



Melbourne Convention and Exhibition Trust

**ANNUAL REPORT**  
**2009-2010**





**Melbourne Convention and Exhibition Trust**

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South Wharf VIC 3006

Australia

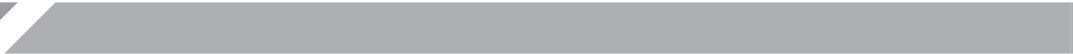

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# CHAIRPERSON'S FOREWORD



# 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 2010.

The report provides consolidated information on the activities of the Melbourne Exhibition Centre (MEC), the former Melbourne Convention Centre and the new Melbourne Convention Centre (MCC) 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.

It should be noted that the former Convention Centre was part of the Trust's assets at the start of this financial year. With the new MCC formally opening on 22nd June 2009, the former Centre has not operated under the control of the Trust since that time but the ownership of the Centre was not transferred formally to the State until 1 July 2009.

As noted above, immediately prior to the commencement of this financial year, the new MCC opened on 22 June. The opening of the MCC took place in a different financial and economic environment than had been projected at the time of the 2004 decision to proceed with the project.

The current business events environment is still negatively affected by the residual impacts of the Global Financial Crisis (GFC) which for the second successive year have been felt consistently throughout Australia and most parts of the world. In relation to business events, 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.

The downsizing of events has occurred in relation to the number of attendees, the amount of space required and/or the duration of the events. The pleasing aspect to note is that these impacts have lessened in the second half of the financial year under review and there is now a consistent level of optimism in relation to future bookings and in particular the materialisation of attendees at levels returning to pre-GFC status.

Notwithstanding these challenges, since opening there has been a busy and successful first 12 months of trading for the MCEC. The new facility has also enabled the Trust to introduce to the Australian and international business events market place a range of initiatives which have attracted widespread media attention and which have resulted in a high level of interest in using the MCEC, as evidenced by the level of future bookings.

During the past 12 months, more than 700 events have been held at the MCEC. These have included 15 international conventions, 65 national conventions, 415 corporate meetings of varying sizes and 147 functions or special events. There have been 67 exhibitions held at the MEC during this period which are also included in the 700+ event total for the year.

The MCEC's new initiatives in the areas of food and beverage, high level of audio-visual and communication services, and the MCC's globally unique 6 Star Green Star rating have all contributed to the success over the past 12 months.

A selection of major events already held at the new MCC includes:

- Council of the Parliament of World Religions including the Dalai Lama in Australia
- Associations Forum National Conference
- International Federation of the Society of Cosmetic Chemists Congress
- Intelligent Transport Systems Summit
- International Conference on Geomorphology
- Energy Delivery Solutions for the 21st Century
- International Public Works Conference
- International Conference on Synchrotron Radiation Instrumentation
- Woolworths National Conference
- National Housing Conference
- The Association of Superannuation Funds of Australia National Conference
- Financial Planning Association of Australia National Conference
- Society for Sustainability and Environmental Engineering International Conference
- Australasian Drug Strategy Conference 2010

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- Australian Computers in Education Conference 2010
  - Pathology Update 2010 Royal College of Pathologists of Australasia
  - International Congress on Internal Medicine 2010
  - International Federation of Ageing 2010
  - Optometrists Southern Region Congress 2010
  - 17th National Conference of the Australian Sonographers Association
  - Healthy Parks Healthy People World Summit 2010
  - Australian Human Resources Institute National Convention 2010
  - Medical Applications of Synchrotron Radiation & International Conference on Biology and Synchrotron
  - Green Cities 2010 (Property Council of Australia)
  - Victorian Association of Library Automation 2010
  - SPAA (Self Managed Super Funds) Conference 2010
  - Mortgage and Finance Association of Australia 2010

During the past 12 months, more than 185,000 people have visited the Centre. In excess of 21,000 of these visitors were delegates to international events and more than 45,700 were delegates to national events. The international delegates alone have generated some \$100 million of economic impact for Melbourne and Victoria.

This level of performance for both international and national events means that the Centre is on track to achieve its business plan economic impact goals by 2014-2015 which is one year behind schedule. This is considered a more-than-satisfactory outcome given the business plan was developed in 2003-2004 at a time when economic and financial conditions and future expectations were significantly different.

In terms of financial performance from direct MCET business events-related activities in the past 12 months, the Centre has generated operating revenue of more than \$46 million. This is nearly 5% ahead of budget and \$4.4 million, or more than 10% ahead of the previous year. The Centre has generated a positive operating result, pre depreciation and other charges, of a surplus of \$6.7 million relative to a budgeted surplus for the same period of \$3.9 million.

The net result as disclosed in the formal financial statements of the Trust for this period is impacted by the changed financial arrangements that commenced in parallel with the opening of the new MCC.

In the financial year ended 30 June 2010, the net result as per the comprehensive operating statement is a surplus of \$16.2 million. This has been impacted by a number of transactions related to the required financing arrangements for the new MCC.

Depreciation and interest charges in relation to the loan entered into as part of the financing arrangements account for expenses of the order of \$37.8 million this year. This in part is offset by annual grants for international marketing from the State Government and the City of Melbourne totalling \$5.2 million and a grant from the State in relation to asset lifecycle replacement of \$4.5 million. In addition, in the 2009-2010 financial year statements there is a one-off transfer to the Trust of the land under the new MCC, which is valued at \$40.7 million.

In future periods, the Trust's financial statements are expected to show a negative result, which will be predominantly caused by the level of depreciation charges and interest expense relating to the new MCC and the required associated financing arrangements.

At a direct operating level, the Trust expects that on an ongoing basis, the MCEC will generate significant operating surpluses. These will progressively contribute to the offsetting of the financing and depreciation-related costs. As noted above, this is separate from the economic impact that the operations of the MCEC generate for Melbourne and Victoria which, over the last year, has been more than \$100 million and which is expected to grow to more than \$200 million per year by 2014-2015.

Relative to the opening of the new MCC, the adjoining Hilton Hotel South Wharf opened in April 2009 and progressively towards the end of 2009 elements of the retail precinct have opened. The majority of the retail precinct opened in October/November however the restaurants and related areas have still not opened in part because of challenges experienced by the operators in obtaining liquor licences.

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This issue has been a significant challenge for operators in the precinct and was an issue through the first five months of the MCC's operation. In addition, the pending sale of the retail business is causing further uncertainty now in relation to the future of the precinct.

Precinct issues aside, the MCC, in a functional sense, has operated effectively during the past 12 months notwithstanding that there have been some challenges as a result of outstanding builder's works and a limited range of building defects, which existed at the time of opening of the new centre. The range of defects relative to the size and complexity of the MCC was quite small and most items have now been rectified.

The rectification of the outstanding items is being strategically managed to minimise the impact on users of the building and, with very few exceptions, this has been successful. The initial defects rectification period finished at the end of March 2010 and the Trust is continuing to work with Major Projects Victoria, Plenary and Brookfield Multiplex to ensure that the remaining outstanding works can be completed to a satisfactory standard without compromising the clients of the MCC.

Over the past 12 months, the MCC has been successful in winning many awards for both its architectural and environmental design features and the Trust with Plenary and Brookfield Multiplex is now successfully addressing challenges to ensure that appropriate environmental standards continue to be delivered during the operational phase.

Examples of awards won by the MCC include:

- 2010 Victorian Architecture Medal
- 2010 Australian Construction Achievement Award
- AIDA 2010 Environmentally Sustainable Design
- AIDA 2010 Best of State Commercial Design
- 2010 Urban Development Institute of Australia National Environmental Excellence Award
- 2009 Urban Development Institute of Australia Environmental Excellence Award
- 2009 BPN Sustainability Award
- 2009 Australian Property Institute's President's Award
- 2009 Australian Property Institute's Investa Environmental Development Award
- 2009 AIME Best Environmental Supplier Award
- 2009 IMEX Green Supplier Gold Award

In addition, the MCC at the time of this report is a finalist for a number of major national architectural awards, which will be determined late in 2010.

In terms of future business, the efforts of the Melbourne Convention and Visitors Bureau (MCVB) and the Trust have reached new levels of success during this period. The ability to now be able to actually demonstrate to potential clients the building and its capabilities has been a critical factor in selling Melbourne and the MCC. In addition, the 6 Star Green Star environmental rating has proved a significant selling point with many national and international clients. These factors are important as the competitive environment is becoming more intense every month.

New facilities in Melbourne (Crown) and more particularly the new facilities in Singapore, Vancouver and Seoul mean that competitive pressure continues to heighten. The efforts of governments, particularly in Singapore, Thailand and South Korea, have also grown with continuing increases in funding being made available to directly support the attraction of business events to these countries.

Elsewhere in the world, there has been pressure brought together by various community and political groups to attempt to restrict the amount of long-haul travel, particularly to attend business events. This has occurred particularly in the United States and the European Union. This not only affects Australia but other regions of the world and there is a concerted campaign being undertaken by the global industry to confront these pressures.

Notwithstanding these threats, at the time of writing this report the Trust now has 70 international conventions and 375 large national conferences and meetings booked for the new MCC.



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Particular highlights within this list of conferences are the following:

- International Congress of Applied Psychology
- Asian and Oceanian Epilepsy Congress
- General Assembly of International Union of Geodesy and Geophysics
- International Botanical Congress
- International Society for Magnetic Resonance in Medicine
- World Congress for Neuro Rehabilitation
- International Council of Nurses Quadrennial Congress
- International Congress of Pediatrics
- World Diabetes Congress

Over the past 12 months the Trust has continued to work with the State on the further development of plans for a possible future expansion of the Exhibition Centre. This work has been further refined during this period because of the operational experience gained since the opening of the MCC. The Trust remains optimistic that a positive decision in relation to the expansion will be made at the appropriate time relative to the other competing priorities of government.

In conclusion, the past year has been a challenging period for the Trust. The successful opening of the MCC at the start of the year has been followed by an active period of performance improvement as staff and users of the new MCC become increasingly aware of the potential opportunities the new building and its capabilities offer.

The Trust has actively engaged with users of the MCC over this initial period to ensure relevant feedback has been obtained and transformed into further operational improvements as appropriate.

The reaction to the MCC from all parties, staff, clients and suppliers has been consistently positive and this is further underscored by the level of future bookings.

I would like to take this opportunity to thank my fellow Trustees for their contribution during this challenging period and to record my appreciation of the efforts of the staff of the MCEC for their high levels of commitment and performance during the past 12 months. I am looking forward to further improvements over the foreseeable future notwithstanding the very competitive nature of the national and international business events industry.



Robert Annells PSM  
Chairperson  
Melbourne Convention and Exhibition Trust





# OPERATIONS REPORT

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# Introduction

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This Annual Report describes the functions and operations of the Melbourne Convention and Exhibition Trust (the Trust) and presents the Audited Financial Statements of the Trust for the year ended 30th June 2010.

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 and Major Events.

# Powers and Duties

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

# Functions

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

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

# Key Corporate Objectives

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## The Trust's key objectives are:

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



# Objectives and Performance Review

To achieve the Trust's vision, its target is to attain optimum utilisation of available space, enhance the profile of the Centre and the State as 'a place to do business', and reinforce the specific objectives for 2009-2010 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 program for management and staff by way of participation in formal and informal skills and knowledge-based developmental activities.
- To undertake an ongoing organisational compliance program operating effectively inclusive of all legislative, regulatory and other relevant requirements.
- To implement an ongoing human resource management program which ensures continuous provision of appropriately skilled and motivated employees at all levels of the organisation.
- To develop and implement a comprehensive environmental management plan.
- To develop and implement a comprehensive corporate social responsibility plan.

### Performance Review:

- A 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. In particular over the past 12 months the market research program has concentrated on perceptions of the new MCC.
- Feedback during the year has indicated that the MCC has been very well accepted, although certain aspects of the technology offering have been found to be too challenging for some clients. In addition, specific client focus groups have been conducted which have provided similar feedback. As a result, changes have been made to the way certain audio-visual services are provided and greater emphasis is now placed on providing expert assistance to clients. Increased emphasis has also been placed on providing assistance in the event planning area to overcome the "fear" of the new MCC. As a result of these and other initiatives, the most recent quarterly survey has indicated an improved performance in all areas.
- Food and beverage and facility services are consistently rated above comparable facilities in Australia. The perception of value for money relative to price has also improved consistently through the year as the market has become more familiar with the new MCC product and the full range of services available.
- This market research program is now being further refined to support a new initiative of which the Trust is a major sponsor. This is a global study of the projected convention industry market in 2020 and includes an extensive program of research activities, workshops and surveys undertaken by a British research organisation. The Trust's involvement, as a major sponsor and the only centre in Australia which is a sponsor at this level, will ensure that the Centre obtains exclusive access to this material over the next 12 months, which will further supplement future planning.

- During the past 12 months, the Exhibition Centre upgrade program has continued through the Trust's capital works program. The main auditorium and all meeting rooms have been upgraded to a similar level to the new MCC. This has required an investment of the order of \$1 million and is part of an upgrade program to be continued in 2010-2011 with enhanced signage and refurbishment of public facilities.
- In the past 12 months a significantly enhanced learning and development program has been made available to all staff. This program is predominantly available online, which means that several hundred of the Centre's casual staff are now able to participate more effectively from a time and cost perspective. This program is supplemented with enhanced online availability of reference materials and, when relevant, significant onsite product development sessions by the Centre's senior staff and external experts.
- The Human Resources Department has been almost totally renewed over the past 12 months and further enhancements will be made in the staff development area. The introduction of the online Cognology system, which is a performance appraisal system with a focus on development, has enabled a program focused on managers and supervisors to be significantly expanded during the past 12 months.
- The Centre continues to take a leadership position in relation to organisational compliance. All accreditations have been maintained over the past 12 months with the Centre achieving Green Globe Bronze standard as well as maintaining ISO9001, HACCP, Safety Map Level 4, Waste Wise and WaterMap accreditations.
- Over the next 12 months the Centre will further develop its environmental accreditations initially through achieving at least Green Globe Silver standard and also by pursuing accreditation to ISO20121, which will be the new Global standard for the events industry from 2012. The MCC's 6 Star Green Star rating remains of critical importance and operational performance is managed and monitored intensively in all areas to ensure that this can be maintained. This also involves a very detailed program of activities with the Centre's contracted service delivery partners, particularly the Plenary Group and Brookfield Services. The Corporate Social Responsibility plan for the Centre is being further refined to include not only the environmental aspects mentioned above but a broader range of community-based obligations which are consistent with a publicly owned facility.
- The Centre provides direct support to a range of community organisations including The Lord Mayor's Charitable Foundation, Hanover Welfare Services, Variety Club, Young Achievement Australia and Rotary International. In addition, staff at the Centre participate either as individuals or on behalf of the organisation in events such as the Global Corporate Challenge and other similar activities.

## Objective 2

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

### Strategies:

- Utilisation levels of the Centre are as far as possible maintained and where practicable further improved relative to the challenges arising from the project and particularly the current global economic environment.
- Operating yields from all areas of the Centre's activities as a minimum meet industry benchmarks having regard to the other operational priorities of the Centre in achieving the 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 and 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.

### Performance Review:

- Utilisation levels over the past 12 months have been pleasing in comparison with the results of the previous year. Occupancy levels in the Exhibition Centre have returned to 2007 levels and have averaged of the order of 60% across the year. This average takes account of the traditionally slow months of December and January and the limitations that the current configuration of the halls place on increasing utilisation. Bookings for the exhibition space are significantly up for 2011 and 2012 and there is difficulty at this stage fitting any more bookings in the busier 7 to 8 months of these years. This is being compounded particularly from 2012 by the significant increase in the number and size of international conventions with accompanying exhibitions. These are bookings that have predominantly been taken in the course of the past 12 months and represent a return to the anticipated levels of bookings of two years ago.
- The Trust, during the past 12 months, has also entered into a co-operative marketing arrangement with Hilton Hotel South Wharf to jointly promote corporate meetings, particularly with an accommodation component. This is not core business for the Trust, but as the Hilton is adjacent to the Centre and does not have any meeting rooms it is a logical and beneficial arrangement in this segment of the market.
- The predominant focus of the Trust remains the attraction of national and international conventions and as mentioned earlier in this report, there are currently 70 international conventions of various sizes booked and more than 300 national conventions booked over the next five years.
- The opening of the new MCC has provided the scope to significantly improve operating margins in a number of areas. In particular, the food and beverage department has been able to improve margins by the order of 10% during the course of the past 12 months. The improved capability of the kitchen and the back-of-house service areas has enabled this to take place together with the enhanced expertise of the kitchen brigade. The Trust will be looking to further expand its food and beverage offerings over the next two years to ensure that we optimise the opportunities that the new kitchen provides.
- While there have not been significant operational margin improvements in other areas, these will be achieved over the next 12 months. There have been a number of operational reviews carried out during this initial period of operation and these have led to changes in procedures and resourcing levels which are being progressively introduced and will be reflected in operational performance over the next 12 months.
- The joint marketing arrangements with the MCVB with funding from the State, City and the Trust continue to be cost effective.
- The number of bid wins has already been commented on and there is an ongoing program of targeted bid submissions. Competition is becoming greater and the Trust is working with all partners to further improve Melbourne and the Centre's offerings. The City-Wide support program and the Business Events cap funding program are both critically important in the winning of particular bids for international conferences for Melbourne.

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

- The increased levels of international competition means that other strategies are being further developed. The Club Melbourne Ambassadors program is in the process of being expanded by a further 20% to enable bidding across a broader range of professional and scientific areas of expertise. In addition, an innovative program of developing inaugural international events has been commenced. In the past 12 months the Healthy Parks Healthy People and the International Youth Mental Health conferences have been developed with the support of the Trust.

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This program is aimed at identifying areas where there may be no current international events and developing an appropriate event which can be headquartered in Melbourne. In addition, a similar program is being developed in relation to potential Asia Pacific versions of international events. These programs will, because of their nature, be ongoing and take some time to evolve but they will be an important additional component of future business-winning activities.

### **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 MCC and its ongoing achievement of business targets.

#### **Performance Review:**

- The Trust has had for a number of years an ongoing facility development plan for the Exhibition Centre and during the past 12 months of the order of \$1 million was expended on facility enhancements in that building. This investment as mentioned earlier was mainly to bring the audio-visual and communication facilities of the Exhibition Centre up to a comparable level with the new MCC.
- During the next 12 months this program will continue and will include enhanced signage and refurbishment of public facilities and the entry doors to the Exhibition Centre bays.
- A comprehensive plan for the staged refurbishment of both facilities into the future was produced by the Plenary Group in conjunction with the Trust as part of their proposals in relation to the project.
- This program will be further reviewed over the next 12 months to make sure it remains appropriate to address any changes in circumstances that have occurred since it was initially developed in 2007.
- An important element of these plans going forward is the ability to clearly define those elements that it is the private sector partner's obligation to address and those which are the responsibility of the Trust and the State. Projects in this second group require different funding discussions and the intent is to develop a comprehensive and agreed plan for all types of capital works by the end of this financial year.
- A key activity during 2009-2010 has been the hosting of many forums with industry representatives, including the 800+ delegate national Meetings and Events Association Conference in April 2010. All of these activities are designed to obtain first-hand feedback from clients and potential clients in relation to the Trust's service and facilities and future trends. The Future Focus study 'Conventions 2020' is another example of this as is the representation of Trust officers on many industry bodies.
- Trust officers also maintain an active presence in inter-centre forums in relation to operations, sales and marketing, finance, human resources and IT and communications.

- In addition, the Centre has played a significant role in a new project designed to formulate a comprehensive suite of KPIs across a number of interstate and international centres. This project is taking place over the next six months and will be completed in time to be included in the 2010-2011 Corporate Plan.
- The Trust also plays an active and at times leading role in committees and organisations such as the International Congress and Convention Association, the Joint Meetings Industry Council, the Exhibition and Event Association Australasia, Conventions Australia, Destination Melbourne, Melbourne Convention and Visitors Bureau as well as the South Wharf Precinct operations, development and marketing committees. During the past 12 months regular briefings have been held for Melbourne hoteliers and an extensive variety of related sales and marketing and relevant community bodies.

#### **Objective 4**

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

##### **Strategies:**

- Ongoing implementation of a fully integrated Sales and Marketing Plan with the 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 the Government. The targets are expressed as whole-of-year targets and are not appropriate to be measured other than for information purposes on a progressive basis due to the irregular and externally controlled bid-winning opportunities. Over the past 12 months the joint sales and marketing plan has been able to achieve 79% of the international delegate day target. If total delegate days were taken into account then the result is a 90% achievement against target. Given that the targets were established in 2004-2005 and pre the Global Financial Crisis, the Trust regards this as a significant achievement.
- As previously mentioned, the development of five-year agreements in respect of funding for business-winning activities has enabled a much greater level of certainty to be put in place in relation to long term future programs. This 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.
- The Centre is an active participant in the Tourism Australia Associations Program, which is a co-operative campaign aimed specifically at the international associations market segment. The Centre is also an active member of the Business Events Council of Australia, which is actively lobbying the Federal Government to increase its participation in this area.

- The Club Melbourne program has been actively grown over the past 12 months. The number of Ambassadors has increased to 119 and collectively they have now been involved in securing 33 international conventions for the Centre. Ambassadors are targeted for membership because of their particular scientific or medical speciality which coincides with areas of Melbourne's expertise and the possibility of attracting to Melbourne conventions related to that specialised area of knowledge. Many cities around the world are now copying the Ambassador concept but the Club Melbourne program, with the active participation of the Governor of Victoria, the Premier and relevant Ministers, remains a world leader.
- In addition, the Centre has created a number of open mind forums over the past 12 months. These forums are designed to stimulate ideas in relation to potential future international conferences that can either be attracted to Melbourne if they currently exist or developed for Melbourne if such an event does not already exist.
- In the past 12 months two inaugural international conventions have been held at the Centre. The Healthy Parks Healthy People conference and the International Youth Mental Health conference are both examples of events developed in Melbourne with the direct assistance of the Centre. This program will be further expanded over the next three years with particular emphasis on developing Asia Pacific versions of existing international or national conventions.
- The Trust has been actively involved in further promoting the Centre internationally over the past 12 months via participation in awards program. This is separate to the range of sales and marketing activities which are conducted on an ongoing basis. The Centre has won awards for its environmental credentials at national and international trade shows. In addition, the Centre is a founding partner of the Global Green Alliance, which brings centres with similar environmental credentials together in a joint marketing program. The centres involved in this alliance are in Liverpool, Cape Town and Melbourne with Vancouver also likely to become a member.
- The Trust also has active representation on a range of global and national environmental forums related to the convention industry. The most recent example of this is that the Trust is represented on the MPI CSR Global Advisory Panel. The charter of this group is the development of CSR standards/guidelines for the global meetings industry.

## Objective 5

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

### Strategies:

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

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**Performance Review:**

- The Trust receives reports on the MCEC's OH&S performance at its Board meetings each month. These reports cover not only the staff of the MCEC but also all contractors who are engaged in work at the Centre as well as all visitors to the Centre. In respect of staff, there has been a minor increase in accidents during the course of the past 12 months. There have been no accidents of a serious nature during the year which is a tribute to the high level of health and safety practices currently in place. The accidents that have occurred can be mainly attributed to the staff working in a new environment and being relatively unfamiliar with their new surrounds. The level of these accidents declined as the year progressed and by the end of June 2010 was at the same level as in the previous building.
- Ernst & Young, as part of the Trust's internal audit program, also monitors performance in this area and its review has confirmed the excellent level of performance achieved in the Trust's operation of the Centre.
- The Plenary Group and Brookfield Services have also introduced similar OH&S programs into their activities at the Centre so that there is uniformity in approach across all areas. There are weekly meetings between the Trust's officers and the service providers to monitor performance and there are monthly meetings with State to review performance at a higher level. There have been no incidents during the year where the private sector partners have failed to meet their obligations in this area.
- The new MCC has highlighted the changes that have taken place in access requirements for buildings over the last fifteen years relative to those that existed at the time of the opening of the Exhibition Centre. The Exhibition Centre, while meeting all relevant legal requirements, is being systematically upgraded to bring it closer to the levels applying in the new MCC. The Trust, in conjunction with Plenary and Brookfield, will continue this work on a progressive basis over the next few years. In particular, access provisions at the Clarendon Street entrance have been improved as part of the Trust's capital works program. There will be further additions to accessible toilet facilities and other related improvements in the next 12 months.

# Trustees

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

## **MR ROBERT ANNELLS, PSM**

### **Chairperson**

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

## **MS SUSAN PELKA**

### **Trustee**

Ms Pelka was reappointed to the Trust on 8th May 2009. Ms Pelka was an executive with the ANZ Banking Group for ten years 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 Superpartners, a member of the National Board of The Red Cross Audit and Risk Committee and a member of several local government audit committees. Ms Pelka is Deputy Chair of ChamberMade and a Fellow of the Institute of Company Directors and holds an MBA, M Ed Admin, BA and Dip Ed.

## **MR KEVIN DAVERN, OAM**

### **Trustee**

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

## **MS YVONNE VON HARTEL AM**

### **Trustee**

Ms von Hartel was reappointed to the Trust on 8th May 2009. Ms von Hartel 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. 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 publicly listed company ConnectEast, the concessionaire of the 40-km Eastlink. Ms von Hartel 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 Fassina was appointed to the Trust on 9th October 2007. Mr Fassina runs his own consulting practice, JF Consulting and, prior to that, worked for a boutique consulting practice. He was also formerly an Associate Director with Macquarie Bank Limited, Australia's largest publicly listed investment bank. Mr Fassina holds a Bachelor of Commerce, Graduate Diploma in Public Policy and a Diploma of Financial Markets, and is a Senior Associate of the Financial Services Institute of Australasia. He is also a Director of NBN Tasmania Co.



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**MS KYLIE HANSEN****Trustee**

Ms Hansen was appointed to the Trust on 30th 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 a MA and BA (Honours) in Political Science from the University of Melbourne.

**MS LINDA DEWAR****Trustee**

Ms Dewar was appointed on 18th August 2009. She is the Managing Director of Executive Adjunct and was the Chief Operating Officer for CGU Insurance from 2006 to 2008. Prior to this, Ms Dewar was the Chief Information Officer for NAB Retail Bank after previously serving eight years as a senior executive with ANZ Banking Group. She is a member of the Council of the Holmesglen Institute of TAFE and a Non-Executive Director of the Mali Initiative. Ms Dewar is also a member of the Australian Institute of Company Directors and holds a Graduate Diploma in Arts.

# Trust Information

## APPOINTMENTS AND RESIGNATIONS

Ms Linda Dewar was appointed on 18 August 2009.

## TRUST MEETINGS

A total of 11 Trust meetings were conducted during the year ended 30 June 2010.

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

## COMMITTEES AND SUB-COMMITTEES

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

### Remuneration Committee

All Trustees with Mr Kevin Davern as Chair

### Risk Management Committee

All Trustees with Ms Susan Pelka as Chair

### Finance and Audit Sub-Committee

Mr Jody Fassina (Chairperson)

Ms Susan Pelka

Ms Linda Dewar

### Capital Works Sub-Committee

Ms Yvonne von Hartel (Chairperson)

Mr Kevin Davern

Ms Kylie Hansen

## CORPORATE PLAN

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

# Management and Staff

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The Melbourne Convention and Exhibition Trust had 123 full-time staff and 2 part time staff as at 30th June 2010. A total of 343 casual staff (or the equivalent of 150 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 and information technology.

### DIRECTOR OF OPERATIONS

#### Frank Mohren

Responsible for all operational activities of the Centre. These include planning for effective management and delivery of event services, facilities management, security and other related services.

### DIRECTOR OF HUMAN RESOURCES

#### Rochelle Choyna

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

### DIRECTOR OF SALES AND MARKETING

#### Anne Jamieson

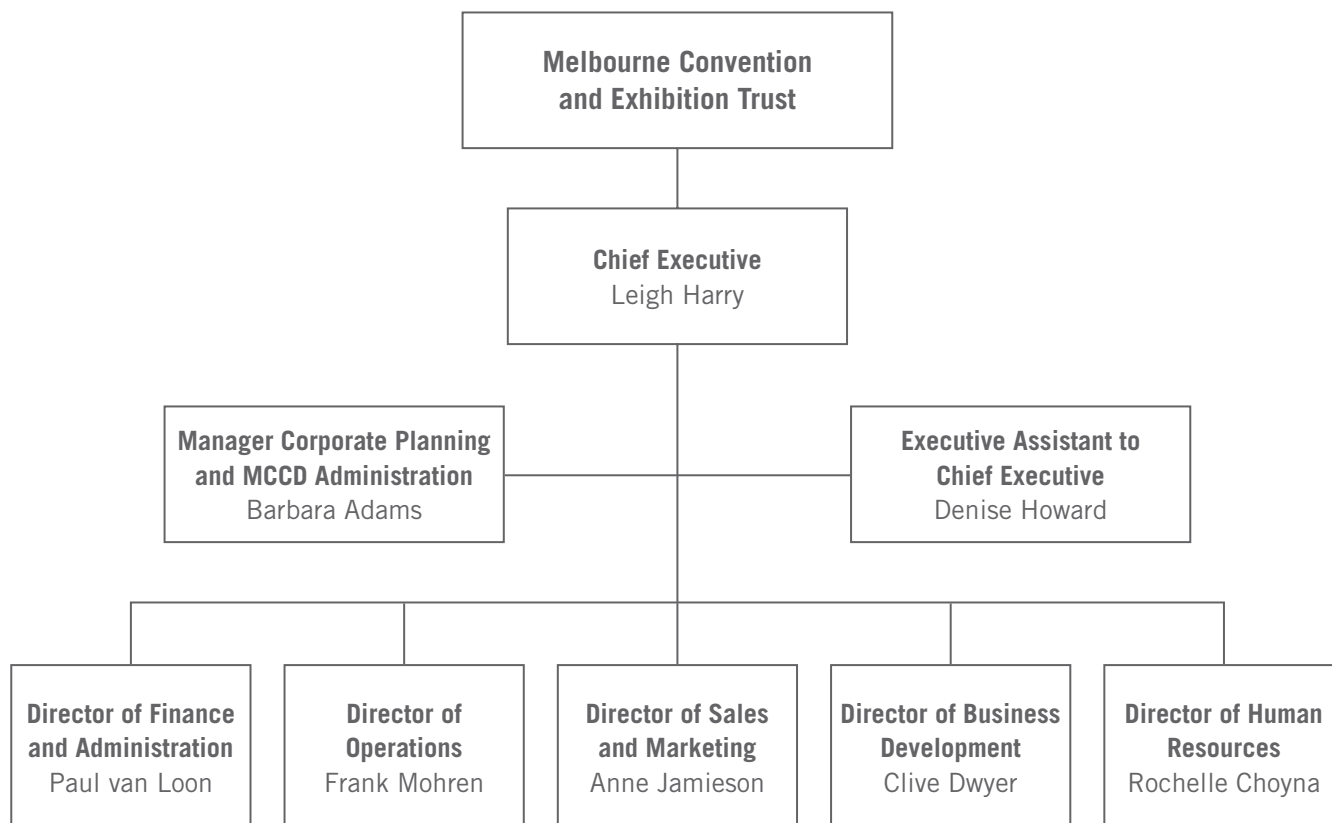
Responsible for the development, direction, implementation and co-ordination of cost-efficient strategic sales and marketing initiatives for the Centre to maximise market share, sales potential and sales achievement in all business segments. Also responsible for marketing activities including brand management,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

### 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's business events product.

# Organisational Structure



# Additional Reporting Requirements

## **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 2010, there were no requests for information under the *Freedom of Information Act 1982*. The Director of Finance and Administration is the contact officer in relation to all Freedom of Information requests and is responsible for ensuring that the procedures outlined in the Act are adhered to by all employees of the Trust.

## **Whistleblowers Protection Act 2001**

There were no disclosures made either to the public body or to the Ombudsman in relation to the *Whistleblowers Act* in 2009-2010.

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

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

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

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

## **National Competition Policy**

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

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

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

The Trust, over the past 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 Trust's OH&S Policy and reflects the ongoing efforts of management and staff to ensure a safe environment for all persons who attend the Centre, whatever the purpose of their visit. In the past 12 months there were 169 accidents, most of which were minor – staff 70, visitors 75 and contractors 24. Days lost during the year were a total of 626, and of which 539 days were directly attributable to four claims, one of which is ongoing.

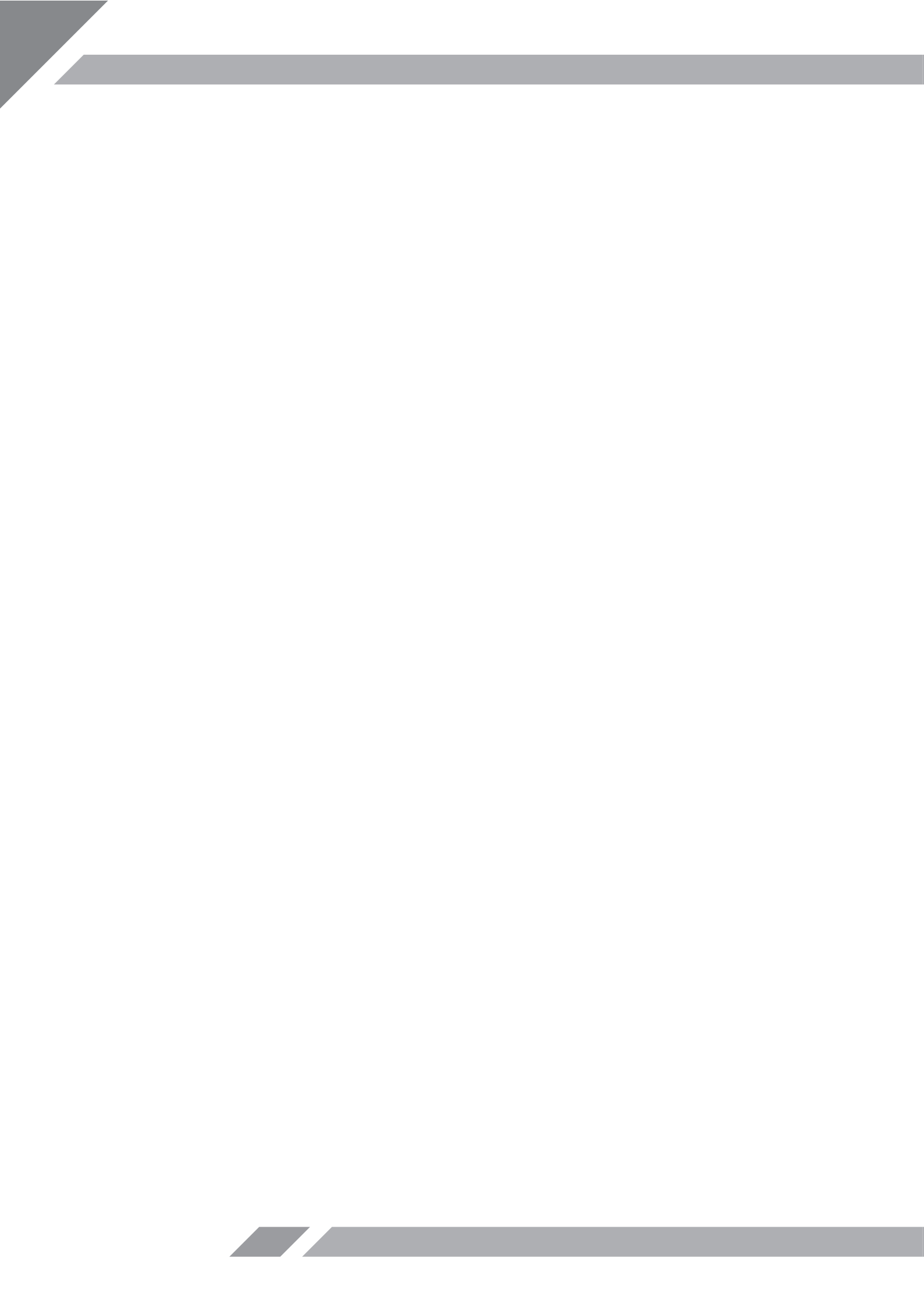
## **Attestation of compliance of risk management**

The Trust confirms that the Melbourne Convention and Exhibition Trust has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (or an equivalent designated Standard). 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 past 12 months.

## **Disability Act 2006**

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

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





# FINANCIAL INFORMATION SUMMARY



# Financial Information Summary

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The comprehensive operating statement of the Trust for the year ended 30 June 2010 reports income from transactions of \$57.3 million, which is an increase of approximately \$6.0 million from the prior year.

Sales of goods and services have increased by approximately \$4.4 million, which reflects a full 12 months of operation of the new MCC.

Interest earned on investments decreased by approximately \$0.7 million, due mainly to the decrease in interest rates during the year.

Included in income is an amount of \$5.2 million (2009: \$5.1 million) which represents grants received for international marketing support from Tourism Victoria and City of Melbourne. Also included in grant income is an amount of \$4.5 million (2009: \$2.2 million), reflecting a full 12 month asset replacement grant from the Department of Innovation, Industry and Regional Development (DIIRD). The asset life cycle replacement grant is captured in the balance sheet as a non-financial asset until such time as assets are replaced in accordance with the asset replacement plans outlined in the Project Agreement.

Expenditure in relation to supplies and services has decreased by \$3.0 million, reflecting strong cost management and the achievement of budgeted operating department margins. Maintenance costs have reduced over the 12 months due to the transition of responsibility for maintenance of the combined facilities to the private partner. Discretionary costs have also been tightly controlled across the organisation. Marketing costs decreased relative to the previous year due to pre-opening costs and the related media expenditure being included in the 2009 result.

The increase in employee benefits of \$2.4 million is due to the increased activity in the Centre, the number of staff required to operate the new MCC and an increase in salary levels consistent with VPS guidelines.

The interest expense of \$14.8 million (2009: \$3.6 million) relates to the interest charged on the loan with DIIRD, which is partly funding the MCC asset. The increase is the result of 2010 reflecting a full year of interest on the loan.

The depreciation charge of \$22.9 million (2009: \$9.4 million) reflects the fact that the new MCC commenced operation on the 22 June 2009, resulting in a full year of depreciation being captured in the current financial year.

In total, expenses from transactions, as defined in the financial statements, totalled \$84.4 million (2009: \$60.0 million).

The net result from transactions for the year ended 30 June 2010 was a deficit of \$27.1 million (2009: \$8.6 million deficit).

The \$43.0 million disclosed as 'other economic flows' represents the recognition of the new MCC land, independently valued by the Valuer-General in June 2010 at \$40.7 million, and equipment of \$2.3 million that has been transferred to the control of the Trust during the year.

The balance sheet of the Trust as at 30 June 2010 reports net assets of \$575.0 million (2009: \$659.5 million).

Cash and deposits have increased by approximately \$5.3 million, which reflects the increased activity throughout the year.

There has been a significant movement in non-financial assets represented by the transfer of the former Convention Centre to the Department of Innovation, Industry and Regional Development for \$100.7 million, in anticipation of the State Government disposing of the Centre to private interests. As a result of the Trust having control over the land under the new MCC, the land has been recognised at \$40.7 million in the balance sheet of the Trust. The reduction in non-financial assets is also reflective of the fact that a full year's depreciation has been applied to the new MCC assets, compared with nine days in 2009.



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Other assets have increased by approximately \$4.6 million, which is representative of the capital replacement receivable taken to account during the year.

The interest-bearing liability in 2010 of \$246.1 million represents the value of the loan with DIIRD inclusive of accrued interest as at 30 June 2010.

Other liabilities have increased due to the increase in deposits held against future bookings, which is reflective of the increased activity in the combined facilities.

The statement of changes in equity indicates a net result in 2010 of a surplus of \$16.2 million (2009: \$8.6 million deficit). This movement is largely due to recognising the new MCC land (\$40.7 million) and equipment (\$2.3 million) as an 'other economic flow' through the comprehensive operating statement. An amount of \$11.3 million representing the write-back of amounts included in the revaluation surplus on the transfer of the former Convention Centre has also been reflected in the accumulated deficit as at 30 June 2010. The transfer of the land and buildings of the former Convention Centre has been reflected by a reduction of \$100.7 million in contributed capital as at 30 June 2010.

The cash flow statement reports an increase of \$5.5 million in cash held (2009: \$2.8 million decrease). Total cash holdings as at 30 June 2010 are \$40.2 million (2009: \$34.7 million), which represents net cash flows from operations and working capital. This is inclusive of \$9.8 million (2009: \$6.5 million) of security deposits held in respect of future events. There is an amount of \$3.3 million (2009: \$6.5 million) which represents the value of assets purchased throughout the year. The Trust has an allocated budget for capital projects of \$4.1 million in the 2010-2011 financial year.





# FINANCIAL STATEMENTS

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# Comprehensive Operating Statement

For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
<b>CONTINUING OPERATIONS</b>			
<b>INCOME FROM TRANSACTIONS</b>			
Sales of goods and services	(3a)	46,282	41,910
Interest	(3b)	1,368	2,046
Grants	(3c)	9,683	7,340
Other income		-	76
<b>TOTAL INCOME FROM TRANSACTIONS</b>		<b>57,333</b>	<b>51,372</b>
<b>EXPENSES FROM TRANSACTIONS</b>			
Supplies and services	(4a)	18,833	21,788
Employee benefits	(4b)	22,241	19,891
Interest expense	(4c)	14,821	3,564
Depreciation	(4d)	22,949	9,392
Other operating expenses	(4e)	5,585	5,378
<b>TOTAL EXPENSES FROM TRANSACTIONS</b>		<b>84,429</b>	<b>60,013</b>
<b>NET RESULT FROM TRANSACTIONS (NET OPERATING BALANCE)</b>		<b>(27,096)</b>	<b>(8,641)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets		251	(5)
Recognition of Convention Centre land	(2)	40,725	-
Recognition of Convention Centre equipment	(2)	2,280	-
<b>Total other economic flows</b>		<b>43,256</b>	<b>(5)</b>
<b>Net result</b>		<b>16,160</b>	<b>(8,646)</b>
<b>Comprehensive result</b>		<b>16,160</b>	<b>(8,646)</b>

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

# Balance Sheet

As at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
<b>ASSETS</b>			
<b>FINANCIAL ASSETS</b>			
Cash and deposits	(5,17)	40,210	34,912
Receivables	(6,17)	4,470	3,614
<b>TOTAL FINANCIAL ASSETS</b>		<b>44,680</b>	<b>38,526</b>
<b>NON-FINANCIAL ASSETS</b>			
Inventories	(7)	2,171	2,382
Property, plant and equipment	(8)	782,874	859,492
Other non-financial assets	(9)	7,138	2,536
<b>TOTAL NON-FINANCIAL ASSETS</b>		<b>792,183</b>	<b>864,410</b>
<b>TOTAL ASSETS</b>		<b>836,863</b>	<b>902,936</b>
<b>LIABILITIES</b>			
Payables	(10,17)	4,478	3,962
Borrowings	(11,17)	246,096	231,274
Provisions	(12)	1,424	1,330
Other liabilities	(13,17)	9,823	6,829
<b>TOTAL LIABILITIES</b>		<b>261,821</b>	<b>243,395</b>
<b>NET ASSETS</b>		<b>575,042</b>	<b>659,541</b>
<b>EQUITY</b>			
Accumulated surplus/(deficit)		(2,996)	(30,422)
Physical asset revaluation surplus		154,817	166,083
Contributed capital		423,221	523,880
<b>NET WORTH</b>		<b>575,042</b>	<b>659,541</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 2010

		(\$ thousand)				
	Notes	Equity at 1 July 2009	Total comprehensive result	Revaluation of assets	Transactions with owners in their capacity as owners	Equity at 30 June 2010
<b>Accumulated surplus/(deficit)</b>		<b>(30,422)</b>	<b>16,160</b>	<b>–</b>	<b>11,266</b>	<b>(2,996)</b>
<b>Contributions by owners</b>		296,169	–	–	–	296,169
Net assets received from State	(8)	227,711	–	–	–	227,711
Net assets transferred to State	(8)	–	–	–	(100,659)	(100,659)
		<b>523,880</b>	<b>–</b>	<b>–</b>	<b>(100,659)</b>	<b>423,221</b>
<b>Physical asset revaluation surplus</b>		<b>166,083</b>	<b>–</b>	<b>–</b>	<b>(11,266)</b>	<b>154,817</b>
<b>Total equity at end of financial year</b>		<b>659,541</b>	<b>16,160</b>	<b>–</b>	<b>(100,659)</b>	<b>575,042</b>

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>–</b>	<b>–</b>	<b>(30,422)</b>
<b>Contributions by owners</b>		296,169	–	–	–	296,169
Net assets received from State	(8)	–	–	–	227,711	227,711
		<b>296,169</b>	<b>–</b>	<b>–</b>	<b>227,711</b>	<b>523,880</b>
<b>Physical asset revaluation surplus</b>		<b>164,105</b>	<b>–</b>	<b>1,978</b>	<b>–</b>	<b>166,083</b>
<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>

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 2010

	Notes	2010 \$'000	2009 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Receipts from customers		51,252	41,734
Receipts from Government		5,687	5,667
Goods and Services Tax recovered from the ATO		3,520	2,377
Interest received		1,470	2,256
<b>TOTAL RECEIPTS</b>		<b>61,929</b>	<b>52,034</b>
<b>PAYMENTS</b>			
Payments to suppliers and employees		(47,739)	(44,494)
Goods and Services Tax paid to the ATO		(5,671)	(3,825)
<b>TOTAL PAYMENTS</b>		<b>(53,410)</b>	<b>(48,319)</b>
<b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	(18b)	<b>8,519</b>	<b>3,715</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for non-financial assets		(3,324)	(6,536)
Proceeds from sale of non-financial assets		269	60
<b>NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(3,055)</b>	<b>(6,476)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>–</b>	<b>–</b>
Net increase/(decrease) in cash and deposits		5,464	(2,761)
Cash and cash equivalents at the beginning of the financial year		34,746	37,507
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (1)</b>	(18a)	<b>40,210</b>	<b>34,746</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 2010

## 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), 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 accounting preparation and measurement

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.

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

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

In the application of AASs, management is required to make judgements, 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 of making the judgments. 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. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

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 2010 and the comparative information presented for the year ended 30 June 2009.

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

#### *Comprehensive operating statement*

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

#### *Balance sheet*

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



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

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

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

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

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

### **(d) Income from transactions**

Income 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.

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

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

#### ***Grants***

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

#### ***Interest income***

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

#### ***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.

### **(e) Expenses from transactions**

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% (2009: 2.50% - 4.35%)
Plant & equipment	10.0% - 25.0% (2009: 10.0% - 20.0%)

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

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### ***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 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.

## **(f) Assets**

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

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

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

### ***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***

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 are measured at fair value in accordance with FRD 103D issued by the Minister for Finance. A full revaluation normally occurs every five years, based on the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs.

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

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

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Net revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except that the net revaluation decrease shall be recognised in other comprehensive income to the extent that a credit balance exists in the revaluation surplus in respect of the same class of property, plant and equipment. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under revaluation surplus.

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

#### ***Revaluations of property***

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

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

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.

### **(g) Liabilities**

#### ***Payables***

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

#### ***Borrowings***

Borrowings are initially measured at fair value, being the cost of the borrowings, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing 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***

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

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**(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 ten 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 ten 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.

**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.

**(h) 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) 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.

**(j) 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.

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

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the 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.

**(l) 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 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.

**(m) 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.

**(n) 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.

**(o) Rounding of amounts**

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

**(p) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2010 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.

The Trust has not early adopted any new standards.

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## 2. SIGNIFICANT TRANSACTIONS

Commercial acceptance in relation to the completion of construction of the Melbourne Convention Centre occurred on 31 March 2009. As a result, in 2010 the Melbourne Convention and Exhibition Trust had responsibility for the operations of the combined facilities incorporating the Melbourne Exhibition Centre and the Melbourne Convention Centre for a full 12 month period.

Operations in the former Convention Centre ceased on 22 June 2009. The Department of Innovation, Industry and Regional Development (DIIRD) assumed responsibility for the building on 1 July 2009. Accordingly, the value of the land and building of \$100.7 million has been transferred to DIIRD.

An independent valuation of the land under the Convention Centre was performed by the Valuer-General in June 2010. In accordance with FRD 2 'Contributed Capital', the land (\$40.7 million) and equipment (\$2.3 million) that has been transferred to the control of the Trust during the year, is reflected as an 'other economic flow' in the comprehensive operating statement as it is not contributed capital.

**3. INCOME FROM TRANSACTIONS**

	<b>2010</b>	<b>2009</b>
	\$'000	\$'000
<b>(a) Sales of goods and services</b>		
Rendering of services	26,900	27,380
Sale of goods	19,382	14,530
	<b>46,282</b>	<b>41,910</b>
<b>(b) Interest</b>		
Interest on bank deposits	1,368	2,046
	<b>1,368</b>	<b>2,046</b>
<b>(c) Grants</b>		
Specific purpose for on passing	5,170	5,125
Asset lifecycle replacement	4,513	2,215
	<b>9,683</b>	<b>7,340</b>

**4. EXPENSES FROM TRANSACTIONS**

	<b>2010</b>	<b>2009</b>
	\$'000	\$'000
<b>(a) Supplies and services</b>		
Purchase of supplies and consumables	6,153	6,086
Purchase of services	11,881	13,623
Maintenance	799	2,079
	<b>18,833</b>	<b>21,788</b>
<b>(b) Employee benefits</b>		
Defined contribution superannuation plans	1,641	1,616
Termination benefits	-	33
Salaries, wages and long service leave	20,600	18,242
	<b>22,241</b>	<b>19,891</b>
<b>(c) Interest expense</b>		
Interest on government advance	14,821	3,564
	<b>14,821</b>	<b>3,564</b>
<b>(d) Depreciation</b>		
Depreciation of non-current assets	22,949	9,392
	<b>22,949</b>	<b>9,392</b>
<b>(e) Other operating expenses</b>		
Operating lease expenses	387	765
Bad debts from transactions	(68)	95
Cost of goods sold/distributed	5,266	4,514
Other	-	4
	<b>5,585</b>	<b>5,378</b>

**5. CASH AND DEPOSITS**

	<b>2010</b>	<b>2009</b>
	\$'000	\$'000
Cash on hand	3,410	4,446
Term deposits	36,800	30,300
Cash held in trust (not available for use)	-	166
	<b>40,210</b>	<b>34,912</b>

**6. RECEIVABLES**

	<b>2010</b>	<b>2009</b>
	\$'000	\$'000
Amounts owing from Victorian Government (i)	2	316
Other receivables (ii)	4,468	3,363
Provision for doubtful debts (iii)	-	(65)
	<b>4,470</b>	<b>3,614</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 7 days. No interest is charged on other receivables for outstanding balances.

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

**(a) Ageing analysis of receivables**

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

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

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

**7. INVENTORIES**

	<b>2010</b>	<b>2009</b>
	\$'000	\$'000
Inventories at cost	74	73
Service equipment at cost	2,097	2,309
	<b>2,171</b>	<b>2,382</b>



## 8. PROPERTY, PLANT AND EQUIPMENT

	2010 \$'000	2009 \$'000
Land at independent valuation 2008	148,870	179,750
Land at independent valuation 2010	40,725	-
	<b>189,595</b>	<b>179,750</b>
Buildings at independent valuation 2008	-	72,850
Buildings at independent valuation 2009	150,955	150,955
Buildings at cost	421,464	420,470
Less accumulated depreciation	(16,292)	(3,436)
Written down value	<b>556,127</b>	<b>640,839</b>
Artwork at independent valuation	302	302
Artwork at cost	11	11
	<b>313</b>	<b>313</b>
Work in progress	2,053	1,065
	<b>2,053</b>	<b>1,065</b>
Plant and equipment	44,800	43,793
Less accumulated depreciation	(10,014)	(6,268)
Written down value	<b>34,786</b>	<b>37,525</b>
	<b>782,874</b>	<b>859,492</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
Year ended 30 June 2010	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	179,750	640,839	313	37,525	1,065	859,492
Additions	40,725	2,980	-	39	3,263	47,007
Transfers	-	(1,887)	-	4,162	(2,275)	-
Disposals	(30,880)	(69,778)	-	(18)	-	(100,676)
Revaluations	-	-	-	-	-	-
Depreciation expense	-	(16,027)	-	(6,922)	-	(22,949)
Carrying amount at end of year	<b>189,595</b>	<b>556,127</b>	<b>313</b>	<b>34,786</b>	<b>2,053</b>	<b>782,874</b>

	Freehold land	Buildings	Artwork (Cultural assets)	Plant & equipment	Work in progress	Total
Year ended 30 June 2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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 and buildings and artwork carried at fair value*

An independent valuation of the Exhibition Centre land and buildings was performed by Rushton Valuers Pty Ltd in 2009. The valuations, which conform to Australian Valuation Standards, were based on depreciated replacement cost of the assets. In June 2010 the Convention Centre land was valued by the Valuer-General. The valuations were based on independent assessments.

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.

Operations in the former Convention Centre ceased on 22 June 2009. DIIRD assumed responsibility for the building on 1 July 2009. Accordingly, the value of the land and building has been transferred from the Trust to DIIRD for \$100.7 million.

## 9. OTHER NON-FINANCIAL ASSETS

	2010 \$'000	2009 \$'000
<b>Current</b>		
Prepayments	410	321
	<b>410</b>	<b>321</b>
<b>Non-current</b>		
Capital replacement receivable	6,728	2,215
	<b>6,728</b>	<b>2,215</b>
	<b>7,138</b>	<b>2,536</b>

## 10. PAYABLES

	2010	2009
<b>Current</b>		
Trade creditors (i)	1,002	1,052
Other payables	563	700
Accrued expenses	2,913	2,210
	<b>4,478</b>	<b>3,962</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. BORROWINGS

	2010 \$'000	2009 \$'000
<b>Current</b>		
Advances from government (i)	4,677	-
	<b>4,677</b>	<b>-</b>
<b>Non-current</b>		
Advances from government (i)	241,419	231,274
	<b>241,419</b>	<b>231,274</b>
	<b>246,096</b>	<b>231,274</b>

(i) The new Convention Centre was financed 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 of \$227.7 million. A Loan Agreement was executed between the Trust and DIIRD for a 25 year term, at a fixed interest rate of 6.26%, with a commencement date of 1 April 2009, maturing 31 March 2034.

The increase in liability reflects the capitalisation of the interest payable on the loan as the Government agreed to defer quarterly repayments to 30 June 2010.

## 12. PROVISIONS

	2010 \$'000	2009 \$'000
<b>Current</b>		
<i>Employee benefits – annual leave</i>		
-Unconditional and expected to be settled within 12 months	490	466
-Unconditional and expected to be settled after 12 months	105	100
<i>Employee benefits – long service leave</i>		
-Unconditional and expected to be settled within 12 months	27	57
-Unconditional and expected to settle after 12 months	368	374
	<b>990</b>	<b>997</b>
<b>Non-current</b>		
Employee benefits – long service leave	434	333
	<b>434</b>	<b>333</b>
	<b>1,424</b>	<b>1,330</b>

## 13. OTHER LIABILITIES

<b>Current</b>		
Income received in advance	18	119
Other liabilities	-	166
Deposits held against future bookings	9,805	6,544
	<b>9,823</b>	<b>6,829</b>

## 14. LEASES

### Disclosure of operating leases

#### *Leasing arrangements*

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

### Non-cancellable operating leases

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

	2010	2009
	\$'000	\$'000
Payable no later than one year	408	393
Later than one year and not later than five years	496	79
Later than five years	-	-
	<b>904</b>	<b>472</b>

## 15. COMMITMENTS FOR EXPENDITURE

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

### (a) Capital expenditure commitments

As at the date of this report, the Trust had \$0.1 million in commitments for capital works (2009: \$5.1 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 2010 \$'000	Carrying amount 2009 \$'000
<b>(i) Financial assets</b>				
Cash and deposits	5	Not applicable	40,210	34,912
Receivables (i)	6	Receivables at nominal amounts	4,470	3,614
<b>(ii) Financial liabilities</b>				
Payables	10	Financial liabilities measured at nominal value	4,478	3,962
Borrowings	11	Financial liabilities measured at fair value	246,096	231,274
Other liabilities	13	Financial liabilities measured at nominal value	9,823	6,829

(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 Trust's policy is to only deal with banks with high credit ratings.

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**

	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 2010	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	4,470	-	4,470	2,469	1,335	389	277	-
	<b>4,470</b>	<b>-</b>	<b>4,470</b>	<b>2,469</b>	<b>1,335</b>	<b>389</b>	<b>277</b>	<b>-</b>
30 June 2009								
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>

#### (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 2010</b>								
Payables	4,478	-	4,478	4,478	4,011	467	-	-
Borrowings (ii)	246,096	-	-	474,386	-	-	19,974	454,412
Other	9,823	-	9,823	9,823	3,419	3,537	2,273	594
	<b>260,397</b>	<b>-</b>	<b>14,301</b>	<b>488,687</b>	<b>7,430</b>	<b>4,004</b>	<b>22,247</b>	<b>455,006</b>
<b>30 June 2009</b>								
Payables	3,962	-	3,962	3,962	3,962	-	-	-
Borrowings (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>

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

(ii) As detailed in Note 11, 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 at 6.26%. This amount includes capitalised interest as the Government agreed to defer the loan repayments to 30 June 2010. The nominal amount represents the principal and interest payable over the life of the loan.

#### (e) Market risk

The Trust's exposures to market risk, 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 held with Treasury Corporation of Victoria.

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 2010</b>							
<b>Financial assets:</b>							
Cash and deposits (i)	40,210	-	-	(402)	(402)	402	402
<b>30 June 2009</b>							
<b>Financial assets:</b>							
Cash and deposits (i)	34,912	-	-	(349)	(349)	349	349

(i) Sensitivity of cash and deposits to a +1% movement in rates:  $[\$40,210k \times 0.05] - [\$40,210k \times 0.04] = \$402k$ . Similarly for a -1% movement in interest rate, impact =  $\$(402k)$ .

**(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

	2010	2009
	\$'000	\$'000
Total cash and deposits disclosed in Note 5	40,210	34,746
<b>Balance as per Cash Flow Statement</b>	<b>40,210</b>	<b>34,746</b>

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

Operating result/(deficit) for the financial year	<b>16,160</b>	<b>(8,646)</b>
<b>Add/(less) non-cash movements:</b>		
Depreciation of non-current assets	22,949	9,392
Write-back of service equipment	-	250
(Gain)/loss on sale or disposal of non-financial assets	(251)	5
Recognition of Convention Centre land	(40,725)	-
Capital replacement receivable	(4,513)	(2,215)
Interest on government advance	14,821	3,564
(Increase)/decrease in current receivables	(598)	(187)
(Increase)/decrease in current inventories	(1)	125
(Increase)/decrease in other current assets	(346)	91
(Decrease)/increase in current payables	249	1,244
(Decrease)/increase in current provisions	(6)	132
(Decrease)/increase in other current liabilities	2,959	50
(Decrease)/increase in non-current provisions	101	(90)
<b>Net cash flows from/(used in) operating activities</b>	<b>8,519</b>	<b>3,715</b>

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

Refer to Note 2 for details on the non-cash transfer of the former Convention Centre's land and buildings to DIIRD and the recognition of the Convention Centre land and equipment. Interest expense of \$14.8 million owing to the Government has not been paid as at 30 June 2010 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 and Major Events



### Governing Board

Mr Robert Annells (Chairperson)  
 Mr Kevin Davern  
 Mr Jody Fassina  
 Ms Susan Pelka  
 Ms Yvonne von Hartel  
 Ms Kylie Haines  
 Ms Linda Dewar (appointed 18th August 2009)

### 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	
	2010 No.	2009 No.	2010 No.	2009 No.
\$10,000 - \$19,999	-	2	-	2
\$20,000 - \$29,999	3	4	3	4
\$30,000 - \$39,999	3	-	3	-
\$40,000 - \$49,999	1	1	1	1
\$280,000 - \$289,999	-	-	1	1
\$320,000 - \$329,999	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>548</b>	<b>519</b>	<b>487</b>	<b>462</b>

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

### Related party transaction

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

In the time since his appointment, one event was contracted, resulting in the recognition of \$7,768 as a deposit held against future bookings. However during this financial year Arinex as a result of bookings made in previous periods have expended \$2,636,187 on behalf of their clients with the MCEC. These events are predominantly conferences and for most of them Arinex act as the agent for the professional association responsible for the conference.

## 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.

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	
	2010 No.	2009 No.	2010 No.	2009 No.
\$100,000 - \$109,999	3	1	4	3
\$110,000 - \$119,999	1	4	1	2
\$120,000 - \$129,999	2	-	2	1
\$130,000 - \$139,999	2	-	4	2
\$140,000 - \$149,999	2	1	-	1
\$150,000 - \$159,999	-	2	-	-
\$160,000 - \$169,999	1	-	-	2
\$170,000 - \$179,999	-	-	1	2
\$180,000 - \$189,999	3	-	-	-
\$190,000 - \$199,999	-	3	2	-
\$200,000 - \$209,999	-	1	-	1
\$210,000 - \$219,999	-	1	1	-
\$220,000 - \$229,999	1	-	-	-
\$230,000 - \$239,999	-	1	-	-
<b>Total numbers</b>	<b>15</b>	<b>14</b>	<b>15</b>	<b>14</b>
	\$'000	\$'000	\$'000	\$'000
<b>Total remuneration received, or due and receivable, by Executives from the Trust amounting to:</b>	<b>2,187</b>	<b>2,253</b>	<b>2,079</b>	<b>1,952</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:

	2010 \$'000	2009 \$'000
Paid as at 30 June	10	9
Payable as at 30 June	18	31
	<b>28</b>	<b>40</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>2010</b>	<b>2009</b>
	\$'000	\$'000
<i>Host Plus Superannuation Fund</i>		
Total contributions during the year	799	710
Employer contributions as % of salaries	9%	9%
<i>ASGARD Corporate Superannuation Fund</i>		
Total contributions during the year	160	211
Employer contributions as % of salaries	9% - 10%	9% - 10%
<i>Australian Super (STA plus ARF)</i>		
Total contributions during the year	245	204
Employer contributions as % of salaries	9%	9%
<i>Others</i>		
Total contributions during the year	437	485
Employer contributions as % of salaries	9% - 10%	9% - 10%
<b>Total</b>	<b>1,641</b>	<b>1,610</b>

## 23. SUBSEQUENT EVENTS

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

## 24. GLOSSARY OF TERMS

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

Cash and deposits 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.

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**Financial asset**

A financial asset is any asset that is:

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

**Financial liability**

A financial liability is any liability that is:

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

**Financial statement**

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow 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.

**Grants**

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

**Interest income**

Interest income includes interest received on bank term deposits, 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 revaluations.

***Net result***

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

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

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

***Non-financial assets***

Non-financial assets are all assets that are not 'financial assets'.

***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 and fair value changes of financial instruments. In simple terms, other economic flows are changes arising from market re-measurements.

***Other income***

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

***Payables***

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

***Receivables***

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

***Sales of goods and services***

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

***Service equipment***

Relates to high volume, low cost items used 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

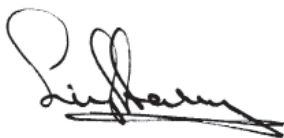
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In accordance with a resolution of the Trustees of the Melbourne Convention and Exhibition Trust, we state that in our opinion:

- (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 2010 and the financial position of the Trust as at 30 June 2010;
- (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  
27 August 2010

# 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 2010 of the 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.

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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 2010. The Trustees of the Melbourne Convention and Exhibition Trust are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. 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 web site.

### *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 2010 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  
30 August 2010

  
for D D R Pearson  
Auditor-General



# Additional Financial Information

## SUMMARY OF FINANCIAL RESULTS

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

	2010*	2009*	2008*	2007*	2006*	2005*	2004**
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>	57,333	51,372	53,734	47,860	39,388	41,645	40,072
<b>Expenses (Incl. depreciation)</b>	84,429	60,013	57,128	52,338	55,468	44,295	43,193
<b>Operating Surplus/ (Deficit)</b>	<b>(27,096)</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>Net Tangible Assets at 30 June</b>	<b>575,042</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>

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

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

## SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL POSITION DURING THE YEAR ENDED 30 JUNE 2010

Financial assets increased by \$6.2 million. This is largely attributable to an increase in cash of \$5.5 million due to the increased activity of the new Convention Centre. The significant reduction in property, plant and equipment reflects the transfer of the former Convention Centre (\$100.7 million), the recognition of land under the new Convention Centre (\$40.7 million), and a full year's depreciation of the new Convention Centre assets. The \$18.4 million increase in liabilities is due to accrued interest on the loan with DIIRD and an increase in the deposits held against future bookings. Equity has decreased by \$84.5 million as a result of the transfer of the former Convention Centre being reflected in contributed capital and the related write-backs of the revaluation surplus.

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 2010 the Trust engaged a number of consultancies. Details of consultancies are listed below:

Expenditure totalling less than \$50,000		
Number	Details	Amount \$'000
12	Various	218

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





# APPENDIX A

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OCCUPATIONAL HEALTH & SAFETY POLICY

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# Occupational Health & Safety Policy

**DOCUMENT ID** PO-OHS-5200000  
**ISSUE** 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, 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.

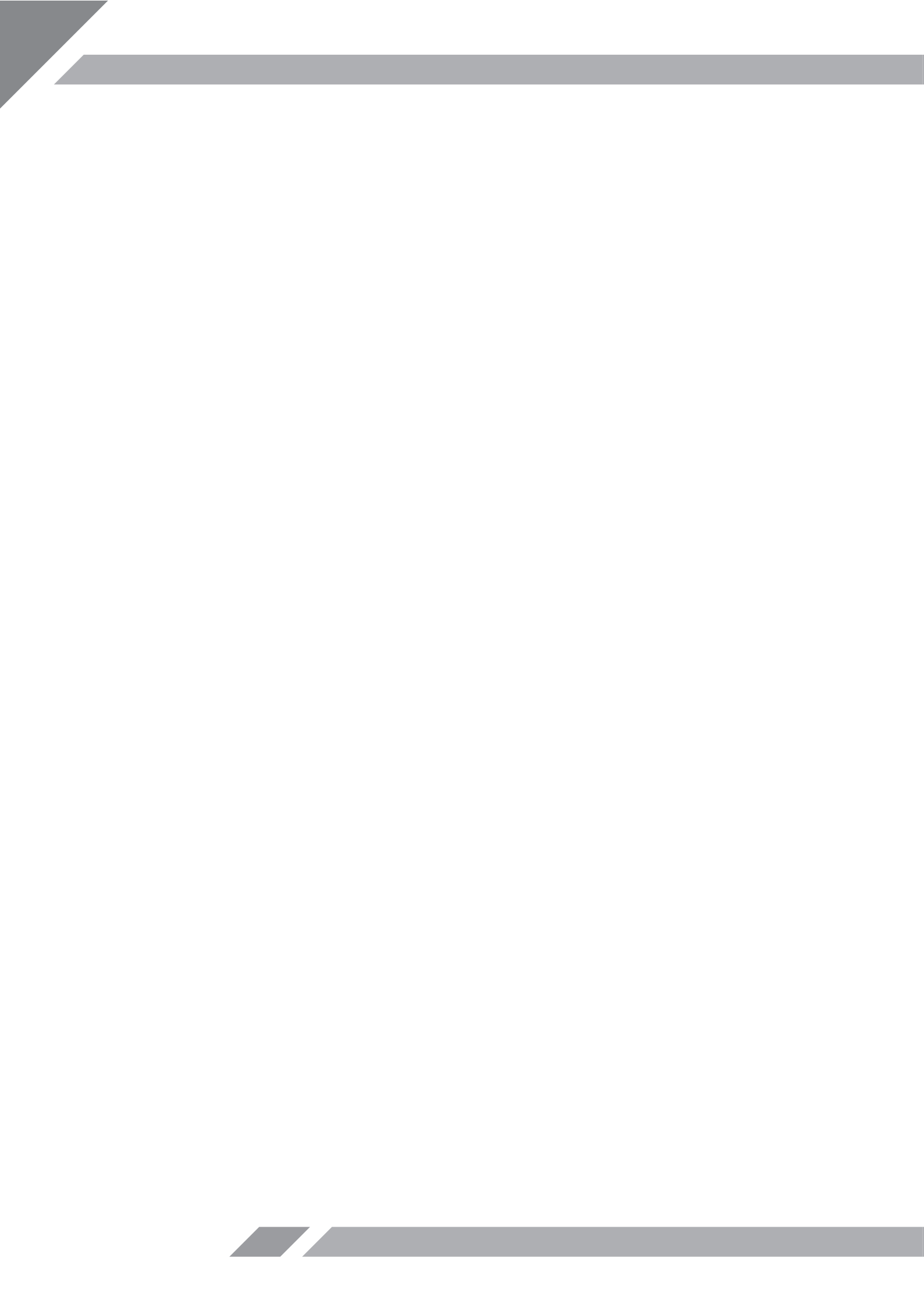
The MCEC's OH&S Policy, objectives and procedures are reviewed on a regular basis and as required by changes to processes or governing requirements. Copies of the Policy are available on all OH&S Noticeboards, and the MCEC Website [www.mcec.com.au](http://www.mcec.com.au)

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', with a long horizontal stroke extending to the right.

**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

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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:

### *Protected Disclosure Coordinator*

Paul van Loon, Director of Finance and Administration  
Level 4, Melbourne Exhibition Centre  
Ph: (03) 9235 8077  
E-mail: pvanloon@mcec.com.au

### *Protected Disclosure Officer*

Amanda McPherson, Assistant Director of Finance  
Level 4, Melbourne Exhibition 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 (2009: nil).





# APPENDIX C

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FINANCE AND AUDIT COMMITTEE  
– MEMBERSHIP AND RESPONSIBILITY

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# Finance and Audit Committee Membership and Responsibility

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The Finance and Audit Committee consists of the following members:

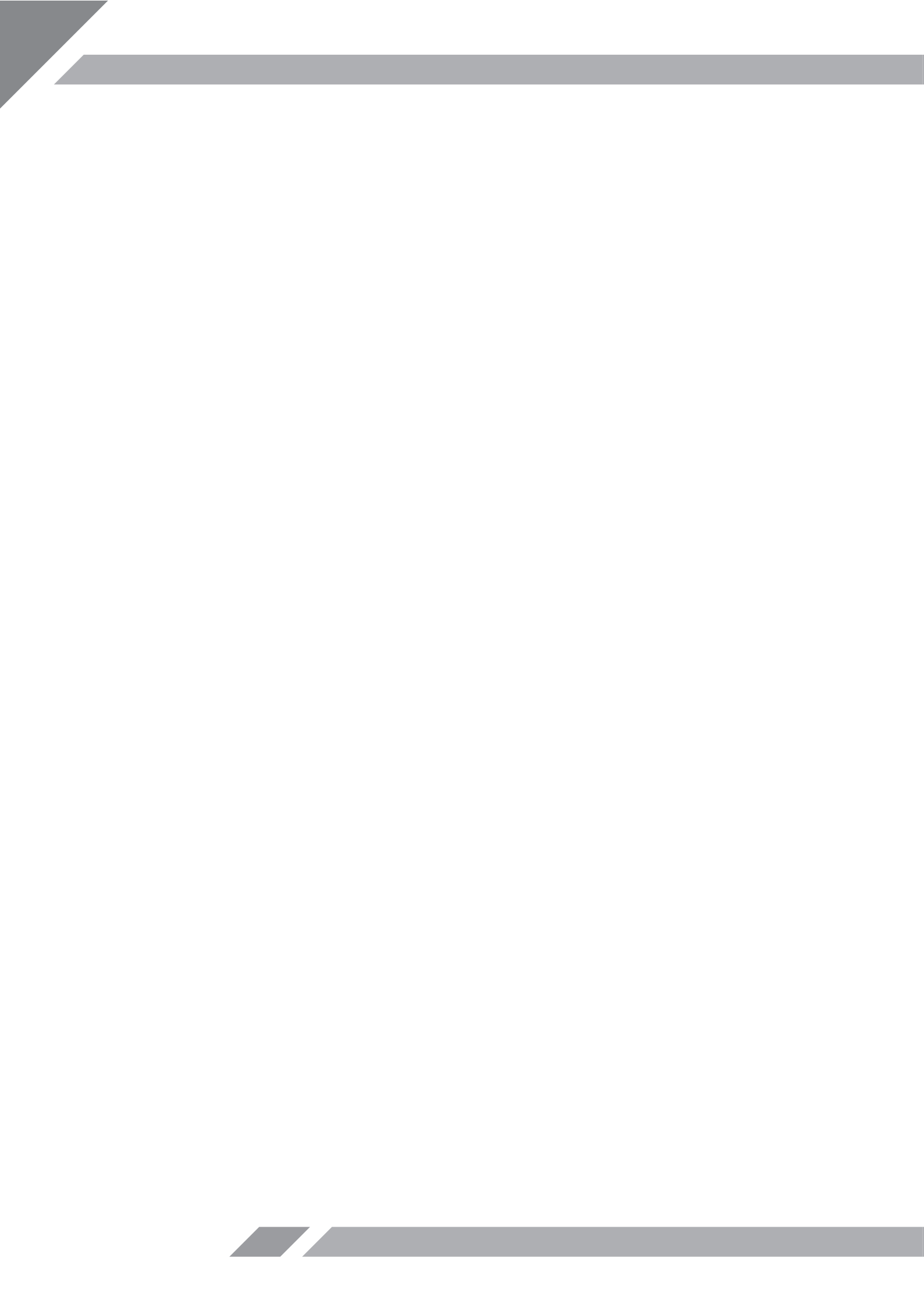
Mr Jody Fassina (Chairperson)

Ms Susan Pelka

Ms Linda Dewar (appointed 18th August 2009)

The main responsibilities of the Committee are to:

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





# APPENDIX D

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DISABILITY ACT 2006

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# Disability Act 2006

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

### Outcome Area 1:

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

- Website and intranet compliant with W3C Web Content Accessibility Guidelines 1.0
- Register of venue physical access features completed for incorporation into various operational and corporate publications
- Audit undertaken to identify access barriers and develop schedule of modifications
- Reviewed emergency evacuation procedures to address special needs of people with a disability

### Outcome Area 2:

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

- Completed review of recruitment and selection policies to identify access barriers and amended relevant policies as required
- Researched options for a reasonable adjustment policy and progressing development of reasonable adjustment policy
- Reviewed and revised as required job advertisements, specifications and relevant material to ensure accessible formats

### Outcome Area 3:

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

- Commenced review and update of Operations Manual and Exhibitors Services Kit to include details of access features and services in the Trust's venues
- Including information regarding the Companion Card in various collateral and publications

### Outcome Area 4:

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

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



# Disclosure Index

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.

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<b>Charter and Purpose</b>		
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<b>Management and Structure</b>		
FRD15B	Executive officer disclosures	24-27
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FRD22B	Significant changes in financial position during the year	65
FRD22B	Operational and budgetary objectives and performance against objectives	17-23
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