2012 2013

ANNUAL REPORT >>> MELBOURNE MARKET AUTHORITY

melbourne wholesale fruit
vegetable & flower market

melbourne wholesale fruit vegetable & flower **market**

The Hon. David Hodgett, MP

Minister for Major Projects, Ports and Manufacturing

Parliament House

MELBOURNE VIC 3000

Dear Minister

The Melbourne Market Authority (MMA) has pleasure in submitting its annual report for the year ending 30 June 2013.

This report covers the period 1 July 2012 to 30 June 2013. The Board is committed to the effective and efficient operation of the market and to ensuring that the MMA remains responsive to its various customer groups and stakeholders.

I commend this report to you and assure you of the Board's commitment to working with the industry.

Yours sincerely

NEIL LOWE
Chairman

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CHAIRMAN'S REPORT

AS THE SUNSET PERIOD OF MY TERM AS CHAIRMAN OF THE MELBOURNE MARKET AUTHORITY (MMA) APPROACHES, IT IS TIMELY TO REFLECT ON THE PAST YEAR.

I am pleased to report that in the year under review, our expenditure is once again better than budgeted with a net operating surplus of $7.8 million prior to a dividend payment of $51 million to the Victorian Government as part of the relocation funding. For the 2013—14 year, with the implementation of the Epping Market Transition Plan we are budgeting for a small loss.

The MMA has continued to deliver financial results throughout the transition period that has allowed us to maintain a strong balance sheet in preparation for Epping. This is attributable to the hard work and dedication of the MMA's staff who are working to efficiently operate the current West Melbourne site whilst planning for the successful transition to the new market at Epping.

The industry, after battling its share of environmental challenges in recent years, faced relatively good growing conditions this year. Whilst the summer months remained fairly dry with many growers heavily reliant on irrigation systems, the lack of extreme weather conditions over summer was a welcome change.

Growing regions of Australia have experienced a very good year resulting in plentiful supplies of a range of produce in the market. However despite the favourable weather, it has still proved to be another challenging year for businesses in the market. Ample supplies coupled with a reduction in exports, the high Australian dollar and the tightening of consumer buying habits, has continued to impact us all.

In March this year we welcomed Mark Maskiell as the MMA's Chief Executive Officer. I have confidence Mark will be able to address the challenges facing the wholesale fruit, vegetable and flower industry.

Also in 2013, we welcomed the Honourable David Hodgett as the new Minister for Major Projects. Over the past years, the MMA and the Department of State Development, Business and Innovation (DSDBI) have worked together with our community to foster industry development; this has not changed.

I would like to thank all members of the MMA Board for their commitment and support throughout 2012—13 as well as the MMA management, staff and the market community. I continue to hold hope that we can work together and overcome the current challenges and operate a market that meets the needs of the industry.

NEIL LOWE
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

UPON MY APPOINTMENT IN MARCH 2013 MY ROLE WAS CLEAR — FACILITATE THE TRANSITION TO AND PROMOTE A NEW STATE OF THE ART WHOLESALE MARKET — A MARKET THAT IS RECOGNISED AUSTRALIA WIDE FOR ITS INDUSTRY LEADERSHIP AND COMMITMENT TO INNOVATION, QUALITY AND EXCELLENCE. WHILE THE PAST FOUR MONTHS HAS PRESENTED A NUMBER OF CHALLENGES, MY VISION REMAINS UNCHANGED.

The 2012—13 financial year has been extremely busy with the MMA and DSDBI working closely to plan delivery of the Epping market. I am pleased to report that substantial work has been completed in transition planning. The procurement process for the warehousing and facility management contracts are well underway with both contracts set to be executed in the coming months. The ballots for fruit and vegetable stores and flower stands has also been completed and work has begun to build valuable commercial partnerships and set new benchmarks for operational efficiency.

The Epping site has continued to progress throughout the year. Financially, the MMA has had another successful year reporting a net operating surplus in 2012—13 of $7.8M. The financial year ahead aims to continue this trend and we are budgeting for an operating surplus, however when one-off transition costs are included it is expected that the MMA will record a small net deficit for 2013—14.

While the planning for Epping is progressing, the MMA is focused on ensuring the West Melbourne site remains efficient, and as such the MMA is challenging the way we operate. While there is significant work to be completed progress has begun with the development of a facility management model, the implementation of a new document management and communication system and the commitment to achieving ISO9001 certification later this year.

While the past financial year has reported a number of achievements, it has not been without its share of challenges. It would be remiss of me not to address the reluctance of some market tenants in signing leases for Epping which resulted in legal action being taken against the MMA. This action has affected matters adversely.

The year in review has been largely focused on planning and preparing for transition.

I would like to thank the MMA board and management for their support and I look forward to continuing to work together in the tasks and challenges that lie ahead.

MARK MASKIELL
Chief Executive Officer

MEMBERS OF THE MMA

THE MMA IS ESTABLISHED UNDER THE *MELBOURNE MARKET AUTHORITY ACT 1977* (THE ACT) AND REPORTS TO THE MINISTER FOR MAJOR PROJECTS, PORTS AND MANUFACTURING, THE HON. DAVID HODGETT, MP.

The members of the MMA Board are appointed by the Minister for Major Projects, Ports and Manufacturing.

BOARD MEMBER	MEMBER OF								
	BOARD	EXTRA-ORDINARY BOARD	FRUIT & VEG GROWERS ADVISORY COMMITTEE	FRUIT & VEG WHOLESALERS ADVISORY COMMITTEE	FRUIT & VEG RETAILERS ADVISORY COMMITTEE	FLOWER ADVISORY COMMITTEE	EPPING MARKET COMMITTEE	REMUNERATION COMMITTEE	FARM C'TEE
NEIL LOWE joined the MMA as Chairman on 21 April 2003	✓	✓	-	-	-	-	✓	✓	-
NADA KIRKWOOD joined the MMA as a board member on 20 October 2010	✓	✓	✓	-	-	-	-	✓	-
GISELA MARVEN joined the MMA as a board member on 14 June 2011	✓	✓	-	-	-	✓	-	-	✓
STEPHEN MCARTHUR joined the MMA as a board member on 14 June 2011	✓	✓	-	✓	-	-	-	-	✓
ANDREW MCLELLAN joined the MMA as a board member on 8 May 2012	✓	✓	-	-	✓	-	-	-	✓

ADVISORY COMMITTEES

ADVISORY COMMITTEES MEET REGULARLY AND PROVIDE VALUABLE ADVICE TO THE MMA ON MARKET OPERATIONS AND RELATED ISSUES. MEMBERS ARE APPOINTED FOR A THREE-YEAR TERM.

The MMA met with the Advisory Committees during 2012—13 in accordance with the requirements of the Act.

In addition, nominated members and associated industry representatives attended meetings as observers. The committee members and official observers of the Advisory Committees are:

FRUIT & VEGETABLE GROWERS ADVISORY COMMITTEE	FRUIT & VEGETABLE WHOLESALERS ADVISORY COMMITTEE	FRUIT & VEGETABLE RETAILERS ADVISORY COMMITTEE	FLOWER ADVISORY COMMITTEE	EPPING MARKET COMMITTEE
David Wallace (Chairperson)	Stephen Wirtz (Chairperson - resigned June 2013)	Paul Ahern (Chairperson)	Geoff Maguire (Chairperson)	Neil Lowe (Chairperson)
Luis Gazzola	Shane Schnitzler	Trevor Wilson	John Boon	David Wallace
Vince Doria	Grant Nichol	John Chapman	Philip Mays	Stephen Wirtz (resigned June 2013)
David Kelly	Vince Brancatisano (Prestige Produce)	John Psarakos	Adrian Parsons	Geoff Maguire
Alec Berias	Harry Kapiris	Glynn Harvey	Greg Duffy	Paul Ahern

ORGANISATIONAL CHART

melbourne wholesale fruit vegetable & flower market

BOARD MEMBERS

Neil Lowe, Chairman

Nada Kirkwood

Gisela Marven

Stephen McArthur

Andrew McLellan

ADVISORY COMMITTEES

CHIEF EXECUTIVE OFFICER

Allan Crosthwaite
(to January 2013)

Mark Maskiell
(from March 2013)

MANAGEMENT TEAM

Darryn Coulson
Chief Financial Officer

Darek Stec
Chief Operations Officer

Aurora Kostezky
Legal Counsel

David Richards
Risk, Governance & Environment Manager

Brian Kirby
Operations Manager

Eric Vormwald
Site Services Manager

David Fussell
Marketing Manager

John Ly
IT Manager

SUPPORT STAFF

Finance & Administration

Legal & Commercial

Market Operations

Site Services

Marketing

IT Systems

OBJECTIVES, FUNCTIONS & VALUES

OUR VISION IS:

A state of the art wholesale market that is recognised Australia wide for its industry leadership and commitment to innovation, quality and excellence.

OUR MISSION IS:

To provide a fair and competitive environment for the wholesale trading of produce whilst maximising the return on assets.

ESTABLISHED UNDER THE ACT, THE MMA SERVES THE VICTORIAN FRUIT AND VEGETABLE INDUSTRY ALONG WITH THE FLOWER INDUSTRY THROUGH THE PROVISION OF MARKET FACILITIES AND DRIVES STRATEGIC DIRECTION AND MARKETING FOR THE INDUSTRY.

The Act prescribes the following objectives and functions:

Objectives:

- to provide a commercially viable wholesale facility for the efficient distribution of fresh produce
- to optimise returns on land and assets controlled and managed by the MMA
- to ensure a fair and competitive environment for wholesale trading of produce.

Functions:

- to control, maintain and manage the Melbourne Wholesale Fruit, Vegetable & Flower Market and the market land
- to promote the use of the facilities at the Melbourne Wholesale Fruit, Vegetable & Flower Market
- to provide advice and information to the Minister on matters relating to the market and its use by industry and on industry-related matters generally
- to do all things the MMA is authorised or required to do by or under this or any other Act or law.

Customer Focus

We recognise the importance of our customers to the success of our business and work in consultation with them to ensure that our facilities and services meet their needs and support their business viability and growth.

Our customers are the businesses that trade in or through the Melbourne Wholesale Fruit, Vegetable & Flower Market.

They include growers, retailers, providores, wholesalers and those businesses that support trading.

Shareholder Value

We conduct our business so that we optimise the return to our shareholder, the Victorian Government.

Teamwork and Communication

We communicate openly and honestly throughout the MMA and provide quality services to our customers.

Leadership and Innovation

We encourage innovation and initiative so that we may add value to our customers and position the Melbourne Wholesale Fruit, Vegetable & Flower Market to take a strong supporting role on issues faced by the industry as a whole, and individual industry associations.

Honesty and Integrity

In everything we do, we act with honesty and integrity.

Respect for Others

We treat our customers, suppliers and one another with respect and dignity. We value the principles of equity and diversity.

Safe and Healthy Workplace

We strive to provide a safe and healthy workplace for all people who work within the market.

BUSINESS OVERVIEW AND STATISTICS

BUSINESSES TRADING IN THE MARKET AS AT 30 JUNE 2013		
	Total Businesses	Individual Access Cards June 2013
Total fruit & vegetable tenant businesses	607	2,836
Fruit & vegetable retail buyers	1,304	2,438
Total fruit & vegetable businesses	1,911	5,274
Flower buyers - florists	784	1,054
Flower growers/wholesalers	94	280
Total flower businesses	878	1,334
Transport operators & unloaders	126	351
Other market related businesses	132	485
Total other businesses	258	836
Total market businesses	3,047	7,444

AVERAGE VEHICLE ACCESS PER TRADING DAY			
	2012—13	2011—12	2010—11
Fruit & vegetable market:			
Buyers/retailers	687	742	768
Growers/wholesalers/merchants	1,494	1,440	1,498
Total average entries	2,181	2,182	2,266
Flower market:			
Buyers/florists	97	109	120
Growers/wholesalers	65	71	78
Total average entries	162	180	198
Ancillary businesses:			
Market related businesses	502	562	534
Transport operators and unloaders	112	136	124
Total average entries	614	698	658
Total average daily market access	2,957	3,060	3,122

% CHANGE IN REGISTERED USERS						
	% Change	2012—13	% Change	2011—12	% Change	2010—11
Total Registered Individuals	-9%	7,444	+12%	8,247	+5%	8,115
Total Registered Businesses	-	3,047	-4%	2,971	-	3,108

BUSINESS OVERVIEW AND STATISTICS

MARKET LAND USE		
	No. of Properties/Trading Modules	Area of Land Used - m2
Warehousing	38	31,513
‘A’ stores	240	20,160
‘B’ stores	180	10,314
Fruit & vegetable stands	664	13,944
Total fruit & vegetable trading	1,122	75,931
Flower market stands (including coolrooms and entrance ways)	143	3,003
Flower market commercial properties	4	715
Total flower market trading	147	3,718
Other properties	63	36,517
Parking (including casual parking)	2,710	43,940
Total leasing/licensed areas	4,042	160,106

INDUSTRIAL VEHICLES ON SITE			
	2012—13	2011—12	2010—11
Forklifts	868	878	861
Scooters	230	238	240
Golf carts	48	42	39
Total	1,146	1,158	1,140

THE FRUIT, VEGETABLE & FLOWER MARKET

THE MARKET IS A POINT OF EXCHANGE FOR THE WHOLESALING AND DISTRIBUTION OF FRESH FRUIT, VEGETABLES AND FLOWERS.

The Market facility has some 3,000 businesses operating from the site that warehouse and trade fresh produce including sellers, fruit, vegetable and flower wholesalers and growers operating from warehouses, stores and trading stands.

Buyers include independent greengrocers, supermarkets, providores, restaurants, food processors and florists. Many more regional businesses receive deliveries and consignments direct from the Market. Produce is sourced primarily from Victorian and national growers.

The MMA supports industry through promotions of fresh produce and cut flowers to consumers via a diverse suite of marketing events and initiatives.

THE YEAR IN REVIEW

Trading Hours

The wholesale fruit and vegetable market opens for trading five days a week with general trading commencing from 3.30am on Monday, Thursday and Friday and 4.30am on Tuesday and Wednesday.

The wholesale flower market opens for business six days each week, with three key market days - Tuesday, Thursday and Saturday. General trading starts from 4.30am each day except Thursday (4.00am) and Saturday (5.00am).

Site Services

MMA focused on maintaining the condition of assets to ensure safe operations for market users and MMA personnel. In addition to the requirement that market assets are only serviced by qualified and certified contractors, all site works are now fully assessed before commencement in terms of safety and environment.

The MMA's obligation is to maintain services such as emergency exit access, lights and fire protection. Site services have continued to maintain this compliance by providing the following:

- Inspections of the current level of essential services against legal obligations in each tenancy.
- Scheduling of essential services maintenance in tenancies.

Other major site services activities included:

- Road works - minor and major pavement replacement, with particular focus on forklift pathways for safe operations.
- Refurbishment and associated repairs to the National Flower Centre refrigeration system
- Development of an additional waste handling facility for compressing polystyrene boxes.
- Repair and replacement of the eastern sewer system.
- Installation of safe roof access points to all market buildings' roofs.

Market Operations

Market operations have been focused on providing a safe working environment and efficient services to market users. Improved operational activities included Market Officers carrying out their activities based on a daily duties check list report. Each report lists Market Officer's duties for the assigned area and provides any associated feedback. An electronic system allows officers to quickly check the status of market user access, trading stands and parking bay allocations. This has improved operational efficiency and consistency.

Efficiencies were also created with parking semi and B double trailer combinations. Market Operations introduced improvements in trucks traffic safety including regulating truck entry through Gate 6 and sectioning off the east undercover parking area for manoeuvring early morning truck and trailer movements.

The MMA focused on safe operation of forklifts around the market facility with Market Officers regularly checking drivers' licenses, usage of handheld mobile phones whilst operational and application of headlights in low visibility conditions.

THE FRUIT, VEGETABLE & FLOWER MARKET

The MMA has been working with market users on keeping the market clean both during and after trading hours. There have been some further improvements particularly in National Flower Centre facility. Further focus was put on recycling waste such as timber pallets, vegetable bins, wax cardboard and polystyrene boxes. MMA's waste contractor has been provided with a dedicated area for recycling polystyrene boxes.

As a new initiative the MMA has commenced disposal of fluorescent tubes and globes which are used in high quantities in the market. The collection and processing of this waste product is in accordance with the national *FluoroCycle* recycling scheme.

Incidents of Market Theft

The MMA has been successful in assisting market users in minimising produce theft in the market. Further improvement was recorded this year with an average of less than two incidents per month.

MARKETING

THROUGHOUT THE YEAR THE MMA WORKED TO EXTEND ITS PROMOTIONAL EXPOSURE TO SUPPORT INDUSTRY DEVELOPMENT, AND PROVIDE INFORMATION TO CONSUMERS ON THE BENEFITS ASSOCIATED WITH EATING A VARIETY OF FRESH PRODUCE DAILY.

The MMA will continue to strive to actively promote both the cut flower and fruit and vegetable industries in support of its stakeholders.

The MMA actively promotes the benefits of consuming fresh produce to all sectors of the community with 26,797 Victorian school students receiving the MarketFresh Schools Program and the general community via MMA initiatives and promotional events.

MMA extended visits and presentations to 820 members of community groups with communications on how to prepare and present fresh produce.

This year Marketing extended its reach into the community taking healthy eating initiatives into Victorian workplaces. 11,150 state and private sector employees received the MMA's healthy eating message and opportunity to taste a variety of fresh seasonal fruits in their workplace.

These Marketing programs and other promotional initiatives are supported by wholesalers, growers and industry groups who all contribute to the success of the campaign.

Marketing is continuing to expand its reach with promotional activities utilising social media.

MARKETING EVENTS

- Chinese New Year
- Hanging Rock Harvest Picnic
- Melbourne Food & Wine Show
- VicFresh - Industry gala night
- Melbourne International Flower & Garden Show
- Melbourne Market Annual Golf Day

MARKETING PROGRAMS

MarketFresh Schools Program

The MarketFresh schools program is managed by the MMA with support from stakeholders and the fresh produce industry. The program is structured to educate school children about the importance of consuming fresh fruit and vegetables daily as a component for their general wellbeing.

In addition, the children view a short animated DVD to give them an understanding of the supply chain from growers to their home; including the role of the Melbourne wholesale market.

From July 2012 to June 2013 the MMA travelled state-wide to present 224 sessions to 26,797 students.

This important program would not be possible without the continued support from industry, wholesalers and growers. In August 2012 the program was a finalist in the Melbourne Awards - Contribution to Community category.

Retail Development Program - Victoria

The retail support program managed by the MMA is designed to reward excellence in all aspects of fruit and vegetable retailing. Greengrocers' stores are assessed through an independent mystery shopping service provider. Independent mystery shoppers evaluate greengrocers across the state on quality and presentation of fresh produce, in-store display, lighting, cleanliness, level of customer service, product knowledge and ticketing.

Greengrocers are provided with an evaluation report following each store assessment.

Reports provided by MMA allow store operators to benchmark their results against the state average for each round of assessment.

The retail support program runs state wide annually and culminates with awards to:-

- Retailer of the Year Regional Victoria
- Retailer of the Year Metropolitan Melbourne

MMA created an additional award in 2012 for the store with highest ranking performance for customer service.

492 independent greengrocers stores were mystery shopped in 2012—13.

Market Veterans Award

The veteran's award is made annually to market users who have attained 40 years or more of continuous service at the market.

MARKETING

FLOWER PROMOTIONS

- Valentine's Day and Mother's Day: MMA provided florists with point of sale materials to support in-store promotion with posters, mobiles, window decals and t-shirts.
- Spring Racing Carnival: MMA supplied in-store promotional packs including bookmarks and posters showcasing the schedule of flowers aligned to Melbourne's metropolitan spring racing calendar.
- Daffodil Day Fundraiser: The MMA supported Cancer Council Victoria to raise $3,747.00 from the market community.

FRUIT AND VEGETABLE PROMOTIONS

Marketfresh.com.au

The MMA's MarketFresh website is a valuable resource and is used by the fresh produce industry, the education sector, food service, florists and consumers seeking information on varieties and seasonality of fresh produce and flowers.

A fresh produce and flower availability report is uploaded monthly.

MarketFresh website underwent a complete makeover to update the design and content. Navigation around the site was improved with a more user friendly format with links to social media.

SPONSORSHIPS

MMA sponsors multiple events to support the fresh produce industry. These include:

- Bundaberg Fruit and Vegetable Growers Association
- Vegetable Growers Association National Vegetable Expo 2013
- Victorian Farmers Federation
- Victorian Farmers Federation and Royal Agricultural Society Victoria - Heart of Victoria
- Ausveg National Conference Gold Coast 2013
- Fresh Connections – Produce Marketing Association 2013 Sydney
- Les Toques Blanches. Student – Melbourne Award for Excellence
- Vegetable Growers Association Annual Golf Day
- Bacchus Marsh Spring Harvest Festival
- Melbourne Food and Wine - Southbank
- Racing Victoria - Spring Carnival Campaign

RESTAURANT AND FOOD SERVICE LIAISON

MMA continues to support and promote this important sector of the food service industry with strategic alliances. MMA continues the partnership with Les Toques Blanches - Association of Executive Chefs to promote the market and fresh produce.

FOODBANK VICTORIA

Foodbank is an independent charity which collects and distributes food and household supplies to over 500 not-for-profit organisations across the state. MMA actively supports FoodBank Victoria with their operation in the Melbourne Market.

Foodbank Victoria sources fresh produce donated by market wholesalers for distribution through agencies to the needy in the broader Victorian community. The donated fresh produce stems from inventory management and any fresh product that is still edible, but deemed not saleable.

During 2012—13, Foodbank Victoria received 534,427 kilograms of donated fresh produce from wholesale traders operating within the market.

VISITORS

A total of 1,905 people visited the Melbourne Market during 2012—13.

Melbourne Market continues as a destination for Asia / Pacific visitors seeking information on types and varieties of fresh produce for import/ export opportunities with 183 international industry visitors for 2012—13.

ENVIRONMENT

The MMA's environment performance for 2012—13 is summarised in the table below.

Indicator	2012—13	2011—12
Total units of copy paper used by the MMA (A4 equivalent reams)	806	708
Total electricity used on site (kW)	4,268,780	3,868,125
Total gas used on site (MJ)	101,537	65,894
Total units of metered water consumed on site (kl)	23,866	18,788
Total energy consumption of MMA operational vehicles (GJ)	187	192
Total distance travelled by aeroplane of MMA representatives (airline km)	9,800	33,020
Total landfill (tonnes) from the site	3,474	3,945
Total recyclables (tonnes) from the site	7,334	8,816
Percentage diversion rate from landfill	67.9%	69.1%

In summary:

- marginal increase to copy paper and electricity used
- 54% increase to gas used in NFC cafe due to full year tenancy
- 27% increase to water consumption
- significant 70% decrease to aircraft travel
- landfill and recyclable tonnages have reduced but diversion rate consistent

Greenhouse Gas Emissions

The greenhouse gas emissions footprint disclosed in the table below has been calculated from the data in the table above.

Indicator	2012—13	2011—12
Total greenhouse gas emissions associated with energy use (tCO2 e)	5,597	5,070
Total greenhouse gas emissions associated with vehicle fleet (tCO2 e)	13.00	13.33
Total greenhouse gas emissions associated with air travel (tCO2 e)	1.04	3.50
Total greenhouse gas emissions associated with waste production (tCO2 e)	3,127	3,550
Total	8,738	8,637

In summary:

- Greenhouse gases are consistent with previous year

GOVERNANCE

RISK MANAGEMENT

Risk Management

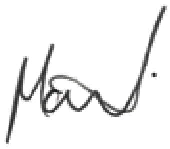
I, Mark Maskiell, certify that the MMA has risk management processes in place consistent with the International Risk Management Standard ISO 31000:2009 and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures.

The MMA board verifies this assurance and that the risk profile of the MMA has been critically reviewed within the last 12 months.

Insurance

I certify that the MMA has not complied with Ministerial Direction 4.5.5.1 - Insurance, as it has received approval from the Minister for Major Projects for insurance products sourced through an open commercial market.

The MMA has determined appropriate levels of insurance, and maintained a current register of all insurance and indemnities.



M Maskiell
CEO

WORKPLACE RELATIONS

The MMA Enterprise Bargaining Agreement 2010—2013 (EBA) governs the workplace arrangements for employees at the MMA.

OCCUPATIONAL HEALTH & SAFETY PERFORMANCE

There was no lost time injuries to MMA employees during the reporting period.

INTERNAL AUDIT PROGRAM

Oakton Services Pty Ltd were contracted to provide internal audit services during 2012—13.

ADMINISTRATION AND MANAGEMENT

STAFFING

	Ongoing Employees				Fixed Term & Casual
	Employees (headcount)	Full-time (headcount)	Part-time (headcount)	FTE	FTE
June 2013	33	33	-	33	2
June 2012	36	36	-	36	-

	June 2013			June 2012		
	Ongoing		Fixed Term & Casual	Ongoing		Fixed Term & Casual
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
Gender:						
Male	18	18	-	18	18	-
Female	18	17	3	18	17	1
Age:						
Under 25	-	-	-	-	-	-
25-34	7	7	-	6	6	-
35-44	6	6	1	8	8	-
45-54	9	9	1	13	13	-
55-64	10	10	-	8	7	1
Over 64	1	1	-	1	1	-
Total				36	35	1

- All figures reflect employment levels during the last full pay period of June of each year.
- 'Ongoing employees' means people engaged on an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
- 'FTE' means full-time staff equivalent.
- Excluded are those persons on leave without pay or absent on secondment, external contractors/consultants, temporary staff employed by employment agencies, and people who are not employees but appointees to a statutory office, as defined in the *Public Administration Act 2004*.
- Employee classifications are as per those main classifications prescribed in the current MMA EBA.

TOTAL EMPLOYEES AND BOARD AT THE REPORTING DATE

	2013	2012
Payroll employees	No.	No.
Staff	36	36
Board members	5	5
Total	41	41
Assumed rate of increase in wage and salary rates	2.5%	3.00%
Discount rate	3.79%	3.06%
Settlement term (years)	10	10
Settlement term (years) pro rata	7	7

ADMINISTRATION AND MANAGEMENT

PROTECTED DISCLOSURE ACT 2012 (FORMERLY WHISTLEBLOWERS PROTECTION ACT 2001)

The *Protected Disclosure Act 2012* encourages and assists people to make disclosures of improper conduct or detrimental action by public officers and public bodies. The Act provides protections to people who make disclosures in accordance with the legislation and establishes a system for the matters disclosed to be investigated and for rectifying action to be taken.

The *Protected Disclosure Act 2012* commenced on 10 February 2013 when the *Whistleblowers Protection Act 2001* was repealed (transitional provisions provide for matters arising under the former legislation to continue to be managed in accordance with that legislation). As the change of legislation occurred during the financial year 2012—13, this report complies with the requirements of both Acts for the relevant time periods.

The MMA does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. The MMA is committed to ensuring transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The MMA will act appropriately to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure.

REPORTING PROCEDURES

The key contact for making disclosures of improper conduct or detrimental action by the MMA or its employees is the Protected Disclosure Coordinator. Disclosures may also be made to:

- the Chief Executive Officer;
- a manager or supervisor of a person who chooses to make a disclosure; or
- a manager or supervisor of a person about whom a disclosure has been made.

The MMA's Protected Disclosure Coordinator is:
Aurora Kostezky
General Counsel
Melbourne Market Authority
542 Footscray Road
West Melbourne Vic 3003
Phone: 9258 6143
Email: aurora.kostezky@melbournemarkets.com.au

Alternatively, disclosures of improper conduct or detrimental action by the MMA or its employees may also be made directly to the Independent Broad-based Anti-corruption Commission (IBAC).

The Independent Broad-based Anti-corruption Commission (IBAC) Victoria
Level 1, North Tower, 459 Collins Street
Melbourne, VIC 3001
Phone: 1300 735 135
Mail: IBAC, GPO Box 24234, Melbourne, VIC 3000
Internet: www.ibac.vic.gov.au
Email: See the website above for the secure email disclosure process, which also provides for anonymous disclosures.

FURTHER INFORMATION

The Protected Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by the MMA or its employees, are available on the MMA's website.

ADMINISTRATION AND MANAGEMENT

DISCLOSURES

Disclosures under the *Protected Disclosure Act 2012* (those made from 10 February 2013).

The number of assessable disclosures made to the MMA and notified to IBAC from 10 February — 30 June 2013:	2013	2012
Assessable disclosures	-	n/a

Disclosures under the *Whistleblowers Protection Act 2001* (those made up to 9 February 2013). The archived procedures established under the *Whistleblowers Protection Act 2001* are available upon request.

The number and types of disclosures made to public bodies from 1 July 2012 — 9 February 2013:	2013	2012
Assessable disclosures	-	-
Public interest disclosures	-	-
Protected disclosures	-	-
The number of disclosures referred during the year by the public body to the Ombudsman for determination as to whether they are public interest disclosures	-	-
The number and types of disclosed matters referred to the public body by the Ombudsman for investigation	-	-
The number and types of disclosures referred by the public body to the Ombudsman for investigation	-	-
The number and types of investigations taken over from the public body by the Ombudsman	-	-
The number of requests made by a whistleblower to the Ombudsman to take over an investigation by the public body	-	-
The number and types of disclosed matters that the public body has declined to investigate	-	-
The number and types of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation	-	-
Any recommendations made by the Ombudsman that relate to the public body: Recommendation regarding file security and management	n/a	n/a

PRIVACY POLICY

The MMA is bound by the National Privacy Principles, which are contained within the *Information Privacy Act 2000*. The MMA respects and values customers' privacy and takes all reasonable steps to ensure that any personal information collected is kept securely to prevent misuse, loss, unauthorised access or change. The MMA has developed a privacy policy statement and has advised all customers of this policy in writing, posted on the website and makes it available to all new customers at the time of registration. There were no complaints or breaches in regard to privacy issues during the year.

ADMINISTRATION AND MANAGEMENT

CHAIRMAN'S, ACCOUNTABLE OFFICER'S & CHIEF FINANCIAL OFFICER'S DECLARATION

The attached financial statements for the MMA have been prepared in accordance with Standing Directions 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2013 and financial position of the MMA at 30 June 2013.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 30 August 2013.

N J Lowe Chairman	M Maskiell CEO	D J Coulson CFO

FINANCE REPORT

FIVE YEAR FINANCIAL SUMMARY

	2013	2012	2011	2010	2009
	$000	$000	$000	$000	$000
Income from government	-	38	15	-	-
Total income from transactions	24,720	24,349	23,005	21,470	20,615
Total expenses from transactions	16,894	16,322	14,647	15,882	14,882
Net result from transactions	7,826	8,027	8,373	5,588	5,733
Net result for the period	7,828	7,937	8,337	5,563	5,642
Net cash flow from operating activities	11,782	13,015	11,682	10,269	11,642
Total assets	114,273	157,691	149,346	130,703	124,931
Total liabilities	4,041	4,287	3,880	3,732	3,523

FINANCIAL PERFORMANCE

Income

There were some notable changes in revenue for the year compared with last year, with the key changes highlighted below:

Total Revenue $24,720,472
+ $371,448 (+1.5%)

The following items contributed to the movement in revenue:-

Rental Income $21,986,804
+ $906,348 (+4.3%)

This increase has resulted from the annual increase to property rentals, wholesaler stores and warehousing, trading stands and parking spaces which were consistent with budget.

Interest Revenue $2,354,360
- $495,656 (-17.4%)

This decrease has resulted from decreasing investment interest rates which were not consistent with budget.

Expenditure

There were some significant changes in expenses compared with last year, with the key changes highlighted below:

Total Expenses $16,894,726
+ $572,440 (+3.5%)

Supplies and Services $8,877,586
+ $615,048 (+7.4%)

This increase has resulted from the increase to relocation related expenditure, which was still less than budget.

FINANCE REPORT

Consulting Fees

Details of consultancies over $10,000:

Consultant	Purpose	Start Date	End Date	Total Approved (excl. GST)	Expenditure 2012/2013 (excl. GST)	Estimated Future Expenditure (excl. GST)
Aitken Partners	Legal advisory services	Jul '12	Jun '13	ongoing	$48,040	ongoing
Horton International	Recruitment services	Jan '13	Apr '13	$46,891	$46,891	-
Kingfisher Recruitment	Recruitment services	May '13	Sep '13	$30,000	$14,500	$15,500
Landell Consulting	Probity services	Aug '12	Sep '13	$100,000	$49,738	$40,262
Numbat Consulting	Communications advice	Jul '12	Jun '13	$20,000	$12,326	$7,674
Oakton Services	Internal audit services	Jul '12	Jun '13	$60,000	$58,820	$60,000
Page Consulting	Strategic advice and support services	Jul '12	Jul '12	$20,000	$20,000	-
Red Crayon	Corporate branding advice	Jul '12	Jun '13	$32,000	$32,090	-
Sinclair Knight Mertz	Legal advisory services	Jul '12	Jun '13	ongoing	$26,800	ongoing
Talent Partners	Recruitment services	Jul '12	Aug '12	$24,400	$24,000	-

Details of consultancies under $10,000:

There were 9 consultancies of *less than* $10,000 each which totalled $53,523.

FINANCIAL POSITION

Assets

There were some significant changes in assets compared with last year, with the key changes highlighted below:

Investments $20,000,000

- $40,000,000 (-66.7%)

This decrease has resulted from the dividend paid to DSDBI, and is consistent with budget.

Property, Plant and Equipment $85,233,299

-$3,561,667 (-4.0%)

This decrease has resulted from the depreciation charge of buildings ($3,620,792) which includes an accelerated depreciation charge ($1,700,000) and is consistent with budget. Depreciation is calculated to ensure that at the date of relocation the market assets (excluding land and motor vehicles) are depreciated to zero.

CASH FLOWS

Proceeds from sale of investments $40,000,000

+ $40,000,000 (+100%)

This increase has resulted from the redemption of investments to fund the dividend payment to government.

Payment of dividend $51,000,000

+ $51,000,000 (+100%)

This increase has resulted from the redemption of investments to fund the dividend payment to government.

FINANCE REPORT

BUDGET PERFORMANCE

The MMA achieved a less than 1% under budget revenue result, and a 5% under budget expenditure result. This equated to a 12% better than budget overall result.

CORPORATE PERFORMANCE

The MMA uses a set of Key Performance Indicators (KPI's) as a means of measuring corporate performance across a range of financial and non-financial performance areas including:

- performance against operating revenue and expenditure budgets
- property utilisation rates
- employee accrued annual leave and turnover
- loss time injuries and serious incidents
- environmental performance improvements

Performance against each of these areas is measured and an aggregate index of corporate performance derived.

For the full year 2012/13, the MMA's KPI performance index was 99%, which means that in the aggregate MMA was under financial and non-financial performance targets by 1%.

DISCLOSURE REQUIREMENTS

The information relating to issues set out in FRD22B of the Directions of the Minister for Finance is available on request.

Members of the Board of the MMA and senior management are required to declare any pecuniary interests that may be relevant to their duties and responsibilities.

The MMA had, where applicable, complied with the *Building Act 1993.*

The MMA complies with the *Freedom of Information Act 1992* and has appointed a Freedom of Information Officer – Aurora Kostezky. No Freedom of Information requests were received during the year.

The MMA applies the principle of promotion on the basis of merit and equity in the treatment of all staff.

Matters relating to the government Competitive Neutrality Policy Victoria statement are being addressed systematically.

The MMA will provide other information as required on request.

MMA investments are held by Treasury Corporation of Victoria.

There were no tenders processed during the year subject to the Victorian Industry Participation Policy Act 2003.

ACKNOWLEDGEMENTS

The MMA gratefully acknowledges the support of the Department of State Development, Business and Innovation (DSDBI) and other Government Agencies.

Advisory and Consultative Committees established by the MMA have continued to provide valuable support and useful advice.

The MMA would also like to record its thanks for the dedicated support it has received from its employees to achieve its objectives and better serve the people of Victoria.

Finally, the MMA thanks the market community and horticultural industry for the support and assistance which it has received over the past 12 months.

Yours sincerely,

Members of the MMA

N J Lowe, Chairman | N Kirkwood, Member | S J McArthur, Member | G Marven, Member | A McLellan, Member

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Melbourne Market Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2013 of the Melbourne Market Authority which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the chairman's, accountable officer's & chief financial officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of the Melbourne Market Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor’s Report (continued)

Independence
The Auditor-General’s independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion
In my opinion, the financial report presents fairly, in all material respects, the financial position of the Melbourne Market Authority as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994.*

Matters Relating to the Electronic Publication of the Audited Financial Report
This auditor’s report relates to the financial report of the Melbourne Market Authority for the year ended 30 June 2013 included both in the Melbourne Market Authority’s annual report and on the website. The Board Members of the Melbourne Market Authority are responsible for the integrity of the Melbourne Market Authority’s website. I have not been engaged to report on the integrity of the Melbourne Market Authority’s website. The auditor’s report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
3 September 2013

for John Doyle
Auditor-General

MELBOURNE MARKET AUTHORITY

Comprehensive Operating Statement for the financial year ended 30 June 2013

	Notes	2013 $	2012 $
CONTINUING OPERATIONS			
INCOME FROM TRANSACTIONS			
Rental income	1(Ei), 2(a)	21,986,804	21,080,456
Interest revenue	1(Eii), 2(b)	2,354,360	2,850,016
Grants	1(Eiii), 2(c)	-	41,277
Other income	1(Eiv), 2(d)	379,308	377,276
Total income from transactions		24,720,472	24,349,025
EXPENSES FROM TRANSACTIONS			
Employee expenses	1(Fi), 3(a)	(4,012,256)	(4,225,460)
Depreciation and amortisation	1(Fiii), 3(b)	(3,998,885)	(3,833,288)
Supplies and services	1(Fiv), 3(c)	(8,877,585)	(8,262,538)
Other operating expenses	1(Fvi), 3(e)	(6,000)	(1,000)
Total expenses from transactions		(16,894,726)	(16,322,286)
Net result from transactions (net operating balance)		7,825,746	8,026,739
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	1(Gi), 4(a)	(12,371)	9,467
Other gains/(losses) from other economic flows	1(Gii), 4(b)	14,989	(98,899)
Total other economic flows included in net result		2,618	(89,432)
Net result from continuing operations		7,828,364	7,937,307
Net result from discontinued operations		-	-
Net result		7,828,364	7,937,307
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus		-	-
Share of net movement in revaluation surplus of associates and joint ventures		-	-
Items that may be reclassified subsequently to net result		-	-
Changes to financial assets available-for-sale revaluation surplus		-	-
Total other economic flows – other comprehensive income		-	-
Comprehensive result		7,828,364	7,937,307

The above Comprehensive Operating Statement should be read in conjunction with accompanying notes

MELBOURNE MARKET AUTHORITY

Balance Sheet as at 30 June 2013

	Notes	2013 $	2012 $
ASSETS			
FINANCIAL ASSETS			
Cash and deposits	1(Ii), 12(a), 22(ai)	8,535,912	8,260,737
Receivables	1(Iii), 8, 12(ai)	228,989	265,726
Investments and other financial assets	1(Iiii), 10, 12(ai)	20,000,000	60,000,000
Total Financial Assets		28,764,901	68,526,463
NON-FINANCIAL ASSETS			
Property, plant and equipment	1(Ji), 6	85,233,299	88,794,966
Intangible assets	1(Jiv), 7	244,822	187,589
Prepayments	1(Jv)	29,986	182,248
Total Non-Financial Assets		85,508,107	89,164,803
Total Assets		114,273,008	157,691,266
LIABILITIES			
Payables	1(Ki), 9	3,164,152	3,413,855
Provisions	1(Kii), 5	876,729	873,648
Total Liabilities		4,040,881	4,287,503
Net Assets		110,232,127	153,403,763
EQUITY			
Accumulated surplus/(deficit)		56,129,120	64,300,756
Physical asset revaluation surplus	11	50,937,800	50,937,800
Contributed capital*		3,165,207	38,165,207
Net Worth		110,232,127	153,403,763
Commitments for expenditure	16		
Contingent assets and contingent liabilities	17		

**Note: 'Contributed Capital' has reduced by $35M as part of the component of total $51M dividend paid to DSDBI on 28 June 2013.*

The Treasurer of the State of Victoria advised the components of the dividend in his Dividend Determination of 27 June 2013.

The above Balance Sheet should be read in conjunction with accompanying notes

MELBOURNE MARKET AUTHORITY

Statement of Changes in Equity for the financial year ended 30 June 2013

	Notes	Physical asset revaluation surplus	Accumulated surplus	Contributions by owner	Total
		$	$	$	$
Balance at 30 June 2011		50,937,800	56,363,449	38,165,207	145,466,456
Net result for the year		-	7,937,307	-	7,937,307
Other comprehensive income for the year		-	-	-	-
Transfer to accumulated surplus		-	-	-	-
Capital appropriations		-	-	-	-
Balance at 30 June 2012	11	50,937,800	64,300,756	38,165,207	153,403,763
Net result for the year		-	7,828,364	-	7,828,364
Other comprehensive income for the year		-	-	-	-
Dividend paid*		-	(16,000,000)	-	(16,000,000)
Return of equity*		-	-	(35,000,000)	(35,000,000)
Capital appropriations		-	-	-	-
Balance at 30 June 2013	11	50,937,800	56,129,120	3,165,207	110,232,127

**Note: The Treasurer of the State of Victoria advised the components of the total $51M dividend paid to Department of State Development, Business and Innovation in his Dividend Determination of 27 June 2013.*

The above Statement of Changes in Equity should be read in conjunction with accompanying notes

	Notes	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Receipts from government		-	41,277
Receipts from customers		24,506,343	23,503,700
Interest received		2,366,943	3,749,608
Total receipts		26,873,286	27,294,585
PAYMENTS			
Payments to suppliers and employees		(13,697,395)	(12,936,489)
Goods & Services Tax paid to the ATO		(1,393,895)	(1,342,363)
Total payments		(15,091,290)	(14,278,852)
Net cash flows from/(used in) operating activities	22(b)	11,781,996	13,015,733
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		-	(10,000,000)
Payments for non-financial assets		(598,701)	(511,048)
Proceeds from sale of investments		40,000,000	-
Proceeds from sale of non-financial assets		91,880	74,940
Net cash flows from/(used in) investing activities		39,493,179	(10,436,108)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend*		(51,000,000)	-
Net cash flows from/(used in) fnancing activities		(51,000,000)	-
Net increase/(decrease) in cash equivalents		275,175	2,579,625
Cash and cash equivalents at beginning of the year		8,260,737	5,681,112
Cash and cash equivalents at end of the year	22(a)	8,535,912	8,260,737

**Note: The Treasurer of the State of Victoria advised the components of the total dividend of $51M in his Dividend Determination of 27 June 2013.*

The above Cash Flow Statement should be read in conjunction with accompanying notes

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for the MMA for the period ending 30 June 2013. The purpose of the report is to provide users with information about the MMA's stewardship of resources entrusted to it.

(A) STATEMENT OF COMPLIANCE

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in the report, a glossary of terms and style conventions can be found in Note 23.

These annual financial statements were authorised for issue by the Chairman, Accountable Officer and Chief Financial Officer on 30 August 2013.

(B) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 1(Ji);
- superannuation expense (refer to Note 1(Fii); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(Kiii) (b).

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

(C) REPORTING ENTITY

The financial statements cover the MMA as an individual reporting entity.

The MMA is a state government authority, established pursuant to the *Melbourne Market Authority Act (1977)*. Its principal address is Melbourne Market Authority, 542 Footscray Road, West Melbourne VIC 3003.

The financial statements include all the controlled activities of the MMA.

A description of the nature of the MMA's operations and its principal activities is included in the report of operations on page 9, which does not form part of these financial statements.

Objectives and funding

A description of the objectives, functions and values of the MMA is included in the report of operations on page 7, which does not form part of these financial statements.

The MMA is a self-funded operation, which provides wholesale market facilities which are charged on a fee for usage basis. The fees charged for these services are determined by prevailing market forces.

(D) SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

(i) Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of financial statements*.

"Transactions' and 'other economic flows' are defined by the *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005* and *Amendments to Australian System of Government Finance Statistics, 2005* (ABS Catalogue No. 5514.0) (the GFS manual, refer to Note 23).

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows in an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal. The net result is equivalent to profit or loss derived in accordance with AASs.

(ii) Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into, financial assets and non-financial assets.

Current and non current assets and liabilities (non current being those assets or liabilities expected to be recovered or settled more than 12 months after the reporting period) are disclosed in the notes, where relevant.

(iii) Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

(iv) Statement of changes in equity

The statement of changes in equity presents reconciliations of non owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts recognised in 'Other economic flows – other movements in equity' related to 'Transactions with owner in its capacity as owner'.

(E) INCOME FROM TRANSACTIONS

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured.

(i) Rental income

Rental income from the leasing of investment properties is recognised on a straight-line basis over the lease term.

(ii) Interest revenue

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments. Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported as part of income from other economic flows in the net result or as unrealised gains and losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

(iii) Grants

Income from grants (other than contribution by owners) is recognised when the MMA obtains control over the contribution.

(iv) Other income

Other income includes marketing income and infringements.

(F) EXPENSES FROM TRANSACTIONS

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

(i) Employee expenses

Refer to the section in Note 1(Kiii) regarding employee benefits.

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

(ii) Superannuation

The amount recognised in the comprehensive operating statement is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. This includes amounts identified as an unfunded liability in the defined benefit fund of which past/present MMA employees have been/are members (refer to Note 18)

The Department of Treasury and Finance (DTF) in their Annual Financial Statements, disclose on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

(iii) Depreciation

All infrastructure assets, buildings, plant and equipment and other non financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Refer to Note 1(Jii) for the depreciation policy for leasehold improvements.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

This useful life of buildings continues to reflect the expected cessation of market operations at the West Melbourne site in mid to late 2014.

The following estimated useful lives are used in the calculation of depreciation:

Asset Class	Useful Life
Buildings	1 year
Computer Equipment	3 years
Motor Vehicles	6 years
Market Equipment	6 years
Office Furniture	6 years

Intangible produced assets with finite useful lives are amortised as an expense from transactions on a systematic (typically straight line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

On the other hand, the consumption of intangible non produced assets with finite useful lives is not classified as a transaction, but as amortisation. Consequently, the amortisation is included as another economic flow in the net result.

Intangible assets with indefinite useful lives are not depreciated or amortised, but are tested annually for impairment.

(iv) Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred and generally represent the day to day running costs incurred in normal operations.

(v) Grants and other transfers (including transfers to consolidated funds)

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals; other transfer payments made to State owned agencies, local government, non-government schools, and community groups. Refer to Glossary of terms and style conventions in Note 23 for an explanation of grants and other transfers.

Dividends paid or payable components are identified in a Dividend Determination by the Treasurer of the State of Victoria, based on Department of Treasury and Finance accounting policy, as either a return of contributed capital or accumulated surplus.

(vi) Other operating expenses

Other operating expenses include donations made.

(G) OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

(i) Net gain/(loss) on non-financial assets

Net gain/(loss) on non financial assets and liabilities includes realised and unrealised gains and losses as follows:

Revaluation gains/(losses) of non-current physical assets

Refer to Note 1(Jiii) Revaluations of non-financial physical assets.

Disposal of non financial assets

Any gain or loss on the disposal of non financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

Amortisation of non produced intangible assets

Intangible non produced assets with finite lives are amortised as an other economic flow on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

(ii) Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

(H) FINANCIAL INSTRUMENTS

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the MMA's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of the MMA are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non derivative financial instruments

(i) Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(Iii), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

(ii) Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method (refer to Note 23).

Financial instrument liabilities measured at amortised cost include all of MMAs contractual payables, deposits held and advances received, and interest bearing arrangements other than those designated at fair value through profit or loss.

(I) FINANCIAL ASSETS

(i) Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(ii) Receivables

Receivables consist of:

- contractual receivables, such as debtors in relation to goods and services, loans to third parties and accrued investment income; and
- statutory receivables, such as amounts owing from the Victorian Government and GST input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(Hi) Financial Instruments for recognition and measurement). Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

For the measurement principle of receivables, refer to Note 1(Hi)

(iii) Investments and other financial assets

Investments are classified in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables
- held-to-maturity; and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the consolidated comprehensive operating statement as a transaction.

(iv) Impairment of financial assets

At the end of each reporting period, the MMA assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

(J) NON-FINANCIAL ASSETS

(i) Property, plant and equipment

All non-financial physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transfered as part of a machinery of government change are transferred at their carrying amount.

The fair value of infrastructure systems and plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost, or where the infrastructure is held by a for profit entity, the fair value may be derived from estimates of the present value of future cash flows.

For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

(ii) Leasehold improvements

The cost of a leasehold improvements is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

(iii) Revaluations of non current physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'Other economic flows – other movements in equity', and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised in 'Other economic flows – other movements in equity' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'Other economic flows – other movements in equity' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes. Any asset revaluation surplus is not normally transferred to accumulated funds on derecognition of the relevant asset.

(iv) Intangible assets

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the MMA.

When the recognition criteria in AASB 138 Intangible Assets are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

Refer to Note 1(Fii) Depreciation, Note 1(Gi) Amortisation of non produced intangible assets.

(v) Other non-financial assets

Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

(K) LIABILITIES

(i) Payables

Payables consist of:

- contractual payables, such as accounts payable, and unearned income including deferred income from concession notes. Accounts payable represent liabilities for goods and services provided to the MMA prior to the end of the financial year that are unpaid, and arise when the MMA becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

(ii) Provisions

Provisions are recognised when the MMA has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(iii) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(a) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits annual leave and accumulating sick leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within 12 months of the reporting period, are measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(b) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the MMA does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:
- nominal value – component that the MMA expects to settle within 12 months; and
- present value – component that the MMA does not expect to settle within 12 months.

Conditional LSL is disclosed as a non current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.This non current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow (refer to Note 1(G).

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The MMA recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(d) Employee benefits on-costs

Employee benefits on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

(iv) Operating leases

The MMA as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The MMA as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

(L) EQUITY

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabiliites arising from administrative restructurings are treated as distributions to owners.

Reductions to net assets which have been designated as contributions to owners, such as dividends paid or payable, are recognised as returns of contributed capital.

Other transfers that are in the nature of contribution returns or distributions have also been designated as returns of contributions to owners.

Dividends paid or payable components are recognised in a Dividend Determination by the Treasurer of the State of Victoria, based on Department of Treasury and Finance accounting policy, as either:

1. an expense in the reporting period, such as transfers to Consolidated Funds, using recent profits (as opposed to accumulated profits) of, say, three years as a basis, and
2. the balance made up as a return of contributed capital.

(M) COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 16) at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(N) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 17) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(O) ACCOUNTING FOR THE GOODS AND SERVICES TAX (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST (refer to Note 1(M) and Note 1(N).

(P) EVENTS AFTER THE REPORTING PERIOD

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the MMA and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent years.

(Q) AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new AAS have been published that are not mandatory for the 30 June 2013 reporting period. DTF assesses the impact of all these new standards and advises the MMA of their applicability and early adoption where applicable.

As at 30 June 2013, the following AAS have been issued by the AASB but not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as follows:

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on MMA financial statements
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace *IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).*	1 Jan 2015	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on MMA financial statements
AASB 13 Fair Value Measurement	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other Australian accounting standards. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively detailed compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures required assets measured using depreciated replacement cost.
AASB 119 Employee Benefits	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions a few Victorian public sector entities that report superannuation defined benefit plans.
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities, and has not decided if RDRs will be implemented in the Victorian public sector.

NOTE 2 INCOME FROM TRANSACTIONS

	2013	2012
(a) RENTAL INCOME	$	$
Rents received for:		
- Fruit and vegetable trading stands	4,802,103	4,636,226
- Wholesale stores and warehouses	10,161,745	9,655,127
- National Flower Centre trading stands	1,490,546	1,444,371
- Other commercial rents	2,186,435	2,100,183
- Parking	3,345,975	3,244,549
Total rental income	21,986,804	21,080,456
(b) INTEREST REVENUE		
Interest on bank deposits	2,354,360	2,850,016
Total interest revenue	2,354,360	2,850,016
(c) GRANTS		
General purpose	-	41,277
Total grants	-	41,277
(d) OTHER INCOME		
Marketing revenues	172,027	146,713
Other	207,281	230,563
Total other income	379,308	377,276

NOTE 3 EXPENSES FROM TRANSACTIONS

	2013	2012
(a) EMPLOYEE EXPENSES	$	$
Post employment benefits:		
Defined contribution superannuation expense	255,766	262,362
Defined benefit superannuation expense*	24,997	520,789
Salaries, wages and long service leave	3,731,493	3,442,309
Total employee expenses	4,012,256	4,225,460
(b) DEPRECIATION AND AMORTISATION		
Buildings	3,620,792	3,522,036
Plant, equipment & vehicles	211,917	204,512
Intangible produced assets	166,176	106,740
Total depreciation and amortisation	3,998,885	3,833,288
(c) SUPPLIES AND SERVICES		
- Market operations	3,725,842	3,626,916
- Repairs and maintenance	938,557	847,162
- Fuels, rates and taxes	1,025,661	989,921
- Marketing and media	639,438	606,167
- Audit and insurance	739,958	689,278
- Professional services	988,818	783,697
- Other	819,311	719,396
Total supplies and services	8,877,585	8,262,538
(d) OTHER OPERATING EXPENSES		
Fair value assets and services provided for nominal consideration - Market operations	6,000	1,000
Total fair value assets and services provided for nominal consideration	6,000	1,000

** Note 2012: Includes MMA contribution to shortfall in the Vision Super 'Local Authorities Superannuation (defined benefit) Fund' of $497,463 including contributions tax. Refer also Note 18.*

NOTE 4 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

	2012	2011
(a) NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS		$
Net gain/(loss) on disposal of property, plant and equipment	(12,371)	9,467
Total net gain/(loss) on non-financial assets	(12,371)	9,467
(b) OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS		
Net gain/(loss) arising from revaluation of leave liability*	14,989	(98,899)
Total net gain/(loss) from other economic flows	14,989	(98,899)

** Note: Revaluation gain/(loss) is due to changes in bond rates.*

NOTE 5 PROVISIONS

	2013	2012
CURRENT	$	$
Employee benefits - annual leave		
Unconditional and expected to settle within 12 months	216,556	201,220
Unconditional and expected to settle after 12 months	-	-
Employee benefits - long service leave		
Unconditional and expected to settle within 12 months	-	-
Unconditional and expected to settle after 12 months	452,808	464,284
	669,364	665,504
Provisions relating to employee benefit on-costs		
Unconditional and expected to settle within 12 months	31,509	28,774
Unconditional and expected to settle after 12 months	65,884	66,393
	97,392	95,167
Total current provisions	766,756	760,671
NON-CURRENT		
Employee benefits - long service leave		
Entitlement representing <7 years of continuous service measured at present value	96,004	98,843
Provisions relating to employee benefit on-costs	13,969	14,134
Total non-current provisions	109,973	112,977
Total provisions	876,729	873,648
MOVEMENT IN PROVISIONS		
Opening balance	873,648	749,603
Additional provisions recognised	305,921	447,892
Reductions arising from payments/other sacrifices of future economic benefits	(302,840)	(323,847)
Closing balance	876,729	873,648

** Note: Provisions for employees benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.*

*** Note: The amounts disclosed are nominal amounts.*

**** Note: The amounts disclosed are discounted to present values.*

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION

	Gross Carrying Amount		Accumulated Depreciation		Net Carrying Amount	
	2013	2012	2013	2012	2013	2012
	$	$	$	$.	$	$
Land						
at Independent valuation 30/6/11	81,000,000	81,000,000	-	-	81,000,000	81,000,000
Buildings						
at Independent valuation 30/6/11	10,801,000	10,801,000	7,139,801	3,521,376	3,661,199	7,279,624
at Cost	7,070	7,070	3,028	660	4,042	6,410
Plant, equipment and vehicles						
- Market equipment	945,335	934,234	808,200	748,323	137,135	185,911
- Motor vehicles	438,618	412,658	182,989	184,517	255,629	228,141
- Computer equipment	1,023,361	851,349	855,012	763,158	168,349	88,191
- Office, plant and equipment	295,526	296,873	288,581	290,184	6,945	6,689
Plant, equipment & vehicles at fair value	2,702,840	2,495,114	2,134,782	1,986,182	568,058	508,932
Total amount	94,510,910	94,303,184	9,277,611	5,508,218	85,233,299	88,794,966

NOTE 6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

FREEHOLD LAND AND BUILDINGS CARRIED AT FAIR VALUE

An independent valuation of MMA's land and buildings was performed by the VGV at 30 June 2011 to determine the fair value. The valuation, which conforms to AAS, was determined by reference to the amounts for which assets could be exchanged between knowledgeable and willing parties in an arm's length transaction. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings of comparable size and location to MMA.

MOVEMENTS IN CARRYING AMOUNTS

	Freehold land	Buildings	Market Equip.	Motor Vehicles	Computer Equip.	Office Plant & Equip.	Total
	$000	$000	$000	$000	$000	$000	$000
YEAR 2013:							
Carrying amount at start of year	81,000	7,286	186	228	88	7	88,795
Additions			11	186	174	4	375
Disposals				(104)			(104)
Depreciation expense		(3,621)	(60)	(54)	(94)	(4)	(3,833)
Carrying amount at end of year	81,000	3,665	137	256	168	7	85,233
YEAR 2012:							
Carrying amount at start of year	81,000	10,801	202	171	65	10	92,249
Additions	-	7	47	168	115	-	337
Disposals	-	-	-	(65)	-	-	(65)
Depreciation expense	-	(3,522)	(63)	(46)	(92)	(3)	(3,726)
Carrying amount at end of year	81,000	7,286	186	228	88	7	88,795

NOTE 7 INTANGIBLE ASSETS

	2013	2012
SOFTWARE	$	$
Gross carrying amount		
Opening balance	1,420,174	1,247,287
Additions	223,408	172,887
Closing balance	1,643,582	1,420,174
Accumulated amortisation		
Opening balance	(1,232,584)	(1,125,845)
Amortisation expense*	(166,176)	(106,740)
Closing balance	(1,398,760)	(1,232,585)
Net book value as at 30 June 2013	244,822	187,589

* *Note: The consumption of intangible produced assets is included in 'depreciation' line item, where the consumption of intangible non-produced assets is included in 'net gain/(loss) on non-financial assets' line item in the comprehensive operating statement.*

At 30 June 2013 MMA had contractual commitments with the following software suppliers:

Supplier - Software	Total Contract	Realised at 30 June 2013
Tectura Australia P/L - Navision Dynamics	42,662	18,251
FiveP - Microsoft Sharepoint	115,000	5,362

NOTE 8 RECEIVABLES

	2013	2012
CURRENT RECEIVABLES	$	$
Contractual		
Rental income	121,506	136,552
Accrued investment income - TCV	107,483	120,066
Total receivables	228,989	256,618
Statutory		
Taxes receivable	-	9,108
Total receivables	228,989	265,726

Ageing analysis of contractual receivables
Please refer to Note 12(bii) for the maturity analysis of contractual receivables.

Nature and extent of of risk arising from contractual receivables
Please refer to Note 12(b) for the nature and extent of risks arising from contractual receivables.

NOTE 9 PAYABLES

	2013	2012
CURRENT PAYABLES	$	$
Contractual		
Supplies and services	1,064,049	1,408,112
Rentals in advance	1,238,530	1,383,392
	2,302,579	2,791,504
Statutory		
Taxes payable	340,186	178,225
Total current payables*	2,642,765	2,969,729
NON-CURRENT PAYABLES		
Contractual		
Tenant bonds and retention monies	521,387	444,126
Total non-current payables	521,387	444,126
Total Payables	3,164,152	3,413,855

* *Note: 2013 - Includes Land Tax payable to State Revenue Office $208,576.*

Maturity analysis of contractual payables
Please refer to Note 12(c) for the maturity analysis of contractual payables.

Nature and extent of of risk arising from contractual payables
Please refer to Note 12 for the nature and extent of risks arising from contractual payables.

NOTE 10 INVESTMENTS AND OTHER FINANCIAL ASSETS

	2013	2012
CURRENT INVESTMENTS AND OTHER FINANCIAL ASSETS	$	$
Current investments and other financial assets		
Term deposits:		
Australian dollar term deposits >3 months	20,000,000	60,000,000
Total investments	20,000,000	60,000,000

NOTE 11 RESERVES

	2013	2012
PHYSICAL ASSET REVALUATION SURPLUS	$	$
Balance at beginning of financial year	50,937,800	50,937,800
Balance at end of financial year	50,937,800	50,937,800
Net changes in reserves	-	-

NOTE 12 FINANCIAL INSTRUMENTS

(a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The MMA's principal financial instruments comprise of:

- cash assets;
- term deposits;
- receivables (excluding statutory receivables); and
- payables (excluding statutory payables).

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the MMA's financial risks within Government policy parameters.

The MMA's main financial risks include credit risk, liquidity risk, interest rate risk and equity price risk. The MMA manages these financial risks in accordance with its financial risk management policy.

The MMA uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Finance, Audit and Risk Management Committee of the MMA.

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

(ai) Categorisation of financial instruments

	Contractual financial assets - loans and receivables	Contractual financial liabilities at amortised cost	Total
YEAR 2013:	$	$	$
Contractual financial assets			
Cash and deposits	8,535,912	-	8,535,912
Receivables*			
- Rental income	121,506	-	121,506
- Accrued investment income	107,483	-	107,483
Investments & other contractual financial assets			
- Term deposits	20,000,000	-	20,000,000
Total contractual financial assets	28,764,901	-	28,764,901
Contractual financial liabilities			
Payables*			
- Supplies and services	-	1,064,049	1,064,049
- Other payables	-	1,759,917	1,759,917
Total contractual financial liabilities	-	2,823,966	2,823,966
YEAR 2012:	$	$	$
Contractual financial assets			
Cash and deposits	8,260,737	-	8,260,737
Receivables*			
- Rental income	136,552	-	136,552
- Accrued investment income	120,066	-	120,066
Investments & other contractual financial assets			
- Term deposits	60,000,000	-	60,000,000
Total contractual financial assets	68,517,355	-	68,517,355
Contractual financial liabilities			
Payables*			
- Supplies and services	-	1,408,112	1,408,112
- Other payables	-	1,827,517	1,827,517
Total contractual financial liabilities	-	3,235,629	3,235,629

** Note: The total amounts disclosed here exclude statutory amounts (ie. amounts owing from Victorian Government, GST input tax credit recoverable and taxes payable).*

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

(aii) Net holding gain/(loss) on financial instruments by category

	Net holding gain/(loss)	Total interest income/ (expense)	Fee income/ (expense)	Impairment loss	Total
YEAR 2013:	$	$	$	$	$
Contractual financial assets					
Financial assets - cash and deposits	-	2,354,360	-	-	2,354,360
Total contractual financial assets	-	2,354,360	-	-	2,354,360
Contractual financial liabilities	-	-	-	-	-
Total contractual financial liabilities	-	-	-	-	-
YEAR 2012:	$	$	$	$	$
Contractual financial assets					
Financial assets - cash and deposits	-	2,850,016	-	-	2,850,016
Total contractual financial assets	-	2,850,016	-	-	2,850,016
Contractual financial liabilities	-	-	-	-	-
Total contractual financial liabilities	-	-	-	-	-

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

(bi) CREDIT RISK

Credit risk arises from the contractual financial assets of the MMA, which comprise cash and deposits and non-statutory receivables. The MMA's exposure to credit risk is deemed insignificant. The MMA's debtors meet their contractual obligations as they fall due. Credit risk is measured at fair value and is monitored on a regular basis.

CREDIT QUALITY OF CONTRACTUAL FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

	Financial institutions (triple-A credit rating)	Government agencies (triple-A credit rating)	Government agencies (triple-B credit rating)	Other (minimum triple-B credit rating)	Total
YEAR 2013:	$	$			$
Cash and deposits	8,535,912	-	-	-	8,535,912
Receivables*					
- Accrued investment income	107,483	-	-	-	107,483
- Rental income	-	-	-	121,506	121,506
Investments & other contractual financial assets					
- Term deposits	20,000,000	-	-	-	20,000,000
Total	28,643,395	-	-	121,506	28,764,901
YEAR 2012:					
Cash and deposits	8,260,737	-	-	-	8,260,737
Receivables*					
- Accrued investment income	120,066	-	-	-	120,066
- Rental income	-	-	-	136,552	136,552
Investments & other contractual financial assets					
- Term deposits	60,000,000	-	-	-	60,000,000
Total	68,380,803	-	-	136,552	68,517,355

* *Note: The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).*

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

(bii) CREDIT RISK

AGEING ANALYSIS OF CONTRACTUAL FINANCIAL ASSETS

	Carrying Amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			< 1 mth	1-3 mths	3 mths -1 year	1-5 years	
YEAR 2013:	$	$	$	$	$	$	$
Cash and deposits	8,535,912	8,535,912	-	-	-	-	-
Receivables*							
- Accrued investment income	107,483	107,483	-	-	-	-	-
- Rental income	121,506	17,999	94,531	8,976	-	-	-
Investments & other contractual financial assets							
- Term deposits	20,000,000	20,000,000	-	-	-	-	-
Total	28,764,901	28,661,394	94,531	8,976	-	-	-
YEAR 2012:							
Cash and deposits	8,260,737	8,260,737	-	-	-	-	-
Receivables*							
- Accrued investment income	120,066	120,066	-	-	-	-	-
- Rental income	136,552	15,033	104,350	17,169	-	-	-
Investments & other contractual financial assets							
- Term deposits	60,000,000	60,000,000	-	-	-	-	-
Total	68,517,355	68,395,836	104,350	17,169	-	-	-

* *Note: The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).*

(c) LIQUIDITY RISK

The MMA's exposure to liquidity risk is deemed insignificant. The organisation is able to meet its financial obligations as they fall due. The following table discloses the contractual maturity analysis for the MMA's financial liabilities.

MATURITY ANALYSIS OF CONTRACTUAL FINANCIAL LIABILITIES

Presented using the contractual undiscounted cashflows

	Carrying Amount	Nominal amount	Maturity dates				
			< 1 mth	1-3 mths	3mths -1 year	1-5 years	5+ years
YEAR 2013:	$	$	$	$	$	$	$
Payables*							
Supplies and services	1,064,049	1,001,637	1,001,637	-	-	-	-
Other payables	1,759,917	1,759,917	1,238,530	-	-	521,387	-
Total	2,823,966	2,823,966	2,215,748	-	-	521,387	-
YEAR 2012:							
Payables*							
Supplies and services	1,408,112	1,408,112	910,959	-	497,153	-	-
Other payables	1,827,517	1,827,517	1,383,391	-	-	444,126	-
Total	3,235,629	3,235,629	2,294,350	-	497,153	444,126	-

* *Note: The carrying amounts disclosed exclude statutory payables (e.g. GST payable).*

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

(d) MARKET RISK

The MMA's exposure to market risk, which includes interest rate risk, is deemed insignificant. This risk is minimised by the MMA's financial instruments being mostly fixed rate and non-interest bearing.

INTEREST RATE RISK SENSITIVITY

	Weighted average interest rate %	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
YEAR 2013:		$	$	$	$
Financial Assets					
Cash and deposits	2.96%	8,535,912	-	8,533,505	2,407
Receivables*					
- Accrued investment income	-	107,483	89,293	18,190	-
- Rental income	-	121,506	-	-	121,506
Investments & other contractual financial assets					
- Term deposits	3.25%	20,000,000	20,000,000	-	-
Total financial assets		28,764,901	20,089,293	8,551,695	123,913
Financial Liabilities					
Payables*					
- Supplies and services	-	1,064,049	-	-	1,064,049
- Other payables	-	1,759,917	-	-	1,759,917
Total financial liabilities	-	2,823,966	-	-	2,823,966
YEAR 2012:					
Financial Assets					
Cash and deposits	4.30%	8,260,737	-	8,258,230	2,507
Receivables*					
- Accrued investment income	-	120,066	102,005	18,061	-
- Rental income	-	136,552	-	-	136,552
Investments & other contractual financial assets					
- Term deposits	4.64%	60,000,000	60,000,000	-	-
Total financial assets		68,517,355	60,102,005	8,276,291	139,059
Financial Liabilities					
Payables*					
- Supplies and services	-	1,408,112	-	-	1,408,112
- Other payables	-	1,827,517	-	-	1,827,517
Total financial liabilities	-	3,235,629	-	-	3,235,629

* *Note: The carrying amounts disclosed here exclude statutory amounts (eg. amounts owing from Victorian Government, GST input tax credit recoverable and GST payables.*

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

MARKET RISK EXPOSURE - INTEREST RATE

	Carrying Amount	Interest Rate Risk -100 Basis Points	Interest Rate Risk +100 Basis Points
YEAR 2013	$	$	$
Contractual financial assets			
Cash and deposits	8,535,912	(85,359)	85,359
Investments & other contractual financial assets	20,000,000	(200,000)	200,000
Contractual financial liabilities	-	-	-
Total Impact		(285,359)	285,359
YEAR 2012			
Contractual financial assets			
Cash and deposits	8,260,737	(82,607)	82,607
Investments & other contractual financial assets	60,000,000	(600,000)	600,000
Contractual financial liabilities	-	-	-
Total Impact		(682,607)	682,607

(e) FAIR VALUE

The aggregate net fair values of financial assets and liabilities, both recognised and unrecognised, at the balance date are equal to their carrying amount as per the balance sheet.

NOTE 13 RESPONSIBLE PERSONS

In accordance with the Directions of the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

NAMES

The persons who held the above positions in the MMA are as follows:

Minister for Major Projects, Ports, Racing and Regional Cities	The Hon. Dr Denis Napthine	1 July 2012 to 12 March 2013
Minister for Major Projects, Ports and Manufacturing	The Hon. David Hodgett	13 March 2013 to 30 June 2013
Board Chairman	Mr N J Lowe	1 July 2012 to 30 June 2013
Board Member	Ms N Kirkwood	1 July 2012 to 30 June 2013
Board Member	Ms G Marven	1 July 2012 to 30 June 2013
Board Member	Mr S J McArthur	1 July 2012 to 30 June 2013
Board Member	Mr A McLellan	1 July 2012 to 30 June 2013
Chief Executive	Mr A Crosthwaite	1 July 2012 to 11 Jan 2013
Chief Executive (Acting)	Mr D J Coulson	12 Jan 2013 to 24 Mar 2013
Chief Executive	Mr M Maskiell	25 Mar 2013 to 30 June 2013

NOTE 13 RESPONSIBLE PERSONS (CONTINUED)

REMUNERATION

Remuneration received or receivable by the Accountable Officer in conjunction with the management of the MMA during the reporting period was in the range:

$260,000 - 269,999 (2012: $260,000 - 269,999)

Persons other than the Accountable Officer:

	2013	2012
Income Band	No.	No.
$0 - $9,999	-	2
$10,000 - $19,999	1	3
$20,000 - $29,999	3	-
$30,000 - $39,999	1	1
Total Numbers	5	6
Total Amount	120,028	102,555

Amounts relating to the Ministers are reported in the financial statements of the Department of Premier and Cabinet.

OTHER TRANSACTIONS

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

NOTE 14 REMUNERATION OF EXECUTIVES AND PAYMENTS TO OTHER PERSONNEL

The number of executive officers, other than the Minister and Accountable Officer, and their total remuneration during the reporting period is shown in the first two columns of the table below in their relevant income bands. The base remuneration of executives is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

(a) EXECUTIVE OFFICER REMUNERATION

	Total Remuneration		Base Remuneration	
	2013	2012	2013	2012
Income Band	No.	No.	No.	No.
Less than $100,000	2	2	-	-
$100,000 - 109,999	-	-	-	-
$110,000 - 119,999	-	-	1	1
$120,000 - 129,999	1	1	1	1
$130,000 - 139,999	1	1	3	2
$140,000 - 149,999	-	1	1	1
$150,000 - 159,999	2	3	1	1
$160,000 - 169,999	-	-	1	2
$170,000 - 179,999	3	1	-	-
$180,000 - 189,999	-	-	1	1
$190,000 - 199,999	-	-	-	-
Total number of executives	9	9	9	9
Total annualised employee equivalent*	8.7	7.1	8.7	7.1
Total amount	1,218,258	1,134,484	1,129,839	1,013,694

** Note: Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.*

NOTE 14 REMUNERATION OF EXECUTIVES (CONTINUED)

(b) EXECUTIVE OFFICER DATA (INCLUDING "ACCOUNTABLE OFFICER")

Table 1: Number of Executive Officers classified into 'Ongoing'

	All		Ongoing	
Class	No.	Var	No.	Var
MMA	10	-	8	-
Total	10	-	8	-

Table 2: Breakdown of Executive Officers into Gender for 'Ongoing'

	Male		Female		
Class	No.	Var	No.	Var	Vacancies
MMA	7	-	1	-	-
Total	7	-	1	-	-

Table 3: Reconciliation of Executive Numbers

	2013	2012
	No.	No.
Executives with remuneration over $100,000 (Note 14a)	7	7
Executives with total remuneration below $100,000	2	2
Accountable Officer (Secretary)	1	1
Less Separations	(2)	(1)
Total Executive numbers at 30 June 2013	8	9

NOTE 15 REMUNERATION OF AUDITORS

	2013	2012
	$	$
Audit fees paid or payable to the Victorian Auditor-General's Office (VAGO) for audit of the MMA's financial report	42,665	40,250
Amounts due and receivable by the Auditor-General	42,665	40,250

NOTE 16 COMMITMENTS FOR EXPENDITURE

The MMA has operating commitments to various service contracts extending forward a number of financial years. Details are noted below:

	2013	2012
Payable:	$	$
Not longer than 1 year	1,552,963	3,261,821
Longer than 1 year but less than 5 years	-	2,686,885
Longer than 5 years	-	-
Total commitments for expenditure (inclusive of GST)	1,552,963	5,948,706
Less GST recoverable from the Australian Taxation Office	(141,178)	(540,791)
Total commitments for expenditure (exclusive of GST)	1,411,785	5,407,915

NOTE 17 CONTINGENT ASSETS AND LIABILITIES

MMA is awaiting formal notification from the DSDBI that it will not be liable for clean-up or site-restoration costs beyond regular post-market cleaning upon the planned cessation of market operations at the West Melbourne site in 2014—2015. As a result this cost has not been quantified.

The MMA is the defendant in Supreme Court proceedings Perfection Fresh Australia Pty Ltd and Ors v Melbourne Market Authority in relation to the Melbourne Market Relocation Project (MMRP). The Department of State Development and Business Innovation (DSDBI) have met MMA's legal costs to date in relation to defending these proceedings. The MMA is awaiting a formal undertaking by the DSDBI to meet the MMA's future legal costs of defending these proceedings.

NOTE 18 SUPERANNUATION

GOVERNMENT EMPLOYEES' SUPERANNUATION FUND

No liablity is recognised in the Balance Sheet for the MMA's share of the the State's unfunded superannuation liability. The State's unfunded superannuation liability has been reflected in the financial statements of the Department of Treasury and Finance.

Superannuation contributions for the reporting period are included as part of salaries and associated costs in the Comprehensive Operating Statement of the MMA and are contributed in accordance with respect to employee agreements at the rate of 9% to 14.5% (2012: 9% to 14.5%). The MMA has no loans outstanding to or from any superannuation fund.

The names and details of the major employee superannuation funds and contributions made by the MMA are as follows:

	2013	2012
Defined benefit plans:	$	$
Vision Super*	24,997	520,789

** Note: 2012 - The Vision Super 'Local Authorities Superannuation Fund' latest 31 December 2011 actuarial investigation identified an unfunded liability of $453M, excluding contributions tax, in the defined benefit fund of which past/present MMA employees have been/are members. MMA was formally advised of it's share of the shortfall on 31 July 2012, which amounted to $497,153 including contributions tax. MMA accounted for this shortfall in the Comprehensive Income Statement in Employee expenses (Note 3a) and in the Balance Sheet in Payables (Note 9). MMA elected to pay this shortfall by lump sum in August 2012 and received an early payment discount of $29,061.*

	2013	2012
Defined contribution plans:		
Vision Super	212,502	280,536
Colonial Master Fund	29,856	47,713
VicSuper	27,900	12,918
Czeslaw Pty Ltd	27,700	8,638
HESTA Super	16,208	14,051
Fiducian Portfolio Services	14,501	20,954
Legal Super	11,935	4,224
MLC Masterkey	11,833	17,423
REST	10,708	7,334
Macquarie Wrap Solutions	2,208	22,523

NOTE 19 SUBSEQUENT EVENTS

The practical completion of the building of the Melbourne Market at Epping is expected to occur on 13 August. MMA is awaiting the raising of a formal Allocation Statement by DSDBI to allow the transfer of the cost of buildings at 315 Cooper Street, Epping onto MMA's balance sheet.

MMA is in the process of evaluating Request for Proposal from three shortlisted parties for the provision of Facilities Management Services. The Facilities Management Services contract is due to commence on 1 October 2013.

NOTE 20 EX-GRATIA PAYMENTS

	2013	2012
	$	$
Ex-gratia payments were made for the reimbursement of office costs to members of the MMA's advisory committees	13,950	10,100
Amounts due and paid to advisory committee members	13,950	10,100

NOTE 21 LEASES RECEIVABLE

Operating leases relate to operating property owned by the MMA with lease terms of between one to five years, with no option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period.

	2013	2012
Non-cancellable operating leases receivable	$	$
Not longer than 1 year	10,708,337	9,829,850
Longer than 1 year but less than 5 years	904,264	10,921,589
Total non-cancellable operating leases receivable	11,612,601	20,751,439

Note: During the reporting period leases with market tenants were extended to 31 July 2014.

NOTE 22 CASH FLOW INFORMATION

	2013	2012
(a) Reconciliation of cash & cash equivalents	$	$
Total cash and deposits disclosed in the balance sheet	8,535,912	8,260,737
Balance as per cashflow statement	8,535,912	8,260,737
(b) Reconciliation of net result for the period to net cash flows from operating activities		
Net result for the period	8,535,912	7,937,307
Non-cash movements		
(Gain)/loss on disposal of non-current assets	12,371	(9,467)
Depreciation and amortisation of non-current assets	3,998,885	3,833,288
Movements in assets and liabilities		
(Increase)/decrease in current receivables	36,737	817,055
(Increase)/decrease in current prepayments	152,262	30,090
Increase/(decrease) in current provisions	3,081	124,045
Increase/(decrease) in current rent in advance	(144,863)	(8,223)
Increase/(decrease) in current payables	(104,841))	291,638
Net cash flows from/(used in) operating activities	11,781,996	13,015,733

NOTE 23 GLOSSARY OF TERMS AND STYLE CONVENTIONS

Actuarial gains or losses on superannuation defined benefit plans
Actuarial gains or losses reflect movements in the superannuation liability resulting from differences between the assumptions used to calculate the superannuation expense from transactions and actual experience.

Amortisation
Amortisation is the expense which results from the consumption, extraction or use overtime of a non-produced physical or intangible asset. This expense is classified as an other economic flow.

Comprehensive result
The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

Capital asset charge
The capital asset charge represents the opportunity cost of capital invested in the non financial physical assets used in the provision of outputs.

Commitments
Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Current grants
Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation
Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a ‘transaction’ and so reduces the ‘net result from transaction’.

Employee benefits expenses
Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex gratia payments
Ex gratia payment is the gratuitous payment of money where no legal obligation exists.

Financial asset
A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual or statutory right:
- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

(d) a contract that will or may be settled in the entity’s own equity instruments and is:
- a non-derivative for which the entity is or may be obliged to receive a variable number of the entity’s own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments.

Financial instrument
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability
A financial liability is any liability that is:

(a) A contractual or statutory obligation:
- To deliver cash or another financial asset to another entity; or
- To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) A contract that will or may be settled in the entity's own equity instruments and is:
- A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
- A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements
Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (September 2007), which means it may include the main financial statements and the notes.

Grants and other transfers
Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

General government sector
The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Infrastructure systems
Infrastructure systems provide essential services used in the delivery of final services or products. They are generally a complex interconnected network of individual assets and mainly include sewerage systems, water storage and supply systems, ports, utilities and public transport assets owned by the State.

Intangible produced assets
Refer to produced assets in this glossary.

Intangible non-produced assets
Refer to non-produced assets in this glossary.

Interest income
Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net acquisition of non-financial assets (from transactions)
Purchases (and other acquisitions) of non financial assets, less sales (or disposals) of non financial assets, less depreciation, plus changes in inventories, and other movements in non financial assets. It includes only those increases or decreases in non financial assets resulting from transactions and therefore excludes write offs, impairment write downs and revaluations.

Net result
Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non owner changes in equity'.

Net result from transactions/net operating balance
Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth
Assets less liabilities, which is an economic measure of wealth.

Non financial assets
Non financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Other economic flows
Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluations and impairments of non financial physical and intangible assets;
- actuarial gains and losses arising from defined benefit superannuation plans;
- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non produced) from their use or removal.

In simple terms, other economic flows are changes arising from market re measurements. Please refer to Appendix 2 for examples.

Payables
Includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets
Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the start up costs associated with capital projects).

Receivables
Includes amounts owing from government through appropriations receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non produced assets such as land. User charges includes sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the MMA.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government. Please refer to Appendix 2 for examples.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

- zero, or rounded to zero

(x) negative numbers

The financial statements and notes are presented based on the illustration for a government department in the 2012-13 Model Report for Victorian Government departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the MMA's annual reports.

APPENDIX 1

DISCLOSURE INDEX

The Annual Report of the MMA is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of the MMA's compliance with statutory disclosure requirements.

Legislation	Requirements	Page Reference

MINISTERIAL DIRECTIONS

REPORT OF OPERATIONS - FRD GUIDANCE

Charter and purpose

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APPENDIX 2

PRACTICAL CLASSIFICATION GUIDE BETWEEN TRANSACTIONS AND OTHER ECONOMIC FLOWS

Transactions (T) generally arise when there is mutual agreement between counterparties. They represent changes to assets/liabilities that result directly from economic activities such as production (including cultivated assets e.g. breeding stock and plantations) or consumption.

Other economic flows (OEF) are either holding gains/(losses) from revaluations of assets/liabilities due to market changes, or changes in volume due to non-economic phenomena such as: entrance or exit from the balance sheet as a result of normal events other than transactions e.g. discoveries of mineral deposits; birth/demise of breeding stock; assets created by human activity not previously recognised; destruction by catastrophe.

	Item	Transaction	OEF	Reason for the classification
1	Taxation	T		Agreed between counterparties i.e. implicit agreement between government and taxpayers
2	Bad debts	T	OEF	Either: • If agreed between counterparties = transaction • If unilateral write off treated as a revaluation = other economic flows
3	Dividends	T		Agreed between counterparties i.e. owner and business
4	Net profit or loss from associates (other than dividends)		OEF	Revaluation of investment
5	Depreciation	T		Agreed between internal counterparties i.e. the business is simultaneously acting as the owner and consumer of the service provided by the asset
6	Provision for doubtful debts		OEF	Treated as a unilateral decision to revalue
7	Long service leave provision – change in provision due to changes in the bond rates		OEF	Revaluation
8	Whole of government unfunded superannuation liability – actuarial gains / losses		OEF	Revaluation: (1) difference between expected return on assets and actual return; (2) change to gross obligation due to bond rate change
9	Gain / Loss on financial instruments/ non financial assets		OEF	Revaluation
10	Depletion of natural assets by removal or physical use e.g. forest; destruction by catastrophe e.g. fire		OEF	Change in volume
11	Gain from natural increase in livestock due to births		OEF	Change in volume

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