

QUEENSLAND PERFORMING ARTS CENTRE

ANNUAL REPORT 2017-2018



14 August 2018

The Honourable Leeanne Enoch MP
Minister for Environment and the Great Barrier Reef
Minister for Science and Minister for the Arts
GPO Box 5078
BRISBANE QLD 4001

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2017-2018 and financial statements for the Queensland Performing Arts Trust.

I certify that this annual report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found at page 72 of this annual report.

Yours sincerely



Professor Peter Coaldrake AO
Chair
Queensland Performing Arts Trust

Contents

Introduction	3
Overview from Chair and Chief Executive	5
Highlights and achievements	6
Background	7
Outcomes	11
Our place	11
Our program	13
Our audiences and communities	16
Our organisation and partners	18
Our sustainability and growth	20
Service Delivery Statement	21
Summary of financial performance	22
Financial Statements	23
Certification of the Financial Statements	58
Independent Auditor's report	59
Governance	61
Organisational structure	61
Executive management	64
Risk Management and Audit Committee	65
Public sector ethics	65
Risk management and accountability	66
Human resources	67
Disclosure of additional information	69
Glossary	70
Compliance Checklist	72

Introduction

Vision

A lifetime of unforgettable live performances for all Queenslanders.

Purpose

To engage people through live performance to enrich lives and help create connected communities.

Values

- We are passionate hosts;
- People come first;
- Fabulous is the new normal;
- We lead boldly and bravely;
- We thrive together not alone; and
- We value the wellbeing and safety of our people.

Queensland Performing Arts Centre

The Queensland Performing Arts Centre (QPAC) is governed by the Queensland Performing Arts Trust (Trust). As Queensland's state performing arts centre, QPAC's core mandate is to contribute to the cultural, social and intellectual development of all Queenslanders. Through QPAC, the Trust has three key roles, namely: presenting artistic programs; demonstrating leadership through arts learning; and managing the performing arts centre. Supporting these roles, the Trust has a number of operations that are commercial in nature, including the supervision of QPAC in presenting, producing, investing, and hiring out the Centre's theatres and spaces, as well as providing services including operating commercial food and beverage outlets, QTIX (ticketing business) and providing a range of services to hirers and partners including marketing, production and venue hire.

QPAC firmly believes that the performing arts help people to express themselves as well as connect with others by challenging everyone to see life through a different lens. This underpins the curation of QPAC's diverse, rich and full program, incorporating the Centre's signature events such as the QPAC International Series, biennial Out of the Box Festival and *Clancestry, A Celebration of Country*, as well as more than 1,300 performances across the year.

Since opening in 1985, QPAC has welcomed more than 22 million visitors to its four theatres and performance spaces. In 2018, the Queensland Government announced it would invest in a new theatre at QPAC.

Queensland Performing Arts Trust

The Trust is a statutory body. Its existence, functions and powers are set out in the *Queensland Performing Arts Trust Act 1977* (the Act).

The Trust's functions include, but are not limited to:

- a) to produce, present and manage the performing arts in the building occupied by the Trust at the Queensland Cultural Centre or any other building;
- b) to establish and conduct schools, lectures, courses, seminars and other forms of education in the performing arts;
- c) to teach, train and instruct persons and promote education and research in the performing arts;
- d) to provide or assist in providing premises and equipment for the purpose of the presentation of the performing arts;
- e) to promote and encourage the development and presentation of the performing arts;
- f) to promote and encourage public interest and participation in the performing arts;
- g) to promote and encourage either directly or indirectly the knowledge, understanding, appreciation and enjoyment of the performing arts; and
- h) to encourage, for persons resident in Queensland, participation as performers for the performing arts and involvement in other aspects of the performing arts.

For performing its functions, the Trust has all the powers of an individual and may, for example, enter into arrangements, agreements, contracts and deeds; acquire, hold, deal with and dispose of property; engage consultants; appoint agents and attorneys; charge, and fix terms, for goods, services, facilities and information supplied by it; and do anything else necessary or desirable to be done in performing its functions.

Overview from Chair and Chief Executive

Record attendances, the announcement of major Queensland Government funding toward construction of a new theatre, a financial surplus and an exciting program of performances and events at QPAC have all contributed to 2017-2018 being a landmark year for the organisation.

QPAC presents a broad range of performing arts experiences for audiences and visitors to the Centre. In 2017-2018 that comprised 1,330 performances across 269 different productions. High venue utilisation of 88 per cent, combined with higher than anticipated sold occupancy of 76 per cent, steered overall attendances to a new QPAC record of 1,573,582. A diverse program including new works, Australian premieres and award-winning performances, five major musicals – *The Bodyguard*, *Kinky Boots*, *The Wizard of Oz*, *MAMMA MIA!* and Disney's *Aladdin The Musical* – collectively were instrumental in contributing to the record attendance figure and also factored in increased revenue to the Centre through food and beverage sales, ticketing and venue hire.

Other programs which must be highlighted were the season by The Royal Ballet, exclusive to Queensland, which included two Australian premieres – *Wolf Works* and *The Winter's Tale*, as well as a one night only Gala in Cairns; and the delivery of the biennial Out of the Box Festival for children aged eight years and under. Both of these signature events were successful, providing exceptional quality performing arts experiences for audiences, and helping to raise the national profile of QPAC as amongst the best venues in the Australian cultural landscape. Some 55 per cent of all productions at QPAC involved Queensland artists and companies, demonstrating QPAC's strong commitment to supporting local arts.

This record of success has its own challenges, and access for all hirers – commercial presenters and local arts companies – has become increasingly competitive in recent years. In response to these challenges, in May 2018 the Premier of Queensland, The Honourable Anastacia Palaszczuk MP, along with the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships, The Honourable Jackie Trad MP, and Minister for Environment and the Great Barrier Reef, Minister for Science and Minister for the Arts, The Honourable Leeanne Enoch MP, announced a \$125 million contribution toward a new theatre to be constructed at QPAC. The total project will cost \$150 million, with QPAC securing the balance of \$25 million. The new theatre, with a capacity of some 1,500 seats, will be built on a parcel of land next to the Playhouse and is expected to be completed by 2022. The additional theatre will see improved programming flexibility across the venue, and will establish QPAC as the largest and most significant performing arts complex in Australia with five theatres co-located within the existing footprint of the Centre. This major commitment affirms the Queensland Government's investment in culture in Queensland and in the future of the performing arts in this State.

A solid financial surplus, of \$1.78 million, was recorded at the close of the financial year. While this can be largely attributed to the record attendances and flow of revenue from services provided by QPAC to support the large number of visitors to the Centre, additional funding from the Queensland Government to support the curatorial vision of the Centre, as well as to cover the ongoing operations of the Centre, also contributed to the surplus. As a statutory body of the Queensland Government and a not-for-profit organisation, QPAC reinvests surplus funds into ensuring the ongoing viability of the organisation and in nurturing the Queensland arts sector particularly by supporting emerging artists and companies for the development of new works, and in expanding the program to connect with audiences outside Brisbane.

The success of QPAC reflects the dedication and passion of our staff who, together with the support of the Board, ensure the efficient operation of the Centre. We take this opportunity to publicly recognise the contributions of QPAC's previous Chair, Christopher Freeman AM, and other Board Members Simon Gallaher, Sophie Mitchell and Kylie Blucher who concluded their appointments during the year. Their efforts and commitment to the Board's work, and to QPAC more generally, have been outstanding. We also acknowledge the contribution of former Board Members Professor Chris Sarra and Charles Berry who resigned during this period to take up new roles in Government and the arts sector respectively.

As we look to the future, our focus is on broadening and deepening our reach, in particular expanding regionally to be truly Queensland's performing arts centre, and to focus on engagement internationally, nationally and locally, and with Indigenous communities.

Professor Peter Coaldrake AO
Chair

John Kotzas
Chief Executive

Highlights and achievements

Attendance:

1,573,582 visitors (QPAC record)

1,104,775 ticketed attendances

468,807 un-ticketed attendances

35% from outside Brisbane

Programming highlights:

1,330 performances across 269 seasons

55% of seasons were by Queensland artists and companies

2017 QPAC International Series: The Royal Ballet (Queensland exclusive) – Australian premiere of *Wolf Works* and *The Winter's Tale*, one night only Cairns Gala performance, wide ranging program of supporting events including a state wide community dance project.

2018 Out of the Box Festival: 9 new commissions and world premieres, 87,493 attendances, 156 artists employed.

Five major musicals: *The Bodyguard*, *Kinky Boots*, *The Wizard of Oz*, *MAMMA MIA!* and Disney's *Aladdin The Musical*.

Green Jam programmed 29 free live performances that showcased 116 local emerging and established artists on QPAC's Melbourne Street Green. 15 of the acts were from local tertiary institutions – Jazz Music Institute, JMC Academy and Queensland Conservatorium Griffith University.

Key Awards:

- Winner: 2018 Helpmann Award for Best Chamber and/or Instrumental Ensemble Concert for Jordi Savall with Hespèrion XXI and Tembembe Esamble Continuo
- Nominations:
 - o Best Original Score: Max Richter, *Wolf Works*, The Royal Ballet and QPAC
 - o Best Choreography in a Ballet, Dance or Physical Theatre Production: Wayne McGregor, *Wolf Works*, The Royal Ballet and QPAC
 - o Best Female Dancer in a Ballet, Dance or Physical Theatre Production: Elise May, *Behind Closed Doors*, Expressions Dance Company and QPAC
 - o Best Ballet: *The Winter's Tale*, The Royal Ballet and QPAC
 - o Best Ballet: *Wolf Works*, The Royal Ballet and QPAC
 - o Best Dance Production: *Mozart Airborne*, Expressions Dance Company, Opera Queensland and QPAC

Industry:

Collaborated with QPAC's home companies: Opera Queensland, Queensland Ballet, Queensland Symphony Orchestra and Queensland Theatre to produce and present exciting live performance experiences.

Continued to work with companies in residence: Southern Cross Soloists, Brisbane Writers Festival and Camerata – Queensland's Chamber Orchestra.

Worked with Queensland companies including: Expressions Dance Company, shake & stir theatre co, Queensland Pops Orchestra, Brisbane Festival, Queensland Music Festival, Medici Concerts, UQ School of Music and Aboriginal Centre for the Performing Arts. And national companies: Bangarra Dance Theatre, Australian Chamber Orchestra and Australian Brandenburg Orchestra.

QPAC and Circa Contemporary Circus announced a three year partnership that will further enable Circa, an internationally renowned ensemble to push the boundaries of the artform and grow opportunities to present ground breaking works to audiences in Queensland and at QPAC

Issued 2,223,189 tickets through QTIX to events at QPAC and other venues around Australia.

Background

Government objectives for the community

The Queensland Performing Arts Trust contributes to the achievement of the Queensland Government's objectives for the community:

Creating jobs and a diverse economy:

- Investing in staff development;
- Initiating and participating in exchanges of creative work, technical skills and knowledge with local and international partners;
- Growing cultural tourism through programs and partnerships; and
- Collaborating with local arts companies.

Building safe, caring and connected communities:

- An inclusive space, accessible to people of all abilities and cultural backgrounds;
- Connecting regional Queenslanders with arts experiences through digital platforms and partnerships;
- Expressing and sharing the stories and heritage of our diverse communities through live performance; and
- Upholding the reputation, safety and security of our audience, staff and stakeholders.

Object and guiding principles

In performing its functions, the Trust must have regard to the object of, and guiding principles for, the Act. The object of the Act is to contribute to the cultural, social and intellectual development of all Queenslanders. The guiding principles behind achievement of this object are:

- (a) leadership and excellence should be provided in the performing arts;
- (b) leadership and excellence should be demonstrated in the management, on a commercial basis, of venues used for the performing arts, for the benefit of performing artists;
- (c) there should be responsiveness to the needs of communities in regional and outer metropolitan areas;
- (d) respect for Aboriginal and Torres Strait Islander cultures should be affirmed;
- (e) children and young people should be supported in their appreciation of, and involvement in, the performing arts;
- (f) diverse audiences should be developed;
- (g) capabilities for lifelong learning about the performing arts should be developed;
- (h) opportunities should be developed for international collaboration and for cultural exports, especially to the Asia Pacific region; and
- (i) content relevant to Queensland should be promoted and presented.

Strategic plan 2017-2021

QPAC's Strategic Plan 2017-2021 set out the following strategic objectives. Key performance indicators are detailed in the Outcomes section at page 11 of this report.

Our place: connect audiences with arts experiences, no matter who or where they are. Strategies include:

- To be a place of significance, with strong emotional and cultural bonds to Queensland and its people;
- To extend audience experiences through our role as a welcoming, approachable and knowledgeable arts leader; and
- To uphold the reputation of QPAC and the safety and security of our audience, staff and stakeholders.

Our program: deliver a broad program to reflect and enrich all lives. Strategies include:

- To secure and create inspiring content, to stimulate conversation and reflection;
- To build new relationships to grow our capacity as producer, presenter and investor; and
- To initiate exchanges of creative work, technical skills and knowledge, on a local and international level.

Our audiences and communities: deepen and amplify engagement between audience, artist and artwork. Strategies include:

- To share the stories and heritage of our diverse communities;
- To be of social, economic and cultural value to the Queensland community; and
- To use data insights and creative digital platforms to engage with a wider audience and enhance delivery.

Our organisation and partners: foster an organisational culture built on collaboration and creativity. Strategies include:

- To unlock the potential of our existing relationships with donors, sponsors and businesses, through two way creative partnerships;
- To develop our role and relationships with arts industry partners, to demonstrate leadership in thinking and practice; and
- To streamline our systems to better connect our people, expertise, resources and data.

Our sustainability and growth: build financial capacity to remain responsive to change and opportunity. Strategies include:

- To grow profitability to ensure continued viability as an arts enterprise and in the role we play;
- To encourage creative thinking and seek further opportunities to develop commercial entrepreneurialism; and
- To prepare for growth in demand, through continued investment and support of arts partnerships.

Operational plan 2017-2018

QPAC's Operational Plan 2017-2018 was based on its Strategic Plan 2017-2021.

Key deliverables under the Operational Plan 2017-2018 included:

- Develop a comprehensive strategic infrastructure plan to inform Government's five year strategy on the Cultural Centre;
- Update and implement revised physical and cyber security policies in collaboration with industry professionals and relevant stakeholders;
- Implement initiatives to deliver a contemporary and approachable front face including reviewing all staff uniforms; continued customer service training (including cultural awareness); profitable and quality product offer; and improved functionality and ambience of the spaces;
- Provide an engaging program at QPAC throughout the year with highlights including:
 - o Delivery of the residency element and regional component supporting the QPAC International Series;
 - o An exciting program onstage at QPAC during the 2018 Gold Coast Commonwealth Games to attract locals and tourists; and
 - o An innovative program in the refurbished Cremorne Theatre to showcase local and international artists;
- Support Cairns City Council, Mackay City Council, Goondiwindi Regional Council, Gold Coast City Council, Logan City Council and others in their aspirations to deliver a range of outstanding live performances;
- Deliver innovative and creative responses to content production and delivery to enhance deeper engagement using QPAC's Creatory online portal;
- Extend the 2018 Out of the Box Festival across Brisbane and other locations, involving children in arts programs that explain our place in the world and share stories from our communities;
- Develop creative digital platforms to enhance delivery across the State, including a partnership with Kadenze;
- Use data insights and business intelligence tools to more effectively understand our audience needs as well as attract new audiences to our program through fully integrated marketing campaigns;
- Create better connections within QPAC and externally through:
 - o Achieving continuous improvement and cultural change through the rollout of the LEAN model of continuous improvement;
 - o Diversification of the workforce;
 - o Reviewing integration of all corporate systems; and
 - o Improved clarity of individual and unit roles and enhanced communication throughout the organisation;
- Identify partnerships which deliver on our strategic objectives of broadening and deepening engagement and launch an annual giving program;
- Conduct rigorous evaluations of external engagements and projects, to promote learning and improve advocacy;
- Develop and implement a three year QTIX business plan to:
 - o Achieve revenue growth, resource innovation, audience data leadership and deliver broad reinvestment opportunities for performing arts; and
 - o Deliver ticketing services to match current consumer expectations and industry best practice, including ticket resale service, split pay and after pay;
- Develop a QTIX ticket access and distribution portal, enabling wholesalers and packaging partners to access QPAC and QTIX inventory broadening audience reach including tourism markets; and
- Review internal and external accounting methodology to improve business decision making and outcomes.

The operational plan was not modified during the year.

The Minister for the Arts did not give any directions to the Trust during or relating to the financial year.

Operating environment

QPAC acknowledges a changing local and global context. The objectives and strategies within the Strategic Plan 2017-2021 reflect fluctuating economic circumstances, Queensland's growth, changing demographics and lifestyle patterns, technological innovations and cultural shifts. The Strategic Plan 2017-2021 addresses the expanded cultural role institutions play in knowledge based societies that encourage creativity and innovation. Further, it reflects QPAC's focus on creating and measuring the public value it creates for Queensland.

Broadly, QPAC's key challenge in the coming four years is to grow our audience reach and engagement. Specifically, the development and creation of two way creative partnerships will enable the Trust to leverage greater opportunities to do so. Within this are a number of challenges in relation to the extent of this reach, and the level of engagement that can be achieved:

- Connecting with communities across the breadth of Queensland;
- Meeting the expectations of a diverse audience;
- Ensuring the organisation has the systems, resources and workforce capacity to enable and sustain growth; and
- Responding to competition for discretionary spend.

Outcomes

Our place

Connect audiences with arts experiences, no matter who or where they are

Performance indicator	2017-2018 estimate	2017-2018 actual
Visits to QPAC onsite*	1,300,000	1,573,582 [^]
Positive brand identification [°]	50%	54%

*SDS measure

[^]Positive variance was largely due to better than expected paid attendances for Concert Hall and Lyric Theatre performances including large scale musicals.

[°] Positive brand identification is measured by total number of survey respondents that rated feeling about QPAC in top three categories of seven-point scale calculated as a percentage of total survey respondents. The survey is conducted using an external online panel with respondents selected and weighted to reflect the Brisbane population.

QPAC's mission is to engage people through live performance. In doing so, QPAC acknowledges that the live performance experience extends beyond the stage to all aspects of QPAC from finding information about what is on, to purchasing tickets, navigating the facilities, interacting with staff, extending time on site by offering food and beverage options or adding to the experience through complementary content, programmed conversations, exhibitions and merchandise.

QPAC is an iconic Brisbane building. Since opening in 1985, QPAC has undergone several internal refurbishments and one major structural redevelopment in 1998 with the addition of the Playhouse. In 2017, the Cremorne Theatre underwent a significant refurbishment, the first since QPAC opened. The \$2.3 million upgrade was managed by Arts Queensland and included refurbishments to the height and depth of the stage, production and architectural dimmers and lighting systems, enhanced acoustics, new seating and improved sightlines to the stage. The theatre reopened on 27 July, 2017 with the production *Mozart Airborne*, a collaborative work by Expressions Dance Company, Opera Queensland and QPAC.

In the 2018 State Budget, the Queensland Government announced a funding commitment of \$125 million towards a \$150 million new theatre to be built on the Playhouse Green site at QPAC by 2022. QPAC will contribute \$25 million to the construction of the new theatre.

QPAC continues to work with Arts Queensland, and within Queensland Heritage Council and Queensland Cultural Centre Conservation Management Plan guidelines to identify strategic priorities for renewal and maintenance works at the Centre and to ensure the timely replacement of ageing equipment. In order to ensure QPAC remains a world class facility able to attract the best companies and artists from around the world, QPAC has successfully secured extra funding from the Queensland Government to ensure the upkeep of a building now over 30 years old. More broadly, QPAC works with Cultural Centre partners and Brisbane City Council to identify and manage any programs and upgrades around the Cultural Centre, such as the Brisbane Metro project to ensure a collaborative and considered approach to deliver best possible outcomes for the Centre and its audiences.

In 2017-2018, QPAC welcomed 1,573,582 visitors, and through QTIX, QPAC's in house ticketing agency, issued 2,223,189 tickets to performances at QPAC and other venues in Queensland and nationally. The majority of tickets are sold online. Cyber security is therefore of paramount importance to QPAC, and to the visitor experience. In the last financial year, QPAC worked with MinterEllison to undertake a comprehensive review of the current cyber security framework and objectives.

QTIX underwent a brand refresh in the last financial year. The QTIX business model is twofold: QTIX both sells tickets to events and provides ticketing services to QPAC as well as external clients. A focus for QTIX has been in preventing reseller and fraudulent transactions online. This has been an event and live performance industry wide focus in recent years as moves to regulate on secondary ticketing markets has gained momentum worldwide. QTIX is developing a resale facility for patrons who legitimately need to resell tickets purchased via the QPAC website. As detailed on page 20 of this report, this need is also linked to broader considerations for ticket insurance.

A new marketing automation system was implemented in 2017-2018 allowing for dynamic content and reporting, and a review of digital communications was undertaken to ensure uniform look and feel. QPAC is constantly making improvements to the usability and personality of QPAC's website based on findings from user experience research. The QPAC website can be new patrons' initial contact with the organisation and so it is important to provide an accessible, streamlined and enjoyable experience.

Also enhancing user experience is a shareable content strategy which was established to curate, create and share digital content in support of the QPAC brand, commercial and learning and engagement roles. This content strategy enables QPAC to grow the number of followers engaging with the organisation via digital media channels including social and through QPAC's website, specifically The Creatory portal. Rich and engaging content is a means of generating interest and retaining audiences.

The continued rollout of Dynamics 365, QPAC's Customer Relationship Management system, has allowed for a more streamlined patron response system including for the management of audience feedback.

QPAC's positive brand recognition was recorded as 54 per cent for the financial year. While the audience perception of QPAC is generally positive, QPAC has identified the need to raise awareness around QPAC's profile, specifically with regards to differentiating QPAC as a venue for hire and QPAC as a producer, investor and leader in arts learning. A consolidated approach in QPAC's communications using audience research and findings from QPAC's annual awareness and attitude study will be undertaken.

While the primary reason for most visits to QPAC is to participate in or attend live performance, QPAC also offers food and beverage services. Works to the Bistro kitchen and service areas and Green Room equipment were undertaken to improve food quality and delivery of service. Total spend and spend per head were measured with the aim of ensuring the ongoing profitability of the business while maintaining customer satisfaction.

In order to deliver a contemporary and approachable front face, in 2017-2018, new shirts were phased in for food and beverage staff within the organisation and prototypes of new tunics and shirts for front of house staff were tested.

Our program

Deliver a broad program to reflect and enrich all lives

Performance indicator	2017-2018 estimate	2017-2018 actual
Venue utilisation*	84%	88%^
Sold occupancy	73%	76%
Percentage of seasons by Queensland artists / companies	55%	55%

*SDS measure

^Positive variance due to actively pursuing more venue hires.

QPAC's program is the primary way most audiences interact with the organisation. Delivering a broad program to reflect and enrich all lives is important in ensuring QPAC remains a relevant organisation representative of its community.

The program comprises a range of different performance styles and genres. Each of QPAC's four main venues, Lyric Theatre, Concert Hall, Playhouse and Cremorne Theatre hosts a variety of performances.

The Lyric Theatre is primarily booked by opera, ballet, and large scale musical theatre works which in 2017-2018 included *The Bodyguard*, *Kinky Boots*, *The Wizard of Oz*, *MAMMA MIA!* and Disney's *Aladdin The Musical*. By contrast to the long run, complex seasons in the Lyric Theatre, the Concert Hall hosts more one night performances from musicians, comedians, classical and chamber orchestras. The Playhouse is used for drama, dance and opera; and the Cremorne Theatre, QPAC's most intimate venue is a versatile black box theatre space.

Overall, QPAC's venue utilisation figure, which in 2017-2018 was recorded as 88 per cent has been consistently high over the past five years. The consistent demand on QPAC's venues supports the recent decision to construct a new theatre at QPAC by 2022. The venue utilisation figure is measured as the total number of days a venue is booked as a percentage of 365. Related to venue utilisation is the sold occupancy measure which this financial year was 76 per cent. Where the venue utilisation measurement records overall use, the sold occupancy measure provides a more nuanced view of the capacity of the theatres while in use. As with venue utilisation, this is a measure which has been increasing in recent years.

QPAC has three signature events, two of which took place during 2017-2018. They were the QPAC International Series and Out of the Box Festival. Planning for the evolution of, and return of *Clancestry*, another of QPAC's signature events, was undertaken in the financial year.

The 2017 QPAC International Series: The Royal Ballet took place from 29 June to 9 July, 2017. The Queensland exclusive season by The Royal Ballet was hailed a resounding success. The Brisbane season by The Royal Ballet featured two Australian premiere works – *Wolf Works* and *The Winter's Tale* both of which were nominated for a Helpmann Award for Best Ballet. Both works were universally well reviewed and received by audiences. The programs had a high degree of artistic merit with many ballet industry critics praising QPAC for the bold choice of repertoire. As well as the Brisbane season, 14 dancers from The Royal Ballet travelled to Cairns for a one night Gala Performance. The Brisbane and Cairns performances were seen by a total audience of more than 21,000 people including many visitors from outside Queensland who travelled to see The Royal Ballet. Coverage of the 2017 QPAC International Series from media across Australia totalled more than \$4 million in equivalent advertising space rate value.

As well as the mainstage ballet performances, a curated program of related events took place in the lead up to and during the season. There were 11 different elements delivered over a period of four months. All elements were designed to build an environment where audiences and public could get closer to The Royal Ballet as well as the ideas and themes in *Wolf Works* and *The Winter's Tale*. Members of The Royal Ballet company were very collaborative in building the program and were delighted with the outcomes. This program included a combination of one off elements such as the Currency House Breakfast featuring Principal Dancer for The Royal Ballet, Steven McRae, dress rehearsals, creative insights and the *Prelude to The Winter's Tale dinner with Professor A. C. Grayling*, alongside more in depth programs such as the *Made on the Body – Choreography from The Royal Ballet* exhibition, QPAC Tunnel installation and creation of digital content. Two significant programs of note were *We All Dance* and *Let's Dance*.

We All Dance was a collaboration between QPAC, The Royal Ballet and communities across south east Queensland and Cairns. From March to July 2017, community members in Brisbane, Ipswich, Logan and Cairns came together with teaching artists to learn new skills and explore concepts in The Royal Ballet's work through movement and dance. Designed in partnership with community organisations across the state, the process incorporated practical workshops, professional development training, a constant online exchange of ideas and two public performances, one at the stage on the Melbourne Street Green at QPAC and one in Cairns as a curtain raiser to the Gala performance. *We All Dance* was nominated for a 2018 Australian Dance Award in the Community category.

Let's Dance was an outdoor performance program built as a participatory space. The key intention was to invite audiences and members of the general public to come together to experience dance and movement as a collective in a public space. *Let's Dance* exemplified theories that dance and movement are critical factors in our everyday life, particularly in creating joy and building community. The program featured diverse styles including: yoga, Hollywood, hip hop, swing, line dancing, Bollywood and Samba.

The other signature event delivered by QPAC in 2017-2018 was the Out of the Box Festival, which ran from 26 June to 1 July, 2018. Out of the Box Festival is a biennial festival for children aged eight years and under. An updated model for the 2018 Festival offered audiences the chance to experience a variety of live performances, workshops, exhibitions and interactive installations with a day pass entry. The overarching themes of the 2018 Festival were around ideas of home, identity, journeys, refugees and family. Out of the Box Festival encouraged families to talk about these big themes and to help children explore the concepts in a safe environment.

Highlights in the 2018 Out of the Box Festival included *Duck*, *The Arrival*, *Dance...Like No One Is Watching* and *Jarjums Life Museum*.

Duck – a new work created and developed by QPAC based on the book of the same name by Janet A. Holmes. *Duck* was aimed at children three to five years old and used a range of dramatic and musical means to explore the concepts of friendship, loss and play.

The Arrival, based on a graphic novel by Shaun Tan was a remounted production of a work by New Zealand company Red Leap Productions. The updated work co-produced by QPAC was shortened and slightly altered to allow young audiences to grasp the sophisticated work.

Dance...Like No One Is Watching was an interactive dance party encouraging children to explore the world around them through movement. The program for these performances was developed through a series of workshops with children in schools around south east Queensland. 35 schools and more than 2,500 students participated in workshops in the lead up to the Festival. One school, Redbank Plains State School, benefitted from Artist in Residence funding through Arts Queensland to run a series of in depth workshops with that school.

Jarjums Life Museum was first presented at the 2016 Out of the Box Festival. A museum curated by four to nine year old Aboriginal and Torres Strait Islander children, *Jarjums Life Museum* is a platform for children tell their stories and history through art. Since appearing at the 2016 Festival, *Jarjums Life Museum* travelled to Cherbourg, Goondiwindi and Currumbin on the Gold Coast with iterations of the creative process and exhibition taking place at each of those locations. The return of *Jarjums Life Museum* to the 2018 Out of the Box Festival featured a series of pop up museums with works from the different areas around Queensland.

In a first for QPAC, Out of the Box Festival partnered with UNICEF Australia to provide professional development training for key UNICEF Australia staff with a focus on using arts practices and processes to benefit lifelong learning. In return, QPAC received advice from UNICEF Australia's Policy and Advocacy Team and was provided access to UNICEF's global evidence base on emerging issues for children.

As well as these signature events, QPAC supports programming by home companies – Opera Queensland, Queensland Ballet, Queensland Symphony Orchestra and Queensland Theatre – and many local Queensland companies including those resident in QPAC's Merivale Street property – Southern Cross Soloists, Camerata – Queensland's Chamber Orchestra and Brisbane Writers Festival. With 55 per cent of all seasons at QPAC by Queensland artists and companies, QPAC is committed to co-producing, co-presenting, presenting and collaborating on productions and festivals including with those companies mentioned above, as well as: Queensland Music Festival, Brisbane Festival, World Science Festival Brisbane, Aboriginal Centre for the Performing Arts, Ballet Theatre of Queensland, Circa, Expressions Dance Company, Medici Concerts, Musica Viva, Queensland Conservatorium Griffith University, Queensland Pops Orchestra, Queensland Youth Orchestra and shake & stir theatre co. with whom QPAC co-produced a national tour of Green Day's *American Idiot*. QPAC is also a destination for national arts companies annually including Australian Brandenburg Orchestra, Australia Chamber Orchestra and Bangarra Dance Theatre.

In December 2017, QPAC and Circa Contemporary Circus announced a three year partnership that will further enable Circa, an internationally renowned ensemble to push the boundaries of the artform and grow opportunities to present ground breaking works to audiences in Queensland and at QPAC.

The 2018 Gold Coast Commonwealth Games provided an opportunity for QPAC to contribute to arts programming as part of Festival 2018. This included supporting performances for Women of the World, and installations of Out of the Box Festival's *Jarjums Life Museum* at Home of the Arts (HOTA) and other Gold Coast venues during the 2018 Gold Coast Commonwealth Games.

As well as in theatre performances, QPAC curates a free, outdoor series of concerts called *Green Jam*. Performances from known and emerging artists take place on the Melbourne Street Green with the support from Principal Partner Heritage Bank. *Green Jam* programmed 29 free live performances that showcased 116 local emerging and established artists. Fifteen of the acts were from local tertiary institutions – Jazz Music Institute, JMC Academy and Queensland Conservatorium Griffith University.

It is QPAC's philosophy that a performing arts centre should reflect the community it represents. To this end, there are a number of diverse projects at QPAC which represent various communities. In 2017-2018, this included: a special 25th anniversary presentation of *The Mabo Oration* in association with Anti-Discrimination Commission Queensland; *Songs of Hope and Healing* in association with Friends of the Home of Expressive Arts and Learning Foundation; *The Manganiyar Seduction* presented as part of the BrisAsia Festival; Jordi Savall; and *Pemulwuy! National Male Voice Festival* presented in association with Voices of Birralee.

The QPAC Choir continued to gain traction bringing together amateur singers from the community to develop skills and perform publicly. In 2018, the QPAC Choir initiated a drive to entice younger singers, including those in high school and university, to join the Choir and expand the diversity and reach of the program. The QPAC Choir's showcase concert in 2017-2018 was *Pop Goes the 80s* celebrating the music of the 1980s; the QPAC Choir also participated in the *Spirit of Christmas* concerts and presented an open rehearsal in September 2017.

Forward planning for QPAC's program is ongoing with bookings for venues taking place sometimes many years in advance. Planning for the 2018 QPAC International Series: Teatro alla Scala Ballet Company in November 2018 is underway at the time of compiling this report, as is the rollout of a new format for QPAC's *Clancestry*.

Initiating exchanges of creative work, QPAC collaborated with Lincoln Center Education (New York) and Sydney Opera House to develop an online learning program for teaching artists delivered via the Kadenze learning platform. The program, *The Basics of Teaching Artistry*, is an introductory course for new teaching artists, designed for all arts workers choosing to work as teaching artists in the participatory arts, community arts and cultural development. The program delivers an entry level foundation for recent graduates from arts degrees and for people who have been working informally in community arts. For each of the project partners, it is their first step into creating and delivering content in this way. The program was launched in March 2018.

In the past financial year, QPAC has expanded its program to connect with more communities outside Brisbane. This was namely through programs such as *We All Dance* (Cairns), *Dance...Like No One Is Watching* (Redbank Plains, Mount Tambourine, Sunshine Coast, Gold Coast, Ipswich) and *Jarjums Life Museum* (Gold Coast, Goondiwindi, Cherbourg).

The Helpmann Awards celebrate achievements in live performance and are administered by the peak industry body, Live Performance Australia. The 2017 Helpmann Awards were held on 24 July 2017. QPAC was well represented at the awards with eight nominations, and three wins for works presented or co presented by QPAC. Winning works were: Best Ballet for *Snow White* by Ballet Preljocaj presented by QPAC for the 2016 QPAC International Series: Joshua Bell for Best Individual Classical Music Performance with the Academy of St Martin in the Fields presented by QPAC, Melbourne Recital Centre and Sydney Opera House; and the Academy of St Martin in the Fields for Best Chamber and/or Instrumental Ensemble Concert presented by QPAC, Melbourne Recital Centre and Sydney Opera House.

Looking to the future, QPAC's program will diversify and expand to deliver innovative and creative responses in content production. This will include a live simulcast of the 2018 QPAC International Series, digital as well as live outcomes for major programs and utilisation of the shareable content strategy (see page 12 above) to expand audience reach and deepen engagement.

Our audiences and communities

Deepen and amplify engagement between audience, artist and artwork

Performance indicator	2017-2018 estimate	2017-2018 actual
Audience satisfaction*	95%	93% [^]
Percentage of audience identifying as from culturally diverse background	14%	8% [°]
Regional visitation	31%	35%

*SDS measure

[^]Negative variance is considered inconsequential and is not attributed to a single event.

[°]QPAC continues to seek opportunities to engage with audiences from diverse backgrounds. The survey instrument for collating the results will be reviewed and other methodologies will be considered to ensure that QPAC is accurately measuring its performance in this area.

QPAC is more than what you see on stage. Through a range of means, QPAC aims to deepen and amplify engagement between audience, artist and artwork. This deeper engagement is a means of ensuring the vibrancy of the program and is a way of extending the audience experience. QPAC's audience satisfaction is currently at 93 per cent, this figure has remained consistently high over a number of years. Nonetheless, QPAC must not just maintain but also innovate new ways to ensure audiences remain satisfied.

For contemporary performing arts organisations, bringing productions to the stage is not enough. QPAC has both an obligation and a desire to create value for audiences and communities by contributing to our society's cultural, social and intellectual development. Creating content that supports the delivery of the mainstage program is an important way QPAC connects with audiences and helps connect and contextualise artists with their works.

Providing deeper insights into QPAC's program is the biannual Story magazine which fosters conversation around arts and culture and aims to build arts literacy. Each edition has an overarching theme. For July to December 2017, the overarching theme was "resistance"; for January to June 2018, it was "serendipity". Story is provided free of charge in foyers at QPAC and is distributed to niche markets around Brisbane. The articles within the magazine are syndicated on The Creatory digital portal on the QPAC website.

Curated as part of QPAC's program and designed to enhance audience experience of what takes place on stage, are a range of exhibitions in the Tony Gould Gallery and installations in the QPAC Tunnel. In 2017-2018, exhibitions on display were: *Made on the Body*, *Puppet People*, *See My Story* and *Show and Tell*. The Tunnel installations during this period were *Shoes*, *The Plot Thickens* and *Home* (Out of the Box Festival).

Knowing its audience is essential to the ongoing work of QPAC. Using data insights and business intelligence tools to more effectively understand audience needs, as well as attracting new audiences to our program is of ongoing interest. QPAC uses Culture Segments, a segmentation methodology developed by UK arts consultancy, Morris Hargreaves McIntye (MHM) based on an individual's relationship to the arts, to segment its audience. In order to increase the number of QPAC patrons able to be placed in a segment, the MHM Culture Segments questionnaire is added to patron thank you emails and QPAC is working with home company marketing teams to distribute the Culture Segment questionnaire to their audiences directly.

QPAC regularly conducts audience research. Research following the 2017 QPAC International Series has been used to inform future programs in the series and to assist QPAC in matching audiences with experiences that will have meaning for them. QPAC uses business intelligence tools, including Power BI to assist data analysis and reporting. In 2017-2018, QPAC established a data warehouse and reporting templates developed to help QPAC and external producers better understand their audience.

QPAC's measurement of the percentage of audiences identifying from diverse backgrounds continues to be a stretch target and is currently reliant on very program specific targeting. In 2017-2018 QPAC again fell short of the target of 14 per cent reaching instead 8 per cent. QPAC continues to seek opportunities to engage with audiences from diverse backgrounds. The survey instrument for collating the results will be reviewed and other methodologies will be considered to ensure that QPAC is accurately measuring its performance in this area. Programs such as *Songs of Hope and Healing*, *The Manganiyar Seduction* and *Jarjums Life Museum* have provided some means of QPAC accessing diverse communities. Deep community engagement projects such as *We All Dance*, which was part of the 2017 QPAC International Series: The Royal Ballet, has also enabled QPAC to broaden its reach.

QPAC partnered with Kedron State High School in the delivery of a design thinking process as part of the school's STE(A)M program. Year 7 and 8 students were asked to examine a public space and its architecture and solve problems encountered by users of the space. On 20 November 2017, the students installed ten projects in public spaces at QPAC. Installations included a curated soundscape in the QPAC Tunnel, a number of artworks, interactive design elements and lighting installations. Students were considering ways to address problems such as foyer congestion, long queues and wayfinding challenges. Kedron State High School reported that the process was extremely rewarding for the students and staff involved. The process also provided opportunities for QPAC to benefit from the students' responses to the challenges.

QPAC continues to find ways of connecting with regional audiences. In 2017-2018 this included the Cairns Gala Performance and *We All Dance* as part of the 2017 QPAC International Series: The Royal Ballet, through workshops for Out of the Box Festival's *Dance...Like No One Is Watching* project, and through regional iterations of *Jarjums Life Museum*. QPAC has already committed to a regional simulcast of Teatro alla Scala Ballet Company as part of the 2018 QPAC International Series.

Our organisation and partners

Foster an organisational culture built on collaboration and creativity

Performance indicator	2017-2018 estimate	2017-2018 actual
Employee engagement	58%	Deferred*

*Employee engagement is measured via staff survey. The staff survey process was deferred in 2017-2018 but will occur prior to 31 December, 2018.

In order to innovate and grow, QPAC needs not just great ideas but the capacity to implement them. Critical components of QPAC's organisational capacity are its staff, partners, sponsors and donors. QPAC fosters an organisational culture built on collaboration and creativity.

QPAC's workforce is made up of highly skilled professionals working in a range of fields. On occasion, staff are recognised for their work by external parties in various fields. In 2017-2018, QPAC staff who received external recognition included: Producer Paul Dellit who was recognised with an Order of Australia in the General Division (OAM); Executive Producer Georgia Hendy who was awarded a scholarship for her Venue Management Association studies; Scholar in Residence Professor Judith McLean who was awarded a Queensland Health and Health Department Award for Excellence for Innovative Leadership; Producer Brendan Ross who was awarded the Sir Edward Weary Dunlop Asialink Fellowship; and General Counsel Jayne Staddon who was awarded the State Chairman's Award by the Governance Institute of Australia (Queensland Branch).

As well as harnessing the productivity and creativity of internal staff, QPAC works with external organisations and institutions to connect with diverse communities and expand the capacity of the organisation. QPAC hosts work experience and internship students from various disciplines and leverages partnerships to ensure QPAC remains a leader in the arts and live performance.

In 2018, QPAC worked with the National Theatre of Korea through a cultural exchange and education program. As part of the cultural exchange, National Theatre of Korea's Seung Yong Lee, was embedded at QPAC for a three month period to work on the planning and delivery of the 2018 Out of the Box Festival. This exchange was funded by the Australian Government's Endeavour Executive Fellowship Program. Also in 2018, QPAC engaged Dr Barbara Piscitelli as Senior Research Advocate to lead a series of evaluation and research projects to support internal learning as well as to review and enhance external advocacy. This focused on the *We All Dance* project and also a 25 year retrospective for Out of the Box Festival which looked at the impact of the festival on health and wellbeing of participants.

QPAC executives participate in a range of advisory and leadership capacities on boards and panels across Australia. QPAC staff are also regular speakers and participants on expert panels at conferences as well as keynote speakers. Organisations to which QPAC has contributed include: Live Performance Australia, Australia Council for the Arts, PAC Australia (formerly APACA), Tourism and Transport Forum, AmCham (American Chamber of Commerce in Australia) and the Italian Chamber of Commerce and Industry (Queensland).

As with many large organisations, the need to refine and improve processes is an ongoing matter. In 2017-2018, QPAC rolled out LEAN or continuous improvement training to employees with ongoing initiatives implemented on a continuous basis including strategies to enhance cross functional communication. Works were undertaken across QPAC to review and revise processes including across how decisions are made in terms of the curated program and a review of stakeholder engagement with regards to opening nights and special events. This also focused on QPAC's intention to grow its influencer database. An influencer is a term here referring to a broad range of people and organisations which may include community leaders, celebrities, sports people, and those with a following or expertise in a niche area. New influencers acquired on the database have a collective reach of more than 12 million followers creating opportunities to maximise QPAC's future shareable content opportunities.

QPAC's ongoing success also relies on the many partnerships and relationships with Australia's extensive network of producers and presenters who are responsible for touring performances nationally. Building and maintaining a robust industry is important for QPAC but also has wider implications; the vitality of art in Australia is a collective responsibility.

QPAC extends the reach of its activity developing two way creative partnerships and unlocking the potential of its partners, sponsors and donors. QPAC's partners are vital to the continued success of QPAC and play a critical role in QPAC's ability to expand its program. In 2017-2018, QPAC's partners, sponsors, donors and benefactors were:

- Principal partners: Hyundai, MinterEllison (QPAC International Series), Heritage Bank (Green Jam); Lendlease (Out of the Box Festival);
- Major partners: C&K; Treasury Hotel and Casino; Aveo; Ghella
- Supporting partners: YFG, Brisbane Airport Corporation, National Storage, Moët Hennessy;
- Corporate member: Qantas;
- Accommodation partner: Mantra;
- Airline partners: Singapore Airlines; Virgin Australia;
- Event Supporters: Emporium Hotel Group; Neals Hire; UHU, Bunnings;
- Transport Partner: TransLink;
- Media partner: JC Decaux, Fairfax Media, Palace Cinemas;
- Major Supporter: Italian Chamber of Commerce and Industry Queensland;
- Cultural Partner: Museum of Brisbane;
- Out of the Box Festival Producing Partners: UNICEF; Queensland University of Technology; Red Leap Theatre; Inala Wangarra;
- Major benefactor: Dr Cathryn Mittelheuser AM;
- Supporting benefactors: Friends of Out of the Box Festival; Friends of QPAC International Series;
- Out of the Box Festival Care for a Class Supporters: ConocoPhillips, Springfield City Group, UHU; and
- Trusts and Foundations: Maria Vasas Foundation, The John Villiers Trust; Siganto Foundation.

QPAC also rolled out a fundraising campaign towards the end of the financial year seeking grassroots engagement and community support. This will continue into the new financial year.

As a Queensland Government statutory body, relationships with key government representatives remains a priority for QPAC. QPAC also has an ongoing partnership with Tourism and Events Queensland to present and attract audiences from outside Brisbane to the QPAC International Series.

Our sustainability and growth

Build financial capacity to remain responsive to change and opportunity

Performance indicator	2017-2018 estimate	2017-2018 actual
Sustainable business growth	Positive	Positive
Non-government revenue as a percentage of total revenue*	86%	84%^

*SDS measure

^This service standard includes revenue earned through the operation of commercial services (venue hire, ticketing, food and beverage) and revenue contributed through sponsorship and philanthropic programs. The relative percentage decreased in 2017-2018 due to additional Government funding. It is anticipated the relative percentage will also decrease slightly following increased State Government funding for 2018-2019.

All organisations need to ensure their financial capacity and remain agile, adaptable and responsive to changes. Over the past five years, QPAC has maintained financial reserves and reported modest surpluses enabling the organisation to grow. The sustainable business growth measurement has consistently been positive, as it was for this financial year.

QPAC's non-government revenue as a percentage of total revenue was 84% in 2017-2018. An uplift in QPAC's administered funding was announced in the 2018 Queensland Budget which will affect forward estimates for this performance indicator. In 2017-2018, BDO completed a full review of internal and external accounting methodology to improve business decision making and outcomes. A range of recommendations have been made to further develop management accounting practices.

QPAC's strategies to build financial capacity include developing and implementing a business plan for QTIX, QPAC's ticketing agency. This includes offering QPAC patrons the opportunity to purchase ticket insurance as part of their ticket purchase which will mean patrons will have the ability to claim on their insurance if they are no longer able to attend an event for a particular reason. Proposals have been received from insurance companies and are currently under review. Findings from the Royal Commission into the Financial Services Industry may impact the fees and charges offered by the insurance company therefore the project is on hold pending the finalisation of guidelines established at the conclusion of the Royal Commission.

QTIX is also investigating the implementation of a complementary ticketing system within QTIX through Best Overview System (BOS). This will allow QTIX to provide an alternative ticketing platform for Galleries and Museums providing greater system flexibility which a reserved seating ticketing platform does not cater for. ENTA is the software currently used by QTIX to sell tickets for QPAC and other theatre venues. BOS uses the latest technology and, like ENTA, is part of the Best Union Group of Companies, a group that forms one of the top five ticketing and event services companies worldwide. The QTIX team has received positive feedback from across its clients in the Galleries and Museums sector who are interested in moving across from ENTA to BOS. Services to allow patrons to buy now and pay later for tickets have also been investigated.

An ongoing issue for the live performance and events industry has been in ensuring that online ticket purchasers are buying valid tickets. An increase in both the number of secondary ticketing resellers as well as the aggressiveness with which these resellers promote their services has been felt across the live performance industry in Australia, and worldwide. The majority of tickets sold through QPAC and QTIX are sold online. A reseller detection system was developed by QPAC to identify known and potential resellers and prevent them from transacting on the QPAC and QTIX websites. As an additional measure to protect against credit card fraud, QPAC is implementing an antifraud system on the QPAC and QTIX websites.

Offering tickets through hotels, and as part of hotel and travel packaging, provides QPAC the opportunity to reach new audiences through tourism markets. The range of hotels packaging QPAC tickets has expanded from originally being four to five star hotels to now also including three star hotels and serviced apartments. Previously, only premium tickets were offered to hotels which suited a certain demographic, however, by now offering all price categories to hotels, this has expanded the QPAC offering and subsequently the interest from new and existing hotels. Hotels can now make a choice about which priced seat will suit their guests.

Service Delivery Statement

For the 2017-2018 budget process, QPAT was included within the Service Delivery Statements for the Department of Environment and Science as follows:

Service area objective

To strengthen Queensland's arts sector and contribute to the cultural, social and intellectual development of all Queenslanders.

Service area description

QPAC delivers exceptional live performance and learning experiences for Queenslanders and visitors. The venues within QPAC are managed to generate arts outcomes for the State through positive commercial returns. QPAC curates an annual, mixed genre live performance program that includes QPAC variously as a producer, presenter, venue or investor and features production of local, national and international companies. QPAC delivers a specially tailored program that enhances lifelong learning through art. As well as these programming functions, QPAT is a commercial manager of its venues including managing and operating QPAC's four theatres – Lyric Theatre, Concert Hall, Playhouse and Cremorne Theatre.

Performance measures

Queensland Performing Arts Trust	Notes	2017-2018 target	2017-2018 actual
Service Standards			
<i>Effectiveness measure</i>			
Audience satisfaction with programming and facilities	1	95%	93%
Visits to QPAC onsite	2	1.3 million	1.6 million
<i>Efficiency measures</i>			
Venue utilisation	3	84%	88%
Non-government revenue as a percentage of total revenue	4	86%	85%

Notes:

1. Audience satisfaction measures the degree to which service delivery meets the expectations of users. The measure indicates overall audience satisfaction with programming. This service standard previously included audience satisfaction with facilities. However, as the facilities are owned by the department rather than QPAT, they have been excluded from the scope of the measure. The methodology for measurement remains unchanged. The audience survey is based on the *Queensland Government Performance Management Framework Measuring Customer Experience Reference Guide* published by the Department of the Premier and Cabinet.
2. This service standard is considered the best available proxy measure of effectiveness of the service, due to its ability to infer public value, relevance, community perception and international standing. It includes ticketed attendance as well as attendance at free events and exhibitions.
3. This service standard is an indicator of the use being made of QPAC's four theatres. The measure is an indicator of QPAC's efficiency in venue management and ability to ensure supply to theatres. The forecast increased result in 2017-18 Estimated/Actual is due to additional hires secured in the Lyric Theatre and Concert Hall during the year.
4. This service standard includes revenue earned through the operation of commercial services (venue hire, ticketing, food and beverage) and revenue contributed through sponsorship and philanthropic programs. It is anticipated the relative percentage will decrease slightly following increased Government funding for 2018-19.

Summary of financial performance

QPAC reported an operating surplus of \$1.780 million from total income of \$67.487 million for 2017-2018. The surplus ensures availability of resources in the 2018-19 financial year for a range of initiatives included in QPAC's cybersecurity strategy and to apply to sustainable infrastructure priorities. It also includes funds received in June to be applied towards a Centenary of Armistice event in November 2018.

The level of total income is largely comprised of revenues from service activities which amounted to \$48.622 million, an increase of \$3.843 million compared to 2016-2017. The increase in revenue reflects the continuation from 2016-2017 of the extensive and diverse program, including six major commercial seasons: *The Bodyguard*, *Kinky Boots*, *The Wizard of Oz*, *MAMMA MIA!*, *The Rocky Horror Show* and Disney's *Aladdin The Musical*.

Rental income (note B1-1) of \$7.884 million also contributed to higher revenues from service activities and was up from \$6.630 million reported for the previous year with the major factor being higher income from the larger venues. The value of rental concessions provided to Queensland Government subsidised cultural organisations, charitable organisations, Government Departments and educational institutions was more than \$1 million in 2017-2018.

Revenues from ticketing commissions and charges, sales of food and beverage, and services provided to commercial hirers (note B1-1) were also higher than the previous year and reflected the high levels of activity and, for sales of food and beverage, higher spend per head. Employee expenses and stock and consumables expenses also increased relative to the levels of revenue increases (note B2).

The proportion, type and timing of QPAC entrepreneurial presentations and the QPAC International Series influenced the differentials to the levels of revenues and expenses compared to the previous financial year and these are detailed in notes B1 and B2 of the Financial Statements. In particular, project income of \$7.138 million in 2017-2018 was \$2.514 million lower than the \$9.652 million reported in 2016-2017 and costs of services (non labour) reduced from \$10.568 million in 2016-2017 to \$9.779 million in 2017-2018. This includes the timing effect of the QPAC International Series which, in 2017-2018, included some performances of The Royal Ballet season at the beginning of July 2017 and some pre-production costs for the 2018 QPAC International Series season by Teatro alla Scala Ballet Company scheduled for November 2018.

Grants and Other Contributions of \$17.277 million included the recognition of the contribution by Arts Queensland for rent below fair value for the use of the premises by the Trust in the Cultural Precinct of \$7.609 million. There is a corresponding expense for the same amount in note B2-2. The base grant appropriated by Arts Queensland increased from \$7.997 million the previous year to \$9.547 million in 2017-2018. The increase was primarily due to the biennial timing of the grant allocation for Out of the Box and funding for statutory requirements.

The revaluation of assets resulted in an increase in the asset revaluation surplus of \$0.521 million comprised of: an increase in the fair value of a building of \$0.221 million; and an increase in the value of the Grand Organ of \$0.300 million (note C9).

Careful management of cash flow ensured that \$0.680 million was able to be invested in the replacement of essential facilities, plant and equipment whilst maintaining cash and cash equivalents above \$14.000 million at the end of the financial year. This cash balance is required to back up general reserves detailed in note C10 and listed in the equity section of the Statement of Financial Position.

QPAC's general reserves (as in note C10) are set aside for specific purposes and amounted to \$9.404 million at 30 June 2018, and was increased by \$1.780 million compared to the \$7.624 million of the previous year. This increase is equivalent to the level of the Operating Result from Continuing Operations for 2017-2018 and includes a contribution of \$0.421 million, received in June 2018 from the ANZAC Centenary Arts and Culture Production and Commissioning Fund, to be applied in 2018-2019 towards the Centenary of Armistice Commemoration Theatrical Performance in November 2018. QPAC's financial strategy is to ensure that adequate levels of financial resources are maintained in order to manage the substantial commercial risks in the performing arts industry. QPAC's financial plan for 2018-2019 is based on the continuation of strong levels of activity across its full range of business services and targets a balanced budget.

Net assets increased by \$2.297 million from \$20.267 million in 2016-2017 to \$22.564 million at 30 June 2018.

**Queensland Performing Arts Trust
Financial Statements**

For the Year Ended 30 June 2018

TABLE OF CONTENTS

Financial Statements	Statement of Comprehensive Income		Page 26	
	Statement of Financial Position		Page 27	
	Statement of Changes in Equity		Page 28	
	Statement of Cash Flows (including Notes to the Statement of Cash Flows)		Page 29	
Notes to the Financial Statements		A1	Basis of Financial Statement Preparation	Page 31
			A1-1 General Information	Page 31
	Section 1 About the Trust and this Financial Report		A1-2 Compliance with Prescribed Requirements	Page 31
			A1-3 Presentation	Page 31
			A1-4 Authorisation of Financial Statements for Issue	Page 31
			A1-5 Basis of Measurement	Page 32
			A1-6 The Reporting Entity	Page 32
		A2	Objectives and Principal Activities of the Trust	Page 32
		B1	Revenue	Page 33
			B1-1 Revenues from Service Activities	Page 33
			B1-2 Grants and Other Contributions	Page 33
			B1-3 Other Revenue	Page 34
	Section 2 Notes about our Financial Performance	B2	Expenses	Page 34
			B2-1 Employee Expenses	Page 34
			B2-2 Supplies and Services	Page 35
			B2-3 Depreciation and Amortisation	Page 35
			B2-4 Impairment Losses	Page 36
			B2-5 Other Expenses	Page 36
		C1	Cash and Cash Equivalents	Page 37
		C2	Receivables	Page 37
		C3	Inventories and Other Current Assets	Page 38
		C4	Property, Plant and Equipment and Depreciation Expense	Page 39
			C4-1 Closing Balances	Page 39
			C4-2 Reconciliation of Property, Plant and Equipment	Page 39
			C4-3 Recognition and Measurement	Page 40
	Section 3 Notes about our Financial Position		C4-4 Depreciation of Property, Plant and Equipment	Page 41
			C4-5 Impairment	Page 41
		C5	Intangible Assets and Amortisation Expense	Page 42
			C5-1 Recognition and Measurement	Page 42
			C5-2 Impairment	Page 42
			C5-3 Amortisation	Page 43
			C5-4 Reconciliation of Intangibles	Page 43
		C6	Payables	Page 43
		C7	Accrued Employee Benefits	Page 43
		C8	Unearned Revenue	Page 43
		C9	Asset Revaluation Surplus by Asset Class	Page 44
		C10	Reserves	Page 44

TABLE OF CONTENTS (continued)

	D1	Fair Value Measurement	Page 45
		D1-1 Accounting Policy and Inputs for Fair Value	Page 45
		D1-2 Basis for Fair Values of Assets and Liabilities	Page 45
Section 4 Notes about Risks and Other Accounting Uncertainties	D2	Financial Instruments	Page 46
		D2-1 General Objectives, Policies and Processes	Page 46
		D2-2 Interest Rate Risk	Page 47
		D2-3 Credit Risk	Page 47
		D2-4 Liquidity Risk	Page 48
		D2-5 Net Fair Value	Page 48
		D2-6 Foreign Currency Exchange Risk	Page 48
	D3	New and Revised Accounting Standards	Page 49
	E1	Services and Assets provided to the Trust	Page 51
	E2	Monies held in Trust	Page 51
Section 5 Notes on Other Accounting Information	E3	Insurance	Page 51
	E4	Taxation	Page 51
	E5	After Balance Date Events	Page 51
	E6	Commitments	Page 51
	E7	Contingencies	Page 51
	E8	First Year Application of new Accounting Standards or Change in Accounting Policy	Page 52
		E8-1 Changes in Accounting Policy	Page 52
		E8-2 Accounting Standards Early Adopted	Page 52
		E8-3 Accounting Standards Applied for the First Time	Page 52
	E9	Remuneration of Trust Members	Page 52
	E10	Key Management Personnel and Remuneration and Disclosures	Page 52
		E10-1 Key Management Personnel	Page 52
		E10-2 Accounting Policy - Remuneration	Page 54
		E10-3 KMP Remuneration Expense	Page 54
		E10-4 Related Party Transactions	Page 55
Section 6 Notes about our Performance Compared to Budget	F1	Budgetary Reporting Disclosures	Page 57
		F1-1 Explanation of Major Variances – Statement of Comprehensive Income	Page 57
		F1-2 Explanation of Major Variances – Statement of Financial Position	Page 57
		F1-3 Explanation of Major Variances – Statement of Cash Flows	Page 57
Certification		Management Certificate	Page 58
		Independent Auditor's Report	Page 59

QUEENSLAND PERFORMING ARTS TRUST

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2018

		2018 Actual \$'000	2018 Original Budget \$'000	2018 Budget Variance* \$'000	2017 Actual \$'000
OPERATING RESULT	<i>Notes</i>				
Income from Continuing Operations					
Revenues from Service Activities	<i>B1-1</i>	48,622	48,184	438	44,779
Grants and Other Contributions	<i>B1-2</i>	17,277	16,530	747	15,868
Other Revenue	<i>B1-3</i>	1,588	1,694	(106)	2,082
Total Income from Continuing Operations		67,487	66,408	1,079	62,729
Expenses from Continuing Operations					
Employee Expenses	<i>B2-1</i>	32,509	30,800	(1,709)	30,447
Supplies and Services	<i>B2-2</i>	31,790	34,196	2,406	30,686
Depreciation and Amortisation	<i>B2-3</i>	955	1,077	122	887
Impairment Losses	<i>B2-4</i>	-	-	-	153
Other Expenses	<i>B2-5</i>	453	335	(118)	439
Total Expenses from Continuing Operations		65,707	66,408	701	62,612
Operating Result from Continuing Operations		1,780	-	1,780	117
Other Comprehensive Income					
<i>Items that will not be reclassified subsequently to operating result:</i>					
Increase in asset revaluation surplus	<i>C9</i>	521	-	(521)	-
Unrealised Forward Exchange Contract Loss	<i>C10</i>	(4)	-	4	(5)
Total Other Comprehensive Income		517	-	(517)	(5)
Total Comprehensive Income		2,297	-	2,297	112

*An explanation for major variances is included at Note F1-1

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	2018 Actual \$'000	2018 Original Budget \$'000	2018 Budget Variance* \$'000	2017 Actual \$'000
ASSETS					
Current Assets					
Cash and cash equivalents	C1	14,108	8,135	5,973	8,739
Receivables	C2	2,443	3,210	(767)	2,327
Inventories	C3	316	313	3	288
Other	C3	203	527	(324)	2,452
Total Current Assets		17,070	12,185	4,885	13,806
Non-Current Assets					
Intangibles	C5-1	800	493	307	807
Property, plant and equipment	C4-1	12,086	11,762	324	11,836
Total Non-Current Assets		12,886	12,255	631	12,643
TOTAL ASSETS		29,956	24,440	5,516	26,449
LIABILITIES					
Current Liabilities					
Payables	C6	4,847	2,709	(2,138)	4,424
Accrued employee benefits	C7	1,985	1,445	(540)	1,455
Unearned revenue	C8	560	131	(429)	303
TOTAL LIABILITIES		7,392	4,285	(3,107)	6,182
NET ASSETS		22,564	20,155	2,409	20,267
EQUITY					
Contributed equity		1,033	1,033	-	1,033
Accumulated surplus		5,783	4,910	873	5,783
Forward exchange contract reserve	C10	(6)	3	(9)	(2)
Asset revaluation surplus	C9	6,350	5,829	521	5,829
Reserves					
- Building development	C10	2,850	2,100	750	1,850
- Equipment replacement	C10	1,759	1,649	110	1,400
- Working capital	C10	1,795	1,631	164	1,374
- Commercial development	C10	3,000	3,000	-	3,000
TOTAL EQUITY		22,564	20,155	2,409	20,267

* An explanation for major variances is included at Note F1-2

The accompanying notes form part of these financial statements

QUEENSLAND PERFORMING ARTS TRUST

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2018

	Accumulated Surplus		Asset Revaluation Surplus (Note C9)		Other Reserves (Note C10)		Contributed Equity		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Balance 1 July	5,783	5,041	5,829	5,829	7,622	8,252	1,033	1,033	20,267	20,155
Operating result from continuing operations	1,780	117	-	-	-	-	-	-	1,780	117
Other comprehensive income										
Increase in asset revaluation surplus	-	-	521	-	-	-	-	-	521	-
Unrealised forward exchange contract gain/(loss)	-	-	-	-	(4)	(5)	-	-	(4)	(5)
Total Comprehensive Income for the Year	1,780	117	521	-	(4)	(5)	-	-	2,297	112
Transfers between reserves	(1,780)	625	-	-	1,780	(625)	-	-	-	-
Balance 30 June	5,783	5,783	6,350	5,829	9,398	7,622	1,033	1,033	22,564	20,267

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2018

	Notes	2018 Actual \$'000	2018 Original Budget \$'000	2018 Budget Variance* \$'000	2017 Actual \$'000
Cash Flows from Operating Activities					
Inflows					
Revenues from service activities		48,763	48,164	599	45,946
Grants and other contributions		9,668	8,870	798	7,997
Interest		731	694	37	679
GST collected on sales		4,363	3,598	765	3,846
GST input tax credits received		1,869	1,557	312	2,013
Other revenues		857	1,000	(143)	1,177
Outflows					
Employee expenses		(31,790)	(30,810)	(980)	(31,157)
Supplies and services		(22,599)	(26,936)	4,337	(23,563)
GST paid on purchases		(1,857)	(1,489)	(368)	(2,025)
GST paid to Australian Taxation Office		(3,956)	(3,691)	(265)	(3,804)
Net Cash Provided by/(used in) Operating Activities	CF-1	6,049	957	5,092	1,109
Cash Flows from Investing Activities					
Inflows					
Proceeds from sale of plant and equipment		-	-	-	-
Outflows					
Payments for plant and equipment		(680)	(1,000)	320	(1,062)
Loan repaid/(issued)		-	-	-	97
Net cash provided/(used in) in investing activities	CF-2	(680)	(1,000)	320	(965)
Net increase/(decrease) in cash and cash equivalents		5,369	(43)	5,412	145
Cash and cash equivalents at the beginning of financial year		8,739	8,739	-	8,594
Cash and Cash Equivalents at the end of financial year	C1	14,108	8,696	5,412	8,739

* An explanation for major variances is included at Note F1-3

The accompanying notes form part of these financial statements

QUEENSLAND PERFORMING ARTS TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

NOTES TO STATEMENT OF CASH FLOWS (continued)

CF-1	Reconciliation of operating result to net cash (used in) provided by Operating Activities	2018 \$'000	2017 \$'000
	Operating Result	1,780	117
	Depreciation and Amortisation	955	887
	Net (Gain)/Loss on Disposal of Non-Current Assets	3	29
	Forward Exchange Contract Unrealised Gain/Loss	-	(2)
	Investment Written Off	-	153
	Donated Assets	-	(590)
	 Change in Operating Assets and Liabilities:		
	(Increase)/decrease in receivables	(128)	1,009
	(Increase)/decrease in inventories	(28)	6
	(Increase)/decrease in prepayments	(11)	(12)
	(Increase)/decrease in deferred expenses	2,260	(1,924)
	(Increase)/decrease in GST input tax credits receivables	12	(13)
	Increase/(decrease) in GST payables	406	42
	Increase/(decrease) in payables	13	1,246
	Increase/(decrease) in accrued employee benefits	530	(10)
	Increase/(decrease) in unearned income	257	171
	 Net Cash provided by (used in) Operating Activities	<u>6,049</u>	<u>1,109</u>

CF-2 Non-Cash Investing and Financing Activities

Assets received by the Trust at no cost are recognised at their fair value and revenue of equal value is recognised.

The Trust received under a sponsorship arrangement electronic advertising billboards with a fair value of \$nil (2017: \$500,000).

The Trust also received an artwork with a fair value of \$nil (2017: \$90,000) from a government department.

SECTION 1

ABOUT THE TRUST AND THIS FINANCIAL REPORT

A1 BASIS OF FINANCIAL STATEMENTS PREPARATION**A1-1 General Information**

The Queensland Performing Arts Trust (the Trust) is a Queensland Government agency established under the Queensland Performing Arts Trust Act 1977.

The Trust is a charity registered under the Australian Charities and Not-for-profits Commission Act 2012, and is also a Deductible Gift Recipient entity.

The head office and principal place of business of the Trust is 100 Grey St., SOUTH BRISBANE, QLD. 4101.

A1-2 Compliance With Prescribed Requirements**General**

The Trust has prepared these financial statements in compliance with section 43 of the Financial and Performance Management Standard 2009 and complies with Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Regulation 2013.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis except for the Statement of Cash Flows which is prepared on a cash basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2017, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Trust has applied those requirements applicable to not-for-profit entities, as the Trust is a not-for-profit entity.

A1-3 Presentation**Rounding and Comparatives****Currency and Rounding**

Unless otherwise stated, amounts in the report are in Australian dollars and have been rounded to the nearest thousand dollars or where that amount is \$500 or less, to zero, unless disclosure in full amount is specifically required.

Comparative figures

Comparative figures and disclosures have been restated and amended to accord with the current year's presentation and disclosure. There have been no material restatements required.

Classification between current and non-current

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets and liabilities are classified as 'current' where their carrying amounts are due to be settled within 12 months after the reporting date, or the Trust does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as 'non-current'.

A1-4 Authorisation Of Financial Statements For Issue

The financial statements are authorised for issue by the Chair of the Board, the Director (Chief Executive Officer) and the Executive Director – Business Performance at the date of signing the Management Certificate.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

A1 BASIS OF FINANCIAL STATEMENTS PREPARATION (continued)

A1-5 Basis Of Measurement

Historical cost is used as the measurement basis in this financial report except for the following:

- Annual Leave entitlement expected to be settled 12 or more months after reporting date which are measured at their present value;
- Land, buildings, and heritage and cultural assets which are measured at fair value; and
- Inventories which are measured at the lower of cost and net realisable value.

Historical Cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value is determined using one of the following three approaches:

- The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The cost approach reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current/depreciated replacement cost methodology.
- The income approach converts multiple future cash flow amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

Where fair value is used, the fair value approach is disclosed.

Present Value

Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

Net Realisable Value

Net realisable value represents the amount of cash or cash equivalents that could currently be obtained by selling an asset in an orderly disposal.

A1-6 The Reporting Entity

The financial statements include all income, expense, assets, liabilities and equity of the Trust as an individual economic entity. The Trust does not control or have significant influences over another entity.

A2 OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE TRUST

The objectives of the Trust are to produce, present, and manage the performing arts in the Queensland Performing Arts Centre, and elsewhere, as well as to promote and encourage either directly or indirectly the knowledge, understanding, appreciation, enjoyment of and participation in the performing arts.

The Trust is partly funded for the outputs it delivers by grants received from Arts Queensland. It also provides services on a fee for service basis including: venue rental, production crewing services, ticket sales, marketing services and equipment hire.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

SECTION 2

NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE**B1-1 Revenues from Service Activities**

	2018 \$'000	2017 \$'000
Rental income – venues	7,884	6,630
Ticketing commission and charges	9,759	8,530
Sales – food and beverage	12,712	10,578
Services provided to commercial hirers	10,807	9,245
Project income	7,138	9,652
Other service revenue	322	144
	<u>48,622</u>	<u>44,779</u>

Disclosure about Rental Income – venues

Rental concessions provided to Government subsidised cultural organisations, charitable organisations, Government Departments and educational institutions, amounted to \$1.065 million (2017: \$1.203 million). These concessions are in accordance with the Trust's objectives under the Queensland Performing Arts Trust Act 1977.

Disclosure about Commission earned on ticket sales

Commission earned on the sale of tickets is included as revenue of the Trust. Ticket sales for the year amounted to \$123.503 million (2017: \$108.028 million).

Accounting Policy – Revenues from Service Activities

User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of the requested services at which time the invoice is raised. Accrued revenue is recognised if the revenue has been earned but not yet invoiced. The value of services received free of charge is recognised as revenue at fair value when received.

B1-2 Grants and Other Contributions

	2018 \$'000	2017 \$'000
Operating Grant	9,547	7,997
Contributions	7,609	7,660
Donations	121	211
	<u>17,277</u>	<u>15,868</u>

Disclosure about Grant Funding Received

The operating grant is a non-reciprocal grant of \$9.547 million (2017: \$7.997 million) from Arts Queensland. The grant has been recognised in its entirety upon receipt as the Trust has met the grant agreement's conditions entitling it to receipt of the funding. At 30 June 2018, the grant was fully spent.

Disclosure – Contributions below fair value

The Trust has received a contribution in the amount of \$7.609 million (2017: \$7.660 million) from Arts Queensland equal to the amount of rent below fair value charged by Arts Queensland for the use of the premises by the Trust in the Cultural Precinct.

The Trust also received a donation of an artwork in the amount of \$nil (2017: \$90,000) from a government department.

Accounting Policy – Grants, Contributions and Donations

Grants, donations and gifts which are non-reciprocal in nature are recognised as revenue in the year in which the Trust receives them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributions of goods or services received by the Trust at a value below fair value are recognised as revenue at their fair value only if the goods or services would have been purchased had they not been donated/received and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

Contributed physical assets are recognised at their fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

B1 REVENUE (continued)

B1-3 Other Revenue

	2018 \$'000	2017 \$'000
Interest	731	679
Investment income	93	55
Sponsorship	764	1,348
	<u>1,588</u>	<u>2,082</u>

Accounting Policy – Interest

Interest is recognised at the time it is earned.

Accounting Policy – Investment Income

The Trust's investment in commercial programs is treated as a loan and recorded in the Statement of Financial Position as a receivable. As the loan amount is paid back, it is receipted against the original loan value. Any shortfall is treated as an impairment loss and any funds received in excess of the loan value are treated as investment income in the Statement of Comprehensive Income at the time it is known.

Accounting Policy - Sponsorships

The Trust receives support in the form of money or in-kind contributions and in return provides advertising, signage or naming rights, or some other type of benefit of value to the sponsor, i.e. the sponsor receives something of value in return for the sponsorship. The sponsorship received is recognised as revenue in the period it benefits.

Disclosure about Sponsorship

The Trust received sponsorship in the form of physical assets valued at fair value in the amount of \$nil (2017: \$500,000) and has been recognised as plant and equipment. The asset is used by the Trust to generate advertising revenue.

B2 EXPENSES

B2-1 Employee Expenses

	2018 \$'000	2017 \$'000
Salaries and wages	27,684	25,796
Employer superannuation contributions	2,538	2,437
Long service leave levy	517	481
Payroll tax	1,368	1,313
WorkCover insurance	375	389
Other employee costs	27	31
	<u>32,509</u>	<u>30,447</u>
Full-time equivalent	345	296

Accounting Policy – Wages and Salaries

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates. As the Trust expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Accounting Policy – Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Accounting Policy – Long Service Leave

Under the Queensland Government's long service leave scheme a levy is made on the Trust to cover the expense. Amounts paid to employees as and when leave is taken for long service leave are claimed quarterly in arrears from the scheme.

Accounting Policy – Payroll Tax and Workers' Compensation Premiums

The Trust pays payroll tax on salary, wages and allowances. The Trust also pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Payroll Tax and Workers' Compensation insurance are a consequence of employing employees, but is not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

B2 EXPENSES (continued)**B2-1 Employee Expenses (continued)****Accounting Policy – Annual Leave**

For unpaid entitlements expected to be paid within 12 months, the liabilities on which the Trust does not have an unconditional right to defer, are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

Accounting Policy – Sick Leave

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Disclosure about Key Management Personnel Remuneration

Key management personnel and remuneration disclosures are detailed in Note E10-3.

B2-2 Supplies and Services

	2018 \$'000	2017 \$'000
Cost of services non labour	9,779	10,568
Rental	7,609	7,660
Facilities costs	5,156	4,828
Stock and consumables/materials	3,995	3,345
Administration, office costs and travel	4,105	3,591
Repairs, maintenance and equipment costs	796	424
Contractors, consultants, legal	350	270
	<u>31,790</u>	<u>30,686</u>

Accounting Policy – Supplies and Services

Supplies and services are recognised as an expense when the goods or services are received by the Trust and their value can be reliably measured.

Accounting Policy – Operating Leases

Lease payments for operating leases are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the Trust.

Disclosure about Rental

The Trust has recognised a rent expense which has been charged by Arts Queensland at a value below fair value for the use of the premises by the Trust in the Cultural Precinct. The Trust received a contribution in the same amount of \$7.609 million (2017: \$7.660 million) from Arts Queensland.

Disclosure about Stock and Consumables/materials

Stock and consumables/materials relate to food, beverage, consumables and materials used by the Trust in its food and beverage and production activities.

B2-3 Depreciation and Amortisation

	2018 \$'000	2017 \$'000
Depreciation (Note C4-4)	777	824
Amortisation (Note C5-3)	178	63
	<u>955</u>	<u>887</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

B2 EXPENSES (continued)

B2-4 Impairment Losses

Accounting Policy – Impairment Losses

	2018 \$'000	2017 \$'000	
Receivables	-	153	Impairment losses may arise on assets held by the Trust from time to time. Accounting for impairment losses is dependent upon the individual assets (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:
	<u>-</u>	<u>153</u>	

Disclosure about Movement in the provision for Impairment receivables

Note C2 – Receivables
Note C4-5 – Property, Plant & Equipment
Note C5-2 – Intangible Assets

An investment (loan receivable) made by the Trust was assessed as being impaired by the amount of \$nil (2017: \$153,000).

B2-5 Other Expenses

	2018 \$'000	2017 \$'000
External audit fees ⁽¹⁾	54	54
Internal audit fees ⁽²⁾	24	40
Insurance ⁽³⁾	178	168
Bank charges	103	93
Loss on disposal of property, plant and equipment	3	11
Sundry	91	73
	<u>453</u>	<u>439</u>

Disclosure about Other Expenses

Audit Fees

(1) Total audit fees quoted by the Queensland Audit Office relating to the 2017-18 financial statements are \$54,000 (2017: \$54,000). There are no non audit services included in these amounts.

(2) Internal audit fees relate to the audit of the Trust's internal control system are: \$24,000 (2017: \$40,000).

(3) Insurance	2018	2017
QGIF	116	116
Other	62	52
	<u>178</u>	<u>168</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

SECTION 3

NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2018 \$'000	2017 \$'000	
Cash on hand and at bank	356	177	liquid investments with short periods to maturity that are convertible readily to cash on hand, at the investor's option and that are subject to a low risk of changes in value.
Deposits at call	13,752	8,562	
	<u>14,108</u>	<u>8,739</u>	

Disclosure – Cash and Cash Equivalent

Cash and cash equivalents amounting to \$9.678 million (2017: \$7.624 million) have been set aside as cash backed funding for the Trust's general reserves.

Accounting Policy – Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions. It also includes

C2 RECEIVABLES

	2018 \$'000	2017 \$'000	Accounting Policy – Receivables (continued)
Current			
Trade Debtors	1,430	1,184	Trade debtors within terms and expected to be fully collectible are considered of good credit quality based on recent collection history. Credit risk management strategies are detailed in Note D2-3.
Allowance for impairment	-	-	
	<u>1,430</u>	<u>1,184</u>	
Loans receivable	-	-	Loans receivable arise as a result of the Trust's investment in commercial programs. As the loan is paid back, it is receipted against its original loan value. Any loss is treated as impairment loss and any funds received in excess of the loan value are treated as investment income in the Statement of Comprehensive Income at the time it is known.
Allowance for impairment	-	-	
	<u>-</u>	<u>-</u>	
Accrued income	805	923	Accounting Policy – Impairment of Receivables
GST receivable	208	220	
	<u>2,443</u>	<u>2,327</u>	

Accounting Policy – Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 7 days from invoice date.

The Trust determines that if an amount owing becomes uncollectable (after appropriate range of debt recovery actions), that amount is recognised as a bad debt expense and written off directly against receivables.

Accounting Policy – Accrued Income

Accrued income is in relation to income from productions and shows to be received by the Trust and are recognised at the time they are earned.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

C2 RECEIVABLES (continued)

Disclosure – Ageing of account receivables not impaired

	2018 \$'000	2017 \$'000
0 – 7 Days	1,252	959
7 – 30 Days	68	217
30 – 60 Days	109	8
60 – 90 Days	1	-
Greater than 90 Days	-	-
	1,430	1,184

Disclosure – Movement in allowances for impairment for impaired receivables

	2018 \$'000	2017 \$'000
Balance at beginning of year	-	100
Increase/(decrease) in allowance recognised in profit or loss	-	153
Amounts written off during the year	-	(253)
Balance at the end of the year	-	-

Disclosure – Credit Risk

Refer to Note D2-3 for information on the credit risk exposure of the Trust's assets.

C3 INVENTORIES AND OTHER CURRENT ASSETS

	2018 \$'000	2017 \$'000
Inventories	316	288
Prepayments	203	192
Deferred Expenses	-	2,260
	519	2,740

Accounting Policy – Prepayments

Prepayments are recognised and recorded when payments are made in advance of receiving goods and services.

Accounting Policy – Deferred Expenses

Deferred expenses are recognised when payments are made for goods or services received during the year, which will then be used in a future year to produce revenue.

Accounting Policy - Inventories

Inventories are valued at the lower of cost or net realisable value and are comprised of stock for the Trust's catering operations. Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventory and bringing it to its existing condition. Net realisable value is determined on the basis of the Trust's normal selling patterns.

Disclosure about Deferred Expenses

Deferred expenses are in relation to costs incurred in productions and shows to be produced by the Trust.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE

C4-1 Closing Balances

	2018 \$'000	2017 \$'000
Buildings		
- at independent valuation	350	150
- less: accumulated depreciation	-	(14)
	<u>350</u>	<u>136</u>
Land		
- at independent valuation	<u>4,350</u>	<u>4,350</u>
Leasehold Improvements		
- at cost	1,805	1,821
- less: accumulated depreciation	(1,008)	(930)
	<u>797</u>	<u>891</u>
Plant and Equipment		
- at cost	11,716	12,333
- less: accumulated depreciation	(8,241)	(8,458)
	<u>3,475</u>	<u>3,875</u>
Heritage and Cultural Assets (Concert Hall Grand Organ)		
- at independent valuation	2,640	2,520
- less: accumulated depreciation	-	(120)
	<u>2,640</u>	<u>2,400</u>
Motor Vehicles		
- at cost	108	108
- less: accumulated depreciation	(13)	(8)
	<u>95</u>	<u>100</u>
Work in progress – at cost	<u>379</u>	<u>84</u>
Total Property, Plant and Equipment – net book value	<u>12,086</u>	<u>11,836</u>

C4-2 Reconciliation of Property, Plant and Equipment

	Carrying Value at 1 July 2017 \$'000	Acquisitions \$'000	Disposals \$'000	Transfers between classes \$'000	Revaluation \$'000	Depreciation \$'000	Carrying Value at 30 June 2018 \$'000	Fair Value Disclosures
Land	4,350	-	-	-	-	-	4,350	Level 2
Buildings	136	-	-	-	221	(7)	350	Level 2
Leasehold Improvements	891	-	-	-	-	(94)	797	
Plant and Equipment	3,876	-	(3)	214	-	(612)	3,475	
Motor Vehicles	99	-	-	-	-	(4)	95	
Grand Organ	2,400	-	-	-	300	(60)	2,640	Level 3
Capital Work in Progress	84	680	-	(385)	-	-	379	
Total	<u>11,836</u>	<u>680</u>	<u>(3)</u>	<u>(171)</u>	<u>521</u>	<u>(777)</u>	<u>12,086</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C4-2 Reconciliation of Property, Plant and Equipment (continued)

	Carrying Value at 1 July 2016 \$'000	Acquisitions \$'000	Disposals \$'000	Transfers between classes \$'000	Revaluation \$'000	Depreciation \$'000	Carrying Value at 30 June 2017 \$'000	Fair Value Disclosures
Land	4,350	-	-	-	-	-	4,350	Level 2
Buildings	143	-	-	-	-	(7)	136	Level 2
Leasehold Improvements	973	-	(18)	13	-	(77)	891	
Plant and Equipment	3,298	-	(11)	1,264	-	(675)	3,876	
Motor Vehicles	104	-	-	-	-	(5)	99	
Grand Organ	2,460	-	-	-	-	(60)	2,400	Level 3
Capital Work in Progress	578	1,652	-	(2,146)	-	-	84	
Total	11,906	1,652	(29)	(869)	-	(824)	11,836	

C4-3 Recognition and Measurement

Accounting Policy - Recognition Thresholds

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are capitalised in the year of acquisition. All other items are expensed in the year of acquisition:

- Buildings and Infrastructure \$10,000
- Land \$1
- Plant and Equipment \$5,000
- Heritage and Cultural Assets \$5,000

Accounting Policy – Cost of Acquisition

Historical cost is used for the initial recording of all acquisitions of assets. Historical cost is defined as the value given as consideration at the date of acquisition plus any incidental costs attributable to the acquisition.

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition.

Accounting Policy - Measurement

Use of Specific Appraisals

Land, buildings, heritage and cultural assets are measured at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses where applicable. All other assets are measured at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses where applicable. This is in accordance with the AASB 116 Property, Plant & Equipment, AASB 13 Fair Value Measurement and the Queensland Treasury's Non-Current Asset Accounting Policies for the Queensland Public Sector.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years by an independent expert unless there are indicators that suggest the asset has experienced a significant and volatile change in value since the last reporting period in which case a new specific comprehensive valuation is undertaken. In every other year where a comprehensive valuation is not obtained management review valuations using appropriate indices.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)**C4-3 Recognition and Measurement (continued)****Use of Indices**

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up to date via the application of relevant indices. The Trust ensures that the application of such indices results in a 'valid estimation of the assets' fair values at reporting date. Such indices are derived from market information and documented to support the robustness, validity and appropriateness for application to the relevant assets.

Accounting for Changes in Fair Value

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation surplus except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense, in which case the increment is recognised as revenue up to the amount of the expense.

Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation surplus for that class of asset, in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

C4-4 Depreciation of Property, Plant and Equipment**Accounting Policy**

Land is not depreciated as it has an unlimited useful life.

Depreciation on buildings, plant and equipment and motor vehicles, is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Trust.

Key Judgement: Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the Trust.

Capital work-in-progress is not depreciated until it reaches service delivery capacity.

Where assets have separately identifiable components, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Trust.

Key Estimate: Major depreciation rates used are listed below and are consistent with the prior year unless otherwise stated:

Buildings and leasehold improvements	4 to 20%
Motor vehicles	20%
Plant and equipment	1 to 33%
Concert Hall Grand Organ	2%

C4-5 Impairment**Accounting Policy**

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Trust determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Recoverable amount is determined as the higher of the asset's fair value less costs of disposal and the asset's value in use.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C4-5 Impairment (continued)

Value in use is equal to the present value of the future cash flows expected to be derived from the asset, or where the Trust no longer uses an asset and has made a formal decision not to reuse or replace the asset, the value in use is the present value of net disposal proceeds.

Key judgement: Impairment indicators. Indicators of impairment are: market value of the asset has declined significantly, negative change in technology, markets, economic conditions or laws, obsolescence or physical damage to the asset, asset idleness, discontinued or restructured operations, and economic performance of the asset is worse than expected.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase for the class of asset through asset revaluation surplus.

When an asset is revalued using either a market or income valuation approach, any accumulated impairment losses at that date are eliminated against the gross amount of the asset prior to restating for the revaluation.

C5 INTANGIBLE ASSETS AND AMORTISATION EXPENSE

C5-1 Recognition and Measurement

	Accounting Policy		
	2018	2017	
	\$'000	\$'000	
			Intangible assets of the Trust are comprised of purchased software.
Software at cost	1,796	1,625	Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the Trust.
less: accumulated amortisation	(996)	(818)	
	<u>800</u>	<u>807</u>	It has been determined that there is no active market for any of the Trust's intangible assets. Therefore, the assets are recognised at cost less accumulated amortisation and any impairment losses.

C5-2 Impairment

Accounting Policy

All intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Trust determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by the Trust, including discontinuing the use of the software. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

C5 INTANGIBLE ASSETS AND AMORTISATION EXPENSE (continued)

C5-3 Amortisation

Accounting Policy

All intangible assets of the Trust have finite useful lives and are amortised on a straight line basis over their estimated useful life to the Trust. Straight line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the intangible's useful life.

Key Estimate: For software purchased the useful life is 5 years.

C5-4 Reconciliation of Intangibles

	Carrying Value at 1 July 2017 \$'000	Acquisitions \$'000	Disposals \$'000	Transfers Between Classes \$'000	Revaluation \$'000	Amortisation \$'000	Carrying value at 30 June 2018 \$'000
Intangible Assets	807	-	-	171	-	(178)	800

	Carrying Value at 1 July 2016 \$'000	Acquisitions \$'000	Disposals \$'000	Transfers Between Classes \$'000	Revaluation \$'000	Amortisation \$'000	Carrying value at 1 July 2017 \$'000
Intangible Assets	-	-	-	869	-	(62)	807

C6 PAYABLES

Accounting Policy – Payables

	2018 \$'000	2017 \$'000	
Trade creditors	1,263	1,136	Trade creditors and Other creditors are recognised for amounts payable in the future for goods and services received, whether or not billed to the Trust. Creditors are included at the nominal amount i.e. agreed purchase price less any applicable discounts. Amounts owing are generally unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Other creditors	2,938	3,048	
GST Payable	646	240	
	<u>4,847</u>	<u>4,424</u>	

C7 ACCRUED EMPLOYEE BENEFITS

Accounting Policy – Accrued Employee Benefits

	2018 \$'000	2017 \$'000	
Annual Leave	1,353	1,227	Refer to Note B2-1
Salaries and wages payable	632	228	
	<u>1,985</u>	<u>1,455</u>	

C8 UNEARNED REVENUE

Accounting Policy – Unearned Revenue

	2018 \$'000	2017 \$'000	
Unearned revenue	560	303	An advance received by the Trust is a liability (unearned revenue) until such time as the goods or services have been delivered or performed and the contract completed.
	<u>560</u>	<u>303</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

C9 ASSET REVALUATION SURPLUS BY ASSET CLASS

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

	Balance 1 July 2017 \$'000	Revaluation Increments \$'000	Revaluation Decrements \$'000	Balance 30 June 2018 \$'000
Land	3,900	-	-	3,900
Buildings	91	221	-	312
Heritage and cultural assets	1,838	300	-	2,138
	5,829	521	-	6,350

	Balance 1 July 2016 \$'000	Revaluation Increments \$'000	Revaluation Decrements \$'000	Balance 30 June 2017 \$'000
Land	3,900	-	-	3,900
Buildings	91	-	-	91
Heritage and cultural assets	1,838	-	-	1,838
	5,829	-	-	5,829

C10 RESERVES

Accounting Policy – Reserves

The general reserves are backed by cash or cash equivalent investments that are set aside for specific purposes as detailed below:

Building Development Reserve

This reserve has been established as the Trust is mindful of the need to undertake major building upgrades in future years for areas such as catering facilities, entertaining by corporate sponsors and office accommodation.

Equipment Replacement Reserve

The balance of this reserve represents funds held for future replacement of the Trust's general equipment needs, including information technology and theatre production equipment. The level of this reserve as at 30 June 2018 represents 19% of the total accumulated depreciation of the Trust's property, plant and equipment.

Working Capital Reserve

The Working Capital Reserve provides for fluctuations in working capital due to the volatile nature of the performing arts industry. The balance of this reserve as at 30 June 2018 has been increased to include a contribution received in June 2018 from the Anzac Centenary Arts and Culture Production and Commissioning Fund towards the Centenary of Armistice Commemoration Theatrical Performance in November 2018.

Commercial Development Reserve

The Commercial Development Reserve is to offset the financial risks associated with investments in co-presentations with commercial organisations or strategic productions undertaken by the Trust on a commercial basis.

Forward Exchange Contract Reserve

At year-end the Trust remeasures the forward exchange contract at fair value. The change in the forward exchange rate changes the fair value of the forward exchange contract. This creates an asset or liability depending on whether it is a gain or loss. The gain or loss is deferred in the Forward Exchange Contract Reserve account in equity. Where year-end does not fall between the inception date and the maturity date, there will be no need to remeasure the forward exchange contract at fair value during the life of the forward exchange contract.

When the forward exchange contract is executed and the payment is made on maturity date, the forward exchange contract asset or liability needs to be derecognised and the Forward Exchange Contract Reserve needs to be reclassified as an expense or revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

SECTION 4

NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES

D1 FAIR VALUE MEASUREMENT**D1-1 Accounting Policy and Inputs for Fair Values**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the Trust include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Trust include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Trust's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs for asset characteristics/functionality) and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient, relevant and reliable observable inputs are not available for assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the Trust for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

None of the Trust's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

D1-2 Basis for Fair Values of Assets and Liabilities

Independent valuations of land, buildings, heritage and cultural assets were performed as at 30 June 2018 by an independent valuer API qualified in Queensland on behalf of Asset Val Pty Ltd using 'fair value' principles.

The Trust's land and building were valued using the direct comparison method. The direct comparison approach is where sales of similar types of properties have been compared to the subject property on a rate per square metre basis.

For heritage and cultural assets, the basis for valuation is depreciated current replacement cost.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

D2 FINANCIAL INSTRUMENTS

D2-1 General Objectives, Policies and Processes

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Trust becomes party to the contractual provisions of the financial instrument. The Trust has the following categories of financial assets and financial liabilities.

	2018 \$'000	2017 \$'000	
Financial Assets			A gain or loss is recognised between the derivative rate and the market rate of the derivative exposure at 30 June 2018. This amount is recognised in the forward exchange contract reserve and receivables/ payables.
Cash and Cash Equivalents	14,108	8,739	The Trust is exposed to risks that arise from its use of financial instruments. This note describes the Trust's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.
Loans and Receivables at Amortised Cost	2,443	2,327	
	<u>16,551</u>	<u>11,066</u>	
Financial Liabilities			There have been no substantial changes in the Trust's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.
Payables	<u>4,847</u>	<u>4,424</u>	

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

Accounting Policy – Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Trust becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows :

- Receivables - held at amortised cost
- Payables - held at amortised cost
- Cash and cash equivalents - at fair value
- Foreign currency hedge - at fair value

On 29th January 2015, a Derivative Transactions Master Agreement between Queensland Treasury Corporation and the Trust was entered into which outlines the terms and conditions upon which Queensland Treasury Corporation as an agent is able to undertake an appropriate process to execute foreign exchange hedging transactions for the Trust in accordance with the Queensland Treasury's Derivative Transactions Policy Guidelines (March 2002) (as amended) ("the Derivatives Policy").

The Board has overall responsibility for the determination of the Trust's risk management objectives and policies and, designing and operating processes that ensure the effective implementation of the objectives and policies to the Trust. The Trust's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Trust, where such impacts may be material. The Risk Management Audit Committee (RMAC) receives quarterly reports from the Trust's Director of Business Performance, through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Trust's internal auditors also review the risk management policies and processes and report their findings to the RMAC, which in turn reports to the Board.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Trust's competitiveness and flexibility. Further details regarding these policies are set out below.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

D2 FINANCIAL INSTRUMENTS (continued)

D2-2 Interest Rate Risk

The exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date are as follows:

	Floating Interest Rate	1 Year or Less	Non Interest Bearing	Total	Weighted Average Rate
	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 %
Financial Assets					
Cash on hand and at bank	254	-	102	356	0.50%
Short term securities – Deposits at call	-	13,752	-	13,752	2.54%
Receivables	-	-	2,443	2,443	-
Financial Liabilities					
Payables	-	-	4,847	4,847	-
	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 %
Financial Assets					
Cash on hand and at bank	75	-	102	177	0.30%
Short term securities – Deposits at call	-	8,562	-	8,562	2.60%
Receivables	-	-	2,327	2,327	-
Financial Liabilities					
Payables	-	-	4,424	4,424	-

The Trust does not undertake any hedging in relation to interest rate risk and manages its risks based on the strategies developed by the Board.

D2-3 Credit Risk

Credit risk exposure refers to the situation where the Trust may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets inclusive of any provisions for impairment. There are no concentrations of credit risk as the Trust has a large number of customers. The Trust's policy is that sales are only made to customers that are credit worthy.

The Trust holds monies in trust from ticket sales monies until the completion of the performance or event when the funds are released to the promoter after deducting the Trust's receivables.

The Trust deposits with Queensland Treasury Corporation and uses Australia and New Zealand Banking Group Limited for transactional banking. The Board believes that the credit risk associated with these financial institutions is low.

The maximum exposure to credit risk at balance date is as follows:

	2018 \$'000	2017 \$'000
Financial Assets		
Cash on hand and at bank	356	177
Short term securities	13,752	8,562
Receivables	2,443	2,327
	16,551	11,066

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

D2 FINANCIAL INSTRUMENTS (continued)

D2-4 Liquidity Risk

Liquidity risk refers to the situation where the Trust may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Trust is exposed to liquidity risk through its trading in the normal course of business.

The Trust manages liquidity risk through use of the Financial Reserves Policy. This policy aims to reduce exposure to liquidity risk by ensuring the Trust has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risks of the Trust's financial assets and liabilities. It represents the contractual maturity of financial assets and liabilities.

Maturity Analysis

	Less than 1 month	1-3 months	3 months to 1 year	Greater than 1 Year	Carrying Amount
	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000
Financial Assets					
Cash on hand and at bank	356	-	-	-	356
Short term securities	13,752	-	-	-	13,752
Receivables	2,443	-	-	-	2,443
Financial Liabilities					
Payables	4,847	-	-	-	4,847
Foreign currency hedge liability	-	-	640	-	640
	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000
Financial Assets					
Cash on hand and at bank	177	-	-	-	177
Short term securities	8,562	-	-	-	8,562
Receivables	2,327	-	-	-	2,327
Financial Liabilities					
Payables	4,424	-	-	-	4,424
Foreign currency hedge liability	-	188	-	-	188

D2-5 Net Fair Value

It is considered that the net fair value of the financial assets and financial liabilities of the Trust approximate the book values due to their short term to maturity.

D2-6 Foreign Currency Exchange Risk

The Trust uses foreign exchange contracts to eliminate the risk of changes to the foreign currency exchange rate. Forward exchange contracts are taken up for the entire amount of the hedged item. At 30 June 2018 the Trust has entered into foreign exchange hedge contract for 390,000 Euros and 15,000 US Dollars (2017: 110,000 British Pounds).

As at 30 June 2018, the Trust has unrealised forward exchange contract loss of \$5,820 (2017: loss of \$1,811).

D3 NEW AND REVISED ACCOUNTING STANDARDS**Future Impact of Accounting Standards Not Yet Effective**

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

These standards will first apply to the Trust from its financial statements for 2019-20.

The Trust has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report are as follows:

- (a) Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. The Trust receives grants for which there are no sufficiently specific performance obligations, so these grants will continue to be recognised as revenue upfront.
- (b) Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of the Trust's goods and services, such that some revenue may need to be deferred to a later reporting period to the extent that the Trust has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned revenue) in the meantime). The Trust is yet to complete its analysis of current arrangements for sale of its goods and services, but at this stage does not expect a significant impact on its present accounting practices.
- (c) A range of new disclosures will also be required by the new standards in respect of the Trust's revenue.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) will become effective

These standards will first apply to the Trust from its financial statements for 2018-19 with a 1 July 2018 date of transition. The main impacts of these standards on the Trust are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Trust's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The Trust has reviewed the impact (or ranges of estimates) of AASB 9 will change the categorisation and valuation of the amounts reported in D2-1:

- There will be no change to either the classification or valuation of the cash and cash equivalents item.
- Trade receivables, loans and other current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the Trust's operating result.

However, new impairment requirements will result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The Trust will be adopting the simplified approach under AASB 9 and measure lifetime expected credit losses on all trade receivables and contract assets using a provision matrix approach as a practical expedient to measure the impairment provision. Applying this approach, the Trust has estimated the opening provision for impairment for trade receivables on 1 July 2018 to be \$nil.

The amount of impairment for trade receivables owing from other government agencies of \$nil is insignificant and immaterial due to the low credit risk (high quality credit rating) for the State of Queensland. No additional impairment provision will be raised for these amounts on transition.

The Trust will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

D3 NEW AND REVISED ACCOUNTING STANDARDS (continued)

Future Impact of Accounting Standards Not Yet Effective (continued)

AASB 16 Leases

This standard will first apply to the Trust from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases – Incentives and AASB Interpretation 127 Evaluating the Substance of Transaction Involving the Legal Form of a Lease.

Impact for Lessees

Unlike AASB 117 Leases, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the Statement of Financial Position under AASB 16. There will be a significant increase in assets and liabilities for organisations that lease assets. The impact on the reported assets and liabilities would be largely in proportion to the scale of the organisation's leasing activities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the commencement date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. In accordance with Queensland Treasury's policy, the Trust will apply the 'cumulative approach', and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

The Trust currently does not have a formal lease agreement with the State Government for the use of the buildings. The Trust recognised an estimate of the lease value of \$7.609 million as 'Goods received at below fair value' in the Statement of Comprehensive Income. The Trust is currently working with State Government in relation to creating a formal lease agreement. The Trust will assess the impact of the new leasing standard when the formal lease agreement is in place.

All other Australian Accounting Standards and interpretations with future effective dates are either not applicable to the Trust's activities, or have no material impact on the Trust.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

SECTION 5

NOTES ON OTHER ACCOUNTING INFORMATION

E1 SERVICES AND ASSETS PROVIDED TO THE TRUST

Arts Queensland, through the Department of Environment and Science, owns and maintains the Performing Arts Centre premises on behalf of the State of Queensland. The Trust is provided with the use of the building and items of fitout, including certain items of plant and equipment that are not performance related, by way of a service level agreement with the Corporate Administration Agency (CAA). As described in note B2-2 the Trust pays rent below fair value for the use of premises in the Cultural Precinct.

E2 MONIES HELD IN TRUST

A separate Trust Fund bank account is maintained to hold ticket sales monies until the completion of the performance or event when the funds are released to the promoter. As the Trust is only the custodian of these monies, they are not reflected in the Financial Statements.

Interest earned on the Trust monies held are included as 'Other Revenue' in the Statement of Comprehensive Income. The balance of monies invested at 30 June 2018 was \$19.617 million (2017: \$20.911 million).

E3 INSURANCE

The Trust's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund premiums being paid on a risk assessed basis. In addition, the Trust pays premiums to WorkCover Queensland in respect of all obligations for employee compensation.

E4 TAXATION

The activities of the Trust are exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, input tax credits receivable from and GST payable to the Australian Taxation Office are recognised.

E5 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 Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

E6 COMMITMENTS**Capital Expenditure Commitments**

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the Financial Statements are payable as follows:

Plant and Equipment	2018	2017
	\$'000	\$'000
Payable:		
Not later than one year	100	220
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>100</u>	<u>220</u>

Non-Cancellable Operating Lease Commitments

Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits):

	2018	2017
	\$'000	\$'000
Not later than one year	7	7
Later than one year but not later than five years	8	16
Later than five years	-	-
	<u>15</u>	<u>23</u>

E7 CONTINGENCIES

As at 30 June 2018 there are no material contingent liabilities for the Trust.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

E8 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY

E8-1 Changes in Accounting Policy

The Trust did not voluntarily change any of its accounting policies during 2017-18.

E8-2 Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2017-18.

E8-3 Accounting Standards Applied for the First Time

AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash Generating Specialised Assets for Not-For-Profit Entities* simplified and clarified the impairment testing requirements under AASB 136 for non-cash generating assets held by *Not-For-Profit* entities. This amendment has not changed any reported amounts. References to the Depreciated Replacement Costs have been replaced with Current Replacement Cost in line with these amendments.

E9 REMUNERATION OF TRUST MEMBERS

Remuneration paid or payable to the Trust Members for attendances of meetings held is as follows:

			2018 \$'000	2017 \$'000
	Appointment date	Termination date		
S.A. Mitchell	1-Jul-10	30-Sep-17	2	8
R.M. White	1-Jul-07	30-Sep-16	-	1
S.A. Gallaher	1-Jul-07	30-Sep-17	3	7
M.C. Power	1-Jul-10	30-Sep-16	-	1
C.R. Freeman	1-Sep-13	30-Sep-17	4	15
K.M. Blucher	1-May-14	30-Sep-17	2	6
P.O. Coaldrake	1-Oct-16	-	15	5
L.M. de Souza	10-Nov-16	-	7	5
C. Sarra	1-Oct-16	14-Jun-18	6	5
C.D. Berry	1-Oct-17	15-Mar-18	3	-
D.A. Power	1-Oct-17	-	5	-
S.B. Rix	1-Oct-17	-	7	-
M.L. Tabrett	1-Oct-17	-	6	-
Total			60	53

E10 KEY MANAGEMENT PERSONNEL AND REMUNERATION AND DISCLOSURES

Accounting Policy – Key Management Personnel and Remuneration Disclosures

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury.

E10-1 Key Management Personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Trust during 2017-18 and 2016-17. Further information on these positions can be found in the body of the annual report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		Contract Classification and appointment authority	Date appointed to position (Date resigned from position)
Chief Executive	Responsible for the provision of the strong and effective leadership of QPAT and implementation of the Trust's vision to deliver a lifetime of unforgettable live performances for all Queenslanders. The Chief Executive is accountable for achieving the strategic plan in collaboration with the Board, building the	Employment contract/ terms and conditions specified in the contract/ Governor in Council/ Queensland Performing Arts Trust Act 1977	11-Dec-08

E10 KEY MANAGEMENT PERSONNEL AND REMUNERATION AND DISCLOSURES (continued)

E10-1 Key Management Personnel (continued)

Position	Responsibilities	Current Incumbents	
		Contract Classification and appointment authority	Date appointed to position (Date resigned from position)
Chief Executive (continued)	reputation and profile of QPAC, managing external and internal operations and providing consistent, high-level strategic advice to the Board on operations, policy and planning. This includes the development and implementation of a strategic plan to advance the Trust's vision, mission, strategies and objectives and to promote revenue, profitability and growth as an organisation.		
Executive Director - Curatorial	Responsible for creation, management and implementation of Curatorial Services strategies of the Trust including initiatives of the Chief Executive, commercial productions and programs that fulfil the Trust's commitment to social justice, education, research, heritage and community cultural development.	Employment contract/ appointment by Chief Executive/ Queensland Performing Arts Trust Act 1977	28-Oct-09 (27-Oct-17)
Executive Director – Curatorial (Acting)	Responsible for creating, managing and implementing the curatorial strategies of the Trust through commercial hiring and producing programs, in addition to programs that fulfil the Trust's commitment to social justice, education, research, heritage and community cultural development, including Aboriginal and Torres Strait Islander Reconciliation. In addition, responsible for sourcing new opportunities for commercial productions to develop and expand the Trust's capability as a commercial producer.	Acting Position	16-Oct-17 to 30-Jun-18
Executive Director - Business Performance	Responsible for providing strategic advice and support to the Board, Chief Executive and senior management to ensure strategic targets agreed with the Minister in the Strategic and Operational Plans are achieved including setting of the Trust's strategic financial directions, actions and policies reflecting the objectives of the Trust and also leads the delivery of a range of high-level corporate governance functions across the organisation, including a Financial Management Compliance Framework.	Employment contract/ appointment by Chief Executive/ Queensland Performing Arts Trust Act 1977	25-May-04
Executive Director - Stakeholder Engagement Strategy	Responsible for strategic planning and government stakeholders in addition to developing and managing innovative and integrated Food and Beverage and Visitor Services strategies to achieve the Trust's strategic goals and organisational priorities. The responsibility also includes leading the Trust's operations and service delivery units and strives to continuously improve the standard of services to ensure stakeholders' needs are satisfied, both now and into the future.	Employment contract/ appointment by Chief Executive/ Queensland Performing Arts Trust Act 1977	9-Jun-14

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

E10 KEY MANAGEMENT PERSONNEL AND REMUNERATION AND DISCLOSURES (continued)

E10-1 Key Management Personnel (continued)

Position	Responsibilities	Current Incumbents	
		Contract Classification and appointment authority	Date appointed to position (Date resigned from position)
Executive Director - Visitation	Responsible for leading the Trust's Marketing and Ticketing teams and developing and managing strategies designed to maximise and grow audiences and audience reach through ticketing, digital marketing, event marketing, strategic communications, publicity, memberships, advertising, research and insights including overseeing the Trust's Development Unit, which is responsible for fostering corporate partnerships, philanthropy and sponsorships.	Employment contract/ appointment by Chief Executive/ Queensland Performing Arts Trust Act 1977	20-Jan-14
Executive Director - Development	Responsible for development of commercial partnership and fundraising strategies that deliver immediate and future income streams to the Trust, ensuring sustainability for Trust's performing arts.	Employment contract/ appointment by Chief Executive/ Queensland Performing Arts Trust Act 1977	2-Nov-15 (10-Nov-17)

E10-2 Accounting Policy - Remuneration

Remuneration policy for the Trust's key management personnel is set by the Queensland Public Service Commission as provided for under the Public Service Act 2008. The remuneration and other terms of employment for the key management personnel are specified in the employment contracts. The contracts provide for the provision of performance-related cash bonuses and other benefits including motor vehicles and car parking.

Remuneration packages for key management personnel comprise the following components:

- Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
- Non-monetary benefits - consisting of provision of parking and/or vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave. The Trust contributes to the Government long service leave central scheme which incurs the liability and subsequent payment of any long service leave payments that become due.
- Post employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- Performance bonuses are not provided for within individual contracts of employment.

Total fixed remuneration is calculated on a "total cost" basis and includes the base, non-monetary benefits, long term employee benefits and post employment benefits.

E10-3 KMP Remuneration Expense

The following disclosures focus on the expense incurred by the Trust that is attributable to key management positions during the respective reporting periods. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

E10 KEY MANAGEMENT PERSONNEL AND REMUNERATION AND DISCLOSURES (continued)

E10-3 KMP Remuneration Expense (continued)

1 July 2017 – 30 June 2018

Position	Short term employee benefits*		Post employment benefit	Termination benefits	Total Remuneration*
	Base \$'000	Non-Monetary benefits \$'000	\$'000	\$'000	\$'000
Chief Executive	321	5	36	-	362
Executive Director – Curatorial	80	4	18	-	102
Executive Director – Curatorial (Acting)	139	3	18	-	160
Executive Director – Business Performance	187	4	26	-	217
Executive Director – Stakeholder Engagement	194	6	25	-	225
Executive Director – Visitation	192	4	17	-	213
Executive Director – Development	68	2	12	65	147
Total Remuneration	1,181	28	152	65	1,426

1 July 2016 – 30 June 2017

Position	Short term employee benefits*		Post employment benefit	Termination benefits	Total Remuneration*
	Base \$'000	Non-Monetary benefits \$'000	\$'000	\$'000	\$'000
Chief Executive	321	6	38	-	365
Executive Director – Curatorial	214	6	27	-	247
Executive Director – Business Performance	182	5	24	-	211
Executive Director – Stakeholder Engagement	189	6	24	-	219
Executive Director – Visitation	185	6	17	-	208
Executive Director – Development	173	6	22	-	201
Total Remuneration	1,264	35	152	-	1,451

*The above amounts include the expense for annual leave accrued and not the value for leave taken

E10-4 Related Party Transactions

The parent entity and the ultimate controlling party of the Trust is the Queensland Government. The Trust falls within the portfolio of the Department of Environment and Science.

Transactions with people/entities related to KMP

A small business owned by a close family member of a KMP was contracted to install theming and decorations for the Trust. The amount paid was \$8,540 (2017: \$6,775) and the terms and conditions of the contract are the standard terms and conditions for procurement of such services.

An accounting firm of which a Trust member is a partner was contracted to prepare a report for the assessment of the Trust's technology for accounting and other applications and processes. The amount paid was \$9,800 (2017: \$nil) and was contracted under standard terms and conditions for procurement of such services.

QPAC provides tickets to shows to KMP and Trust Members and their accompanying guests. Attendance is part of the KMP's duties and the value of such tickets to any individual Related Party is not considered material.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

E10 KEY MANAGEMENT PERSONNEL AND REMUNERATION AND DISCLOSURES (continued)

E10-4 Related Party Transactions (continued)

Transactions with other Queensland Government controlled entities

The Trust receives appropriation funding from Arts Queensland in cash as detailed in note B1-2.

The Trust receives facility maintenance, security, cleaning services and utilities from Arts Queensland and the Trust pays for these services.

The Trust provides services in the normal course of business and under normal contract terms but charged at concessional rates to other Queensland Government departments and agencies. This includes services for ticketing, theatre hire, production crews and other staffing and charges associated with events at QPAC or other venues to the value of \$1,462,177 (2017: \$1,369,814).

The Trust utilises banking and finance services provided by Queensland Treasury Corporation under normal business terms and conditions. Fees are paid by the Trust for these services which include holding cash deposits invested by the Trust, which earn interest, and facilitating international foreign exchange transactions in the amount of \$48,520 (2017: \$43,264).

The Trust has insurance policies with the Queensland Government Insurance Fund (Note B2-5).

Funding of \$569,096 (2017: \$656,000) was provided by Queensland Government agencies and departments for specific Arts projects.

Service Concession Arrangements

The Trust leases the building from Arts Queensland. Under the terms of the lease, the Trust recognises a non-cash grant of the value of the lease and also recognises rental expense below fair value as disclosed in notes B1-2 and B2-2.

SECTION 6

NOTES ABOUT OUR PERFORMANCE COMPARED TO BUDGET

F1 BUDGETARY REPORTING DISCLOSURES

This section contains explanations of major variances between the Trust's actual 2017-18 financial results and the original budget presented to the Parliament.

F1-1 Explanation of Major Variances – Statement of Comprehensive Income

<i>Revenue:</i>	An increase in Revenue from service activities primarily due to higher spend per head in food and beverage and increased technical production crew requirements in shows.
<i>Grants and Contributions:</i>	An increase in Grants and Contributions primarily due to funding for the biennial Out of the Box Festival and funding for statutory requirements.
<i>Other revenue:</i>	A decrease in Other revenue primarily due to investments in touring productions and sponsorships not eventuating as expected.
<i>Employee Expenses:</i>	An increase in Employee expenses primarily due to staffing requirements for Out of the Box Festival, food and beverage services and technical production crew requirements on shows.
<i>Supplies and Services:</i>	A decrease in Supplies and services primarily due to lower cost of services non-labour and partially offset by increased food and beverage purchases.
<i>Depreciation:</i>	A decrease in Depreciation primarily due to lower than expected capital expenditure during the year.
<i>Other Expenses:</i>	An increase in Other Expenses primarily due to higher insurance, bank charges and other administrative costs.

F1-2 Explanation of Major Variances – Statement of Financial Position

<i>Cash:</i>	An increase in Cash due to recovery of Receivables from major musicals and timing of payment of payables.
<i>Receivables:</i>	A decrease in Receivables primarily due to recovery of amounts following the finalisation of a major musical.
<i>Other:</i>	A decrease in Other primarily due to recognition of deferred expenses for a major international series event.
<i>Non-current Assets:</i>	An increase in Non-current assets primarily due to revaluation of major capital items and finalisation of major software implementation.
<i>Payables:</i>	An increase in Payables primarily due to expenses relating to Out of the Box Festival held in June payable in July.
<i>Accrued Employee Benefits:</i>	An increase in Accrued Employee Benefits primarily due to wages accrual for enterprise bargaining.
<i>Unearned Revenue:</i>	An increase in Unearned Revenue primarily due to funds received in advance from sponsorship agreements.
<i>Reserves:</i>	An increase in Reserves due to high operating result and revaluation of major capital items.

F1-3 Explanation of Major Variances – Statement of Cash Flows

<i>Inflows:</i>	An increase in Inflows primarily due to increased revenue as a result in increased activities in commercial projects, production investment and food and beverage sales.
<i>Outflows:</i>	A decrease in Outflows primarily due to lower cost of services non-labour and partially offset by increased food and beverage purchases.

QUEENSLAND PERFORMING ARTS TRUST

MANAGEMENT CERTIFICATE

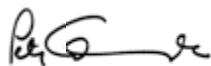
For the Year Ended 30 June 2018

CERTIFICATE OF THE QUEENSLAND PERFORMING ARTS TRUST

For the Year Ended 30 June 2018

These general purpose financial statements have been prepared pursuant to section 62 (1) of the Financial Accountability Act 2009 (the Act), relevant sections of the Financial and Performance Management Standard 2009, the Australian Charities and Not-for-profits Commission Act 2012 and other prescribed requirements. In accordance with section 62 (1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for the establishment and keeping of accounts have been complied with in all material respects;
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Performing Arts Trust for the financial year ended 30 June 2018 and of the financial position as at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



.....
Peter Coaldrake AO
Chair



.....
John Kotzas
Director



.....
Kieron Roost CPA
Executive Director –
Business Performance

14 August 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Queensland Performing Arts Trust

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Performing Arts Trust. In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

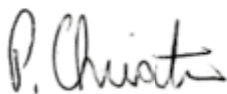
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

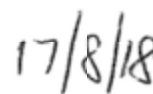
Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



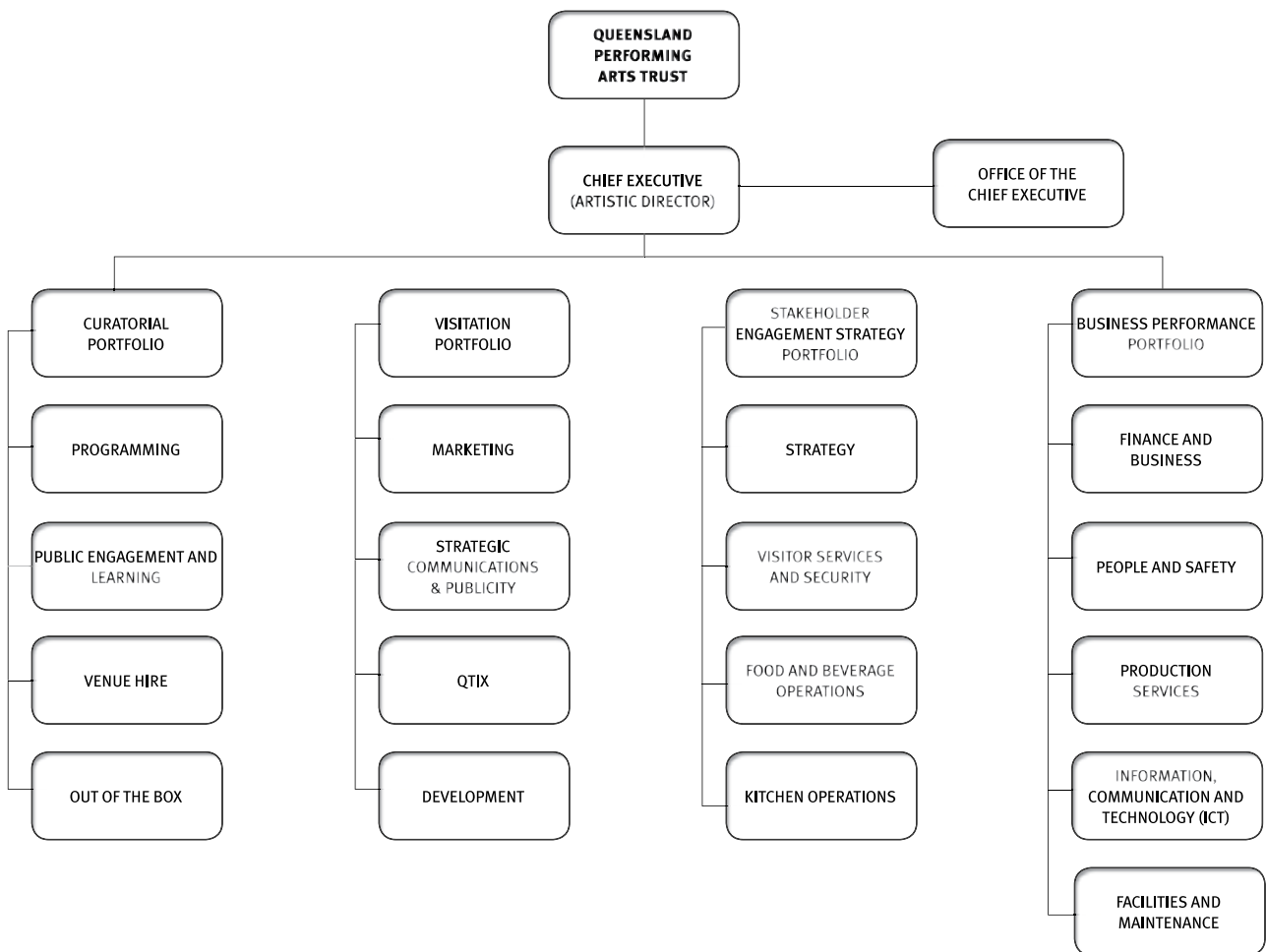
P CHRISTENSEN
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

Governance

Organisational structure



Organisational chart as at 30 June 2018

Queensland Performing Arts Trust

The Queensland Performing Arts Trust Act 1977 provides that the Trust consists of the number of members appointed by the Governor in Council. In appointing a member, regard must be had to the person's ability to contribute to the board's performance and the implementation of its strategic and operational plans. A person is not eligible for appointment as a member if the person is not able to manage a corporation under the Corporations Act 2001 (Cth). Members are appointed for terms of not more than three years and are eligible for reappointment upon expiry of their terms. Members are appointed on the conditions decided by the Governor in Council.

The Trust met 10 times during the year.

Members of the Trust during the year were:

Name	Board		Risk Management and Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Professor Peter Coaldrake AO Chair Chair from 1 October, 2017	10	9	4	3
Ms Leigh Tabrett PSM Deputy Chair from 1 October, 2017	7	7	3	3
Mr Charles Berry Member from 1 October, 2017 to 15 March 2018	4	4	1	1
Mr Dare Power Member from 1 October, 2017	7	7	0	0
Ms Susan Rix AM Member from 1 October, 2017 RMAC Chair from November 2017	7	7	4	4
Professor Chris Sarra Trust member to 14 June 2018	9	5	0	0
Ms Leanne de Souza	10	8	0	0
Mr Christopher Freeman AM Chair to 30 September, 2017	3	2	1	1
Mr Simon Gallaher Deputy Chair to 30 September, 2017	3	3	1	1
Ms Kylie Blucher Member to 30 September, 2017	3	1	0	0
Ms Sophie Mitchell Member to 30 September, 2017	3	2	1	1

Professor Peter Coaldrake AO, Chair

Professor Peter Coaldrake is the Chair of the Queensland Performing Arts Trust, a position he took up in October 2017. Professor Coaldrake completed his almost fifteen year term as Vice-Chancellor and CEO of Queensland University of Technology (QUT) in December 2017.

Professor Coaldrake is a dual Fulbright Scholar; as a Postdoctoral Fellow in the field of politics/public policy (1980-1981), and as a Senior Scholar in the field of higher education policy and management (2001-2002). Professor Coaldrake is the author or editor of a number of books and monographs including most recently as co-author (with Dr Lawrence Stedman), of *Raising the Stakes: Gambling with the Future of Universities* (UQP, 2013; second edition 2016). He is also the author of *Working the System: Government in Queensland* (UQP, 1989).

Professor Coaldrake is the National Chair of the Fulbright Scholarship Selection Committee and of the Editorial Board of the Journal of Higher Education Policy and Management. He is a member of the Board of Governors of the Queensland Community Foundation (QCF) and was Chair of the Queensland Heritage Council from 2011-2016. He served as Chair of the peak body representing Australian universities, Universities Australia (UA), between 2009-2011, and in 2014 he re-joined that Board. Professor Coaldrake was Chair of the Australian Technology Network (ATN), between 2012-2013, and in December 2015 completed a four year term as Chair of the governing board of the OECD higher education group (IMHE). Earlier in his career he spent four years as Chair of Queensland's Public Sector Management Commission.

Professor Coaldrake was named as a recipient of a Queensland Great Award by the Premier of Queensland in 2017, and he was awarded the 2016 Asia Pacific Leadership Award by the Council for Advancement of Support of Education (CASE).

Leigh Tabrett PSM, Deputy Chair

Leigh Tabrett PSM has worked as a secondary teacher, a university administrator, and senior public servant, ending her public service career as Deputy Director-General (Arts Queensland) in the Department of Premier and Cabinet. She has served on numerous state and national policy and coordinating bodies and government owned companies, has been an advisor to both State and Federal Governments on higher education and on arts and cultural policy, and has led policy, organisational and legislative reform agendas in both areas.

She now works as a company director, business coach and consultant in the arts and community services sectors. She is Chair of Bleached Arts Ltd, which delivers the Bleach Festival on the Gold Coast, a Director of the Community Services Industry Alliance and of DVConnect. As Chair of Of One Mind Ltd, she is working to develop the WOW (Women of the World) Festival in Australia and the Pacific, including the staging of WOW as part of the cultural festival for the 2018 Commonwealth Games.

Dare Power

Dare Power is Group Administration Manager for his family business BMD, one of Australia's largest privately owned construction, consulting and urban development organisations.

In addition, Dare is one of the driving forces behind PowerArts, an arts investment and production vehicle that works to facilitate live performing arts projects. For over ten years, PowerArts has contributed to the Australian performing arts landscape through a mixture of direct investment, sponsorship and philanthropy.

Dare has served on the board of several arts organisations, and is currently a director of Queensland's premier contemporary dance company, Expressions Dance Company.

Dare holds a Bachelor of Arts (Honours) from the University of Queensland, a Master of Film and Television from Bond University, and an Executive MBA from the Australian Graduate School of Management. He is a Graduate Member of the Australian Institute of Company Directors.

Susan Rix AM

An accomplished business leader with over 35 years' experience as a chartered accountant and corporate advisor assisting clients in varied aspects of commercial, financial and taxation matters with an emphasis on small to medium enterprises across a broad range of industries and professions.

Additionally, an experienced company director (and Chair) with current and past board roles spanning the private, not for profit and government sectors in diverse industries including agriculture, rail, ports, infrastructure, disability services, and education. A Fellow of the Chartered Accountants, Australia and New Zealand and a Fellow of the Australian Institute of Chartered Accountants.

Ms Leanne de Souza

Leanne de Souza is a highly respected veteran of the Australian music industry. With 25 years' experience working in artist management and events she has represented various high profile, award winning, commercially successful and critically acclaimed contemporary musicians.

A long standing champion and advocate for contemporary music Leanne was a foundation board member of the Queensland Music Network (Q Music) and currently holds the Executive Director role for the Association of Artist Managers (AAM).

As an entrepreneur, Leanne is the founder and director of the Rock and Roll Writers Festival. As a sought after consultant and facilitator, she has worked extensively across art forms and with Aboriginal and Torres Strait islander peoples nationally. As a lecturer, she has worked for Griffith University, Queensland Conservatorium and TAFE Queensland. As a peer assessor Leanne regularly sits on assessment panels for the Australia Council, Arts Queensland and Brisbane City Council.

Executive management

The Chief Executive is appointed as 'director' of the Queensland Performing Arts Trust by the Governor in Council upon recommendation by the Minister for the Arts approved by the Trust. The Chief Executive is appointed for a term of not more than five years under the *Queensland Performing Arts Trust Act 1977* and is eligible for reappointment upon expiry of the term.

Chief Executive: John Kotzas

The Chief Executive is responsible for the provision of the strong and effective leadership of QPAT and implementation of the Trust's vision to deliver a lifetime of unforgettable live performances for all Queenslanders. The Chief Executive is accountable for achieving the strategic plan in collaboration with the Board, building the reputation and profile of QPAC, managing external and internal operations and providing consistent, high level strategic advice to the Board on operations, policy and planning. This includes the development and implementation of a strategic plan to advance the company's vision, mission, strategies and objectives and to promote revenue, profitability and growth as an organisation.

Executive Director – Stakeholder Engagement Strategy: Jackie Branch

The Executive Director – Stakeholder Engagement Strategy is responsible for strategic planning and government stakeholders in addition to developing and managing innovative and integrated Food and Beverage and Visitor Services strategies to achieve the Trust's strategic goals and organisational priorities. The Executive Director – Stakeholder Engagement Strategy leads QPAC's operations and service delivery units and strives to continuously improve the standard of services to ensure stakeholders' needs are satisfied, both now and into the future.

Executive Director – Visitation: Roxanne Hopkins

The Executive Director – Visitation leads QPAC's Marketing and Ticketing teams and is responsible for developing and managing strategies designed to maximise and grow audiences and audience reach through ticketing, digital marketing, event marketing, strategic communications, publicity, memberships, advertising, research and insights. The Executive Director – Visitation also oversees QPAC's Development Unit, which is responsible for fostering corporate partnerships, philanthropy and sponsorships.

Executive Director – Curatorial: Bill Jessop (acting)

The Executive Director – Curatorial is responsible for creating, managing and implementing the curatorial strategies of QPAC through commercial hiring and producing programs, in addition to programs that fulfil QPAC's commitment to social justice, education, research, heritage and community cultural development, including Aboriginal and Torres Strait Islander Reconciliation. The Executive Director – Curatorial sources new opportunities for commercial productions to develop and expand QPAC's capability as a commercial producer.

Executive Director – Business Performance: Kieron Roost

The Executive Director – Business Performance is responsible for providing strategic advice and support to the Board, Chief Executive and senior management to ensure strategic targets agreed with the Minister in the Strategic and Operational Plans are achieved. The Executive Director – Business Performance sets strategic financial directions, actions and policies reflecting the objectives of QPAC and also leads the delivery of a range of high level corporate governance functions across the organisation, including a Financial Management Compliance Framework.

Risk Management and Audit Committee

QPAT maintains a detailed Risk Management Plan consistent with the requirements of sections 15(1)(h) and 28 of the *Financial and Performance Management Standard 2009*.

As part of its broader risk management strategy, QPAT has identified a number of operational risks that would impact negatively on the day to day operation of the business. The operational risks are power failure, any incident that will result in a building evacuation placing patrons or staff at significant risk, failure of the ticketing system and website or internet outage.

QPAC occupies a building owned and maintained by Arts Queensland. QPAC works with Arts Queensland to ensure that the facilities are maintained to the highest standards.

The Risk Management and Audit Committee (RMAC) is a Board committee which meets at least quarterly to assist the Board in overseeing QPAC's internal control, audit and risk management functions.

The RMAC is responsible for providing advice, comments and recommendations to the Board following review and assessment of budgets, financial reporting, internal control, risk management, internal audit, external audit, pricing, tenders, investment proposals, external investigations and other specific matters as required by the Board from time to time.

The RMAC is Chaired by Ms Susan Rix AM and also comprises Professor Peter Coaldrake AO and Ms Leigh Tabrett PSM. In accordance with remuneration arrangements approved by the Governor in Council, the RMAC Chair receives an annual fee of \$2,500 and members receive an annual fee of \$1,000.

The RMAC has observed the terms of its charter and has had due regard to Queensland Treasury's *Audit Committee Guidelines* throughout the year.

Audit recommendations for the financial statements for the year ending 30 June 2018 were presented to RMAC in August 2018. The recommendations were noted by RMAC and management action in response to those recommendations was completed by management and reported back to RMAC during the year.

Public sector ethics

The Chair and members of the Trust, the Director and all staff are bound by an internal Code of Conduct approved by the Trust, in accordance with the *Public Sector Ethics Act 1994*. The standards of conduct stated in the Code of Conduct align with the ethics principles and their corresponding values set out in the *Public Sector Ethics Act 1994*. The ethics principles are:

- Integrity and impartiality;
- Promoting the public good;
- Commitment to the system of government; and
- Accountability and transparency.

The ethics principles and values and the standards of conduct stated in the Code of Conduct are provided to all staff upon induction and available on QPAC's intranet site. The Code of Conduct is available for inspection by any person at QPAC's offices. Staff are given access to education and training about public sector ethics at regular intervals.

QPAC did not develop, approve or review any standards of practice under the *Public Sector Ethics Act 1994* during the financial year.

QPAC's administrative procedures and management practices, including its human resource management and procedures, and planning processes are developed and conducted having regard to the ethics principles and values set out in the *Public Sector Ethics Act 1994* and QPAC's Code of Conduct.

QPAC's Strategic Plan 2017-2021 and the QPAC Values are congruent with the public sector ethics principles and the Code of Conduct. Integrity and accountability are incorporated into all organisational decisions and activities. Employee agreements incorporate ethics priorities and the requirements of the *Public Sector Ethics Act 1994*.

Risk management and accountability

Internal audit

QPAC maintains a comprehensive internal audit program. A three year Internal Audit Strategic Plan has been developed and is reviewed annually.

QPAC's internal auditor, appointed by the RMAC following a tender process, is independent of management and the external auditors.

In 2017-2018, QPAC completed audits of Fraud and Corruption Gap Assessment, Business Case Approval Process, Cash Handling, Finance and Business Unit Review, Safety Audit and Cybersecurity Framework Review. The internal audit function had due regard to Queensland Treasury's *Audit Committee Guidelines*.

External scrutiny

QPAC was subject to the following external audits and reviews during the financial year (other than the audit reports on the financial statements): Administered Funding Review.

Information systems and recordkeeping

QPAC complies with the provisions of the *Public Records Act 2002* and the Queensland Government's *Records Governance Policy*.

The main corporate records (digital and physical) are managed by a Senior Information and Archives Officer through QPAC's Record Management system (HP Records Manager). Physical records are maintained offsite at a secure document facility while the main corporate digital records are maintained in HP Records Manager onsite. Where appropriate, staff will use other corporate electronic databases to store and manage information. QPAC's administrative staff are aware of the requirement for, as well as the processes and procedures of recordkeeping. One on one training of all relevant new staff is also provided.

All records are held for the appropriate period set out in the QPAC General Retention and Disposal Schedule. QPAC's General Retention and Disposal Schedule is aligned with the current Queensland State Archives' General Retention and Disposal Schedule (issued September 2016). Secure destruction is performed by an external company after approval is given by the Executive Director – Business Performance. QPAC receives the appropriate Certificate of Destruction for each disposal request.

QPAC's recordkeeping system has been reliable and there have been no breaches of security in the past year.

With the transition from paper to digital records, QPAC has adapted the recordkeeping process to ensure that all major records are captured through scanning and digitising processes, and being stored in HP Records Manager. Where necessary, original hardcopies are sent by the Information and Archives unit, for storage offsite.

The majority of QPAC's records are related to public performances and events hosted at QPAC. These records are archived on a permanent basis as they provide the cultural history of QPAC and the performing arts in Queensland.

Human resources

Workforce planning and performance

As at 30 June 2018, QPAC's workforce was constituted of 345 full time equivalent staff. The permanent attrition rate during the year was 1.72 per cent and the permanent retention rate was 98.28 per cent.

Human resources

QPAC recorded 100 per cent compliance with the Enterprise Bargaining Agreement. During this period, QPAC's 2015 Enterprise Bargaining Agreement expired and was renegotiated. Nil hours were lost to industrial disputation during this process. QPAC's Joint Consultative Committee continues to play a vital role by ensuring that employee representatives have the opportunity to raise and work through organisational issues in a consultative forum with management.

QPAC recognises the importance of delivering work life strategies to attract and retain skilled employees and offers flexible working hours, part time employment and working from home arrangements.

The Friends of QPAC Program continues to maintain a strong connection with previous QPAC employees who have dedicated fifteen years or more of service to QPAC. This program aims to continue QPAC's engagement and recognition of past employees' contribution and commitment. The program welcomed two new members in the 2017-2018 financial year and now has a total membership of 21.

Organisational culture

QPAC continues to implement strategies from the Employee Engagement Survey to support and nurture a culture that provides an opportunity for employees to give direct feedback by implementing employee suggestion boxes and email which is managed by the People and Safety team.

Consistent with QPAC's objective to create a culture of continuous improvement, a new online Human Resources platform known as HR Onboard was implemented.

This platform enhances the experience of new employees by promoting a positive employer brand and first impression; allowing the People and Safety team to send employment offers and on boarding paperwork electronically, who can review and accept employment offers in a user friendly portal via their phone, tablet or PC.

The platform also enhances the experience of existing employees by simplifying internal hiring processes, and allowing the People and Safety team to electronically manage the internal transfers of current employees appointed to new roles and term extensions.

To foster and support managers and staff in the continuously evolving landscape of the arts industry, a continuous improvement program based on the LEAN initiative was developed and rolled out to all full time and part time employees. Based on collaboration and creativity, this project looked at what staff do and how they do it, in order to find better, easier and faster ways to work.

QPAC's Reward and Recognition Program has continued to gain momentum since its inception in July 2007. The purpose of the Program is to recognise and reward QPAC staff (as individuals or teams) who deliver over and beyond their usual duties, demonstrating the QPAC Values either internally or externally. The Reward and Recognition Program encompasses Values Cards, On the Spot Rewards, Team Awards and Quarterly Nominations, and this year introduced a Learning Hero award in recognition of employees who show initiative in their learning journey. The Reward and Recognition Program continues to be a popular and well used engagement initiative among QPAC staff.

In 2017-2018, 67 employees received Quarterly Nominations from their managers and peers across three award categories (Individual Excellence Award, Outstanding Service Award and Behind the Scenes Achievement Award), 497 employees were nominated for On the Spot Rewards and 381 employees were nominated for a Team Award. In December 2017, two QPAC employees were awarded the yearly 'Living the Values' Award replacing the traditional 'Employee of the Year Award'. The recipients of the Award in 2017 were Colin Butcher, Facilities Coordinator and Cindy Ullrich, Publicity Manager.

Wellbeing

In 2017-2018, QPAC introduced 'QPAC Gives Back' and following employee feedback on their preferred charities to support, donations and events were organised for Make A Wish Foundation, RSPCA, Orange Sky Laundry, Common Ground and the Cancer Council. QPAC works with OzHarvest, Australia's leading food rescue organisation, donating excess food from outlets across QPAC. OzHarvest is a national program that collects quality excess food from commercial outlets and delivers it directly to more than 1000 charities around Australia.

In completing its fourteenth year, QPAC's Wellness Program has four elements: move, nourish, mind and support. It continues to grow and have a positive impact on employees with programs offered such as Mental Health Awareness Week, R U OK Day, Superannuation and Financial Health Checks, Pilates sessions and yoga classes.

All employees have access to the Employee Assistance Program, a confidential counselling service.

Learning and development

QPAC's competency framework continued to expand in 2017-2018 demonstrating QPAC's commitment to a working environment which enables staff to develop their skills, knowledge and effectiveness within QPAC and to promote improved performance in support of QPAC's goals and priorities. Over 160 different programs were offered to employees in this financial year.

QPAC's learning model is based on the concept that learning and development is not a one off interaction; it is a series of interactions that are integrated with and connected to the corporate strategy, business goals, operational processes and legislative and regulatory requirements. Flexibility in where and how employees learn is increasingly important and QPAC continues to adapt to offering more digital style and short, sharp and engaging learning.

QPAC's Learning Management System (LMS), a web based organisational learning centre, is now truly embedded in QPAC's learning culture and continues to support the new employee on boarding component as part of QPAC's three stage induction program. This year all QPAC employees were given direct access to a library made up of more than 200 professional development courses on the LMS. Topic areas such as business, communications, leadership and management, sales, customer service and various Microsoft applications are available for self-enrolment.

In addition to the LMS, QPAC continues to offer identified staff licences to Lynda.com, an online subscription library that teaches the latest software, creative and business skills through high quality instructional videos. Various QPAC specific playlists have been curated on Lynda.com to assist with specific individual development needs.

The LMS also enables QPAC to continue to deliver specific compliance training such as the yearly emergency, safety and security refresher completed by all staff, warden training and unit specific courses such as food safety training for the food and beverage, kitchen, stores and facilities and maintenance teams and numerous safe work procedures for the production services and other relevant business units.

As part of the professional development training pillar, 2017-2018 and in support of QPAC's strategy and organisational culture, managers, supervisors and full time and part time staff attended a continuous improvement based on LEAN face to face workshop. This workshop was developed and delivered in house. QPAC's executive coaching program is ongoing and well established with all senior managers participating in this program.

In addition to the LMS, Lynda.com and in house workshops, QPAC offers numerous professional development opportunities via attendance to offsite workshops, training programs, seminars and conferences.

QPAC continues to acknowledge the value of engaging with schools and tertiary institutions by providing work experience and industry placements. Throughout 2017-2018, QPAC hosted 14 work experience students across all three disciplines of the production services unit (lighting, staging and audio/visual). QPAC also hosted 17 internship students in the areas of publicity, finance, programming, functions, marketing, production services and human resources.

QPAC continues to liaise with key industry representatives regarding the identified skills gap and technical training framework for the live performance industry. As Queensland's leading centre for live performance, this framework is an important part of ensuring the sustainable future of the live performance industry in Queensland. Through this consultation process various skill sets from the Creative Arts and Training Culture Package have been added to the Queensland Training Subsidies List. This list identifies the qualifications and skill sets that attract a government subsidy under the Annual VET Investment Plan.

Work health and safety

In 2017-2018, QPAC conducted an annual audit with an external contractor which was based on current codes of practice. The audit reviewed the effectiveness of QPAC's safety management system, identifying the strengths and opportunities for improvement to ensure compliance with the *Work Health and Safety Act and Regulation 2011* and the supporting WHS Codes of Practice.

To enhance and support the QPAC safety culture, executives, managers and frontline supervisors attended a workshop to assist them in understanding how they are expected to exercise their due diligence. The workshop also examined the industrial manslaughter legislation.

Safe Work Month was again held in 2017-2018 and this year saw employees enter a *Game of Thrones* weekly safety challenge. A different *Game of Thrones* character became the Ambassador for the safety theme of the week. In addition to this team challenge, daily safety quizzes were rolled out along with a personal safety and security seminar.

This year also saw the introduction of both general security and cyber security awareness training included in the Work Health and Safety Induction as well as the yearly Emergency, Safety and Security refresher. Furthermore, QPAC developed and rolled out two specific online courses; a QPAC Code of Conduct course and an online Food Safety course.

QPAC's safety culture was further embedded within the organisation by the development and rollout of a series of safe work procedures to relevant unit staff to ensure understanding of and adherence to job or activity specific safe work practices.

Disclosure of additional information

QPAC publishes the following information reporting requirements on the Queensland Government Open Data website (<https://data.qld.gov.au>) in lieu of inclusion in the annual report:

- Consultancies
- Overseas travel

Glossary

Term	Description
Act	<i>Queensland Performing Arts Trust Act 1977.</i>
Board	Board appointed as member of the <i>Queensland Performing Arts Trust Act 1977.</i>
Chief Executive	QPAC's Chief Executive appointed by the Governor in Council as the Director of the Queensland Performing Arts Trust under the <i>Queensland Performing Arts Trust Act 1977.</i>
Concert Hall	QPAC's 1,800 seat theatre primarily used for classical music concerts, contemporary music and comedy.
Cremorne Theatre	QPAC's 277 seat theatre used for smaller theatre productions. The Cremorne Theatre underwent extensive renovations in 2017.
Cultural Centre	The area of South Bank where the Queensland Government's arts statutory bodies (QPAC, Queensland Art Gallery Gallery of Modern Art, Queensland Museum and State Library of Queensland) are co-located.
Culture Segments	Culture Segments is a segmentation methodology developed by UK arts consultancy, Morris Hargreaves McIntyre based on an individual's relationship to the arts, to segment its audience.
Dynamics 365	QPAC's Customer Relationship Management system.
Green Jam	A series of free, outdoor concerts curated by QPAC. Taking place on the Melbourne Street Green, <i>Green Jam</i> showcases local students, young, emerging and early career artists across a range of genres and performance styles.
Helpmann Awards	The Helpmann Awards are administered by Live Performance Australia and recognise achievements in live performance from around Australia.
Kadenze	Kadenze is an online learning platform open to students from around the world. Kadenze offers courses and coursework on a range of topics. In 2018, QPAC, Sydney Opera House and Lincoln Center (New York) collaborated on a course offering for teaching artists.
LEAN	A continuous improvement program adopted by QPAC.
Live Performance Australia	The peak industry body for the Australian live performance industry.
LMS	Learning Management System.
Lyric Theatre	QPAC's 2,000 seat theatre used primarily for musicals, operas and large dance and music productions.
New performing arts venue	Following a business case by Arts Queensland, it was determined that QPAC would receive funding for a new theatre to be constructed at QPAC by 2022. The new performing arts venue will be between 1,500 and 1,700 seats and be constructed on the Playhouse Green.
Out of the Box Festival	QPAC's biennial festival for children aged 8 years and under. Produced and presented by QPAC, Out of the Box Festival is one of QPAC's signature programming initiatives.
Playhouse	QPAC's 850 seat theatre used primarily for theatre, classical and contemporary dance.
Playhouse Green	Currently open space on the Grey Street side of the Playhouse which will be used to construct a new performing arts venue in coming years.
Power BI	A business intelligence tool used by QPAC.

Public engagement and learning	The public engagement and learning team supports QPAC's goals and strategic direction by contributing to and creating experiences to support audiences and communities to find meaning in the performing arts.
QPAC	Queensland Performing Arts Centre.
QPAC Choir	A contemporary community choir providing access to imaginative repertoire, challenging skill development, social opportunities and the opportunity for members to participate in public performances.
QPAC International Series	The QPAC International Series presents Queensland exclusive seasons by some of the world's leading performance companies. The QPAC International Series is supported by the Queensland Government through Tourism and Events Queensland.
QPAT	Queensland Performing Arts Trust.
QTIX	QPAC's ticketing service arm. QTIX provides all ticketing services for QPAC and is also used by various arts organisations and museums and galleries from around Australia. QTIX is the leading arts focused full service ticketing solution for the arts industry in Australia.
Risk Management and Audit Committee	A subcommittee of the Board responsible for assisting the Board in overseeing QPAC's internal control, audit and risk management functions.
RMAC	Risk Management and Audit Committee.
Scholar in Residence	A joint appointment between QUT and QPAC to bridge ideas and practice in arts and education. The role also looks at the everyday interconnections between QPAC, its audiences and communities to generate maximum value and impact from QPAC's programs.
Secondary ticketing market	The secondary ticketing market refers to the process whereby purchased tickets are resold. This can be done through legitimate channels and means, or through unregulated secondary ticketing sites. It is the second of these options against which most fraudulent cases occur.
Service Delivery Statements (SDS)	Financial and non-financial information prepared for the State Budget process each year. A separate document is provided for each departmental portfolio and one for the Legislative Assembly of Queensland.
Shareable content	Shareable content refers to QPAC generated and user generated content created with the intent of sharing on social media and digital platforms.
Sold occupancy	Sold occupancy is the total number of tickets sold calculated as a percentage of total tickets offered for sale.
Story	A magazine produced twice yearly by QPAC as part of the Public Engagement and Learning strategy. Each magazine takes a theme through which to examine QPAC's program and provide in depth commentary, analysis and thought provoking content for audiences and stakeholders.
The Creatory	The Creatory is a digital online portal housed on the QPAC website offering visitors in depth content designed to deepen audience engagement with QPAC's program.
Trust	Queensland Performing Arts Trust, the Queensland Government statutory body responsible for QPAC, established under the <i>Queensland Performing Arts Trust Act 1977</i> .
Venue utilisation	The total number of days a venue is booked for performance, rehearsals, maintenance or other activities, as a percentage of 365 days.
Year in Review	A complementary publication to this Annual Report produced by QPAC based on highlighting activity throughout the calendar year instead of financial year.

Compliance Checklist

Summary of requirement	Basis for requirement	Annual report reference
Letter of compliance	• A letter of compliance from the accountable officer or statutory body to the relevant Minister/s ARRs – section 7	1
Accessibility	• Table of contents	ARRs – section 9.1 2
	• Glossary	70
	• Public availability	ARRs – section 9.2 Inside back cover
	• Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3 Inside back cover
	• Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4 Inside back cover
	• Information Licensing	<i>QGEA – Information Licensing</i> ARRs – section 9.5 n/a
General information	• Introductory Information	ARRs – section 10.1 3
	• Machinery of Government changes	ARRs – section 31 and 32 n/a
	• Agency role and main functions	ARRs – section 10.2 4
	• Operating environment	ARRs – section 10.3 10
Non-financial performance	• Government’s objectives for the community	ARRs – section 11.1 7
	• Other whole-of-government plans / specific initiatives	ARRs – section 11.2 n/a
	• Agency objectives and performance indicators	ARRs – section 11.3 21
	• Agency service areas and service standards	ARRs – section 11.4 21
Financial performance	• Summary of financial performance	ARRs – section 12.1 22
Governance – management and structure	• Organisational structure	ARRs – section 13.1 61
	• Executive management	ARRs – section 13.2 64
	• Government bodies (statutory bodies and other entities)	ARRs – section 13.3 n/a
	• <i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4 65
	• Queensland public service values	ARRs – section 13.5 n/a
Governance – risk management and accountability	• Risk management	ARRs – section 14.1 65
	• Audit committee	ARRs – section 14.2 65
	• Internal audit	ARRs – section 14.3 66
	• External scrutiny	ARRs – section 14.4 66
	• Information systems and recordkeeping	ARRs – section 14.5 66
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1 67

	• Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment</i> (from 20 May 2016) ARRs – section 15.2	n/a
Open Data	• Statement advising publication of information	ARRs – section 16	Inside back cover
	• Consultancies	ARRs – section 33.1	69
	• Overseas travel	ARRs – section 33.2	69
	• Queensland Language Services Policy	ARRs – section 33.3	n/a
Financial statements	• Certification of financial statements	FAA – section 62	58
		FPMS – sections 42, 43 and 50 ARRs – section 17.1	
	• Independent Auditor's Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	59

FAA Financial Accountability Act 2009

FPMS Financial and Performance Management Standard 2009

ARRs *Annual report requirements for Queensland Government agencies*

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Please contact telephone 07 3840 7400 or email qpac.reception@qpac.com.au for further information or to obtain a hard copy of the report.

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The Queensland Performing Arts Trust welcomes feedback on this annual report. Please complete the online feedback form at www.qld.gov.au/annualreportfeedback

