

Management report to Council

Agenda item 6.3

Queen Victoria Market Pty Ltd Annual Report 2022–23

Council

Presenter: Michael Tenace, General Manager Finance and Corporate and Chief Financial Officer

28 November 2023

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 2022–23.
2. At the June 2015 Council meeting, Council requested the QVM audited Annual Report be adopted in an open session at a Council or Future Melbourne Committee meeting.

Key issues

3. The QVM audited Annual Report for the financial year 2022–23 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 2022–23 (Attachment 2 of the report from management).

Attachments:

1. Supporting Attachment (Page 2 of 55)
2. Queen Victoria Market Pty Ltd Annual Report 2022–23 (Page 3 of 55)

Supporting Attachment

Legal

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

Finance

2. No financial impacts arise from the recommendation from management.

Conflict of interest

3. Michael Tenace is a member of the QVM Board. No other member 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. QVM management 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 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 from management.



ANNUAL REPORT 2022-23

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Queen Victoria Market Pty Ltd respectfully acknowledges the Traditional Owners of the land on which the Market is located, the Wurundjeri Woi-wurrung people of the Eastern Kulin, and pays respect to their Elders past and present.

FROM THE CHAIR

There's a growing sense of optimism around the Market as the 2022-23 year concludes.

It's heartening to see our day market visitation grow by 33% over the year, with more than 7 million people visiting the Market in 2022-23. With the various Night Market events attracting more than 700,000 visitors, it's clear that we are on the right trajectory to restore visitation to pre-pandemic levels.

It's interesting to observe the changing patterns of behaviour from Melburnians across the week. Recent City of Melbourne modelling indicates Sundays are now busier in the CBD than Mondays, as work from home becomes normalised and people increasingly see the city as a recreation or shopping destination and more than just a place to go to work.

This change is identifiable in our visitation figures too, which are showing a shift towards more people from the immediate local suburbs shopping at the Market as the city population continues to swell. We are well placed to capitalize on this shift and continue to grow our visitation into 2023-24.

Along with the return of visitors, there has also been pleasing growth in trader numbers which are approaching pre-pandemic levels. For the Night Market, demand from traders exceeds the available number of stalls, resulting in a competitive process for participation.

Renewal works have continued throughout the year, with all sheds now restored except H and I which are nearing completion. Traders have begun operating in the Munro building, and with the City of Melbourne soon to open a library, plus the greatly improved Therry Street streetscape, this has become a lively and dynamic part of the Market.

The end of the 2022-23 year saw the City of Melbourne announcement of Gurrowa Place - a landmark development which also encompasses the redevelopment of the Market's open air car park into outdoor community space, while adding additional customer parking in the building's basement. This \$1.7 billion project confirms the critical place the Market precinct continues to hold in the centre of Melbourne.

Alongside these projects, and with the support of the City of Melbourne, we have revamped the Trader Support Fund to make it easier to access and available to more traders throughout the remainder of the Renewal Program. Traders are the lifeblood of the Market and we are committed to doing everything we can to remain a welcoming and supportive place to run a business

during this program of ongoing improvements to our infrastructure.

The new Sustainability Plan 2022-27 was commenced with actions articulating how we will achieve a zero carbon and zero waste environment for our Market operations by 2027.

Changes to the Market Rules saw the sale of inauthentic Aboriginal and Torres Strait Islander products come to an end at the Market on 30 June 2023. This both pays respect to the culture of our first people's and supports and fosters the growth of Indigenous business owners and creators.

Along with our four seasonal night markets, we played host to a range of festivals and events, helping cement the Market at the heart of our community. Some highlights included the African Festival, EID Festival, Turkish Pazar and Durian Festival. Not to mention the hugely popular Donut Festival which has quickly become a firm favourite.

This was the first year since 2020 that the financial impacts of the COVID pandemic were not felt directly, and Queen Victoria Market Pty Ltd (QVM Pty Ltd) was able to reduce its reliance on the City of Melbourne funding to offset budgetary shortfalls. A grant of \$2.5 million from the City ensured our financial stability this year and QVM Pty Ltd committed to returning to profitability as soon as possible. Our results in 2022-23 show we are tracking positively towards this goal.

While I am optimistic about the long-term future of Queen Victoria Market, I do not underestimate the short term challenges facing the Market. Work on the trader and northern sheds and Gurrowa Place will start soon and traders, management and customers will experience disruption.

Market management and the City of Melbourne Renewal team are committed to making an attraction out of the works and using wayfinding and placemaking to maintain our loyal customers and traders and to minimise the impact on them as we deliver on the core infrastructure needs of the Market. It is this work, along with the Future Market Strategy, that are the key building blocks for the ongoing success of the Market - physically and operationally.

We are indebted to the City of Melbourne for its strong support of the Queen Victoria Market Pty Ltd. The Lord Mayor the Rt Hon Sally Capp, Councillors, CEO and Executive have all shown their commitment to the Market again in 2022-23 and we thank them for this unwavering support.

I'd like to acknowledge Stan Liacos who stepped down as QVM Pty Ltd CEO in early 2023 after 5 years at the helm. Stan steered the Market through the COVID era with confidence and sensitivity – balancing the complex demands of keeping the market open while supporting traders and keeping visitors safe. On behalf of the Board, I thank him for his tireless efforts and continued positive approach to leading the Market.

We have been fortunate to find such a strong successor CEO in Matt Elliott, who joins from Alpine Resorts Victoria for Mt Buller and Mt Stirling where he had responsibility for all aspects of the visitor attraction and experience at Victoria's most popular alpine resort.

He has already evidenced that he has the right blend of qualifications, experience and attitude to help us manage the Market through renewal and to position it for a very positive future. He has considerable market experience, having worked closely with traders at the Melbourne Wholesale Market in the role of Commercial and Business Development Manager, during its move from West Melbourne to Epping, which has enabled him to seamlessly step into the CEO role and continue the delivery of the Future Market Strategy through the second half of 2022-23.

Matt has been very ably assisted by the dedicated team of tireless QVM Pty Ltd staff members who again achieved outstanding results in 2022-23. Thank you all for your continuing contribution to the Market.

I would also like to make special mention of the Trader Representative Committee (TRC), which is our busiest committee. The TRC, made up of traders from across the Market, makes a significant difference to the Market and I acknowledge contribution made by all the trader representatives.

To my fellow Board Directors, including Deputy Chair Jane Hodder, Michael Tenace, Di Laws, Luke Hilakari, Sandy Chakravarty and Emma Germano – thank you for another year of tireless service to QVM Pty Ltd.

Jane Fenton AM
Chair
October 2023



FROM THE CHIEF EXECUTIVE OFFICER

While there is never a dull moment at Queen Victoria Market, this is an especially exciting time to be stepping into the CEO role.

The Market is an institution for the people of Melbourne – a treasured shopping and entertainment destination for generations and I am mindful of the responsibilities I am taking on.

There is a real buzz of activity around the Market right now, and while the scale of the challenge is sobering, there are so many opportunities for us as QVM Pty Ltd works to secure the physical, financial and social future of the Market.

The Future Market Strategy offers a roadmap to ensuring the spirit of the Market over the past 145 years continues to thrive. The whole team at QVM Pty Ltd and I are fully committed to its implementation.

This year we have begun the hard work to cement the ongoing financial sustainability of the Market as we continue to navigate the impact of the Renewal project. As the shed restoration phase nears completion, we are looking ahead to what will probably be the project's most disruptive phase, as work on two key pieces of infrastructure commences.

I'd like to thank the QVM Pty Ltd Chair and Board Members for the faith they have shown in me, plus our team as we work together through a time of transition to equip the business to deliver the next phase of the Market's story.

Matt Elliott
Chief Executive Officer
October 2023

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 7 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 5 days a week at the Day Market and on a seasonal basis at the Night Market.

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 (QVM 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.

QVM 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 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.

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 (QVM Pty Ltd).

Directors are appointed to the Board of QVM Pty Ltd for periods of up to three years.

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.

Queen Victoria Market Pty Ltd Board Meeting attendance 1 July 2022 - 30 June 2023

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

Board Member	Eligible to attend	Attended
Jane Fenton AM - Chair	9	9
Jane Hodder - Deputy Chair	9	8
Sandy Chakravarty	9	8
Emma Germano	9	9
Luke Hilakari	9	8
Di Laws	9	9
Michael Tenace	9	8

ABOUT THE BOARD OF DIRECTORS



JANE FENTON AM · CHAIR

Jane has significant experience as a non-executive director.

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, a member-based organisation that provides risk protection and risk management services to members in 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, been Deputy Chair of Cancer Council Australia, a member of the MCG Trust and a director 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 a major global law firm. 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, 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 former Deputy Chair of the Committee for Melbourne Board. She is also a member of the Australian Institute of Company Directors as well as a Williamson fellow and Cranlana fellow.

In addition, Jane is also a past member of a major global law firm's Global Council and former Chair of the Monash Law School Foundation. Jane is a proud and passionate Melbournian with a strong interest in our community and the arts, current business issues and matters.



SANDY CHAKRAVARTY

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.



EMMA GERMANO

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.



LUKE HILAKARI

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, the Premier's Mentally Healthy Workplaces Advisory Group, as well as several additional 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.



DI LAWS

Di has more than 25 years' experience in executive leadership roles in the retail and wholesale industries across Australia and the Asia Pacific.

This experience extends across diverse business models including vertically integrated, concession, distributor, franchise, and licensee structures. From global fashion brands to general merchandise and FMCG, Di's experience has been gained in fast growth, turnaround, and transformation business environments.

Di serves on the Victorian Tourism Industry Council as a non-executive director and works as an Independent Advisor specialising in Small to Medium Enterprises. This work includes developing governance frameworks, serving on board sub committees, facilitating strategic planning, and providing executive coaching to improve leadership and execution capabilities.

Di is a graduate of the Australian Institute of Company Directors with a Master of Business Management from Swinburne University.

She also holds a Graduate Certificate in Retail Leadership from the Australian Retailers Association (ARA) Retail Institute, and has facilitated accredited Graduate Certificate, Diploma and Certificate IV programs in Retail Leadership for this national retail body.



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.

COMMITTEES OF THE BOARD

In 2022-23, QVM Pty Ltd had three Board committees.

Audit, Risk & Finance Committee

The Audit, Risk and Finance Committee oversees the financial management of QVM 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 2022-23 is detailed below:

Member	Eligible to attend	Attended
Sandy Chakravarty	5	5
Jane Fenton AM	5	5
Jane Hodder	5	5

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.

Committee Member attendance at meetings in 2022-23 is detailed below:

Member	Eligible to attend	Attended
Di Laws - Chair	4	4
Rob Adams AM - Independent member	4	3
Jane Fenton AM	4	4
Luke Hilakari	4	3

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 has been Chaired by Nancy Policheni and Deputy Chaired by Vivek Kumar Jain since November 2022. Prior to this date, it was Chaired by Jenny Pyke and Deputy Chaired by Rocco Tripodi.

There were 9 meetings of the committee in 2022-23, with at least one Board Members rostered to attend each meeting.

BUSINESS PLAN 2022-23 REPORT CARD

The *Business Plan 2022-2023* identified 47 actions to address challenges facing the Market at that time. Of these, 13 actions have been fully achieved, 33 are ongoing and one has been deferred.

Majority of ongoing actions will take several years to complete, while others have been prolonged due to

delays/complexities with Renewal works and challenges attracting/finalising commercial arrangements with traders.

The deferred action is due to ongoing discussions with Heritage Victoria about proposed new lockable trading formats which will impact this project.

ACTIONS	Completed	Ongoing	Deferred
Challenge 1: Repairing QVM Pty Ltd's financial position			
Return to normal full trader rent from 1 July 2022	✓		
Return of all full-scale Night Markets and partner festival events	✓		
Expand car park revenue by reviewing rates and exploring partnerships		✓	
Proactively fill shop/container vacancies as they arise		✓	
Trader attraction for general merchandise stalls		✓	
Attract at least four new traders for upper F Shed post-shed restorations		✓	
Further grow and enhance <i>QVM Online</i>		✓	
Review/implement trader lease and licence terms to modernise and strengthen commercial/legal agreements with traders		✓	
Challenge 2: Progressing our pandemic recovery			
Increase events, activations and other programming, including creative uses for Market spaces		✓	
Seek out further major event partnerships to help deliver priorities		✓	
More hospitality pop-ups in J-L Sheds	✓		
Trial pop-up makers' market with established operator and City of Melbourne, prior to implementation of permanent 'Melbourne Makers' precinct (pending heritage approval)	✓		
Collaborate with Social Enterprise, Indigenous and community organisations on trading/other opportunities		✓	
More partnerships with established markets/networks to collaborate on pop-up/rotating/seasonal opportunities		✓	
Challenge 3: Delivering on Market/trader needs & managing disruption through Renewal			
Work closely with CoM and traders at key renewal project stages to inform scope, design and delivery (ongoing)		✓	
Finalise/implement transitional arrangements to minimise disruption and keep the Market operating during construction of Trader/Northern Sheds		✓	
Identify other alternative parts of the Market to host events and other programming during significant works in Queen Street		✓	
Regular, timely communication to traders and customers about upcoming Renewal works/disruption/changes		✓	
Work with CoM to design/implement wayfinding and signage during major works to help customers navigate the Market		✓	
Promote Market to ensure Melburnians know the Market is "open" through Renewal works		✓	
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 annual asset review		✓	

BUSINESS PLAN 2022-23 REPORT CARD

ACTIONS	Completed	Ongoing	Deferred
Challenge 4: Supporting traders in a challenging & changing environment			
Engage/work with traders to progressively evolve/diversify offer and enhance presentation, in line with general merchandise retail framework		✓	
Finalise concepts and develop new trading formats for upper A-E Sheds, subject to heritage approval		✓	
Work with the Trader Representative Committee to seek feedback/help drive changes and improvements		✓	
Explore/commence design of new point-of-sale storage and display units for general merchandise traders and kit of fixtures/parts for temporary trading (subject to Renewal budget)			✓
Annual review of priority change areas and work with Small Business Mentoring Service to inform priorities for trader development/improvement		✓	
Challenge 5: Building a stronger local customer-base			
Finalise all tenant attraction and commercial lease arrangements to fill new Food Hall (8) and Munro (8) tenancies, to open by late 2022 (subject to works completion)		✓	
Finalise general merchandise retail framework to enhance retail offer/customer experience	✓		
Implement 'Market Nursery' small business incubator precinct		✓	
Consolidate general merchandise stalls to improve customer experience	✓		
Expand local goods/services offer in lower E and F Sheds after shed restorations		✓	
Proactive trader attraction for shops/containers as vacancies arise		✓	
Extend trading days/hours in new precincts (Munro and Food Hall)		✓	
Commence consultation with traders on desirable future trading hours		✓	
Challenge 6: 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 <i>Sustainability Plan 2019-2022</i>	✓		
Develop and begin implementation of new Sustainability Plan from 2023 to meet 2027 zero waste/carbon target	✓		
Develop and deliver change management plan and training plan for operational changes to help inform traders and QVM Pty Ltd staff		✓	
Work with City of Melbourne to resolve Market storage/workshop and customer amenity requirements	✓		
Work with City of Melbourne to deliver a dedicated Operational Control Centre for enhanced/efficient precinct monitoring		✓	
Work with City of Melbourne to establish B2B service area in Therry Street	✓		
Work with City of Melbourne to design/deliver QVM Online service area		✓	
Work with City of Melbourne to finalise precinct-wide wayfinding and signage strategy	✓		
Develop plan to manage loading/deliveries/vehicles following new infrastructure developments		✓	
Develop plan to manage logistical and mobile plant equipment (including forklifts) following new infrastructure developments		✓	
Identify alternatives to forklifts that can be used outside of designated zones following new infrastructure developments	✓		

YEAR IN REVIEW - HIGHLIGHTS

2022-23 was a positive year for Queen Victoria Market Pty Ltd (QVM Pty Ltd), with many achievements as we continue the recovery from the COVID-19 pandemic as well as the ongoing challenges of Market Renewal works. Outlined below are highlights in the following focus areas:

1. Visitor attraction and experience
2. Safety, operations and physical environment
3. QVM Precinct Renewal

Visitor attraction and experience

Market visitation has continued the positive trajectory that was beginning to emerge towards the end of 2021-22.

The number of day market visitors jumped by 1,770,822 to 7,115,417 across the year – a 33% increase on the 2021-22 total of 5,344,595.

A full program of Night Markets added another 700,000-plus visitors to round out a positive year as we strive to return to pre-pandemic visitation levels.

Visitation and experience are driven by numerous elements including:

- Marketing, advertising and promotion;
- Social media and online;
- Events and programming; and
- Visitor services including market tours.

Marketing, advertising and promotion

Initiatives implemented and progressed throughout 2022-23 to attract customers and adapt to the changing retail landscape, in line with the Future Market Strategy included:

- ‘Make it a Market Day’ campaign targeting Melburnians using a mix of media including radio, outdoor, press and digital.
- Traders participated in multiple campaigns including Mother’s Day, Father’s Day, Truffle Season, Christmas (including the Christmas Gift Guide) and Plastic Free July.
- Extensive promotion of events, festivals, ‘pop up’ markets, school holiday workshops and other activity to encourage visitation including QVM Pty Ltd owned events like the Donut Festival.
- 115 traders provided with funds through the Cooperative Marketing Program to assist with marketing initiatives, an increase of 17% on the 2021-22 program. Twenty traders from H and I Sheds who have been impacted by shed restoration works participated in this program with focused improvements in signage, visual merchandising, uniforms and branding.
- Working with the City of Melbourne and Study Melbourne to promote and drive visitation to the Market to international students via voucher programs and relevant content.



Social media and online

In 2022-23, the Market's website and social media channels continue to be vital tools for attracting customers, promoting events and supporting the trader experience, highlights include:

- Strong engagement and growth across digital and social channels including 4.9% day market engagement, 6.9% night market engagement, average e-news open rate of 31%, growth in followers on Facebook (up by 7%) and Instagram (up by 10%), plus the launch of a new TikTok account.
- Continued operation and growth of Queen Victoria Market Online in a competitive online grocery environment and fulfilment of more than 20,000 orders since launch.
- New stand-alone website launched for the Summer Night Market.
- New, centralised digital customer service platform implemented to foster customer service efficiencies and better oversight for the Customer Experience team.



Programming and events

In 2022-23, the programming and event calendar continued to play a pivotal role in driving visitation to support the Market and improve the customer and trader experience. This was achieved despite a reduced operational footprint resulting from shed restoration and other renewal works, highlights include:

- Return of four seasonal night markets with supporting marketing and PR campaigns, attracting nearly 740,000 visitors.
- Melbourne Fringe Festival partnership and collaborative marketing of program. Resulted in widespread coverage and sell out shows at the Market, and record ticket sales and attendance for the 2022 festival overall. Extensive media coverage boosted Market awareness and visitation.
- Melbourne Fashion Week hosted a runway style event in the Dairy Hall.
- Return of large-scale community events and festivals on weekends including the African Festival, EID Festival, Turkish Pazar, Truffle Festival, Durian Festival and Portuguese Festival.
- QVM Pty Ltd owned event, the Donut Festival returned for another highly successful season receiving extensive media coverage.
- A range of other third-party activations, including Rockabilly & Retro Markets and car exhibitions with Datsun and Holden.
- String Bean Alley Christmas Market on Monday nights during December, supported by the City of Melbourne.
- Exiting new event and activation collaborations with external stakeholders to deliver:
 - Melbourne Book Market
 - CRFT*WRK: monthly craft fair presented by Rose St Artists' Market
 - Soul Sundays: presented by health and wellbeing group.

Visitor services

A range of initiatives were progressed in 2022-23 to engage with customers and improve the experience while visiting the Market, highlights include:

- Customer service centre moved to new 'Information Hub' in Queen Street following closure of the City of Melbourne Visitor Hub in String Bean Alley.
- Specialist tours program diversified to include sustainability, truffle, seafood and 'Wake up with the Market' tours.
- Strong recovery of the Foodie Tour (133% increase in guests) and School Tours (75% increase in guests) compared to 2021-22.

Safety, operations and physical environment

Continued progress was made throughout 2022-23 to improve safety across the precinct, and enhance operations and the Market's physical environment. Further improvements in the Market's environmental sustainability performance were achieved, consistent with QVM Pty Ltd Sustainability Plan 2022-27.

Highlights included:

- Extension of the String Bean Alley containers Heritage Victoria (HV) permits for a further 4 years.
- Planning, design and offsite construction of a new Tatts kiosk.
- Approval of fresh produce point of sale design guidelines by the heritage council.
- Delivery of \$350,000 fresh produce point of sale support for fruit and vegetable traders. Tendered and awarded new contract for security services across the site.
- Development and implementation of the Operations Induction Pack to provide suitable information to traders ahead of their first day of trade.

Key functions of the safety, operations and physical environment are:

- Occupational health and safety,
- Sustainability, and
- capital projects.

Occupational Health and Safety

- Implementation of a new contractor management system to record and maintain contractor compliance for undertaking high risk construction work, public liability insurance and worker's compensation certificates of capacity.
- Realignment of incident reporting with AS 1885.1990 Workplace injury and disease recording standard to provide accurate and concise data on injuries and accidents to allow for focussed control measures to be implemented.
- Implementation of the QVM Pty Ltd OHS Training Matrix which is based on the role-specific competencies required to safely undertake both operational and non-operation roles.

Sustainability

- Developed new Sustainability Plan 2022-27 with actions articulating how the Market will achieve a zero carbon and zero waste environment for the Market operations by 2027.
- Simply Cup Recycling Stations were installed around the Market to capture coffee cups for recycling.
- Diverted 79.5% of the Market's waste from landfill, with only 755 tonnes of waste sent to landfill, the least amount of waste sent to landfill in five years.

Capital projects

- Installation of new electrical metering systems for various parts of the market.
- Installation of new sewer connection to the visitor hub.
- Upgrade and enhancement of the site's radio network and system including improved coverage.
- Asset renewal works in various tenancies to replace damaged floors and structure.

QVM Market Renewal

Throughout 2022-23, QVM 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 facilitate 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:

- Substantial completion of the Food Hall.
- Completion of all shed restoration with exception of H and I Sheds.
- Substantial completion of Therry Street streetscaping.
- Awarding of the Trader Shed construction works.
- Commencement of design for market buildings project including operations control centre and Victoria Street toilets upgrade.
- Commencement of design for Deli Lane placemaking improvements.
- Heritage Victoria permit for A to E Sheds upper market improvement project.
- Revised Trader Support Fund approach to proactively assist traders impacted by renewal works.
- Commencement of trader engagement relating to Stage 1 of Market Infrastructure works.



FINANCIAL STATEMENTS

While 2022-23 remained a challenging financial year for Queen Victoria Market Pty Ltd (QVM Pty Ltd), it was the first year that the Market was able to operate largely without restrictions that had significantly impacted revenues in the prior three financial years.

During the year, QVM Pty Ltd continued to be reliant upon financial support from the City of Melbourne to remain solvent, cover the costs of operating the Market and continue to support our traders.

Financial results

QVM Pty Ltd recorded a profit of \$7,877 after providing for income tax, compared to a loss of \$526,941 in 2021-22.

With the depletion of cash reserves during the three preceding financial years, QVM Pty Ltd has been able to meet its financial commitments only through the support of a grant totalling \$2.5 million from the City of Melbourne. This is in addition to a \$7.7 million City of Melbourne grant in 2021-22. Without that support, QVM Pty Ltd would have had to cease trading.

QVM Pty Ltd has noted the following significant impacts on its financial operations:

- Lost revenue due to the closure of some areas of the Market for Market Renewal restoration works including the Food Court and E and F Sheds.
- General inflationary pressures on operational costs.

However, the reliance on financial support reduced significantly during the year when compared to the prior period. QVM Pty Ltd continues its journey of recovery and its target of financial sustainability.

Cost reduction measures

QVM Pty Ltd continued to look for and implement cost reduction measures across the business to minimise the financial impact on the company and reduce its reliance on financial support.





**Financial Statements for Queen Victoria Market Pty Ltd
for the year ended 30 June 2023**

ACN: 069 959 771

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DIRECTORS' REPORT

The directors present their report on Queen Victoria Market Pty Ltd for the financial year ended 30 June 2023.

Information on Directors:

The names of the Company's directors in office during the financial year and until the date of this report are as follows.

Jane Fenton AM (Chair)
 Jane Hodder (Deputy Chair)
 Dianne Laws
 Sandhya Chakravarty
 Emma Germano
 Luke Hilakari
 Michael Tenace

Directors were in office for the entire period unless otherwise stated.

Principal Activities:

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

Operating Results:

The Company recorded a profit of \$7,877 after providing for income tax, compared to a loss of \$526,941 in 2021-22.

Likely Developments:

As per the Company's Business Plan, the key objective is to achieve a financial break even point by 2024-25. without financial support from its shareholder, City of Melbourne.

The upcoming financial year's key objectives are as follows:

- to attract and retain traders for traditional stalls in the open sheds.
- Increase Lease and Licence fees to mitigate increased running costs.
- mitigate risks associated with the intensification of Renewal works from late -2023.
- Position the Market as Melbourne's premier shopping, food and event destination.

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).

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.

Director Meetings:

The number of Directors' meetings held during the financial year ended 30 June 2023, are set out below:

Director	Held	Attended
Jane Fenton AM (Chair)	9	9
Jane Hodder (Deputy Chair)	9	8
Dianne Laws	9	9
Sandhya Chakravarty	9	8
Emma Germano	9	9
Luke Hilakari	9	8
Michael Tenace	9	8

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.

DIRECTORS' REPORT (continued)

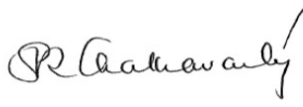
Auditors Independence Declaration:

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included on page 3 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

17th August 2023

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 2023, 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 August 2023

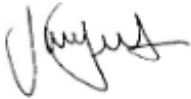
Travis Derricott
as delegate for the Auditor-General of Victoria

DIRECTORS' DECLARATION

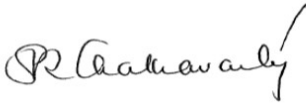
In the opinion of the Directors of Queen Victoria Market Pty Ltd:

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 2023 and of its performance and cash flows for the financial year ended on that date; and
 - ii. Complying with the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements.
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

17th August 2023

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Revenue:			
Market Rental Revenue	3.1	14,542,759	10,015,176
Car Parking Fee Revenue		4,627,388	3,181,628
Night Market – Bar Sales		1,949,764	748,520
City of Melbourne Grant	1.3	2,450,000	7,700,000
Other Revenue	3.2	1,421,404	1,725,196
Total Revenue		24,991,315	23,370,520
Expenses:			
Employee Benefits Expense	4.1(a)	7,344,268	7,203,779
Contracted Expenses	4.2	6,994,636	6,671,937
Materials & Services	4.3	6,226,717	5,206,386
Depreciation	4.4	614,433	756,843
Amortisation - Right of Use Assets	5.4	390,290	390,290
Utilities	4.5	1,454,512	1,714,369
Finance Costs - Leases	6.8	84,132	97,431
Other Expenses	4.6	1,922,192	1,912,115
Total Expenses		25,031,180	23,953,150
Profit/(Loss) before income tax		(39,865)	(582,630)
Income Tax Equivalent Benefit	8.1	47,742	55,689
Profit/(Loss) after income tax for the year		7,877	(526,941)
Total Comprehensive Income/(Loss) for the year		7,877	(526,941)

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 2023

	Notes	2023 \$	2022 \$
Current Assets			
Cash & Cash Equivalents	5.1	2,105,518	663,005
Other Financial Assets	6.1	2,000,000	2,000,000
Trade & Other Receivables	6.2	1,240,449	947,633
Other Assets	6.3	180,543	176,967
Total Current Assets		5,526,510	3,787,605
Non-Current Assets			
Deferred Income Tax Equivalent Assets	8.2	520,579	472,839
Property, Plant & Equipment	5.3	1,614,866	1,794,861
Right of Use Assets	5.4	3,105,919	3,496,209
Total Non-Current Assets		5,241,364	5,763,909
Total Assets		10,767,874	9,551,514
Current Liabilities			
Trade & Other Payables	6.4	1,186,804	924,552
Accrued Expenses	6.5	769,664	520,146
Other Liabilities	6.6	559,274	19,485
Refundable Deposits	6.7	471,827	428,153
Employee Provisions	4.1(b)	1,429,913	1,307,817
Lease Liabilities	6.8	500,697	497,591
Unearned Revenue		421,029	165,564
Total Current Liabilities		5,339,208	3,863,308
Non-Current Liabilities			
Refundable Deposits	6.7	1,887,310	1,712,613
Lease Liabilities	6.8	2,452,707	2,888,888
Employee Provisions	4.1(b)	178,195	184,128
Total Non-Current Liabilities		4,518,212	4,785,629
Total Liabilities		9,857,420	8,648,937
Net Assets		910,454	902,577
Equity			
Contributed Equity	7.1	200,000	200,000
Retained Earnings		710,454	702,577
Total Equity		910,454	902,577

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 2023

	Notes	2023 \$	2022 \$
Contributed Equity	7.1	<u>200,000</u>	<u>200,000</u>
Retained Earnings			
Opening Balance		702,577	1,229,518
Total Comprehensive Income/ (Loss) for the year		7,877	(526,941)
Total Retained Earnings at the end of the Financial Year		<u>710,454</u>	<u>702,577</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 2023

		2023	2022
		\$	\$
	Notes	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from Operating Activities			
Receipts from Customers		22,401,423	15,780,384
Payments to employees and suppliers		(22,469,012)	(22,975,827)
City of Melbourne Grant		2,450,000	7,700,000
Interest Received		42,390	3,894
Finance Costs/ Interest Paid		(115,281)	(145,977)
Net cash provided by Operating Activities	5.2	<u>2,309,519</u>	<u>362,474</u>
Cash flows from Investing Activities			
Payment for property, plant and equipment		(434,442)	(499,705)
Net cash flows provided by/(used) in Investing Activities		<u>(434,442)</u>	<u>(499,705)</u>
Cash flows from Financing Activities			
Repayment of Lease Liabilities		(432,565)	(499,894)
Net cash flows used in Financing		<u>(432,565)</u>	<u>(499,894)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		1,442,512	(637,125)
Cash at the beginning of financial year		663,005	1,300,130
Cash and Cash Equivalents at end of year	5.1	<u>2,105,518</u>	<u>663,005</u>

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

1. NOTES TO THE FINANCIAL STATEMENTS

Queen Victoria Market Pty Ltd (referred to as Queen Victoria Market) is a proprietary for profit 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*.

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.

1.3 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 2023, current assets exceed current liabilities by \$187,302 (2021-22: current liabilities exceed current assets by \$75,703). The Directors believe that the Company is a going concern because of continued support from its parent entity the City of Melbourne.

1. NOTES TO THE FINANCIAL STATEMENTS (continued)**Letter of Comfort:**

The City of Melbourne has provided the Board with a letter of comfort confirming:

That the City of Melbourne will provide the Queen Victoria Market with 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:

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 2025.

City of Melbourne Grant:

Queen Victoria Market was the recipient of a City of Melbourne Grant of \$2,450,000 (2021-22 \$7,700,000). This Grant was provided to assist the Company to meet it's ongoing financial commitments.

3. OUR REVENUE

Introduction to this section

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

	2023	2022
	\$	\$
Note 3.1 Market Rental Revenue		
Lease Rental – fixed locations	6,555,685	5,531,124
Lease Rental – AASB 16 Lease Straightline	318,945	(135,826)
Licence Fees – flexible open shed locations	5,516,524	3,645,626
Casual licence fees – flexible open shed locations	430,425	217,006
Licence fees – Night Markets	1,397,585	620,444
Venue Hire	323,595	136,802
Total Market Rental Revenue	<u>14,542,759</u>	<u>10,015,176</u>

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	634,529	949,054
QVM Online	233,491	411,941
Walking Tours	165,549	72,367
Sponsorship	0	10,400
Interest Revenue	42,390	3,894
Other Revenue	345,445	277,540
Total Other Revenue	<u>1,421,404</u>	<u>1,725,196</u>

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

	2023	2022
	\$	\$
Note 4.1(a) Employee benefits		
Wages & Salaries	6,294,648	6,259,485
Superannuation	626,169	686,033
Payroll Tax	349,125	146,278
Workcover	55,564	74,712
Training	18,762	37,271
Total Employee Benefits	<u>7,344,268</u>	<u>7,203,779</u>

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 (10.5% 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

	2023	2022
	\$	\$
Note 4.1(b) Employee Provisions		
Current expected to be wholly settled within 12 months		
Annual leave	369,760	433,394
Long service leave	148,730	119,199
	<u>518,490</u>	<u>552,593</u>
Current expected to be wholly settled after 12 months		
Annual leave	68,619	79,765
Long service leave	842,804	675,459
	<u>911,423</u>	<u>755,224</u>
Total Current balance	<u><u>1,429,913</u></u>	<u><u>1,307,817</u></u>
Non-Current Provision:		
Long service leave	178,195	184,128
Total Employee Provisions	<u><u>1,608,108</u></u>	<u><u>1,491,945</u></u>

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

	2023	2022
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	5,261,349	4,989,136
Security	1,121,654	1,062,592
Car Park Management	338,518	363,591
Software Maintenance	273,115	256,618
Total Contracted Expenses	<u><u>6,994,636</u></u>	<u><u>6,671,937</u></u>

Notes to the Financial Report continued

	2023	2022
	\$	\$
Note 4.3 Materials & Services		
Advertising & Marketing	1,455,936	2,072,131
Repairs & Maintenance	1,623,985	1,046,945
Consultants	710,353	511,830
COGS - Bar Stock	559,929	242,671
Equipment Hire	417,236	227,657
Insurance	394,480	364,325
Entertainment	288,259	165,957
Contractors	308,632	149,697
Legal Fees	225,929	282,399
General Supplies	241,978	142,774
Total Materials & Services	<u>6,226,717</u>	<u>5,206,386</u>
Note 4.4 Depreciation		
Computer Equipment	231,507	358,590
Leasehold Improvements	112,890	142,707
Plant & Equipment	202,572	209,347
Furniture & Fittings	51,152	30,549
Motor Vehicles	16,312	15,650
Total Depreciation	<u>614,433</u>	<u>756,843</u>
Note 4.5 Utilities		
Electricity	845,986	1,124,105
Water	214,982	213,683
Rates	256,305	245,889
Telephone	107,751	114,258
Gas	29,488	16,434
Total Utilities	<u>1,454,512</u>	<u>1,714,369</u>
Note 4.6 Other Expenses		
Congestion Levy	910,794	961,724
Directors Fees	297,413	276,338
Administration Expenses	284,925	399,116
Audit Fees - Internal	42,500	80,000
Audit Fees - VAGO audit of Financial Statements	35,000	25,500
Bad & Doubtful Debts	93,902	24,000
Other Expenses	257,658	145,437
Total Other Expenses	<u>1,922,192</u>	<u>1,912,115</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

	2023	2022
	\$	\$
Note 5.1 Cash & Cash Equivalents		
Cash at bank	1,735,981	510,639
Tenant security deposits - at bank	359,137	140,766
Car park float	10,400	11,600
Total Cash & Cash Equivalents	<u>2,105,518</u>	<u>663,005</u>

Cash at bank attracts interest rates of 4.20% - 4.45% (2021-22: 0.45% - 0.70%).

Restricted Cash & Cash equivalents at 30 June 2023 \$359,137 (2021-22: \$140,766), refer Note 6.7.

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

	2023	2022
	\$	\$
Net Profit(Loss) after Tax	7,877	(526,941)
Non cash flows in operating activities		
Depreciation	614,433	756,843
Lease Liabilities - Amortisation Charges	390,290	390,290
Deferred Income Tax Equivalent Assets	(47,742)	(55,689)
	<u>964,858</u>	<u>564,503</u>
Changes in operating assets and liabilities		
Decrease/(Increase) in Trade and Other Receivables	(293,321)	(849)
Decrease/(Increase) in Other Assets	(3,575)	(53,619)
Decrease/(Increase) in Other Financial Assets	0	(250,000)
(Decrease)/Increase in Trade and Other Payables	262,252	4,125
(Decrease)/Increase in Refundable Deposits	218,371	13,656
(Decrease)/Increase in Accrued Expenses	249,518	(201,018)
(Decrease)/Increase in Other Liabilities	539,789	19,485
(Decrease)/Increase in Employee Provisions	116,163	163,904
(Decrease)/Increase in Unearned Revenue	255,464	102,287
Net cash inflow/(outflow) from operating activities	<u>2,309,519</u>	<u>362,474</u>

Notes to the Financial Report continued

	2023	2022
	\$	\$
Note 5.3 Property, Plant & Equipment		
<i>Plant & Equipment</i>		
At cost	2,645,010	2,766,860
Accumulated depreciation	<u>(2,140,555)</u>	<u>(2,309,041)</u>
Balance as at 30 June	504,455	457,819
<i>Furniture & Fittings</i>		
At cost	1,243,039	1,647,651
Accumulated depreciation	<u>(1,145,384)</u>	<u>(1,517,466)</u>
Balance as at 30 June	97,655	130,185
<i>Leasehold Improvements</i>		
At cost	2,673,372	2,785,797
Accumulated depreciation	<u>(2,183,289)</u>	<u>(2,183,140)</u>
Balance as at 30 June	490,083	602,657
<i>Computer Equipment</i>		
At cost	2,496,287	3,088,544
Accumulated depreciation	<u>(2,362,320)</u>	<u>(2,756,736)</u>
Balance as at 30 June	133,967	331,808
<i>Motor Vehicles</i>		
At cost	259,653	309,401
Accumulated depreciation	<u>(197,662)</u>	<u>(286,099)</u>
Balance as at 30 June	61,991	23,302
Work in Progress	<u>326,715</u>	<u>249,090</u>
Total Property, Plant & Equipment	<u>1,614,866</u>	<u>1,794,861</u>

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.

2023						
	Balance as at 1 July 2022	Additions	Disposals	Depreciation	Transfers	Balance as at 30 June 2023
Plant & Equipment	457,819	227,647	0	(202,572)	21,565	504,459
Furniture & Fittings	130,185	4,841	0	(51,152)	13,781	97,655
Leasehold Improvements	602,657	316	0	(112,890)	0	490,083
Computer Equipment	331,808	480	0	(231,507)	33,186	133,967
Motor Vehicles	23,302	0	0	(16,312)	55,000	61,990
Work in Progress	249,090	201,154	0	0	(123,532)	326,712
TOTAL Property, Plant & Equipment	1,794,861	434,438	0	(614,433)	(0)	1,614,866
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

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 \$2,000. Items of capital value of less than \$2,000 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 6.8) 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% (2021-22 3%).

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

	2023	2022
	\$	\$
Note 5.4(a) Right of use assets		
Property		
Balance 1 July 2022	3,496,209	3,886,499
Additions	0	0
Amortisation Charges - right of use	<u>(390,290)</u>	<u>(390,290)</u>
Balance 30 June 2023	<u>3,105,919</u>	<u>3,496,209</u>

The Company holds a design and construct carpark infrastructure lease and a lease for its office premise. See Note 6.8 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 Other Liabilities
- 6.7 Refundable Deposits
- 6.8 Lease Liability

	2023 \$	2022 \$
Note 6.1 Other Financial Assets		
Tenant security deposits	2,000,000	2,000,000
Total Other Financial Assets	<u>2,000,000</u>	<u>2,000,000</u>

The funds are held on behalf of tenants and not available for day-to-day operations, refer Note 6.7.

Note 6.2 Trade & Other Receivables

Trade debtors	701,178	491,671
Less: Allowance for Expected Credit Losses	(127,154)	(84,184)
City of Melbourne	248,864	426,101
Accrued income	98,616	114,045
Lease Rental – AASB 16 Lease Straightline	318,945	0
	<u>1,240,449</u>	<u>947,633</u>

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 \$127,154 has been accounted for, higher than \$84,184 in 2021-22.

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

	2023 \$	2022 \$
Note 6.2(a) Reconciliation of allowance for credit losses		
Balance 1 July 2022	(84,184)	(62,458)
Amounts written off (uncollectable)	50,932	2,274
Additional provision	(93,902)	(24,000)
Balance 30 June 2023	<u>(127,154)</u>	<u>(84,184)</u>

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

Notes to the Financial Report continued

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

	2023	2022
	\$	\$
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	127,154	84,184
Ageing of impaired Receivables	<u>127,154</u>	<u>84,184</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.

Note 6.3 Other Assets

Prepayments	127,961	80,174
Inventory	52,582	96,793
Total Other Assets	<u>180,543</u>	<u>176,967</u>

Note 6.3(a) Inventory

Merchandise stock	35,692	52,268
Bar stock	16,890	44,525
Total Inventory	<u>52,582</u>	<u>96,793</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	1,170,162	949,906
GST (receivable)/payable	16,642	(25,354)
Total Trade & Other Payables	<u>1,186,804</u>	<u>924,552</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	593,825	401,064
Payroll	94,556	34,082
Fringe benefits tax	18,783	19,500
Audit fees accrual - External	35,000	25,500
Audit fees accrual - Internal	27,500	40,000
Total Accrued Expenses	<u>769,664</u>	<u>520,146</u>

Notes to the Financial Report continued

	2023	2022
	\$	\$
Note 6.6 Other Liabilities		
Student Voucher Program	472,380	0
Lord Mayor Student Vouchers	49,433	19,485
Melbourne Food Vouchers	37,461	0
Total Other Liabilities	<u>559,274</u>	<u>19,485</u>

The Company received cash payment from 3 customers who issued vouchers to it's stakeholders. These stakeholders present vouchers to market traders, who then seek reimbursement from the Company.

Note 6.7 Refundable Deposits

Tenant Security Deposits - Current	471,827	428,153
Tenant Security Deposits - Non-Current	1,887,310	1,712,613
Total Tenant Security Deposits	<u>2,359,137</u>	<u>2,140,766</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 (20%) and non-current (80%) reflect's the term of lease or licence signed by stallholders. Tenant security deposits are held in seperate bank accounts.

The above refundable deposits are represented by:

Cash & Cash Equivalents (refer Note 5.1)	359,137	140,766
Other Financial Assets (refer Note 6.1)	2,000,000	2,000,000
	<u>2,359,137</u>	<u>2,140,766</u>

Note 6.8 Lease Liability**Current**

Property Lease	500,697	497,591
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Non-Current

Property Lease	2,452,707	2,888,888
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Total Lease Liability	<u>2,953,404</u>	<u>3,386,479</u>
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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. refer to Note 5.4 for further detail.

Maturity analysis - undiscounted contractual cash flows

Less than one year	500,697	497,591
One to five years	1,891,510	1,803,040
More than 5 years	514,856	1,085,848
Total undiscounted contractual cash flows	<u>2,907,063</u>	<u>3,386,479</u>

Note 6.8 Finance Costs - leases

Interest - Lease liabilities	84,132	97,431
Total Finance Costs - leases	<u>84,132</u>	<u>97,431</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

	2023	2022
	\$	\$
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

	2023	2022
	\$	\$
Note 8.1 Income Tax Equivalents		
Accounting Profit/(Loss) subject to Tax	(39,865)	(582,630)
Add/(Less) timing differences - provision for annual leave	(74,780)	46,149
Add/(Less) timing differences - provision for long service leave	190,943	117,755
Add/(Less) timing differences - provision for doubtful debts	42,970	21,726
Taxable Income/(Loss)	<u>119,268</u>	<u>(397,000)</u>
Tax Loss b/f	(4,155,741)	(3,758,741)
Taxable Income to be recouped/(carried forward)	<u>119,268</u>	<u>(397,000)</u>
Tax Loss c/f	(4,036,473)	(4,155,741)
Tax Losses at 30% written off and available for recoupment in future years	(1,210,942)	(1,246,722)
Income Tax Equivalent Expense at 30% of timing differences	(47,742)	(55,689)
Future Income Tax Benefit movement	47,742	55,689

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.

	2023	2022
	\$	\$
Note 8.2 Deferred Income Tax Equivalent Asset		
Provision for employee benefits – annual leave	131,514	153,948
Provision for employee benefits – long service leave	350,919	293,636
Provision for doubtful debts	38,146	25,255
Total Deferred Income Tax Equivalent Asset	<u>520,579</u>	<u>472,839</u>

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 of Directors. 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.

	2023	2022
	\$	\$
Ageing of Trade Receivables		
Current (not yet due)	472,604	552,237
1 - 30 days	185,334	75,162
31 - 60 days	51,438	52,472
61 - 90 days	38,120	2
91 and over	202,546	237,899
Ageing of Trade Receivables	950,042	917,772
Less: Allowance for Expected Credit Losses	(127,154)	(84,184)
Total Ageing of Trade Receivables	822,888	833,588

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.

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 the movements 'reasonably possible' over the next 12 months are a parallel shift of +1.50% and -1.50% in market rates (AUD) from the year-end rate of 4.45% (2021-22: 0.85%).

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

	2023 \$	2022 \$
Operating expenditure commitments		
Not later than one year	6,023,738	3,015,077
Later than one year but not later than five years	<u>1,462,771</u>	<u>470,053</u>
Total expenditure commitments	<u>7,486,509</u>	<u>3,485,130</u>
Operating lease receivables		
Not later than one year	11,594,199	4,504,402
Later than one year but not later than five years	<u>17,716,526</u>	<u>8,997,460</u>
Total operating lease receivables	<u>29,310,725</u>	<u>13,501,862</u>

Notes to the Financial Report continued

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 (2021-22: \$186,000).

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
 Sandhya Chakravarty
 Emma Germano
 Luke Hilakari
 Michael Tenace

Other personnel;

Name	Position
Matt Elliott (appointed 27/02/23)	CEO
Michael Spencer (appointed 18/11/22)	Company Secretary, CFO & GM Business Services
Mark Bullen	GM Operations
Spiros Foscolos	GM Market Trading, Programming & Events.
Meg Dalla Lana	GM Marketing & Customer Experience
Stan Liacos (term ended 31/03/23)	CEO
Debbie Dowling (term ended 25/11/22)	Company Secretary, CFO & GM Business Services

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:

	2023	2022
	\$	\$
Short-term employee benefits	1,693,452	1,633,393
Post-employment benefits	157,860	143,633
Other long-term benefits	20,649	21,774
Total key management personnel compensation	<u>1,871,961</u>	<u>1,798,800</u>

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 \$2,741,150 (2021-22: \$8,327,581) during the financial year. The amount receivable at reporting date is \$273,750 (2021-22 \$426,101)

Notes to the Financial Report continued

	2023	2022
	\$	\$
<i>Revenue Transactions</i>		
City of Melbourne Grant	2,450,000	7,700,000
On-charge consultant fees	291,150	627,581
Total Revenue Transactions	<u>2,741,150</u>	<u>8,327,581</u>

Expenditure transactions with the ultimate parent entity amounted to \$827,574 (2021-22: \$373,804) during the financial year. The amount owing at reporting date is \$51,404.

Expense Transactions

Rates	248,743	245,889
Munro Outgoings	495,545	0
Interest payable from short term funding	29,104	48,546
Trader Lounge Rental	54,182	79,369
Total Expense Transactions	<u>827,575</u>	<u>373,804</u>

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 2022-23 Queen Victoria Market Pty Ltd continued to work closely with the City of Melbourne to scope, plan and deliver projects in accordance with the Market Renewal Program, 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 these works.

Key Renewal highlights in 2022-23 included:

- Completion of stage two heritage restoration works in E and F Sheds.
- Commencement of heritage restoration and essential services works in H and I Sheds, with fruit and vegetable traders normally located in H and I Sheds temporarily relocated to the newly restored C and D Sheds during restoration works. These works are due for completion in late 2023.
- Continuation of the Food Court refurbishment, with completion expected in late 2023.
- 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.

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 Renewal. In 2022, due to feedback from traders, the City of Melbourne agreed to review the Trader Support Fund to make it simpler and more accessible for traders. This revised Fund was launched in March 2023. During the 2022-23 year \$376,717 (2021-22 \$363,695) was incurred for trader support programs and fund including business mentoring. Since inception \$2,239,253 has been incurred for these programs as set out below.

Summary of funding

Direct Trader Support	78,584
Marketing & Promotion	472,141
Small Business Mentoring Service	1,213,333
Trader Lounge	475,195
	<u>2,239,253</u>

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 2023 • 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 2023 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 2023, 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 August 2023

Travis Derricott
as delegate for the Auditor-General of Victoria



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