MARKET
Melbourne
Market

Annual Report
2013 – 2014

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 2014.

This report covers the period 1 July 2013 to 30 June 2014. 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

STEPHEN McARTHUR
Chairperson

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CHAIRPERSON'S REPORT

THE 2013–14 YEAR HAS BEEN ONE OF SIGNIFICANT CHALLENGE AND CHANGE FOR THE MMA. THE MAIN CHALLENGE – THE SUCCESSFUL TRANSITION TO OUR NEW FACILITIES – WILL BE COMPLETED IN 2014–15, BUT MANY TRANSITION ISSUES HAVE BEEN FINALISED.

The new site at Epping is undergoing major transformation with construction underway on what will become the largest warehousing precinct at any central market in Australia. This will give the market significant food handling and logistical advantages and will open opportunities for traders to export to other markets.

The MMA hosted visits by a number of Asian produce traders this year. In February 2014, a number of wholesalers from South East Asia visited the market as part of the Food and Beverage Trade Week and in June a delegation of wholesale market operators from China led by Mr Zengjun Ma, Chairperson of Chinese Agricultural Wholesale Markets Association (CAWA) toured the market. The MMA is keen to build on these relationships in order to provide opportunities for Victorian producers and traders to export Victorian fresh produce to Asia.

Lease agreements with wholesaler tenants have been signed, with trading stores almost 100% let. All flower market tenants making the move to Epping have also signed tenancy agreements.

The growers' floor stand size issue has been resolved and the ballots occurred in August 2014. Landlord and tenant fit out of the trading floor has commenced with co-operation between DSDBI, the MMA and market tenants assisting the process.

On the financial front the MMA has again exceeded budget targets, met service standards and improved its balance sheet. This is due to the effective leadership and hard work of the management team and staff.

In 2013–14 the MMA also worked well with DSDBI staff to progress the relocation project and to resolve legal action. The effectiveness of the partnership is evidenced by good progress over the year.

Organisationally there has been major change. In 2014 the MMA engaged a facilities manager, Plenary, to carry out many of the operational activities of the market. We have also seen the departure of a number of employees and contractors. Some of them have been part of the market community for many years. I want to thank them for their service and wish them the best for the future.

Mr Neil Lowe and Ms Nada Kirkwood retired from the MMA board. Neil, who was Chairperson of the MMA for ten years, was extremely well known in the market community across Australia. Nada was a Board member for several years, and along with Neil, provided excellent service to the Market and I want to thank them both for their commitment and service to the MMA and the industry. The MMA wishes both Mr Lowe and Ms Kirkwood well.

In 2014–15 we have much to look forward to with the move to Epping. The relocation will not only offer the market community a new and improved facility to be proud of but will also mean more opportunities for local and export trade as well as business growth. We are looking forward to building a strong working relationship with the City of Whittlesea and the business community of the Epping region.

STEPHEN McARTHUR
Chairperson

CHIEF EXECUTIVE OFFICER'S REPORT

REFLECTING ON MY FIRST YEAR AS CEO WITH THE MMA, RECENT ACTIVITY SUCH AS REACHING MAJOR EPPING RELOCATION MILESTONES AND THE SUCCESSFUL IMPLEMENTATION OF A RANGE OF NEW PROJECTS AND PARTNERSHIPS HAS CERTAINLY MADE IT AN EVENTFUL ONE. I HAVE ENJOYED THE CHALLENGES THAT THE ROLE HAS PRESENTED.

In recent months, Plenary Asset Management was appointed by the MMA to provide facilities management services at West Melbourne which will continue on site at Epping. As part of these services we welcome new partners Charter Security, IKON Services and QuayClean each of which have already made a significant impact at the West Melbourne Market site. These appointments represent an important step towards establishing new facilities management operations prior to the relocation to Epping driving operational efficiencies for the benefit of all market businesses.

The MMA has continued to work closely with our partners and the Market Community in order to implement new end-to-end Recycling Programs, fostering a better practice of safety on site as well as overseeing improvements to general environmental management. To support the culture of innovation the MMA is aiming to achieve at Epping, early adoption of these improved waste management practices at West Melbourne is critical.

More recently Root Projects Australia have joined us to discuss tenants' fit out requirements with Epping Fruit and Vegetable Store Holders. With the new location and state of the art build, tenants now have the opportunity to consolidate their complete operations with improved store features such as a dedicated external dock for all stores and the capacity to install zoned cool storage facilities.

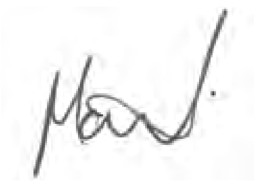
Warehousing continues to be an integral part of the Market and the relocation project. I'm pleased to report that after extensive consultation and planning, all of the Part A Warehousing allocation has been fully subscribed with construction underway in June 2014 set for completion by the end of 2014.

It is pleasing to note that the MMA's commercial partner, Hansen Yuncken, have secured in excess of 60,000sqm in Part B warehousing for tenants at Epping. Including the State funded Part A warehousing. Epping warehouse demand is therefore over 74,000sqm, which is more than double the area offered to tenants at West Melbourne. This is a great result for all parties and ensures that tenants can consolidate their operations on one site thereby reducing their operating costs. Construction has commenced and I look forward to its timely completion.

In December 2013 the MMA was successful in gaining AS/NZS ISO9001:2008 (Quality Management Systems) certification. The scope of the certification includes management of tenants and market users, enforcement of Operating Rules under the MMA Act 1997, overall site management including the trading area, amenities and roadways and also includes maintaining critical infrastructure. The project team involved worked tirelessly to ensure this successful outcome.

In preparation for Epping, the Flower Market Stand Licenses have been executed, an EOI for Fruit and Vegetable Stands at Epping was undertaken and Store Holder leases were signed and executed. The allocation process has commenced for Fruit and Vegetable Stand Holders with the Ballot to be undertaken early in the next financial year.

I look forward to the year ahead as we continue to move closer to the transition to Epping. Our tenants will be making some critical decisions in regards to how their businesses will be transitioning to the new Epping Market site and we look forward to supporting them through this process to enable ongoing business growth.



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	FRUIT & VEG GROWERS ADVISORY C'TEE	FRUIT & VEG WHOLESALERS ADVISORY C'TEE	FRUIT & VEG RETAILERS ADVISORY C'TEE	FLOWER ADVISORY C'TEE	EPPING MARKET C'TEE	REMUNER'N C'TEE	FINANCE AUDIT & RISK MGMT C'TEE
STEPHEN MCARTHUR commenced as a Board member on 14 June 2011 and was appointed Chairperson on 18 January 2014	✓	-	-	-	-	✓	✓	-
GISELA MARVEN commenced as a Board member on 14 June 2011	✓	✓	-	-	-	-	✓	✓
ANDREW MCLELLAN commenced as a Board member on 8 May 2012	✓	-	-	✓	-	-	-	✓
RUSSELL COOPER commenced as a Board member on 18 January 2014	✓	-	✓	-	-	-	✓	-
WILLIAM LEWIS commenced as a Board member on 18 January 2014	✓	-	-	-	✓	-	-	✓
NEIL LOWE resigned as Chairperson on 17 September 2013	-	-	-	-	-	-	-	-
NADA KIRKWOOD resigned as a Board member on 17 September 2013	-	-	-	-	-	-	-	-

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 2013—14 in accordance with the requirements of the Act.

In addition, nominated members and associated industry representatives attended meetings as observers. The committee members 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)	Harry Kapiris (Chairperson)	Paul Ahern (Chairperson)	Geoff Maguire (Chairperson)	Stephen McArthur (Chairperson)
Luis Gazzola	Grant Nichol	Glynn Harvey	Philip Mays	David Wallace
Vince Doria	Shane Schnitzler	Trevor Wilson	Greg Duffy	Harry Kapiris
David Kelly	Vince Brancatisano	John Chapman	John Boon	Geoff Maguire
Alec Berias	Robin Westmore	John Psarakos	Adrian Parsons	Paul Ahern

ORGANISATIONAL CHART

melbourne wholesale fruit vegetable & flower market

BOARD MEMBERS

Stephen McArthur
Chairperson

Gisela Marven

Andrew McLellan

Russell Cooper

William Lewis

CHIEF EXECUTIVE OFFICER

Mark Maskiell

ADVISORY COMMITTEES

MANAGEMENT TEAM

Darryn Coulson
Chief Financial Officer

David Whitchelo
Chief Operating Officer

Aurora Kostezky
General Counsel

Matthew Elliott
Commercial & Business Development Manager

David Fussell
Marketing Manager

Brian Kirby
Operations Manager

John Ly
IT Manager

SUPPORT STAFF

Finance & Administration

Market Operations

Legal & Commercial

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, provedores, 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 2014		
	Total Businesses	Individual Access Cards June 2014
Total fruit & vegetable tenant businesses	591	2,661
Fruit & vegetable retail buyers	1,340	2,249
Total fruit & vegetable businesses	1,931	4,910
Flower buyers - florists	814	1,042
Flower growers/wholesalers	94	296
Total flower businesses	908	1,338
Transport operators & unloaders	120	362
Other market related businesses	144	491
Total other businesses	264	853
Total market businesses	3,103	7,101

AVERAGE VEHICLE ACCESS PER TRADING DAY			
	2013—14	2012—13	2011—12
Fruit & vegetable market:			
Buyers/retailers	614	687	742
Growers/wholesalers/merchants	1,563	1,494	1,440
Total average entries	2,177	2,181	2,182
Flower market:			
Buyers/florists	85	97	109
Growers/wholesalers	59	65	71
Total average entries	144	162	180
Ancillary businesses:			
Market related businesses	482	502	562
Transport operators and unloaders	98	112	136
Total average entries	580	614	698
Total average daily market access	2,901	2,957	3,060

% CHANGE IN REGISTERED USERS						
	% Change	2013—14	% Change	2012—13	% Change	2011—12
Total Registered Individuals	-4%	7,101	-9%	7,444	+12%	8,247
Total Registered Businesses	+2%	3,103	+1%	3,047	-4%	2,971

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			
	2013—14	2012—13	2011—12
Forklifts	890	868	878
Scooters	234	230	238
Golf carts	52	48	42
Total	1,176	1,146	1,158

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 over 3,000 businesses operating from the site that warehouse and trade fresh produce including fruit, vegetable and flower wholesalers and growers; operating from warehouses, stores and trading stands.

Buyers include independent greengrocers, supermarkets, provedores, 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 with some counter seasonal supply from imports.

The MMA supports industry through promotions of fresh produce and cut flowers to consumers via a range of marketing events, point of sale 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).

Market Operations

The MMA has undergone a transformation in Operations 2013—14 with the implementation of a review of existing outsourced services and the appointment of the Plenary Group as our Facility Manager for the West Melbourne and Epping Markets.

Following a robust tender process the MMA also appointed new service providers to the key areas of Security, Waste & Recycle Management, General Cleaning and the appointment of a new team of market officers.

The intent was to focus on safety through the delivery of essential services maintenance, identify and eliminate hazards and improve vehicle compliance with the rollout of a safety campaign.

The MMA invested in new collection bins and cages for the various waste streams to encourage separation of waste at the point of generation and minimise ground waste. The inclusion of mini compactor trucks has assisted with the collection of bins during trading hours. We now recycle in excess of 65% of all collected waste with a projected target of 85% in 2015—16. General cleaning was revamped with the introduction of mobile teams that could respond to emergencies and increase the level of service to known hot spots.

The combination of the Security team and Market liaison officers with additional vehicles and communication tools has improved the response time to incidents and provided additional coverage on the market floor to assist with customer service. New event parking was introduced to reduce the incidence of double parking.

As an Operations team we are currently trialling and testing at the West Melbourne Market the logistics of produce movement, traffic and waste management to create the safest environment for the market community.

Other Noteworthy Inclusions

- The MMA introduced an on-line induction for all market users.
- Market tours at Epping site.
- Additional communication tools including flat screen TV's helping to disseminate timely and relevant news to the market community.
- Built the Epping Information Centre as a hub informing market users about the transition to Epping.

Market Transition to Epping

The MMA, in conjunction with DSDBI, has undertaken works during 2013—14 in preparation for the move of the Market from West Melbourne to Epping in 2014-15. Significant achievements have included:

- practical completion reached of the trading floor facility;
- successful ballot for the State-built Part A warehousing;
- resolution of legal action;
- engagement of a facility manager to oversee market operations;
- engagement of a commercial partner to fund and build Part B warehousing, and
- engagement of a tenancy fit-out manager to coordinate tenants' store and warehouse fit-outs.

MARKETING

THROUGHOUT THE YEAR THE MMA WORKED TO EXTEND ITS PROMOTIONAL EXPOSURE TO SUPPORT INDUSTRY DEVELOPMENT, AND PROVIDE INFORMATION TO CONSUMERS.

The MMA actively promotes the benefits of consuming fresh produce to all sectors of the community with a key initiative being the MarketFresh Schools Program. A state wide program encouraging healthy eating with fresh produce to primary and secondary school students.

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 EVENTS

- Chinese New Year
- Melbourne Food & Wine Show
- Melbourne International Flower & Garden Show
- Melbourne Market Annual Golf Day

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 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.

This year 21,551 Victorian students received the MMA schools program. MMA also supplied each student with a copy of its 54 page activity booklet.

MMA extended visits and presentations to 8,230 members of community groups and employees in work places with communications on how to prepare and present fresh produce as well delivering messages on the need for healthy eating utilising fresh produce.

Retail Development Program - Victoria

The retail support program, managed by the MMA, is a state wide program designed to promote excellence in all aspects of fruit and vegetable retailing. Greengrocers' stores are assessed through an independent mystery shopping service provider. Following each visit greengrocers receive an evaluation report on their store's assessment which is rated against the state average.

This year 463 independent greengrocer stores participated in the development program.

FLOWER PROMOTIONS

- Valentine's Day and Mother's Day: MMA provided florists with point of sale materials to support in-store promotion.
- 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 assisted Cancer Council Victoria to raise $3,091 from the market community.
- Melbourne International Flower and Garden Show: MMA supported this internationally recognised event, with a showcase of cut flowers and plants representing the wholesale flower market. The five day event attracted 110,000 local, national and international visitors.

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.

MMA manages the site and posts weekly produce reports as well as regular blogs and E-news.

MARKETING

SPONSORSHIPS

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

- Bundaberg Fruit and Vegetable Growers Association
- Victorian Farmers Federation
- Victorian Farmers Federation and Royal Agricultural Society Victoria – “Heart of Victoria”
- Ausveg National Conference
- Central Markets Association of Australia - Fresh Connections
- Bacchus Marsh Spring Harvest Festival
- Victoria - Berry Conference
- 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.

FOODBANK VICTORIA

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

The donated fresh produce stems from inventory management with Foodbank accepting any fresh produce that is fit for human consumption.

During 2013—14 Foodbank Victoria received 739,731 kilograms of donated fresh produce from wholesale traders operating within the Melbourne Wholesale Market.

VISITORS

A total of 2,386 people visited the Melbourne Wholesale Market during 2013—14.

Melbourne Market continues to attract industry representatives from international trade delegations visiting Australia, with 245 internationals from Europe and Asia.

The Market facilitates an understanding of the Australian supply chain and also acts as a single destination showcase for the broad range of available Australian fresh produce.

ENVIRONMENT

The MMA's environment performance for 2013—14 is summarised in the table below.

Indicator	2013—14	2012—13
Total units of copy paper used by the MMA (A4 equivalent reams)	898	806
Total electricity used on site (kW)	4,637,807	4,268,780
Total gas used on site (MJ)	117,735	101,537
Total units of metered water consumed on site (kl)	16,030	23,866
Total energy consumption of MMA operational vehicles (GJ)	207	187
Total distance travelled by aeroplane of MMA representatives (airline km)	72,591	9,800
Total landfill (tonnes) from the site	3,145	3,474
Total recyclables (tonnes) from the site	6,715	7,334
Percentage diversion rate from landfill	68.1%	67.9%

In summary:

- marginal increases have been recorded for copy paper, electricity usage and energy consumption
- The NFC cafe has recorded a 16% increase in gas consumption
- water consumption has decreased due to water saving management
- significant 641% increase to aircraft travel due to overseas travel taken this year but not last year
- landfill and recyclable tonnages have reduced but diversion rate remains 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	2013—14	2012—13
Total greenhouse gas emissions associated with energy use (tCO2 e)	6,263	5,597
Total greenhouse gas emissions associated with vehicle fleet (tCO2 e)	14.4	13.00
Total greenhouse gas emissions associated with air travel (tCO2 e)	7.69	1.04
Total greenhouse gas emissions associated with waste production (tCO2 e)	2,831	3,127
Total	9,116	8,738

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
Chief Executive Officer

WORKPLACE RELATIONS

The MMA Enterprise Bargaining Agreement 2010—2013 (EBA) governs the workplace arrangements for employees at the MMA. A proposed new Enterprise Agreement 2013-2015 is in the process of being approved.

OCCUPATIONAL HEALTH & SAFETY PERFORMANCE

There was one lost time injuriy to an MMA employee during the reporting period.

INTERNAL AUDIT PROGRAM

Oakton Services Pty Ltd were contracted to provide internal audit services during 2013—14.

ADMINISTRATION AND MANAGEMENT

STAFFING

	Ongoing Employees				Fixed Term & Casual
	Employees (headcount)	Full-time (headcount)	Part-time (headcount)	FTE	FTE
June 2014	24	23	1	24	-
June 2013	33	33	-	33	2

	June 2014			June 2013		
	Ongoing		Fixed Term & Casual	Ongoing		Fixed Term & Casual
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
Gender:						
Male	14	13	1	18	18	-
Female	10	10	-	15	15	2
Age:						
Under 25	-	-	-	-	-	-
25-34	7	6	1	7	7	-
35-44	5	5	-	6	6	1
45-54	6	6	-	9	9	1
55-64	6	6	-	10	10	-
Over 64	-	-	-	1	1	-
Total	24	23	1	33	33	2

- 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

	2014	2013
Payroll employees	No.	No.
Staff	24	33
Board members	5	5
Total	29	38
Assumed rate of increase in wage and salary rates	2.50%	2.5%
Discount rate	2.94%	3.79%
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 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.

DISCLOSURES

Disclosures under the *Protected Disclosure Act 2012* (those made from 1 July 2013).

The number of assessable disclosures made to the MMA and notified to IBAC from 1 July 2013 — 30 June 2014:	2014	2013
Assessable disclosures	-	-

ADMINISTRATION AND MANAGEMENT

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.

FINANCE REPORT

FIVE YEAR FINANCIAL SUMMARY

	2014	2013	2012	2011	2010
	$000	$000	$000	$000	$000
Income from government	-	-	38	15	-
Total income from transactions	24,204	24,720	24,349	23,005	21,470
Total expenses from transactions	20,706	16,894	16,322	14,647	15,882
Net result from transactions	3,498	7,826	8,027	8,373	5,588
Net result for the period	3,519	7,828	7,937	8,337	5,563
Net cash flow from operating activities	8,814	11,782	13,015	11,682	10,269
Total assets	120,589	114,273	157,691	149,346	130,703
Total liabilities	6,839	4,041	4,287	3,880	3,732

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 $24,204,188
- 516,284 (-2.1%)

The following items contributed to the movement in revenue:-

Interest Revenue $845,702
- $1,508,658 (-178.4%)

This decrease has resulted from decreased investments resulting from the dividend paid to DSDBI in 2013, which is consistent with budget.

Rental Income $23,061,498
- $1,074,694 (+4.9%)

This increase has resulted from the annual increase to property rentals which is consistent with budget.

Expenditure

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

Total Expenses $20,706,069
+ $3,811,343 (+27.6%)

Supplies and Services $11,977,505
+ $3,099,919 (+34.9%)

This increase has resulted from the increase to relocation related expenditure, which was still less than budget, and holding costs of the new market facility in Epping, which is consistent with budget.

Employee Expenses $4,966,394
+ $954,138 (+23.8%)

This increase has resulted from the payment of voluntary departure packages in 2013-2014 which was budgeted, and the expensing of voluntary packages which are due to be paid in 2014-2015 which was not budgeted.

Depreciation & Amortisation $2,692,232
- $1,306,653 (-32.7%)

This decrease has resulted from a reduction to accelerated depreciation charges of the West Melbourne market buildings due to an extension to the planned date of the relocation of market operations to Epping.

Other Operating Expenses $1,069,938
+ $1,063,938 (+17732%)

This increase is due to warehouse tenants receiving a rent free period of four months.

FINANCE REPORT

Consulting Fees

Details of consultancies over $10,000:

Consultant	Purpose	Start Date	End Date	Total Approved (excl. GST)	Expenditure 2013/2014 (excl. GST)	Estimated Future Expenditure (excl. GST)
Aitken Partners	Legal advisory services	Jul '13	Jun '14	ongoing	$13,687	ongoing
Alluvium Consulting Australia	Water Plan - Epping	Nov '13	Nov '13	$20,000	$19,120	-
Buro North Multidisciplinary	Wayfinding - Epping	Aug '13	Jun '14	$25,000	$24,682	ongoing
Cielterre	Management services	Jul '13	Jun '14	$28,170	$28,170	$10,000
GQI Consulting	Telecommunications tender advice	Jul '13	Jun '14	$50,700	$50,700	$5,000
Grosvenor Management	Facility management tender	Jul '13	Oct '13	$135,000	$134,923	-
Landell Consulting	Probity services	Jul '13	Jun '14	ongoing	$45,384	ongoing
Maddocks	Legal advisory services	Jul '13	Jun '14	ongoing	$35,788	ongoing
Oakton Services P/L	Internal audit	Jul '13	Jun '14	$60,000	$33,325	$20,000
Price Waterhouse Coopers	Head lease advice	May '14	May '14	$10,200	$10,200	-
TCS for Surveys	Carparking audit	Sep '13	Jun '14	$13,742	$13,742	-
The University of Melbourne	Bird study at Epping	Apr '14	Apr '14	$10,019	$10,019	-
Watermark Patent and Trade	Trademark advice	Oct '13	Mar '14	$10,356	$10,356	-

Details of consultancies under $10,000:

There were 6 consultancies of *less than* $10,000 each, which totalled $28,717.

FINANCIAL POSITION

Assets

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

Investments $29,000,000

+ $9,000,000 (+31.0%)

This increase has resulted from the investment of operating surplus, and is higher than budget.

Property, Plant and Equipment $83,107,298

-$2,125,999 (-2.6%)

This decrease has resulted from the depreciation charge of buildings ($2,591,934) which includes a reduction to the accelerated depreciation charge to West Melbourne buildings which is below budget. The accelerated depreciation charge has been reduced due to an extension to the planned date of the relocation of market operations to Epping.

FINANCE REPORT

Liabilities

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

Payables $6,257,730

+$3,093,578 (+97.7%)

This increase has resulted from the receipt of Epping market rental deposits and acccrual of voluntary departure packages due for payment in late 2014.

CASH FLOWS

Interest Received $690,326

- $1,676,617 (-70.8%)

This decrease has resulted from the redemption of investments in 2013 to fund the dividend that was paid to Government.

Payment for Investments $9,000,000

+$9,000,000 (+100.0%)

This increase has resulted from the investment of operating cash surplus and deposits received.

Proceeds from Sale of Investments $0

-$40,000,000 (-100.0%)

This decrease has resulted from no redemption of investments.

Dividend Paid $0

-$51,000,000 (-100.0%)

This decrease has resulted from no redemption of investments.

BUDGET PERFORMANCE

The MMA achieved a 2% better than budget revenue result, and a 23% better than budget expenditure result. This equated to a 58% 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 2013/14, the MMA's KPI performance index was 104%, which means that in the aggregate MMA exceeded financial and non-financial performance targets by 4%.

DISCLOSURE REQUIREMENTS

The information relating to issues set out in FRD22E 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 200*3.

ACKNOWLEDGEMENTS

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

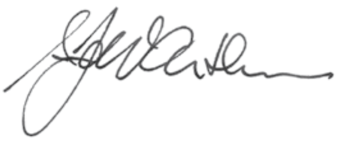
Advisory and Consultative Committees established by the MMA have continued to provide valuable support and useful advice.

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.

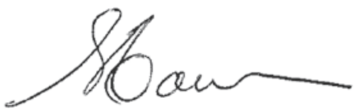
Finally, the MMA thanks the market community and horticultural industry for the support and assistance which it has received over the past 12 months.

Yours sincerely,

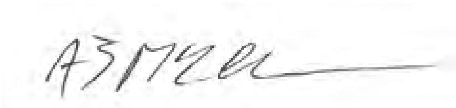
Board Members of the MMA



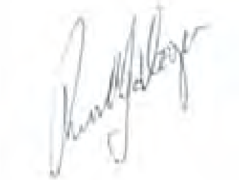
S J McArthur, Chairperson



G Marven, Member



A McLellan, Member



R Cooper, Member

W Lewis, Member

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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 2014 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 chairperson's, chief executive officer's and 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.

Auditing in the Public Interest

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 2014 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 2014 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
10 September 2014

for T.DH
John Doyle
Auditor-General

MELBOURNE MARKET AUTHORITY

Comprehensive Operating Statement for the financial year ended 30 June 2014

	Notes	2014 $	2013 $
CONTINUING OPERATIONS			
INCOME FROM TRANSACTIONS			
Rental income	2(a)	23,061,498	21,986,804
Interest revenue	2(b)	845,702	2,354,360
Other income	2(c)	296,988	379,308
Total income from transactions		24,204,188	24,720,472
EXPENSES FROM TRANSACTIONS			
Employee expenses	3(a)	(4,966,394)	(4,012,256)
Depreciation and amortisation	3(b)	(2,692,232)	(3,998,885)
Supplies and services	3(c)	(11,977,505)	(8,877,585)
Other operating expenses	3(d)	(1,069,938)	(6,000)
Total expenses from transactions		(20,706,069)	(16,894,726)
Net result from transactions (net operating balance)		3,498,119	7,825,746
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4(a)	(3,216)	(12,371)
Other gains/(losses) from other economic flows	4(b)	23,784	14,989
Total other economic flows included in net result		20,568	2,618
Net result from continuing operations		3,518,687	7,828,364
Net result from discontinued operations		-	-
Net result from discontinued operations		3,518,687	7,828,364
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		3,518,687	7,828,364

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

MELBOURNE MARKET AUTHORITY
Balance Sheet as at 30 June 2014

	Notes	2014 $	2013 $
ASSETS			
FINANCIAL ASSETS			
Cash and deposits	15(ai), 15(b), 15(d), 16(a)	7,791,109	8,535,912
Receivables	5, 15(ai), 15(b), 15(d)	384,422	228,989
Investments and other financial assets	6, 15(ai), 15(b), 15(d)	29,000,000	20,000,000
Total Financial Assets		37,175,531	28,764,901
NON-FINANCIAL ASSETS			
Property, plant and equipment	7	83,107,298	85,233,299
Intangible assets	8	233,881	244,822
Prepayments		72,686	29,986
Total Non-Financial Assets		83,413,865	85,508,107
Total Assets		120,589,396	114,273,008
LIABILITIES			
Payables	9	6,257,730	3,164,152
Provisions	10	580,852	876,729
Total Liabilities		6,838,582	4,040,881
Net Assets		113,750,814	110,232,127
EQUITY			
Accumulated surplus		59,647,807	56,129,120
Physical asset revaluation surplus	17	50,937,800	50,937,800
Contributed capital		3,165,207	3,165,207
Net Worth		113,750,814	110,232,127
Commitments for expenditure	13		
Contingent assets and contingent liabilities	14		

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 2014

	Notes	Physical asset revaluation surplus	Accumulated surplus	Contributed capital	Total
		$	$	$	$
Balance at 30 June 2012		50,937,800	64,300,756	38,165,207	153,403,763
Net result for the year		-	7,828,364	-	7,828,364
Dividend paid*		-	(16,000,000)	-	(16,000,000)
Return on equity*		-	-	(35,000,000)	(35,000,000)
Capital appropriations		-	-	-	-
Balance at 30 June 2013	17	50,937,800	56,129,120	3,165,207	110,232,127
Net result for the year		-	3,518,687	-	3,518,687
Other comprehensive income for the year		-	-	-	-
Transfer to accumulated surplus		-	-	-	-
Capital appropriations		-	-	-	-
Balance at 30 June 2014	17	50,937,800	59,647,807	3,165,207	113,750,814

** Note (2013): 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

MELBOURNE MARKET AUTHORITY

Cash Flow Statement for the year ended 30 June 2014

	Notes	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		22,426,010	24,506,343
Other income		296,988	-
Interest received		690,326	2,366,943
Total receipts		23,413,324	26,873,286
Payments to suppliers and employees		(13,404,412)	(13,697,395)
Income tax		(1,195,208)	(1,393,895)
		(14,599,620)	(15,091,290)
Net cash flows from/(used in) operating activities	16(b)	8,813,704	11,781,996
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(9,000,000)	-
Payments for non-financial assets		-	(598,701)
Proceeds from sale of investments		-	40,000,000
Payments for property, plant and equipment		(601,002)	-
Proceeds from sale of property, plant and equipment		42,495	91,880
Net cash flows from/(used in) investing activities		(9,558,507)	39,493,179
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid*		-	(51,000,000)
Net cash flows from/(used in) financing activities		-	(51,000,000)
Net increase in cash held		(744,803)	275,175
Cash at the beginning of the financial year		8,535,912	8,260,737
Cash at the end of the financial year	16(a)	7,791,109	8,535,912

**Note (2013): 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 2014. 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 Board on 9 September 2014.

(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(Ki);
- superannuation expense (refer to Note 1(Gii); 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(Liii).

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.

Consistent with AASB 13 Fair Value Measurement, the MMA determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments and for non recurring fair value measurements such as non financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the MMA has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the MMA determines whether transfers have occurred between levels in the hierarchy by re assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer General Victoria (VGV) is the MMA's independent valuation agency.

The MMA, in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

(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 7, 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

The comprehensive operating statement comprises three components, being 'net result' from transactions (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result.

The net result is equivalent to profit or loss derived in accordance with AASs.

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

(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.*

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet.

(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'.

(v) Rounding

Amounts in the financial statement have been rounded to the nearest $1, except for Note 7 which has been rounded to the nearest $1,000.

(E) CHANGES IN ACCOUNTING POLICIES

Subsequent to the 2012-13 reporting period, the following new and revised Standards have been adopted in the current period with the financial impact detailed below.

(i) AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when the MMA is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. The MMA has considered the specific requirements relating to the highest and best us, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revisited and adjusted where applicable. In light for AASB 13, the MMA is reviewed the fair value principals as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

However, AASB 13 has predominantly impacted the disclosures of the MMA. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 *Financial Instruments: Disclosures.*

The disclosure requirements of AASB13 apply prospectively and need not to be applied in comparative information before first application. Consequently, the 2013-14 comparatives of these disclosures have not been provided, except for financial instruments, of which the fair value disclosures are required under AASB7 *Financial Instruments: Disclosures.*

(ii) AASB119 Employee benefits

In 2013-14, the MMA has applied AASB 119 *Employee benefits* (September 2011, as amended) and the related consequential amendments for the first time.

The revised AASB119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liability in its financial statements, changes in defined benefit obligations and plan assets will have limited impact on the MMA.

The revised standard also changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within twelve months after the end of the reporting period in which the employees render the related services, however, short-term employee benefits are not defined as benefits to be settled wholly within twelve months after the end of the reporting period in which the employees render the related services. As a result, accrued annual leave balances which were previously classified by the MMA as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

The MMA considers the change in accounting policy has not materially altered its measurement of the annual leave provision, and therefore the change has not been applied retrospectively.

(F) 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 at fair value.

(i) Rental income

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

(ii) Interest income

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) Other income

Other income includes marketing income and infringements.

(G) 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(Liii) 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.

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(Kii) 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, and adjustments made where appropriate.

This useful life of buildings continues to reflect the expected cessation of market operations at the West Melbourne site in early-mid 2015.

The following are typical estimated useful lives for the different asset classes for current and prior years, unless otherwise stated:

Asset Class	Useful Life	
Buildings	1 year	(2013: 2 years)
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) Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in the normal operations and include:

(H) 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(Kiii) Revaluations of non-financial physical assets.

Net gain/(loss) on 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 another 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.

(I) 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(Ji), 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.

(J) FINANCIAL ASSETS

(i) Cash and deposits

Cash and deposits recognised on the balance sheet 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 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(Ii) 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(Ii).

(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*.

(K) 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 transferred as part of a machinery of government change are transferred at their carrying amount. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are disclosed in Note 7 Property, plant and equipment.

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.

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(Giii) Depreciation, Note 1(Hi) 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.

(L) 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 all recognised in the provision for employee benefits as 'current liabilities', because the MMA does not have an unconditional right to defer settlements of these liabilities.

Dependent upon the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

- undiscounted value - if the MMA expects to wholly settle within 12 months; or
- present value - if the MMA does not expect to wholly settle within 12 months.

(b) Long service leave

The components of this current LSL Liability are measured at:

- undisclosed value-if the MMA expects to wholly settle with 12 months; and
- present value-if the MMA does not expect to wholly settle with 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(Hii).

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. 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) On-costs

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

(M) OPERATING LEASES

(i) The MMA as lessor

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

(ii) 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.

(N) 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 liabilities arising from administrative restructurings are treated as distributions to owners.

(O) 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 13) 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.

(P) 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 14) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(Q) 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(O) and Note 1(P)).

(R) 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 that are considered to be of material interest.

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

Certain new AASs have been published that are not mandatory for the 30 June 2014 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 2014, the following AASs 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 2017	The preliminary assessment has identified that the financial impact of available for sale (AFS) asets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material AASB 9, it will continue to be monitored and assessed.

NOTE 2 INCOME FROM TRANSACTIONS

	2014	2013
(a) RENTAL INCOME	$	$
Rents received for:		
- Fruit and vegetable trading stands	5,011,164	4,802,103
- Wholesale stores and warehouses	10,464,478	10,161,745
- National Flower Centre trading stands	1,548,270	1,490,546
- Other commercial rents	2,615,703	2,186,435
- Parking	3,421,883	3,345,975
Total rental income	23,061,498	21,986,804
(b) INTEREST REVENUE		
Interest on bank deposits	845,702	2,354,360
Total interest revenue	845,702	2,354,360
(c) OTHER INCOME		
Marketing revenues	44,373	172,027
Other	252,615	207,281
Total other income	296,988	379,308

NOTE 3 EXPENSES FROM TRANSACTIONS

	2014	2013
(a) EMPLOYEE EXPENSES	$	$
Post employment benefits:		
Defined contribution superannuation expense	293,066	255,766
Defined benefit superannuation expense*	79,405	24,997
Salaries, wages and long service leave**	4,593,923	3,731,493
Total employee expenses	4,966,394	4,012,256
(b) DEPRECIATION AND AMORTISATION		
Buildings	2,261,934	3,620,792
Plant, equipment & vehicles	244,477	211,917
Intangible produced assets	185,820	166,176
Total depreciation and amortisation	2,692,232	3,998,885
(c) SUPPLIES AND SERVICES		
- Market operations	4,290,027	3,725,842
- Repairs and maintenance	976,757	938,558
- Fuels, rates and taxes	1,649,029	1,025,661
- Marketing and media	409,775	639,438
- Audit and insurance	861,734	739,958
- Professional services	3,126,451	988,818
- Other	663,732	819,311
Total supplies and services	11,977,505	8,877,586
(d) OTHER OPERATING EXPENSES		
Fair value assets and services provided for nominal consideration		
- Warehouse rental discount***	1,068,938	-
- Cash donations and gifts	1,000	6,000
Total fair value assets and services provided for nominal consideration	1,069,938	6,000

** Note 2014: Includes payment of Retrenchment increment to Vision Super Local Authorities Superannuation (defined benefit) Fund of $56,875 including contributions tax. Refer also Note 11.*

*** Includes voluntary departure packages paid/payable of $902,347.*

**** MMA provided four months of warehouse rental discounts as part of a Deed of Settlement resulting from Supreme Court proceedings brought about by tenants.*

NOTE 4 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

	2014	2013
(a) NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS	$	$
Net gain/(loss) on disposal of property, plant and equipment	(3,216)	(12,371)
Total net gain/(loss) on non-financial assets	(3,216)	(12,371)
(b) OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS		
Net gain/(loss) arising from revaluation of leave liability*	23,784	14,989
Total net gain/(loss) from other economic flows	23,784	14,989

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

NOTE 5 RECEIVABLES

	2014	2013
CURRENT RECEIVABLES	$	$
Contractual		
Rental income	121, 563	121,506
Accrued investment income - TCV	262,859	107,483
Total receivables	384,422	228,989
Statutory		
Taxes receivable	-	-
Total receivables	384,222	228,989

Ageing analysis of contractual receivables
Please refer to Note 15(b) for the maturity analysis of contractual receivables.

Nature and extent of of risk arising from contractual receivables
Please refer to Note 15 for the nature and extent of risks arising from contractual receivables.

NOTE 6 INVESTMENTS AND OTHER FINANCIAL ASSETS

	2014	2013
CURRENT INVESTMENTS AND OTHER FINANCIAL ASSETS	$	$
Current investments and other financial assets		
Term deposits:		
Australian dollar term deposits >3 months	29,000,000	20,000,000
Total investments	29,000,000	20,000,000

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION

	Gross Carrying Amount		Accumulated Depreciation		Net Carrying Amount	
	2014	2013	2014	2013	2014	2013
	$000	$000	$000	$000	$000	$000
Land						
at Independent valuation 30/6/11	81,000	81,000	-	-	81,000	81,000
Buildings						
at Independent valuation 30/6/11	10,801	10,801	9,388	7,140	1,413	3,661
at Fair value	83	7	17	3	66	4
Plant, equipment and vehicles						
- Market equipment	1,103	945	871	808	232	137
- Motor vehicles	464	439	208	183	256	256
- Computer equipment	1,144	1,023	1,013	855	131	168
- Office, plant and equipment	301	296	292	289	9	7
Plant, equipment and vehicles at fair value	3,011	2,703	2,383	2,135	628	568
Total amount	94,895	94,511	11,788	9,278	83,107	85,233

NOTE 7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 2014							
Carrying amount at start of year	81,000	3,665	137	256	168	7	85,233
Additions	-	76	156	104	85	5	426
Disposals	-	-	-	(46)	-	-	(46)
Depreciation expense	-	(2,262)	(61)	(58)	(122)	(3)	(2,506)
Carrying amount at end of year	81,000	1,479	232	256	131	9	83,107
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

NOTE 7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

FAIR VALUE MEASURE HIERARCHY FOR ASSETS AS AT 30 JUNE 2014

	Carrying Amount as at 30 June 2014	Fair Value measurement at end of reporting period using:		
		Level 1(i)	Level 2(i)	Level 3(i)
	$000	$000	$000	$000
Land at fair value				
- Specialised land	81,000	-	-	81,000
Total of land at fair value	81,000	-	-	81,000
Buildings at fair value				
- Specialised buildings	1,479	-	-	1,479
Total of buildings at fair value	1,479	-	-	1,479
Plant, equipment and vehicles at fair value				
- Vehicles (ii)	256	-	-	256
- Plant and equipment	372	-	-	372
Total of plant, equipment and vehicles at fair value	628	-	-	628

(i) Classified in accordance with the fair value hierachy, see Note 1(B)
(ii) Vehicles are categorised to Level 3 assets as the depreciated replacement cost is used in estimating the fair value.

There have been no transfers between levels during the period.

SPECIALISED LAND AND SPECIALISED BUILDINGS

The market based direct comparison method is used for specialised land although it is adjusted to reflect the specialised nature of the assets being valued. For specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 fair value measurements.

An independent valuation of the MMA's specialised land and specialised buildings is performed by the Valuer General Victoria. The last valuation was performed at 30 June 2011 using the market approach. As a result, a land revaluation increment of $3.52M and a building revaluation increment of $6.76M was recorded.

VEHICLES

Vehicles are valued using the depreciated replacement cost method. The MMA acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the MMA who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

PLANT AND EQUIPMENT

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method. There were no changes in valuation techniques throughout the period to 30 June 2014. For all assets measured at fair value, the current use is considered the highest and best use.

NOTE 7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF LEVEL 3 FAIR VALUE

	Specialised Land	Specialised Buildings	Vehicles	Plant and Equipment
	$000	$000	$000	$000
Opening balance	81,000	3,665	256	312
Purchases (sales)	-	76	58	246
Transfers in (out) of Level 3	-	-	-	-
Gains or losses recognised in net result	-	-	-	-
Depreciations	-	(2,262)	(58)	(186)
Impairment Loss	-	-	-	-
Subtotal	81,000	1,479	256	60
Gains or losses recognised in other economic flows - other comprehensive income	-	-	-	-
Revaluations	-	-	-	-
Subtotal			-	-
Closing balance	81,000	1,479	256	372

NOTE 7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

TABLE DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATIONS

	Valuation Technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Land	Market approach	Community Service Obligation (CSO) adjustment	10% (10%) *	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Buildings	Depreciated replacement cost	Direct cost per square meter	$7-$302/m2 ($36)	A significant increase or decrease in direct cost per square meter adjustment would result in a significantly higher or lower fair value
		Useful life of specialised buildings	1–2 years (1 year)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Vehicle	Depreciated replacement cost	Cost per unit	$10,000-$34,000 per unit ($23,000 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of vehicles	5-7 years (6 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Cost per unit	$40-$38,000 per unit ($530 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of plant and equipment	5-7 years (6 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

**Note: A CSO allowance of 10% was applied to reflect the risk associated with the removal of the 'Public Use 7' zone restriction of the site and the Governments' intention to relocate the markets to Epping.*

NOTE 8 INTANGIBLE ASSETS

	2014	2013
SOFTWARE	$	$
Gross carrying amount		
Opening balance	1,643,582	1,420,174
Additions	174,878	223,408
Closing balance	1,818,460	1,643,582
Accumulated amortisation		
Opening balance	(1,398,760)	(1,232,584)
Amortisation expense*	(185,821)	(166,176)
Closing balance	(1,584,579)	(1,398,760)
Net book value as at 30 June 2014	233,881	244,822

** 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.*

NOTE 9 PAYABLES

	2014	2013
CURRENT PAYABLES	$	$
Contractual		
Supplies and services	2,560,118	1,064,049
Rentals in advance	1,404,682	1,238,530
	3,964,800	2,302,579
Statutory		
Taxes payable*	304,447	340,186
Total current payables	4,269,247	2,642,765
NON-CURRENT PAYABLES		
Contractual		
Tenant bonds and retention monies	1,988,483	521,387
Total non-current payables	1,988,483	521,387
Total Payables	6,257,730	3,164,152

** Note: 2014 - includes Land Tax payable to State Revenue Office $208,576*
2013 - Includes Land Tax payable to State Revenue Office $208,576

Maturity analysis of contractual payables
Please refer to Note 15(c) for the maturity analysis of contractual payables.

Nature and extent of of risk arising from contractual payables
Please refer to Note 15 for the nature and extent of risks arising from contractual payables.

NOTE 10 PROVISIONS

	2014	2013
CURRENT	$	$
Employee benefits - annual leave*		
Unconditional and expected to settle within 12 months**	108,791	216,556
Unconditional and expected to settle after 12 months***	61,797	-
Employee benefits - long service leave*		
Unconditional and expected to settle within 12 months**	-	-
Unconditional and expected to settle after 12 months***	290,281	452,808
	460,869	669,364
Provisions relating to employee benefit on-costs*		
Unconditional and expected to settle within 12 months**	25,349	31,509
Unconditional and expected to settle after 12 months***	43,136	65,884
	68,485	97,392
Total current provisions	529,354	766,756
NON-CURRENT		
Employee benefits*	44,835	96,004
Employee benefits on-costs	6,662	13,969
Total non-current provisions	51,497	109,973
Total provisions	580,852	876,729
MOVEMENT IN PROVISIONS		
Opening balance	876,729	873,648
Additional provisions recognised	232,219	305,921
Reductions arising from payments/other sacrifices of future economic benefits	(528,096)	(302,840)
Closing balance	580,852	876,729

* 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 11 SUPERANNUATION

	2014	2013
Defined benefit plans:	$	$
Vision Super*	79,405	24,997
Defined contribution plans:		
Vision Super	192,080	212,502
Colonial Master Fund	55,239	29,856
Legal Super	24,984	11,935
Harwhitch Super Fund	23,870	-
MLC Masterkey	16,308	11,833
HESTA Super	15,014	16,208
Hostplus	14,483	-
Czeslaw Pty Ltd	14,407	27,700
VicSuper	13,774	27,900
Eric & Abeba SMSF	13,200	-
REST	8,482	10,708
Fiducian Portfolio Services	-	14,501
Other	34,551	2,028

** Note: 2014 - Includes Retrenchment Increment $56,875.*

MMA makes employer superannuation contributions in respect of most employees to Vision Super.

Vision Super has two categories of membership, accumulation and defined benefit, each of which is funded differently.

ACCUMULATION (DEFINED CONTRIBUTION)

Vision Super's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2014, this was 9.25% required under Superannuation Guarantee Legislation). MMA's commitment to defined contribution plans is limited to making contributions in accordance with our minimum statutory requirements. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2014, the Superannuation Guarantee contribution rate is legislated to increase to 9.5%, and will progressively increase to 12% by 2019. Based on announcements included in the May 2014 Federal Budget , this progressive increase to 12% will be delayed until 2022.

DEFINED BENEFIT

MMA does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan.

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional spilt of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of MMA in the Fund cannot be measured as a percentage compared with other participating employers. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate

NOTE 11 SUPERANNUATION (CONTINUED

benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding Arrangements

MMA makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. The Fund's employer funding arrangements comprise of three components, which are detailed below:

1. Regular contributions - which are ongoing contributions needed to fund the balance of benefits for current members and pensioners;
2. Funding calls - which are contributions in respect of each participating employer's share of any funding shortfalls that arise; and
3. Retrenchment increments - which are additional contributions to cover the increase in liability arising from retrenchments.

MMA is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above.

Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the trust Deed, as they accrue.

Regular Contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, MMA makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2014, this rate was 9.25% of members' salaries. This rate increased to 9.5% on 1 July 2014 and is expected to increase in line with the required Superannuation Guarantee contribution rate.

In addition, MMA reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

Funding Calls

MMA was not required to make an employer contribution to cover a shortfall.

Retrenchments Increments

During 2013-14, the MMA was required to make payment of $56,875 to the Fund in respect of retrenchment increments ($0 in 2012/13). MMA's liability to the Fund as at 30 June 2014, for retrenchment increments, accrued interest and tax is $0 ($0 in 2012/13).

NOTE 12 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.

	2014	2013
Non-cancellable operating leases receivable	$	$
Not longer than 1 year	867,523	10,708,337
Longer than 1 year but less than 5 years	-	904,264
Total non-cancellable operating leases receivable	867,523	11,612,601

Note: The majority of leases with market tenants for West Melbourne operations have an expiry date of 31 July 2014 due to planned market operations relocating to Epping in 2015. All West Melbourne leases are now in overholding until the move to Epping. Leases with market tenants for Epping operations are in the process of being established.

NOTE 13 COMMITMENTS FOR EXPENDITURE

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

	2014	2013
Payable:	$	$
Not longer than 1 year	3,231,579	1,552,963
Longer than 1 year but less than 5 years	6,447,276	-
Longer than 5 years	-	-
Total commitments for expenditure (inclusive of GST)	9,678,855	1,552,963
Less GST recoverable from the Australian Taxation Office	(879,896)	(141,178)
Total commitments for expenditure (exclusive of GST)	8,798,959	1,411,785

NOTE 14 CONTINGENT ASSETS AND LIABILITIES

The 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.

MMA is pursuing recovery from a tenant of costs incurred to repair damages sustained in a fire occurring in late 2013. The costs to be recovered of $305,739 have been recognised as an expense in the Comprehensive Operating Statement.

MMA will recognise a transfer of the Epping market land of $17,026,000 and buildings of $430,544,000 from the State in late 2014. MMA will also recognise a loan of $32,000,000 from the State in turn for a return of capital.

NOTE 15 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 15 FINANCIAL INSTRUMENTS (CONTINUED)

(ai) Categorisation of financial instruments

	Contractual financial assets - loans and receivables	Contractual financial liabilities at amortised cost	Total
YEAR 2014:	$	$	$
Contractual financial assets			
Cash and deposits	7,791,109	-	7,791,109
Receivables*			
- Accrued investment income	262,859	-	262,859
- Rental income	121,563	-	121,563
Investments & other contractual financial assets			
- Term deposits	29,000,000	-	29,000,000
Total contractual financial assets	37,175,531	-	37,175,531
Contractual financial liabilities			
Payables*			
- Supplies and services	-	2,560,118	2,560,118
- Other payables	-	1,988,483	1,988,483
Total contractual financial liabilities	-	4,548,601	4,548,601
YEAR 2013:	$	$	$
Contractual financial assets			
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 contractual financial assets	28,764,901	-	28,764,901
Contractual financial liabilities			
Payables*			
- Supplies and services	-	1,064,049	1,064,049
- Other payables	-	521,387	521,387
Total contractual financial liabilities	-	1,585,436	1,585,436

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

NOTE 15 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 2014:	$	$	$	$	$
Contractual financial assets					
Financial assets - cash and deposits	-	845,702	-	-	845,702
Total contractual financial assets	-	845,702	-	-	845,702
Contractual financial liabilities	-	-	-	-	-
Total contractual financial liabilities	-	-	-	-	-
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	-	-	-	-	-

NOTE 15 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 2014:	$	$	$	$	$
Cash and deposits	7,791,109	-	-	-	7,791,109
Receivables*					
- Accrued investment income	262,859	-	-	-	262,859
- Rental income	-	-	-	121,563	121,563
Investments & other contractual financial assets					
- Term deposits	29,000,000	-	-	-	29,000,000
Total	37,053,968	-	-	121,563	37,175,531
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

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

NOTE 15 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 2014:	$	$	$	$	$	$	$
Cash and deposits	7,791,109	7,791,109	-	-	-	-	-
Receivables*							
- Accrued investment income	262,859	262,859	-	-	-	-	-
- Rental income	121,563	29,235	27,451	64,877	-	-	-
Investments & other contractual financial assets							
- Term deposits	29,000,000	29,000,000	-	-	-	-	-
Total	37,175,531	37,083,203	27,451	64,877	-	-	-
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	-	-	-

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

NOTE 15 FINANCIAL INSTRUMENTS (CONTINUED)

(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 2014:	$	$	$	$	$	$	$
Payables*							
Supplies and services	2,560,118	2,560,118	2,560,118	-	-	-	-
Other payables	1,988,483	1,988,483	-	-	-	1,988,483	-
Total	4,548,601	4,548,601	2,560,118	-	-	1,988,483	-
YEAR 2013:							
Payables*							
Supplies and services	1,064,049	1,064,049	1,064,049	-	-	-	-
Other payables	521,387	521,387	-	-	-	521,387	-
Total	1,585,436	1,585,436	1,064,049	-	-	521,387	-

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

NOTE 15 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 2014:		$	$	$	$
Financial Assets					
Cash and deposits	2.48%	7,791,109	-	7,788,702	2,407
Receivables*					
- Accrued investment income	-	262,859	249,797	13,062	-
- Rental income	-	121,563	-	-	121,563
Investments & other contractual financial assets					
- Term deposits	2.65%	29,000,000	29,000,000	-	-
Total financial assets		37,175,531	29,249,797	7,801,764	123,970
Financial Liabilities					
Payables*					
- Supplies and services	-	2,560,118	-	-	2,560,118
- Other payables	-	1,988,483	-	-	1,988,483
Total financial liabilities	-	4,548,601	-	-	4,548,601
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	-	521,387	-	-	521,387
Total financial liabilities	-	1,585,436	-	-	1,585,436

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

NOTE 15 FINANCIAL INSTRUMENTS (CONTINUED)

MARKET RISK EXPOSURE - INTEREST RATE

	Carrying Amount	Interest Rate Risk	
		-50 Basis Points	+50 Basis Points
YEAR 2014	$	$	$
Contractual financial assets			
Cash and deposits	7,791,109	(38,956)	38,956
Investments & other contractual financial assets	29,000,000	(145,000)	145,000
Contractual financial liabilities	-	-	-
Total Impact	-	(183,956)	183,956
YEAR 2013			
Contractual financial assets			
Cash and deposits	8,535,912	(42,680)	42,680
Investments & other contractual financial assets	20,000,000	(100,000)	100,000
Contractual financial liabilities	-	-	-
Total Impact	-	(142,680)	142,680

(e) FAIR VALUE

The MMA considers that the carrying amountof financial assets and financial liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full. The fair value of the interest bearing financial liability is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

NOTE 16 CASH FLOW INFORMATION

	2014	2013
(a) Reconciliation of cash & cash equivalents	$	$
Total cash and deposits disclosed in the balance sheet	7,791,109	8,535,912
Balance as per cashflow statement	7,791,109	8,535,912
(b) Reconciliation of net result for the period to net cash flows from operating activities		
Net Result for the period	3,518,687	7,828,363
Add back dividend paid	-	-
Net operating result for the period	3,518,687	7,828,363
Non-cash movements		
Depreciation and amortisation of non-current assets	2,692,232	3,998,885
(Gain)/loss on disposal of non-current assets	3,216	12,371
Movements in assets and liabilities		
(Increase)/decrease in current receivables	(165,433)	36,737
(Increase)/decrease in current prepayments	(32,701)	152,262
Increase/(decrease) in current provisions	(295,877)	3,081
Increase/(decrease) in current rent in advance	166,152	(144,863)
Increase/(decrease) in current payables	2,927,426	(104,841)
Net cash flows from/(used in) operating activities	8,813,703	11,781,996

NOTE 17 RESERVES

	2014	2013
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 18 EX-GRATIA PAYMENTS

	2014	2013
	$	$
Ex-gratia payments were made for the reimbursement of office costs to members of the MMA's Advisory committees	7,000	13,950
Amounts due and paid to advisory committee members	7,000	13,950

NOTE 19 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 and Manufacturing	The Hon. David Hodgett	1 July 2013 to 30 June 2014
Chairperson	Mr N J Lowe	1 Jul 2013 to 17 Oct 2013
Chairperson	Mr S J McArthur	18 Oct 2013 to 30 Jun 2014
Board Member	Mr S J McArthur	1 Jul 2013 to 17 Oct 2013
Board Member	Ms N Kirkwood	1 Jul 2013 to 17 Oct 2013
Board Member	Ms G Marven	1 Jul 2013 to 30 Jun 2014
Board Member	Mr A McLellan	1 Jul 2013 to 30 Jun 2014
Board Member	Mr R Cooper	18 Jan 2014 to 30 Jun 2014
Board Member	Mr W Lewis	18 Jan 2014 to 30 Jun 2014
Chief Executive Officer	Mr M Maskiell	1 Jul 2013 to 30 Jun 2014

REMUNERATION

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

$280,000 - 289,999 (2013: $260,000 - 269,999)

Persons other than the Accountable Officer:

	2014	2013
Income Band	No.	No.
$0 - $9,999	3	-
$10,000 - $19,999	3	1
$20,000 - $29,999	-	3
$30,000 - $39,999	1	1
Total Numbers	7	5
Total Amount	103,344	120,028

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 20 REMUNERATION OF EXECUTIVES AND PAYMENTS TO OTHER PERSONNEL

(IE. CONTRACTORS WITH SIGNIFICANT MANAGEMENT RESPONSIBILITIES)

The number of executive officers, other than the Minister and Chief Executive 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. The total annualised employee equivalent provides a measure of full-time equivalent executive officers over the reporting period.

(a) EXECUTIVE OFFICER REMUNERATION

	Total Remuneration		Base Remuneration	
	2014	2013	2014	2013
Income Band	No.	No.	No.	No.
Less than $100,000	2	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	2	3
$140,000 - 149,999	1	-	1	1
$150,000 - 159,999	3	2	2	1
$160,000 - 169,999	1	-	-	1
$170,000 - 179,999	-	3	-	-
$180,000 - 189,999	-	-	-	1
$190,000 - 199,999	-	-	-	-
Total number of executives	9	9	9	9
Total annualised employee equivalent*	7.2	8.7	7.2	8.7
Total amount	1,106,714	1,218,258	1,039,168	1,129,839

** 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 20 REMUNERATION OF EXECUTIVES AND PAYMENTS TO OTHER PERSONNEL (CONTINUED)

(b) EXECUTIVE OFFICER DATA

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

	All		Ongoing	
Class	No.	Var	No.	Var
MMA	9	-	5	-
Total	9	-	5	-

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

	Male		Female		
Class	No.	Var	No.	Var	Vacancies
MMA	4	-	1	-	-
Total	4	-	1	-	-

Table 3: Reconciliation of Executive Numbers

	2014	2013
	No.	No.
Executives with remuneration over $100,000	7	7
Executives with total remuneration below $100,000	2	2
Chief Executive Officer	1	1
Less Separations	-1	-2
Total Executive numbers at 30 June 2014	9	8

(c) PAYMENTS TO OTHER PERSONNEL

No payments have been made to contractors who have significant management responsibilities.

NOTE 21 REMUNERATION OF AUDITORS

	2014	2013
	$	$
Audit fees paid or payable to the Victorian Auditor-General's Office (VAGO) for audit of the MMA's financial report	45,000	42,665
Amounts due and receivable by the Auditor-General	45,000	42,665

NOTE 22 SUBSEQUENT EVENTS

MMA is in the process of engaging a contractor for the provision and installation of information technology and telecommunications infrastructure and services at the Epping market site. The final cost of the contract is yet to be confirmed as there are a number of options within the proposed solution that require agreement. If accepted, it is envisaged that installation of the service will commence in late 2014.

NOTE 23 GLOSSARY OF TERMS AND STYLE CONVENTIONS

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from:

(a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and

(b) the effects of changes in actuarial assumptions.

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.

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 expenses mean the voluntary payment of money or other non monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

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

A complete set of financial statements comprises:

(a) a statement of financial position as at the end of the period;

(b) a statement of profit or loss and other comprehensive income for the period;

(c) a statement of changes in equity for the period;

(d) a statement of cash flows for the period;

(e) notes, comprising a summary of significant accounting policies and other explanatory information;

(f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 Presentation of Financial Statements; and

(g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

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.

Intangible produced assets

Refer to 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 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 economic flows – other comprehensive income'.

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 included in net result 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;
- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non produced) from their use or removal.

Please refer to Appendix 2 for examples.

Other economic flows – other comprehensive income

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards.

The components of other economic flows other comprehensive income include:

(a) changes in physical asset revaluation surplus;

(b) share of net movement in revaluation surplus of associates and joint ventures; and

(c) gains and losses on remeasuring available for sale financial assets;

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 2013-14 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.

CHAIRPERSON'S, CHIEF EXECUTIVE 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 2014 and financial position of the MMA at 30 June 2014.

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 9 September 2014.

S J McArthur
Chairperson

M Maskiell
Chief Executive Officer

D J Coulson
Chief Financial Officer

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.

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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