiful and inspiring halls in the world.”

{IMOGEN COOPER – PIANO}



Report from the Chairman

I am pleased to present the third Annual Report of Melbourne Recital Centre. Over the past year, we have seen a building project of great architectural significance, which is enormously enriching Melbourne's already vibrant cultural life, brought to a successful conclusion in the Southbank arts precinct. The entire team of our staff, Board, Ministers and Premiers, Arts Victoria and many others closely associated with this project throughout its life, can be justifiably proud of this achievement.

Most importantly, the interior performance venues, the Salon and Elisabeth Murdoch Hall, have lived up to every expectation as internationally significant spaces for the performance of music.

In February, the Premier, the Hon John Brumby MP opened Melbourne Recital Centre in the presence of Dame Elisabeth Murdoch AC DBE, within days of her 100th birthday and the spontaneous standing ovation accorded her by the guests and dignitaries present marked the start of a moving ceremony that ended with us all singing Happy Birthday for Dame Elisabeth.

MRC staff then launched into an intensive period of operations, intended to showcase the venues across many musical genres and to create performance opportunities for a wide range of artists and composers. In FY 2009 the box office has sold \$1,204,115 in tickets and handled 13,000 phone calls. While we have welcomed 73,774 visitors through our door, attendance figures have not reached the levels that were originally predicted by the Industry Reference Group. However, certain performances play to full houses, which helps to balance the mix when we present less well-known emerging artists.

Earlier in 2009, we commissioned a review of our operations in light of the current financial conditions, with a view to setting future operating levels within available budgets. I can do no better than quote Sue Natrass who wrote, amongst other evaluations: *'the achievement of the Board and staff in opening such a building on time and on budget and mounting a very demanding premiere season have been extraordinary.'*

Together with our inaugural CEO, Dr Jacques de Vos Malan, the Board has made tough strategic decisions which, however unpopular, will ensure that the company remains financially sound and continues to operate on a sustainable basis. With the Victorian Government, we continue to explore the multi-faceted role of MRC in the cultural sector, to find the optimum relationship between the new facilities and the varied requirements of our stakeholders.

During the year we were very grateful to receive substantial financial gifts to our Endowment Fund from the Kantor and Calvert-Jones families, together with gifts from a number of generous philanthropists. I would also like to thank our sponsors who showed great faith in MRC – Audi Australia, Etihad Airways, Bang & Olufsen, JCDcaux, Yarra Yering and the Victorian Government.

To my Board Members, both past and present, together with CEO Dr Jacques de Vos Malan, and our dedicated staff, my very special thanks for the work they have done in achieving what we have during the full six years of this project.



JIM COUSINS AO
CHAIRMAN
MELBOURNE RECITAL CENTRE



“Magnificent hall,
what a pleasure!”
{ISABELLE FAUST — VIOLIN}

Report from the CEO

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Melbourne Recital Centre, for the year ended 30 June 2009.

Our third year as a company has seen substantial change in the structure, scope and operating environment of the organisation. From July 2008, staff members were engaged in advising on the last phase of the construction process, including furniture, fittings and technical equipment. At the same time, we worked to finalise the planning for a grand opening early in 2009.

In completing the fit-out of the building, we strove to anticipate as many operational requirements as possible and to apply our resources accordingly. We believe that the outcomes provide ample evidence of how successful this has been. MRC is widely acclaimed as a major new addition to the great concert houses of the world and the building has gone on to win an unprecedented range of awards.

In February 2009, we delivered a successful *Opening Festival*, starting with an Indigenous smoking ceremony on the banks of the Yarra River and culminating in a series of 14 concerts presented over seven days. These events, and the two public *Open Days*, provided some 15,000 people with the opportunity to visit the new Centre. Sadly, our opening festival began on 'Black Saturday', coinciding with the worst of the Victorian bush fires.

In many ways, that tragedy set the tone for a difficult first six months. When the bold and optimistic programming plans were first developed, Australia was still experiencing the second longest boom in our economic history and it was only a handful of visionaries who had begun to spy the dark clouds of recession on the horizon.

With the benefit of hindsight, we might have opted for a modest, gradual opening of MRC, perhaps introducing hirer events first and then slowly adding our own programming to the mix, as we tested the waters. As it happened, our newly-formed crews worked tirelessly and with great professionalism to deliver a very big inaugural program.

During FY 2009, the operational teams have delivered around 117 concerts, not to mention a host of industry functions, cocktail parties, formal dinners, sponsors' receptions, creative workshops and pre-concert talks.

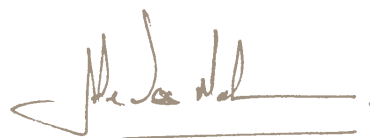
We've created a great many performance opportunities for young and emerging artists and ensembles; we've presented lots of new music – in many cases by Australian composers and, together with our hiring partners, we've shown that these performance spaces are flexible, versatile and ideally suited to a wide range of musical genres.

In the year ahead, the key focus will be to implement the pattern of business activity that will most likely be sustainable for the long haul; to reconsider our resources and our organisational structure in the light of experience; and to begin to put into place an enduring cultural legacy.

We have been assisted by many colleagues, friends, supporters and well-wishers, all of whom are keen to see MRC succeed. Their enthusiastic advice has been invaluable. With a Board depleted by the natural effusion of time, a huge workload has fallen to a few volunteers and I express my gratitude to our Directors, our international Artistic Advisers, our colleagues at Arts Victoria and all those across the cultural agencies who have contributed to this great venture.

Finally I extend my grateful thanks to the artists, the backstage teams, the front-of-house crews and the administrators, without whose extraordinary dedication none of this would have been possible.

You have written your page in history!



DR JACQUES DE VOS MALAN
CHIEF EXECUTIVE OFFICER
MELBOURNE RECITAL CENTRE

“What a pleasure and an honour to be asked to sing in this marvelous hall!”

{SUSAN BULLOCK — SOPRANO}



MRC in brief

AT A GLANCE

In the five months of operations between February and June 2009, MRC successfully delivered more than 100 events. A total of 73,774 people visited MRC, attending concerts and other events.

The MRC Box Office, established in mid-September 2008, sold \$1.2 million in tickets in the 10 operational months of its first year, including \$537,000 in tickets to concerts presented by MRC itself.

More than 132 Australian and international artists have appeared at MRC in the five months since the Centre opened.

More than 350 people have joined MRC's Membership program, while 69 people have made additional financial donations to the MRC Endowment Fund.

To date, almost 100 concerts have been recorded and broadcast by ABC Classic FM and 3MBS, reaching a radio audience of at least 30,000 Australians per performance.

Commercial sponsorship agreements worth \$1,124,000 have been negotiated.

BUILDING PROJECT & TECHNICAL FIT-OUT

MRC teams have worked closely with the architects, engineers, builders and contractors to complete the building project and the technical fit-out in time for the opening in February 2009. Operational systems and processes installed have proven to be sufficiently rigorous to handle a full program of events.

PROGRAMMING BALANCE

A wide variety of music forms and genres has been presented, demonstrating the suitability of the Salon and Elisabeth Murdoch Hall for repertoire including a capella Renaissance choral music, works for small orchestra from the Baroque and Classical eras, Romantic chamber music, solo instrumental and lieder recitals, as well as jazz ensembles and numerous other cultural traditions.

AUDIENCES & CULTURAL DIVERSITY

MRC has been firmly established as one of the most significant venues for regular performances by key presenters, including the Australian Brandenburg Orchestra, Australian String Quartet, Melbourne Chamber Orchestra, Melbourne Symphony Orchestra, Musica Viva Australia, Victorian Opera and others.

TECHNICAL SERVICES

Highly skilled teams of front-of-house and technical production staff have been developed, to serve professional clients and public customers. A safe workplace has been established and several significant individual emergencies swiftly resolved for patrons.

TICKETING

A full in-house ticketing service has been established, including a database of more than 7000 names, with both call centre and internet sales functions. Some 13,000 calls have been served, while subscription packages and single ticket sales are being successfully processed for significant clients.

MARKETING & FUNDRAISING

Despite the recessionary economic environment, MRC has successfully established media partnerships across print and electronic forms and negotiated major sponsorship agreements with Audi Australia, Etihad Airways, Bang & Olufsen, JCDcaux and Yarra Yering.

Report of Operations

{KEY PRIORITIES & ACHIEVEMENTS 2008–09}

	OBJECTIVES	ACTIVITIES & TARGETS	ACHIEVEMENTS
ESTABLISHING CORPORATE OPERATIONS	Complete Policy & Planning Cascade	Complete OH&S Plan, Risk Management Plan and Quality Management Plan	All operational aspects of the new company have been finalised and put into action
BOARD, GOVERNANCE & GENERAL MANAGEMENT	Mid-year review of inaugural Business Plan	December 2008	Business planning has been extensively reviewed, using internal and external expertise
	Complete recruitment	Recruit remaining full-time and all casual staff	A full complement of full-time and casual staff has been successfully recruited
FUNDRAISING	Launch and complete Capital Fund	Complete by opening	The MRC Capital Fund has been established and most spaces available for naming rights have been successfully 'sold'
	Endowment Fund	Achieve \$3M by opening	The MRC Endowment fund has been launched and \$2,780,161 raised to date
	Launch & initiate annual giving	August 2008	MRC annual giving is set to be launched during 2009
MARKETING	Market venues successfully to other clients	From July 2008	A full calendar of venue bookings has been achieved, with strong interest through to the end of 2010
	Launch MRC membership	August 2008	More than 300 people have joined the MRC Membership program
	Launch inaugural season	September 2008	The first two inaugural seasons, comprising 117 concerts, have been successfully delivered
	Successfully sell wide range of events	September 2008	The MRC Box Office has been established and more than \$500,000 in ticket sales for MRC Presents has been achieved
ARTISTIC PROGRAM	Sign agreements with licensed broadcasters	July 2008	Successful agreements are in place with 3MBS and ABC Radio
	Develop recording protocols	October 2008	Protocols have been developed and implemented; concerts are regularly recorded and broadcast, reaching at least 30,000 Australians per performance

	OBJECTIVES	ACTIVITIES & TARGETS	ACHIEVEMENTS
INFORMATION TECHNOLOGY	Establish independent system	July 2008	An independent IT system, including ticketing, venue management and web technology has been successfully built
	Establish online sales	September 2008	The MRC Box Office successfully established; second phase CRM activities are ready for implementation
COMMERCIAL OPERATIONS	Finalise usage of retail space	July 2008	Il Papiro at MRC has been established with ongoing sales
	Complete food and beverage contract	July 2008	The long-term tender failed and an interim contract is in place; a liquor licence has yet to be granted by Government
	Complete café fit out	December 2008	Development of a café has been postponed due to lack of investors
TECHNICAL PROCUREMENT	Complete building project (with Arts Vic)	20 September 2008	The building project has been completed on schedule
	Complete fit out (with Arts Vic)	31 October 2008	The fit-out has been completed on schedule
	Complete MRC equipment procurement	31 December 2008	Procurement of technical equipment continues on an 'as required' basis
ADVICE TO GOVERNMENT	Maintain representation on the Project Control Group	Attend monthly meetings and provide secretariat services	MRC continues to manage the Project Control Group, which meets as needed
	Continue advice to Arts Victoria	Provide industry advice to Arts Victoria on design and construction issues, to achieve the successful completion of the building project	The building project has been successfully completed and the defecting process will be completed during 2009
	Lease and maintenance of building; equipment inventory and asset register	Successfully conclude a lease agreement with Arts Victoria, including a detailed inventory of equipment, asset register and building maintenance budget and schedule	Committee of Management established; inventory and asset register established and ongoing; maintenance schedule in place and budget under discussion with Arts Victoria

{OBJECTIVES, KEY ACTIVITIES & TARGETS 2009–10}

KEY RESULT AREAS	OBJECTIVES	ACTIVITIES	TARGETS
GOAL ONE	Provision of a world-class facility and music presentation services to key Victorian and interstate arts organisations at an affordable rate	Complete construction defecting process	To be completed by December 2009
		Contract major hirers for forthcoming year	In place to December 2010
		Contract occasional hirers for forthcoming year	Ongoing to December 2010
		Complete MRC equipment procurement	On schedule
GOAL TWO	Maximisation of commercial hire opportunities to suitable music presenters as well as corporate clients	Market venues successfully to concert promoters	Ongoing
		Identify unique corporate offer	On schedule for 2010
		Market venues successfully to corporate and other non-arts clients	On schedule for 2010
GOAL THREE	Provision of a wide range of culturally diverse programming at diverse price points, to make many of the performances at the MRC accessible to the broad community	Review program strategies and plan to match resources available	New pattern of sustainable programming to be in place for balance of 2010
		Continue to build MRC membership	Reach a target of 500 by December 2009
		Successfully sell wide range of events	Improved penetration of non-traditional audiences for 'classical' music
GOAL FOUR	Maximisation of ancillary commercial opportunities including food and beverage, retail, recording and broadcasting opportunities	Complete renewed consultancy regarding F&B operator	Complete bar fit out and initiate full liquor sales by December 2009
		Complete café fit out	Postponed pending the necessary investors
GOAL FIVE	Maximisation of private sector fundraising, involving infrastructure naming rights, services in-kind, financial support for programming packages and philanthropic donations	Continue contributions to Capital Fund	Ongoing
		Continue contributions to Endowment Fund	Ongoing
		Launch annual giving	By December 2009 provided appropriate resources are in place

Financial Summary

{THREE YEAR FINANCIAL SUMMARY}

	2009	2008	2007
Revenue from Government	5,730,000	6,173,000	2,615,127
Total income from transactions	8,097,224	8,332,015	2,956,565
Total expenses from transactions	7,868,319	2,148,101	915,777
Net result from transactions	228,905	6,183,914	2,040,788
Net result for the period	228,905	6,183,914	2,040,788
Net cash flow from operating activities	1,406,919	6,136,533	2,125,091
Total assets	10,088,439	8,486,215	2,181,309
Total liabilities	1,634,832	261,513	140,521

{CURRENT YEAR FINANCIAL REVIEW}

OVERVIEW

The 2008–09 net result from transactions of \$228,905 was \$5,955,009 less than the result for 2007–08 due to the increase in expenses related to the commencement of operations in Melbourne Recital Centre venues during the financial year.

Total assets increased by \$1,602,224, reflecting the increase in assets as an operating performance venue.

Net cash flows from operating activities of \$1,406,919 reflected the further acquisition of assets and commencement of operations in Melbourne Recital Centre venues during the financial year.

FINANCIAL PERFORMANCE AND BUSINESS REVIEW

The net result reduced considerably from the previous year due to revenue from Government being \$443,000 lower and expenditure being \$5,720,218 higher, associated with the commencement of operations.

FINANCIAL POSITION BALANCE SHEET

Net assets increased marginally by \$228,905 during the year. This was the result of current assets reducing by \$1,714,920, non-current assets increasing by \$3,317,144, and current liabilities increasing by \$1,304,355. The increase in non-current assets was plant, property and equipment acquired and commissioned for the commencement of operations at Melbourne Recital Centre venues.

CASH FLOWS

The overall cash deficit for the year was \$2,106,636. The net cash flow from operating activities of \$1,406,919 was \$4,909,614 less than the previous year and was primarily due to payments to suppliers increasing by \$4,000,382 to \$5,488,162, partially offset by receipts from customers for the first time of \$1,437,695. The net cash used in investing activities increased to \$3,508,204, due to increases in plant, property and equipment.

Statement of Corporate Governance

MANNER OF ESTABLISHMENT

Melbourne Recital Centre was registered on 2 March 2006 with the sole member being the State of Victoria, represented by the Minister for the Arts.

The Directors of Melbourne Recital Centre 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

OBJECTS OF THE COMPANY

The objects of Melbourne Recital Centre include 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 Melbourne Recital Centre; and
- planning and managing the operations of Melbourne Recital Centre.

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 *Corporations Act 2001* (Cth) 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.

COMMITTEE OF MANAGEMENT – MELBOURNE RECITAL CENTRE LAND AND BUILDING

On 23 October 2008 the Melbourne Recital Centre land at Southbank (Crown Allotment 2180, City of South Melbourne, Parish of Melbourne South) was temporarily reserved for public purposes (arts and recital centre). The Minister for Environment and Climate Change appointed Melbourne Recital Centre as the Committee of Management for that reserve with effect from that date. The Melbourne Recital Centre Committee of Management is the Board of Directors of Melbourne Recital Centre.

BOARD COMMITTEES

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

- Governance, Audit and Risk Committee
- Building Committee
- Artistic Committee
- Endowment Fund Committee

In addition, management have established an Occupational Health & Safety Consultative Committee and an Environmental Sustainability Committee.

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 2008/09 to which the VIPP applies.

WHISTLEBLOWERS PROTECTION ACT 2001

The *Whistleblowers Protection Act 2001* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

Melbourne Recital Centre does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment. Melbourne Recital Centre will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure.

REPORTING PROCEDURES

Disclosures of improper conduct or detrimental action by Melbourne Recital Centre or its employees may be made to the following officers:

The Protected Disclosure Officer

Mr Philip Bird, Corporate Services Manager
Melbourne Recital Centre
Phone: 03 9699 2228

Alternatively, disclosures of improper conduct or detrimental action by Melbourne Recital Centre or its employees may also be made directly to the Ombudsman.

The Ombudsman Victoria

Level 9, 459 Collins Street (North Tower)
Melbourne VIC 3000
Telephone: 03 9613 6222
Toll free: 1800 806 314
Internet: ombudsman.vic.gov.au
Email: ombudvic@ombudsman.vic.gov.au

FURTHER INFORMATION

Written guidelines outlining the system for reporting disclosures of improper conduct or detrimental action by Melbourne Recital Centre or its employees are available for public perusal.

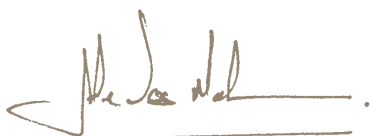
{DISCLOSURES UNDER THE WHISTLEBLOWERS PROTECTION ACT}

The current procedures established by the public body under Part 6 are available upon request

THE NUMBER AND TYPES OF DISCLOSURES MADE TO PUBLIC BODIES DURING THE YEAR:	2008–09 NUMBER	2007–08 NUMBER
Public Interest Disclosures	0	0
Protected Disclosures	0	0
The number of disclosures referred during the year by the public body to the Ombudsman for determination as to whether they are public interest disclosures	0	0
The number and types of disclosed matters referred to the public body by the Ombudsman for investigation	0	0
The number and types of disclosures referred by the public body to the Ombudsman for investigation	0	0
The number and types of investigations taken over from the public body by the Ombudsman	0	0
The number of requests made by a whistleblower to the Ombudsman to take over an investigation by the public body	0	0
The number and types of disclosed matters that the public body has declined to investigate	0	0
The number and types of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation	0	0
Any recommendations made by the Ombudsman that relate to the public body:		
Recommendation regarding file security and management	0	0

ATTESTATION ON COMPLIANCE WITH THE AUSTRALIAN/NEW ZEALAND RISK MANAGEMENT STANDARD

I, Jacques de Vos Malan certify that Melbourne Recital Centre has risk management processes in place consistent with the *Australian/New Zealand Risk Management Standard* (or equivalent designated standard) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Audit Committee verifies this assurance and that the risk profile of Melbourne Recital Centre has been critically reviewed within the last 12 months.



DR JACQUES DE VOS MALAN
CHIEF EXECUTIVE OFFICER
MELBOURNE RECITAL CENTRE

23 October 2009

INTERNAL AUDIT

Melbourne Recital Centre's internal auditor Grant Thornton who evaluated the company's internal controls has subsequently developed an audit plan, having due regard to the company's risk management program.

WORKFORCE DATA

At 30 June 2009, there was 21 full time staff, 2 part time staff, and 60 casual staff. The 21 full time staff and 2 part time staff are all under fixed term contracts. The full time equivalent (FTE) staff at 30 June 2009 was 36.62. This has increased from 11 full time equivalent staff at 30 June 2008.

EMPLOYMENT AND CONDUCT PRINCIPLES

Staff are appointed under fixed term or casual contracts and are bound by the *Code of Conduct for Victorian Public Sector Employees*.

OCCUPATIONAL HEALTH AND SAFETY POLICY

An Occupational Health and Safety Consultative Committee has been established and has created occupational health and safety policies and procedures for the Melbourne Recital Centre building. During the period there were no lost work days and no assessments regarding risk management. During this period staff turnover was one full time staff member and 12 casual staff members.

DISABILITY ACTION PLAN

Melbourne Recital Centre consulted with Arts Access regarding the design and layout and we have taken their advice in the development of our ticketing and seating procedures. MRC is currently working on finalising our Disability Action Plan following the successful launch of operations in 2009. Our Disability Action Plan is due for completion in the next financial year. MRC is committed to making our performances, services and facilities accessible to all our patrons.

COMPLIANCE WITH THE BUILDING ACT 1993

Pursuant to its role as Committee of Management for the Melbourne Recital Centre building, Melbourne Recital Centre complies with building and maintenance provisions of the *Building Act 1993*.

ENVIRONMENTAL PERFORMANCE AND OFFICE BASED ENVIRONMENTAL IMPACTS

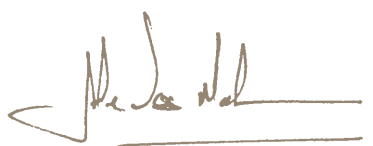
Melbourne Recital Centre is committed to creating an environmentally sustainable performance venue which minimises the environmental impacts from all aspects of its operations, facilities and programs. We aim to use our resources more efficiently and reduce our everyday environmental impacts and promote an environmentally sustainable future for our staff and community. MRC's Environmental Sustainability Committee endeavours to comply and be aligned with the vision and objectives contained in Victoria's Environmental Framework – *Our Environment Our Future* and is an active participant in the Victorian Government's *ResourceSmart* initiative. As the MRC team has not occupied the MRC building for a complete year, it is difficult to provide an accurate report of the environmental impacts. Over the coming financial period MRC is committed to report in more detail on these aspects.

CONSULTANTS

Melbourne Recital Centre engaged one consultant during the period who was paid \$15,000.

ACCOUNTABLE OFFICER'S DECLARATION

In accordance with *Financial Management Act 1994* this operations report for Melbourne Recital Centre for the year ended 30 June 2009 is correct to my knowledge.



DR JACQUES DE VOS MALAN
CHIEF EXECUTIVE OFFICER
MELBOURNE RECITAL CENTRE

23 October 2009

Our People 2008–09

PATRON

Dame Elisabeth Murdoch AC DBE

BOARD OF DIRECTORS

Jim Cousins AO *Chairman*

Mary Waldron *Deputy Chair*

Matt Zema *Deputy Chair*

Caroline Almonte (term expired 2 March 2009)

Julie Kantor

Sally Macindoe (term expired 2 March 2009)

Race Mathews (term expired 2 March 2009)

Ian McRae (resigned 4 March 2009)

Bill McHarg

Campbell Rose (term expired 2 March 2009)

BOARD COMMITTEES

Governance, Audit and Risk Committee

Mary Waldron *Chair*

Matt Zema

Jim Cousins AO

Building Committee

Jim Cousins AO *Chairman*

Bill McHarg

Race Mathews (term expired 2 March 2009)

Matt Zema

Artistic Committee

Race Mathews *Chairman* (term expired 2 March 2009)

Caroline Almonte (term expired 2 March 2009)

Ian McRae (resigned 4 March 2009)

Endowment Fund Committee

Jim Cousins AO *Chairman*

Julie Kantor

Bill McHarg

Campbell Rose (term expired 2 March 2009)

ARTISTIC ADVISORY GROUP

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

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

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

CULTURAL DIVERSITY

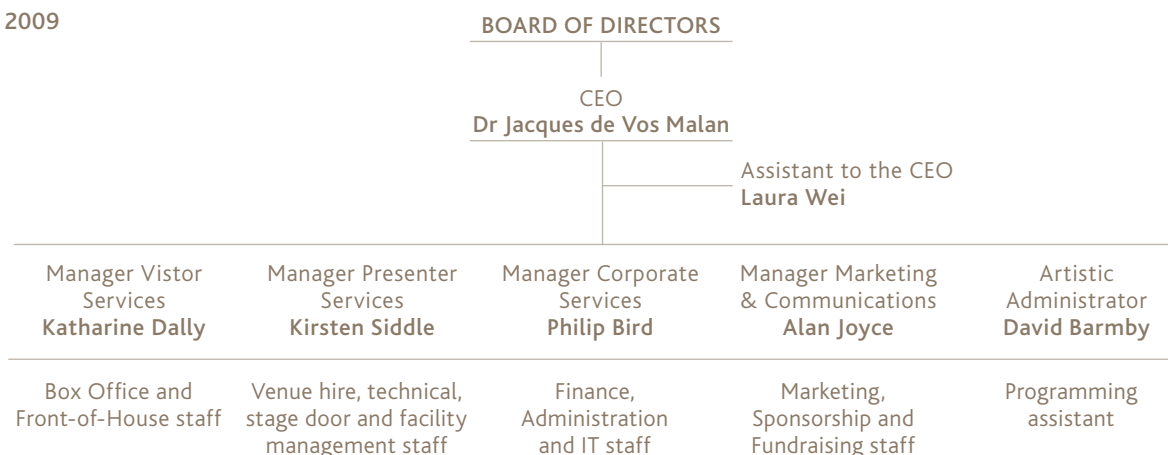
Melbourne Recital Centre has recruited a number of employees who speak languages other than English.

The artistic programs delivered in 2008/09 included music and performers from a diverse range of cultures.

When appropriate, the Centre provides communications, program notes, signage and announcements in languages other than English.

STAFF STRUCTURE

June 2009



STAFF

Jenny Abbott	Camilla Jackson
Harriet Alexander	Robbie James
Terri Atkinson	Chloe John
Davin Baker	Martyn Jones
David Barmby	Alan Joyce
Ian Barnes	Katinka Kastner
Jason Beard	David Kennar
Chris Bertram	Andrew Kiley
Philip Bird	Heidi Kozar
Alistaire Bowler	Evan Lawson
Annelise Bushby	Angus Li
Yao Cheng	Sasha Lipus
Marco Cher-Gibard	Bridget Mackey
Chris Clark	Ray Manley
Chris Cody	Fleur McArthur
Gideon Cozens	Penny McCabe
Katharine Dally	Kate Millard
John Davidson	Isabella Morand
Jacques de Vos Malan	Piers Morgan
Kevin de Silva	Gillian Mulholland
Angela Dennis	Elena Nikolaeva
Elio Di Risio	Tom Oliver
Beth Donnelly	Safiye Ovacik
Ben Elwood	John Quick
Amandine Evans	Erin Renwick
Edward Ferris	Sarah Reynolds
Jasmine Fisher	Chris Rickerby
Michael Fitzmaurice	Peter Ritchie
Ashleigh Flanders	Zoe Rotthier
Jess Fotinos	Adam Santilli
Felicity Freeman	Roger Serong
Ellen Gales	Kirsten Siddle
Chloe Gestier	Katie Skillington
Smiljana Glisovic	Lucy Smith
Libby Gott	Jim Stewart
Harriet Gregory	Paul Terrell
MaryRose Harrison	Daniel Todd
David Harrod	Sarah Trevorrow
Daniel Hawkins	Jeannie Van de Velde
Luke Hawley	Dallas Walding
Bernard Hellier	Laura Wei
Jy Hildred	Alan Weng
Claire Hinchey	Amy Williamson
Verity Hollingworth	Louise Woodward
Alina Hoyne	Chris Wright
Laura Hughes	Debbie Zukerman

BUSINESS PARTNERS

MRC has sought to create business partnerships with like-minded and premium branded companies and our program actively works with them to create unique opportunities for promotions and mutual benefits:

Audi Australia – This Principal Partnership involves the naming of the Audi Foyer, supply of an Audi vehicle for MRC Presenter Services, attendance at concerts and the hosting of special events. A highlight for 2009 was the hosting at MRC of the National Audi Dealer of the Year with entertainment from TaikOz drummers.

Etihad Airways – MRC launched this Partnership in May 2009. As a premium international airline this forges relationships through Abu Dhabi and the rest of the world.

Bang & Olufsen, Yarra Yering and JCDecaux – Bang & Olufsen provided monitors and audio equipment in major MRC public areas and hosted the launch of their new audio system prior to performances by Concertino Copenhagen. Yarra Yering provided premium wine for all MRC hospitality; they also launched their new vintages at MRC prior to Imogen Cooper's recital. As a media partner JCDecaux provided significant outdoor poster exposure for *Opus '09 No1 and No2*.

PRINCIPAL GOVERNMENT PARTNER

**ARTS
VICTORIA**



PRINCIPAL PARTNER



Audi

INTERNATIONAL AIRLINE PARTNER



OUR PARTNERS



BANG & OLUFSEN



SUPPORTERS

The Kantor Family
The Calvert-Jones Family
Helen Macpherson Smith Trust
Robert Salzer Foundation
Lyn Williams

“Bravo MRC!
Long may you
flourish and
transform lives...”

{GEOFFREY LANCASTER
— KEYBOARD}



Our Business 2008–09

CORPORATE SERVICES

The Corporate Services team includes three staff and is headed up by the Corporate Services Manager Philip Bird FCPA. Philip is also Chief Financial Officer for the company. The team is responsible for many company-wide matters, ranging from IT and finance to office administration. Some of the milestones of the past year have included: successfully bringing general ledger and payroll functions in-house, after these were performed externally on a bureau basis; seamlessly relocating the MRC IT system to the new building; fitting out the MRC administration offices in advance of the complete relocation of all staff in December 2008; and the implementation of systems and processes to provide more rapid event settlement to hirers.

VISITOR SERVICES

The twin areas of Box Office and Front-of-House are managed by Katharine Dally, Visitor Services Manager. This busy team of 45 (including full time and casual staff) has notched up significant achievements in the past year, including establishing an independent service in the highly-competitive world of ticketing, through integrated phone, internet and counter services with advanced CRM capabilities to grow our relationship with our audience into the future; providing daily front of house operations; and implementing the launch of the MRC membership program, to offer a more personalised relationship with the Centre for our core patrons.

PRESENTER SERVICES

Kirsten Siddle is the Manager of Presenter Services, which comprises a team of 30 staff. Since opening, the team has delivered a great number of complex events involving artists from all over Australia and the world. The variety of productions has shown off the true flexibility of both the Elisabeth Murdoch Hall and Salon. Highlights of our first six months have included the busy *Open Days*, TaikOz & Kodo, the *Melbourne International Jazz Festival*, our Easter Festival *Walk to the Field of Stars*, Kronos Quartet and the Audi Dealer of the Year Awards. The team has also worked hard to foster collaborative relationships with our presenting clients; close out the construction defects process; manage multiple small construction projects; and procure the

necessary operating equipment; as well as developing our ability to produce commercial-quality recordings, web streaming and pod-casting.

PROGRAMMING

David Barmby has served as MRC's Artistic Administrator throughout the inaugural seasons, programming more than 100 concerts, which experimented with a wide range of genres, repertoire and concert patterns. These two seasons have given many young and established Australian and international artists the opportunity to perform in the new venues and they have shown how successful the Salon and Elisabeth Murdoch Hall are as performance venues for Western 'classical' music, jazz and the music of the different cultures represented in Victoria.

MARKETING, COMMUNICATIONS & SPONSORSHIP

The Marketing and Communications team is managed by Alan Joyce. This team of three developed and delivered the 2008/09 *Marketing and Communications Strategy*, focusing resources in the four key areas of: corporate communications; marketing campaigns; customer relationship marketing; and new media. In creating a unique brand this year has seen distinctive marketing material to promote *Opus '09 No1 and 2*, including an eight-page panorama poster inserted in *The Age* and an eight-page editorial feature in the *Herald Sun*. Some of the successes of the team include: *Opus* brochures distributed to 45,000 patrons; the MRC Monthly eNews, which now reaches more than 6000 patrons. The MRC website saw a 69% increase in traffic from January to June 2009 and now regularly attracts 20,000 sessions per month. Alan Joyce also heads the Corporate Sponsorship drive and, together with our very active Chairman, has successfully built significant business partnerships with a number of companies.

In 2009 MRC undertook its first audience segmentation profiling using the Mosaic *Geodemographic Neighbourhood Classification*. The findings indicated MRC audiences comprise not only traditional music lovers who tend to be more mature and affluent, but also new patrons representing both a younger age group and those from culturally diverse backgrounds. These insights will assist MRC to ensure its programming and communications resonate with these diverse audience groups.



Design and Construction

In August 2003 we received confirmation that we had been selected as Architects for the new Melbourne Recital Hall. This was an exhilarating phone call for us, but we were also daunted by the challenge. Those who had worked to get the new Hall onto the Government capital works program set an example of the persistence we would need to complete the project successfully. And, after listening to the dreams of the 120 stakeholders from Victoria's music community, we realised the enormity of what was to be done. To create the Melbourne Recital Centre was hard work. A project of such complexity and extraordinary technical requirements demands a prolonged intensity and commitment by all concerned, something that we believe was certainly achieved here. We are tremendously proud of the result and grateful for our part in preparing this gift for the city and to music lovers everywhere.

It is now an enormous pleasure to be part of the audience in Melbourne's newest cultural facility, hearing the Elisabeth Murdoch Hall and the Salon performing as we dreamt they would on the long path from the first sketched ideas to the opening bars of *Song of the Yarra* on February 8th. Over the past seven months, it has been a humbling experience to hear praise for the Hall from performers and audiences, from world renowned virtuosos and from local music lovers, and be reminded that we were a part of the making of this new cultural institution.

IAN MCDUGALL
PROJECT DIRECTOR
ASHTON RAGATT MCDUGALL

YARRA ARTS PROJECT CONTROL GROUP

Jim Cousins AO *Chairman, Melbourne Recital Centre*

David Percival *Vice-Principal & Chief Financial Officer, University of Melbourne (to 1 July 2009)*

John Wiles *Deputy Director, Major Projects Victoria*

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

PROJECT MANAGER

Major Projects Victoria

ARCHITECTS

Ashton Ragatt McDougall (ARM)

ACCOUSTIC CONSULTANT

Arup Acoustics

CONSTRUCTION

Bovis Lend Lease

AWARDS RECEIVED IN 2009

Melbourne Recital Centre and MTC Theatre

- *Property Council of Australia/Rider Levett Bucknall Innovation & Excellence Awards 2009*
- *Moore Stephens Award for Public Buildings* (Bovis Lend Lease, Major Projects Victoria & ARM)

NOMINATIONS RECEIVED

(AWARDS YET TO BE ANNOUNCED)

Melbourne Recital Centre and MTC Theatre

The project has been shortlisted for the following awards:

- *Master Builders Association of Victoria Excellence in Construction Awards 2009*
- *Australian Institute of Architecture (Victorian Chapter) Awards 2009*
- *The Melbourne Awards*
- *Australian Institute of Architects' National Architecture Awards*
- *Victorian Engineering Excellence Awards 2009*
- *World Architecture Festival*



{MELBOURNE RECITAL CENTRE}
ABN 46 118 617 619

Financial Report for the Financial Year ended 30 June 2009



Directors' Report

The Directors present this report on the company for the financial year ended 30 June 2009.

DIRECTORS

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

Jim Cousins AO (*Chairman*)

Caroline Almonte (*term expired 2 March 2009*)

Tom Bonvino (*appointed 18 September 2009*)

Hon. Mary Delahunty (*appointed 18 September 2009*)

John Higgs (*appointed 18 September 2009*)

Julie Kantor

Sally Mcindoe (*term expired 2 March 2009*)

Race Matthews (*term expired 2 March 2009*)

Ian McRae (*resigned 4 March 2009*)

Bill McHarg

Dr Richard Mills AM (*appointed 18 September 2009*)

Harold Mitchell AO (*appointed 18 September 2009*)

Campbell Rose (*term expired 2 March 2009*)

Mary Waldron

Matt Zema

Directors have been in office since 1 July 2008 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.

MEMBERSHIP OF MELBOURNE RECITAL CENTRE

Melbourne Recital Centre 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. On 7 November 2008 ASIC granted the company an exception to the requirement to use 'limited' in its name.

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial period was planning and managing the operations of Melbourne Recital Centre.

During the financial period the company commenced operations in the Melbourne Recital Centre building.

OPERATING RESULTS

The surplus of the company amounted to \$228,905.

DIVIDENDS PAID OR RECOMMENDED

In line with the Constitution of Melbourne Recital Centre no part of the income or property was paid, transferred or distributed, directly or indirectly, by way of dividend, bonus, or other profit distribution to any of the members or directors during the financial year.

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.

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, 12 meetings of directors were held. Attendances by each director were as follows:

DIRECTORS MEETINGS	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Jim Cousins AO	12	12
Caroline Almonte	8	5
Julie Kantor	12	9
Sally Mcindoe	8	8
Ian McRae	8	8
Race Mathews	8	8
Bill McHarg	12	12
Campbell Rose	8	6
Mary Waldron	12	10
Matt Zema	12	10

DIRECTORS' BENEFITS

Directors' benefits are set out in note 17 to the financial statements.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial period \$6,722 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 against certain personal liabilities that they may incur by reason of their duties as directors and officers.

AUDITOR'S INDEPENDENCE DECLARATION

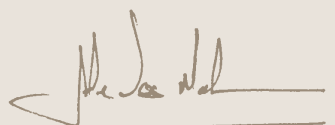
The lead auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 26 of this report.

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



DIRECTOR
MARY WALDRON

23 October 2009



CEO
DR JACQUES DE VOS MALAN

23 October 2009

VAGO

Victorian Auditor-General's Office

AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

To the Directors of Melbourne Recital Centre

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 the Melbourne Recital Centre for the year ended 30 June 2009, 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
27 October 2009



D D R Pearson
Auditor-General

{MELBOURNE RECITAL CENTRE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009}

	NOTE	2009 \$	2008 \$
REVENUE			
Revenue from government and other grants	2	5,730,000	6,173,000
Other revenue	2	2,367,224	2,159,015
Total Revenue		8,097,224	8,332,015
EXPENSES			
Employee benefits expense	3	2,302,513	726,075
Finance costs	3	21,022	3,601
Supplies and consumables		2,331,866	532,483
Training expense		30,773	34,774
Artistic and production costs		1,606,147	-
Building Occupancy		571,708	-
Audit, legal and consultancy expense	3	781,991	822,024
Depreciation	19	218,196	29,101
Other expenses		4,103	43
Total Expenses		7,868,319	2,148,101
Net Surplus for the year	11	228,905	6,183,914

The operating statement should be read in conjunction with the accompanying notes on pages 30 to 45.

{MELBOURNE RECITAL CENTRE BALANCE SHEET AS AT 30 JUNE 2009}

	NOTE	2009 \$	2008 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	5,522,237	7,628,873
Trade and other receivables	5	289,368	–
Inventories		47,302	–
Current tax assets – GST receivable		109,220	72,892
Other current assets	6	19,518	800
TOTAL CURRENT ASSETS		5,987,645	7,702,565
NON-CURRENT ASSETS			
Property, plant and equipment	19	4,100,794	188,175
Other non-current assets	7	–	595,475
TOTAL NON-CURRENT ASSETS		4,100,794	783,650
TOTAL ASSETS		10,088,439	8,486,215
CURRENT LIABILITIES			
Trade and other payables	8	1,058,953	228,022
Venue Hire and Ticket Sales Deposits	9	371,087	–
Lease liabilities	14	5,766	–
Provisions	10	130,062	33,491
TOTAL CURRENT LIABILITIES		1,565,868	261,513
NON-CURRENT LIABILITIES			
Lease liabilities	14	16,019	–
Provisions	10	52,945	–
TOTAL NON-CURRENT LIABILITIES		68,964	–
TOTAL LIABILITIES		1,634,832	261,513
NET ASSETS		8,453,607	8,224,702
EQUITY			
Accumulated surplus	11	5,778,685	6,117,736
Public Fund	13	2,674,922	2,106,966
TOTAL EQUITY		8,453,607	8,224,702

The balance sheet should be read in conjunction with the accompanying notes on pages 30 to 45.

{MELBOURNE RECITAL CENTRE STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009}

	NOTE	EQUITY AT 1 JULY 2008	NET SURPLUS FOR THE YEAR	TRANSFERS BETWEEN RESERVES	EQUITY AT 30 JUNE 2009
Accumulated surplus/ (deficit)	11	6,117,736	228,905	(567,956)	5,778,685
Public Fund	13	2,106,966	–	567,956	2,674,922
Total equity at end of financial year		8,224,702	228,905	–	8,453,607

	NOTE	EQUITY AT 1 JULY 2007	NET SURPLUS FOR THE YEAR	TRANSFERS BETWEEN RESERVES	EQUITY AT 30 JUNE 2008
Accumulated surplus/ (deficit)	11	1,790,788	6,183,914	(1,856,966)	6,117,736
Public Fund	13	250,000	–	1,856,966	2,106,966
Total equity at end of financial year		2,040,788	6,183,914	–	8,224,702

The statement of changes in equity should be read in conjunction with the accompanying notes on pages 30 to 45.

{MELBOURNE RECITAL CENTRE CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009}

	NOTE	2009 \$	2008 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Grants from Victorian Government		5,678,000	6,173,000
Payments to suppliers		(5,488,162)	(1,487,780)
Payments to employees		(1,997,780)	(669,558)
Receipts from Customers		1,437,695	–
Fundraising and Sponsorship		794,806	1,900,355
Interest received		370,701	255,183
Finance costs		(21,022)	(3,601)
GST Refunded		632,681	148,934
Net cash provided by operating activities	18(b)	1,406,919	6,316,533
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for deposits on musical instruments		–	(272,748)
Payment for purchase of property, plant and equipment		(3,508,204)	(217,276)
Net cash used in investing activities		(3,508,204)	(490,024)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of finance leases		(5,351)	–
Net cash used in financing activities		(5,351)	–
Net increase in cash and cash equivalents held		(2,106,636)	5,826,509
Cash and cash equivalents at the beginning of the financial year		7,628,873	1,802,364
Cash and cash equivalents at the end of the financial year	4,18(a)	5,522,237	7,628,873

The cash flow statement should be read in conjunction with the accompanying notes on pages 30 to 45.

{NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009}

**NOTE 1:
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards (AAS), which includes the Australian accounting standards issued by the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*.

The financial report also complies with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SD) authorised by the Minister for Finance.

The financial report is for Melbourne Recital Centre as an individual company, incorporated and domiciled in Australia. Melbourne Recital Centre 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

The financial report has been prepared on a historical cost basis, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of AASs, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

ACCOUNTING POLICIES

a. Revenue

Grant revenue is recognised in the operating statement when it is controlled.

Fundraising and sponsorship are recognised as revenue when received.

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 commercial operations 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. Property, Plant and Equipment

Each class of property, plant and equipment is initially measured at cost and subsequently revalued at fair values less, where applicable, accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured at fair value less accumulated 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 assets' 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.

Depreciation

The depreciable amount (cost less residual value) of all plant, property and equipment 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.

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

CLASS OF ASSET	DEPRECIATION RATE	
	2009	2008
Building fit out	2.5% – 5%	–
Venue furniture and equipment	5% – 25%	–
Office furniture and equipment	5% – 33.33%	13.33% – 66.67%
Musical instruments	5% – 10%	–
Cultural assets	Nil	–
Motor vehicles	17.67%	–

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 deducting the carrying amount from the proceeds. 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.

c. 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 recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum lease payments are allocated between the principal component of the lease liability, and the interest expense calculated using the interest rate implicit in the lease, and charged directly to the operating statement.

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.

Future lease payment liabilities for both finance and operating leases are included as lease liabilities in the balance sheet.

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

d. Financial Instruments

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. Financial assets are assessed at each balance date as to whether a financial asset or group of financial assets are impaired.

Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any accumulated impairment.

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, less any accumulated impairment.

Interest bearing liabilities

Non-derivative financial liabilities are initially measured at fair value, then subsequently measured 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.

e. Impairment of Assets

All other assets are assessed annually for indications of impairment, except for financial assets refer Note 20.3.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an other economic flow, except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable 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.

f. Employee Benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Superannuation

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

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability – unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Company 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:

- present value – component that the Company does not expect to settle within 12 months; and
- nominal value – component that the Company expects to settle within 12 months.

Non-current liability – conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised in the operating statement.

Employee benefits on costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

g. 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, including GST payable.

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at-call with banks.

i. Doubtful Debts and Bad Debts

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

j. 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 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 condition which arose after the reporting date and which may have a material impact on the results of subsequent years.

k. Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Commitments and contingent assets or liabilities are presented on a gross basis.

l. 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*.

m. Comparative Figures

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

n. Economic Dependence

Melbourne Recital Centre is dependent on Arts Victoria for the majority of its funding required 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.

o. Finance Costs

Finance Costs are recognised as expenses in the period in which they are incurred.

p. Functional and presentation currency

The functional currency of the Company is the Australian dollar, which has also been identified as the presentation currency of this Company.

q. Supplies and services

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

r. Public Fund

The company is required by its constitution to maintain a public fund, a separate bank account into which all donations of cash and property and all proceeds derived there from including interest, income or money from the realisation of property are paid. The Public Fund is only used to further the company's objectives. In the event of the winding up of the public fund, or the public fund ceasing to be on the register of cultural organisations, or the company ceasing to be endorsed as a deductible gift recipient any surplus of assets of the Public Fund must be transferred to a public fund: which is charitable at law; and gifts to which can be deducted under Subdivision 30-B due to it being listed on the register of cultural organisations, as the members of the company decide.

s. Inventories

Inventories include goods and other property held either for sale in the ordinary course of business operations and excludes depreciable assets.

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.

t. New accounting standards and interpretations

As at 30 June 2009 a number of standards and interpretations applicable to the company had been issued but were not mandatory for financial years ending 30 June 2009. The company has not, and does not intend to adopt these standards early.

The financial report was authorised for issue on 22 October 2009 by the board of directors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

NOTE 2: REVENUE	2009 \$	2008 \$
REVENUE FROM GOVERNMENT GRANTS		
State government grants	5,730,000	6,173,000
	5,730,000	6,173,000
OTHER REVENUE		
Fundraising and Sponsorship	818,806	1,900,355
Interest received	370,701	255,183
Commercial operations	1,174,632	–
Other Income	3,085	3,477
	2,367,224	2,159,015
Total Revenue	8,097,224	8,332,015

NOTE 3: EXPENSES	2009 \$	2008 \$
FINANCE COSTS		
	21,022	3,601
EMPLOYEE BENEFITS		
Salaries, wages and long service leave	2,071,107	672,577
Defined contribution superannuation plans	231,406	53,498
Total employee benefits	2,302,513	726,075
AUDITORS REMUNERATION		
External audit services (Victorian Auditor – General's Office)	29,500	23,400
Internal audit services	22,718	27,437
Total Auditors Remuneration	52,218	50,837

NOTE 4: CASH AND CASH EQUIVALENTS	2009 \$	2008 \$
Cash at bank – Trading Accounts	1,782,608	5,520,760
Cash at bank – Public Fund	2,724,819	2,106,966
Cash at bank – Cheque Account (EFT)	73	235
Cash at bank – Venue Hire and Ticket Sales Deposit Accounts	533,344	–
Cash on hand	11,393	912
Term deposit	470,000	–
	5,522,237	7,628,873

NOTE 5: TRADE AND OTHER RECEIVABLES	2009	2008
	\$	\$
Debtors	297,413	-
Less Provision for Doubtful Debts	(8,045)	-
	289,368	-

(A) MOVEMENT IN PROVISION FOR DOUBTFUL DEBTS

Balance at beginning of the year	-	-
Increase in provision recognised in the net result	8,045	-
Balance at end of the year	8,045	-

(B) AGEING ANALYSIS OF CONTRACTUAL ASSETS

Please refer to Table 20.3 in Note 20 for the ageing analysis of contractual assets.

(C) NATURE AND EXTENT OF RISK ARISING FROM CONTRACTUAL ASSETS

Please refer to Note 20 for the nature and extent of credit risk arising from contractual assets.

NOTE 6: OTHER CURRENT ASSETS	2009	2008
	\$	\$
Security deposit	800	800
Prepayments	18,718	-
	19,518	800

NOTE 7: OTHER NON-CURRENT ASSETS	2009	2008
	\$	\$
Deposits on purchases of assets	-	595,475
	-	595,475

NOTE 8 : TRADE AND OTHER PAYABLES	2009	2008
	\$	\$
Trade payables	847,219	171,505
Employee benefits	211,734	56,517
	1,058,953	228,022

(A) MATURITY ANALYSIS OF CONTRACTUAL PAYABLES

Please refer to Table 20.4 in Note 20 for the maturity analysis of contractual payables.

(B) NATURE AND EXTENT OF RISK ARISING FROM CONTRACTUAL PAYABLES

Please refer to Note 20 for the nature and extent of risks arising from contractual payables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

NOTE 9: VENUE HIRE AND TICKET SALES DEPOSITS HELD	2009	2008
	\$	\$
Venue Hire Deposits	158,232	–
Ticket Sales Deposits	212,855	–
	371,087	–

NOTE 10: PROVISIONS	2009	2008
	\$	\$
CURRENT		
Employer benefits – annual leave entitlements	117,173	33,078
Provision related to employee benefits on costs	12,889	413
Total Current Provisions	130,062	33,491
NON CURRENT		
Employer benefits – conditional long service leave entitlements	47,698	–
Provision related to employee benefits on costs	5,247	–
Total Non Current Provisions	52,945	–
TOTAL PROVISIONS	183,007	33,491
Balance at beginning of the year	33,491	5,094
Increase in provision recognised in the net result	149,516	28,397
Balance at end of the year	183,007	33,491

NOTE 11: STATEMENT OF CHANGES IN EQUITY

The surplus of \$567,956 (\$1,856,966 in 2007–08) attributable to the Public Fund has been transferred from the Accumulated surplus/(deficit) to the Public Fund.

NOTE 12: COMMITMENTS FOR EXPENDITURE

The following commitments have not been recognised as liabilities in the financial statements.

	2009	2008
	\$	\$
CAPITAL COMMITMENTS PAYABLE		
Not later than one year	–	428,490
Later than one year but not later than five years	–	–
TOTAL CAPITAL COMMITMENTS	–	428,490
EXPENDITURE COMMITMENTS PAYABLE (These relate to non-cancellable contracts for artistic advisors, information technology contractor, and for equipment hire):		
Not later than one year	110,762	307,486
Later than one year but not later than five years	82,018	179,234
TOTAL EXPENDITURE COMMITMENTS	192,780	486,720
TOTAL COMMITMENTS FOR EXPENDITURE (INCLUSIVE OF GST)	192,780	915,210
LESS GST RECOVERABLE FROM THE AUSTRALIAN TAXATION OFFICE	(16,065)	(70,349)
TOTAL COMMITMENTS FOR EXPENDITURE (EXCLUSIVE OF GST)	176,715	844,861

Finance lease commitments are disclosed in note 14.

OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**NOTE 13: PUBLIC FUND**

	2009	2008
	\$	\$
REVENUE		
Fundraising and private donations	594,806	1,885,355
Interest	123,680	47,181
Total Revenue	718,486	1,932,536
EXPENSES		
Music Commission	20,000	–
Art Commission	130,530	75,570
Total Expenses	150,530	75,570
Net Surplus for the year	567,956	1,856,966

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

BALANCE SHEET AS AT 30 JUNE 2009

	2009 \$	2008 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,724,819	2,106,966
Other current assets	103	–
TOTAL CURRENT ASSETS	2,724,922	2,106,966
TOTAL ASSETS	2,724,922	2,106,966
LIABILITIES		
Receipt to be transferred to MRC operations bank account	50,000	–
TOTAL LIABILITIES	50,000	–
NET ASSETS	2,674,922	2,106,966
EQUITY		
Public Fund	2,674,922	2,106,966
TOTAL EQUITY	2,674,922	2,106,966

NOTE 14: LEASES

	MINIMUM FUTURE LEASE PAYMENTS ^(A)	PRESENT VALUE OF MINIMUM FUTURE LEASE PAYMENTS
	2009	2009
FINANCE LEASE LIABILITIES PAYABLE		
– Not longer than one year	7,205	5,766
– Longer than one year and not longer than five years	16,310	16,019
– Longer than five years	0	0
MINIMUM FUTURE LEASE PAYMENTS	23,515	21,785
Less future finance charges	(1,730)	21,785
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	21,785	
Included in the financial statements as:		
Lease Liabilities – Current		5,766
Lease Liabilities – Non Current		16,019
Finance lease relates to a motor vehicle lease.		

NOTE 15: EVENTS AFTER THE BALANCE DATE

Since 30 June 2009, there are no matters or circumstances that have arisen that require adjustments to or disclosure in the financial statements.

NOTE 16: 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. Lynne Kosky

Amounts relating to the Minister's remuneration are reported in the financial statements of the Department of Premier and Cabinet.

Responsible Persons

Jim Cousins AO <i>Chairman</i>	Ian McRae (until 4 March 2009)
Mary Waldron <i>Company Secretary</i>	Bill McHarg
Caroline Almonte (until 2 March 2009)	Race Mathews (until 2 March 2009)
Julie Kantor	Campbell Rose (until 2 March 2009)
Sally Macindoe (until 2 March 2009)	Matt Zema

Accountable Officer Dr Jacques de Vos Malan

The remuneration of the Accountable Officer in connection with the management of Melbourne Recital Centre fell within the following bands \$170,000–\$179,999 (\$180,000–\$189,999 in 2007–08).

NOTE 17: 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 18: CASH FLOW INFORMATION

	2009 \$	2008 \$
A. RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash at bank	5,510,844	7,627,961
Other cash on hand	11,913	912
	5,522,237	7,628,873
B. RECONCILIATION OF NET CASH GENERATED FROM OPERATING ACTIVITIES FOR THE YEAR		
NET RESULT FOR THE YEAR	228,905	6,183,914
Non cash flows		
Depreciation of non – current assets	218,196	29,101
Changes in assets and liabilities		
Increase in receivable and other assets	(308,086)	–
Increase in stock	(47,302)	–
Increase in GST recoverable	(36,328)	(17,474)
Increase in trade and payables	830,931	104,297
Increase in provisions	149,516	16,695
Increase in venue hire and ticket sales deposits	371,087	–
Net cash and cash equivalents generated from operating activities	1,406,919	6,316,533

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

NOTE 19 PROPERTY, PLANT AND EQUIPMENT

	BUILDING FIT OUT		VENUE FURNITURE & EQUIPMENT		OFFICE FURNITURE & EQUIPMENT	
	2009	2008	2009	2008	2009	2008
Opening balance	–	–	–	–	188,175	–
Additions	622,751	–	2,004,465	–	392,767	217,729
Disposals	–	–	–	–	–	453
Depreciation expense	13,276	–	72,119	–	87,086	29,101
Closing Balance	609,475	–	1,932,346	–	493,856	188,175

	2009 \$	2008 \$
BUILDING FIT OUT	622,751	–
Less accumulated depreciation	(13,276)	–
Closing balance	609,475	–
VENUE FURNITURE AND EQUIPMENT	2,004,465	–
Less accumulated depreciation	(72,119)	–
Closing balance	1,932,346	–
OFFICE FURNITURE AND EQUIPMENT	610,043	217,276
Less accumulated depreciation	(116,187)	(29,101)
Closing balance	493,856	188,175
MUSIC INSTRUMENTS	873,837	–
Less accumulated depreciation	(36,160)	–
Closing balance	837,677	–
CULTURAL ASSETS	206,100	–
Less accumulated depreciation	–	–
Closing balance	206,100	–
MOTOR VEHICLES	30,895	–
Less accumulated depreciation	(9,555)	–
Closing balance	21,340	–
TOTAL PROPERTY, PLANT AND EQUIPMENT	4,100,794	188,175

MUSIC INSTRUMENTS		CULTURAL ASSETS		FINANCE LEASED MOTOR VEHICLES		TOTALS	
2009	2008	2009	2008	2009	2008	2009	2008
–	–	–	–	–	–	188,175	–
873,837	–	206,100	–	30,895	–	4,130,815	217,729
–	–	–	–	–	–	–	453
36,160	–	–	–	9,555	–	218,196	29,101
837,677	–	206,100	–	21,340	–	4,100,794	188,175

NOTE 20: FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise: cash and cash equivalents, receivables (excluding statutory receivables), payables (excluding statutory payables), and finance lease payables. Details of the significant accounting policies are disclosed in Note 1. The Company considers that the carrying amount of financial assets and liabilities recorded in the financial statements to be a fair approximation of their fair values. The Company is exposed to some financial risks: interest rate risk, credit risk and liquidity risk.

INTEREST RATE RISK

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company manages this risk by maintaining cash balances in accounts with whole of government negotiated rates to minimise the impact of fluctuation in interest rates.

TABLE 20.1 INTEREST RATE EXPOSURE

	2009	2009	2009	2009	2009	2008	2008	2008
	Weighted average effective interest rate %	Variable Interest Rates \$	Non interest bearing \$	Fixed Interest rate \$	Total Value \$	Variable Interest Rates \$	Non interest bearing \$	Total Value \$
FINANCIAL ASSETS								
Cash and cash equivalents	4.80%	5,040,844	11,393	470,000	5,522,237	7,627,961	912	7,628,873
Security deposit	–	–	800	–	800	–	800	800
Debtors net of provision for doubtful debts	–	–	289,368	–	289,368	–	–	–
TOTAL FINANCIAL ASSETS		5,040,844	301,561	470,000	5,812,405	7,627,961	1,712	7,629,673
FINANCIAL LIABILITIES								
Payables	–	–	1,058,953	–	1,058,953	–	228,022	228,022
Venue hire and ticket sales deposits	–	–	371,087	–	371,087	–	–	–
Lease liabilities	7.50%	–	–	21,785	21,785	–	–	–
TOTAL FINANCIAL LIABILITIES	–	–	1,430,040	21,785	1,451,825	–	228,022	228,022
NET FINANCIAL ASSETS		– 5,040,844	(1,128,479)	448,215	4,360,580	7,627,961	(226,310)	7,401,651

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

INTEREST RATE SENSITIVITY

A sensitivity analysis has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. At reporting date, if interest rates had moved 0.5% up or down with all other variables held constant, the company's net surplus would move as follows:

TABLE 20.2 INTEREST RATE SENSITIVITY ANALYSIS

2009					
	CARRYING AMOUNT \$	VARIABLE INTEREST RATE RISK			
		-0.5% (50 basis points)		0.5% (50 basis points)	
		Net Result	Equity	Net Result	Equity
FINANCIAL ASSETS					
Cash and cash equivalents	5,510,844	(27,554)	(27,554)	27,554	27,554
Cash on hand	11,393	–	–	–	–
Security deposit	800	–	–	–	–
Debtors net of provision for doubtful debts	289,368	–	–	–	–
TOTAL FINANCIAL ASSETS	5,812,405	(27,554)	(27,554)	27,554	27,554
FINANCIAL LIABILITIES					
Payables	1,058,953	–	–	–	–
Venue hire and ticket sales deposits	371,087	–	–	–	–
Lease liabilities	21,785	–	–	–	–
TOTAL FINANCIAL LIABILITIES	1,451,825	–	–	–	–
TOTAL NET FINANCIAL ASSETS	4,360,580	(27,554)	(27,554)	27,554	27,554

The company is not exposed to other market risks.

CREDIT RISK

Credit risk refers to the risk a counterparty will default on its contractual obligations resulting in financial loss to the company. The company manages credit risk by dealing with counterparties of established reputations in the industry. The company's maximum exposure to credit risk at balance date in relation to each class of financial asset is the carrying amount of those assets as indicated in the balance sheet. The company does not have any significant concentration of credit risk on an industry, regional or country basis.

Currently the Company does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at the reporting date there is no event to indicate that any of the financial assets were 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. The following table discloses the ageing of financial assets that are past due but not impaired:

2008					
CARRYING AMOUNT \$	VARIABLE INTEREST RATE RISK				
	-0.5% (50 basis points)		0.5% (50 basis points)		
	Net Result	Equity	Net Result	Equity	
7,628,873	(38,140)	(38,140)	38,140	38,140	
-	-	-	-	-	-
800	-	-	-	-	-
-	-	-	-	-	-
7,629,673	(38,140)	(38,140)	38,140	38,140	
228,022	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
228,022	-	-	-	-	-
7,401,651	(38,140)	(38,140)	38,140	38,140	

TABLE 20.3 AGEING ANALYSIS OF FINANCIAL ASSETS

	CARRYING AMOUNT \$	NOT PAST DUE AND NOT IMPAIRED \$	PAST DUE BUT NOT IMPAIRED				IMPAIRED FINANCIAL ASSETS
			Less than 1 month	1–3 months	3 months –1 year	1–5 years	
2009							
Cash and cash equivalents	5,522,237	5,522,237	-	-	-	-	-
Receivables: Security deposit	800	800	-	-	-	-	-
Debtors net of provision for doubtful debts	289,368	138,858	132,554	14,688	-	-	3,268
2008							
Cash and cash equivalents	7,628,873	7,628,873	-	-	-	-	-
Receivables: Security deposit	800	800	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

LIQUIDITY RISK

Liquidity risk arises from the company being unable to meet financial obligations as they fall due. The manner in which the company manages this risk is through the cashflow provided by the funding agreement with Arts Victoria. In 2008/09 the company received \$5.73 million from Arts Victoria (2007/08 \$6.173 million). The following table summarises the maturity profile of the company's financial liabilities:

TABLE 20.4 MATURITY ANALYSIS OF FINANCIAL LIABILITIES

	CARRYING AMOUNT	MATURITY DATES			
		Less than 1 month	1–3 months	3 months –1 year	1–5 years
2009					
Payables	1,058,953	1,058,953			
Venue hire and tickets sales deposits	371,087	200,926	113,551	56,610	
Lease liabilities	21,785	464	937	4,365	16,019
Total payables	1,451,825	1,260,343	114,488	60,975	16,019
2008					
Payables	228,022	228,022	–	–	–
Total payables	228,022	228,022	–	–	–

NOTE 21: CONTINGENT LIABILITIES

At reporting date there are no contingent liabilities.

NOTE 22: COMPANY DETAILS

The registered office of the company is:

Melbourne Recital Centre
31 Sturt Street SOUTHBANK VIC 3006

The principal place of business is:

Melbourne Recital Centre
31 Sturt Street SOUTHBANK VIC 3006

NOTE 23: MEMBERS' GUARANTEE

The company is incorporated under the *Corporations Act 2001* and is a 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 2009 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 24 to 45, are in accordance with the *Corporations Act 2001*:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2009 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
MARY WALDRON

23 October 2009

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Directors of Melbourne Recital Centre

The Financial Report

The accompanying financial report for the year ended 30 June 2009 of Melbourne Recital Centre 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 directors' declaration has been audited.

The Directors' Responsibility for the Financial Report

The Directors of the Melbourne Recital Centre are responsible for the preparation and 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 the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Company Directors, as well as evaluating the overall presentation of the financial report.

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

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of the Melbourne Recital Centre for the year ended 30 June 2009. The Directors of the company are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. 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 the company's website.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession and the *Corporations Act 2001*.

Auditor's Opinion

In my opinion, the financial report of Melbourne Recital Centre 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 2009 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

MELBOURNE
27 October 2009


D D R Pearson
Auditor-General

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