

ANNUAL REPORT 2016- 2017





CONTENTS

Chairperson's report	6
.....
Who we are	9
.....
Purpose	9
.....
Vision	9
.....
Mission	9
.....
Strategic goals and objectives	9
.....
Renewal	10
.....
Board of Directors	11
.....
The Board	14
.....
Committees of the Board	15
.....
Year in review – highlights	16
.....
Strategy	16
.....
Transformation	17
.....
Customer engagement	18
.....
Market trading	19
.....
Business services	19
.....
Financial statements	20
.....
Disclosure index	50
.....

EXECUTIVE CHAIRPERSON'S REPORT

The 2016-17 year was one of opportunities and challenges as our organisation prepared for the largest investment in the Queen Victoria Market's history while focussing on the day to day operation of the market.

Despite a modest growth in revenue over recent years, the Queen Victoria Market's management costs such as maintenance, cleaning, utilities and other operational expenses have increased at a greater rate.

The result for 2016-17 was poor, with Queen Victoria Market Pty Ltd recording a loss of \$2.3 million. Our result reflects the increased costs associated with operating the market and maintaining its ageing infrastructure, and the costs of additional resourcing and consultancy as we plan for renewal.

In the interests of trying to 'upgrade' the company infrastructure, many of which resemble work practices of an age well gone, there is no doubt we took on too many projects, and the concern for achieving financial targets was lost. The company took on many projects in many areas, and in some cases perhaps too much was taken on given the resources available.

The company will need an increased focus during the years of renewal, and certainty around trader opportunities must continue to be at the forefront of our planning.

The City of Melbourne-led Queen Victoria Market Precinct Renewal program will secure a long-term future

for our market. Renewal will enable the market to run more efficiently, improving safety for traders and customers, reducing costs and creating a more diverse range of opportunities to trade or do business at the Queen Victoria Market, ensuring it continues to serve as a platform for small businesses to prosper for generations to come.

The Queen Victoria Market's lack of basic infrastructure, inefficient and inadequate back of house facilities limits the potential to increase alternative revenue streams through additional programming and extended trading hours.

Renewal will address these long-standing issues and enable the Queen Victoria Market to grow revenue while maintaining the affordability of the market as a place to trade. This will be achieved by providing improved facilities and more opportunities for flexible trading and new trading positions.

Operationally, a focus of the year was on planning for trader relocation as part of the renewal program, as well as establishing a vision for our market post-renewal. A key achievement in this area during the year was the finalisation of a retail plan to guide our market into the future. The Melbourne's Marketplace Retail Plan provides a view of trading at the Queen Victoria Market in 2023.

The Queen Victoria Market represents over seven hectares of central city property, and as such it is critical for a

precinct of this scale and significance to respond to and cater for a broad cross section of people and businesses. Our plans for the renewal and ongoing management of the Queen Victoria Market therefore recognise the need for the marketplace's physical assets to transition from retail market to multi-layered precinct, catering to the full set of needs for an intensified local population, participating in the city seven days a week, from morning to evening.

The retail plan demonstrates that this can be achieved while maintaining the core traditions and expectations of an authentic working market by bringing new levels of activity to targeted customer experiences.

Much has been said about the Marketplace retail plan, but there is no question about its voracity to inform our financial forecast. I'm looking forward to seeing the broad concepts come to life in a way that will add to the markets relevance and vibrancy.

A new Trader Representative Committee was formed during the year to strengthen the partnership between traders and management. The committee consists of 14 traders representing geographical areas of the market. Monthly meetings ensure regular dialogue on key market issues.

The Queen Victoria Market continued to host a number of popular festivals and events, including the ever-popular Summer and Winter night markets. The 2016-17 year saw record-breaking attendance figures at the night markets.

Importantly, the year has also seen a number of milestones in the renewal program, with the release of the program's Implementation Framework and the granting of a planning permit for the new market pavilion.

Sadly, markets in other parts of the world have been caught up in acts of terrorism violence. Our thoughts are with our market operators, and we continue to work with the City of Melbourne and law enforcement agencies to ensure the safety of the Queen Victoria Market.



Culturally, Queen Victoria Market Pty Ltd has continued to develop, with a renewed focus on establishing a culture that encourages collaboration, knowledge sharing and learning. There has been some restructuring to ensure the creation of a management team that will drive the market into the future and deliver great outcomes for our market.

I continue to be proud of the dedication and passion of the Queen Victoria Market team. We are clear of our purpose and vision for the Queen Victoria Market, and have a key role to play in the success of the Queen Victoria Market Precinct Renewal program.

I would like to take this opportunity to thank the Right Honourable Lord Mayor of Melbourne Robert Doyle and City of Melbourne councillors. I thank the City of Melbourne staff, led by Chief Executive Officer Ben Rimmer.

I would like to thank the Queen Victoria Market team for their hard work throughout the year. I thank Jane Fenton for her support as Deputy Chair of the Queen Victoria Market Board, and I'd also like to thank Patrick Burroughs, George Christopoulos, Yvonne von Hartel, Jane Hodder, David Mann and Paul Sheahan for their contribution to the Board.

And finally, to the Traders of the Queen Victoria Market. I'm very grateful for the ongoing advice you provide, and your energy to trade come rain, hail or shine. The market would not exist without our Traders, and ultimately the changes we are proposing are designed to create a better future for both you and your customers.

In accordance with the Financial Management Act 1994, I am pleased to present the Queen Victoria Market Pty Ltd Annual Report for the year ending 30 June 2017.

Paul Guerra

Executive Chairperson

Annual Report 2016 -2017 | 7



WHO WE ARE

PURPOSE

Queen Victoria Market Pty Ltd is a wholly owned subsidiary of the City of Melbourne and is responsible for managing the day to day operations of the Queen Victoria Market. As owners of the Queen Victoria Market, the City of Melbourne has oversight and responsibility for any capital improvements at the site.

Queen Victoria Market Pty Ltd is responsible for building on the existing appeal of the Queen Victoria Market, one of the world's most significant public marketplaces, and guiding it through the next phase in its evolution.

VISION

To create a thriving and diverse marketplace for future generations.

MISSION

In support of Queen Victoria Market Pty Ltd's vision for the market, our mission is to:

- be responsive to customer needs
- create a platform for small business to prosper, and
- realise social, economic and environmental benefits for stakeholders.

STRATEGIC GOALS AND OBJECTIVES

The strategic goals and objectives of Queen Victoria Market Pty Ltd are centred around ensuring the Queen Victoria Market is equipped to trade throughout the implementation of the Queen Victoria Market Precinct Renewal program, and continues to be Victoria's top destination for international visitors, while striving for operational improvement.

The goals and objectives of the company are to:

- ensure financial and business discipline
- engage in renewal design and delivery
- provide a safe and secure market for traders, customers and visitors
- keep the market operational and vibrant now and into the future
- deliver the vision of future trading at the Queen Victoria Market as described in the Melbourne's Marketplace Retail Plan
- continue to develop strong and productive partnerships with traders, and
- care for and develop our people.

RENEWAL

The 2016-17 year saw a number of key announcements on various aspects of the Queen Victoria Market Precinct Renewal program. Queen Victoria Market Pty Ltd continued to work closely with the City of Melbourne renewal team on the program as the focus turned from planning to delivery.

The Queen Victoria Market Precinct Renewal Implementation Framework was endorsed by City of Melbourne councillors in July 2016. This document builds on the program's Master Plan (released in July 2015) and outlines the staged approach to delivering the projects that make up the renewal program over a five year period. The release of the Implementation Framework provided guidance and sequencing to assist in planning trader moves required to enable renewal to occur.

In November 2016 Queen Victoria Market Pty Ltd and a selection of market traders participated in the selection of a design for the temporary new market pavilion to be built on Queen Street. The pavilion will house temporarily relocated traders while renewal works are underway.

A number of trader engagement sessions and workshops were held throughout the year in partnership with the Queen Victoria Market Precinct Renewal team to guide the detailed design and functionality of various components of the program.

A planning permit for the new market pavilion was received in June 2017, with an Expression of Interest process to select traders to trade from the new market pavilion being finalised by Queen Victoria Market Pty Ltd at year's end.

Upgrades to existing infrastructure undertaken during the year included the installation of new seating in Queen Street, a refresh of the H and I toilets and the beginning of work to upgrade the Therry Street substation and improve power supply to the lower market.



BOARD OF DIRECTORS



Paul Guerra
Executive Chairperson

Executive Chairperson Paul Guerra is a senior executive with a wide range of corporate experience across Australia and the Asia Pacific region. Most recently, Paul was the Managing Director Asia Pacific at Optum International, a role he held for five years. He has previously held senior roles at Vodafone Australia and Motorola. Paul holds an Honours Degree in Engineering and a Graduate Diploma in Management, and his leadership roles encompass sales and marketing. Paul is passionate about contributing to the community and is director of Red Dust Role Models, which promotes health development for indigenous youth in remote communities in Australia. He is also a Director of Wesley College. In recognition of Paul's contribution to both business and the wider Australian community, Paul was appointed an Australia Day Ambassador in 2013.



Jane Fenton AM
Deputy Chairperson

Deputy Chairperson Jane Fenton is an advisor to the Melbourne based public relations and marketing communications consultancy she founded in 1987, Fenton Communications. She is a Fellow of the Australian Institute of Company Directors and a Fellow of the Public Relations Institute of Australia. Jane is Chair of the Queen Victoria Women's Centre Trust, Deputy Chair of Cancer Council Australia, a member of the MCG Trust and a member of the Road Safety Camera Commissioner's Road Safety Advisory Group. Jane is the former Chair of the Victorian Health Promotion Foundation (VicHealth), a past President and Life Governor of Very Special Kids and a former Board member of the Murdoch Children's Research Institute. A Victorian Telstra Business Woman's award winner, Jane is the recipient of an Order of Australia Medal, AM, for services to the community particularly through support for a range of health, medical research, youth and women's groups. Jane has an Honours Degree in Law from the University of Bristol in the UK.

BOARD OF DIRECTORS



Patrick Burroughs

Chair of the company's Audit and Risk Sub-Committee, Patrick Burroughs is a chartered accountant and was a senior partner at KPMG until his retirement in 1998. In his career with KPMG, Patrick specialised in the Financial Services, Construction and Manufacturing sectors of the economy as well as managing major divisions of the firm. He has served as a non-executive director of the Women's and Children's Health Service, Pacifica Group Ltd, The Companies Auditors and Liquidators Disciplinary Board, the Open Garden Scheme, The Royal Children's Hospital Melbourne, State Trustees Limited and the Corporate Trustees of large public offer superannuation funds administered by MLC Ltd. He currently acts as the independent member of the Audit Committee of Vanguard Investments Australia Ltd. Patrick has worked in Europe, the United States and travelled extensively across Asia during his career.



George Christopoulos

George Christopoulos is a former professional soccer player with more than 30 years in the hospitality business. George worked in the real estate industry before moving to Canberra to study Sports Marketing and Business, while training at the Australian Institute of Sport. A career in professional sport followed, playing in European football leagues and representing Australia as a member of the National Socceroos team. George returned from Europe and entered the hospitality industry, owning and operating some of Melbourne's well known cafes, bars and restaurants. George is also a member of the company's Trader Representative Committee.



Yvonne von Hartel AM

Yvonne von Hartel is a Founding Principal of the award-winning national architectural and urban design practice, peckvonhartel. Yvonne has practiced as an architect for over 48 years, working on some of Australia's largest and most significant infrastructure projects. Yvonne is currently a member of the La Trobe University Council, a commissioner at the Victorian Building Authority, a director of the University of Wollongong's SMART Infrastructure Advisory Council, and a trustee of the Melbourne Convention and Exhibition Centre and Chair of the Capital Works Committee. She is the Independent Specialist Advisor - Design for the Sydney International Convention, Exhibition and Entertainment Precinct, Design Advisor for the M5 Project Sydney for the WestConnex Delivery Authority, a member of the Design Advisory Panel Capital Metro Agency Canberra, and a member of the Mornington Peninsula Design Advisory Panel.



Jane Hodder

Jane Hodder is a Partner in the real estate group of Herbert Smith Freehills. She has a depth of commercial experience in professional services and holds a Bachelor of Arts (Hons) and a Bachelor of Law from Monash University. She has spent more than 25 years in the building and real estate industries advising clients and bringing together parties on a range of transactions. Jane has significant expertise serving on boards. She is the current Chair of the St Catherine's Girls School Council (and member of building and property sub-committee), Chair of the Centre for Contemporary Photography, a member of the Advisory Board to the Dean of Monash University Law School and a member of the Australian Institute of Company Directors, as well as a Williamson fellow and Cranlan fellow. She is also a past member of the Herbert Smith Freehills Global Council, former Global Partner Head of Diversity and former chair of the Monash Law School Foundation. Jane is a proud and passionate Melbournian with a strong interest in our community and the arts, current business issues and matters affecting Melbourne, the State of Victoria and Australia.



David Mann OAM

David Mann is Chair of The Order of Australia Association, a member of the Australia Day Committee (Victoria), Chair of the Ministerial Small Business Advisory Council, Chair of the Police Blue Ribbon Day Community Council and Chair of the Mount Macedon Memorial Cross Reserve Committee of Management. David is perhaps best known as for his Mann about Town roving reporter work for 3AW 693. David also runs his own marketing and public relations company Mann Promotions Pty Ltd, which consults to many companies and not-for-profit organisations around Australia. David was awarded an Order of Australia Medal in 2006 for service to the community through a range of police, nursing, heritage & emergency services organisations. David is also a member of the Trader Representative Committee.



Paul Sheahan AM

Paul Sheahan has held a number of roles in the education sector throughout his career. A mathematics graduate of the University of Melbourne, Paul finished his teaching career as Principal of the Geelong College and then Headmaster of Melbourne Grammar School. He is the immediate Past President of the Melbourne Cricket Club and is currently a Director of DrinkWise Australia Pty Ltd. Paul is Chair of the Board of the Energy and Water Ombudsman (Victoria) and of Christ Church Grammar School. He also sits on the Advisory Board of the Monash University Business School. Paul is also a member of the company's Trader Representative Committee.

THE BOARD

The Board is responsible for strategic direction and monitoring the performance of Queen Victoria Market Pty Ltd.

Directors are appointed by the City of Melbourne or the Board of Queen Victoria Market Pty Ltd for periods of up to three years. The Board is to consist of a Chair, a Deputy Chairperson and no more than eight members in total.

Currently, there are eight Directors appointed to the Board. There was one change to the Board during the financial year, with Jane Hodder joining.

Board meetings are held monthly or more frequently if required. The Chief Executive Officer and the Chief Financial Officer/ Company Secretary attend each Board meeting. Attendance by Directors at Board meetings held during the financial year are detailed below.

QUEEN VICTORIA MARKET PTY LTD BOARD MEETING ATTENDANCE JULY 2016 - 31 JULY 2017

Board Member	Eligible to Attend	Attended
Paul Guerra	11	10
Patrick Burroughs	11	11
George Christopoulos	11	9
Jane Fenton AM	11	11
Yvonne von Hartel AM	11	9
Jane Hodder	11	10
David Mann OAM	11	8
Paul Sheahan AM	11	9

COMMITTEES OF THE BOARD

Queen Victoria Market Pty Ltd has two Board Committees, the Audit and Risk Committee and the Trader Representative Committee.

Audit and Risk Committee

The Audit and Risk Committee is charged with overseeing the financial management of Queen Victoria Market Pty Ltd and receives reports from both internal and external auditors. This committee also reviews risk management policies and practices.

The Audit and Risk Committee consists of the following members:

- Patrick Burroughs – Chairperson
- Yvonne von Hartel AM – Member
- Jane Hodder – Member

QUEEN VICTORIA MARKET PTY LTD AUDIT AND RISK COMMITTEE ATTENDANCE 1 JULY 2016 · 31 JULY 2017

Board Member	Eligible to Attend	Attended
Patrick Burroughs	4	4
Yvonne von Hartel AM	4	3
Jane Hodder	4	4

Trader Representative Committee

The Trader Representative Committee consists of Queen Victoria Market traders and Board members, and is responsible for working to improve the day to day operations of the Queen Victoria Market while also considering new initiatives. The committee enables a regular dialogue between traders and Queen Victoria Market Pty Ltd management and Board members.

QUEEN VICTORIA MARKET PTY LTD TRADER REPRESENTATIVE COMMITTEE ATTENDANCE 1 JULY 2016 · 31 JULY 2017

Board Member	Eligible to Attend	Attended
George Christopoulos	5	4
David Mann OAM	5	5
Paul Sheahan AM	5	5

YEAR IN REVIEW · HIGHLIGHTS

STRATEGY

The Strategy team is a key interface between Queen Victoria Market Pty Ltd and the City of Melbourne's Queen Victoria Market Precinct Renewal team. The Strategy division has responsibility for the organisation's strategic planning, including retail planning and business analytics.

The development and finalisation of a retail plan to guide the Queen Victoria Market into the future was a key achievement for the Strategy team during the 2016-17 year. Melbourne's Marketplace is the retail plan that will guide and secure the future of trading at the Queen Victoria Market. It seeks to serve the changing needs of the city while keeping the authentic character of the market at its heart. The forward-looking plan provides a view of what trading at the market will look like in 2023, following the completion of the renewal program. Maintaining affordability for traders and customers is key to the plan.

The team was heavily involved in the key considerations and detailed design for many aspects of the Queen Victoria Market Precinct Renewal program during the year, including planned below ground operational areas and the temporary new market pavilion to be built on Queen Street. Transitional market planning was a focus for the Strategy team, including creating a functional brief for the new market pavilion and completing general merchandise transitional planning. The team collaborated with the Queen Victoria Market Precinct Renewal team to complete updated Conservation Management and Cultural Heritage Management plans during the year, and assisted with the updated business case.

The Public Art Melbourne Biennial Lab was another key project for the team during the year. Biennial Lab was installed and delivered in October 2016, with the project providing time and space for artists to explore and create new ideas for temporary public art in the city. The Strategy team partnered with the City of Melbourne for city-wide events including Knowledge Week and Innovation District, and oversaw charity partnerships with SecondBite and the Red Cross.

The team also arranged a visit to Melbourne by international market expert David O'Neil in November 2016 to provide independent strategic advice on the renewal of the Queen Victoria Market. David met with a number of stakeholders during his visit including traders, councillors, community representatives and Queen Victoria Market and City of Melbourne staff. His visit provided a number of useful insights and put the renewal of the Queen Victoria Market in a global perspective.



TRANSFORMATION

The Transformation team brings together disciplines including project management, retail and property management, change management, and trader communications and engagement. The Transformation team is charged with preparing traders for renewal and relocation, and this was a focus for the team throughout the 2016-17 year.

The establishment of a new Trader Representative Committee was a key highlight for the team during the year, with elections held in January 2017 and the first meeting of the new committee occurring in February 2017. Ballot and election management company CorpVote was appointed to independently manage the election process. There are 14 members of the Trader Representative Committee, representing geographical areas of the market. Box hire operators are also represented on the committee. The committee meets monthly, with extraordinary meetings held as required.

Trader engagement is a primary responsibility of the Transformation team and work was undertaken throughout the year to work with traders to strengthen relationships and increase opportunities for trader participation as the market prepares for transition as part of the renewal program.

Ensuring appropriate communication and engagement with traders was a priority, with tailored communications and one-on-one meetings an important part of the team's approach. The communication and change management functions supported a number of activities across the business, including changes to the finance system and trader payments, the rollout of Salesforce and bulk email capability. The team was also responsible for the production of a weekly trader newsletter.



CUSTOMER ENGAGEMENT

The Customer Engagement team brings together the business's advertising, marketing, promotions, events, tourism and customer service functions. The key objectives for the team during the 2016-17 year were to increase awareness of the market as a shopping destination to locals, as a must-visit Melbourne shopping destination and an exciting place for festivals and events, while also highlighting the variety, value and quality on offer.

An overarching brand campaign was launched, promoting market traders and the variety of products available. Thirty-five traders from all corners of the market were featured in campaigns that appeared in 163 Adshels across Melbourne, in various print publications, street posters and on social media. Targeting inner-city Melburnians, the engaging campaigns celebrated the relationships customers have with market traders. The "Take Us Home" tourism campaign was directed to tourists and specifically highlighted general merchandise shopping in a wide-reaching advertising campaign.

To increase awareness of the day market on radio, Queen Victoria Market Pty Ltd partnered with both Nova/Smooth FM and Croc Media, enabling engagement with regional audiences as well as those close to home. A month-long program of events focusing on football was supported by live outside broadcasts by AFL Live and Gold FM. A partnership with Nova/Smooth FM boosted our weekend events and festivals on Queen Street, running a total of 259 ads.

The television cooking series My Market Kitchen was launched in August 2016. Developed by Creative Media in partnership with market management, the show's second season aired on Network Ten from March 2017. The show promotes the produce, personalities and atmosphere of the Queen Victoria Market and is hosted by former Masterchef contestants Emma Dean and Lynton Tapp. Emma and Lynton were also engaged as brand ambassadors for the Queen Victoria Market along with Sara Oteri, another ex-Marsterchef contestant.

A comprehensive marketing plan ensured both the summer and winter night markets gained strong media exposure. Themed nights for summer and a new lighting concept for winter created the impetus needed to boost media awareness. Combined with a new approach to customer experience, the night market saw satisfaction rise in customer survey results.

The Customer Engagement team ran the market's extensive range of events throughout the year, with the program including multicultural festivals, the International Paella Competition, the Truffle Melbourne Festival and school holiday programs.

The popular tours program continued during the year, highlighting the diverse range of products available at the Queen Victoria Market. A new market ambassador program launched in June, with the initiative designed to increase customer engagement by welcoming and directing market visitors once they arrive onsite.

BUSINESS SERVICES

The Business Services team includes key business functions including finance, information technology, occupational health and safety, commercial, and environment and sustainability.

The team was involved in the implementation of a number of business systems during the year including Salesforce and QuickBooks. The implementation of these two systems enabled major business process change, with the Finance team leading a shift towards electronic invoicing and no cash payments by market traders.

The shift saw the market office on Deli Lane reduce its operating hours, with the office staffed by Finance team members and not Customer Service staff. This increased the capacity of Customer Service staff to handle enquiries from customers and visitors to the market, while helping traders to transition to a new way of receiving and paying invoices. The changes to payment options have enabled the streamlining of Queen Victoria Market Pty Ltd's administrative processes, allowing management to spend more time on the daily operation of the market.



Planning for the future sustainability aspirations of the market was an important focus during the year, with the team contributing to the precinct-wide sustainability plan drafted as part of the Queen Victoria Market Precinct Renewal program.

Assetlink Services Pty Ltd was engaged in July 2016 to manage cleaning and waste at the market. Market management and Assetlink Services have been working closely with traders to increase the amount of organic waste that is recycled, and to improve the recycling of meat and fish waste, paper, cardboard and plastic.

There was an increased focus on Occupational Health and Safety during the year, with management working with market traders to develop comprehensive Occupational Health and Safety policies and reporting procedures.

MARKET TRADING

The Market Trading team incorporates the many functions that come together to enable the market to run including facilities, maintenance, logistics and business management.

The Operations department is responsible for managing the daily operations of the market including logistics, security, stall allocations and enforcement of market rules.

The facilities team continues to provide services across the market for traders and management. During the year the team worked closely with the City of Melbourne renewal team on key projects including the H and I toilet refresh and the Therry Street substation upgrade.

FINANCIAL STATEMENTS

For the financial year ended 30 June 2017, Queen Victoria Market Pty Ltd produced a loss result of \$2.3 million.

The total equity of Queen Victoria Market Pty Ltd at 30 June 2017 was \$3.1 million.

Net cashflow from operating activities for the year ended 30 June 2017 was negative \$2.4 million.

Preparation for renewal and increased costs associated with maintaining and operating an ageing market have impacted the company's end result.



**COMPREHENSIVE INCOME STATEMENT FOR THE FINANCIAL
YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
Revenue			
Market rentals		17,111,264	17,969,220
Car park fees		3,831,379	4,407,525
Bar sales		1,372,076	0
Embedded network distribution		513,937	528,373
MCC property rates recovery from tenants		177,101	205,999
Sponsorship fees		144,443	248,683
Walking tour fees		98,079	89,983
Interest revenue		69,944	120,583
Water usage recovery		71,864	77,291
Commissions received		25,870	35,769
Other	2	9,891	22,168
Total revenue		23,425,848	23,705,594
Expenses			
Employee benefits		6,384,635	5,106,631
Cleaning		4,169,818	4,444,273
Licence fee – City of Melbourne		3,315,000	3,973,750
Consultancy		2,218,045	827,284
Advertising and marketing		1,770,315	1,400,200
Utilities		1,510,993	1,357,797
Security		1,142,458	1,047,196
Congestion levy		952,750	949,860
Repairs and maintenance		786,321	1,027,458
Depreciation expense		770,322	628,727
Equipment hire		465,299	271,859
COGS – bar stock		423,694	0
Directors fees		403,229	348,486
Car park management fee		335,803	426,356
Land tax		333,153	437,872
Insurance		317,769	385,468
Event entertainment		197,866	189,334
Legal fees		182,318	105,848
Workshop supplies		132,843	110,888
Corporate charges – City of Melbourne		27,058	41,530
Other expenses	2	862,488	567,841
Total expenses		26,702,177	23,648,668
Profit before income tax equivalents		(3,276,329)	56,926
Income tax equivalents	3 (a)	(982,899)	17,078
Profit for the year		(2,293,430)	39,848
Total comprehensive income for the year		(2,293,430)	39,848

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Note	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	235,335	1,266,878
Other financial assets	5	2,250,000	5,250,000
Trade and other receivables	6	1,124,841	552,272
Stock on hand		75,324	62,947
Prepayments		238,302	366,673
Total Current Assets		3,923,802	7,498,770
Non-current assets			
Deferred income tax equivalent assets	1 (c), 3 (b)	1,323,869	340,970
Property, plant and equipment	7	3,500,683	2,544,133
Total non-current assets		4,824,552	2,885,103
TOTAL ASSETS		8,748,354	10,383,873
LIABILITIES			
Current Liabilities			
Trade and other payables	8	2,470,696	1,822,435
Current tax equivalent liabilities	1 (b), 3 (a)	0	(21,598)
Tenant security deposits	1 (k)	186,350	168,992
Provisions	9	933,140	992,058
Unearned revenue	10	257,729	233,800
Total Current Liabilities		3,847,915	3,195,687
Non-Current Liabilities			
Tenant security deposits	1 (k)	1,677,158	1,689,917
Provisions	9	150,705	132,007
Total Non-Current Liabilities		1,827,863	1,821,924
TOTAL LIABILITIES		5,675,778	5,017,611
NET ASSETS		3,072,576	5,366,262
EQUITY			
Contributed equity	11	200,000	200,000
Retained earnings		2,872,576	5,166,262
TOTAL EQUITY		3,072,576	5,366,262

The above statement of financial position should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	Contributed equity \$	Retained earnings \$	Total \$
Balance at 30 June 2015		200,000	5,143,843	5,343,843
Total comprehensive income for the year			39,848	39,848
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	13	-	(17,429)	(17,429)
.....
Balance at 30 June 2016		200,000	5,166,262	5,366,262
Total comprehensive income for the year			(2,293,430)	(2,293,430)
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	13	-	(256)	(256)
.....
Balance at 30 June 2017		200,000	2,872,576	3,072,576

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 Inflows/ (outflows) \$	2016 Inflows/ (outflows) \$
Cash flows from operations			
Receipts from customers (inclusive of GST)		25,096,160	26,251,676
Payments to suppliers and employees (inclusive of GST)		(22,999,446)	(15,088,434)
Payments to suppliers – City of Melbourne		(3,513,104)	(4,305,303)
Payments to suppliers – Citywide Service Solutions Pty Ltd		(395,339)	(4,923,829)
Income tax equivalents received from City of Melbourne		21,598	0
Income tax equivalents paid to City of Melbourne		0	(78,809)
Net GST paid to Australian Taxation Office		(578,732)	(1,040,207)
Security deposits received		67,261	196,594
Security deposits refunded		(111,229)	(203,119)
Net cash provided by operating activities	15	(2,412,831)	808,569
Cash flows from investing activities			
Purchase of property, plant & equipment		(1,726,872)	(457,327)
Purchase / redemption of investment		3,000,000	(750,000)
Interest received		124,099	177,536
Net cash used in investing activities		1,397,227	(1,029,791)
Cash flows from financing activities			
Dividends paid		(15,939)	(145,709)
Net cash used in financing activities		(15,939)	(145,709)
Net increase (decrease) in cash held		(1,031,542)	(366,931)
Cash and cash equivalents at beginning of year		1,266,878	1,633,809
Cash and cash equivalents at end of year	4	235,335	1,266,878

The above statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Summary of significant accounting policies

Reporting entity

The financial statements are for Queen Victoria Market Pty Ltd (the "Company") as an individual entity. The Company is a proprietary company incorporated under the Corporations Act 2001, and is domiciled in Australia. The address of the Company's registered office is 513 Elizabeth Street, Melbourne VIC 3000 and principal place of business is Level 8, 365 Queen Street, Melbourne VIC 3000.

The Company's principal activity is the management of the Queen Victoria Market. The Company's primary objective is to ensure that the market maintains and enhances an industry reputation as Australia's premier traditional market, whilst meeting the world's best practice standards.

(a) Basis of preparation

These financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. Queen Victoria Market Pty Ltd is a for-profit entity for the purpose of preparing the financial statements. The financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the directors on 10 August 2017.

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

The financial statements have been prepared on an accrual basis.

The functional and presentation currency of the Company is the Australian Dollar.

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year.

(b) Going concern basis

When preparing financial reports, directors shall make an assessment of an entity's ability to continue as a going concern. When directors are aware, in making their assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed.

Queen Victoria Market Pty Ltd could be economically dependent on the ongoing financial support of the City of Melbourne during the period of market renewal. The City of Melbourne has provided the Board with a letter of comfort confirming that the City of Melbourne undertakes to provide the Queen Victoria market Pty Ltd with the necessary financial support to enable it to meet its obligations during the renewal of the market. The renewal is outlined more fully in note 19 and is currently expected to take approximately 5 years, concluding in 2022.

(c) Tax equivalent regime

The Company is exempt from income tax under section 50-25 of the Income Tax Assessment Act 1997, due to it being wholly owned by the City of Melbourne, a local government authority.

The Company is subject to paying income tax equivalents to City of Melbourne, equal to the amount of income tax otherwise payable under the Income Tax Assessment Act 1997. The Company has adopted the provisions of AASB 112 Income Tax to account for these income tax equivalents.

Income tax equivalents expense comprises current and deferred tax. Current tax equivalent and deferred tax equivalent is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Summary of significant accounting policies (continued)

(c) Tax equivalent regime (continued)

Current tax equivalent is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date. Deferred tax equivalent is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted at reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) Rentals, fees and other revenue

Rentals are recognised on a straight-line basis over the term of the agreement. Fees and other revenue, including walking tours and cooking school, are recognised as revenue when services are provided.

Payment before assignment (early termination fees)

The stallholder shall pay the Queen Victoria Market Pty Ltd, at the time of requesting any assignment, an administration fee, the amount of which will depend upon the year of the term in which the request is made and the licence fee (ie monthly amount) as follows:

- **Year 1:** 4 month licence fee (as at the date of assignment or novation)
- **Year 2:** 2 month licence fee (as at the date of assignment or novation)
- **Year 3:** 1 month licence fee (as at the date of assignment or novation)
- **Year 4 (onwards):** no fee

These fees are recognised as revenue when an early termination is made.

(e) Interest received

Interest includes interest received on deposits and other investments using the effective interest method which allocates the interest over the relevant period.

(f) Employee benefits

Wages and Salaries and Leave Entitlements

Liabilities for employees' entitlement to wages and salaries, annual leave, and other employee benefits which are expected to be paid or settled within 12 months of balance date are accrued at nominal amounts calculated on the basis of the current year salary rates and payroll-based on-costs in accordance with AASB 119 Employee Benefits.

Long Service Leave and Annual Leave

Liabilities for other employee benefits which are not expected to be paid or settled within 12 months of balance date are accrued as per AASB 119 at the present values of future amounts expected to be paid based on the projected weighted average increase in wage and salary rates and payroll-based on-costs over an average period of five years. Present values are calculated using the government guaranteed securities rates with similar maturities.

(f) Employee benefits (continued)

Liabilities for employee entitlements are recorded as current where the Company does not hold an unconditional right to defer settlement for greater than 12 months. Liabilities where the Company does hold an unconditional right to defer settlement greater than 12 months are disclosed as non-current.

Superannuation

Queen Victoria Market Pty Ltd makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary.

Details of these arrangements are set out in Note 18.

(g) Cash and cash equivalents

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Term deposits are presented as cash equivalents if they have a maturity date of 3 months or less from the balance date of the financial statements. Term deposits with a maturity date of over 3 months from the balance date of the financial statements will be presented as other financial assets.

(h) Trade receivables

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost. They are classified as current assets except where the maturity is greater than 12 months after the reporting period date, in which case they are classified as non-current. Trade and other receivables are unsecured and are interest free and credit terms are usually up to 30 days.

(i) Impairment of 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 loss event had a negative effect on the estimated future cash flows of that asset that can be reliably measured.

Objective evidence that financial assets are impaired can include indications of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment. In addition, for an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Trade and other receivables

All individually significant receivables are assessed for specific impairment. All individually significant receivables and those that are not individually significant are then assessed for impairment on a collective basis, by grouping those with similar risk characteristics. 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. When a subsequent event (e.g. repayment) causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Summary of significant accounting policies (continued)

(j) Trade and other payables

Trade and other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Trade and other payables are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Tenant security deposits

Tenants are required to provide a security deposit upon commencement of their lease or licence. This security deposit is refundable upon their exit from the market. The classification between current (10%) and non-current (90%) is based on historical data relating to their redemption over the years.

(l) Property, plant and equipment

Capitalisation Policy

The Company's policy is to capitalize and depreciate individual capital expenditure over \$500. Items of a capital value of less than \$500 are treated as an expense.

Items of property, plant and equipment are recorded at cost on acquisition, being the fair value of the assets given as consideration plus costs incidental to their acquisition.

Depreciation measures the service potential of property, plant and equipment consumed during the year.

Items of property, plant and equipment are depreciated over their estimated useful lives to the Company ranging from one to forty years. The straight line method of depreciation is used.

The cost of improvements to or on leasehold properties is depreciated over the estimated useful life to the Company of the improvements.

The costs of leasehold improvements are depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is shorter.

Estimates of remaining useful lives are reviewed annually.

Depreciation rates employed by the Company are as follows:

	2017	2016
Leasehold improvements	2.5%-33%	2.5%-33%
Plant and equipment	2.5%-40%	2.5%-40%
Furniture and fittings	12.5%-20%	12.5%-20%
Motor vehicles	20%	20%
Computer equipment	2.5%-40%	2.5%-40%

(m) Impairment of property, plant and equipment

At each reporting date, the Company reviews the carrying value of its property, plant and equipment to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess over its recoverable amount is expensed to the comprehensive income statement.

(n) Dividends

A provision is recognised for dividend when it has been declared, determined or publicly recommended by the directors and has been based on a percentage of profit after tax.

(o) Expenses

Expenses are recognised in the reporting period in which they occur.

(p) Goods and Services Tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(q) Comparative information

When the Company changes the presentation or classification of items in its financial statements, the Company shall reclassify comparative amounts unless reclassification is impracticable. When the Company reclassifies comparative amounts, the entity shall disclose the nature of the reclassification and the reason for the reclassification.

(r) Critical accounting judgements and key sources of estimation and uncertainty

In application of the Company's accounting policies, the Company is required to make judgements, estimates and assumptions about carrying values of certain assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods

(s) Contingent liabilities

Contingent liabilities are matters that should be disclosed if they could significantly affect the entity's financial position and/or performance. If knowledge of the matters is necessary for the financial report to give a true and fair view, the directors will include the appropriate disclosures in the financial report.

(t) Pending Accounting Standards

The issue of Accounting Standards not yet effective is not considered to have a significant impact.

(u) Developments since balance date

There are no events or developments subsequent to balance date that impact on the reported financials.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
2. Operating revenue and expenses			
Other revenue			
Busking fees		2,837	3,880
Fines – box removal		2,518	5,213
Promotion item sales		1,896	5,304
Table and trestle hire		1,440	1,261
Cool room hire recovery		1,200	2,400
Fess from tender submissions		0	4,000
Other		0	110
Total		9,891	22,168
Other expenses include:			
Rental of premises		123,779	0
Catering expenses		107,727	73,119
Software maintenance		104,631	56,652
Doubtful debts		87,583	4,940
Printing and stationery		85,583	80,370
Audit fees - internal		56,024	52,496
Travel expenses		47,636	9,468
Bank charges		39,748	32,016
Cash collection		36,362	23,867
Archival storage rental		32,042	29,962
Fleet costs		25,004	73,277
Audit fees - external		19,000	18,500
Car park card processing		18,109	26,691
Subscriptions and memberships		17,983	13,786
Conferences		14,892	610
Postage		12,587	16,484
Bad debt write-off		9,704	5,339
Training		3,299	32,660
Donations		1,402	1,596
Miscellaneous		19,393	16,008
Total		862,488	567,841
3 (a) Income tax equivalents			
Prima facie income tax calculated at 30% on the operating profit:		(982,899)	17,078
Income tax equivalents attributable to operating profit		(982,899)	17,078
Income tax equivalents attributable to operating profit comprised:			
Income tax equivalents instalments paid during the year		(21,598)	78,809
Movement in income tax equivalents provision		21,598	(100,407)
Origination and reversal of temporary differences		(982,899)	38,676
		(982,899)	17,078

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
3 (a) Income tax equivalents (continued)			
Profit/(Loss) before tax equivalents		(3,276,329)	56,926
Add/(Less) timing differences – provision for annual leave		70,914	(102,749)
Add/(Less) timing differences – provision for long service leave		(95,452)	(31,111)
Add/(Less) timing differences – provision for doubtful debts		87,785	4,940
Taxable income/(loss)		(3,213,082)	(71,994)
Tax payable calculated at 30%		0	(21,598)
Income tax equivalents instalments for the current year paid		21,598	0
		21,598	(21,598)
3 (b) Deferred income tax equivalent asset			
Deferred tax assets are attributable to the following:			
Unused tax losses		963,925	0
Provision for employee benefits – annual leave		137,712	116,438
Provision for employee benefits – long service leave		187,441	216,077
Provision for doubtful debts		34,791	8,455
		1,323,869	340,970
4. Cash and cash equivalents			
Cash on hand		0	600
Car park float		9,345	12,160
Bar float		12,000	0
Cash - operating		100,482	1,145,209
Cash - tenant security deposits		113,508	108,909
		235,335	1,266,878
5. Other financial assets			
Other bank deposits - operating		500,000	3,500,000
Other bank deposits – tenant security deposits		1,750,000	1,750,000
		2,250,000	5,250,000
6. Trade and other receivables			
Trade debtors		824,418	291,195
Less: Allowance for impairment	16 (f)	(115,969)	(28,184)
Related parties – other entities in the wholly-owned group	17 (c)	39,633	28,793
Bonds		52,550	14,300
Accrued income		324,209	246,168
		1,124,841	552,272

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2017 \$	2016 \$
7. Property, plant and equipment			
Plant & equipment – at cost		2,072,624	1,961,223
Accumulated depreciation		(1,396,421)	(1,145,915)
Carrying amount at end of year		676,203	815,308
Motor vehicles – at cost		313,163	262,313
Accumulated depreciation		(260,251)	(256,200)
Carrying amount at end of year		52,912	6,113
Computer equipment – at cost		1,569,747	658,894
Accumulated depreciation		(715,928)	(541,135)
Carrying amount at end of year		853,819	117,759
Leasehold improvements – at cost		2,658,950	2,549,499
Accumulated depreciation		(1,421,455)	(1,260,647)
Carrying amount at end of year		1,237,495	1,288,852
Furniture and fittings – at cost		1,357,215	1,209,478
Accumulated depreciation		(1,121,760)	(941,595)
Carrying amount at end of year		235,455	286,277
Work in progress		444,797	48,218
Total property, plant and equipment		3,500,683	2,544,133

Land and buildings used by the Company are owned by and included in the accounts of the City of Melbourne.

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

	Note	2016 \$	2016 \$
Plant and equipment			
Carrying amount at start of year		815,308	777,288
Additions		111,401	273,675
Disposals		0	0
Transfer from work in progress		0	0
Depreciation		(250,506)	(235,655)
Carrying amount at end of year		676,203	815,308

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2017 \$	2016 \$
7. Property, plant and equipment (continued)			
Motor vehicles			
Carrying amount at start of year		6,113	19,614
Additions		50,850	0
Disposals		0	0
Transfer from work in progress		0	0
Depreciation		(4,051)	(13,501)
Carrying amount at end of year		52,912	6,113
Computer equipment			
Carrying amount at start of year		117,759	141,686
Additions		910,853	43,488
Disposals		0	0
Transfer from work in progress		0	0
Depreciation		(174,793)	(67,415)
Carrying amount at end of year		853,819	117,759
Leasehold improvements			
Carrying amount at start of year		1,288,852	1,173,306
Additions		109,451	79,182
Disposals		0	0
Transfer from work in progress		0	167,130
Amortisation		(160,807)	(130,766)
Carrying amount at end of year		1,237,495	1,288,852
Furniture and fittings			
Carrying amount at start of year		267,883	426,679
Additions		138,106	22,604
Disposals		0	0
Transfer from work in progress		9,631	0
Depreciation		(180,165)	(181,400)
Carrying amount at end of year		235,455	267,883
Work in progress			
Carrying amount at start of year		48,218	176,970
Additions		406,212	38,378
Transfers		(9,631)	(167,130)
Carrying amount at end of year		444,799	48,218
Total			
Carrying amount at start of year		2,544,133	2,715,543
Additions		1,713,122	457,327
Disposals		0	0
Transfer from work in progress		0	0
Depreciation		(770,322)	(628,737)
Carrying amount at end of year		3,500,683	2,544,133

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
8. Trade and other payables			
Trade and other creditors		1,819,157	874,861
Related parties – other entities in the wholly-owned group	17 (c)	651,539	947,574
		2,470,696	1,822,435
9. Provisions			
Current			
Provision for dividend		0	15,683
Employee benefits – annual leave < 12 months		431,122	366,554
Employee benefits – annual leave > 12 months		27,919	21,572
Employee benefits – long service leave < 12 months		14,904	2,780
Employee benefits – long service leave > 12 months		459,195	585,469
		933,140	992,058
Non-Current			
Employee benefits – long service leave		150,705	132,007
		150,705	132,007
Aggregate carrying amount of employee benefits			
Current		933,140	976,375
Non-current		150,705	132,007
		1,083,845	1,108,382

As detailed in note 1(f) long service leave is measured at the present value of discounted cash flows.

The following assumptions were adopted in measuring present values:

Weighted average increase in employee costs	2.00%	3.00%
Weighted average settlement period (months)	27.69	37.20
Inflation rate	3.81%	4.13%

	Note	2017 \$	2016 \$
10. Unearned revenue			
Revenue received in advance – Winter Night Market rentals		255,062	232,712
Revenue received in advance - Other		2,667	1,088
		257,729	233,800
11. Contributed equity			
200,000 ordinary shares of \$1 each, fully paid		200,000	200,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

11. Contributed equity (cont.)

The company does not have authorised capital or par value in respect of its issued shares. Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

11.1 Capital management

The Company regards total equity, being contributed equity and retained profits, as capital. The objective of the Company is to provide a strong capital base so as to maintain shareholders' confidence and to sustain future development of the business. The Board of Directors monitors the return of capital through the level of dividends to the City of Melbourne. The Company does not currently have a policy of borrowing. There were no changes in the Company's approach to capital management during the year.

	Note	2017 \$	2016 \$
12. Commitments			
12.1 Expenditure commitments – operating			
Commitments for the payments under long-term contracts in existence at the reporting date but not recognised as liabilities, payable:			
Not later than one year		4,987,514	5,235,731
Later than one year but not later than five years		14,117,447	17,853,141
Total expenditure commitments		19,104,961	23,088,872
12.2 Operating lease receivables			
Not later than one year		10,985,445	7,309,213
Later than one year but not later than five years		38,094,916	14,460,600
Later than five years		0	0
Total operating lease receivables		48,080,361	21,769,813
The term of operating leases at the market are 5 years for standard enclosures and 5 years for open stalls. The rents are fixed and assignment fees are paid for early termination as set out in Note 1(d).			
13. Dividends paid/provided			
Final dividend - paid		256	1,746
Interim dividend - provided		0	15,683
Total		256	17,429
14. Remuneration of auditors			
Auditing of the financial report – VAGO		19,000	18,500
Auditing internal		56,024	52,496
		75,024	70,996

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
15. Cash flow information			
Reconciliation of cash flows from operating activities with profit for the year:			
Profit for the year		(2,293,430)	39,848
Interest received		(69,944)	(120,583)
Non-cash flows in operating activities:			
Depreciation		770,322	628,737
Impairment of trade receivables		87,785	4,940
Changes in asset and liabilities:			
(Increase)/Decrease in trade debtors and related parties		(544,062)	507,966
(Increase)/Decrease in prepayments		128,371	18,902
(Increase)/Decrease in inventory		(12,377)	(5,792)
(Increase)/Decrease in accrued income and other debtors		(121,878)	(111,491)
(Increase)/Decrease in deferred tax equivalent assets		(982,899)	38,676
(Decrease)/Increase in trade creditors and related parties		222,719	204,678
(Decrease)/Increase in other creditors		425,541	(87,540)
(Decrease)/Increase in unearned income		23,929	(68,979)
(Decrease)/Increase in income tax equivalent liabilities		21,598	(100,408)
(Decrease)/Increase in provision for employee benefits		(24,538)	(133,859)
(Decrease)/Increase in security deposits		(43,968)	(6,525)
.....
Net cash inflow from operating activities		(2,412,831)	808,569

16. Financial instruments

(a) Objectives and policies

The Queen Victoria Market's (the Market) principal financial instruments comprise cash assets, term deposits, receivables, payables and tenant security deposits. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Queen Victoria Market board. These policies include identification and analysis of the risk exposure to the Market and appropriate procedures, controls and risk minimisation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Financial Instruments	Note	Accounting Policy	Terms and Conditions
Financial Assets			
Cash and cash equivalents	4	Cash on hand, cash at bank and money market call account are valued at face value	On call deposits returned a weighted average interest rate of 1.65% (1.65% in 2015-16)
Short term deposits	4 & 5	Interest is recognised as it accrues Investments are valued at cost Investments are held to maximise interest returns of surplus cash	On call deposits returned a weighted average interest rate of 2.75% (2.75% in 2015-16)
Sundry debtors	6	Receivables are carried at nominal amounts due less provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	Trade debtors are unsecured. Credit terms are based on 30 days from date of invoice.
Financial Liabilities			
Trade and other payables	8	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Queen Victoria Market as at balance date whether or not invoices have been received	Trade creditors are unsecured, not subject to interest charges and are normally settled within 30 days from date of invoice.

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Market's exposures to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Market does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Market has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

Investment of surplus funds is made with approved financial institutions and interest rate risk is managed by adopting an investment policy that ensures:

- diversification of investment product
- monitoring of return on investment
- benchmarking of returns and comparison with budget.

There has been no significant change in the Market's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

16. Financial instruments (cont.)

(c) Credit Risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. The Market has exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

- The Market only invests surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Receivables consist of a large number of stallholders and tenants. The company policy is to encourage tenants and stallholders to pay their accounts via direct debit, however some existing debtors maintain regular payments by cash or cheque. Accounts that become overdue are immediately followed up by market management or referred to a debt collection agency.

Credit risk is minimal because most traders provide a bank guarantee or security bond equivalent to one to three month's rent which acts as a security against any default payments.

There are no material financial assets which are individually determined to be impaired.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

	Note	Floating Interest Rate \$	Non Interest Bearing \$	Carrying Amount \$	Weighted Average Interest Rate
Year 2017 Financial assets					
Cash on hand	4	0	21,345	21,345	
Cash at bank	4	100,482	0	100,482	1.00%
Tenant security deposits	4	113,508	0	113,508	1.10%
Other financial assets – operating	5	500,000	0	500,000	2.61%
Other financial assets – tenant security	5	1,750,000	0	1,750,000	2.61%
Trade and other receivables	6	0	1,124,841	1,124,841	-
Total		2,463,990	1,146,186	3,610,176	
Financial liabilities					
Trade and other payables	8	0	2,470,696	2,470,696	-
Total		0	2,470,696	2,470,696	
Year 2016 Financial assets					
Cash on hand	4	0	12,760	12,760	
Cash at bank	4	1,145,209	0	1,145,209	1.65%
Tenant security deposits	4	108,909	0	108,909	2.05%
Other financial assets - operating	5	3,500,000	0	3,500,000	2.75%
Other financial assets – tenant security	5	1,750,000	0	1,750,000	2.75%
Trade and other receivables	6	0	552,272	552,272	-
Total		6,504,118	565,032	7,069,150	
Financial liabilities					
Trade and other payables	8	0	1,822,435	1,822,435	-
Total		0	1,822,435	1,822,435	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

16. Financial instruments (cont.)

(d) Liquidity Risk

Liquidity risk includes the risk that, as a result of the Market's operational liquidity requirements, the Market will not have sufficient funds to settle a transaction when required, the Market may be forced to sell a financial asset at below book value or may be unable to settle or recover a financial asset.

To help reduce these risks the Market

- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments
- monitors budget to actual performance on a regular basis
- received a letter of comfort from City of Melbourne which is more fully described in note 1 (b)

	6 mths or less \$	6-12 months \$	1-2 years \$	2-5 years \$	> 5 years \$	Contracted Cash Flow \$	Carrying Amount \$
2017							
Cash & cash equivalents	235,335	-	-	-	-	235,335	235,335
Trade & other receivables	1,072,291	-	52,550	-	-	1,124,841	1,124,841
Other financial assets	1,000,000	1,250,000	-	-	-	2,250,000	2,250,000
.....	2,307,626	1,250,000	52,550	-	-	3,610,176	3,610,176
2016							
Cash & cash equivalents	1,266,878	-	-	-	-	1,266,878	1,266,878
Trade & other receivables	537,972	-	14,300	-	-	552,272	552,272
Other financial assets	4,250,000	1,000,000	-	-	-	5,250,000	5,250,000
	6,054,850	1,000,000	14,300	-	-	7,069,150	7,069,150
2017							
Trade creditors	810,994	-	-	-	-	810,994	810,994
Other creditors	944,307	-	-	-	-	944,307	944,307
Security deposits	93,175	93,175	1,677,158	-	-	1,863,508	1,863,508
Related party	715,395	-	-	-	-	715,395	715,395
.....	2,563,871	93,175	1,677,158	-	-	4,443,204	4,443,204
2016							
Trade creditors	356,094	-	-	-	-	356,094	356,094
Other creditors	518,767	-	-	-	-	518,767	518,767
Security deposits	84,496	84,496	1,689,917	-	-	1,858,909	1,858,909
Related party	947,574	-	-	-	-	947,574	947,574
.....	1,906,931	84,496	1,689,917	-	-	3,681,344	3,681,344

(e) Fair value

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

16. Financial instruments (cont.)

(f) Financial assets	2017 \$	2016 \$
Aging of Trade & Other Receivables		
The aging of trade and other receivables at reporting date was:		
Current (not yet overdue)	666,223	457,081
Past due by up to 30 days	110,452	51,505
Past due between 31 and 180 days	251,745	17,043
Past due between 181 and 365 days	96,421	26,643
.....
Total Trade & Other Receivables	1,124,841	552,272
.....
Movement in Allowance for Impairment		
Balance at beginning of year	28,184	23,244
New impairment allowances recognised during the year	97,489	4,940
Amounts already provided and written off as uncollectible	(9,704)	0
Amounts provided for but recovered during the year	0	0
Previous impairment losses reversed	0	0
.....
Balance at end of year	115,969	28,184

17. Related party information

(a) Controlling entity

The ultimate parent entity is the City of Melbourne.

(b) Key management personnel compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any director (non-executive) of the Company is considered key management personnel.

Directors	Leadership / Senior Executives
* Paul Guerra	* Malcolm McCullough
* Patrick Burroughs	Victor Ailakis (1 July 2016 to 28 February 2017)
* George Christopoulos	* Brendan Devine
* Jane Fenton AM	Debbie Dowling (1 May 2017 to 30 June 2017)
* Jane Hodder	* Spiros Foscolos
* David Mann OAM	Peter Philpott (1 July 2016 to 7 May 2017)
* Paul Sheahan AM	* Matthew Ryan
* Yvonne von Hartel AM	Mark Scott (5 September 2016 to 30 June 2017)
	* Fiona Whitworth

* Key Management Personnel 1 July 2016 to 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The total of remuneration paid to key management personnel of the Company including Directors during the year comprised:

	2017 \$	2016 \$
Short-term employee benefits	1,722,890	1,715,188
Long-term benefits	0	0
Post-employment benefits	163,155	163,398
.....
Total key management personnel compensation	1,886,045	1,878,586

The number of key management personnel whose remuneration from the Queen Victoria Market falls within the following bands:

	2017 \$	2016 \$
\$0 - \$9,999	0	1
\$10,000 - \$19,999	0	1
\$30,000 - \$39,999	1	6
\$40,000 - \$49,999	6	1
\$50,000 - \$59,999	0	1
\$60,000 - \$69,999	1	1
\$70,000 - \$79,999	1	0
\$90,000 - \$99,999	1	1
\$130,000 - \$139,999	0	2
\$150,000 - \$159,999	2	2
\$160,000 - \$169,999	1	2
\$170,000 - \$179,999	1	1
\$180,000 - \$189,999	0	1
\$190,000 - \$199,999	1	0
\$200,000 - \$209,999	1	0
\$320,000 - \$329,999	1	0
.....
Total	17	19

Total employment package for key management personnel includes directors;

- Under an executive contract, taxable salary, superannuation and motor vehicle component
- For award staff, salary, superannuation, motor vehicle component, leave loading and overtime
- Termination payments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

(c) Transactions with related parties

Under paragraph 25 of AASB 124 Related Parties Disclosures, the Company is exempt from the detailed disclosure that would otherwise be required under paragraph 18 relating to related party transactions and outstanding balances, including commitments, with the City of Melbourne and entities within its wholly-owned group.

Individually significant transactions

<i>with ultimate parent entity:</i>	2017 \$	2016 \$
Licence fee paid to the City of Melbourne for the provision of services comprising rental and administrative services	3,315,000	3,973,750
Dividend provided/paid to the City of Melbourne	256	15,683
Tax equivalents payable to the City of Melbourne	(963,925)	(21,598)
Information technology services paid to City of Melbourne	0	11,667
Payroll services paid to City of Melbourne	23,374	23,977
Other services paid to City of Melbourne	654	5,887
Market renewal expenditure reimbursed by City of Melbourne	0	1,235,569

17. Related party information (cont.)

(c) Transactions with related parties

Under paragraph 25 of AASB 124 Related Parties Disclosures, the Company is exempt from the detailed disclosure that would otherwise be required under paragraph 18 relating to related party transactions and outstanding balances, including commitments, with the City of Melbourne and entities within its wholly-owned group.

Transactions collectively significant

<i>with other entities in the wholly-owned group:</i>	2017 \$	2016 \$
Services (cleaning of market) paid to Citywide Service Solutions Pty Ltd on normal commercial terms and conditions at market rates	0	4,444,272

Amounts receivable and payable

<i>with ultimate parent entity and other entities in the wholly owned group</i>	2017 \$	2016 \$
Receivable:		
City of Melbourne	39,633	28,793
Payable:		
City of Melbourne	651,539	541,431
Citywide Service Solutions Pty Ltd	0	406,143

18. Superannuation

The Queen Victoria Market makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2017, this was 9.5% required under Superannuation Guarantee legislation)(2016: 9.5%).

Defined Benefit

The Queen Victoria Market does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of the Queen Victoria Market in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

The Queen Victoria Market makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

The Fund's latest actuarial investigation was held as at 30 June 2014 and it was determined that the vested benefit index (VBI) of the defined benefit category of which the Queen Victoria Market is a contributing employer was 103.4%. To determine the VBI, the fund Actuary used the following long-term assumptions:

- Net investment returns 7.5% pa
- Salary inflation 4.25% pa
- Price inflation (CPI) 2.75% pa.

The latest VBI is 106.6% at 31 March 2017 with the 30 June 2017 figure expected to be available late August 2017.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the actuarial investigation determined the defined benefit category was in a satisfactory financial position and that no change was necessary to the defined benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, the Queen Victoria Market makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2016, this rate was 9.5% of members' salaries. This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate

In addition, the Queen Victoria Market reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

18. Superannuation (cont.)

Funding calls

If the defined benefit category is in an unsatisfactory financial position at actuarial investigation or the defined benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the defined benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97% of VBI.

	2017 \$	2016 \$
Employer contributions to LASF (Vision Super)	426,993	357,018
Employer contributions - other funds	77,055	88,028

19. Market renewal program

As its shareholder, the City of Melbourne announced on 31 October 2013 that it will make the largest investment in its history, currently estimated between \$200M to \$250M, to preserve and renew the Queen Victoria Market, creating an expanded market precinct. City of Melbourne hopes to be in a position to seek UNESCO World Heritage for Queen Victoria Market following a comprehensive renewal program.

Key upgrades will include the development of new car parking facilities to enable the conversion of the market's open lot car park into a large new public open space complementing the market, provision of essential infrastructure for traders, new event spaces and improvements to the public realm. The market renewal will be designed to create dynamic spaces enabling a greater diversity of markets, events and activities to take place within the precinct, bringing new vitality to the area particularly at night and outside current market trading hours. The City of Melbourne's strategic acquisition of the Munro Site has also opened up new possibilities for the market as a mixed use precinct, in addition to expanding options for the location of replacement car parking and other market and community facilities.

Following the 2015/16 completion of the Implementation Framework, which provides guidance on timing and activity to be done, further developments during 2016/17 included the development of the Melbourne Marketplace Retail Plan (MMP Retail Plan). The MMP Retail Plan underpins the QVMPR Business Case that was endorsed by the City of Melbourne in June 2017.

During the renewal, all Retail Traders who were engaged in business at the market in August 2016 will remain, however temporary markets and moves to consolidate market activity, whilst works are completed, will be necessary. Significant work has been undertaken during 2016/17 to ensure that all Retail Traders have the necessary lease and licence documentation that allows them to trade until at least December 2021, whilst also ensuring Queen Victoria Market has the flexibility to achieve the objective of management to continue to trade whilst the works are being undertaken.

The market also continued strong communication and engagement with all stakeholders, interest groups and advisory bodies that will support the renewal program. In addition, communication sessions and progress updates commenced with Retail Traders to keep them advised of the next steps in the program. These communication sessions and information packs will continue throughout the redevelopment and be supported by on the ground teams that will work with traders to meet their individual needs. The Retail Traders will also be constantly engaged in advising, supporting and working through the retail plan that will deliver the final retail offer for the market on completion.

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2017

The directors of the Company declare that:

the financial statements, comprising the comprehensive income statement, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes as set out on pages 1 to 29:

comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

give a true and fair view of the Company's financial position as at 30 June 2017 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards

In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Paul Guerra

Chairman

Patrick Burroughs

Director

Melbourne

10th August 2017

DISCLOSURE INDEX

