

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

Council

Presenter: Joanne Wandel, Director Major Capital Works

26 November 2019

Purpose and background

1. The purpose of this report is to provide a progress update to Council on the Queen Victoria Market Precinct Renewal (QVMPR) Program Reserve (Reserve) for the period ending 30 September 2019.

Key issues

2. Total QVMPR funding approved since the establishment of the Reserve in December 2015 is \$110.27 million. Of the total funding approved, \$36.71 million has been returned as a consequence of underspent budget in 2017-18 and 2018-19, bringing the revised Reserve funding to \$73.56 million. The return of this funding does not affect the overall QVMPR Program net budget which remains at \$250 million. With the total QVMPR Program expenditure to date at \$24.91 million, the Reserve balance at 30 September 2019 is \$48.65 million. Refer to Attachment 2 and Attachment 3 for a breakdown of the Reserve balance and program expenditure.
3. The key project elements delivered by the QVMPR Program for the period of July to September 2019 include:
 - 3.1. A key milestone for the QVMPR program was achieved with the lodgement of a permit application to Heritage Victoria for conservation works and structural upgrades to Sheds A to F and H to M in September 2019. The works have a budget estimate of approximately \$20 million. On site restoration trial works at the Peel Street end of sheds A and C also commenced in September 2019 and will continue through to early 2020.
 - 3.2. At the Future Melbourne Committee (FMC) meeting on 17 September 2019, Council unanimously resolved to endorse the budget for the delivery of the Trader Shed, Northern Shed (\$28.09 million) and Point of Sale storage (\$6.15 million) plus an additional \$4 million for further Point of Sale enhancement opportunities across the market. In addition, FMC requested that development approval applications be prepared and lodged for the Trader Shed and Northern Shed, with this on target to be lodged with Heritage Victoria and City of Melbourne prior to the end of the 2019 calendar year.
 - 3.3. Work has also commenced on the preparation of an updated QVMPR Business Case and Implementation Framework to reflect the new Market Infrastructure designs, costs and programme. A report including the two updated foundation documents will be presented to Council for consideration in March 2020.
 - 3.4. A public engagement process to develop a Charter for the use and management of Market Square commenced in mid-October. The creation of Market Square will deliver on a commitment in the precinct's 2015 Master Plan to convert the existing 1.5 hectare asphalt car park into high quality open space for the growing City North area. This commitment is also part of the agreement between the Victorian Government and City of Melbourne to support the revitalisation of the market precinct. A report on the outcome of the community engagement process will be presented to Council in December 2019 for consideration.
 - 3.5. The process to potentially discontinue parts of Queen and Franklin Streets as a first step towards creating the freehold title for the Southern Development Site has commenced. A one-month public consultation period closed on 17 October 2019. Submissions on the proposed discontinuance will be considered by the Council's Submissions Committee meetings, scheduled for 14 and 21 November 2019.
 - 3.6. Works are progressing on the Munro development site, with basement retention works, anchoring and foundation piling on schedule for completion by the end of 2019. Council's Public Art Advisory Panel endorsed a proposal for artwork prepared by artist Rose Nolan in August 2019. The artwork will be installed on the Munro building's exterior screen, scheduled for completion in late 2021.
 - 3.7. In accordance with the QVMPR Masterplan's key sustainability initiatives, an organic waste treatment facility (WasteMaster) was installed in Shed A in October 2019. The new facility can manage approximately 25 percent of the market's organic waste, with the potential to scale-up volumes over time (noting there is presently no formal process for managing organic waste at the market). A one-month commissioning period has commenced, and it is intended the equipment will be in place for a trial period of 12 months. The facility will be monitored on a regular basis, with the data informing operational considerations for QVM P/L ahead of implementing a new centralised waste management system at the market.

Recommendation from management

4. That Council accepts the Queen Victoria Market Precinct Renewal Program Reserve report as at 30 September 2019 which shows a reserve balance of \$48.65 million.

Attachments:

1. Supporting Attachment (page 2 of 4)
2. Queen Victoria Market Precinct Renewal (QVMPR) Program Reserve Summary (Page 3 of 4)
3. Queen Victoria Market Precinct Renewal (QVMPR) Program Expenditure Summary (Page 4 of 4)

Supporting Attachment

Legal

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

Finance

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

Conflict of interest

3. The Director City Design and Projects and Chief Financial Officer of the City of Melbourne are Directors of Queen Victoria Market Pty Ltd. No other member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Occupational Health and Safety

4. In developing this report, no Occupational Health and Safety issues or opportunities have been identified.

Stakeholder consultation

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

Environmental sustainability

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

Queen Victoria Market Precinct Renewal (QVMPR) Program Reserve Summary

Item	Authorisation for inclusion in QPR	QVM Renewal Project Funding (\$m)
2013-14 Underlying Surplus	Council resolution (29 April 2014)	1.200
2014-15 Annual Plan and budget allocation	Council adopted budget (24 June 2014)	0.500
2014-15 Gains from the sale of surplus or redundant land holdings.	Council resolution (29 April 2014)	1.477
2014-15 Once off contribution from higher than budgeted underlying surplus	Council resolution (25 August 2015)	8.000
2015-16 Annual Plan and Budget allocation	Council adopted budget (30 June 2015)	4.635
2016-17 Gains from the sale of the City Square Car park	Council resolution (29 April 2014)	30.625
2016-17 Once-off contribution from higher than budgeted underlying Surplus	Council resolution (25 August 2015)	0.889
2017-18 Annual plan and budget allocation	Council adopted budget (30 June 2017)	28.161
2018-19 Annual plan and budget allocation	Council adopted budget (20 June 2018)	19.785
2019-20 Annual plan and budget allocation	Council adopted budget (13 June 2019)	15.000
Total funding approved to date		110.272
Less 2017-18 Annual plan and Budget allocation unspent		-22.351
Less adjustment to 2018-19 Annual Budget (1 st & 2 nd Quarters)	Council Resolutions (27 November 2018 and 26 February 2019)	-14.364
Total funding approved after funding returns (excluding Munro site)		73.557
Item		QVM Renewal Project Expenditure (\$m)
2014-15 QVM Renewal expenditure to 30 June 2015		-2.306
2015-16 QVM Renewal expenditure to 30 June 2016		-4.262
2016-17 QVM Renewal expenditure to 30 June 2017		-5.350
2017-18 QVM Renewal expenditure to 30 June 2018		-5.810
2018-19 QVM Renewal expenditure to 30 June 2019		-5.656
2019-20 QVM Renewal expenditure to 30 September 2019		-1.529
Total expenditure to date (excluding the Munro site acquisition)		-24.913
Remaining reserve balance as at 30 September 2019		\$48.644

Queen Victoria Market Precinct Renewal (QVMPR) Program Expenditure at 30 September 2019

Area	Business Case 2017 Budget (\$m)	Program Total Expenditure (\$m)	FY 19/20 YTD Expenditure (\$m)
Transitional trader accommodation and precinct enhancement projects	6.801	1.916	0.054
QUARTER 1 (Sheds H and I, Meat, Fish and Dairy Halls, Food Court and Terraces)	43.528	0.057	-
QUARTER 2 (Sheds A – E and Terraces)	107.913	3.743	0.513
QUARTER 3 (Sheds J - M, String Bean Alley and Future Public Spaces)	83.669	0.943	0.335
QUARTER 4 (Munro and Southern Development mixed use sites)	39.750	0.529	0.016
Utilities and contaminated soil removal	6.393	0.652	-
Program delivery	20.710	17.073	0.612
GROSS TOTAL	308.764	24.913	1.529
Estimate of revenue from future asset sales	(70.000)	-	-
NET TOTAL	238.764	24.913	1.529