Melbourne Market Authority
Annual Report
2014 – 2015

The Hon. Jaala Pulford, MP
Minister for Agriculture
Level 16, 8 Nicholson Street
East Melbourne VIC 3002

Dear Minister

The Melbourne Market Authority (MMA) has pleasure in submitting its annual report for the year ending 30 June 2015.

This report covers the period 1 July 2014 to 30 June 2015. 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 MMA's commitment to working with the industry.

Yours sincerely

STEPHEN McARTHUR
Chairperson

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CHAIRPERSON'S REPORT

WHAT AN EXCITING TIME FOR THE MELBOURNE MARKET COMMUNITY. THE MOVE TO EPPING IS FINALLY UPON US AND THE TRANSITION 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 ALREADY BUILDING A STRONG WORKING RELATIONSHIP WITH THE CITY OF WHITTLESEA AND THE BUSINESS COMMUNITY OF THE NORTHERN REGION.

The financial year began with significant milestones such as finalising ballots for fruit and vegetable trading stands and the acquisition by Hansen Yuncken of warehousing.

These milestones provided a catalyst for the launch of a new look for the Melbourne Market at Epping and the MMA with new branding launched in August, 2014.

Hansen Yuncken have secured in excess of 75,000sqm in Part B warehousing and there are plans for further expansion to meet increased demand. Total warehouse demand at Epping is more than double the area available to tenants at West Melbourne. The very hot auction for the final store tenancy occurring late in 2014 was a great indicator that demand for businesses at Epping is high.

The transition to the new market at Epping is a significant logistics and planning exercise. The MMA appreciates change of this magnitude may be difficult for market users. The MMA has been working closely with the market community to prepare for the transitions, and address the issues and concerns raised by market users as best we can. The MMA will continue to work closely with all parties to ensure a smooth transition to the market's new home.

Once we settle in to our new home at Epping, it will be wonderful to continue our focus on growing the fresh fruit, vegetable and cut flower industry and work on promoting the new market facility to best advantage those that use it. With exciting marketing and promotional concepts underway the Melbourne Market Authority looks forward to progressing the industry from our new home.

As outlined in the latest Victorian Food and Fibre Export Performance Report released in 2014, Horticulture exports increased 48 per cent to $894 million and Horticulture export volumes grew 7 per cent to 318,000 tonnes. Victoria accounted for just over half (52%) of all Australian Horticulture exports in 2014 which we expect to see continue to grow in 2015-16.

The move to Epping will give market operations and businesses a range of exciting opportunities and I am looking forward to the day we open. At the same time, I, like many others, will feel a tinge of sadness to leave 542 Footscray Road for the final time. There is 46 years of incredible history at the West Melbourne site that is worth celebrating as we move to our new home.

STEPHEN McARTHUR
Chairperson

CHIEF EXECUTIVE OFFICER'S REPORT

IT'S HARD TO BELIEVE WHEN LOOKING BACK OVER THE PAST TWELVE MONTHS EXACTLY HOW FAR WE HAVE COME AND HOW MUCH WE HAVE ACHIEVED. IT HAS BEEN A YEAR OF SIGNIFICANT ACHIEVEMENTS WHICH THE WHOLE MARKET COMMUNITY CAN BE PROUD OF.

The financial year gathered momentum with important behaviour change campaigns being launched at West Melbourne to make sure some old habits were replaced as we introduced new operating procedures and recycling practices to enable us to be ready for our move to Epping. We worked in partnership with Plenary Asset Management (PAM) and IKON Services to launch recycling management and forklift safety campaigns which will continue to strengthen following our move to Epping where it is vital that we all work together to work safely and keep business costs to a minimum. A settling in period at the new market is expected and the MMA is committed to reviewing many of these measures within 12 months of our move to determine if they are meeting the needs of the market community.

Root Projects Australia (RPA) worked closely with tenants on fit out requirements with store holders given access to their tenancy from September 2014. With the new location and state-of-the-art build, tenants had the opportunity to consolidate their complete operations with improved store features such as dedicated external docks, the capacity to install zoned cool storage facilities and close proximity to warehousing.

A review of market trading hours was conducted that considered the impact of trading hours from the point of view of all market stakeholders including tenants, customers, service providers and other market participants as well as the community.

Printed market circulars were phased out as of 1 September 2014 and important information is now sent via email and SMS with the weekly e-news "This Week in the Market", helping to keep the market community informed throughout the transition from West Melbourne to our new home.

In order to allow market businesses and employees access to the new site a number of site visits took place throughout the year. It is pleasing to note that more than 2,200 market users took advantage of these tours taking the opportunity to familiarise themselves with their new workplace. In addition a market practice run day was planned so all sections of the market could 'kick the tyres' on the new site and get a real sense of how the new site will work for them and their business.

A new market means new access cards for everyone. With more than 7,000 cards in circulation the significant task of inducting everyone to the new site was undertaken from April 2015. With technological advances, the new access cards are smarter and more sophisticated and are another way that the new site will help make our shared workplace safer.

I would like to acknowledge the contributions and input from Market Advisory Committees and the broader market community who have played a significant role role in the planning, development and transition to the new market. The MMA will continue to consult with the market community on matters affecting the effective and efficient operation of the new market as we bed down operational procedures.

Although the transition from West Melbourne to Epping has been a huge undertaking and not without challenges for us all, we can now look to the future of the Melbourne Wholesale Fruit, Vegetable and Flower Market and the opportunities that the move presents. I look forward to working with all market businesses to see prosperity and business growth well into the future.

MARK MASKIELL
Chief Executive Officer

MEMBERS OF THE MMA

THE MMA IS ESTABLISHED UNDER THE *MELBOURNE MARKET AUTHORITY ACT 1977* (THE ACT).

THE MMA HAS REPORTED TO THE FOLLOWING MINISTERS DURING THE REPORTING PERIOD:

THE HON. JAALA PULFORD, MP, MINISTER FOR AGRICULTURE, 4 DECEMBER 2014 - 30 JUNE 2015

THE HON. DAVID HODGETT, MP, MINISTER FOR MAJOR PROJECTS, 1 JULY 2014 - 3 DECEMBER 2014

The members of the MMA Board are appointed by the Minister.

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. He was appointed as Chairperson from 18 January 2014 until 17 January 2017	✓	-	-	-	-	✓	✓	-
GISELA MARVEN commenced as a Board member on 14 June 2011 and is appointed until 31 December 2015	✓	✓	-	-	-	-	✓	✓
ANDREW MCLELLAN commenced as a Board member on 8 May 2012 and is appointed until 31 December 2015	✓	-	-	✓	-	-	-	✓
RUSSELL COOPER commenced as a Board member on 18 January 2014 and is appointed until 17 January 2017	✓	-	✓	-	-	-	✓	-
WILLIAM LEWIS commenced as a Board member on 18 January 2014 and is appointed until 17 January 2017	✓	-	-	-	✓	-	-	✓

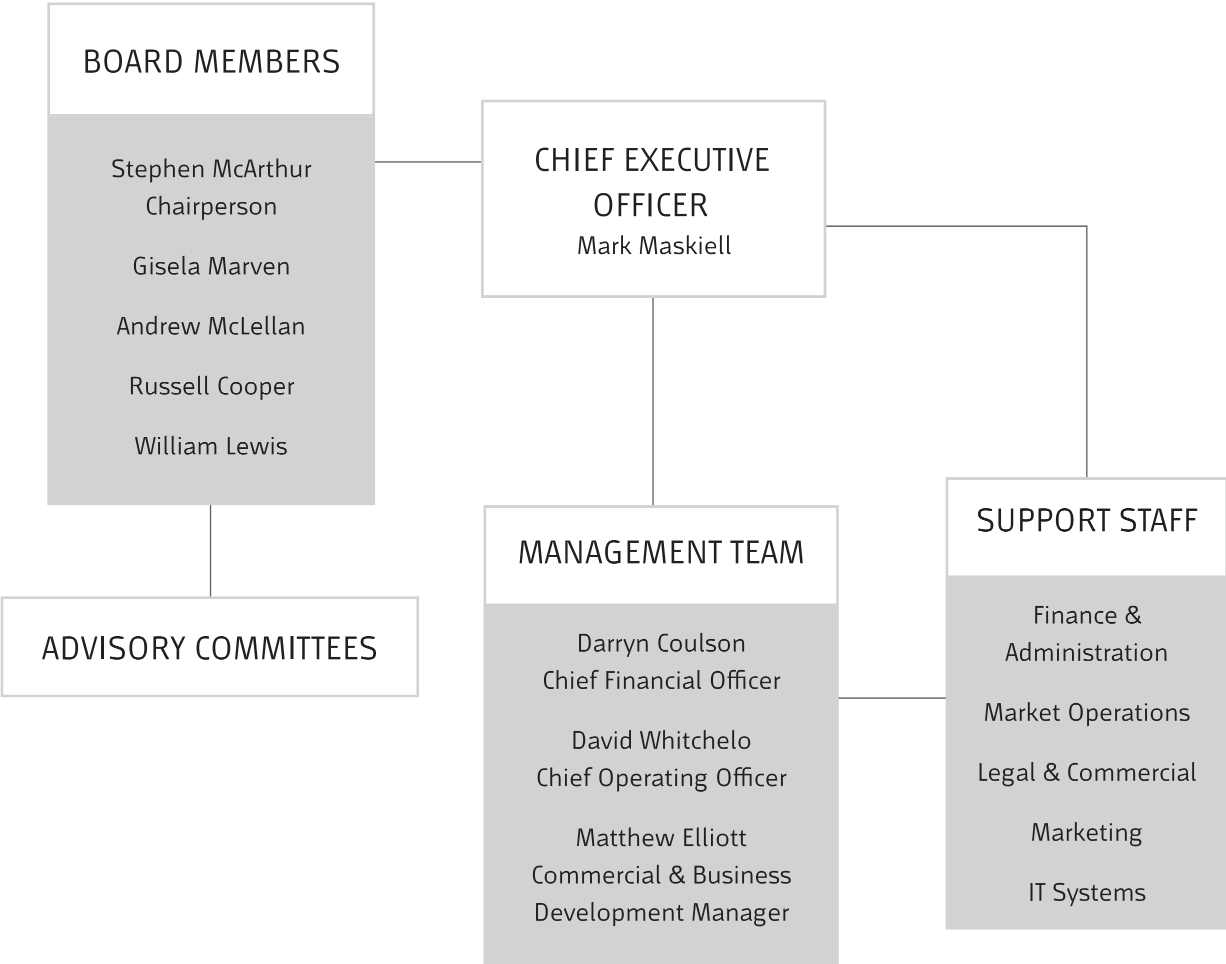
AUDIT

All members of the MMA's Finance, Audit and Risk Management Committee are regarded as "independent" for the purposes of SD 2.2(f) and (g).

Oakton Services Pty Ltd were contracted to provide internal audit consulting services during 2014-15.

RSM Bird Cameron, as a service provider for the Victorian Auditor General, were contracted to undertake annual financial audit services during 2014-15.

ORGANISATIONAL CHART



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 2014-15 in accordance with the requirements of the Act.

The members of the the Advisory Committees are set out below. In addition, associated industry representatives may attend meetings as observers.

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

OBJECTIVES, FUNCTIONS & VALUES

MELBOURNE MARKET IS ADMINISTERED BY THE MELBOURNE MARKET AUTHORITY (MMA), ESTABLISHED UNDER THE MELBOURNE MARKET ACT 1977.

The MMA's objectives are to:

- Provide a commercially viable wholesale facility for the efficient distribution of fresh produce
- Optimise returns on land and assets controlled and managed by the Authority
- Ensure a fair and competitive environment for the wholesale trading of produce.

The functions of the MMA are to:

- Control, maintain and manage the Melbourne Market
- Promote the use of the facilities of the Melbourne Market
- Provide advice and information to the Minister on matters relating to the Market and its use by industry and on industry related matters generally
- Do all things necessary or convenient to enable achievement of its objects, and
- Do all things the Authority is authorised or required to do under the relevant Act or other laws.

OUR VISION:

To realise a state of the art wholesale market that provides the anchor for the development of a Distribution and Logistics centre on the State Government owned land whilst also being recognised Australia wide for its industry leadership and commitment to innovation, quality and excellence.

OUR MISSION:

The Melbourne Market Authority (MMA) is an agency of the State Government charged with transitioning the Market community to a state of the art facility in Epping that:

- provides a commercially viable wholesale facility for the efficient distribution of fresh produce;
- optimises returns on land and assets controlled and managed by the MMA; and
- ensures a fair and competitive environment for wholesale trading of produce.

The MMA will work with the State Government to develop and implement a masterplan for the precinct that leverages the wholesale Market and the associated infrastructure to maximise the return on investment in the precinct to both the produce industry and the people of Victoria.

OUR PRIORITIES:

To realise our vision and mission, the MMA has a three year rolling business plan detailing strategies and initiatives for implementation. Key highlights:

- Financial – to grow and diversify the revenue base and minimise operating costs without compromising outcomes for tenants via initiatives such as new operating rules and recycling;
- Stakeholder management – effective, and collaborative relationships with key stakeholders to deliver on opportunities associated with the transition to Epping;
- People and culture - attract and retain appropriately skilled and experienced employees to ensure the delivery of the MMA's objectives in an environment that's both challenging and rewarding; and
- Process excellence - continuously improve the utilisation of MMA's Business Management System to maximise efficiency and effectiveness for all Market users.

OUR COMMITMENT:

We approach our work and each other with a commitment to:

- engaging regularly with our stakeholders, including all Market participants, the local community and all levels of Government;
- Fostering a customer centric culture;
- Acting with honesty, integrity and respect for others; and
- Facilitating opportunities to grow both our tenants' operations and Victoria's fresh produce economy.

BUSINESS OVERVIEW AND STATISTICS

BUSINESSES TRADING IN THE MARKET AS AT 30 JUNE 2015		
	Total Businesses	Individual Access Cards June 2015
Total fruit & vegetable tenant businesses	540	2,608
Fruit & vegetable retail buyers	1321	2,214
Total fruit & vegetable businesses	1,861	4,822
Flower buyers - florists	841	1,056
Flower growers/wholesalers	98	301
Total flower businesses	939	1,357
Transport operators & unloaders	123	343
Other market related businesses	135	439
Total other businesses	258	782
Total market businesses	3,058	6,961

AVERAGE VEHICLE ACCESS PER TRADING DAY			
	2014-15	2013-14	2012-13
Fruit & vegetable market:			
Buyers/retailers	566	614	687
Growers/wholesalers/merchants	1,630	1,563	1,494
Total average entries	2,196	2,177	2,181
Flower market:			
Buyers/florists	75	85	97
Growers/wholesalers	54	59	65
Total average entries	129	144	162
Ancillary businesses:			
Market related businesses	494	482	502
Transport operators and unloaders	73	98	112
Total average entries	567	580	614
Total average daily market access	2,892	2,901	2,957

% CHANGE IN REGISTERED USERS						
	% Change	2014-15	% Change	2013-14	% Change	2012-13
Total Registered Individuals	-2%	6,961	-4%	7,101	-9%	7,444
Total Registered Businesses	-1%	3,077	+2%	3,103	+1%	3,047

BUSINESS OVERVIEW AND STATISTICS

MARKET LAND USE - WEST MELBOURNE		
	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			
	2014-15	2013-14	2012-13
Forklifts	860	890	868
Scooters	196	234	230
Electric vehicles	60	52	48
Total	1,116	1,176	1,146

THE FRUIT, VEGETABLE & FLOWER MARKET

THE MELBOURNE WHOLESALE FRUIT, VEGETABLE & FLOWER 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 utilising the site. Sellers, 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.

A range of associated services are also available on site including cafes, market hire, forklift maintenance and packaging supplies.

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).

During 2014-15 a major consultation exercise was undertaken to determine if these trading hours were appropriate for the new market at Epping.

Many people participated in this exercise. To ensure objectivity in the process, an external consultancy firm, McKinna et al were appointed to undertake the research. McKinna have substantial experience in the operation of fresh produce markets in Australia and Internationally.

Not suprisingly, views were varied and often conflicting. To reach a decision everyone's views were considered in the context of what's in the best interests of a healthy market - attracting a critical mass of buyers and sellers resulting in an active and competitive trading enviroment.

The outcome was that trading hours would not be significantly different at Epping. However, it was recognised that there would be a settling in period at the new market. The MMA will review market hours during the first 12 months at the new market to determine if the trading hours meet the needs of the market community.

Familiarisation and induction program for the new market

To prepare the market community for the new market a rolling program of site visits were offered geared specifically to each user type within the market, being:

- Fruit and vegetable standholders
- Fruit and vegetable storeholders
- Fruit and vegetable buyers, and
- Flower market standholders and buyers.

In excess of 2,200 markets users participated in these site visits.

The program cumulated with a practice day planned for the market community in mid July prior to the opening of the new market.

A state-of-the-art online, animated induction DVD was launched to formally induct the 7,000 exisiting West Melbourne market users to the new market. Successful completion of the online induction permitted applicants to receive an access card to the new market.

A new brand for the new market

The new market at Epping creates many opportunities for a fresh start. To reflect this, a new look for the market and the MMA was revealed, together with a short DVD that showcases what the new market is all about.

The opening of the new market represents a bold new era and a new look symbolises the fresh start.

THE FRUIT, VEGETABLE & FLOWER MARKET

The new look was inspired by the market itself - the colour, the diversity, the characters and the freshness - together with the physical environment at Epping and the logistical efficiencies it offers the industry to grow and evolve.

Internally, this also provided the opportunity to clarify and strengthen the organisation's vision, mission, priorities and commitments via the introduction of a MMA Charter.

Inspiring Change

While change is never easy, the new market provides a unique opportunity for the MMA and market users. As part of the transition to Epping, many changes have been implemented around the West Melbourne site during 2014-15. Some old habits have been progressively replaced in preparation for the introduction of new operating procedures and recycling practices, amongst others, at Epping.

The MMA also undertook transformational change to ensure it is equipped to deliver on the Government's and the market community's aspirations for the new market.

Communications

Preparing the market community for the transition to Epping has been a key priority during 2014-15. Together with the Department of Economic Development, Jobs, Transport and Resources (DEDJTR), the MMA appointed external communications consultancy to assist with the vast amount of information the market community needs to receive, digest and, in many instances, take action.

This resulted in the development of several new communication tools that delivered the market community's needs for relevant, timely, succinct and accurate information.

Market Operations

During 2014-15, the MMA successfully transitioned from being serviced by an in-house facility management to a fully outsourced model with the appointment of the Plenary Asset Management (PAM) team.

Delivery of services to the market community was transformed, with a streamlined 24/7 call centre responding to incidents, parking and traffic management queries which has resulted in many logistical benefits.

The integration of Market Relations Officers and Security teams, with the addition of upgraded communication equipment, has had a marked improvement on response and attendance times to medical emergencies, parking obstructions and market access.

The focus for 2014-15 was to disseminate all operational activities at the West Melbourne market and gain an insight into improvements that benefit all market users with safety the primary objective. Throughout the past twelve months the MMA, in conjunction with Plenary Asset Management and partners, has transformed the management of cleaning, waste, essential service compliance, maintenance and parking.

The introduction of parking permits at West Melbourne as a trial process for the new market reduced the number of vehicles parking in unreserved bays by 440 vehicles per day, effectively creating unobstructed parking with safer ingress and egress for buyers and retailers.

The MMA invested in a new waste management strategy with collection bins and cages for the various waste streams encouraging separation of waste at the point of generation, and eliminating ground waste with dedicated personnel working with tenants to reduce general waste and minimise cost. The revised methodology with the inclusion of state-of-the-art collection, cleaning and compaction equipments culminated in the realisation of the recycling target of 85%, a 20% increase over the previous 2013-14 period.

Other Noteworthy Inclusions

The MMA Operations team has continually strived to improve logistics and safety. The exclusion of petrol driven motorised trolleys from the new market is one of the many notable changes market users will experience at the new market.

The introduction of colour coded access cards which must be displayed at all times will ensure cohesive accessibility to the market and parking zones.

Pooling equipment (pallet) accounts have been introduced for all users which will minimise the incidence of lost and misplaced pallets and reduce the cost of doing business in the market.

Online inductions have been further improved to include market user licences in order to ensure equipment operators have the appropriate training and credentials to provide a safer market for all.

There has been a move away from market By-Laws and financial penalty system in place at West Melbourne, to an operating rules system at Epping. Demerit points, attached to operating rules, will be linked to individual access card holder's access to the Market.

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 presenting 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 Festival
- Melbourne Market Annual Golf Day

MARKETING PROGRAMS

MarketFresh Schools Program (MSP)

The MSP 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 21,787 Victorian students across 123 schools experienced the MSP. MMA also supplied each student with a 54 page activity booklet assisting teachers to incorporate healthy eating into the curriculum. Teachers have enthusiastically endorsed the booklet's contents.

Anecdotally, on return visits teachers comment how eating habits have improved and the interest students have in the program.

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.

FLOWER PROMOTIONS

Valentine's Day and Mother's Day

During the year, MMA fostered the collaboration between Flowers Victoria and a number of industry members to join forces to invest in a marketing campaign that aimed to get flowers top of mind and positioned as the gift of choice for gift giving occasions.

Spring Racing Carnival

MMA supplied in-store promotional packs including a race day flower guide, window stickers, handy hints florists with ideas and activities to make the most of the campaign aligned to Melbourne's metropolitan spring racing calendar.

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's developments and posts monthly produce reports.

MARKETING

SPONSORSHIPS

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

- Victorian Farmers Federation
- Victorian Farmers Federation and Royal Agricultural Society Victoria – “Heart of Victoria”
- AusVeg National Conference
- Central Markets Association of Australia - Fresh Connections
- Melbourne Food and Wine Festival
- 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 Victoria is an independent charity which sources and distributes food to over 500 not-for-profit organisations across the state. MMA actively supports FoodBank Victoria with their operation in the market.

During 2014-15 Foodbank Victoria received over 597,392 kilograms, the equivalent of 1.2 million meals, of donated fresh produce from wholesale traders operating within the market.

VISITORS

A total of 1,873 people visited the market during 2014-15.

The market continues to attract industry representatives from international trade delegations visiting Australia, with internationals from Europe and Asia.

The market facilitates an understanding of the Australian supply chain and also acts as a single destination showcase for types and varieties of Australian fresh produce available.

ENVIRONMENT

The MMA's office based environment performance for 2014-15 is summarised in the table below:

Indicator	2014-15	2013-14
Total units of copy paper used by the MMA (A4 equivalent reams)	625	898
Total electricity used on site (kW)	4,399,463	4,637,807
Total gas used on site (MJ)	123,247	117,735
Total units of metered water consumed on site (kl)	23,049	16,030
Total energy consumption of MMA operational vehicles (GJ)	85	207
Total distance travelled by aeroplane of MMA representatives (airline km)	43,162	72,591
Total landfill (tonnes) from the site	2,475	3,145
Total recyclables (tonnes) from the site	6,877	6,715
Percentage diversion rate from landfill	73.5%	68.1%

In summary:

- decreases have been recorded for copy paper, electricity usage and energy consumption
- the National Flower Centre cafe has recorded a 4.7% increase in gas consumption
- water consumption has increased due to corrosion of ageing pipes
- the 40.5% decrease in distance traveled is due to less International travel during the 2014 - 15 period
- landfill has decreased by 21.3% and recyclable tonnages have increased by 2.4% resulting in an 8% increase in the diversion rate

MMA's office based Greenhouse Gas Emissions

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

Indicator	2014—15	2013—14
Total greenhouse gas emissions associated with energy use (tCO2 e)	5,946	6,263
Total greenhouse gas emissions associated with vehicle fleet (tCO2 e)	5.95	14.4
Total greenhouse gas emissions associated with air travel (tCO2 e)	9.49	17.62*
Total greenhouse gas emissions associated with waste production (tCO2 e)	2,228	2,831
Total	8,180	9,116

* 2013/14 Carbon emission factors for air travel updated to be consistent with FCM Travel Solutions calculations

In summary, Greenhouse gases have decreased by 10.3% on the previous year.

GOVERNANCE

RISK MANAGEMENT

Risk Management Framework

I, Stephen McArthur, certify that the MMA has complied with the Ministerial Standing Direction 4.5.5 - Risk Management Framework and Processes. The MMA's Finance, Audit & Risk Management (Audit) Committee verifies this.

Stephen McArthur
Chairperson

WORKPLACE RELATIONS

The MMA Enterprise Bargaining Agreement 2013-2015 (EBA) governs the workplace arrangements for employees at the MMA.

OCCUPATIONAL HEALTH & SAFETY PERFORMANCE

MMA has identified a safe and healthy workplace as a corporate value within its Corporate & Strategic Plan 2013-2016. MMA strives to provide a safe and healthy workplace for those who work within the market and maintain OH&S standards with ongoing improvements.

MMA's facilty manager, Plenary Asset Management, achieved AS/NZS 4801:2001 Occupational Health and Safety Management System certification for the West Melbourne market site. This certification assists MMA to establish and maintain a management system to improve the welfare, health and safety of its employees rights in their workplace. It aligns with MMA's ISO 9001 Quality Management System certification to enable OHS to be incorporated into the overall management activities and system.

There were no reported hazards/incidents or lost time injuries to MMA employees during the reporting period, nor in the previous reporting period. As a result, there have been no claim costs incurred.

GOVERNMENT ADVERTISING EXPENDITURE

MMA's expenditure in the 2014-15 reporting period on government campaign exenditure did not exceed $150,000.

VICTORIAN INDUSTRY PARTICIPATION POLICY

There were no tenders processed during the year subject to the *Victorian Industry Participation Policy Act 200*3.

ADMINISTRATION AND MANAGEMENT

STAFFING

	Ongoing Employees				Fixed Term & Casual
	Employees (headcount)	Full-time (headcount)	Part-time (headcount)	FTE	FTE
June 2015	19	18	1	18	1
June 2014	24	23	1	24	-

	June 2015			June 2014		
	Ongoing		Fixed Term & Casual	Ongoing		Fixed Term & Casual
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
Gender:						
Male	10	9	1	14	13	1
Female	9	8	1	10	10	-
Age:						
Under 25	1	-	1	-	-	-
25-34	7	6	1	7	6	1
35-44	5	5	-	5	5	-
45-54	4	4	-	6	6	-
55-64	2	2	-	6	6	-
Over 64	-	-	-	-	-	-
Total	19	17	2	24	23	1

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

TOTAL STAFF, EXECUTIVE OFFICERS AND AND BOARD AT THE REPORTING DATE

	2015	2014
Payroll employees	No.	No.
Staff	14	18
Executive Officers*	4	5
Accountable Officer	1	1
Board Members	5	5
Total	24	29
Assumed rate of increase in wage and salary rates	2.5%	2.5%
Discount rate	3.57%	2.94%
Settlement term (years)	10	10
Settlement term (years) pro rata	7	7

** Note: All executive officers are classified as "ongoing" - that is, their functions or outputs are expected to be ongoing at the end of the reporting period.*

ADMINISTRATION AND MANAGEMENT

BREAKDOWN OF EXECUTIVE OFFICERS INTO GENDER

	Male		Female		
Class	No.	Var	No.	Var	Vacancies
MMA	4	-	0	1	1
Total	4	-	0	1	1

RECONCILIATION OF EXECUTIVE NUMBERS

	2015	2014
	No.	No.
Executives with remuneration over $100,000	6	7
Add Vacancies	1	-
Executives with total remuneration below $100,000	2	2
Chief Executive Officer	1	1
Less Separations	-4	-1
Total Executive numbers at 30 June 2015	6	9

Note: There were 3 "ongoing" executive officers notified to VPSC in the latest GSERP annual survey.

PROTECTED DISCLOSURE ACT 2012

The *Protected Disclosure Act 2012* (PD Act) enables people to make disclosures about improper conduct by public officers and public bodies. The Act aims to ensure openness and accountability by encouraging people to make diclosures and protecting them when they do.

A protected diclosure is a complaint of corrupt or improper conduct by a public officer or a public body. MMA is a "public body" for the purposes of the PD Act.

Improper or corrupt conduct involves substantial:
- mismanagement of public resourses: or
- risk to public health or safety or the environment; or
- corruption.

The conduct must be criminal in nature or a matter for which an officer could be dismissed.

A person can make a protected diclsoure about MMA or its Board members, officers or employees by contacting IBAC on the contact details provided below.

Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria
Address: 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.

Please note that MMA is not able to receive protected disclosures as it is not fall under the definition of a "public body" as defined by the Public Administration Act.

PRIVACY POLICY

The MMA is bound by the National Privacy Principles, which are contained within the *Privacy and Data Protection Act 2014*. 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 posted this policy on the MMA website as well as making it available to all new customers at the time of registration. There were no complaints or breaches in regard to privacy issues during the year.

ADMINISTRATION AND MANAGEMENT

GLOSSARY

AAS
Australian Accouting Standards (and other mandatory professional reporting requirements) issued by the Australian Accounting Standards Board (AASB)

Accountable Officer
Has the same meaning as in sections 3 and 42(2)(b) of the FMA. In respect of a public body, accountable officer means the chief executive officer, by whatever name called.

DEDJTR
Department of Economic Development, Jobs, Transport and Resources.

DTF
Department of Treasury and Finance.

EOFY
End of financial year - 30 June.

FMA
Financial Management Act (1994).

FRD
A financial reporting direction issued by the Department of Treasury and Finance, on behalf of the Minister for Finance under the FMA.

GSERP
Government Sector Executive Remuneration Panel

Model Report
Means the Model report for Victorian Government Departments issued by the DTF. Note that the SDs refer to the Model report as the model financial report.

MFS
Model Financial Statements.

PAA
Public Administration Act 2004.

PAM
Plenary Asset Management - MMA's facility manager.

Public body or body
Public body has the same meaning as it does in section 3 of the FMA - except when used in the context of the *Protected Disclosures Act* 2013, in which case it has the same meaning as it does in the PD Act.

Registered users
Businesses and persons authorised and approved by the MMA to conduct business on market land.

Reporting period
1st July 2014 - 30 June 2015

Standing Directions (SD)
Standing Directions of the Minister for Finance under the Financial Management Act 1994.

Visitors
Persons other than registered users of the market.

VPSC
Victorian Public Sector Commission

FINANCE REPORT

FIVE YEAR FINANCIAL SUMMARY

	2015	2014	2013	2012	2011
	$000	$000	$000	$000	$000
Income from government	-	-	-	38	15
Total income from transactions	25,068	24,204	24,720	24,349	23,005
Total expenses from transactions	17,436	20,706	16,894	16,322	14,647
Net result from transactions	7,632	3,498	7,826	8,027	8,373
Net result for the period	7,618	3,519	7,828	7,937	8,337
Net cash flow from operating activities	9,544	8,814	11,782	13,015	11,682
Total assets	508,331	120,589	114,273	157,691	149,346
Total liabilities	32,321	6,839	4,041	4,287	3,880

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 $25,067,948
+$863,760 (+3.6%)

The following items contributed to the movement in revenue:-

Interest Revenue $1,022,457
+$176,755 (+20.9%)

This increase has resulted from growing investment funds resulting from operating surplus, and is higher than budget.

Rental Income $23,877,497
+ $815,999 (+3.5%)

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 $17,436,204
- $3,269,865 (-15.8%)

Supplies and Services $12,583,042
+ $605,537 (+5.1%)

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 $2,942,104
- $2,024,290 (- 40.8%)

This decrease has resulted from a reduction to staff numbers following on from the restructuring of the organisation and expensing of voluntary departure packages in 2013-14, which was budgeted.

Depreciation & Amortisation $1,666,919
- $1,025,313 (-38.1%)

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 $200,511
- $869,427 (-81.3%)

This decrease is due to warehouse and store tenants not receiving a rent free period of four months as they did in 2013-14.

FINANCE REPORT

Consulting Fees

Details of consultancies over $10,000:

Consultant	Purpose	Start Date	End Date	Total Approved (excl. GST)	Expenditure 2014/2015 (excl. GST)	Estimated Future Expenditure (excl. GST)
Cielterre Management Services Pty Ltd	Human resources advisory services	Jul '14	Jun '15	ongoing	$23,220	$5,000
Dept of Transport, Planning & Local Infrastructure	Property valuations	Jul '14	Jun '15	$39,918	$39,918	-
Hunt & Hunt	Legal advisory services	Jul'14	Jun '15	ongoing	$29,035	ongoing
ID/Laboratory Pty Ltd	Wayfinding services	Jul '14	Jun '15	$64,875	$64,875	-
McKinna Et AL Insight Outlook	Operational advisory services	Aug '14	Nov '14	$25,000	$25,000	-
Oakton Services P/L	Internal audit services	Jul '14	Jun '15	$60,000	$11,053	$60,000
Rawfire Safety Engineering	Engineering services	Aug '14	May '15	$19,010	$19,010	-
Simbuilt Pty Ltd	Building Advisory Services	Oct '14	Jun '15	$14,600	$14,600	-
UMOW Lai Vic Pty Ltd	Engineering Services	Dec '14	Feb '15	$10,480	$10,480	-
WIN Energy	Embedded Network	Feb'15	Feb'15	$55,925	$55,925	-
Workshop Architecture Pty Ltd	Engineering Services	Jul'14	Jun '15	$23,255	$23,255	-

Details of consultancies under $10,000:
There were 8 consultancies of *less than* $10,000 each, which totalled $36,206.

FINANCIAL POSITION

Assets

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

Property, Plant and Equipment $469,197,856 (+$386,090,558 +464.5%)
This increase has resulted from the transfer of Land ($21,677,259) and Building's ($364,964,271) from the Department of Economic Development, Jobs, Transport & Resourses via an Allocation Statement.

Liabilities

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

Payables $6,936,925 (+$679,195 +10.8%)

This increase has resulted from the receipt of Epping market rental deposits.

FINANCE REPORT

CASH FLOWS

Net cash flows from operating activities $9,543,777 (+$730,037 +8.3%)

Payments for investments $0 (-$9,000,000 -100%)
MMA paid out in full a short term debt from TCV from cash funds previously invested with TCV.

Proceeds from maturity of investments $29,000,000 (+$29,000,000 +100%)
Investments transferred to cash and deposits.

Repayment of borrowings $7,000,000 (+$7,000,000 +100%)
Funding for part of the assets acquired at the new market at Epping was from TCV loans.

BUDGET PERFORMANCE

The MMA achieved a 10% better than budget revenue result, and a 30% better than budget expenditure result. This equated to a 427% 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 2014-15, the MMA's KPI performance index was 105%, which means that in the aggregate MMA exceeded financial and non-financial performance targets by 5%.

DISCLOSURE REQUIREMENTS

The information relating to issues set out in FRD22F 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 its Legal Counsel acts as its Freedom of Information Officer. 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 National Competition Policy are addressed systematically.

The MMA will provide other information as required on request.

MMA investments are held by Treasury Corporation of Victoria (TCV).

There were no tenders processed during the year subject to the *Victorian Industry Participation Policy Act 200*3.

The MMA has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012.*

ACKNOWLEDGEMENTS

The MMA gratefully acknowledges the support of the Department of Economic Development, Jobs, Transport and Resourses (DEDJTR) 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 Mc Arthur, Chairperson

G Marven, Member

A McLellan, Member

R Cooper, Member

W Lewis, Member

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000

Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

Independent Auditor's report

To the Board Members, Melbourne Market Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2015 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 option on the financial report based on the audit, which has been conducted in accordance with the 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 involved performing procedures on 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 option.

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 compiled 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 2015 and its financial performance and 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*.

T McQuald

MELBOURNE
15 September 2015

for John Doyle
Auditor-General

MELBOURNE MARKET AUTHORITY

Comprehensive Operating Statement for the financial year ended 30 June 2015

	Notes	2015 $	2014 $
CONTINUING OPERATIONS			
INCOME FROM TRANSACTIONS			
Rental income	2(a)	23,877,497	23,061,498
Interest revenue	2(b)	1,022,457	845,702
Other income	2(c)	167,994	296,988
Total income from transactions		25,067,948	24,204,188
EXPENSES FROM TRANSACTIONS			
Employee expenses	3(a)	(2,942,104)	(4,966,394)
Depreciation and amortisation	3(b)	(1,666,919)	(2,692,232)
Interest Expense	3(c)	(43,628)	-
Supplies and services	3(d)	(12,583,042)	(11,977,505)
Other operating expenses	3(e)	(200,511)	(1,069,938)
Total expenses from transactions		(17,436,204)	(20,706,069)
Net result from transactions (net operating balance)		7,631,744	3,498,119
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4(a)	(14,152)	(3,216)
Other gains/(losses) from other economic flows	4(b)	720	23,784
Total other economic flows included in net result		(13,432)	20,568
Net result		7,618,312	3,518,687

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

MELBOURNE MARKET AUTHORITY

Balance Sheet as at 30 June 2015

	Notes	2015 $	2014 $
ASSETS			
FINANCIAL ASSETS			
Cash and deposits	17(a)	38,208,071	7,791,109
Receivables	5	331,376	384,422
Investments and other financial assets	6	-	29,000,000
Total Financial Assets		38,539,447	37,175,531
NON-FINANCIAL ASSETS			
Property, plant and equipment	7	469,197,856	83,107,298
Intangible assets	8	230,598	233,881
Prepayments		363,509	72,686
Total Non-Financial Assets		469,791,963	83,413,865
Total Assets		508,331,410	120,589,396
LIABILITIES			
Payables	9	6,936,925	6,257,730
Borrowings	10	25,000,000	-
Provisions	11	383,829	580,852
Total Liabilities		32,320,754	6,838,582
Net Assets		476,010,656	113,750,814
EQUITY			
Accumulated surplus		67,266,119	59,647,807
Physical asset revaluation surplus	18	50,937,800	50,937,800
Contributed capital*		357,806,737	3,165,207
Net Worth		476,010,656	113,750,814
Commitments for expenditure	14		
Contingent assets and contingent liabilities	15		

** Note (2015): The MMA received a transfer of land ($21,677,259) and Buildings & Plant ($364,964,271) from the Department of Economic Development, Jobs, Transport and Resources via an Allocation Statement. The MMA also incurred loans ($32,000,000) from the Treasury Corporation of Victoria as part of the funding for the new market at Epping.*

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 2015

	Notes	Physical asset revaluation surplus	Accumulated surplus	Contributed capital	Total
		$	$	$	$
Balance at 30 June 2013	18	50,937,800	56,129,120	3,165,207	110,232,127
Net result for the year		-	3,518,687	-	3,518,687
Balance at 30 June 2014	18	50,937,800	59,647,807	3,165,207	113,750,814
Net result for the year		-	7,618,312	-	7,618,312
Capital appropriations*		-	-	354,641,530	354,641,530
Balance at 30 June 2015	18	50,937,800	67,266,119	357,806,737	476,010,656

** Note (2015): The MMA received a transfer of land ($21,677,259) and Buildings & Plant ($364,964,271) from the Department of Economic Development, Jobs, Transport and Resources via an Allocation Statement. The MMA also incurred loans ($32,000,000) from the Treasury Corporation of Victoria as part of the funding for the new market at Epping.*

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

Cash Flow Statement for the year ended 30 June 2015

	Notes	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		22,875,167	22,426,010
Receipts from government		13,539	-
Other receipts		154,355	296,988
Interest received		1,209,842	690,326
Total receipts		24,252,903	23,413,324
Payments to suppliers and employees		(14,709,126)	(14,599,620)
Total payments		(14,709,126)	(14,599,620)
Net cash flows from/(used in) operating activities	17(b)	9,543,777	8,813,740
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturity of investments		29,000,000	-
Payments for investments		-	(9,000,000)
Payments for non-financial assets		(1,200,747)	(601,002)
Proceeds from sale of property, plant and equipment		73,932	42,495
Net cash flows from investing activities		27,873,185	(9,558,507)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(7,000,000)	-
Net cash flows from financing activities		(7,000,000)	-
Net increase/(decrease) in cash held		30,416,962	(744,803)
Cash at the beginning of the financial year		7,791,109	8,535,912
Cash at the end of the financial year	17(a)	38,208,071	7,791,109

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 2015. 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 24.

These annual financial statements were authorised for issue by the Chairperson, Chief Executive Officer and Chief Financial Officer on 9 September 2015.

(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. Upon relocation of operations to the new market its principal address will change to 55 Produce Way, Epping, Vic 3076.

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.

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from disposals of non-financial assets;
- revaluations and impairments of non-financial physical and intangible assets; and
- fair value changes of financial instruments.

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 are disclosed in the notes, where relevant. In general, non-current assets or liabilities expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classifed as current liabilities if the MMA does not have the unconditional right to defer the settlement of the liabilities within the 12 months after the end of the reporting period.

(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 related to 'Transactions with owner in its capacity as owner'.

(E) CHANGES IN ACCOUNTING POLICIES

Subsequent to the 2013-14 reporting period, the following Standards were revised: AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements* and AASB 12 *Disclosure of Interests in Other Entities*. MMA have undertaken an analysis of the new standards and determined that no changes are required.

(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 and amortisation

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 August 2015. At this time commencement of depreciation of Epping assets will commence.

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

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

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

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

All intangible assets with indefinite useful lives are not depreciated or amortised, but are tested annually for impairment by comapring its recoverable amount with its carrying amount:

(a) annually: and
(b) whenever there is an indication that the intangible asset may be impaired (refer Note H).

(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) Interest expense

Interest expense represents cost incurred in connection with borrowings. It includes interest on advances, loans and overdrafts. Interest expense is recognised in the period in which it is incurred. Refer to Note 24 for an explanation of interest expense items.

(vi) Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in the normal operations.

(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:

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

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

(b) 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.

(c) 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 24).

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) Borrowings
All interest bearing liabilities are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the MMA has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The above classification depends on the nature and purpose of the interest bearing liabilities. The MMA determines the classification of its interest bearing liabilities at initial recognition.

(iii) 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.

(iv) 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) Employee benefits on-costs

Employee benefits on-costs such as payroll tax and workers compensation 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

Contribution by Owners

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 14) 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 15) 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 (AAS) ISSUED THAT ARE NOT YET EFFECTIVE

Certain new AAS have been published that are not mandatory for the 30 June 2015 reporting period. DTF assesses the impact of all these new standards and advises the MMA of their applicability and early adoption where applicable.

Please refer to Page 40 for a detailed list of AAS's issued but not yet effective for the 2014-15 reporting period.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on MMA financial statements
AASB 9 *Financial instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets 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.
AASB 15 *Revenue from Contracts with Customers*	The core principile of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to the customer	1 Jan 2017 (Exposure Draft 263 - Potential deferral to 1 Jan 2018)	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and correct modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.
AASB 2014-4 *Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation* *[AASB 116 & AASB 138]*	Amends AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets* to: • establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economicd benefits of an asset; • prohibit the use of revenue-bases methods to calculated the depreciation or amortisation of an asset, tangible or intangible, becuase revenue generally reflects the pattern of economicv benefits that are generated from operating the business, rather than the consumption through the use of the asset.	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-bases method is not used for depreciation and amortisation

NOTE 2 INCOME FROM TRANSACTIONS

	2015	2014
(a) RENTAL INCOME	$	$
Rents received for:		
- Fruit and vegetable trading stands	4,891,720	5,011,164
- Wholesale stores and warehouses	11,311,099	10,464,478
- National Flower Centre trading stands	1,581,265	1,548,270
- Other commercial rents	2,572,124	2,615,703
- Parking	3,521,289	3,421,883
Total rental income	23,877,497	23,061,498
(b) INTEREST REVENUE		
Interest on bank deposits	1,022,457	845,702
Total interest revenue	1,022,457	845,702
(c) OTHER INCOME		
Marketing revenues	45,905	44,373
Other	122,090	252,615
Total other income	167,994	296,988

NOTE 3 EXPENSES FROM TRANSACTIONS

	2015	2014
(a) EMPLOYEE EXPENSES	$	$
Post employment benefits:		
Defined contribution superannuation expense	189,292	293,066
Defined benefit superannuation expense*	11,398	79,405
Salaries, wages and long service leave**	2,741,415	4,593,923
Total employee expenses	2,942,104	4,966,394
(b) DEPRECIATION AND AMORTISATION		
Buildings	1,237,788	2,261,934
Plant, equipment & vehicles	250,032	244,477
Intangible produced assets	179,100	185,820
Total depreciation and amortisation	1,666,919	2,692,232
(c) INTEREST EXPENSE		
Interest on Government Loans	43,628	-
Total interest expense	43,628	-
(d) SUPPLIES AND SERVICES		
- Market operations	4,356,891	4,290,027
- Repairs and maintenance	724,857	976,757
- Fuels, rates and taxes	2,251,939	1,649,029
- Marketing and media	374,921	409,775
- Audit and insurance	774,305	861,734
- Professional services	3,499,713	3,126,451
- Other	600,415	663,732
Total supplies and services	12,583,042	11,977,505
(e) OTHER OPERATING EXPENSES		
Fair value assets and services provided for nominal consideration		
- Warehouse rental discount***	200,511	1,068,938
- Cash donations and gifts	-	1,000
Total fair value assets and services provided for nominal consideration	200,511	1,069,938

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 12.*

*** 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

	2015	2014
(a) NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS	$	$
Net gain/(loss) on disposal of property, plant and equipment	(14,152)	(3,216)
Total net gain/(loss) on non-financial assets	(14,152)	(3,216)
(b) OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS		
Net gain/(loss) arising from revaluation of leave liability*	720	23,784
Total net gain/(loss) from other economic flows	720	23,784

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

NOTE 5 RECEIVABLES

	2015	2014
CURRENT RECEIVABLES	$	$
Contractual		
Rental income	196,947	121,563
Accrued investment income - TCV	75,473	262,859
Total receivables	272,420	384,422
Statutory		
Taxes receivable	58,957	-
Total receivables	331,376	384,222

Ageing analysis of contractual receivables

Please refer to Note 16(b) for the maturity analysis of contractual receivables.

Nature and extent of of risk arising from contractual receivables

Please refer to Note 16 for the nature and extent of risks arising from contractual receivables.

NOTE 6 INVESTMENTS AND OTHER FINANCIAL ASSETS

	2015	2014
CURRENT INVESTMENTS AND OTHER FINANCIAL ASSETS	$	$
Current investments and other financial assets		
Term deposits:		
Australian dollar term deposits >3 months	-	29,000,000
Total investments	-	29,000,000

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION

PURPOSE GROUP - PUBLIC SAFETY AND ENVIRONMENT

	Gross Carrying Amount		Accumulated Depreciation		Net Carrying Amount	
	2015	2014	2015	2014	2015	2014
	$000	$000	$000	$000	$000	$000
Land						
at Independent valuation 30/6/11-West Melbourne	81,000	81,000	-	-	81,000	81,000
at Fair value - Epping	21,677	-	-	-	21,677	-
Buildings						
at Independent valuation 30/6/11	10,801	10,801	10,736	9,388	65	1,413
at Fair value - West Melbourne	937	83	155	17	782	66
at Fair value - Epping	364,964	-	-	-	364,964	-
Capital Works in Progress	175	-	-	-	175	-
Plant, equipment and vehicles						
- Market equipment	1,163	1,103	951	871	212	232
- Motor vehicles	452	464	259	208	193	256
- Computer equipment	1,240	1,144	1,128	1,013	112	131
- Office, plant and equipment	311	301	295	292	16	9
Plant, equipment and vehicles at fair value	3,167	3,012	2,633	2,384	534	628
Total amount	482,722	94,896	13,524	11,789	469,198	83,107

Note: Property, plant and equipment are classified primarily by the 'purpose' for which the assets are used, according to one of six purpose groups based upon government purpose classifications. All assets in a purpose group are further sub categorised according to the asset's 'nature' (i.e. buildings, plant etc.), with each sub category being classified as a separate class of asset for financial reporting purposes.

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 2015:							
Carrying amount at start of year	81,000	1,479	232	256	131	9	83,107
Fair value of assets received for nominal consideration*	21,677	364,964	-	-	-	-	386,641
Additions*	-	607	60	77	96	11	850
Capital WIP		175	-	-	-	-	175
Disposals	-	-	-	(88)	-	-	(88)
Depreciation expense	-	(1,238)	(80)	(51)	(115)	(4)	(1,487)
Carrying amount at end of year	102,677	365,987	212	194	112	16	469,198
YEAR 2014:							
Carrying amount at start of year	81,000	3,665	137	256	168	7	85,233
Fair value of assest received for nominal consideration	-	-	-	-	-	-	-
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

**Note (2015): MMA received a transfer of Land ($21,677,259) and Buildings ($364,964,271) from the Department of Economic Development, Jobs, Transport and Resources via an Allocation Statement.*

NOTE 7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

FAIR VALUE MEASURE HIERARCHY FOR ASSETS

	Carrying Amount as at 30 June 2015	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	102,667	-	-	102,677
Total of land at fair value	**102,667**	**-**	**-**	**102,677**
Buildings at fair value - Specialised buildings	365,987	-	-	365,987
Total of buildings at fair value	**365,987**	**-**	**-**	**365,987**
Plant, equipment and vehicles at fair value				
- Vehicles [ii]	194	-	-	194
- Plant and equipment	340	-	-	340
Total of plant, equipment and vehicles at fair value	**534**	**-**	**-**	**534**

	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 $3.5M and a building revaluation increment of $6.76M was recorded.

MMA has received a transfer of land and buildings from the Department of Economic Development, Jobs, Transport and Resources of $386.6M via an Allocation Statement. The transfer was measured at the carrying amount of the land and buildings.

An independent valuation of MMA's specialised land and buildings is scheduled to be performed by the Valuer General Victoria at 30 June 2016.

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 & 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 2015. For all assets measured at fair value, the current use is considered the highest and best use.

RECONCILIATION OF LEVEL 3 FAIR VALUE

	Specialised Land	Specialised Buildings	Vehicles	Plant and Equipment
YEAR 2015	$000	$000	$000	$000
Opening balance	81,000	1,479	256	372
Purchases (sales)	21,677	365,746	74	166
Transfers in (out) of Level 3	-	-	-	-
Disposal	-	-	(85)	-
Depreciations	-	(1,238)	(51)	(199)
Impairment Loss	-	-	-	-
Subtotal	102,677	365,987	194	340
Gains or losses recognised in other economic flows - other comprehensive income	-	-	-	-
Revaluations	-	-	-	-
Subtotal	-	-	-	-
Closing balance	102,677	365,987	194	340
YEAR 2014	$000	$000	$000	$000
Opening balance	81,000	3,665	256	312
Purchases (sales)	-	76	58	246
Transfers in (out) of Level 3	-	-	-	-
Disposal	-	-	-	-
Depreciations	-	(2,262)	(58)	(186)
Impairment Loss	-	-	-	-
Subtotal	81,000	1,479	256	372
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	2015: $7-$302 per/m2 (Avg. $36) 2014: $7-$302 per/m2 (Avg. $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.
Vehicles	Depreciated replacement cost	Cost per unit	2015: $8,000-$45,000 per unit (Avg. $19,300) 2014: $10,000-$34,000 per unit (Avg. $23,000)	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	2015: $30-$31,000 per unit (Avg. $310) 2014: $40-$38,000 per unit (Avg. $530)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value

**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

	2015	2014
SOFTWARE	$	$
Gross carrying amount		
Opening balance	1,818,460	1,643,582
Additions	175,817	174,878
Closing balance	1,994,277	1,818,460
Accumulated amortisation		
Opening balance	(1,584,579)	(1,398,760)
Amortisation expense*	(179,100)	(185,819)
Closing balance	(1,763,679)	(1,584,579)
Net book value as at 30 June 2015	230,598	233,881

* *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

	2015	2014
CURRENT PAYABLES	$	$
Contractual		
Supplies and services	3,353,912	2,560,118
Interest Payable	43,628	-
Rentals in advance	678,146	1,404,682
	4,075,687	3,964,800
Statutory		
Taxes payable*	42,876	304,447
Total current payables	4,118,563	4,269,247
NON-CURRENT PAYABLES		
Contractual		
Tenant bonds and retention monies	2,818,362	1,988,483
Total non-current payables	2,818,362	1,988,483
Total Payables	6,936,925	6,257,730

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

Maturity analysis of contractual payables
Please refer to Note 16(c) for the maturity analysis of contractual payables.

Nature and extent of of risk arising from contractual payables
Please refer to Note 16 for the nature and extent of risks arising from contractual payables.

NOTE 10 BORROWINGS

	2015	2014
Current Borrowings	$	$
Loan from TCV	1,000,000	-
Total Current Corrowings	1,000,000	-
Non-Current Borrowings		
Loans from TCV	24,000,000	-
Total Non-current Borrowings	24,000,000	-
Total Borrowings	25,000,000	-

Note: MMA incurred debt as part of the funding for the new Market at Epping.
Refer to Maturity Analysis of Contractual Financial Liabilities table at Note 16(C) on Page 58.

NOTE 11 PROVISIONS

	2015	2014
CURRENT	$	$
Employee benefits - annual leave*		
Unconditional and expected to settle within 12 months**	70,953	108,791
Unconditional and expected to settle after 12 months***	53,768	61,797
Employee benefits - long service leave*		
Unconditional and expected to settle within 12 months**	-	-
Unconditional and expected to settle after 12 months***	193,364	290,281
Total current employee benefits	318,085	460,869
Provisions relating to employee benefit on-costs*		
Unconditional and expected to settle within 12 months**	54,158	25,349
Unconditional and expected to settle after 12 months***	-	43,136
Total current employee benefit on-costs	54,158	68,485
Total current provisions	372,243	529,354
NON-CURRENT		
Employee benefits*	10,087	44,835
Employee benefits on-costs	1,499	6,662
Total non-current provisions	11,586	51,497
Total provisions	383,829	580,852
(A) EMPLOYEE BENEFITS AND ON-COSTS		
Current employee benefits		
Annual leave	124,721	170,588
Long service leave	193,364	290,281
Non current employee benefits		
Long service leave	10,087	44,835
Total employee benefits	328,172	505,704
Current on-costs	54,158	68,485
Non current on-costs	1,499	6,662
Total on-costs	55,567	75,147
Total employee benefits and on-costs	383,829	580,852

	2015	2014
(B) MOVEMENT IN PROVISIONS		
Opening balance	580,852	876,729
Additional provisions recognised	202,334	232,219
Reductions arising from payments/other sacrifices of future economic benefits	(399,357)	-
Closing balance	383,829	580,852

** 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 12 SUPERANNUATION

	2015	2014
Defined benefit plans:	$	$
Vision Super*	11,398	79,405
Defined contribution plans:		
Vision Super	36,276	138,667
Colonial Master Fund	27,022	30,463
Australian Super	24,805	5,414
Harwhitch Super Fund	18,582	12,870
Legal Super	18,097	13,184
Unisuper	10,786	0
CBUS	8,982	8,979
REST	8,754	8,482
Hostplus	8,270	14,483
Vic Super	7,000	13,774
IOOF	5,307	0
MLC Masterkey	1,295	11,849
HESTA Super	0	4,614
Czeslaw Pty Ltd	0	3,756
Other	14,117	26,532
Total	189,292	293,066

**Note (2014) Includes retrenchment increment $56,875.*

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

ACCUMULATION

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 2015, this was 9.5% 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 was 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.

NOTE 12 SUPERANNUATION (CONTINUED)

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 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 2015, this rate was 9.5% of members' salaries, and is expected to increase in line with the required Superannuation Guarantee contribution rate.

NOTE 13 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.

	2015	2014
Non-cancellable operating leases receivable	$	$
Not longer than 1 year	8,385,626	867,523
Longer than 1 year but less than 5 years	32,914,712	-
Longer than 5 years	2,111,252	-
Total non-cancellable operating leases receivable	43,411,590	867,523

The majority of leases with market tenants for West Melbourne operations have an expiry date of 31 July 2014 and are in overholding until market operations relocate to Epping on 31 August 2015. Leases for Epping operations have a commencement date of 31 August 2015, and have lease terms of 1, 3, 5, 10 and 15 years.

NOTE 14 COMMITMENTS FOR EXPENDITURE

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

	2015	2014
Operating expenditure commitments payable:	$	$
Not longer than 1 year	5,944,740	3,231,579
Longer than 1 year but less than 5 years	9,817,676	6,447,276
Total operating commitments for expenditure	15,762,416	9,678,855
Capital expenditure commitments payable:		
Not longer than 1 year	434,411	-
Total capital expenditure commitments payable	434,411	-
Total commitments for expenditure (inclusive of GST)	16,196,827	9,678,885
Less GST recoverable from the Australian Taxation Office	(1,472,439)	(879,896)
Total commitments for expenditure (exclusive of GST)	14,724,388	8,798,959

NOTE 15 CONTINGENT ASSETS AND LIABILITIES

MMA is pursuing recovery from a tenant costs incurred to repair damages sustained in a fire occurring in late 2013. The costs to be recovered of $305,739 were recognised as an expense in the Operating Statement in 2013-14.

Pursuant to amendements to the *Congestion Levy Act 2005*, the West Melbourne market site is a 'Category 2 levy area', effective 1 January 2015. A levy has not been issued to the MMA in respect of the site.

NOTE 16 FINANCIAL INSTRUMENTS

(a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The MMA's principal financial instruments comprise of:

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

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.

NOTE 16 FINANCIAL INSTRUMENTS (CONTINUED)

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.

a (i) Categorisation of financial instruments

	Contractual financial assets - loans and receivables	Contractual financial liabilities at amortised cost	Total
YEAR 2015:	$	$	$
Contractual financial assets			
Cash and deposits	38,208,071	-	38,208,071
Receivables*			
- Accrued investment income	75,473	-	75,473
- Rental income	196,947	-	196,947
Investments & other contractual financial assets			
- Term deposits	-	-	-
Total contractual financial assets	38,408,490	-	38,408,490
Contractual financial liabilities			
Payables*			
- Supplies and services	-	3,353,912	3,353,912
- Other payables	-	43,628	43,628
Borrowings			
- Loans from TCV	-	25,000,000	25,000,000
Total contractual financial liabilities	-	28,397,541	28,397,541
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	-	-	-
Total contractual financial liabilities	-	2,560,118	2,560,118

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

NOTE 16 FINANCIAL INSTRUMENTS (CONTINUED)

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

	Net holding gain/(loss)	Total interest income/ (expense)	Fee income/ (expense)	Impairment loss	Total
YEAR 2015:	$	$	$	$	$
Contractual financial assets					
Financial assets - cash and deposits	-	1,022,457	-	-	1,022,457
Total contractual financial assets	-	1,022,457	-	-	1,022,457
Financial Liability - Loan to TCV		(43,628)	-	-	(43,628)
Total contractual financial liabilities	-	(43,628)	-	-	(43,628)
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	-	-	-	-	-

NOTE 16 FINANCIAL INSTRUMENTS (CONTINUED)

b (i) 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 2015:	$	$	$	$	$
Cash and deposits	-	37,500,000	-	708,071	38,208,071
Receivables*					
- Accrued investment income	-	75,473	-	-	75,473
- Rental income	-	-	-	196,947	196,947
Investments & other contractual financial assets					
- Term deposits	-	-	-	-	-
Total	-	37,575,473	-	905,017	38,480,490
YEAR 2014:					
Cash and deposits	-	7,000,000	-	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	-	36,262,859	-	912,672	37,175,531

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

NOTE 16 FINANCIAL INSTRUMENTS (CONTINUED)

b (ii) 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 2015:	$	$	$	$	$	$	$
Cash and deposits	38,208,071	38,208,071	-	-	-	-	-
Receivables*							
- Accrued investment income	75,472	75,472	-	-	-	-	-
- Rental income	196,947	132,071	63,873	1,003	-	-	-
Investments & other contractual financial assets							
- Term deposits	-	-	-	-	-	-	-
Total	38,480,490	38,415,614	63,873	1,003	-	-	-
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	-	-	-

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

NOTE 16 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 2015:	$	$	$	$	$	$	$
Payables*							
Supplies and services	3,353,912	3,353,912	3,353,912	-	-	-	-
Other payables	43,628	43,628	-	-	43,628	-	-
Borrowings							
Loans from TCV	25,000,000	25,000,000	-	500,000	500,000	4,000,000	20,000,000
Total	28,397,541	28,397,541	3,353,912	500,000	543,628	4,000,000	20,000,000
YEAR 2014:							
Payables*							
Supplies and services	2,560,118	2,560,118	2,560,118	-	-	-	-
Other payables	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-
Loans from TCV	-	-	-	-	-	-	-
Total	2,560,118	2,560,118	2,560,118	-	-	-	-

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

NOTE 16 FINANCIAL INSTRUMENTS (CONTINUED)

(D) MARKET RISK

The MMA's exposure to market risk, which includes interest rate risk, is deemed insignificant. This risk is minimied 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 2015:		$	$	$	$
Financial Assets					
Cash and deposits	2.25%	38,208,071		38,204,504	3,567
Receivables*					
- Accrued investment income		75,473	75,473	-	-
- Rental income		196,947	-	-	196,947
Investments & other contractual financial assets					
- Term deposits	-	-	-	-	-
Total financial assets		38,480,490	75,473	38,204,504	200,514
Financial Liabilities					
Payables*					
- Borrowings	3.98%	25,000,000	-	-	25,000,000
- Supplies and service		3,353,912	-	-	3,353,912
- Other payables		2,861,991	43,628	-	2,818,362
Total financial liabilities		31,215,903	43,628	-	31,172,274
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*					
- Borrowings	-	-	-	-	-
- Supplies and service	-	2,560,118	-	-	2,560,118
- Other payables	-	1,988,483	-	-	1,988,483
Total financial liabilities	-	4,548,601	-	-	4,548,601

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

NOTE 16 FINANCIAL INSTRUMENTS (CONTINUED)

MARKET RISK EXPOSURE - INTEREST RATE

	Carrying Amount	Interest Rate Risk	
		-50 Basis Points	+50 Basis Points
YEAR 2015	$	$	$
Contractual financial assets			
Cash and deposits	38,208,071	(191,040)	191,040
Investments & other contractual financial assets	-	-	-
Contractual financial liabilities	-	-	-
Total Impact		(191,040)	191,040
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

(e) FAIR VALUE

The MMA considers that the carrying amount of 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 17 CASH FLOW INFORMATION

	2015	2014
(a) Reconciliation of cash & cash equivalents	$	$
Total cash and deposits disclosed in the balance sheet	38,208,071	7,791,109
Balance as per cashflow statement	38,208,071	7,791,109
(b) Reconciliation of net result for the period to net cash flows from operating activities		
Net Result for the period	7,618,312	3,518,687
Net operating result for the period	7,618,312	3,518,687
Non-cash movements		
Depreciation and amortisation of non-current assets	1,666,919	2,692,232
(Gain)/loss on disposal of non-current assets	14,152	3,216
Movements in assets and liabilities		
(Increase)/decrease in current receivables	53,046	(165,433)
(Increase)/decrease in current prepayments	(290,823)	(32,701)
Increase/(decrease) in current provisions	(197,023)	(295,877)
Increase/(decrease) in current payables	679,194	3,093,578
Net cash flows from/(used in) operating activities	9,543,777	8,813,703

NOTE 18 RESERVES

	2015	2014
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 19 EX-GRATIA PAYMENTS

	2015	2014
	$	$
Ex-gratia payments were made for the reimbursement of office costs to members of the MMA's Advisory committees	-	7,000
Amounts due and paid to advisory committee members	-	7,000

NOTE 20 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 Agriculture & Regional Development	The Hon. Jaala Pulford	4 Dec 2014 to 30 Jun 2015
Minister for Major Projects, Ports and Manufacturing	The Hon. David Hodgett	1 July 2014 to 3 Dec 2014
Chairperson	Mr S J McArthur	1 Jul 2014 to 30 Jun 2015
Board Member	Ms G Marven	1 Jul 2014 to 30 Jun 2015
Board Member	Mr A McLellan	1 Jul 2014 to 30 Jun 2015
Board Member	Mr R Cooper	1 Jul 2014 to 30 Jun 2015
Board Member	Mr W Lewis	1 Jul 2014 to 30 Jun 2015
Chief Executive Officer	Mr M Maskiell	1 Jul 2014 to 30 Jun 2015

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:

$310,000 - 319,999 (2014: $280,000 - 289,999)

Persons other than the Accountable Officer:

	2015	2014
Income Band	No.	No.
$0 - $9,999	-	3
$10,000 - $19,999	-	3
$20,000 - $29,999	4	-
$30,000 - $39,999	1	1
Total Numbers	5	7
Total Amount	123,547	103,344

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 21 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	
	2015	2014	2015	2014
Income Band	No.	No.	No.	No.
Less than $100,000	2	2	3	2
$100,000 - 109,999	1	-	-	-
$110,000 - 119,999	-	-	-	1
$120,000 - 129,999	-	1	-	1
$130,000 - 139,999	-	1	-	2
$140,000 - 149,999	2	1	3	1
$150,000 - 159,999	1	3	-	2
$160,000 - 169,999	-	1	-	-
$170,000 - 179,999	-	-	-	-
$180,000 - 189,999	-	-	-	-
$190,000 - 199,999	1	-	2	-
$200,000 - 209,999	-	-	-	-
$210,000 - 219,999	1	-	-	-
Total number of executives	8	9	8	9
Total annualised employee equivalent*	5.2	7.2	5.2	7.2
Total amount	1,061,020	1,106,714	1,008,470	1,039,168

** 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 21 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	8	-	4	-
Total	8	-	4	-

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

	Male		Female		
Class	No.	Var	No.	Var	Vacancies
MMA	4	-	0	1	1
Total	4	-	0	1	1

Table 3: Reconciliation of Executive Numbers

	2015	2014
	No.	No.
Executives with remuneration over $100,000	6	7
Add Vacancies	1	-
Executives with total remuneration below $100,000	2	2
Chief Executive Officer	1	1
Less Separations	-4	-1
Total Executive numbers at 30 June 2015	6	9

NOTE 22 REMUNERATION OF AUDITORS

	2015	2014
	$	$
Audit fees paid or payable to the Victorian Auditor-General's Office (VAGO) for audit of the MMA's financial report	46,100	45,000
Amounts due and receivable by the Auditor-General	46,100	45,000

NOTE 23 SUBSEQUENT EVENTS

Market operations are due to commence at the new market site at Epping on 31 August 2015. The market site at West Melbourne will remain as an asset of MMA until decommissioning at the site has concluded.

NOTE 24 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 in the Model Report comprises:

(a) balance sheet as at the end of the period;

(b) comprehensive operating statement for the period;

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

(d) cash flow statement 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 expense
Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

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

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 2015 and financial position of the MMA at 30 June 2015.

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 2015.

S J McArthur	M Maskiell	D J Coulson
Chairperson	Chief Executive Officer	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.

MINISTERIAL DIRECTIONS

REPORT OF OPERATIONS - FRD GUIDANCE

FINANCIAL REPORT

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.

For operating statement presentation purposes, other economic flows are disaggregated into 'other economic flows included in the net result'and 'other economic flows - other comprehensice income (OCI)'.

	Item	Transaction	OEF included in net result	OEF-OCI	Reason for the classification
1	Taxation	✓			Agreed between counterparties i.e. implicit agreement between government and taxpayers
2	Bad debts	✓	✓		Either: If agreed between counterparties = transaction If unilateral write off treated as a revaluation = other economic flows
3	Dividends	✓			Agreed between counterparties i.e. owner and business
4	Net profit or loss from associates (other than dividends)		✓		Revaluation of investment
5	Depreciation	✓			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		✓		Treated as a unilateral decision to provision adjustment and afftect net result.
7	Long service leave provision 1. Change in provision due to changes in the bond rates	✓			Subject to review, which might be recategorised into 'other economic flow included in the net result'.
	2. Change in provision due to changed estimation		✓		Revaluation
8	Whole of government unfunded superannuation liability 1. Net Interest Expense	✓			
	2. Remeasurement			✓	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		✓		Revaluation
10	Depletion of natural assets by removal or physical use e.g. forest; destruction by catastrophe e.g. fire		✓		Change in volume
11	Gain from natural increase in livestock due to births		✓		Change in volume

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