

Management report to Council

Agenda item 6.9

Queen Victoria Market Precinct Renewal (QVMPR) Program Reserve Quarterly Report

Council

Presenter: Joanne Wandel, QVMPR Program Director

12 December 2017

Purpose and background

1. The purpose of this report is to inform the Council of the financial performance of the Queen Victoria Market Precinct Renewal (QVMPR) Program Reserve (QPR) for the quarter ending 30 September 2017, in accordance with the Council resolution of December 2015.
2. The QPR was established by Council on 15 December 2015 to provide a dedicated, transparent and auditable financial structure for the QVMPR Program. The QPR is audited as part of the Council's financial statements on an annual basis by the Victorian Auditor General's Office.
 - 2.1. Funds are transferred into the QPR on an annual basis, or as approved periodically by Council.
 - 2.2. Funds from the QPR are used solely for the capital redevelopment of the QVMPR Program.
 - 2.3. All capital expenditure goes through the QPR to ensure full visibility of the finances of the program.
 - 2.4. The QPR expenditure is overseen and reported on a quarterly basis through the QVMPR Project Control Group initially, and then Council.

Key issues

3. Total QPR funding approved since the establishment of the fund in December 2015 is \$75.49 million. With total QVMPR Program expenditure to date at \$13.67 million, the reserve balance at 30 September 2017 is \$61.81 million. Refer Attachment 2 for full financial summary.
4. As endorsed in the Implementation Framework, key project elements delivered through the QPR in the first quarter of the 17/18 financial year include:
 - 4.1. Release of the updated Business Case and associated communication and engagement activities.
 - 4.2. Approval to lodge heritage and planning permit applications for the reduced impact below ground operational area under Sheds A to D in the upper market. A coordinated media, communications and face to face engagement program was designed to compliment the process and increase awareness of the project.
 - 4.3. Commencement of tender periods for the New Market Pavilion construction and greenhouse operations.
 - 4.4. Approval of the Continuing Business Framework which outlines a program of business and financial support for traders throughout the renewal program.
 - 4.5. The gazettal of Planning Scheme Amendment C245 on 31 August 2017.
 - 4.6. Approval by Aboriginal Victoria of the Cultural Heritage Management Plan for the precinct (excluding the Old Melbourne Cemetery, Munro Site and Queen Street which are managed under separate plans).
5. Expenditure to date excludes Council's acquisition of the 'Munro' site on the corner of Queen and Therry streets in July 2015 for \$76 million (plus transaction costs and taxes). The Munro site is currently recognised as a separate asset in Council's balance sheet.

Recommendation from management

6. That Council accepts the quarterly Queen Victoria Market Renewal Program Reserve report as at 30 September 2017 which shows a reserve balance of \$61.81 million.

Attachments:

1. Supporting Attachment (Page 2 of 3)
2. Victoria Market Precinct Renewal (QVMPR) Program Reserve Summary (page 3 of 3)

Supporting Attachment

Legal

1. Whilst no direct legal issues arise from the recommendation from management, legal advice has and will continue to be provided on all aspects of the QVMPR Program.

Finance

2. Financial implications applicable to the QPR are contained in the body of this report.

Conflict of interest

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Stakeholder consultation

4. Internal consultation with relevant branches of Council has been undertaken in the preparation of this report.

Environmental sustainability

5. Delivery of the QVMPR Program will allow for the development of a sustainable Queen Victoria Market which is guided by a Precinct Sustainability Plan, rated through the use of the Green Star – Communities tool and which delivers on the six sustainability principles detailed in the QVMPR Masterplan.

Queen Victoria Market Precinct Renewal (QVMPR) Program Reserve Summary

Item	Authorisation for inclusion in QPR	QVM Renewal Project Funding (\$M)
2013-14 Underlying Surplus	Council resolution (29 April 2014)	1.200
2014-15 Annual Plan and Budget allocation	Council adopted budget (24 June 2014)	0.500
2014-15 Gains from the sale of surplus or redundant land holdings.	Council resolution (29 April 2014)	1.477
2014-15 Once off contribution from higher than budgeted underlying surplus	Council resolution (25 August 2015)	8.000
2015-16 Annual Plan and Budget allocation	Council adopted budget (30 June 2015)	4.635
2016-17 Interim gains from the sale of the City Square car park	Council resolution (29 April 2014)	30.625
2016-17 Once off contribution from higher than budgeted underlying surplus	Council resolution (25 August 2015)	0.889
2017-18 Annual Plan and Budget allocation	Council adopted budget (30 June 2017)	28.161
Total funding approved to date*		75.487
Item		QVM Renewal Project Expenditure (\$M)
2014-15 QVM Renewal expenditure to 30 June 2015		-2.306
2015-16 QVM Renewal expenditure to 30 June 2016		-4.262
2016-17 QVM Renewal expenditure to 30 June 2017		-5.350
2017-18 QVM Renewal expenditure to 30 September 2017		-1.756
Total expenditure to date*		-13.674
Remaining reserve balance as at 30 September 2017		61.813

*excluding the Munro site

Attachments:

1. Supporting Attachment (Page 2 of 3)
2. Victoria Market Precinct Renewal (QVMPR) Program Reserve Summary (page 3 of 3)