









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, and a 500-seat theatre for the Melbourne Theatre Company.

In late 2003, a reference group of over seventy 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 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, 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 is scheduled for completion in late 2008 and the building will open to the public in February 2009.

Melbourne Recital Centre Ltd will manage the venue as a presenting hall and about one-third of programming will be delivered by MRC itself. The company has a full calendar of bookings from major ensembles and music presenters in Victoria, as well as interstate promoters for 2009.

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 have permission to experiment

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 Ltd will hold in trust one of the finest acoustic spaces in the southern hemisphere and we will celebrate that role with an innovative, distinctive approach to programming, one that complements the work of existing music presenters in Melbourne.

We have carefully identified and incorporated a select range of "key presenting partners" into our planning; we continue to forge significant relationships with culturally diverse organisations, including artists, ensembles and performing arts centres, across the Asia-Pacific region; by engaging with emerging musicians we are uncovering new and often surprising 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 artforms 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.

REPORT FROM THE CHAIRMAN

I am pleased to present the second Annual Report of Melbourne Recital Centre Ltd. Over the past year, we have watched as our “finely tuned instrument” at Southbank has been crafted from the inside out, while its handsome exterior “packaging” has taken shape before our eyes.

The Government is to be congratulated on its continued commitment to building this superb recital hall. We thank Premier John Brumby for enabling it to proceed as envisioned, and we are grateful to the Minister for Major Projects, Theo Theophanous MLC, and Lynne Kosky MP, Minister for the Arts, for their sustained commitment to the project. We are also grateful to Penny Hutchinson, Director of Arts Victoria, who continues to be an enthusiastic pillar of support in numerous ways, as are her staff. And we remain grateful to former Premier Steve Bracks and former Arts Minister Mary Delahunty for their support during our start-up period.

We salute the Project Control Group and the highly skilled teams led by Ian McDougall of Ashton Raggatt McDougall Architects, Andrew Nicol of Arup Acoustics, Geoff Moore of Bovis Lend Lease and Sean Sweeney of Major Projects Victoria. The building is quite simply a masterpiece of design and construction.

It has been an exciting year for the company as we celebrated a series of milestones. We began with the then Treasurer, John Brumby, announcing our first major private benefactor. An exceptional \$2 million gift was made by the Kantor Family, in honour of our Patron and Murdoch family matriarch, Dame Elisabeth Murdoch AC DBE, to establish an Endowment Fund to support programming initiatives. This was celebrated with the first performance in the nearly-completed Salon by David Finckel, Co-Artistic Director of the Chamber Music Society of Lincoln Center and member of the famed Emerson String Quartet.

A week later, 120 music-lovers in hard-hats enjoyed the first public concert in the Salon. Performed by Australia’s exciting young TinAlley String Quartet, the concert was staged as part of the 5th Melbourne International Chamber Music Competition, signalling our strong future relationship with this event.

In November, wearing Spring racing-style hard hats by Melbourne milliner Richard Nylon and serenaded by New Zealand opera thoroughbred Teddy Tahu Rhodes, we celebrated being officially open for bookings with the Minister for Community Development, Peter Batchelor. We outlined key features of our artistic philosophy and our desire for an active engagement with the Asia-Pacific Region. We also announced that a new work by Peter Sculthorpe commissioned for the opening by The Harold Mitchell Foundation in memory of Clifford Hocking AM, will open Elisabeth Murdoch Hall.

In February, Arts Minister Lynne Kosky presented a second special gift to Dame Elisabeth on the eve of her 99th birthday. With the generous support of the Hugh D.T. Williamson Foundation, we commissioned the Victorian Tapestry Workshop to transform a significant contemporary indigenous painting in the collection of the National Gallery of Victoria, *Dulka Warnjiid (Land of All)* by seven Bentinck Island women artists, into a monumental new woven artwork for our foyer.

Handel's triumphant *Hallelujah* chorus rang out in March in Elisabeth Murdoch Hall, to mark the halfway point in its construction. Members of Melbourne's music community joined Minsters Theophanous and Kosky inside the hall to hear the Victorian Opera Chorus celebrate this milestone.

These key events, together with a regular schedule of on-site tours, have played an important role in the development of our stakeholder and business relationships, and we thank Bovis Lend Lease for their active assistance in granting access to the site.

Behind-the-scenes, the Board focused on seeking and securing financial support from other major philanthropists and establishing new business partnerships. This work is also progressing well and a series of announcements are planned. The Board also signed off on the inaugural program of events for 2009, including those we are presenting ourselves and those of our key partners. We are convinced that this wealth of programming will prove an inspiration for Australia's fine music audiences.

As our staff structure took shape, the Board introduced a range of policies and procedures to ensure the sound management of this magnificent facility. We commissioned the centre's key operating systems: our IT infrastructure and website; the ticketing/CRM system, Tessitura Software™ which will enable us to run our own box office; and the venue management software, Artifax. The fit-out, commissioning and relocation to the new building are next on the agenda.

I thank our dedicated Board members, including new Board member Ian McRae, and our staff led by Dr Jacques de Vos Malan, for their hard work over the past twelve months. I thank our Corporate Development Consultant Lin Bender, who moved on during the year, after making a significant contribution to the project. I also thank our neighbours in the Southbank Arts Precinct for their ongoing advice and support.

In seven short months we will be opening the doors of Melbourne Recital Centre to the people of Victoria. We intend this to be a concert platform that is ranked among the world's finest and an international cultural beacon for Melbourne and Victoria.

We have exciting times ahead.



JIM COUSINS AO
Chairman



Caption for pic

REPORT FROM THE CEO

In accordance with *Financial Management Act 1994*, I am pleased to present the Report of operations for the Melbourne Recital Centre Limited for the year ended 30 June 2008.

Our second year as a company has seen an exponential growth in the size and scope of operations. From July 2007, the earlier recruitment processes began to bear fruit and during the first six months of the financial year, we assembled a team of people, drawn from far and near, expanding from two to eleven members of staff.

Throughout the year, we have continued to provide the best possible advice to Government regarding the successful conclusion of the building project. This has meant anticipating the many and varied requirements of both our key clients and our own operations, in order to apply the available financial resources as wisely as possible. We believe that it will become clear next year that we have been able to help create one of the finest acoustic performance spaces built anywhere in recent years, ready for a number of specific purposes.

The team have also been kept busy identifying, sourcing and procuring hundreds upon hundreds of highly specialised pieces of equipment, ranging from adjustable chairs for cello players to hand-crafted keyboard instruments. Planning the structure and detail of information technology systems, and the complex ways in which these will interface to serve a concert hall of the 21st Century, has been a steep learning curve for all concerned.

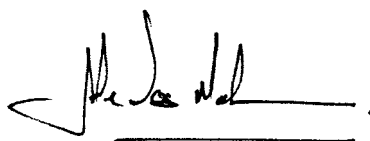
During the year, we have taken great strides in developing our organisation as a working agency of government. Arts Victoria, the Department of Premier & Cabinet and our neighbours and colleagues throughout the arts sector have continued to provide invaluable advice and support in this complex process.

With the wise counsel of our international Artistic Advisers, we have planned not only to host all our key presenting partners in the venues, but also to weave our own programming between theirs throughout next year. Much of what we will introduce has not been tried before and I believe that artists and audiences will recognise and welcome the spirit of artistic innovation that

characterises our work. We are deeply fortunate to have a Board of Directors who encourage creativity and an entrepreneurial approach, even as we meet the challenges of compliance and good governance.

I took great care to select our small team of professional managers and they are now recruiting their own respective teams with equal care. Finding multi-talented people who share our passion for ensemble music is how we create a culture of excellence.

I take this opportunity to express my thanks to our Patron, Dame Elisabeth Murdoch, to the Kantor family – whose very generous donations have laid the foundation for the Endowment Fund, to my Chairman Jim Cousins and his fellow directors, to our colleagues at Arts Victoria and to all those people who continue to contribute to this great enterprise.



DR JACQUES DE VOS MALAN
Chief Executive Officer

REPORT OF OPERATIONS

KEY PRIORITIES AND ACHIEVEMENTS 2007/08

	OBJECTIVES	ACTIVITIES & TARGETS	STATUS
ESTABLISHING CORPORATE OPERATIONS	Create, review and update detailed budgets and operating plans for next four years	Business plan and budget due by 1 July 2007	2007/08 Business Plan completed and approved
		Create the inaugural business plan, the 08/09 budget and three-year corporate plan (08/09 – 10/11)	2008/09 Business Plan and budget and three-year Corporate Plan completed and approved
		Develop OH&S Plan and Risk Management Plan	Initial plans in place, with ongoing development
		Develop, implement and monitor the Quality Management Plan	Framework in place with ongoing development
BOARD, GOVERNANCE & GENERAL MANAGEMENT	Establish systems, policies and procedures for the company	Melbourne Recital Centre to achieve full compliance with <i>Financial Management Compliance Framework</i> annually	Financial staff appointed; major systems, policies and procedures established and audited throughout 2007/08; full compliance achieved
		Recruit management team	Management team successfully recruited, together with some support staff; payroll procedures, induction, performance plans, monitoring and evaluation in place
FUNDRAISING	Establish and operate a Public Fund to raise money for construction and programming	By July 2007: launch MRC Capital Fund; launch MRC Endowment Fund; plan MRC annual giving campaign	Capital Fund has reached \$2.1 M in cash and kind; Endowment Fund has reached \$2.3 M in cash; annual giving campaign has been planned
MARKETING	Build Melbourne Recital Centre's profile and brand	Create a brand strategy; develop a marketing plan for MRC; create marketing systems and procedures for individual program streams; manage the development of media material	Manager Marketing & Communications successfully recruited, Creative Marketing Plan developed, media partnerships planned, media materials in use
ARTISTIC PROGRAM	Develop Melbourne Recital Centre's artistic policy and commence programming	Benchmark international standards specific to concert venues; establish and maintain relations with major international artist agents	Artistic Administrator successfully recruited; inaugural season fully programmed; inaugural work commissioned; key presenting partners identified, hiring protocols established and calendar 2009 bookings processed
		Further research and design the MRC Discovery stream, including education, adult learning, cultural diversity and community access programming strands	Discovery programming detail in progress
INFORMATION TECHNOLOGY	Design IT system	Develop phase 2 – implementation of IT strategy by recruiting an IT project director	Project director successfully recruited, ticketing system and venue management systems selected and procured; systems installed, training commenced and independent IT systems established

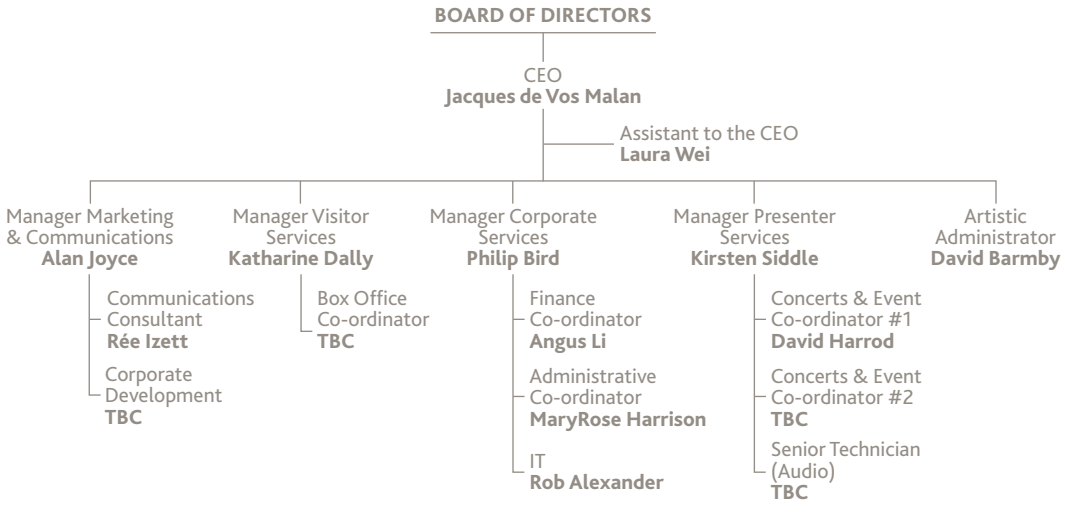
	OBJECTIVES	ACTIVITIES & TARGETS	STATUS
COMMERCIAL OPERATIONS	Research and plan commercial activities	Develop plans for box office, food and beverage and retail	Manager Visitor Services successfully recruited; food & beverage consultancy established and operator selected. Retail options researched and stockist selected.
		Research and negotiate with potential partners	Contractual negotiations in progress
TECHNICAL PROCUREMENT	Plan and procure MRC operating equipment	Plan operational equipment requirements and budget cycles; implement and manage the procurement process	Manager Presenter Services and team successfully recruited; equipment procurement and storage planned; procurement process initiated and in progress
ADVICE TO GOVERNMENT	Maintain representation on the Project Control Group	Attend monthly meetings and provide secretariat services	Ongoing
	Continue advice to Arts Victoria	Provide industry advice to Arts Victoria on design and construction issues, to support the building project	Ongoing

CULTURAL DIVERSITY

Melbourne Recital Centre Ltd has recruited a number of employees who speak languages other than English. The artistic programme for 2008/09 will include music and performers from a diverse range of cultures.

STAFF STRUCTURE

June 2008



OBJECTIVES, KEY ACTIVITIES & TARGETS 2008/09

	OBJECTIVES	ACTIVITIES & TARGETS	STATUS
ESTABLISHING CORPORATE OPERATIONS	Complete Policy & Planning Cascade	Complete OH&S Plan, Risk Management Plan and Quality Management Plan	In progress
BOARD, GOVERNANCE & GENERAL MANAGEMENT	Mid-year review of inaugural Business Plan	December 2008	On schedule
	Complete recruitment	Recruit remaining full-time and all casual staff	On schedule
FUNDRAISING	Launch & complete Capital Fund	Complete by opening	Launched but not completed
	Endowment Fund	Achieve \$3M by opening	In progress
	Launch & initiate Annual giving	August 2008	To follow, with membership launch
MARKETING	Market venues successfully to other clients	From July 2008	On schedule
	Launch MRC Membership	August 2008	On schedule
	Launch inaugural season	September 2008	On schedule
	Successfully sell wide range of events	September 2008	On schedule
ARTISTIC PROGRAM	Sign agreements with licensed broadcasters	July 2008	On schedule
	Develop recording protocols	October 2008	On schedule
INFORMATION TECHNOLOGY	Establish independent system	July 2008	Completed
	Establish online sales	September 2008	On schedule
COMMERCIAL OPERATIONS	Finalise usage of retail space	July 2008	Completed
	Complete food & beverage contract	July 2008	In progress
	Complete café fit-out	December 2008	On schedule
TECHNICAL PROCUREMENT	Complete building project (with Arts Vic)	20 September 2008	On schedule or earlier
	Complete fit out (with Arts Vic)	31 October 2008	In progress, timing to be confirmed
	Complete MRC equipment procurement	31 December 2008	In progress

	OBJECTIVES	ACTIVITIES & TARGETS	STATUS
ADVICE TO GOVERNMENT	Maintain representation on the Project Control Group	Attend monthly meetings and provide secretariat services	Ongoing
	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	Ongoing
	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	To follow

CORPORATE PLAN 2008 – 2011

KEY RESULT AREAS

GOAL ONE

Provision of a world-class facility and music presentation services to key Victorian and interstate arts organisations at affordable rates

GOAL TWO

Maximisation of commercial hire opportunities to suitable "classical" music presenters as well as corporate clients

GOAL THREE

Provision of a wide range of culturally diverse programming at diverse price points, to make many of the performances at the MRC accessible to the broad community

GOAL FOUR

Maximisation of ancillary commercial opportunities including food and beverage, retail, recording and broadcasting opportunities

GOAL FIVE

Maximisation of private sector fundraising, involving infrastructure naming rights, services in-kind, financial support for programming packages and philanthropic donations



JIM COUSINS AO
Chairman

30 October 2008

STATEMENT OF CORPORATE GOVERNANCE

MANNER OF ESTABLISHMENT

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

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

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

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

OBJECTS OF THE COMPANY

The company's object is the promotion of fine music, by, without limitation:

- ♦ undertaking preparations for, and assisting in the funding of, the construction of the Melbourne Recital Centre;
- ♦ commissioning musical performances and programming for the Melbourne Recital Centre;
- ♦ promoting the Melbourne Recital Centre; and
- ♦ planning and managing the operations of the 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 Act or by this constitution, to be exercised by the company in general meeting.

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

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

The directors may:

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

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

BOARD COMMITTEES

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

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

FINANCIAL AND OTHER INFORMATION RETAINED BY THE ACCOUNTABLE OFFICER

Relevant information detailed in Financial Reporting Direction (FRD) 22B 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 (VIIP). The company is required to apply the VIIP 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 2007/08 to which the VIIP 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 Ltd 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 Ltd 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 Ltd or its employees may be made to the following officers:

The Protected Disclosure Officer
Philip Bird, Corporate Services Manager
Melbourne Recital Centre Limited
Phone: (03) 9699 2228

Alternatively, disclosures of improper conduct or detrimental action by Melbourne Recital Centre Ltd 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: www.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 Ltd 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		2007-08	2006-07
Public Interest Disclosures		0	0
Protected Disclosures	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

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

I, Jim Cousins certify that the Melbourne Recital Centre has risk management processes in place that are broadly consistent with the *Australian/ New Zealand Risk Management Standard* and that an internal control and reporting system is in place. The Governance, Audit and Risk Committee verifies this assurance and that the risk profile of the Melbourne Recital Centre has been critically reviewed within the last 12 months.

Melbourne Recital Centre will implement a new risk management policy and guidelines from 2008/09 to strengthen its alignment with the *Australian/New Zealand Risk Management Standard* and the Victorian Government Risk Management Framework.



JIM COUSINS AO
Chairman

30 October 2008

INTERNAL AUDIT

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

WORKFORCE DATA

Full time equivalent staff at 30 June 2008 was 11. The number of staff will increase in the subsequent as staff are recruited and appointed to approved positions.

EMPLOYMENT AND CONDUCT PRINCIPLES

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

OCCUPATIONAL HEALTH AND SAFETY POLICY

An interim Occupational Health and Safety Committee has been established and has created occupational health and safety policies and procedures prior to the occupation of the Melbourne Recital Centre building. During the period there were no lost work days, no assessments regarding risk management, nor was there any staff turnover.

CONSULTANTS

Melbourne Recital Centre Ltd engaged 5 consultants during the period who were paid an aggregate of \$82,774. None of the 5 consultants were paid over \$100,000.

OUR PEOPLE 2007-2008

PATRON

Dame Elisabeth Murdoch AC DBE

BOARD OF DIRECTORS

Jim Cousins AO

Chairman

Mary Waldron

Company Secretary

Caroline Almonte

Julie Kantor

Sally Macindoe

Race Mathews

Ian McRae (from 10 Dec 2007)

Bill McHarg

Campbell Rose

Matt Zema

COMMITTEES

GOVERNANCE, AUDIT AND RISK COMMITTEE

Matt Zema *Chair*

Jim Cousins AO

Mary Waldron

BUILDING COMMITTEE

Jim Cousins AO *Chair*

Bill McHarg

Race Mathews

Matt Zema

ARTISTIC COMMITTEE

Race Mathews *Chair*

Caroline Almonte

Barry Tuckwell AO OBE

(External committee member to 15 Feb 2008)

Ian McRae (from 10 Dec 2007)

ENDOWMENT FUND, MARKETING & COMMERCIAL COMMITTEE

Jim Cousins AO *Chair*

Julie Kantor

Bill McHarg

Campbell Rose

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

GOVERNMENT REPRESENTATIVES

Penny Hutchinson

Director, Arts Victoria

Dennis Carmody

Deputy Director, Arts Victoria

MANAGEMENT

Dr. Jacques de Vos Malan

Chief Executive Officer

David Barmby

Artistic Administrator

Philip Bird FCPA

Manager Corporate Services

Gideon Cozens

Production Technician

Katharine Dally

Manager Visitor Services

MaryRose Harrison

Administration Co-ordinator

David Harrod

Concert & Events Co-ordinator

Alan Joyce

Manager Marketing

& Communications

Angus Li

Finance Co-ordinator

Kirsten Siddle

Manager Presenter Services

Laura Wei

Assistant to the CEO

CONTRACTORS & CONSULTANTS

Lin Bender
Corporate Development

Stephen Banham
Graphic Design

Peter Brown
Studio Design

Rée Izett
Communications

Shauna Kelly
Business Services

Richard Stuart
Technical Services

Grant Thornton
Chartered Accountants
Internal Auditors

LBW Chartered Accountants
Financial Services

SMS Consulting Group
IT Services

DESIGN & CONSTRUCTION**YARRA ARTS PROJECT CONTROL GROUP**

Jim Cousins AO
*Chairman,
Melbourne Recital Centre*

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

John Wiles
*Deputy Director,
Major Projects Victoria*

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

PROJECT MANAGER

Major Projects Victoria

ARCHITECT

Ashton Raggatt McDougall
(ARM)

ACOUSTIC CONSULTANT

Arup Acoustics

THEATRE DESIGN

Entertech / Theatreplan UK

STRUCTURAL ENGINEERS

Bonacci Group

SERVICES ENGINEERS

Umow Lai & Associates (ULA)

BUILDING REGULATIONS CONSULTANTS

McKenzie Group

QUANTITY SURVEYORS

Rider Hunt

FIRE ENGINEERS

Thomas Nicolas

PLANNING CONSULTANTS

Urbis JHD

HERITAGE ARCHITECTS

Allom Lovell

TRAFFIC AND TRANSPORT CONSULTANTS

Greg Tucker & Associates
(GTA)

ARCHITECTURAL SIGNAGE

Vivid Communications

LANDSCAPE ARCHITECTS

Rush Wright & Associates

DISABLED ACCESS CONSULTANTS

Morris Goding
Universal Access

WIND CONSULTANT

MEL Consultants

ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT

Irwinconsult

FACADE ENGINEERS

Connell Mott McDonald

ARCHITECTURAL LIGHTING DESIGNERS

electrolight specialist

DRAINAGE SYSTEM

Rimington and Associates

BUILDER

Bovis Lend Lease



MELBOURNE RECITAL CENTRE LTD

ABN 46 118 617 619

FINANCIAL REPORT FOR THE
YEAR ENDED 30 JUNE 2008

DIRECTORS' REPORT

The directors present this report on the company for the financial year ended 30 June 2008.

DIRECTORS

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

Jim Cousins	
Caroline Almonte	
Ian McRae	APPOINTED 10 DEC 2007
Julie Kantor	
Sally Macindoe	
Race Mathews*	
Bill McHarg*	
Campbell Rose*	
Mary Waldron	
Matt Zema	

Directors have been in office since 1 July 2007 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 LTD

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

PRINCIPAL ACTIVITIES

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

- ♦ Planning and managing the operations of Melbourne Recital Centre.

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

OPERATING RESULTS

The surplus of the company amounted to \$6,183,914.

DIVIDENDS PAID OR RECOMMENDED

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

REVIEW OF OPERATIONS

During the financial year ended 30 June 2008 the company continued planning and establishing the processes of operations. Detailed analysis of the company's operations is included in the Report of Operations on page 8 to 11.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There was no change in the state of affairs during the financial year.

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 financial year.

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.

* Term expired 2 March 2008 and reappointed 12 May 2008.

ENVIRONMENTAL REGULATIONS

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

OPTIONS

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

MEETINGS OF DIRECTORS

During the financial year, 11 meetings of directors were held. Attendances by each director were as follows:

DIRECTORS MEETINGS	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Jim Cousins	11	11
Caroline Almonte	11	6
Ian McRae	6	6
Julie Kantor	11	10
Sally Macindoe	11	11
Race Mathews	10	9
Bill McHarg	10	8
Campbell Rose	10	6
Mary Waldron	11	9
Matt Zema	11	9

DIRECTORS' BENEFITS

Directors' benefits are set out in notes 14 and 15 to the financial statements.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year \$6,918 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 Operating Statement. The insurance provides cover for directors and officers of Melbourne Recital Centre Ltd against certain personal liabilities that they may incur by reason of their duties as directors and officers.

INDEMNIFYING OFFICERS OR AUDITOR

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 22 of the directors' report.

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



DIRECTOR
Jim Cousins AO
30 October 2008



Jacques de Vos Malan
30 October 2008

VAGO

Victorian Auditor-General's Office

AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

To the Board Members, Melbourne Recital Centre Ltd

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament any matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for Melbourne Recital Centre Ltd for the year ended 30 June 2008, 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; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
30 October 2008


 D D R PEARSON
Auditor-General

OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

		NOTE	2008 \$	2007 \$
REVENUE	Revenue from government and other grants	2	6,173,000	2,615,127
	Other revenue	2	2,159,015	341,438
	TOTAL REVENUE		8,332,015	2,956,565
EXPENSES	Employee benefits expense	3	726,075	183,254
	Finance costs	3	3,601	304
	Supplies and consumables		532,483	168,206
	Training expense		34,774	10,490
	Audit, legal and consultancy expense	3	822,024	553,365
	Depreciation	6	29,101	-
	Other expenses		43	158
	TOTAL EXPENSES		2,148,101	915,777
NET SURPLUS FOR THE YEAR/PERIOD			6,183,914	2,040,788

BALANCE SHEET AS AT 30 JUNE 2008

		NOTE	2008 \$	2007 \$
ASSETS	Current assets			
	Cash and cash equivalents	4	7,628,873	1,802,364
	Other current assets	5	73,692	56,218
	TOTAL CURRENT ASSETS		7,702,565	1,858,582
	Non-current assets			
	Property, plant and equipment	6	188,175	-
	Other non-current assets	7	595,475	322,727
	TOTAL NON-CURRENT ASSETS		783,650	322,727
	TOTAL ASSETS		8,486,215	2,181,309
LIABILITIES	Current Liabilities			
	Trade and other payables	8	228,022	135,427
	Provisions	9	33,491	5,094
	TOTAL CURRENT LIABILITIES		261,513	140,521
	TOTAL LIABILITIES		261,513	140,521
NET ASSETS			8,224,702	2,040,788
EQUITY	Retained Earnings		6,117,736	2,040,788
	Endowment Fund		2,106,966	-
	TOTAL EQUITY		8,224,702	2,040,788

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
Total equity at beginning of year/period	2,040,788	–
Net result for the year/period	6,183,914	2,040,788
Transfer to Endowment Fund	(2,106,966)	–
TOTAL RETAINED EARNINGS	6,117,736	2,040,788
ENDOWMENT FUND	2,106,966	–
TOTAL EQUITY AT END OF YEAR/PERIOD	8,224,702	2,040,788

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	NOTE	2008 \$	2007 \$
CASH FLOW FROM OPERATING ACTIVITIES	Appropriation from Victorian Government	6,173,000	2,615,127
	Payments to suppliers and employees	(2,157,338)	(871,639)
	Donations received – private	1,900,355	250,000
	Interest received	255,183	91,438
	Finance costs	(3,601)	(304)
	GST refunded	148,934	40,469
	NET CASH GENERATED FROM OPERATING ACTIVITIES	17(B)	6,316,533
CASH FLOW FROM INVESTING ACTIVITIES	Payment for deposits on assets	(272,748)	(322,727)
	Payment for purchase of property, plant and equipment	(217,276)	–
	NET CASH USED IN INVESTING ACTIVITIES		(490,024)
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		5,826,509	1,802,364
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD		1,802,364	–
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	17(A)	7,628,873	1,802,364

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

NOTE 1: 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)* and Interpretations, 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 (FRD) 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 Ltd 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.

For the purposes of compliance with accounting standards Melbourne Recital Centre Ltd is a not-for-profit entity.

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 (no revaluations have occurred to date). 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. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the balance sheet as a liability until such conditions are met or services provided.

Grants, donations and bequests are recognised as revenue when received. Donations are appropriated to a designated Endowment Fund. Interest revenue and distribution income from investments is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

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

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

B. PROPERTY, PLANT AND EQUIPMENT

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

Plant and equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the 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 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
Plant and equipment	13.33% – 66.67%

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

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

Leased assets are depreciated on a straight line basis over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

D. FINANCIAL INSTRUMENTS

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

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the operating statement in the period in which they arise. 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 non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

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

Financial liabilities

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

Fair value

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

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired.

E. IMPAIRMENT OF ASSETS

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

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

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

F. EMPLOYEE ENTITLEMENTS

Wages, salaries and annual leave

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

Superannuation

All superannuation contributions are to defined contribution plans and expensed when incurred. Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Long service leave entitlements after 7 years service are treated as a current liability while entitlements for less than 7 years service are treated as non current liabilities.

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.

H. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, 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 will 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 between the company and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events

which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the balance date and the date the statements are authorised for issue where the events relate to 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 cashflows arising from investing or financial activities which are recoverable from, or payable to the taxation authority, are presented as operating cashflow.

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. PROVISIONS

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

N. COMPARATIVE FIGURES

The comparative figures cover a 16 month period from date of incorporation to 30 June 2007.

O. ECONOMIC DEPENDENCE

Melbourne Recital Centre Ltd 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 Ltd.

The financial report was authorised for issue on 23 October 2008 by the board of directors.

NOTE 2: REVENUE

		2008 \$	2007 \$
REVENUE FROM GOVERNMENT GRANTS	State government appropriations	6,173,000	2,615,127
	TOTAL	6,173,000	2,615,127
OTHER REVENUE	Charitable income and fundraising	1,900,355	250,000
	Interest received from corporations	255,183	91,438
	Other revenue	3,477	–
	TOTAL	2,159,015	341,438
TOTAL REVENUE		8,332,015	2,956,565

NOTE 3: EXPENSES

		2008 \$	2007 \$
FINANCE COSTS – EXTERNAL		3,601	304
EMPLOYEE BENEFITS EXPENSE		726,075	183,254
AUDITORS REMUNERATION	External audit services	23,400	14,000
	Internal audit services	27,437	19,957
	TOTAL AUDITORS REMUNERATION	50,837	33,957

NOTE 4: CASH AND CASH EQUIVALENTS

		2008 \$	2007 \$
CURRENT	Cash at bank – Trading Account	5,520,760	1,552,147
	Cash at bank – Public Fund	2,106,966	250,000
	Cash at bank – Cheque Account (EFT)	235	17
	Cash on hand	912	200
TOTAL		7,628,873	1,802,364

NOTE 5: OTHER CURRENT ASSETS

		2008 \$	2007 \$
CURRENT	Security deposit	800	800
	gst Receivable	72,892	55,418
TOTAL		73,692	56,218

NOTE 6: PLANT, PROPERTY AND EQUIPMENT

		2008 \$	2007 \$
OFFICE EQUIPMENT	Opening Balance	–	–
	Additions	217,729	–
	Disposals	(453)	–
	Depreciation expense	(29,101)	–
CLOSING BALANCE		188,175	–

NOTE 7: OTHER NON-CURRENT ASSETS

		2008 \$	2007 \$
	Deposits on purchase of assets	595,475	322,727
TOTAL		595,475	322,727

NOTE 8: TRADE AND OTHER PAYABLES

		2008 \$	2007 \$
CURRENT	Trade payables	171,505	104,904
	Employee benefits	56,517	30,523
TOTAL		228,022	135,427

NOTE 9: PROVISIONS

			2008 \$	2007 \$
CURRENT	Employee benefits Note 1F	Unconditional and expected to be settled with 12 months	33,078	4,389
	Provisions related to employee benefit on costs	Unconditional and expected to be settled with 12 months	413	705
TOTAL PROVISIONS			33,491	5,094

NOTE 10: COMMITMENTS FOR EXPENDITURE

			2008 \$	2007 \$
CAPITAL COMMITMENTS	Not later than one year		428,490	–
	Later than one year but not later than 5 years		–	338,500
	TOTAL CAPITAL COMMITMENTS		428,490	338,500
EXPENDITURE COMMITMENTS	Not later than one year		307,486	131,988
	Later than one year but not later than five years		179,234	22,500
	TOTAL EXPENDITURE COMMITMENTS		486,720	154,488
TOTAL COMMITMENTS FOR EXPENDITURE (INCLUSIVE OF GST)			915,210	492,988
LESS GST RECOVERABLE FROM THE AUSTRALIAN TAXATION OFFICE			70,349	38,681
TOTAL COMMITMENTS FOR EXPENDITURE (EXCLUSIVE OF GST)			844,861	454,307

The capital commitment is for purchase of pianos due for payment in late 2008 upon delivery and acceptance.

NOTE 11: LEASES

Leasing arrangements: The operating lease relates to 3 year lease on an executive vehicle.

			2008 \$	2007 \$
NON-CANCELLABLE OPERATING LEASE PAYABLE	Not longer than 1 year		5,351	–
	Longer than 1 year but not longer than 5 years		21,785	–

NOTE 12: EVENTS AFTER THE BALANCE DATE

Since 30 June 2008, there are no matters or circumstances that have arisen that require adjustments to or disclosure in the financial statements.

NOTE 13: 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	
Responsible Persons	Jim Cousins AO	Chairman
	Mary Waldron	Company Secretary
	Caroline Almonte	
	Julie Kantor	
	Sally Mcindoe	
	Ian McRae	<i>from 10 DECEMBER 2007</i>
	Bill McHarg	
	Race Matthews	
	Campbell Rose	
	Matt Zema	
Accountable Officer	Dr Jacques de Vos Malan	

NOTE 14: 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 15: REMUNERATION OF EXECUTIVE OFFICER

		2008	2007
		\$	\$
Total remuneration received or receivable by executive officer		180,099	137,335
		BASE REMUNERATION	
		2008	2007
		TOTAL REMUNERATION	
		2008	2007
\$100,000	\$109,999		1
\$130,000	\$139,999		1
\$150,000	\$159,999	1	
\$180,000	\$189,999		1

NOTE 16: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated. Julie Kantor, a director, donated \$350,000 to the Company during the financial year.

NOTE 17: CASH FLOW INFORMATION

A. RECONCILIATION OF CASH AND CASH EQUIVALENTS		2008	2007
		\$	\$
Cash at bank		7,627,961	1,802,164
Other cash on hand		912	200
TOTAL		7,628,873	1,802,364

B. RECONCILIATION OF CASHFLOW FROM OPERATIONS WITH NET RESULT FOR THE PERIOD		2008	2007
		\$	\$
NET RESULT FOR THE PERIOD		6,183,914	2,040,788
Non cash flows	Changes to provisions	16,695	5,094
Changes in assets and liabilities	Increase in receivable and other assets	(17,474)	(56,218)
	Decrease of non-current assets	29,101	–
	Increase in trade and other payables	104,297	135,427
NET CASH AND CASH EQUIVALENTS GENERATED FROM OPERATIONS		6,316,533	2,125,091

NOTE 18: FINANCIAL INSTRUMENTS

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 that 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 18.1 *Interest Rate Exposure*

		2008			2007		
		Variable Interest Rates \$	Non interest bearing \$	Total Value \$	Variable Interest Rates \$	Non interest bearing \$	Total Value \$
Financial assets	Cash and equivalents (Note 4)	7,627,961	912	7,628,873	1,802,164	200	1,802,364
	Other Current assets	–	800	800	–	800	800
	TOTAL FINANCIAL ASSETS	7,627,961	1,712	7,629,673	1,802,164	1,000	1,803,164
Financial Liabilities	Payables (Note 8)	–	228,022	228,022	–	135,427	135,427
	TOTAL FINANCIAL LIABILITIES	–	228,022	228,022	–	135,427	135,427
NET FINANCIAL ASSETS		7,627,961	(226,310)	7,401,651	1,802,164	(134,427)	1,667,737

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 and equity would move as follows:

TABLE 18.2: *Interest Rate Sensitivity Analysis*

		2008				2007				
CARRYING AMOUNT \$	VARIABLE INTEREST RATE RISK				CARRYING AMOUNT \$	VARIABLE INTEREST RATE RISK				
	-0.5% (50 basis points)		0.5% (50 basis points)			-0.5% (50 basis points)		0.5% (50 basis points)		
	Net Result	Equity	Net Result	Equity	Net Result	Equity	Net Result	Equity		
Financial assets										
Cash	7,628,873	(38,140)	(38,140)	38,140	38,140	1,802,364	(9,012)	(9,012)	9,012	9,012
Cash equivalents	800	–	–	–	–	800	–	–	–	–
Financial liabilities										
Payables	228,022	–	–	–	–	135,427	–	–	–	–

The company is not exposed to other market risks.

CREDIT RISK

Credit risk refers to the risk that 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.

TABLE 18.3: 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	
2008							
Cash and cash equivalents	7,628,873	–	–	–	–	–	–
Receivables: Security deposit	800	800	–	–	–	–	–
2007							
Cash and cash equivalents	1,802,364	–	–	–	–	–	–
Receivables: Security deposit	800	800	–	–	–	–	–

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 2007/08 financial year the company received \$6.173 million from Arts Victoria (2006/07 \$2.615 million). The following table summarises the maturity profile of the company's financial liabilities:

TABLE 18.4: Maturity Analysis of Financial Liabilities

	Carrying amount \$	Nominal amount	MATURITY DATES			
			Less than 1 month \$	1 month to 3 months	3 months – 1 year	1-5 years
2008						
Payables	228,022	–	228,022	–	–	–
Total payables	228,022	–	228,022	–	–	–
2007						
Payables	135,427	–	135,427	–	–	–
Total payables	135,427	–	135,427	–	–	–

NOTE 19: CONTINGENT LIABILITIES

The Victorian government has confirmed its intention to enter into long term formal arrangements with Melbourne Recital Centre Ltd to allow the company to occupy and operate the Melbourne Recital Centre, once building works are completed. At the time of this report formal arrangements are being negotiated. Melbourne Recital Centre Ltd has agreed to meet building fit-out costs of \$622,721, once the formal arrangements are completed.

NOTE 20: SUMMARY OF ACCOUNTING POLICIES

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

STANDARD / INTERPRETATION	APPLICABLE FOR ANNUAL REPORTING PERIODS	IMPACT ON COMPANY FINANCIAL STATEMENTS
Revised Interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities Editorial amendments to Interpretation 1038 due to changes to AASB 1004.	Beginning 1 July 2008	Impact expected to be insignificant.
AASB 8 <i>Operating Segments</i> . Supersedes AASB 114 <i>Segment Reporting</i> .	Beginning 1 Jan 2009	Not applicable.
AASB 2007-3 <i>Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038]</i> . An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 Jan 2009	Impact expected to be insignificant.
AASB 101 <i>Presentation of Financial Statements (revised)</i>	Beginning 1 Jan 2009	Impact expected to be insignificant.

NOTE 21: COMPANY DETAILS

THE REGISTERED OFFICE OF THE COMPANY IS:

Melbourne Recital Centre Ltd
96 Arts Victoria, Level 6, 2 Kavanagh Street, SOUTHBANK VIC 3006

THE PRINCIPAL PLACE OF BUSINESS IS:

Melbourne Recital Centre Ltd
96 Arts Victoria, Level 6, 2 Kavanagh Street, SOUTHBANK VIC 3006

NOTE 22: 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 2008 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 20 to 37, are in accordance with the *Corporations Act 2001* and:
 - A. comply with Accounting Standards and the *Corporations Regulations Act 2001*; and
 - B. give a true and fair view of the financial position as at 30 June 2008 and of the performance for the period ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

DIRECTOR



Jim Cousins AO

Date 30 October 2008



Victorian Auditor-General's Office

INDEPENDENT AUDIT REPORT

To the Board Members, Melbourne Recital Centre Ltd

The Financial Report

The accompanying financial report for the year ended 30 June 2008 of the Melbourne Recital Centre Ltd which comprises an 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 Board Members' Responsibility for the Financial Report

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

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the company'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 company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Board members, as well as evaluating the overall presentation of the financial report.

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

VAGO

Victorian Auditor-General's Office

Independent Audit Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial statements published in both the annual report and on the web site of the Melbourne Recital Centre Ltd for the year ended 30 June 2008. The Board members of the Melbourne Recital Centre Ltd are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named 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 Melbourne Recital Centre Ltd web site.

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*. I confirm that I have given to the directors of the company a written independence declaration, a copy of which is included in the directors' report.

Auditor's Opinion

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

- a) giving a true and fair view of the company's financial position as at 30 June 2008 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
30 October 2008



DDR D D R Pearson
Auditor-General

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Graphic design

LETTERBOX

www.letterbox.net.au

Cover

Salon, Melbourne Recital Centre
MaryRose Harrison

Inside front cover

Elisabeth Murdoch Hall
mid-construction
Lin Bender

Page 6

Working on the façade in January
Lin Bender

Page 18

Sturt Street façade
MaryRose Harrison

Printed on Hanno Art Silk,
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Cover 350gsm
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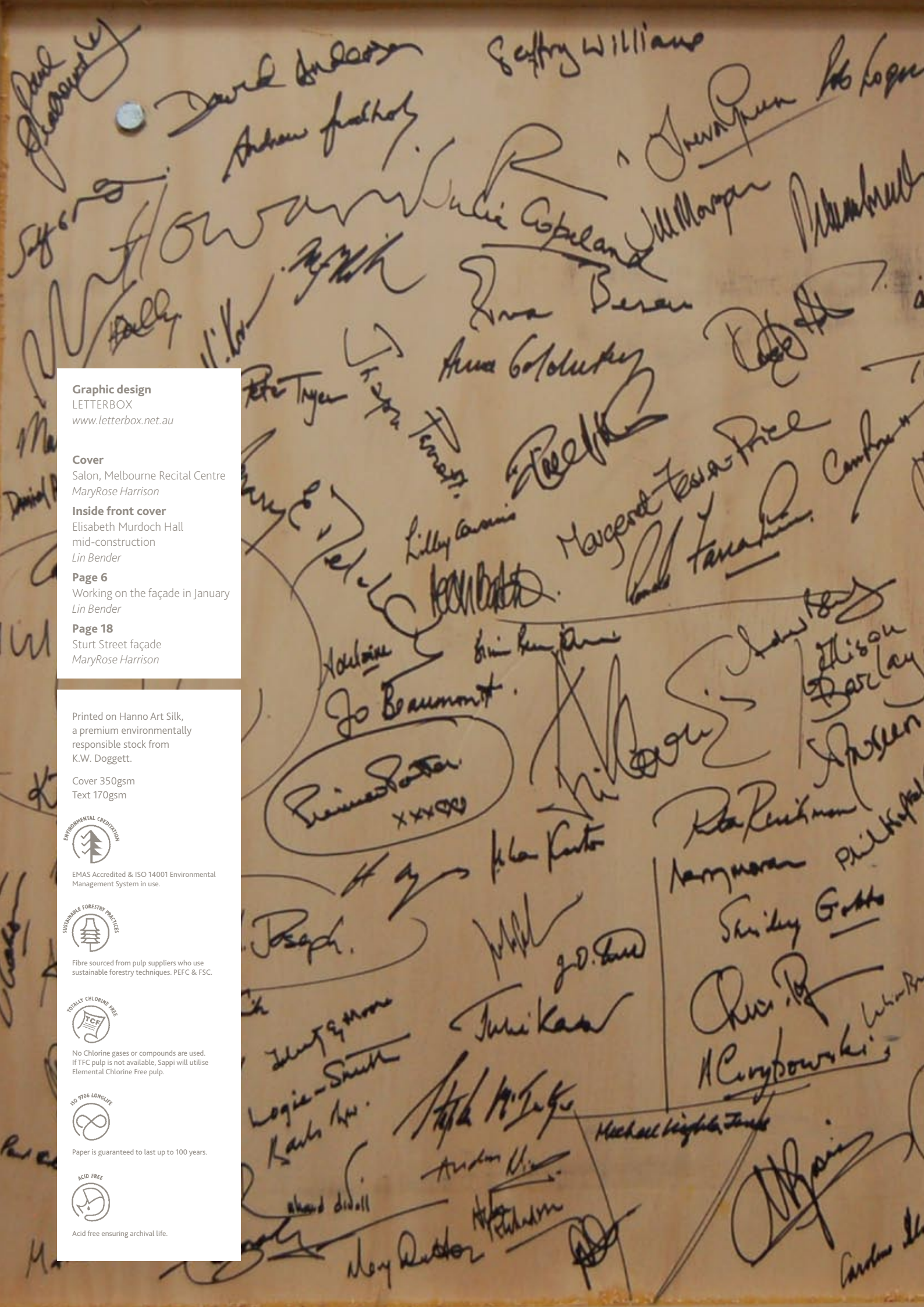
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www.melbournerecital.com.au



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**ARTS
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