



MELBOURNE CENTRE FOR FINANCIAL STUDIES



THE MELBOURNE CENTRE FOR FINANCIAL STUDIES IS AN EXCITING NEW INITIATIVE INVOLVING PARTNERSHIP BETWEEN PUBLIC AND PRIVATE SECTORS, AND INDUSTRY AND ACADEME. ITS MISSION IS TO ENHANCE MELBOURNE'S REPUTATION AS AN INTERNATIONAL CENTRE OF FINANCIAL PRACTICE, RESEARCH AND EDUCATION.

The Melbourne Centre will draw on, and supplement, the wealth of institutional, human and knowledge capital which exists in the Melbourne financial community. It will undertake research, consulting and educational activities which create social benefits for the Victorian community as a whole, and will assist participating organizations to improve their performance and standing in both global and national markets.

The importance of the finance sector as the backbone of economic and social development is continually increasing, with the range of activities, risks and opportunities becoming ever broader and more complex. The intersection of academic and practitioner interests and expertise continues to expand, creating significant value-adding opportunities for those communities which can harvest them effectively. The Melbourne Centre is based on a vision that its partnership model will deliver benefits for Melbourne as a whole, as well as for participating institutions.

The Melbourne Centre for Financial Studies will achieve its goals in a number of ways. First, it will facilitate linkages between "town and gown", assisting each to better identify the opportunities for mutually beneficial collaboration. Second, it will identify and undertake both pure and applied finance research of particular interest to the Melbourne financial and business sectors. Third, it will facilitate the transmission of developments in finance knowledge between practitioners and academe. Fourth, through its publications, conferences and workshops, and development of international linkages with key institutions and individuals, it will promote Melbourne as an international centre for finance practice, research and education.



The Melbourne Centre for Financial Studies
Level 10, 330 Collins Street, Melbourne,
in the heart of the Melbourne CBD.

CENTRE OBJECTIVES

- Develop a comprehensive, unique, finance and investment academic research program, with capacity for commercialisation and publication, contributing to the development of the industry in Victoria
- Create greater collaboration and linkages between academe and the financial services industry
- Showcase Victoria's financial services expertise
- Raise the international profile of Victoria's financial education and research capabilities
- Undertake research in emerging areas to benefit Victoria
- Attract leading international finance researchers, create lasting high-level international linkages and global partnerships, and attract financial services events and conferences to Victoria
- Facilitate the development of local research programs in new and emerging fields of finance research.

**THE MELBOURNE
CENTRE WILL PLAY A
KEY ROLE IN BRIDGING
THE GAP BETWEEN
ACADEMIC RESEARCH
AND INDUSTRY NEEDS**



**The Minister for
Financial Services,
André Haermeyer MP**

**The Melbourne Centre for
Financial Studies is the
Victorian Government's
centrepiece initiative
of the Industry Action
Plan: Investing in
Victoria's Future.**

The Melbourne Centre brings together Victoria's key financial services research organisations and through their strong links to financial services industry, the Centre will help promote Melbourne as a leader in financial research.

The Melbourne Centre will play a key role in bridging the gap between academic research and industry needs, undertaking important research projects in areas relevant to our region's financial markets.

The formation of the Centre is further evidence of our strong academic and industry linkages and in Victoria's finance and investment research capacity. The Melbourne Centre will play an important role in promoting our financial services industry and I encourage industry and interested parties to support the Melbourne Centre.

I would like to congratulate the consortium members in coming together to create the Centre as it will form part of Melbourne's financial services landscape for many years to come. The Victorian Government is proud to facilitate such a new venture.

ORGANISATIONAL STRUCTURE AND GOVERNANCE



The Melbourne Centre for Financial Studies was established by a consortium of The University of Melbourne, Monash University and RMIT University, in conjunction with the Australasian Institute of Banking and Finance, in response to an initiative of (and provision of seed funding by) the Victorian Government.

The Melbourne Centre is governed by a Board appointed by its contributing members.

The Melbourne Centre brings together researchers from a range of finance-related disciplines at the consortium member (and other) Universities and from the finance industry. Academic staff conducting research under the Centre's work programs are appointed as members of the Centre. A number of external researchers will be affiliated with the Melbourne Centre. Research assistants and Fellows will be appointed to work on research projects undertaken by the Centre, and research capacity will be augmented by the short- and long-term visitors programs.

The Director of the Melbourne Centre has responsibility for developing the strategic direction and profile of the Centre, implementing the work program approved by the Board and managing the day to day activities of the Centre. Professor Kevin Davis has been appointed as the inaugural Director.

The Melbourne Centre Director reports directly to the Centre's Board, which is ultimately responsible for the governance and performance of the Centre. The inaugural Board comprises one representative from each of the founding members. Additional appointments to the Board may be made to represent new sponsoring members.

Administrative support in Finance and Human Resource functions for the Melbourne Centre are provided by one of the consortium members which acts as the administering institution. Additional oversight of the research activities, governance, and accountability arise from regular performance reporting to the Victorian Government and to Faculty Deans at the Consortium Universities.

To ensure effective research linkages between the Melbourne Centre and researchers at its consortium members, each university has appointed a research manager who will liaise with the Centre's Director on a regular basis.

An Industry Advisory Committee (IAC) will be established, comprising senior members of the Melbourne finance, business and public sectors.

This Committee provides strategic advice to the Board and the Centre Director on a range of issues. These include:

- Identification of opportunities and needs for research to be conducted by the Centre
- Review of, and suggestions for further development of the work program of the Centre
- Promoting public awareness of the activities of the Melbourne Centre in the business and financial communities
- Developing closer linkages between business and academe.

The Industry Advisory Committee will meet four times each year, or as required. Members of the Committee act in an honorary capacity. The Centre's Director attends meetings of the IAC, ensuring that effective use of the IAC's deliberations is made.

MCFS INAUGURAL BOARD



Professor Kevin Davis
Director Melbourne Centre for Financial Studies



Rob Brown
*Professor of Finance,
The University of
Melbourne*



Jayne Godfrey
*Professor of Accounting,
Monash University*



Tony Naughton
*Professor of Finance,
RMIT University*



John Unkles
*Executive General
Manager, AIBF*

FUNDING

The initial funding for the Melbourne Centre took the form of cash and in-kind support from its founding members. A significant initial grant from the Victorian Government was supplemented by funds from the founding University members to provide a base for the establishment of the Centre and its work program. The AIBF has provided financial and in-kind support by providing office space and secretarial and administrative support. Further in-kind support from the consortium of founding University members includes access to their extensive research facilities in finance.

The business plan of the Melbourne Centre envisages that ongoing funding will be obtained from a variety of additional sources. These include:

- Contributions from new industry members wishing to support the activities of the Centre
- Funds raised from contract research and consulting
- Funds raised in the form of research grants
- Profits generated from conferences, seminars and training activities.



RESEARCH PROGRAMS



The research activities of the Melbourne Centre have initially been organized into five research programs. These are the areas where it is perceived that the greatest value can be added by its activities, and reflect the characteristics and strengths of the financial, business and academic sector in Victoria.

The research programs of the Melbourne Centre will be of high academic integrity and quality, and practical and relevant to the Victorian financial and business community. Research undertaken at the Melbourne Centre will be original and innovative, and not replicate research already undertaken elsewhere.

The five initial program areas identified for the Melbourne Centre, with some illustrative research topics, are:

(1) BANKING AND FINANCIAL SERVICES

- Regulation of financial transactions, including competition policy and consumer protection
- Bank performance in Asia and Australia
- Bank reporting and prudential supervision
- Governance of financial institutions
- Accounting standards for financial services

(2) AUSTRALIAN AND ASIA / PACIFIC FINANCIAL MARKETS

- Dividend imputation and its relevance to the cost of capital and industry regulation
- Policies to support the development of an Asian time zone capital market
- Legal and regulatory differences between states in a federation and their effects on financial markets
- Integration, harmonisation, and crisis management
- Comparative financial markets regulation
- Interaction between regional financial markets, particularly in the Asia-Pacific region

(3) FUNDS MANAGEMENT

- Retirement finance (including superannuation and funds management) with an ageing population
- New venture funding, including venture capital providers and the influence of listing rules
- Reporting and performance measurement
- Socially responsible investment
- Influence of taxation and regulatory regimes
- Portfolio corporate governance profiles
- Hedge funds and emerging innovative alternative investment vehicles

(more research programs on the next page)

RESEARCH PROGRAMS

(continued)



(4) DERIVATIVES AND TRADEABLE MARKETS

- 'Real options' analysis of mineral exploration rights
- Derivatives and the hedging of risks in the mining and agricultural sectors
- New markets and trading mechanisms, including electricity, carbon emission, rural water rights and land price indexes
- Risk management
- Financial engineering
- Derivative pricing models

(5) CORPORATE FINANCE AND INFRASTRUCTURE

- Financial policy
- Project evaluation and real options
- Private equity and small business finance
- Public-Private Partnerships
- Venture capital
- Financial distress management

MELBOURNE CENTRE ACTIVITIES

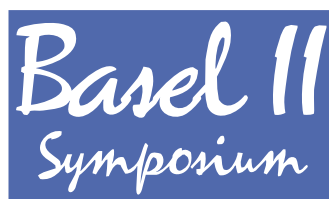
The Melbourne Centre has already demonstrated its potential value to the Victorian community through its involvement in planning and hosting a number of forthcoming value-adding activities. These include:

- The Conference of Economists Basel Symposium September 28, 2005
- 10th AIBF Banking and Finance Conference September 29-30, 2005
- Training Program: Basel II: Credit Risk and Operational Risk Measurement and Management presented by Prof. Tony Saunders (NYU) 3-4 October 2005.
- 59th International Banking Summer School, Melbourne, August - September 2006.

In addition the board has approved a portfolio of planned activities which include:

- Convening the 11th Melbourne Money and Finance Conference (February 2006), to be held annually
- Hosting the Finance Educators Conference, (December 2005)
- Arranging Doctoral-level training programs to be presented by international visiting academics (2006)
- Development of finance industry training programs
- Funding for selected research programs at participating Universities
- Establishment of a Shadow Financial Regulatory Committee.

More detail about these and other planned activities of the Centre can be found on the Centre's website at: <http://www.melbournecentre.com.au>



Basel II Symposium
28th September 2005

Le Meridien at Rialto
495 Collins St Melbourne



10th AIBF Banking and Finance Conference

"Markets, efficiency and regulation - our on-going challenge"

29th + 30th September 2005

Melbourne Centre Contact Details

Please note: The Centre will relocate from level 10 to level 12 of 330 Collins Street in December 2005

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