

ANNUAL REPORT 2017- 2018





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Acknowledgement

Queen Victoria Market Pty Ltd respectfully acknowledges the Traditional Owners of the land, the Boon Wurrung and Woiwurrung (Wurundjeri) people of the Kulin Nation and pay respect to their elders past, present and emerging.

FROM THE CHAIRMAN

Companies are defined by how they respond in challenging times and there is no doubt that 2017-18 has been a year of enormous challenge and change for Queen Victoria Market. Having stepped in as Executive Chair for the first half of the year, I am privileged to have learned first-hand that there is also lot to celebrate about our organisation, and a lot for which to be grateful.

I would like to start by acknowledging the work of our staff and thank the talented members of the QVM team. Managing our diverse community of market traders in the context of one of Melbourne's most iconic and highly visited public places requires a dedicated, multi-disciplinary team with a wide range of expertise. As the requirements of the day-to-day market have increased, as the demands of renewal have continued, and our night market program has grown significantly, the team has risen to the challenge and delivered on every aspect. Please accept my thanks.

We welcomed our new Chief Executive Officer, Stan Liacos in February. In Stan we have someone with long experience of providing leadership at a senior level, particularly in urban regeneration projects and precincts + this will be invaluable for the Market going forward. I am confident that Stan's experience will ensure he can work with the traders, the Government, the Council and the community to produce positive outcomes.

At the October 2018 Annual General Meeting, myself and fellow Directors of the company, Yvonne von Hartel AM, David Mann AM, Patrick Burroughs and Paul Sheahan AM retired from our positions, joining George Christopoulos who retired earlier this year. After seven great years as Chairman, the time has come to hand over the reins to Jane Fenton AM. Jane will be a wonderful Chairperson and I am grateful for her support and advice over the years. Jane Hodder will take over as Deputy Chairperson and will continue her wonderful contribution.

Patrick Burroughs and David Mann AM will also continue their valuable contribution to Queen Victoria Market as Independent Chair of the Audit & Risk Committee, and Market Ambassador respectively.

I have been extremely grateful for the quality of the Board Directors throughout the years – the skills, experience and knowledge around the table, the thoughtful, respectful, and insightful discussions at meetings and the outstanding commitment to securing a long-term future for the Queen Victoria Market. But it wasn't just the magic of the skillsets, it was the integrity of the individuals that made it work. Unrelenting support, no politics, a desire to protect and renew the market, authenticity and the desire to make a difference for Melbourne.

There have been challenges, but large projects are full of them. There have been changes of leadership, but good Boards know when and how to do that. There has been progress, slow and steady and always considered. There has been support, objective feedback, goodwill and intellect applied that only good teams can deliver. There has been global engagement, culminating in the signing of the Magnificent 7 global markets alliance forever marking the QVM as one of the global markets of significance. Most importantly, despite the issues of cars, trucks, forklifts and pedestrians all interacting in a confined area, there have been no fatalities over the last seven years. A testament to the focus on safety this Board has maintained.

Despite the challenges around retail globally, QVM still thrives as a retail destination. A precinct with over 600 retailers operating will be hailed as a success anywhere in the world. A National Heritage listing which ensures the market's future is now in place after a wonderful idea became a reality. The Night Market, which was struggling five or six years ago is now a Melbourne institution throughout both Summer and Winter on Wednesday nights. And renewal

which is so desperately needed for the benefit of everyone, and I mean everyone, has now commenced with the good work at the Munro site. It's a destination, with over 9 million people wandering through these aisles, day market and night market every year, and the Queen Victoria Market remains Victoria's number one tourist attraction for International visitors.

Just on renewal, make no mistake, it's needed. Our job as a Board has been to provide the advice required for renewal. The intricate understanding of the market rests with the Board and the staff, and whilst I know it is understood, I encourage everyone to keep engaging with the company. The Market needs to adapt to remain relevant in the ever-changing retail landscape and to meet evolving health and safety requirements. If it cannot adapt it will die, and we must not let this happen.

It has been a privilege to chair this group of extraordinary people, and I thank each of them for their efforts. I know I speak on behalf of each of the departing Board Directors when I say it's been a wonderful journey and an honour to serve our great City of Melbourne.

I wish to acknowledge Lord Mayor Sally Capp, Deputy Lord Mayor Arron Wood, City of Melbourne Councillors, Chief Executive Officer Ben Rimmer, former CFO Phu Nguyen and Professor Rob Adams. The support of the City of Melbourne this year again shows what is possible when the Shareholder and the Company are united in the same vision. I am sure the positive working relationship between the City and QVM at all levels will continue throughout and beyond the renewal process.

My final thanks is to the Traders who add so much to the market. I've met some great Traders who would be successful in any market in the world, and I'm humbled by the friends I have made by my association with the Queen Vic.

Every great city needs a great market, and ours is the Queen Victoria Market. Despite tremendous change impacting every facet of everyday life, Queen Victoria Market and other traditional retail markets like it, remain highly valued by the community, bringing people together in their shared desire for an authentic experience.

I wish everyone involved with the Queen Victoria Market every success into the future.

Paul Guerra

Chairman

30 October 2018

FRESH
LIMES
\$2.00
5 lb
\$10.00
each

FRESH
RADISHES
\$1.50
bunch

FRESH
CELERY
\$2.50
bunch

FRESH
CARROTS
\$2.00
bunch



FROM THE CHIEF EXECUTIVE OFFICER

It gives me great pleasure to present the 2017-18 Annual Report for Queen Victoria Market Pty Ltd.

I joined QVM as CEO at the end of January 2018 and I feel immensely honoured to have the opportunity to lead and guide this historic Market precinct through this, its 140th year of operation and beyond. Leading an organisation through change can be difficult, however, it is made less so when surrounded by a supportive Board and colleagues and I am privileged to work with so many people who are committed to ensuring the Market remains a thriving and diverse marketplace for future generations.

In the eight months since I joined Queen Victoria Market I have had the pleasure of speaking with hundreds of traders, customers and other members of our Market community. It has given me a tremendous sense of pride in the Market and the role that it has played in the lives of so many Melbournians throughout its history – as a place of commerce and a focus for community life.

It would seem that everyone loves the Market and we all understand the need to protect its unique cultural heritage, but the safety of its operations, the cleanliness and efficiency of storage and logistics all need to be brought into the 21st century. We must not confuse

nostalgia with heritage protection. While the City of Melbourne leads discussions with Heritage Victoria about revised renewal plans, we need to be focused on making the Market the best it can be right now which is why we have channeled staff and business momentum to a 'back-to-basics' agenda with a renewed focus on improving trader and customer experience, including:

- Increasing and improving promotion of the market, focusing on its unique selling points;
- Improving our customer service, responsiveness and accountability in day-to-day management activities;
- Resuming programmed maintenance and capital works (with financial support from City of Melbourne);
- Providing more regular, clear and concise communication about issues of importance to traders and customers;
- Trialling new events and activations to increase customer visitation and 'dwell time'; and
- More actively and more professionally encouraging adherence to and, where necessary, strictly enforcing Market rules to maintain a safer and more fairly managed precinct for the common good of the Market.

With modest growth in revenue over the past twelve months, Queen Victoria Market has closed 2017-18 with a profit of \$248,192 before income tax. This is a strong improvement on 2016-17's loss of \$3.3 million before income tax, largely driven by prudent management and Melbourne City Council's agreement to waive the Market's licence fee for 2017-18 and allow this money to be re-invested in the operation, promotion and maintenance of the Market. Increased bar sales from our Night Market seasons have also contributed significantly as has a concerted effort across the business to find ways to run the market more efficiently.

I am proud of the dedication and passion which drives the Queen Victoria Market team and would like to thank them for their hard work throughout the year and acknowledge Paul Guerra for his stewardship prior to my commencement in late January 2018. I thank both Paul and Jane Fenton AM for their support as Chair and Deputy Chair respectively of the Queen Victoria Market Board as well as Patrick Burroughs, George Christopoulos, Yvonne von Hartel AM, Jane Hodder, David Mann AM and Paul Sheahan for their contribution to the Board.

Finally, I would like to take this opportunity to thank Melbourne Lord Mayor Cr. Sally Capp, Deputy Lord Mayor Cr. Arron Wood and the City of Melbourne Councillors generally.



Thank you to City of Melbourne CEO Ben Rimmer, Director of City Design Rob Adams, QVM PR Program Director Jo Wandel and their teams for their advice, support and dedication to the Market Renewal Program throughout the year.

In accordance with the Local Government Act 1989, I am pleased to present the Queen Victoria Market Pty Ltd Annual Report for the year ending 30 June 2018.

Stan Liacos

Chief Executive Officer

17 October 2018

WHO WE ARE

Queen Victoria Market is one of the world's most significant public marketplaces, boasting the highest concentration of small retail and hospitality businesses anywhere in Australia.

At seven hectares it is Australia's largest retail marketplace. Encompassing heritage sheds, market halls and historic shopfront terraces, the market is a permanent home to more than six hundred independently owned businesses with hundreds more street food vendors and casual traders joining the market community on a seasonal basis.

Continuously trading since its official opening in 1878, Queen Victoria Market celebrated its 140th Birthday in March this year, making it the longest surviving marketplace of its scale and diversity in Australia. Its community of market traders, affordability and diverse retail offer has serviced a loyal customer base for generations. Today, Queen Victoria Market's evolving offer of authentic markets, hospitality, events and activities ensures its ongoing relevance as a launching pad for new business and a centre for the community.

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

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
- 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, as well as 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
- care for and develop our people.

RENEWAL

Queen Victoria Market Pty Ltd continued to work closely with the City of Melbourne on a number of initiatives to progress the Queen Victoria Market Precinct Renewal Program throughout 2017-18.

In August 2017, Melbourne City Council committed \$8 million to establish Trader Connect, a support program collaboratively designed by the City of Melbourne and Queen Victoria Market Pty Ltd with the involvement of market traders, to assist traders to successfully operate, grow and innovate their businesses throughout the renewal program.

In August 2017, the City of Melbourne also provided QVM Pty Ltd with a set of shareholder expectations for the operation and performance of Queen Victoria Market. The Statement of Expectations describes the City and QVM Pty Ltd's shared strategic objectives and sets the context for ongoing business planning.

Schematic designs for the proposed below ground operational area beneath Sheds A-D in the upper market were approved by Council in August 2017 and a permit application

for the dismantling, restoration and reconstruction of the sheds to facilitate this construction was lodged with Heritage Victoria in September 2017.

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

Upgrades to existing infrastructure undertaken during the year included the installation of hostile vehicle mitigation infrastructure at all high-risk locations throughout the precinct, upgrading the Therry Street substation to improve power supply to the lower market, completing the installation of pedestrian monitoring sensors throughout the precinct, the Queen Street toilet refresh and lighting upgrades in Sheds H & I.

In March 2018, Heritage Victoria refused to grant a heritage permit for the proposed works to the western end of Sheds A-D, citing that they considered the proposed works to be unacceptably detrimental to the site's cultural heritage significance. They also considered that the viable

economic use of the site did not require the level of change proposed.

Despite Heritage Victoria's determination, there remains a strong and continued case for renewal, which includes lack of infrastructure to support contemporary Work Health and Safety, Food Safety and site security practices, inadequate waste management systems, absence of dedicated trader facilities and a need for more and enhanced customer amenities.

Queen Victoria Market Pty Ltd looks forward to working with the City of Melbourne, Heritage Victoria, traders, customers and other key stakeholders throughout 2018-19 to develop and submit a revised proposal for the infrastructure upgrades required to support a thriving Queen Victoria Market into the future.



BOARD OF DIRECTORS



Paul Guerra
Executive Chairperson

Executive Chairman 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 Chair 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 50 years, working on some of Australia's largest and most significant infrastructure projects. Yvonne is currently a member of the La Trobe University Council and Deputy Chair of the infrastructure and Estates Planning Committee, a Commissioner at the Victorian Building Authority and Chair of the Building Regulation Advisory Committee, 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 Deputy Chair of the Sydney Metro Design Review Panel, Co-Chair of the Sydney Metro Martin Place Over Station Development Design Review Panel, member of the WestConnex M5 Urban Design Review Panel and a member of the Mornington Peninsula Design Review Panel.

BOARD OF DIRECTORS



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 Committee for Melbourne Board, 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 Cranlana 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 AM

David Mann is Chair of the Victoria Police Blue Ribbon Foundation, Chair of the Victoria Police Blue Ribbon Day Community Council, Chair of Entertainment Assist and Chair of the Mount Macedon Memorial Cross Reserve Committee of Management. David is a member of the Board of the Caroline Chisholm Education Foundation, the Board of the Chisholm Institute, the Board of The Production Company and the Board of the Connected Communities Melbourne Foundation. David is also a Community Patron of Neighbourhood Watch Victoria and The Marsh Foundation. In June 2018, David was made a Member of the Order of Australia for significant service to the community of Victoria, particularly through emergency services, entertainment, education, heritage and charitable 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). He also sits on the Advisory Board of the Monash University Business School. Paul is also a member of the 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 Chairperson, a Deputy Chairperson and no more than eight members in total.

At the end of 2017-18 there were seven Directors appointed to the Board. There was one change to the Board during the financial year, with George Christopoulos resigning in December 2017.

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 1 JULY 2017 - 30 JUNE 2018

Board Member	Eligible to Attend	Attended
Paul Guerra	11	10
Patrick Burroughs	11	11
George Christopoulos	6	6
Jane Fenton AM	11	10
Yvonne von Hartel AM	11	7
Jane Hodder	11	10
David Mann AM	11	11
Paul Sheahan AM	11	11

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 2017 · 30 JUNE 2018

Board Member	Eligible to Attend	Attended
Patrick Burroughs	4	4
Yvonne von Hartel AM	4	1
Jane Hodder	4	3

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 2017 · 30 JUNE 2018

Board Member	Eligible to Attend	Attended
George Christopoulos	6	6
David Mann AM	11	10
Paul Sheahan AM	11	10

YEAR IN REVIEW · HIGHLIGHTS

MARKET TRADING, EVENTS & CUSTOMER ENGAGEMENT

The Market Trading team has been brought together primarily for trader interface, service delivery and to ensure the Market community receive the business information they require in an accurate and timely manner.

This year has seen successful interaction with stallholder precincts, identifying and keeping abreast of traders' needs, facilitating their requirements where possible and illustrating the necessity for change as we embark on the long-term preservation of the Market as a place of trade.

The team has worked closely with the City of Melbourne's renewal team on the establishment of a new Trader Lounge, a welcoming new space for all Market traders and their staff. Located opposite the Market on Victoria Street, the lounge includes a range of facilities

to help traders run their businesses. Delivered as part of the Trader Connect program, the new lounge has been developed in response to trader feedback about the lack of trader only facilities at the Market. The Trader Lounge is fully funded by the \$8 million commitment by City of Melbourne to support traders throughout renewal. The Lounge has hosted a range of workshop and events designed to help traders run their businesses.

Trader engagement continues to be a primary responsibility of the team. Ensuring appropriate communication and engagement with traders is a priority, with prominent examples including the planning and communication of the re-opening of Queen St, relocation of traders for the Visitor Hub and infrastructure improvements in Elizabeth St and J Shed.



The Customer Engagement team brings together the business's programming, events and customer service functions. The key objectives for the team during the 2017-18 year were to increase the number of programmed activations within the precinct alongside the delivery of some new and exciting festivals and events, celebrating various cultures and community groups.

Our ever-popular Summer and Winter night markets continued to impress, solidifying Queen Victoria Market as the place to be on a Wednesday evening. Winter 2017 attracted an average of 28,000 people per week over 18 weeks. The Summer Night Market celebrated '20 years in the sun' with over 60 global street food stalls and festival bars, 130 artisan fashion, homewares and general merchandise traders as well as a rotating line-up of buzzing live music and entertainment which attracted over 609,000 visitors across the season. Winter 2017-18 has been the standout season however with visitation far beyond expectations. The event grown substantially since its inception in 2011, this year attracting a record-breaking 34,000 visitors per week over 13 weeks and creating opportunities for food traders and local artisans to showcase their wares to a strong local and international market.

The ASEAN Festival and MOSAIC Festival (a day to celebrate the contribution women bring to our city and a great opportunity to share and foster cross-cultural exchanges in our

community) were held at the Market for the very first time. These festivals saw their community groups come to the Market whilst also offer a different experience to the regular Market customer.

Over 41,000 visitors joined us for our 140th Birthday Street Party for free family activities, roving performers, delicious food stalls and live entertainment. A small pop-up exhibition of heritage photos and ephemera was set up to commemorate the anniversary and the Market also offered free historical tours to the public, both of which were well received. Trader support in the weeks leading up to the event and on the day was positive.

The popular tours program continued during the year, highlighting the diverse range of products available at the Queen Victoria Market. A new market tour program initiative with kids for free during the School Holidays was used to engage the younger demographic, inspiring them to become lovers of the Market and its offer.

Our customer service capabilities received a boost in early April with the arrival of the City of Melbourne's City Ambassadors at the Market to provide roving customer service every market day in a joint initiative between City of Melbourne and Queen Victoria Market management. The 'Red Coats' as they are affectionately known, have complemented the market's existing customer service team ensuring all visitors have a seamless experience and can find traders throughout the market.

MARKETING

The Marketing team brings together the business's advertising, marketing, promotions, tourism and graphic design functions. The key objectives for the team during the 2017-18 year were to increase awareness of the market as a shopping destination to locals, as a must-visit Melbourne destination, and as an exciting place for festivals and events.

This year a new brand campaign was launched that promoted our Market 'Champions'. The campaign was created to highlight the superhero status of QVM's traders, that they go above and beyond to be the champions of their wares and was devised to engage locals to visit and shop at the Market. The advertising strategy included out of home, print and a 'Champion of the Week' feature on social media.

The Australian-Made tourism campaign launched in August 2017 and featured eight traders as our Aussie stars. The aim was to highlight the great Australian-made products that can be found at the Market and short videos were created and promoted via digital platforms like YouTube, social media and tourism networks like Visit Victoria.

On Sunday 29 April 2018, the Market celebrated its 140th birthday with a big street party. The publicity campaign saw widespread coverage across TV, print, radio, press and online and the event was promoted with a radio campaign on KISS and Gold FM, paid social media advertising and extensive online promotion. Over 75 traders participated with special 140th birthday promotional offers. Over 41,000 people attended the event.

The co-operative marketing program, where the Market works with traders to assist them to market their business,

received its highest engagement to date with 30 traders taking up the program in the 2017-18 financial year. Digital marketing workshops were also run for traders to help them understand the basics of digital and social marketing.

A new QVM website was launched in early 2018. The design, navigation and architecture of the site were updated and made more user friendly.

A comprehensive marketing plan ensured both the Summer and Winter night markets gained strong media exposure and visitation. Themed nights for summer, like Pride night, created weekly hooks for media and appeal to new audiences.



STRATEGY

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

Throughout 2017-18, the team was heavily involved in design development and planning for the Queen Victoria Market Precinct Renewal program including detailed design for new market infrastructure, transitional market planning and the development of briefs for enhancement works including the precinct-wide public realm design brief. The team also worked with the Queen Victoria Market Precinct Renewal team to plan and facilitate a series of preliminary archaeological investigations within Sheds A, B & C and finalisation of the Cultural Heritage Management Plan for the site of the Old Melbourne Cemetery.

Working closely with the Melbourne Markets Authority, the team was instrumental in the organisation and delivery of the World Union of Wholesale Markets (WUWM) Congress in October 2017. Attended by over 180 local and international delegates, the conference featured technical site visits to the Melbourne Markets wholesale market and QVM as well as a range of presentations from on issues such as digital disruption, circular economy, sustainability initiatives and the challenges of moving a market. The recently announced Magnificent Seven Alliance is a direct result of the connections forged with international retail markets through the Congress.



OPERATIONS

The Operations team is responsible for managing the daily operations of the market including cleaning and waste management, occupational health and safety, security, sustainability, capital works project management, facilities management and maintenance as well as trader stall allocations and enforcement of the market's rules.

A significant focus for this year has been improving the safety and security of the market. Work continues in collaboration with the City of Melbourne and law enforcement agencies to upgrade QVM's hostile vehicle mitigation infrastructure from temporary concrete bollards to a higher standard of planters and rated bollards. In addition, QVM's security contract was re-tendered with an updated security specification that included expanded core hours for security supervision and CCTV monitoring in line with industry expectations and recent security reviews.

The Heritage Victoria determination provided an opportunity for the team to scope out a number of small but essential capital works projects and initiatives to improve the overall standard of cleanliness and appearance of the market precinct. The City of Melbourne agreed to a \$770,000 capital injection to fund these projects, delivery of which kicked off in June 2018 with a lighting upgrade in Sheds H & I and will continue throughout 2018-19.

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. An integrated approach to behavior change which

sees a combination of operations enforcement and strong trader communications is producing good results.

Planning for the future sustainability aspirations of the market continued to be an important focus during the year with a sustainability focus group being created to plan and deliver the programs and solutions necessary for the market to meet its long-term sustainability goals, including the reduction of waste to landfill and the removal of single-use plastics.

The facilities team continues to provide services across the market for traders and management. An open tender process was conducted for the provision of car park management services, with a new contract taking effect in February 2018. Working closely with the City of Melbourne renewal team, the team facilitated a number of key projects including upgrading the Therry Street substation and the Queen Street toilet refresh.



BUSINESS SERVICES

The Business Services team includes key business functions including finance, information technology, property/commercial, and people & culture.

As a result of the implementation of Salesforce, QuickBooks and electronic invoicing in April 2017 the Finance team ceased accepting cash payments from market traders from 1 July 2017. The change to payment options has 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.

The Salesforce platform is continuously being developed across a number of areas of the business. The information technology team is responsible for delivering these developments which have included enhancements to enable logging and reporting of OH&S incidents, trader infringements, maintenance requests, trader leave, trader communication, and trader correspondence.

The property/commercial team has been focused this year on ensuring that documentation is in place for all lease and licence holders confirming management's 2016 commitment to traders that all will have a place to trade through to December 2021. In 2017-18 this included the provision of new or varied lease documents to lease holders and preparing for 2018-19 when new or varied licence documents will be provided to licence holders as applicable.

There was an increased focus on People & Culture during the year with the employment of a People & Culture Manager, bringing in-house what was previously an outsourced consultant provided service. The People & Culture Manager has implemented updated company policies, staff training programs, and has coordinated an all-of-staff team building day. Developing the management team will aid in them providing support and advice to traders.



FINANCIAL STATEMENTS

With modest growth in revenue over the past twelve months, Queen Victoria Market has closed 2017-18 with a profit of \$248,192 before income tax. This is a strong improvement on 2016-17's loss of \$3.3 million before income tax, largely driven by prudent management and Melbourne City Council's agreement to waive the Market's licence fee for 2017-18 and allow this money to be re-invested in the operation, promotion and maintenance of the Market. Increased bar sales from our Night Market seasons have also contributed significantly as has a concerted effort across the business to find ways to run the market more efficiently.

The total equity of Queen Victoria Market Pty Ltd at 30 June 2018 was \$2.4 million.

Net cashflow from operating activities for the year ended 30 June 2018 was \$225,000.



STREAMLINED
Financial Statements for Queen Victoria Market Pty Ltd
for the year ended 30 June 2018

ACN: 069 959 771

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A. DIRECTORS REPORT

The directors present their report on Queen Victoria Market Pty Ltd for the financial year ended 30 June 2018

Information on Directors:

The names of each person who has been a director during the year and to the date of this report are:

Paul Guerra (Chairman)
Patrick Burroughs
George Christopoulos (resigned 1/1/18)
Jane Fenton AM
Jane Hodder
David Mann OAM
Paul Sheahan AM
Yvonne von Hartel AM

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities:

During the year the principal activity of the company has been the management of the Queen Victoria Market. There is no significant change in activity from that of last year.

Operating Results:

The (loss) of the Company after providing for income tax amounted to (\$683,152) improving from (\$2,293,430) in 2017. This was largely as a result of increased bar sales during the year and no licence fee payable to the City of Melbourne.

Dividends paid or recommended:

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Likely Developments:

The Queen Victoria Market is undertaking a comprehensive renewal program over the next five to ten years which will be funded by its shareholder, City of Melbourne. A final Master Plan has been developed and will act as the framework for the ongoing works. Further details of the renewal program are detailed in note 9.5 of the financial report

Events after the reporting date:

Other than the ongoing market renewal program, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

A. DIRECTORS REPORT (Continued)

Indemnification and insurance of auditors:

Queen Victoria Market holds valid Directors and Officers Insurance via Jardine Lloyd Thompson Pty Limited. No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of Queen Victoria Market Pty Ltd.

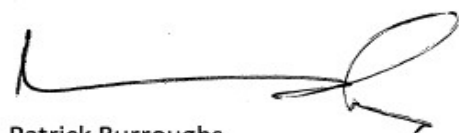
Auditors Independence Declaration:

A copy of the Auditor's Independence Declaration as required until section 307C of the Corporations Act 2001 is included on page 3 of this financial report and forms part of the Director's Report.

Signed in accordance with a resolution of the Directors



Paul Guerra
Chairman



Patrick Burroughs
Director

29th August 2018

B. AUDITORS DECLARATION OF INDEPENDENCE



Auditor-General's Independence Declaration

To the Directors, Queen Victoria Market Pty Ltd

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for Queen Victoria Market Pty Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read "T. Loughnan", is positioned above the printed name.

MELBOURNE
7 September 2018

Tim Loughnan
as delegate for the Auditor-General of Victoria

DIRECTORS' DECLARATION


In the opinion of the Directors of Queen Victoria Market Pty Ltd:

1. The financial statements and associated notes of Queen Victoria Market Pty Ltd are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
 - ii. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards
2. There are reasonable grounds to believe that Queen Victoria Market Pty Ltd 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

29th August 2018

Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 June 2018

		2018 \$	2017 \$
	Notes		
Revenue:			
Market Rental Revenue	2.1	17,141,176	17,111,266
Car Parking Fee Revenue		3,730,765	3,831,380
Bar sales		2,048,795	1,372,076
Other Revenue	2.2	1,007,738	1,111,128
Total Revenue		23,928,474	23,425,850
Expenditure:			
Employee Costs	3.1	7,049,411	6,077,973
Contracted Expenses	3.2	6,521,133	9,250,590
Materials & Services	3.3	5,585,442	6,937,164
Depreciation	3.4	938,718	770,322
Utilities	3.5	1,704,803	1,509,730
Other Expenses	3.6	1,880,775	2,156,401
Total Expenditure		23,680,282	26,702,180
Profit / (Loss) before income tax		248,192	(3,276,330)
Income Tax Equivalent Expense	7.1	931,344	(982,899)
Profit / (Loss) for the year		(683,152)	(2,293,431)
Total Comprehensive Income / (Loss) for the year		(683,152)	(2,293,431)

The Comprehensive Income Statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

For the period ended 30 June 2018

		2018	2017
		\$	\$
	Notes		
Current Assets			
Cash & Cash Equivalents	4.1	492,151	235,335
Other Financial Assets	5.1	1,750,000	2,250,000
Trade & Other Receivables	5.2	1,288,929	1,124,841
Other Assets	5.3	367,075	313,629
Total Current Assets		3,898,155	3,923,805
Non-Current Assets			
Deferred Income Tax Equivalent Assets	7.2	392,524	1,323,869
Property, Plant & Equipment	4.3	3,082,351	3,500,681
Total Non-Current Assets		3,474,875	4,824,550
Total Assets		7,373,030	8,748,355
Current Liabilities			
Trade & Other Payables	5.4	755,518	1,708,999
Accrued Expenses	5.5	814,778	761,699
Refundable Deposits	5.6	187,042	186,351
Employee Provisions	3.1	1,068,337	933,140
Unearned Revenue		344,931	257,729
Total Current Liabilities		3,170,606	3,847,918
Non-Current Liabilities			
Refundable Deposits	5.6	1,683,376	1,677,157
Employee Benefits	3.1	129,625	150,705
Total Non-Current Liabilities		1,813,001	1,827,862
Total Liabilities		4,983,607	5,675,780
Net Assets		2,389,423	3,072,575
Equity			
Contributed Equity	6.1	200,000	200,000
Retained Earnings		2,189,423	2,872,575
Total Equity		2,389,423	3,072,575

The Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity**For the period ended 30 June 2018**

		2018	2017
		\$	\$
	Notes		
Contributed Equity	6.1	200,000	200,000
Retained Earnings			
Opening Balance		2,872,575	5,166,262
Total Comprehensive Income		(683,152)	(2,293,431)
Dividends provided for or paid		0	(256)
Total Retained Earnings at the end of the Financial Year		2,189,423	2,872,575

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the period ended 30 June 2018

		2018	2017
		\$	\$
	Notes	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from Operating Activities			
Receipts from customers		26,007,094	25,096,160
Payments to employees and suppliers		(24,997,822)	(26,907,889)
Security Deposits received/refunded		(37,189)	(43,968)
GST paid to Australian Taxation Office		(746,816)	(578,732)
Income tax equivalent paid to City of Melbourne		0	21,598
Net cash provided by Continuing Operations	4.2	<u>225,267</u>	<u>(2,412,831)</u>
Cash flows from Investing Activities			
Proceeds from sale of property, plant and equipment		0	0
Payment for property, plant and equipment		(520,389)	(1,726,872)
Purchase of investment		500,000	3,000,000
Interest received		51,938	124,099
Net cash flows used in Investing Activities		<u>31,549</u>	<u>1,397,227</u>
Cash flows from Financing Activities			
Dividends paid		0	(15,939)
Net cash flows used in Financing Activities		<u>0</u>	<u>(15,939)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		256,816	(1,031,543)
Cash at the beginning of financial year		235,335	1,266,878
Cash and Cash Equivalents at end of year	4.1	<u>492,151</u>	<u>235,335</u>

The Comprehensive Income Statement should be read in conjunction with the accompanying notes.

1. ABOUT THIS REPORT

Queen Victoria Market is a proprietary company incorporated under the Corporations Act 2001, and is domiciled in Australia. The Company's registered office and principal place of business is Level 8, 365 Queen Street, Melbourne, VIC 3000.

The principal activity of the company has been the Management of the Queen Victoria Market.

1.1 Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Corporations Act 2001.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented in the accounting treatment area of the relevant notes and are consistent with prior reporting periods unless otherwise stated.

1.2 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 is 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 9.5 and is currently expected to take approximately 5 years.

2. OUR REVENUE

Introduction to this section

The company's objective is to establish and maintain relationships with small business and the Greater City of Melbourne community to ensure that Queen Victoria Market is the premier market in Victoria and Australia and one of the premier historic markets around the world.

Queen Victoria Market receives the majority of its income from market rentals, car parking and bar sales.

Structure

2.1 Market Rental Revenue

2.2 Other Revenue

	2018 \$	2017 \$
Note 2.1 Market Rental Revenue		
Leasehold	6,931,837	6,388,183
Market Rentals	7,528,062	8,795,377
Casual Market Rentals	480,429	162,600
Summer Night Market	1,402,857	1,220,143
Winter Night Market	586,333	352,688
Venue Hire	211,658	192,275
Total Market Rental Revenue	17,141,176	17,111,266

Leasehold and Market rentals are recognised on a straight-line basis over the term of the agreement. All other rentals are recognised as revenue when services are provided.

Note 2.2 Other Revenue

Utility & Rates Recoveries	817,945	762,902
Sponsorship	19,193	125,943
Walking Tour & Busking Fees	126,209	102,116
Interest Revenue	8,822	69,944
Commission Revenue	12,861	44,370
Other Revenue	22,708	5,853
Total Other Revenue	1,007,738	1,111,128

Other Revenue is recognised when services are provided.

3. THE COST OF OUR OPERATIONS

Introduction to this section

For the Queen Victoria Market to deliver its services to the high standards expected by our community & stakeholders, a diverse and skilled workforce is paramount. Whether it's providing traders with continuous service, creating a safe and enjoyable environment for visitors to the market, providing must see events for the community like the Summer and Winter Night Markets, Queen Victoria Market is proud to have a workforce that's committed to creating and maintaining a vibrant, healthy, sustainable market.

Structure

- 3.1 Employee benefits and employee provisions
- 3.2 Contracted Expenses
- 3.3 Materials & Services
- 3.4 Depreciation
- 3.5 Utilities
- 3.6 Other Expenses

	2018	2017
	\$	\$
Note 3.1(a) Employee benefits and employee provisions		
Wages & Salaries	6,067,857	5,288,544
Superannuation	606,725	468,684
Payroll Tax	310,234	278,270
Workcover	35,246	39,176
Training	29,349	3,299
Total Employee Costs	7,049,411	6,077,973

Superannuation

Queen Victoria Market Pty Ltd makes employer superannuation contributions to employees' complying accumulation superannuation funds. Obligations for contributions are recognised as an expense in profit or loss when they are incurred.

Accumulation Fund

The accumulation funds, (including the Local Authorities Superannuation fund's accumulation category, Vision Super Saver), receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9.50% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of each individual fund.

Defined Benefit Plan

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. Contributions are determined by the Trustee on the advice of the Fund's Actuary.

Queen Victoria has one employee that qualifies for the defined benefit plan.

Notes to the Financial Report continued

	2018	2017
	\$	\$
Note 3.1(b) Employee Provisions		
Current expected to be wholly settled within 12 months		
Annual leave	390,918	390,185
Long service leave	91,265	71,115
	482,183	461,300
Current expected to be wholly settled after 12 months		
Annual leave	68,985	68,856
Long service leave	517,169	402,984
	586,154	471,840
Total Current balance	1,068,337	933,140
Non-current:		
Long service leave	129,625	150,705
Total Employee Provisions	1,197,962	1,083,845

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement plus related on costs in respect of employees' services up to reporting date.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by Queen Victoria Market in respect of services provided by employees up to reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

	2018	2017
	\$	\$
Note 3.2 Contracted Expenses		
City of Melbourne - Licence Fee and Services	25,005	3,342,059
Cleaning	4,426,071	4,169,818
Security	1,271,806	1,142,458
Car Park Management	354,591	335,803
Rent Expense	192,947	155,821
Software Maintenance	250,713	104,631
Total Contracted Expenses	6,521,133	9,250,590

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

Notes to the Financial Report continued

	2018	2017
	\$	\$

Note 3.3 Materials & Services

Advertising & Marketing	1,234,519	1,795,320
Consultants	852,401	2,218,046
Repairs & Maintenance	821,250	786,322
Equipment Hire	699,011	465,299
COGS - Bar Stock	570,098	423,693
Insurance	359,290	317,769
Contractors	309,595	309,961
Legal Fees	308,229	182,318
Workshop Supplies	102,113	132,843
Catering & Entertainment	328,936	305,593
Total Materials & Services	5,585,442	6,937,164

Note 3.4 Depreciation

Plant & Equipment	197,264	250,506
Furniture & Fittings	107,116	180,165
Leasehold Improvements	155,803	160,807
Computer Equipment	468,365	174,793
Motor Vehicles	10,170	4,051
Total Depreciation	938,718	770,322

Note 3.5 Utilities

Electricity	1,076,558	821,417
Water	224,945	322,553
Rates	235,475	218,382
Telephone	150,785	128,536
Gas	17,040	18,842
Total Utilities	1,704,803	1,509,730

Note 3.6 Other Expenses

Congestion Levy	958,366	952,750
Directors Fees	363,206	403,229
Land Tax	258,434	333,153
Administration Expenses	63,871	113,680
Bad & Doubtful Debts	8,090	99,364
Audit Fees - Internal	53,051	56,024
Audit Fees - VAGO audit of Financial Statements	19,500	19,000
Other Expenses	156,257	179,201
Total Other Expenses	1,880,775	2,156,401

4. ASSETS AVAILABLE TO SUPPORT OUR FUNCTIONS

Introduction to this section

Queen Victoria Market controls infrastructure and other investments that are utilised in achieving its objectives, conducting its activities and fulfilling its projects.

Structure

4.1 Cash and cash equivalents

4.2 Reconciliation of cash flows from Operating Activities

4.3 Property, plant and equipment

	2018	2017
	\$	\$
Note 4.1 Cash & Cash Equivalents		
Cash at bank	395,409	100,482
Tenant security deposits - at bank	70,482	113,508
Car park float	10,260	9,345
Cash float	1,000	0
Bar float	15,000	12,000
Total Cash & Cash Equivalents	492,151	235,335

Cash at bank attracts interest rates of 0 - 1.5% (2017: 0 - 1.5%).

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and on hand. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash as defined above.

Cash at the end of the financial year, as shown in the cash flow statement, is reconciled to the related items in the balance sheet as follows.

Note 4.2 Reconciliation of net cash provided by operating activities to net profit after income tax equivalents

	2018	2017
	\$	\$
Net Profit/(Loss) after Tax	(683,152)	(2,293,430)
Interest revenue	(8,822)	(69,944)
Non cash flows in operating activities		
Depreciation	938,718	770,322
Profit on Disposal of Property, Plant and Equipment	0	0
Doubtful Debts	(5,517)	87,785
	241,227	(1,505,267)
Changes in operating assets and liabilities		
(Increase)/Decrease in Trade Debtors/Related Parties	(139,535)	(522,464)
(Increase)/Decrease in Prepayments	(87,853)	128,371
(Increase)/Decrease in Inventory	34,411	(12,377)
(Increase)/Decrease in Other Debtors	(18,052)	(121,878)
(Increase)/Decrease in FITB	931,345	(982,899)
(Decrease)/Increase in Trade Creditors/Related Parties	(1,020,036)	222,719
(Decrease)/Increase in Other Creditors	119,629	425,541
(Decrease)/Increase in Unearned Income	87,202	23,929
(Decrease)/Increase in Employee Benefits	114,117	(24,538)
(Decrease)/Increase in Security Deposits	(37,189)	(43,968)
Net cash outflow from operating activities	225,267	(2,412,831)

Notes to the Financial Report continued

	2018	2017
	\$	\$
Note 4.3 Property, Plant & Equipment		
<u><i>Plant & Equipment</i></u>		
At cost	1,771,766	1,668,423
Accumulated depreciation	(1,593,686)	(1,396,421)
Balance as at 30 June	178,080	272,002
<u><i>Furniture & Fittings</i></u>		
At cost	1,460,579	1,357,215
Accumulated depreciation	(1,228,876)	(1,121,760)
Balance as at 30 June	231,703	235,455
<u><i>Leasehold Improvements</i></u>		
At cost	2,712,700	2,658,950
Accumulated depreciation	(1,577,257)	(1,421,455)
Balance as at 30 June	1,135,443	1,237,495
<u><i>Computer Equipment</i></u>		
At cost	2,577,084	1,973,947
Accumulated depreciation	(1,184,293)	(715,928)
Balance as at 30 June	1,392,791	1,258,019
<u><i>Motor Vehicles</i></u>		
At cost	313,163	313,163
Accumulated depreciation	(270,421)	(260,251)
Balance as at 30 June	42,742	52,912
Work in Progress	101,592	444,797
Total Property, Plant & Equipment	3,082,351	3,500,681

Computer Equipment had an asset reclassified from Plant & Equipment during 2017 totalling \$404,201.

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

Notes to the Financial Report continued

Note 4.3(a) Property, Plant & Equipment

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.

2018						
	Balance as at 1 July 2017	Additions	Disposals	Depreciation	Transfers	Balance as at 30 June 2018
Plant & Equipment	272,002	40,429	0	(197,264)	62,914	178,081
Furniture & Fittings	235,455	103,363	0	(107,116)	0	231,702
Leasehold Improvements	1,237,496	53,750	0	(155,803)	0	1,135,443
Computer Equipment	1,258,018	322,844	0	(468,365)	280,293	1,392,790
Motor Vehicles	52,912	0	0	(10,170)	0	42,742
Work in Progress	444,799	0	0	0	(343,207)	101,592
TOTAL Property, Plant & Equipment	3,500,682	520,387	0	(938,718)	0	3,082,351

2017						
	Balance as at 1 July 2016	Additions	Disposals	Depreciation	Transfers	Balance as at 30 June 2017
Plant & Equipment	815,308	111,401	0	(250,506)	(404,201)	272,002
Furniture & Fittings	267,883	138,106	0	(180,165)	9,631	235,455
Leasehold Improvements	1,288,852	109,451	0	(160,807)	0	1,237,496
Computer Equipment	117,759	910,851	0	(174,793)	404,201	1,258,018
Motor Vehicles	6,113	50,850	0	(4,051)	0	52,912
Work in Progress	48,218	406,212	0	0	(9,631)	444,799
TOTAL Property, Plant & Equipment	2,544,133	1,726,871	0	(770,322)	0	3,500,682

Capitalisation Policy/Depreciation

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation. The estimated useful lives used for each class of depreciable asset are shown below;

Leasehold improvements	10 years
Plant and Equipment	5 - 10 years
Furniture and fittings	1 - 7 years
Motor Vehicles	3 - 10 years
Computer equipment	1 - 5 years

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

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

5. OTHER ASSETS AND LIABILITIES

Introduction to this section

This section includes other assets and liabilities that are working capital related and employed by Queen Victoria Market to support its day-to-day operating activities.

Structure

- 5.1 Other Financial Assets
- 5.2 Trade and Other Receivables
- 5.3 Other Assets
- 5.4 Trade and other payables
- 5.5 Accrued Expense
- 5.6 Refundable deposits

	2018	2017
	\$	\$
Note 5.1 Other Financial Assets		
Term deposits	0	500,000
Tenant security deposits	1,750,000	1,750,000
Total Other Financial Assets	1,750,000	2,250,000
Note 5.2 Trade & Other Receivables		
Trade debtors	977,706	824,418
Less: Allowance for impairment	(110,452)	(115,969)
City of Melbourne	40,304	39,633
Accrued income	343,121	324,209
Bonds	38,250	52,550
	1,288,929	1,124,841

All of Queen Victoria Market's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of \$110,452 has been accounted for, slightly lower than \$115,969 in 2017. The majority of the impaired trade receivables are with Queen Victoria Market's debt recovery agency called JMA Credit Control.

The movement in the allowance for credit losses can be reconciled as follows:

	2018	2017
	\$	\$
Note 5.2(a) Reconciliation of allowance for credit losses		
Balance 1 July	(115,969)	(28,184)
Amounts written off (uncollectable)	13,607	0
Impairment loss	(8,090)	(87,785)
Balance 30 June	(110,452)	(115,969)

Notes to the Financial Report continued

	2018	2017
	\$	\$
Note 5.3 Other Assets		
Prepayments	326,155	238,304
Inventory	40,920	75,325
Total Other Assets	367,075	313,629

Note 5.3(a) Inventory

Merchandise stock	31,702	62,498
Bar stock	9,218	12,827
Total Inventory	40,920	75,325

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Note 5.4 Trade & Other Payables

Trade creditors	447,547	989,067
City of Melbourne	58,809	651,539
GST payable	171,189	47,661
Payroll tax accrual	28,196	11,888
Wages payable	49,777	8,844
Total Trade & Other Payables	755,518	1,708,999

Payables represent liabilities for goods and services provided to Queen Victoria Market prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Note 5.5 Accrued Expenses

General expenses	575,740	550,154
Payroll	200,853	160,003
Audit fees accrual - External	19,500	19,000
Fringe benefits tax	18,685	18,685
Audit fees accrual - Internal	0	13,857
Total Accrued Expenses	814,778	761,699

Accrued Expenses have been prepared on an accruals basis.

Note 5.6 Refundable Deposits

Tenant Security Deposits - Current	187,042	186,351
Tenant Security Deposits - Non-Current	1,683,376	1,677,157
Total Tenant Security Deposits	1,870,418	1,863,508

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. Tenant security deposits are held in separate bank accounts.

6. OUR CAPITAL STRUCTURE

Introduction to this section

This section provides information on the capital structure of Queen Victoria Market and its sources of finance utilised during its operations and other information related to the financing activities of Queen Victoria Market.

Structure

6.1 Contributed Equity

6.2 Dividends

	2018 \$	2017 \$
Note 6.1 Contributed Equity		
Balance as at 1 July	200,000	200,000
Shares issued		0
Ordinary shares fully paid as at 30 June	200,000	200,000

200,000 ordinary shares of \$1 each, fully paid

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.

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.

	2018 \$	2017 \$
Note 6.2 Dividends		
Final dividend - Paid	0	256
Interim dividend - provided	0	0
Total	0	256

Provision is made for the amount of any dividend determined, being appropriately authorised on or before the end of the financial year but not distributed by the year end date.

7. TAXATION

Introduction to this section

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.

Structure

7.1 Income tax

7.2 Deferred tax

	2018 \$	2017 \$
Note 7.1 Income Tax Equivalents		
Accounting Profit/(Loss) subject to Tax	248,192	(3,276,330)
Add/Less timing differences - provision for annual leave	863	70,914
Add/Less timing differences - provision for long service leave	113,254	(95,452)
Add/Less timing differences - provision for doubtful debts	(5,517)	87,785
Taxable Income/(Loss)	356,792	(3,213,083)
Tax Losses recouped	(356,792)	0
Tax Losses expensed as recovery not certain	(2,856,294)	0
Income Tax Equivalent Expense at 30%	931,344	(982,898)
Tax Losses written off	(963,924)	963,924
Future Income Tax Benefit movement	32,580	18,974

Queen Victoria Market management do not foresee tax losses to be recovered due to current market conditions and have chosen to not carry this loss forward. The City of Melbourne are supportive of this decision.

Income tax equivalents expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred taxes are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax 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. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

	2018 \$	2017 \$
Note 7.2 Deferred Income Tax Equivalent Asset		
Unused tax losses	0	963,925
Provision for employee benefits – annual leave	137,971	137,712
Provision for employee benefits – long service leave	221,418	187,441
Provision for doubtful debts	33,136	34,791
Total Deferred Income Tax Equivalent Asset	392,524	1,323,869

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. Provisions are calculated at 30% of balance.

8. MANAGING RISKS AND UNCERTAINTIES

Introduction to this section

Queen Victoria Market is exposed to risk from its activities and outside factors. This section sets out specific information on financial instruments, including exposures to financial risks, as well as those items that are contingent in nature or require a higher level of judgement.

Structure

- 8.1 Financial instruments
- 8.2 Critical accounting estimates and judgments
- 8.3 Commitments
- 8.4 Contingencies

8.1 Financial instruments

Objectives and policies

The Queen Victoria Market's (the Market) principal financial instruments comprise cash assets, receivables, payables and tenant security deposits. 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.

The most significant financial risks to which the Company is exposed to are described below:

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Trade receivables is the primary credit risk at Queen Victoria Market and is managed as follows;

- (i) Traders pay a security deposit as per their lease/Licence.
- (ii) Debt policy is maintained by a full time employee.
- (iii) Regular reporting on debts greater than 60 days to the Executive team and Board of Directors.
- (iv) Debt collection agency is used.

	2018 \$	2017 \$
Ageing of Trade Receivables		
Current (not yet due)	721,505	782,192
1 - 30 days	223,227	110,452
31 - 60 days	131,232	188,956
61 - 90 days	51,709	62,789
91 and over	399,777	96,421
Ageing of Trade Receivables	1,527,450	1,240,810
Less: Allowance for impairment	(110,452)	(115,969)
Total Aging of Trade Receivables	1,416,998	1,124,841

The other classes of receivables do not contain impaired assets.

Liquidity Risk:

Liquidity risk arises from the financial liabilities of the company and the company's subsequent ability to meet its obligations to pay its financial liabilities as and when they fall due.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 12 month projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

Notes to the Financial Report continued

Monthly reporting of budget to actual financial performance and rolling 12 month forward cashflow statements are reviewed by the Executive team and Board of Directors.

Letter of Comfort:

A letter of comfort from the City of Melbourne dated 29th August 2017, has been issued to Queen Victoria Market to provide support for its financial commitments as they become due during the Market Renewal and guarantees financial stability and continuous company trading.

Financial Instruments:

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Impairment of financial assets:

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

8.2 Critical accounting estimates and judgments

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

Notes to the Financial Report continued

8.3 Commitments	2018	2017
	\$	\$
Operating expenditure commitments		
Not later than one year	5,967,986	4,987,514
Later than one year but not later than five years	<u>2,636,739</u>	<u>5,020,193</u>
Total expenditure commitments	<u>8,604,725</u>	<u>10,007,707</u>

Commitments for the payments under long-term contracts in existence at the reporting date can be found within Note 3.2 Contracted Expenses. (these amounts have GST excluded)

Operating lease receivables		
Not later than one year	12,323,350	12,672,013
Later than one year but not later than five years	19,590,218	33,204,053
Later than five years	<u>0</u>	<u>0</u>
Total operating lease receivables	<u>31,913,568</u>	<u>45,876,066</u>

Operating leases at the Queen Victoria Market are 5 years for Leasehold rentals (Meat & Dairy Hall and fixed shops within the market) and 1 - 3 years for Open Stall sheds (stalls under the sheds that are packed down each night).

In addition Queen Victoria Market have on-going perpetual Pre-Existing stall licences of approximately \$3,600,000 per year.

8.4 Contingencies

Queen Victoria Market did not have any contingencies at 30 June 2018 (30 June 2017: None).

9. OTHER DISCLOSURES

Introduction to this section

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of the financial report.

Structure

- 9.1 Key management personnel compensation
- 9.2 Related party information
- 9.3 Events after reporting date
- 9.4 New accounting standards and interpretations
- 9.5 Market Renewal
- 9.6 Traders Compensation Fund

9.1 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;

Paul Guerra (Chairman)
 Patrick Burroughs
 George Christopoulos (resigned 1/1/18)
 Jane Fenton AM
 Jane Hodder
 David Mann OAM
 Paul Sheahan AM
 Yvonne von Hartel AM

Other Key management personnel;

Name	Position
Stan Liacos	CEO (from 29/1/18)
Paul Guerra	Executive Chairman (10/7/17 - 11/2/18)
Debbie Dowling	CFO & GM Business Services
Fiona Whitworth	GM Strategy & Operations
Spiros Foscolos	GM Market Trading & Events (from 21/4/18)
Brendan Devine	GM Market Trading & Events (up to 20/4/18)

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

	2018	2017
	\$	\$
Short-term employee benefits	1,448,042	1,553,884
Long-term benefits	110,163	145,896
Post-employment benefits	130,324	147,619
Total key management personnel compensation	<u>1,688,529</u>	<u>1,847,399</u>

9.2 Related party information

Controlling entity

The immediate parent entity and ultimate parent entity is the Melbourne City Council (100% of shares held).

Transactions with the ultimate parent entity

Transactions with the ultimate parent entity during this financial year comprised a licence fee (currently suspended), provision of payroll services (ceased April 2018) and Market Renewal services. All transactions were made on commercial terms and conditions and at market rates.

Notes to the Financial Report continued

Revenue transactions with the ultimate parent entity amounted to \$90,912 (2017: \$39,633) during the financial year. The amount owing at reporting date is \$40,304.

Revenue Transactions

On-charge consultant fees	49,072
Commission for Munro building	22,270
Rent for Project Renewal team	19,570
Total Revenue Transactions	<u>90,912</u>

Expenditure transactions with the ultimate parent entity amounted to \$170,130 (2017: \$3,339,028) during the financial year. The amount owing at reporting date is \$58,809.

Expense Transactions

Munro Building rent payable	145,970
Payroll services	22,693
amounts < 1,000	1,467
Total Expense Transactions	<u>170,130</u>

Refer to Note 7.1 for the income tax equivalent charges.

Transactions with other related parties

Citywide Services Pty Ltd (also owned by Melbourne City Council) provided services amounting to \$2,062 (2017: \$527). Transactions occurred on commercial arm's length terms.

9.3 Events after the reporting date

There were no material matters or circumstances which have arisen between 30 June 2018 and the date of this report that have significantly affected or may significantly affect the operations of Queen Victoria Market Pty Ltd, or in subsequent financial periods.

9.4 New accounting standards and interpretations

There have been no new standards issued during the year which have had an impact on Queen Victoria Market Pty Ltd's financial statements.

Standards and Interpretations on issue not yet adopted

At the date of authorisation of the financial statements, the following Accounting Standards, Interpretations and Amending Pronouncements were on issue but not yet effective:

- (i) AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (effective 1 January 2018);
- (ii) AASB 16 Leases (effective 1 January 2019)

Queen Victoria Market is of the view that the implementation of AASB 15 will not have a material impact on its financial statements. Queen Victoria Market is assessing the potential impact on its financial statements resulting from the application of AASB16, noting that there is no plan to early adopt the standard.

9.5 Market Renewal

Throughout 2017/18 Queen Victoria Market continued to work in partnership with the City of Melbourne's Renewal team to scope, plan and deliver projects associated with the Queen Victoria Market Precinct Renewal Program in accordance with the Implementation Framework (2016), Business Case (2017) and the Melbourne Marketplace Retail Plan (2017.)

Notes to the Financial Report continued

Alongside the detailed infrastructure planning process Queen Victoria Market spent a considerable amount of time and professional resources on readying the market community for the commencement of major construction, programmed (at the time) to begin in April 2018. This included planning for the introduction of the New Market Pavilion, negotiating a 'transitional market layout' which would honour the commitment to ensure all traders could continue trading throughout renewal, and developing management strategies to safely continue the market's operations throughout the staged construction program. It also included the development of a 'Deed of Cooperation' with the City of Melbourne which will set out protocols to enable the handover and handback of market land and facilities and ensure smooth delivery.

The April 2018 announcement of Heritage Victoria's decision to refuse City of Melbourne's permit application for works associated with the proposed below ground market infrastructure and restoration of heritage sheds served to place this aspect of Queen Victoria Market's work on hold as City of Melbourne reviewed options for next steps.

In late July 2018 the Federal Environment Minister added Queen Victoria Market to the National Heritage List as the largest intact 19th century market in Australia and the site of Melbourne's first official cemetery. The listing recognises the significant role and value that both aspects of the site have held and continue to hold in our national history. This is welcome recognition for our traders and market community of the important role that the market continues to play for our community.

In 2018/19 Queen Victoria Market intends to adopt the approach of focusing the business on operating and promoting the market, and awaiting clear and unambiguous direction from City of Melbourne on the next steps with regards to the renewal program. This strategy will ensure that impacts to market trading and business operations can be assessed and mitigation measures confirmed before they are communicated to traders and the broader market community. Likewise, Queen Victoria Market is poised to resume a collaboration with the renewal team to ensure that new infrastructure and facilities to be provided via the renewal program will meet the Market's needs, noting that significant work to compile functional requirements and briefing documentation was completed in 2017/18.

9.6 Traders Compensation Fund

The City of Melbourne has committed at least \$8 million to establish Trader Connect, a support program and fund to assist traders to successfully operate, grow and innovate their businesses throughout the renewal program. Trader Connect provides a range of initiatives designed to help traders mitigate impacts, realise opportunities and facilitate business development during the renewal program.

Financial assistance may also be available where renewal works are shown to have a negative impact on trader profits. Trader Connect initiatives and financial assistance will be administered and reported by Queen Victoria Market.

Audit Opinion



Victorian Auditor-General's Office

Independent Auditor's Report

To the Directors of Queen Victoria Market Pty Ltd

Opinion	<p>I have audited the financial report of Queen Victoria Market Pty Ltd (the company) which comprises the:</p> <ul style="list-style-type: none"> • statement of financial position as at 30 June 2018 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • notes to the financial statements, including significant accounting policies • directors' declaration. <p>In my opinion the financial report is in accordance with the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none"> • giving a true and fair view of the financial position of the company as at 30 June 2018 and its financial performance and cash flows for the year then ended • complying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company in accordance with the auditor independence requirements of the <i>Corporations Act 2001</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I confirm that the independence declaration required by the <i>Corporations Act 2001</i>, which has been given to the Directors of the company, would be in the same terms if given to the Directors as at the time of this auditor's report.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Directors' responsibilities for the financial report	<p>The Directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the <i>Corporations Act 2001</i>, and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors • conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. <p>I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p> <p>I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.</p>
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MELBOURNE
7 September 2018



Tim Loughnan
as delegate for the Auditor-General of Victoria

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