

Management report to Council

Agenda item 6.9

Queen Victoria Market Pty Ltd - Statement of Expectations

Council

Presenter: Phu Nguyen, Chief Financial Officer

29 August 2017

Purpose and background

1. The purpose of this report is for Council to approve the Statement of Expectations (SOE) for the Queen Victoria Market Pty Ltd (QVM).
2. QVM commenced operations on 1 July 1997, having been established by Council as part of its Competitive Business Strategy adopted in May 1994. Approvals for incorporation of QVM were given under section 193 of the *Local Government Act 1989* and signed by the Treasurer and Minister for Local Government on 12 February 1996.

Key issues

3. QVM is overseen and managed by an independent board and management. The Council is the sole shareholder and appoints the board of the QVM.
4. Through the Queen Victoria Market Precinct Renewal Program, the City of Melbourne has committed to securing the Queen Victoria Market as a traditional open air market – retaining its heritage and traditions by equipping it to sustainably meet trading requirements into the future and safeguarding its position as one of Australia's fresh food icons and premier tourist destinations.
5. It has never been more important in the market's history for the Council to be clear on its expectations of the QVM board and QVM, providing clarity, certainty and direction.
6. The attached SOE outlines the City of Melbourne's expectations of the operations and performance of QVM during the QVM renewal period.

Recommendation from management

7. That Council approves the Statement of Expectations for the Queen Victoria Market Pty Ltd.

Attachments:

1. Supporting Attachment (page 2 of 4)
2. Statement of Corporate Expectations (page 3 of 4)

Supporting Attachment

Legal

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

Finance

2. There are no direct financial implications associated with the recommendation.

Conflict of interest

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

Stakeholder consultation

4. Consultation with the QVM has been undertaken in the preparation of this report.

Relation to Council policy

5. This Statement of Expectations reflects Council policy positions as they relate to the QVM.

Environmental sustainability

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

Queen Victoria Market Pty. Ltd.

Statement of Shareholder Expectations August 2017

The Queen Victoria Market has a proud history, having continuously traded for more than 140 years. Home to more than 650 independently owned businesses that the City values and supports, Queen Victoria Market is renowned for its multicultural community of market traders and its unique offer, with affordability, authenticity, fresh produce and diversity of merchandise underpinning the long held traditions of Melbourne's marketplace.

Through the Queen Victoria Market Precinct Renewal Program (QVMPR), the City of Melbourne has committed to securing Queen Victoria Market as a traditional open air market – retaining its heritage and traditions by equipping it to sustainably meet trading requirements into the future and safeguarding its position as one of Australia's premier tourist destinations.

This Statement of Expectations (SOE) is issued by the City of Melbourne as the sole shareholder of Queen Victoria Market Pty. Ltd ('QVM'). It replaces any previous statements provided to the company.

This SOE outlines the City of Melbourne's expectations of the operations and performance of QVM during the QVM renewal period, or until otherwise amended. The SOE will be updated from time to time to reflect the City of Melbourne's policy positions.

The SOE covers the following City of Melbourne objectives.

- Continuing to support customers and traders;
- Retaining the Market's heritage and traditions;
- Meeting social and environment outcomes; and
- Ensuring effective governance and financial oversight

SUPPORTING CUSTOMERS AND TRADERS

- 1) Recognise and protect the Market's original and primary role as a fresh food market.
- 2) Enhance the customer experience and ensure customers continue to view the Queen Victoria Market as relevant.
- 3) Support existing traders during renewal by ensuring average annual increases in fees are based on current lease and licence provisions.
- 4) Support traders to further develop their businesses, including working with traders to develop and implement a Trader Transition Plan and Trader Support Program during the QVMPR Program.

- 5) Ensure trading and retail space supports independent retail and small to medium sized businesses, not large chains or supermarkets.

RETAINING THE MARKET'S HERITAGE AND TRADITIONS

- 6) Demonstrate stewardship in preserving the Market as one of the great open air markets of the world, retaining its heritage, traditions, unique offer, diverse community of market traders, gritty atmosphere and authenticity into the future.
- 7) Work collaboratively with the City of Melbourne, traders and the community to ensure the historic and pre and post European cultural heritage of the market is preserved.

SOCIAL AND ENVIRONMENT OUTCOMES

- 8) Demonstrate efforts to reduce waste and minimise environmental impacts in market operations.
- 9) Engage with the local community to ensure high levels of local ownership and activation.

EFFECTIVE GOVERNANCE AND FINANCIAL OVERSIGHT

- 10) Ensure the company is financially sustainable and self-sufficient with the aim of breakeven during renewal after allowing for trader support.
- 11) Ensure effective operating models and controls are in place to minimise financial, probity, procurement, security and OHS risks to the CoM. This includes abiding by relevant City of Melbourne policies and processes.
- 12) Work collaboratively with the City of Melbourne management to deliver the key benefits outlined in the QVMPR Program Business Case (June 2017) and continue to engage to ensure strong alignment between QVM activities and the City of Melbourne's policy positions.

These expectations describe the City and QVM's shared strategic objectives. Within this strategic context, the Board and company will primarily focus on operational, financial, risk and customer and trader engagement issues and will formulate strategies and plans to deliver on these issues.

The CoM will publish the QVM Statement of Shareholder expectations on its website.