

# ANNUAL REPORT 2018- 2019





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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 pays respect to their Elders past, present and emerging.

## FROM THE CHAIR

It gives me great pleasure to introduce the 2018-19 Annual Report for Queen Victoria Market Pty Ltd.

To ensure the Market's future viability, our focus over the past twelve months has been the creation of stability through ongoing improvement, and the creation of change through innovation and we are pleased to report steady progress within both the Company and the marketplace over this period.

In terms of stability:

- the Market's financial position has stabilised with modest growth in revenue;
- the core management team has been stable this year after a period of considerable turnover;
- trader attrition has slowed and new traders competed for fixed tenancies in String Bean Alley;
- there has been a continued and ongoing focus on the safety and security of the Market, its traders, customers and employees with evidence of a much better reporting culture and importantly a reduction in forklift incidents;
- data has driven decision making with valuable insights coming from new research into customers, potential customers and traders; and
- the CEO has been with us for the full year and from this stable position has been one of the drivers of this change agenda.

In terms of change, some of the highlights have been:

- the removal of plastic bags and straws through the 'Ban the Bag' campaign;
- the introduction of new night markets, events and activations throughout the Market;
- the opening of the new Visitor Centre;
- the attraction of innovative and interesting tenants to the reinvigorated String Bean Alley;
- a new marketing approach with innovative creative campaigns, partnerships, digital platforms and a strong new tourism strategy;
- the launch of Trader Connect - a self-service portal for trader administration functions;
- development of a new leasing and licensing framework to create clear expectations and opportunities for traders to secure their future in the Market; and
- the delivery of more seating in Queen Street and the finalisation of String Bean Alley in partnership with the QVM Precinct Renewal team.

One change that is showing significant impact is the new governance of the Renewal Program that was introduced late in the financial year which gave the Market Board accountability for the oversight of the implementation of Market renewal. This is driving positive integration and collaboration between the Renewal team and management.

All of this has happened in a tough retail environment which, not surprisingly, creates a nervous trading community and a customer base faced with increasing options for how, when and where they do their shopping. Our capacity to deliver a unique retail and hospitality experience for customers and traders must continue to underpin our work going forward and this is a guiding principle of our updated retail strategy to be delivered in the coming year.

We couldn't do this work without the support of many people.

First and foremost - our shareholder. We have valued the confidence the Council and CEO of the City have shown in us and thank them for their support.

We have been greatly assisted by the sub-committees of the Board: The Audit, Risk & Finance Committee, the Trader Representative Committee and the new Renewal Committee, my thanks go to each of the Committee members for all their time and commitment.

Our thanks also go to Jo Wandel and the QVM Precinct Renewal team who have been our partners this year and who continue to make advances despite the complexities of renewal.

I'd like to recognise the excellent work of the staff of QVM led by our able and talented CEO Stan Liacos, and his smart and dedicated executive team.

Lastly, I would like to thank my fellow Board members, Jane Hodder, Patrick Burroughs, Michael Tenace and Rob Adams. This was a significant year of change at Board level and my first year as Chair. I thank them for their sound advice, counsel and comradeship throughout.

Jane Fenton  
Chair  
22 October 2019



QUEEN  
VICTORIA  
MARKET

More Christ  
Purple Sweet

# FROM THE CHIEF EXECUTIVE

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The 2018-19 financial year was one of solid market visitation but also a year of significant change and progression for the market.

Queen Victoria Market has commenced a long overdue process of physical reinvestment, which will help preserve its much-loved heritage but also bring key operational functions up to modern standards.

The market as a retail hub and community attraction is also facing the need to better commercially adapt to changed local inner-city demographics and rapidly-changing community and customer expectations about how and when people want to shop and be entertained. There are many challenges and headwinds that our market traders, and retailers generally, are experiencing.

The world is changing around us and to be economically sustainable and to make sure we retain our current customers and attract new ones, individual traders and the market as their umbrella business need to evolve and take advantage of new opportunities.

QVM Management has a critical role to play in helping our 720-plus day and night market traders better understand and navigate this world, where customers now demand, indeed expect, convenience and have more options than ever before to shop, enjoy hospitality and attend events. We also have the major role in running a better market by continuously improving how we do and pay for things right across the business.

We delivered many major new initiatives this year which we believe are strong steps towards securing a long-term future for our market and our traders, including:

- Commencing a significant advertising campaign targeting locals which included advertising in local papers, outdoor billboards, trams, radio and social media as well as new quarterly direct mail newsletter delivered to homes throughout inner-Melbourne;
- Significantly improving the scale, nature and tone of regular and respectful communications to and from and right across our market community;
- Resuming programmed maintenance and capital works including high cleans, asphalt repairs, plant and equipment upgrades and other physical improvements to complement Market Renewal's heritage restoration works and improve the amenity of the marketplace for traders and their customers;
- Pro-actively banning plastic bags and straws across the market ahead of the Victoria-wide ban - a major step in reducing the amount of plastic used at the Market and confirming our strong commitment to increasing our environmental sustainability;
- The introduction of two new night market seasons, the Asian themed Hawker 88, (September/October) and European themed Europa (April/May) - cementing QVM as 'the place to be' on a Wednesday evening and demonstrating an ability to grow the Market's night time presence, which now spans 40 weeks per year;
- Delivering a number of new short-term and on-going activations throughout the precinct including Melbourne Book Market, Craft Markets Australia and Central Beer District in A Shed, the Air Canada' ice-rink in C Shed and the Holey Cheese Festival in Deli Lane;

- Collaborating with the City of Melbourne in the design and delivery of a suite of much-needed placemaking, amenity, aesthetic and retail format improvements across the market; and
- Changes to the pricing of our major car park to increase shopper “dwell time” at the market and discourage usage of the car park by non-market visitors to the Melbourne CBD.

With modest growth in revenue over the past twelve months, Queen Victoria Market has closed 2018-19 with a profit of \$280,158 before income tax. This is generally in-line with 2017-18’s profit of \$248,192 before income tax, largely driven by prudent management.

I am proud of the dedication and passion which drives the Queen Victoria Market team and would like to thank them all for their hard work throughout the year. I am fortunate to have a strong team of colleagues of diverse personalities who are developing the “can do” positivity needed to deliver good outcomes in challenging circumstances. I have made it a priority to appoint a talented and committed team. The team is succeeding in building stronger relationships with our traders than previous years, which will help us drive necessary change and improvement.

Many thanks also to Jane Fenton for her support and wise stewardship as Chair of the QVM Board as well as our other current Board Directors Jane Hodder (Deputy Chair), Patrick Burroughs, Professor Rob Adams and Michael Tenace and from earlier in the financial year former Directors Paul Guerra (former Chair); Yvonne von Hartel; David Mann and Paul Sheahan for their significant 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 all City of Melbourne Councillors. Thank you to City of Melbourne CEO Justin Hanney, QVMPR Program Director Jo Wandel and their support staff 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 2019.

Stan Liacos  
Chief Executive Officer  
22 October 2019

# 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 approximately six hundred independently owned businesses with hundreds more street food vendors and merchandise 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 2018, 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
- evolve the market mix and offer to meet contemporary customer expectations
- continue to develop strong and productive partnerships with traders
- care for and develop our people.





# BOARD OF DIRECTORS



**Jane Fenton AM**  
Chair

Jane has more than 30 years experience as a non-executive director having served on a number of Australian boards including independent statutory authorities, not for profit organisations and private companies. She has a background in, marketing communications, stakeholder engagement and reputation management and founded and ran an award winning strategic communications agency. Jane is a past winner of a Victorian Telstra Business Woman Award and is a Fellow of both the Public Relations Institute of Australia and the Australian Institute of Company Directors. Jane is currently also an independent director of UniMutual Pty Ltd, which is a member based organisation that provides risk protection and risk management services to members drawn from the tertiary education sector and is a director of Gather My Crew, a not for profit organisation which uses technology to enable people experiencing tough times to get the support they need. She has previously chaired VicHealth, Very Special Kids and the Queen Victoria Women's Centre Trust and has been on the Board of the Murdoch Children's Research Institute as well as participating in many advisory committees. Jane was made a Member of the Order of Australia for her services to the community.



**Jane Hodder**  
Deputy Chair

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.



**Patrick Burroughs**

Chair of the company's Audit, Risk & Finance 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.

# BOARD OF DIRECTORS



## **Rob Adams AM**

Appointed 28 May 2019

Rob has had over 46 years' experience as a practising designer in both private enterprise and the public service. Rob has a Masters in Urban Design, a Bachelor of Architecture, and in 2016 was conferred with the degree of Doctor of Architecture from the University of Melbourne and is a graduate of the Australian Institute of Company Directors. As Director City Design & Projects at the City of Melbourne, Rob put into place in 1985 the first comprehensive urban design strategy for the city. Since then, Rob has made a significant contribution to the rejuvenation of central Melbourne. In 2008, Rob was awarded the Prime Minister's Environmentalist of the Year and the Order of Australia in 2007 for his contribution to Architecture and Urban Design. In 2018, Rob was the recipient of the Australian Institute of Architect's National President's Award. Some key projects include postcode 3000, CH2 - Australia's first 6 star green commercial office building, Birrarung Marr, Swanston Street, City Square, Return to Royal Park, the Open Space and Urban Forest Strategies and numerous community buildings including Docklands, Boyd, East Melbourne and Kathleen Syme Libraries.



## **Michael Tenace**

Appointed 28 May 2019

Michael is an experienced Board member with strategic, commercial and transformational skills. With extensive experience and proven success leading multiple functions (Chief Investment Officer, Chief Financial Officer, Chief Procurement Officer) his experience includes both public and private sector enterprises in domestic and international markets. He understands the importance of good governance as a Director of numerous companies over the past 20 years including Australian Air Express, iPrint Pty Ltd and as a Trustee Director of the Australia Post Superannuation Scheme (APSS). He has a demonstrated history of working in the consumer services, superannuation, industrial products and FMCG industries. He is a Fellow of CPA Australia and a Graduate of Australian Institute Of Company Directors. He has Chaired numerous Board Sub Committees including Audit, Risk and Compliance Committees. Michael is the Chief Financial Officer and General Manager Corporate Services for the City of Melbourne, where he provides strategic and operational advice and manages subsidiary companies and investments.

# 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 2018-19 there were five Directors appointed to the Board and a recruitment process underway for a sixth position. A number of changes were made to the Board during the financial year:

- Patrick Burroughs, Paul Guerra, Paul Sheahan AM, David Mann AM and Yvonne von Hartel AM resigned as Directors on 18 October 2018;
- Patrick Burroughs was Alternate Director for Jane Fenton AM and Jane Hodder from 18 October to 28 May 2019;
- Patrick Burroughs appointed Independent Chair of QVM Audit, Risk & Finance Committee from 18 October 2018;
- Patrick Burroughs appointed Director 28 May 2019;
- Ben Rimmer (as CEO of City of Melbourne) appointed Director 18 October to 7 December 2018;
- Claire Ferres-Miles was Acting CEO of City of Melbourne from 8 December 2018 to 31 January 2019;
- Justin Hanney (as CEO of City of Melbourne) appointed Director on 1 February 2019;
- Michael Tenace (as CFO of City of Melbourne) was Alternate Director for CEO of City of Melbourne from 22 October 2018 to 28 May 2019;
- CEO of City of Melbourne no longer a member of the QVM Board as at 28 May 2019;
- CFO of City of Melbourne to be member of the QVM Board from 28 May 2019;
- Michael Tenace (as CFO of City of Melbourne) appointed Director 28 May 2019;
- Rob Adams AM appointed Director 28 May 2019.

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 2018 · 30 JUNE 2019

Board Member	Eligible to Attend	Attended
Rob Adams AM	1	1
Patrick Burroughs	4	4
Jane Fenton AM	9	9
Claire Ferres-Miles	1	1
Paul Guerra	3	3
Justin Hanney	3	2
Yvonne von Hartel AM	3	2
Jane Hodder	9	8
David Mann AM	3	3
Ben Rimmer	2	0
Paul Sheahan AM	3	3
Michael Tenace	1	1

# COMMITTEES OF THE BOARD

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

## Audit, Risk & Finance Committee

The Audit, Risk & Finance 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, Risk & Finance Committee consisted of the following members:

- Patrick Burroughs – Chairperson
- Jane Fenton AM
- Yvonne von Hartel AM – Member (retired)
- Jane Hodder – Member

## QUEEN VICTORIA MARKET PTY LTD AUDIT, RISK & FINANCE COMMITTEE ATTENDANCE 1 JULY 2018 · 30 JUNE 2019

Board Member	Eligible to Attend	Attended
Patrick Burroughs	4	4
Jane Fenton AM	3	3
Yvonne von Hartel AM	1	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 2018 · 30 JUNE 2019

Board Member	Eligible to Attend	Attended
Jane Fenton AM	6	5
David Mann AM	4	4
Paul Sheahan AM	4	4

# 2018-2019 REPORT CARD

The 2018-2019 Business Plan committed the QVM team to the delivery of a range of key new initiatives specifically targeted to achieve our mission and deliver our vision to create a thriving and diverse marketplace for future generations.

In summary, 17 of the 21 initiatives identified by the 2018-19 Business Plan have been fully achieved, two initiatives are ongoing and two have not been progressed due to issues of complexity or timing beyond the control of QVM.

	Complete	Ongoing	Not progressed
Marketing Plan 2018-19	√		
Market Trading Hours Project	√		
Communication Strategy	√		
Trader Connect Online	√		
F1 Trader Contact Hub	√		
Stallholder Lease and Licensing Framework	√		
2018 Annual Trader Awards and Ball	√		
Trader Mentoring Program	√		
Trader Lounge	√		
New Visitor Centre	√		
New Night Markets and Activations	√		
Placemaking + Programming	√		
Box Painting Project			√
Customer Car Parking Pricing Framework	√		
Munro Retail and Hospitality Strategy			√
Melbourne Innovation District		√	
Maintenance and Minor Works Program	√		
Safety First Awareness Campaign	√		
New Security Services Contract	√		
“Ban the Bag”	√		
Towards Zero Waste		√	

# 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 (QVMPR) Program throughout 2018-19.

In July 2018, the City of Melbourne approved additional capital works funding of \$770,000 to expedite much needed maintenance works at the Market including asphalt repairs, painting, mechanical works, electrical works, CCTV upgrade and drain cleaning services. These projects were delivered on time and on budget within the FY.

In November 2018, the Lord Mayor opened a new Visitor Hub in String Bean Alley. Designed to enhance the visitor experience, the repurposed shipping container was delivered in collaboration with the City of Melbourne's QVMPR Program and Business and Tourism teams.

In December 2018, Heritage Victoria granted a permit for the temporary installation of twelve new trader containers along String Bean Alley, completing the retail strip. The containers add more lockable retail space, provide weather protection and storage, and while delivering more critical mass and attracting more visitors to this part of the market.

Alongside the improvements to String Bean Alley, and supporting recommendations from the People's Panel to create a greener, safer, more connected market, a new pedestrian friendly plaza has also been delivered in Queen Street between the current toilet block and F to M sheds.

The improvements to String Bean Alley, Queen Street Plaza and the Visitor Hub welcome visitors entering from the south and draw customers into the heart of the market. This area will become an important gateway to the market with the future conversion of the current market car park into Market Square from 2021.

In March 2019, Heritage Victoria approved a permit exemption for conservation works to Sheds A - D and H and I. Following advice from the Committee of Trustees in February 2019, a staged construction approach has been developed to minimise disruption to traders.

In April 2019, City of Melbourne approved the Concept Design of the Market Infrastructure Renewal Program. Schematic Design commenced thereafter to be further considered by the City of Melbourne in September 2019.

In April 2019, City of Melbourne also approved \$6 million for the Point of Sale Storage project as part of the Renewal budget. QVM Pty Ltd leads the delivery of this project which includes extensive trader consultation to ensure fit for purpose solutions can be developed.

In May 2019, the City of Melbourne Council endorsed the transfer of accountability for the delivery of the QVMPR Program to the QVM Board. A number of changes to the QVM management structure and membership of the QVM Board are in train to streamline reporting lines and provide clear accountability for delivery of the QVMPR program and managing day-to-day operational requirements of the Market.

Queen Victoria Market Pty Ltd looks forward to working with the City of Melbourne, Heritage Victoria, traders, customers and other key stakeholders throughout 2019-2020 to develop and deliver the infrastructure upgrades required to support a thriving Queen Victoria Market into the future.





# YEAR IN REVIEW · HIGHLIGHTS

## MARKET TRADING, EVENTS & CUSTOMER ENGAGEMENT

The Market Trading team is QVM's primary trader interface, ensuring 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 worked closely with the City of Melbourne's renewal team on the creation and delivery of Queen Street Plaza, a welcoming new space for Market visitors providing respite areas alongside shade and greenery. The initiative required careful communication and collaboration with a number of traders who previously traded from Queen Street to facilitate their relocation within the Market sheds.

Trader engagement and service through the Trader Hub and out on the market floor has and will continue to be a primary focus for the team to ensure appropriate communication and engagement with traders. This approach played a pivotal role in the successful completion of the String Bean Alley project where communication and consultation with existing traders was undertaken in tandem with an internal and external Expression of Interest process to attract new market traders/tenants to the precinct. The additional containers have provided the opportunity to create a vibrant new retail precinct within the market which has proved popular with traders and visitors.

QVM's programming, events and activations team facilitates the development and delivery new market initiatives to attract and retain new and existing market customers. The key objectives for the team during 2018-19 were to increase the number of programmed activations within the precinct alongside the delivery of some new and exciting festivals and events, celebrating various cultural and community groups.

The newest and most noteworthy addition to the calendar was the Holey Cheese Festival in October 2018. The week-long event transformed Deli Lane into a bespoke event space, facilitating a trial of weather protection in the laneway as well as extended trading hours until 9pm on Friday and Saturday nights.

Cultural festivals continue to bring life to Queen St on Sundays and are now recognised as a crucial component of the Market's overall offer. A challenge for the team this year was to attract and deliver two cultural festivals per month, a popular new addition being the Ukrainian Festival which was held at the Market for the first time in September 2018. These festivals attract their respective community groups and also offer a different experience to the regular weekend market customer.

Our ever-popular Summer and Winter night markets continued to impress and thanks to our two new night market concepts - the Asian themed Hawker 88 (September/October) and European themed Europa (April/May) - we have cemented Queen Victoria

Market as 'the place to be' on a Wednesday evening. Developed as shoulder events to the major seasonal night markets, they have demonstrated an ability to grow the Market's night time presence, which now spans 40 weeks per year. The curation of these two new concepts within specific geographical regions has provided the ability to work with relevant community groups to deliver entertainment and demonstrations, increasing participation and engagement across Melbourne's diverse cultural landscape.

The popular tours program continued to highlight the diverse range of products available at the Market. Promotions and programs such as the Truffle Festival tie-in provided fresh opportunities to develop and sell new market tours. A strong campaign was developed targeting primary and secondary schools within a 7 km radius of the Market resulting in a noticeable increase in school tour bookings. This segment, along with market locals, will continue to be a focal point for the tours and further initiatives.

# MARKETING

The Marketing team brings together QVM's advertising, marketing, branding, promotions, digital and social media, tourism and graphic design functions.

The key objectives for the team during 2018-19 were to continue to build brand awareness and promote the market in the local area, and metropolitan Melbourne more generally; to encourage more visitation from tourists, especially the Chinese market; and to develop deeper engagement with the trader community.

This year the marketing team developed a new creative campaign focused around the Market's traders and unique selling points, and this creative direction was incorporated into all marketing materials and advertising to ensure brand consistency and recognition. A significant advertising campaign targeting locals commenced during the first quarter of 2019 with advertising appearing in local papers, outdoor billboards, trams, radio and social media. A new direct mail newsletter was also developed and delivered to homes in the local area quarterly.

The 'Vote for your Favourite Trader' campaign launched in September 2018 inviting shoppers to cast their vote and recognise the hard work and passion of their favourite traders. More than 7,700 public votes were received and the winners were announced at the Trader Ball in November 2018.

In December, QVM partnered with Air Canada to create Melbourne's first outdoor summer ice rink, forming the centrepiece for the Merry Market Christmas campaign. This resulted in strong media coverage, brand exposure and awareness for QVM and Air Canada. The Market also launched a plastic bag and straw ban on Tuesday 14 May (ahead of the state-wide ban) and this was supported by a comprehensive marketing, digital and PR campaign.

The team have overseen successful marketing and PR campaigns and driven visitation across the diverse night market seasons including the new Hawker 88 and Europa night markets and have supported many other on-site events and activations with integrated marketing and promotional campaigns including the Holey Cheese Festival, Central Beer District, Truffle Melbourne and various multicultural festivals.

Our Queen Victoria Market digital platforms have seen exponential growth. Across all our social media platforms Instagram engagement and reach have been significant and our Day and Night Market e-newsletter databases also continue to expand through regular competitions. A video series, Hidden Stories of the Queen Vic Market, was developed to celebrate what makes the Market so special, with each story focusing on a unique theme like community, family, friendship, food, multiculturalism and diversity. The videos have been released monthly and shared across the Market's social and digital platforms with thousands of views and great engagement.

In the tourism space, a new WeChat account was launched and focus placed on growing followers and developing new Chinese media partnerships like Alipay. We hosted famils for Visit Vic, Tourism Australia and hotel concierges; distributed our brochures to hotels, visitor centres, Spirit of Tasmania and airport information desks; regularly visited local hotels to promote the Market; and advertised regularly in Where Magazine, Official Visitor Guides (English and Chinese) and other tourism publications. We also nurtured new partnerships with tour operators, international student groups, overseas travel agents and inbound tour operators including Ctrip and booking.com and ran dedicated marketing campaigns during Lunar New Year and Golden Week to engage with the local Chinese community and tourists from the Greater China regions.



# STRATEGY

Strategy has responsibility for the organisation’s strategic planning, customer research, business analytics and heritage management and is a key interface between Queen Victoria Market Pty Ltd and the City of Melbourne’s Queen Victoria Market Committee of Trustees.

Assistance has been provided to the Board and CEO throughout 2018-19 on a number of strategic initiatives including a review of market trading hours, options assessment and implementation of an e-commerce solution for the Market’s fresh food traders and the development of a new Leasing and Licensing framework.

A number of research projects were delivered including our annual customer and trader sentiment tracking and a new ‘lapsed and potential customer’ survey was developed to better understand the factors contributing to declining visitation by local residents. Coordination of an independent trader storage and amenity needs survey was also undertaken on behalf of the City of Melbourne’s QVM Precinct Renewal Team.

Support was provided to the Market Trading & Events team with the development of a new Marketplace Events & Activations Policy, development and documentation of the retail concept and assessment criteria for additional String Bean Alley containers and development of a discussion paper and policy direction on the Market’s stall allocation processes.

Several heritage related projects were also undertaken including the development of an Aboriginal Heritage Management Guide in collaboration with the City of Melbourne’s QVM Precinct Renewal team to ensure ongoing compliance with the site’s Cultural Heritage Management Plans. Advice and guidance were provided in relation to a proposed amendment to QVM’s Victorian Heritage Registration currently being considered by the Heritage Council, a number of engagement sessions were held with representatives of relevant Traditional Owner Groups and a submission to Heritage Victoria was prepared in support of the City of Melbourne’s permit request for additional containers in String Bean Alley.



## 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 the enforcement of the Market's rules.

A significant focus for this year has been improving the safety and security of the market. QVM's security contract was re-tendered in 2018-19 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. QVM is also working with the City of Melbourne and law enforcement agencies to upgrade QVM's hostile vehicle mitigation infrastructure.

There was an increased focus on occupational health and safety (OHS) during the year, including collaborations with WorkSafe Victoria

on blitz campaigns to raise awareness and compliance amongst traders. Comprehensive OHS policies and reporting procedures were also developed for QVM employees and Market traders and a refreshed approach to emergency management was adopted including emergency information sessions for traders and the development of tenant and trader emergency information packs.

QVM continued its focus on implementing sound environmental and sustainable practices throughout 2018-2019. The Market proudly went plastic bag and straw free in May 2019 and planning commenced for the trial of an onsite organics recycling unit. The machine will recycle 25% of QVM's fruit and vegetable waste and will be first unit of its size in Australia. Trader and contractor engagement to reduce contamination across our various waste streams has been a significant focus and we have seen a positive change in trader behaviour around source separation, increasing

the recovery of key recyclable waste streams such as fish offal. A Trader Sustainability Committee was also formed, consisting of traders and QVM management and staff who will work together on projects to further improve sustainability at the Market.



## **BUSINESS SERVICES**

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

Since the implementation of Salesforce in 2017, improvements to workflow and information management continue to be delivered across several areas of the business by the information technology team. In 2018-19 this has included enhancements to existing functionality to accurately map OH&S incidents in conjunction with Google Maps, proactively manage lease expiry dates with alerts and reminders and increase ad hoc reporting capabilities. The most significant development has been the rollout of Trader Connect Online to all traders during May - July 2019. Trader Connect Online is a trader facing portal where traders can access their invoices and account statements, request leave, log cases/enquiries with management on a range of topics, and access information such as market news, market rules, policies, upcoming events at QVM and around Melbourne.

The property/commercial team continued their focus on ensuring documentation is in place for all lease and licence holders to confirm management's 2016 commitment that all traders have a guaranteed place in the Market through to December 2021. By end June 2019, new licence documents had been issued to half of all SL licence holders, with the remainder to be issued by end September 2019.

A new Leasing & Licensing Framework for QVM was developed in 2018-19 and has now been communicated to all traders. This framework outlines to traders the standard lease or licence term they can expect on expiry of their current agreement as well as providing a mechanism to secure additional tenure through a commitment to invest in their business. The new framework

has been developed to provide traders with more certainty and confidence about their tenure at the market.

The People & Culture Manager has continued to co-ordinate staff training programs focusing on topics that have been identified by staff as common development opportunities including time management, conflict resolution, mental health awareness and Microsoft Excel. The QVM EBA has a nominal expiry date of 30 June 2019 and negotiations with employees and their representatives has been ongoing with a new four-year EBA to be implemented during 2019-20. Development of the management team via individual and group sessions has been ongoing to assist them in providing support and advice to their teams and traders.

# FINANCIAL STATEMENTS

With modest growth in revenue over the past twelve months, Queen Victoria Market has closed 2018-19 with a profit of \$280,158 before income tax. This is in-line with 2017-18's profit of \$248,192 before income tax.

The City of Melbourne committed \$770,000 to QVM to accelerate the repairs and maintenance program during 2018-19 on areas such as asphaltting, painting, air-conditioning repairs and drainage works.

The City of Melbourne has also committed \$8 million over 5 years to establish Trader Connect, a support program to develop and assist traders throughout renewal. During 2018-19 QVM incurred expenses in the order of \$792,185 for Trader Connect activities including trader mentoring, the trader lounge and increased marketing.

The total equity of Queen Victoria Market Pty Ltd at 30 June 2019 was \$2.7 million.





**Financial Statements for Queen Victoria Market Pty Ltd  
for the year ended 30 June 2019**

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 2019

### Information on Directors:

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

Jane Fenton AM  
Jane Hodder  
Patrick Burroughs (resigned 18/10/18, reappointed 28/5/19)  
Michael Tenace (appointed 28/5/19)  
Rob Adams (appointed 28/5/19)  
Paul Guerra (resigned 18/10/18)  
David Mann AM (resigned 18/10/18)  
Paul Sheahan AM (resigned 18/10/18)  
Yvonne von Hartel AM (resigned 18/10/18)  
Ben Rimmer (appointed 18/10/18, resigned 7/12/18)  
Justin Hanney (appointed 1/2/19, resigned 28/5/19)  
Claire Ferres-Miles (appointed 8/12/18, resigned 31/1/19)

### 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 profit of the Company after providing for income tax amounted to \$306,193 improving from a loss of \$683,152 in 2018. This was largely as a result of increased car parking fee revenue during the year as well as the impact in 2018 of the reversal of carry forward tax losses.

### 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 10.5 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)**

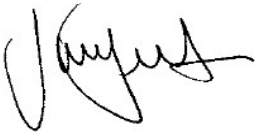
**Indemnification and insurance of auditors:**

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



Jane Fenton AM  
Chair of Board



Patrick Burroughs  
Director

30th September 2019

## 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 2019, 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.

MELBOURNE  
9 October 2019


  
Jonathan Kyvelidis  
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 2019 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:



Jane Fenton AM  
Chair of Board



Patrick Burroughs  
Director

30th September 2019

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>Revenue:</b>			
Market Rental Revenue	3.1	16,934,831	17,141,176
Car Parking Fee Revenue		4,256,885	3,730,765
Bar sales		1,781,682	2,048,795
Other Revenue	3.2	<u>2,055,263</u>	<u>1,007,738</u>
<b>Total Revenue</b>		<b><u>25,028,661</u></b>	<b><u>23,928,474</u></b>
<b>Expenditure:</b>			
Employee Costs	4.1(a)	6,904,436	7,049,411
Contracted Expenses	4.2	6,508,561	6,496,128
Materials & Services	4.3	6,556,261	5,585,442
Depreciation	4.4	936,952	938,718
Utilities	4.5	1,980,913	1,704,803
Other Expenses	4.6	<u>1,861,380</u>	<u>1,905,780</u>
<b>Total Expenditure</b>		<b><u>24,748,503</u></b>	<b><u>23,680,282</u></b>
<b>Profit before income tax</b>		<b>280,158</b>	<b>248,192</b>
Income Tax Equivalent Expense	8.1	<u>(26,035)</u>	<u>931,344</u>
<b>Profit / (Loss) for the year</b>		<b><u>306,193</u></b>	<b><u>(683,152)</u></b>
<b>Total Comprehensive Income for the year</b>		<b><u>306,193</u></b>	<b><u>(683,152)</u></b>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position

As at 30 June 2019

	Notes	2019 \$	2018 \$
<b>Current Assets</b>			
Cash & Cash Equivalents	5.1	771,301	492,151
Other Financial Assets	6.1	2,750,000	1,750,000
Trade & Other Receivables	6.2	962,924	1,288,928
Other Assets	6.3	305,053	367,075
<b>Total Current Assets</b>		<b>4,789,278</b>	<b>3,898,154</b>
<b>Non-Current Assets</b>			
Deferred Income Tax Equivalent Assets	8.2	418,559	392,524
Property, Plant & Equipment	5.3	2,526,095	3,082,351
<b>Total Non-Current Assets</b>		<b>2,944,654</b>	<b>3,474,875</b>
<b>Total Assets</b>		<b>7,733,932</b>	<b>7,373,030</b>
<b>Current Liabilities</b>			
Trade & Other Payables	6.4	654,796	677,545
Accrued Expenses	6.5	827,398	892,751
Refundable Deposits	6.6	188,214	187,042
Employee Provisions	4.1(b)	1,105,160	1,068,337
Unearned Revenue		368,502	344,931
<b>Total Current Liabilities</b>		<b>3,144,070</b>	<b>3,170,606</b>
<b>Non-Current Liabilities</b>			
Refundable Deposits	6.6	1,693,924	1,683,376
Employee Provisions	4.1(b)	200,322	129,625
<b>Total Non-Current Liabilities</b>		<b>1,894,246</b>	<b>1,813,001</b>
<b>Total Liabilities</b>		<b>5,038,316</b>	<b>4,983,607</b>
<b>Net Assets</b>		<b>2,695,616</b>	<b>2,389,423</b>
<b>Equity</b>			
Contributed Equity	7.1	200,000	200,000
Retained Earnings		2,495,616	2,189,423
<b>Total Equity</b>		<b>2,695,616</b>	<b>2,389,423</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

**Statement of Changes in Equity**

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>Contributed Equity</b>	7.1	<u>200,000</u>	<u>200,000</u>
<b>Retained Earnings</b>			
Opening Balance		2,189,423	2,872,575
Total Comprehensive Income/ (Loss) for the year		306,193	(683,152)
<b>Total Retained Earnings at the end of the Financial Year</b>		<u>2,495,616</u>	<u>2,189,423</u>

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

## Statement of Cash Flows

For the year ended 30 June 2019

		2019	2018
		\$	\$
	Notes	Inflows/ (Outflows)	Inflows/ (Outflows)
<b>Cash flows from Operating Activities</b>			
Receipts from customers		26,875,577	26,050,210
City of Melbourne Grant		770,000	0
Payments to employees and suppliers		(24,958,775)	(24,997,822)
Security Deposits received/(refunded)		11,720	(37,189)
GST paid to Australian Taxation Office		(1,069,579)	(746,816)
<b>Net cash provided by Operating Activities</b>	5.2	<b><u>1,628,943</u></b>	<b><u>268,383</u></b>
<b>Cash flows from Investing Activities</b>			
Proceeds from sale of property, plant and equipment		5,625	0
Payment for property, plant and equipment		(380,695)	(520,389)
Purchase of Term Deposit		(1,000,000)	500,000
Interest received		25,277	8,822
<b>Net cash flows used in Investing Activities</b>		<b><u>(1,349,793)</u></b>	<b><u>(11,567)</u></b>
<b>Net Increase in Cash and Cash Equivalents</b>			
		<b>279,150</b>	<b>256,816</b>
Cash at the beginning of financial year		492,151	235,335
<b>Cash and Cash Equivalents at end of year</b>	5.1	<b><u>771,301</u></b>	<b><u>492,151</u></b>

The Statement of Cash Flows 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.

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 10.5 and is currently expected to take approximately 10 years.

## 2. PERFORMANCE AGAINST BUDGET

### Introduction to this section

This note compares actual to budget performance for both revenue and expenditure. The budget figures detailed below are those adopted by the directors of Queen Victoria Market. The budget was based on assumptions that were relevant at the time of the adoption of the budget.

Queen Victoria Market sets guidelines and parameters for revenue and expense targets in this budget in order to meet performance targets.

### Structure

2.1 Revenue and Expenditure

2.2 Explanation of material variations

	2019 \$	2019 \$	2019 \$		
<b>Note 2.1 Revenue and Expenditure</b>					
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>%</b>	<b>Ref</b>
<b>Revenue:</b>					
Market Rental Revenue	16,804,208	16,934,831	130,623	1%	
Car Parking Fee Revenue	4,010,044	4,256,885	246,841	6%	1
Bar sales	1,863,332	1,781,682	(81,650)	-5%	2
Other Revenue	1,839,234	2,055,263	216,029	11%	3
<b>Total Revenue</b>	<b>24,516,818</b>	<b>25,028,661</b>	<b>511,843</b>	<b>2%</b>	
<b>Expenditure:</b>					
Employee Costs	7,049,338	6,904,436	144,902	2%	
Contracted Expenses	6,584,690	6,508,561	76,129	1%	
Materials & Services	5,954,318	6,556,261	(601,943)	-9%	4
Depreciation	988,599	936,952	51,647	6%	5
Utilities	1,896,000	1,980,913	(84,913)	-4%	
Other Expenses	1,932,647	1,861,380	71,267	4%	
<b>Total Expenditure</b>	<b>24,405,592</b>	<b>24,748,503</b>	<b>(342,911)</b>	<b>-1%</b>	
<b>Surplus for the year</b>	<b>111,226</b>	<b>280,158</b>	<b>168,932</b>	<b>60%</b>	

See next page for explanation of material variances greater than 5%

**Note 2.2 Explanation of material variations**

<b>Ref.</b>	<b>Item</b>	<b>Explanation</b>
1	Car Parking Fee Revenue	Change in carpark fee structure introduced September 2018
2	Bar sales	Lower than anticipated attendance at Winter & Summer Night Markets
3	Other Revenue	Increase due to grant received from City of Melbourne.
4	Materials & Services	Increased maintenance and repairs across the market authorised by Queen Victoria Market board and City of Melbourne
5	Depreciation	Inline with Queen Victoria Markets capitalisation policy as per Note 5.3(a)

### 3. OUR REVENUE

#### Introduction to this section

The company's objective is to establish and maintain relationships with small business operators 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

3.1 Market Rental Revenue

3.2 Other Revenue

	2019	2018
	\$	\$
<b>Note 3.1 Market Rental Revenue</b>		
Leasehold	6,978,922	6,931,837
Market Rentals	7,387,231	7,528,062
Night Market	1,750,166	1,989,190
Casual Market Rentals	579,861	480,429
Venue Hire	238,651	211,658
<b>Total Market Rental Revenue</b>	<b><u>16,934,831</u></b>	<b><u>17,141,176</u></b>

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 3.2 Other Revenue

Utility & Rates Recoveries	1,054,792	817,945
City of Melbourne Grant	770,000	0
Walking Tour & Busking Fees	138,481	126,209
Sponsorship	10,130	19,193
Interest Revenue	25,277	8,822
Commission Revenue	0	12,861
Other Revenue	56,583	22,708
<b>Total Other Revenue</b>	<b><u>2,055,263</u></b>	<b><u>1,007,738</u></b>

Other Revenue is measured at the fair value of the consideration received or receivable and is recognised when Queen Victoria Market Pty Ltd gains control over the right to receive the income.

## 4. 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

- 4.1 Employee benefits and employee provisions
- 4.2 Contracted Expenses
- 4.3 Materials & Services
- 4.4 Depreciation
- 4.5 Utilities
- 4.6 Other Expenses

	2019	2018
	\$	\$
<b>Note 4.1(a) Employee benefits and employee provisions</b>		
Wages & Salaries	5,959,848	6,067,857
Superannuation	578,312	606,725
Payroll Tax	285,839	310,234
Workcover	39,895	35,246
Training	40,542	29,349
<b>Total Employee Costs</b>	<b><u>6,904,436</u></b>	<b><u>7,049,411</u></b>

### 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**

	<b>2019</b>	<b>2018</b>
	\$	\$
<b>Note 4.1(b) Employee Provisions</b>		
<b>Current expected to be wholly settled within 12 months</b>		
Annual leave	389,621	390,918
Long service leave	96,683	91,265
	<u>486,304</u>	<u>482,183</u>
<b>Current expected to be wholly settled after 12 months</b>		
Annual leave	70,988	68,985
Long service leave	547,868	517,169
	<u>618,856</u>	<u>586,154</u>
<b>Total Current balance</b>	<u><u>1,105,160</u></u>	<u><u>1,068,337</u></u>
Non-current:		
Long service leave	200,322	129,625
<b>Total Employee Provisions</b>	<u><u>1,305,482</u></u>	<u><u>1,197,962</u></u>

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 settlement 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.

	<b>2019</b>	<b>2018</b>
	\$	\$
<b>Note 4.2 Contracted Expenses</b>		
Cleaning	4,653,941	4,426,071
Security	1,094,192	1,271,806
Car Park Management	354,476	354,591
Software Maintenance	231,134	250,713
Rent Expense	174,818	192,947
<b>Total Contracted Expenses</b>	<u><u>6,508,561</u></u>	<u><u>6,496,128</u></u>

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

## Notes to the Financial Report continued

	2019	2018
	\$	\$
<b>Note 4.3 Materials &amp; Services</b>		
Repairs & Maintenance	1,841,486	821,250
Advertising & Marketing	1,722,547	1,234,519
Consultants	661,703	852,401
Equipment Hire	511,080	699,011
COGS - Bar Stock	501,656	570,098
Catering & Entertainment	335,213	328,936
Contractors	326,849	309,595
Insurance	275,045	359,290
Legal Fees	239,100	308,229
Workshop Supplies	141,582	102,113
<b>Total Materials &amp; Services</b>	<b><u>6,556,261</u></b>	<b><u>5,585,442</u></b>
<b>Note 4.4 Depreciation</b>		
Computer Equipment	531,661	468,365
Leasehold Improvements	151,360	155,803
Plant & Equipment	141,421	197,264
Furniture & Fittings	101,348	107,116
Motor Vehicles	11,162	10,170
<b>Total Depreciation</b>	<b><u>936,952</u></b>	<b><u>938,718</u></b>
<b>Note 4.5 Utilities</b>		
Electricity	1,294,616	1,076,558
Water	275,027	224,945
Rates	249,010	235,475
Telephone	127,462	150,785
Gas	34,798	17,040
<b>Total Utilities</b>	<b><u>1,980,913</u></b>	<b><u>1,704,803</u></b>
<b>Note 4.6 Other Expenses</b>		
Congestion Levy	962,415	958,366
Land Tax	315,937	258,434
Directors Fees	224,374	363,206
Administration Expenses	60,225	63,871
Audit Fees - Internal	43,859	53,051
Audit Fees - VAGO audit of Financial Statements	20,000	19,500
Bad & Doubtful Debts	(1,434)	8,090
Loss (Gain) on Disposal	(5,625)	0
Other Expenses	241,629	181,262
<b>Total Other Expenses</b>	<b><u>1,861,380</u></b>	<b><u>1,905,780</u></b>

## 5. 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

5.1 Cash and cash equivalents

5.2 Reconciliation of cash flows from Operating Activities

5.3 Property, plant and equipment

	2019	2018
	\$	\$
<b>Note 5.1 Cash &amp; Cash Equivalents</b>		
Cash at bank	618,902	395,409
Tenant security deposits - at bank	127,939	70,482
Bar float	15,000	15,000
Car park float	8,460	10,260
Cash float	1,000	1,000
<b>Total Cash &amp; Cash Equivalents</b>	<b><u>771,301</u></b>	<b><u>492,151</u></b>

Cash at bank attracts interest rates of 0 - 0.75% (2018: 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 Statement of Cash Flows, is reconciled to the related items in the balance sheet as follows.

### Note 5.2 Reconciliation of net cash provided by operating activities to net profit after income tax equivalents

	2019	2018
	\$	\$
Net Profit/(Loss) after Tax	306,193	(683,152)
Interest revenue	(25,277)	(8,822)
<b>Non cash flows in operating activities</b>		
Depreciation	936,952	938,718
Profit on Disposal of Property, Plant and Equipment	(5,625)	0
Doubtful Debts	(20,736)	(5,517)
	<b><u>1,191,507</u></b>	<b><u>241,227</u></b>
<b>Changes in operating assets and liabilities</b>		
(Increase)/Decrease in Trade Debtors/Related Parties	188,657	(96,419)
(Increase)/Decrease in Prepayments	67,144	(87,853)
(Increase)/Decrease in Inventory	(5,129)	34,411
(Increase)/Decrease in Other Debtors	48,005	(18,052)
(Increase)/Decrease in Deferred Tax Asset	(26,035)	931,345
(Decrease)/Increase in Trade Creditors/Related Parties	98,147	(1,020,036)
(Decrease)/Increase in Other Creditors	(76,164)	119,629
(Decrease)/Increase in Unearned Income	23,571	87,202
(Decrease)/Increase in Employee Benefits	107,520	114,117
(Decrease)/Increase in Security Deposits	11,720	(37,189)
<b>Net cash outflow from operating activities</b>	<b><u>1,628,943</u></b>	<b><u>268,383</u></b>



**Notes to the Financial Report continued**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Note 5.3 Property, Plant &amp; Equipment</b>		
<i>Plant &amp; Equipment</i>		
At cost	1,971,019	1,771,766
Accumulated depreciation	<u>(1,735,107)</u>	<u>(1,593,686)</u>
<b>Balance as at 30 June</b>	<b>235,912</b>	<b>178,080</b>
<i>Furniture &amp; Fittings</i>		
At cost	1,520,112	1,460,579
Accumulated depreciation	<u>(1,330,224)</u>	<u>(1,228,876)</u>
<b>Balance as at 30 June</b>	<b>189,888</b>	<b>231,703</b>
<i>Leasehold Improvements</i>		
At cost	2,747,090	2,712,700
Accumulated depreciation	<u>(1,728,617)</u>	<u>(1,577,257)</u>
<b>Balance as at 30 June</b>	<b>1,018,473</b>	<b>1,135,443</b>
<i>Computer Equipment</i>		
At cost	2,645,150	2,577,084
Accumulated depreciation	<u>(1,683,971)</u>	<u>(1,184,293)</u>
<b>Balance as at 30 June</b>	<b>961,179</b>	<b>1,392,791</b>
<i>Motor Vehicles</i>		
At cost	309,401	313,163
Accumulated depreciation	<u>(271,583)</u>	<u>(270,421)</u>
<b>Balance as at 30 June</b>	<b>37,818</b>	<b>42,742</b>
Work in Progress	<u>82,825</u>	<u>101,592</u>
<b>Total Property, Plant &amp; Equipment</b>	<b><u>2,526,095</u></b>	<b><u>3,082,351</u></b>

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 5.3(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 years are set out below.

<b>2019</b>						
	<b>Balance as at 1 July 2018</b>	<b>Additions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Transfers</b>	<b>Balance as at 30 June 2019</b>
<b>Plant &amp; Equipment</b>	178,080	199,253	0	(141,421)	0	<b>235,912</b>
<b>Furniture &amp; Fittings</b>	231,703	59,533	0	(101,348)	0	<b>189,888</b>
<b>Leasehold Improvements</b>	1,135,443	34,390	0	(151,360)	0	<b>1,018,473</b>
<b>Computer Equipment</b>	1,392,791	97,405	(16,123)	(531,661)	18,767	<b>961,179</b>
<b>Motor Vehicles</b>	42,742	6,238	0	(11,162)	0	<b>37,818</b>
<b>Work in Progress</b>	101,592	0	0	0	(18,767)	<b>82,825</b>
<b>TOTAL Property, Plant &amp; Equipment</b>	<b>3,082,351</b>	<b>396,819</b>	<b>(16,123)</b>	<b>(936,952)</b>	<b>0</b>	<b>2,526,095</b>

<b>2018</b>						
	<b>Balance as at 1 July 2017</b>	<b>Additions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Transfers</b>	<b>Balance as at 30 June 2018</b>
<b>Plant &amp; Equipment</b>	272,002	40,429	0	(197,265)	62,914	<b>178,080</b>
<b>Furniture &amp; Fittings</b>	235,455	103,363	0	(107,115)	0	<b>231,703</b>
<b>Leasehold Improvements</b>	1,237,496	53,750	0	(155,803)	0	<b>1,135,443</b>
<b>Computer Equipment</b>	1,258,018	322,844	0	(468,364)	280,293	<b>1,392,791</b>
<b>Motor Vehicles</b>	52,912	0	0	(10,170)	0	<b>42,742</b>
<b>Work in Progress</b>	444,799	0	0	0	(343,207)	<b>101,592</b>
<b>TOTAL Property, Plant &amp; Equipment</b>	<b>3,500,682</b>	<b>520,386</b>	<b>0</b>	<b>(938,717)</b>	<b>0</b>	<b>3,082,351</b>

**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.

## 6. 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

- 6.1 Other Financial Assets
- 6.2 Trade and Other Receivables
- 6.3 Other Assets
- 6.4 Trade and other payables
- 6.5 Accrued Expense
- 6.6 Refundable deposits

	2019	2018
	\$	\$
<b>Note 6.1 Other Financial Assets</b>		
Term deposits	1,000,000	0
Tenant security deposits	1,750,000	1,750,000
<b>Total Other Financial Assets</b>	<u><u>2,750,000</u></u>	<u><u>1,750,000</u></u>
<b>Note 6.2 Trade &amp; Other Receivables</b>		
Trade debtors	802,296	977,706
Less: Allowance for impairment	(89,716)	(110,452)
City of Melbourne	12,635	40,303
Accrued income	199,459	343,121
Bonds	38,250	38,250
	<u><u>962,924</u></u>	<u><u>1,288,928</u></u>

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 \$89,716 has been accounted for, slightly lower than \$110,452 in 2018. The majority of the impaired trade receivables are with Queen Victoria Market's debt recovery agency.

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

	2019	2018
	\$	\$
<b>Note 6.2(a) Reconciliation of allowance for credit losses</b>		
Balance 1 July	(110,452)	(115,969)
Amounts written off (uncollectable)	22,170	0
Impairment (gain)/loss	(1,434)	5,517
<b>Balance 30 June</b>	<u><u>(89,716)</u></u>	<u><u>(110,452)</u></u>

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

**Notes to the Financial Report continued**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Note 6.3 Other Assets</b>		
Prepayments	259,011	326,155
Inventory	46,042	40,920
<b>Total Other Assets</b>	<b><u>305,053</u></b>	<b><u>367,075</u></b>

**Note 6.3(a) Inventory**

Merchandise stock	37,276	31,702
Bar stock	8,766	9,218
<b>Total Inventory</b>	<b><u>46,042</u></b>	<b><u>40,920</u></b>

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 6.4 Trade & Other Payables**

Trade creditors	604,503	447,547
City of Melbourne	0	58,809
GST payable	50,293	171,189
<b>Total Trade &amp; Other Payables</b>	<b><u>654,796</u></b>	<b><u>677,545</u></b>

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 6.5 Accrued Expenses**

General expenses	524,463	575,740
Payroll	261,520	278,826
Fringe benefits tax	20,317	18,685
Audit fees accrual - External	20,000	19,500
Audit fees accrual - Internal	1,098	0
<b>Total Accrued Expenses</b>	<b><u>827,398</u></b>	<b><u>892,751</u></b>

Accrued Expenses have been prepared on an accruals basis.

**Note 6.6 Refundable Deposits**

Tenant Security Deposits - Current	188,214	187,042
Tenant Security Deposits - Non-Current	1,693,924	1,683,376
<b>Total Tenant Security Deposits</b>	<b><u>1,882,138</u></b>	<b><u>1,870,418</u></b>

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.

## 7. 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

#### 7.1 Contributed Equity

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Note 7.1 Contributed Equity</b>		
Balance as at 1 July	200,000	200,000
Shares issued	<u>0</u>	<u>0</u>
<b>Ordinary shares fully paid as at 30 June</b>	<b><u>200,000</u></b>	<b><u>200,000</u></b>

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.

## 8. 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

8.1 Income tax

8.2 Deferred tax

	2019 \$	2018 \$
<b>Note 8.1 Income Tax Equivalents</b>		
Accounting Profit/(Loss) subject to Tax	280,158	248,192
Add/Less timing differences - provision for annual leave	706	863
Add/Less timing differences - provision for long service leave	106,814	113,254
Add/Less timing differences - provision for doubtful debts	<u>(20,736)</u>	<u>(5,517)</u>
Taxable Income/(Loss)	<b>366,942</b>	<b>356,792</b>
Tax Loss b/f	(2,856,294)	(3,213,083)
Taxable Income to be recouped	<u>366,942</u>	<u>356,792</u>
Tax Loss c/f	<u>(2,489,352)</u>	<u>(2,856,294)</u>
Tax Losses at 30% written off in 2018 and available for recoupment in future years	(746,806)	(963,924)
Income Tax Equivalent Expense at 30% of timing differences	(26,035)	931,344
Future Income Tax Benefit movement	26,035	32,580

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.

	2019 \$	2018 \$
<b>Note 8.2 Deferred Income Tax Equivalent Asset</b>		
Provision for employee benefits – annual leave	138,183	137,971
Provision for employee benefits – long service leave	253,462	221,418
Provision for doubtful debts	<u>26,915</u>	<u>33,136</u>
<b>Total Deferred Income Tax Equivalent Asset</b>	<b><u>418,559</u></b>	<b><u>392,524</u></b>

A deferred tax asset is recognised for 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.

## 9. 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

- 9.1 Financial instruments
- 9.2 Critical accounting estimates and judgments
- 9.3 Commitments
- 9.4 Contingencies and Conginent Liabilities

### 9.1 Financial instruments

#### Objectives and policies

The Queen Victoria Market's 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.

	2019	2018
	\$	\$
<b>Ageing of Trade Receivables</b>		
Current (not yet due)	158,317	197,639
1 - 30 days	228,117	223,227
31 - 60 days	179,654	131,232
61 - 90 days	24,171	51,709
91 and over	224,736	399,777
<b>Ageing of Trade Receivables</b>	<b>814,995</b>	<b>1,003,584</b>
Less: Allowance for impairment	(89,716)	(110,452)
<b>Total Ageing of Trade Receivables</b>	<b>725,279</b>	<b>893,132</b>

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 it's obligations to pay it's 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.

**9.2 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**

<b>9.3 Commitments</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Operating expenditure commitments</b>		
Not later than one year	3,356,102	5,967,986
Later than one year but not later than five years	<u>1,167,541</u>	<u>2,636,739</u>
<b>Total expenditure commitments</b>	<b><u>4,523,643</u></b>	<b><u>8,604,725</u></b>

Commitments for the payments under long-term contracts in existence at the reporting date can be found within Note 4.2 Contracted Expenses. (these amounts have GST excluded)

<b>Operating lease receivables</b>		
Not later than one year	12,551,183	12,123,350
Later than one year but not later than five years	19,715,093	19,590,218
Later than five years	<u>0</u>	<u>0</u>
<b>Total operating lease receivables</b>	<b><u>32,266,276</u></b>	<b><u>31,713,568</u></b>

Operating leases at the Queen Victoria Market are generally 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 has on-going perpetual Pre-Existing stall licences of approximately \$3,900,000 per year.

**9.4 Contingencies and Conginent Liabilities**

Queen Victoria Market did not have any contingencies or contingent liabilities at 30 June 2019 (30 June 2018: None).

## 10. 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

- 10.1 Key management personnel compensation
- 10.2 Related party information
- 10.3 Events after reporting date
- 10.4 New accounting standards and interpretations
- 10.5 Market Renewal
- 10.6 Trader Support Program & Fund

### 10.1 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;

Jane Fenton AM  
 Jane Hodder  
 Patrick Burroughs (resigned 18/10/18, reappointed 28/5/19)  
 Justin Hanney (appointed 1/2/19, resigned 28/5/19)  
 Michael Tenace (appointed 28/5/19)  
 Rob Adams (appointed 28/5/19)  
 Paul Guerra (resigned 18/10/18)  
 David Mann AM (resigned 18/10/18)  
 Paul Sheahan AM (resigned 18/10/18)  
 Yvonne von Hartel AM (resigned 18/10/18)  
 Ben Rimmer (appointed 18/10/18, resigned 7/12/18)  
 Claire Ferres-Miles (appointed 8/12/18, resigned 31/1/19)

#### Other Key management personnel;

Name	Position
Stan Liacos	CEO
Debbie Dowling	CFO & GM Business Services
Mark Bullen (appointed 2/7/18)	GM Operations
Spiros Foscolos	GM Market Trading, Programming, Visitor Experience & Events.

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

	2019	2018
	\$	\$
Short-term employee benefits	1,202,030	1,273,828
Post-employment benefits	114,193	121,014
Other long-term benefits	109,450	95,160
Termination benefits	0	0
Share-based payment	0	0
<b>Total key management personnel compensation</b>	<b><u>1,425,673</u></b>	<b><u>1,490,002</u></b>

as per AASB 119 Employee benefits and AASB 124 Related party disclosures

### 10.2 Related party information

#### Controlling entity

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

**Notes to the Financial Report continued****Transactions with the ultimate parent entity**

Transactions with the ultimate parent entity during this financial year comprised of Land Tax, rates and maintenance. All transactions were made on commercial terms and conditions and at market rates.

Revenue transactions with the ultimate parent entity amounted to \$820,997 (2018: \$90,912) during the financial year. The amount owing at reporting date is \$12,635.

*Revenue Transactions*

City of Melbourne Grant	770,000
On-charge consultant fees	<u>50,997</u>
<b>Total Revenue Transactions</b>	<b><u>820,997</u></b>

Expenditure transactions with the ultimate parent entity amounted to \$334,768 (2018: \$838,777) during the financial year. The amount owing at reporting date is \$0.

*Expense Transactions*

Rates	249,010
amounts < 20,000	<u>85,758</u>
<b>Total Expense Transactions</b>	<b><u>334,768</u></b>

Refer to Note 8.1 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 \$9,387 (2018: \$2,062). Transactions occurred on commercial arm's length terms.

**10.3 Events after the reporting date**

There were no material matters or circumstances which have arisen between 30 June 2019 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.

**10.4 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 2019);
- (ii) AASB 16 Leases (effective 1 January 2019)
- (iii) AASB 1058 Income for Not-for-Profit Entities (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 & AASB 1058.

**10.5 Market Renewal**

Throughout 2018/19 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 Master Plan (2015) and the Melbourne's Marketplace Retail Plan (2017).

## Notes to the Financial Report continued

2018/19 also saw Queen Victoria Market's renewed focus on programmed maintenance across the Market precinct including asphalt repairs, plant and equipment upgrades and other physical improvements to complement the Renewal works and improve the amenity of the marketplace for traders and customers.

Following the Heritage Victoria decision to refuse City of Melbourne's application for construction of below ground infrastructure beneath the western ends of Sheds A-D in April 2018, Council established a 40 person People's Panel to deliberate on alternative options for provision of market infrastructure and car parking. The People's Panel report was formally presented to the Future Melbourne Committee meeting in December 2018 for consideration by Councillors. Council accepted the report and requested the Panel's recommendations in respect to the provision of market infrastructure and car parking be further analysed.

In April 2019, Council further resolved to endorse Option A for the provision of market infrastructure and requested management to undertake further detailed design, logistics and costings and revert to a future meeting of Council. With a clear path forward identified, Queen Victoria Market has resumed collaboration with the renewal team on development of a schematic design for the new infrastructure to ensure any new infrastructure and/or facilities will meet the Market's needs.

In May 2019, Council voted unanimously to transfer accountability for the strategic oversight and delivery of the Queen Victoria Market Precinct Renewal Program to the Queen Victoria Market Board. Throughout 2019/20 changes to the Queen Victoria Market management structure and membership of the Board will be implemented in order to streamline reporting lines and provide clear accountability for the delivery of the Queen Victoria Market Precinct Renewal Program and management of the day-to-day operational requirements of the Market. 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.

### 10.6 Trader Support Program & Fund

The City of Melbourne has committed at least \$8 million over 5 years 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. During 2018/19 approval was given for \$828,400 of which \$792,185 was incurred for trader support programs for business mentoring program, a dedicated trader lounge, and a boost to marketing.

#### Summary of funding

Marketing & Promotion	488,185
Small Business Mentoring Service	220,000
Trader Lounge	84,000

Financial assistance may also be available where renewal works are shown to have a negative impact on trader profits. A committee, comprising a City of Melbourne representative and two independent members, will review and assess all claims for financial assistance. Trader Connect initiatives and financial assistance will be reported by Queen Victoria Market.

# Audit Opinion



## Independent Auditor's Report

To the Directors of Queen Victoria Market Pty Ltd

<b>Opinion</b>	<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"> <li>• statement of financial position as at 30 June 2019</li> <li>• statement of profit or loss and other comprehensive income for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flows for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• directors' declaration.</li> </ul> <p>In my opinion the financial statements are in accordance with the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none"> <li>• giving a true and fair view of the financial position of the company as at 30 June 2019 and its financial performance and cash flows for the year then ended</li> <li>• complying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.</li> </ul>
<b>Basis for Opinion</b>	<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>
<b>Directors' responsibilities for the financial report</b>	<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**

As required by the *Audit Act 1994*, 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.

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:

- 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.

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.

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.

MELBOURNE  
9 October 2019

  
Jonathan Kyvelidis  
as delegate for the Auditor-General of Victoria

## CONTACT

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