



Melbourne Convention
and Exhibition Trust

ANNUAL REPORT 2011-2012







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Melbourne Convention and Exhibition Trust

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CHAIRMAN'S FOREWORD



Chairman's Foreword

I am pleased to provide the Annual Report of the operations and the audited financial statements of the Melbourne Convention and Exhibition Trust (the Trust) for the year ended 30 June 2012.

This report provides consolidated information on the activities of the Melbourne Convention and Exhibition Centre (the Centre) located in South Wharf. The Centre comprises the Melbourne Convention Centre opened in June 2009 and the Melbourne Exhibition Centre opened in February 1996. They are fully integrated operationally and trade as the Melbourne Convention and Exhibition Centre under the direction of the Trust. The 2011/2012 financial year marked the third complete year of operation for the Convention Centre.

The current environment for international business events is still negatively impacted by the residual effects of the Global Financial Crisis (GFC) which has generally affected the size of business events globally. This has been evidenced locally with reduced attendance levels at events and consequent reductions in the actual size of meeting and exhibition space utilised as well as a negative impact on food and beverage expenditure.

Uncertainty in the global economy and increased competition both domestically and internationally continues to be the two major negative impacts on the Centre's business. One such impact is the strong Australian dollar on attendance levels for international business events which will continue to be a problem in the foreseeable future.

Whilst these impacts are affecting the international business events sector our domestic business remains strong. We have built a solid small meetings and short lead time business which is helping us to maximise space utilisation in the Convention Centre.

Over the last 12 months 1,156 events were held in the Centre including 21 international conventions and 42 national conventions.

During this period more than 252,000 people visited the Centre. In excess of 21,000 were delegates to international business events and 27,000 were delegates to national business events.

The total number of corporate meetings and events has grown by around 40 per cent from financial years 2011 to 2012. Trade shows and exhibitions have returned to the levels similar to those three and four years ago and we have seen a 63 per cent increase in concerts and ticketed events from financial year 2011 to 2012. Although small, the concerts and ticketed events sector of the Centre's business is providing good growth.

In terms of financial performance, the Centre has generated event related revenue of \$61.8 million in the past 12 months, compared to \$62.4 million in the previous year. After significant growth in the first two years of opening, the Convention Centre sales revenue stabilised in 2011/2012. Some of this trend can be attributed to the cyclical nature of the events industry.

The Centre recorded a positive result pre-depreciation and interest expense of \$15.7 million compared to \$15.6 million in 2010/2011. Depreciation and interest charges in relation to the loan entered into as part of the financing arrangements for the Convention Centre totalled \$42.1 million, resulting in a net deficit of \$26.3 million. The Centre generated net cash flows from operating activities of \$10.3 million and continued to invest in the refurbishment of the Exhibition Centre.

The Centre's facilities are performing well as we work with our customers to maximise the capability of this wonderful venue. The relationship with our partners, the Plenary Group, and their subcontracted service providers continues to be positive.

The Trust remains committed to the expansion of the Exhibition Centre, with Stage 2 comprising a further 12,000 square metres of exhibition space a priority to ensure the Centre retains maximum flexibility to meet the demand for this type of space from both exhibition and convention organisers.

Unfortunately funding constraints preclude this project proceeding at this time but the Trust remains optimistic that funding will be found as the project has received indications of strong support from a wide range of key stakeholders.

The Centre needs to remain diligent and work hard to confirm business in the future. Brisbane has just opened an upgraded and expanded addition to its venue, Adelaide is in the process of completing a major redevelopment and Sydney has also announced a complete rebuild of its convention and exhibition facility to be completed by the end of 2016. These investments, combined with new facilities being developed across Asia, are a major competitive challenge for the Centre in the future.

It is pleasing to report that the combined efforts of the Melbourne Convention + Visitors Bureau (MCVB) and the Centre's sales and marketing staff continue to attract large scale national and international business events to Melbourne in an increasingly competitive environment. Significant international event wins in the last 12 months include:

- > International AIDS Conference 2014 – 14,000 delegates
- > 27th Congress of the International Society on Thrombosis and Haemostasis and 65th Annual Scientific and Standardisation Committee Meeting 2019 – 5000 delegates
- > 23rd World Cancer Congress 2014 – 2000 delegates
- > Harvard World Model United Nations Conference 2013 – 1700 delegates
- > Western Pacific Congress on Chemotherapy and Infectious Diseases 2016 – 1000 delegates

During the year the Trust has led a focus on recalibrating the culture of the Centre. A set of guiding principles were developed by the Centre's staff and a program called "unity" was rolled out in early 2012. This program has empowered the Centre's staff to make a difference and to work as a team, in conjunction with our customers, to deliver memorable event experiences. This has proven to be a very successful and positive initiative.

I would like to take this opportunity to thank my fellow Trustees for their contribution over the last 12 months and I would also like to record my appreciation on the efforts of the Centre's staff for their high levels of commitment and performance.

I consider that the Trust and the staff of the Centre are well placed to meet any challenges we may face in the next 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
Chairman
Melbourne Convention and Exhibition Trust





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Introduction

This Annual Report describes the functions and operations of the Trust and presents the Audited Financial Statements of the Trust for the year ended 30 June 2012.

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

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

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

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

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

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

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

Powers and Duties

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

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

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

Key Corporate Objectives

The Trust's key objectives are:

1. To ensure high quality operations and management of the Trust's venues relative to changing market demands.
2. To optimise profitability levels from the Trust's operations whilst maximising the economic benefits to Melbourne and Victoria and complying with Government policy.
3. To maintain and further develop international standard convention and exhibition facilities.
4. To enhance Melbourne's position as an international city and 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 2011/2012 by implementation of the following strategies:

Objective 1

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

Strategies:

- To undertake an ongoing market research program that monitors current and future customer requirements and competitor services and facilities.
- To implement an operational facilities and services improvements plan for the Exhibition Centre and Convention 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 skill and knowledge based development activities.
- To undertake an ongoing effective organisational compliance program inclusive of all legislative, regulatory and other relevant requirements.
- To implement an ongoing human resource management program which ensures continuous provision of appropriately skilled and motivated employees at all levels of the organisation particularly having regard to the future management and operational requirements of the Centre.
- To develop and implement a comprehensive environmental management plan.
- To develop and implement a comprehensive corporate social responsibility (CSR) plan.

Performance Review:

A market research program is carried out on a quarterly basis by an external organisation (TKP Research).

This year the research program surveyed 462 separate event organisers. The survey tracks performance across seven major areas of the Centre's performance. These include sales service, event planning, venue, technical services/audio visual, food and beverage, floor staff and quotation and pricing. Each one of these areas is broken into seven or eight sub-categories.

The survey results for the 2011/12 year reveal a satisfaction rating of 99 per cent relative to the previous year's score of 96 per cent. This is a very significant increase and is broadly consistent across all areas of the business.

TKP Research also surveys reactions of our customers when they use competitor venues. This year on average competitors scored 86 per cent which is significantly less than last year's result of 92 per cent. This means the Centre rated more highly than its major competitors, which is a pleasing result when we believe the Centre still provides further opportunities for improvement.

One example of a significant response to a perceived client need this year was the Centre's launch of the first web application for any centre in Australia – MConnect. The technology was implemented as a direct response to the needs of the business events industry.

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

In conjunction with the MCVB, there have been significant improvements made in websites and the use of social media

as part of improving the customer experience. Information provision has also improved significantly to facilitate the planning of delegates and event attendees.

The last 12 months has seen ongoing improvements to procedures and processes in the Centre. A substantially enhanced learning and development program has been implemented as well as the introduction of a number of teams working on specific organisational development issues.

An innovation program called THINK was launched in December 2011 to encourage, capture and nurture innovation across all parts of the Centre through staff ideas. A THINK space within the Convention Centre was opened in February 2012 to provide Centre staff with a place to grow and discuss ideas. A number of THINK ideas are already in progress and due for completion in the next financial year.

In addition, a major cultural change program called “unity” was launched in early 2012 which included the development of the Centre’s core purpose, vision and guiding principles. “unity” has been widely communicated to all staff at the Centre through blogs, the intranet, training and staff events. It will continue to be rolled out progressively over the coming year.

The last 12 months has seen the Centre maintain all relevant accreditations and continue its efforts towards achieving the highest levels of environmental accreditation. In March 2012 the Centre achieved a silver status with EarthCheck for its environmental management program. EarthCheck is an internationally recognised certification program designed for the travel and tourism industry.

There has also been a significantly enhanced CSR program undertaken over the last 12 months. This has involved the Centre working closely with the Starlight Children’s Foundation, Lord Mayor’s Charitable Foundation and Variety Club and working with clients in relation to many other charitable organisations.

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

Objective 2

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

Strategies:

- Utilisation levels of the Centre are maintained and when possible further improved.
- Operating yields from all areas of the Centre’s activities as a minimum meet industry benchmarks having regard to the other operational priorities of the Centre in achieving Government’s economic performance objectives.
- Non-direct, operating costs are controlled effectively and measured against 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.
- In partnership with the State, the City and the MCVB ensure the development and implementation 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 last 12 months were consistent with the results of the previous year. Occupancy levels in the Exhibition Centre remained stable and averaged 56 per cent across the year. This average takes into account the traditionally slow months of December and January, the kiosk and toilet upgrades to the Exhibition Centre and the limitations that the current configuration of the halls place on increasing utilisation. It continues to remain challenging to fit any more bookings in the busier seven to eight months of future years.

This is compounded particularly by the significant increase in the number and size of international conventions with accompanying exhibitions. These are bookings that have predominantly been taken in the course of the last two years and represent a return to the anticipated levels of bookings three years ago. International conferences with exhibitions such as the World Congress of Cardiology and International AIDS Conference will require every available area in both buildings putting further pressure on already stretched exhibition space.

The Trust works with the Plenary Group and the Hilton South Wharf Melbourne to jointly promote corporate meetings particularly with an accommodation component. This program known as South Wharf Meetings and Events (SWME) has attracted significant levels of corporate business over the last 12 months with over 2000 business events originating from SWME.

The predominant focus of the Trust remains the attraction of national and international conventions. There are currently 82 international conventions of various sizes confirmed and almost 90 national conventions booked over the next two years.

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

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

The current levels of funding are committed for a further two 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 Ambassador Program has been expanded by a further 20 per cent over the last 12 months. Members of the program are now sourced from a range of commercial and industry backgrounds as well as the previous scientific and research based specialisations. This has enabled the program to pursue a broader range of conferences and 58 international conferences have now been won through the efforts of Ambassadors.

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 expansion and refurbishment or redevelopment works which are beyond the financial capability of the Trust.

-
- An active engagement program with industry bodies and individuals to ensure that facility development trends and future requirements are identified and considered for implementation when appropriate.
 - An active communication program with precinct partners and other major industry participants, such as the Melbourne hotel community, to ensure support for all aspects of the Government's Convention Centre development and its ongoing achievement of business targets.

Performance Review:

The Trust has an ongoing facility development program for both the Convention Centre and the Exhibition Centre. This program is in addition to the Asset Management Plan which Plenary Group, the private sector developer of the facility, has in place.

The Trust is particularly focussed on continued improvement to operating systems and equipment and Plenary is committed to the ongoing maintenance of the standard of facilities.

In the last 12 months the Trust has invested more than \$4 million from its reserves in the implementation of its facility development program.

A significant element of this has been in the IT and communications areas including the improvements to the capabilities of the free Wi-Fi services throughout both buildings. Upgrades were completed of the public toilets and kiosks within the Exhibition Centre.

The Trust is also completing a major review of Centre and South Wharf signage and would expect to invest of the order of \$2 million in this area over the next 12 months.

A comprehensive plan for the staged refurbishment of both facilities into the future was produced by the Plenary Group as part of their bid proposal in relation to the project. This plan is being further reviewed by the Trust to ensure it remains appropriate to address any changes in circumstances that have occurred since it was initially developed in 2006.

The Centre, Plenary Group and Brookfield Multiplex's staff continue to have daily discussions and regular meetings on the management of the Centre's infrastructure.

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

Trust officers continue to take an active role in inter-Centre forums in relation to operations, sales and marketing, finance, human resources, IT and communications. These forums serve to better inform both ongoing operational activities and systems and also provide useful competitive insights to enable further product development to take place.

The Trust also plays an active and at times leading role in committees and organisations such as the International Congress and Convention Association, the Joint Meetings Industry Council, the Exhibition and Event Association, Meetings and Events Australia, Conventions Australia, Destination Melbourne, MCVB and South Wharf Precinct operations, development and marketing committees. During the last 12 months regular briefings have been held for Melbourne hoteliers and an extensive variety of related sales and marketing and relevant community bodies.

Objective 4

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

Strategies:

- Ongoing implementation of a fully integrated sales and marketing plan with the MCVB and other appropriate organisations.
- Development of and participation in business development activities with a range of business partners, but 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, or scheduled to take place, at the Centre with specific focus on their relativity to the State's and the City's business development and industry development plans.
- Ongoing review of the level of profile and influence that the Centre, its staff and relevant marketing agencies have in international and national marketplaces of significance for Melbourne and Victoria.

Performance Review:

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

Over the last 12 months the joint sales and marketing program has been able to achieve 97 per cent of the international delegate day target compared with 83 per cent in the previous year. If total delegate days are taken into account the result is a 119 per cent achievement against target which is an outstanding result compared to 88 per cent in 2010/2011 year. Given that the targets were established in 2004/2005 and before the GFC, the Trust regards this as an excellent and positive achievement.

As previously mentioned, the development of five year agreements in respect of funding for business winning activities has enabled a much greater level of certainty to be put in place in relation to long term future programs. This has proved critically important because most international events are won over a bidding period of several years and normally have a period of three to five years between the winning of the event and it actually taking place at the Centre.

The Centre is also an active participant in the Tourism Australia Associations Program which is a co-operative campaign aimed specifically at the international associations market segment. The Centre is also an active member of the Business Events Council of Australia which continues to seek more active involvement of the Federal Government and Tourism Australia in this area.

The Club Melbourne Ambassador Program has significantly grown over the last 12 months. The number of Ambassadors has increased to 134 and collectively they have now been involved in securing 58 international conventions for the Centre which is an increase of nine over the previous year. Many cities around the world are now copying the Ambassador concept, but the Team Melbourne program with the active participation of the Governor of Victoria, the Premier and relevant Ministers remains a world leader.

The Trust also has active representation on a range of global and national environmental forums related to the meetings industry. The most recent example of this is that the Trust is represented on the Meeting Professionals International CSR Global Advisory Panel. The charter of this group is the development of CSR standards/guidelines for the global meetings industry.

Objective 5

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

Strategies:

- Through the ongoing implementation of a comprehensive health and safety program, including the active participation of Plenary and Brookfield Multiplex, 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 Work, Health and Safety (WH&S) and related practices to monitor whether the Centre is achieving industry best practice standards.
- Continued implementation of an appropriate monitoring program of the functional responsibilities of Plenary, the Partnerships Victoria private sector partner.
- An ongoing program of facility enhancement which takes into account the needs of all potential users of the Centre.

Performance Review:

The Trust receives reports on the Centre's WH&S performance at its monthly Board meetings. These reports cover not only incidents involving staff but also contractors who are engaged in work at the Centre, as well as visitors to the Centre. In respect of staff, there has been a minor increase in the number of incidents during the last 12 months however relative to the level of business there has been a decrease on a per event basis. There have been no incidents of a serious nature during the year which is a tribute to the high level of the health and safety practices currently in place. The total number of occurrences involving staff, contractors and visitors has increased in aggregate terms compared with the previous 12 months. This is mainly attributable to the fact that more people have visited the Centre during this period compared with the previous year. The nature of the incidents continues to be minor.

Ernst and Young, as part of the Trust's internal audit program, also monitors the performance in this area and their ongoing review has confirmed the excellent level of performance achieved in the Trust's operation of the Centre.

The Plenary Group and Brookfield Services now have fully integrated WH&S programs in relation to their activities at the Centre so that there is a uniform approach across all areas. There are weekly meetings between the Trust's officers and these service providers to monitor performance and there are monthly meetings with the State to review performance at a higher level. There have been no incidents during the year where the private sector partners have failed to meet their obligations in this area.

The Convention Centre has highlighted the changes that have taken place in access requirements for buildings over the last 15 years relative to those that existed at the time of the opening of the Exhibition Centre. The Exhibition Centre, whilst meeting all relevant legal requirements, is being systematically upgraded to bring it closer to the levels applying to the Convention Centre. The Trust, in conjunction with Plenary and Brookfield, will continue this work progressively over the next few years.

Trustees

At the time of writing this report, seven Trustees are appointed to the Trust for terms of up to three years.

MR ROBERT ANNELLS, PSM

Chairman

Mr Annelles was reappointed as Chairman to the Trust on 22nd May 2012. 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 Annelles has been a member of the Trust and its predecessor Melbourne Exhibition Centre Trust since 1994 and has been the Chairman since 1st January 1998.

MR KEVIN DAVERN, OAM

Trustee

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

MS YVONNE VON HARTEL AM

Trustee

Ms von Hartel was reappointed to the Trust on 21st June 2011. Ms von Hartel AM is a Founding Principal of the award-winning national architectural and urban design practice, peckvonhartel. Yvonne has practiced as an architect for over 45 years, working on Australia's largest and most significant infrastructure projects.

Yvonne is a member of the Victorian Premier's Business Roundtable and is the Chair of the Southbank Arts Precinct Working Group. As past Chair of the Victorian Skills Commission she has recently been appointed to the TAFE Reform Panel. Yvonne is a Director of the University of Wollongong, SMART Infrastructure Advisory Council and is the Independent Specialist Advisor – Design for the Sydney International Convention, Exhibition and Entertainment Precinct and a Director of the Queen Victoria Market.

MR JODY FASSINA

Trustee

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

MS KYLIE HANSEN

Trustee

Ms Hansen was reappointed to the Trust on 1st July 2010. She has 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 and communications consultancy and has expertise in communications strategy, publishing, issues management and content. She is also trained in public policy and holds an MA and BA (Honours) in Political Science from the University of Melbourne.

MS LINDA DEWAR

Trustee

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

MS MARIE JACKSON**Trustee**

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

Trust Information

APPOINTMENTS AND RESIGNATIONS

Mr Robert Annells was reappointed as Chairman of the Trust on the 22nd May 2012. Ms Marie Jackson was appointed to the Trust on 12th July 2011.

TRUST MEETINGS

A total of ten Trust meetings were conducted during the year ended 30th June 2012.

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

An internal assessment of the Board of Trustees' performance will be undertaken in 2012/2013, with an external assessment planned for 2013/2014. The results of these assessments will be reported in future Corporate Plans and Annual Reports of the Trust.

COMMITTEES AND SUB-COMMITTEES

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

Remuneration Committee

All Trustees who meet under the Chairmanship of Mr Kevin Davern

Risk Management Committee

All Trustees who meet under the Chairmanship of Ms Linda Dewar

Finance and Audit Sub-Committee

Mr Jody Fassina (Chairperson)

Ms Linda Dewar

Ms Kylie Hansen

Capital Works Sub-Committee

Ms Yvonne von Hartel (Chairperson)

Mr Kevin Davern

Ms Kylie Hansen

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

Trust Information

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

In June 2012 the Trust employed 139 full time staff (2011: 122) and 12 part time staff (2011: 11). Employment levels in June 2012 for casual employees were 241 (2011: 236) or the equivalent of 157 (2011: 174) full time employees.

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

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

EXECUTIVE MANAGEMENT

CHIEF EXECUTIVE

Peter King

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

CHIEF OPERATING OFFICER

Leighton Wood

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

DIRECTOR OF FINANCE

Amanda McPherson

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

DIRECTOR OF HUMAN RESOURCES

Rochelle Choyna

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

DIRECTOR OF SALES AND MARKETING

Anne Jamieson

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

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

DIRECTOR OF TECHNOLOGY OPERATIONS**Michael Walsh**

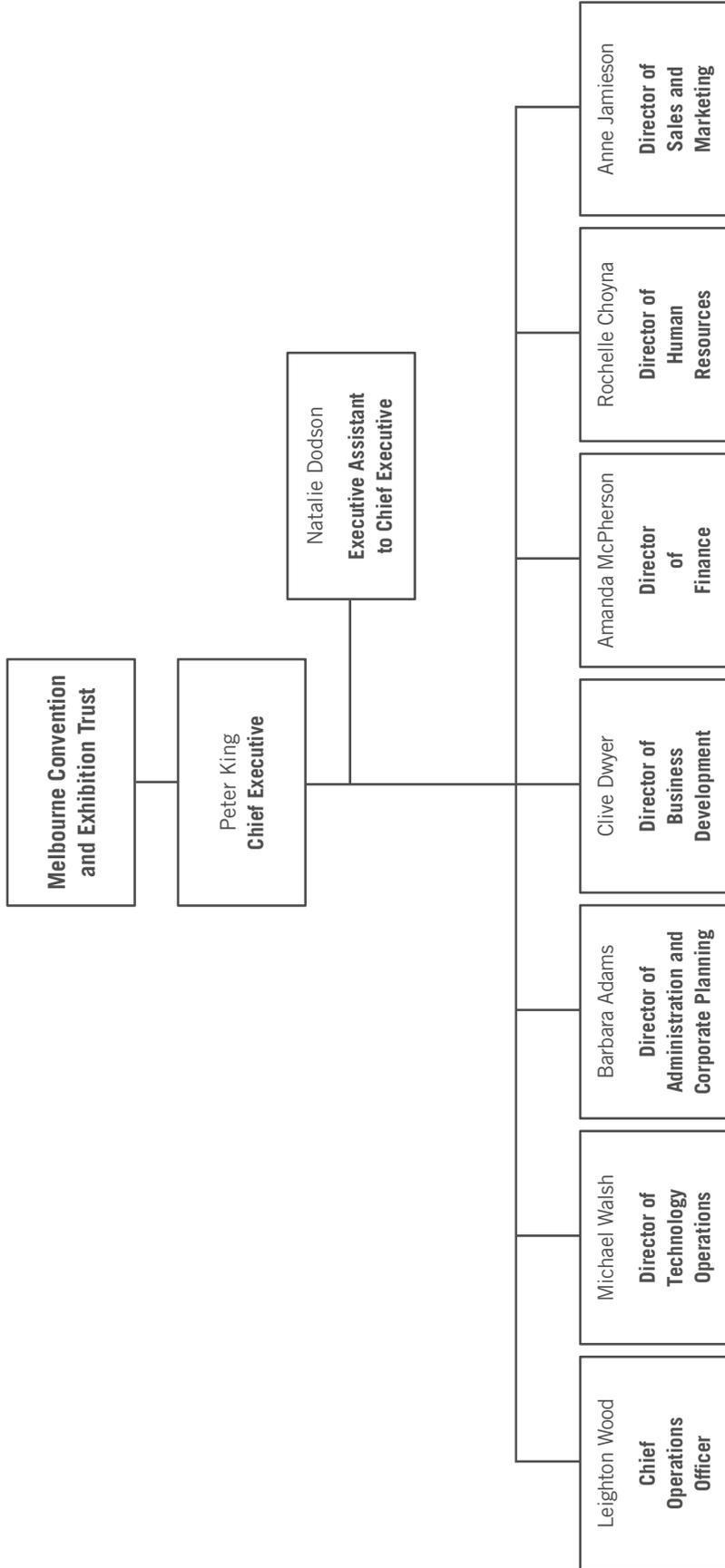
Michael is responsible for the direction and development of the information, communication and audio visual technology capabilities and functions of the Centre. He provides strategic advice and guidance to the Centre in relation to technology infrastructure to ensure that all current and future needs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

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

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

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

Organisational Structure



Additional Reporting Requirements

Building regulations

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

Freedom of information

Freedom of Information (FOI) arrangements followed by the Trust are in accordance with the procedures established under the *Freedom of Information Act 1982*. During the 12 months to 30th June 2012, there were no requests for information under the *Freedom of Information Act 1982*. The Director of Administration and Corporate Planning is the contact officer in relation to all Freedom of Information requests and is responsible for ensuring that the procedures outlined in the Act are adhered to by all employees of the Trust. Requests for information can be made via the email address foi@mcec.com.au.

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 2011/2012.

Relevant information to be retained and available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, relevant information detailed in Financial Reporting Direction 22C 'Standard Disclosures in the Report of Operations' has been retained and is available on request, subject to the *Freedom of Information Act 1982*.

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

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

National Competition Policy

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

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

Work health and safety performance measures

The Trust, over the last 12 months, has been successful in achieving a strong level of performance in relation to WH&S. The Centre's performance is consistent with the objectives of the Trust's WH&S Policy and reflects the ongoing efforts of management and staff to ensure that the Centre is a safe environment for all persons who attend the Centre, whatever the purpose of their visit. In the last 12 months, there were 218 accidents or injuries, most of which were minor – staff 78, visitors 114 and contractors 26. Of the 218 injuries 49 were notifications only where first aid wasn't required, 131 required first aid treatments, 29 were medical treatment injuries where an ambulance was required on-site or the injured person needed to be taken to hospital and nine were lost time injuries resulting in a total loss of 178.5 days. There is one claim ongoing.

Attestation of compliance of risk management

The Trust confirms that the Melbourne Convention and Exhibition Trust (the 'Trust') has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (or equivalent designated Standard). Over the past 12 months, a critical review of the internal control system has been undertaken resulting in a strengthened internal control system that better enables the executive to understand, manage and satisfactorily control risk exposures. The Risk Management Committee verifies this assurance and that the risk profile of the Trust has been critically reviewed and updated within the last 12 months.

Disability Act 2006

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

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





FINANCIAL INFORMATION SUMMARY

Financial Information Summary

COMPREHENSIVE OPERATING STATEMENT

Revenue

The comprehensive operating statement of the Trust for the year ended 30 June 2012 reports income from transactions of \$73.9 million, which is a decrease of \$0.5 million (0.6%) from the previous year.

This slight decrease is attributable to a \$0.6 million decline in sales of goods and services. Having experienced significant growth in the first two years of operating the new Convention Centre, sales revenue in 2011/12 has stabilised, remaining relatively consistent with the previous year.

Interest earned on term deposits decreased by \$0.1 million due to a reduction of cash invested in short-term deposits, coupled with a decline in interest rates over the year.

Included in grant income is an amount of \$5.3 million (2011: \$5.3 million) which represents grants received for international marketing support from Tourism Victoria and City of Melbourne. These funds are passed on to the MCVB, along with a contribution from the Trust, to assist in attracting international conventions to Melbourne.

Also included in grant income is an amount of \$4.7 million (2011: \$4.6 million), which represents the asset replacement grant from DBI. This grant is captured in the balance sheet as a non-financial asset until such time as assets are replaced in accordance with the asset replacement schedule outlined in the Project Agreement.

Expenses

Expenses from transactions, as defined in the financial statements, totalled \$100.2 million (2011: \$97.8 million).

Expenditure in relation to supplies and services has decreased by \$1.4 million. Expenditure throughout the year has been well controlled, resulting in improved contribution margins across the organisation despite the slight decline in revenue.

The increase in employee benefits of \$1.0 million reflects an increase in salary levels consistent with VPS guidelines.

The interest expense of \$16.3 million (2011: \$15.8 million) relates to the interest charged on the loan with DBI, which is partly funding the Convention Centre asset.

Depreciation expense of \$25.8 million (2011: \$23.2 million) has increased from the prior year as a result of the upward revaluation to buildings in June 2011.

The net result from transactions for the year ended 30 June 2012 was a deficit of \$26.3 million (2011: \$23.4 million deficit).

BALANCE SHEET

The balance sheet of the Trust as at 30 June 2012 reports net assets of \$604.2 million (2011: \$630.5 million). This reduction is mainly due to accumulated depreciation on buildings and plant and equipment.

Assets

Cash and deposits have decreased by approximately \$4.0 million to \$46.4 million (2011: \$50.4 million). This decrease reflects the first loan repayment to DBI of \$9.7 million, which is calculated as 75% of the net cash flows from operating activities for the year ended 30 June 2011. Also contributing to the decrease is the \$4.5 million in capital improvements - the largest of which were the refurbishment of the toilet facilities and exhibition bay entrance doors in the Exhibition Centre.

Property, plant and equipment have decreased by \$21.7 million. This decrease reflects the depreciation for the year of \$25.8 million, offset by asset purchases of \$4.6 million.

Other non-financial assets have increased by approximately \$4.9 million which is largely attributable to the capital replacement receivable taken to account during the year.

Liabilities

The interest bearing liability of \$268.5 million (2011: \$261.9 million) represents the value of the loan with DBI inclusive of accrued interest.

Other liabilities include deposits held against future bookings of \$13.3 million (2011: \$12.1 million), which represents funds held on behalf of clients until the completion of an event. The \$1.2 million increase in this liability reflects the higher number of confirmed bookings to be held in the Centre in coming years.

STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity records a decrease in 2011/12 of \$26.3 million to \$604.2 million. The only material movement in this statement is the current year's result.

CASH FLOW STATEMENT

The cash flow statement reports a decrease of \$4.0 million in cash held (2011: \$10.2 million increase). Total cash holdings as at 30 June 2012 are \$46.4 million (2011: \$50.4 million). This is inclusive of \$13.3 million (2011: \$12.1 million) of security deposits held in respect of future events. Cash flows from operating activities were \$10.3 million for the year. Cash flows from investing activities of \$4.5 million (2011: \$2.8 million) represent the value of assets purchased and capital projects completed throughout the year. Cash flows from financing activities include the first repayment of the loan to DBI of \$9.7 million (2011: \$0.0 million).





FINANCIAL STATEMENTS

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Comprehensive Operating Statement

For the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
CONTINUING OPERATIONS			
INCOME FROM TRANSACTIONS			
Sales of goods and services	(3a)	61,777	62,360
Interest	(3b)	2,087	2,149
Grants	(3c)	10,062	9,896
TOTAL INCOME FROM TRANSACTIONS		73,926	74,405
EXPENSES FROM TRANSACTIONS			
Supplies and services	(4a)	33,489	34,908
Employee expenses	(4b)	24,136	23,180
Interest expense	(4c)	16,318	15,771
Depreciation	(4d)	25,755	23,244
Other operating expenses	(4e)	546	682
TOTAL EXPENSES FROM TRANSACTIONS		100,244	97,785
NET RESULT FROM TRANSACTIONS (NET OPERATING BALANCE)		(26,318)	(23,380)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets		(17)	(16)
TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT		(17)	(16)
NET RESULT		(26,335)	(23,396)
OTHER ECONOMIC FLOWS – OTHER NON-OWNER CHANGES IN EQUITY			
Changes in physical asset revaluation surplus	(19)	(33)	78,903
TOTAL OTHER ECONOMIC FLOWS – OTHER NON-OWNER CHANGES IN EQUITY		(33)	78,903
COMPREHENSIVE RESULT		(26,368)	55,507

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

Balance Sheet

As at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
ASSETS			
FINANCIAL ASSETS			
Cash and deposits	(5,17)	46,388	50,409
Receivables	(6,17)	6,155	5,269
TOTAL FINANCIAL ASSETS		52,543	55,678
NON-FINANCIAL ASSETS			
Inventories	(7)	2,264	2,070
Property, plant and equipment	(8)	819,605	841,294
Other non-financial assets	(9)	16,737	11,857
TOTAL NON-FINANCIAL ASSETS		838,606	855,221
TOTAL ASSETS		891,149	910,899
LIABILITIES			
Payables	(10,17)	3,704	4,626
Borrowings	(11,17)	268,452	261,867
Provisions	(12)	1,489	1,743
Other liabilities	(13,17)	13,323	12,114
TOTAL LIABILITIES		286,968	280,350
NET ASSETS		604,181	630,549
EQUITY			
Accumulated surplus/(deficit)		(52,726)	(26,391)
Physical asset revaluation surplus	(19)	233,686	233,719
Contributed capital		423,221	423,221
NET WORTH		604,181	630,549

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

Statement of Changes in Equity

For the financial year ended 30 June 2012

	Notes	Physical asset revaluation surplus \$'000	Accumulated deficit \$'000	Contributions by owners \$'000	Total \$'000
Balance at 1 July 2010		154,816	(2,995)	423,221	575,042
Net result for the year		-	(23,396)	-	(23,396)
Other comprehensive income for the year	(19)	78,903	-	-	78,903
Balance at 30 June 2011		233,719	(26,391)	423,221	630,549
Net result for the year		-	(26,335)	-	(26,335)
Other comprehensive income for the year	(19)	(33)	-	-	(33)
Balance at 30 June 2012		233,686	(52,726)	423,221	604,181

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

Cash Flow Statement

For the financial year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Receipts from customers		69,439	69,588
Receipts from Government		4,620	4,620
Interest received		2,205	1,995
TOTAL RECEIPTS		76,264	76,203
PAYMENTS			
Payments to suppliers and employees		(62,630)	(59,503)
Goods and Services Tax paid to the Australian Taxation Office		(3,378)	(3,724)
TOTAL PAYMENTS		(66,008)	(63,227)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	(18b)	10,256	12,976
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of non-financial assets		(4,545)	(2,785)
Proceeds from sale of non-financial assets		-	8
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(4,545)	(2,777)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loan to DBI		(9,732)	-
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		(9,732)	-
Net increase/(decrease) in cash and deposits		(4,021)	10,199
Cash and deposits at beginning of financial year		50,409	40,210
CASH AND DEPOSITS AT END OF FINANCIAL YEAR	(18a)	46,388	50,409

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

Notes to Financial Statements

For the financial year ended 30 June 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of accounting preparation and measurement

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

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

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

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

(c) Reporting entity

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

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

(d) Scope and presentation of financial statements***Comprehensive operating statement***

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

Balance sheet

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

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

Statement of changes in equity

The statement of changes in equity presents reconciliations of non owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts recognised in 'Other economic flows – other movements in equity' related to 'Transactions with owner in its capacity as owner'.

Cash flow statement

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

Rounding of amounts

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

(e) Income from transactions

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

Income from sale of goods and services

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

Interest income

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

Grants

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

(f) Expenses from transactions

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

Supplies and services

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

Employee expenses

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

Interest expense

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

Depreciation

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

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

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

Asset class	Useful life
Buildings	23 - 40 years
Plant and equipment	3 - 15 years

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

Other operating expenses

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

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

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

Impairment of assets

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

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

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

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

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

Receivables

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

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

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

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

Property, plant and equipment

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

Revaluations of non-financial physical assets

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

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

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

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

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

Revaluations of property

Freehold land and artwork are measured at fair value being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. It is the policy of the Trust to have an independent valuation at least every five years, to ensure that the carrying amount of each asset class does not differ materially from its fair value.

Prepayments

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

Capital replacement receivable

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

(j) Liabilities***Payables***

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

Borrowings

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

Provisions

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

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

Employee benefits

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

(i) Annual leave

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

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

(ii) Long service leave

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

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

The components of this current LSL liability are measured at:

- nominal value—component that the Trust expects to settle within 12 months; and
 - present value—component that the Trust does not expect to settle within 12 months.
- Conditional LSL (representing less than seven years of continuous service for staff and executives) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non current LSL liability is measured at present value.

Deposits held against future bookings

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

(k) Leases

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

(l) Income taxes

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

(m) Equity**Contributions by owners**

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

(n) Commitments

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

(o) Contingent assets and contingent liabilities

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

(p) Accounting for the goods and services tax (GST)

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

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

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

(q) Event after reporting date

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

(r) Foreign currency

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

(s) AAAs issued that are not yet effective

Certain new AAAs have been published that are not mandatory for the 30 June 2012 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises the Trust of their applicability and early adoption where applicable.

As at 30 June 2012, the following standards and interpretations (applicable to agencies) have been issued but were not mandatory for the financial year ending 30 June 2012. The Trust has not early adopted these standards.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on departmental financial statements
AASB 9 Financial Instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 January 2013	Detail of impact is still being assessed.
AASB 13 Fair Value Measurement	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 January 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost. Detail of impact is still being assessed.
AASB 119 Employee Benefits	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 January 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. Detail of impact is being assessed) While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on departmental financial statements
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	This amending Standard makes consequential changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.	1 January 2013	Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost. (Details of the impact is still being assessed).
AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	This Standard makes amendments to AASB 119 Employee Benefits (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.

There are a number of non-mandatory standards at 30 June 2012 not listed which have been assessed to have minimal or no impact to the Trust.

2. SIGNIFICANT TRANSACTIONS

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

3. INCOME FROM TRANSACTIONS

	2012	2011
	\$'000	\$'000
(a) Sales of goods and services		
Rendering of services	38,611	37,928
Sales of goods	23,166	24,432
Total sales of goods and services	61,777	62,360
(b) Interest		
Interest on bank deposits	2,087	2,149
Total interest	2,087	2,149
(c) Grants		
Specific purpose for on passing	5,320	5,270
Asset lifecycle replacement	4,742	4,626
Total grants	10,062	9,896

4. EXPENSES FROM TRANSACTIONS

	2012 \$'000	2011 \$'000
(a) Supplies and services		
Purchase of supplies and consumables	9,560	10,463
Purchase of services	17,200	16,689
Cost of goods sold	5,995	6,950
Maintenance	734	806
Total supplies and services	33,489	34,908
(b) Employee expenses		
Defined contribution superannuation expense	1,936	1,843
Salaries, wages and long service leave	22,200	21,337
Total employee expenses	24,136	23,180
(c) Interest expense		
Interest on Government loan (i)	16,318	15,771
Total interest expense	16,318	15,771
(d) Depreciation		
Depreciation of non-current assets	25,755	23,244
Total depreciation	25,755	23,244
(e) Other operating expenses		
Operating lease expenses	448	412
Bad debts from transactions	54	115
Service equipment write down	44	155
Total other operating expenses	546	682

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

5. CASH AND DEPOSITS

Cash on hand	6,388	5,409
Term deposits	40,000	45,000
Total cash and deposits	46,388	50,409

6. RECEIVABLES

Amounts owing from Victorian Government (i)	119	21
Receivables (ii)	6,085	5,279
Provision for doubtful debts (iii)	(49)	(31)
Total receivables	6,155	5,269

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

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

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

(a) Movement in the provision for doubtful debts

	2012	2011
	\$'000	\$'000
Balance at beginning of the year	(31)	-
Decrease in provision due to transfers out	23	-
Amounts written off during the year as uncollectable	8	-
Increase in provision recognised in the net result	(49)	(31)
Balance at end of the year	(49)	(31)

(b) Ageing analysis of receivables

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

(c) Nature and extent of risk arising from receivables

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

7. INVENTORIES

Inventories at cost	366	128
Service equipment at cost	1,898	1,942
Total inventories	2,264	2,070

8. PROPERTY, PLANT AND EQUIPMENT

Land at independent valuation 2008	7,650	7,650
Land at independent valuation 2011	206,850	206,850
	214,500	214,500
Buildings at independent valuation 2011	594,955	594,955
Buildings at cost	2,310	-
Less accumulated depreciation	(18,125)	-
Written down value	579,140	594,955
Cultural assets at independent valuation 2005	-	302
Cultural assets at independent valuation 2012	280	-
Cultural assets at cost	-	11
	280	313
Work in progress at cost	2,836	2,309
	2,836	2,309
Plant and equipment at cost	47,242	46,157
Less accumulated depreciation	(24,393)	(16,940)
Written down value	22,849	29,217
Net carrying amount of property, plant and equipment	819,605	841,294

Reconciliations

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

	Freehold land	Buildings	Cultural assets	Plant & equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2012						
Carrying amount at start of year	214,500	594,955	313	29,217	2,309	841,294
Additions	-	16	-	76	4,491	4,583
Transfers	-	2,294	-	1,670	(3,964)	-
Disposals	-	-	-	(484)	-	(484)
Revaluations	-	-	(33)	-	-	(33)
Depreciation expense	-	(18,125)	-	(7,630)	-	(25,755)
Carrying amount at end of year	214,500	594,955	280	22,849	2,836	819,605
Year ended 30 June 2011						
Carrying amount at start of year	189,595	556,127	313	34,786	2,053	782,874
Additions	-	-	-	501	2,284	2,785
Transfers	-	881	-	1,147	(2,028)	-
Disposals	-	-	-	(24)	-	(24)
Revaluations	24,905	53,998	-	-	-	78,903
Depreciation expense	-	(16,051)	-	(7,193)	-	(23,244)
Carrying amount at end of year	214,500	594,955	313	29,217	2,309	841,294

Freehold land and buildings and artwork carried at fair value

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

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

9. OTHER NON-FINANCIAL ASSETS

	2012	2011
	\$'000	\$'000
Current		
Prepayments	641	503
	641	503
Non-current		
Capital replacement receivable	16,096	11,354
	16,096	11,354
Total other non-financial assets	16,737	11,857

10. PAYABLES

	2012 \$'000	2011 \$'000
Current		
Trade creditors (i)	555	746
Other payables	1,044	691
Accrued expenses	2,105	3,189
Total payables	3,704	4,626

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

(a) Maturity analysis of payables

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

(b) Nature and extent of risk arising from payables

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

11. BORROWINGS

Current

Loan from Government (i)	7,692	31,398
	7,692	31,398

Non-current

Loan from Government (i)	260,760	230,469
	260,760	230,469

Total borrowings

	268,452	261,867
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(i) The Convention Centre was financed in the form of a loan with DBI with a value of \$227.7 million together with a capital contribution of \$227.7 million. A Loan Agreement was executed between the Trust and DBI for a 25 year term, at a fixed interest rate of 6.26%, with a commencement date of 1 April 2009, maturing 31 March 2034.

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

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

The current liability at 30 June 2011 of \$31.398 million includes the proposed payment by the Trust of \$9.732 million payable, calculated as 75% of the net cash flows from operating activities, in respect of the financial year ended 30 June 2011 and the scheduled repayments for the forthcoming 12 months per the loan agreement. Subsequent to 30 June 2011, the Secretary, on behalf of DBI, in response to a request from the Trust, has agreed to the deferral of loan repayments in respect of the financial year ending 30 June 2012 until after the finalisation of the financial statements for that year consistent with the letter of comfort and the approach applied in the most recent financial year ended 30 June 2011.

The Trust requested the deferral of the loan repayment in respect of the financial year ended 30 June 2013 to after the finalisation of the financial statements for that year. On 29 June 2012, the Secretary, on behalf of DBI, agreed to the request. Therefore, the current liability at 30 June 2012 of \$7.692 million only represents 75% of the net cash flows from operating activities, in respect to the financial year ended 30 June 2012.

The increase in total liability reflects the capitalisation of the interest payable on the loan as the Government agreed to defer repayments in respect of the financial year ended 30 June 2012 until after the signing of the financial statements.

12. PROVISIONS

	2012 \$'000	2011 \$'000
Current		
<i>Employee benefits – annual leave</i>		
Unconditional and expected to be settled within 12 months	263	426
Unconditional and expected to be settled after 12 months	258	290
<i>Employee benefits – long service leave</i>		
Unconditional and expected to be settled within 12 months	103	194
Unconditional and expected to be settled after 12 months	426	539
	1,050	1,449
Non-current		
Employee benefits – long service leave	439	294
	439	294
Total provisions	1,489	1,743

13. OTHER LIABILITIES

Current		
Income received in advance	11	17
Other liabilities	3	36
Deposits held against future bookings	13,309	12,061
Total other liabilities	13,323	12,114

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:

Payable no later than one year	376	305
Later than one year and not later than five years	360	457
	736	762

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 (2011: \$0.2 million).

(b) Lease commitments

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

16. CONTINGENT LIABILITIES & CONTINGENT ASSETS

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

17. FINANCIAL INSTRUMENTS

The Trust's principal financial instruments comprise:

- cash and deposits
- receivables
- payables
- borrowings
- other liabilities

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

Table 17.1: Categorisation of financial instruments

	Financial assets – loans and receivables	Financial liabilities – at amortised cost
2012	\$'000	\$'000
Financial assets		
Cash and deposits	46,388	-
Receivables	6,155	-
	52,543	-
Financial liabilities		
Payables	-	3,704
Borrowings	-	268,452
Other liabilities	-	13,323
	-	285,479
2011		
Financial assets		
Cash and deposits	50,409	-
Receivables	5,269	-
	55,678	-
Financial liabilities		
Payables	-	4,626
Borrowings	-	261,867
Other liabilities	-	12,114
	-	278,607

(a) Credit risk

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

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

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

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

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

Financial assets that are either past due or impaired

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

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

Table 17.2: Ageing analysis of financial assets

	Carrying amount	Not past due and not impaired	<i>Past due but not impaired</i>			
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years
30 June 2012	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	6,155	3,602	1,802	726	25	-
	6,155	3,602	1,802	726	25	-
30 June 2011						
Receivables	5,269	3,676	1,011	479	95	8
	5,269	3,676	1,011	479	95	8

(b) Liquidity risk

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

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

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

Table 17.3: Maturity analysis of financial liabilities (i)

	Carrying amount	Nominal amount	Maturity dates				
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years	5+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2012							
Payables	3,704	3,704	3,704	-	-	-	-
Borrowings (ii)	268,452	493,254	-	7,692	-	90,713	394,849
Other	13,323	13,323	5,082	5,587	1,968	686	-
	285,479	510,281	8,786	13,279	1,968	91,399	394,849
30 June 2011							
Payables	4,626	4,626	4,159	-	-	467	-
Borrowings (ii)	261,867	492,901	-	9,732	-	86,664	396,505
Other	12,114	12,114	5,872	3,654	1,571	1,017	-
	278,607	509,641	10,031	13,386	1,571	88,148	396,505

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

(ii) As detailed in Note 11, a Loan Agreement was executed between the Trust and DBI for a 25 year term, at a fixed interest rate of 6.26%, with a commencement date of 1 April 2009, maturing 31 March 2034. This amount includes capitalised interest as the Government agreed to defer the loan repayments to 30 June 2011. The first loan repayment of \$9.732 million, calculated as 75% of the net cash flows from operating activities, was paid in September 2011. Similarly, the second loan repayment of \$7.692 million will be made upon signing of the 2012 financial statements. The nominal amount represents the principal and interest payable over the life of the loan in accordance with the current loan schedule.

(c) Market risk

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

Foreign currency risk

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

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

The Trust's sensitivity to foreign currency movements is set out in Table 17.5.

Interest rate risk

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

The Trust's sensitivity to interest rate risk is set out in Table 17.5.

Table 17.4: Interest rate exposure of financial instruments

	Weighted average effective interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
30 June 2012					
Financial assets					
Cash and deposits	3.51	46,388	-	46,388	-
Trade receivables	-	6,155	-	-	6,155
		52,543	-	46,388	6,155
Financial liabilities					
Payables	-	3,704	-	-	3,704
Borrowings	6.26	268,452	268,452	-	-
Other liabilities	-	13,323	-	-	13,323
		285,479	268,452	-	17,027
30 June 2011					
Financial assets					
Cash and deposits	4.88	50,409	-	50,409	-
Trade receivables	-	5,269	-	-	5,269
		55,678	-	50,409	5,269
Financial liabilities					
Payables	-	4,626	-	-	4,626
Borrowings	6.26	261,867	261,867	-	-
Other liabilities	-	12,114	-	-	12,114
		278,607	261,867	-	16,740

Table 17.5: Interest rate and foreign exchange risk sensitivity

	Carrying amount	Foreign exchange -10% / + 10%		Interest rate			
		Profit	Equity	-1% (100 basis points)		+1% (100 basis points)	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2012							
Financial assets							
Cash and deposits (i)	46,388	-	-	(464)	(464)	464	464
30 June 2011							
Financial assets							
Cash and deposits (i)	50,409	-	-	(504)	(504)	504	504

(i) Sensitivity of cash and deposits to a +1% movement in rates: $[\$46,388K \times 0.04] - [\$46,388K \times 0.03] = \$464K$. Similarly for a -1% movement in interest rate, impact = $\$(464K)$.

(d) Fair value

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

18. CASH FLOW INFORMATION**(a) Reconciliation of cash and cash equivalents**

	2012 \$'000	2011 \$'000
Total cash and deposits disclosed in the balance sheet	46,388	50,409
Balance as per cash flow statement	46,388	50,409

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

Operating surplus/(deficit) for the financial year	(26,335)	(23,396)
Add/(less) non-cash movements		
Depreciation of non-current assets	25,755	23,244
Write-back of service equipment	44	155
(Gain)/loss on sale or disposal of non-financial assets	17	16
Capital replacement receivable	(4,742)	(4,626)
Interest on Government loan	16,318	15,771
Net change in assets and liabilities		
(Increase)/decrease in current receivables	(886)	(799)
(Increase)/decrease in current inventories	(238)	(54)
(Increase)/decrease in other current assets	(138)	(93)
(Decrease)/increase in current payables	(494)	131
(Decrease)/increase in current provisions	(399)	459
(Decrease)/increase in other current liabilities	1,209	2,308
(Decrease)/increase in non-current provisions	145	(140)
Net cash flows from/(used in) operating activities	10,256	12,976

19. PHYSICAL ASSET REVALUATION SURPLUS

	2012	2011
	\$'000	\$'000
Balance at beginning of the year	233,719	154,816
Revaluation increments/(decrements)	(33)	78,903
Balance at end of the year	233,686	233,719

20. RESPONSIBLE PERSONS

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

Names

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

Minister

The Hon. Louise Asher MP, Minister for Tourism and Major Events

Governing Board

Mr Robert Annells (Chairman)

Mr Kevin Davern

Mr Jody Fassina

Ms Yvonne von Hartel

Ms Kylie Hansen

Ms Linda Dewar

Ms Marie Jackson (Appointed 12 July 2011)

Chief Executive - Accountable Officer

Mr Leigh Harry 1 July 2011 to 23 September 2011

Mr Leighton Wood 24 September 2011 to 5 February 2012 (Acting Chief Executive)

Mr Peter King 6 February 2012 to 30 June 2012

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	
	2012	2011	2012	2011
	No.	No.	No.	No.
\$20,000 - \$29,999	1	4	1	4
\$30,000 - \$39,999	5	2	5	2
\$40,000 - \$49,999	1	1	1	1
\$70,000 - \$79,999	-	-	1	-
\$130,000 - \$139,999	1	-	1	-
\$290,000 - \$299,999	1	-	-	-
\$310,000 - \$319,999	-	-	-	1
\$360,000 - \$369,999	-	1	-	-
Total number	9	8	9	8
Total amount (\$)	666,159	588,005	441,515	533,368

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

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

Related party transaction

From 9 February 2010 to 17 February 2012, the Chairperson's son, Matthew Annells, held 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 Centre 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 Centre.

During this financial year Arinex have expended \$1,035,594 (2011: \$2,624,891), on behalf of their clients with the Centre. These events are predominantly conferences and for most of them Arinex act as the agent for the professional association responsible for the conference.

21. REMUNERATION OF EXECUTIVES

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

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

Income band	Total Remuneration		Base Remuneration	
	2012 No.	2011 No.	2012 No.	2011 No.
\$110,000 - \$119,999	-	-	-	1
\$130,000 - \$139,999	-	-	1	-
\$140,000 - \$149,999	1	1	-	2
\$150,000 - \$159,999	-	-	-	3
\$160,000 - \$169,999	-	2	3	1
\$170,000 - \$179,999	2	3	1	-
\$180,000 - \$189,999	1	-	-	1
\$190,000 - \$199,999	1	1	1	-
\$200,000 - \$209,999	1	-	-	1
\$210,000 - \$219,999	-	-	1	-
\$220,000 - \$229,999	1	1	-	-
\$230,000 - \$239,999	-	1	-	-
\$270,000 - \$279,999	-	-	1	-
\$280,000 - \$289,999	1	-	-	-
Total number of executives	8	9	8	9
Total annualised employee equivalent (AEE)	9.23	10.21	9.23	10.21
Total amount (\$)	1,589,056	1,654,980	1,480,852	1,431,904

22. REMUNERATION OF AUDITORS

Victorian Auditor-General's Office

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

	2012 \$'000	2011 \$'000
Paid as at 30 June	5	-
Payable as at 30 June	34	29
	39	29

23. EMPLOYEE SUPERANNUATION

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

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

	2012	2011
	\$'000	\$'000
<i>Host Plus Superannuation Fund</i>		
Total contributions during the year	1,030	971
Employer contributions as % of salaries	9%	9%
<i>Australian Super</i>		
Total contributions during the year	398	330
Employer contributions as % of salaries	9%	9%
<i>ASGARD Corporate Superannuation Fund</i>		
Total contributions during the year	96	107
Employer contributions as % of salaries	9%	9%
<i>Others</i>		
Total contributions during the year	412	435
Employer contributions as % of salaries	9%	9% - 10%
	1,936	1,843

24. SUBSEQUENT EVENTS

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

25. GLOSSARY OF TERMS

Cash and deposits

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

Comprehensive result

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

Commitments

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

Employee expenses

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

Financial asset

A financial asset is any asset that is:

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

Financial liability

A financial liability is any liability that is:

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

Financial statement

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

Grants

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

Interest income

Interest income includes interest received on bank term deposits and short-term deposits.

Net acquisition of non-financial assets (from transactions)

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

Net result

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

Net result from transactions/net operating balance

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

Non-financial assets

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

Other economic flows

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

Other income

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

Payables

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

Receivables

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

Sales of goods and services

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

Service equipment

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

Supplies and services

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

Transactions

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

Certification

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

- (a) the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes present fairly the financial transactions of the Trust during the year ended 30 June 2012 and the financial position of the Trust as at 30 June 2012;
- (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



Peter King
Chief Executive



Amanda McPherson
Principal Accounting Officer

Melbourne
17 August 2012

Auditor-General's Report

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Trustees, Melbourne Convention and Exhibition Trust

The Financial Report

The accompanying financial report for the year ended 30 June 2012 of the Melbourne Convention and Exhibition Trust which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the certification has been audited.

The Trustees' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Melbourne Convention and Exhibition Trust as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Melbourne Convention and Exhibition Trust for the year ended 30 June 2012 included both in the Melbourne Convention and Exhibition Trust's annual report and on the website. The Trustees of the Melbourne Convention and Exhibition Trust are responsible for the integrity of the Melbourne Convention and Exhibition Trust's website. I have not been engaged to report on the integrity of the Melbourne Convention and Exhibition Trust's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
20 August 2012


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.

	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000
Income from transactions	73,926	74,405	57,333	51,372	53,734
Expenses from transactions	100,244	97,785	84,429	60,013	57,128
Net result from transactions	(26,318)	(23,380)	(27,096)	(8,641)	(3,394)
Net result for the period	(26,335)	(23,396)	16,160	(8,646)	(3,410)
Net cash flow from operating activities	10,256	12,976	8,519	3,715	8,252
Total assets	891,149	910,899	836,863	902,936	449,025
Total liabilities	286,968	280,350	261,821	243,395	10,527

SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL POSITION DURING THE YEAR ENDED 30 JUNE 2012

Financial assets decreased by \$3.1 million. This is largely attributable to a decrease in cash of \$4.0 million due to the first repayment towards the loan with DBI (\$9.7 million), and significant capital improvements (\$4.5 million). Non-financial assets decreased by \$16.6 million. The decrease in property, plant and equipment reflects the depreciation expense for the year. The \$6.6 million increase in liabilities is due to the capitalisation of accrued interest on the loan with DBI.

CONSULTANCIES

Details of consultancies over \$10,000:

Consultant	Purpose of Consultancy	Start Date	End Date	Expenditure (\$'000)
Buro North	Way finding signage planning and concept design	3/08/11	29/05/12	188
Ernst & Young	Forensic services	9/11/11	12/06/12	103
Denton Corker Marshall	Architectural advice for capital improvements	8/07/11	18/06/12	69
Enclave Consulting	Private public partnership advice	5/08/11	7/02/12	59
ARUP	Structural and engineering advice for capital improvements	12/08/11	10/04/12	57
Australian Industry Group	Enterprise Bargaining Agreement advice	15/08/11	14/05/12	14
le Media Pty Ltd	Navigational assistance for way finding signage	20/12/11	22/12/11	14
Ungerboeck Systems International	Core Business System advice	29/11/11	26/06/12	13
Mercer Consulting	Remuneration survey	29/06/12	29/06/12	11

Details of consultancies under \$10,000:

In 2011/12, the total for the 16 consultancies engaged during the year, where the total fees payable to the consultants was less than \$10,000, was \$0.04 million. All figures are excluding GST.





APPENDIX A

WORK HEALTH & SAFETY POLICY

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Work Health & Safety Policy



WORK HEALTH & SAFETY POLICY

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

The MCEC recognises its responsibility under Victorian Work Health and Safety legislation, and in conjunction with certification to AS/NZS 4801:2001 Occupational Health and Safety Management Systems, ISO 9001:2008 Quality Management Systems Requirements, HACCP-9000 Food Safety systems and Good Manufacturing Principles requirements, and aims to incorporate practicable compliance to all aspects of related business activities.

The priority objective of the WH&S Policy for the 2011/2012 year is the following:

- Realign the MCEC's work health and safety management system including transition to certification under AS/NZS 4801:2001 Occupational Health and Safety Management Systems.

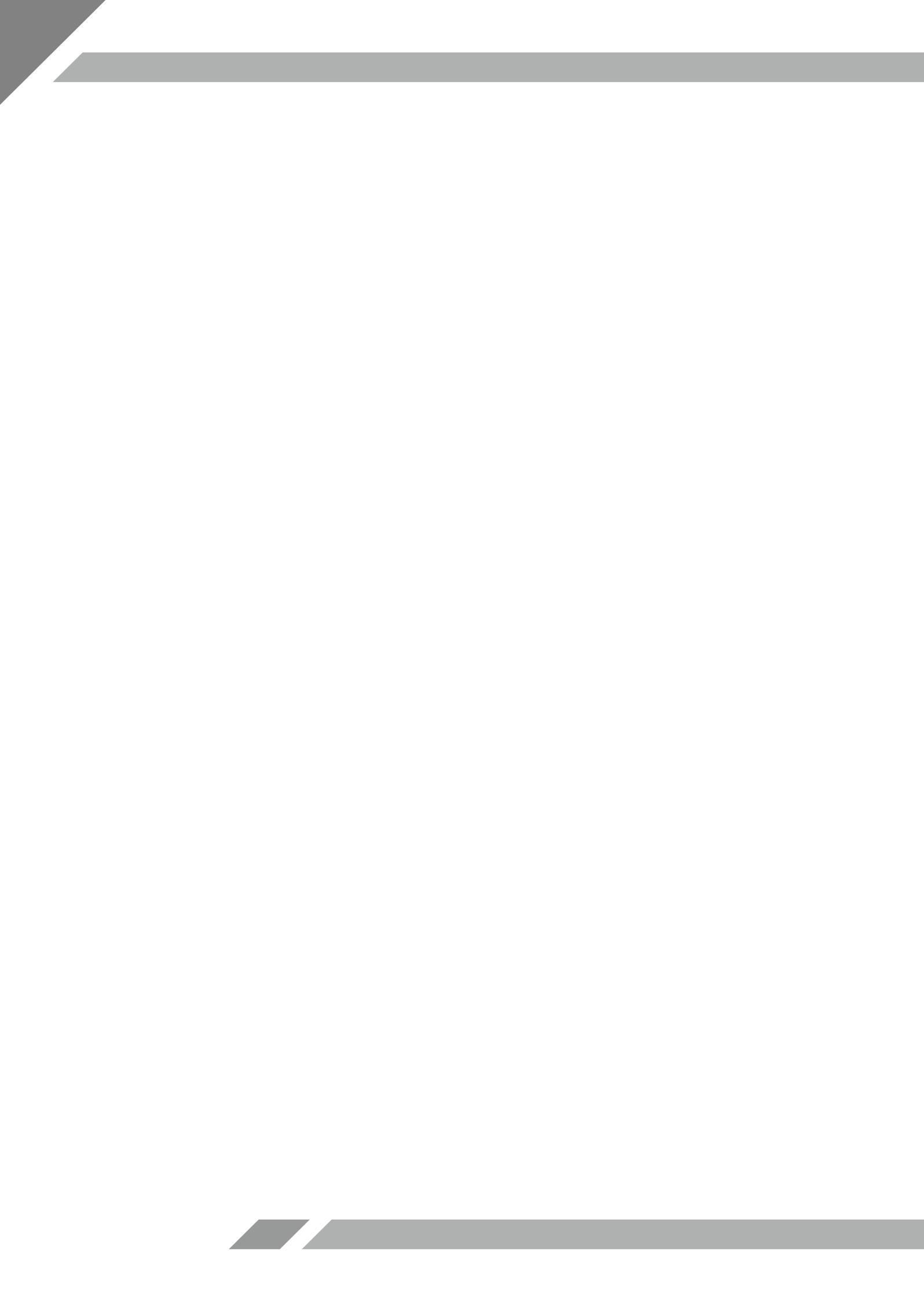
The MCEC's WH&S Policy, objectives and procedures are reviewed on a regular basis and as required by changes to processes or governing requirements. Copies of the Policy are available on all WH&S Noticeboards, and the MCEC Website www.mcec.com.au.

Further information may be obtained by emailing whs@mcec.com.au.

PETER KING
Chief Executive

June 2012







APPENDIX B

COMPLIANCE WITH *WHISTLEBLOWERS PROTECTION ACT 2001*

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Compliance with *Whistleblowers Protection Act 2001*

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

The Trust does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The Trust will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Reporting Procedures

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

Protected Disclosure Coordinator

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

Protected Disclosure Officer

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

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

The Ombudsman Victoria

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





APPENDIX C

TRUST COMMITTEE AND SUB-COMMITTEE FUNCTIONS

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Trust Committee and Sub-Committee Functions

Remuneration Committee – Responsibility

The main responsibilities of the Committee are to:

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

Risk Management Committee – Responsibility

The main responsibilities of the Committee are to:

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

Finance and Audit Committee – Membership and Responsibility

The main responsibilities of the Committee are to:

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

Capital Works Sub-Committee – Membership and Responsibility

The main responsibilities of the Committee are to:

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





APPENDIX D

DISABILITY ACT 2006

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Disability Act 2006

Accessibility Action Plan 2010-2013: Summary of Achievements

Outcome Area 1:

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

- Website and intranet compliant with W3C Web Content Accessibility Guidelines 1.0;
- Register of venue physical access features completed and available on the Centre's website and in various operational and corporate publications;
- Audit undertaken to identify access barriers and develop schedule of modifications;
- Modification schedule to improve access has been implemented commencing with an additional three accessible toilets installed along the Exhibition Centre concourse and the refurbishment of accessible toilets located at two Exhibition Centre kiosks;
- On-going emergency evacuation procedures to address special needs of people with a disability.

Outcome Area 2:

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

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

Outcome Area 3:

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

- Operations Manual includes details of Access Features and Services across the Trust's venues;
- Exhibitor's Services Kit includes details of Access Features within the Exhibition Centre;
- Venue Accessibility Features Register has been published on the Centre's website;
- The Centre is listed on the Companion Card website.

Outcome Area 4:

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

- Accessibility awareness training delivered to designated management and staff;
- Accessibility awareness information published on intranet;
- Accessibility Features register published to the Centre's intranet;
- Revision of Employee handbook to include updated equal opportunity and anti-discriminations information;
- Development of survey to gauge staff attitude toward accessibility.

Disclosure Index

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

Ministerial Directions

Report of Operations – FRD Guidance

Charter and purpose

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Management and structure

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