



Melbourne Convention  
and Exhibition Trust

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# ANNUAL REPORT 2010-2011







Melbourne Convention and Exhibition Trust

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2010-2011**





**Melbourne Convention and Exhibition Trust**

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# CHAIRPERSON'S FOREWORD

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# Chairperson's Foreword

I am pleased to provide the Annual Report of the operations and the audited financial statements of the Melbourne Convention and Exhibition Trust (the Trust) for the year ended 30 June 2011.

This report provides consolidated information on the activities of the Melbourne Convention and Exhibition Centre (the Centre) located in the South Wharf precinct. The Centre comprises the Melbourne Convention Centre opened in June 2009 and the Melbourne Exhibition Centre opened in February 1996. They are fully integrated operationally and trade as the Melbourne Convention and Exhibition Centre under the direction of the Trust. The 2010/2011 financial year marked the second complete year of operation of the new Convention Centre.

The current environment for business events is still negatively impacted by the residual effects of the Global Financial Crisis (GFC) which has affected the size of international events. This has been evidenced with reduced attendance levels at events and consequent reductions in the actual size of meeting and exhibition space utilised as well as a negative impact on food and beverage expenditure. In addition the natural crises, particularly the New Zealand earthquake and the earthquake and tsunami in Japan, have had an adverse impact on attendance levels.

At the time of writing this foreword, the uncertainty in the global economy remained at significant levels and may have continuing impacts on international attendances. It is reassuring to note that both the rate and the number of bookings for international events have not reduced and that the impact to date relates predominantly to the effects on attendance levels. The significant change in the foreign exchange rate has also had a negative impact on attendance levels for delegates from European and North American countries in particular.

These impacts have predominantly been felt in the international conference sector with national conferences, corporate events and exhibitions all performing strongly over the last twelve months.

The number of events held in the Centre over the last twelve months in comparison with the previous period has grown from just over 700 to more than 900 events during 2010/2011. There have been 17 international conventions and 70+ national conventions. A list of significant events hosted at the Centre during the last twelve months follows:

- Enviro 2010
- The Biggest Day Out Educational Conference
- 63rd Annual Department of Public Information & Non Governmental Organisations International Conference (UN)
- Melbourne Boat Show 2010
- Furnitex 2010
- Decoration and Design 2010
- The Home and Giving and Reed Gift Fairs
- International Congress on Applied Psychology
- International Congress on Parasitology
- ITSMFA 13th National Conference
- The 68th World Science Fiction Convention
- 12th International Congress on Pesticide Chemistry
- Oz Bio 2010
- CPA Congress 2010
- 8th Asian and Oceania Epilepsy Congress
- General Practitioners Conference and Expo
- Royal College of Pathologists Conference
- Royal Australian and New Zealand College of Radiologists
- IATA 127th Schedules Conference
- Clinical Oncological Society of Australia Conference
- Telstra AGM
- 19th Australian Institute of Physics Congress
- Ausbiotech 2010
- CRT (Combined Rural Traders) National Conference 2011
- FIA's International Fundraising Conference Melbourne 2011
- Green Cities 2011



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- > 25th International Baccalaureate Asia Pacific Conference 2011
  - > Cisco Live 2011
  - > 2011 Australian Podiatry Conference
  - > National Architects Conference 2011
  - > Agideas 2011 International Design Week
  - > Clean Energy Council National Conference 2011
  - > Hardware and Building Trades National Conference 2011
  - > 10th Annual Meeting of the International Society for Behavioural Nutrition and Physical Activity 2011
  - > 2011 Australian Nursing Federation Annual Conference
  - > International Union of Geodesy and Geophysics
  - > World Vision Global Leadership Convention
  - > Good Food and Wine show
  - > Safety in Action Expo
  - > International Society for Magnetic Resonance in Medicine
  - > Melbourne International Boat Show

During the past 12 months more than 215,000 people have visited the Centre. In excess of 18,000 were delegates to international conferences and more than 44,000 were delegates to national conferences. Both of these figures are slightly down on the previous year for the reasons previously noted. Offsetting this in the past twelve months has been the number of corporate meetings which has grown significantly and the level of attendances at exhibitions and trade shows has returned to the levels of three and four years ago.

In terms of financial performance from direct MCET business related activities in the past 12 months, the Centre has generated operating revenue of more than \$62 million, compared to \$46 million for the previous year. This represents a 34 per cent increase which is a very pleasing achievement.

The Centre has generated a positive operating result pre-depreciation and other charges of a surplus of nearly \$9 million, relative to a budgeted surplus of \$5.9 million. This result excludes income earned from interest and other non-operating sources which totalled a further \$2.2 million in the 2010/2011 year.

The net accounting result, as disclosed in the financial statements of the Trust for this period continues to be substantially impacted (as it will into the future) by the financial arrangements that were put in place in relation to the new Convention Centre.

In the financial year ended 30 June 2011, the net result as per the comprehensive operating statement is a deficit of \$23.3 million compared with a surplus in the previous year of \$16.1 million.

In the previous year the result was positively impacted by the one off transfer to the Trust of the land on which the Convention Centre is built which equated to \$40.7 million and the one off transfer to the Trust in the same year of \$2.2 million in relation to Convention Centre equipment. Excluding these one off transactions, compared with the previous year, the Centre's net result was nearly \$4 million ahead of that period.

Depreciation, capital and interest charges in relation to the loan entered into as part of the financing arrangements for the new Centre account for expenses of the order of \$39 million this year which is broadly consistent with the previous year.

The Trust received grants for international marketing from the State Government and the City of Melbourne totalling \$5.3 million and a grant from the State in relation to asset lifecycle replacement of \$4.6 million during the year which is similar to the previous year. In addition, during the past year the Trust revalued its land and buildings based on an independent valuation performed by the Valuer-General and this resulted in an increase in value of the land and buildings of \$78.9 million.

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In future periods, as was the case this year, the Trust's financial statements are expected to show a negative net result after all transactions are taken into account, notwithstanding the expectation of an ongoing positive operational result. As mentioned previously, the main causes are the higher level of depreciation charges and interest expense related to the associated financing arrangements for the new Convention Centre.

In relation to the broader South Wharf precinct, there have been ongoing building works over the last twelve months as the final stages of the commercial development are completed. It is expected that the entire precinct will be complete by the end of calendar year 2011 at which stage there will be a number of new riverside restaurants operating which will add considerably to the vibrancy of the precinct.

Whilst these facilities will bring some competition to the Centre in terms of food and beverage activities, this will be offset by the level of additional visitation they will attract to the precinct.

Two years into the operation of the Convention Centre, the facilities are performing well. There are minimal outstanding building issues to be rectified and this rectification is being managed with the assistance of Major Projects Victoria and the Plenary Group with no noticeable interference to the Centre's operations. The Trust is continuing to monitor this situation closely to ensure that the building continues to perform at optimum levels.

The next two years will see the development of detailed plans for the ongoing upgrade of both the Exhibition Centre and the Convention Centre. These upgrades will be in part the responsibility of the Plenary Group but the Trust will also be making an investment in these enhancements when it is considered appropriate.

The advent of new facilities in Australia and overseas makes this ongoing investment a critical success factor. The next few years will see new facilities in Adelaide and Sydney and a significant expansion in Brisbane. During the same period there are major expansions taking place throughout Asia in particular.

In addition to the challenge of new convention facilities, State and National Governments within Australia and throughout Asia continue to invest in increasing levels of marketing and business event attraction activities. It would appear that these activities will continue to intensify over the next few years and the Trust looks forward to working with the Victorian Government to ensure that Victoria and the Centre are well placed to meet these challenges.

In this regard it is pleasing to report that the combined efforts of the Melbourne Convention + Visitors Bureau (MCVB) and the Centre's sales and marketing staff continue to attract large scale national and international conferences to Melbourne in an increasingly competitive environment. Significant event wins in the last twelve months include:

- The World Cardiology Congress - 9000 delegates
- International Gynaecologic Cancer Society - 2000 delegates
- International Conference on Maxillofacial and Oral Surgery - 1200 delegates
- International Congress of the Urological Society - 4000 delegates
- International Congress of Immunology - 5000 delegates

In addition to these large events, which will utilise both the Convention and the Exhibition Centre, the Trust has also been successful in attracting a significantly increased number of smaller events which will serve to contribute positively to the Centre's bottom line performance.

During the last twelve months there have been several sessions with major clients to obtain first hand feedback on how operations can be further improved and this will continue into the future. The reaction of users of the facilities of the Trust continues to be overwhelmingly positive.

The Trust has been working with the new State Government over the last few months to refine plans for a possible future expansion of the Exhibition Centre. These plans take into account the changing nature of the use of facilities and the need to ensure that the future expansion provides a significant range of multi-purpose opportunities to cater not only for increased exhibition requirements, but also the need for flexible event space to supplement the current space offerings in the precinct. Operating

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experience gained over the last two years in relation to the new facility is informing the design solutions being pursued and the Trust is hopeful that a positive funding decision will be made by Government, having regard to the many other competing priorities.

I would like to take this opportunity to thank my fellow Trustees for their contribution over the last twelve months and in particular to Sue Pelka who finished her term during the year.

I would also like to record my appreciation of the efforts of the staff of the Centre for their high levels of commitment and performance during the past twelve months. The short term future will be challenging however I consider that the Trust and the staff of the Centre are well placed to meet these challenges. I am looking forward to further improvements over the foreseeable future notwithstanding the very competitive nature of the national and international business events industry.



Robert Annells PSM  
Chairperson  
Melbourne Convention and Exhibition Trust





# OPERATIONS REPORT

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# Introduction

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This Annual Report describes the functions and operations of the Melbourne Convention and Exhibition Trust (the Trust) and presents the Audited Financial Statements of the Trust for the year ended 30 June 2011.

The report includes information about the Trust and the management of resources under its control and is submitted to Parliament under the *Financial Management Act 1994*, s.46(1).

## History and Background

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The Melbourne Exhibition Centre Trust was established in August 1994, under the *Melbourne Exhibition Centre Trust Act 1994*, to oversee the development and management of the Melbourne Exhibition Centre. The Act was amended in 1995 to include the management, promotion and use of the Royal Exhibition Building as part of the Trust's responsibilities.

The *Melbourne Convention and Exhibition Trust Act 1996* was enacted on 5 February 1997, repealing the former Act and establishing the Melbourne Convention and Exhibition Trust. The new Act permitted increased responsibilities for the Trust including the ownership and management of both the Melbourne Exhibition Centre and the Melbourne Convention Centre. The Melbourne Convention Centre, formerly the World Congress Centre Melbourne, was vested in the Trust in February 1997.

On 14 February 1997, the Trust entered into a management agreement with World Congress Centre Melbourne Pty Ltd to provide venue operator services for the Melbourne Convention Centre. This management agreement ended in August 1997 when the Trust became both owner and venue manager of the Melbourne Convention Centre and the Melbourne Exhibition Centre.

On 28 August 2002, the Trust was appointed the Committee of Management of the Yarra River Maritime Reserve. The Reserve is inclusive of the land and historic sheds located on the south bank of the Yarra River between Grimes Bridge and the Melbourne Maritime Museum. This appointment was revoked in June 2006 as part of the land consolidation process necessary for the development of the new Melbourne Convention Centre and associated works referred to below.

On 20 April 2004, the State Government announced the development of a new Convention Centre as part of a major precinct development. This Project incorporates a commitment of \$370 million from the State Government and \$43 million from the City of Melbourne. The Project was delivered as a Partnership Victoria project and includes a significant private sector investment in complementary facilities in the precinct adjacent to the existing Exhibition Centre and the new Convention Centre. The Melbourne Convention Centre officially opened in June 2009.

The Melbourne Convention and Exhibition Trust is responsible to The Hon Louise Asher, MP Minister for Tourism and Major Events.

## Powers and Duties

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*The Melbourne Convention and Exhibition Trust Act 1996* is the principal statute relating to the establishment, powers and operations of the Trust. Other provisions affecting the Trust include the *Financial Management Act 1994* and related directions of the Minister for Tourism and Major Events.



# Functions

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*The Melbourne Convention and Exhibition Trust Act 1996* specifies the functions of the Trust as being to provide for:

- a. the development, promotion, management, operation and use of convention and exhibition facilities and services in the State of Victoria;
- b. with the approval of the Minister, the development, promotion, management, operation and use of tourism or hospitality facilities and services in the State of Victoria;
- c. the development, promotion, management, operation and use of facilities and services for the parking of vehicles to be used in conjunction with any of the Trust's facilities;
- d. with the approval of the Minister, and for such a period as is approved by the Minister, the promotion, management, operation and use of:
  - i) the Royal Exhibition Building; and
  - ii) any part of the exhibition land that the Trust reasonably requires in conjunction with the use of the Royal Exhibition Building - subject to any agreement or arrangement between the Trust and the Council of the Museum of Victoria;
- e. any other matter authorised by the Act.

# Key Corporate Objectives

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## The Trust's key objectives are:

1. To ensure high quality operations and management of the Trust's venues relative to changing market demands.
2. To optimise profitability levels from the Trust's operations while maximising the economic benefits to Melbourne and Victoria and complying with Government policy.
3. To maintain and further develop international standard convention and exhibition facilities.
4. To enhance Melbourne's position as an international city and as the events capital of Australia through the ongoing attraction of international events and associated clients and attendees.
5. To maintain at the Trust's venues a healthy, safe and secure working environment for all employees, contractors, customers and the community.

# Objectives and Performance Review

To achieve the Trust's vision, its target is to attain optimum utilisation of available space, enhance the profile of the Centre and the State as 'a place to do business', and reinforce the specific objectives for 2010/2011 by implementation of the following strategies:

## Objective 1

*To ensure high-quality operations and management of the Trust's venues relative to changing market demands.*

### Strategies:

- To undertake an ongoing market research program which monitors current and future customer requirements and competitor services and facilities.
- To implement an operational facilities and services improvements plan for the Exhibition Centre which is based on current and future market requirements for both stand-alone exhibitions and events associated with international conventions.
- To implement an ongoing skills and professional development programme for management and staff by way of participation in formal and informal skills and knowledge based developmental activities.
- To undertake an ongoing organisational compliance program operating effectively inclusive of all legislative, regulatory and other relevant requirements.
- To implement an ongoing human resource management program which ensures continuous provision of appropriately skilled and motivated employees at all levels of the organisation.
- To develop and implement a comprehensive environmental management plan.
- To develop and implement a comprehensive corporate social responsibility (CSR) plan.

### Performance Review:

A market research program is carried out on a quarterly basis by an external organisation (TKP). The 2010/2011 report is the first time we have been able to measure performance in the new Centre against a previous full year's performance on the basis of the new Centre now having been open for two years.

This year the research program surveyed 573 separate event organisers compared with 430 in the previous year. The survey tracks performance across seven major areas of the Centre's performance. These are sales service, event planning, MCEC venue, technical services/audio visual, food and beverage, floor staff and quotation and pricing. Each one of these areas is broken into seven or eight sub-categories.

The survey results for the year just completed reveal a satisfaction rating of 96 per cent relative to a previous year's score of 82 per cent. This is a very significant increase and is broadly consistent across all areas of the business.

The same research group also surveys reactions of our customers when they use competitive venues. This year on average competitors scored 92 per cent which means that the Centre rated more highly than its major competitors. This is a pleasing result when we believe that the new Centre provides still further opportunities for improvement.

The last twelve months has also seen the Centre participate in a number of future based studies to ensure that we are fully informed and prepared to meet new challenges in the industry.

One example of a significant response to a perceived client need this year has been the introduction of free Wi-Fi throughout both buildings in February 2011. For a relatively small investment, this caused an large positive impact in the market and within six months many other venues were following both nationally and internationally.

The same types of improvements are being put in place in relation to food and beverage and other services within the business.

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In conjunction with the MCVB, there have been significant improvements made in websites, the use of social media and the introduction of mobile phone apps as part of improving the customer experience. Information provision has also improved significantly to facilitate the planning of delegates and event attendees.

The last twelve months has seen ongoing improvements to procedures and processes in the Centre. A substantially enhanced learning and development program has been implemented as well as the introduction of a number of specific teams working on specific organisational development issues. A dedicated innovation team is now in place comprising representatives of all areas and all levels of the organisation.

In addition, a major cultural change program is underway and the outcomes are being progressively introduced across the organisation.

The last twelve months has seen the Centre maintain all relevant accreditations and continues its efforts towards achieving the highest levels of environmental accreditation. Particularly in the area of operational environmental accreditation as this requires three to five years of operation and these milestones in relation to the new Centre will be achieved progressively into the future.

There has also been a significantly enhanced Corporate Social Responsibility (CSR) program undertaken over the last twelve months. This has involved the Centre working closely with the Lord Mayor's Charitable Foundation and Variety Club and working with clients in relation to many other charitable organisations.

The Trust is also an active supporter of Second Bite which distributes various unused food items to charitable organisations.

In addition, the Centre's staff has participated in many individual and group activities which have raised monies for specific community programs. Most of these are chosen by staff and involve a significant level of staff and management participation.

## **Objective 2**

*To optimise profitability levels from the Trust's operations while maximising the economic benefits to Melbourne and Victoria and complying with Government policy.*

### **Strategies:**

- Utilisation levels of the Centre are as far as possible maintained and where practicable further improved relative to the challenges arising from the project and particularly the current global economic environment.
- Operating yields from all areas of the Centre's activities as a minimum meet industry benchmarks having regard to the other operational priorities of the Centre in achieving Government's economic performance objectives.
- Non-direct operating costs are controlled effectively and produce measurable and targeted outcomes.
- Event attraction activities are targeted towards events which generate maximum economic benefit relative to the government's investment in the facilities and/or are consistent with its ongoing industry and business development policies.
- Further development and continued implementation in partnership with the State, the City and the MCVB of a sales and marketing plan over three to five years on a rolling basis which ensures forward bookings for business events meet the financial and economic objectives for the Centre.

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**Performance Review:**

Utilisation levels over the last twelve months have been pleasing in comparison with the results of the previous year. Occupancy levels in the Exhibition Centre have maintained the previous year's level which was a return to 2007 levels and have averaged of the order of 62 per cent across the year. This average takes account of the traditionally slow months of December and January and the limitations that the current configuration of the halls place on increasing utilisation. Forward bookings for exhibition space are ahead of 2010 levels and it remains challenging to fit any more bookings in the busier seven to eight months of future years.

This is compounded particularly from next year on by the significant increase in the number and size of international conventions with accompanying exhibitions. These are bookings that have predominantly been taken in the course of the last twelve months and represent a return to the anticipated levels of bookings of two years ago. Conferences with exhibitions such as World Diabetes, World Cardiology and potentially World Aids would all require every available area in both buildings putting further pressure on already stretched exhibition space.

The Trust is now into the second twelve months of a co-operative marketing arrangement with Plenary and the Hilton South Wharf to jointly promote corporate meetings particularly with an accommodation component. This program known as South Wharf Meetings and Events is not core business for the Trust but as the Hilton is adjacent to the Centre and does not have any meeting rooms it is a logical and beneficial arrangement in this segment of the market. This program has attracted significant levels of corporate business over the last twelve months with meetings in this sector increasing by more than 40 per cent in the past twelve months. This is all short lead time business and fills gaps in the convention calendar for the Centre. The Trust has recently extended this agreement for a period of four years.

The predominant focus of the Trust remains the attraction of national and international conventions and as mentioned earlier in this report, there are currently 82 international conventions of various sizes booked and more than 124 national conventions booked over the next five years.

The last twelve month have seen further improvements in the operating margins being achieved from the Centre's activities. This particularly applies in the food and beverage area and the technical services area. The increase in business levels together with another twelve months operating experience since opening the new Centre and further enhancements to supplier, production and service delivery arrangements have all contributed to this outcome.

The margins in the food and beverage area have improved by more than 10 per cent in the last twelve months and in the technical services area by over 30 per cent. Exhibition related catering has also experienced improved performance with a range of new product being introduced and improved production methods. The performance in this area has improved by more than 20 per cent on the previous period.

The joint marketing arrangements with the MCVB with funding from the State, City and MCET continue to be cost effective. The number of bid wins has already been commented on and there is an ongoing program of targeted bid submissions. National and international competition is becoming greater and the Trust is working with all partners to further improve Melbourne and the Centre's offerings. The CityWide support program and the Business Events Cap funding programs are both critically important in the winning of particular bids for international conferences for Melbourne.

The current levels of funding are committed for a further three years and it is expected that this will enable the Trust to achieve the majority of its business event targets.

The increased levels of international competition means that other strategies are being further developed. The Club Melbourne Ambassadors Program has been expanded by a further 30 per cent over the last twelve months. Members of the program are now sourced from a range of commercial and industry backgrounds as well as the previous scientific and research based specialisations. This has enabled the program to pursue a broader range of conferences and 47 international conferences have now been won through the efforts of Ambassadors.

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There has also been further growth of the inaugural event program over the last twelve months and both the Healthy Parks Healthy People and the International Youth Mental Health conferences, which were developed with the support of the Trust, have been held during this period.

The inaugural event program is aimed at identifying areas where there are no existing international events and developing an appropriate event which can be headquartered in Melbourne. In addition, a similar program is being developed in relation to potential Asia Pacific versions of international events. These programs because of their nature are ongoing and take some time to evolve however the last twelve months has seen significant growth with six events currently in various stages of development.

### **Objective 3**

*To maintain and further develop international-standard convention and exhibition facilities.*

#### **Strategies:**

- The Trust will ensure that the Centre provides an ongoing international standard of facilities.
- As required, to advise and participate with the State Government in the preparation of a business case to establish the basis on which major investment in facility enhancement can be carried out in the future, including the Stage 2 Exhibition Centre expansion and refurbishment or redevelopment works which are beyond the financial capability of the Trust.
- An active program of engagement with industry bodies and individuals to ensure that ongoing facility development trends and requirements are identified and considered for implementation when appropriate.
- An active communication program with precinct partners and other major industry participants such as the Melbourne hotel community to ensure support for all aspects of the Convention Centre and its ongoing achievement of business targets.

#### **Performance Review:**

- The Trust has an ongoing facility development program for both the Convention Centre and the Exhibition Centre. This program is in addition to the Asset Management Plan which Plenary, the private sector developer of the facility, has in place.
- The Trust is particularly focussed on continued improvement to operating systems and equipment and Plenary is focussed on the ongoing maintenance of the standard of the facilities.
- The Trust in the last twelve months has invested more than \$3 million from its reserves in the implementation of its facility development program.
- A significant element of this has been in the IT and communications areas including the previously mentioned provision of free Wi-Fi services throughout both buildings.
- The Trust is also part way through a major review of Centre and South Wharf Precinct signage and would expect to invest of the order of \$2 million in this area over the next twelve months.
- A comprehensive plan for the staged refurbishment of both facilities into the future was produced by the Plenary Group as part of their bid proposal in relation to the project. This plan is being further reviewed by the Trust to ensure it remains appropriate to address any changes in circumstances that have occurred since it was initially developed in 2006.

- An important element of both the Trust's and Plenary's plans going forward is the ability to clearly define those elements that are Plenary's obligations to address and those which are the responsibility of the Trust and the State. Projects in this second group require different funding solutions and a comprehensive plan for all types of capital works will be developed by the end of the 2011/2012 financial year.
- A key activity during 2010/2011 has been the hosting of forums with industry representatives. These forums are designed to obtain firsthand feedback from clients and potential clients in relation to the Trust's service and facilities and future trends. The Future Focus Study Conventions 2020 is another example of this as is the representation of Trust officers on many industry bodies. During the year, two workshops were hosted at the Centre specifically with representatives of industry, representatives of both Plenary and Brookfield, the Trust's private sector facility providers and the Conventions 2020 international consultants. These forums were very useful in forming the ongoing discussions relative to the further development of facilities and services that will be required over the next five years. This work feeds directly into the asset management and capital works plans previously mentioned.
- Trust officers continue to take an active role in inter-Centre forums in relation to operations, sales and marketing, finance, human resources and IT and communications. These forums serve to better inform both ongoing operational activities and systems and also provide useful competitive insights to enable further product development to take place.
- The Trust also plays an active and at times leading role in committees and organisations such as the International Congress and Convention Association, the Joint Meetings Industry Council, the Exhibition and Event Association, Conventions Australia, Destination Melbourne, MCVB and South Wharf Precinct operations, development and marketing committees. During the last twelve months regular briefings have been held for Melbourne hoteliers and an extensive variety of related sales and marketing and relevant community bodies.

#### **Objective 4**

*To enhance Melbourne's position as an international city and the events capital of Australia through ongoing attraction of international events and associated clients and attendees.*

##### **Strategies:**

- Ongoing implementation of a fully integrated sales and marketing plan with the MCVB and other appropriate organisations.
- Development of and participation in Business Development activities with a range of business partners, particularly the MCVB, City, State and Federal Industry and Tourism bodies, clients and suppliers.
- Ongoing review of the number, size and nature of events taking place at the Centre with specific reference to events attracting international, national and regional participation.
- Ongoing review of events taking place at the Centre, or scheduled to take place at the Centre, with specific focus on their relativity to the State's and the City's business development and industry development plans.
- Ongoing review of the level of profile and influence that the Centre, its staff and relevant marketing agencies have in international and national marketplaces of significance for Melbourne and Victoria.

##### **Performance Review:**

- The Trust has continued to actively participate in and financially contribute to a fully integrated sales and marketing program with the MCVB which includes the comprehensive reporting of results from the program as per the Service Level Agreement. This plan has specific targets for delegate days and is reported on a quarterly basis to the Trust and to Government. The targets are expressed as whole of year targets and are not appropriate to be measured other than for information purposes on a progressive basis due to the irregular and externally controlled bid winning opportunities. Over the last twelve months the joint sales and marketing plan has been able to achieve 83 per cent of the international

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delegate day target compared with 79 per cent in the previous year. If total delegate days are taken into account then the result is an 88 per cent achievement against target which is consistent with the 2009/2010 year. Given that the targets were established in 2004/2005 and pre the GFC, the Trust regards this as a significant and positive achievement.

- As previously mentioned, the development of five year agreements in respect of funding for business winning activities has enabled a much greater level of certainty to be put in place in relation to long term future programs. This has proved critically important because most international winning events are won over a bidding period of several years and normally have a period of three to five years between the winning of the event and it actually taking place at the Centre.
- The Centre is also an active participant in the Tourism Australia Associations Program which is a co-operative campaign aimed specifically at the international associations market segment. The Centre is also an active member of the Business Events Council of Australia which continues to seek more active involvement of the Federal Government and Tourism Australia in this area.
- The Club Melbourne Ambassador Program has been actively grown over the last twelve months. The number of Ambassadors has increased to over 130 and collectively they have now been involved in securing more than 47 international conventions for the Centre which is an increase of 17 or 50 per cent over the previous year. Many cities around the world are now copying the Ambassador concept but the Team Melbourne program with the active participation of the Governor of Victoria, the Premier and relevant Ministers remains a world leader.
- The Trust also has active representation on a range of global and national environmental forums related to the meetings industry. The most recent example of this is that the Trust is represented on the Meeting Professionals International CSR Global Advisory Panel. The charter of this group is the development of CSR standards/guidelines for the global meetings industry.

## **Objective 5**

*To maintain at the Trust's venues a healthy, safe and secure working environment for all employees, contractors, customers and the community.*

### **Strategies:**

- Through the ongoing implementation of a comprehensive health and safety program encompassing all persons who visit the Centre for whatever purpose, to ensure that the level of health and safety instances occurring per period are minimised.
- Ongoing independent assessment of OH&S and related practices to monitor whether the Centre is achieving industry best practice standards.
- Development of an appropriate program of transition for those functions which become the responsibility of the Partnerships Victoria private sector partner upon completion of the Convention Centre construction. This program will also address the needs of staff affected by the transfer of functions.
- An ongoing program of facility enhancement which takes into account the needs of all potential users of the Centre.



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**Performance Review:**

- The Trust receives reports on the MCEC's OH&S performance at its monthly Board meetings. These reports cover not only incidents involving the staff but also contractors who are engaged in work at the Centre as well as visitors to the Centre. In respect of staff, there has been a minor increase in the number of incidents during the course of the last twelve months however relative to the level of business there has been a decrease on a per event basis. There have been no incidents of a serious nature during the year which is a tribute to the high level of health and safety practices currently in place. The total number of incidents involving staff, contractors and visitors has increased in aggregate terms compared with the previous 12 months. This is mainly attributable to the fact that nearly 40 per cent more people have visited the Centre during this period compared with the previous period. The nature of the incidents continues to be minor.
- Ernst and Young, as part of the Trust's internal audit program, also monitor the performance in this area and their ongoing review has confirmed the excellent level of performance achieved in the Trust's operation of the Centre.
- The Plenary Group and Brookfield Services now have fully integrated OH&S programs in relation to their activities at the Centre so that there is uniformity in approach across all areas. There are weekly meetings between the Trust's officers and these service providers to monitor performance and there are monthly meetings with the State to review performance at a higher level. There have been no incidents during the year where the private sector partners have failed to meet their obligations in this area.
- The new Centre has highlighted the changes that have taken place in access requirements for buildings over the last fifteen years relative to those that existed at the time of the opening of the Exhibition Centre. The Exhibition Centre, whilst meeting all relevant legal requirements, is being systematically upgraded to bring it closer to the levels applying in the new Convention Centre. The Trust, in conjunction with Plenary and Brookfield, will continue this work on a progressive basis over the next few years. In particular, access provisions at the Clarendon Street entrance have been improved as part of the Trust's capital works program and there is an ongoing program of further improvements to accessible toilet facilities and other related improvements.

# Trustees

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At the time of writing this report, six Trustees are appointed to the Melbourne Convention and Exhibition Trust for terms of up to three years.

## **MR ROBERT ANNELLS, PSM**

### **Chairperson**

Mr Annells was reappointed as Chairman to the Trust on 8th May 2009. He served as Chief Executive of Tourism Victoria from March 1993 to June 1998. Prior to this he was the inaugural Chief Executive of the Melbourne Docklands Authority. Mr Annells has been a member of the Melbourne Convention and Exhibition Trust and its predecessor Melbourne Exhibition Centre Trust since 1994 and has been the Chairman since 1st January 1998. He is currently Chairman of Annells Consulting.

## **MR KEVIN DAVERN, OAM**

### **Trustee**

Mr Davern was reappointed to the Trust on 1st July 2010. He is currently a Director of Superpartners, a Director of ACTU Member Connect Pty Ltd and a Member of the Council of Holmesglen Institute of TAFE. Mr Davern was awarded an Order of Australia Medal in the Australia Day Honours List in January 2002.

## **MS YVONNE VON HARTEL AM**

### **Trustee**

Ms von Hartel was reappointed to the Trust on 21st June 2011. Yvonne von Hartel AM is a founding Principal of the award winning national architectural and urban design practice, peckvonhartel. Yvonne is chair of the Victorian Skills Commission and is a Director of the publicly listed company ConnectEast, the concessionaire of the 40km Eastlink. She previously served as chair of the Sustainability in Buildings Standards Coordination Group of Standards Australia as chair of the Victorian Design Advisory Council and as a director of the Tourism and Transport Forum. During her career, Yvonne has taught both full time and part time at the school of Architecture at the University of Melbourne. She has served on a number of Government Boards, trusts and industry advisory bodies, and in early 2011 was appointed to the University of Wollongong, SMART Infrastructure Advisory Council. She has been a Trustee of the Melbourne Convention and Exhibition Centre since 2001. In 2007, Yvonne was awarded a Member of the Order of Australia for services to architecture, design and building through involvement with a range of professional organisations, to the promotion of women in business, and to the community.

## **MR JODY FASSINA**

### **Trustee**

Mr Fassina was reappointed to the Trust on 1st July 2010. Mr Fassina runs his own consulting practice, JF Consulting and, prior to that, worked for a boutique consulting practice. He was also formerly an Associate Director with Macquarie Bank Limited, Australia's largest publicly listed investment bank. Mr Fassina holds a Bachelor of Commerce, Graduate Diploma in Public Policy and a Diploma of Financial Markets, and is a Senior Associate of the Financial Services Institute of Australasia. He is also a Director of NBN Tasmania Co.

## **MS KYLIE HANSEN**

### **Trustee**

Ms Hansen was reappointed to the Trust on 1st July 2010. Ms Hansen trained as a journalist and spent 15 years in a variety of editorial and senior level positions at the Herald and Weekly Times. She runs her own media communications consultancy and has expertise in communications/media strategy and issues management. Ms Hansen is also trained in public policy and holds a MA and BA (Honours) in Political Science from the University of Melbourne.

## **MS LINDA DEWAR**

### **Trustee**

Ms Dewar was appointed on 18th August 2009. Ms Dewar is currently the Managing Director of Executive Adjunct, and was the Chief Operating Officer for CGU Insurance from 2006 to 2008. Prior to this she was the Chief Information Officer for NAB Retail Bank after previously serving eight years as a Senior Executive with ANZ Banking Group. She is a member of the Board of the Holmesglen Institute of TAFE and a Non Executive Director of Lodden Mallee Housing Services T/a Haven. A member of the Australian Institute of Company Directors, she holds a Graduate Diploma of Arts.

# Trust Information

## APPOINTMENTS AND RESIGNATIONS

Ms Susan Pelka's term expired on the 8th May 2011 and was not renewed. Ms Pelka attended her last meeting on 14th April 2011.

## TRUST MEETINGS

A total of 11 Trust meetings were conducted during the year ended 30th June 2011.

	Held	Attended
Mr Robert Annells	10	10
Ms Susan Pelka	8	7
Ms Yvonne von Hartel	10	9
Mr Kevin Davern	10	8
Mr Jody Fassina	10	9
Ms Kylie Hansen	10	9
Ms Linda Dewar	10	8

## COMMITTEES AND SUB-COMMITTEES

To assist in fulfilling its responsibilities, the Trust has established the following Committees and Sub-Committees:

### Remuneration Committee

All Trustees who meet under the Chairmanship of Mr Kevin Davern

### Risk Management Committee

All Trustees who meet under the Chairmanship of Ms Linda Dewar

### Finance and Audit Sub-Committee

Mr Jody Fassina (Chairperson)

Ms Linda Dewar

Ms Kylie Hansen

### Capital Works Sub-Committee

Ms Yvonne von Hartel (Chairperson)

Mr Kevin Davern

Ms Kylie Hansen

## CORPORATE PLAN

As required under the *Melbourne Convention and Exhibition Trust Act 1996*, the Trust has submitted to the Minister for Tourism and Major Events, a Corporate Plan that includes a statement of Corporate Intent, a Business Plan and related financial projections.

# Management and Staff

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The MCET had 133 full time staff and nine part time staff as at 30th June 2011. A total of 273 casual staff (or the equivalent of 154 full time employees) were employed during the year as required, varying with the degree of activity at the Centre.

All staff matters are governed by the principles of merit and equity. A comprehensive Enterprise Based Agreement is in place.

The Trust continues its ongoing commitment to Equal Employment Opportunity principles and reporting guidelines as outlined in the *Public Authorities (EEO) Act 1990*.

## EXECUTIVE MANAGEMENT

### CHIEF EXECUTIVE

#### Leigh Harry

Leigh is responsible for the strategic direction and overall management of the Centre activities. The Chief Executive represents the organisation at a senior level on relevant industry and other committees, task forces and working groups.

### DEPUTY CHIEF EXECUTIVE

#### Leighton Wood

Leighton is responsible for the operations of the Centre and implementation of the strategic plans for the centre. This includes acting in the Chief Executive's role as appropriate and playing a lead role in the future expansion of the centre.

### DIRECTOR OF FINANCE

#### Amanda McPherson

Amanda manages all accounting, financial management and reporting and purchasing functions.

### DIRECTOR OF OPERATIONS

#### Chris Connelly

Chris is responsible for all operational activities of the Centre. These include planning for effective management and delivery of event services, facilities management, security and other related services. As well he is responsible for day to day liaison with Plenary Brookfield on operational matters.

### DIRECTOR OF HUMAN RESOURCES

#### Rochelle Choyna

Rochelle is responsible for the development, oversight and implementation of human resources and related policies. Responsibilities include employee relations, industrial relations, staff development, wages and salary administration.

### DIRECTOR OF SALES AND MARKETING

#### Anne Jamieson

Anne manages the development, direction, implementation and co-ordination of cost efficient strategic sales and marketing initiatives for the Centre to maximise market share, sales potential and sales achievement in all business segments. She is responsible for marketing activities including brand management, communications and advertising to attract a wide range of business in the local, national and international markets.

### DIRECTOR OF BUSINESS DEVELOPMENT

#### Clive Dwyer

Clive manages the identification and development of new business opportunities for the Centre. This includes the identification and involvement of business partners in the further development of the Centre and Melbourne's business events product

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**DIRECTOR OF TECHNOLOGY OPERATIONS****Michael Walsh**

Michael is responsible for the direction and development of the information, communication and audio visual technology capabilities and functions of the company. He provides strategic advice and guidance to the organisation in relation to technology infrastructure to ensure that all current and future needs are met in an efficient and effective manner.

**DIRECTOR OF FOOD AND BEVERAGE****Frank Burger**

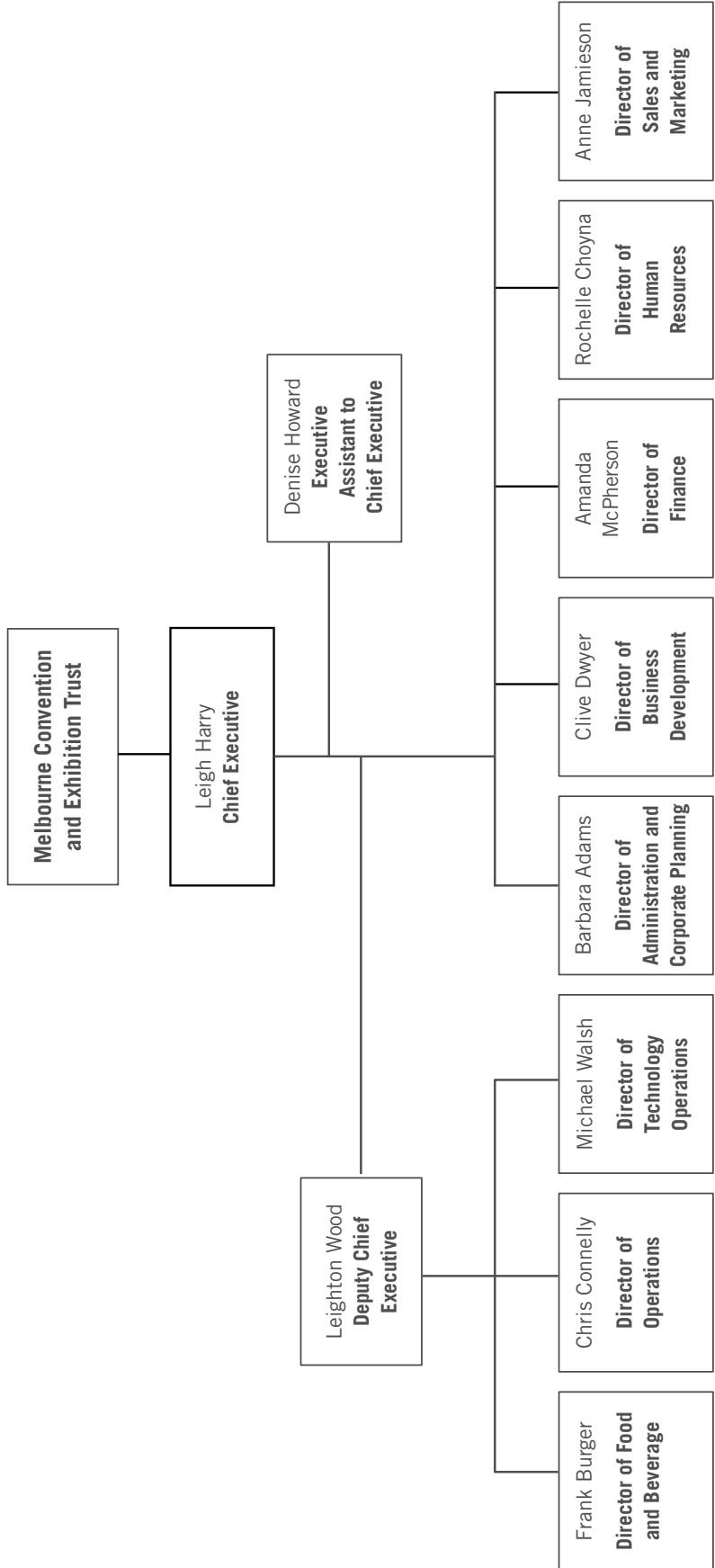
Frank manages the development and implementation of all food and beverage strategies, plans and processes to ensure that resources and contributions are maximised in achieving the objectives of the food and beverage department and ensuring first class food and beverage production and related services to the clients and customers of the Centre.

**DIRECTOR OF ADMINISTRATION AND CORPORATE PLANNING****Barbara Adams**

Barbara assists the Trust, the Government and other relevant organisations formulate submissions, reports, policies and procedures and provide advice and information in relation to statutory, legal and regulatory requirements to the Trust, Government and other interested parties.

She ensures business and administration policies and practices within the Centre are planned, developed and implemented to most effectively and efficiently contribute to the achievement of the operational and strategic objectives of the organisation. Barbara is also responsible for the management and monitoring of MCET's contractual and performance obligations relating to the Melbourne Convention Centre Development.

# Organisational Structure



# Additional Reporting Requirements

## **Building regulations**

The MCET complies with the building and maintenance provisions of the *Building Act 1993*.

## **Freedom of information**

Freedom of Information (FOI) arrangements followed by the Trust are in accordance with the procedures established under the *Freedom of Information Act 1982*. During the twelve months to 30th June 2011, there were no requests for information under the *Freedom of Information Act 1982*. The Director of Finance and Administration is the contact officer in relation to all Freedom of Information requests and is responsible for ensuring that the procedures outlined in the Act are adhered to by all employees of the Trust.

## **Whistleblowers Protection Act 2001**

There were no disclosures made either to the public body or to the Ombudsman in relation to the *Whistleblowers Act* in 2010/2011.

## **Relevant information to be retained and available on request**

Information that is applicable to the authority under Section 9.1.3(iv) of the Directions of the Minister for Finance has been retained and is available on request.

## **Nature and range of services provided, including sections of the community serviced**

By the provision of world class convention and exhibition facilities, the Trust will continue to develop assets of benefit to the general public and to industry and commerce with particular emphasis on the key industry sectors at the core of government policy.

## **National Competition Policy**

The Trust recognises the requirements of the National Competition Policy, in relation to the pricing of product in accordance with competitive neutral pricing.

The Trust maintains a review process of its pricing structure having regard to the obligations outlined in the Competition Policy statement, with the aim of most appropriately achieving these obligations over the medium to long term.

## **Occupational health and safety performance measures**

The Trust, over the last twelve months, has been successful in achieving a strong level of performance in relation to OH&S. The Centre's performance is consistent with the objectives of the Trust's OH&S Policy and reflects the ongoing efforts of management and staff to ensure that the Centre is a safe environment for all persons who attend the Centre, whatever the purpose of their visit. In the last twelve months, there were 198 accidents, most of which were minor - staff 39, visitors 134 and contractors 25. Staff days lost during the year were a total of 109.5 for claims and loss of time injuries. There is one claim ongoing.

## **Attestation of compliance of risk management**

The Trust confirms that the MCET has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (or an equivalent designated Standard). A mature and robust internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Risk Management Committee verifies this assurance and that the risk profile of the Trust has been critically reviewed within the past 12 months.

## **Disability Act 2006**

The Trust recognises the importance of having an Accessibility Action Plan in place to promote and support positive outcomes for people with a disability.

The Trust's Accessibility Action Plan 2010/2013 has been prepared in compliance with Section 38 of the *Disability Act 2006* and addresses the four outcome areas contained within the Act. A Summary of Achievements against the Accessibility Action Plan 2010/2013 is included in Appendix D.







# FINANCIAL INFORMATION SUMMARY

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# Financial Information Summary

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The comprehensive operating statement of the Trust for the year ended 30 June 2011 reports income from transactions of \$74.4 million, which is an increase of approximately \$17.1 million from the previous year.

Sales of goods and services have increased by approximately \$16.1 million, which is a result of increased activity within the Centre. There has been a significant increase in the number of events held in the Convention Centre, particularly in the small meeting space. This is a result of the successful South Wharf Meetings and Events brand in attracting business conferences, functions and meetings. The second full year of operation has seen the Trust showcase its products and service offering and provide clients with the opportunity to experience the full range of catering and technology services.

Interest earned on term deposits increased by approximately \$0.8 million due to a greater amount of cash invested in short-term deposits.

Included in grant income is an amount of \$5.3 million (2010: \$5.2 million) which represents grants received for international marketing support from Tourism Victoria and City of Melbourne. Also included in grant income is an amount of \$4.6 million (2010: \$4.5 million), which represents the asset replacement grant from the Department of Business and Innovation (DBI). The asset life cycle replacement grant is captured in the balance sheet as a non-financial asset until such time as assets are replaced in accordance with the asset replacement plans outlined in the Project Agreement.

Expenditure in relation to supplies and services has increased by \$5.9 million. The increase in supplies and services is primarily a result of increased activity within the Centre. Despite the increase, expenditure has been well controlled, resulting in an improvement in contribution margins across the organisation. Discretionary costs have also been firmly controlled across the organisation. Marketing costs have increased relative to the prior year due to the development and launch of the new website.

The increase in employee benefits of \$4.3 million reflects the additional labour hours required to service the increased number of events within the centre, and an increase in salary levels consistent with VPS guidelines.

The interest expense of \$15.8 million (2010: \$14.8 million) relates to the interest charged on the loan with DBI, which is partly funding the Convention Centre asset.

Depreciation expense of \$23.2 million (2010: \$22.9 million) is the other significant expense from transactions.

In total, expenses from transactions, as defined in the financial statements, totalled \$97.8 million (2010: \$84.4 million).

The net result from transactions for the year ended 30 June 2011 was a deficit of \$23.4 million (2010: \$27.1 million deficit).

The balance sheet of the Trust as at 30 June 2011 reports net assets of \$630.5 million (2010: \$575.0 million).

Cash and deposits have increased by approximately \$10.2 million, reflecting the additional funds generated from increased activity.

The Trust revalued its land and buildings to their fair value based on an independent valuation performed by the Valuer-General. The revaluation resulted in an increase in the value of land and buildings of \$24.9 million and \$54.0 million respectively.

Other non-financial assets have increased by approximately \$4.7 million which is representative of the capital replacement receivable taken to account during the year.

The interest bearing liability in 2011 of \$261.9 million (2010: \$246.1 million) represents the value of the loan with DBI inclusive of accrued interest as at 30 June 2011.

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Deposits held against future bookings represents funds held on behalf of clients until the completion of an event. The \$2.3 million increase in this liability reflects the higher number of events to be held in the Centre in coming years.

The statement of changes in equity records a net result in 2011 of a \$23.4 million deficit (2010: \$16.2 million surplus). The 2010 surplus includes the recognition of the new Convention Centre land (\$40.7 million) and equipment (\$2.3 million) as an 'other economic flow' through the comprehensive operating statement. The physical asset revaluation surplus increased by \$78.9 million in the year ended 30 June 2011 due to the upward revaluation of land and buildings.

The cash flow statement reports an increase of \$10.2 million in cash held (2010: \$5.5 million). Total cash holdings as at 30 June 2011 are \$50.4 million (2010: \$40.2 million), which represents net cash flows from operations and working capital. This is inclusive of \$12.1 million (2010: \$9.8 million) of security deposits held in respect of future events. There is an amount of \$2.8 million (2010: \$3.3 million) which represents the value of assets purchased throughout the year. The Trust has an allocated budget for capital projects of \$6.9 million in the year ended 30 June 2012.





# FINANCIAL STATEMENTS

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# Comprehensive Operating Statement

For the year ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
<b>CONTINUING OPERATIONS</b>			
<b>INCOME FROM TRANSACTIONS</b>			
Sales of goods and services	(3a)	62,360	46,282
Interest	(3b)	2,149	1,368
Grants	(3c)	9,896	9,683
<b>TOTAL INCOME FROM TRANSACTIONS</b>		<b>74,405</b>	<b>57,333</b>
<b>EXPENSES FROM TRANSACTIONS</b>			
Supplies and services	(4a)	31,638	24,099
Employee expenses	(4b)	26,605	22,241
Interest expense	(4c)	15,771	14,821
Depreciation	(4d)	23,244	22,949
Other operating expenses	(4e)	527	319
<b>TOTAL EXPENSES FROM TRANSACTIONS</b>		<b>97,785</b>	<b>84,429</b>
<b>NET RESULT FROM TRANSACTIONS (NET OPERATING BALANCE)</b>		<b>(23,380)</b>	<b>(27,096)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets		(16)	251
Recognition of Convention Centre land	(2)	-	40,725
Recognition of Convention Centre equipment	(2)	-	2,280
<b>TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</b>		<b>(16)</b>	<b>43,256</b>
<b>NET RESULT</b>		<b>(23,396)</b>	<b>16,160</b>
<b>OTHER ECONOMIC FLOWS – OTHER MOVEMENTS IN EQUITY</b>			
Changes in physical asset revaluation surplus	(19)	78,903	-
<b>TOTAL OTHER ECONOMIC FLOWS – OTHER MOVEMENTS IN EQUITY</b>		<b>78,903</b>	<b>-</b>
<b>COMPREHENSIVE RESULT</b>		<b>55,507</b>	<b>16,160</b>

The comprehensive operating statement should be read in conjunction with the accompanying notes.

# Balance Sheet

As at 30 June 2011

	Notes	2011 \$'000	2010 \$'000
<b>ASSETS</b>			
<b>FINANCIAL ASSETS</b>			
Cash and deposits	(5,17)	50,409	40,210
Receivables	(6,17)	5,269	4,470
<b>TOTAL FINANCIAL ASSETS</b>		<b>55,678</b>	<b>44,680</b>
<b>NON-FINANCIAL ASSETS</b>			
Inventories	(7)	2,070	2,171
Property, plant and equipment	(8)	841,294	782,874
Other non-financial assets	(9)	11,857	7,138
<b>TOTAL NON-FINANCIAL ASSETS</b>		<b>855,221</b>	<b>792,183</b>
<b>TOTAL ASSETS</b>		<b>910,899</b>	<b>836,863</b>
<b>LIABILITIES</b>			
Borrowings	(10,17)	261,867	246,096
Payables	(11,17)	4,626	4,478
Provisions	(12)	1,743	1,424
Other liabilities	(13,17)	12,114	9,823
<b>TOTAL LIABILITIES</b>		<b>280,350</b>	<b>261,821</b>
<b>NET ASSETS</b>		<b>630,549</b>	<b>575,042</b>
<b>EQUITY</b>			
Accumulated surplus/(deficit)		(26,391)	(2,995)
Physical asset revaluation surplus	(19)	233,719	154,816
Contributed capital		423,221	423,221
<b>NET WORTH</b>		<b>630,549</b>	<b>575,042</b>

The balance sheet should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

For the financial year ended 30 June 2011

	Notes	Physical asset revaluation surplus	Accumulated deficit	Contributions by owners	Total
		\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2009</b>		<b>166,082</b>	<b>(30,421)</b>	<b>523,880</b>	<b>659,541</b>
Net result for the year		-	16,160	-	16,160
Transfers to accumulated surplus	(19)	(11,266)	11,266	-	-
Net assets transferred to State		-	-	(100,659)	(100,659)
<b>Balance at 30 June 2010</b>		<b>154,816</b>	<b>(2,995)</b>	<b>423,221</b>	<b>575,042</b>
Net result for the year		-	(23,396)	-	(23,396)
Other comprehensive income for the year	(19)	78,903	-	-	78,903
<b>Balance at 30 June 2011</b>		<b>233,719</b>	<b>(26,391)</b>	<b>423,221</b>	<b>630,549</b>

The statement of changes in equity should be read in conjunction with the accompanying notes.



# Cash Flow Statement

For the financial year ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Receipts from customers		68,411	51,252
Receipts from Government		5,797	5,687
Interest received		1,995	1,470
<b>TOTAL RECEIPTS</b>		<b>76,203</b>	<b>58,409</b>
<b>PAYMENTS</b>			
Payments to suppliers and employees		(59,503)	(47,739)
Goods and Services Tax paid to the ATO		(3,724)	(2,151)
<b>TOTAL PAYMENTS</b>		<b>(63,227)</b>	<b>(49,890)</b>
<b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	(18b)	<b>12,976</b>	<b>8,519</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchases of non-financial assets		(2,785)	(3,324)
Proceeds from sale of non-financial assets		8	269
<b>NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(2,777)</b>	<b>(3,055)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and deposits		10,199	5,464
Cash and deposits at beginning of financial year		40,210	34,746
<b>CASH AND DEPOSITS AT END OF FINANCIAL YEAR</b>	(18a)	<b>50,409</b>	<b>40,210</b>

The cash flow statement should be read in conjunction with the accompanying notes.

# Notes to Financial Statements

For the financial year ended 30 June 2011

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the *Australian Accounting Standards Board (AASB)*.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

### (b) Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Trust.

In the application of AAS, judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the next year, are disclosed throughout the notes to the financial statements.

This report has been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

Exceptions to the historical cost convention include:

Non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluation are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value; and the fair value of an asset other than land is generally based on its depreciated replacement value.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented for the year ended 30 June 2010.

### (c) Scope and presentation of financial statements

#### *Comprehensive operating statement*

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'.

#### *Balance sheet*

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

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Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

***Statement of changes in equity***

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

***Cash flow statement***

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of cash flows*.

***Rounding of amounts***

Amounts in the financial statements (including the notes) have been rounded to the nearest thousand dollars, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

**(d) Income from transactions**

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured.

***Income from sale of goods and services***

Income from the sale of goods and services is recognised upon delivery of the goods or services to the customer.

***Grants***

Grants for international marketing support are recognised in accordance with the respective agreements. Grants for the asset life cycle replacement are recognised as income in the reporting period in which the Trust gains control over the underlying asset.

***Interest income***

Interest income is recognised on a time proportionate basis that takes into account the effective yield in the financial assets.

**(e) Expenses from transactions**

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

***Employee benefits***

These expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, superannuation contributions and WorkCover premiums.

***Depreciation***

All buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

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The following are typical estimated useful lives for the different asset classes for current and prior years.

Asset class	Useful life
Buildings	23 - 40 years
Plant and equipment	4 – 15 years

Land and cultural assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

#### ***Interest expense***

Interest expense is recognised in the period in which it is incurred.

#### ***Other operating expenses***

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

#### ***Supplies and services***

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

### **(f) Other economic flows**

#### ***Impairment of assets***

All of the Trust's assets are assessed annually for indications of impairment, except for inventories.

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

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell.

### **(g) Financial assets**

#### ***Cash and deposits***

Cash and deposits comprise cash on hand, cash at bank and short-term deposits.

#### ***Receivables***

Receivables include debtors in relation to goods and services and are recognised initially at fair value.

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

### **(h) Non-financial assets**

#### ***Inventories***

Inventories include goods held for consumption in the ordinary course of business operations. Inventories are measured at the lower of cost and net realisable value. Service equipment relates to high volume, low cost items used multiple times in service delivery and includes crockery, cutlery and glassware.

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***Property, plant and equipment***

Buildings and plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation.

***Revaluations of non-financial physical assets***

Non-financial physical assets are measured at fair value, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based on the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'Other economic flows – other movements in equity' and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised immediately as other economic flows in the net result, except that the net revaluation decrease is recognised in 'other economic flows – other movements in equity' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. The net revaluation decrease recognised in 'other economic flows – other movements in equity' reduces the amount accumulated in equity under asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes.

***Revaluations of property***

Freehold land and artwork are measured at fair value being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

It is the policy of the Trust to have an independent valuation at least every five years, to ensure that the carrying amount of each asset class does not differ materially from its fair value.

***Prepayments***

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

***Capital replacement receivable***

Capital replacement receivable recognises the asset life cycle replacement grant in accordance with an agreed schedule over the life of the project.

**(i) Liabilities*****Payables***

Payables consist of accounts payable and accrued expenses for goods and services received prior to the end of the financial year that are unpaid. Payables arise when the Trust becomes obliged to make future payments in respect of the purchase of those goods and services.

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### ***Borrowings***

Borrowings are initially measured at fair value, being the cost of the borrowings, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method.

### ***Provisions***

Provisions are recognised when the Trust has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision.

### ***Employee benefits***

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

#### ***(i) Wages and salaries, annual leave and sick leave***

Liabilities for wages and salaries, annual leave and accumulating sick leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within 12 months of the reporting period are measured at their nominal values.

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

#### ***(ii) Long service leave***

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

- Unconditional LSL (representing seven or more years of continuous service for staff and executives) is disclosed in the notes to the financial statements as a current liability, even where the Trust does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

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

- Conditional LSL (representing less than seven years of continuous service for staff and executives) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non current LSL liability is measured at present value.

### ***Deposits held against future bookings***

Deposits held against future bookings represent funds held on behalf of clients until the completion of an event.

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**(j) Leases**

A lease is a right to use an asset for an agreed period of time in exchange for payment. The Trust is not a party to any finance leases. Operating lease payments are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term. The leased asset is not recognised in the balance sheet.

**(k) Income taxes**

The Australian Taxation Office has deemed the Trust to be a “Public Authority” within the terms of Section 50-25 of the Income Tax Assessment Act 1997 and therefore any income shall be exempt from income tax. The Trust is not subject to the State Equivalent Income Tax System. No provisions for income taxes payable have been raised.

**(l) Contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

**(m) Accounting for the goods and services tax (GST)**

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

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

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

**(n) Events after reporting date**

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

**(o) Foreign currency**

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

**(p) AAAs issued that are not yet effective**

Certain new AAAs have been published that are not mandatory for the 30 June 2011 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises the Trust of their applicability and early adoption where applicable.

The Trust has not early adopted these standards.

## 2. SIGNIFICANT TRANSACTIONS

An independent valuation of the Melbourne Convention and Exhibition Centre land and buildings was performed by the Valuer-General for the 2011 financial year. Buildings have been valued at \$595.0 million and the land has been valued at \$206.9 million resulting in a net increment of \$54.0 million and \$24.9 million respectively. The total increment of \$78.9 million has increased the asset revaluation reserve and has been recognised in the comprehensive operating statement as an 'other economic flow'.

During the 2010 financial year, the Department of Business and Innovation (DBI) assumed responsibility for the former Convention Centre. Accordingly the value of the former land and building of \$100.7 million was transferred to DBI.

The new Convention Centre land was transferred to the control of the Trust during the 2010 financial year and is reflected as an 'other economic flow' in the comprehensive operating statement.

## 3. INCOME FROM TRANSACTIONS

	2011 \$'000	2010 \$'000
<b>(a) Sales of goods and services</b>		
Rendering of services	38,072	26,900
Sales of goods	24,288	19,382
	<b>62,360</b>	<b>46,282</b>
<b>(b) Interest</b>		
Interest on bank deposits	2,149	1,368
	<b>2,149</b>	<b>1,368</b>
<b>(c) Grants</b>		
Specific purpose for on passing	5,270	5,170
Asset lifecycle replacement	4,626	4,513
	<b>9,896</b>	<b>9,683</b>



#### 4. EXPENSES FROM TRANSACTIONS

	2011 \$'000	2010 \$'000
<b>(a) Supplies and services</b>		
Purchase of supplies and consumables	10,299	6,153
Purchase of services	13,583	11,881
Cost of goods sold	6,950	5,266
Maintenance	806	799
	<b>31,638</b>	<b>24,099</b>
<b>(b) Employee expenses</b>		
Defined contribution superannuation expense	1,843	1,641
Salaries, wages and long service leave	24,762	20,600
	<b>26,605</b>	<b>22,241</b>
<b>(c) Interest expense</b>		
Interest on Government loan (i)	15,771	14,821
	<b>15,771</b>	<b>14,821</b>
<b>(d) Depreciation</b>		
Depreciation of non-current assets	23,244	22,949
	<b>23,244</b>	<b>22,949</b>
<b>(e) Other operating expenses</b>		
Operating lease rental expenses	412	387
Bad debts from transactions	115	(68)
	<b>527</b>	<b>319</b>

(i) The new Convention Centre was financed in the form of a loan with the Department of Business and Innovation (DBI) with a value of \$227.7 million together with a capital contribution of \$227.7 million.

#### 5. CASH AND DEPOSITS

	2011 \$'000	2010 \$'000
Cash on hand	5,409	3,410
Term deposits	45,000	36,800
	<b>50,409</b>	<b>40,210</b>

#### 6. RECEIVABLES

	2011 \$'000	2010 \$'000
Amounts owing from Victorian Government (i)	21	2
Receivables (ii)	5,279	4,468
Provision for doubtful debts (iii)	(31)	-
	<b>5,269</b>	<b>4,470</b>

(i) The amounts receivable from the Victorian Government represent money owing from events Victorian Government Departments/Agencies have booked at the MCEC.

(ii) Receivables are carried at nominal amounts due. The average credit period on settling of monies owed is 7 days. No interest is charged on other receivables for outstanding balances.

(iii) A provision has been made for amounts where collection is considered no longer probable, determined by reference to issues relating to individual accounts.

**(a) Movement in the provision for doubtful debts**

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Balance at beginning of the year	-	(65)
Amounts written off during the year	-	65
Increase in provision recognised in the net result	<b>(31)</b>	-
Balance at end of the year	<b>(31)</b>	-

**(b) Ageing analysis of receivables**

Please refer to Table 17.2 in Note 17 for the ageing analysis of receivables.

**(c) Nature and extent of risk arising from receivables**

Please refer to Note 17 for the nature and extent of credit risk arising from receivables.

**7. INVENTORIES**

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Inventories at cost	128	74
Service equipment at cost	1,942	2,097
	<b>2,070</b>	<b>2,171</b>

**8. PROPERTY, PLANT AND EQUIPMENT**

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Land at independent valuation 2008	7,650	148,870
Land at independent valuation 2010	-	40,725
Land at independent valuation 2011	206,850	-
	<b>214,500</b>	<b>189,595</b>
Buildings at independent valuation 2009	-	150,955
Buildings at independent valuation 2011	594,955	-
Buildings at cost	-	421,464
Less accumulated depreciation	-	(16,292)
Written down value	<b>594,955</b>	<b>556,127</b>
Artwork at independent valuation 2005	302	302
Artwork at cost	11	11
	<b>313</b>	<b>313</b>
Work in progress at cost	2,309	2,053
	<b>2,309</b>	<b>2,053</b>
Plant and equipment at cost	36,410	44,800
Less accumulated depreciation	(7,193)	(10,014)
Written down value	<b>29,217</b>	<b>34,786</b>
	<b>841,294</b>	<b>782,874</b>

## Reconciliations

Classification by 'Public Safety and Environment' Purpose Group Movements in carrying amounts

	Freehold land	Buildings	Artwork (cultural assets)	Plant & equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2011</b>						
Carrying amount at start of year	189,595	556,127	313	34,786	2,053	782,874
Additions	-	-	-	501	2,284	2,785
Transfers	-	881	-	1,147	(2,028)	-
Disposals	-	-	-	(24)	-	(24)
Revaluations	24,905	53,998	-	-	-	78,903
Depreciation expense	-	(16,051)	-	(7,193)	-	(23,244)
<b>Carrying amount at end of year</b>	<b>214,500</b>	<b>594,955</b>	<b>313</b>	<b>29,217</b>	<b>2,309</b>	<b>841,294</b>
	Freehold land	Buildings	Artwork (cultural assets)	Plant & equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2010</b>						
Carrying amount at start of year	179,750	640,839	313	37,525	1,065	859,492
Additions	40,725	2,980	-	39	3,263	47,007
Transfers	-	(1,887)	-	4,162	(2,275)	-
Disposals	(30,880)	(69,778)	-	(18)	-	(100,676)
Revaluations	-	-	-	-	-	-
Depreciation expense	-	(16,027)	-	(6,922)	-	(22,949)
<b>Carrying amount at end of year</b>	<b>189,595</b>	<b>556,127</b>	<b>313</b>	<b>34,786</b>	<b>2,053</b>	<b>782,874</b>

### *Freehold land and buildings and artwork carried at fair value*

An independent valuation of the Melbourne Convention and Exhibition Centre land and buildings was performed by the Valuer-General for the 2011 financial year. The valuations, which conform to Australian Valuation Standards, were calculated based on the fair value of the land and buildings.

The fair value of artwork was determined with reference to an independent valuation performed in June 2005 by Lauraine Diggins Fine Art Pty Ltd (approved valuer under the Federal Government's cultural gifts program) based on replacement cost of the works.

DBI assumed responsibility of the former Convention Centre on 1 July 2009. Accordingly, the value of the land and building was transferred from the Trust to DBI for \$100.7 million during the 2010 financial year.

**9. OTHER NON-FINANCIAL ASSETS**

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
<b>Current</b>		
Prepayments	503	410
	<b>503</b>	<b>410</b>
<b>Non-current</b>		
Capital replacement receivable	11,354	6,728
	<b>11,354</b>	<b>6,728</b>
	<b>11,857</b>	<b>7,138</b>

**10. BORROWINGS**

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
<b>Current</b>		
Loan from Government (i)	31,398	4,677
	<b>31,398</b>	<b>4,677</b>
<b>Non-current</b>		
Loan from Government (i)	230,469	241,419
	<b>230,469</b>	<b>241,419</b>
	<b>261,867</b>	<b>246,096</b>

- (i) The new Convention Centre was financed in the form of a loan with the Department of Business and Innovation (DBI) with a value of \$227.7 million together with a capital contribution of \$227.7 million. A Loan Agreement was executed between the Trust and DBI for a 25 year term, at a fixed interest rate of 6.26%, with a commencement date of 1 April 2009, maturing 31 March 2034.

Subsequent to the execution of the loan agreement, the Secretary of DBI provided a letter of comfort to the Trust deferring repayments in regards to the financial years ended 30 June 2009 and 30 June 2010.

The letter also provided that if the Trust requests a deferral for the financial year ended 30 June 2011 or any later financial year then the request will be granted to the extent that the total of installments under the MCET Loan Agreement for the relevant financial year are greater than an amount equal to 75% of MCET's net cash flows from operating activities as disclosed in the Trust's Cash Flow Statement in respect of that financial year. As the amount of the Trust's net cash flow cannot be finally determined until the financial statements are finalised, the repayment cannot be made until the subsequent financial year.

The increase in total liability reflects the capitalisation of the interest payable on the loan as the Government agreed to defer repayments in respect of the financial year ended 30 June 2011 until after the signing of the financial statements.

The current liability at 30 June 2011 of \$31.398 million includes the proposed payment by the Trust of \$9.732 million payable, calculated as 75% of the net cash flows from operating activities, in respect of the financial year ended 30 June 2011 and the scheduled repayments for the forthcoming twelve months per the loan agreement. Subsequent to 30 June 2011, the Secretary, on behalf of DBI, in response to a request from the Trust, has agreed to the deferral of loan repayments in respect of the financial year ending 30 June 2012 until after the finalisation of the financial statements for that year consistent with the letter of comfort and the approach applied in the most recent financial year ended 30 June 2011.

## 11. PAYABLES

	2011 \$'000	2010 \$'000
<b>Current</b>		
Trade creditors (i)	746	1,002
Other payables	691	563
Accrued expenses	3,189	2,913
	<b>4,626</b>	<b>4,478</b>

(i) The average credit period is 30 days. Payables are generally paid within the payment period thereby avoiding any interest charges that may be charged on late payments.

### (a) Maturity analysis of payables

Please refer to Table 17.3 in Note 17 for the ageing analysis of payables.

### (b) Nature and extent of risk arising from payables

Please refer to Note 17 for the nature and extent of risks arising from payables.

## 12. PROVISIONS

	2011 \$'000	2010 \$'000
<b>Current</b>		
<i>Employee benefits – annual leave</i>		
Unconditional and expected to be settled within 12 months	426	490
Unconditional and expected to be settled after 12 months	290	105
<i>Employee benefits – long service leave</i>		
Unconditional and expected to be settled within 12 months	194	27
Unconditional and expected to be settled after 12 months	539	368
	<b>1,449</b>	<b>990</b>
<b>Non-current</b>		
Employee benefits – long service leave	294	434
	<b>294</b>	<b>434</b>
	<b>1,743</b>	<b>1,424</b>

## 13. OTHER LIABILITIES

	2011 \$'000	2010 \$'000
<b>Current</b>		
Income received in advance	17	18
Other liabilities	36	-
Deposits held against future bookings	12,061	9,805
	<b>12,114</b>	<b>9,823</b>

## 14. LEASES

### Disclosure of operating leases

#### Leasing arrangements

Operating leases relate to plant and office equipment with lease terms of between one and five years. All operating lease contracts contain market review clauses in the event that the Trust exercises its option to renew.

### **Non-cancellable operating leases**

Total lease expenditure contracted for at balance date but not provided for in the accounts:

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Payable no later than one year	305	408
Later than one year and not later than five years	457	496
	<b>762</b>	<b>904</b>

## **15. COMMITMENTS FOR EXPENDITURE**

The following commitments have not been recognised as liabilities in the financial statements. All amounts shown in the commitments note are nominal amounts inclusive of GST.

### **(a) Capital expenditure commitments**

As at the date of this report, the Trust had \$0.2 million in commitments for capital works (2010: \$0.1 million).

### **(b) Lease commitments**

Non-cancellable operating lease commitments are disclosed in Note 14 to the financial statements.

## **16. CONTINGENT LIABILITIES & CONTINGENT ASSETS**

The Trust has no contingent assets or contingent liabilities to disclose at the date of this report.

## **17. FINANCIAL INSTRUMENTS**

### **(a) Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

### **(b) Table 17.1: Categorisation of financial instruments**

	<b>Notes</b>	<b>Category</b>	<b>Carrying amount 2011 \$'000</b>	<b>Carrying amount 2010 \$'000</b>
<b>(i) Financial assets</b>				
Cash and deposits	5	Not applicable	50,409	40,210
Receivables	6	Receivables at nominal amounts	5,269	4,470
<b>(ii) Financial liabilities</b>				
Payables	11	Financial liabilities measured at nominal value	4,626	4,478
Borrowings	10	Financial liabilities measured at fair value	261,867	246,096
Other liabilities	13	Financial liabilities measured at nominal value	12,114	9,823

### **(c) Credit risk exposure**

Credit risk arises when there is the possibility of the Trust's debtors defaulting on their contractual obligations resulting in financial loss to the Trust. The Trust measures credit risk on a fair value basis and monitors risk on a regular basis.

The Trust does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Trust has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or credit enhancements where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit risk in trade receivables is managed by payment terms of seven days and sound debt collection policies and procedures.

The Trust does not engage in any hedging for its financial assets. The credit risk on liquid funds is limited because the Trust's policy is to only deal with Treasury Corporation of Victoria (AAA rating) and Australian financial institutions with a minimum AA rating.

Provision of impairment for financial assets is calculated based on past experience, and current and expected changes in client credit ratings.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Trust's maximum exposure to credit risk without taking account of the value of any collateral obtained.

*Financial assets that are either past due or impaired*

There are no material financial assets which are individually determined to be impaired. Currently the Trust does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The ageing analysis table below discloses the ageing only of financial assets that are past due but not impaired.

**Table 17.2: Interest rate exposure and ageing analysis of financial assets**

	Carrying amount	Interest rate exposure		Not past due & not impaired	Past due but not impaired			
		Variable interest rate	Non-interest bearing		Less than 1 month	1-3 months	3 months – 1 year	1-5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2011</b>								
Receivables	5,269	-	5,269	3,676	1,011	479	95	8
	<b>5,269</b>	<b>-</b>	<b>5,269</b>	<b>3,676</b>	<b>1,011</b>	<b>479</b>	<b>95</b>	<b>8</b>
<b>30 June 2010</b>								
Receivables	4,470	-	4,470	2,469	1,335	389	277	-
	<b>4,470</b>	<b>-</b>	<b>4,470</b>	<b>2,469</b>	<b>1,335</b>	<b>389</b>	<b>277</b>	<b>-</b>

**(d) Liquidity risk**

Liquidity risk is the risk that the Trust would be unable to meet its financial obligations as and when they fall due. The Trust operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, makes payments within 30 days from the date of resolution. The Trust manages its liquidity risk by closely monitoring future cash flows to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

The Trust's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events could be sourced from early liquidation of cash held on deposit if required.

The carrying amount detailed in the following table represents the Trust's maximum exposure to liquidity risk.

**Table 17.3: Interest rate exposure and maturity analysis of financial liabilities**

	Carrying amount	Interest rate exposure		Nominal amount	Maturity dates (i)			
		Variable interest rate	Non-interest bearing		Less than 1 month	1-3 months	3 months – 1 year	>1 year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2011</b>								
Payables	4,626	-	4,626	4,626	4,159	-	-	467
Borrowings (ii)	261,867	-	-	492,901	-	9,732	-	483,169
Other	12,114	-	12,114	12,114	5,872	3,654	1,571	1,017
	<b>278,607</b>	<b>-</b>	<b>16,740</b>	<b>509,641</b>	<b>10,031</b>	<b>13,386</b>	<b>1,571</b>	<b>484,653</b>
<b>30 June 2010</b>								
Payables	4,478	-	4,478	4,478	4,011	467	-	-
Borrowings (ii)	246,096	-	-	474,386	-	-	19,974	454,412
Other	9,823	-	9,823	9,823	3,419	3,537	2,273	594
	<b>260,397</b>	<b>-</b>	<b>14,301</b>	<b>488,687</b>	<b>7,430</b>	<b>4,004</b>	<b>22,247</b>	<b>455,006</b>

(i) Maturity analysis is presented using the contractual undiscounted cash flows

(ii) As detailed in Note 10, a Loan Agreement was executed between the Trust and DBI for a 25 year term, at a fixed interest rate of 6.26%, with a commencement date of 1 April 2009, maturing 31 March 2034. This amount includes capitalised interest as the Government agreed to defer the loan repayments to 30 June 2011. The first loan repayment of \$9.7 million, calculated as 75% of the net cash flows from operating activities, will be made upon signing of the financial statements. The nominal amount represents the principal and interest payable over the life of the loan.

### (e) Market risk

The Trust's exposures to market risk are primarily through foreign currency risk and interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

#### Foreign currency risk

The Trust is exposed to foreign currency risk through its purchases of supplies and consumables from overseas. This risk is considered insignificant due to the limited amount of transactions denominated in foreign currencies and a relatively short timeframe between commitment and settlement.

The Trust exposures are mainly against the US dollar, Euro and GB Pound and are managed through continuous monitoring of movements in exchange rates, and by ensuring availability of funds through cash flow planning and monitoring. Based on past and current assessment of economic outlook, it is deemed unnecessary for the Trust to enter into any hedging arrangements to manage the risk.

The Trust's sensitivity to foreign currency movements is set out in Table 17.4

#### Interest rate risk

The Trust is not exposed to interest rate risk in relation to the loan with the Department of Business and Innovation as there is a fixed interest rate for the term of the loan. Cash on term deposit is held with Treasury Corporation of Victoria.



The Trust's sensitivity to interest rate risk is set out in Table 17.4.

**Table 17.4: Market risk exposure**

	Foreign exchange risk			Interest rate risk			
	Carrying amount \$'000	-10% / +10%		-1% (100 basis points)		+1% (100 basis points)	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>30 June 2011</b>							
<b>Financial assets:</b>							
Cash and deposits (i)	50,409	-	-	(504)	(504)	504	504
<b>30 June 2010</b>							
<b>Financial assets:</b>							
Cash and deposits (i)	40,210	-	-	(402)	(402)	402	402

(i) Sensitivity of cash and deposits to a +1% movement in rates:  $[\$50,409k \times 0.05] - [\$50,409k \times 0.04] = \$504k$ . Similarly for a -1% movement in interest rate, impact =  $\$(504k)$ .

**(f) Fair value**

The Trust considers that the carrying amount of financial assets and financial liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full. The fair value of the interest bearing financial liability is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

**18. CASH FLOW INFORMATION**

**(a) Reconciliation of cash and cash equivalents**

	2011 \$'000	2010 \$'000
Total cash and deposits disclosed in Note 5	50,409	40,210
<b>Balance as per Cash Flow Statement</b>	<b>50,409</b>	<b>40,210</b>

**(b) Reconciliation of net result for the period to net cash flows from operating activities**

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Operating surplus/(deficit) for the financial year	<b>(23,396)</b>	<b>16,160</b>
<b>Add/(less) non-cash movements:</b>		
Depreciation of non-current assets	23,244	22,949
Write-back of service equipment	155	-
(Gain)/loss on sale or disposal of non-financial assets	16	(251)
Recognition of Convention Centre land	-	(40,725)
Recognition of Convention Centre equipment	-	(2,280)
Capital replacement receivable	(4,626)	(4,513)
Interest on Government loan	15,771	14,821
<b>Net change in assets and liabilities</b>		
(Increase)/decrease in current receivables	(799)	(598)
(Increase)/decrease in current inventories	(54)	(1)
(Increase)/decrease in other current assets	(93)	(346)
(Decrease)/increase in current payables	131	249
(Decrease)/increase in current provisions	459	(6)
(Decrease)/increase in other current liabilities	2,308	2,959
(Decrease)/increase in non-current provisions	(140)	101
<b>Net cash flows from/(used in) operating activities</b>	<b>12,976</b>	<b>8,519</b>

**(c) Non-cash financing and investing activities**

In 2010 the Convention Centre's land (\$40.7 million) and equipment (\$2.3 million) was transferred to the control of the Trust. It was recognised as an 'other economic flow'. Interest expense of \$15.8 million (2010: \$14.8 million) owing to the Government has not been paid as at 30 June 2011 and is accrued in Note 10.

**19. PHYSICAL ASSET REVALUATION SURPLUS**

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Balance at beginning of the year	154,816	166,082
Revaluation increments / (decrements)	78,903	-
Disposal or transferred out	-	(11,266)
<b>Balance at end of the year</b>	<b>233,719</b>	<b>154,816</b>

**20. RESPONSIBLE PERSONS**

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

**Names**

The persons who held the positions of Ministers and Accountable Officers for the Trust are as follows:

**Minister**

The Hon. Tim Holding MP, Minister for Tourism (Term ended November 2010)

The Hon. Louise Asher MP, Minister for Tourism and Major Events (Appointed December 2010)

### Governing Board

Mr Robert Annells (Chairman)  
 Mr Kevin Davern  
 Mr Jody Fassina  
 Ms Susan Pelka (Term ended 13 May 2011)  
 Ms Yvonne von Hartel  
 Ms Kylie Hansen  
 Ms Linda Dewar

### Chief Executive - Accountable Officer

Mr Leigh Harry

### Remuneration

Remuneration received or receivable by Responsible Persons, excluding the Minister, in connection with the management of the Trust during the reporting period is shown below in the relevant bands:

Income band	Total Remuneration		Base Remuneration	
	2011 No.	2010 No.	2011 No.	2010 No.
\$20,000 - \$29,999	4	3	4	3
\$30,000 - \$39,999	2	3	2	3
\$40,000 - \$49,999	1	1	1	1
\$280,000 - \$289,999	-	-	-	1
\$310,000 - \$319,999	-	-	1	-
\$320,000 - \$329,999	-	1	-	-
\$360,000 - \$369,999	1	-	-	-
<b>Total numbers</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
	\$'000	\$'000	\$'000	\$'000
<b>Total remuneration received or due and receivable by responsible persons for the Trust amounts to:</b>	<b>588</b>	<b>548</b>	<b>533</b>	<b>487</b>

Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits. The remuneration of the Minister is disclosed in the annual report of the Department of Premier and Cabinet.

### Related party transaction

In February 2010, the Chairperson's son, Matthew Annells, was appointed to the position of General Manager of the Victorian operations of Arinex, a national professional conference organiser headquartered in Sydney. The company is one of a significant number of such organisers with whom the MCEC deals with on a regular basis. Arinex are appointed by their clients to operate as the conference organiser for their events and in turn Arinex will transact on behalf of the client with the MCEC.

During this financial year Arinex have expended \$2,624,981 (2010: \$2,636,187), on behalf of their clients with the MCEC. These events are predominantly conferences and for most of them Arinex act as the agent for the professional association responsible for the conference.

## 21. REMUNERATION OF EXECUTIVES

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

Remuneration received or receivable by Executives, in connection with the management of the Trust is shown below in the relevant bands:

Income band	Remuneration		Remuneration	
	2011	2010	2011	2010
	No.	No.	No.	No.
\$100,000 - \$109,999	1	3	1	4
\$110,000 - \$119,999	2	1	3	1
\$120,000 - \$129,999	1	2	2	2
\$130,000 - \$139,999	2	2	1	4
\$140,000 - \$149,999	1	2	2	-
\$150,000 - \$159,999	-	-	3	-
\$160,000 - \$169,999	2	1	1	-
\$170,000 - \$179,999	3	-	-	1
\$180,000 - \$189,999	-	3	1	-
\$190,000 - \$199,999	1	-	-	2
\$200,000 - \$209,999	-	-	1	-
\$210,000 - \$219,999	-	-	-	1
\$220,000 - \$229,999	1	1	-	-
\$230,000 - \$239,999	1	-	-	-
<b>Total numbers</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
	\$'000	\$'000	\$'000	\$'000
<b>Total remuneration received, or due and receivable, by Executives from the Trust amounting to:</b>	<b>2,377</b>	<b>2,187</b>	<b>2,144</b>	<b>2,079</b>

## 22. REMUNERATION OF AUDITORS

### Victorian Auditor-General's Office

Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the Trust's financial report:

	2011	2010
	\$'000	\$'000
Paid as at 30 June	-	10
Payable as at 30 June	29	18
	<b>29</b>	<b>28</b>

## 23. EMPLOYEE SUPERANNUATION

Superannuation contributions for the reporting period are included as part of employee expenses in the comprehensive operating statement of the Trust.

The name and details of the major employee superannuation funds and contributions made by the Trust are as follows:

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
<i>Host Plus Superannuation Fund</i>		
Total contributions during the year	971	799
Employer contributions as % of salaries	9%	9%
<i>ASGARD Corporate Superannuation Fund</i>		
Total contributions during the year	107	160
Employer contributions as % of salaries	9%	9%-10%
<i>Australian Super (STA plus ARF)</i>		
Total contributions during the year	330	245
Employer contributions as % of salaries	9%	9%
<i>Others</i>		
Total contributions during the year	435	437
Employer contributions as % of salaries	9% - 10%	9% - 10%
	<b>1,843</b>	<b>1,641</b>

## 24. SUBSEQUENT EVENTS

The Trust has no material or significant events occurring after the reporting date.

## 25. GLOSSARY OF TERMS

### ***Cash and deposits***

Cash and deposits comprise cash on hand, cash at bank and short-term deposits.

### ***Comprehensive result***

Total net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

### ***Commitments***

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

### ***Employee expenses***

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, superannuation contributions and WorkCover premiums.

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**Financial asset**

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

**Financial liability**

A financial liability is any liability that is:

- (a) A contractual or statutory obligation:
  - To deliver cash or another financial asset to another entity; or
  - To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
  - A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

**Financial statement**

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statement, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under revised AASB 101 (Sept 2007); which means it may include the main financial statements and the notes.

**Grants**

Specific purpose grants are paid for a particular purpose and/or have conditions attached regarding their use.

**Interest income**

Interest income includes interest received on bank term deposits and investments.

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***Net acquisition of non-financial assets (from transactions)***

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Includes only those increases and decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

***Net result***

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner changes in equity'.

***Net result from transactions/net operating balance***

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions.

***Non-financial assets***

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, plant and equipment, and cultural assets.

***Other economic flows***

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets and fair value changes of financial instruments. In simple terms, other economic flows are changes arising from market re-measurements.

***Other income***

Other income consists of gains/losses on disposal of property, plant and equipment.

***Payables***

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

***Receivables***

Includes short and long term trade credit and accounts receivable, grants, taxes and interest receivable.

***Sales of goods and services***

Refers to income from direct provision of goods and services and includes fees and charges for services rendered and sales of goods and services.

***Service equipment***

Relates to high volume, low cost items used multiple times in service delivery and includes crockery, cutlery and glassware.

***Supplies and services***

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Trust.

***Transactions***

Transactions are those economic flows that interact between two entities by mutual agreement.

# Certification

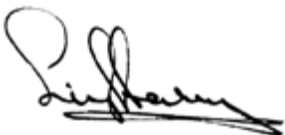
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In accordance with a resolution of the Trustees of the Melbourne Convention and Exhibition Trust, we state that in our opinion:

- (a) the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes present fairly the financial transactions of the Trust during the year ended 30 June 2011 and the financial position of the Trust as at 30 June 2011;
- (b) the attached financial statements for the Trust have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements; and
- (c) at the date of this report we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Robert H Annells  
Chairperson, Melbourne Convention and Exhibition Trust



Leigh Harry  
Chief Executive



Amanda McPherson  
Principal Accounting Officer

Melbourne  
18 August 2011



# Auditor-General's Report

VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Trustees, Melbourne Convention and Exhibition Trust

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2011 of Melbourne Convention and Exhibition Trust which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the certification has been audited.

#### *The Trustees' Responsibility for the Financial Report*

The Trustees of the Melbourne Convention and Exhibition Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

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

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# VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Melbourne Convention and Exhibition Trust as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

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

This auditor's report relates to the financial report of the Melbourne Convention and Exhibition Trust for the year ended 30 June 2011 included both in the Melbourne Convention and Exhibition Trust's annual report and on the website. The Trustees of the Melbourne Convention and Exhibition Trust are responsible for the integrity of the Melbourne Convention and Exhibition Trust's website. I have not been engaged to report on the integrity of the Melbourne Convention and Exhibition Trust's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
29 August 2011

  
for D D R Pearson  
Auditor-General

# Additional Financial Information

## SUMMARY OF FINANCIAL RESULTS

The following table summarises the financial result of the Trust each year ended 30 June.

	2011	2010	2009	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000
Income from transactions	74,405	57,333	51,372	53,734	47,860
Expenses from transactions	97,785	84,429	60,013	57,128	52,308
Net result from transactions	(23,380)	(27,096)	(8,641)	(3,394)	(4,448)
Net result for the period	(23,396)	16,160	(8,646)	(3,410)	(4,478)
Net cash flow from operating activities	12,976	8,519	3,715	8,252	3,976
Total assets	910,899	836,863	902,936	449,025	401,713
Total liabilities	280,350	261,821	243,395	10,527	9,968

## SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL POSITION DURING THE YEAR ENDED 30 JUNE 2011

Financial assets increased by \$11.0 million. This is largely attributable to an increase in cash of \$10.2 million due to the increased activity in the Centre. The significant increase in property, plant and equipment reflects the upwards revaluation of land and buildings (\$78.9 million). The \$18.5 million increase in liabilities is due to accrued interest on the loan with DBI and an increase in the deposits held against future bookings. Equity has increased by \$55.5 million as a result of the upwards revaluation of land and buildings being reflected in the physical asset revaluation surplus.

## CONSULTANCIES

Details of consultancies under \$100,000:

In 2010/2011, the total for the 17 consultancies engaged during the year, where the total fees payable to the consultants was less than \$100,000 was \$255,000. All figures are excluding GST.

It is expected the Trust will continue to use consultants in the future to assist in the operations of the Trust and the Centre.





# APPENDIX A

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OCCUPATIONAL HEALTH & SAFETY POLICY

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# Occupational Health & Safety Policy

DOCUMENT ID PO-OHS-5200000  
ISSUE 17  
DATE 19/10/10  
PAGE 1 of 1



## OCCUPATIONAL HEALTH & SAFETY POLICY

The Melbourne Convention and Exhibition Trust (MCET) is committed to maintaining a proactive healthy and safe working environment for all employees and external contractors, clients, and the community, while ensuring regard to the environment throughout its business practices. As a consequence of this, the MCEC encourages all internal employees and external customers to regard accident prevention and working safely as a collective and individual responsibility and to respect their's and other's safety through appropriate conduct whilst on site or working for the MCEC. All visitors are required to comply with all MCEC given instructions in order to protect their health and safety whilst on the MCEC's premises.

The MCEC recognises its OH&S responsibility under the Victorian Occupational Health and Safety Act 2004, associated Acts, Regulations, Compliance Codes, and in conjunction with the retention of certification under SafetyMap Version 4 Advanced Level, ISO 9001:2008 Quality Management Systems Requirements, HACCP-9000 Food Safety systems and Good Manufacturing Principles' requirements, and aims to incorporate practicable compliance to all aspects of related business activities.

The priority objectives of the OH&S Policy for the 2010/2011 year are the following:

Review, improve and maintain the MCEC's OH&S Induction Programs including:

- External Event Organisers' Programs
- MCEC Internal Programs
- In conjunction with Operating Partners, Brookfield Multiplex Programs

The MCEC's OH&S Policy, objectives and procedures are reviewed on a regular basis and as required by changes to processes or governing requirements. Copies of the Policy are available on all OH&S Noticeboards, and the MCEC Website [www.mcec.com.au](http://www.mcec.com.au).

Further information may be obtained by emailing [ohs@mcec.com.au](mailto:ohs@mcec.com.au).

A handwritten signature in black ink, appearing to read 'Leigh Harry', written over a horizontal line.

Leigh Harry  
CHIEF EXECUTIVE  
October 2010









# APPENDIX B

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COMPLIANCE WITH *WHISTLEBLOWERS PROTECTION ACT 2001*

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# Compliance with *Whistleblowers Protection Act 2001*

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## Whistleblowers

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

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

## Reporting Procedures

Disclosures of improper conduct or detrimental action by The Trust or its employees may be made to the following officers:

*Protected Disclosure Coordinator*

Amanda McPherson, Director of Finance  
Level 4, Melbourne Exhibition Centre  
Ph: (03) 9235 8078  
E-mail: amcpherson@mcec.com.au

*Protected Disclosure Officer*

Zereh Gates, Human Resources Manager  
Level 4, Melbourne Exhibition Centre  
Ph: (03) 9235 8034  
E-mail: zgates@mcec.com.au

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

*The Ombudsman Victoria*

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

## Further information

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

## Disclosures under the *Whistleblowers Protection Act*

The current procedures established by the public body under Part 6 are available upon request. There were no disclosures made to public bodies during the year (2010:nil).





# APPENDIX C

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FINANCE AND AUDIT COMMITTEE  
– MEMBERSHIP AND RESPONSIBILITY

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# Finance and Audit Committee Membership and Responsibility

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The Finance and Audit Committee consists of the following members:

Mr Jody Fassina (Chairperson)

Ms Linda Dewar

Ms Kylie Hansen (appointed to the Finance and Audit Committee 19 August 2010)

The main responsibilities of the Committee are to:

- review and report independently to the Trust on the Annual Report and all other financial information;
- assist the Trust in reviewing the effectiveness of the internal control environment covering:
  - effectiveness and efficiency of operations;
  - reliability of financial reporting; and
  - compliance with applicable laws and regulations; and
- determine the scope of the internal audit function and ensure that its resources are adequate and used effectively, including co-ordination with the external auditors.







# APPENDIX D

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DISABILITY ACT 2006

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# Disability Act 2006

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## Accessibility Action Plan 2010-2013: Summary of Achievements

### Outcome Area 1:

*Reducing barriers to persons with a disability accessing goods, services and facilities.*

- Website and Intranet compliant with W3C Web Content Accessibility Guidelines 1.0
- Register of venue physical access features completed and available on the MCEC website and in various operational and corporate publications
- Audit undertaken to identify access barriers and develop schedule of modifications
- On-going emergency evacuation procedures to address special needs of people with a disability

### Outcome Area 2:

*Reducing barriers to persons with a disability obtaining and maintaining employment.*

- Implemented recruitment and selection policies that remedy access barriers and amended relevant policies
- Researched options for a reasonable adjustment policy to ensure the revised recruitment and selection policies are adequate in this area
- Provision of job advertisements, specifications and relevant material to ensure accessible formats

### Outcome Area 3:

*Promoting inclusion and participation in the community of persons with a disability.*

- Operations Manual includes details of Access Features and Services across the Trust's venues
- Venue Accessibility Features Register has been published to the MCEC Website
- The Melbourne Convention Exhibition Centre is listed on the Companion Card Website

### Outcome Area 4:

*Achieving tangible changes in attitudes and practices which discriminate against persons with a disability.*

- Accessibility awareness training delivered to designated management and staff
- Accessibility awareness information published on intranet
- Accessibility Features register published to MCEC intranet



# Disclosure Index

The annual report of the Melbourne Convention and Exhibition Trust is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Trust's compliance with statutory disclosure requirements.

## Ministerial Directions

Report of Operations – FRD Guidance

## Charter and purpose

	Page
FRD22B Manner of establishment and the relevant Minister	13
FRD22B Functions, powers and duties	14-15
FRD22B Key corporate objectives	16
FRD22B Nature and range of services provided	29

## Management and structure

FRD15B Executive officer disclosures	26-27
FRD22B Organisational structure	28

## Financial and other information

FRD10 Disclosure index	83
FRD22B Operational and budgetary objectives and performance against objectives	17-23
FRD22B Occupational health and safety policy	29 & 69
FRD22B Summary of the financial results for the year	32
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