



Melbourne Convention  
and Exhibition Trust

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# ANNUAL REPORT 2012-2013



Melbourne Convention and Exhibition Trust

**ANNUAL REPORT**  
**2012-2013**



**Melbourne Convention and Exhibition Trust**

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# CHAIRPERSON'S FOREWORD



# Chairperson's Foreword

I am pleased to provide the annual report of the operations and audited financial statements of Melbourne Convention and Exhibition Trust (the Trust) for the year ended 30 June 2013.

This report provides consolidated information on the activities of Melbourne Convention and Exhibition Centre (the Centre) located in South Wharf. The Centre comprises the Melbourne Exhibition Centre opened in February 1996 and Melbourne Convention Centre opened in June 2009. They are fully integrated operationally and trade as the Melbourne Convention and Exhibition Centre under the direction of the Trust.

The 2012/2013 financial year for the Centre evolved in the context of the following:

- Increased competition from local, national and international venues and destinations.
- A challenging economic environment, particularly the non-recovery and stagnant situation internationally, which continues to impact the business events industry.
- Dealing with the changing nature of the industry and hence pressures on revenue streams.
- Changing customer and visitor expectations.

Australia has a highly competitive business events market with the number of quality venues per head of population unrivalled in the world. We are seeing significant infrastructure investment in Adelaide, Brisbane and soon Sydney. Of particular threat to Melbourne is the \$1 billion investment in the Sydney Convention and Exhibition Centre which is due to reopen in 2017.

Asian governments also continue to invest heavily in infrastructure and in providing event subsidies. China and India are still entering the market but Singapore and Korea, in particular, are increasingly successful players within the business events industry.

Despite the competitive marketplace, business events generally are a good news story and the biggest challenge for the Centre today is trying to accommodate our customers' future event needs. During 2012/13 the Centre turned away 19 per cent of new business because of unavailable space.

The Centre recorded its highest ever revenue with \$68 million in operating revenue, an impressive \$6.3 million increase on 2011/12. The largest revenue growth was in food and beverage (\$3.3 million, 16.2 per cent), Exhibition Centre venue hire (\$2.4 million, 19.8 per cent) and technology services (\$0.7 million, 7.8 per cent).

More than 1100 events were held in the Centre over the last 12 months, including 28 international conventions attracting 20,065 delegates and 66 national conventions attracting 45,730 delegates.

The exhibition market had a very strong year at the Centre with 68 exhibitions held however, the cancellation of the Australian International Motor Show with three months' notice left a hole in our budget across June and July 2013.

Our smaller meeting and events market picked up \$7.7 million in short term business and continued to provide good growth for the Centre.

A selection of events held at the Centre in 2012/13 includes:

- > 19th Annual World Human Resources Conference
- > Prime Minister's Olympic Dinner
- > CISCO Live 2013
- > Amway India Leadership Seminar
- > 35th Australian Dental Congress
- > Neil Young + Crazy Horse Live
- > Reed Gift Fairs
- > 25th International Council of Nurses

The Centre recorded a positive result pre depreciation and interest expense of \$15.1 million compared to \$15.3 million in 2011/2012. Depreciation and interest charges in relation to the loan entered into as part of the financing arrangements for the Convention Centre totalled \$49.3 million, resulting in a net deficit of \$28.8 million. The Centre generated net cash flows from operating activities of \$11.1 million and continued to invest in refurbishing facilities in the Exhibition Centre and refreshing technology.

The Trust invested just over \$5.5 million on capital works across all asset classes with a focus on works providing strong short term return. The Centre also invested in both people and process in the areas of safety, procurement and inventory management. This was needed for risk mitigation, improved process management and also produced positive impacts on the Centre's bottom line through better supplier and pricing control.

The Trust supports the proposed expansion of the Exhibition Centre. While it has not yet been funded, the demand for additional exhibition space continues to be high and the proposed flexible space would be tailored to meet the future needs of the Centre's customers.

The Centre continues to work closely with Melbourne Convention Bureau to attract new international business. In 2012/13, 28 international business events took place at the Centre. This generated 15 per cent of the Centre's total revenue but more importantly had a positive economic impact of \$124 million to Melbourne.

Significant international business event wins in 2012/13 included:

- > World Congress on BioSensors 2014
- > 19th Congress of the International Society for Human and Animal Mycology 2015
- > Joint International Pancreas and Islet Transplant Association, International Xenotransplantation Association and Cell Transplant Society Congress 2015
- > 8th Asia Pacific Heart Rhythm Society Scientific Session 2015
- > Congress on Systemic Lupus Erythematosus 2017

Fundamental to the Centre's success in 2012/13 was a focus on providing a culture that employees can embrace with pride. "unity" was launched in February 2012 and is the Centre's first employee-driven organisation-wide culture program. The program was built around a set of guiding principles that were created by employees. It has enabled us to maintain our delivery of successful event experiences for our customers and the Trust will continue to invest in "unity" through inductions, training, ongoing support of personal development and reward and recognition. Regular employee and customer surveys will be undertaken to monitor the success of "unity".

The Centre is also planning to enhance its engagement with the local community through ongoing participation in Open House Melbourne and continuing to showcase Victorian farmers, producers and wineries. In 2012/13 we conducted many community and cultural events along with supporting a number of charity organisations like the Variety Club and the Starlight Foundation.

Over the past 12 months, the Centre has been successful in winning many awards for excellence, business development, in-house catering and business tourism.

Examples of awards won by the Centre include:

- > 2012 National Meetings and Events Australia Awards - Business Development Person of the Year
- > 2012 Victorian Tourism Awards - Business Tourism
- > 2012 World Travel Awards - Australasia's Leading Meetings and Conference Centre
- > 2012 Royal Melbourne Fine Food Awards



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The people of Melbourne and Victoria should be proud of the contribution the Centre makes to the local economy. It is a wonderful community asset.

I would like to take this opportunity to thank my fellow Trustees for their contribution over the last 12 months and in particular to Kevin Davern, OAM, Kylie Hansen and Jody Fassina who finished their term 30 June 2013.

I would also like to record my appreciation of the efforts of the Centre's management and employees for their high levels of commitment and performance.



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 Trust and presents the Audited Financial Statements of the Trust for the year ended 30 June 2013.

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 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 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 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 incorporated 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 Melbourne Exhibition Centre and the new Melbourne Convention Centre. The Melbourne Convention Centre officially opened in June 2009.

The 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, including the use of those facilities and services for entertainment purposes;
- 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, including the use of those facilities and services for entertainment purposes;
- 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 whilst maximising the economic benefits to Melbourne and Victoria and complying with Government policy.
3. To ensure that the venues for which the Trust is responsible are maintained as international standard convention and exhibition facilities and further developed as appropriate.
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 2012/2013 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 that monitors current and future customer requirements and competitor services and facilities.
- To deliver a new organisational structure to focus on providing customers with a 'one stop shop' point of contact when in the facility.
- To develop a procurement strategy that will allow the Centre to drive efficiencies, cost savings, rationalise the supplier base and improve customer relationships.
- To implement an ongoing skills and professional development program for management and staff by way of participation in formal and informal skill and knowledge based development activities.
- To invest in and recruit a new role specifically focussed on OH&S and the delivery of a safe workplace.
- To implement an ongoing human resource management program which ensures continuous provision of appropriately skilled and motivated employees at all levels of the organisation, particularly having regard to the future management and operational requirements of the Centre.
- To develop and implement a comprehensive environmental management plan.
- To continue the implementation of 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 Research).

This year the research program surveyed 450 separate event organisers. The survey tracks performance across seven major areas of the Centre's performance. These include sales service, event planning, venue, technology, 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 2012/13 year reveal a satisfaction rating of 97 per cent that is broadly consistent across all areas of the Centre's business.

The last 12 months has seen ongoing improvements to procedures and processes in the Centre. This included the Trust investing in new resources related to safety and procurement that has resulted in the development of individual procurement and safety strategies.

The Centre's procurement strategy is already being implemented and over the next financial year all our key buying elements will be re-tendered with an improved bidding process that will result in better pricing and savings for the Centre.

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The Centre's safety strategy is also underway and involves engaging with the business events industry, taking a leadership role regarding the rationalisation of rules across Australian venues and ensuring the Centre's employees are trained accordingly.

After significant planning and development an online human resources tool was implemented in February 2013 called "Me@Work". Available to all employees at the Centre, Me@Work has improved the management of employee records, leave requirements, job descriptions, performance reviews and other human resources functions.

A substantially enhanced online learning and development program was launched in June 2013 called "Learn@Work". The program was designed to centralise all learning and development activities within the Centre to reduce the risk of non-compliance, increase productivity and build employee capability.

An innovation program called THINK was launched in December 2011 to encourage, capture and nurture innovation across all parts of the Centre through staff ideas. A THINK space within the Convention Centre was opened in February 2012 to provide Centre staff with a place to grow and discuss ideas. A number of THINK ideas were implemented over the last twelve months and there are currently three active projects that are due for completion in the next financial year.

It is important to employ people who can contribute to the creative process and embrace an innovative workplace at the Centre. Over the last 12 months successful innovative ideas were acknowledged, celebrated and monitored to measure the progress of innovations. The communication of case studies reinforced successes and provided lessons learnt in order to drive further innovation.

The Trust continues to invest in the Centre's "unity" program through ongoing induction, training and reward and recognition. "unity" has been widely communicated to all employees through the Centre's intranet, newsletters, employee events and awards. It will continue to be rolled out progressively over the coming year.

The last 12 months has seen the Centre maintain all relevant accreditations and continue its efforts towards achieving the highest levels of environmental accreditation. The Centre has a silver status with EarthCheck for its environmental management program. EarthCheck is an internationally recognised certification program designed for the travel and tourism industry.

There has also been a significantly enhanced CSR program undertaken over the last 12 months. This has involved the Centre working closely with the Starlight Children's Foundation and Variety Club and working with customers in relation to other not-for-profit organisations.

The Trust is also an active supporter of Second Bite and Hanover. In addition, the Centre's staff participated in many individual and group activities which have raised monies for specific not-for-profit groups. Most of these were coordinated by the CSR committee and involve a significant level of employee and management participation.

## Objective 2

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

### Strategies:

- Utilisation levels of the Centre continue to be maintained and when possible further improved.
- A medium term focus will be to drive space and yield management to optimise profitability levels.
- Analysis will be conducted on operating yields from all areas of the Centre's activities. Event costing programs will be managed to better understand profitability and potential leakage.
- National associations business development will be aligned with sales and research conducted to better drive this opportunity.
- Strategies to drive the Asian market will be built in conjunction with MCB to maximise opportunities immediately and in the future.
- Small meetings business through the South Wharf Meetings and Events (SWME) coalition will be managed and driven to improve space utilisation on short term business.
- A short-term strategy to maximise the potential opportunities driven by the closure of the Sydney Convention and Exhibition Centre is being undertaken.
- 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.
- Provide a strategic event development and start-up event support program which assists the planning, development and delivery of targeted events.
- Develop and implement in partnership with the State, the City of Melbourne and the MCB, 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.

### Performance Review:

Utilisation levels over the last 12 months were high, consistent with the results of the previous year. It continues to remain challenging to fit any more bookings in the busier seven to eight months of future years. This is compounded particularly 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 three years and represent a return to the anticipated levels of bookings four years ago. International conferences with exhibitions such as the World Congress of Cardiology in May 2014 and the International AIDS Conference in July 2014 will require every available area in both buildings putting further pressure on already stretched exhibition space.

The Trust works with the Plenary Conventions Hotel Pty Ltd and the Hilton Melbourne South Wharf to jointly promote corporate meetings particularly with an accommodation component through SWME. Over the last 12 months SWME has attracted over 3000 business events. This partnership plays a key role in our pickup within the financial year, with close to 80 per cent being achieved through SWME.

The predominant focus of the Trust remains the attraction of national and international conventions and as mentioned earlier in this report, there are currently 36 international conventions of various sizes booked and almost 75 national conventions booked over the next two years.

During the last 12 months our operating margins have generally improved; however, in the current financial environment the Centre is facing more and more pressure to maintain these margins.

The joint marketing arrangements with the MCB funded by the State, the City of Melbourne and the Trust, 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 winning particular bids for international conferences for Melbourne.

The current levels of funding are committed for one more year 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 Ambassador Program has continued to grow over the last 12 months. The number of Ambassadors has increased to 147 and collectively they have been involved in securing more than 70 international conventions for the Centre, worth over \$450 million to Victoria.

Over the last 12 months significant research, consultation and planning was undertaken by the Centre to relaunch Club Melbourne in the next financial year. The new direction will address the increasing international competition to create an even stronger, focused and more supportive network to secure and host international conferences in Melbourne.

### **Objective 3**

***To ensure that the venues for which the Trust is responsible are maintained as international standard convention and exhibition facilities and further developed as appropriate.***

#### **Strategies:**

- The Trust will ensure that the Centre provides an ongoing international standard of facilities.
- An asset management strategy is being built to focus on short term capital expenditure and priorities and also to look at a three year plan and then a much longer perspective of 20 years.
- 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 expansion of the Exhibition Centre and refurbishment or redevelopment works which are beyond the financial capability of the Trust.
- An active engagement program with industry bodies and individuals to ensure that facility development trends and future 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 Government's Convention Centre development 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 responsibilities of Plenary Conventions Pty Ltd (Plenary), the private sector builder and facility manager.

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 Centre.

In the last 12 months the Trust has invested more than \$5 million from its reserves in the implementation of its facility development program. A significant element of this was related to technology upgrades to the Centre's digital screens and projectors. Another element involved the modernisation of the Exhibition Centre's general toilets and an upgrade of its disabled toilets.

A comprehensive plan for the staged refurbishment of both facilities into the future is produced by the Plenary as part of its facility management responsibilities. 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. The Centre and Plenary's staff continue to have daily discussions and regular meetings on the management of the Centre's infrastructure.

An important element of the Trust's plan going forward is the ability to clearly define those elements that are the responsibility of the Trust. Projects in this second group require different funding solutions and a comprehensive plan for all types of capital works was developed during the 2011/2012 financial year. This plan is reviewed and updated (when required) on a regular basis by the Centre.

Trust officers continue to take an active role in inter-Centre forums in relation to operations, sales and marketing, finance, human resources, 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 Business Events Council of Australia, the Exhibition & Event Association of Australia, Meetings and Events Australia, Conventions Australia, Destination Melbourne, MCB and South Wharf Precinct operations, development and marketing committees. During the last 12 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 MCB and other relevant organisations.
- Development of and participation in business development activities with a range of business partners, but particularly the MCB, City of Melbourne, 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 with specific focus on their relationship to the State's and the City of Melbourne'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 MCB, which includes the comprehensive reporting of results from the program as per the Service Level Agreement.

MCEC and MCB have worked together to establish an immediate to long-term study for the future that focuses on key international business events and State Government priority sectors.

The attraction of international business events is becoming increasingly competitive but in the next 12 months MCEC will be delivering some of the largest international medical and scientific conferences to visit Melbourne.

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 and 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 continued to grow over the last 12 months. The number of Ambassadors has increased to 147 and collectively they have been involved in securing more than 70 international conventions for the Centre, worth over \$450 million to Victoria.

Many cities around the world are now copying the Ambassador concept but the Club Melbourne program, with the active participation of the Governor of Victoria, the Premier of Victoria and relevant Ministers, remains a world leader.

Over the last 12 months significant research, consultation and planning was undertaken by the Centre to relaunch Club Melbourne in the next financial year. The new direction will address the increasing international competition to create an even stronger, focused and more supportive network to secure and host international conferences in Melbourne.

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, including the active participation of Plenary, 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.
- Continued implementation of an appropriate monitoring program of the functional responsibilities of Plenary.
- 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 Centre's Work Health and Safety (WH&S) performance at its monthly Board meetings.

These reports cover not only incidents involving staff but also contractors who are engaged in work at the Centre, as well as visitors to the Centre.

In respect of staff, there was a significant decrease in the number of injuries during the last 12 months. This was a good result considering that there was increased encouragement to report incidents and more visitors to the Centre in 2012/13. 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 injuries involving staff, contractors and visitors also decreased significantly in aggregate terms compared with the previous 12 months and the nature of the incidents continues to be minor.

Ernst and Young, as part of the Trust's internal audit program, also monitors 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.

Plenary has fully integrated OH&S programs in relation to its activities at the Centre so that there is uniformity in approach across all areas.

There are weekly meetings between the Trust's officers and Plenary 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 partner has failed to meet its obligations in this area.

The Convention Centre has highlighted the changes that have taken place in access requirements for buildings over the last 15 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 Convention Centre. The Trust, in conjunction with Plenary, will continue this work on a progressive basis over the next few years.

# Trustees

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At the time of writing this report, seven Trustees are appointed to the Trust for terms of up to three years. Three Trustees' concluded their term on 30 June 2013, Mr Kevin Davern, OAM, Ms Kylie Hansen and Mr Jody Fassina.

## **MR ROBERT ANNELLS, PSM**

### **Chairman**

Mr Annells was reappointed as Chairperson to the Trust on 22 May 2012 for a three year term ending on 11 May 2015. 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 Trust and its predecessor Melbourne Exhibition Centre Trust since 1994 and has been the Chairperson since 1 January 1998. He is currently Chairman of Annells Consulting, VicTrack and Forestry Tasmania.

## **MR KEVIN DAVERN, OAM**

### **Trustee**

Mr Davern was reappointed to the Trust on 1 July 2010 and concluded his term on 30 June 2013. He has had substantial private and public sector board and executive experience including Superpartners Pty Ltd, CSIRO, Tourism Victoria, Finsuper Ltd and Holmesglen 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**

Yvonne von Hartel AM is a Founding Principal of peckvonhartel a national architecture, interior design and urban design practice. Ms von Hartel has practiced as an architect for over 47 years, working on some of Australia's largest and most significant infrastructure projects. Ms von Hartel is currently Chair of the Southbank Arts Precinct Working Group; Director, Linking Melbourne Authority, Director, Queen Victoria Market Pty Ltd, Director, University of Wollongong, SMART Infrastructure Advisory Council and a member of the Victorian Premier's Business Roundtable.

## **MR JODY FASSINA**

### **Trustee**

Mr Fassina was reappointed to the Trust on 1 July 2010 and his term concluded on 30 June 2013. Mr Fassina runs his own consulting practice, JF Consulting and previously worked for a boutique consulting practice. He was 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.

## **MS KYLIE HANSEN**

### **Trustee**

Ms Hansen was reappointed to the Trust on 1 July 2010 and her term concluded on 30 June 2013. 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 reappointed to the Trust on 11 August 2012. Ms Dewar is currently the Managing Director of Executive Adjunct and Director Client Services with GMCT 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 the Chair of Kids Under Cover and a director on the board of the Loddon Mallee Housing Services T/a Haven. A member of the Australian Institute of Company Directors, she holds a Graduate Diploma of Arts.

**MS MARIE JACKSON****Trustee**

Ms Jackson was appointed to the Trust on 12 July 2011. With rich experience in the tourism, incentive and meetings industries, Ms Jackson is the Chief Executive of Solterbeck, a leading performance improvement company that works with companies to increase the engagement and performance of their employees and channel partners. Prior to this, Ms Jackson managed major advertising agencies in Australia and New Zealand, and in that capacity has been a member of the M&C Saatchi worldwide board, a regional partner of Publicis Mojo, and a board director of Ogilvy & Mather.

## Trust Information

**APPOINTMENTS AND RESIGNATIONS**

Mr Kevin Davern OAM, Ms Kylie Hansen and Mr Jody Fassina concluded their term with the Trust on 30 June 2013.

Ms Linda Dewar was reappointed to the Trust on the 11 August 2012.

**TRUST MEETINGS**

A total of 11 Trust meetings were conducted during the year ended 30 June 2013.

	Held	Attended
Mr Robert Annells	11	10
Ms Yvonne von Hartel	11	10
Mr Kevin Davern	11	10
Mr Jody Fassina	11	9
Ms Kylie Hansen	11	3
Ms Linda Dewar	11	9
Ms Marie Jackson	11	11

An internal assessment of the Board of Trustees' performance was undertaken in 2012/13, with an external assessment planned for 2013/14. The results of these assessments will be reported in future Corporate Plans and Annual Reports of the Trust.

**COMMITTEES AND SUB-COMMITTEES**

To assist in fulfilling its responsibilities, the Trust has established the following Committees and Sub-Committees (all Trustees are independent of management):

**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

Refer to Appendix C for Trust committee and sub-committee functions.

# Trust Information

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## 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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For the year ended 30 June 2013, the Trust employed seven Trustees, 152 full-time employees and the full-time equivalent of seven part-time and 177 casual employees.

This compares to seven Trustees, 138 full-time employees and the full-time equivalent of seven part-time and 177 casual employees for the year ended 30 June 2012.

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

#### Peter King

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

### CHIEF OPERATIONS OFFICER

#### Leighton Wood

Leighton is responsible for the day to day operations of the Centre and the development of a robust strategic framework for the operations team. This includes acting in the Chief Executive's role as appropriate. He will also play a lead role in the future expansion of the Centre.

### DIRECTOR OF FINANCE

#### Amanda McPherson

Amanda is responsible for financial management and reporting to the Trust, Finance and Audit Committee and Government. She ensures financial and accounting policies and practices within the Centre are planned, developed and implemented to effectively and efficiently contribute to the achievement of the operational and strategic objectives of the Centre.

### 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.

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**DIRECTOR OF SALES, MARKETING AND CLUB MELBOURNE\*****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 also responsible for marketing activities including brand management, communications and advertising to attract a wide range of business in the local, national and international markets.

*\*From 22 July 2012, previous title was Director of Sales and Marketing.*

**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 Centre. He provides strategic advice and guidance to the Centre in relation to technology infrastructure to ensure that all current and future needs are met in an efficient and effective manner.

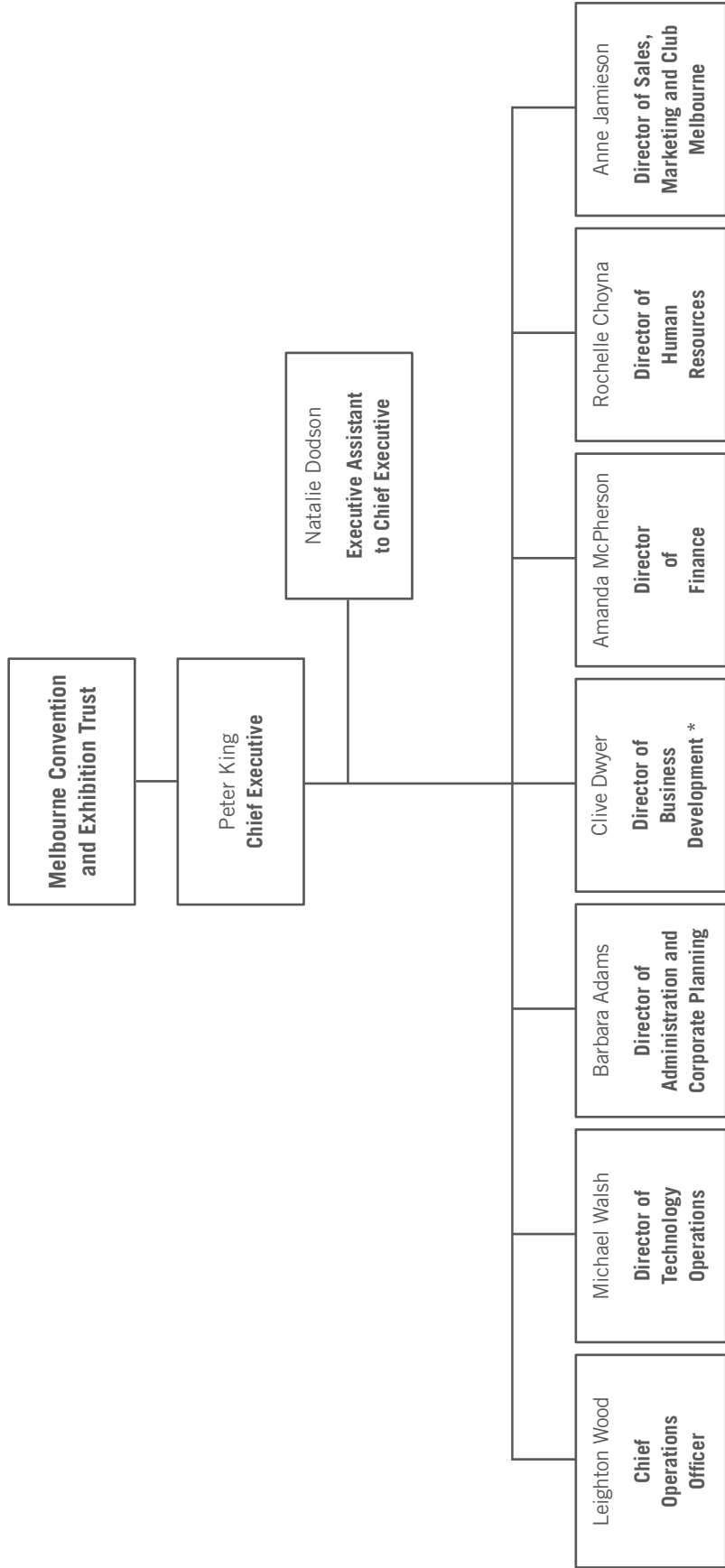
**DIRECTOR OF ADMINISTRATION AND CORPORATE PLANNING****Barbara Adams**

Barbara assists the Trust, the Government and other relevant organisations formulate business practices, submissions, reports, policies and procedures and provide advice and information in relation to the statutory, legal and regulatory requirements governing the Trust's operations. Barbara is also responsible for the management and monitoring of the Trust's obligations relating to the Melbourne Convention Centre Development Project.

**DIRECTOR OF BUSINESS DEVELOPMENT**

This position formerly managed the identification and development of new business opportunities for the Centre, particularly in the context of the newly built Convention Centre. Following an organisational restructure the role was abolished in July 2012.

# Organisational Structure



*\*This role was abolished in July 2012.*



# Additional Reporting Requirements

## **Building regulations**

The Trust 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 12 months to 30 June 2013, there were no requests for information under the *Freedom of Information Act 1982*. The Director of Administration and Corporate Planning 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 *Whistle-blowers Act* up until 9 February 2013. From this date the Act was repealed and the *Protected Disclosure Act 2012* commenced.

## **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.

## **Work 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 WH&S. The Centre's performance is consistent with the objectives of the Trust's WH&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 12 months, there were 199 incidents, most of which were minor – staff 71, visitors 102 and contractors 27. A total of 93.5 staff days were lost during the year due to injuries. There is one claim ongoing.

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

The Trust confirms that it has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (or equivalent designated Standard). Over the past 12 months, a critical review of the internal control system has been undertaken resulting in a strengthened internal control system that better 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 and updated within the last 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

## COMPREHENSIVE OPERATING STATEMENT

### Revenue

The comprehensive operating statement of the Trust for the year ended 30 June 2013 reports income from transactions of \$79.8 million, which is an increase of \$5.8 million (8%) from the previous year.

Sales of goods and services have increased by \$6.3 million (10%) as a result of increased activity within the Centre. The exhibition calendar was particularly strong in 2013, as were the catering and technology services requirements for international conventions and gala dinners.

Interest earned on term deposits decreased by \$0.6 million due to the reduction in interest rates.

Included in grant income is an amount of \$5.4 million (2012: \$5.3 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 \$4.9 million (2012: \$4.7 million) which represents the grant from the Department of State Development, Business and Innovation (DSDBI) for the replacement of assets over the life of the Convention and Exhibition Centre. 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 schedule outlined in the Project Agreement.

### Expenses

Purchases of supplies and services have increased by \$3.3 million consistent with the increase in revenue. Operating departments have become more efficient, resulting in improved margins across most areas of the business.

The increase in employee benefits of \$2.8 million reflects an increase in salary levels consistent with VPS guidelines and increased casual employee hours required to service the higher levels of activity.

The interest expense of \$16.8 million (2012: \$16.3 million) relates to the interest charged on the loan with DSDBI, which partly funded the Convention Centre asset.

Depreciation expense of \$27.0 million (2012: \$25.8 million) has increased from the prior year as a result of capital projects completed and life cycle replacement assets recognised in the year.

In total, expenses from transactions, as defined in the financial statements, totalled \$108.5 million (2012: \$100.7 million).

The net result from transactions for the year ended 30 June 2013 was a deficit of \$28.1 million (2012: \$26.3 million deficit).

## BALANCE SHEET

The balance sheet of the Trust as at 30 June 2013 reports net assets of \$601.3 million (2012: \$604.2 million). This minor reduction is mainly due to the capitalisation of interest expense on the loan with DSDBI.

### Assets

Cash and deposits have decreased by approximately \$0.7 million to \$45.7 million (2012: \$46.4 million).

The increase in property, plant and equipment of \$6.8 million reflects the land and building revaluations at 30 June 2013 and asset additions from completed capital projects, less the associated depreciation expense.

Other non-financial assets have increased by approximately \$1.0 million which is mainly attributable to the capital replacement receivable taken to account during the year.

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## Liabilities

The interest bearing liability of \$277.6 million (2012: \$268.5 million) represents the value of the loan with DSDBI, inclusive of accrued interest.

Other liabilities include deposits held against future bookings of \$10.9 million (2012: \$13.3 million), which represents funds held on behalf of clients until the completion of an event.

## STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity records a net decrease in the year ended 2013 of \$2.9 million to \$601.3 million. The material movements in this statement relate to the current year's result and the land and building revaluation adjustment.

## CASH FLOW STATEMENT

The cash flow statement reports a decrease of \$0.7 million in cash held (2012: \$4.0 million decrease). Total cash holdings as at 30 June 2013 are \$45.7 million (2012: \$46.4 million). This is inclusive of \$10.9 million (2012: \$13.3 million) of security deposits held in respect of future events. Cash flows from operating activities were \$11.1 million for the year (2012: \$10.3 million).

The Trust has invested in refurbishing the Exhibition Centre toilets, upgrading projectors in meeting rooms and purchasing moving light packages for Plenary sessions and gala dinners. Capital improvements for the year totalled \$4.1 million (2012: \$4.5 million) and are reflected in cash flows from investing.

Cash flows from financing activities include the second loan repayment to DSDBI of \$7.7 million (2012: \$9.7 million). This equates to 75% of the net cash flows from operating activities for the previous financial year.





# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

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# Comprehensive Operating Statement

For the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
<b>CONTINUING OPERATIONS</b>			
<b>INCOME FROM TRANSACTIONS</b>			
Sales of goods and services	(3a)	68,038	61,777
Interest	(3b)	1,495	2,087
Grants	(3c)	10,240	10,062
<b>TOTAL INCOME FROM TRANSACTIONS</b>		<b>79,773</b>	<b>73,926</b>
<b>EXPENSES FROM TRANSACTIONS</b>			
Supplies and services	(4a)	36,754	33,489
Employee expenses	(4b)	27,447	24,612
Interest expense	(4c)	16,837	16,318
Depreciation	(4d)	27,041	25,755
Other operating expenses	(4e)	454	546
<b>TOTAL EXPENSES FROM TRANSACTIONS</b>		<b>108,533</b>	<b>100,720</b>
<b>NET RESULT FROM TRANSACTIONS (NET OPERATING BALANCE)</b>		<b>(28,760)</b>	<b>(26,794)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets		6	(17)
Net gain/(loss) on movement in long service leave provision		636	476
<b>TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</b>		<b>642</b>	<b>459</b>
<b>NET RESULT</b>		<b>(28,118)</b>	<b>(26,335)</b>
<b>OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in physical asset revaluation surplus	(19)	25,246	(33)
<b>TOTAL OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME</b>		<b>25,246</b>	<b>(33)</b>
<b>COMPREHENSIVE RESULT</b>		<b>(2,872)</b>	<b>(26,368)</b>

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

# Balance Sheet

As at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
<b>ASSETS</b>			
<b>FINANCIAL ASSETS</b>			
Cash and deposits	(5,17)	45,731	46,388
Receivables	(6,17)	6,103	6,155
<b>TOTAL FINANCIAL ASSETS</b>		<b>51,834</b>	<b>52,543</b>
<b>NON-FINANCIAL ASSETS</b>			
Inventories	(7)	2,156	2,264
Property, plant and equipment	(8)	826,421	819,605
Other non-financial assets	(9)	17,732	16,737
<b>TOTAL NON-FINANCIAL ASSETS</b>		<b>846,309</b>	<b>838,606</b>
<b>TOTAL ASSETS</b>		<b>898,143</b>	<b>891,149</b>
<b>LIABILITIES</b>			
Payables	(10,17)	6,386	3,704
Borrowings	(11,17)	277,597	268,452
Provisions	(12)	1,926	1,489
Other liabilities	(13,17)	10,925	13,323
<b>TOTAL LIABILITIES</b>		<b>296,834</b>	<b>286,968</b>
<b>NET ASSETS</b>		<b>601,309</b>	<b>604,181</b>
<b>EQUITY</b>			
Accumulated surplus/(deficit)		(80,844)	(52,726)
Physical asset revaluation surplus	(19)	258,932	233,686
Contributed capital		423,221	423,221
<b>NET WORTH</b>		<b>601,309</b>	<b>604,181</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 2013

	Notes	Physical asset revaluation surplus \$'000	Accumulated surplus/ (deficit) \$'000	Contributions by owners \$'000	Total \$'000
<b>Balance at 30 June 2011</b>		<b>233,719</b>	<b>(26,391)</b>	<b>423,221</b>	<b>630,549</b>
Net result for the year		-	(26,335)	-	(26,335)
Other comprehensive income for the year	(19)	(33)	-	-	(33)
<b>Balance at 30 June 2012</b>		<b>233,686</b>	<b>(52,726)</b>	<b>423,221</b>	<b>604,181</b>
Net result for the year		-	(28,118)	-	(28,118)
Other comprehensive income for the year	(19)	25,246	-	-	25,246
<b>Balance at 30 June 2013</b>		<b>258,932</b>	<b>(80,844)</b>	<b>423,221</b>	<b>601,309</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 2013

	Notes	2013 \$'000	2012 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Receipts from customers		72,024	69,439
Receipts from Government		4,620	4,620
Interest received		1,269	2,205
<b>TOTAL RECEIPTS</b>		<b>77,913</b>	<b>76,264</b>
<b>PAYMENTS</b>			
Payments to suppliers and employees		(63,659)	(62,630)
Goods and Services Tax paid to the Australian Taxation Office		(3,115)	(3,378)
<b>TOTAL PAYMENTS</b>		<b>(66,774)</b>	<b>(66,008)</b>
<b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	(18b)	<b>11,139</b>	<b>10,256</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchases of non-financial assets		(4,106)	(4,545)
Proceeds from sale of non-financial assets		2	-
<b>NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(4,104)</b>	<b>(4,545)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of loan to DSDBI		(7,692)	(9,732)
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>(7,692)</b>	<b>(9,732)</b>
Net increase/(decrease) in cash and deposits		(657)	(4,021)
Cash and deposits at beginning of financial year		46,388	50,409
<b>CASH AND DEPOSITS AT END OF FINANCIAL YEAR</b>	(18a)	<b>45,731</b>	<b>46,388</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 2013

## 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.

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.

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 relate to:

- the fair value of land and buildings (Note 8)
- the useful lives of service equipment (Note 7) and plant and equipment (Note 8)
- assumptions for employee benefit provisions based on historical data, likely tenure of existing staff, future salary movements and future discount rates (Note 12).

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for:

- 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. Revaluations 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.

### (c) Reporting entity

The financial statements cover the Melbourne Convention and Exhibition Trust (the Trust) as an individual reporting entity. The Trust is a Government agency of the State of Victoria, established pursuant to the provisions of the *Melbourne Convention and Exhibition Trust Act 1996*. Its principal address is:

Melbourne Convention and Exhibition Trust  
1 Convention Centre Place  
South Wharf VIC 3006

**(d) 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.

Current and non-current assets and liabilities (non-current being 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 non-owner and owner changes in equity from 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 economic flows – other comprehensive income' related to 'Transactions with owner in its capacity as owner'.

***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 have been rounded to the nearest thousand dollars, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

**(e) 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.

***Interest income***

Interest income includes interest received on bank accounts and term deposits. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

***Grants***

Grants for international marketing support and asset life cycle replacement are non-reciprocal and are recognised as income when the grant is received or receivable.

**(f) Expenses from transactions**

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

***Supplies and services***

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

***Employee expenses***

These expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, superannuation contributions and WorkCover premiums. Details of the superannuation funds the Trust made contributions to throughout the year are disclosed in Note 23.

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**Interest expense**

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

**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.

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

Asset	Useful life
Buildings	21 – 25 years
Plant and equipment	3 – 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.

**Other operating expenses**

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

**(g) Other economic flows included in the net result****Net gain/(loss) on non-financial assets**

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from proceeds the carrying value of the asset at that time.

**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.

**(h) Financial assets****Cash and deposits**

Cash and deposits, including cash equivalents, 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.

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**(i) Non-financial assets*****Inventories***

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

***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 comprehensive income' 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 included in the net result', except that the net revaluation decrease is recognised in 'Other economic flows – other comprehensive income' 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 comprehensive income' 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 land, property, plant and equipment and cultural assets***

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 arm's 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.



## (j) 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.

### *Borrowings*

Borrowings are initially measured at fair value, being the cost of the borrowings, net of directly attributable 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 a 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 annual leave and long service leave for services rendered to the reporting date.

#### *(i) Annual leave*

Liability for annual leave is 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 employees 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 employees 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.

**(k) 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.

**(l) 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.

**(m) Equity*****Contributions by owners***

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

**(n) Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 15) at their nominal value and inclusive of the goods and services tax (GST) payable.

**(o) 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 (refer to Note 16) and, if quantifiable, are measured at nominal value.

**(p) 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.

**(q) Events after the reporting period**

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.

**(r) 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.

**(s) Australian Accounting Standards issued that are not yet effective**

Certain new AASs have been published that are not mandatory for the 30 June 2013 reporting period. The 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.

As at 30 June 2013, the following AASs have been issued by the AASB but not yet effective and may have an impact on the Trust. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as follows:

Reference	Title	Summary	Application date (financial years beginning)	Expected impact
AASB 9	<i>Financial Instruments</i>	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2015	Detail of impact is still being assessed.
AASB 13	<i>Fair Value Measurement</i>	Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	1 January 2013	Disclosure for fair value measurements using unobservable inputs are relatively detailed compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures required of assets measured using depreciated replacement cost.

## 2. SIGNIFICANT TRANSACTIONS

Independent valuations of the Melbourne Convention and Exhibition Centre land and buildings were performed by independent valuers for the 2013 financial year. Land was valued at \$245.6 million and buildings were valued at \$565.8 million, resulting in a net increment of \$31.1 million and net decrement of \$5.9 million respectively. The total increment of \$25.2 million increased the 'Physical asset revaluation surplus' and was recognised in the comprehensive operating statement as an 'Other economic flow' in the 2013 financial year.

## 3. INCOME FROM TRANSACTIONS

	<b>2013</b> \$'000	<b>2012</b> \$'000
<b>(a) Sales of goods and services</b>		
Rendering of services	41,709	38,611
Sales of goods	26,329	23,166
<b>Total sales of goods and services</b>	<b>68,038</b>	<b>61,777</b>
<b>(b) Interest</b>		
Interest on bank deposits	1,495	2,087
<b>Total interest</b>	<b>1,495</b>	<b>2,087</b>
<b>(c) Grants</b>		
Specific purpose for on passing	5,380	5,320
Asset life cycle replacement	4,860	4,742
<b>Total grants</b>	<b>10,240</b>	<b>10,062</b>

#### 4. EXPENSES FROM TRANSACTIONS

	2013 \$'000	2012 \$'000
<b>(a) Supplies and services</b>		
Purchase of supplies and consumables	9,545	8,310
Purchase of services	18,934	18,543
Cost of goods sold	6,864	5,995
Maintenance	1,411	641
<b>Total supplies and services</b>	<b>36,754</b>	<b>33,489</b>
<b>(b) Employee expenses</b>		
Defined contribution superannuation expense	2,011	1,936
Salaries, wages and long service leave	25,436	22,676
<b>Total employee expenses</b>	<b>27,447</b>	<b>24,612</b>
<b>(c) Interest expense</b>		
Interest on Government loan (i)	16,837	16,318
<b>Total interest expense</b>	<b>16,837</b>	<b>16,318</b>
<b>(d) Depreciation</b>		
Depreciation of non-current assets	27,041	25,755
<b>Total depreciation</b>	<b>27,041</b>	<b>25,755</b>
<b>(e) Other operating expenses</b>		
Operating lease expenses	378	448
Bad debts from transactions	47	54
Service equipment write down	29	44
<b>Total other operating expenses</b>	<b>454</b>	<b>546</b>

- (i) The Convention Centre was financed in the form of a loan with DSDBI with a value of \$227.7 million together with a capital contribution of \$227.7 million.

#### 5. CASH AND DEPOSITS

Cash on hand	3,731	6,388
Term deposits	42,000	40,000
<b>Total cash and deposits</b>	<b>45,731</b>	<b>46,388</b>

#### 6. RECEIVABLES

Amounts owing from Victorian Government (i)	60	119
Receivables (ii)	6,093	6,085
Provision for doubtful debts (iii)	(50)	(49)
<b>Total receivables</b>	<b>6,103</b>	<b>6,155</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 seven 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>2013</b>	<b>2012</b>
	\$'000	\$'000
Balance at beginning of the year	(49)	(31)
Decrease in provision due to transfers out	-	-
Amounts written off during the year as uncollectable	18	31
Increase in provision recognised in the net result	(19)	(49)
<b>Balance at end of the year</b>	<b>(50)</b>	<b>(49)</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(a) for the nature and extent of credit risk arising from receivables.

**7. INVENTORIES**

Inventories at cost	287	366
Service equipment at cost	1,869	1,898
<b>Total inventories</b>	<b>2,156</b>	<b>2,264</b>

**8. PROPERTY, PLANT AND EQUIPMENT**

Land at independent valuation 2013	245,625	-
Land at independent valuation 2011	-	206,850
Land at independent valuation 2008	-	7,650
	<b>245,625</b>	<b>214,500</b>
Buildings at independent valuation 2013	565,768	-
Buildings at independent valuation 2011	-	594,955
Buildings at cost	-	2,310
Less accumulated depreciation	-	(18,125)
Written down value	<b>565,768</b>	<b>579,140</b>
Cultural assets at independent valuation 2012	280	280
	<b>280</b>	<b>280</b>
Work in progress at cost	3,213	2,836
	<b>3,213</b>	<b>2,836</b>
Plant and equipment at fair value	33,573	47,242
Less accumulated depreciation	(22,038)	(24,393)
Written down value	<b>11,535</b>	<b>22,849</b>
<b>Net carrying amount of property, plant and equipment</b>	<b>826,421</b>	<b>819,605</b>

## RECONCILIATIONS

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

	Freehold land \$'000	Buildings \$'000	Cultural assets \$'000	Plant & equipment \$'000	Work in progress \$'000	Total \$'000
<b>Year ended 30 June 2013</b>						
Carrying amount at start of year	214,500	579,140	280	22,849	2,836	819,605
Additions	-	3,121	-	126	5,493	8,740
Transfers	-	8,442	-	(3,326)	(5,116)	-
Disposals	-	-	-	(129)	-	(129)
Revaluations	31,125	(5,879)	-	-	-	25,246
Depreciation expense	-	(19,056)	-	(7,985)	-	(27,041)
<b>Carrying amount at end of year</b>	<b>245,625</b>	<b>565,768</b>	<b>280</b>	<b>11,535</b>	<b>3,213</b>	<b>826,421</b>
<b>Year ended 30 June 2012</b>						
Carrying amount at start of year	214,500	594,955	313	29,217	2,309	841,294
Additions	-	16	-	76	4,491	4,583
Transfers	-	2,294	-	1,670	(3,964)	-
Disposals	-	-	-	(484)	-	(484)
Revaluations	-	-	(33)	-	-	(33)
Depreciation expense	-	(18,125)	-	(7,630)	-	(25,755)
<b>Carrying amount at end of year</b>	<b>214,500</b>	<b>579,140</b>	<b>280</b>	<b>22,849</b>	<b>2,836</b>	<b>819,605</b>

### *Freehold land and buildings and cultural assets carried at fair value*

Independent valuations of the Melbourne Convention and Exhibition Centre's land and buildings were performed by independent valuers for the 2013 financial year. The valuations, which conform to Australian Valuation Standards, were calculated based on the fair value of the land and depreciated replacement cost of the buildings.

The fair value of cultural assets was determined with reference to an independent valuation performed in October 2011 by Dwyer Fine Art (approved Valuer for the Australian Government's Cultural Gifts Program) based on resale value of the works.

## 9. OTHER NON-FINANCIAL ASSETS

	2013 \$'000	2012 \$'000
<b>Current</b>		
Prepayments	696	641
	<b>696</b>	<b>641</b>
<b>Non-current</b>		
Capital replacement receivable	17,036	16,096
	<b>17,036</b>	<b>16,096</b>
<b>Total other non-financial assets</b>	<b>17,732</b>	<b>16,737</b>

## 10. PAYABLES

	2013 \$'000	2012 \$'000
<b>Current</b>		
Trade creditors (i)	903	555
Other payables	1,277	1,044
Accrued expenses	4,206	2,105
<b>Total payables</b>	<b>6,386</b>	<b>3,704</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.

## 11. BORROWINGS

	2013 \$'000	2012 \$'000
<b>Current</b>		
Loan from Government (i)	8,354	7,692
	<b>8,354</b>	<b>7,692</b>
<b>Non-current</b>		
Loan from Government (i)	269,243	260,760
	<b>269,243</b>	<b>260,760</b>
<b>Total borrowings</b>	<b>277,597</b>	<b>268,452</b>

(i) The Convention Centre was financed in the form of a loan with the Department of State Development, Business and Innovation (DSDBI) 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 DSDBI 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 DSDBI 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 Trust requested the deferral of loan repayment in respect of the financial years ended 30 June 2012 and 30 June 2013 to after the finalisation of the financial statements for those years. On 29 June 2012 and 28 June 2013, the Secretary, on behalf of DSDBI, agreed to the requests. Therefore, the current liability at 30 June 2013 of \$8.354 million only represents 75% of the net cash flows from operating activities, in respect to the financial year ended 30 June 2013.

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 years ended 30 June 2012 and 30 June 2013.



**12. PROVISIONS**

	<b>2013</b> \$'000	<b>2012</b> \$'000
<b>Current</b>		
<i>Employee benefits – annual leave</i>		
Unconditional and expected to be settled within 12 months	559	263
Unconditional and expected to be settled after 12 months	71	258
<i>Employee benefits – long service leave</i>		
Unconditional and expected to be settled within 12 months	71	103
Unconditional and expected to be settled after 12 months	635	426
	<b>1,336</b>	<b>1,050</b>
<b>Non-current</b>		
Employee benefits – long service leave	590	439
	<b>590</b>	<b>439</b>
<b>Total provisions</b>	<b>1,926</b>	<b>1,489</b>

**13. OTHER LIABILITIES**

<b>Current</b>		
Income received in advance	6	11
Other liabilities	-	3
Deposits held against future bookings	10,919	13,309
<b>Total other liabilities</b>	<b>10,925</b>	<b>13,323</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**

	<b>2013</b> \$'000	<b>2012</b> \$'000
Payable no later than one year	325	376
Later than one year and not later than five years	78	360
	<b>403</b>	<b>736</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**

The Trust had \$3.5 million (2012: \$3.1 million) in commitments for capital works, all payable within one year.

**(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

The Trust's principal financial instruments comprise cash and deposits, receivables, payables, borrowings and other liabilities.

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.

**Table 17.1: Categorisation of financial instruments**

	Financial assets – loans and receivables	Financial liabilities – at amortised cost
	\$'000	\$'000
<b>2013</b>		
<b><i>Financial assets</i></b>		
Cash and deposits	45,731	-
Receivables (i)	5,803	-
	<b>51,534</b>	<b>-</b>
<b><i>Financial liabilities</i></b>		
Payables (i)	-	5,609
Borrowings	-	277,597
Other liabilities	-	10,925
	<b>-</b>	<b>294,131</b>
<b>2012</b>		
<b><i>Financial assets</i></b>		
Cash and deposits	46,388	-
Receivables (i)	5,855	-
	<b>52,243</b>	<b>-</b>
<b><i>Financial liabilities</i></b>		
Payables (i)	-	3,261
Borrowings	-	268,452
Other liabilities	-	13,323
	<b>-</b>	<b>285,036</b>

(i) Amounts disclosed in this table exclude statutory amounts (i.e. Grants owing from Victorian Government, GST, FBT, Payroll tax and congestion levy payable).

### (a) Credit risk

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: Ageing analysis of financial assets**

	Carrying amount	Not past due and not impaired	Past due but not impaired			
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years
<b>30 June 2013</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables (i)	5,803	2,804	2,254	492	253	-
	<b>5,803</b>	<b>2,804</b>	<b>2,254</b>	<b>492</b>	<b>253</b>	<b>-</b>
<b>30 June 2012</b>						
Receivables (i)	5,855	3,302	1,802	726	25	-
	<b>5,855</b>	<b>3,302</b>	<b>1,802</b>	<b>726</b>	<b>25</b>	<b>-</b>

(i) The carrying amounts disclosed here exclude statutory amounts (i.e. Grants owing from Victorian Government)

#### **(b) 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: Maturity analysis of financial liabilities (i)**

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates				
			Less than 1 month \$'000	1-3 months \$'000	3 months – 1 year \$'000	1-5 years \$'000	5+ years \$'000
<b>30 June 2013</b>							
Payables (ii)	5,609	5,609	4,245	-	1,364	-	-
Borrowings (iii)	277,597	495,910	-	8,354	-	112,970	374,586
Other	10,925	10,925	3,080	3,559	3,345	941	-
	<b>294,131</b>	<b>512,444</b>	<b>7,325</b>	<b>11,913</b>	<b>4,709</b>	<b>113,911</b>	<b>374,586</b>
<b>30 June 2012</b>							
Payables (ii)	3,261	3,261	3,261	-	-	-	-
Borrowings (iii)	268,452	491,582	-	7,692	-	106,906	376,984
Other	13,323	13,323	5,082	5,587	1,968	686	-
	<b>285,036</b>	<b>508,166</b>	<b>8,343</b>	<b>13,279</b>	<b>1,968</b>	<b>107,592</b>	<b>376,984</b>

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

(ii) The carrying amounts disclosed exclude statutory amounts (i.e. GST, FBT, Payroll tax and congestion levy payable).

(iii) As detailed in Note 11, a Loan Agreement was executed between the Trust and DSDBI 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 \$9.732 million, calculated as 75% of the net cash flows from operating activities, was paid in September 2011. The second loan repayment of \$7.692 million was made in October 2012. The third loan repayment of \$8.354 million will be made upon tabling of the 2013 annual report in Parliament. The nominal amount represents the principal and interest payable over the future life of the loan in accordance with the current loan schedule.

### (c) 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 British 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 17.5.

### Interest rate risk

The Trust is not exposed to interest rate risk in relation to the loan with DSDBI 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 17.5.

**Table 17.4: Interest rate exposure of financial instruments**

	Weighted average effective interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
	%	\$'000	\$'000	\$'000	\$'000
<b>30 June 2013</b>					
<b>Financial assets</b>					
Cash and deposits	2.91	45,731	-	45,731	-
Receivables (i)	-	5,803	-	-	5,803
		<b>51,534</b>	<b>-</b>	<b>45,731</b>	<b>5,803</b>
<b>Financial liabilities</b>					
Payables (i)	-	5,609	-	-	5,609
Borrowings	6.26	277,597	277,597	-	-
Other liabilities	-	10,925	-	-	10,925
		<b>294,131</b>	<b>277,597</b>	<b>-</b>	<b>16,534</b>
<b>30 June 2012</b>					
<b>Financial assets</b>					
Cash and deposits	3.51	46,388	-	46,388	-
Receivables (i)	-	5,855	-	-	5,855
		<b>52,243</b>	<b>-</b>	<b>46,388</b>	<b>5,855</b>
<b>Financial liabilities</b>					
Payables (i)	-	3,261	-	-	3,261
Borrowings	6.26	268,452	268,452	-	-
Other liabilities	-	13,323	-	-	13,323
		<b>285,036</b>	<b>268,452</b>	<b>-</b>	<b>16,584</b>

(i) The carrying amounts disclosed here exclude statutory amounts (i.e. Grants owing from Victorian Government, GST, FBT, Payroll tax and congestion levy payable).

**Table 17.5: Interest rate and foreign exchange risk sensitivity**

	Carrying amount	Foreign exchange -10% / + 10%		Interest rate			
		Profit	Equity	-1% (100 basis points)		+1% (100 basis points)	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2012</b>							
<b>Financial assets</b>							
Cash and deposits (i)	45,731	-	-	(457)	(457)	457	457
<b>30 June 2011</b>							
<b>Financial assets</b>							
Cash and deposits	46,388	-	-	(464)	(464)	464	464

(i) Sensitivity of cash and deposits to a +1% movement in rates: [ $\$45,731K \times 0.04$ ]-[ $\$45,731K \times 0.03$ ] = \$457K. Similarly for a -1% movement in interest rate, impact = \$(457K).

**(d) 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**

	2013	2012
	\$'000	\$'000
Total cash and deposits disclosed in the balance sheet	45,731	46,388
<b>Balance as per cash flow statement</b>	<b>45,731</b>	<b>46,388</b>

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

Net result for the period	(28,118)	(26,335)
<b>Add/(less) non-cash movements</b>		
Depreciation of non-current assets	27,041	25,755
Write-back of service equipment	29	44
(Gain)/loss on sale or disposal of non-financial assets	(6)	17
Capital replacement receivable and life cycle expenses	(4,043)	(4,742)
Interest on Government loan	16,837	16,318
<b>Net change in assets and liabilities</b>		
(Increase)/decrease in current receivables	51	(886)
(Increase)/decrease in current inventories	79	(238)
(Increase)/decrease in other current assets	(55)	(138)
(Decrease)/increase in current payables	1,285	(494)
(Decrease)/increase in current provisions	286	(399)
(Decrease)/increase in other current liabilities	(2,398)	1,209
(Decrease)/increase in non-current provisions	151	145
<b>Net cash flows from/(used in) operating activities</b>	<b>11,139</b>	<b>10,256</b>

## 19. PHYSICAL ASSET REVALUATION SURPLUS

	2013	2012
	\$'000	\$'000
Balance at beginning of the year	233,686	233,719
Revaluation increments/(decrements)	25,246	(33)
<b>Balance at end of the year</b>	<b>258,932</b>	<b>233,686</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. Louise Asher MP, Minister for Tourism and Major Events

### Governing Board

Mr Robert Annells (Chairman)

Ms Yvonne von Hartel

Mr Kevin Davern (Term ended 30 June 2013)

Mr Jody Fassina (Term ended 30 June 2013)

Ms Kylie Hansen (Term ended 30 June 2013)

Ms Linda Dewar

Ms Marie Jackson

### Chief Executive - Accountable Officer

Mr Leigh Harry (1 July 2011 to 23 September 2011)

Mr Peter King (6 February 2012 to 30 June 2013)

### 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	
	2013 No.	2012 No.	2013 No.	2012 No.
\$20,000 - \$29,999	1	1	1	1
\$30,000 - \$39,999	5	5	5	5
\$40,000 - \$49,999	1	1	1	1
\$70,000 - \$79,999	-	-	-	1
\$130,000 - \$139,999	-	1	-	1
\$290,000 - \$299,999	-	1*	-	-
\$380,000 - \$389,999	1	-	1	-
<b>Total number</b>	<b>8</b>	<b>9</b>	<b>8</b>	<b>9</b>
<b>Total amount (\$)</b>	<b>621,541</b>	<b>666,159</b>	<b>621,541</b>	<b>441,515</b>

Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits. \*The total remuneration in respect to the first Accountable Officer includes accumulated long service leave and annual leave entitlements paid on termination, bonus payment and salary earned in 2011/12.

The remuneration of the Minister is reported in the financial statements of the Department of Premier and Cabinet.

### Related party

The Trust's Chief Executive is a Board Member of the Melbourne Convention Bureau (MCB). MCB plays a key role in securing international conventions for Melbourne. In addition to the on-passing of Tourism Victoria and City of Melbourne grants, the Trust invested \$1,978,829 in MCB in 2012/13 (2011/12: \$1,880,615).

## 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	Total Remuneration		Base Remuneration	
	2013 No.	2012 No.	2013 No.	2012 No.
\$130,000 - \$139,999	-	-	-	1
\$140,000 - \$149,999	-	1	-	-
\$160,000 - \$169,999	-	-	1	3
\$170,000 - \$179,999	1	2	2	1
\$180,000 - \$189,999	-	1	-	-
\$190,000 - \$199,999	2	1	2	1
\$200,000 - \$209,999	1	1	-	-
\$210,000 - \$219,999	1	-	-	1
\$220,000 - \$229,999	-	1	1	-
\$240,000 - \$249,999	1	-	-	-
\$270,000 - \$279,999	-	-	-	1
\$280,000 - \$289,999	-	1	1	-
\$310,000 - \$319,999	1	-	-	-
<b>Total number of executives</b>	<b>7</b>	<b>8</b>	<b>7</b>	<b>8</b>
<b>Total annualised employee equivalent (AEE)</b>	7.00	8.00	7.00	8.00
<b>Total amount (\$)</b>	<b>1,538,995</b>	<b>1,589,056</b>	<b>1,413,084</b>	<b>1,480,852</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:

	2013 \$'000	2012 \$'000
Paid as at 30 June	9	5
Payable as at 30 June	33	34
	<b>42</b>	<b>39</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>2013</b>	<b>2012</b>
	\$'000	\$'000
<i>Host Plus Superannuation Fund</i>		
Total contributions during the year	1,073	1,030
Employer contributions as % of salaries	9%	9%
<i>Australian Super</i>		
Total contributions during the year	426	398
Employer contributions as % of salaries	9%	9%
<i>ASGARD Corporate Superannuation Fund</i>		
Total contributions during the year	95	96
Employer contributions as % of salaries	9%	9%
<i>Others</i>		
Total contributions during the year	386	412
Employer contributions as % of salaries	9%	9%
	<b>1,936</b>	<b>1,843</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.

**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 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 (September 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 short-term deposits.

**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.

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**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**

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

**Receivables**

Receivables include 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 presents fairly the financial transactions of the Trust during the year ended 30 June 2013 and the financial transactions during the year ended 30 June 2013 and financial position of the Trust as at 30 June 2013;
- (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 including Interpretations 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



Peter King  
Chief Executive



Amanda McPherson  
Principal Accounting Officer

Melbourne  
14 August 2013

# Auditor-General's Report

## VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000  
Telephone 61 3 8601 7000  
Facsimile 61 3 8601 7010  
Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au)  
Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

### 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 2013 of the 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, 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 and fair presentation 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.

## Independent Auditor's Report (continued)

### *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.

### *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 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, 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 2013 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  
19 August 2013

  
for John Doyle  
Auditor-General

# Additional Financial Information

## SUMMARY OF FINANCIAL RESULTS

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

	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000
Income from transactions	79,773	73,926	74,405	57,333	51,372
Expenses from transactions	108,533	100,720	97,785	84,429	60,013
Net result from transactions	(28,760)	(26,794)	(23,380)	(27,096)	(8,641)
	(28,118)	(26,335)	(23,396)	16,160	(8,646)
Net result for the period	11,139	10,256	12,976	8,519	3,715
Net cash flow from operating activities	898,143	891,149	910,899	836,863	902,936
Total assets	296,834	286,968	280,350	261,821	243,395
Total liabilities	286,968	280,350	261,821	243,395	10,527

## SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL POSITION DURING THE YEAR ENDED 30 JUNE 2013

Property, plant and equipment increased by \$6.8 million. This is attributable to land and building revaluations at 30 June 2013 and recognising asset additions from completed capital projects, less the associated depreciation expense. The increase in total liabilities is largely the result of capitalising accrued interest on the loan with DSDBI less the second loan repayment of \$7.7 million made in October 2012.

## CONSULTANCIES

*Details of consultancies over \$10,000:*

Consultant	Purpose of Consultancy	Start Date	End Date	Expenditure (\$'000)
Buro North	Way finding signage planning and concept design	1/7/2012	7/11/2012	37
Amrop Cordiner King	Non-Executive Director identification	12/3/2013	1/5/2013	33
Brookfield Johnson Controls	Scope and prepare tender documents for major electrical infrastructure works in the Melbourne Exhibition Centre	18/3/2013	30/6/2013	23
Enclave Consulting	Private public partnership advice	31/7/2012	31/1/2013	18
Denton Corker Marshall	Architectural advice for capital improvements	31/1/2013	30/4/2013	10

*Details of consultancies under \$10,000:*

In 2012/13, the total for the 13 consultancies engaged during the year, where the total fees payable to the consultants was less than \$10,000, was \$57,000. All figures are excluding GST.









# APPENDIX A

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WORK HEALTH & SAFETY POLICY

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# Work Health & Safety Policy



## **WORK 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 responsibility under Victorian Work Health and Safety legislation, and in conjunction with certification to AS/NZS 4801:2001 Occupational Health and Safety Management Systems, 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 objective of the WH&S Policy for the 2012/2013 year is the following:

- Improve contractor management system.
- Improve risk register, risk assessment and risk control processes.
- Prevention of fire- upgrade of electrical system in the MEC bays.
- Training-Improve senior management awareness of OHS obligations.
- Test and tag-develop a system to record and control all electrical test and tag at MCEC.
- Improve purchasing systems.

The MCEC's WH&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 WH&S Noticeboards, and the MCEC Website [www.mcec.com.au](http://www.mcec.com.au).

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

PETER KING  
Chief Executive

August 2012







# APPENDIX B

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COMPLIANCE WITH THE *PROTECTED DISCLOSURE ACT 2012*  
(FORMERLY, THE *WHISTLEBLOWERS PROTECTION ACT 2001*)

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# Compliance with the *Protected Disclosure Act 2012* (formerly, the *Whistleblowers Protection Act 2001*)

The *Protected Disclosure Act 2012* encourages and assists people to make disclosures of improper conduct or detrimental action by public officers and public bodies. The Act provides protections to people who make disclosures in accordance with the legislation and establishes a system for the matters disclosed to be investigated and for rectifying action to be taken.

The *Protected Disclosure Act 2012* commenced on 10 February 2013 when the *Whistleblowers Protection Act 2001* was repealed (transitional provisions provide for matters arising under the former legislation to continue to be managed in accordance with that legislation). As the change of legislation occurred during the financial year 2012-13, this report complies with the requirements of both Acts for the relevant time periods.

## Reporting procedures

After 10 February 2013, disclosures of improper conduct made by or about members of the Trust or its employees must be made directly to the Independent Broad-based Anti-corruption Commission (IBAC) at:

The Independent Broad-based Anti-corruption Commission Victoria  
Level 1, North Tower, 459 Collins Street  
Melbourne, VIC 3001  
Phone: 1300 735 135  
Mail: IBAC, GPO Box 24234, Melbourne, VIC 3000  
Internet: [ibac.vic.gov.au](http://ibac.vic.gov.au)  
Email: see the website above for the secure email disclosure process, which also provides for anonymous disclosures

## Further information

Employees and/or officers of the Trust have been made aware of the *Protected Disclosure Act 2012* through internal communication processes, as well as the guidelines on how to report disclosures to IBAC.

## Disclosures under the *Whistleblowers Protection Act 2001* (those made up to 9 February 2013)

The archived procedures established under the *Whistleblowers Protection Act 2001* are available upon request.

	2012-13 Number	2011-12 Number
<b>The number and types of disclosures made to public bodies from 1 July 2012 – 9 February 2013:</b>		
Public interest disclosures	0	0
Protected disclosures	0	0
The number of disclosures referred during the year by the public body to the Ombudsman for determination as to whether they are public interest disclosures	0	0
The number and types of disclosed matters referred to the public body by the Ombudsman for investigation	0	0
The number and types of disclosures referred by the public body to the Ombudsman for investigation	0	0
The number and types of investigations taken over from the public body by the Ombudsman	0	0
The number of requests made by a whistleblower to the Ombudsman to take over an investigation by the public body	0	0
The number and types of disclosed matters that the public body has declined to investigate	0	0
The number and types of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation	0	0
Any recommendations made by the Ombudsman that relate to the public body:		
Recommendation regarding file security and management	N/A	N/A







# APPENDIX C

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TRUST COMMITTEE AND SUB-COMMITTEE FUNCTIONS

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# Trust Committee and Sub-Committee Functions

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## **Remuneration Committee – Responsibility**

The main responsibilities of the Committee are to:

- Advise the Trustees on the Centre's policy and practice for executive remuneration and the individual remuneration packages for its executives (that is, employees not covered by awards and collective agreements).

## **Risk Management Committee – Responsibility**

The main responsibilities of the Committee are to:

- Assist the Trust in reviewing the effectiveness of the organisation's identification and management of all risks associated with the Trust and its operations;
- Oversee and monitor management's implementation of the Trust's Risk Management Plan to ensure that risks are appropriately identified, treated and reported.

## **Finance and Audit Committee – Membership and Responsibility**

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.

## **Capital Works Sub-Committee – Membership and Responsibility**

The main responsibilities of the Committee are to:

- Assist the Trust in fulfilling its governance and oversee responsibilities in relation to investment in capital works including:
  - recommending the annual capital works program for approval and;
  - monitoring the progress of capital works.





# 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.*

- Register of venue physical access features completed and available on the Centre's website and in various operational and corporate publications;
- Audit undertaken to identify access barriers and develop schedule of modifications;
- Audit refreshed to align with Disability (Access to Buildings) Standards 2010;
- Modification schedule to improve access: improvements to date include three additional accessible toilets installed along the Exhibition Centre concourse and the refurbishment of accessible toilets located at all five Exhibition Centre kiosks;
- On-going emergency evacuation procedures to address special needs of people with a disability;
- Ongoing installation of improved way-finding signage across the Centre including the installation of over-sized Plenary door numbers;
- Review of existing electronic information to ascertain readability for people with a disability;
- National Relay Service implemented.

### 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;
- Implemented HR portal (Me@Work) for staff on site and remote access;
- Completion of key components of culture transition to ensure observance of Guiding Principles of Respect, Integrity, Working Together, Innovation and Excellence.

### 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;
- Exhibitor's Services Kit includes details of Access Features within the Exhibition Centre;
- Venue Accessibility Features Register has been published on the Centre's website;
- The Centre is listed on the Companion Card website;
- National Relay Service contact details listed on the Centre's website;
- Enhanced resources within OH&S and with a new focus for this area on ensuring those with a disability have enhanced ease of access to, and safe use of, the Centre;
- Accessibility Access entry points to the Centre included on Location Map.

### 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 the Centre's intranet and website;
- Revision of Employee Handbook to include updated equal opportunity and anti-discriminations information;
- Development of survey to gauge staff attitude toward accessibility; survey conducted to gauge permanent full time and part time staff attitudes to disability;
- National Relay Service training provided to designated staff;
- Implemented HR e-learning (Learn@Work) Equal Employment Opportunities training module.





# Disclosure Index

The annual report of the 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
FRD22C Manner of establishment and the relevant Minister	10
FRD22C Functions, powers and duties	10-11
FRD22C Key corporate objectives	11
FRD22C Nature and range of services provided	24

## Management and structure

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## Financial and other information

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