



2012/2013 ANNUAL REPORT



MELBOURNE CONVENTION BUREAU

Head Office – Melbourne

Level 12 IBM Centre
60 City Road
Southbank Victoria 3006
Australia
T +61 3 9693 3333
F +61 3 9693 3344
info@melbournecb.com.au

London

Victoria House at the Australia Centre
Corner of Melbourne Place & Strand
London WC2B 4LG
United Kingdom
T +44 (0) 20 7836 7766
europe@melbournecb.com.au

New York

Myriad Marketing
20 West 22nd Street, Suite 603
New York City, NY 10010 USA
T + 1 212-206-7632
northamerica@melbournecb.com.au

Shanghai

Rm 5205, Wheelock Square
No. 1717 West Nanjing Road
Shanghai, China 200040
T +86 21 6010 3959/+86 21 6010 3965
F +86 21 6010 3989
shanghai@melbournecb.com.au

Singapore

101 Thomson Road
United Square #08-01
Singapore 307591
T +65 6356 8639
F +65 6356 5395
singapore@melbournecb.com.au

melbournecb.com.au

TABLE OF CONTENTS

MINISTER'S MESSAGE	4
CHAIRMAN'S MESSAGE	5
CEO'S MESSAGE	6
HIGHLIGHTS	7
STRATEGIC PROJECT 1	10
STRATEGIC PROJECT 2	12
STRATEGIC PROJECT 3	14
STRATEGIC PROJECT 4	16
STRATEGIC PROJECT 5	20
STRATEGIC PROJECT 6	22
DIRECTORS' REPORT	24
FINANCIAL STATEMENTS	29
NOTES TO THE FINANCIAL STATEMENTS	31
DIRECTORS' DECLARATION	43
AUDITOR'S INDEPENDENCE DECLARATION	44
INDEPENDENT AUDITOR'S REPORT	45

MINISTER'S MESSAGE



Melbourne continues to bolster its status as Australia's business events capital, and the value these business events generate for Victoria's economy, tourism industry and knowledge base cannot be understated.

According to a report conducted by Ernst & Young in the 2012/13 financial year, for the five-year period 2010/11 to 2014/15, business events secured by the Melbourne Convention Bureau (MCB) alone are estimated to have a direct expenditure impact for Victoria of \$874.6 million and an estimated increase in Gross State Product of \$1.6 billion.

This expenditure helps keep Melbourne's hotels, venues and restaurants full and the broader hospitality sector vibrant. Many of these operators are small businesses who rely on this sector for a large percentage of their revenue and job creation.

By 2020, the total value of business events to the national economy will rise to \$31 billion. This will significantly assist the Victorian Coalition Government to grow overnight tourism expenditure to \$24.7 billion as outlined by *Victoria's 2020 Tourism Strategy*, representing an annual growth of 6.6 per cent, in line with the long term national tourism strategy.

This Strategy also highlights the Victorian Coalition Government's commitment to the business events industry. We will continue to support MCB and the Melbourne Convention and Exhibition Centre (MCEC) in attracting business events to Victoria. We will work with them to increase the tourism benefits through promoting broader tourism experiences to delegates, and will leverage the success of major events to attract business events.

This year, to showcase the country's billion dollar business events industry, MCB launched Australia's inaugural Business Events Week, which was effective in highlighting the benefits of hosting business events to decision makers in industries ranging from science and medicine, to engineering and education.

\$31B

the value of business events to the national economy will rise to by 2020

Business Events Week featured more than 50 events, the centrepiece of which was the 21st Asia-Pacific Incentives & Meetings Expo (AIME), the Southern Hemisphere's premier event for the meetings and incentives industry.

The Victorian Coalition Government will once again support this initiative in 2014 and we look forward to it being a great success.

I am also pleased to report that during the last financial year, MCB broke new ground by facilitating the delivery of the largest Indian incentive group ever accommodated in Australia, the Amway India Leadership Seminar. Almost 4000 delegates were rewarded with a seven-day itinerary around Melbourne and regional Victoria, which included private admission to Phillip Island Nature Parks, the first time in the Parks' history that exclusive access had been permitted; and a gala dinner and cricket match with special guest Adam Gilchrist at the Melbourne Cricket Ground, admittance of this nature for a corporate group also previously unheard of.

MCB also worked hard to secure 172 business events for the city, with major wins including the World Congress on Nuclear Medicine and Biology (2018) for 2,500 delegates, and the International Conference of the American Association of Petroleum Geologists (2015) for 1500 delegates, which combined are expected to generate almost \$29 million for the state's economy.

I look forward to working with MCB in the next financial year to ensure our world-class infrastructure is consistently utilised and the community continues to benefit from the extensive value generated by business events.

The Hon Louise Asher MLA

Minister for Innovation, Services & Small Business
Minister for Tourism & Major Events
Minister for Employment & Trade

CHAIRMAN'S MESSAGE



I am pleased to report that in the 2012/13 financial year, MCB secured 172 international and national business events for the state of Victoria, which are expected to attract approximately 54,710 delegates and generate a forecasted economic impact of more than \$186 million over the coming years.

Despite the unpredictable global economic climate, cyclical nature of the international association industry and increased competition from the Asia-Pacific region, MCB still managed to increase activity across all business units, submitting double the amount of international and national bids compared to 2011/12.

The 2012/13 financial year also saw many positive changes for MCB.

Perhaps the biggest change was that MCB underwent a complete rebrand in order to create clear, consistent and increased brand awareness, both domestically and internationally. Most significantly, the term 'Visitors' was removed from our name to ensure it reflected our core business of attracting business events to the state.

MCB's rebrand was an integral part of our new Strategic Business Plan, agreed with the Board and implemented by MCB's Chief Executive Officer Karen Bolinger during her first six months in the role, which aims to position Melbourne as one of the world's premier business events destinations.

\$186M

forecasted economic impact
of MCB secured events

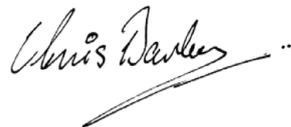
Karen and her team progressed this Plan through the implementation of a number of other initiatives, including the establishment of a dedicated research unit within the Business Development team to ensure Melbourne retains its competitive edge.

A number of changes were also made to MCB's international offices. In line with an objective set in the Strategic Business Plan to increase business development activity in the North American and Canadian markets, MCB employed Myriad Marketing as its new representation agency in order to more effectively target leads from the association and incentive sectors in the region.

MCB also moved its North Asia office from Hong Kong to Shanghai to strengthen its position and maximise business opportunities out of Greater China and other North Asian markets.

Additionally, to improve stakeholder engagement and create greater efficiencies within the business, MCB's Marketing and Communications department was restructured to operate under a new title, Commercial Partnerships, which has a greater emphasis on strategic partnerships and membership, while still encompassing marketing, communications, the Melbourne Meetings + Events Service (MM+ES) and events, including AIME.

I congratulate Karen and her team for their continued enthusiasm and professionalism in achieving such outstanding results for the organisation, the state's economy and local business events community.



Chris Barlow
Chairman

CEO'S MESSAGE



It is with great pleasure that I share the achievements of MCB from the 2012/13 financial year.

Our 2012/13 Strategic Business Plan has been guiding MCB forward this year in terms of enhancing our profile and business opportunities, engaging stakeholders, focussing on our long term financial sustainability and solidifying the significant value that MCB contributes to the economy, the business events industry, and community.

One of our major projects was to align our business development activity with Victoria's priority industry sectors to maximise event conversion. Given that Melbourne's engagement with research and innovation is often a major factor for securing events, we have aligned our focus accordingly, and are now dedicated to securing major international conferences that fall within medicine, science and the environment, technology and engineering, and business and education.

To highlight the value of business events to these sectors, MCB launched the inaugural Business Events Week, which generated extensive mainstream and travel trade media coverage. The event was centred around AIME and featured more than 50 events across a range of industries, attracting in excess of 5,000 attendees.

Securing conferences in Victoria's priority industries is not only good for the economy, but also highly beneficial for the wider academic community. To highlight this, we launched the next phase of the *Melbourne IQ: The Intelligent Choice for Conferences* positioning campaign to target potential local bid partners.

The year also saw us complete a five-year strategic plan for the AIME, which is owned by MCB. We plan to increase AIME's footprint through higher attendance and therefore boost revenue and business opportunities for attendees.

5,000

attendees at 50 events during the inaugural Business Events Week

MCB members are pivotal to ensuring the successful delivery of business event held in Victoria. In the last financial year we implemented a number of initiatives to increase the value of their membership with us. A highlight was establishing a new account management program, whereby each and every strategic partner and member organisation was assigned their own dedicated MCB staff member to keep them abreast of all networking and business opportunities.

Working collaboratively with our members, we also launched a new program, *Melbourne Values You*, targeted at the international incentives market. The program provides a range of complimentary offers for corporate and incentive travel organisers, such as free WIFI, hotel room upgrades, and discounted food and beverage packages, designed to make booking an event in Melbourne not only seamless, but cost effective.

In 2011, MCB launched the landmark Melbourne Convention Delegate Study 2010, which identified the travel and spending habits of visiting convention delegates to the city. In the last financial year we commenced research for the 2013 edition of the Study, which will aid us in showcasing the value of the business events industry and improve our understanding of international delegates so we can better cater to their needs in future. This Study will be released in 2014.

Melbourne's status as the world's most liveable city, its cutting-edge research facilities, premium infrastructure and wealth of professional service providers make it a gratifying destination to market for business events both nationally and internationally. Across the globe, MCB staff work tirelessly to ensure the flow of business events continues and I thank them wholeheartedly for their hard work and dedication.



Karen Bolinger
Chief Executive Officer

HIGHLIGHTS



IN THE 2012/13 FINANCIAL YEAR MCB:

- Had a bid strike rate across the business of 61%
- Managed more than 205 bids representing more than 182,000 delegates and \$800 million in economic impact for the state of Victoria
- Submitted 174 international and national bids, almost double the amount of bids submitted in 2011/12
- Established an office in New York in partnership with Myriad Marketing to focus on the North American and Canadian markets
- Moved the North Asia office from Hong Kong to Shanghai to strengthen the organisation's position and maximise business opportunities out of Greater China
- Launched the *Melbourne Values You* program to present a series of special offers for incentive and corporate travel reward planners in partnership with the organisation's members
- Launched Business Events Week to showcase the value of the country's billion dollar business events industry
- Contracted Ernst & Young to conduct a report into the value of business events to Victoria's economy secured by MCB, which revealed that for the five-year period 2010/11 to 2014/15, were estimated to have a direct expenditure impact for the state of \$874 million and an estimated increase in Gross State Product of \$1.6 billion
- Rebranded the organisation, which saw the word 'Visitors' removed from the title to reflect its core business of attracting business events to the state
- Established the International AIDS Conference 2014 (AIDS 2014) Melbourne Planning Group with the Department of Health to manage Victoria's delegate building and community awareness initiatives in the lead up to the event
- Facilitated the delivery of the largest Indian incentive group ever accommodated in Australia, the Amway India Leadership Seminar

BUSINESS SECURED:

172 events

54,710 expected delegates

135,996 expected room nights

\$186M estimated economic impact

BUSINESS HELD:

193 events*

76,487 estimated delegates

195,374 estimated room nights

\$289M estimated economic impact

*These events held were secured by MCB in previous years

MAJOR BID WINS FOR MCEC

World Congress on Nuclear Medicine and Biology 2018

2,500 expected delegates, \$15 million estimated economic impact

World Congress of Behavioural and Cognitive Therapies 2016

2,000 expected delegates, \$8 million estimated economic impact

Asia-Pacific Heart Rhythm Society Scientific Session 2015

1,700 expected delegates, \$7 million estimated economic impact

International Conference of the American Association of Petroleum Geologists 2015

1,500 expected delegates, \$11 million estimated economic impact

STRATEGIC PROJECT 1

A wide-angle photograph of a large audience seated in a modern theater. The audience is seated in rows of bright green upholstered chairs, filling the lower and middle sections of the theater. The ceiling is a prominent feature, composed of large, dark wood panels arranged in a complex, geometric, crystalline pattern. The lighting is dramatic, with blue and white lights integrated into the ceiling structure. In the background, a stage area is visible with red curtains. The overall atmosphere is one of a high-profile, modern event.

1 IDENTIFY AND TARGET FUTURE BUSINESS GROWTH OPPORTUNITIES

OBJECTIVES

- Pursue new growth opportunities in regional markets in the US, Europe and Asia
- Increase the value of current markets

BUSINESS DEVELOPMENT AND BIDS

In the 2012/13 financial year MCB secured:

61 association bids and assisted business (29 international and 24 national)

39,120 expected delegates

117,544 expected room nights

\$145M estimated economic impact

Generating business opportunities

In the last financial year a new research unit was established within the Business Development team to identify conferences aligned with MCB's priority sectors of medicine, science and the environment, technology and engineering, and business and education.

New leads representing 140,815 delegates were identified and researched for their future potential for Melbourne and from these, international leads representing 65,985 delegates and national leads representing 26,650 delegates were developed to bid stage.

MCB managed more than 205 bids representing more than 182,000 delegates and \$800 million in economic impact for the state of Victoria. MCB submitted 174 international and national bids, almost double the amount of bids submitted in 2011/12.

MCB continued to benefit from its partnership with the BestCities Global Alliance by hosting a BestCities Client Workshop in April, where nine partner cities brought seven major international clients to Melbourne. From this event, leads representing 13,790 delegates and \$70 million in estimated economic impact are being pursued.

Key sales activities were also undertaken in both the US and Europe including attendance at IMEX in Frankfurt and Las Vegas, EIBTM in Barcelona and Associations Congress in the UK. MCB also launched its positioning campaign to the US market, *Melbourne IQ: The Intelligent Choice for Conferences*, at the Australian Embassy in Washington DC to coincide with the 2012 International AIDS Conference (AIDS 2012).

MCB also held 17 national events, attended by more than 360 to encourage local academics and luminaries to partner with MCB to bid for international conferences.

CORPORATE AND INCENTIVE TRAVEL

In the 2012/13 financial year MCB secured:

55 incentive and corporate travel bids
and assisted business

5,388 expected delegates

12,189 expected room nights

\$20M estimated economic impact

Business development

In collaboration with Tourism Victoria, MCB brought 70 Asian buyers to Melbourne representing eight countries for the 2012 Asia Mega Famil and Workshop over five days in September. This event enabled international buyers to experience Victoria's premier leisure and incentive products and services first hand.

The year also saw MCB participate in key trade shows and road shows throughout the world, such as the Business Events Australia North/South Asia Roadshow; Super Trade Missions in India, China and South East Asia; PAICE in New Zealand; CIBTM in China; and the Australian Tourism Exchange.

Working with MCB members

In partnership with its members, MCB launched the *Melbourne Values You* program, which presents a series of special offers for incentive and corporate travel reward planners, designed to make booking and planning an event in Victoria not only seamless, but cost effective. More than 40 members provided in excess of 100 offers including complementary WIFI, hotel room upgrades, reduced entry into attractions and discounted food and beverage packages.

Creating legacies

Amway India, a global leader in direct sales, rewarded approximately 4,000 of its Indian independent business owners with a bespoke incentive travel reward program to Melbourne, the 2012 Amway India Leadership Seminar in December. MCB set a precedent in successfully hosting an incentive group of this scale in Victoria and facilitated two major event legacies for the state's premier attractions.

MCB secured private admission to Phillip Island Nature Parks for the group, the first time in the Park's history that exclusive access had been permitted. Amway delegates were also treated to a gala dinner at the Melbourne Cricket Ground (MCG) where they played a cricket match on the hallowed turf, listened to a motivational speech by Australian cricketer great Adam Gilchrist and danced the night away to an Indian Bollywood performer. This type of admittance to the MCG for corporate groups during the Australian cricket season was previously unheard of.

A survey of the delegates revealed that 91 per cent of respondents expressed satisfaction with the conference facilities, more than 95 per cent felt welcome and safe in the city, and 95 per cent stated they would recommend Melbourne as a place to visit to their family and colleagues.



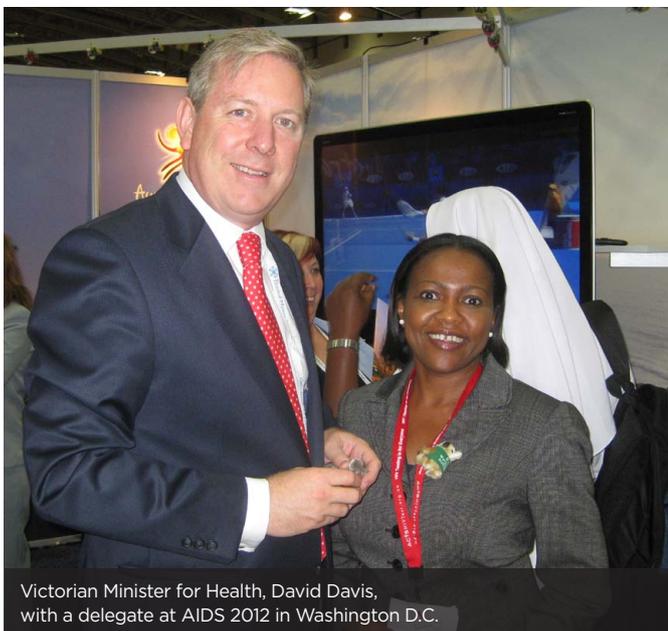
STRATEGIC PROJECT 2



2 DEVELOP ROBUST RELATIONSHIPS WITH ACTIVELY ENGAGED STAKEHOLDERS

OBJECTIVES

- Maintain and strengthen major funding partners
- Establish stronger strategic relationships with influential stakeholders



Victorian Minister for Health, David Davis, with a delegate at AIDS 2012 in Washington D.C.

BUILDING RELATIONSHIPS

In the 2011/12 financial year, MCB secured the right to host the largest medical conference ever held in Australia, AIDS 2014, which is expected to attract in excess of 14,000 delegates and generate an estimated \$80 million for the Victorian economy.

In 2012/13 MCB and the Victorian Department of Health established the AIDS 2014 Melbourne Planning Group to manage Victoria's delegate building and community awareness initiatives in the lead up to and during the event. Along with MCB and the Department of Health, Group members include representatives from the City of Melbourne, the Australasian Society for HIV Medicine, the International AIDS Society and the Local Co-Chair of AIDS 2014, Sharon Lewin.

The City of Melbourne Retail Advisory Board and MCB also continued to work together to develop retail and hospitality initiatives for larger conferences coming to Melbourne over the coming 18 months.

The Visitor Services Reference Group - MCEC, MCB, City of Melbourne, Destination Melbourne and the Retail Advisory Board - developed initiatives to assist delegates attending business events held at MCEC, including the City Yield/Delegate Experience project, which organised seamless transport, shopping, dining and cultural options.

MCB also worked with Arts Victoria to facilitate cultural experiences for delegates while in Melbourne. Activities have been held to date with Museum Victoria, NGV International, NGV Australia, The Arts Centre, the Australian Centre for the Moving Image and the State Library of Victoria.

In addition, MCB also collaborated with Business Events Australia (BEA) on delegate boosting activities at international events including AIDS 2012 in Washington, which was attended by both the Victorian Minister for Health, David Davis, and the former Federal Minister for Health, Tanya Plibersek.

STRATEGIC PROJECT 3



Exhibition
by
Gallery

3 ESTABLISH INITIATIVES TO SUPPORT MCB'S LONG TERM FINANCIAL SUSTAINABILITY

OBJECTIVES

- Ensure the ongoing funding commitment and level of investment from MCB's primary funding partners
- Source and secure new revenue programs to protect MCB's future revenue capacity and long term financial sustainability

MEMBERSHIP

MCB has a solid membership base of over 260+ of the state's premier business events suppliers who are crucial to ensuring the successful delivery of business events coming to Melbourne.

In the 2012/13 financial year, MCB undertook a review of the membership business model to ensure that its structure, fees and services were streamlined to provide maximum value to members.

As part of this, MCB implemented a new account management program, whereby each strategic partner and member organisation was appointed their own dedicated MCB staff member to keep them abreast of all networking and business opportunities. MCB also created the new *Melbourne Insider* and *CEO Update* e-newsletters for members only to provide them with more relevant and accessible content. Additionally, a separate e-newsletter was created for MCB's portfolio of Melbourne Meetings + Events Service (MM+ES) clients, *Meet in Melbourne*, which gives members the opportunity to showcase their products, services and special offers to this audience.

In the 2012/13 financial year through MM+ES MCB secured:

56 events

10,202 estimated delegates

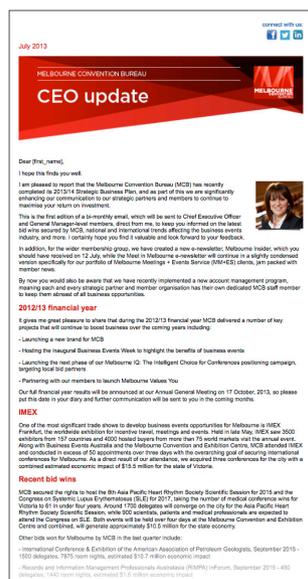
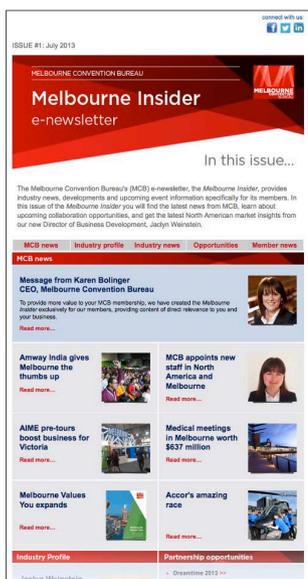
6,263 estimated room nights

\$21M estimated economic impact

MCB continued with its program of member refresher sessions, completed a total of 68 site visits to member properties, and held six events for its members including an international market briefing and a networking event to facilitate business with MM+ES clients. Additionally, four familiarisation programs were hosted for key incentive travel planners and media which showcased over 50 MCB members in Melbourne and regional Victoria.

GROWING AIME

MCB completed a five-year strategic plan for AIME, which outlines the organisation's intention to grow the event and maintain its strong international profile.



STRATEGIC PROJECT 4





4 DEVELOP INITIATIVES TO BUILD THE LONG TERM PROFILE AND POSITIONING OF MELBOURNE AND MCB

OBJECTIVES

- Ensure MCB and Melbourne are correctly and consistently positioned in the business events market
- Build the profile of MCB and Melbourne as a leading business events destination

BUSINESS EVENTS WEEK

The last financial year saw MCB launch the inaugural Business Events Week to showcase the value of the country's billion dollar business events industry to key decision makers in industries ranging from science and medicine, to engineering and education.

The inaugural Business Events Week was held in Melbourne from Monday, 25 February to Friday, 1 March, attracting in excess of 5,000 people. With AIME as its centrepiece, over 50 events were staged, including the international conferences, seminars and symposia as part of the 2013 Australian International Airshow and Aerospace & Defence Exposition.

Business Events Week generated extensive media coverage in mainstream and travel trade media including in the *Australian Financial Review*, *The Australian's The Deal* magazine, *ABC 1's Business Today* and through the AAP newswire.

AIME

In 2013, AIME celebrated its 21st anniversary on 26 and 27 February. Held at the MCEC, AIME 2013 saw the launch of the innovative, multi-level Melbourne/Victoria stand, strategically located at the entrance to the show floor. The stand's ground floor served as a place for dedicated appointments, capitalising on the high volume of foot traffic, while the top level was transformed into a Melbourne-inspired rooftop terrace for networking and other meetings.

Key facts for AIME 2013:

3,244 Hosted Buyers and trade visitors

\$280M in estimated business generated between exhibitors and Hosted Buyers

12,470 appointments between exhibitors and Hosted Buyers

30 plus countries represented

61 journalists from 10 countries

578 news items published with a circulation of over 16M

400 guests at the Hosted Buyer and Media Breakfast at the Great Hall, National Gallery of Victoria

2,300 plus delegates at AIME's Official Welcome Reception, Melbourne Live!, at South Wharf Promenade

13 pre-tours for Hosted Buyers and media in Melbourne and regional Victoria

REBRANDING THE ORGANISATION

A week prior to AIME 2013, MCB officially launched its new branding, which saw the organisation remove the word 'Visitors' from its title to adequately reflect its core business of attracting business events to the state. Along with a new name, the rebrand saw the development of a new logo and look and feel for all MCB's collateral to create clear, consistent and increased brand awareness.

MEDIA PROGRAM

In the 2012/13 financial year, MCB hosted more than 10 national and international media during a number of key events, including the Asia Mega Famil and Workshop and the Amway India Leadership Seminar, which produced extensive coverage of MCB and its members in mainstream media and travel trade publications. MCB also produced a steady stream of media releases covering bid wins and staff updates, which resulted in a multitude of coverage across the globe.

EVOLVING MELBOURNE IQ

MCB continued to promote and evolve its *Melbourne IQ: The Intelligent Choice for Conferences* campaign throughout the year. Most significantly, MCB replaced the former Think Melbourne, Think Victoria campaign with *Melbourne IQ: The Intelligent Choice for Conferences - A Guide to Bidding for International Conferences*, targeted specifically at potential local bid partners, which included the development of a brochure, DVD and other materials to support the Business Development team.

DELEGATE BOOSTING

Delegate boosting promotional activities were undertaken at 32 international lead up events to conferences being held in Melbourne to attract delegates to the city and raise awareness about local pre and post touring programs.



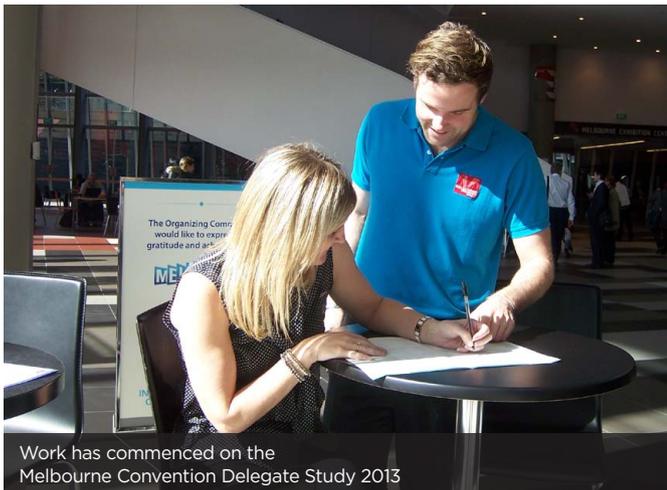
STRATEGIC PROJECT 5



5 MEASURE AND RECOGNISE THE VALUE MCB CONTRIBUTES TO THE ECONOMY, THE BUSINESS EVENTS INDUSTRY AND COMMUNITY

OBJECTIVES

- Ensure MCB's performance is measured on the basis of its strategic deliverables and outcomes
- Ensure MCB's KPI's are aligned with its deliverables and the strategic KPI's of its funders and key stakeholders



Work has commenced on the Melbourne Convention Delegate Study 2013

MEASURING VALUE

MCB engaged Ernst & Young to conduct a study into the economic contribution of business events secured by MCB in Victoria, which outlined that:

- For the five-year period 2010/11 to 2014/15 business events secured by MCB alone are estimated to have a direct expenditure impact for Victoria of \$874 million and an estimated increase in Gross State Product of \$1.6 billion
- On an annual basis, business events secured by MCB for Victoria generates around \$189 million in output terms and \$21 million in value-added contributions
- Business events generate additional benefits for Victoria including showcasing research, innovation and knowledge capabilities, and enhancing the state's global profile

MELBOURNE CONVENTION DELEGATE STUDY

Following on from the Melbourne Convention Delegate Study 2010, in the last financial MCB commenced work on the 2013 edition of the Study to examine the spending and travel habits of delegates attending conferences in Melbourne.

The study is set to reveal insights into how much delegates spend and where they spend it, meaning MCB and the region's service providers will gain an improved understanding of business events delegates and therefore be able to better cater to their needs in the future. The first stage of the study was conducted at the International Council of Nurses Quadrennial Congress in May 2013.

STRATEGIC PROJECT 6



6 ENSURE MCB STAFF ARE ACTIVELY ENGAGED, PROFESSIONALLY DEVELOPED AND APPROPRIATELY RESOURCED TO DELIVER THE STRATEGIC BUSINESS PLAN OUTCOMES

OBJECTIVES

- Retain and engage the best people to optimise and align with MCB strategies
- Set appropriate measures that reflect MCB strategies

RESTRUCTURE

In the 2012/13 financial year, to more effectively target leads from the association and incentive sectors in the US and Canada, MCB contracted Myriad Marketing and employed new staff in their New York office. MCB also moved its North Asia offices from Hong Kong to Shanghai to strengthen its position and maximise business opportunities out of Greater China and other North Asian markets.

An organisational restructure was also undertaken, which saw the Marketing and Communications department move to operate under a new title, Commercial Partnerships, and establishment of a dedicated research unit within the Business Development team.

TRAINING AND DEVELOPMENT

MCB staff attended a number of training and development programs such as digital strategy and social media workshops, board paper and minute taking sessions, Ausbiotech training, first aid training, sales strategy workshops and more.

NEW TECHNOLOGY

MCB reviewed the effectiveness of its Customer Relationship Management system and changed providers to market leader Simpleview, which will take effect in September 2013.

Simpleview enables greater visibility of MCB activity; the opportunity to optimise existing processes; enhanced reporting capabilities; and a new member portal, providing users with a detailed view of their membership benefits.

STUDENT PROGRAMS

MCB continued to offer a successful student program, which during the last financial year assisted with the career development of two university students.

These interns assisted with events such as AIME and carried out leads research, media monitoring, database entry, administration tasks and site inspection attendance.

The organisation continued to support the Structured Workplace Learning Program for secondary students, managed by the Inner Melbourne VET Cluster. MCB hosted four students for one week's work experience across a range of administration and support roles.



DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors present their report together with the financial report of Melbourne Convention and Visitors Bureau Ltd (the "Company"), for the financial year ended 30 June 2013 and the auditor's report thereon.

1 DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Name, Qualifications and Independence Status	Experience, special responsibilities and other directorships
Christopher Barlow B.Sc. (Honours) Civil Engineering Independent Non-Executive Director	Appointed 27 November 2001. Appointed Chairman 28 November 2007. Chairman Remuneration Committee. Non-Executive Director and Chair, Remuneration Committee – Asciano Group; Chairman Northern Territory Airports (Darwin and Alice Springs). Previously Chief Executive Officer & Managing Director - Australian Pacific Airports Corporation (operators of Melbourne & Launceston Airports); formerly Developmental Director of BAA plc. Chartered Engineer.
Dr Kathy Alexander Ph.D. in Public Health Independent Non-Executive Director	Appointed 3 September 2008. Chief Executive Officer, City of Melbourne. Previously CEO of Women's and Children's Health (Royal Children's Hospital and Royal Women's Hospital). Has been a member of a number of Boards mainly in health and human service areas.
Kate Brennan Independent Non-Executive Director	Appointed 29 November 2006. Risk Committee Chair. Chief Executive Officer, Federation Square. Deputy Chair of the Executive Board of the Committee for Melbourne. Formerly CEO of the Adelaide Festival Trust Centre. Previous member of Australian International Cultural Council, Vice President of the Australian Arts and Entertainment Industry Association, Deputy Chair of the Association of Asia Pacific Performing Arts Centres, member of the South Australian Multi-Cultural and Ethnic Affairs Commission, inaugural board member of the Leaders Institute of South Australia and Chairperson of the Capital City Forum (Adelaide).
Julian Clark Independent Non- Executive Director	Appointed 24 November 2009. Risk Committee Member. CEO – The Lancemore Group (Mansion Hotel & Spa at Werribee Park, Lancemore Hill, Lindenderry at Red Hill, Lindenwarrah at Milawa). Board member of the Victorian Tourism Industry Council (VTIC) chairing its accommodation division; Board member of the Accommodation Association of Australia (AAoA) and President of the International Association of Conference Centre's (IACC) – Australian chapter.
Peter Crinis Independent Non-Executive Director	Appointed 24 November 2010. Group Executive General Manager – Hotels, Retail and Food & Beverage, Crown Melbourne Limited. Board Member, Tourism Victoria Chairman, TAA Victoria Accommodation Division.

DIRECTORS' REPORT

1 DIRECTORS...continued

Name, Qualifications and Independence Status	Experience, special responsibilities and other directorships
John Davies	Appointed 27 November 2002 Resigned 6 February 2013
Independent Non-Executive Director	Former Audit & Finance Committee Chairman. Former Risk Committee Member. Former Remuneration Committee Member. Former partner - Ernst & Young. Specific experience in risk management; Major Events and the Venues industry.
Peter King	Appointed 31 January 2012
Independent Non-Executive Director	Deputy Chairman. Audit & Finance Committee Member from February 2012. Risk Committee Member from February 2012. Chief Executive - Melbourne Convention and Exhibition Centre. Board member of EEAA (Events and Exhibition Association of Australasia) and Councillor for BECA (Business Events Council of Australia) Former Chief Executive, Royal Agricultural Society of NSW and former Chief Executive, Sydney Showgrounds.
Julia Langdon	Appointed 9 May 2013
B. Com., B. Sc., CA	Audit & Finance Committee Chair.
Independent Non-Executive Director	Partner, Advisory - Ernst & Young. Specific experience in risk management.
Fran Thorn	Appointed 31 August 2012
Independent Non-Executive Director	Partner - Deloitte. Former Secretary Department of Health, Victoria, Secretary Department of Human Services, Victoria and Secretary Department of Innovation, Industry and Regional Development, Victoria.
Darryl Washington	Appointed 15 January 1996.
B.Com (Melb), ASA	Audit & Finance Committee Member from December 2011.
Independent Non-Executive Director	General Manager - Tourism Accommodation Australia (Vic) and AHA (VIC) Accommodation Division; Director and V.P. United Inn-Keeper Association Ltd; and Chair, City of Melbourne Hospitality Advisory & Retail Board. Former AHA State and National President & Managing Director, United Innkeeper Hotels.
Christopher B Woodruff	Appointed 28 November 2007.
Independent Non-Executive Director	Managing Director & Chief Executive Officer, Melbourne Airport. Previously Director - Perth Airport, Director - Darwin Airport, CEO - Budapest Airport, Operations Director - Heathrow Airport, Retail Director - Gatwick and Heathrow Airports, Managing Director - World Duty Free Inflight and General Manager - Gatwick North Terminal.

DIRECTORS' REPORT

2 COMPANY SECRETARY

Keith Herdman, B. Bus (RMIT) CPA, who has held various management roles in the private sector over the last thirty years, was appointed to the position of Company Secretary on 18 October 2006.

3 DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board of Directors Meetings		Audit and Finance Committee Meetings		Risk Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B	A	B
Christopher Barlow	6	5	1*	1*	-	-	2	2
Dr Kathy Alexander	6	2	-	-	-	-	-	-
Kate Brennan	6	3	-	-	3	3	-	-
Julian Clark	6	5	-	-	3	3	-	-
Peter Crinis	6	3	-	-	-	-	-	-
John Davies	4	4	2	2	2	2	2	2
Peter King	6	6	3	3	3	3	-	-
Julia Langdon	1	1	1	1	-	-	-	-
Fran Thorn	5	2	-	-	-	-	-	-
Darryl L Washington	6	6	3	2	-	-	-	-
Christopher Woodruff	6	5	-	-	-	-	-	-

A Number of meetings held during the time the Director held office during the year

B Number of meetings attended

* By invitation only

4 ENVIRONMENTAL REGULATION

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

5 PRINCIPAL ACTIVITIES

The principal activities of the Company during the year ended 30 June 2013 comprised the promotion and marketing of Melbourne and Regional Victoria as a business events destination and the securing of business events for Victoria.

There were no significant changes in the nature of the activities of the Company during the year.

6 OPERATING AND FINANCIAL REVIEW

Revenue from operations for the year ended 30 June 2013 was \$12,339,128 (2012: \$11,638,180). The result for the year ended 30 June 2013 is a surplus of \$469,565 (2012: \$1,072,477 deficit). A detailed review of Company operations for the year is included in the CEO's report.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

DIRECTORS' REPORT

7 DIVIDENDS

Under the constitution, no dividends are allowed to members of the Company.

8 EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

9 LIKELY DEVELOPMENTS

There are no likely developments that will have an effect on the Company's operations or the expected results of its operations.

10 INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

(a) Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an Officer or Auditor of the Company.

(b) Insurance premiums

During the financial year the Company has paid insurance premiums totalling \$5,417 (2012: \$5,977) in respect of Directors' and Officers' liability insurance. These insurance premiums related to insurance of Director and Officer of the Company named in this report, and to former Directors and Officers of the predecessor companies, Melbourne City Marketing Limited and The Melbourne Convention & Tourism Authority. The policies do not specify the premium for individual Directors and Officers.

The Directors' and Officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and resulting payments arising from a liability to persons (other than the Company or a related body corporate) incurred in their position as Director or Executive Officer unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

11 LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page XX and forms part of the Directors' Report for the year ended 30 June 2013.

This report is made with a resolution of the Directors:



Christopher Barlow
Director



Peter King

Dated at Melbourne this 23rd day of August 2013.

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Revenue	4	12,229,295	11,626,033
Other income		109,833	12,147
Sales and marketing expenses		(10,162,214)	(11,298,301)
Administrative expenses		(1,822,539)	(1,563,781)
Result from operating activities		354,375	(1,223,902)
Finance income		121,534	157,892
Finance costs		(6,344)	(6,437)
Net finance income	5	115,190	151,455
(Loss)/profit for the year		469,565	(1,072,447)
Other comprehensive income		-	-
Total comprehensive income for the year		469,565	(1,072,447)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
Assets			
Cash and cash equivalents	6	4,830,993	4,302,974
Trade and other receivables	7	335,593	293,545
Total current assets		5,166,586	4,596,519
Plant and equipment	8	353,504	344,126
Intangibles assets	9	82,973	3,288
Total non-current assets		436,477	347,414
Total assets		5,603,063	4,943,933
Liabilities			
Trade and other payables	10	3,189,104	3,114,863
Borrowings	11	15,534	18,808
Employee benefits	12	616,676	487,807
Provisions	13	24,996	24,782
Total current liabilities		3,846,310	3,646,260
Borrowings	11	63,227	4,582
Employee benefits	12	63,960	111,571
Provisions	13	157,506	179,026
Total non-current liabilities		284,693	295,179
Total liabilities		4,131,003	3,941,439
Net assets		1,472,060	1,002,494
Equity			
Retained earnings		1,472,060	1,002,494
Total equity		1,472,060	1,002,494

The notes on pages 31 to 42 are an integral part of these financial statements.

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
Retained earnings		
Opening balance at 1 July	1,002,494	2,074,941
Total comprehensive income for the year		
Profit for the year	469,565	(1,072,447)
Other comprehensive income	-	-
Total comprehensive income for the year	1,472,060	(1,072,447)
Closing balance at 30 June	1,472,060	1,002,494

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Cash received from customers and funding bodies		12,107,811	11,846,855
Cash paid to suppliers and employees		(11,512,527)	(11,410,221)
Cash generated from operations		595,284	436,634
Interest received		121,534	157,892
Net cash from operating activities		716,818	594,526
Cash flows from investing activities			
Proceeds from sale of plant and equipment		1,337	270
Acquisitions of plant and equipment		(83,156)	(37,769)
Acquisitions of intangibles		(87,087)	(508)
Net cash (used in) investing activities		(168,906)	(38,007)
Cash flows from financing activities			
Finance lease payments		(19,893)	(22,680)
Net cash (used in) financing activities		(19,893)	(22,680)
Net increase in cash and cash equivalents		528,019	533,839
Cash and cash equivalents at 1 July		4,302,974	3,769,135
Cash and cash equivalents at 30 June	6	4,830,993	4,302,974

The notes on pages 31 to 42 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. REPORTING ENTITY

Melbourne Convention and Visitors Bureau Ltd (the 'Company') is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia. The address of the Company's registered office is level 12, IBM Centre, 60 City Road, Southbank Victoria, Australia. The Company operates in one industry and geographic segment, being the provision of convention and destination marketing for Victoria, Australia.

2. BASIS OF PREPARATION

(a) STATEMENT OF COMPLIANCE

The Company early adopted AASB 1053 *Application of Tiers in Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Standards arising from Reduced Disclosure Requirements* for the financial year beginning on 1 July 2010 to prepare Tier 2 general purpose financial statements.

The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting standards – Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial statements were authorised for issue by the Board of Directors on 23rd August 2013.

(b) BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis.

(c) FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) USE OF ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Included in other payables and accrued expenses (note 10) is an accrual for the incurred amount of collateral and service delivery obligations in respect of secured events i.e. cash incurred in respect of city wide support package (CWSP) expenditure commitments. The determination of the accrual is based on an estimate using a data pattern of historical reimbursements relating to secured events recorded using a straight line method, which brings the obligation cost for events to account over the period from the date the event is won until the date the event is held.

(e) GOING CONCERN

The financial report has been prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company receives annual grants from the State Government under 5 year funding agreements, the amounts of which are set out in note 4. The current funding agreements expire effective 30 June 2014. The Directors are confident, based on the Company's ongoing collaboration with the State Government, that sufficient grant funding will be secured which will ensure the continuity of normal business activities in future years.

In addition, the Directors are also satisfied that in the event there were changes to the quantum of funding secured in future years, the Company is able to plan and manage its operational expenditures within the capacity of confirmed funding amounts.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company. Certain comparative amounts have been reclassified to conform with current year's presentation.

(a) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(b) FINANCIAL INSTRUMENTS

(i) Non-derivative financial assets

The Company initially recognises receivables and deposits on the date that they are originated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) FINANCIAL INSTRUMENTS (continued)

(i) Non-derivative financial assets (continued)

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: receivables.

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise borrowings, bank overdrafts and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(c) PLANT AND EQUIPMENT

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Any gain and loss on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of plant and equipment is recognised in the profit or loss as incurred.

(iii) Depreciation

Items of plant and equipment are depreciated from the date that they are installed and ready for use. Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) FINANCIAL INSTRUMENTS (continued)

(iii) Depreciation (continued)

The estimated useful lives in the current and comparative periods are as follows:

	2013	2012
Plant and equipment	3 – 5 years	3 – 5 years
Leasehold Improvements	3 – 7 years	3 – 7 years
Leased plant	5 years	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(iv) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease, or the estimated useful life of the improvement to the Company, whichever is shorter.

(d) INTANGIBLES

(i) Intangible assets

Intangible assets consist of computer software. These intangible assets are deemed to have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) Amortisation

Amortisation is calculated over the cost of the asset less its residual value.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, from the date they are available for use. The estimated useful lives for the current and comparative periods are as follows:

	2013	2012
Computer software	2 – 3 years	2 – 3 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(e) LEASED ASSETS

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Company's statement of financial position.

(f) IMPAIRMENT

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor will enter bankruptcy.

Loans and receivables

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(f) IMPAIRMENT (continued)****(ii) Non-financial assets (continued)**

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

(g) EMPLOYEE BENEFITS**(i) Defined contribution superannuation funds**

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations.

(iii) Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(h) PROVISIONS

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(i) REVENUE**(i) Government grants**

Grants made by the State Government are recognised as revenue when the Company gains control of the contribution, or where conditions are attached to the grants, when the conditions are satisfied.

(ii) Membership contributions and industry co-operative revenue

Membership contributions and income from co-operative projects are recognised when received or due and receivable, except where received in respect of the following financial year.

(iii) Advertising sales revenue

Advertising revenue is recognised when received or receivable.

(iv) In-kind contributions

In-kind contributions that are non-reciprocal transfers to the Company are recognised at their fair value as income and expenditure when received.

(j) LEASE PAYMENTS

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on finance leases and the financial effect of unwinding of the make good provision. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(l) INCOME TAX

No income tax expense is charged and no income tax is payable by the Company as the Australian Taxation Office has granted the Company an exemption from income tax.

(m) GOODS AND SERVICES TAX

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) NEW STANDARDS AND INTERPRETATIONS

(i) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for AASB 9 *Financial Instruments*, which becomes mandatory for the Company's 2016 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

4 REVENUE

	2013 \$	2012 \$
State Government funding - MCET	6,002,500	5,950,000
State Government funding - DIIRD	1,600,000	1,600,000
City of Melbourne funding	1,180,000	1,120,000
Industry co-operative revenue	1,566,807	1,412,548
Member revenue	930,285	846,990
Advertising sales revenue	307,245	-
In-kind co-operative revenue	642,458	696,495
	12,229,295	11,626,033

5 FINANCE INCOME AND FINANCE COSTS

	2013 \$	2012 \$
Interest income on bank deposits	121,534	157,892
Finance income	121,534	157,892
Interest expense on financial liabilities	(6,344)	(6,437)
Finance costs	(6,344)	(6,437)
Net finance income	115,190	151,455

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

6 CASH AND CASH EQUIVALENTS

	2013	2012
	\$	\$
Bank balances	4,827,246	4,298,986
Cash on hand	3,747	3,988
Cash and cash equivalents in the statement of cash flows	4,830,993	4,302,974

7 TRADE AND OTHER RECEIVABLES

	2013	2012
	\$	\$
Trade receivables	76,778	48,262
Other receivables and prepayments	258,815	245,283
	335,593	293,545

Impairment losses

The movement in the allowance for impairment in respect of receivables during the year was as follows:

	2013	2012
	\$	\$
Balance at 1 July	3,866	1,496
Impairment loss (derecognised)/recognised	9,784	2,370
Balance at 30 June	13,650	3,866

The allowance accounts in respect of receivables are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

8 PLANT AND EQUIPMENT

	Leasehold Improvements \$	Plant and Equipment \$	Leased Plant \$	Total \$
Cost				
Balance at 1 July 2011	417,195	495,483	96,122	1,008,800
Acquisitions	5,557	32,212	-	37,769
Disposals/transfers	-	(15,977)	-	(15,977)
Balance at 30 June 2012	422,752	511,718	96,122	1,030,592
Balance at 1 July 2012	422,752	511,718	96,122	1,030,592
Acquisitions	9,960	73,196	81,312	164,468
Disposals/transfers	-	-	(96,122)	(96,122)
Balance at 30 June 2013	432,712	584,914	81,312	1,098,938
Depreciation and amortisation				
Balance at 1 July 2011	109,680	339,433	49,662	498,775
Depreciation	69,177	115,267	19,224	203,668
Disposals	-	(15,977)	-	(15,977)
Balance at 30 June 2012	178,857	438,723	68,886	686,466
Balance at 1 July 2012	178,857	438,723	68,886	686,466
Depreciation	70,166	54,977	21,934	147,077
Disposals	-	-	(88,109)	(88,109)
Balance at 30 June 2013	249,023	493,700	2,711	745,434
Carrying amounts				
At 1 July 2011	307,515	156,050	46,460	510,025
At 30 June 2012	243,895	72,995	27,236	344,126
At 1 July 2012	243,895	72,995	27,236	344,126
At 30 June 2013	183,689	91,214	78,604	353,504

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

9 INTANGIBLE ASSETS

	Computer Software \$	Under Construction \$	Total \$
Cost			
Balance at 1 July 2011	77,965	-	77,965
Acquisitions	508	-	508
Disposals	-	-	-
Balance at 30 June 2012	78,473	-	78,473
Balance at 1 July 2012	78,473	-	78,473
Acquisitions	30,246	56,841	87,087
Disposals	-	-	-
Balance at 30 June 2013	108,719	56,841	165,560
Depreciation and amortisation			
Balance at 1 July 2011	62,632	-	62,632
Amortisation	12,553	-	12,553
Disposals	-	-	-
Balance at 30 June 2012	75,185	-	75,185
Balance at 1 July 2012	75,185	-	75,185
Amortisation	7,401	-	7,401
Disposals	-	-	-
Balance at 30 June 2013	82,586	-	82,586
Carrying amounts			
At 1 July 2011	15,333	-	15,333
At 30 June 2012	3,288	-	3,288
At 1 July 2012	3,288	-	3,288
At 30 June 2013	26,133	56,841	82,974

10 TRADE AND OTHER PAYABLES

	2013 \$	2012 \$
Trade payables		
Trade payables	443,708	218,399
Income in advance	368,949	346,118
Other payables and accrued expenses	436,941	583,134
City Wide Support Package expenditure commitment	1,939,506	1,967,212
	3,189,104	3,114,863

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

11 BORROWINGS

	2013 \$	2012 \$
Current liabilities		
Current portion of finance lease liabilities	15,534	18,808
	15,534	18,808
Non-current liabilities		
Finance lease liabilities	63,227	4,582
	63,227	4,582
	78,761	23,390

Finance lease liabilities

Finance lease liabilities of the Company are payable as follows:

	Future minimum lease payments 2013 \$	Future minimum lease payments 2012 \$
Less than one year	15,534	22,680
Between one and five years	63,227	5,670
More than five years	-	-
	78,761	28,350

12 EMPLOYEE BENEFITS

	2013 \$	2012 \$
Current		
Liability for annual leave	250,249	257,685
Liability for long service leave	118,155	33,082
Accrued superannuation	41,325	25,059
Employee bonus liability	206,947	171,981
	616,676	487,807
Non-current		
Liability for long service leave	63,960	111,571
	63,960	111,571
	680,636	599,378

The Company does not make any contributions to defined benefits plans.

Defined contribution superannuation plans

The Company has paid contributions of \$314,914 to defined contribution superannuation plans on behalf of employees for the year ended 30 June 2013 (2012: \$286,953).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

13 PROVISIONS

	Lease Incentive \$	Leasehold Make Good \$	TOTAL \$
Balance at 1 July 2012	87,950	115,858	203,808
Provisions made during the period	-	-	-
Provisions used during the period	(24,782)	-	(24,782)
Provisions reversed during the period	-	-	-
Unwind of discount	-	3,476	3,476
Balance at 30 June 2013	63,168	119,334	182,502
Current	24,996	-	24,996
Non-current	38,172	119,334	157,506
	63,168	119,334	182,502

Leasehold Make Good

A provision of \$119,334 is recorded at 30 June 2013 in respect of the company's obligation to make good its IBM Centre leasehold premises upon completion of the current lease on 30 December 2015. In accordance with note 3(c)(i), leasehold make good costs relating to the restoration of leased premises incurred upon installation of leasehold assets are recognised as part of the cost of leasehold assets.

Lease Incentive

A provision for lease incentives is recognised in accordance with note 3(j).

14 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2013 \$	2012 \$
Less than one year	343,555	339,875
Between one and five years	522,881	866,436
More than five years	-	-
	866,436	1,206,311

The Company leases office premises in Southbank, Melbourne on commercial terms; this lease expires in December 2015. Lease payments are increased by 4% each year.

During the year \$242,589 was recognised as an expense in profit or loss in respect of operating leases (2011: \$242,915).

15 CONTINGENT LIABILITIES

Expenditure commitments

The Company has commitments of \$2,979,089 (2012: \$4,007,567) for collateral and services delivery for sixty nine (2012 eighty five) events taking place in the next seven (2012: eight) years. These commitments for support of events have been made by the Company as part of proposals to secure the events and are contingent on the bid for the event being won. These do not include any funding commitments made directly by the State Government to support major business events.

The Company has received a claim regarding the alleged infringement of intellectual property rights for an exhibition event. The Directors will vigorously defend the claim and believe it is without any merit and consequently there is no provision made in these financial statements in respect of the claim.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

16 RELATED PARTIES

(a) Key management personnel compensation

The key management personnel compensation was \$1,284,957 for the year ended 30 June 2013 (2012: \$1,291,312). Key management personnel compensation includes the payment of Director's Fees to Christopher Barlow of \$39,900 (2012: \$35,000).

(b) Key management personnel transactions

A number of key management personnel held positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of these transactions with the other related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transaction and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Note	Transaction value year ended 30 June		Balance outstanding as at 30 June	
		2013 \$	2012 \$	2013 \$	2012 \$
Key Management person related parties					
Mr. P King - Melbourne Convention and Exhibition Trust					
Revenue - state government funding	(i)	6,047,563	5,950,000	-	-
Revenue - member, advertising, sales and marketing		336,360	68,030	9,078	8,845
Expenditure - sales and marketing		243,815	39,231	2,054	-
Dr. K. Alexander - City of Melbourne					
Revenue - City of Melbourne funding	(ii)	1,180,000	1,120,000	-	-
Revenue - sales and marketing		29,127	45,917	-	3,736
Expenditure - sales and marketing		2,131	200	-	-
Ms. K. Brennan - Federation Square					
Revenue - member and marketing	(iii)	6,650	6,500	-	-
Expenditure - sales and marketing		-	-	-	-
Mr. P. Crinis - Crown Melbourne Limited					
Revenue - member and advertising sales	(iv)	190,032	98,282	3,700	4,440
Expenditure - sales and marketing		172,110	136,702	406	-
Mr. J. Clark - The Lancemore Group					
Revenue - member and advertising sales	(v)	1,318	2,463	-	-
Expenditure - sales and marketing		-	24,724	-	-
Mr. D. Washington - Australian Hotels Association					
Revenue - member sales	(vi)	1,318	1,264	-	-
Expenditure - sales and marketing		-	-	-	-
Mr. C. Woodruff - Australian Pacific Airports Corporation					
Revenue - member sales	(vii)	19,682	18,909	-	-
Mr. J. Davies, Ms J. Langdon - Ernst & Young					
Expenditure	(viii)	40,000	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

16. RELATED PARTIES (CONTINUED)

(b) Key management personnel transactions (continued)

- (i) The Company established a five year contract commencing 1 July 2009 with Melbourne Convention and Exhibition Trust (MCET) for the provision of funding to the Company to conduct international sales and marketing activities on behalf of MCET. Mr Peter King is the Chief Executive of MCET. The total contract value is \$28,500,000. In addition the Company has paid MCET for sales and marketing activities.
- (ii) The Company established a five year and ten month contract commencing 30 September 2008 with City of Melbourne for the provision of funding to the Company for marketing of the Melbourne Convention and Exhibition Centre. Dr. K. Alexander is the Chief Executive Officer of the City of Melbourne. The total contract value is \$5,425,000, payable on a quarterly basis for the duration of the contract.
- (iii) Federation Square pays the standard membership fee. Ms K. Brennan is the Chief Executive Officer of Federation Square.
- (iv) Crown Limited pays the standard membership fee for strategic partner. Mr P Crisis is Group Executive General Manager - Hotels, Retail and Food & Beverage Executive for Crown Melbourne Limited. In addition the Company has paid Crown Limited for sales and marketing activities.
- (v) The Lancemore Group pays the standard membership fee. Mr. J Clark is CEO of The Lancemore Group. In addition the Company has paid The Lancemore Group for sales and marketing activities.
- (vi) Australian Hotels Association pays the standard membership fee. Mr D Washington is General Manager - Tourism Accommodation Australia (Vic) and AHA (VIC) Accommodation Division.
- (vii) Australian Pacific Airports Corporation pays the standard membership fee for major partners. Mr. C. Woodruff is the Chief Executive Officer and Managing Director of Australian Pacific Airports Corporation.
- (viii) During 2012/13, the company engaged Dr D Cochrane, a partner of Ernst & Young, as a consultant to assist in developing a strategic business case. The total consulting fee was \$40,000. Mr J Davies was also a partner of Ernst & Young until his resignation from Ernst & Young in July 2011. Following Mr Davies resignation from the Board in February 2013, Ms Julia Langdon joined the Board in May 2013. Ms Langdon is also a partner of Ernst & Young. There was no related party transaction with Ernst & Young during 2011/12.

Amounts receivable from and payable to other related parties at reporting date arising from these transactions were as follows:

	2013	2012
	\$	\$
Current receivables		
Trade debtors	13,408	17,021
Less: Impairment loss	-	-
	13,408	17,021
Current Payables		
Trade creditors	2,460	-
Less: Impairment loss	-	-
	2,460	-

DIRECTORS' DECLARATION

In the opinion of the Directors of Melbourne Convention and Visitors Bureau Ltd ("the Company"):

- (a) **the financial statements and notes, set out on pages 22 to 35, are in accordance with the Corporations Act 2001, including:**
- (i) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Regime and the Corporations Regulations 2001; and
- (b) **there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.**

Signed in accordance with a resolution of the Directors:

Dated at Melbourne this 23rd day of August 2013.



Christopher Barlow
Director



Peter King
Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Melbourne Convention and Visitors Bureau Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Tony Batsakis
Partner

Melbourne

23 August 2013



Independent auditor's report to the members of Melbourne Convention and Visitors Bureau Ltd

Report on the financial report

We have audited the accompanying financial report of Melbourne Convention and Visitors Bureau Ltd (the Company), which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors 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

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards – Reduced Disclosure Requirements, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion the financial report of Melbourne Convention and Visitors Bureau Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

KPMG

Tony Batsakis
Partner

Melbourne

23 August 2013

