



ANNUAL REPORT

2021-22

THE SOVEREIGN HILL MUSEUMS
ASSOCIATION LIMITED

OUR STORY

We were born in 1970 with a rebellious spirit and an innovative vision. We have a sharp eye for history and want to ensure that Ballarat's vibrant gold rush heritage and the story of its impact on our nation can inspire future generations.

Founded by locals as a not-for-profit organisation, we are connected to our community and dedicated to the growth and success of the people and businesses in our part of the world.

We are passionate believers and advocates for adaptation and change, and we bring the people of the goldfields to life through stories of resilience, opportunity, curiosity, change, connection, and conflict.

It has taken many cultures, many people, and more than 60,000 years to build a country like Australia, and while the story of our nation is still being written, we tell an important part of it like no one else can.

Sovereign Hill is the story of us.

WADAWURRUNG ACKNOWLEDGMENT

Sovereign Hill acknowledges the Wadawurrung people as the Traditional Owners of the land on which we operate. We pay our respects to their Elders past and present, and to all of the Aboriginal and Torres Strait Islander people who live and work on Wadawurrung Country.

We acknowledge their unceded sovereignty over Wadawurrung Country, and the ongoing hardship and trauma because of colonisation. The history and continuous culture of the Wadawurrung people is an important part of our shared story.

OUR STRATEGY

OUR VISION

Connecting people through our history to adapt for a better future.

OUR MISSION

Providing meaningful immersive experiences that tell stories of our humanity.

OUR VALUES

Our values identify how we will interact with each other, our visitors, and our stakeholders.

Integrity	Our business is conducted with honesty and integrity
Safety	Ensuring the safety of our people and visitors underpins everything we do
Sustainability	We strive to balance social, environmental and economic priorities
Respect	We respect each other, and we respect our visitors, partners, resources, reputation, and collections
Service	We are passionate about creating a positive and memorable visitor experience
Equality	We are committed to achieving equality and we value diversity

OUR APPROACH

Excellence in Visitor Experience

Provide immersive and tailored experiences that are relevant and meaningful

Places and Spaces

Reimagine our spaces and places, creating environments and experiences that transport all visitors

Bold Narratives

Reveal and share stories of our humanity that provoke connection, curiosity, and change

Reach and Impact

Transform our reach and impact on-site, offsite, and online

Workplace of the Future

Create a progressive workplace that values our people and promotes diversity and inclusion

Future Proofing

Build a resilient business for sustainability and agility

OUR DECISION-MAKING CRITERIA

Innovative | Data Informed | Risk and Return Assessed | Purpose Aligned | Culture and Capability Fit
Excellence in Visitor Experience





CONTENTS

OUR STORY	2
OUR STRATEGY	3
PRESIDENT'S REPORT	6
CEO'S REPORT	7
SOVEREIGN HILL'S COVID-19 JOURNEY	8
REACH & IMPACT	10
EXCELLENCE IN VISITOR EXPERIENCE	12
PLACES & SPACES	14
BOLD NARRATIVES	16
WORKPLACE OF THE FUTURE	18
FUTURE PROOFING	20
TRIBUTES	22
THE SOVEREIGN HILL FOUNDATION	24
MAJOR SPONSORS, GRANTS & DONORS	25
OUR ORGANISATION - SUPPORTERS & STAFF	26
FINANCIAL & STATUTORY REPORTS	29

PRESIDENT'S REPORT



The Board is eternally grateful for the commitment our staff, volunteers and supporters have made to buoying Sovereign Hill through the past two and a half years. We have heard words like resilience, agility and pivot used so much across the globe, and each of them has been very relevant to our organisational context this past year. I am optimistic about the future of the organisation despite a challenging year financially. So much of our uniqueness as an entity is our people, and we have such a bright future ahead of us because of them.

Our relationship with the Ballarat community has evolved through this pandemic and we are better for it, stronger together. The Board and Management look forward to growing our local partnerships further over the coming period as we look to partner with community organisations that have common goals. We extend our gratitude to the City of Ballarat, Ballarat Regional Tourism, Commerce Ballarat and the Committee for Ballarat for their support through the past year and advocacy behind our priorities. The next three years will present significant additional opportunities for these organisations to work together with Sovereign Hill to shape a meaningful legacy from the upcoming Commonwealth Games and we look forward to being an active part of this conversation.

This year has been immensely important, strategically, as we have worked to prepare for our Gold Museum building to reopen as the Australian Centre for Rare Arts and Forgotten Trades and the Australian Centre for Gold Rush Collections. These two Centres for deep learning mark a pivotal moment in our organisation's evolution, and we look forward to their public opening in late 2022. The groundswell of support behind these new initiatives from artisan communities, peer organisations, our community and the tertiary sector reinforce their timeliness. Launching our early release program for the Rare Trades Centre in May 2022 during

the Ballarat Heritage Festival, has already created positive discourse.

Our continued focus on the long-term direction for Sovereign Hill has built strong momentum and we were pleased to have former Minister for Tourism and Major Events, the Hon. Martin Pakula MP, visit to confirm we had secured \$6 million of funding towards the next phase of the Master Plan. Alongside the \$10.1 million of capital works being delivered as part of the Federal Government grant by December 2022, there is much to look forward to for our visitors and team. The Victorian Government's Regional Tourism Investment Fund has supported the organisation to begin immediate work on a new events pavilion, Wadawurrung Cultural Precinct and gold panning area enhancements. It is particularly significant that a portion of this funding is focused on the creation of the Wadawurrung Cultural Precinct, as this was a priority of our traditional owners during the Master Plan consultation phase. This is incredibly important and to see it delivered over the coming 24 months in time for the Commonwealth Games, is a very positive outcome. There are many more opportunities ahead for Sovereign Hill to partner with First Nations communities to deliver more content to our visitors. The Board looks forward to supporting these initiatives.

A handwritten signature in dark ink, appearing to read 'Craig Fletcher'.

Craig Fletcher
President

CEO'S REPORT



We reflect on a challenging year but also one in which so much has been achieved. After two and a half years of a global pandemic, many stakeholders have reached out to ask if we are still solvent. This is understandable. We are indeed solvent, despite a significant operating loss for the year. We continue to deliver major capital works, a business plan with many continuous improvement initiatives and are yet to take on long-term debt.

The past financial year has been a year of two halves for Sovereign Hill operationally. The first half was characterised by the impact of lockdowns then slowly easing restrictions, and the second half, where the museum was fully open but with our team delivering to a new Covid-normal. This cycle of adaptation has been a challenging operating environment – for our communities, our team members, leaders and many of our stakeholders. Despite all of this, the visitor has been front and centre and we have welcomed 298,884 people through our gates.

During the first half of the financial year, we celebrated a strong Winter Wonderlights over the Winter 2021 period, with over 75,000 visitors coming to Sovereign Hill before a snap lockdown ended the winter celebrations three days early. Over \$20 million is estimated to have been spent by visitors in Ballarat during the three-week event - much needed by many in the hospitality and tourism sector following the environment our sector had navigated. Our significant thanks to the Victorian Government for supporting a recovery marketing campaign that was delivered throughout this year with \$500,000 of investment. We also thank the then Minister for Regional Development, the Hon. Mary-Anne Thomas MP, for visiting our site to engage with the organisation and deliver this positive news. These much-needed funds allowed the organisation to generate significantly greater visitation and flow on economic impact in Ballarat than would

otherwise have been possible. During the second half of the financial year, we were able to return to 75% of pre-pandemic visitation and despite the ever-present Covid-19, the team delivered an incredibly positive visitor experience. Operational adaptation was required through the re-opening phase to ensure schools could return to excursions and camps. We were also ready to welcome visitors safely through our site for the busy January school holiday period. Our team was cross trained in many new areas to provide operational flexibility, contingency planning for sickness as well as enabling a new rostering approach to activate our site in quieter times.

Our incredible volunteer team also returned to site during this time, with new volunteers joining our program and an immense amount of back of house research volunteer time contributed. A new pantomime was introduced and celebrations of Lunar New Year on site went ahead, the music program was boosted, and the organisation launched a new event weekend - Heritage Harvest Weekend. Our thanks to Plate Up Ballarat and the City of Ballarat for supporting heritage food as a key theme within the May 2022 Ballarat Heritage Festival and including Sovereign Hill in this programming.

My significant thanks to our Board, our team and our many supporters for their keen understanding and vision through these last years. We walk this journey together.

A handwritten signature in dark ink, appearing to read 'Sara Quon'.

Sara Quon
Chief Executive Officer



SH SOVEREIGN HILL'S COVID-19 JOURNEY: A STORY OF RESILIENCE AND OPTIMISM

Sovereign Hill has been hit hard from the impacts of Covid-19 with repeated closures due to lockdowns which stopped visitors and reduced revenue.

We have kept our staff, created new ways of working, and maintained our volunteer network as we face the future with plans to offer an even better experience for visitors.

Our recovery plans are based on investment to renew, refresh and present brand new projects to motivate more visitors to come through our precincts.

The upcoming launch of the Australian Centre for Rare Arts and Forgotten Trades will preserve and protect artisan skills by teaching workshops and will open a new chapter in our history.

One of our most iconic zones, the Diggings and the Chinese Protectorate Camp, will undergo a transformation to renew the area with an emphasis of improved disability access.

The solid return of our schools' program is a welcome sign that our classes and learning experiences deliver relevant and meaningful education which is the heartbeat of our work.

Winter Wonderlights' massive success brought crowds that proved people want to be a part of an exciting program during the colder months.

In a competitive environment for international travellers, we are investing to ensure that key markets including India and other overseas countries, are left feeling that a trip to Sovereign Hill remains a must-do on their Victorian travel plans.

We are committed to sharing our stories locally, state-wide and internationally to draw people here, working closely with Visit Victoria and other peak bodies to advance and promote Sovereign Hill.



298,884
VISITORS

269,536
VISITORS FROM
VICTORIA

87,058
EDUCATIONAL
EXPERIENCES
DELIVERED

REACH & IMPACT

SOVEREIGN HILL REMAINS A CHERISHED PLACE WITH PEOPLE VOTING WITH THEIR FEET

The ongoing pandemic has continued to have a profound impact on our visitation. Over the past 12 months, 298,884 people visited Sovereign Hill, 57% of our 2019 total. Melbourne continues to be the home of the majority of our visitors, with 131,837 Melbournians making up 44% of total visitation. However, the regions also responded to what we offer day-to-day and for special events, with 85,749 people visiting from regional Victoria – comprising 29% of total visitation. And importantly, our own community attended in ever-greater numbers, with 51,950 Ballarat locals visiting, comprising 17% of our total visitation. This figure is close to our pre-pandemic total of 54,719 local visitors.

SCHOOLS GETTING BACK ON TRACK AND DOWN TO NEW BUSINESS

Our core schools' program which creates deep learning impact is on the rebound from Covid-19 disruptions. We delivered our first full term in three years with Term 2 in 2022. It was a milestone achievement. The creation of 'school bubbles' minimised mixing of schools in common areas for meals, learning and accommodation and meant schools felt confident and safe returning to the site.

The Victorian Government's Positive Start Covid Recovery program helped fund 10,000 additional students to experience our education program.

Additionally, the museum entered into a further four-year agreement with the Department of Education and Training in a strategic partnership program. We are also in discussions with the Catholic Education Commission of Victoria as we plan for a renewal of our partnership.

Digital learning took another leap forward as the education programs expanded significantly. VCE curriculum now has six classes available online, seven digital content packages have been updated and a virtual program has been developed for early learners.

A snapshot of feedback from visiting teachers is encouraging. Surveys show between 95% to 99% of visiting teachers rated learning programs as relevant, student capabilities were enhanced, and they left with new knowledge and interest.

A YEAR TO STRENGTHEN EXISTING PARTNERSHIPS AND BUILD NEW RELATIONSHIPS

We maintained strong relationships at all levels of government enabling us to develop new assets and programs that supported our financial and environmental sustainability.

We continued to work closely with the State Government, with funding support in place, and flourishing partnerships, with Creative Victoria the Department of Education and Training, and Regional Development Victoria.

Sovereign Hill boosted its association with different industry partners to offer experiences, events and products that have taken us in new directions. Food and drink have been important connections. A successful partnership with Plate Up Ballarat was a key reason for the outstanding debut of Heritage Harvest Weekend. Likewise, Kilderkin Distillery, created a Sly Grog Gin which was a nod to our past and a great step in future fundraising.

SH

EXCELLENCE IN VISITOR EXPERIENCE

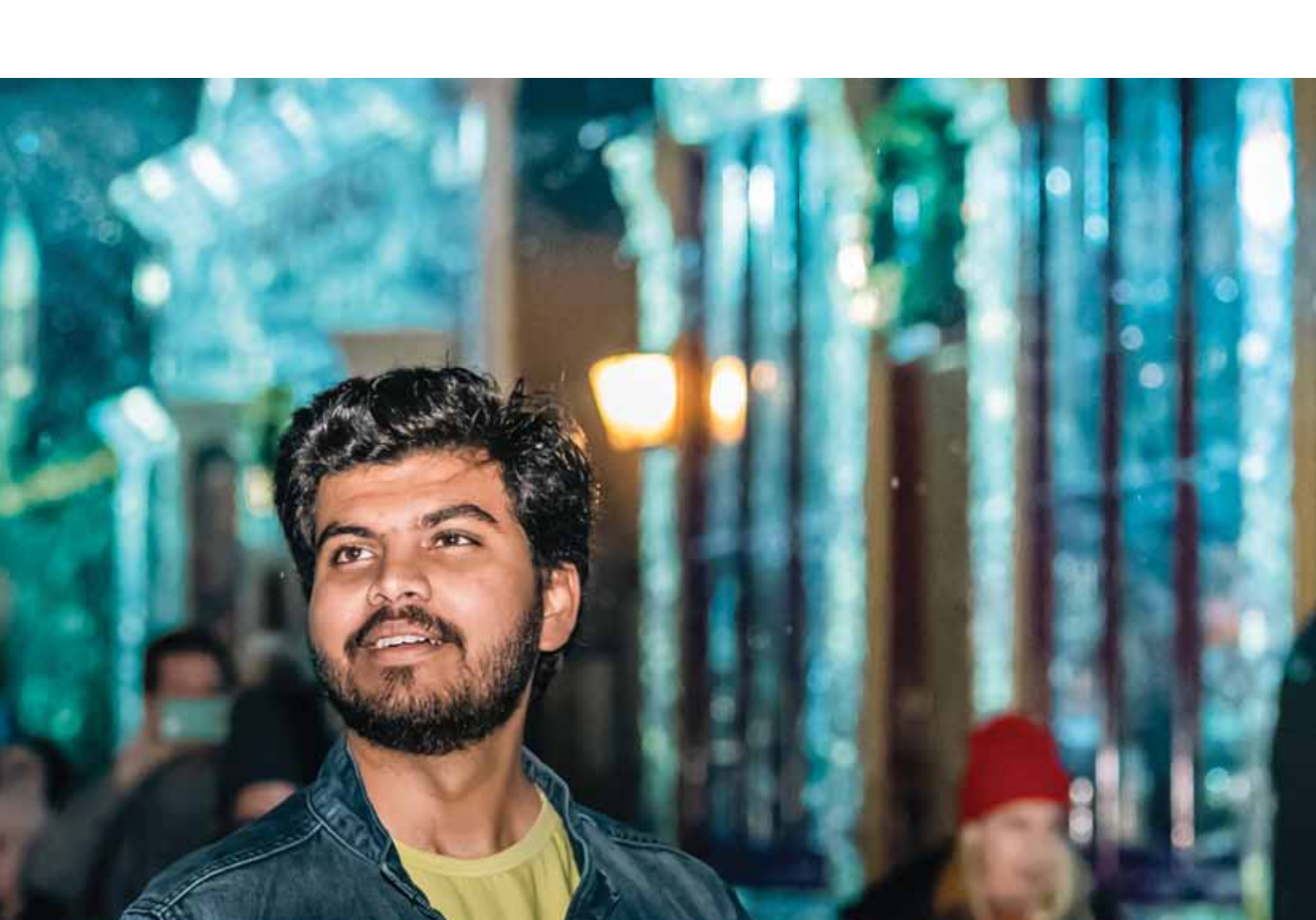
This year, Sovereign Hill delivered new major events that will grow in coming years, engaging new audiences and sharing our stories of humanity in new ways.

EXPANDING EVENTS, CONNECTING NEW AUDIENCES

The Rare Trades Symposium, delivered in partnership with Tomahawk Events and the City of Ballarat, brought close to 80 artisans to Ballarat, the UNESCO City of Craft, to learn from each other and build their networks. The symposium, including a public Pecha Kucha, delivered extraordinary insights into the creativity and collaboration which will be the heart and soul of the Rare Trades Centre and was a key achievement in creating a home for artisans and those wanting to learn.

Heritage Harvest Weekend, delivered in partnership with Plate Up Ballarat and the City of Ballarat, saw over 3,000 people visit the living museum for a 'foodie takeover'. Visitors immersed themselves in the traditional practices of fermenting, drying, salting, curing, pickling and distilling through a series of pop-up market stalls, demonstrations, and workshops, connecting with practices of the past and how they have evolved.

Winter Wonderlights 2022 was an outstanding highlight, with close to 97,000 people visiting during the full three weeks of sound lights and wintry delights - the highest visitation seen since 2017. Feedback from



2
NEW
EVENTS

96,667*
ATTENDED WINTER
WONDERLIGHTS
2022

19,971
ATTENDED
AURA

visitors was joyous and grateful for the show's return.

** Note: Winter Wonderlights 2022 figures run across the 2021-22 and 2022-23 financial year periods.*

TELLING THE UNIQUE STORY OF OUR REGION AND THE IMPACT IT HAS HAD ON OUR NATION

AURA, the three-part evening experience that tells the story of our region before and after the gold discoveries, continues to deliver for audiences. The

narrative presents the story from multiple viewpoints, beginning with the creation of gold and then a powerful presentation of the Bunjil creation story of the Wadawurrung. The final act explores the experiences of First Nations people, gold miners and others through the discovery of gold in the region, the Eureka rebellion, and then its aftermath.

While heavily affected by Covid-19, 19,971 people were still able to see the 90-minute AURA presentation this financial year.

2

NEW DEEP
LEARNING
CENTRES

11

MASTER PLAN
PROJECT CLUSTERS

150,000+

OBJECTS CARED
FOR ACROSS
MUSEUM
COLLECTIONS



This year brings some of the biggest building changes to Sovereign Hill in recent memory as we deliver our Master Plan, with support from the Commonwealth Government.

CHANNELLING THE REBELLIOUS SPIRIT AND INNOVATIVE VISION OF OUR FOUNDATION

The Master Plan work, through 11 project clusters, is delivering signature projects and enabling infrastructure and assets that will catalyse and enable visitation growth and community impact long into the future, while expanding the museum's capacity to care for, and share, the cultural heritage of this region.

A \$10.1 million grant from the Federal Government agreed in 2019 has funded 11 Master Plan projects on site. Among them, the Rare Trades Centre, the refurbishment of the Diggings area and Chinese Protectorate Camp, plus important improvements of our steam operations, site accessibility and food operations, amongst others.

MORE ACCESS, RETURNING PUBLIC SPACE, AND IMPROVED EXPERIENCES

This year, the team has created three new learning spaces in Main Street, alongside more accessible toilets and dedicated facilities for students. Further work is underway that will be concluded next year. This work will improve the visitor experience in the Steam and Battery House Precinct, provide better accessibility and improved visitor amenity across the Diggings and Chinese Protectorate Camp, as well as a renewed experience in the New York Bakery, and a significantly greater capacity to deliver future events.



PLACES & SPACES

SIGNATURE HUBS FOR COLLECTIONS AND RARE TRADES

In a major piece of adaptive reuse, the building that has housed the Gold Museum on Bradshaw Street since 1978 is being transformed, with work to be complete by end of 2022.

A team of builders, many of them local, have been working to transform the building into two new spaces, the Australian Centre for Rare Arts and Forgotten Trades and the Australian Centre for Gold Rush Collections.

The Rare Trade Centre will deliver an Australian-first purpose-built facility for rare trades artisans to showcase and pass on their skills in workshops.

This bold initiative will establish a creative hub drawing artisans and audiences from around the nation.

The Australian Centre for Gold Rush Collections

will house the museum's internationally significant collection, more than 150,000 objects in total, and provide a dedicated place for learning, research, and improved access. This year, the collections have been carefully removed from the Gold Museum displays, assessed, and put into storage while the building works are underway.

The removal presented the chance to look at what conservation works were needed on some pieces and review and improve documentation. The next phase of the project is to restore the collections to enhanced facilities with interpretive open storage, and a full public activations program. Further stages in this redevelopment will see the Gold Pavilion our planned new orientation and exhibition space, provide the greatest step in improving access to the collections through public exhibitions. This project is being advocated for but remains unfunded.



80,000

OBJECT RECORDS
AVAILABLE ONLINE
AND ACCESSIBLE
TO ALL

1

FIRST NATIONS
CULTURAL ADVISOR

1

BOOK
LAUNCHED

SH BOLD NARRATIVES

**We've worked hard to strengthen our First Nations storytelling.
We're grateful for our strong and expanding relationship with
the Wadawurrung, the Traditional Owners of Ballarat,
as we develop new ways to share First Nations stories.**

This year, we created a First Nation Working Group, with the Deputy CEO, Head of Learning and a new role of the First Nations Cultural Advisor. This group will deliver this significant priority, commencing with a project to deliver cultural awareness training for staff. Cultural educator Emma Leehane led the sessions which will form an ongoing program at Sovereign Hill and extend to the public. Our education team continued to teach the Environmental Impacts of the Gold Rush for Aboriginal People, a professional development program for teachers.

Enabling us to deliver on our commitment for First Nations storytelling, we have also received two significant tranches of funding this year. Funding from the Regional Tourism Investment grant program will support the future development of a Wadawurrung Cultural Precinct, and confirmation of funding from the Hugh D.T. Williamson Foundation allowed us to create a new role of First Nations Cultural Officer.

EXPANDING THE STORIES OF WOMEN OF THE GOLDFIELDS

International Women's Day was celebrated with the launch of our book, *Courage and Resilience: The Pioneer Women of Ballarat Montage*. The book tells the story of 32 women whose photographs are held in our collection. Many of them were described only by their connection to the men in their lives. Through this research, the authors explored their lives and contributions in the domestic, economic and social development of the city. The launch was celebrated

with a lecture by authors Lucy Bracey and Fiona Poulton, and attended by over 120 people at Sovereign Hill.

WE ARE WORKING WITH TRUSTS AND FOUNDATIONS TO TELL MORE STORIES WITH EXTRA RESOURCES

We are looking forward to working with the HDT Williamson Foundation on initiatives aligned to First Nations and environmental sustainability.

The John T Reid Charitable Trusts and the Ferry Family Charitable Trust generously provided additional financial support to enable our not-for-profit organisation to continue to be relevant and dynamic, and to tell stories that are significant for future generations.

Benefits from work with the Helen Macpherson Smith Trust and the Isobella Foundation, provided in previous years is also still being delivered.



SH WORKPLACE OF THE FUTURE

We are investing in our people, their talent and their future contributions. This year saw the launch of a new People and Culture Plan. The plan focuses on rewarding exceptional performance and outlines our future direction for safety and wellbeing, innovation, diversity, equality, equity and opportunities for personal growth.

BUILDING AN ENGAGED WORKPLACE

We launched a new Engagement Survey to further validate data that informed the development of our People and Culture Plan. Our staff and volunteers told us that they are satisfied working here, with 76% of staff recommending Sovereign Hill as a great place to work, and 91% believing the work they do is important.

EMBRACING DIVERSITY AND ATTRACTING TALENT REMAINS A FOCUS

Building the diversity of our workforce and attracting talent during significant workforce shortages has been a major focus. The People and Culture team engaged with Ballarat Regional Multicultural Council to promote employment and volunteer opportunities to clients. We joined the Central Highlands Regional Taskforce to progress the development of the Victorian Skills Plan and worked with the City of Ballarat to identify and address workforce shortages in the visitor economy.



325

**PERMANENT AND
CASUAL EMPLOYEES**

192

VOLUNTEERS

12,632

VOLUNTEER HOURS

WE PUT EQUITY INTO ACTION

The iconic Red Coats have been a staple of Sovereign Hill's presentations. In 2022, gender barriers were removed so there were no obstacles for eligible staff to participate in the first recruiting drive for three years. This is another step towards embracing the diversity and opportunity that brought people to the goldfields. Visitors, staff, and volunteers have been overwhelmingly supportive of this significant further step supporting gender equity at our museum.

VOLUNTEERS CONTINUE TO CONTRIBUTE SIGNIFICANTLY TO OUR SUCCESS

Our volunteers have been vital in sharing the stories of Sovereign Hill as they work onsite and beyond as the pandemic shifts. This year, volunteers were back in bigger numbers than was possible in recent times, doing amazing work with the community outside our gates. Costumed volunteers supported the Begonia Festival Parade and Heritage Week, roaming around Lydiard Street, the train station and the Civic Hall. The team also established an outreach program at Mercy Place, an aged care facility. Volunteers also delivered 111 'trade' sessions and 173 tours for our costumed schools.



3

MAJOR DIGITAL
INFRASTRUCTURE
PROJECTS UNDERWAY

1

HEAD OF
SUSTAINABILITY

During this past year, we finalised a new information and Communications Technology (ICT) Roadmap specifically designed to deliver better staff and customer experiences.

FUTURE PROOFING

A BUSINESS MODEL THAT HARNESSES THE POWER OF DIFFERENT DIVISIONS

We have started to create business roadmaps linking business functions, program delivery and customers. We have begun analysing our technology and systems to tie together all the components of our business as we build on our strategy and Master Plan.

The new roadmaps are fundamental in identifying financial priorities. The first delivered is an ICT roadmap. The roadmap approach will also be rolled out across projects including environmental sustainability, Narmbool operations, education programs, events, and our core program.

With confirmation of funding support from the Hugh D.T. Williamson Foundation, the next roadmap will deliver phase one of a Sustainability Roadmap.

A FOCUS ON ENVIRONMENTAL SUSTAINABILITY

This financial year, we appointed a Head of Narmbool and Sustainability. This is the first senior position at Sovereign Hill with sustainability as a critical component of the role. Based at our Narmbool pastoral property, This role will lead the organisation in delivering improvements, enhancements and strategy to guide our environmental commitment.

WE ARE INVESTING IN DIGITAL SYSTEMS AND INFRASTRUCTURE TO SUPPORT EFFICIENT AND EFFECTIVE OPERATIONS

A major change to how Sovereign Hill does business is coming. Our digital ticketing project will improve our systems for visitors from the time they book, move through the museum and communicate with us later. New digital ticketing makes us more accessible and will provide greater scope for pre-booking special events and additional experiences. The museum will see a new website with enhanced functions and a

Customer Relationship Management (CRM) System completed in the second half of 2022. The change has been funded through the Master Plan and fundraising initiatives.

These technology investments, grounded in the ICT Roadmap adopted this year, will deliver many benefits for all who have contact with Sovereign Hill for years to come.

WE HAVE ACTIVELY MANAGED RESOURCES

In a tight economy we are carefully managing a wide portfolio of resources to juggle the delivery of major infrastructure and our business-as-usual operations. A focus of our procurement activities is to mitigate the impact of across-the-board price increases.

We have formalised our ongoing arrangement with Peter Rowland Group as our new partner for the provision of hospitality and food services.

We have entered into new supply contracts for both gas and electricity, welcomed a new provider for on-site security services, and reconfirmed arrangements for the lease of our valuable Locomotive Y112 to Steamrail Victoria.

We continued to negotiate strongly with a range of suppliers of raw materials and inventory in support of our confectionary and on-site retail operations.

While the financial result for the year provides for ample opportunity to improve in future, we are pleased that, after three financial years of significant disruption to our workforce, our customers and our community, we have again ended the financial year without any debt financing and with substantial maintenance of our reserves to place us in a strong position to quickly recover.



TRIBUTES

RETIREMENT TRIBUTE TO CATHERINE BROWN FORMER BOARD MEMBER 2020 - 2022



In April 2022, it was with regret that we learned that Catherine, a Ballarat-based board director, was moving overseas. Catherine was elected to the Board at the Annual General Meeting in October 2020.

During her term, Catherine brought an extensive background in Human Resources to the skills-based Board, having managed her own business as well as working in the mining and higher

education sector. Catherine was also a valued member of Sovereign Hill's Finance and Risk Committee, overseeing the finances during what has been a most challenging time for the organisation.

We thank Catherine for her contribution over the past two years and wish her family well with their relocation.

VALE DESMOND KENNARD OAM



We were saddened by the news of the passing of Desmond Kennard OAM in February 2022. Desmond passed away in Hilltop, New South Wales at aged 90. He was appointed as Sovereign Hill's first Executive Director in 1973, a role he served until 1980, and was also made a Life Member of the Sovereign Hill Museums Association.

Desmond's contribution to Sovereign Hill was setting the foundation of the professional structure that was needed in those early days that would guide and manage the organisation over the coming decades. Desmond was also closely involved in the opening of Stage 1 of the Gold Museum building, as well as the research

and planning behind the establishment of the Red Hill National School and the associated low-cost student accommodation on-site. The education offering at Sovereign Hill continues to be a vital part of the museum's operations today.

Desmond had a long career in the museums sector with Director positions at the Museum of Applied Arts and Sciences, the Australian Bicentennial Exhibition and Sydney Maritime Museum. In 2015, Desmond was honoured with a Medal of the order of Australia (OAM) for services to the visual arts, particularly to the museums and galleries sector.

THE SOVEREIGN HILL FOUNDATION (INC. NAMED ACCOUNTS)

The Sovereign Hill Foundation was established in 1996 as an internal fund of The Sovereign Hill Museums Association Limited. The Foundation provides a capital base for investment that supports Sovereign Hill's long-term financial viability.

We thank the Foundation Chair, Dr Ross Wilkie, and fellow committee members for their support over

the past 12 months, which has continued to be a challenging time. We are most appreciative of the generosity of those Named Account donors who are listed below for establishing this initiative for the future benefit of our museum.

The Peter and Richard Nicholson Family gift
Jane Cowles Bequest
The Isobella Foundation
Delaware North Companies Australia
McDonald's Australia
D & J McKenzie Account
Bruce & Kay McKnight Bequest
The Colin & Shirley Prowse Family Gift
GH & AJ Troon Account
SJ Weir (Ballarat) Pty Ltd Account
Ross & Elizabeth Wilkie
Voi Williams Family Gift
The Barry James Account
The John & Catherine Davis Account
Jim and Betty Gay Family Gift
Jeremy & Anne Johnson Family Gift

JG King Pty Ltd
Terry & Sue Lloyd Gift
Jim & Irene Stephen Account
Gull & Company Gift
Adroit Insurance & Risk (Directors)
Doug Sarah & Penny Russell (Win Sarah Memorial) Gift
Dorothy & David Baird and Family Gift
Sophie and Steven Coltman Family Gift
Neil & June Jens Family Account
John Collier Bequest
Alizzi Family Account
Bruce & Adela Bartrop Account
Rod & Melinda Unmack Family Gift
Dean & Pauline Stevens Family Gift
Bentley Family Gift
Plush Family Gift

MAJOR SPONSORS, GRANTS & DONORS

MAJOR SPONSORS & GRANTS

City of Ballarat

Catholic Education Commission of Victoria

Victorian Government Department of Jobs, Precincts & Regions – Regional Recovery Fund

Victorian Government Department of Jobs, Precincts & Regions – Investment Fast Track Fund

Victorian Government Department of Jobs, Precincts & Regions – Regional Tourism Investment Fund

Victorian Government Department of Education and Training

Ferry Family Charitable Trust

The John T Reid Charitable Trusts

Isobella Foundation

Natures Cargo

The Museum would also like to acknowledge the support of Creative Victoria and its Organisational Investment Program.

The Sovereign Hill Museums Association also acknowledges the support of the Australian Government under the 2019 National Tourism Icons Program for the development and delivery Phase 1 of the Association's Master Plan which was launched in November 2020 and will be completed by late 2022.

We are grateful for the contributions received in previous years from all our supporters, particularly the Helen Macpherson Smith Trust, whose assistance continues to provide benefit in our projects this year.

DONORS (From 1/7/2021 to 30/06/2022)

The Sovereign Hill 2022 Annual Giving Appeal was launched at an event on 18 May 2022. This year, donors had the choice to make a donation towards four pillars of our organisation: The Australian Centre for Rare Arts and Forgotten Trades, Sovereign Hill Foundation, Education Services and the Sir Henry Bolte Fund.

We thank the following donors for their support during 2021/22.

Baird S	Lloyd T
Ball D	Manton S & I
Bennett B	McCarthy P
Brooke D	McGregor W
Burnard L	McKnight B
Burns J	Moss D & S
Cerini G	Nicholson R & P
Chapman W	O'Sullivan F
Corcoran I & K	Perrin K
Cowles J	Pleydell R
Davis J	Plush J
Ferry A & R	Prendergast C
Ferry Family Charitable Trust	Prowse C
Fiskin P	Quon Family
Fiusco R	Rizza J
Flamsteed W	Robson V
Hankin W M Estate	Selkirk R
Hawkins A	Shotton N
Hinchey R & N	Sparks K
Howard J M Estate	Stone B
Isobella Foundation	Torney G W Estate
Longden M & L	Wallace S
	Webster M

We also acknowledge with our gratitude the online donors that contributed to the Sustain Sovereign Hill campaign and the 2021 Sovereign Hill Gold Lottery. Their collective contributions have made a real difference.

OUR ORGANISATION - SUPPORTERS & STAFF

PROSPECTORS

Prospectors are passionate supporters of the museum who make an annual donation and enjoy social gatherings at Sovereign Hill. The past year has made it difficult to gather our Prospectors together for on-site events however, we look forward to organising some exclusive behind-the-scenes tours and gatherings during the forthcoming year.

We are pleased that Mr Steve Moneghetti AM remains a Patron of this coterie.

Ball D	Moss D
Brooke D	Moss S
Chandler A	O'Sullivan F
Chandler T	Perrin K
Chapman W	Plush J
Corcoran I	Prowse C
Cowles J	Selkirk R
Lloyd T	Stone B
McKnight B	Webster M
Moneghetti S	

SIR HENRY BOLTE FUND SUB-COMMITTEE

The Sir Henry Bolte Fund is an internal fund of The Sovereign Hill Museums Association Limited that supports the museum by funding acquisitions to underpin our historical research and help build our museum collection. We would also like to take this opportunity to thank Roger Trudgeon, who announced his retirement from the Committee during the year, for his effort, energy and the valuable insights he contributed to discussions. Our sincere thanks go to the following volunteer sub-committee members.

Nicholson R (Chair)	Prowse C
McKnight B (Deputy Chair)	Thompson D
Elder S	Trudgeon R (Until 14/7/2022)
McGregor W	Fletcher C (Ex-officio)
McNamara P	Quon S (Ex-officio)

PATRONS

The Hon. John Brumby AO
The Hon. Steve Bracks AC
The Hon. Jeffrey Kennett AC
The Hon. Denis Naphthine AO
The Hon. Ted Baillieu AO

CIVIC PATRONS

Mayor of the City of Ballarat, Cr Daniel Moloney
Chancellor of Federation University Australia,
Terry Moran AC

PATRONS OF NARMBOOL TRUST

Andrew Ferry OAM
Robin Ferry OAM

BOARD MEMBERS

Craig Fletcher – President
Angela Carey – Vice President
Chris Alizzi
Chris Brooks (from 19/10/2021)
Catherine Brown (to 26/4/2022)
Damien Butler
Adrian Doyle (to 19/10/2021)
Marie Jackson
David Mackay (from 19/10/2021)
Peter McCarthy (to 19/10/2021)
Josie Rizza (from 19/10/2021)
Judy Verlin
Scott Williams (from 21/6/2022)
Carolyn Chong* (from 25/7/2022)
(* Commenced after 30/6/2022)

BOARD ADVISORS

Sarah Phillipson

SENIOR EXECUTIVE**Chief Executive Officer**

Sara Quon

Deputy CEO/Chief Museums Officer

Katrina Nitschke

Chief Development Officer

Will Flamsteed (to 3/6/2022)

Chief Engineering Officer

Chris Hutton

**Chief Financial Officer
and Company Secretary**

Angela Morrison

Chief People Officer

Kez Tacar

COMMITTEE CHAIRS, COMMUNITY SUPPORT**Committee Chairs****Finance and Risk Committee**

Alizzi C

President's Advisory Committee

Fletcher C

Narmbool Committee

Butler D

Sir Henry Bolte Fund Sub-Committee

Nicholson R

The Sovereign Hill Foundation

Wilkie R

Community Support

We're grateful for the on-going support of the following members of the community who have served on Sovereign Hill Board Committees during the past financial year:

Elder S
McCarthy P
McGregor W
McKnight B
McNamara P
Moneghetti S
Prowse C
Thompson D
Trudgeon R
Wilkie R

Auditors

MOR Accountants

Bankers

National Australia Bank

Mining Consultant

Darveniza P

Catering Contractors

Peter Rowland Group

**LIFE
MEMBERS**

Addison J
Agostino C
Agostino J D
Baird A
Baird D
Baird M
Baird S E
Baird S N
Ballinger J
Bartrop B E
Battersby D
Benjamin T M
Bilney F
Bilney P
Bonthorne J
Brown G W
Brown N
Bruce C
Bruce E
Bruce G
Bruce T
Bunning P R
Butler C
Butler D
Butler J
Butler K
Butler N
Butler X
Byrne A
Byrne P M
Chandler J
Chester C
Christie R B
Christofi A
Christofi C
Coburn C
Coburn I
Coburn P I
Coburn P J
Collier D

Collier D
Collier J
Collier P
Coutts L
Crabb S
Craig O
Creelman T
Davies P R
Davis J
Davis K
Davis P
Davis T
Dunne M
Elder S
Evans L
Fairhurst J
Farnell M R
Faulkner J
Faull J
Ferry A
Ferry R
Fitzgerald D
Garrison B
Garrison H
Garrison V
Gay C
Gay D
Gay M
Gay R
Gilbert J
Glenn S
Goodbourn P
Goodbourn R
Goodbourn W
Grant E
Grant L
Gribble N
Gull S
Gull S
Hayden J M
Hayden M

Hayden P
Hayden R
Heres K
Hinchey N
Hinchey R
Hiscock P McL
Hiscock Y
Hocking D
Houston J
Howard M
Hunt R V M
Hunt V D U
Jackman R
Jacobs L
James B
James D
James G
James G
Jenkins L
Jens N
Johnson A
Johnson C
Johnson D M
Johnson J A
Johnson J W M
Jones C E
Jones D K
Jones P K
Jones R
Judd P
Judkins B
Kaess D
Kaess J
Kelleher L
Kershaw P
King J
King J
King L
King N
Knight F
Le Lacheur C

Llewellyn W
Lloyd A
Lloyd J
Lloyd S
Lonsdale G
Lyons G N
Mann P L
Martino N
Mason K
Matthews R E
McArthur L
McArthur R
McCarthy P
McDonald-
Williams A
McDonald-
Williams S
McGrath D
McGregor H C
McGregor H H
McGregor R E
McKenzie D
McKenzie J
McKnight I
McKnight T
McKnight W
McMahon K L
Montgomery T
Morrison K
Moss D
Moss S
Nemeth R
Nevill J
Nicholson A W
Nicholson C
Nicholson E A
Nicholson J E
Nicholson P
Nicholson P C
O'Sullivan F
O'Sullivan F C
O'Sullivan J

O'Sullivan M
Pandazopoulos J
Pettit M
Peuker H
Pickett N
Pleydell C R
Prowse C
Prowse D
Prowse G D
Prowse M
Prowse R
Prowse S L
Prowse T
Ramsay T D
Rice-Jones R
Robertson G H
Robinson A
Robinson R J
Robson V G
Runnalls T H
Sarah Le-
Lacheur O
Sarah V J
Schmid R
Selkirk I
Selkirk J
Smith D
Smith M
Stephen I
Stephen M
Stephen J
Stepnell J
Stone B
Stone P C
Storey P
Taylor P L
Tarkowsky C
Thacore V
Thomas K
Thompson D
Titheridge N W
Tribe J

Troon S
Trudgeon R
Turner P
Unmack M
Unmack R
Vagg F
Vendy D N
Webster M
Wilkie E
Wilkie J
Wilkie R
Williams C
Williams J
Williams V
Wilson P R
Young A

**LIFE
GOVERNORS**

Akers M T
Coltman S
Cowles J E
Doyle A
Jones E C
Lloyd T
Lonsdale B J
McCarthy P
McGregor W H
McKnight B
Nicholson R W
Perry A
Prowse C R
Sarah A D
Selkirk R J
Valentine N

A man in a striped shirt and cap is blowing a whistle, leading a group of children. The man is wearing a black cap, a red neckerchief, and a striped shirt. He is holding a large wooden spoon. The children are wearing various clothing, including backpacks and hats. The background shows a wooden fence and trees.

FINANCIAL REPORT

2021-22

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED
ABN 87 565 053 651

BOARD PROFILE

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651



CRAIG FLETCHER

PRESIDENT

Elected to the Board in 2020. Chair of the President's Advisory Committee. Chair of the Nominations Committee. Ex-officio member of all Board Committees. Extensive experience working with a wide range of stakeholders and the Ballarat community as a former Councillor and Mayor. Craig currently runs his own private building surveying company and has more than 35 years' experience in project management and delivery.



ANGELA CAREY

VICE-PRESIDENT

Elected to the Board in 2015. Member of the President's Advisory Committee. Angela is an Engagement Practitioner working in disaster recovery and also a former Editor of the Ballarat Courier.



CHRIS ALIZZI

Elected to the Board in 2017. Chair of the Finance and Risk Committee. Member of the President's Advisory Committee. Extensive knowledge of business operations and financial oversight as an Automotive Dealer Principal.



CHRIS BROOKS

(FROM 19/10/2021)

Elected to the Board at the 2021 Annual General Meeting Chris has extensive experience through his past CEO and Senior Executive roles across a number of sectors in Australia and New Zealand. Chris was appointed as a Board representative on the Sovereign Hill Master Plan Steering Committee.



CATHERINE BROWN

(TO 26/04/2022)

Elected to the Board in 2020 and retired in April 2022. Member of the Finance and Risk Committee. Catherine has a strong background in Human Resources having owned and managed her own business as well as working in the higher education sector.



DAMIEN BUTLER

Elected to the Board in 2005. A Past-President of the Sovereign Hill Museums Association. Member of the President's Advisory Committee and Finance and Risk Committee. Chair of the Narmbool Committee. Principal of Butler Pty Ltd, Chartered Accountants and Butler Private Pty Ltd – Private Wealth. Damien is a Chartered Accountant, Chartered Taxation Advisor and financial planner.



ADRIAN DOYLE

(TO 19/10/2021)

Elected to the Board in 2010 and retired at the Annual General Meeting in October 2021. A Past-President and Life Governor of the Sovereign Hill Museums Association. Certified Practising Valuer at a property consulting firm based in Ballarat and operating across regional Victoria.



MARIE JACKSON

Elected to the Board in 2020. Member of the Finance and Risk Committee. Marie has extensive experience in communications, business events and tourism industries, and has served as a trustee on a number of boards. Marie is currently a non-executive director of The Indigenous Art Code Limited and a member of Chief Executive Women.



DAVID MACKAY

(FROM 19/10/2021)

Elected to the Board at the 2021 Annual General Meeting. Member of the Narmbool Committee and Nominations Committee. David is a Partner at Strategic Project Partners, a high-impact management consulting firm leading work across a number of consumer markets including retail, entertainment, leisure and tourism.



PETER MCCARTHY

(TO 19/10/2021)

Elected to the Board in 2010 and retiring at the 2021 Annual General Meeting, where Peter was also made a Life Governor. Former Board member between 1981 and 1989. Member of the Sovereign Hill Master Plan Steering Committee. A Chartered Professional Engineer, Peter has served as a non-executive director of five public gold mining companies.



JOSIE RIZZA

(FROM 19/10/2021)

Josie was elected to the Board at the 2021 AGM and prior to that, a Board Advisor since June 2021. Member of the Finance & Risk Committee. Josie has extensive experience in accounting, risk management and governance and manages her own consulting practice. Josie is a Chartered Accountant and graduate of the Australian Institute of Company Directors.



JUDY VERLIN AM

Elected to the Board in 2011. Member of the Nominations Committee and the Sovereign Hill Master Plan Steering Committee. Strong connections to the Ballarat community having served a number of terms as Mayor of the City of Ballarat.



SCOTT WILLIAMS

(FROM 21/6/2022)

Appointed to the Board to fill a casual vacancy in June 2022. A 30-year career working in veterinary science and agriculture with roles in farm consulting and R&D management. Scott runs his own consulting business providing advisory services. A member of the Melbourne Veterinary School Advisory Board and the board of Central Highlands Water.



CAROLYN CHONG

(COMMENCED AFTER 30 JUNE 2022) (FROM 25/7/2022)

Appointed to the Board to fill a casual vacancy in July 2022. Deputy Vice-Chancellor (Global and Engagement) at Federation University Australia with an expertise in partnership development and strategy for growth. Carolyn is a graduate of the Australian Institute of Company Directors and a member of the Wyndham City Council's Learning City Portfolio Advisory Committee.



SARA QUON

CHIEF EXECUTIVE OFFICER

Chief Executive Officer since January 2019. Sara currently sits on the Board of Visit Victoria and the Committee for Ballarat and also serves on the Council of Australasian Museum Directors executive. Formerly Group CEO of Beechworth Honey with a 20-year career spanning the tourism, major events and the food sectors.



ANGELA MORRISON

COMPANY SECRETARY

Chief Financial Officer, The Sovereign Hill Museums Association Limited.

SARAH PHILLIPSON

BOARD ADVISOR

Sarah was invited to the Board as an Advisor in September 2021. Sarah is a CPA with significant experience in large scale property development, asset management, international finance, historic building development and valuations for businesses operating in the leisure, tourism, development and hospitality sectors.

DIRECTOR'S REPORT

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

The Directors present this report on the Association for the financial year ended 30 June 2022.

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

Craig Fletcher	(President)	Adrian Doyle	(to 19/10/21)
Angela Carey	(Vice-President)	Marie Jackson	
Chris Alizzi		David Mackay	(from 19/10/21)
Carolyn Chong	(from 5/7/22)	Peter McCarthy	(to 19/10/21)
Chris Brooks	(from 19/10/21)	Josie Rizza	(from 19/10/21)
Catherine Brown	(to 26/4/22)	Judy Verlin AM	
Damien Butler		Scott Williams	(from 21/06/22)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The Sovereign Hill Museums Association is a not-for-profit community-based organisation that includes the Sovereign Hill Outdoor Museum, AURA, Narmbool and the soon to be opened Australian Centre for Rare Arts and Forgotten Trades and the Australian Centre for Gold Rush Collections. It cares for a nationally and internationally significant collection of over 150,000 objects and protects the tangible and intangible cultural heritage of the Victorian gold rush. The Outdoor Museum is of international renown as a living museum featuring rare trades, programs and experiences that interpret a pivotal point in Australia's history. The interpretive focus is to use Australia's rich history to education and provoke visitor thinking.

STRATEGY AND KEY PERFORMANCE INDICATORS

The following figure illustrates the Association's Purpose, Mission, Values and Strategic Pillars.

PURPOSE			MISSION		
Connecting people through our history to adapt for a better future.			To provide meaningful, immersive experiences that tell stories of our humanity.		
VALUES INTEGRITY SAFETY SUSTAINABILITY RESPECT SERVICE EQUALITY					
EXCELLENCE IN VISITOR EXPERIENCE	PLACES AND SPACES	BOLD NARRATIVES	REACH AND IMPACT	WORKPLACE OF THE FUTURE	FUTURE PROOFING
Providing immersive and tailored experiences that are relevant and meaningful.	Reimagine our spaces and places, creating environments and experiences that transport all visitors.	Reveal and share stories of our history and humanity that provoke connection, curiosity and change.	Transform our reach and impact onsite, offsite and online.	Creating a progressive workplace that values our people and promotes diversity and inclusion.	Build a resilient business for sustainability and agility.
DECISION MAKING CRITERIA					
Innovative, data informed, risk and return assessed, purpose aligned, culture and capability fit, excellence in visitor experience.					

KEY PERFORMANCE MEASURES

The previously reported Key Performance Indicators continue to be monitored by the Directors to assess the financial sustainability of the Association and whether the Association's short-term and long-term objectives are being achieved. The Strategic Key Performance Indicators are:

- Performance against budget in recurrent and capital expenditure particularly operating surplus, status of General Reserve and Foundation funds, insurance premium against sector benchmarks, and membership numbers and income
- Yield per visitor across business areas
- Visitor demographic patterns (international, interstate and domestic)
- Website use statistics
- Occupancy rates for accommodation facilities
- Conversion ratios for Sovereign Hill visit with key onsite paid offerings, Aura patronage and Sovereign Hill Lodge accommodation.
- Environmental performance indicators (including recycling volumes, waste volumes, reduced utilities costs, % water in storage and accessible for use, solid fuel use)
- OH&S incident reports and analysis/mapping
- Workforce demographics (including staff and volunteers, turnover, gender and age mapping and labour costs)
- WorkCover premium rating and claims record

SIGNIFICANT CHANGES AND LIKELY DEVELOPMENTS

For the financial year ended 30 June 2022, the Association has reported an operating deficit of \$5.06M with the year having been heavily impacted by significant disruptions, in particular through the first half of the financial year, and the impact of the pandemic once again clearly visible in the financial result detailed within this report. Visitation to the outdoor museum for the year remained 44% below the visitation recorded for the financial year ended 30 June 2019 – the last full financial year before COVID-19. This reduction in visitation was driven both by the extended closure periods and the impact of COVID on international visitation, which in the financial year ended 30 June 2019 had represented over 15% of total Outdoor Museum visitation. International visitation was most severely impacted during the most recent financial year at only 5% of pre-COVID levels. These visitation challenges also impacted on other areas of the Association's operations including Aura, the Sovereign Hill Hotel and educational activities at Narmbool. However, there are positive signs in the results that, as the impact of the pandemic lessens, so too does its influence on the Association's financial results. While in 2022 the Association reported a \$2.9M reduction in Revenue from Operating Activities, with Government Grants excluded, the underlying result was a \$6.2M increase in revenue from activities driven by visitation, commercial activities and investments. In particular, Entrance Takings increased over \$3.6M or 67% from the prior year. This increase reflected not just the reduced closure periods but also the strong levels of support from our Victorian based visitors, as well as strong signs of the return of our Interstate visitors and the welcoming back to site some visitors from International markets. Most pleasingly, visitation from our Victorian and Schools Markets in the second half of the financial year was, in total, consistent with levels recorded for the same period in 2019. Once again, the launch of another successful Winter Wonderlights season in June 2022 was a highlight of the year and contributed strongly to our revenue position.

The Association remains thankful for the Victorian Government's continued support, including through the Department of Jobs, Precincts and Regions, the Department of Education and Training and Creative Victoria. The grant revenue received during 2022 has enabled the association to maintain its focus on strong educational and collections care outcomes, drive increased visitation and continue planning for the future.

The directors would also like to once again acknowledge the support of the Australian Government under the 2019 National Icons Program for the \$3.6M Capital Grants from Government recognised during the year and expended in support of the major capital program, focused on delivery of the first phase of the Sovereign Hill Master Plan published in late 2020. While the assets being delivered through the capital program had minimal impact on the operating result for the financial year ended 30 June 2022, the launch of the Australian Centre for Rare Arts and Forgotten Trades and Australian Centre for Gold Rush Collections, will represent a major milestone and a significant change in operations during the coming financial year and the directors look forward to sharing further information on the impact of those important programs in next year's report.

DIRECTOR'S REPORT

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

EVENTS SINCE THE END OF THE FINANCIAL YEAR

There are no significant events since the end of the financial year.

NON-AUDIT SERVICES

The auditor did not provide any non-audit services during the year.

DIRECTOR ATTENDANCES

The attendances of each Director of the Association at meetings for the period July 2021 to June 2022 were:

INSURANCE OF OFFICERS

Insurance premiums have been paid totaling \$21,742 for directors and officers liability insurance during the financial year which cover any person who is, or has been an officer of the company.

DIRECTOR ATTENDANCES

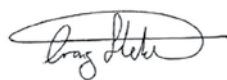
The Attendances of each Director of the Association at meetings for the period July 2021 to June 2022 are:

	BOARD MEETINGS		FINANCE & RISK COMMITTEE		PRESIDENT'S ADVISORY COMMITTEE	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
C Alizzi	13	12	6	5	6	6
C Brooks (from 19/10/2021)	10	9				
C Brown (to 26/4/2022)	10	9	3	2		
D Butler	13	11	6	6	6	5
A Carey	13	12			6	5
A Doyle (to 19/10/2021)	3	3				
C Fletcher	13	13	6	6	6	6
M Jackson	13	13	6	6		
D Mackay (from 19/10/2021)	10	10				
P McCarthy (to 19/10/2021)	3	3				
J Rizza (from 19/10/2021)	10	10	3	2		
J Verlin	13	13				
S Williams (from 21/6/2022)	1	1				

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration in accordance with Division 60 of the Australian Charities and Not-for profits Commission Act 2012 for the year ended 30 June 2022 has been received and can be found on the following page.

Dated this day 29 September 2022.



C Fletcher
President



C J Alizzi
Chair of the Finance and Risk Committee

AUDITOR INDEPENDENCE DECLARATION

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

MOR Accountants



Chartered Accountants

Ballarat

Cnr Dana & Dawson Streets
Ballarat VIC 3350
Tel (03) 5333 3202
Fax (03) 5333 3381

Melbourne

By Appointment
Level 23 Herald Weekly Tower
40 City Road, Southgate, VIC 3006
Telephone: (03) 9674 0416

Postal

406 Dana Street, Ballarat VIC 3350
Email: info@mor.net.au

www.mor.net.au

THE SOVEREIGN HILL MUSEUMS ASSOCIATION ABN 87 565 053 651

DIRECTOR'S REPORT

AUDITORS INDEPENDENCE STATEMENT UNDER DIVISION 60 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012

To the directors of The Sovereign Hill Museums Association

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been no contraventions of:

- The auditor independence requirements as set out in Division 60 of the Australian Charities and Not-For-Profits Commission Act 2012 in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

D G Abbott
Partner
MOR Accountants
406 Dana Street, Ballarat

Date 29/09/2022

Liability limited by a scheme approved under Professional Standards Legislation

Partners & Directors	D.J. Molloy CA	G.L. Orr CA	N.G. Ronan CA	P.R. Hansen CA	J.A. Edgar CA
	P.A. White CA	D.G. Abbott CA	S.R. Cartledge CA	S.R. Corbett CA	



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

	Note	2022 \$	2021 \$
Revenue from Operating Activities	2	20,913,318	23,841,297
- Sale of goods		5,902,434	4,249,119
- Entrance takings		9,094,942	5,447,088
- Rents and commissions		331,971	178,958
- Other revenue (including donations and accommodation)		3,107,058	2,792,424
- Interest and dividends received		707,320	279,535
- Government grants		1,769,593	10,894,173
Other Income	2	(98,957)	28,772
Employee benefits expense		(12,388,843)	(12,414,571)
Depreciation and impairment of non-financial assets	3	(2,461,631)	(5,273,450)
Administration, Marketing, Maintenance expense		(8,843,220)	(5,886,638)
Cost of Sales		(1,895,005)	(1,100,353)
Other expenses		(282,601)	(692,218)
Operating Profit	3	(5,056,939)	(1,497,161)
Capital receipts	2	2,491,891	43,845
Result for the year attributable to the members of The Sovereign Hill Museums Association Limited		(2,565,048)	(1,453,316)
OTHER COMPREHENSIVE INCOME			
Fair value (losses)/gains on available-for-sale financial assets		(800,690)	912,239
Total comprehensive income for the year attributable to the members of The Sovereign Hill Museums Association Limited		(3,365,738)	(541,077)

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	9,951,976	8,867,820
Trade and other receivables	5	1,601,511	1,499,437
Inventories	6	1,019,169	964,481
Biological Assets	7	2,188,901	2,343,535
Other current assets	8	932,732	699,992
Financial Assets	9	1,024,691	1,426,492
TOTAL CURRENT ASSETS		16,718,980	15,801,757
NON-CURRENT ASSETS			
Financial Assets	9	6,980,350	6,815,976
Property, plant and equipment	10	49,755,645	49,466,983
Collections Assets	10	8,833,203	8,833,203
TOTAL NON-CURRENT ASSETS		65,569,198	65,116,162
TOTAL ASSETS		82,288,178	80,917,919
CURRENT LIABILITIES			
Trade and other payables	11	8,233,200	3,458,592
Borrowings	12	-	-
Short term provisions	13	1,288,827	1,223,356
TOTAL CURRENT LIABILITIES		9,522,027	4,681,948
NON-CURRENT LIABILITIES			
Long term provisions	13	538,361	642,443
TOTAL NON-CURRENT LIABILITIES		538,361	642,443
TOTAL LIABILITIES		10,060,388	5,324,391
NET ASSETS		72,227,790	75,593,528
EQUITY			
Retained Earnings		55,389,546	58,517,860
Reserves		16,838,244	17,075,668
TOTAL EQUITY		72,227,790	75,593,528

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

	Retained Earnings	Asset Revaluation Reserve ##	General Reserve	Sir Henry Bolte Fund	The Sovereign Hill Foundation	Collections Reserve	Total
	\$	\$	\$	\$	\$	\$	\$
BALANCE AT 30 JUNE 2020	59,312,189	8,299	2,341,669	1,312,517	4,330,609	8,829,322	76,134,605
Total comprehensive income for year	(1,453,316)	912,239					(541,077)
Transfers (to)/from reserves							
- General Reserve	(65,595)						(65,595)
- The Sovereign Hill Foundation	758,175						758,175
- Sir Henry Bolte Fund	(29,714)						(29,714)
- Collections	(3,880)						(3,880)
Transfers from retained earnings			65,595	29,714	(758,175)	3,880	(658,987)
BALANCE AT 30 JUNE 2021	58,517,860	920,538	2,407,264	1,342,231	3,572,434	8,833,202	75,593,528
Total comprehensive income for year	(2,565,048)	(800,690)					(3,365,738)
Transfers (to)/from reserves							
- General Reserve	(175,345)						(175,345)
- The Sovereign Hill Foundation	(337,369)						(337,369)
- Sir Henry Bolte Fund	(50,552)						(50,552)
- Collections							-
Transfers from retained earnings			175,345	50,552	337,369		563,266
BALANCE AT 30 JUNE 2022	55,389,546	119,848	2,582,609	1,392,783	3,909,803	8,833,202	72,227,790

This reserve records the revaluation increment of shares, hybrid securities and floating notes in Corporations listed on a prescribed Stock Exchange.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Sales from small businesses		6,355,015	4,536,894
Other revenues from operating activities		15,674,702	20,439,558
Interest and dividends received		707,320	279,535
Payments to employees		(12,427,454)	(12,386,473)
Interest paid		(8,683)	(6,792)
Payments for materials and contracts		(8,296,123)	(7,336,012)
Net cash generated from operating activities		2,004,777	5,526,710
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from capital receipts		3,569,558	599,100
Expenditure against capital receipts		(1,077,667)	(555,255)
Proceeds from sale of property, plant and equipment		-	3,746
Proceeds from disposal of investments		1,230,895	1,138,775
Purchase of investments		(1,893,115)	(421,015)
Purchase of property, plant and equipment		(2,750,292)	(264,357)
Net cash used in investing activities		(920,621)	500,994
Cash flows from financing activities *			
Proceeds from borrowings		750,000	750,000
Repayment of borrowings		(750,000)	(750,000)
Net cash used in financing activities		-	-
Net (decrease)/increase in cash held		1,084,156	6,027,704
Cash and cash equivalents at the beginning of the year		8,867,820	2,840,116
Cash and cash equivalents at the end of the year	4	9,951,976	8,867,820

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Sovereign Hill Museums Association Ltd ('the Association') is a company limited by guarantee domiciled and incorporated in Australia.

New, revised or amending Accounting Standards and Interpretations adopted

The Association has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Refer Note 1 (bb) for commentary on Standards issued but not yet effective.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Association.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures Requirements of the Australian Accounting Standards Board and the Division 60 of Australian Charities and Not-for-profits Commission Act 2012. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

ACCOUNTING POLICIES

(a) Revenue

Revenue from Contracts with Customers

The Association applies the following accounting policies to key its key categories of revenue from contracts with customers:

- i. Revenue from Sale of Goods and Services, including ticket sales, is recognised upon the delivery of goods or provision of services to customers or the expiry of the rights of customers to receive goods or services.
- ii. Donations and bequests are recognised as revenue when received, except where they represent financial assets received to acquire or construct a non-financial asset. The policy for accounting for financial assets received to acquire or construct a non-financial asset is detailed below.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

The Association receives non-reciprocal contributions of assets from other parties at either a nil or a nominal value. These assets are recognised at fair values on the date of acquisition in the Statement of Financial Position with, for assets contributed to the Association's Collection, the corresponding value credited to the Collections Reserve.

- iii. Grant revenue is recognised in the profit or loss when the Association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Association and the amount of the grant can be measured reliably. If distinct performance obligations are attached to the grant which must be satisfied before the Association is eligible to receive the contribution, the recognition of grant revenue as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the Association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the Statement of Financial Position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Grants where financial assets are received to acquire or construct a non-financial asset are recognised as detailed below.

Financial assets received to acquire or construct a non-financial asset

Where the Association receives a cash grant to acquire or construct a recognisable non-financial asset that the Association will control, the Association recognises a liability for the difference between the initial carrying amount of the financial asset received (cash) and the amount recognised under AASB 1058 being the Association's obligation to acquire or construct the non-financial asset.

Interest Revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive the dividend has been established.

Volunteer Services

The Association receives Volunteer Services across each of its main sites. The services provided provide enhancement to the visitor experience and management of the Association's collections. The services provided by volunteers would not have been purchased had they not been provided voluntarily and their fair value cannot be reliably measured. Accordingly, these services are not recognised within the financial statements of the Association.

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

(b) Inventories

Inventories are measured at the lower of average cost and net realisable value.

(c) Property, plant and equipment

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

Property

The Association includes an outdoor museum that represents Ballarat in the Victorian goldfields for the period 1851 to 1861. All the buildings exhibits in the museum precinct have extensive ongoing maintenance to ensure their standards are in keeping with this 11-year time period. Consequently, the Directors believe that buildings will have an estimated useful life of 150 years and therefore depreciation has been calculated at 0.67% pa. Other buildings are depreciated over a shorter estimated useful life dependent on the nature of the individual building.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

Land

Land is freehold land recorded at cost and does not incur a depreciation charge.

Plant and equipment

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

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

Depreciation

The depreciable amounts of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight-line basis over their useful life to the Association commencing from the time the asset is held ready for use.

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

Class of asset	Depreciation of asset
Buildings - historic	0.67%
Buildings - other	1.5% - 10%
Plant, equipment and vehicles	2.5% - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss in the period in which they arise.

(d) Assets held for sale

Assets held for sale are valued at the lower of cost and net realisable value. Profits are brought to account on the signing of an unconditional contract of sale.

(e) Collections assets

Collections Assets controlled by the Association are works of art and other heritage assets, including the property Narmbool, which have been donated to the Association and are recognised at fair value at the time of the donation. They are anticipated to have very long and indeterminate useful lives. Their future economic benefits have not, in any material sense, been consumed during the reporting period. As such, no amount for depreciation has been recognised in respect of them.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

(f) Biological Assets

From 1 July 2013 the control of Narmbool farm operations has transferred to the Association. Biological assets consist of the following categories of sheep; Dohne Merino, Cross bred and Rams. All biological assets are carried at fair value less costs to sell. Changes in the fair value of biological assets are recognised in the profit or loss.

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date the Association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit and loss' in which case transaction costs are recognised immediately as expenses in profit or loss.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition;
- (ii) less principal repayments;
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(h) Financial assets at fair value through profit and loss

Financial assets are classified at 'fair value through profit and loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

(i) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Association's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

(j) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(k) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Borrowings are classified as current liabilities unless the Association has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(l) Available-for-sale investments

Available-for-sale investments (i.e. shares, hybrid securities, fixed interest, convertible and floating notes) are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

(m) Impairment of financial assets

At the end of each reporting period, the Association assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial assets, a significant or prolonged decline in the value of the instrument is considered to indicate that impairment has arisen. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

(n) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Association no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

(o) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using assumptions that market participants would use when pricing an asset or liability, assuming they act in economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(p) Impairment of non-financial assets

At the end of each reporting period, the Association assesses whether there is any indication that an asset may be impaired.

If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

(q) Compensation for impairment

The impairment of property, plant and equipment are recognised in accordance with AASB 136 Impairment of Assets. The derecognition of items of property, plant and equipment retired are offset against any compensation for impairment in Capital Receipts in the Statement of Profit or Loss and Other Comprehensive Income.

(r) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for these benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national corporate bonds with terms to maturity that match the expected timing of the cash flows.

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

(s) Cash and cash equivalents

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

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

(t) Goods and service tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

(u) Income tax

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

(v) Provisions

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

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(w) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(x) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(y) Contingent Assets & Liabilities

The Association has entered into a contract which contains elements that provide for variations in certain circumstances. As at 30 June 2022, the Association had not yet agreed the final amount payable in respect of a construction project completed during the financial year ended 30 June 2019 due to extended rectification of defects. As the value to be paid is unable to be quantified and remains contingent on activities to be completed post 30 June 2022, a liability arising from this contract is not recognised within these financial statements.

(z) Leases

Operating Leases

Operating leases are recognised in accordance with AASB 16. As at 30 June 2022, the Association has entered into a small number of low value leases such as relate to office equipment and, as such, has applied the exception for short-term and low-value assets. Any new qualifying leases entered into from 1 July 2022 will be recognised on the balance sheet in the form of a lease liability and a right-of-use asset.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

Right of Use Assets: Peppercorn Leases

Peppercorn Leases are measured at cost (present value of lease payments). The Association holds the following peppercorn leases as at 30 June 2022.

1. Provided by the Minister for Environment and Conservation (Crown land). The term is 50 years from 30th November 2000 for a rental amount of \$2.00 per annum, the full term has been paid in advance. The land is used for the main site of Sovereign Hill outdoor museum and the Gold Museum.
2. Provided by the Minister for Energy, Environment and Climate Change (Crown land) under a license arrangement. The term is 10 years from 1st April 2019 for a term license fee of \$300.00 paid in full. The land is used for grazing land.
3. Provided by the Minister for Energy, Environment & Climate Change (Crown land). The term is 20 years from 18 November 2019 with a further term of 10 years for a rental amount of \$1 per annum payable on demand. The land is located on the southern side of Elsworth Street Ballarat on the Southern border of the main site of the Sovereign Hill outdoor museum. The land is held for future utilisation.

(aa) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

Key Judgements

Available for Sale Investments: The Association maintains a portfolio of securities with a carrying value of \$8,005,041 at the end of the reporting period. These valuations are the current market value on the stock exchange as at reporting date. The Directors believe there is no impairment of these investments.

(bb) Standards Issued but not yet effective

The Association has reviewed standards issued but not yet effective, including amended standards which are not mandatory for the 30 June 2022 reporting period and has not identified any material impacts on the financial reporting of the Association.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

	2022 \$	2021 \$
NOTE 2 Revenue		
REVENUE FROM OPERATING ACTIVITIES		
- sale of goods	5,902,434	4,249,119
- entrance takings	9,094,942	5,447,088
- rents and commissions	331,971	178,958
- other revenue (including donations and accommodation) *	3,107,058	2,792,424
- interest and dividends received	707,320	279,535
- government grants **	1,769,593	10,894,173
Revenue from Operating Activities	20,913,318	23,841,297
OTHER INCOME		
- gain (loss) on disposal of property, plant and equipment	-	(20,141)
- gain (loss) on disposal of available-for-sale financial assets	(98,957)	48,913
Other Income	(98,957)	28,772
CAPITAL RECEIPTS		
Capital grants from Government	3,569,558	566,400
- donations and collection assets donated	-	32,700
Less expenditure against capital receipts	(1,077,667)	(555,255)
	2,491,891	43,845
Total Revenue	23,306,252	23,913,914
* Other revenue includes:		
Donations recognised in full with future obligations	42,608	64,288
** Government grants includes:		
Grants recognised in full with no future obligations	718,155	6,237,476
Grants recognised in full with future obligations	1,051,438	4,656,697
Creative Victoria (included in above)	253,000	253,000

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

2022

2021

\$

\$

NOTE 3 Operating Profit

OPERATING PROFIT INCLUDES THE FOLLOWING:

Depreciation

- Land and Buildings	1,351,162	1,463,578
- Plant and Equipment	988,293	1,176,769
Total Depreciation	2,339,455	2,640,347

Non-financial Assets

Impairment loss	122,176	2,633,103
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Total depreciation and impairment of non-financial assets	2,461,631	5,273,450
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Auditor Remuneration

- Audit Services - external	53,730	48,500
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Employee benefits expense:

- Contributions to defined contribution superannuation funds	1,051,503	820,444
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Interest paid on borrowings	8,683	6,792
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SIGNIFICANT REVENUE AND EXPENSES

Net gain/(loss) on disposal of non-current assets

Investments

Proceeds on disposal	1,230,895	1,138,775
Disposals at written down value	(1,329,852)	(1,089,862)
Net profit (loss) on disposals	(98,957)	48,913

PROPERTY, PLANT AND EQUIPMENT

Proceeds on disposal	-	3,746
Disposals at written down value	-	(23,887)
Net (loss)/gain on disposals	-	(20,141)

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

	2022	2021
	\$	\$
NOTE 4 Current assets – cash and cash equivalents		
CURRENT		
Cash at Bank	9,783,364	8,781,432
Cash on hand	168,612	86,388
	9,951,976	8,867,820

NOTE 5 Current assets - trade and other receivables		
CURRENT		
Trade receivables	1,405,216	1,345,645
Provision for doubtful debts	(44,533)	(60,787)
Other receivables *	240,828	214,579
	1,601,511	1,499,437

The Association does not have any material credit risk exposure to any single receivable or group of receivables.

The Association has impaired debtors with a provision for doubtful debts resulting from economic uncertainty.

NOTE 6 Current assets - inventories		
CURRENT		
At lower of average cost and net realisable value		
Stock	1,019,169	964,481

NOTE 7 Current assets - biological assets		
CURRENT		
At fair value less cost to sell		
Sheep		
Balance at the beginning of the year	2,343,535	2,261,323
Net movement in valuation during year	(572,148)	(782,226)
Fair value movement of biological assets	417,514	864,438
Balance at end of year	2,188,901	2,343,535

FVLCTS assessment is carried out by external certified practicing valuer, the site visit was conducted on 27 May 2022 with an effective valuation date of 30 June 2022.

NOTE 8 Current assets - other assets		
CURRENT		
Prepayments	932,732	699,992

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

	2022	2021
	\$	\$
Note 9 Financial assets		
CURRENT		
Held-to-maturity investments	1,024,691	1,426,492
NON CURRENT		
Available-for-sale financial assets	6,980,350	6,815,976
- includes \$1,072,878 attributable to The Bolte Fund (refer note 20)		
- includes \$3,672,296 attributable to The Sovereign Hill Foundation (refer note 20)		
- includes \$2,235,176 attributable to The Sovereign Hill General Reserve (refer note 20)		
Available-for-sale financial instruments comprise shares, hybrid securities, convertible and floating notes in Corporations listed on a prescribed Stock Exchange at market value. There are no fixed returns or fixed maturity dates attached to these investments. Held-to-maturity investments comprise cash accounts with financial institutions.		
Note 10 Non-current assets - property, plant and equipment		
LAND		
At cost	4,746,713	4,746,713
Total land	4,746,713	4,746,713
BUILDINGS		
At cost	54,319,922	53,389,057
Less accumulated depreciation and impairment losses	(15,124,151)	(12,321,978)
Less impairment loss	(122,176)	(2,633,103)
Total buildings	39,073,595	38,433,976
PLANT AND EQUIPMENT		
At cost	26,099,995	25,462,659
Less accumulated depreciation	(20,164,658)	(19,176,365)
Total plant and equipment	5,935,337	6,286,294
PROPERTY, PLANT AND EQUIPMENT	49,755,645	49,466,983
COLLECTIONS ASSETS		
At fair value	8,833,203	8,833,203
Total Collections Assets	8,833,203	8,833,203

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

Movements in Carrying Amounts	Land	Buildings	Plant and Equipment	Collections Assets
		\$	\$	\$
2022				
Balance at the beginning of the year	4,746,713	38,433,976	6,286,295	8,833,203
Additions at cost	-	2,112,957	637,335	-
Disposals	-	-	-	-
Impairment loss	-	(122,176)	-	-
Depreciation expense	-	(1,351,162)	(988,293)	-
Carrying amount at end of year	4,746,713	39,073,595	5,935,337	8,833,203

	2022	2021
NOTE 11 Current liabilities - trade and other payables	\$	\$
CURRENT		
Trade payables	1,017,474	339,706
Prepaid tickets and school deposits	1,433,039	1,470,644
Grants receivable in advance	3,825,136	481,449
Other current payables	1,957,551	1,166,793
	8,233,200	3,458,592

NOTE 12 Current liabilities - borrowings

CURRENT		
Interest-only loan	-	-

Loan liability is secured by assets of the Association

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

	2022 \$	2021 \$
NOTE 13 Current liabilities - provisions		
CURRENT		
Provision for employee benefits: annual leave	831,168	820,696
Provision for employee benefits: long service leave	457,659	402,660
	1,288,827	1,223,356
NON-CURRENT		
Provision for employee benefits: long service leave	538,361	642,443
	1,827,188	1,865,799
ANALYSIS OF TOTAL PROVISIONS		
Opening balance	1,865,799	1,837,701
Additional provisions raised during year	812,847	972,417
Amounts used	(851,458)	(944,319)
Balance at end of year	1,827,188	1,865,799

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect to long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

NOTE 14 Capital Commitments

Commitments for uncompleted capital projects at 30 June 2022	657,500	688,537
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NOTE 15 Events after the Reporting Period

No events after the reporting period

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

	2022	2021
	\$	\$

NOTE 16 Key management personnel compensation

Key Management Personnel Compensation	1,244,529	1,032,545
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NOTE 17 Related Party Transactions

Where Sovereign Hill Museums Association Limited enters into transactions between related parties, transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated. There have been no transactions between related parties for the year ended 30 June 2022.

NOTE 18 Financial instruments

FINANCIAL RISK MANAGEMENT

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

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

FINANCIAL ASSETS

Cash and cash equivalents	9,951,976	8,867,820
Receivables	1,601,511	1,499,437
Held-to-maturity investments	1,024,691	1,426,492
Available-for-sale financial assets	6,980,350	6,815,976
Total financial assets	19,558,528	18,609,725

FINANCIAL LIABILITIES

Financial liabilities at amortised cost:

- trade and other payables	8,233,200	3,458,592
Total financial liabilities	8,233,200	3,458,592

FAIR VALUES

(i) For listed available-for-sale financial assets and financial assets at fair value through profit or loss, the fair values have been based on closing quoted bid prices at the end of the reporting period. In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

(ii) Fair values of held-to-maturity investments are based on quoted market prices at the ending of the reporting period.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

NOTE 19 Fair Value Measurement

The Association measures the following assets and liabilities at fair value on a recurring basis:

- Biological assets
- Financial Assets

(i) Fair value hierarchy:

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1

Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value at 30 June 2022:

Recurring fair value measurements	Level 1	Level 2	Level 3
- Available for sale financial assets	6,980,350	-	-
- Biological assets	-	2,188,901	-

Fair value of the biological assets is based on valuation performed by independent, professionally-qualified valuers on 27 May 2022, with an effective valuation date of 30 June 2022.

(ii) Transfers between levels of the hierarchy

There were no transfers between levels of the hierarchy

(iii) Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors at each reporting date.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2022

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

NOTE 20 Reserves

The Sovereign Hill Foundation Reserve was established to grow the corpus to underpin Sovereign Hill's long-term financial viability.

The Sir Henry Bolte Fund Reserve is used as the main acquisitive fund for collections.

The General Fund Reserve exists to provide a major financial underpinning of Sovereign Hill's operations.

The Collections Reserve recognises collections assets controlled by the Association. They include works of art and other heritage assets which have been acquired by or donated to the Association.

The Asset Revaluation Reserve records revaluation increments and decrements (that do not represent impairment write-downs) that relate to financial assets that are classified as available-for-sale.

NOTE 21 Entity Details

The registered office of the Association is:
The Sovereign Hill Museums Association Ltd
39 Magpie Street
Ballarat Vic 3350

The principal place of business is:
The Sovereign Hill Museums Association Ltd
39 Magpie Street
Ballarat Vic 3350

NOTE 22 Controlled Entity

SUBSIDIARIES OF SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED:

	COUNTRY OF INCORPORATION	2022	2021
Sovereign Hill No.1 Pty Ltd	Australia	100%	100%

On 26 June 2014 Sovereign Hill Museums Association Limited acquired 100% interest in Sovereign Hill No.1 Pty Ltd. No transactions have occurred in this company from the date of acquisition to 30 June 2022.

NOTE 23 Members' Guarantee

The Association is incorporated under the Australian Charities and Not-for-profits Commission Act 2012 and is a company limited by guarantee. If the Association is wound up, the constitution states that each member is required to contribute a maximum of \$20 towards meeting any outstandings and obligations of the Association. At 30 June 2022 the number of members was 285.

DIRECTORS' DECLARATION


THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

The Directors of the Association declare that:

1. The financial statements and notes, as set out on pages 29 to 57 are in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 and:
 - a. comply with Australian Accounting Standards – Simplified Disclosures Requirements; and
 - b. give a true and fair view of the financial position of the Association as at 30 June 2022 and of the performance for the year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

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

Dated this day of 29 September 2022.



C Fletcher
President



C J Alizzi
Chair of the Finance and Risk Committee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED

THE SOVEREIGN HILL MUSEUMS ASSOCIATION LIMITED | ABN 87 565 053 651

MOR Accountants



Chartered Accountants

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Independent Auditor's Report to the members of The Sovereign Hill Museums Association

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of The Sovereign Hill Museums Association (the Association), which comprises the statement of financial position as at 30 June 2022, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes comprising to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the financial report of The Sovereign Hill Museums Association is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including

- (a) giving a true and fair view of the Association's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Simplified Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for our Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the registered entity in accordance 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the registered entity's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. The directors are responsible for the other information in the annual report. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Liability limited by a scheme approved under Professional Standards Legislation

Partners & Directors

D.J. Molloy CA
P.A. White CA

G.L. Orr CA
D.G. Abbott CA

N.G. Ronan CA
S.R. Cartledge CA

P.R. Hansen CA
S.R. Corbett CA

J.A. Edgar CA



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND



In connection with our audit of the financial report, our responsibility is to read the other information, and report only if the other information is materially inconsistent with the financial report. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australia Accounting Standards – Simplified Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and for such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

D G Abbott
Partner
MOR Accountants
406 Dana Street, Ballarat

Dated : 29/09/2022







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