

Management report to Council**Agenda item 6.2****Queen Victoria Market Precinct Renewal (QVMPR) Program – Quarterly Report****Council****Presenter:** Roger Teale, General Manager Property, Infrastructure and Design**22 February 2022****Purpose and background**

1. The purpose of this report is to provide Council with a progress update and expenditure breakdown of the Queen Victoria Market Precinct Renewal (QVMPR) program for the period ending 31 December 2021.

Key issues

2. As at 31 December 2021, the total QVMPR program expenditure since 2013 is \$89.3 million and the total expenditure for financial year 2021-22 is \$6.35 million. The lower than expected expenditure is a result of Market Infrastructure construction commencing next financial year (2022-23). Please refer to Attachment 2 for a breakdown of program expenditure.
3. Since the last report to Council in November 2021, an updated Business Case was endorsed by Council, reaffirming that the \$268 million gross investment in renewal remains essential to address the challenges facing the market and to realise the benefits to the broader community. The Updated Business Case shows the renewal program will secure the market's long term viability through:
 - Accelerating the market's recovery and boosting visitation to the market to 18 million a year by 2051
 - Returning Queen Victoria Market to profitability from 2025
 - Generating \$4.13 in value into the local economy for every \$1 invested.
4. The renewal of the market precinct is well into delivery with key project elements delivered by the QVMPR program for the period October 2021 to February 2022 including:
 - 4.1. **Food Hall** – Following the appointment of a contractor in late 2021, works on the Food Hall refurbishment commenced on 31 January 2022. The new Food Hall will complement the heritage of the market and include a new roof structure, improved layout with more spaces to eat, meet and enjoy the iconic market. Works are expected to be completed in early September 2022.
 - 4.2. **Munro** – The affordable housing complex, a partnership between the Council, State Government and Housing Choices Australia, officially opened in December 2021 with the first tenants moving in.
 - 4.3. **Market Square** – On 12 January, Heritage Victoria issued a permit for the relocation of arts space Testing Grounds to the Market Square Pop Up. Testing Grounds will operate from a small area in the open-air car park beside the new grassed area and provide arts programming and events that will give locals, workers and visitors more reason to visit, dwell and enjoy the market. Currently operating out of a temporary space on Queen Street, Testing Grounds is anticipated to be operational in the pop up from early May. The Market Square pop up is funded through the Melbourne City Recovery Fund.
 - 4.4. **Heritage shed restoration** – Stage 3 (Sheds A and B) restoration works concluded in mid-February 2022 around eight weeks behind schedule as a result of COVID-19 delays. Now over two-thirds complete, the project will progress to Stage 4 (Sheds E and F) around mid-year after essential trader services have been installed in sheds A and B.
 - 4.5. **Market Infrastructure**
 - 4.5.1 *Essential trader services* – To improve fresh produce trader facilities including compliance to food, health and safety regulations, essential services including power, running water, sewer and organic waste facilities will be installed in key market sheds. The works in sheds A and B were to be undertaken during the shed restoration, however due to delays with permit approvals, these works will commence immediately following, resulting in an estimated four month delay in traders returning to sheds A and B. Future works are planned to be aligned to shed restoration works to minimise disruption to traders and shoppers.
 - 4.5.2 *Trader Shed and Northern Shed* – Planning for construction delivery coordination and management of daily market operations continued incorporating trader feedback. Tender documentation is currently being finalised and will be issued in mid-March.
 - 4.6. **Southern Site** – The divestment process for the Southern Site is continuing with the appointment of a preferred developer expected at the conclusion of the commercial in confidence process in mid-2022.

Recommendation from management

5. That Council accepts the Queen Victoria Market Precinct Renewal Program quarterly report which confirms a total program expenditure of \$89.3 million as at 31 December 2021.

Attachments:

1. Supporting Attachment (Page 2 of 3)
2. QVMPR Program expenditure (Page 3 of 3)

Supporting Attachment

Legal

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

Finance

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

Conflict of interest

3. Michael Tenace, the General Manager Finance and Corporate is a Board director of Queen Victoria Market Pty Ltd. No 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. In developing this proposal, 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.

Relation to Council policy

6. The recommendation within this report align with aspirations as identified in the Council Plan 2021-25 to protect Queen Victoria Market as a traditional open-air market, through heritage restoration and the provision of essential services and facilities that enhance the customer and trader experience while also delivering precinct improvements through quality public open space, new connections to the city, community services and facilities.

Environmental sustainability

7. Delivery of the QVMPR program will allow for the development of a sustainable 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 Expenditure as at 31 December 2021

Work packages	Budget (\$m)	Expenditure (\$m)	
		Program Total	FY2021/22
Transitional trader accommodation and precinct improvements	1.71	1.71	-
QUARTER 1 (Market Infrastructure, Meat, Fish and Dairy Halls, Food Court and Terraces)	67.01	5.60	0.80
QUARTER 2 (Shed restoration, Trader format improvements)	56.37	25.00	4.35
QUARTER 3 (String Bean Alley, Market Square, Southern Site and Franklin Street streetscape)	76.33	3.03	0.48
QUARTER 4 (Munro Site)	32.95	32.85	0.06
Utilities and contaminated soil removal	2.91	0.89	0.01
Program delivery	30.31	20.22	0.63
GROSS TOTAL	267.59	89.30	6.35