

Management report to Council

Agenda item 6.4

Queen Victoria Market Pty Ltd Annual Report FY2021–2022

Council

Presenter: Michael Tenace, Chief Financial Officer

29 November 2022

Purpose and background

1. The purpose of this report is to note the Queen Victoria Market Pty Ltd (QVM) audited Annual Report for the financial year 2021–2022.
2. At the June 2015 Council meeting, the Council requested the QVM audited Annual Report be adopted in an open session at a Future Melbourne or Council meeting.

Key issues

3. The QVM audited Annual Report for the financial year 2021–2022 has been finalised (refer Attachment 2).

Recommendation from management

4. That Council notes the Queen Victoria Market Pty Ltd audited Annual Report for the financial year 2021–2022.

Attachments:

1. Supporting Attachment (Page 2 of 69)
2. QVM Annual Report 2021-2022 (Page 3 of 69)

Supporting Attachment

Legal

1. No direct legal issues arise from the recommendation from management.

Finance

2. No financial impacts arise from the recommendation in the report.

Conflict of interest

3. Michael Tenace is member of the QVM Board. No other members of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.

Health and Safety

4. The management at QVM is committed to a safe work environment and complies with the requirements set out in the *Occupational Health and Safety Act 2004*. This is achieved through effective policies and procedures.

Stakeholder consultation

5. Consultation with the QVM management was undertaken in the preparation of this report

Relation to Council policy

6. The release of the Annual Report complies with Council policy.

Environmental sustainability

7. There is no significant impact on environmental sustainability associated with the recommendation in this report.

QUEEN VICTORIA MARKET

PTY LTD

ANNUAL REPORT 2021-22

QUEEN
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MARKET



CONTENTS

From the Chair	3
From the Chief Executive Officer	5
Who We Are	8
The Board	10
Committees of the Board	14
2021-2022 Report Card	17
Year in Review – Highlights	20
Financial Statements	27

Queen Victoria Market Pty Ltd acknowledges the Market is located on the traditional lands of the Wurundjeri People of the Kulin Nation and we pay our respect to their Elders past and present.

FROM THE CHAIR

While the year ended with a sense of optimism and positive momentum, 2021-22 was another year of unprecedented challenges for the Market, traders and QVM Pty Ltd due to the ongoing COVID-19 pandemic.

It is a testament to our committed community of traders, customers and staff that the Market remained open and adaptive to the ever changing and unpredictable conditions of the pandemic and Market Renewal works. Our traders and staff have once again shown resilience, flexibility and dedication under trying circumstances, and the fact that our loyal customers keep supporting us shows the importance of the Market to so many in our community.

I cannot thank enough CEO Stan Liacos and his management team for their flexibility, creativity and leadership in navigating these difficulties. Despite the challenging circumstances, good progress has been made to secure a strong future for the Market, traders and QVM Pty Ltd through the implementation of a number of initiatives as part of our five-year Future Market Strategy.

I must also acknowledge the continued, unwavering support QVM Pty Ltd has received from our shareholder, the City of Melbourne. Their financial support to traders has quite literally kept the lights on again this year and has not only underpinned the viability of the company and traders, but enabled us to begin building the foundations of our return to profitability in coming years.

As Melbourne has started to re-emerge from the pandemic, the Market has been both a driver and beneficiary of the energy returning to the city. Melburnians have begun returning to their previous patterns of weekend Market shopping and as the CBD workforce and tourism continue to recover, we hope to see a greater recovery in our weekday visitation.

Queen Victoria Market Precinct Renewal works have continued to restore the Market's heritage structures and modernise operations, as we continued to deliver the Future Market Strategy. We are not just looking to return to pre-COVID times, but are taking the opportunity to create a revitalised and thriving Market for the future.

There is, and always will be, more to be done as we guide the Market, traders and company through a process of change and evolution. I want to acknowledge a few key people who have made important contributions in 2021-22 towards this goal.

The Lord Mayor, the Rt Hon Sally Capp, Councillors, the CEO and Executives of the City of Melbourne have been instrumental in supporting the Market in 2021-22. I fear we are in danger of running out of superlatives to reflect their steadfast confidence, so I will just say a simple "thank you." I would also like to acknowledge Roger Teale, Jonathan Kambouris, Alison Baker and the wider City of Melbourne

Market Renewal team for their work and achievements on the Renewal Program last year in collaboration with the QVM management team.

My fellow Board Directors, including Deputy Chair Jane Hodder, Michael Tenace, Di Laws, Luke Hilakari, Sandy Chakravarty and Emma Germano, who have served the Market with willingness and expertise for which I am extremely grateful. I would also like to acknowledge Professor Rob Adams AM and Patrick Burroughs who departed the QVM Pty Ltd Board in November 2021 and have made a significant contribution to the Market and company over many years.

The Board benefits from robust and proficient subcommittees, and I would like to thank the Chairs and members of the Audit, Risk and Finance Committee and Strategy Committee for their contribution, oversight and wise counsel in 2021-22.

I would also like to make special mention of the Trader Representative Committee (TRC), which is our busiest committee. This Committee, made up of traders from across the Market, is an invaluable resource for QVM Pty Ltd to draw on and I acknowledge the great work done by Chair Jenny Pyke and Deputy Chair Rocco Tripodi, and the contribution of all trader representatives. The work of the TRC makes a significant difference to the Market and in the last 12 months management has responded to a number of their ideas and initiatives including Dizzy Deals, Wholesale Tuesday, establishment of a Trading Hours Working Group with trader representatives and a range of other feedback that has informed decision making, including holiday trade, flexible trade during the COVID-19 pandemic and many other inputs into customer experience improvements, as well as Market Renewal and operational planning.

The entire QVM Pty Ltd team has again gone above and beyond in 2021-22 to work with traders to keep the Market not just surviving but beginning to thrive once again. My thanks again to CEO for his drive and passion for the Market, and to the Leadership and wider team for their exceptional efforts this year.

And lastly, thank you to the many Melburnians and visitors from Victoria, Australia and around the world who came to the Market during the day, or at one of our Night Market events. Thank you to all our customers for the faith and support you have shown to the Market and traders during this challenging year, and we look forward to welcoming so many more of you to Queen Victoria Market again soon.

*Jane Fenton AM
Chair
October 2022*

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*Jane Fenton AM
Chair
October 2022*

FROM THE CHIEF EXECUTIVE OFFICER

This year I spent some time reflecting on the story of our Market: how we got to where we are today, where we are heading, and what it means to Melburnians. I realised that as the Market moved from temporary shelter, to open sheds, to the iconic halls we have today, that it has never once stood still in its 146-year history.



Even as the lockdowns and restrictions of the past two years temporarily narrowed our activity, there was still movement and change driving us forwards. While 2021-22 was a year of highs and lows, the Market, traders and the QVM team have weathered the storm and are well positioned to further progress our COVID-19 recovery and revitalisation in 2022-23 and beyond.

Throughout the year, I have been amazed at the commitment shown by the entire QVM team to continually face uncertainty and unpredictability while still delivering outstanding results across the organisation under difficult circumstances. This could not have been achieved without the contribution and dedication of traders who turned up day after day to serve our many and varied customers.

The Market exists for Melburnians to come and shop and experience, so the strength of our estimated visitation over the Christmas 2021 period and return to near pre-COVID weekend visitation levels in the last quarter of 2021-22 gives us reason to be cautiously optimistic.

We're still a way off from getting back to pre-COVID numbers, but we are certainly heading in the right direction.

The same pattern is evident in our financial results for the year. We spent much of 2021-22 continuing the program of substantial rent relief to traders impacted by lockdowns and restrictions, which along with reduced revenue in other areas impacted by the pandemic and Renewal works, has meant QVM Pty Ltd recorded a loss of \$526,941. While this is an improvement from our 2020-21 result, which saw a loss of \$1,749,736, like many other businesses we had hoped to make a stronger recovery in 2020-21.

This ongoing trader support was made possible by the backing of our shareholder the City of Melbourne and was critical in our ability to keep the Market alive and functioning.

In 2022-23 and beyond we will sharpen our focus on areas that support the future viability and prosperity of the Market, traders and company, in line with our five-year Future Market Strategy.

The Queen Victoria Market Precinct Renewal Program remained an ever-present priority throughout the year, with our team contributing to design, planning, coordination and trader engagement.

Key areas of significant involvement included:

- Heritage restoration and essential services works in A and B Sheds that commenced in 2021-22, including the temporary relocation of traders to C and D Sheds during works.
- Heritage restoration works in C and D Sheds (completed in 2021-22).
- Food Court refurbishment, which remains ongoing at the end of 2021-22.
- Finalisation of new fruit and vegetable point of sale storage and display unit designs for traders.
- Ongoing advice to the Renewal Program about the current and future operational needs of the Market and its traders.

The return of our seasonal Night Markets was an important moment in the re-energising of the Market and Melbourne more broadly. The city's market-lovers responded strongly, with visitation estimated at 300,000 across the String Bean Alley Christmas Night Market, Summer Night Market and first month of the Winter Night Market.

FROM THE CHIEF EXECUTIVE OFFICER CONTINUED

Other 2021-22 highlights included:

- Partnering with the Melbourne Food and Wine Festival and Melbourne Fashion Festival to host key events from their programs at the Market.
- Growth of Queen Victoria Market Online to now include 50 participating traders, more than 3,500 products and fulfilment of more than 15,000 orders since launching in November 2020.
- Recycling 80% of the Market's waste, up from 50% only three years ago.
- A range of initiatives to improve occupational health and safety, and risk/hazard management across the Market.
- Additional seating, casual hospitality and placemaking in the K to L Sheds, and placemaking in the Victoria Street and A Shed laneway to improve the customer experience.
- Seven new hospitality operators secured for the redeveloped Food Hall and six hospitality operators secured for the ground floor tenancies in the Munro development, on behalf of the City of Melbourne with two Munro tenancies open at the end of 2021-22. These tenancies provide a mix of offerings that complement the Market.
- New QVM Pty Ltd Enterprise Agreement successfully supported by company staff.

Thank you to the QVM Pty Ltd team who work around the clock making sure our Market is well run, clean and always ready for Melburnians to visit. It's been another hard year but that never slowed you down. Special thanks to the Leadership Team for your support and advice, it is such a great pleasure to work with you.

We are fortunate to have the rock-solid backing of a passionate and engaged Board of Directors who, as always, have provided steady guidance in 2021-22 under the leadership of our Board Chair Jane Fenton. Thank you to our two outgoing Board members, Professor Rob Adams and Patrick Burroughs, who have made significant contributions in their time on the Board which I have highly valued.

Our Trader Representative Committee members, and indeed our entire trader community, have again made important contributions this year, with their insights and perspective proving useful to our team.

Thank you also to the Lord Mayor, the Rt Hon Sally Capp, who has been an energetic champion for the Market this year, Deputy Lord Mayor Cr. Nicholas Reece, all other City Councillors and City of Melbourne CEO Justin Hanney. The whole City of Melbourne continues to provide amazing support for QVM Pty Ltd - both for day-to-day operations of the Market, and the ongoing investment in the Market Precinct Renewal project.

In accordance with the Local Government Act, I am pleased to present the Queen Victoria Market Pty Ltd Annual Report for the year ending 30 June 2022.

*Stan Liacos
Chief Executive Officer
October 2022*





WHO WE ARE

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

At seven hectares, it is Australia's largest retail marketplace. Encompassing heritage sheds, iconic market halls and historic shopfront terraces, the Market is home to approximately 600 independently owned businesses, offering a diverse range of fresh food, general merchandise and hospitality five days a week at the Day Market and on a seasonal basis at the expansive calendar of community and Market events, such as seasonal Night Markets.

Continuously trading since its official opening in 1878, Queen Victoria Market is the longest surviving marketplace of its scale and diversity in Australia. Its community of traders, affordability and diverse retail offer has serviced a loyal customer base for generations. Today, Queen Victoria Market's evolving offer of fresh produce, general merchandise, 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 commercial subsidiary of the City of Melbourne and is responsible for managing the day-to-day operations and planning of the Queen Victoria Market. As the owner of the Queen Victoria Market, the City of Melbourne has oversight and responsibility for any major 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 so it can be enjoyed by generations to come.

This evolution includes the City of Melbourne's Queen Victoria Market Precinct Renewal Program, which is securing the Market's future by painstakingly restoring its heritage while upgrading and modernising its operations.

Renewal, together with other enhancements to the Market offer, customer experience and practices to ensure safe and efficient operations under our five-year Future Market Strategy, will ensure the Market is able to meet the changing needs of Melburnians and contribute to the revitalisation of an important and growing part of the city.



WHO WE ARE CONTINUED

VISION

Queen Victoria Market will be a 'market of markets'; a thriving and diverse market and community meeting place that is loved by locals and a must see for visitors.

STRATEGIC GOALS AND OBJECTIVES

To help achieve our vision for the Market, the following Core Market Elements and Guiding Planning Principles set our direction and priorities, and guide everything we do:

Core Market Elements

1. An authentic market experience.
2. A reinvigorated fresh food hub.
3. A showcase for diverse retail.
4. An immersive food destination.
5. An active and animated precinct.

Guiding Planning Principles

1. Protect the Market's heritage.
2. Create a great place to run a business.
3. Build community and celebrate diversity.
4. Foster a sustainable future.
5. Improve safety and modernise operations.

VALUES

Underpinning our vision and strategic framework are our organisational values:

- Market leaders: bold in our decisions, leading by example and inspiring others.
- Creative and courageous: encouraging creativity, have an entrepreneurial spirit and confident in our actions and delivery.
- Trusting of each other: working as one team respecting each other's decisions, roles and ideas.
- Passionate about the Market: showing pride, enthusiasm and dedication in everything we do for the benefit of the Market.
- Customer focused: supporting each other and our trader community, encouraging the best service and quality for Market customers.



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 for 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.

During 2021-22 there were three new Directors appointed to the Board, and two Directors who resigned.

Board meetings are held every two months, or more frequently if required.

The QVM Pty Ltd Chief Executive Officer and the Chief Financial Officer/Company Secretary attend each Board meeting, with additional management staff attending as required.

QVM Pty Ltd Board Meeting attendance 1 July 2021 – 30 June 2022

Attendance by Directors at Board meetings held during the financial year are detailed below:

Board Member	Eligible to attend	Attended
Jane Fenton AM	11	11
Jane Hodder	11	9
Patrick Burroughs	5	5
Michael Tenace	11	10
Rob Adams AM	7	5
Di Laws	11	11
Luke Hilakari	7	7
Emma Germano	7	5
Sandy Chakravarty	7	7

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 a mentor for Kilfinnan.

She has previously chaired VicHealth, Very Special Kids, the Queen Victoria Women's Centre Trust and Gather My Crew, served as Deputy Chair of Cancer Council Australia and MCG Trustee and 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 30 years in the construction and real estate sectors 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, co-deputy Chair of the Committee for Melbourne Board, a member of the Advisory Board to the Dean of Monash University Law School, a member of the Melbourne Advisory Group to the Mirvac Board 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 Melburnian with a strong interest in our community and the arts, current business issues and matters.



Michael Tenace

Michael has extensive business, finance and executive leadership experience and has had 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.

Michael is an experienced Board member with strategic, commercial and transformational skills. 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 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, financial, information technology and operational advice and manages subsidiary companies and investments.

BOARD OF DIRECTORS CONTINUED



Di Laws

Di has over 25 years' experience in strategic leadership roles in the retail and wholesale industries across the Asia Pacific region. This experience includes vertical retail, concession, distributor, franchise, and licensee models. From global fashion brands to organic food and general merchandise, Di has extensive skills in strategic planning and execution with demonstrated success leading business transformations.

Di is a graduate of the Australian Institute of Company Directors with a Master of Business Management from Swinburne University of Technology. She also holds a Graduate Certificate in Retail Leadership from the Australian Retailers Association (ARA) Retail Institute and has served as a facilitator with this organisation to deliver retail programs to Australian retailers in Vocational Graduate Certificate and Diploma in Retail Leadership programs.

Di currently operates a business management consultancy working with small to medium sized businesses to facilitate the development of strategic plans and provide executive coaching to improve leadership, execution, and governance capabilities.



Luke Hilakari

(appointed 26 November 2021)

Luke leads the Victorian union movement in his role as Secretary of the Victorian Trades Hall Council (VTHC), representing over 40 unions and 500,000 union members from every sector of the workforce. He graduated Monash University with Bachelor of Arts with first class honours and has completed the Australian Institute of Company Directors course.

Luke has over 20 years of experience in serving on a number of community and commercial boards as well as a range of not for profits. He is currently a member of the Victorian Skills Authority, Australian Progress, McKell Institute, as well as several Victorian Government advisory committees.

Luke has a passion for markets, working with his father as a trader from a young age. He passionately believes that markets play a crucial role in bringing communities together, supporting the livelihoods of families while delivering quality fresh food and goods to local residents.



Sandy Chakravarty

(appointed 26 November 2021)

Sandy is a strategic and innovative leader with an executive and non-executive career of more than 25 years spanning Australian and international blue chip organisations including Australian Red Cross, Boston Consulting Group, Bristol-Myers Squibb, Ingersoll-Rand and more recently State Trustees.

Sandy has extensive leadership experience across corporate and commercial functions driving strategic, commercial and transformational initiatives. Governance, steering organisations towards a growth trajectory and excellence in navigating organisations through crises are particular passions for Sandy. She is culturally astute and has a collaborative leadership style.

Sandy currently serves as the Chair of the Finance Audit, Investment and Risk Committee at the Southern Metropolitan Cemeteries Trust and is a Trust member. Sandy's previous Board and Committee Chair experience also includes Australian Red Cross Blood Service (LifeBlood), International Women's Development Agency, Link Community Transport, Eating Disorders (Vic), and the National Association of Women in Operations.

BOARD OF DIRECTORS CONTINUED



Emma Germano

(appointed 26 November 2021)

Emma Germano is Managing Director of her family mixed operation I Love Farms. Growing fresh vegetables for local and export markets, as well as running sheep and beef cattle, I Love Farms has a firm focus on sustainability and strives to connect with Australian consumers. I Love Farms has a farm-gate store which assists to increase the community's understanding of food and fibre production.

Emma is the current Victorian Farmers Federation President and Board Member of the Melbourne International Flower and Garden Show.

Emma is also a Nuffield Scholar (2014), her research examining global export opportunities for Australian primary producers. Ultimately, Emma strives to be a strong voice, representing Australian growers and ensuring a vibrant and sustainable future for agriculture in Australia.



Professor Rob Adams AM

(resigned 26 November 2021)

Rob has had over 49 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 a 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.



Patrick Burroughs

(resigned 26 November 2021)

Mr Burroughs is a chartered accountant and was a senior partner at KPMG, a major accounting firm, until his retirement in 1998. In his career with KPMG he 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.

Patrick has worked in Europe and the United States and travelled extensively across Asia during his career.

COMMITTEES OF THE BOARD

In 2021-22, Queen Victoria Market Pty Ltd had four Board committees.

Audit, Risk & Finance Committee

The Audit, Risk and Finance Committee oversees 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.

Committee Member attendance at meetings in 2021-22 is detailed below:

Member	Eligible to attend	Attended
Sandy Chakravarty – Chair from November 2021	2	2
Patrick Burroughs – Chair to November 2021	2	2
Jane Fenton AM	4	4
Jane Hodder	4	4

QVM Precinct Renewal Committee

The QVM Precinct Renewal Committee provided guidance and advice to the QVM Pty Ltd Board on the planning, design and delivery of the QVM Precinct Renewal Program. The Committee consisted of QVM Pty Ltd Board members and two independent members appointed by the City of Melbourne.

The Committee met for the last time on 6 August 2021 before being disbanded under a restructure of the Renewal Program governance structure by the City of Melbourne.

Committee Member attendance at meetings in 2021-22 is detailed below (Board Committee members only):

Member	Eligible to attend	Attended
Jane Fenton AM – Chair	1	1
Jane Hodder	1	0
Patrick Burroughs	1	1
Michael Tenace	1	1
Rob Adams AM	1	1
Di Laws	1	1

COMMITTEES OF THE BOARD CONTINUED

Strategy Committee

The Strategy Committee provides advice and recommendations to facilitate decision making by the Board on the strategic direction of the Company and assist the Board with oversight into the implementation and execution of the Company strategic plan.

Following the resignation of Rob Adams AM from the QVM Pty Ltd Board, Rob was invited to continue as an independent member of the Strategy Committee.

Committee Member attendance at meetings in 2021-22 is detailed below:

Member	Eligible to attend	Attended
Di Laws – Chair	6	6
Jane Fenton AM	6	6
Rob Adams AM - independent member since Nov 2021	6	5
Luke Hilakari – from Nov 2021	2	2

Trader Representative Committee

The Trader Representative Committee consists of Queen Victoria Market traders and Board members and plays an important role in service as representatives for all sections of the Market, providing feedback and guidance to both QVM Pty Ltd and trader constituents on upcoming projects, the Renewal Program and the day-to-day operations of the Market.

The Trader Representative Committee is Chaired by Jenny Pyke and Deputy Chaired by Rocco Tripodi.

Committee Member attendance at meetings in 2021-22 is detailed below (Board Committee Members only):

Member	Eligible to attend	Rostered to Attend	Attended
Jane Fenton AM	10	7	6
Di Laws	10	9	9
Emma Germano	5	2	2
Jane Hodder	10	1	1



2021-2022 REPORT CARD

The 2021-2022 Business Plan identified 51 actions to address challenges facing the Market at that time. 22 of these actions have been fully achieved, 21 are ongoing and 8 have been deferred.

Deferred actions are largely due to the prolonged COVID-19 pandemic and delays/complexities with the Renewal Program. A number of other actions require detailed ongoing work.

Actions	Completed	Ongoing	Deferred
Challenge 1: COVID-19 response and recovery			
Gradual return of rent and other revenue as impact of COVID-19 eases	✓		
Support as required for traders, including rent relief, flexibility and communications	✓		
Operational enhancements to meet evolving health and safety requirements, and customer expectations	✓		
Marketing and promotion to attract inner-city locals, Melburnians, regional Victorians and interstate tourists		✓	
Improve configuration/curation of merchandise stalls in Sheds J-M to improve navigability/appeal for customers with focus on locals/Melburnians		✓	
Fast-track creative/makers market space with City of Melbourne, in line with long-term plan to establish 'Melbourne Makers' and 'Market Nursery' precincts		✓	
Re-introduce more Market, community and third-party events; activations; and other programming in line with COVID-19 requirements	✓		
Explore pricing/incentive options in new Munro Community Hub car park to encourage usage, visitation and spending	✓		
Allow stall-based merchandise traders to trade in same position/leave fixtures in place when not required for events to reduce set-up time/cost	✓		
Activate upper Sheds J-L with Market/third-party events, and temporary markets	✓		
Challenge 2: Supporting traders in a challenging and changing environment			
Refreshed retail framework with detailed plans for the general merchandise offer, informed by recent gap analysis and market research		✓	
Ahead of reconfiguration of merchandise stalls, review Stallholder Allocation Policy to prioritise positions for those trading 5 days/other potential criteria to improve offer			✓
Work with traders to adjust their offer and presentation to appeal to locals/Melburnians (stall-based general merchandise focus)		✓	
Proactively manage expiry of most trader leases at end of 2021 in line with the QVM Leasing and Licencing Framework		✓	
Commence development/implementation of point-of-sale storage and display units for fruit & vegetable traders (subject to Heritage Victoria approval)	✓		
Finalise concepts/develop new trading formats for upper A-E Sheds, subject to heritage permit		✓	
Operate interim B2B Service Area in 'upper market'	✓		
Administer Trader Representative Committee to help drive changes/improvements		✓	
Fund and promote free business mentoring service for traders	✓		
Explore and commence design of new point-of-sale storage and display units for general merchandise traders			✓
Explore new kit of fixtures/parts for temporary trading throughout the Market			✓
Annual review of priority change areas and work with Small Business Mentoring Service to inform priority areas for trader skills development/improvement	✓		
Explore reduced trader group fee opportunities such as insurance and merchant fees, implement as required	✓		

2021-2022 REPORT CARD CONTINUED

Actions	Completed	Ongoing	Deferred
Challenge 3: Better serving the potential customers on our doorstep			
Refine and implement Trader Attraction Strategy initiatives		✓	
Attract tenants to new Munro retail and hospitality tenancies to fill gaps in offer	✓		
Attract tenants to the refurbished Food Court, including expectations for offer/fitouts	✓		
As leases/licences become available, continue to curate tenancies to fill gaps in offer		✓	
Build and promote standalone websites for remaining seasonal Night Markets			✓
Explore/review retail tech opportunities and trends to improve customer experience		✓	
Improve QVM website functionality, trader profiles and mobile responsiveness		✓	
Challenge 4: A hard-working market environment			
Work closely with CoM and traders at key renewal project stages to inform scope, design and delivery (ongoing through Renewal)		✓	
Final preparation/opening of Munro car park, including liaison with City of Melbourne on changes to Queen Street to enable cars to exit both ways	✓		
Plan and implement transitional arrangements to minimise disruption and keep the Market operating during Renewal works		✓	
Explore and implement other areas of the Market to be activated/programmed during significant works in Queen Street north		✓	
Annual asset review and report on capital expenditure requirements to the QVM P/L Board and seek CoM funding as needed	✓		
Implement asset management works in accordance with Asset Management Plan and 2020-21 annual asset review	✓		
Challenge 5: Operating a traditional marketplace in the 21st century			
Implement new system to manage interim trader vehicle movements during construction of Trader and Northern Sheds			✓
Implement new OHS management system	✓		
Implement <i>Sustainability Plan 2019-2022</i>		✓	
Develop plan to manage loading/deliveries/vehicles post-infrastructure developments			✓
Develop plan to manage logistical and mobile plant equipment (including forklifts) following new infrastructure developments			✓
Implement recommendations of assessment of impact of allowing stall-based merchandise traders to trade in the same position		✓	
Identify alternatives to forklifts that can be used outside of designated zones following new infrastructure developments			✓
Develop and deliver change management plan and training plan for operational changes to help inform traders and QVM Pty Ltd staff		✓	
Challenge 6: Ensuring the viability of QVM Pty Ltd			
Review lease/licence terms to inform revised terms, implement recommendations		✓	
Annual review of QVM P/L cost structure/changes through renewal, implement recommendations	✓		
Annual review of QVM P/L organisational design, implement recommendations	✓		
Implement three-year IT Strategy		✓	
Enhance and integrate existing systems and processes		✓	
Explore opportunities to expand revenue streams and identify new ones		✓	
Review direct trader costs to determine subsidisation, implement recommendations		✓	



YEAR IN REVIEW – HIGHLIGHTS

2021-22 was another unique year for the Market, with many achievements despite the ongoing challenges presented by the recovery from the COVID-19 pandemic, and the complexities and uncertainties of Market Renewal works. Outlined below are highlights in the following focus areas:

1. COVID-19 pandemic response and recovery
2. Trader experience and engagement
3. Customer experience and attraction
4. Market visitation and events
5. Safety, operations and physical environment
6. Business and governance
7. QVM Precinct Renewal



COVID-19 Pandemic Response and Recovery

Due to the ongoing impact of the COVID-19 pandemic, throughout 2021-22 QVM Pty Ltd remained focused on activity to keep the Market open, support traders, and adapting to the changing environment.

Much was also achieved to progress the recovery and longer-term revitalisation of the Market in line with QVM Pty Ltd's five-year *Future Market Strategy*.

Highlights included:

- Progression of a number of priority initiatives under the Future Market Strategy to support the Market's pandemic recovery and revitalisation (more detail on these initiatives is outlined in the following sections).
- Continued support through the COVID-19 Trader Support Package (since late March 2020):
 - Varied trader rent relief based on impact, with increased rent relief during lockdown periods.
 - Trader financial hardship policy (in addition to rent relief already provided).
 - Free business advice/support through the Small Business Mentoring Service, including accessing government support and developing an online presence/e-commerce capability.
 - Marketing and promotion to let customers know the Market is safe and open for business (changing focus dependent on status of government restrictions).
 - Regular communication and engagement about government advice and information.
 - Trading flexibility during lockdown/significant restrictions, including one hour 'soft' open/close and option not to open for hospitality traders.
- Ongoing measures, review and adaptation to respond to changing conditions, meet government COVID-safe requirements and to help customers feel safe.
- Reintroduction of more events and other programming in line with COVID-safe requirements/conditions.
- Continued engagement with all levels of government to advocate in the best interests of the Market and traders.

YEAR IN REVIEW – HIGHLIGHTS CONTINUED

Trader Experience, Support and Engagement

A range of initiatives were progressed in 2021-22 to engage with traders and improve the trader experience.

Highlights included:

- Extensive engagement to inform transitional arrangements and the construction plan for upcoming major works on the new purpose-built Trader and Northern Sheds.
- Engagement with retail box hire operators and fruit and vegetable traders on proposed plans for a business-to-business and back-of-house storage area in the Peel Street half of B to D Sheds.
- Additional rental support for Victoria Street and F Shed traders significantly impacted by delays to works in A and B Sheds.
- Extensive logistical planning, engagement and hands on assistance to support A and B Sheds traders with their transition to temporary trading locations in C and D Sheds ahead of Renewal works in A and B Sheds.
- Ongoing consolidation of general merchandise stalls in E and J to L Sheds to improve retail density and the customer experience.
- Ongoing management of a trial business to business area in the Peel Street half of A Shed and temporary relocation during Renewal works in A and B Sheds.
- 382 free Small Business Mentoring Service sessions for traders through the Trader Connect Program and many more touch-points with traders.
- 60 traders provided with up to \$500 each through the Cooperative Marketing Program.
- Marketing, signage and promotions to support traders impacted by shed restoration works.
- Additional placemaking in the A Shed laneway to help attract customers during restoration works in A and B Sheds and support Victoria Street traders.



YEAR IN REVIEW – HIGHLIGHTS CONTINUED

Customer Experience and Attraction

A number of initiatives were implemented and progressed throughout 2021-22 to improve the customer experience and ensure the Market continues to adapt to the changing retail landscape, in line with the Future Market Strategy.

Highlights included:

- Growth of Queen Victoria Market Online to include 50 participating traders, more than 3,500 products and fulfilment of more than 15,000 orders since launching in November 2020.
- Extensive promotion of events, festivals, 'pop up' markets, school holiday workshops and other activity to encourage visitation.
- Working closely with the City of Melbourne to implement promotions, create content, provide voucher giveaways for locals and international students.
- Collaboration with the City of Melbourne to supply fruit and vegetable boxes to local residents in need during the pandemic.
- The restart of QVM's COVID-Safe Tours Program in November 2021, sold out Truffle Tours and a strong recovery of the school tours program.
- Collaboration with social enterprise Food For Everyone on the creation of a special fruit salad recipe poster, with more than \$12,000 from sales donated to food-rescue partner SecondBite.
- Launch of a new trader-led campaign called Dizzy Deals to promote special offers on produce and merchandise, encouraging trader engagement and helping to drive visitation on a Thursday.
- New stand-alone website launched for the Winter Night Market.
- New discounted parking system launched for Market customers with promotion across the Market and QVM owned channels.
- Ongoing and sustained 'Make it a Market Day' brand advertising implemented across the year, targeted at locals and using a mix of media including radio, outdoor and digital.
- Subscribers/follows to QVM digital and social media channels continued to grow, with Facebook and Instagram followers increasing by 4.1% and 10.3% respectively; a new TikTok account launched; nearly 250,000 subscribers to our enewsletters; and more than 6.8 million views on the Market website (an increase of 39% on the previous year).
- New Kids Passport introduced to encourage families to visit and explore the Market.
- Introduction of additional seating, casual hospitality and placemaking in the centre of K to L Sheds to create a comfortable space to dwell.



YEAR IN REVIEW – HIGHLIGHTS CONTINUED

Market Visitation and Events

Market visitation remained volatile throughout 2021-22 in line with changing COVID-19 conditions and community sentiment, with an approximate 43.8% decrease in total visitation in 2021-22 compared to pre-pandemic levels.

Day Market visitation has improved, by approximately 10% when compared to 2020-21, with periods of strong visitation in the lead up to the Christmas and new year holiday period and at times of increased weekend events, programming and Easter/school holidays.

During the last three months of the financial year there was a continued strong recovery with weekend visitation almost back to pre-COVID levels.

In 2021-22, the programming and event calendar played a pivotal role in driving visitation to support the Market and traders' pandemic recovery. This was achieved despite a reduced Market footprint due to shed restoration works.

Highlights included:

- Night Markets returned in a staged approach in accordance with government COVID-19 health and safety measures and restrictions, with visitation across these events totalling an estimated 303,805.
- The Melbourne Food and Wine Festival made Queen Victoria Market its home from 25 March to 9 April with a series of free and ticketed events, boosting awareness of the Market at a national level through extensive media coverage and driving increased visitation.
- The Market hosted the Gala Runway for the Melbourne Fashion Festival for the first time also receiving extensive media and social media coverage.
- Return of large community events and festivals on weekends including the African Festival, EID Festival, Turkish Pazar, Truffle Festival, Durian Festival and Portuguese Festival.
- Market owned event, the Donut Festival returned for another highly successful season.
- A range of other third-party activations, including Melbourne Book Market, Knowledge Week, Victorian Department of Health pop up COVID-19 vaccination clinics and Jobs Victoria pop up.

- Food Truck Stop on Wednesdays in December.
- New String Bean Alley Christmas Market on Monday nights in December leading up to Christmas, supported by the City of Melbourne.
- Exiting new event and activation collaborations with external stakeholders to deliver partners:
 - CRFT*WRK: monthly craft fair presented by Rose St Artists' Market, supported by the City of Melbourne.
 - Soul Sundays: presented by health and wellbeing group.
 - Rockabilly Retro Market: presented by Kingpin.



YEAR IN REVIEW – HIGHLIGHTS CONTINUED

Safety, Operations and Physical Environment

Continued progress was made throughout 2021-22 to improve safety across the precinct, and to enhance operations and the Market's physical environment. There were also further significant achievements in improving the Market's environmental sustainability in line with the QVM Pty Ltd Sustainability Plan 2019-22.

Highlights included:

- Implementation of a range of initiatives to improve occupational health and safety, and risk/hazard management, including a new hazard management approach, improved contractor consultation, new Trader Safety Program and increased staff and trader training, engagement and communications.
- Trader loading/unloading approach developed including segregated zones for loading and unloading, mitigation of forklift use and solutions for deliveries and pickups.
- Completed implementation of the QVM Pty Ltd Sustainability Plan 2019-22 which outlines the Market's environmental objectives, targets, and action plans for the continual improvement of environmental performance, with 94 actions completed.
- Total of 865 tonnes of Market food organic waste was sent to the Yarra Valley Water Waste to Energy facility that process food waste into clean, renewable energy. This generated 209,330kWh of energy, enough to power 15,655 houses.
- New sustainable shopping tour to complement the current Market tour offering to engage and educate Market customers/visitors on environmental sustainability.
- Installation of an embedded network in F Shed that also allows future roll out to M Shed (String Bean Alley).
- Diverted 80% of the Market's waste away from landfill by prioritising either recycling or reusing products, up from 77% in 2020-21.

Business and Governance

An ongoing focus on governance and business-related initiatives has helped enhance strategic oversight and accountability, increase efficiency and support the strategic, business and operational priorities of QVM Pty Ltd.

Highlights included:

- Appointment of three new Board members – Sandy Chakravarty, Emma Germano and Luke Hilakari, along with the resignation of Patrick Burroughs and Rob Adams AM from the QVM Pty Ltd Board.
- Dissolution of the Renewal Sub Committee of the QVM Pty Ltd Board as part of a restructure of the City of Melbourne's governance structure for the Renewal Program.
- QVM Pty Ltd Enterprise Agreement 2021-2025 successfully voted in by staff.
- Lease renewals offered to 80-plus traders whose leases expired at end of 2021.
- 7 hospitality operators secured for the redeveloped Food Hall under construction following a proactive expression of interest process.
- 6 hospitality operators secured for the ground floor tenancies as part of the first stage of the Munro development, with two open at the end of 2021-22 following a proactive expression of interest process.
- Further system and process enhancements to improve efficiency, including Salesforce integration and improving functionality.

YEAR IN REVIEW – HIGHLIGHTS CONTINUED

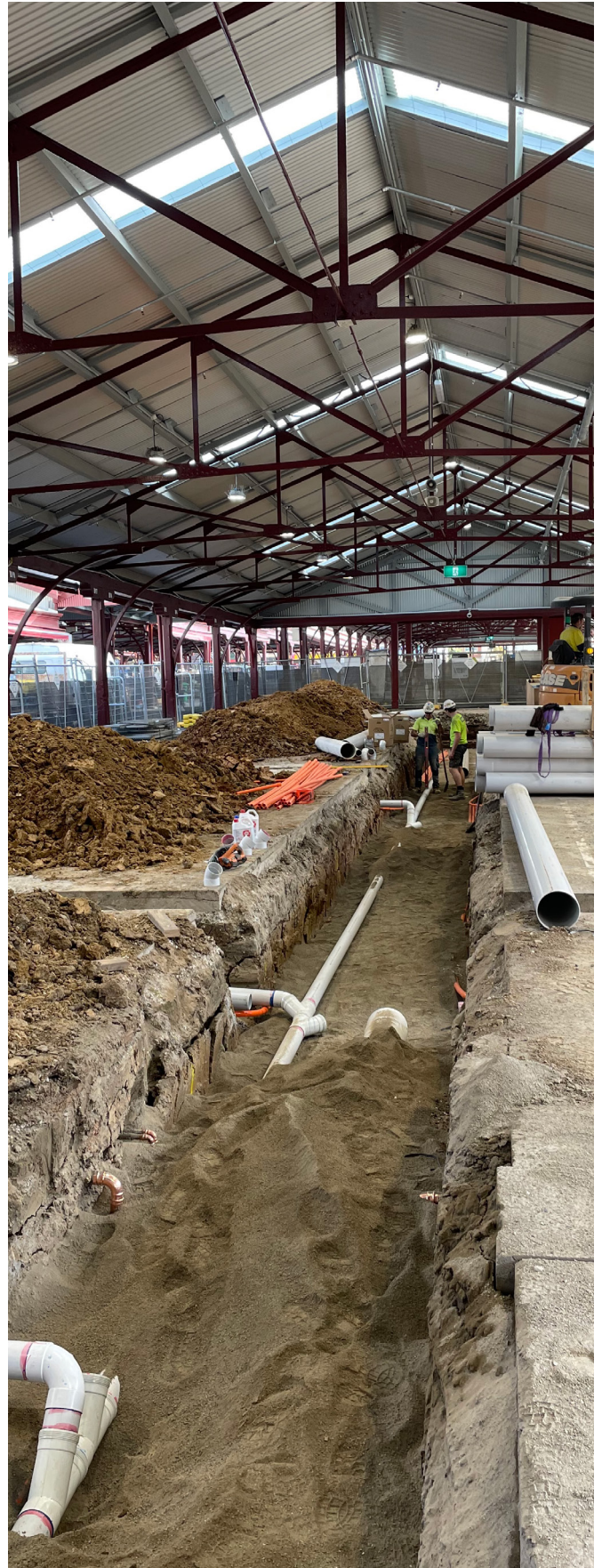
QVM Precinct Renewal

Throughout 2021-22, Queen Victoria Market Pty Ltd continued to work closely with the City of Melbourne to scope, plan and deliver Market Renewal projects in accordance with the Master Plan, updated Renewal Business Case (2021) and strategic priorities.

This has focused on planning each stage of works, including transitional arrangements to ensure continuity of Market operations and to minimise disruption to traders and customers during works.

Highlights included:

- Input into planning, transitional arrangements, coordination and trader liaison for key Renewal works, including:
 - Heritage restoration works in C and D Sheds (completed in 2021-22).
 - Heritage restoration and essential services works in A and B Sheds that commenced in 2021-22, including the temporary relocation of fruit and vegetable traders normally located in these sheds to C and D Sheds during works.
 - Food Court refurbishment, which remains ongoing at the end of 2021-22.
- Finalisation of new fruit and vegetable point of sale storage and display unit designs, prototypes and catalogue which are available for traders to order with a contribution towards costs.
- Detailed planning and trader engagement to inform transitional arrangements and the construction plan for upcoming major works on the new purpose-built Trader and Northern Sheds.
- Refinement of schematic designs, engagement with Heritage Victoria and preparation of a Heritage Permit Application for new lockable trading formats, back of house storage and business to business area proposed in the Peel Street half of A to E Sheds as part of the Upper Market Specialty Trading Format Improvement Project.
- Planning for remaining shed restoration stages in E and F Sheds (from mid-August 2022), and H and I Sheds during the upcoming financial year.
- Final fit out and other preparations for the opening of the new 500-space undercover carpark in the Munro development, with upgraded carparking equipment and technology.





FINANCIAL STATEMENTS

2021-22 remained another challenging financial year for QVM Pty Ltd due to the ongoing impact of the COVID-19 pandemic on Market visitation and revenue, including trader rent, car parking fees and events.

QVM Pty Ltd continued to be reliant upon significant financial support from the City of Melbourne throughout 2021-22 to remain solvent, cover the costs of operating the Market and to fund ongoing trader rent relief.

FINANCIAL RESULTS

The Company recorded a loss of \$526,941 after providing for income tax, compared to a loss of \$1,749,736 in 2020-21.

The Company has noted the following significant impacts on its financial operations:

- \$3,748,822 in trader rent relief provided due to Victorian Government COVID-19 restrictions and mandated closures.
- Lower visitation due to less CBD workers and other factors reduced the Company's forecasted car park revenue by \$1,890,000.
- COVID-19 restrictions also reduced the Company's events and tourism revenue by \$1,455,000 due to the cancellation of the Winter Night Market and the delay/reduced format of the Summer Night Market.

With the depletion of cash reserves, the Company has been able to meet its financial commitments only through the support of a grant totalling \$7.7 million from the City of Melbourne. This is in addition to a \$9.4 million City of Melbourne grant in 2020-21. Without that support the Company would have had to cease trading.

COST REDUCTION MEASURES

The Company implemented cost reduction measures across the business to minimise the financial impact of the above through renegotiation of major contracts and reducing discretionary spending company wide.

See full financial statement attached to this report.





**Financial Statements for Queen Victoria Market Pty Ltd
for the year ended 30 June 2022**

ACN: 069 959 771

Contents

Directors Report	A	DIRECTORS REPORT	1
Auditors Independence	B	AUDITORS DECLARATION OF INDEPENDENCE	3
Directors' Declaration	C	DIRECTORS' DECLARATION	4
Financial Statements		Statement of Profit or Loss and Other Comprehensive Income	5
		Statement of Financial Position	6
		Statement of Changes in Equity	7
		Statement of Cash Flows	8
Notes to the Financial Statements	1.	ABOUT THIS REPORT	
	1.1	Basis of Preparation	9
	1.2	Critical Accounting Estimates and Judgements	9
	1.3	Going Concern	10
	2.	PERFORMANCE AGAINST BUDGET	
	2.1	Revenue and Expenses	11
	2.2	Explanation of Material Variations	12
	3.	OUR REVENUE	
	3.1	Market Rental Revenue	13
	3.2	Other Revenue	13
	4.	THE COST OF OUR OPERATIONS	
	4.1	Employee Benefits and Employee Provisions	14
	4.2	Contracted Expenses	15
	4.3	Materials & Services	16
	4.4	Depreciation	16
	4.5	Utilities	16
	4.6	Other Expenses	16
	5.	ASSETS AVAILABLE TO SUPPORT OUR FUNCTIONS	
	5.1	Cash and Cash Equivalents	17
	5.2	Reconciliation of profit/(loss) after tax for the year to cash flows from operating activities	17
	5.3	Property, Plant and Equipment	18
	5.4	Right of Use Assets	20
	6.	OTHER ASSETS AND LIABILITIES	
	6.1	Other Financial Assets	21
	6.2	Trade and Other Receivables	21
	6.3	Other Assets	22
	6.4	Trade and Other Payables	22
	6.5	Accrued Expenses	22
	6.6	Refundable Deposits	23
	6.7	Lease Liability	23
	7.	OUR CAPITAL STRUCTURE	
	7.1	Contributed Equity	24
	8.	TAXATION	
	8.1	Income Tax	25
	8.2	Deferred Tax	25

9. MANAGING RISKS AND UNCERTAINTIES		
9.1	Financial Instruments	26
9.2	Commitments	27
9.3	Contingent Assets and Contingent Liabilities	28
10. OTHER DISCLOSURES		
10.1	Key Management Personnel Compensation	29
10.2	Related Party Information	29
10.3	Application of Accounting Policies and Disclosures	30
10.4	Market Renewal	30
10.5	Trader Support Program & Fund	30
Independent Audit Report	D AUDIT OPINION	32

A. DIRECTORS REPORT

The directors present their report on Queen Victoria Market Pty Ltd for the financial year ended 30 June 2022

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 (Chair)
 Jane Hodder (Deputy Chair)
 Dianne Laws
 Michael Tenace
 Sandhya Chakravarty (appointed 26/11/21)
 Emma Germano (appointed 26/11/21)
 Luke Hilakari (appointed 26/11/21)
 Patrick Burroughs (term ended 26/11/21)
 Rob Adams AM (term ended 26/11/21)

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 Company recorded a loss of \$526,941 after providing for income tax, compared to a loss of \$1,749,736 in 2020-21.

Impacts of COVID-19

On 16th March 2020 a state of emergency was declared in Victoria due to the global pandemic COVID-19 virus, this continued throughout the 2021-22 financial year. The Company has noted the following significant impacts on its financial operations,

- Rent relief provided to traders due to State Government COVID-19 restrictions and mandated closures:
 \$701,632 rent relief for food traders (2020-21 \$3,321,000)
 \$2,653,921 rent relief for general merchandise traders (2020-21 \$4,433,000)
 \$393,269 rent relief for hospitality traders (2020-21 \$1,070,000)
\$3,748,822 Total rent relief (2020-21 \$8,824,000)
- Lower market visitation and less CBD workers reduced the Company's forecasted car park revenue by \$1,890,000
- COVID-19 restrictions also reduced the Company's events and tourism revenue by \$1,455,000 when compared to budget. The Winter Night Market scheduled for July & August 2021 was cancelled, as were the Spring and Autumn Night Markets. The Summer Night Market scheduled to commence in late November 2021 was delayed and revised to a reduced format commencing January 2022. The 2022 Winter Night Market proceeded as planned from the beginning of June.

The Company implemented cost reduction measures across the business to minimise the financial impact of the above items through renegotiation of major contracts and reducing discretionary spending company wide.

With the depletion of the Company's cash reserves, the Company has been able to meet its financial commitments only through the support of a grant totalling \$7,700,000 from the City of Melbourne (2020-21 \$9,400,000). Without that support the Company would have had to cease trading.

(See Note 1.3 for further detail).

Likely Developments:

The Company has set a COVID-19 recovery budget for 2022-23 and plans to increase revenue lines by:

- Removing rent relief for all traders from July 2022
- Return to full Night Market calendar with 39 weeks of Night Markets scheduled
- Increasing car park usage

If the conditions continue as per 2020-21 and 2021-22, The Company has an established letter of comfort and a funding agreement with the City of Melbourne in place. (see Note 1.3 for further detail).

A. DIRECTORS REPORT (Continued)**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.

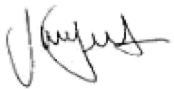
Indemnification and insurance of auditors:

Queen Victoria Market holds valid Directors and Officers Liability Insurance via Zurich Australia. 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.

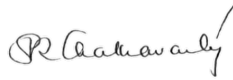
Auditors Independence Declaration:

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



Sandhya Chakravarty
Director

11th October 2022

Auditor-General's Independence Declaration

To the Board of 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 2022, 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
24 October 2022

Travis Derricott
as delegate for the Auditor-General of Victoria

DIRECTORS' DECLARATION

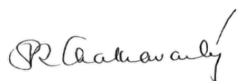
In the opinion of the Directors of Queen Victoria Market Pty Ltd:

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 2022 and of its performance and cash flows 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. As a result of the financial support provided by the City of Melbourne, 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



Sandhya Chakravarty
Director

11th October 2022

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

		2022 \$	2021 \$
	Notes		
Revenue:			
Market Rental Revenue	3.1	10,015,176	3,760,608
Car Parking Fee Revenue		3,181,628	2,736,958
Night Market – Bar Sales		748,520	101,198
City of Melbourne Grant	1.3	7,700,000	9,400,000
Other Revenue	3.2	1,725,196	1,089,789
Total Revenue		23,370,520	17,088,553
Expenses:			
Employee Costs	4.1(a)	7,203,779	5,806,874
Contracted Expenses	4.2	6,671,937	5,670,957
Materials & Services	4.3	5,206,386	3,441,384
Depreciation	4.4	756,843	746,676
Amortisation - Right of Use Assets	5.4	390,290	174,137
Utilities	4.5	1,714,369	1,720,288
Finance Costs - Leases	6.7	97,431	8,637
Other Expenses	4.6	1,912,115	1,288,206
Total Expenses		23,953,150	18,857,159
Profit/(Loss) before income tax		(582,630)	(1,768,606)
Income Tax Equivalent Benefit	8.1	55,689	18,870
Profit/(Loss) after income tax for the year		(526,941)	(1,749,736)
Total Comprehensive Income/(Loss) for the year		(526,941)	(1,749,736)

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 2022**

		2022	2021
		\$	\$
	Notes		
Current Assets			
Cash & Cash Equivalents	5.1	663,005	1,300,126
Other Financial Assets	6.1	2,000,000	1,750,000
Trade & Other Receivables	6.2	947,633	946,784
Other Assets	6.3	176,967	123,344
Total Current Assets		3,787,605	4,120,254
Non-Current Assets			
Deferred Income Tax Equivalent Assets	8.2	472,839	417,153
Property, Plant & Equipment	5.3	1,794,861	2,052,000
Right of Use Assets	5.4	3,496,209	3,886,499
Total Non-Current Assets		5,763,909	6,355,652
Total Assets		9,551,514	10,475,906
Current Liabilities			
Trade & Other Payables	6.4	924,552	920,427
Accrued Expenses	6.5	539,631	721,160
Refundable Deposits	6.6	1,284,460	1,276,266
Employee Provisions	4.1(b)	1,307,817	1,157,698
Lease Liabilities	6.7	497,591	499,893
Unearned Revenue		165,564	63,277
Total Current Liabilities		4,719,615	4,638,721
Non-Current Liabilities			
Refundable Deposits	6.6	856,306	850,844
Lease Liabilities	6.7	2,888,888	3,386,480
Employee Provisions	4.1(b)	184,128	170,343
Total Non-Current Liabilities		3,929,322	4,407,667
Total Liabilities		8,648,937	9,046,388
Net Assets		902,577	1,429,518
Equity			
Contributed Equity	7.1	200,000	200,000
Retained Earnings		702,577	1,229,518
Total Equity		902,577	1,429,518

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 2022**

		2022	2021
		\$	\$
	Notes		
Contributed Equity	7.1	<u>200,000</u>	<u>200,000</u>
Retained Earnings			
Opening Balance		1,229,518	2,979,254
Total Comprehensive Income/ (Loss) for the year		(526,941)	(1,749,736)
Total Retained Earnings at the end of the Financial Year		<u>702,577</u>	<u>1,229,518</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 2022

		2022	2021
		\$	\$
	Notes	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from Operating Activities			
Receipts from customers		17,194,258	9,854,183
City of Melbourne Grant		7,700,000	9,400,000
Payments to employees and suppliers		(24,235,450)	(18,965,290)
Security Deposits received/(refunded)		3,961	(12,954)
GST (paid)/refunded from Australian Taxation Office		(14,603)	194,295
Net cash provided by Operating Activities	5.2	648,166	470,234
Cash flows from Investing Activities			
Payment for property, plant and equipment		(499,704)	(491,593)
Purchase of Term Deposit		(250,000)	0
Interest received		12,857	20,459
Net cash flows provided by/(used) in Investing Activities		(736,847)	(471,134)
Cash flows from Financing Activities			
Repayment of Lease Liabilities		(499,894)	(210,553)
Interest Paid to City of Melbourne		(48,546)	(48,212)
Net cash flows used in Financing		(548,440)	(258,765)
Net Decrease in Cash and Cash Equivalents		(637,121)	(259,665)
Cash at the beginning of financial year		1,300,126	1,559,791
Cash and Cash Equivalents at end of year	5.1	663,005	1,300,126

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. ABOUT THIS REPORT

Queen Victoria Market Pty Ltd (referred to as 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 10, 501 Swanston Street, Melbourne, VIC 3000.

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

Structure

1.1 Basis of Preparation

1.2 Critical accounting estimates and judgments

1.3 Going concern basis

1.1 Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with 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 Company is a for-profit entity for the purpose of preparing the financial statements.

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 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.

Information about critical assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed in the following notes:

Accounting estimates and judgements

- Revenue recognition (refer Note 3.2)
- Employee provisions (refer Note 4.1b)
- Depreciation methods, useful lives and residual value of property, plant and equipment (refer Note 5.3a)
- Impairment of assets (refer Note 6.2)
- The determination, in accordance with AASB 16 Leases, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.4)

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

The functional and presentation currency of the Company is Australian Dollars, with all amounts rounded to the nearest dollar.

1. ABOUT THIS REPORT (continued)**1.3 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 financial statements have been prepared on a going concern basis. As at 30 June 2022, current liabilities exceed current assets by \$932,010 (2020-21: current liabilities exceed current assets by \$518,467). The Directors believe that the Company is a going concern because of continued support from its parent entity the City of Melbourne, as per the below letter of comfort and funding agreement.

Queen Victoria Market has forecasted increased cash inflows due to trader, night market and car park revenue lines increasing as COVID-19 starts to minimise.

Letter of Comfort:

The City of Melbourne has provided the Board with two letters of comfort confirming:

1. That the City of Melbourne will provide the Queen Victoria Market with the necessary financial support to enable it to meet its obligations during the renewal of the market. The renewal has commenced and is outlined more fully in note 10.5; and
2. That the City of Melbourne will provide the Queen Victoria Market with the financial support via a Short-Term Funding Agreement to ensure it remains solvent during the funding period and to ensure the continuation of the going concern status of the company. The Funding Agreement is detailed below.

Funding Agreement:

Due to COVID-19 still impacting market visitation and operations the City of Melbourne, as the company's shareholder, has entered into a Short -Term Funding Agreement with Queen Victoria Market to provide financial support to the Company. The purpose of this agreement is to ensure the company remains solvent during the funding period and to ensure the continuation of the going concern status of the company. The funding period expires 30 June 2023.

City of Melbourne Grant:

Queen Victoria Market was the recipient of a City of Melbourne Grant of \$7,700,000 (2020-21 \$9,400,000). This Grant was provided to assist the Company to meet its ongoing financial commitments and to support market traders with rent relief throughout the year as part of the COVID-19 Trader Support Package.

2. PERFORMANCE AGAINST BUDGET

Introduction to this section

This note compares actual to budget performance for both revenue and expenses. 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 Expenses

2.2 Explanation of material variations

	2022 \$	2022 \$	2022 \$		
Note 2.1 Revenue and Expenditure					
	Budget	Actual	Variance	%	Ref
Revenue:					
Market Rental Revenue	14,435,263	10,015,176	(4,420,087)	-44%	1
Car Parking Fee Revenue	5,071,411	3,181,628	(1,889,783)	-59%	2
Night Market – Bar Sales	1,358,782	748,520	(610,262)	-82%	3
City of Melbourne Grant	0	7,700,000	7,700,000	100%	4
Other Revenue	1,190,797	1,725,196	534,399	31%	5
Total Revenue	22,056,253	23,370,520	1,314,267	6%	
Expenses:					
Employee Costs	6,706,247	7,203,779	(497,532)	-7%	6
Contracted Expenses	7,499,427	6,671,937	827,490	12%	7
Materials & Services	5,356,585	5,206,386	150,199	3%	8
Depreciation	797,046	756,843	40,203	5%	
Amortisation - Right of Use Assets	0	390,290	(390,290)	-100%	9
Utilities	1,882,172	1,714,369	167,803	10%	10
Finance Costs - Leases	0	97,431	(97,431)	-100%	
Other Expenses	2,764,502	1,912,115	852,387	45%	11
Total Expenses	25,005,979	23,953,150	1,052,829	4%	
Total Profit/(Loss) for the year	(2,949,726)	(582,630)	2,367,096	406%	

See next page for explanation of material variances >\$100,000.

Note 2.2 Explanation of material variations

Ref.	Item	Explanation
1	Market Rental Revenue	The Company issued additional rent relief to market traders due to State Government enforced Covid-19 stay at home recommendations. The market saw increased visitation in the second half of 2021-22 and reduced rent relief accordingly.
2	Car Parking Fee Revenue	Reduced carpark throughput due to COVID-19 from 1st July 2021 - 30th June 2022.
3	Night Market – Bar Sales	Budgeted Winter 2021, Spring 2021 and Autumn 2022 Night Markets did not take place due to COVID-19 restrictions.
4	City of Melbourne Grant	The level of support is determined by Queen Victoria Market providing monthly financials to the City of Melbourne treasury team to review and approve.
5	Other Revenue	Increased QVM Online sales due to COVID stay at home recommendations.
6	Employee Costs	QVM Enterprise agreement (EA) voted in by employees December 2021. Back pay entitlements from 2018-21 paid January 2022. Superannuation, annual leave and long service leave expenses and payroll tax also increased due to new (EA) pay rates. Slightly offset by a Payroll Tax credit of \$132,243 received from the State Government's New Job Payroll Tax credit program.
7	Contracted Expenses	Reduced cleaning and security required due to renewal works and COVID-19 restrictions, and the cancellation of the Winter, Spring and Autumn Night Markets.
8	Materials & Services	Reduced repairs & maintenance due to shed restoration works and COVID-19.
9	Amortisation - ROU Assets	Did not have a budget in place for AASB 16 accounting standard
10	Utilities	Lower than expected power and gas charges during the 1st quarter of 2021-22.
11	Other Expenses	Shed restoration rent relief for Victoria St and F Shed traders February - June 2022. Due to ongoing impacts and delays to shed restoration works in A-B Sheds.

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 Lease Rental – fixed locations, Licence Fees – flexible open shed locations, car parking and Night Market - Bar Sales.

Structure

3.1 Market Rental Revenue

3.2 Other Revenue

	2022 \$	2021 \$
Note 3.1 Market Rental Revenue		
Lease Rental – fixed locations	5,531,124	3,372,386
Lease Rental - AASB 16 Lease Modification	(135,826)	(1,576,286)
Licence Fees – flexible open shed locations	3,645,626	1,662,777
Casual licence fees – flexible open shed locations	217,006	194,184
Licence fees – Night Markets	620,444	34,036
Venue Hire	136,802	73,511
Total Market Rental Revenue	10,015,176	3,760,608

The Market, which is owned by the City of Melbourne, is managed by the Company which leases out shops and stall spaces to small businesses.

Within Lease Rental – fixed locations, Licence Fees – flexible open shed locations and Casual Market Rentals, the Company applied \$3,748,822 of rent relief (or rent waiver) during 2021-22, (2020-21 \$8,824,000), as per the Directors report.

The Company also wrote back a \$135,826 (2020-21 \$1,576,286) lease modification entry out of accrued income from 2020-21 due to the revenue being deemed forgone as per the continued rent relief applied throughout 2021-22.

The Company is not taking up a lease modification entry in June 2022, rent relief in 2022-23 is budgeted to end due to the easing restrictions of Covid-19.

Lease Rental – fixed locations and Licence Fees – flexible open shed locations are recognised on a straight-line basis over the lease term. All other rentals are recognised as revenue when performance obligations are satisfied.

Note 3.2 Other Revenue

Utility & Rates Recoveries	949,054	888,288
QVM Online	411,941	85,589
Walking Tour & Busking Fees	72,367	28,025
Sponsorship	10,400	0
Interest Revenue	3,894	538
Other Revenue	277,540	87,349
Total Other Revenue	1,725,196	1,089,789

In line with AASB 15 Revenue from Contracts with Customers, revenue is recognised when (or as) a performance obligation is satisfied at the amount of the transaction price that is allocated to that performance obligation.

Other Revenue is measured at the fair value of the consideration received or receivable and is recognised when Queen Victoria Market 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

	2022 \$	2021 \$
Note 4.1(a) Employee benefits		
Wages & Salaries	6,259,485	4,996,958
Superannuation	686,033	498,667
Payroll Tax	146,278	250,064
Workcover	74,712	44,000
Training	37,271	17,185
Total Employee Benefits	<u>7,203,779</u>	<u>5,806,874</u>

Employee benefits were higher in 2021-22 as employees were no longer on reduced working hours due to cost control measures implemented during COVID-19, in addition to event and tour related casual employees stood down due to COVID-19 restrictions in 2020-21. The return of Night Markets, Walking Tours and Multi Cultural events contributed to increased casual wages during 2021-22. In 2021-22 the Queen Victoria Market's Enterprise Agreement was approved including back pay entitlements from 2018 to 2021.

Superannuation

Queen Victoria Market 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 (10% 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 Market has one employee that qualifies for the defined benefit plan.

Notes to the Financial Report continued

	2022	2021
	\$	\$
Note 4.1(b) Employee Provisions		
Current expected to be wholly settled within 12 months		
Annual leave	433,394	395,809
Long service leave	119,199	103,603
	552,593	499,412
Current expected to be wholly settled after 12 months		
Annual leave	79,765	71,201
Long service leave	675,459	587,085
	755,224	658,286
Total Current balance	1,307,817	1,157,698
Non-Current Provision:		
Long service leave	184,128	170,343
Total Employee Provisions	1,491,945	1,328,041

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 through the method below:

- Short-term employee benefits - measured at their nominal values using the remuneration rate expected to apply at the time of settlement plus related on costs in respect of employees' services up to reporting date.
- Long-term employee benefits - measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date. Re-measurements are recognised in profit or loss in the period in which they arise.

Critical accounting estimates and judgements

For long-term employee benefits: The calculation of the present value of the estimated future cash outflows requires the following key assumptions:

	2022	2021
Estimates and Judgements		
Discount Rate	1.50% - 3.69%	0.5% - 1.50%
Inflation Rate	3.85%	2.95%
Settlement Period	7 years	7 years

Note 4.2 Contracted Expenses

Cleaning	4,989,136	4,277,003
Security	1,062,592	878,348
Car Park Management	363,591	244,560
Software Maintenance	256,618	271,046
Total Contracted Expenses	6,671,937	5,670,957

Notes to the Financial Report continued

	2022	2021
	\$	\$
Note 4.3 Materials & Services		
Advertising & Marketing	2,072,131	1,284,372
Repairs & Maintenance	1,046,945	893,198
Consultants	511,830	494,211
COGS - Bar Stock	242,671	35,769
Equipment Hire	227,657	44,976
Insurance	364,325	334,133
Catering & Entertainment	165,957	45,236
Contractors	149,697	82,459
Legal Fees	282,399	116,269
Workshop Supplies	142,774	110,761
Total Materials & Services	<u>5,206,386</u>	<u>3,441,384</u>
Note 4.4 Depreciation		
Computer Equipment	358,590	318,373
Leasehold Improvements	142,707	155,173
Plant & Equipment	209,347	199,047
Furniture & Fittings	30,549	61,487
Motor Vehicles	15,650	12,596
Total Depreciation	<u>756,843</u>	<u>746,676</u>
Note 4.5 Utilities		
Electricity	1,124,105	1,043,304
Water	213,683	277,710
Rates	245,889	251,090
Telephone	114,258	121,841
Gas	16,434	26,343
Total Utilities	<u>1,714,369</u>	<u>1,720,288</u>
Note 4.6 Other Expenses		
Congestion Levy	961,724	736,006
Directors Fees	276,338	205,801
Land Tax	0	0
Administration Expenses	255,695	34,370
Audit Fees - Internal	80,000	71,745
Audit Fees - VAGO audit of Financial Statements	25,500	15,400
Bad & Doubtful Debts	24,000	12,000
Other Expenses	288,858	212,884
Total Other Expenses	<u>1,912,115</u>	<u>1,288,206</u>

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

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 profit/(loss) after tax to cash flows from operating activities

5.3 Property, plant and equipment

5.4 Right of Use Assets

	2022	2021
	\$	\$
Note 5.1 Cash & Cash Equivalents		
Cash at bank	510,639	904,106
Tenant security deposits - at bank	140,766	378,540
Car park float	11,600	17,480
Total Cash & Cash Equivalents	663,005	1,300,126

Cash at bank attracts interest rates of 0.45% - 0.70% (2020-21: 0 - 0.20%).

Restricted Cash & Cash equivalents at 30 June 2022 \$140,766 (2020-21: \$378,5470), refer Note 6.6.

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.

Note 5.2 Reconciliation of profit/(loss) after tax to cash flows from operating activities

	2022	2021
	\$	\$
Net Profit(Loss) after Tax	(526,941)	(1,749,735)
Interest revenue	(3,894)	(538)
Interest expense	48,546	48,212
Non cash flows in operating activities		
Depreciation	756,843	746,676
Lease Liabilities - Amortisation Charges	390,290	174,137
Doubtful Debts	21,726	(9,927)
	686,570	(791,175)
Changes in operating assets and liabilities		
(Increase)/Decrease in Trade Debtors/Related Parties	(201,361)	(429,928)
(Increase)/Decrease in Prepayments	(20,537)	105,636
(Increase)/Decrease in Inventory	(33,086)	883
(Increase)/Decrease in Other Debtors/Accrued Income	179,518	1,478,482
(Increase)/Decrease in Deferred Tax Asset	(55,689)	18,869
(Decrease)/Increase in Trade Creditors/Related Parties	(28,197)	471,809
(Decrease)/Increase in Accrued and Other Creditors	(149,204)	(734,528)
(Decrease)/Increase in Unearned Income	102,287	47,315
(Decrease)/Increase in Employee Benefits	163,904	52,968
(Decrease)/Increase in Security Deposits	3,961	249,903
Net cash inflow/(outflow) from operating activities	648,166	470,234

Notes to the Financial Report continued

	2022	2021
	\$	\$
Note 5.3 Property, Plant & Equipment		
<u><i>Plant & Equipment</i></u>		
At cost	2,766,860	2,525,751
Accumulated depreciation	(2,309,041)	(2,099,694)
Balance as at 30 June	457,819	426,057
<u><i>Furniture & Fittings</i></u>		
At cost	1,647,651	1,522,526
Accumulated depreciation	(1,517,466)	(1,486,917)
Balance as at 30 June	130,185	35,609
<u><i>Leasehold Improvements</i></u>		
At cost	2,785,797	2,785,797
Accumulated depreciation	(2,183,140)	(2,040,433)
Balance as at 30 June	602,657	745,364
<u><i>Computer Equipment</i></u>		
At cost	3,088,544	2,907,106
Accumulated depreciation	(2,756,736)	(2,398,146)
Balance as at 30 June	331,808	508,960
<u><i>Motor Vehicles</i></u>		
At cost	309,401	309,401
Accumulated depreciation	(286,099)	(270,449)
Balance as at 30 June	23,302	38,952
Work in Progress	249,090	297,058
Total Property, Plant & Equipment	1,794,861	2,052,000

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.

2022

	Balance as at 1 July 2021	Additions	Disposals	Depreciation	Transfers	Balance as at 30 June 2022
Plant & Equipment	426,057	133,815	0	(209,347)	107,294	457,819
Furniture & Fittings	35,609	125,125	0	(30,549)	0	130,185
Leasehold Improvements	745,364	0	0	(142,707)	0	602,657
Computer Equipment	508,960	133,420	0	(358,590)	48,018	331,808
Motor Vehicles	38,952	0	0	(15,650)	0	23,302
Work in Progress	297,058	107,344	0	0	(155,312)	249,090
TOTAL Property, Plant & Equipment	2,052,000	499,704	0	(756,843)	0	1,794,861

2021

	Balance as at 1 July 2020	Additions	Disposals	Depreciation	Transfers	Balance as at 30 June 2021
Plant & Equipment	388,682	56,399	0	(199,047)	180,023	426,057
Furniture & Fittings	97,096	0	0	(61,487)	0	35,609
Leasehold Improvements	887,438	13,099	0	(155,173)	0	745,364
Computer Equipment	667,375	159,958	0	(318,373)	0	508,960
Motor Vehicles	25,648	25,900	0	(12,596)	0	38,952
Work in Progress	240,844	236,237	0	0	(180,023)	297,058
TOTAL Property, Plant & Equipment	2,307,083	491,593	0	(746,676)	0	2,052,000

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.

Amortisation - Right of use assets

Leased properties	1 - 10 years
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Notes to the Financial Report continued**Note 5.4 Right of Use Assets**

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset

As lessees, the Company recognises a right-of-use asset and a lease liability (Note 6.7) at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, the Company uses an appropriate incremental borrowing rate as the discount rate of 3% (2020-21 3%).

The Company held two contracted leases during the financial year. Information about the leases is presented below;

	2022	2021
	\$	\$
Note 5.4(a) Right of use assets		
Property		
Balance 1 July 2021	3,886,499	157,742
Additions	0	3,902,894
Amortisation Charges - right of use	(390,290)	(174,137)
Balance 30 June 2022	<u><u>3,496,209</u></u>	<u><u>3,886,499</u></u>

During 2020-21 the Company entered into a 5 year contract with Care Park to design and construct new carpark infrastructure and signed a 10 year lease for it's new office premises at 501 Swanston St.

See Note 6.7 for the Lease liability measurement.

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 Expenses
- 6.6 Refundable Deposits
- 6.7 Lease Liability

	2022	2021
	\$	\$
Note 6.1 Other Financial Assets		
Tenant security deposits	2,000,000	1,750,000
Total Other Financial Assets	2,000,000	1,750,000

The funds are held on behalf of tenants and not available for day-to-day operations, refer Note 6.6.

Note 6.2 Trade & Other Receivables

Trade debtors	491,671	710,911
Less: Allowance for impairment	(84,184)	(62,458)
City of Melbourne	426,101	5,500
Accrued income	114,045	254,581
Bonds	0	38,250
	947,633	946,784

All of Queen Victoria Market's trade and other receivables have been reviewed on an individual basis for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of \$84,184 has been accounted for, slightly higher than \$62,458 in 2020-21

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

	2022	2021
	\$	\$
Note 6.2(a) Reconciliation of allowance for credit losses		
Balance 1 July 2021	(62,458)	(52,531)
Amounts written off (uncollectable)	2,274	2,073
Additional provision	(24,000)	(12,000)
Balance 30 June 2022	(84,184)	(62,458)

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

The ageing of trade receivables that have been individually determined as impaired at reporting date was:

	2022 \$	2021 \$
Impaired Receivables		
Current (not yet due)	0	0
1 - 30 days	0	0
31 - 60 days	0	0
61 - 90 days	0	0
91 and over	84,184	62,458
Ageing of impaired Receivables	<u><u>84,184</u></u>	<u><u>62,458</u></u>

Many of the long outstanding past due amounts are in the hands of the Company's debt collectors or are subject to payment arrangements.

	2022 \$	2021 \$
Note 6.3 Other Assets		
Prepayments	80,174	59,637
Inventory	96,793	63,707
Total Other Assets	<u><u>176,967</u></u>	<u><u>123,344</u></u>

Note 6.3(a) Inventory

Merchandise stock	52,268	61,775
Bar stock	44,525	1,932
Total Inventory	<u><u>96,793</u></u>	<u><u>63,707</u></u>

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	949,906	978,103
GST (receivable)/payable	(25,354)	(57,676)
Total Trade & Other Payables	<u><u>924,552</u></u>	<u><u>920,427</u></u>

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	420,549	576,804
Payroll	34,082	104,444
Fringe benefits tax	19,500	19,512
Audit fees accrual - External	25,500	20,400
Audit fees accrual - Internal	40,000	0
Total Accrued Expenses	<u><u>539,631</u></u>	<u><u>721,160</u></u>

Notes to the Financial Report continued

	2022	2021
	\$	\$
Note 6.6 Refundable Deposits		
Tenant Security Deposits - Current	1,284,460	1,276,266
Tenant Security Deposits - Non-Current	856,306	850,844
Total Tenant Security Deposits	<u>2,140,766</u>	<u>2,127,110</u>

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 (60%) and non-current (40%) reflect's the number of new 5 year leases still to be signed by Leaseholders. Tenant security deposits are held in separate bank accounts.

The above refundable deposits are represented by:

Cash & Cash Equivalents (refer Note 5.1)	140,766	378,540
Other Financial Assets (refer Note 6.1)	2,000,000	1,750,000
Timing difference	0	(1,430)
	<u>2,140,766</u>	<u>2,127,110</u>

Lease payments not recognised as a liability

The Company has elected to not recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets (less than \$10,000). Payments made under such leases are expensed as paid.

Note 6.7 Lease Liability**Current**

Property Lease	497,591	499,893
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Non-Current

Property Lease	2,888,888	3,386,480
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Total Lease Liability	<u>3,386,479</u>	<u>3,886,373</u>
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refer to Note 5.4 for further detail.

Maturity analysis - undiscounted contractual cash flows

Less than one year	497,591	499,893
One to five years	1,803,040	2,050,403
More than 5 years	1,085,848	1,336,077
Total undiscounted contractual cash flows	<u>3,386,479</u>	<u>3,886,373</u>

Note 6.7 Finance Costs - leases

Interest - Lease liabilities	97,431	8,637
Total Finance Costs - leases	<u>97,431</u>	<u>8,637</u>

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

	2022 \$	2021 \$
Note 7.1 Contributed Equity		
Balance as at 1 July	200,000	200,000
Shares issued	<u>0</u>	<u>0</u>
Ordinary shares fully paid as at 30 June	<u>200,000</u>	<u>200,000</u>

200,000 fully paid ordinary shares of \$1 each are held by the City of Melbourne.

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.

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 the 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

	2022 \$	2021 \$
Note 8.1 Income Tax Equivalents		
Accounting Profit/(Loss) subject to Tax	(582,630)	(1,768,606)
Add/(Less) timing differences - provision for annual leave	46,149	46,128
Add/(Less) timing differences - provision for long service leave	117,755	6,840
Add/(Less) timing differences - provision for doubtful debts	21,726	9,927
Taxable Income/(Loss)	(397,000)	(1,705,711)
Tax Loss b/f	(3,758,741)	(2,053,030)
Taxable Income to be recouped/(carried forward)	(397,000)	(1,705,711)
Tax Loss c/f	(4,155,741)	(3,758,741)
Tax Losses at 30% written off and available for recoupment in future years	(1,246,722)	(1,127,622)
Income Tax Equivalent Expense at 30% of timing differences	(55,689)	(18,870)
Future Income Tax Benefit movement	55,689	18,870

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.

	2022 \$	2021 \$
Note 8.2 Deferred Income Tax Equivalent Asset		
Provision for employee benefits – annual leave	153,948	140,103
Provision for employee benefits – long service leave	293,636	258,310
Provision for doubtful debts	25,255	18,740
Total Deferred Income Tax Equivalent Asset	472,839	417,153

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 Commitments

9.3 Contingent Assets and Contingent Liabilities

9.1 Financial instruments

Objectives and policies

The Queen Victoria Market's principal financial instruments comprise cash assets, receivables, payables, tenant security deposits, other financial assets and lease liabilities. 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 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 are the primary credit risk at Queen Victoria Market and are managed as follows;

- (i) The Company maintains an up to date debtor policy.
- (ii) Traders pay a security deposit as per their lease/licence.
- (iii) Regular reporting on debts greater than 60 days to the Executive team and Board of Directors.
- (iv) Debt collection agency is used.

	2022 \$	2021 \$
Ageing of Trade Receivables		
Current (not yet due)	666,282	431,576
1 - 30 days	75,163	202,890
31 - 60 days	52,471	24,422
61 - 90 days	2	53,274
91 and over	237,899	297,080
Ageing of Trade Receivables	1,031,817	1,009,242
Less: Allowance for impairment	(84,184)	(62,458)
Total Ageing of Trade Receivables	947,633	946,784

Liquidity Risk:

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

During the COVID-19 pandemic the Company has been financially supported by the City of Melbourne, as per Note 1.3.

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.

Sensitivity disclosure analysis:

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Company believes that it is probable to expect that over the next 12 months there may be some movements to the market interest rates (AUD) from the year-end rates of 0.85% (2021: 0.10%).

In the event there are movements in interest rates, it is expected they will not have a material impact on the valuation of the Company's financial assets and liabilities, nor will they have a material impact on the results of the Company's operations.

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 assets:

The Company tests assets to ensure that they are not carried above their recoverable amounts annually, or more frequently if events or changes in circumstances indicate that the assets may be impaired and for all other assets whenever an indication of impairment may exist.

Besides provisions made for rent receivables no other financial assets were considered impaired.

9.2 Commitments

Commitments are not recognised in the Statement of Financial Position and are disclosed at their nominal value and presented inclusive of the GST payable

	2022	2021
	\$	\$
Operating expenditure commitments		
Not later than one year	3,015,077	5,931,631
Later than one year but not later than five years	470,053	2,961,972
Total expenditure commitments	<u>3,485,130</u>	<u>8,893,603</u>
Operating lease receivables		
Not later than one year	4,504,402	6,100,569
Later than one year but not later than five years	8,997,460	1,508,770
Total operating lease receivables	<u>13,501,862</u>	<u>7,609,339</u>

Notes to the Financial Report continued

The variance between 2022 and 2021 in 'Later than one year but not later than five years' is new executed 5 year leases signed by Lease Rental – fixed locations.

Operating leases at the Queen Victoria Market are generally 5 years for Lease Rental – fixed locations (Meat & Dairy Hall and fixed shops within the market) and 1 - 3 years for Licence Fees – flexible open shed locations (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.

9.3 Contingent Assets and Contingent Liabilities**Contingent liabilities**

Guarantees issued by the Bank in respect of office rent \$186,000 (2020-21: \$227,542).

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 Application of accounting policies and disclosures
- 10.4 Market Renewal
- 10.5 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 (Chair)
 Jane Hodder (Deputy Chair)
 Dianne Laws
 Michael Tenace
 Sandhya Chakravarty (appointed 26/11/21)
 Emma Germano (appointed 26/11/21)
 Luke Hilakari (appointed 26/11/21)
 Patrick Burroughs (term ended 26/11/21)
 Rob Adams AM (term ended 26/11/21)

Other personnel;

Name	Position
Stan Liacos	CEO
Debbie Dowling	CFO & GM Business Services
Mark Bullen	GM Operations
Spiros Foscolos	GM Market Trading, Programming & Events.
Meg Dalla Lana	GM Marketing & Customer Experience

The total of remuneration as per AASB 119 Employee benefits and AASB 124 Related party disclosures paid to key management personnel of the Company during the year comprised:

	2022	2021
	\$	\$
Short-term employee benefits	1,633,393	1,487,023
Post-employment benefits	143,633	131,671
Other long-term benefits	21,774	19,764
Total key management personnel compensation	1,798,800	1,638,458

10.2 Related party information

Controlling entity

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

Transactions with the ultimate parent entity

Revenue transactions with the ultimate parent entity amounted to \$8,327,581 (2020-21: \$9,508,045) during the financial year. The amount receivable at reporting date is \$426,101 (2020-21 \$5,500)

Notes to the Financial Report continued

	2022	2021
	\$	\$
<i>Revenue Transactions</i>		
City of Melbourne Grant	7,700,000	9,400,000
On-charge consultant fees	627,581	108,045
Total Revenue Transactions	8,327,581	9,508,045

Expenditure transactions with the ultimate parent entity amounted to \$373,804 (2020-21: \$377,622) during the financial year. The amount owing at reporting date is \$0.

Expense Transactions

Rates	245,889	251,090
Interest payable from short term funding	48,546	48,212
Trader Lounge Rental	79,369	78,320
Total Expense Transactions	373,804	377,622

Transactions with other related parties

Citywide Services Pty Ltd (also owned by Melbourne City Council) provided services amounting to \$0 (2020-21: \$0). Transactions occurred on commercial arm's length terms.

10.3 Application of accounting policies and disclosures

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

10.4 Market Renewal

Throughout 2021-22 Queen Victoria Market Pty Ltd continued to work closely with the City of Melbourne to scope, plan and deliver Market Renewal projects in accordance with the Master Plan, updated Renewal Business Case (2021) and strategic priorities. This has focused on planning each stage of works, including transitional arrangements to ensure continuity of Market operations and minimise disruption to traders and customers during works.

Key Renewal highlights in 2021-22 included:

- Completion of stage two heritage restoration works in C and D Sheds.
- Commencement of heritage restoration and essential services works in A and B Sheds, with fruit and vegetable traders normally located in A and B Sheds temporarily relocated to the newly restored C and D Sheds during restoration works. These works are due for completion in mid-August 2022.
- Commencement of the Food Court refurbishment, with completion expected in late 2022.
- Opening of the new 500-space Market car park in the basement of the new Munro development.
- Finalisation of new fruit and vegetable point of sale storage and display unit designs, prototypes and catalogue which are available for traders to order with a contribution towards supply/installation costs.
- Detailed planning and trader engagement to inform transitional arrangements and the construction plan for upcoming major works on the new purpose-built Trader and Northern Sheds.
- Planning for remaining shed restoration stages in E and F Sheds (from mid-August 2022), and H and I Sheds

10.5 Trader Support Program & Fund

In August 2017 the City of Melbourne committed at least \$8 million to establish Trader Connect, a support program and fund to assist traders to successfully operate, grow and innovate their businesses throughout the renewal program. Trader Connect provides a range of initiatives designed to help traders mitigate impacts, realise opportunities and facilitate business development during the renewal program.

During the 2021-22 year \$363,695 (2020-21 \$312,248) was incurred for trader support programs including business mentoring. Since inception \$1,852,536 has been incurred for these programs as set out below.

Notes to the Financial Report continued**Summary of funding**

Marketing & Promotion	473,988
Small Business Mentoring Service	973,329
Trader Lounge	405,219
	<u>1,852,536</u>

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. During 2021-22, no claims for financial assistance was incurred (2020-21 \$10,000). During 2021-22, \$282,229 was incurred for trader rent support due to the impacts of Renewal works.

Independent Auditor's Report

To the Directors of Queen Victoria Market Pty Ltd

Opinion	<p>I have audited the financial report of Queen Victoria Market Pty Ltd (the company) which comprises the:</p> <ul style="list-style-type: none"> • statement of financial position as at 30 June 2022 • statement of profit or loss and other comprehensive income for the year then ended • statement of changes in equity for the year then ended • statement of cashflows for the year then ended • notes to the financial statements, including significant accounting policies • directors' declaration. <p>In my opinion the financial report is in accordance with the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none"> • giving a true and fair view of the financial position of the company as at 30 June 2022 and its financial performance and cash flows for the year then ended • complying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company in accordance with the auditor independence requirements of the <i>Corporations Act 2001</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>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 believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other Information	<p>The Directors of the company are responsible for the Other Information, which comprises the information in the company's annual report for the period ended 30 June 2022, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>

Directors' responsibilities for the financial report	<p>The Directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the <i>Corporations Act 2001</i>, and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>
Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors • conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

**Auditor's
responsibilities
for the audit of
the financial
report
(continue)**

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
24 October 2022

Travis Derricott
as delegate for the Auditor-General of Victoria



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