



Melbourne Convention  
and Exhibition Trust

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# ANNUAL REPORT 2008-2009





Melbourne Convention and Exhibition Trust

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**2008-2009**





**Melbourne Convention and Exhibition Trust**

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# CHAIRPERSON'S FOREWORD



# Chairperson's Foreword

I am pleased to present the Annual Report of the operations and the Audited Financial Statements of the Melbourne Convention and Exhibition Trust (the Trust) for the financial year ended 30 June 2009.

The report provides consolidated information on the activities of the Melbourne Exhibition Centre (MEC), the old Melbourne Convention Centre (MCC) and the new Melbourne Convention Centre (MCCD) located in the South Wharf precinct. These facilities are together referred to as "the Melbourne Convention and Exhibition Centre (the MCEC)". They are fully integrated operationally and trade as the MCEC under the direction of the Trust.

Activity at the MCEC over the last 12 months has been affected by a number of factors. The most noticeable of these have been the impacts of the Global Financial Crisis. These impacts have affected both the number and size of business events and have been felt consistently throughout Australia and most parts of the world. The impacts have been evidenced predominantly through reductions in the size of events held. This has applied whether the events are exhibitions, conferences or corporate meetings. This downsizing has related to numbers of attendees, the amount of space required and/or the duration of the events.

In addition as had been projected some events which would normally have taken place in the old Centre, during the last year, were deferred to either the 2009/2010 or later financial years to take advantage of the facilities in the new Centre.

The second half of the financial year was when the majority of this impact occurred. It is pleasing to be able to report that notwithstanding the pressures on event related revenues, operating margins relative to revenue have in most cases been able to be maintained and in some cases improved.

In relation to events held at the MCEC during 2008/2009 the following summary is provided:

10 international conventions and 25 major national conventions were held at the Centre. These events were attended by more than 31,000 delegates and generated an economic impact of more than \$123 million for Melbourne and Victoria. In addition 56 exhibitions were held at the MCEC during the year. The economic impact from these events resulted from delegates utilising Melbourne and Victoria's hotels, transport services, retail facilities and restaurants. The delegates also visited many of the State's cultural attractions including the Museum, the National Gallery, Federation Square and Melbourne's Zoos. Examples of the most significant of these events are:

- Department of Education and Early Childhood Development Conference
- Reed and AGHA Gift Fairs
- Melbourne at Home Show
- Furnitex 2008
- 2009 Turfgrass Conference
- Australian Society for Microbiology Conference
- Australian Dental Association Conference
- Endocrine Society Conference
- World Mental Health Conference
- International Conference for Sustainable Building
- Australian Music Association Conference
- Australian Local Government Association National Conference
- Australian Timber Flooring Conference
- CPA Annual Congress
- World Organisation of National Colleges Conference
- International Symposium of Forensic Sciences Conference
- International Conference on Early Psychosis
- Annual Scientific Congress of Ophthalmologists
- Ausbiotech 2008
- Safety in Action Conference and Exhibition
- Healthy Food Expo
- Lions Club International National Conference
- Revival Centres International Annual Convention

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- John Danks and Son National Conference
  - RSVP 09
  - Building and Home Improvement Show
  - Australian Tourism Exchange
  - Club and Hotels 2009
  - National Manufacturing Week
  - PacPrint 2009
  - Ausveg National Conference
  - Good Food and Wine Show
  - Restaurant 2009
  - Food Services in Focus
  - Optometrist's Southern Region Congress
  - Melbourne International Motor Show

In addition, a wide range of corporate events, functions, training seminars, corporate general meetings and educational institutions' graduations were held throughout the year. An event of particular note was the Australian Tourism Exchange. This event is the major tourism event in Australia each year. It brings together major suppliers of Australian product and international buyers and national and international trade media. The event occurred in June and used the Exhibition Centre and was one of the first events utilising the new Convention Centre.

The trading result for the year was an operating surplus of \$2,095,000 prior to depreciation, a result which is significantly down on the previous year which was a record year for the Centre. The result this year is reflective predominantly of the economic environment and the transitional costs of preparing and then opening the new Centre whilst continuing to operate the old Centre.

The 2008/2009 year saw the successful completion of the Convention Centre aspect of the South Wharf Precinct project with the Centre opening on time and on budget.

The Trust, as the Government's contracted manager for the new Convention Centre and the existing Exhibition Centre, established a number of important principles for the development of the Convention Centre and the precinct. These principles were also adopted by the State Government. In relation to these principles, the Trust has continued to take a proactive approach to ensure that they are observed in all aspects of the development of the Centre and the precinct.

This has been a critical and time consuming role for the Trust and its management team. This role has been undertaken since the commencement of construction in May 2006 and reached a culmination over the last 12 months. This task has been in addition to the normal operating responsibilities associated with the Centre.

The Trust's development principles are set out below and have remained critical to the successful achievement of the Trust's and the Government's objectives for the project:

1. The new Convention Centre must be:
  - an outstandingly designed public building, adding to the collection of existing heritage and modern buildings that characterise Melbourne
  - a building that acknowledges its unique setting at the Yarra River's edge in the maritime precinct adjacent to the existing Melbourne Exhibition Centre
  - a building that respects and complements the existing award winning Exhibition Centre, and
  - an iconic building providing Melbourne with world class meeting and convention facilities.
2. The existing open space from Orr's Dock to Clarendon Street and the Exhibition Centre to the Yarra River should be preserved.

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3. The Convention Centre Development must allow for the contiguous future extension of the existing Exhibition Centre without loss of functionality for exhibition organisers, exhibitors or exhibition visitors.
  4. The new Convention Centre must fully meet all functional requirements of the brief.
  5. The new Convention Centre must have a clear, easily identifiable and accessible front door for both pedestrian and vehicular arrivals.
  6. The new Centre and the precinct must incorporate appropriate physical and other signage. An integral design element of this signage must be the ability to promote both the facility and events at the Centre and within the precinct.

The new Melbourne Convention Centre (MCCD) project reached Commercial Acceptance on 31 March 2009. The MCCD was formally opened by the Premier the Honourable John Brumby on Friday 5 June 2009. The first official event was held in the MCCD on 22 June 2009 and with effect from that date the old Convention Centre located on the corner of Flinders and Spencer Streets was closed for business.

During the last 12 months works have continued on the commercial facility aspects of the precinct and the maritime precinct. In addition construction works have continued in the precinct on the widening and realignment of the Westgate Freeway and there are also major sewer replacement works being undertaken by Melbourne Water at the western end of the South Wharf precinct. This range of construction activity has added to the challenge of operating a successful business particularly during these adverse financial times. The Trust has also been responsible for transitioning staff and equipment from the old Centre to the new Centre, whilst at the same time ensuring there has been no disruption to ongoing business.

It is very gratifying to be able to report that success has been achieved at all levels.

A successful year's trading has been completed albeit at lower levels than the previous year. This is seen to be only a short term reduction with bookings strong for the 2009/2010 and subsequent financial years.

At the time of writing this report the Hilton Hotel is operating successfully alongside the new Centre and it is anticipated that the rest of the commercial precinct will open progressively over the next six months. The freeway works are also expected to reach a conclusion in the vicinity of the South Wharf precinct over the same period so that with effect from the end of the first quarter of 2010 all aspects of the precinct should be fully operational.

In addition to the activities associated with the completion of the new Centre, an ongoing program of capital works in relation to the Exhibition Centre was well underway at the end of the financial year. This will see by the end of calendar year 2009 significantly upgraded meeting rooms, audio visual facilities and communication services within the Exhibition Centre. These works have been undertaken by the Trust, to bring the Exhibition Centre facilities to a comparable level with the new Centre. The works are being funded by the Trust from operating reserves specifically set aside for this and related purposes.

Internally the Trust has implemented a range of staff development and training activities to ensure operational readiness in relation to the new Centre. There has been only a marginal increase in staff, notwithstanding that the Trust is now operating a Centre almost three times as large as the previous facility. Significant operational efficiencies have already been achieved and these will further increase as the new Centre and its range of operational enhancements are fully utilised.

The Trust has also introduced many operational initiatives in the environmental area over the last 12 months in keeping with the world leading 6 Star Green Star environmental rating of the new Centre. These initiatives are particularly in the areas of food and beverage and waste management. In the food and beverage area even greater emphasis is now placed on sourcing quality Victorian produce from a large range of high quality local producers.

During the last 12 months, there have been significantly increased sales and marketing activities with particular focus on the new Centre. The State Government has significantly increased funding for international sales and marketing activities and this has enabled the Trust to enter into an enhanced contract with the Melbourne Convention and Visitor Bureau. This contract, which is for a five year period, is already yielding significant results which are evidence of the very successful activities of the Bureau.

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The City of Melbourne has also contributed an additional one million dollars to these activities over the last 12 months and this will continue for a further five years mirroring the arrangements with the State Government. This increased commitment together with the new Centre means that Melbourne is well placed to achieve ongoing success. At the time of writing 52 major international conventions are already booked for the new Centre.

Competitive responses will continue to arise from destinations in the Middle East and Asia in particular. In addition, there are new or upgraded facilities being developed and constructed around Australia, which will further increase competition in the Centre's other major market, national conventions.

It is pleasing to note that there have been a number of developments in Melbourne's accommodation infrastructure in the last year and these will continue into the next year. These additions will add significantly to Melbourne and therefore the Centre's competitive position.

In looking to the future the need for additional exhibition space remains of importance to the Trust. Certainly the economic environment has slowed the growth in demand however from the end of 2011 it is projected that there will be little exhibition space available to meet the growth in demand that will occur by then. At this time the commercial precinct will be well established and there will be a need for further parking to support activities within the precinct. The Trust has undertaken detailed planning for this possible future development so that the expansion can be implemented quickly once a decision is taken. In this context the Trust understands that this project is only one of many important infrastructure projects being considered by the government.

As I did last year, I note that the accounting arrangements in respect of the new Centre will mean that the Trust will be negatively impacted in terms of its financial result relative to previous years. This impact, as a result of the depreciation charges and associated facility development financing and operational costs, is that the Trust will report a significant deficit in its financial statements at least for the foreseeable future.

In summary, the last 12 months has been a challenging period. The economic environment, combined with the tasks of operating a successful business, delivering and then operating successfully the new Centre, and dealing with the impacts of the construction activities in the precinct have been almost without precedent. It is pleasing that these challenges have been met successfully and that the Trust and the new Centre together with the Exhibition Centre are well placed to meet the challenges into the future. The feedback from clients, in relation to the new Centre, has been very positive and the level of bookings continues to grow. This together with the ongoing efforts of the Centre staff means that the outlook for the future is very positive.

The transition has been successful and the plans that are in place with the Trust's major partners, the relevant government agencies particularly IIRD, the Melbourne Convention and Visitors Bureau and the South Wharf precinct partners will ensure the successful operation of a world leading convention and exhibition facility.

In conclusion I would like to record my appreciation of the efforts of my fellow Trustees and Leigh Harry (Chief Executive) and the Centre's team for their contribution over the last 12 months. It has been a challenging year and the task for the next year and on into the future is to build on the very strong base established with the opening of the new convention Centre.

We are all looking forward to the task.



Robert Annells PSM  
Chairperson  
Melbourne Convention and Exhibition Trust





# OPERATIONS REPORT

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# Introduction

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This Annual Report describes the functions and operations of the Melbourne Convention and Exhibition Trust (the Trust) and presents the Audited Financial Statements of the Trust for the year ended 30 June 2009.

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

## History and Background

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

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

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

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

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

The Melbourne Convention and Exhibition Trust is responsible to The Hon Tim Holding MP, Minister for Tourism.

## 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.

# 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 City of Melbourne and the City of Port Phillip;
- b. with the approval of the Minister, the development, promotion, management, operation and use of tourism or hospitality facilities and services in the City of Melbourne and the City of Port Phillip;
- 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 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 maintain and further develop international standard convention and exhibition facilities.
4. To enhance Melbourne's position as an international city and 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 2008/2009 by implementation of the following strategies:

## Objective 1

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

### Strategies:

- To undertake an ongoing market research program which monitors current and future customer requirements, and competitor services and facilities.
- To implement an operational facilities and services improvements plan for the Exhibition Centre which is based on current and future market requirements for both stand-alone exhibitions and events associated with international conventions.
- To implement an ongoing skills and professional development programme for management and staff by way of participation in formal and informal skills and knowledge based developmental activities.
- To undertake an ongoing organisational compliance program operating effectively inclusive of all legislative, regulatory and other relevant requirements.
- To implement an ongoing human resource management program which ensures continuous provision of appropriately skilled and motivated employees at all levels of the organisation particularly having regard to the management and operational requirements of the new facility in 2009/2010.
- To develop and implement a comprehensive environmental management plan.
- To develop and implement a comprehensive corporate social responsibility plan.

### Performance Review:

- An ongoing market research program is carried out on a quarterly basis by an external organisation. This program surveys users of the Centre and obtains comparative information on a range of criteria. These criteria cover all aspects of the facilities and services provided and also review issues such as pricing and value for money in comparison with competitive venues. Consistently throughout the year there has been a positive response to all areas of the Centre's activities. The two areas that have scored marginally lower results relate to pricing and technical services. Both of these areas are being addressed specifically with the opening of the new Centre.
- The surveys to date have been inclusive of the old Convention Centre and the Exhibition Centre and it is expected that all results will further improve with the advent of the new Centre. The ratings achieved on a comparative basis are ahead of industry norms. The feedback received over the last 12 months has been used to further refine the product offering particularly in relation to the new Centre.
- A program to enhance the meeting and communication facilities within the Exhibition Centre component of the Centre was initiated in the 2008/2009 year. The facilities in all meeting rooms in the Exhibition Centre are being brought up to a comparative level with the new Centre. This has required an investment of nearly \$1 million from the Trust's dedicated reserves and has involved the provision of new audio visual facilities and communication systems.

The services able to be provided in the new Centre vary considerably from the existing Centre. In particular a significantly improved range of built-in technology based services are now provided as part of hiring rooms at the new Centre. This offering has been greeted enthusiastically by users of the new Centre and is proving to be a major positive point of difference.

During the year, many information sessions for clients have been provided with a focus on the new Centre. This has resulted in a very smooth transition for clients from the old Centre to the new, notwithstanding the significant differences between the two facilities.

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Over the last 12 months a dedicated team within the Trust's staff has been responsible for planning and managing the transition to the new Centre. This has included an extensive training and development program for all staff. The success of this program has been evidenced by the very successful range of opening events already undertaken at the new Centre.

- A comprehensive organisational readiness for transition plan was developed and implemented over the last 12 months. This plan involved all staff in preparation for the transition from the old Centre to the new Centre. The plan focused on the changed requirements of the new building and the revised operating procedures and knowledge needed to ensure that the opening of the new Centre was a success. All staff have participated in this program which will continue at a reduced scale over the next 12 months.
- Achievement of environmental accreditations and a level of environmental performance which is benchmarked against other Australian and international facilities remains the Centre's goal. The new Centre has achieved a 6 Star Green Star environmental rating which is the highest possible rating within the framework of the Green Building Council of Australia's rating scheme. This is the equivalent of world's best practice and the Centre consequently is positioned as the world's leading environmentally friendly Convention Centre. This has been met very enthusiastically by both the media and the industry and has proved to be a major selling proposition over the last 12 months. The Centre is also accredited at Green Globe Bronze level which is the entry level for this accreditation. It is not possible to be rated above this level until the new Centre has been operational for 12 months although it is expected that the Centre will achieve at least silver level in 12 months time. The Centre in the last 12 months has also maintained all its previous accreditations including HACCP, Safety Map, ISO, Waste Wise and Water Management.
- Achievement of a range of CSR objectives consistent with good government and corporate practice. The Centre is further developing its CSR policy over the next 12 months to bring together into a concise plan the range of CSR activities currently being undertaken. This will be used as a basis of reporting in future years. The plan will incorporate the activities already undertaken in the environmental area, the current and proposed support of various community and welfare groups and a range of activities undertaken by staff in support of volunteer organisations. The Centre has a close working relationship with the Variety Club and the Lord Mayor's Charitable Fund as well as smaller organisations such as Young Achievement Australia. Staff involvement is also evidenced through programs such as the Global Corporate Challenge.

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

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**Performance Review:**

- Occupancy and utilisation levels monitored on a monthly and annual basis and benchmarked when possible against industry averages nationally and internationally. Directly as a result of the global economic crisis, the emphasis over the last 12 months has been to minimise the potential negative impacts on occupancy rather than increase occupancy. The Trust has taken a number of steps to encourage events to proceed at previous levels. These have included fixing rental rates for a two year period, renegotiating reduction and cancellation clauses and altering payment schedules. As a result occupancy levels have declined in the Exhibition Centre by approximately 10% however in terms of comparison with other venues in both Australia and overseas this is better than the average decline experienced elsewhere.
- The prime objective of the Centre is to attract international and national conventions to the Centre and Melbourne to maximise economic impact for the City and State. Within these economic drivers, the Centre has continued to maintain operating yields and contribution margins from all major operating areas at levels that equate with industry practice. These are reported on monthly, quarterly and annually and are benchmarked constantly against budgets and regularly against industry standards.
- The number of international conventions held during the year declined marginally as also did attendance levels. There were two major causes for these outcomes. The first relates to the impact of the global economic crisis. Attendance levels have decreased by up to 25% at events compared with anticipated attendance at the time of booking of the event and the Centre's performance is consistent with global experience over the last 12 months. The second impact is that some event organisers have deliberately chosen to delay their event for between one and two years to take advantage of being able to hold their event in the new Centre.
- The new Centre will provide significant opportunities to improve operating margins as it reaches full capacity over the next two years. Margins have been impacted in the last 12 months as a result of costs incurred in the start up phase of the new Centre. These costs were planned for and budgeted in the year's result, however they do mean that costs relative to revenue are at a higher level this year than in previous periods.
- Non-direct costs are monitored against budget and previous periods and reviewed regularly against appropriate industry standards to ensure consistent improvement in performance. There has been little change in costs over the last 12 months however considerable effort has been devoted to ensuring that in many areas efficiencies will be gained once the new Centre opens. Both the Trust and the Plenary Group, the private sector partner in the project have set rigorous goals for future periods and these have been monitored on a monthly basis from the time the new Centre opened.
- During the last 12 months there has been a significant increase in sales and marketing activities relative to the opening of the new Centre. This has involved not only the Trust but also the Melbourne Convention and Visitors Bureau (MCVB), the State Government and the City of Melbourne. For the first time five year contracts are now in place between the Centre, the City and the State in respect of the funding of these activities. The level of funding has increased significantly and is also committed for a five year period. This provides for greatly improved planning and budgeting of activities and has already resulted in significant achievements. At the time of this report 52 international conventions have already been contracted for the new Centre a level which is ahead of the original business plan. National convention bookings are also at a high level and more than 100 of these events have already been booked.
- The Trust has entered into a five year contract with the MCVB and the performance levels already achieved reflect the benefits that will be derived from this new long term contract. There is a continuing focus within these event attraction activities of concentrating on the priority industry sectors of government.
- As part of this five year contract an annual business events attraction plan is developed in conjunction with the MCVB in relation to international events. An annual sales and marketing plan is developed by the Centre in relation to all other events. The performance against this plan is reported on a quarterly basis to the Trust and in respect of international events also to Government. A critical focus of these reports is assessing the level of future bookings in terms of both event numbers and future projected delegate days and comparing the outcomes with the long term business plan for the Centre.

### Objective 3

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

#### Strategies:

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

#### Performance Review:

- The Trust has in place for the Exhibition Centre and will develop for the new Convention Centre an ongoing facility development plan. This plan identifies requirements for refurbishment, renewal and re-equipping of the Centre. These responsibilities in the future will be shared between the private sector partner Plenary and the Trust. The plan has formed the basis of discussions with the development partners, both private and State, to ensure the program was agreed and will be appropriately funded on an ongoing basis. The plan will also take account of our clients' future requirements and regular surveys of competitor facilities and development plans.
- Continuing active participation by facility staff in relevant industry bodies and events with appropriate programmed reporting to ensure this knowledge fully informs future strategic plans and competitive risk assessments.
- Active participation by facility staff in relevant forums in relation to possible further enhancements of both the Convention Centre and the Exhibition Centre.
- The Trust plays an active role in communication activities in relation to the new Centre and in the precinct. This involves taking a leading role in the communications working group for the project and the precinct and in addition hosting regular forums for industry as well as the delivery of an ongoing communication program targeted at these key groups.

### Objective 4

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

#### Strategies:

- Ongoing implementation of a fully integrated Sales and Marketing Plan with the MCVB and other appropriate organisations.
- Development of and participation in Business Development activities with a range of business partners, particularly the MCVB, City, State and Federal Industry and Tourism bodies, clients and suppliers.
- Ongoing review of the number, size and nature of events taking place at the Centre with specific reference to events attracting international, national and regional participation.
- Ongoing review of events taking place at the Centre, or scheduled to take place at the Centre, with specific focus on their relativity to the State's and the City's business development and industry development plans.

- Ongoing review of the level of profile and influence that the Centre, its staff and relevant marketing agencies have in international and national marketplaces of significance for Melbourne and Victoria.

#### **Performance Review:**

- Continued active participation in and financial contribution to a fully integrated sales and marketing program with the MCVB including the comprehensive reporting of results from the program as per the Service Level Agreement. This plan has specific targets for delegate days and is reported on a quarterly basis to the Trust and to Government. The targets are expressed as whole of year targets and are not appropriate to be measured other than for information purposes on a progressive basis due to the irregular and externally controlled bid winning opportunities. As previously mentioned the development of five year agreements in respect of funding for business winning activities has enabled a much greater level of certainty to be put in place in relation to long term future programs. This is critically important because most international events are won over a bidding period of several years and normally have a period of three to five years between the winning of the event and it actually taking place at the Centre.
- Ensuring event attraction activities focus on those events that deliver economic outcomes consistent with the Government's industry priorities. Reports are provided which identify success within key industry sectors both of current events and also future bookings. The focus is on the development of bidding opportunities and then on bid winning activities for those events particularly concentrated within the medical and industry research portfolios. Club Melbourne Ambassador recruitment is concentrated within these areas of specialty and the greatest concentration of resources is invested in these areas. The outcomes are reported in the quarterly Business Events Bulletin.
- Consistent programmed monitoring of the awareness nationally and internationally of the Centre and the City as an international convention destination. This is undertaken by participating in international survey programs particularly with trade media and also by undertaking specific comparative research projects. During the last 12 months the success of the introduction of the new Centre to the international and national event organising communities has been closely tracked. The level of awareness of Melbourne and the Centre has increased dramatically during this period and the opening of the Centre has been reported extensively and positively world wide with specific concentration on the 6 Star Green Star aspects of the development.
- Monitoring the impact in both booking and profile terms of participation in international sales and related industry activities is more difficult than simply tracking awareness. These impacts are assessed mainly by specific feedback from clients during the bidding process and by monitoring relative to competitors the frequency and volume of favorable media coverage of the City and the Centre both nationally and internationally with particular focus on industry media.

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

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**Performance Review:**

- Monthly reporting of health and safety statistics to provide a focus on performance. This data is presented to the Trust and forms the basis of a regular review of whether there is a need for action to improve performance. VMIA also conduct regular reviews as does Work Cover and the level of premiums payable is also an appropriate indicator. The Trust's performance in this area has continued to improve and accident frequencies have continued to decline over the last 12 months. A detailed program has been put in place in relation to the operating environment at the new Centre to ensure that there is no increase in incidents arising from unfamiliarity with the new Centre or the new operating equipment.
- The transition to the new shared operating environment with the Plenary Group has proceeded smoothly. A limited range of redundancies were implemented and a number of other staff transferred to the new services providers associated with the Plenary Group.
- Regular external audits of health and safety, food handling and quality assurance standards have been undertaken with full compliance achieved.
- All appropriate levels of accreditation have been maintained.
- During the last 12 months there has been a substantial investment in improving the disabled access to the Exhibition Centre to bring it to the same standard as will be experienced at the new Centre. This work was initiated by the Trust and funded by capital reserves specifically set aside for this purpose.

# Trustees

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

## **MR ROBERT ANNELLS, PSM**

### **Chairman**

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

## **MS SUSAN PELKA**

### **Trustee**

Ms Pelka was reappointed to the Trust on 8 May 2009. She recently completed ten years as an Executive with the ANZ Banking Group and has a background in the areas of governance, risk, outsourcing, superannuation, procurement and human resource management with companies and organisations including ANZ, United Energy and the Port of Melbourne Authority. She is a Non Executive Director of Super Partners, a member of the National Board of The Red Cross Audit and Risk Committee and a member of several local government audit committees. She is Deputy Chair of ChamberMade and a Fellow of the Institute of Company Directors. Susan holds an MBA, M Ed Admin, BA and Dip Ed.

## **MR KEVIN DAVERN, OAM**

### **Trustee**

Mr Davern was reappointed to the Trust on 24 June 2008. He is currently a Director of Superpartners Pty Ltd as well as a Director of ACTU Member Connect Pty Ltd. He is also a Member of the Council of Holmesglen Institute of TAFE. Mr Davern was awarded an Order of Australia Medal in the Australia Day Honours List in January 2002.

## **MS YVONNE VON HARTEL AM**

### **Trustee**

Ms von Hartel was reappointed to the Trust on 8 May 2009. Ms von Hartel currently holds the position of Director, peckvonhartel, a national architectural and interior design practice. She is involved in the design and documentation of major projects and has acted as design advisor to Australia's largest corporations and government agencies. Currently, Ms von Hartel is a member of several boards and committees and is a past National President of Women Chiefs of Enterprises - International and past Chair of the Victorian Design Advisory Council. She is also a Director of the publically listed company ConnectEast, the concessionaire of the new 40 km Eastlink. She was awarded an Order of Australia in the 2007 Queen's birthday honours list for services to "architecture, design and building through involvement with a range of professional organisations, to the promotion of women in business and to the community."

## **MR JODY FASSINA**

### **Trustee**

Mr Jody Fassina was appointed to the Trust on 9 October 2007 and is an Associate Director of Profile, Ray and Berndtson, an executive search firm. Prior to joining Profile Ray & Berndtson, Jody was an Associate Director with Macquarie Bank Limited, Australia's largest publicly listed investment bank. He 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. Jody is also a Director NBN Tasmania Co.

## **MS KYLIE HANSEN**

### **Trustee**

Ms Kylie Hansen was appointed to the trust on 30 September 2008. 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 an M.A. and B.A. (Honours) in Political Science.

## APPOINTMENTS AND RESIGNATIONS

Ms Kylie Hansen was appointed on 30 September 2008. Mr John Warburton's term of appointment expired in May 2009 and he did not seek reappointment.

## TRUST MEETINGS

A total of 12 Trust meetings were conducted during the year ended 30 June 2009.

	Held	Attended
Mr Robert Annells	12	12
Mr John Warburton	10	8
Ms Susan Pelka	12	12
Ms Yvonne von Hartel	12	11
Mr Kevin Davern	12	10
Mr Jody Fassina	12	10
Ms Kylie Hansen	9	7

## COMMITTEES AND SUB-COMMITTEES

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

### Remuneration Committee

All Trustees who meet under the Chairmanship of Mr Kevin Davern

### Risk Management Committee

All Trustees who meet under the Chairmanship of Ms Susan Pelka

### Finance and Audit Sub-Committee

Mr Jody Fassina (Chairperson)

Ms Susan Pelka

### Capital Works Sub-Committee

Ms Yvonne von Hartel (Chairperson)

Mr Kevin Davern

Ms Kylie Hansen

## CORPORATE PLAN

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

# Management and Staff

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The Melbourne Convention and Exhibition Trust had 116 full time staff and 3 part time staff as at 30 June 2009. A total of 359 casual staff (or the equivalent of 131 full time employees) were employed during the year, as required, varying with the degree of activity at the Centre.

All staff matters are governed by the principles of merit and equity. A comprehensive Enterprise Based Agreement is in place. The Trust continues its ongoing commitment to Equal Employment Opportunity principles and reporting guidelines as outlined in the Public Authorities (EEO) Act 1990.

## EXECUTIVE MANAGEMENT

### CHIEF EXECUTIVE

#### Leigh Harry

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

### DIRECTOR OF FINANCE AND ADMINISTRATION

#### Paul van Loon

Responsible for corporate services functions. These include accounting, financial management, legal issues, information technology, and corporate planning and risk management.

### DIRECTOR OF OPERATIONS AND DEVELOPMENT

#### Frank Mohren

Responsible for all operational activities. These include planning for effective management and delivery of event services, facilities management, security and other related services. He is also responsible for co-ordinating the Centre's development activities and in particular the MCCD project.

### DIRECTOR OF HUMAN RESOURCES

#### (Vacant at time of report)

Responsible for the development and oversight of implementation of human resources and related policies for the Trust. Responsibilities include employee relations, industrial relations, staff development and wage and salary administration.

### DIRECTOR OF MARKETING

#### Petrina Gillespie

Responsible for marketing activities including brand management, communications and advertising to attract a wide range of business in the local, national and international markets.

### DIRECTOR OF SALES

#### Anne Jamieson

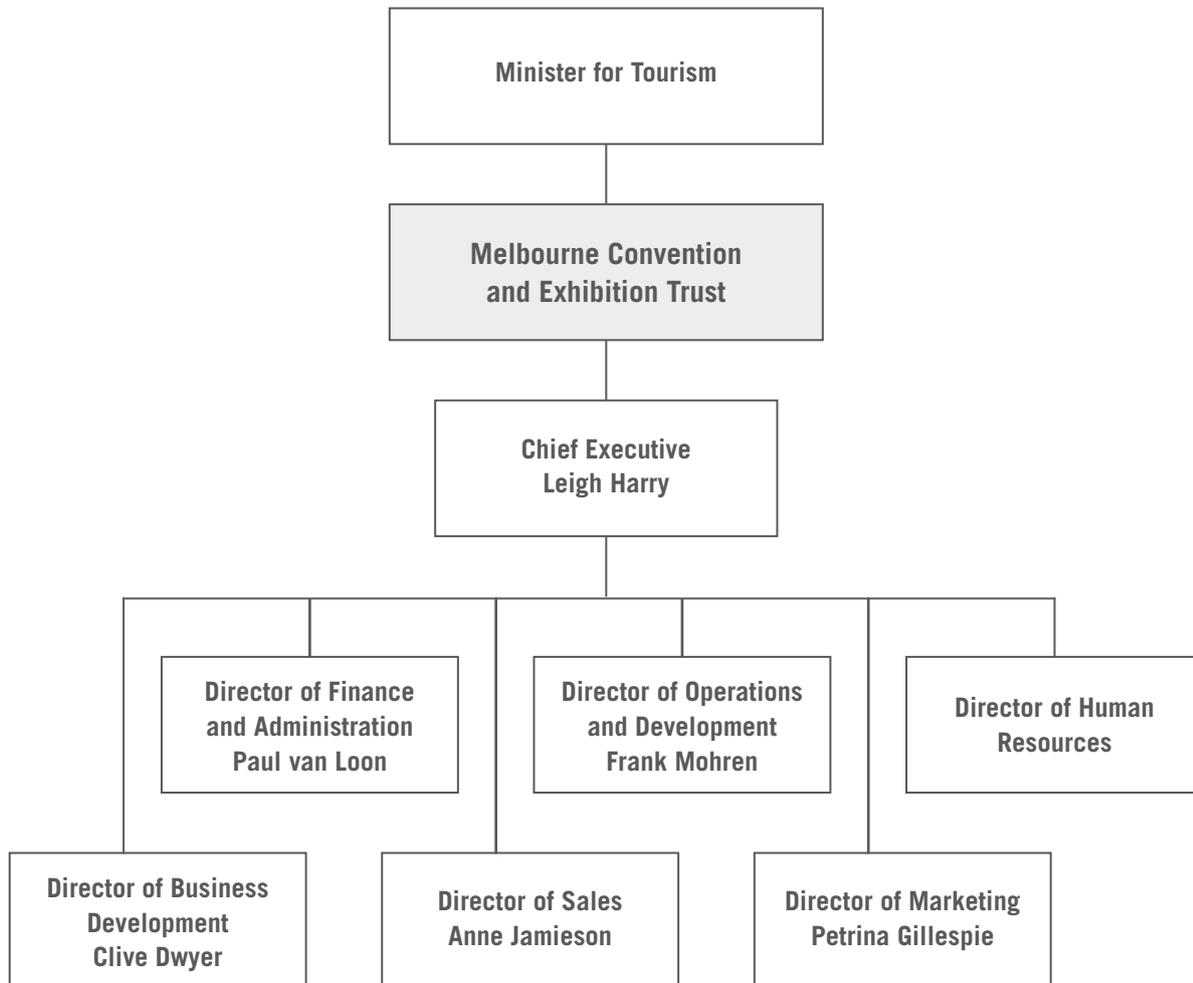
Responsible for the development, direction, implementation and co-ordination of cost efficient strategic sales initiatives for the Centre to maximise market share, sales potential and sales achievement in all business segments.

### DIRECTOR OF BUSINESS DEVELOPMENT

#### Clive Dwyer

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

# Organisational Structure



# Additional Reporting Requirements

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## **Building Regulations**

The Melbourne Convention and Exhibition 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 2009, there was no requests for information under the *Freedom of Information Act 1982*. The Director of Finance and Administration is the contact officer in relation to all Freedom of Information requests and is responsible for ensuring that the procedures outlined in the Act are adhered to by all employees of the Trust.

## **Whistleblowers Protection Act 2001**

There were no disclosures made either to the public body or to the Ombudsman in relation to the public body or referred to or from the public body or the Ombudsman since the commencement of the Act (in January 2002). There were also no other requests for action of any kind in relation to the Whistleblowers Act and its requirements.

## **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 Served**

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

## **National Competition Policy**

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

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

## **Occupational Health and Safety Performance Measures**

The Trust, over the last 12 months, has been successful in achieving a strong level of performance in relation to Occupational Health and Safety. The Centre's performance is consistent with the objectives of the Centre's OH&S Policy and reflects the ongoing efforts of management and staff to ensure that the Centre is a safe environment for all persons who attend the Centre, whatever the purpose of their visit. In the last 12 months, there were 169 accidents most of which were minor incidences (staff 70, visitors 75 and contractors 24). Days lost during the year were a total of 626 and of the 626 lost days, 539 days were directly attributable to four claims one of which is an ongoing claim. (Refer to Appendix A)

## **Attestation of Compliance of Risk Management**

The Trust confirms that the Melbourne Convention and Exhibition Trust (the 'Trust') has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Risk Management Committee verifies this assurance and that the risk profile of the Trust has been critically reviewed within the last 12 months.





# FINANCIAL STATEMENTS

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# Financial Information Summary

The comprehensive operating statement of the Trust for the year ended 30 June 2009 reports income from transactions of \$51.4 million for the year. In the year ended 30 June 2008 the income from transactions achieved by the Trust was \$53.7 million, which is a decrease of approximately \$2.3 million.

Sales of goods and services decreased by approximately \$6.4 million due mainly to the impact of the global financial crisis, which resulted in some reductions of exhibitions and at the same time some conference and meeting organisers also reduced requirements, particularly in relation to their catering needs, resulting in a significant loss of catering revenue throughout the period.

Interest earned on investments decreased by approximately \$0.3 million, due mainly to the decrease in interest rates over the period.

Included in income is an amount of \$5.12 million (2008: \$3.0 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 \$2.2 million (2008:\$0) which represents a grant from the Department of Innovation, Industry and Regional Development (DIIRD) for the replenishment of assets under the quarterly lifecycle replacement program included as part of the Project Agreement for the new Convention Centre.

Whilst expenditure in relation to supplies, services and employee benefits has increased by \$0.8 million throughout the year, direct expenses, particularly as they relate to salary and wage costs and cost of sales, have been well controlled. Operating departmental expenses were well controlled despite the reduction in income.

Maintenance costs have reduced over the past 12 months due to the transition of responsibility for maintenance of the combined facilities to Plenary, the Trust's private sector partner. Discretionary costs have also been tightly controlled across the organisation. Marketing costs increased relative to the previous year due to expenditure in relation to the further development of the website for the organisation and also in relation to the pre-opening costs for the new Convention Centre.

The decrease in employee benefits is due to the reduced activity in the Centre, which was partly offset by an increase in salary levels consistent with VPS guidelines and also in the number of staff employed, in preparation for the opening of the new Convention Centre

The interest expense relates to the interest charged on the loan with DIIRD, which is partly funding the new Convention Centre asset.

The depreciation charge of \$9.4 million (2008: \$10.0 million) in the current year reflects the fact that a significant amount of plant and equipment was fully depreciated in previous years, resulting in a lower depreciation charge in the current financial year.

In total, expenses from transactions, as defined in the financial statements, for the current year totalled \$60.0 million (2008: \$57.1 million). The net result before other economic flows for the year ended 30 June 2009 was a deficit of \$8.6 million (2008: deficit \$3.4 million).

The balance sheet of the Trust as at 30 June 2009 reports net assets of \$659.5 million (2008: \$438.5 million).

Inventories have increased by approximately \$2.0 million which reflects the value of service equipment taken up as part of the value of the new Convention Centre assets.

There has been a significant movement in non-financial assets represented by the addition of the new Convention Centre asset valued at \$455.4 million, which is inclusive of \$419.6 million for buildings, \$33.5 million for plant and equipment and \$2.3 million in inventories. The asset has been partly funded by a loan of \$227.7 million from DIIRD and partly through contributed capital to the value of \$227.7 million.

The Trust revalued all buildings with the exception of the former Convention Centre and new Convention Centre to their fair value based on an independent valuation performed by Rushton Valuers Pty Ltd in June 2009. There was no material movement in values as a result of this valuation.

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Plant and equipment has increased by \$37.1 million, primarily representing the plant and equipment asset value of the new Convention Centre and is valued at cost less accumulated depreciation.

Other assets have increased by approximately \$2.1 million which is represented by the capital replacement receivable. The interest bearing liability in 2009 of \$231.3 million represents the initial value of the loan with DIIRD, plus accrued interest of \$3.5 million as at 30 June 2009.

The statement of changes in equity indicates a net result in 2009 of a deficit of \$8.6 million (2008: \$3.4 million deficit).

The cash flow statement reports a decrease of \$2.8 million in cash held (2008: \$7.4 million increase). Total cash holdings as at 30 June 2009 are \$34.9 million (2008: \$37.7 million), which represents net cash flows from operations and working capital. This is inclusive of \$6.5 million (2008: \$6.5 million) of security deposits held in respect of forthcoming events. There is an amount of \$6.5 million (2008: \$0.9 million) which represents the value of assets purchased throughout the year. A significant portion (\$4.2 million) of this expenditure relates to the Trust's contribution to expenditure on plant and equipment and furniture and fittings within the new Convention Centre. The Trust has an allocated budget for capital projects of \$8.3 million in the 2009/2010 financial year.

# Comprehensive Operating Statement

For the financial year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
<b>CONTINUING OPERATIONS</b>			
<b>INCOME FROM TRANSACTIONS</b>			
Sales of goods and services	(3a)	41,910	48,346
Interest	(3b)	2,046	2,356
Grants	(3c)	7,340	3,000
Other income		76	32
<b>TOTAL INCOME FROM TRANSACTIONS</b>		<b>51,372</b>	<b>53,734</b>
<b>EXPENSES FROM TRANSACTIONS</b>			
Supplies and services	(4a)	21,788	20,307
Employee benefits	(4b)	19,891	20,603
Interest expense	(4c)	3,564	-
Depreciation	(4d)	9,392	9,982
Other operating expenses	(4e)	5,378	6,236
<b>TOTAL EXPENSES FROM TRANSACTIONS</b>		<b>60,013</b>	<b>57,128</b>
<b>NET RESULT FROM TRANSACTIONS (NET OPERATING BALANCE)</b>		<b>(8,641)</b>	<b>(3,394)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets		(5)	(16)
<b>Total other economic flows</b>		<b>(5)</b>	<b>(16)</b>
<b>Net result</b>		<b>(8,646)</b>	<b>(3,410)</b>
<b>Comprehensive result</b>		<b>(8,646)</b>	<b>(3,410)</b>

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

# Balance Sheet

As at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
<b>ASSETS</b>			
Financial assets			
Cash and deposits	(5,17)	34,912	37,650
Receivables	(6,17)	3,614	3,427
<b>TOTAL FINANCIAL ASSETS</b>		<b>38,526</b>	<b>41,077</b>
<b>NON-FINANCIAL ASSETS</b>			
Inventories	(7)	2,382	448
Property, plant and equipment	(8)	859,492	407,088
Other	(9)	2,536	412
<b>TOTAL NON-FINANCIAL ASSETS</b>		<b>864,410</b>	<b>407,948</b>
<b>TOTAL ASSETS</b>		<b>902,936</b>	<b>449,025</b>
<b>LIABILITIES</b>			
Payables	(10,17)	3,962	2,460
Interest bearing liabilities	(11,17)	231,274	-
Provisions	(12)	1,330	1,288
Other	(13)	6,829	6,779
<b>TOTAL LIABILITIES</b>		<b>243,395</b>	<b>10,527</b>
<b>NET ASSETS</b>		<b>659,541</b>	<b>438,498</b>
<b>EQUITY</b>			
Accumulated surplus/(deficit)		(30,422)	(21,776)
Reserves		166,083	164,105
Contributed capital		523,880	296,169
<b>TOTAL EQUITY</b>		<b>659,541</b>	<b>438,498</b>

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

# Statement of Changes in Equity

For the financial year ended 30 June 2009

		(\$ thousand)				
	Notes	Equity at 1 July 2008	Total comprehensive result	Revaluation of assets	Transactions with owners in their capacity as owners	Equity at 30 June 2009
<b>Accumulated surplus/(deficit)</b>		<b>(21,776)</b>	<b>(8,646)</b>			<b>(30,422)</b>
<b>Contributions by owners</b>		296,169	–	–	–	296,169
Net assets received from State	8	–	–	–	227,711	227,711
		296,169	–	–	227,711	523,880
<b>Physical asset revaluation reserve</b>		164,105	–	1,978	–	166,083
<b>Total equity at end of financial year</b>		<b>438,498</b>	<b>(8,646)</b>	<b>1,978</b>	<b>227,711</b>	<b>659,541</b>

For the financial year ended 30 June 2008

		(\$ thousand)				
	Notes	Equity at 1 July 2007	Total comprehensive result	Revaluation of assets	Transactions with owners in their capacity as owners	Equity at 30 June 2008
<b>Accumulated surplus/(deficit)</b>		<b>(18,366)</b>	<b>(3,410)</b>	–	–	<b>(21,776)</b>
<b>Contributions by owners</b>		296,169	–	–	–	296,169
<b>Physical asset revaluation reserve</b>		113,942	–	50,163	–	164,105
<b>Total equity at end of financial year</b>		<b>391,745</b>	<b>(3,410)</b>	<b>50,163</b>	–	<b>438,498</b>

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

# Cash Flow Statement

For the financial year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Receipts from customers		41,734	53,969
Receipts from Government		5,667	2,250
Goods and Services Tax recovered from the ATO		2,377	2,570
Interest received		2,256	2,356
<b>TOTAL RECEIPTS</b>		<b>52,034</b>	<b>61,145</b>
<b>PAYMENTS</b>			
Payments to suppliers and employees		(44,494)	(47,986)
Goods and Services Tax paid to the ATO		(3,825)	(4,907)
<b>Total payments</b>		<b>(48,319)</b>	<b>(52,893)</b>
<b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	(18b)	<b>3,715</b>	<b>8,252</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for non-financial assets		(6,536)	(861)
Proceeds from sale of non-financial assets		60	4
<b>NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(6,476)</b>	<b>(857)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		(2,761)	7,395
Cash and cash equivalents at the beginning of the financial year		37,507	30,112
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (1)</b>	(18a)	<b>34,746</b>	<b>37,507</b>

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

(1) The cash held in trust is not available for use and is therefore excluded from the cash flow statement.

# Notes to Financial Statements

For the financial year ended 30 June 2009

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards (AAS), which includes the Australian accounting standards issued by the *Australian Accounting Standards Board (AASB)*, AAS 29 *Financial Reporting by Government Departments*, Interpretations and other mandatory professional requirements.

The financial report also complies with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SD) authorised by the Minister for Finance.

The principal accounting policies adopted by the Trust are stated to assist the general understanding of these accounts. These policies have been consistently applied except as otherwise indicated.

### (b) Basis of Preparation

The financial report has been prepared on a historical cost basis, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of AASs, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis for making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented for the year ended 30 June 2008.

### (c) Scope and Presentation of Financial Statements

Early adoption of AASB 101 (September 2007)

As a result of a State wide policy to improve consistency in public sector reporting, the Trust has revised the presentation of its complete set of financial statements to align with the AASB 1049 presentation format, used in the Financial Report for the State and the general Government sector. In addition, the Trust has also early adopted the September 2007 version of AASB 101.

In keeping with AASB 101 (September 2007), this complete set of financial statements includes the following changes:

(a) the notion of:

- “a complete set of financial statements” rather than using “financial report”;
- “changes in equity” rather than “movements in equity”; and
- “transactions with owners in their capacity as owners” rather than “transactions with owners as owners”

(b) references to equity holders as owners

Some of the changes applied in the financial statements and notes as a result of alignment with AASB 1049 that are allowable under AASB 101 (September 2007) include the following:

- extended operating statement incorporating non-owner changes in equity, which is now referred to as comprehensive operating statement;
- items being presented by liquidity order in the balance sheet;
- the inclusion of a limited number of Government Finance Statistics (GFS) classifications, such as income or expenses from transactions, and other economic flows; and
- a glossary of terms included in the notes explaining certain terms, including GFS terms adopted.

#### ***Comprehensive operating statement***

The comprehensive operating statement includes items previously included in the statement of changes in equity.

Income and expenses in the comprehensive operating statement are separated into either “transactions” or “economic flows”.

#### ***Balance sheet***

Items of assets and liabilities in the balance sheet are:

- ranked in order of liquidity;
- aggregated in financial and non-financial assets;
- classified according to GFS terminology, but retain measurement and disclosure rules under existing accounting standards applicable to the Trust; and
- current versus non-current assets and liabilities are disclosed in the notes where relevant.

#### ***Statement of changes in equity***

The statement of changes in equity presents reconciliations of each non owner and owner equity opening balance at the beginning of the year to the closing balance at the end of the year, showing separately movements due to amounts recognised in the comprehensive result and amounts recognised in equity related to transactions with owners in their capacity as owners.

#### ***Cash flow statement***

The cash flow statement classifies flows from operating, investing and financing activities in accordance with AASB 107 *Cash Flow Statements*. There are no significant changes due to the alignment of the Trust’s financial statements presentation formats to AASB 1049.

### **(d) Events After Reporting Date**

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Trust and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date.

Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the balance date and the date the statements

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are authorised for issue where the events relate to a condition which arose after the reporting date and which may have a material impact on the results of subsequent years.

**(e) Goods and Services Tax (GST)**

Revenues, 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 Australian Taxation Office is included as part of receivables or payables in the balance sheet.

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

**(f) Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes.

***Revenue from sale of goods and services***

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

***Grants***

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

***Interest revenue***

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

***Other income***

Any gain or loss on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

**(g) Expenses**

Payments to third parties are recognised as an expense in the reporting period in which they are paid or payable.

***Employee benefits***

Employee benefits expenses are recognised when incurred.

Details of the funds which the Trust made superannuation contributions to during the year are disclosed in Note 22.

***Depreciation***

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land and artwork, commencing from the time the asset is held ready for use. Depreciation is generally calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. No amount for depreciation has been recognised for artwork as no service potential has been consumed during the reporting period.

**The depreciation rates are in the range of:**

Buildings	2.50% - 4.35% (2008: 3.45% - 4.35%)
Plant & Equipment	10.0% - 20.0% (2008: 33.3% - 50.0%)

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The variance in the depreciation rates result from an acceleration of depreciation in previous years to ensure assets were fully depreciated on the closure of the former Convention Centre. This resulted in an additional \$382,203 being recognised as depreciation expense in the year ended 30 June 2008.

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

#### ***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 possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the comprehensive operating statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss 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 of most major assets is measured at the higher of the depreciated replacement cost and fair value less costs to sell. The depreciated replacement cost is the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

#### ***Supplies and Services***

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

### **(h) Assets**

All non-current assets controlled by the Trust are reported in the balance sheet.

#### ***Cash and Cash Equivalents***

The cash held in trust is the Conventions Australia bank account administered by the Melbourne Convention and Exhibition Trust. This cash is not available for use and is therefore not reflected in the cash flow statement or Note 18.

#### ***Receivables***

Receivables are recognised at fair value.

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

#### ***Inventories***

Inventories are measured at the lower of cost and net realisable value. Inventories include service equipment which is items of low value.

#### ***Property, Plant and Equipment***

Land, buildings and plant and equipment are recognised initially at cost and subsequently measured at fair value less accumulated depreciation.

#### ***Revaluations of Non-Current Physical Assets***

Non-current physical assets measured at fair value are revalued in accordance with FRD 103C. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification. Revaluation increments or decrements arise from differences between carrying value and fair value.

Revaluation increments are credited directly to equity in the revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised as income in determining the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited to the revaluation reserve.

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

### ***Revaluations of Property***

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and these are included in the comprehensive operating statement. When revalued assets are sold, it is the Trust's policy to transfer the amounts included in asset revaluation reserves in respect of these assets to accumulated deficit.

### ***Leases***

The Trust is not a party to any finance leases. Operating lease payments are charged to expense in the periods in which they are incurred.

## **(i) Liabilities**

### ***Payables***

Payables are recognised when the Trust becomes obliged to make future payments resulting from the purchase of goods and services.

### ***Interest Bearing Liabilities***

Interest bearing liabilities are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs.

Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability using the effective interest rate 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 provision 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.

### ***Employee Benefits***

#### ***(i) Wages and Salaries, Annual Leave and Sick Leave***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, 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.

Sick leave liability is only recognised if it is probable that sick leave expected to be taken in future reporting periods will be greater than entitlements which are expected to accrue in those periods. As a result, no provision for sick leave liability is made in the Trust's financial statements.

**(ii) Long Service Leave**

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

- Current liability unconditional LSL (representing seven or more years of continuous service for staff and 10 and more years of continuous service for executives) is disclosed 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:

- Present value – component that the Trust does not expect to settle within 12 months; and
- Nominal value – component that the Trust expects to settle within 12 months.
- *Non current liability – conditional LSL* (representing less than seven years of continuous service for staff and less than 10 years of continuous service for 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.

**(iii) Termination Benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Trust recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

**Employee Benefit On-costs**

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised and included when determining employee benefit liabilities.

**(j) 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.

**(k) Contingent Assets and Contingent Liabilities**

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

**(l) Cash Flow Statement**

For the purposes of the cash flow statement, cash comprises petty cash, cash floats, deposits in bank accounts and short-term deposits. The cash held in trust is not available for use and has therefore been excluded from the cash flow statement and Note 18.

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**(m) 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 at reporting date are translated at the exchange rate existing at reporting date.

**(n) Rounding of Amounts**

Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

**(o) New Accounting Standards and Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2009 reporting period. Department of Finance assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.

As advised in Note 1(c) the Trust has early adopted the September 2007 version of AASB 101.

**2. SIGNIFICANT TRANSACTION**

Commercial acceptance in relation to the new Melbourne Convention Centre occurred on 31 March 2009. As a result, the Melbourne Convention and Exhibition Trust assumed responsibility for the operations of the combined facilities incorporating the Melbourne Exhibition Centre and the Melbourne Convention Centre.

In recognition of commercial acceptance, assets to the value of \$455.4 million are recognised in the accounts of the Trust. This value relates primarily to the core building (\$419.6 million) with \$33.5 million relating to plant and equipment and furniture and fittings and \$2.3 million to inventories.

An entry has been taken up in the form of a loan with the Department of Innovation, Industry and Regional Development (DIIRD) with a value of \$227.7 million and a capital contribution also of \$227.7 million. A Loan Agreement has been executed between the Trust and DIIRD for a 25 year term, with a commencement date of 1 April 2009, maturing 31 March 2034. The repayment terms are quarterly in arrears with interest payable at a fixed rate.

A total of \$2.2 million is included as grant income from DIIRD to reimburse the Trust for the cost of asset life cycle replacement. The asset life cycle replacement grant is captured in the Balance Sheet as a non-financial asset until such time as assets are replaced in accordance with the asset replacement plans outlined in the Project Agreement.

The Melbourne Convention Centre commenced operations on 22 June 2009. Accordingly, depreciation on \$453.1 million in assets commenced from this date with an expected life of 40 years for the core building with other assets depreciated over a five to seven year period.

**3. INCOME FROM TRANSACTIONS**

	<b>2009</b>	<b>2008</b>
	\$'000	\$'000
<b>(a) Sales of goods and services</b>		
Rendering of services	27,380	30,328
Sale of goods	14,530	18,018
	<b>41,910</b>	<b>48,346</b>
<b>(b) Interest</b>		
Interest on bank deposits	2,046	2,356
	<b>2,046</b>	<b>2,356</b>
<b>(c) Grants</b>		
Department of Innovation, Industry and Regional Development	6,415	3,000
Other public bodies	925	–
	<b>7,340</b>	<b>3,000</b>

**4. EXPENSES FROM TRANSACTIONS**

	<b>2009</b>	<b>2008</b>
	\$'000	\$'000
<b>(a) Supplies and services</b>		
Purchase of supplies and consumables	6,086	5,043
Purchase of services	13,623	11,776
Maintenance	2,079	3,488
	<b>21,788</b>	<b>20,307</b>
<b>(b) Employee benefits</b>		
Defined contribution superannuation plans	1,616	1,730
Termination benefits	33	528
Salaries, wages and long service leave	18,242	18,345
	<b>19,891</b>	<b>20,603</b>
<b>(c) Interest expense</b>		
Interest on government advance	3,564	–
	<b>3,564</b>	–
<b>(d) Depreciation</b>		
Depreciation of non-current assets	9,392	9,982
	<b>9,392</b>	<b>9,982</b>
<b>(e) Other operating expenses</b>		
Operating lease expenses	765	1,034
Bad debts from transactions	95	160
Cost of goods sold/distributed	4,514	5,035
Other	4	7
	<b>5,378</b>	<b>6,236</b>

## 5. CASH AND CASH EQUIVALENTS

	2009 \$'000	2008 \$'000
Cash on hand	4,446	5,957
Term deposits	30,300	31,550
Cash held in trust (not available for use)	166	143
	<b>34,912</b>	<b>37,650</b>

## 6. RECEIVABLES

	2009 \$'000	2008 \$'000
<b>CURRENT</b>		
Amounts owing from Victorian Government (i)	316	767
Other receivables (ii)	3,363	2,660
Provision for doubtful debts (iii)	(65)	-
	<b>3,614</b>	<b>3,427</b>

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

(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 allowance for doubtful debts

	2009 \$'000	2008 \$'000
Balance at beginning of financial year	-	(13)
Amounts written off during the year	-	(147)
Increase/(decrease) in allowance recognised in profit or loss	65	160
<b>Balance at end of financial year</b>	<b>65</b>	<b>-</b>

### (b) Ageing analysis of receivables

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

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

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

## 7. INVENTORIES

	2009 \$'000	2008 \$'000
<b>CURRENT</b>		
Inventories at cost	73	198
Service equipment		
- at net realisable value	-	250
- at cost	2,309	-
	<b>2,382</b>	<b>448</b>

Net realisable value represents the estimated selling price less all estimated costs.

## 8. PROPERTY, PLANT AND EQUIPMENT

	2009 \$'000	2008 \$'000
Land at independent valuation 2008	179,750	179,750
	<b>179,750</b>	<b>179,750</b>
Buildings at independent valuation 2008	72,850	225,950
Buildings at independent valuation 2009	150,955	-
Buildings at cost	420,470	-
Less accumulated depreciation	(3,436)	-
Written down value	<b>640,839</b>	<b>225,950</b>
Artwork at independent valuation 2005	302	302
Artwork at cost	11	11
	<b>313</b>	<b>313</b>
Work in progress	1,065	662
	1,065	662
Plant and equipment	43,793	7,006
Less accumulated depreciation	(6,268)	(6,593)
Written down value	<b>37,525</b>	<b>413</b>
	<b>859,492</b>	<b>407,088</b>

## RECONCILIATIONS

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

	Freehold Land	Buildings	Artwork (Cultural Assets)	Plant & equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2009</b>						
Carrying amount at start of year	179,750	225,950	313	413	662	407,088
Additions	-	419,639	-	33,483	6,700	459,822
Transfers	-	2,114	-	4,183	(6,297)	-
Disposals	-	-	-	(4)	-	(4)
Revaluations	-	1,978	-	-	-	1,978
Depreciation expense	-	(8,842)	-	(550)	-	(9,392)
Carrying amount at end of year	<b>179,750</b>	<b>640,839</b>	<b>313</b>	<b>37,525</b>	<b>1,065</b>	<b>859,492</b>

	Freehold Land	Buildings	Artwork (Cultural Assets)	Plant & equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2008</b>						
Carrying amount at start of year	141,090	222,386	313	1,270	1,019	366,078
Additions	-	-	-	40	821	861
Transfers	-	1,178	-	-	(1,178)	-
Disposals	-	-	-	(32)	-	(32)
Revaluations	38,660	11,503	-	-	-	50,163
Depreciation expense	-	(9,117)	-	(865)	-	(9,982)
Carrying amount at end of year	<b>179,750</b>	<b>225,950</b>	<b>313</b>	<b>413</b>	<b>662</b>	<b>407,088</b>

### Significant additions of buildings and plant and equipment

As detailed in Note 2, assets to the value of \$453.1 million relating to the new Convention Centre building and related plant and equipment are reflected as additions in the reconciliation above.

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

An independent valuation of the Trust's land and buildings with the exception of the former Convention Centre and new Convention Centre was performed by Rushton Valuers Pty Ltd to determine the fair value of the land and buildings. The valuations, which conform to Australian Valuation Standards, were based on depreciated replacement cost of the assets. The valuations were based on independent assessments.

Operations in the former Convention Centre ceased on 22 June 2009. The Trust awaits a State government decision as to the building's expected future use.

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

## 9. OTHER ASSETS

	2009 \$'000	2008 \$'000
<b>Current</b>		
Prepayments	321	412
	<b>321</b>	<b>412</b>
<b>Non Current</b>		
Capital replacement receivable	2,215	–
	2,215	–
	<b>2,536</b>	<b>412</b>

## 10. PAYABLES

	2009 \$'000	2008 \$'000
<b>Current</b>		
Trade creditors (i)	1,052	524
Other payables	700	633
Accrued expenses	2,210	1,303
	<b>3,962</b>	<b>2,460</b>

(i) The average credit period is 30 days. No interest is charged on other payables for the first 30 days from the date of invoice. 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. INTEREST BEARING LIABILITIES**

	2009 \$'000	2008 \$'000
<b>Non current</b>		
Advances from government	231,274	–
	<b>231,274</b>	<b>–</b>

**12. PROVISIONS**

	2009 \$'000	2008 \$'000
<b>Current</b>		
Employee benefits – Unconditional and expected to be settled within 12 months	528	447
Employee benefits – Unconditional and expected to be settled after 12 months	469	418
	<b>997</b>	<b>865</b>
<b>Non-current</b>		
Employee benefits – long service leave	333	423
	333	423
	<b>1,330</b>	<b>1,288</b>

**13. OTHER LIABILITIES**

	2009 \$'000	2008 \$'000
<b>Current</b>		
Income received in advance	119	110
Other liabilities	166	144
Deposits held against future bookings	6,544	6,525
	<b>6,829</b>	<b>6,779</b>

**14. LEASES****Disclosure of operating leases*****Leasing arrangements***

Operating leases relate to plant and office equipment with lease terms of between 1 and 3 years. All operating lease contracts contain market review clauses in the event that the Trust exercises its option to renew.

***Non-cancellable operating leases***

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

	2009 \$'000	2008 \$'000
Payable no later than one year	393	634
Later than one year and not later than five years	79	522
Later than five years	–	–
	<b>472</b>	<b>1,156</b>

## 15. COMMITMENTS FOR EXPENDITURE

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

### (a) Capital Expenditure Commitments

As at the date of this report, the Trust had \$5.1 million in commitments for capital works (2008: \$0.8 million).

The Trust had no other commitments or contingencies to disclose as at the date of this report.

### (b) Lease Commitments

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

## 16. CONTINGENT LIABILITIES & CONTINGENT ASSETS

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

## 17. FINANCIAL INSTRUMENTS

### (a) Significant Accounting Policies

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

### (b) Table 17.1: Categorisation of Financial Instruments

	Notes	Category	Carrying Amount 2009 \$'000	Carrying Amount 2008 \$'000
<b>(i) Financial assets</b>				
Cash and cash equivalents	5	N/A	34,912	37,650
Receivables (i)	6	Receivables at nominal amounts	3,614	3,427
<b>(ii) Financial liabilities</b>				
Payables	10	Financial liabilities measured at nominal value	3,962	2,460
Interest bearing liabilities	11	Financial liabilities measured at fair value	231,274	–
Other liabilities	13	Financial liabilities measured at nominal value	6,829	6,779

Note:

(i) The amount of receivables disclosed here exclude statutory receivables (i.e. Amounts owing from Victorian Government and GST input tax credit recoverable) but include amounts owed from Victorian Government in the MCEC's case because they have been derived from the usual course of business.

### (c) Credit Risk Exposure

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

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

In addition, the Trust does not engage in any hedging for its financial assets. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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 Report, 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*

Currently the Trust does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at the reporting date, there is no event to indicate that any of the financial assets are impaired.

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 following table discloses the ageing only of financial assets that are past due but not impaired:

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

	Carrying amount	Interest rate exposure		Not past due & not impaired	Past due but not impaired			
		Variable interest rate	Non-interest bearing		Less than 1 month	1-3 months	3 months – 1 year	1-5 years
30 June 2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	3,614	–	3,614	2,767	484	246	117	–
	<b>3,614</b>	<b>–</b>	<b>3,614</b>	<b>2,767</b>	<b>484</b>	<b>246</b>	<b>117</b>	<b>–</b>
30 June 2008								
Receivables	3,427	–	3,427	2,417	532	365	113	–
	<b>3,427</b>	<b>–</b>	<b>3,427</b>	<b>2,417</b>	<b>532</b>	<b>365</b>	<b>113</b>	<b>–</b>

(i) Ageing analysis of financial assets excludes the types of statutory financial assets (i.e. Amounts owing from Victorian Government and GST input tax credit recoverable).

#### (d) Liquidity Risk

Liquidity risk arises when the Trust is unable to meet its financial obligations as 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. It also continuously manages risk through monitoring future cash flows and maturities planning 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.

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

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

	Carrying Amount	Interest Rate Exposure		Nominal Amount	Maturity Dates (i)			
		Variable interest rate	Non-interest bearing		Less than 1 month	1-3 months	3 months – 1 year	>1 year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2009</b>								
Payables	3,962	–	3,962	3,962	3,962	–	–	–
Interest bearing (ii)	231,274	–	–	452,035	–	–	–	452,035
Other	6,829	–	6,829	6,829	2,081	1,987	2,271	490
	<b>242,065</b>	<b>–</b>	<b>10,791</b>	<b>462,826</b>	<b>6,043</b>	<b>1,987</b>	<b>2,271</b>	<b>452,525</b>
<b>30 June 2008</b>								
Payables	2,460	–	2,460	2,460	2,392	64	2	2
Interest bearing	–	–	–	–	–	–	–	–
Other	6,779	–	6,779	6,779	2,668	3,111	955	45
	<b>9,239</b>	<b>–</b>	<b>9,239</b>	<b>9,239</b>	<b>5,060</b>	<b>3,175</b>	<b>957</b>	<b>47</b>

(i) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

(ii) As detailed in Note 2, the loan payable to DIIRD commenced 1 April 2009, maturing 31 March 2034. The repayment terms are quarterly in arrears with a fixed interest rate payable. The nominal amount represents the principal and interest payable over the life of the loan. Repayments on the loan are deferred until 1 July 2010.

**(e) Market Risk**

The Trust's exposures to market risk, including interest rate risk and foreign currency are insignificant. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

*Foreign currency risk*

The Trust is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas, due to the limited amount of purchases denominated in foreign currencies and the short timeframe between commitment and settlement.

The Trust manages its risk through continuous monitoring of movements in exchange rates against the US Dollar, Euro and GB Pound and ensures 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 exposure to foreign currency risk is set out in Table 17.4.

*Interest rate risk*

The Trust is not exposed to interest rate risk in relation to the loan with the Department of Innovation, Industry and Regional Development as there is a fixed interest rate for the term of the loan. Money on term deposit is with financial institutions with high credit ratings.

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

**Table 17.4: Market Risk Exposure**

	Foreign exchange risk			Interest rate risk			
	Carrying amount	-10% / +10%		-1% (100 basis points)		+1% (100 basis points)	
		Profit	Equity	Profit	Equity	Profit	Equity
<b>30 June 2009</b>							
<b>Financial assets:</b>							
Cash and cash equivalents (i)	34,912	-	-	(349)	(349)	349	349
<b>30 June 2008</b>							
<b>Financial assets:</b>							
Cash and cash equivalents (i)	37,650	-	-	(377)	(377)	377	377

(i) Sensitivity of cash and cash equivalents to a +1% movement in rates:  $[\$34,912k \times 0.04] - [\$34,912k \times 0.03] = \$349k$ . Similarly for a -1% movement in interest rate, impact =  $\$(349k)$ .

**(f) Fair Value**

The Trust considers that the carrying amount of financial assets and financial liabilities recorded in the financial report 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

	2009	2008
	\$'000	\$'000
Total cash and cash equivalents disclosed in note 5	34,746	37,507
<b>Balance as per cash flow statement</b>	<b>34,746</b>	<b>37,507</b>

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

Operating deficit for the financial year	(8,646)	(3,410)
<b>Add/(less) non-cash movements:</b>		
Depreciation of non-current assets	9,392	9,982
Write-back of service equipment	250	853
(Gain)/loss on sale or disposal of non-current assets	5	16
Grant from DIIRD	(2,215)	-
Interest on Government Advance	3,564	-
(Increase)/decrease in current receivables	(187)	93
(Increase)/decrease in current inventories	125	58
(Increase)/decrease in other current assets	91	75
(Decrease)/increase in current payables	1,244	(12)
(Decrease)/increase in current provisions	132	(47)
(Decrease)/increase in other current liabilities	50	657
(Decrease)/increase in non-current provisions	(90)	(13)
<b>Net cash flows from/(used in) operating activities</b>	<b>3,715</b>	<b>8,252</b>

### (c) Non-cash Financing and Investing Activities

Refer to note 2 for details on the non-cash transfer of the new Melbourne Convention Centre to the Trust. Interest expense of \$3.6 million owing to the government has not been paid as at 30 June 2009 and is accrued in note 11.

## 19. RESPONSIBLE PERSONS

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

### Names

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

### Minister

The Hon. Tim Holding MP, Minister for Tourism

### Governing Board

Mr Robert Annells (Chairperson)

Mr Kevin Davern

Mr Jody Fassina

Ms Susan Pelka

Ms Yvonne von Hartel

Mr John Warburton (Retired 7 May 2009)

Ms Kylie Haines (appointed 30 September 2008)

### Chief Executive - Accountable Officer

Mr Leigh Harry

### Remuneration

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

Income band	Total Remuneration		Base Remuneration	
	2009	2008	2009	2008
\$0 – \$9,999	-	1	-	1
\$10,000 – \$19,999	2	1	2	1
\$20,000 – \$29,999	4	4	4	4
\$40,000 – \$49,999	1	1	1	1
\$250,000 – \$259,999	-	-	-	1
\$280,000 – \$289,999	-	-	1	-
\$310,000 – \$319,999	-	1	-	-
\$340,000 – \$349,999	1	-	-	-
<b>Total numbers</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
	\$'000	\$'000	\$'000	\$'000
<b>Total remuneration received, or due and receivable, by Responsible Persons from the Trust amounts to:</b>	<b>519</b>	<b>476</b>	<b>462</b>	<b>414</b>

Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

The remuneration of the Minister is disclosed in the annual report of the Department of Premier and Cabinet.

There were no transactions involving retirement benefits paid by the Trust in connection with the retirement of Responsible Persons.

There were no transactions between Responsible Persons or entities associated with Responsible Persons and the reporting entity during the 2008/2009 financial year with the exception of a private function held by Ms Sue Pelka, Trustee, which was conducted on normal commercial terms.

## 20. 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.

Several factors have affected total remuneration payable to executives over the year, including bonus payments and long service leave payments. These bonus payments depend on the terms of individual employment contracts.

There were no transactions involving retirement benefits paid by the Trust in connection with the retirement of Executives.

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	
	2009	2008	2009	2008
	No.	No.	No.	No.
\$100,000 - \$109,999	1	-	3	-
\$110,000 - \$119,999	4	-	2	1
\$120,000 - \$129,999	-	-	1	-
\$130,000 - \$139,999	-	1	2	3
\$140,000 - \$149,999	1	1	1	-
\$150,000 - \$159,999	2	2	-	-
\$160,000 - \$169,999	-	-	2	1
\$170,000 - \$179,999	-	-	2	3
\$190,000 - \$199,999	3	2	-	-
\$200,000 - \$209,999	1	2	1	1
\$210,000 - \$219,999	1	-	-	-
\$230,000 - \$239,999	1	1	-	-
<b>Total numbers</b>	<b>14</b>	<b>9</b>	<b>14</b>	<b>9</b>
	\$'000	\$'000	\$'000	\$'000
<b>Total remuneration received or due and receivable by Executives from the Trust amounting to:</b>	<b>2,253</b>	<b>1,628</b>	<b>1,952</b>	<b>1,419</b>

## 21. 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:

	2009	2008
	\$'000	\$'000
Paid as at 30 June	9	-
Payable as at 30 June	31	25
	<b>40</b>	<b>25</b>

## 22. EMPLOYEE SUPERANNUATION

Superannuation contributions for the reporting period are included as part of employee benefits and on-costs 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>2009</b>	<b>2008</b>
	\$'000	\$'000
<i>Host Plus Superannuation Fund</i>		
Total contributions during the year	710	822
Employer contributions as % of salaries	9%	9%
<i>ASGARD Corporate Superannuation Fund</i>		
Total contributions during the year	211	279
Employer contributions as % of salaries	9% - 10%	9% - 10%
<i>Australian Super (STA plus ARF)</i>		
Total contributions during the year	204	197
Employer contributions as % of salaries	9%	9%
<i>Others</i>		
Total contributions during the year	485	427
Employer contributions as % of salaries	9% - 10%	9% - 10%
<b>TOTAL</b>	<b>1,610</b>	<b>1,725</b>

## 23. SUBSEQUENT EVENTS

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

## 24. GLOSSARY OF TERMS

### ***Cash and cash equivalents***

Cash and cash equivalents comprise petty cash, cash floats, deposits in bank accounts and short-term deposits.

### ***Comprehensive result***

Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

### ***Commitments***

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

### ***Employee benefits expenses***

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

---

**Financial asset**

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual 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.

**Grants**

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

**Financial statements**

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 statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under revised AASB 101 (Sept 2007); which means it may include the main financial statements and the notes.

**Interest revenue**

Interest revenue includes interest received on bank term deposits, interest from investments, and other interest received.

**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 revaluation.

**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.

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***Non-financial assets***

Non-financial assets are all assets that are not 'financial 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-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agriculture assets; and depletion of natural assets (non-produced) from their use or removal. In simple terms, other economic flows are changes arising from market re-measurements.

***Other income***

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

***Payables***

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

***Receivables***

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

***Sales of goods and services***

Refer to revenue 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 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

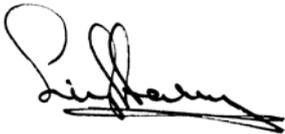
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In accordance with a resolution of the Trustees of the Melbourne Convention and Exhibition Trust, we State that in our opinion:

- (a) the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial Statements, present fairly the financial transactions of the Trust during the year ended 30 June 2009 and the financial position of the Trust as at 30 June 2009;
- (b) the attached Financial Statements for the Trust have been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements; and
- c) at the date of this report we are not aware of any circumstances which would render any particulars included in the Financial Statements to be misleading or inaccurate.



Robert H Annells  
Chairperson, Melbourne Convention and Exhibition Trust



Leigh Harry  
Chief Executive



Paul van Loon  
Principal Accounting Officer

Melbourne  
17 September 2009

# Auditor General's Report

**VAGO**

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

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

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2009 of Melbourne Convention and Exhibition Trust which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification has been audited.

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

The Trustees of the Melbourne Convention and Exhibition Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to 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.

1

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)

*Auditing in the Public Interest*

# VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

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

This auditor's report relates to the financial report published in both the annual report and on the website of the Melbourne Convention and Exhibition Trust for the year ended 30 June 2009. The Trustees of the Melbourne Convention and Exhibition Trust are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Melbourne Convention and Exhibition Trust website.

### *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.

### *Auditor's Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of Melbourne Convention and Exhibition Trust as at 30 June 2009 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of *the Financial Management Act 1994*.

MELBOURNE  
22 September 2009

  
D D R Pearson  
Auditor-General

# Additional Financial Information

## SUMMARY OF FINANCIAL RESULTS

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

\* Prepared in accordance with the requirements of Australian Accounting Standards which include A-IFRS.

	2009*	2008*	2007*	2006*	2005*	2004**	2003**
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>	51,372	53,734	47,860	39,388	41,645	40,072	43,593
<b>Expenses (Incl. Dep'n)</b>	60,013	57,128	52,338	55,468	44,295	43,193	41,353
<b>Surplus/ (Deficit)</b>	<b>(8,641)</b>	<b>(3,394)</b>	<b>(4,478)</b>	<b>(16,080)</b>	<b>(2,650)</b>	<b>(3,121)</b>	<b>2,240</b>
<b>Net Tangible Assets at 30 June</b>	<b>659,541</b>	<b>438,498</b>	<b>391,745</b>	<b>379,443</b>	<b>395,523</b>	<b>375,067</b>	<b>378,188</b>

\*\* Prepared in accordance with the requirements of Australian Accounting Standards.

## SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL POSITION DURING THE YEAR ENDED 30 JUNE 2009

Financial assets decreased by \$2.5 million. This is largely attributable to a decrease in cash of \$2.7 million. The \$232.9 million increase in liabilities is due to the loan of \$231.3 million, which represents 50% of the financing of the new Convention Centre. Equity has increased by \$221.0 million, which is represented by the remaining 50% financing of the new Convention Centre through a capital contribution of \$227.7 million.

Due to the nature of the Trust's operations, it has been the policy of the Trust to keep staff numbers to a minimum and to engage consultants when required to fill short-term roles which cannot be sourced appropriately internally. During the year ended 30 June 2009 the Trust engaged a number of consultancies. Details of consultancies are listed below:

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

<b>Expenditure Totalling Less Than \$50,000</b>		
<b>Number</b>	<b>Details</b>	<b>Amount</b>
		\$'000
20	Various	450





# APPENDIX A

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# Occupational Health & Safety Policy

DOCUMENT ID PO-OHS-5200000  
ISSUE 16  
DATE 17/09/09  
PAGE 1 of 1



## OCCUPATIONAL HEALTH & SAFETY POLICY

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

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

The priority objectives of the OH&S Policy for the 2009/2010 year are the following:

- Review the Emergency Response program and ensure that appropriate training is delivered consistent with the needs of the new operating environment..
- In conjunction with MCET's new operating partners, manage existing accreditations relating to chemical use and associated manual handling requirements.

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

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

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

LEIGH HARRY  
Chief Executive  
September 2009







# APPENDIX B

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WHISTLEBLOWERS PROTECTION ACT 2001 POLICY

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# Whistleblowers Protection Act 2001 Policy

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## Whistleblowers

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

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

## Reporting procedures

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

*The Protected Disclosure Coordinator*

Paul van Loon, Director of Finance and Administration  
Mezzanine, Melbourne Convention Centre  
Ph: (03) 9235 8077  
E-mail: pvanloon@mcec.com.au

*Protected Disclosure Officer*

Amanda McPherson, Accounting Services Manager  
Mezzanine, Melbourne Convention Centre  
Ph: (03) 9235 8078  
E-mail: amcpherson@mcec.com.au

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

*The Ombudsman Victoria*

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

## Further information

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

### Disclosures under the Whistleblowers Protection Act

The current procedures established by the public body under Part 6 are available upon request.

There were no disclosures made to public bodies during the year (2008: nil).

The number and types of disclosures made to public bodies during the year:

#### Public Interest Disclosures

#### Protected Disclosures

The number of disclosures referred during the year by the public body to the Ombudsman for determination as to whether they are public interest disclosures

The number and types of disclosed matters referred to the public body by the Ombudsman for investigation

The number and types of disclosures referred by the public body to the Ombudsman for investigation

The number and types of investigations taken over from the public body by the Ombudsman

The number of requests made by a whistleblower to the Ombudsman to take over an investigation by the public body

The number and types of disclosed matters that the public body has declined to investigate

The number and types of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation

	2008-2009	2007-2008
	Number	Number
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0





# APPENDIX C

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FINANCE AND AUDIT COMMITTEE MEMBERSHIP AND ROLE	72
DISCLOSURE INDEX	73

# Finance and Audit Committee Membership and Role

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The Finance and Audit Committee consists of the following members:

Mr John Warburton (Retired 7 May 2009)  
Mr Jody Fassina (Acting Chairperson)  
Ms Susan Pelka

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.

# Disclosure Index

## To Disclosure Requirements 2008/2009

The annual report of the Melbourne Convention and Exhibition Trust is prepared in accordance with the Financial Management Act 1994 and the Directions of the Minister for Finance. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

Legislation	Requirement	Page	Legislation	Requirement	Page
<b>Ministerial Directions</b>			<b>Financial Statements</b>		
<b>Report of Operations – FRD Guidance</b>			<b>– FRD Guidance</b>		
<b>Charter and Purpose</b>			<b>Financial Statements required under Part 7 of the FMA</b>		
FRD22B	Manner of establishment and Relevant Minister	14	SD4.2(f)	Financial Report	29-60
FRD22B	Objectives, functions, powers and duties	15-22	SD4.2(b)	Operating Statement	32
FRD22B	Nature and range of services provided	27	SD4.2(b)	Balance Sheet	33
<b>Management and Structure</b>			SD4.2(a)	Statement of Changes in Equity	34
FRD15A	Executive officer disclosures	23-24	SD4.2(b)	Cash Flow Statement	35
FRD22B	Application and operation of Freedom of Information Act 1982	27	SD4.2(c)	Accountable officer's declaration	58
FRD22B	Organisational structure	26	SD4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	36
<b>Financial and Other Information</b>			SD4.2(c)	Compliance with Ministerial Directions	36
FRD22B	Summary of financial results for the year, with previous six year comparatives	61	SD4.2(d)	Rounding of amounts	42
FRD22B	Significant changes in financial position during the year	61	<b>Legislation</b>		
FRD22B	Operational and budgetary objectives and performance against objectives	17-22		<i>Freedom of Information Act 1982</i>	27
FRD22B	Major changes or factors affecting performance	6-9		<i>Whistleblowers Protection Act 2001</i>	27, 68-69
FRD22B	Subsequent events			<i>Building Act 1983</i>	27
FRD22B	Number and total cost of consultancies, each costing less than \$50,000	61		<i>Financial Management Act 1994</i>	36
FRD22B	Compliance with building and maintenance provisions of Building Act 1993	27			
FRD22B	Statement on National Competition Policy	27			
FRD22B	Occupational health and safety	27			
FRD10	Disclosure index	73			
FRD22B	Application and operation of the Whistleblowers Protection Act 2001	27			

# Notes

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