



# **Melbourne Market Authority Annual Report 2020 - 2021**



The Hon. Mary-Anne Thomas MP  
Minister for Agriculture  
Level 20, 1 Spring Street  
Melbourne VIC 3000

Dear Minister

The Melbourne Market Authority (MMA) has pleasure in submitting its Annual Report for the year ending 30 June 2021.

This report covers the period 1 July 2020 to 30 June 2021. 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,

A handwritten signature in black ink, appearing to read "PJS", written in a cursive style.

Peter Tuohey  
Chairperson

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## **RESPONSIBLE BODY'S DECLARATION**

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In accordance with the *Financial Management Act 1994* I am pleased to present the Melbourne Market Authority's Annual Report for the year ending 30 June 2021.

A handwritten signature in black ink, appearing to read 'PJT', is positioned above the printed name and title.

Peter Tuohey  
Chairperson  
Melbourne Market Authority  
28 September 2021

## SECTION 1: YEAR IN REVIEW

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The Melbourne Market is administered by the Melbourne Market Authority (MMA), established under the *Melbourne Market Authority Act 1977* (Vic) (the Act). The MMA is a government Statutory Authority which serves the Victorian fruit and vegetable industry along with the flower industry, through the provision of market facilities, strategic direction for and promotion of the fresh produce industry.

The members of the Board are appointed by the Minister. The responsible Minister for the period from 1 July 2020 to 30 June 2021 was:

Jaclyn Symes MP, Minister for Agriculture, July 2020 - 22 December 2020

The Hon. Mary-Anne Thomas MP, Minister for Agriculture, 22 December 2020 - Present

The MMA's financial performance for the reporting period was in line with budget expectations.

### Our vision

The Melbourne Market will be recognised Australia-wide as an industry leader, committed to innovation, quality and operational excellence. Utilising the wholesale Market as the anchor, the Market precinct will become a fresh produce processing, distribution and logistics centre of international significance.

### Our mission

To maintain a vibrant and sustainable Market by responding proactively to the fundamental shifts in the fresh produce trading environment and helping our clients to adapt.

### Our values

The MMA will 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;
- facilitating opportunities to grow both our tenants' operations and Victoria's fresh produce economy; and
- maintaining accreditation to ISO 9001 Quality Management, the world's most-recognised quality management standard.

### Objects of the Authority under the Act

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

## CHAIRPERSON'S AND CHIEF EXECUTIVE OFFICER'S REPORT

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We respectfully acknowledge the Wurundjeri Willum Clan, and we pay our respects to their Elders, both past and present. We acknowledge and uphold their continuing relationship to this land.

Over the last 12 months, the Melbourne Market Authority (MMA) has worked extensively to meet the commitments and targets laid out in its 3-year Corporate Plan. Our focus on firmly establishing our strategic direction, assisted by the close collaboration of our trusted partners, has ensured that we continue to deliver on our plans and goals, and fulfil our vision.

This annual report features many of the projects and developments that the MMA has continued to advance to meet the challenges faced by both the market and the fresh produce and flower industries, whilst also taking advantage of innovative opportunities.

The MMA thanks the many agencies, government departments, growers, wholesalers, retailers and advisory committees involved in this collaborative effort, and who took time to share their views and ideas. Their ongoing engagement to drive and strengthen our direction is instrumental in preparing for the future.

In the largest construction project since our move to Epping five years ago, we began construction of 2.2 hectares of undercover car parking canopies. Market users had sought the project for some time, and the MMA is proud to have commenced construction on this vital piece of market infrastructure. This \$13 million investment will not only provide an immediate benefit in the form of an additional 100 undercover truck parking bays and a matching number of loading bays, but will also help reduce the market's environmental footprint with a rooftop solar system and rainwater harvesting capacity.

The solar canopy project aligns with the MMA's objective of being a leader in environmental sustainability and with the Victorian Agriculture Strategy, which envisions a sustainable, low-emissions future.

We were honoured to welcome our new Minister for Agriculture, The Hon. Mary-Anne Thomas MP, to visit the market and view the canopy site, to mark the beginning of a construction project that will benefit market users for many years to come.

Our environmental focus spans beyond energy generation. This year the market community achieved its highest ever recycling rate of 98.5 percent, with just 1.5% of market waste going to landfill. But we won't stop there, and we are always looking for new initiatives to reduce our waste to landfill. This focus on responsible waste management has been a significant cultural change in the five years since our move to Epping, where upwards of 60% of market waste was directed to landfill. We thank all market users for their commitment to achieving this goal.

One of the key benefits of the Epping site is space, with room to grow. After the construction of warehouse seven was completed in June 2020, tenants began their fit-out works and received occupancy of their new warehouse tenancies in August 2020. There has been continuing demand for more warehousing on the site, with many market businesses continuing to grow. As a result, the MMA released an expression of interest for additional warehousing on pads 10, 11 and 12. The proposed new developments would equate to an additional 44,000m<sup>2</sup> of warehousing and commercial tenancies across six separate buildings.

The MMA continues to invest in initiatives that drive sales to businesses that buy from the market. The MMA has played a key part in the Central Markets Association of Australia's (CMAA) involvement, along with Fresh Markets Australia, to deliver 'A better choice!', a national consumer marketing program to influence consumer behaviour to shop at the local greengrocer. Victorian greengrocers have embraced the program, with 175 independent retailers now on board as members. A highlight for the program and endorsement of the work so far was winning the 2021 Produce Marketer of the Year Award; a major recognition of the market community's commitment to the program.

The MMA, in conjunction with Flowers Victoria, has continued to deliver and invest in fresh flower-based marketing, encouraging consumers to buy from their local florist with targeted campaigns. We were proud to quickly pivot our marketing strategy during Victorian COVID lockdowns, creating the 'Love.Delivered.' campaign. The campaign encouraged consumers to say it with flowers, sending flowers to loved ones during lockdown when you can't be there in person. It has been one of the most successful flower marketing campaigns delivered to date.

Both the A better choice! program and fresh flower marketing campaigns maximise economies of scale for the small to medium businesses that buy from the Melbourne Market, allowing them to have a greater share of advertising voice to compete with the major supermarkets. And when greengrocers, florists, and independent supermarkets do well, the results benefit the entire Market community.

Over the reporting period, the MMA continued to invest in the implementation of our digital transformation strategy. After implementing a single integrated customer relationship management (CRM) system, in the previous year, work was undertaken to develop a self-serve portal. This portal will give customers better control and visibility of their interactions with the MMA creating efficiencies for both the MMA and market community. The portal is now complete, and testing is underway with plans to roll out to market users by the end of 2021.

We continued to navigate the risks and challenges posed by the COVID-19 pandemic to remain open and continue to deliver fresh produce to Victorians.

The MMA's response to the pandemic continued to be swift and thorough, with preventative measures such as compulsory temperature screening and increased cleaning schedules implemented at various times throughout the pandemic while keeping the market community well-informed, with timely and regular communications.

The continued success of the Melbourne Market's response is due to our whole community working together for the health and safety of the entire market. Unfortunately, the COVID-19 pandemic continues to be a part of our lives; however, we are confident we have the processes and resources in place, and support from the whole market community, to deal with whatever comes next. We want to thank every single person for their contribution and for doing the right thing as we have faced these extreme challenges.

We want to thank the representing body for fruit and vegetable wholesalers, Fresh State, for continuing to develop our important working relationship, particularly our joint collaboration in the A better choice! program. By consulting with each other and working together, it benefits the industry and the market community.

Special mention must be made to Agriculture Victoria, particularly our Ministers for Agriculture during the year. We thank and acknowledge Jaclyn Symes MP, for her support during her time as Agriculture Minister and wish her well in her new appointment. We thank The Hon. Mary-Anne Thomas MP for her support and look forward to continuing to develop our meaningful relationship with her and her office in the future to benefit not only the Melbourne Market community but all those who are part of the fresh produce supply chain.

We want to thank our Board members David Beatty, Jacinta Carboon and Sue Friend for their support and leadership over the past 12 months. And lastly, we would like to thank the MMA Executive Leadership Team, our facility management partner Plenary Asset Management, and all MMA staff who have worked tirelessly in helping achieve our goals over the past 12 months.

We've achieved a lot at the market this year, but we know we still have much more to do. We look forward to a busy few years ahead as we work to deliver on our commitments and continue to work with the market community to ensure that the market remains a great place to do business.

We are pleased to present the Melbourne Market Authority's 2020-21 Annual Report.



  
**Mark Maskiell**  
Chief Executive Officer  
Melbourne Market Authority



  
**Peter Tuohey**  
Chairperson  
Melbourne Market Authority

## PURPOSE AND FUNCTIONS

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The MMA a government Statutory Authority established under the *Melbourne Market Authority Act 1977 (the Act)*. The MMA serves the Victorian fruit and vegetable industry along with the flower industry, through the provision of market facilities, strategic direction for and promotion of the fresh produce industry.

The Act prescribes the following objectives and functions for the MMA:

### Objectives

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

### Functions

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

The Melbourne Market, a wholesale institution nearly as old as Victoria itself, is fundamental to Australia's fresh produce industry. The traditional role of Melbourne's wholesale market is to enable the people of Victoria to have daily access to the best in fresh fruit, vegetables and flowers from across Australia and around the world.

The Melbourne Market completed a once in a generation move to a new facility in August 2015, which signified more than just a new building. It was a new opportunity for the industry and its participants in a rapidly changing sector and an opportunity to expand the market's role as an asset of state significance to a food hub of international significance.

Consistent with the Victorian Government's vision to have a Victorian agriculture sector that is strong, innovative and sustainable, the Melbourne Market Authority aims to attract more ideas and investment, help businesses innovate and grow, capture market opportunities, develop our infrastructure, and improve environmental sustainability.

This is evident in the strategies and actions of the MMA's Corporate Plan.

The Victorian Government's Agriculture Strategy objectives include driving creativity and the adoption of new ideas to improve productivity and efficiency of agriculture supply chains. By responding proactively and creatively to the fundamental shifts in the fresh produce trading environment, delivery of this Corporate Plan will ensure we'll be positioned to adapt and leverage these shifts in our traditional role in the supply chain to our advantage, as well as our clients.

The aspiration for smart agriculture needs to be supported by smart supply chains, including the Melbourne Market.

During the reporting period the MMA worked with industry to deliver on six priority areas for the Melbourne Market:

1. Improvement in the operating environment.
2. Maximise utility of the trading floor.
3. Driving logistical efficiency.
4. Precinct master planning.
5. Support export growth.
6. Embrace digital change.



# PORTFOLIO PERFORMANCE REPORTING

## Objectives, indicators and linked outputs

The Melbourne Market Authority's Corporate Plan sets out what we want to achieve for the Melbourne Market community over the next three years. It also aims to demonstrate how we will support the current and future viability of the market as an innovative food hub for Victoria and how we can embrace digital change to ensure the market continually improves and remains a key player in the wholesale of the freshest fruit, vegetables and flowers.

The plan delivers on our obligations under the Act.

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

These obligations determine how we can plan for and service our growers and wholesalers over the long, medium and short term, and hold ourselves accountable as its governing authority.

Through annual reporting, we will report on our progress towards achieving the outcomes of this plan, our financial performance and project delivery. The Melbourne Market Authority's Three-Year Corporate Plan is structured around six strategic objectives which are accompanied by indicators and outputs to track our levels of success against what we set out to do versus what we achieved. The six strategic objectives for the 2020-2021 Corporate Plan are illustrated in Table 1 below:

*Table 1 – Agency objectives, indicators and linked outputs*

Objectives	Indicators	Outputs
1. Continuously improve the operating environment	<ul style="list-style-type: none"> <li>• MMA operating costs escalate by less than 2.5% annually</li> <li>• Reduction in reportable incidents</li> <li>• &gt;70% market user satisfaction measured by the annual survey</li> <li>• Delivery of one new initiative to reduce environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>• Identify opportunities to add value for our clients</li> <li>• Improve the customer consultation process</li> <li>• Seek ways to reduce operating costs</li> <li>• Support market customers to build business skills and capability</li> <li>• Improve environmental sustainability</li> <li>• Improve safety on-site</li> <li>• Extend industry networks</li> <li>• Maintain effective Quality Management System</li> <li>• Increase efficiency of MMA's interactions with clients</li> <li>• Effective operating model</li> </ul>
2. Maximise the utility of the trading floors	<ul style="list-style-type: none"> <li>• Increased utilisation of market facilities and services</li> <li>• Occupancy</li> <li>• Visitation</li> <li>• Marketing campaigns to support greengrocers and florists</li> </ul>	<ul style="list-style-type: none"> <li>• Trading Stand product diversification</li> <li>• Continue to introduce initiatives to attract more florists and flower buyers to the flower market</li> <li>• Increase the profile and relevance of the market floors as a vital part of the horticultural supply chain</li> <li>• Implement initiatives to support greengrocer resilience</li> </ul>
3. Drive logistical efficiency	<ul style="list-style-type: none"> <li>• Strategy developed incorporating identification and prioritization of additional facilities and services that enhance logistical efficiency by 30 June 2020</li> <li>• Business case development for two initiatives by June 2021</li> <li>• Delivery of one additional facility or service by 30 June 2021</li> </ul>	<ul style="list-style-type: none"> <li>• Generate actionable insights in enhance on-site logistics efficiency and position the market as a logistics hub</li> <li>• Implement projects that improve on-site logistical efficiency and utility</li> </ul>
4. Precinct master planning	<ul style="list-style-type: none"> <li>• Identification of best uses for vacant sites within the market and land allocation by 30 June 2021</li> <li>• Future development area commitment to master planning by June 2021 and commitment to implementation by the State Government by June 2022</li> <li>• Generate new revenue streams relative to previous year</li> </ul>	<ul style="list-style-type: none"> <li>• Increase customer insights to inform the implementation of new products and services that add value to market users</li> <li>• Identify the best uses for vacant land within the market sites and pursue the private sector to take up these opportunities</li> <li>• Future development area master planning and implementation with DJPR (Department of Jobs, Precincts and Regions)</li> </ul>
5. Support export growth	<ul style="list-style-type: none"> <li>• Understand services to assist in facilitating export</li> <li>• Identification of additional facilities and services that support export growth</li> <li>• Prioritisation, business case development and delivery of the additional facilities and services</li> </ul>	<ul style="list-style-type: none"> <li>• Leverage opportunities for export facilitation and growth</li> </ul>
6. Embrace digital change	<ul style="list-style-type: none"> <li>• Horizon 1 and key elements of Horizon 2 of the digital strategy implemented, facilitated by the enabling Customer Relationship Management infrastructure delivered in 2019/20</li> <li>• Horizon 3 delivered by 2022/23</li> <li>• Identification of platform to support digital trading</li> </ul>	<ul style="list-style-type: none"> <li>• Seek out opportunities to adopt digital technology to improve efficiency</li> <li>• Support our customers to respond to the opportunities and challenges posed by digital disruption</li> <li>• Increase MMA's Digital Capabilities and Governance of IT</li> <li>• Seek out opportunities to collect and disseminate data on volume, product flows and pricing</li> </ul>

## Objective 1: Continuously improve the operating environment

This objective involves continually seeking opportunities to improve the cost-effectiveness, efficiency and safety of the market for the MMA's clients while also striving to continually improve environmental sustainability initiatives.

Acknowledging its leadership role, the MMA takes a proactive stance in assisting market users in their efforts to adapt to highly dynamic industry forces and strives to maintain the market as an affordable place of business.

The waste generated by processes within the Melbourne Market is divided into three general classes, landfill, organics and recycling. Provided market users separate their waste into the recycling streams of cardboard, plastic, polystyrene, wood and organics, it can be disposed of free of charge. During the reporting period an additional food recovery provider, Fareshare, was introduced into the market. Fareshare has an identical set up to existing food recovery partner Foodbank, but at the opposite end of the market. Produce donated to Fareshare is transformed into nutritious meals that charities and food bank providers distribute to Victoria's vulnerable people. Market users donated a massive 201,330 kilograms of organic produce to Food Bank Victoria, and 61,970 kilograms to Fareshare as part of the market's food recovery program. The addition of Fareshare did not significantly reduce Foodbank's total donated quantities of produce, but instead resulted in a 20% increase in the total amount donated.

The MMA's partnership with Yarra Valley Water's Waste-to-Energy facility further enhanced the reduction in landfill deposits, with 1,039,540 kilograms of organic waste delivered to the facility during the year. These activities, combined with the financial incentives of the MMA's waste disposal system, continued to drive a reduction in landfill deposits and increased use of recycling systems. With existing initiatives in place, the Melbourne Market exceeded its target and achieved a recycling rate of 98.5 percent, the highest recycling rate of any wholesale market in the world.

During the reporting period the MMA commenced construction of six new large-scale solar car park canopies. The \$13 million project will see the six canopies house a huge 1.95 megawatt roof-top Solar PV System to support on-site energy demands. 4,332 individual solar panels will be installed to form the car park canopy roof, saving approximately 960 tonnes of CO<sub>2</sub> emissions per year, or the equivalent of planting 28,660 trees. The canopies also have the capacity to harvest 8,200,000 litres of rainwater annually, reducing the site's reliance on water reserves.

While solar energy and rainwater harvesting initiatives will continue to be an ongoing focus for reducing environmental impact, the MMA is always looking for new opportunities to continue our leadership in environmental sustainability.

During the reporting period investigations into a possible partnership with Yarra Valley Water commenced, which would potentially see a delivery pipeline of electrolysis-derived hydrogen for energy use at the Melbourne Market site. Currently, most hydrogen is produced from fossil fuels; however, electrolysis is an option for carbon-free hydrogen production from water, a renewable resource. Electrolysis is the process of using electricity to split water into hydrogen and oxygen. This hydrogen produced via electrolysis can result in zero greenhouse gas emissions, depending on the source of the electricity used. Initial discussions began to investigate the feasibility of the project and the formulation of a business case is underway.

The Melbourne Market is a busy and vibrant industrial site, with vehicles and pedestrians working in close proximity, which has the potential to cause incidents and injury. To further progress the MMA's objective to enhance the safety of the site, the MMA engaged consultants, Impact Traffic Engineering Pty Ltd, to review the site's traffic management plan. The extensive traffic management review process resulted in 22 recommendations to improve traffic flow and improve safety. Implementation of the recommendations will be realised in the next reporting period.

Nine new rapid roller doors were installed in both the flower market, and eastern end of the trading floor. Rapid roller doors increase safety by forcing forklift and electric vehicle drivers to slow down as they approach entry and exit points of trading areas of the market – areas where collisions are more likely to occur. The rapid roller doors also assist with temperature regulation inside the facility and reduce unwanted bird entry.

To reduce the risk of incidents caused by a person attending the site under the influence of prohibited drugs or alcohol, the Melbourne Market drug and alcohol testing program continued on-site. As well as the testing itself, education and communication pieces were disseminated to the market community to effect cultural change. During the reporting period, 239 random drug and alcohol tests were conducted. This was significantly lower than targeted as health concern challenges related to COVID-19 meant random testing was paused during times of outbreaks or when face mask wearing was in place. Standalone breathalyser units continue to be available on the Buyers' Walk, as an initiative to enable business principals to test their staff. Standalone breathalyser units also continue to be used at the security office, where all market visitors must undergo mandatory breath testing, and record blood alcohol content of 0.00 percent before being allowed on to the site.

The number of forklift and vehicle incidents in the market remained fairly consistent, with a 1.5% increase in these types of incidents compared to the previous year. Work is underway to roll out a large scale, market-wide forklift safety initiative in the second half of 2021 to improve compliance as it relates to forklift rules and safety.

To improve efficiency and the buyers experience in the flower market, the MMA purchased 120 hand trolleys for free use by florists and flower market buyers. The trolleys are located within the flower market itself, providing quick and easy access to the essential equipment needed for florists to efficiently do their buying.

In the fourth quarter of each year, the MMA undertakes its annual customer satisfaction survey. The survey showed a weighted average satisfaction rate of 76 percent, exceeding our objective of a 70 percent satisfaction rate and achieving a two percent increase in overall satisfaction on the previous year. Historical data shows consistent improvement in the satisfaction with the MMA and the market itself since the move to the Epping site in 2015, with a 29% improvement over the previous six years.

## Market user satisfaction

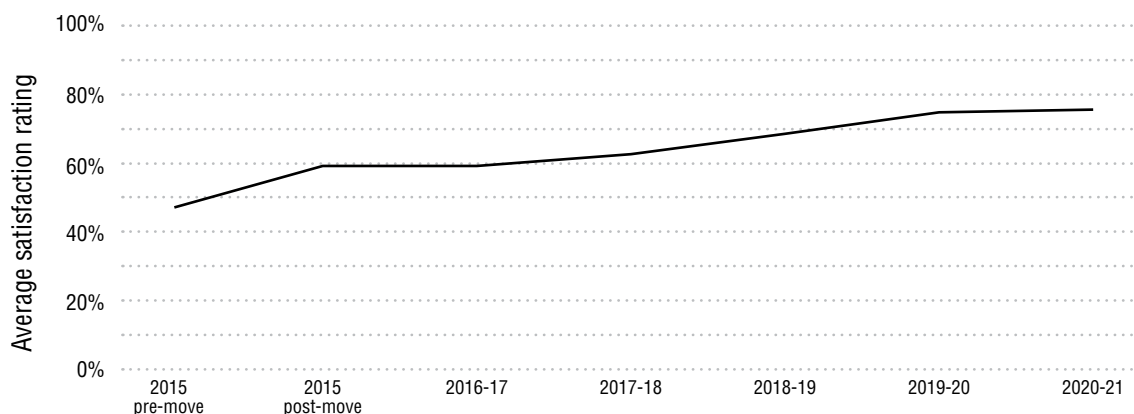


Figure 4: Market user satisfaction

The COVID-19 pandemic has been unprecedented and has changed operations at the Melbourne Market. The MMA's response to the pandemic continues to be swift and thorough with preventative measures such as compulsory temperature screening, additional hand sanitiser units installed and increased cleaning schedules to high-risk areas, implemented at necessary times during the pandemic. Other preventive measures introduced include: only allowing one person per electric vehicle, suspending cash payments at the Customer Service Centre, and installing visual guides on the floors to assist market users in maintaining social distancing. During times of stage 4 restrictions, access to the market has been limited to only those carrying out essential core operations to reduce the number and density of people on-site. During the pandemic, there has been a high level of compliance with practicing good hygiene, the use of face-coverings and social distancing rules, all of which were implemented to prevent any spread of the virus and maintain operations of the market.

The MMA Board and Executive Leadership Team commit to undertake three external visits to farm sites and retailers each year, to hear first-hand the challenges facing the industry and the associated implications and opportunities these present for the market. The trips are part of the MMA's commitment to continue to obtain a better understanding of the needs of the customer base and allow the MMA to see different sections of the supply chain. This corporate knowledge better informs our Corporate Plan and future projects. Due to COVID challenges, just one site visit was undertaken during the reporting period with the MMA Board and Executive Leadership visiting flower growers in Victoria's South East. To gain insights to the challenges market fruit and vegetable buyers experience, the MMA Chairperson spent the morning with a retailer, observing the buying cycle from arrival at the market in the early hours of the morning to re-stocking back at the retail store.

### Progress towards objective 1

Indicator	2019-20	2020-21	2021-22
• MMA operating costs escalate by less than 2.5% annually.	X	✓	
• Reduction in incidents.	✓	X	
• >70% market user satisfaction measured by the annual survey.	✓	✓	
• Delivery of one new initiative to reduce environmental impact.	✓	✓	

## Objective 2: Maximise the utility of the trading floors

Objective two's central focus is around leading opportunities to improve the vibrancy and functionality of the market trading floors and also implementing initiatives to support the businesses that purchase from the Melbourne Market.

A significant challenge facing the vibrancy and significance of the market trading floor is the bypassing of the central market, with buyers opting to purchase directly from growers or via providores. This trend significantly impacts the flower market, with several flower wholesalers located in various locations around Melbourne that are more favourable for those travelling from the south-east.

Figures 1 and 2 below show that the COVID-19 pandemic has affected buyer visitation for both the flower and the fruit and vegetable markets. The flower market has seen visitation decrease from March 2020 onwards, with many businesses who buy from the flower market, such as event and wedding florists, unable to operate.

Both flower buyer and fruit and vegetable buyer entries increased during the final five months of the reporting period. This is not necessarily due to an increase in buyers or demand, but instead, a change in market entry process. Upon the implementation of compulsory QR code tracking in Victoria, the MMA implemented a new process where both the driver and any vehicle passengers were required to swipe their access card to gain entry to the site.

## Flower buyer entries

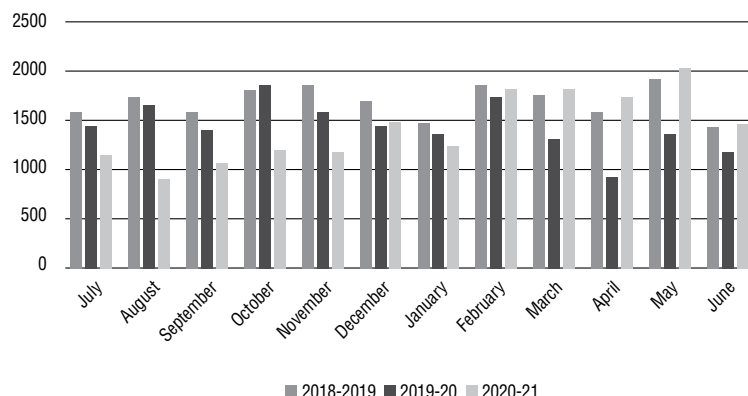


Figure 1: Total flower buyer entries per month for financial years 2018-19 through to 2020-21

## Fruit and Vegetable Buyer Entries

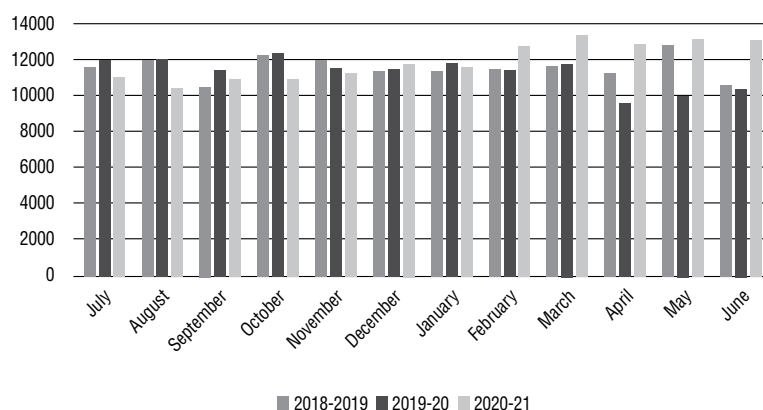


Figure 2: Total fruit and vegetable buyer entries per month for financial years 2018-19 through to 2020-21

Demand remains constant for fruit and vegetable tenancies at the Melbourne Market, with overall occupancy at 95 percent. The MMA purposely leaves several trading stands vacant, to allow for growers to license casual stands to account for produce seasonality, therefore 100 percent occupancy is not attainable nor is it expected.

To help create a market environment that people enjoy coming to, a series of large-scale art works were painted in the flower market. These artworks feed into a placemaking strategy for the market that was developed during the reporting period, which will include artworks, sculptures and other installations to improve the aesthetic appeal of the market. The placemaking strategy is a long term project that will see new features added over a 5-year timeframe.

The MMA continues to invest in initiatives that drive sales to businesses that buy from the market. In 2018 to support the fresh produce industry, the MMA along with other central markets and chambers developed the A better choice! program. A better choice! is a national consumer marketing program to influence consumer behaviour to shop at the local greengrocer. In 2021, The MMA was involved in the development and launch of an updated three-year National Strategic Plan. The aim was to develop a unified national identity for independent retailers, take lessons from the previous three years to learn and grow, create cost efficiencies in marketing and drive more volume of product moving through the central markets. The A better choice! ran several successful campaigns, including Veg-in this Winter, Spring Fresh and the Shop and Win campaign. A key achievement of the program has been winning the 2021 Produce Marketer of the Year award through Produce Marketing Australia. The award, known as Australia's premier marketing award for the fruit and vegetable industry was presented to the A better choice! team for the results and level of consumer engagement in the Shop & Win campaign. With nearly 200,000 customers engaging with the brand on social media across Australia over the past year, the program is going from strength to strength.

The MMA, in conjunction with Flowers Victoria, has continued to deliver and invest in marketing fresh flowers, encouraging consumers to buy from their local florist with targeted campaigns around key flower purchase periods. Many in the flower industry

were hit hard by COVID-19 lockdowns, with weddings and funerals across the state cancelled, corporate offices closed, events coming to an abrupt halt, and many retail florists forced to close. Local growers were at a crossroad, with an abundance of flowers and uncertainty of buyers or demand moving forward. Therefore, to drive the purchase of flowers, the MMA and Flowers Victoria pivoted marketing efforts into creating an integrated campaign that encouraged consumers to express their love and feelings for those they were missing through the delivery of fresh flowers from their local florist. The campaign was delivered across social media platforms as well as on radio. As consumers were spending more time at home, using social platforms to communicate and connect, social media was chosen as the ideal channel to reach the target market. The campaigns achieved over 6.5 million social media impressions and radio reach of 678,000. Small floristry businesses generally neither have the resources nor funds to create and implement mainstream broad-reaching marketing campaigns to promote the purchase of flowers. The MMA and Flowers Victoria take on this role to advocate on behalf of the industry, with the benefits reaped by the individual businesses up and down the supply chain.

Both the “A better choice!” program and fresh flower marketing campaigns maximise economies of scale for the small to medium scale businesses that buy from the Melbourne Market. This allows them to have a greater share of advertising exposure to compete with the major supermarkets.

Data indicates that since the move to Epping there has been reduced retail traffic in the flower market with florists doing more of their buying through satellite wholesale outlets or direct from growers. The MMA seeks to introduce initiatives to attract more florists and flower buyers to the Melbourne Flower Market. To drive the promotion and marketing of the flower market a separate brand identity has been developed. The new identity needed to integrate with the Melbourne Market brand, but also be strong enough to stand on its own. The new brand identity for the flower market was created through a consultation process which included observations in the market as well as discussions with buyers, and the Flower Advisory Committee. The ‘National Flower Centre’ has been chosen as the new name for the flower market to represent the grandeur of the flower market as well as a nod to Victoria as the nation’s largest fresh cut flower grower. The brandmark has been designed to reflect the energy, variety and uniqueness of the National Flower Centre experience. The new brand is planned for launch in the second half of 2021.

The Market Fresh Schools program continued to serve up fresh fruit and vegetables to 4,646 students across 37 schools during the 2020/21 financial year, despite challenges faced due to COVID-19 restrictions. The program, funded and supported by the MMA in conjunction with market tenants, is designed to teach students about the importance of eating fresh fruits and vegetables every day as part of a healthy balanced diet. The program also teaches children how fresh fruits and vegetables are grown and harvested, including an overview of the market supply chain. Normally reaching over 15,000 students each year, multiple lockdowns and school visitor restrictions meant that numbers were significantly reduced during the reporting period.

2020-21 saw the first intake of students commence in the Certificate III in Greengrocery. The program was developed in conjunction with Melbourne Polytechnic to provide those in the fresh produce industry with a recognised qualification. A steering committee of Melbourne’s best retailers oversaw the development of the course content to ensure its relevance to the industry, closing a significant training gap. The MMA awarded 4 full-tuition and 2 half-tuition scholarships during the reporting period to participants as part of the first intake. The participants are due to finish the course by November 2021.

Market events create a sense of community and belonging making the Melbourne Market an enjoyable place to do business. A rolling program of seasonal events occurs in both the flower and fruit and vegetable market, including events for things like Australia Day, ANZAC day, Chinese New Year and Christmas celebrations. The COVID-19 pandemic saw a number of these events cancelled or scaled back. Of those that did run, some were used as a platform to raise funds and awareness for various charities. During the reporting period, the market community raised \$11,500 for the ANZAC appeal and \$3,935 for Koala Kids Charity. There were also other philanthropic activities, organised by various other market tenants, businesses and users that raised thousands of dollars for charities. The MMA supports these market-user led initiatives by assisting with the promotion and advertising of charitable activities within the market.

The MMA was proud to sponsor and provide a venue for the inaugural International Women’s Day event, Fresh Start – Women in Produce, which was run by market wholesaler LaManna Premier. The seated lunch event saw 130 people hear from key industry experts and personalities celebrating and telling inspiring stories about women in the fresh produce industry.

In partnership with Fresh State the MMA hosted a cooking demonstration in mid-December using Plate-of-origin reality show finalist and market wholesaler, Thanh Truong. The demonstration involved Thanh cooking 500 stir fry dishes using fresh market produce, throwing it about in an over-sized wok over flames for theatrical impact. The cooking demonstration was a mechanism to thank the market community for their hard work and resilience during 2020 and as a mechanism to promote the A better choice! program to internal stakeholders.

During the reporting period the MMA was proud to induct 31 new 40-year gold card holders, recognizing the life-long contribution of those who have worked in the fresh produce industry and been associated with the Melbourne Market for 40 years. The Melbourne Market is made up of a diverse, hard working and proud group of individuals, that make the market the unique and special place it is. The MMA is delighted to honour those long-serving members of our community.



### Progress towards objective 2

Indicator	2019-20	2020-21	2021-22
• Increased utilisation of market facilities and services.	✓	✓	
• Occupancy.	✓	✓	
• Visitation.	✓	✓	
• Consumer marketing campaigns to support market buyers.	✓	✓	

### Objective 3: Drive logistical efficiency

This objective centres around how the MMA responds to the increasingly important role that the market plays as a logistics hub. The role of markets around the world is rapidly transitioning, from a trading focus to that of being logistics and service hubs. This rate of transition has been magnified at the Melbourne Market since the move to Epping because of the opportunities relating to its location, size and layout.

The Melbourne Market's Epping site allows for increased efficiency for tenants, with many reporting that the ability to consolidate their operations within the boundary of the market has facilitated reduced handling, transport and labour costs and improved the capacity to manage cold chain requirements.

The key benefit of the Epping site is the availability of space, permitting up to 120,000m<sup>2</sup> of on-site warehousing (an increase from 33,000m<sup>2</sup> at West Melbourne). Approximately 93,000m<sup>2</sup> of warehousing is currently occupied at Epping (75,000m<sup>2</sup> provided by Propertylink (ESR) and 18,000m<sup>2</sup> by the MMA).

While construction of Warehouse 7 was completed in the previous reporting period the handover and tenant fit out commenced in July 2020. By February 2021 Warehouse 7 reached 100% occupancy, comprising approximately 4,000m<sup>2</sup> net internal lettable area. The newest warehouse on the site accommodates 28 small footprint warehouse tenancies, ideally suited to wholesalers or providers looking to consolidate their operations at the market to reduce handling, transport and labour costs.

Concept designs for warehousing on pads 10, 11, 12 were developed in the previous reporting period. In 2020-21 an expression of interest for this additional warehousing was released. The proposed development equates to an additional 44,000m<sup>2</sup> of warehousing and commercial tenancies across six separate buildings. There was significant interest in leasing opportunities for the warehousing space with eight expressions of interests received at closing on 30 October 2020. During the reporting period, businesses cases for the development of pads 10, 11 and 12 were started. With significant interest the developments could be completed and ready for leasing and occupation by late 2022.

At the time of construction of the new market in Epping the need for additional undercover parking was considered but did not proceed due to cost constraints. Upon opening the Epping facility had 58% less undercover parking than the West Melbourne site due to the inclusion of dedicated loading and unloading bays for each parking bay. This reduction in undercover parking has been a pain point for market users since the relocation. Exposure to the elements at Epping is acute, there are no local vegetation green wedges or manmade structures capable of reducing wind and rain ingress. Exposure to the elements also has an economic impact for market users during periods of inclement weather, particularly the loss of productivity, and produce spoilage due to rain. The layout of the site is on almost double the land mass of West Melbourne, resulting in longer distances travelled for deliveries of produce and therefore more exposure to the elements. The MMA worked with expert designers to develop a solution that would meet logistical needs for additional undercover parking while limiting impact of upright supporting columns. The final design consists of six large footprint canopies providing 100 additional truck parking bay and another 100 adjacent loading bays. The canopy structures will not only provide market users with protection against rain, but much improved lighting and electric vehicle charging points. Once completed the canopies will house a large scale solar system, supporting approximately a 1.95 mega watt solar PV system (SPV). The energy generated by this system will be fed directly to the central cooling plant and the main building reducing operating costs and in turn assist tenants in driving cost efficiencies within their businesses. Construction of the canopies began in March 2021 and due for completion by March 2022.

### Progress towards objective 3

Indicator	2019-20	2020-21	2021-22
• Strategy developed incorporating identification and prioritization of additional facilities and services that enhance logistical efficiency by 30 June 2020.	✓	✓	
• Business case development for two initiatives by June 2021.	n/a	✓	
• Delivery of one additional facility or service by 30 June 2021.	n/a	✓	

## Objective 4: Precinct Master Planning

This objective focuses on the identification of services and facilities that could be delivered within the existing market land and the market future development area. This work is intended to create new revenue streams that increase the financial viability of the MMA and the market's value proposition for users.

There are approximately seven hectares of developable land within the current market boundary, and 51 hectares of developable land on the adjacent site.

Throughout the year, an expression of interest was publicly released to identify potential additional facilities and services inside the current boundary, such as additional warehousing, that will enhance logistical efficiency, as detailed in Objective 3.

The MMA is eager to see the development of the 51 hectares of land adjacent to the market. During 2020-21 the MMA continued engaging with key stakeholders within State Government advocating for the development of this expansion land to create a food and logistics hub of international significance. The Epping Food Hub would expand beyond warehousing to include facilities such as food manufacturing, packaging, labelling and associated technologies, education, research, food incubators, government food-related services and clean energy infrastructure. These services and facilities would complement the Melbourne Market, creating high calibre employment and essential industry services, along with export capabilities. The realisation of this development project will bring opportunities for new and varied revenue streams to increase the value proposition of the market and continue its financial viability.

Work has continued to identify the best use for existing tenancies. When an existing market café was vacated in 2019 the MMA took the opportunity to look at the best use for the tenancy. With an additional four cafés on site, and demand from existing fruit and vegetable wholesalers to increase the size of their premises, the previous market café site at tenancy 51 was converted into a fruit and vegetable store. The new store was fitted out to the same specifications as surrounding tenancies. Barkers Fresh Produce relocated to the new store with Emilio's Finest Wholesalers expanding into the adjacent store that Barkers previously occupied. The conversion was an improved use of the space, taking advantage of the increased demand from wholesalers while decreasing café tenancies and pushing customers to the remaining four cafés. This conversion also added an additional source of revenue for the MMA in a tenancy that may have otherwise remained vacant.

For several years the central commercial precinct on the Buyer's Walk has been underutilised, with a large commercial tenancy left vacant with the departure of the wholesale deli store in 2017. After the successful conversion of store 51 the MMA looked at how other existing tenancies could be redeveloped to optimise use of land. In response, of the four remaining cafés, one is being relocated to the central commercial hub and that original café space is being converted into another fruit and vegetable store. This provides a space for an existing market wholesaler to expand their business with lease agreements already in place. Moving a café to a previously underutilised central location of the market provides easy access for market users from both the trading floor and Buyers' Walk. Construction of the latest café conversion is due to commence in August 2021.

To further create a vibrant retail hub in the central commercial space, uniform and signage retailer, Art and Style expanded their existing store into the adjacent vacant tenancy. A space of 20m<sup>2</sup> has been set aside within the tenancy for *A better choice!* merchandising, information packs and membership, to further drive the program within the market.

### *Progress towards objective 4*

Indicator	2019-20	2020-21	2021-22
• Identification of best uses for vacant sites within the market by 30 June 2021.	n/a	✓	
• Future development area commitment to master planning by June 2021 and commitment to implementation by the State Government by June 2022.	n/a	x	
• Generate new revenue streams relative to previous year.	n/a	✓	

## Objective 5: Support export growth

Horticultural exports are growing strongly due to the increasing demand from affluent middle-class consumers in Asia and the Middle East. Australia, and in particular Victoria, has the potential to become a significant exporter to these regions. The market's proximity to Melbourne's international air and sea ports provides a critical role in ensuring the future of Victorian horticultural exports and easy transportation for produce and cut flowers imported into Victoria.

While increasing exports may not have a direct impact on the volume of produce trading through the market's trading floor, it does provide another channel to market, which enhances the financial viability of the tenants. This assists in protecting the MMA's future revenue streams. It also increases the opportunities for the Victorian agricultural industry.

During the reporting period, the MMA Chief Executive Officer and Chief Operating Officer visited a freight forwarding facility to identify best practice and understand additional facilities and developments that could be used to support export growth at the Melbourne Market.

Of the future warehousing planned for the existing site, a plan was developed to utilise 5000m<sup>2</sup> of warehouse space as an export hub, where fresh produce and other refrigerated products could be consolidated for international export. The development of a business case commenced to confirm the viability of the plans and MMA management is engaging with existing freight forwarding businesses to gauge interest in leasing the space.

The Melbourne Market is an ideal venue to host inbound trade missions with an appropriate showcase facility demonstrating the range of produce available within Victoria and nationally in a single, modern facility. The MMA supports Global Victoria's inbound trade missions and the work of other industry bodies, including AusVeg, Australian Horticultural Exporters' and Importers' Association and Horticulture Innovation Australia. Due to the COVID-19 pandemic no inbound international delegations were hosted during the reporting period. The MMA met with two Australian-based Thai delegates, the Trade Commissioner from the Thai Trade Centre and the Minister Counsellor from the Thai Office of Agricultural Affairs, who were visiting a market importer, and discussed how the market can help facilitate import and export between the two countries.

The MMA issues an annual licence to an operator of market tours to service the needs of industry participants seeking both highly personalised and generic market experiences. During 2020-21, the number of these tours decreased substantially due to the ongoing COVID-19 pandemic. During the reporting period 81 individuals participated in a market tour, with 13 individuals using the service for business and/or export purposes.

To support existing market tenants who undertake export activity, the MMA distributes key information and any export regulatory changes via regular market communications.

Of the market tenants that completed the MMA's customer satisfaction survey in December 2020, 26 percent indicated they currently undertake export activity with a further 18 percent indicating they intend to within the next five years, confirming the importance of our strategic focus to support export growth.

#### *Progress towards objective 5*

Indicator	2019-20	2020-21	2021-22
• Understand services to assist in facilitating export.	✓	✓	
• Identification of additional facilities and services that support export growth.	✓	✓	
• Prioritisation, business case development and delivery of the additional facilities and services.	n/a	x	

### **Objective 6: Embrace digital change**

Digital technology has the potential to drive significant disruption to traditional fresh produce trading models, creating major challenges, but at the same time, presenting opportunities. As well as embracing digital technology itself, the MMA must take a leadership role in helping our clients manage the challenges and opportunities presented by digital technology. Digital opportunities need to be embraced to improve efficiency, transparency and the exploitation of new business opportunities.

Previously the MMA used multiple technology systems and software platforms when interacting with customers, which was inefficient and frustrating for market users. In 2019 this was solved by the implementation of a single integrated customer relationship management (CRM) system. Salesforce was the platform chosen for the CRM system, which has resulted in efficiencies internally, and for market tenants and users, streamlined invoices on a single consolidated statement with payment into one bank account. With the foundation CRM works completed, the next step was to develop a customer portal, to provide market users with a digital platform to view their account details and interactions with the MMA.

During 2020-21 the MMA invested significant resources to build the customer portal. Phase one of the portal contains essential data for market users, including business account information, account balances, recent tax invoices/statements and the ability to lodge payments online, current access card and parking permit details as well as repairs, infringement, and Incident data. In June 2021 several market businesses signed up to trial the new 'My MMA Portal'. This first group of 12 businesses will trial the system for a period of three months, providing the MMA with valuable feedback, and allowing any system faults to be remedied before it is rolled out to all market customers.

This next phase of digital infrastructure with the full roll out of the 'My MMA Portal' will allow the MMA to increase efficiency and enhance the market user experience.

Sales by pre-order continue to increase among market users with recent survey results indicating 60-80% of fresh produce sales are via this method. However most pre-orders are recorded via informal processes; including telephone, SMS and email orders.

To support customers to respond to the opportunities and challenges posed by digital change, the MMA reviewed several online platforms to help enable market users to take advantage of digital trading.



During 2020 the MMA negotiated an exclusive distribution agreement with Fresho, to promote their digital trading platform to sellers and buyers in the Melbourne Market. Investigations discovered that there are no other current service providers available that can offer an all-encompassing end-to-end service that would satisfy the needs of the MMA and market users. Promotion of Fresho as the MMA's chosen digital trading partner commenced in the flower market in May 2021 with plans to roll out to the fruit and vegetable market in the second half of 2021.

*Progress towards objective 6*

Indicator	2019-20	2020-21	2021-22
• Horizon 1 and key elements of Horizon 2 of the digital strategy implemented, facilitated by the enabling CRM infrastructure delivered in 2019/20.	✓	✓	
• Horizon 3 delivered by 2022/23.	✓	✓	
• Identification of platform to support digital trading.	n/a	✓	

## PORTFOLIO PERFORMANCE REPORTING – FINANCIAL

### Budget portfolio outcomes

The budget outcomes provide comparisons between the actual financial statements and the forecast financial information (initial budget estimates). The budget outcomes comprise the comprehensive operating statements, balance sheets, cash flow statements and statements of changes in equity.

The following budget outcomes statements are not subject to audit by the Victorian Auditor-General's Office (VAGO).

### Five year financial summary

(\$ thousand)

Five year financial summary	2020-21	2019-20 Restated	2018-19	2017-18	2016-17
Total revenue	28,069	24,073	26,060	24,445	24,239
Total operating expenditure	(24,602)	(24,266)	(21,999)	(19,959)	(20,893)
Net profit before income tax & depreciation	3,467	(193)	4,061	4,486	3,346
Depreciation charge	(13,608)	(13,458)	(12,565)	(12,644)	(12,554)
Net result from transactions	(10,141)	(13,651)	(8,504)	(8,158)	(9,208)
Net result for the period	(10,145)	(13,655)	29,955	2,227	20,899
Net cash flow from operating activities	8,151	(3,222)	5,150	3,586	3,216
Total assets	487,095	503,661	520,283	490,191	634,619
Total liabilities	29,742	25,776	28,363	28,225	30,880

### Overview

The MMA recorded an operating profit before tax and depreciation of \$3.5 million for the 2020-21 financial year and had net cash inflow from operating activities of \$8.2 million.

The depreciation charge reflects usage of the Epping site for wholesale market activities. While the depreciation charge results in an accounting loss, it does not impact on MMA's ability to produce a positive cash flow from operating activities.

### Financial performance business review

Total revenue increased by 16.6 percent on the prior period, as permanent rent / licence fee waivers of \$2.8 million for COVID-19 pandemic response were granted in the prior period.

Total expenses from transactions have increased by 1.4 percent. The MMA increased the scope of cleaning works to provide deep cleaning to high-risk areas in response to the COVID-19 pandemic along with increased security costs related to temperature screening measures upon entry. Other operating expenses that relate mainly to repairs and maintenance conducted to ensure the site is held to a high standard represent 52.23 percent of total expenses from transactions.

The overall comprehensive result is up on the prior year due to the permanent rent / licence fee waivers of \$2.8 million for COVID-19 pandemic response that were granted in the prior period.

### Financial position – balance sheet

Net assets decreased by \$20.5 million over the year to \$457 million, of which \$13.6 million related to depreciation of buildings and \$10.4 revaluation decrement on land and buildings in the current year.

### Cash flows

Cash balances increased by \$2.9 million during the period to \$23.7 million at date of reporting. The increase was driven by increased revenue on the prior year due to the permanent rent / licence fee waivers of \$2.8 million for COVID-19 pandemic response that were granted in the prior period.

### Capital projects/asset investment programs

No capital projects of \$10 million or greater Total Estimated Investment were completed during the 2020-21 financial year.

### Subsequent events

At the date these Financial Statements are authorised for issue, no further adjustments in respect of the impact of COVID-19 pandemic have been made. However, the COVID-19 situation continues to evolve. The full consequences on the MMA's future financial performance and the value of the MMA land and buildings continues to be uncertain. Other than the uncertain impact of COVID-19 pandemic, there are no reportable events subsequent to the reporting period.

## SECTION 2: GOVERNANCE AND ORGANISATIONAL STRUCTURE

### Governance and Organisational Structure

The board is responsible for the overall governance, management and strategic direction of the MMA and for delivering accountable corporate performance in accordance with the MMA's goals and objectives.

Board Member	Memberships and attendance	Biography
Peter Tuohy	Commenced as a Board member on 18 January 2017 and was appointed Chairperson until 17 January 2020. Peter was re-appointed in January 2020 for an additional 3-year term until 17 September 2022. Member of the MMA Marketing Committee and the MMA Remuneration Committee from February 2017. Peter has attended twelve out of twelve Board meetings.	Peter is a fifth-generation grain, wool and prime lamb producer, whose experience in freight and logistics has seen him appointed as the Chair of the Victorian Rail Freight Working Group, Director on the Victorian Ports Corporation (Melbourne), a member of the Ministerial Freight Advisory Council. He continues to represent the interest of farmers as the Rural Assistance Commissioner. At the Victorian Farmers Federation (VFF) Peter served as President from 2012 to 2016 and as Vice President from 2009 to 2012. He was also Chair of the VFF Farm Business and Regional Development Committee from 2010 to 2013. At a national level, Peter was on the board of the National Farmers Federation (NFF) from 2012 to 2016 and served on its Economics committee.
Jacinta Carboon	Commenced as a Board member on 18 January 2017 and was appointed until 17 January 2020. Jacinta was re-appointed in January 2020 for an additional 3-year term until 17 September 2022. Member of the MMA Remuneration Committee; the Fruit & Vegetable Retailers Advisory Committee and the Chair of the MMA Marketing Committee from February 2017. Jacinta has attended twelve out of twelve Board meetings.	Jacinta has held an executive career with top ASX 200 companies, for over three decades, is an entrepreneurial thinker and innovator with professional expertise in strategy, sales, marketing and business development. Jacinta holds a Bachelor of Business and is a graduate of AICD.
David Beatty	Commenced as a Board member on 13 March 2018 and was appointed until 17 January 2020. David was re-appointed in January 2020 for an additional 3-year term until 17 September 2022. Member of the MMA Finance, Audit & Risk Management Committee from March 2018. Member of the MMA Remuneration Committee from July 2020. David has attended twelve out of twelve Board meetings.	David is a Senior Advisor to the global business advisory firm, FTI Consulting. David was a founding Director of Hindal Corporate which specialised in Corporate Advisory & Merger and Acquisition & Capital Raising services to the Private Company market. Hindal was acquired by Credit Suisse in 2008, where he was an Executive Director until his retirement in October 2013. David has conducted assignments in numerous industries including property, rural, retail, wholesale, manufacturing, health and retirement. David holds directorships and advisory roles with a number of privately owned Australian family businesses. He also plays an active role in the community and is involved in a number of not-for-profit boards. Prior to Hindal, David spent 27 years with Arthur Andersen (Chartered Accountants) and was an International Partner for 16 years. During this period, he provided financial consulting services to medium to large companies and was also involved in many significant merger and acquisition and divestment transactions. David led a number of corporate reconstructions through Administrations and Receiverships during this period.
Sue Friend	Commenced as a Board member on 22 February 2016 and was appointed until 31 January 2019. Her appointment was extended in April 2019 until April 2022. Continued as a member of the Flower Industry Advisory Committee and the Chair of the MMA Finance, Audit & Risk Management Committee. Sue has attended twelve out of twelve Board meetings.	Sue is a Chartered Accountant who has a background in forensic accounting, risk assessment and business valuations. She is a consultant of Sapere Research Group, an expert services firm where she provides accounting advice to legal and regulatory clients. Sue is a Director of South Gippsland Water, a member of Courts Council and independent chair of the Audit and Risk Committee of Court Services Victoria and an independent audit committee member of Municipal Association Victoria.

### Finance, Audit & Risk Management Committee

The main responsibilities of the Committee are to:

- review and report independently to the Board on the annual report and all other financial information published by the MMA;
- assist the Board in reviewing the effectiveness of the MMA's internal control environment covering:
  - effectiveness and efficiency of operations;
  - reliability of financial reporting; and
  - compliance with applicable laws and regulations;

- determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including coordination with the external auditors;
- maintain effective communication with external auditors;
- consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised; and
- oversee the effective operation of the risk management framework.

Members are appointed by the Board, usually for a three-year term, and are subject to the committee's terms of reference.

Name	Independent	Term	Meetings Attended	Eligible to attend
David Beatty	✓	January 2020 - September 2022	4	4
Susan Friend (Chair)	✓	April 2019 - April 2022	4	4

## Remuneration Committee

The main responsibilities of the Committee are to:

- ensure appropriate and prudent remuneration management in the MMA;
- set and regularly review the fixed annual remuneration level for the CEO in accordance with guidelines and approvals;
- overview the setting of remuneration levels for all senior staff upon recommendation from the CEO;
- ensure that the remuneration levels for all MMA staff are competitive, bearing in mind relative job size, market sector, organisation performance and capacity to pay;
- overview the structure and operation of any incentive plans as per Government Sector Executive Remuneration Panel (GSERP) guidelines;
- agree performance targets for the CEO as they relate to incentive plans and to ensure that the MMA receives fair performance return for expenditure (current or future); and
- overview remuneration practice across the organisation and ensure appropriate controls and systems are in place.

The Committee will meet at least once per year.

Special meetings may be convened if committee members consider that it is necessary and with the approval of the Committee Chairperson.

Name	Independent	Term	Meetings Attended	Eligible to attend
Peter Tuohey	✓	January 2020 - September 2022	1	1
Jacinta Carboon	✓	January 2020 - September 2022	1	1
David Beatty	✓	July 2020 - September 2022	1	1

## Marketing Committee

The main responsibilities of the Committee are to:

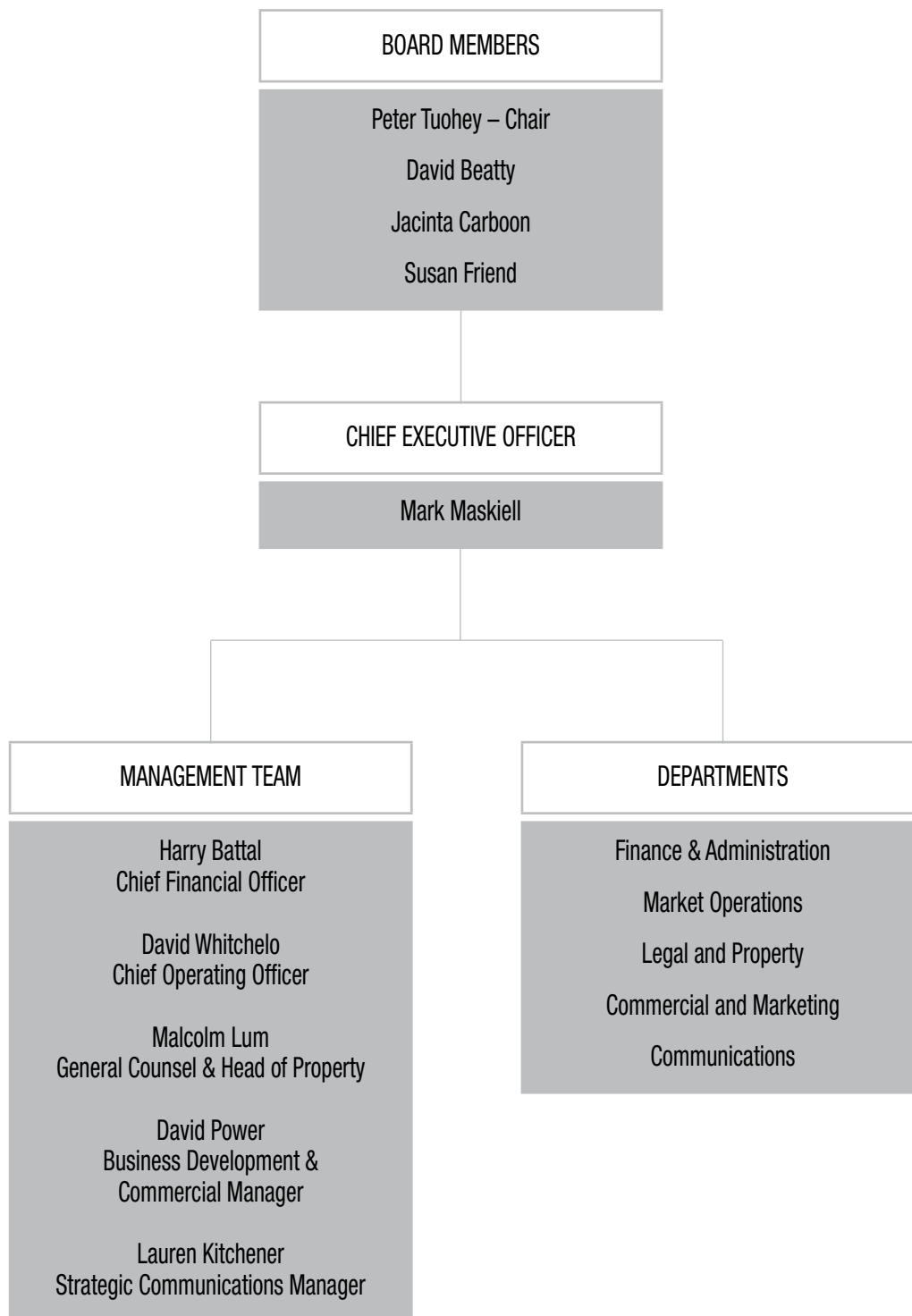
- Monitor industry trends and determine potential implications, threats or opportunities for the Melbourne Market and the MMA, then advise the Board appropriately.
- Identify and recommend marketing priorities for the Melbourne Market and the MMA in the context of:
  - positioning the Melbourne Market as the epicentre of the fresh produce supply chain;
  - retaining and attracting wholesale customers and associated industries to the Melbourne Market;
- support a healthy independent fresh produce (fruit, vegetable, flowers) retail sector; and
- progress the 'food hub' concept for the 51ha of expansion land.

The Committee will meet at least once per year.

Special meetings may be convened if committee members consider that it is necessary and with the approval of the Committee Chairperson.

Name	Independent	Term	Meetings Attended	Eligible to attend
Peter Tuohey	✓	January 2020 - September 2022	2	2
Jacinta Carboon (Chair)	✓	January 2020 - September 2022	2	2

## Organisational Chart



## Audit

NTT Ltd – were contracted to provide internal audit consulting services during 2020-21.

HLB Mann Judd, as a service provider for the Victorian Auditor-General, were contracted to undertake annual financial audit services during 2020-21.

## Audit Committee membership and roles

The MMA Finance, Audit & Risk Management Committee (the Committee) consisted of the following members in 2020-21:

- Susan Friend, Chairperson (independent) and
- David Beatty (independent).

The main responsibilities of the Committee are to:

- review and report independently to the Board on the annual report and all other financial information published by the MMA;
- assist the Board in reviewing the effectiveness of the MMA's internal control environment covering:
  - effectiveness and efficiency of operations;
  - reliability of financial reporting; and
  - compliance with applicable laws and regulations;
- determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including coordination with the external auditors;
- maintain effective communication with external auditors;
- consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised; and
- oversee the effective operation of the risk management framework.

Members are appointed by the Board, usually for a three-year term, and are subject to the committee's terms of reference.

## Advisory Committees

Advisory Committees are made up of key market and industry stakeholders that work with the MMA to advise on matters relating to market operations and the fresh produce industry.

Advisory Committees represent each key market stakeholder group; including, Fruit & Vegetable Storeholders, Fruit & Vegetable Standholders, Fruit & Vegetable Buyers and Flower Market tenant and buyers.

Flower Market Advisory Committee	Term	Meetings attended	Eligible to attend
Sue Friend (Board Representative)	March 2019 – March 2022	5	6
Greg Duffy (Chair)	March 2019 – March 2022	6	6
Cheryl Roehrich	March 2019 – March 2022	4	6
Leslie Imbesi	March 2019 – March 2022	4	6
Vince Cidoni	March 2019 – March 2022	5	6
Kathleen Farrell	March 2019 – March 2022	2	6
Dianne Templeton	March 2019 – March 2022	3	6

Fruit and Vegetable Wholesalers Advisory Committee	Term	Meetings attended	Eligible to attend
Board Representative – Currently vacant			
Harry Kapisiris (Chair)	March 2019 – March 2022	1	4
Brett Collins	March 2019 – March 2022	4	4
Grant Nichol	March 2019 – May 2021	3	4
Thanh Truong	March 2019 – March 2022	3	4
Michael Barker	March 2019 – March 2022	2	4
Jason Cooper	June 2021 – March 2022	1	1

Fruit and Vegetable Growers Advisory Committee	Term	Meetings attended	Eligible to attend
Board Representative – Currently vacant			
Harry Huyskens (Chair)	March 2019 – May 2021	3	3
Anthony Pignataro	March 2019 – March 2022	3	4
Vince Doria	March 2019 – March 2022	1	4
Nicholas Patsuris	March 2019 – March 2022	2	4
Ricky Mazaris	March 2019 – March 2022	3	4
Joshua Sharma	June 2021 – March 2022	1	1

Retailers Advisory Committee	Term	Meetings attended	Eligible to attend
Jacinta Carboon (Board Representative)	March 2019 – March 2022	4	4
Leon Mugavin (Chair)	March 2019 – March 2022	4	4
Graham Gee	March 2019 – March 2022	3	4
Dean Lamb	March 2019 – March 2022	3	4
Tony Mecca	March 2019 – March 2021	0	3
Desmond Hopwood	June 2021 – March 2022	1	4

## Occupational health and safety

The MMA has identified a safe and healthy workplace as a corporate value within its Strategic Business Plan. The 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 Facility Manager, Plenary Asset Management, has achieved AS/NZS 4801:2001 Occupational Health and Safety Management System certification for the Epping market site. This certification assists the MMA to establish and maintain a management system to improve the workplace health and safety of its employees as well as those who work within or visit the market.

The MMA's Workplace Health and Safety performance is also monitored and continuously improved through the implementation of MMA's ISO 9001:2015 certified Quality Management System. The MMA's Quality Management System helps ensure Workplace Health and Safety is incorporated into the overall management activities and systems.

The MMA has an Occupational Health and Safety policy in place that outlines our commitment to a safe culture and practices that provide for a healthy and safe working environment. The health and safety of all those who work for the MMA (including all employees and contractors) and that of tenants, licensees and visitors are of paramount importance to the MMA.

As part of MMA's continuous drive for a safer workplace, the Melbourne Market is a drug and alcohol-free site, and as such, random drug and alcohol testing continued for MMA staff, contractors and visitors.

With the appointment of a newly created HR Business Partner role, the MMA has been able to increase its focus on health and wellbeing for employees, and contractors.

Various OH&S training was undertaken during the reporting period for MMA staff, including:

- Harassment, Discrimination and Bullying training
- Effective Hybrid Working session for employees
- Leading Hybrid Teams session for managers
- Healthy Habits and Well-Being session for employees
- Employee Well-Being for managers

A new health and wellbeing program was launched for staff to help create a safe, supportive and effective workplace for employees, supporting well-being and stress management through the Employee Assistance Program, management support and other initiatives.

Specific OHS training was delivered to relevant staff including, fire warden and evacuation training, first-aid training.

The COVID-19 pandemic resulted in remote working challenges. A focus was also placed on ensuring staff had an adequate home environment to work from during the pandemic, with one-on-one assessments undertaken with staff and appropriate resources provided to ensure a safe home work environment.

### OHS incidents (MMA staff)

Description	2020-21	2019-20	2018-19
Number of reported hazards	0	0	0
Number of LTIs (Number of incidents resulting in lost time)	0	0	0
Serious Injury Rate (Number of LTIs resulting in greater than one week of lost time)	0	0	0
Total hours lost for the period	0	0	0
Average cost of all LTI claims in this period	0	0	0
Fatalities	0	0	0

*Note: LTI –Lost time injury*

### Employment and conduct principles

The MMA is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination. Employees have been correctly classified in workforce data selections.



## SECTION 3: WORKFORCE DATA

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### Public sector values and employment principles

The *Public Administration Act 2004* established the Victorian Public Sector Commission (VPSC). The VPSC's role is to strengthen public sector efficiency, effectiveness and capability, and advocate for public sector professionalism and integrity.

The MMA introduced policies and practices that are consistent with the VPSC's employment standards and provide fair treatment, career opportunities and the early resolution of workplace issues. The MMA advised its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

### Comparative workforce data

The following table discloses the headcount and full-time staff equivalent (FTE) of all active public sector employees of the MMA, employed in the last full pay period in June of the current reporting period, and in the last full pay period in June (2021) of the previous reporting period (2020).

Staffing has increased by 2 (0.4 FTE) on the prior year. A HR Business Partner and Marketing and Communications Officer recruited.



The following table discloses the annualised total salary for senior employees of the MMA, categorised by classification. The salary amount is reported as the full-time annualised salary.

**Table 2: Annualised total salary, by \$20 000 bands, for executives and other senior non-executive staff**

Income band (salary)	Executives	STS
< \$160 000		1
\$160 000 - \$179 000	2	
\$180 000 - \$199 000		
\$200 000 - \$219 999	1	
\$220 000 - \$239 999	1	
\$240 000 - \$259 999		
\$260 000 - \$279 999		
\$280 000 - \$299 999		
<b>Total</b>	<b>4</b>	<b>1</b>

*Note: The salaries reported above are for the full financial year, at a 1-FTE rate, and exclude superannuation.  
STS – Senior Technical Specialist.*

### Executive Officer data

For an entity, an executive officer (EO) is defined as a person employed as an executive under Part 3 of the *Public Administration Act 2004* (PAA). For a public body, an EO is defined as an executive under Part 3 of the PAA or a person to whom the Victorian Government's Policy on Executive Remuneration in the Public entities applies. All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year.

The definition of an EO does not include a statutory office holder or an Accountable Officer.

The following tables disclose the EOs of the MMA for 30 June 2021:

- Table 1 discloses the total number of EOs for the MMA, broken down by gender;
- Table 2 provides a reconciliation of executive numbers presented between the report of operations and Note 8.4 'Remuneration of executives' in the financial statements;
- Table 1 also discloses the variations, denoted by 'var', between the current and previous reporting periods.

**Table 1: Total number of EOs for the MMA, broken down into gender**

Class	All		Men		Women		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
MMA	4	0	4	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The number of executives in the Report of Operations is based on the number of executive positions that are occupied at the end of the financial year. Note 8.3 in the financial statements lists the actual numbers of EOs and total remuneration paid to EOs over the course of the reporting period. The financial statements note does not include the Accountable Officer, nor does it distinguish between executive levels or disclose separations. Separations are executives who have left the MMA during the relevant reporting period. To assist readers, these two disclosures are reconciled below.

**Table 2: Reconciliation of executive numbers**

	2021	2020
Executives (Financial Statement Note 8.4)	4	5
Accountable Officer (CEO)	1	1
Less Separations	0	-1
<b>Total executive numbers at 30 June</b>	<b>5</b>	<b>5</b>

## SECTION 4: OTHER DISCLOSURES

### Local Jobs First

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

The Melbourne Market Authority is required to apply the Local Job first policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

MPSG applies to all construction projects valued at \$20 million or more.

The MPSG guidelines and VIPP guidelines will continue to apply to MPSG applicable and VIPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

### Projects commenced – Local Jobs First Standard

During the 2020-21 reporting period one construction project required compliance with the Local Jobs First – Victorian Industry Participation Policy:

- Solar Canopy is targeted to achieve 81 percent local content. Many local jobs will be retained including 17 apprentices and 2 trainees. A total 41 employment opportunities will be created as a direct result of this project.

### Government Advertising Expenditure

The MMA's expenditure in the 2020-21 reporting period on government campaign expenditure did not exceed \$100,000.

### Consultancy Expenditure – Anything in blue is last years info that need to be updated

#### Details of consultancies (valued at \$10,000 or greater)

In 2020-21, there were 15 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2020-21 in relation to these consultancies is \$797,653 (excluding GST). Details of individual consultancies are outlined below.

(\$ dollars)						
<i>Consultant</i>	<i>Purpose of consultancy</i>	<i>Start date</i>	<i>End date</i>	<i>Total approved project fee (excl. GST)</i>	<i>Expenditure 2020-21 (excl. GST)</i>	<i>Future expenditure (excl. GST)</i>
A.G. Coombs Advisory	Technical services	Dec - 20	Apr - 20	30,816	30,816	nil
Department of Environment, Land and Water	Property valuation services	Ongoing	Ongoing	69,000	69,000	nil
MacDonald Lucas	Legal advisory services	Aug - 20	Aug - 20	11,800	11,800	nil
NTT Australia	Audit advisory services	Feb - 20	Jun - 22	32,553	32,553	Ongoing
Root Partnerships	Project management services	Ongoing	Ongoing	242,401	242,401	Ongoing
McKinna <i>et al</i>	Property advisory services	May - 21	Jun - 21	58,875	58,875	nil
Sharp & Carter	Employee recruitment services	Oct - 20	Oct - 20	18,396	18,396	nil
Six Degrees Executive	Employee recruitment services	Mar - 21	Mar - 21	13,140	13,140	nil
Thompson Cook	Employee recruitment services	Nov - 20	Mar - 21	20,816	20,816	nil
Corrs Chambers Westgarth	Legal advisory services	Ongoing	Ongoing	10,053	10,053	Ongoing
Sparke Helmore Solicitors	Legal advisory services	Ongoing	Ongoing	17,534	17,534	Ongoing
K&L Gates	Legal advisory services	Ongoing	Ongoing	20,334	20,334	Ongoing
Russell Kennedy	Legal advisory services	Ongoing	Ongoing	129,953	129,953	Ongoing
Sapere Research Group Limited	Flower Market Research	May - 21	Jun - 21	58,875	58,875	nil
R-Co	Brand Consultancy	Jan - 21	Jun - 21	63,109	63,109	nil

## Details of consultancies under \$10,000

In 2020-21, there were 10 consultancies engaged during the year, where the total fee payable to the individual consultancies was less than \$10,000. The total expenditure during 2020-21 in relation to these consultancies was \$23,011 (excluding GST).

## Information and communication technology expenditure

### Details of information and communication technology (ICT) expenditure

For the 2020-21 reporting period, the MMA had a total ICT expenditure of \$1,206,157 with the details shown below.

ICT expenditure			(\$ thousands)
<i>All operational ICT expenditure</i>		<i>ITC expenditure related to projects to create or enhance ICT capabilities</i>	
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (nonBAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and capital expenditure)		
551	655	300	355

ICT expenditure refers to the MMA's costs in providing business enabling ICT services within the current reporting period. It comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (Non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing the MMA's current ICT capabilities. BAU ICT expenditure is all the remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

## Disclosure of Major Contracts

A 'major contract' is a contract entered into during the reporting period valued at \$10 million or more.

The MMA did not award any major contracts during 2020-21.

## Freedom of Information

The *Freedom of Information Act* 1982 allows the public a right of access to documents held by the MMA. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by the MMA. This comprises documents both created by the MMA or supplied to the MMA by an external organisation or individual, and may also include maps, photographs, computer printouts, and videotapes.

The Act allows the MMA to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include: Cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to MMA in-confidence.

From 1 September 2017, the Act has been amended to reduce the Freedom of Information (Fol) processing time for requests received from 45 to 30 days. In some cases, this time may be extended.

If an applicant is not satisfied by a decision made by the MMA, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

## Making a request

Fol requests can be lodged online at [www.foi.vic.gov.au](http://www.foi.vic.gov.au). An application fee of \$30.10 applies. Access charges may also be payable if the document pool is large, and the search for material, time consuming.

Access to documents can also be obtained through a written request to the MMA's Freedom of Information team, as detailed in s17 of the Freedom of Information Act 1982.

When making an Fol request, applicants should ensure requests are in writing, and clearly identify what types of material/ documents are being sought.

Requests for documents in the possession of the MMA should be addressed to:

MMA Privacy and FOI Manager  
Melbourne Market Authority  
Level 1, 55 Produce Drive  
Epping VIC 3076

## Fol statistics/timeliness

During 2020-21, the MMA received no Fol applications.

## Further information

Further information regarding the operation and scope of Fol can be obtained from the Act, regulations made under the Act, and [Fol.vic.gov.au](http://Fol.vic.gov.au).

## Compliance with the *Building Act 1993*

The MMA owns or controls 15 government buildings located at 55 Cooper Street, Epping, and consequently is required to include a statement on its compliance with the building and maintenance provisions of the *Building Act 1993* in relation to that building.

The MMA complied with the *Building Act 1993*, the Building Regulations 2006 and associated statutory requirements and amendments during the reporting period. When required, a Certificate of Final Inspection, endorsed by a Registered Building Surveyor Practitioner, is obtained for new facilities or upgrades to existing facilities. These works are either undertaken directly by the MMA or Plenary Asset Management (PAM) as an agent of the MMA or as works to tenancies undertaken by the Tenants themselves.

The MMA requires that appropriately qualified and accredited professional service providers and contractors are engaged for all proposed works on land controlled by the MMA and that their work and services comply with current building standards. The MMA has established guidelines and authorisation protocols in place to ensure all work is monitored. Service Providers and contractors are expected to have appropriate mechanisms in place to ensure compliance with the building and maintenance provisions of the *Building Act 1993*, Building Regulations 2018 and the National Construction Code.

In relation to existing buildings, MMA's Asset Maintenance Unit is responsible for mandatory testing of emergency and exit lighting and lift equipment in accordance with relevant standards, monthly, quarterly and bi-annual inspection and preventive maintenance routine of mechanical services and monthly and annual fire service audits. These inspections then inform the works program which is delivered annually through existing maintenance contracts.

## In 2020-21

Number of major works projects undertaken (>\$50 000)	2
Number of building permits, occupancy permits or certificate of final inspection issued in relation to buildings owned	2 - MMA works - Building Permits 12 - Tenant works - Building Permits 0 - Certificate of Occupancy 1 - MMA works - Certificates of Final Inspection 9 - Tenant works - Certificates of Final Inspection
Number of emergency orders and building orders issued in relation to buildings	0 emergency orders 0 building orders
Number of buildings that have been brought into conformity with building standards during the year	0 buildings brought into conformity

## Competitive Neutrality Policy

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair completion between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

The MMA continues to comply with the requirements of the Competitive Neutrality Policy against the enhanced principles as required under the Competition Principals Agreement and Competition Infrastructure Reform Agreement.

## Compliance with the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosures Act 2012* enables people to make disclosures about improper conduct by public officers and public bodies. The *Public Interest Disclosures Act 2012* aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

A public interest disclosure is a complaint of corrupt or improper conduct by a public officer or a public body. The MMA is a "public body" for the purposes of the *Public Interest Disclosures Act 2012* and the MMA's Board members and staff are "public officers" under the Act.

Improper or corrupt conduct involves substantial:

- mismanagement of public resources; or
- risk to public health and 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 disclosure about the MMA or its Board members, officers or employees by contacting IBAC on the contact details provided below.

Please note that MMA is not able to receive protected disclosures as it is not a “public service body” as defined by the *Public Administration Act 2004*.

The MMA has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about the MMA, its board members, officers or employees. You can access the MMA's procedures on its website at: [www.melbournemarket.com.au/the-mma](http://www.melbournemarket.com.au/the-mma)

## 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 3001, Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

Email: See the website above for the secure email disclosure process, which also provides for anonymous disclosures

## Office Based Environmental Impacts

The MMA's environmental focus can be divided into two distinct areas.

1. Maintain, and improve on, existing initiatives to reduce the environmental impact in the areas of energy, paper consumption, waste generation, water consumption and green procurement.
2. Investigate new and emerging technology that can be implemented to reduce emissions as part of the Whole of Government Pledge under the *Climate Change Act 2017*, and in line with the statewide transition to net zero emissions by 2050.

The waste generated by processes within the Melbourne Market is divided into three general classes, landfill, organics and recycling. Provided market users separate their waste into the recycling streams of cardboard, plastic, polystyrene, wood and organics; it can be disposed of free of charge. With existing initiatives in place, the market exceeded its target and achieved a recycling rate of 98.5 percent, the highest recycling rate of any wholesale market in the world. Promotion and education and the waste disposal system that is financially incentivised were the primary drivers for reducing landfill deposits and the increase in recycled waste during the reporting period.

## Energy use

Energy consumption on site increased by 5.3 percent for the reporting period. This increase can be attributed to several factors:

- Multiple construction projects were undertaken, including converting tenancy 51 from a café to a store, and the commencement of the solar car park canopy build.
- Tenants completed their fit-outs in warehouse 7, which includes 28 refrigerated small format warehouses totalling 4,200 sqm. Additional tenancies result in additional energy consumption.

Indicator	2020-21			2019-20		
	Electricity	Natural Gas	Total	Electricity	Natural Gas	Total
Total energy usage segmented by primary source (MJ)	29,125,943	1,846,764	<b>30,972,707</b>	27,467,382	1,946,268	<b>29,413,650</b>
Greenhouse gas emissions associated with energy us, segments by primary source and offsets (t CO <sub>2</sub> e)	13,226	97	<b>13,323</b>	12,896	102	<b>12,998</b>

## Actions undertaken

- The solar car park canopy construction began during the reporting period, which will house a 1.95 megawatt solar PV system to meet a proportion of the site's energy demands.
- One hundred twenty-five glycol cooling systems are in place on the site. An effective repairs and maintenance regime maximised efficiency resulting in a reduction in glycol cooling energy use compared to the previous year.
- Submitted an application to the energy infrastructure provider to use an increased solar power system on-site, which would supply 4.9 megawatt of power for use on-site.
- The MMA undertook significant investigations on additional renewable energy use on-site, including the use of Hydrogen.

## Targets

- Complete a business case for the use of a hydrogen pipeline from Yarra Valley Water facility attached to a 1 megawatt fuel cell.
- Utilise 460.65kW solar system atop warehouse 7 once approved by the energy supplier.
- Complete construction of solar car park canopy and utilise 1.95 megawatt solar PV system.

## Waste and recycling

The waste generated by processes within the Melbourne Market is divided into three general classes - landfill, organics and recycling.

The promotion and education of waste management practice with market users and identifying cost reduction with waste segregation practices at the point of generation are the primary drivers for the continued reduction in landfill deposits and maintaining recycling levels during the reporting period.

The partnership with the Yarra Valley Waste to Energy facility further enhanced the reduction in landfill deposits. The Melbourne Market delivered 1,039,540 kilograms of organic waste to the facility for the year ending June 2021. A further 201,330 kilograms of organic produce was distributed to Food Bank Victoria, 61,970 kilograms to Fareshare and 236,760 kgs to farm collections and the Melbourne Zoo as part of our food recovery programs.

The volume of waste that goes to landfill is mostly made up of waste from market cafés. Work continues to investigate how to reduce this waste further to divert it from landfill to recycling channels.

Indicator	2020-21				2019-20			
	Landfill	Commingled recycling	Compost	Total	Landfill	Commingled recycling	Compost	Total
Total units of waste disposed (kg/yr)	53,480	2,560,110	1,039,540	<b>3,653,130</b>	63,020	1,983,170	1,016,780	<b>3,062,970</b>
Recycling rate (percentage of total waste)	1.5%	70%	28.5%	<b>98.5%</b>	2.1%	64.7%	33.2%	<b>97.9%</b>
Greenhouse gas emissions associated with waste disposal (t CO <sub>2</sub> -e)				<b>48</b>				<b>57</b>

## Actions undertaken

Introduction of additional food recovery provider, Fareshare, to the market. This addition did not result in any significant decrease in donations to the existing provider Foodbank; it resulted in a 20 percent total increase in produce donations.

## Targets

- Subsidise the cost of biodegradable food and drink containers for use in market cafés
- Maintain or improve 98.5 percent recycling rate

## Paper use

The continued implementation of the MMA's digital strategy has resulted in decreased printed correspondence being sent to market users.

Indicator	2020-21	2019-20
Total units of copy paper used (reams)	300	376
Units of copy paper used per FTE (reams/FTE)	13.5	18
Percentage of 50-74% recycled content copy paper purchased	100%	100%

## Actions undertaken

Financial processes significantly changed, resulting in less printed correspondence being distributed.

## Targets

- Fully implement the MMA's customer portal, which will further shift behaviour to online instead of paper-based forms.



## Water consumption

The water consumption during the reporting period has increased by 8 percent compared to the previous reporting period.

A contributing factor was a 19.5 percent decrease in rainfall in Epping compared to the previous year, reducing our ability to utilise more recycled water from roof water catchments. The other contributing factor was an additional warehouse being used on-site, consuming more potable water.

Indicator	2020-21	2019-20
Total units of metered water consumed by usage types (kilolitres)	34,694,000	32,113,000
Units of measured water consumed in offices per FTE (kilolitres/FTE)	n/a	n/a

### Targets

- Investigate the feasibility of re-directing harvested rainwater to the central cooling plant water cooling towers, potentially saving 14 million litres of potable water per year.

## Travel and transport

The MMA does not have fleet vehicles.

The COVID-19 pandemic has restricted international air travel and significantly reduced domestic air travel.

Indicator	2020-21	2019-20
Total distance travelled by aeroplane	23,917	114,498

## Greenhouse gas emissions

The emissions disclosed in the section below are taken from the previous areas and brought together to show the MMA's greenhouse footprint.

Indicator	2020-21	2019-20
Total greenhouse gas emissions associated with energy use (t CO <sub>2</sub> e)	13,323	12,999
Total greenhouse gas emissions associated with vehicle fleet (t CO <sub>2</sub> e)	-	-
Total greenhouse gas emissions associated with air travel (t CO <sub>2</sub> e)	6.24	27.76
Total greenhouse gas emissions associated with waste production (t CO <sub>2</sub> e)	48	57

### Actions undertaken

The Melbourne Market Authority is participating in actions to reduce emissions from its operations as part of the Whole of Government Pledge under the *Climate Change Act 2017*, and in line with the statewide transition to net zero emissions by 2050.

### Targets

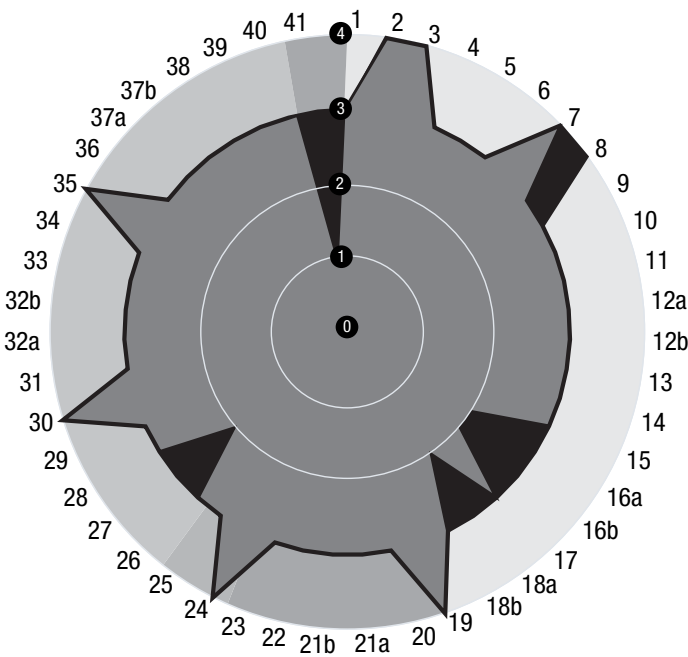
The following targets have been set for 2021-22:

- Implement the use of additional renewable power sources.
- Discontinue use of diesel backup generators.

Asset Management Accountability Framework (AMAF) maturity assessment

The following sections summarise the MMA's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the DTF website (<https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework>).

The MMA's target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.



Target149

Overall142

Status	Scale
Not Applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	U/A

Leadership and Accountability (requirements 1-19)

The MMA has met or exceeded its target maturity level under most requirements within this category.  
A plan for improvement is in place to improve the MMA's maturity rating where targets not achieved.

Planning (requirements 20-23)

The MMA has met or exceeded its target maturity level in this category.

Acquisition (requirements 24 and 25)

The MMA has met or exceeded its target maturity level in this category.

Operation (requirements 26-40)

The MMA has met or exceeded its target maturity level under most requirements within this category.  
A plan for improvement is in place to improve the MMA's maturity rating where targets not achieved.

Disposal (requirement 41)

The MMA did not meet its target maturity level in this category. Being a relatively new site, there has been no disposal of significant value assets. The asset disposal policy under review to achieve compliance with the Asset Management Accountability Framework (AMAF) mandatory requirements.

## Additional information available on request

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*, details in respect of the items listed below have been retained by the MMA and are available on request, subject to the provisions of the *Freedom of Information Act 1982*:

- a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- b) details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- c) details of publications produced by the entity about itself, and how these can be obtained;
- d) details of changes in prices, fees, charges, rates and levies charged by the entity;
- e) details of any major external reviews carried out on the entity;
- f) details of major research and development activities undertaken by the entity;
- g) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- h) details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- i) details of assessments and measures undertaken to improve the occupational health and safety of employees;
- j) a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
- k) a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
- l) details of all consultancies and contractors including:
  - (i) consultants/contractors engaged;
  - (ii) services provided; and
  - (iii) expenditure committed to for each engagement.

The information is available on request from:

General Counsel  
Melbourne Market Authority  
(03) 9258 6100  
info@melbournemarket.com.au

## Additional information included in annual report

Details in respect of the following items have been included in the MMA's annual report, on the pages indicated below:

- (a) a list of the MMA's major committees and the purposes of each committee on page 18; and
- (b) Details of all consultancies and contractors including consultant/contractors engaged; services provided; and expenditure committed for each engagement on page 27.

# MELBOURNE MARKET AUTHORITY

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## **Melbourne Market Authority Financial Management Compliance Attestation Statement**

I Mark Maskiell, certify that the Melbourne Market Authority (MMA) has no Material Compliance Deficiency with respect to the applicable Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994* and Instructions.



Chief Executive Officer  
Melbourne Market Authority  
28 September 2021

## **Compliance with DataVic Access Policy**

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, all data tables included in this Annual Report will be available at [www.data.vic.gov.au](http://www.data.vic.gov.au) in electronic readable format.

# MELBOURNE MARKET AUTHORITY

## DISCLOSURE INDEX

The annual report of the Melbourne Market Authority (MMA) is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of MMA's compliance with statutory disclosure requirements.

<i>Legislation</i>	<i>Requirement</i>	<i>Page reference</i>
<i>Ministerial Directions and Financial Reporting Directions</i>		
<i>Report of operations</i>		
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment and the relevant Ministers	4
FRD 22H	Purpose, functions, powers and duties	7
FRD 8D	Departmental objectives, indicators and outputs	8
FRD 22H	Key initiatives and projects	9
FRD 22H	Nature and range of services provided	7
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FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	29
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# MELBOURNE MARKET AUTHORITY

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## Financial Statements

### Declaration

SD 5.2.2	Declaration in financial statements	40
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### Other requirements under Standing Directions 5.2

SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	40
SD 5.2.1(a)	Compliance with Standing Directions	40
SD 5.2.1(b)	Compliance with Model Financial Report	87

### Other disclosures as required by FRDs in notes to the financial statements <sup>(a)</sup>

FRD 9B	Departmental Disclosure of Administered Assets and Liabilities by Activity	N/A
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FRD 13	Disclosure of Parliamentary Appropriations	N/A
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# MELBOURNE MARKET AUTHORITY

## FINANCIAL STATEMENTS

### How this report is structured

The Melbourne Market Authority (MMA) has presented its audited general-purpose financial statements for the financial year ended 30 June 2021 in the following structure to provide users with the information about the MMA's stewardship of resources entrusted to it.

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# MELBOURNE MARKET AUTHORITY

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# MELBOURNE MARKET AUTHORITY

## DECLARATION IN THE FINANCIAL STATEMENTS

The attached financial statements for the Melbourne Market Authority (MMA) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under 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 2021 and financial position of the MMA at 30 June 2021.

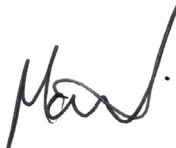
At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 28 September 2021.



H Battal  
Chief Financial Officer

Melbourne  
28 September 2021



M Maskiell  
Chief Executive Officer

Melbourne  
28 September 2021



P Tuohey  
Chairperson

Melbourne  
28 September 2021

# Independent Auditor's Report

## To the Members of the Melbourne Market Authority

<b>Opinion</b>	<p>I have audited the financial report of the Melbourne Market Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2021</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• declaration in the financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Members' responsibilities for the financial report</b>	<p>The Members of the authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Members determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Members are responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members
- conclude on the appropriateness of the Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE  
1 October 2021



Simone Bohan  
*as delegate for the Auditor-General of Victoria*

# MELBOURNE MARKET AUTHORITY

## Comprehensive operating statement<sup>(a)</sup>

For the financial year ended 30 June 2021

(\$ thousand)

	Notes	2021	2020 Restated
<b>Continuing operations</b>			
<b>Revenue and income from transactions</b>			
Interest	2.2.1	23	267
Sale of goods and services	2.2.2	5,837	5,727
Rental income	2.2.3	22,209	18,079
<b>Total revenue and income from transactions</b>		<b>28,069</b>	<b>24,073</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1.1	(3,609)	(3,338)
Depreciation and amortisation	4.1.1	(13,608)	(13,458)
Interest expense	6.1	(1,035)	(1,096)
Other operating expenses	3.2	(19,958)	(19,832)
<b>Total expenses from transactions</b>		<b>(38,210)</b>	<b>(37,724)</b>
<b>Net result from transactions (net operating balance)</b>		<b>(10,141)</b>	<b>(13,651)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets <sup>(b)</sup>		-	3
Other gains/(losses) from other economic flows		(4)	(7)
<b>Total other economic flows included in net result</b>		<b>(4)</b>	<b>(4)</b>
<b>Net result</b>		<b>(10,145)</b>	<b>(13,655)</b>
<b>Other economic flows - other comprehensive income:</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in physical asset revaluation surplus	8.2	(10,387)	-
<b>Total other economic flows - other comprehensive income</b>		<b>(10,387)</b>	<b>-</b>
<b>Comprehensive result</b>		<b>(20,532)</b>	<b>(13,655)</b>

The accompanying notes form part of these financial statements.

Notes:

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting

(b) Net gain/(loss) on non-financial assets' includes unrealised and realised gains/(losses) from revaluations, impairments and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.

# MELBOURNE MARKET AUTHORITY

## Balance sheet <sup>(a)</sup>

As at 30 June 2021

(\$ thousand)

	Notes	2021	2020 Restated
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.2	23,730	20,855
Receivables	5.1	2,966	2,711
<b>Total financial assets</b>		<b>26,696</b>	<b>23,566</b>
<b>Non-financial assets</b>			
Property, plant & equipment	4.1	459,989	479,739
Intangible assets	4.2	61	30
Prepayments		349	326
<b>Total non-financial assets</b>		<b>460,399</b>	<b>480,095</b>
<b>Total assets</b>		<b>487,095</b>	<b>503,661</b>
<b>Liabilities</b>			
Payables	5.2	10,189	5,328
Borrowings	6.1	19,000	20,000
Employee related provisions	3.1.2	553	448
<b>Total liabilities</b>		<b>29,742</b>	<b>25,776</b>
<b>Net assets</b>		<b>457,353</b>	<b>477,885</b>
<b>Equity</b>			
Accumulated surplus		117,603	127,748
Physical asset revaluation surplus	8.2	125,943	136,330
Contributed capital		213,807	213,807
<b>Net worth</b>		<b>457,353</b>	<b>477,885</b>

The accompanying notes form part of these financial statements.

Notes

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting

# MELBOURNE MARKET AUTHORITY

## Cash flow statement <sup>(a)</sup>

For the financial year ended 30 June 2021

(\$ thousand)

	Notes	2021	2020 Restated
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from customers		28,983	22,630
Interest received		25	420
Other receipts		320	514
<b>Total receipts</b>		<b>29,328</b>	<b>23,564</b>
<b>Payments</b>			
Payments to suppliers and employees		(19,969)	(25,325)
Goods and Services Tax paid to the ATO <sup>(b)</sup>		(173)	(365)
Interest and other costs of finance paid		(1,035)	(1,096)
<b>Total payments</b>		<b>(21,177)</b>	<b>(26,786)</b>
<b>Net cash flows from/(used in) operating activities</b>	6.2.1	<b>8,151</b>	<b>(3,222)</b>
<b>Cash flows from investing activities</b>			
Purchases of non-financial assets		(4,276)	(9,874)
Proceeds from sale of investments		-	25,000
Proceeds from disposals of non-financial assets		-	3
<b>Net cash flows from/(used in) investing activities</b>		<b>(4,276)</b>	<b>15,129</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(1,000)	(1,000)
<b>Net cash flows from/(used in) financing activities</b>		<b>(1,000)</b>	<b>(1,000)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,875</b>	<b>10,907</b>
Cash at the beginning of the financial year		20,855	9,948
<b>Cash and cash equivalents at the end of the financial year</b>	6.2	<b>23,730</b>	<b>20,855</b>

The accompanying notes form part of these financial statements.

Notes:

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting

(b) GST paid to the Australian Taxation Office is presented on a net basis.

# MELBOURNE MARKET AUTHORITY

## Statement of changes in equity <sup>(a)</sup>

For the financial year ended 30 June 2021

(\$ thousand)

	Notes	Physical asset revaluation surplus	Accumulated surplus	Contributed capital	Total
<b>Balance at 1 July 2019 (Restated)</b>		<b>136,330</b>	<b>141,403</b>	<b>213,807</b>	<b>491,540</b>
Net result for the year		-	(13,655)	-	(13,655)
<b>Balance at 30 June 2020 (Restated)</b>		<b>136,330</b>	<b>127,748</b>	<b>213,807</b>	<b>477,885</b>
Balance at 1 July 2020		136,330	127,748	213,807	477,885
Net result for the year		-	(10,145)	-	(10,145)
Other Comprehensive income		(10,387)	-	-	(10,387)
<b>Balance at 30 June 2021</b>		<b>125,943</b>	<b>117,603</b>	<b>213,807</b>	<b>457,353</b>

*The accompanying notes form part of these financial statements.*

Note:

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting

(2021) An independent valuation was performed by Valuer-General Victoria (VGV) to determine fair value as at 30 June 2021, and resulted in a revaluation decrement of \$10.4 million.

# MELBOURNE MARKET AUTHORITY

## 1. ABOUT THIS REPORT

---

The Melbourne Market Authority (MMA) is a government entity of the State of Victoria, established under the *Melbourne Market Authority Act (1977)*.

Its principal address is:  
Melbourne Market Authority  
1/55 Produce Drive  
Epping VIC 3076

MMA operates a wholesale fruit, vegetable and flower market based in Epping, VIC. It works to ensure efficient trade and distribution of fresh produce.

### **Basis of preparation**

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing 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.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of MMA.

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 to or distributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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 applying AAS that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

These financial statements cover MMA as an individual reporting entity and include all the controlled activities of MMA.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

### **Compliance information**

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

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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.



## **Impact of COVID-19 pandemic**

The events relating to COVID-19 have had a material adverse impact on both the operations and financial performance of the MMA during the current and prior period. These impacts have included the government imposed trading restrictions on some of our tenants resulting in arrears, the enactment of legislation implementing the National Cabinet Mandatory Code of Conduct ("Code of Conduct") for small and medium size enterprise tenants, the Commercial tenancy Relief Scheme available to Victorian businesses, a three month rent relief to flower trading stands and a two month rent relief for all other non-flower rental income in FY2020 and an increase in expenses particularly surrounding extra cleaning and security related to temperature screening measures at the front gate.

As these COVID-19 related impacts are ongoing, there is continued uncertainty in relation to the future financial performance of the MMA. MMA's going concern assessment identified that there were no going concern issues. As such, the financial statements have been prepared on a going concern basis.

The implications of the above on the Financial Statements falls broadly into two areas:

## **Recording and collecting of rental income**

On 28th of July 2021, the Victorian Government announced the Commercial Tenancy Relief Scheme to be enacted that will apply retrospectively from 28th of July 2021 and will operate until 15th of January 2022. The Commercial Tenancy Relief Scheme mirrors the Code of Conduct, in that the MMA is obligated to provide rental relief to tenants with an annual turnover of less than \$50 million and have suffered a decline in turnover of at least 30 percent, to be provided proportional rent relief in line with the business's reduction in turnover based on pre-pandemic trading. For example, a business with a turnover of 40 percent of pre-pandemic levels can only be charged 40 percent of its rent. Of the balance, at least half must be waived, with the remainder to be deferred. The MMA has not provided for the portion of rental income invoiced during the current June period that has not been received. There were no rent referrals as at the reporting date, with the MMA considering all future requests on a case-by-case basis. Permanent rent waivers granted for the current period total \$0.1 million.

In FY2020, pursuant to the Code of Conduct, the MMA was obligated to provide rental relief to tenants who are small and medium-sized entities (defined as having annual revenue less than \$50 million) and who qualify for the JobKeeper Payment Scheme. That rental relief is required to be proportional to the decrease in the tenant's sales for the relevant period, and is to be granted as a permanent rent waiver of at least 50 percent of the relief given, with the balance of the rental relief as a rent deferral. The rent deferral component is to be repaid by the tenants over the remaining lease term, but not less than 24 months (in some jurisdictions), once the COVID-19 pandemic has ended.

In FY2020, the MMA had granted a permanent rent waiver of three month rent relief to flower trading stands for the months of April to June and a two month rent relief for all other non-flower rental income for the months of April and May. Permanent rent waivers granted for the prior reporting period total \$2.8 million.

## **Land and buildings fair value**

In compliance with FRD 103I, in the year ended 30 June 2021, an independent valuation was performed by PricewaterhouseCoopers on behalf of the Valuer-General Victoria to determine fair value using the market approach for land and a current replacement cost for buildings. The valuer has advised that the current market environment that the asset is being valued in, is impacted by the COVID-19 outbreak has caused. Market conditions are changing daily at present and has been considered in the valuation performed. As at the date of valuation, the valuer considers that there is significant valuation uncertainty that cannot be quantified. The uncertainty does not invalidate nor imply the valuation cannot be relied upon. Future changes to the economic environment may require variations to assumptions which could have a material impact of the valuation outcome.

## 2. FUNDING DELIVERY OF OUR SERVICES

### Introduction

MMA's overall objective is to provide a commercially viable wholesale facility for the efficient distribution of fresh produce, optimise return on land and assets and ensure a fair and competitive environment for the wholesale trading of produce.

To enable MMA to fulfil its objective, it receives rental income. It also receives fees based on site usage including parking, LPG sales and other investment income.

### Structure

- 2.1 Summary of revenue and income that funds the delivery of our services
- 2.2 Revenue and income from transactions

### 2.1 SUMMARY OF REVENUE AND INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES

		(\$ thousand)	
	Notes	2021	2020
Interest income	2.2.1	23	267
Sale of goods and services	2.2.2	5,837	5,727
Rental income	2.2.3	22,209	18,079
<b>Total revenue and income from transactions</b>		<b>28,069</b>	<b>24,073</b>

Revenue and income that fund delivery of the MMA's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

### 2.2 REVENUE AND INCOME FROM TRANSACTIONS

#### 2.2.1 INTEREST INCOME

	(\$ thousand)	
	2021	2020
<b>Interest from financial assets not at fair value through profit and loss</b>		
Interest on bank deposits	19	267
Interest income from third party	4	-
<b>Total interest from financial assets not at fair value through profit and loss</b>	<b>23</b>	<b>267</b>

Interest income includes interest received on bank term deposits. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

Interest income from a third party relates to a loan receivable at a fixed rate of 2.75 percent over 5 years.

# MELBOURNE MARKET AUTHORITY

## 2.2.2 SALE OF GOODS AND SERVICES

	(\$ thousand)	
	2021	2020
Sale of goods	1,605	1,565
Rendering of services	798	889
Parking income	3,434	3,273
<b>Total income from sales of goods and services</b>	<b>5,837</b>	<b>5,727</b>

The sale of goods along with rendering of services included in the table above are transactions that the MMA has determined to be classified as revenue from contracts with customers in accordance with AASB 15.

### Performance of obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The MMA recognises revenue when it transfers control of a good or service to the customer, i.e. when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have accepted at their premises.
- Revenue from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises.
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time for parking income when the customer simultaneously receives and consumes the services as it is provided.

Customers are invoiced and revenue is recognised when the goods are delivered and accepted by customers.

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract payable (Note 5.2).

# MELBOURNE MARKET AUTHORITY

## 2.2.3 RENTAL INCOME

	(\$ thousand)	
	2021	2020
<b>Rental income</b>		
Fruit and vegetable trading stands	3,132	2,570
Wholesale stores and warehouses	11,068	8,558
Flower trading stands	1,497	1,020
Other commercial rents	6,512	5,931
<b>Total rental income*</b>	<b>22,209</b>	<b>18,079</b>

Note \*

(2020) Covid-19 has resulted in a reduction to rental income, as a three month rent relief to flower trading stands and a two month rent relief for all other non-flower rental income was provided in the 30 June 2020 period.

Rental income from trading stands, wholesale stores and warehouses and other, commercial rents is recognised as it accrues over the period that the properties are leased to a third parties.

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

Operating leases relate to operating property owned by MMA with lease terms of between one to fifteen years, with an option to renew for a further term. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. The risks associated with rights that the MMA retains in underlying assets are not considered to be significant, the MMA employs strategies to further minimise these risks. For example, the MMA operating rules requiring the lessee to compensate the MMA when a property has been subject to excess wear and tear during the lease term.

In the event lease incentives are given to the lessee or right to lease upfront payments are received from the lessee, the aggregate cost of incentives is recognised as a reduction of rental income and the right to lease upfront payment is recognised as revenue over the lease term, on a straight line basis unless another systematic basis is more representative of the time pattern over which the economic benefit of the leased asset is diminished.

### Leases as a Lessor

As a lessor, the MMA classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

	(\$ thousand)	
	2021	2020
<b>Non-cancellable operating lease receivables</b>		
Not longer than one year	10,885	12,597
Longer than one year but not longer than five years	32,047	42,749
Longer than five years	1,182	1,175
<b>Total</b>	<b>44,114</b>	<b>56,521</b>

Leases have lease terms of 1, 3, 5, and 15 years.

## 3. THE COST OF DELIVERING SERVICES

### Introduction

This section provides an account of the expenses incurred by MMA in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

### Structure

- 3.1 Expenses incurred in delivery of service
- 3.2 Other operating expenses

### 3.1 EXPENSES INCURRED IN DELIVERY OF SERVICES

		(\$ thousand)	
	Notes	2021	2020 Restated
Employee benefit expenses	3.1.1	3,511	3,338
Termination benefits	3.1.1	98	-
Other operating expenses	3.2	19,958	19,832
<b>Total expenses incurred in delivery of services</b>		<b>23,567</b>	<b>23,170</b>

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

#### 3.1.1 EMPLOYEE BENEFITS IN THE COMPREHENSIVE OPERATING STATEMENT

	(\$ thousand)	
	2021	2020
Defined contribution superannuation expense	270	255
Salaries and wages, annual leave and long service leave	3,241	3,083
Termination benefits	98	-
<b>Total employee expenses</b>	<b>3,609</b>	<b>3,338</b>

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The MMA does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employments. Termination of benefits are recognised when the MMA is demonstrably committed to terminating the employments of current employees according to a detailed formal plan without possibility of withdrawal.

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## 3.1.2 EMPLOYEE BENEFITS IN THE BALANCE SHEET

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	(\$ thousand)	
	2021	2020
<b>Current provisions:</b>		
<b>Annual leave</b>		
Unconditional and expected to settle within 12 months	176	150
Unconditional and expected to settle after 12 months	85	51
<b>Long service leave</b>		
Unconditional and expected to settle within 12 months	65	60
Unconditional and expected to settle after 12 months	78	29
<b>Provisions for on-costs</b>		
Unconditional and expected to settle within 12 months	37	36
Unconditional and expected to settle after 12 months	25	10
<b>Total current provisions for employee benefits</b>	<b>466</b>	<b>336</b>
<b>Non-current provisions:</b>		
Employee benefits	75	97
On-costs	12	15
<b>Total non-current provisions for employee benefits</b>	<b>87</b>	<b>112</b>
<b>Total provisions for employee benefits</b>	<b>553</b>	<b>448</b>

### Reconciliation of movement in on-cost provision

	(\$ thousand)
	2021
<b>Opening balance</b>	<b>61</b>
Additional provisions recognised	43
Reductions arising from payment/other sacrifices of future economic benefits	(30)
<b>Closing balance</b>	<b>74</b>
Current	62
Non-current	12

**Wages and salaries, annual leave and sick leave:** Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because MMA does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As MMA expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the MMA does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the comprehensive operating statement as it is taken.

# MELBOURNE MARKET AUTHORITY

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

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

The components of this current LSL liability are measured at:

- 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.

**Conditional LSL** is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL 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' in the net result.

## 3.1.3 SUPERANNUATION CONTRIBUTIONS

Employees of the MMA are entitled to receive superannuation benefits and the MMA contributes to defined contribution plans.

	(\$ thousand)			
	<i>Paid contribution for the year</i>		<i>Contribution outstanding at year end</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
<b>Defined contribution plans</b>				
Vision Super (Default fund)	-	10	-	-
Other	270	253	-	-
<b>Total</b>	<b>270</b>	<b>263</b>	<b>-</b>	<b>-</b>

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## 3.2 OTHER OPERATING EXPENSES

	(\$ thousand)	
	2021	2020 <i>Restated</i>
Supplies and services		
Market operations	5,230	4,857
Repairs and maintenance	2,288	2,718
Fuels, rates and taxes	5,699	4,155
Marketing and media	564	515
Audit and insurance	634	401
Professional services	3,654	3,524
Other	1,775	3,269
Bad and doubtful debts from transactions	111	383
Ex-gratia expense	3	10
<b>Total other operating expenses</b>	<b>19,958</b>	<b>19,832</b>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts expense from transactions that are mutually agreed.

**Supplies and services** are recognised as an expense in the reporting period in which they are incurred.

**Ex-gratia** payments were made for the reimbursement of office costs to members of the MMA's advisory committees.



# MELBOURNE MARKET AUTHORITY

## 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

### Introduction

MMA controls infrastructure assets that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to MMA to be utilised for delivery of those outputs.

### Structure

- 4.1 Total property, plant and equipment
- 4.2 Intangible assets

### Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

### 4.1 TOTAL PROPERTY, PLANT AND EQUIPMENT<sup>(a)</sup>

	(\$ thousand)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2021	2020	2021	2020	2021	2020
Land at fair value	50,700	71,500	-	-	50,700	71,500
Buildings at fair value	405,400	420,336	-	13,108	405,400	407,228
Capital works in progress	3,331	401	-	-	3,331	401
Plant, equipment and vehicles at fair value						
- Market equipment	746	719	656	599	90	120
- Motor vehicles	440	440	248	208	192	232
- Computer equipment	1,072	878	828	652	244	226
- Office plant and equipment	102	89	70	57	32	32
<b>Net carrying amount</b>	<b>461,791</b>	<b>494,363</b>	<b>1,802</b>	<b>14,624</b>	<b>459,989</b>	<b>479,739</b>

Note:

(a) 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 classification. All assets in a purpose group are further sub-categorised according to the asset's 'nature' (e.g. buildings, plant), with each sub-category being classified as a separate class of asset for financial reporting purposes.

**Initial recognition:** Items of property, plant and equipment, 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.

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.

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

## 4.1 TOTAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

**Subsequent measurement:** Property, plant and equipment (PPE) are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the next page by asset category.

In FY2021, an independent valuation was performed by PricewaterhouseCoopers on behalf of the Valuer-General Victoria to determine fair value using the market approach for land and a depreciated replacement cost for buildings. Valuation of the assets was determined by analysing comparable sales and allowing for size, topography, location and other relevant factors specific to the asset being valued. From this analysis, an appropriate rate per square metre has been applied to the subject asset with an independent valuation of the MMA's land of \$50.7 million and buildings of \$405.4 million. The effective date of the valuation is 30 June 2021.

The valuer has advised that the current market environment that the asset is being valued in, is impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present and has been considered in the valuation performance. As at the date of valuation, we consider that there is a market uncertainty resulting in significant valuation uncertainty. The uncertainty cannot be quantified. The uncertainty does not invalidate nor imply the valuation cannot be relied upon. Future changes to the economic environment may require variations to assumptions which could have a material impact on the valuation outcome.

**Non-specialised land and non-specialised buildings** are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

**Specialised land and specialised buildings:** The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment reflects the valuer's assessment of the impact of restrictions associated with an asset to the extent that the CSO adjustment is also equally applicable to market participants.

For the majority of the MMA's specialised buildings, the current replacement cost method is used, adjusting for the associated depreciation.

**Vehicles** are valued using the current replacement cost method. 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 in-house by the MMA who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Fair value for **plant and equipment** that are specialised in use (such that it is rarely sold other than as part of a going concern) is determined using the current replacement cost method.

Refer to Note 7.3 for additional information on fair value determination of property, plant and equipment.

### **Impairment of property, plant and equipment**

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 *Impairment of Assets* does not apply to such assets that are regularly revalued.

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## 4.1.1 DEPRECIATION AND AMORTISATION

Charge for the period		(\$ thousand)	
	Notes	2021	2020
Buildings		13,301	13,108
Market equipment		58	67
Motor Vehicles		40	41
Computer equipment		176	155
Office plant and equipment		13	11
Computer software	4.2	20	76
<b>Total depreciation and amortisation</b>		<b>13,608</b>	<b>13,458</b>

All buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. The exceptions to this rule include items under assets held for sale, land and investment properties.

Depreciation is generally calculated on a straight-line basis, at rates that allocated the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	(years) Useful Life
Buildings - shell structures	50 years
Buildings - fitout	25 years
Computer equipment	3 years
Motor vehicles	6 years
Market equipment	6 years
Office plant and equipment	6 years

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

**Indefinite life asset:** Land, which is considered to have an indefinite life, is not depreciated. Depreciation is not recognised in respect of this asset because the service potential has not, in any material sense, been consumed during the reporting period.

## 4.1.2 RECONCILIATION OF MOVEMENTS IN CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT(a)

	Land at fair value		Buildings		Market Equip.		Motor Vehicles		Computer Equip.		Office Plant & Equip.		Works In Progress		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	71,500	71,500	407,228	410,795	120	133	232	191	226	322	31	30	401	303	479,738	483,274
Additions	-	-	1,060	9,539	28	54	-	82	194	59	14	13	2,930	-	4,226	9,747
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	98	-	98
Revaluation of PPE	(20,800)	-	10,413	-	-	-	-	-	-	-	-	-	-	-	(10,387)	-
Impairment of assets	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	2
Depreciation	-	-	(13,301)	(13,108)	(58)	(67)	(40)	(41)	(176)	(155)	(13)	(11)	-	-	(13,588)	(13,382)
<b>Closing balance</b>	<b>50,700</b>	<b>71,500</b>	<b>405,400</b>	<b>407,228</b>	<b>90</b>	<b>120</b>	<b>192</b>	<b>232</b>	<b>244</b>	<b>226</b>	<b>32</b>	<b>32</b>	<b>3,331</b>	<b>401</b>	<b>459,989</b>	<b>479,739</b>

Note:

Fair value assessments have been performed for all classes of assets in this purpose group.

# MELBOURNE MARKET AUTHORITY

## 4.2 INTANGIBLE ASSETS

	(\$ thousand)	
	Computer software	
	2021	2020 <i>Restated</i>
<b>Gross carrying amount</b>		
<b>Opening balance</b>	887	858
Additions	50	28
<b>Closing balance</b>	<b>937</b>	<b>886</b>
<b>Accumulated depreciation, amortisation and impairment</b>		
<b>Opening balance</b>	(856)	(780)
Amortisation expense	(20)	(76)
<b>Closing balance</b>	<b>(876)</b>	<b>(856)</b>
<b>Net book value at end of financial year</b>	<b>61</b>	<b>30</b>

### Initial recognition

**Purchased intangible assets** are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and 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.

### Subsequent measurement

Intangible produced assets with finite useful lives, are amortised as an 'expense from transactions' on a straight line basis over their useful lives. Produced intangible assets have useful lives of between three and five years.

During the year, MMA has revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software as a Service ("SaaS") arrangement. The restatement has been accounted for as a change in accounting policy per AASB 108 and applied retrospectively. Refer to Note 8.3 for additional information on restatement of Intangible Assets and related balances.

### Impairment of intangible assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

### Impairment of intangible assets

The policy in connection with testing for impairment is outlined in section 4.1

## 5. OTHER ASSETS AND LIABILITIES

### Introduction

This section sets out those assets and liabilities that arose from MMA's controlled operations.

### Structure

5.1 Receivables

5.2 Payables

### 5.1 RECEIVABLES

	(\$ thousand)	
	2021	2020
<b>Contractual</b>		
Rental revenue	2,893	2,709
Allowance for impairment losses of contractual receivables	(339)	(429)
Loan to third party	304	-
Accrued investment income	1	3
<b>Statutory</b>		
Amount owing from Victorian Government	56	47
GST input tax credit recoverable	51	381
<b>Total receivables</b>	<b>2,966</b>	<b>2,711</b>
<i>Represented by</i>		
Current receivables	2,668	2,671
Non-current receivables	298	40

**Contractual receivables** are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The MMA holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequent measured at amortised cost using the effective interest method, less any impairment.

**Statutory receivables** do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The MMA applies AASB 9 for initial measurement of the statutory receivables and, as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. Amounts recognised from the Victorian Government represent money owing from site services provided in the ordinary course of business.

Details about the MMA's impairment policies, the MMA's exposure risk and the calculation of the loss allowance are set out in note 7.1.3.

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## 5.2 PAYABLES

(\$ thousand)

	2021	2020
<b>Contractual</b>		
Supplies and services	4,294	3,112
Interest payable	171	178
Tenant bonds and retention monies	2,351	226
Rentals in advance	3,282	1,437
<b>Statutory</b>		
FBT payable	12	19
Other taxes payable	79	356
<b>Total payables</b>	<b>10,189</b>	<b>5,328</b>
<i>Represented by:</i>		
Current payables	7,505	4,980
Non-current payables	2,684	348

Payables consist of:

- **contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the MMA prior to the end of the financial year that are unpaid; and
- **statutory payables**, that 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 contracts.

Payables for supplies and services had an average credit period of 30 days.

### Maturity analysis of contractual payables <sup>(a)</sup>

(\$ thousand)

	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1-3 months	3 months - 1 year	1 - 5 years
<b>2021</b>						
Supplies and services	4,294	4,294	4,294	-	-	-
Tenant bonds and retention monies	2,351	2,351	-	-	-	2,351
Other payables	171	171	-	171	-	-
<b>Total</b>	<b>6,816</b>	<b>6,816</b>	<b>4,294</b>	<b>171</b>	<b>-</b>	<b>2,351</b>
<b>2020</b>						
Supplies and services	3,112	3,112	3,112	-	-	-
Tenant bonds and retention monies	226	226	-	-	-	226
Other payables	178	178	-	178	-	-
<b>Total</b>	<b>3,516</b>	<b>3,516</b>	<b>3,112</b>	<b>178</b>	<b>-</b>	<b>226</b>

Note:

(a) Maturity analysis is presented using the contractual undiscounted cash flows

## 6. HOW WE FINANCED OUR OPERATIONS

### Introduction

This section provides information on the sources of finance utilised by MMA during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of MMA.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

### Structure

- 6.1 Borrowings
- 6.2 Cash flow information and balances
- 6.3 Financing facilities
- 6.4 Commitments for expenditure

### 6.1 BORROWINGS

	(\$ thousand)	
	2021	2020
<b>Current borrowings</b>		
Loans from TCV(a)(b)	1,000	1,000
<b>Total current borrowings</b>	<b>1,000</b>	<b>1,000</b>
<b>Non-current borrowings</b>		
Loans from TCV(a)(b)	18,000	19,000
<b>Total non-current borrowings</b>	<b>18,000</b>	<b>19,000</b>
<b>Total borrowings</b>	<b>19,000</b>	<b>20,000</b>

#### Notes

(a) These are unsecured loans with a weighted average interest rate of 4.26 percent (2020: 4.22 percent).

(b) Note that the TCV loans are for illustration only. Preparers must review the terms of the loan to determine whether they shall be classified as current or non-current loans.

'Borrowings' refer to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria (TCV).

Borrowings are classified as financial instruments. All interest bearing borrowings 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 net result', or financial liabilities at 'amortised cost'. The 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.

**Defaults and breaches:** During the current and prior year, there were no defaults and breaches of any of the loans.

### Maturity analysis of borrowings

	(\$ thousand)						
	Carrying amount	Nominal amount	Past due but not impaired				
			Less than 1 month	1-3 months	3 months - 1 year	1 - 5 years	5+ years
<b>2021</b>							
Loans from TCV	19,000	19,000	-	500	500	4,000	14,000
<b>Total</b>	<b>19,000</b>	<b>19,000</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>4,000</b>	<b>14,000</b>
<b>2020</b>							
Loans from TCV	20,000	20,000	-	500	500	4,000	15,000
<b>Total</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>4,000</b>	<b>15,000</b>



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## 6.1 BORROWINGS (CONTINUED)

Interest expense	(\$ thousand)	
	2021	2020
Interest on government loans	827	863
Accommodation Levy	208	233
<b>Total interest expense</b>	<b>1,035</b>	<b>1,096</b>

'Interest expense' includes costs incurred in connection with the borrowing of funds and includes interest on bank overdrafts and short term and long term borrowings, amortisation of discounts or premiums relating to borrowings and accommodation levy.

Interest expense is recognised in the period in which it is incurred.

The MMA recognises borrowing costs immediately as an expense, even where they are directly attributable to the acquisition, construction or production of a qualifying asset.

## 6.2 CASH FLOW INFORMATION AND BALANCES

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

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

	(\$ thousand)	
	2021	2020
Total cash and deposits disclosed in the balance sheet	4,730	2,855
Total 11am TCV Deposit	19,000	18,000
<b>Balance as per cash flow statement</b>	<b>23,730</b>	<b>20,855</b>

### 6.2.1 RECONCILIATION OF NET RESULT FOR THE PERIOD TO CASH FLOW FROM OPERATING ACTIVITIES

	(\$ thousand)	
	2021	2020 Restated
<b>Net result for the period</b>	<b>(10,145)</b>	<b>(13,655)</b>
<b>Non-cash movements</b>		
(Gain)/Loss on sale or disposal of non-current assets	-	(3)
Depreciation and amortisation of non-current assets	13,608	13,458
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	(255)	(1,403)
(Increase)/decrease in prepayments	(23)	(32)
(Decrease)/increase in provisions	105	161
(Decrease)/increase in payables	4,861	(1,748)
<b>Net cash flows from operating activities</b>	<b>8,151</b>	<b>(3,222)</b>

# MELBOURNE MARKET AUTHORITY

6.3	FINANCING FACILITIES	(\$ thousand)	
		2021	2020
	Unsecured loan facilities with various maturity dates through to 2040		
	Amount used	19,000	20,000
	Amount unused	13,563	7,000
	<b>Total</b>	<b>32,563</b>	<b>27,000</b>

## 6.4 COMMITMENTS FOR EXPENDITURE

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. 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.

### 6.4.1 TOTAL COMMITMENTS PAYABLE

	(\$ thousand)			
<i>Nominal amounts</i>	<i>Less than</i>	<i>1-5</i>	<i>5+</i>	
<i>2021</i>	<i>1 year</i>	<i>years</i>	<i>years</i>	<i>Total</i>
Operational expenditure commitments payable	4,409	6,765	-	11,174
Capital expenditure commitments payable	8,852	-	-	8,852
<b>Total commitments (inclusive of GST)</b>	<b>13,261</b>	<b>6,765</b>	<b>-</b>	<b>20,026</b>
Less GST recoverable	(1,206)	(615)	-	(1,821)
<b>Total commitments (exclusive of GST)</b>	<b>12,055</b>	<b>6,150</b>	<b>-</b>	<b>18,205</b>

<i>Nominal amounts</i>	<i>Less than</i>	<i>1-5</i>	<i>5+</i>	
<i>2020</i>	<i>1 year</i>	<i>years</i>	<i>years</i>	<i>Total</i>
Operational expenditure commitments payable	5,015	11,174	-	16,189
Capital expenditure commitments payable	-	-	-	-
<b>Total commitments (inclusive of GST)</b>	<b>5,015</b>	<b>11,174</b>	<b>-</b>	<b>16,189</b>
Less GST recoverable	(456)	(1,016)	-	(1,472)
<b>Total commitments (exclusive of GST)</b>	<b>4,559</b>	<b>10,158</b>	<b>-</b>	<b>14,717</b>

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### Introduction

MMA is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for MMA, related mainly to fair value determination.

### Structure

- 7.1 Financial instruments specific disclosures
- 7.2 Contingent assets and contingent liabilities
- 7.3 Fair value determination

### 7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

#### Introduction

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 MMA's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

#### Categories of financial assets

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the MMA to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The MMA recognises the following assets in this category:

- cash and deposits;
- third party loan receivable
- receivables (excluding statutory receivables); and
- term deposits.

#### Categories of financial liabilities

**Financial liabilities at amortised cost** 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. The MMA recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings.

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## 7.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION

(\$ thousand)

2021	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
<b>Contractual financial assets</b>				
Cash and deposits	23,730	-	-	23,730
<b>Receivables (a)</b>				
Accrued investment income	-	1	-	1
Third Party Loan receivable	-	304	-	304
Rental income	-	2,554	-	2,554
<b>Total contractual financial assets</b>	<b>23,730</b>	<b>2,859</b>	<b>-</b>	<b>26,589</b>
<b>Contractual financial liabilities</b>				
<b>Payables (a)</b>				
Supplies and services	-	-	4,294	4,294
Tenant bonds and retention monies	-	-	2,351	2,351
Other payables	-	-	171	171
<b>Borrowings</b>				
Loans from TCV	-	-	19,000	19,000
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>25,816</b>	<b>25,816</b>

Note:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes receivable/payable).

2020	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
<b>Contractual financial assets</b>				
Cash and deposits	20,855	-	-	20,855
<b>Receivables (a)</b>				
Accrued investment income	-	3	-	3
Rental income	-	2,280	-	2,280
<b>Total contractual financial assets</b>	<b>20,855</b>	<b>2,283</b>	<b>-</b>	<b>23,138</b>
<b>Contractual financial liabilities</b>				
<b>Payables (a)</b>				
Supplies and services	-	-	3,112	3,112
Tenant bonds and retention monies	-	-	226	226
Other payables	-	-	178	178
<b>Borrowings</b>				
Loans from TCV	-	-	20,000	20,000
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>23,516</b>	<b>23,516</b>

Note:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes receivable/payable).

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## 7.1.2 FINANCIAL INSTRUMENTS - NET HOLDING GAIN/(LOSS) ON FINANCIAL INSTRUMENTS BY CATEGORY

(\$ thousand)

2021	Net holding gain/(loss)	Total interest income/(expense)	Fee income / (expense)	Impairment loss	Total
<b>Contractual financial assets</b>					
Financial assets - at amortised cost	-	23	-	(111)	(88)
<b>Total contractual financial assets</b>	-	<b>23</b>	-	<b>(111)</b>	<b>(88)</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	(1,035)	-	-	(1,035)
<b>Total contractual financial liabilities</b>	-	<b>(1,035)</b>	-	-	<b>(1,035)</b>

2020	Net holding gain / (loss)	Total interest income / (expense)	Fee income / (expense)	Impairment loss	Total
<b>Contractual financial assets</b>					
Financial assets - loans and receivables	-	267	-	(383)	(116)
<b>Total contractual financial assets</b>	-	<b>267</b>	-	<b>(383)</b>	<b>(116)</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	(1,096)	-	-	(1,096)
<b>Total contractual financial liabilities</b>	-	<b>(1,096)</b>	-	-	<b>(1,096)</b>

Note: Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities. The net holding gains or losses disclosed above are determined as follows:

- for cash and cash equivalents financial assets at amortised cost, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

## 7.1.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

As a whole, MMA's Finance, Audit & Risk Management (FARM) program seeks to manage these risks and the associated volatility of its financial performance.

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 7.1 to the financial statements.

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

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

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 FARM committee of the MMA.

## 7.1.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Financial Instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. MMA's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to MMA. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the MMA's contractual financial assets is minimal because the MMA's policy is to obtain sufficient collateral, insurance bond or bank guarantee, where appropriate.

In addition, the MMA does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, the MMA's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the MMA will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more the 90 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the MMA's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to MMA's credit risk profile in 2020-21.

Credit quality of financial assets (a)				(\$ thousand)
2021	Financial institutions (AA- credit rating)	Government Agencies (Triple-A credit rating)	Other (minimum triple-B credit rating)	Total
<b>Financial assets</b>				
<b>Financial assets with loss allowance measured at 12-month expected credit loss</b>				
Cash and deposits	4,726	19,000	4	23,730
Statutory receivables (with no impairment recognised)	-	1	-	1
Investments & other contractual financial assets				
- Contractual receivables	-	-	2,554	2,554
- Third Party Loan receivable	-	-	304	304
<b>Total financial assets</b>	<b>4,726</b>	<b>19,001</b>	<b>2,862</b>	<b>26,589</b>

Note:

(a) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government, GST input tax credit recoverable and land tax recoverable).

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## 7.1.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit quality of financial assets (a)

2020	Financial institutions (AA- credit rating)	Government Agencies (Triple-A credit rating)	Other (minimum triple-B credit rating)	Total
<b>Financial assets</b>				
<b>Financial assets with loss allowance measured at 12-month expected credit loss</b>				
Cash and deposits	2,851	18,000	4	20,855
Statutory receivables (with no impairment recognised)	-	3	-	3
Investments & other contractual financial assets				
- Term deposits and contractual receivables	-	-	2,280	2,280
<b>Total financial assets</b>	<b>2,851</b>	<b>18,003</b>	<b>2,284</b>	<b>23,138</b>

Note:

(a) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government, GST input tax credit recoverable and land tax recoverable).

### Impairment of financial assets under AASB 9

MMA records the allowance for expected credit loss for the relevant financial instruments, applying AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the MMA's contractual receivables and statutory receivables.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

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## 7.1.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Contractual receivables at amortised cost

The MMA applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The MMA has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the MMA past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, the MMA determines the opening loss allowance at the end of the financial year as follows:

30 June 2021	Current	Less than 1 month	1-3 months	3 months - 1 years	1-5 years	Total
<b>Expected loss rate</b>	0%	2%	3%	37%	0%	
Gross carrying amount of contractual receivables	1,116	282	401	859	235	2,893
<b>Loss allowance</b>	-	6	12	321	-	339

1 July 2020	Current	Less than 1 month	1-3 months	3 months - 1 years	1-5 years	Total
<b>Expected loss rate</b>	0%	2%	3%	40%	0%	
Gross carrying amount of contractual receivables	947	421	61	1,056	-	2,485
<b>Loss allowance</b>	-	8	2	419	-	429

Reconciliation of the movement in the loss allowance for contractual receivables is shown as follows:

	2021	2020
<b>Balance at beginning of the year</b>	(429)	(131)
Increase in provision recognised in the net result	(339)	(428)
Reversal of provision of receivables written off during the year as uncollectable	112	40
Reversal of unused provision recognised in the net result	317	90
<b>Balance at end of the year</b>	<b>(339)</b>	<b>(429)</b>

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts are considered as written off by mutual consent.



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## **Statutory receivables and debt investments at amortised cost**

The MMA's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months of expected losses. No loss allowance has been recognised.

## **Financial instruments: Liquidity risk**

Liquidity risk arises from being unable to meet financial obligations as they fall due. The MMA operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The MMA is exposed to liquidity risk mainly through the financial liabilities as disclosed on the face of the balance sheet. The MMA manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- careful maturity planning of its financial obligations based on forecasts of future cash flows; and
- a high credit rating for the State of Victoria (Moody's Investor Services and Standard & Poor's double-A, which assists in accessing debt market at a lower interest rate).

The MMA also has access to a \$7million 11am loan draw down facility with TCV which may be drawn at anytime with a floating interest rate equal to the TCV growth market rate. The facility remains undrawn as at 30 June 2021 and expires in 30 June 2040.

The MMA also has access to a \$6.6 million construction loan draw down facility with TCV in relation to the construction of the undercover carpark solar canopy project with a floating interest rate equal to the TCV growth market rate. The facility remains undrawn as at 30 June 2021 and expires 18 months after the first draw down. After which on the last draw down, will convert to an eight year loan facility repayable in equal installments annually with an interest rate fixed at the 10 year TCV Bond rate at the date of conversion.

The MMA's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

## **Financial Instruments: Market risk**

The MMA's exposure to market risk, is primarily through interest rate risk. Objectives, policies and processes used to manage this risk is disclosed below

## **Sensitivity disclosure analysis and assumptions**

The MMA's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. The MMA cannot be expected to predict movement in market rates. Sensitivity analysis shown are for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months:

- a movement of 50 basis points up and down in market interest rates.

The tables that follow show the impact on the MMA's net result and equity for each category of financial instrument held by the MMA at the end of the reporting period. If the above movements were to occur.

## 7.1.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The MMA does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. MMA has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

MMA manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and MMA's sensitivity to interest rate risk are set out in the table that follows.

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## 7.1.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Interest rate risk (continued)

#### Interest rate exposure of financial instruments

(\$ thousand)

2021	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
<b>Financial Assets</b>					
Cash and deposits	0.10%	23,730	-	23,726	4
Receivables (a)					
- Accrued investment income		1	-	-	1
- Third Party Loan	2.75%	304	304	-	-
- Rental income		2,554	-	-	2,554
<b>Total financial assets</b>		<b>26,589</b>	<b>304</b>	<b>23,726</b>	<b>2,559</b>
<b>Financial Liabilities</b>					
Payables (a)					
- Borrowings	4.26%	19,000	19,000	-	-
- Supplies and services		4,294	-	-	4,294
- Tenant bonds and retention monies		2,351	-	-	2,351
- Other payables		171	-	-	171
<b>Total financial liabilities</b>		<b>25,816</b>	<b>19,000</b>	<b>-</b>	<b>6,816</b>

Note:

(a) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government, GST input tax credit recoverable and land tax recoverable).

(\$ thousand)

2020	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
<b>Financial Assets</b>					
Cash and deposits	0.48%	20,855	-	20,851	4
Receivables (a)					
- Accrued investment income		3	-	-	3
- Rental income		2,280	-	-	2,280
<b>Total financial assets</b>		<b>23,138</b>	<b>-</b>	<b>20,851</b>	<b>2,287</b>
<b>Financial Liabilities</b>					
Payables (a)					
- Borrowings	4.22%	20,000	20,000	-	-
- Supplies and services		3,112	-	-	3,112
- Tenant bonds and retention monies		226	-	-	226
- Other payables		178	-	-	178
<b>Total financial liabilities</b>		<b>23,516</b>	<b>20,000</b>	<b>-</b>	<b>3,516</b>

Note:

(a) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government, GST input tax credit recoverable and land tax recoverable).

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## 7.1.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Interest rate risk (continued)

#### Interest rate risk sensitivity

(\$ thousand)

		-50 basis points	+50 basis points
	Carrying amount	Net result	Net result
<b>2021</b>			
<b>Contractual financial assets</b>			
Cash and deposits	23,726	(119)	119
<b>Total impact</b>	<b>23,726</b>	<b>(119)</b>	<b>119</b>
<b>2020</b>			
<b>Contractual financial assets</b>			
Cash and deposits	20,851	(104)	104
<b>Total impact</b>	<b>20,851</b>	<b>(104)</b>	<b>104</b>

## 7.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

### Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the MMA. These are classified as either quantifiable, where potential economic benefit is known, or non-quantifiable.

### Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
  - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantile or non-quantifiable.

## 7.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES (CONTINUED)

### Contingent liabilities (continued)

#### *Non-quantifiable contingent liabilities*

A number of potential obligations are non-quantifiable at this time arising from:

- indemnities provided in relation to transactions, including financial arrangements and consultancy services, as well as for directors and administrators
- deeds in respect of certain obligations; and
- unclaimed monies, which may be subject to future claims by the general public against the State.

The MMA did not have contingent liabilities as at 30 June 2021 (2020: nil).

## 7.3 FAIR VALUE DETERMINATION

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of MMA.

This section sets out information on how MMA determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- land, buildings, infrastructure, plant and equipment.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes. MMA determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

### **Fair value hierarchy**

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- 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.

The MMA determines whether transfers have occurred between levels in the hierarchy by reassessing 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 MMA's independent valuation agency. MMA monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

Subsequent to initial recognition, none of MMA's financial instruments are recorded at fair value.

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## 7.3.1 FAIR VALUE DETERMINATION: NON-FINANCIAL PHYSICAL ASSETS

### How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and
  - in respect of those assets subject to fair value determination using Level 3 inputs;
  - a reconciliation of the movements in fair values from the beginning of the year to the end; and
  - details of significant unobservable inputs used in the fair value determination.

Fair Value measurement hierarchy		(\$ thousand)		
	Carrying amount as at	Fair value measurement at end of reporting period using		
2021	30 June 2021	Level 1 <sup>(a)</sup>	Level 2 <sup>(a)</sup>	Level 3 <sup>(a)</sup>
Land at fair value				
Specialised land	50,700	-	-	50,700
<b>Total of land at fair value</b>	<b>50,700</b>	<b>-</b>	<b>-</b>	<b>50,700</b>
Buildings at fair value				
Specialised buildings	405,400	-	-	405,400
<b>Total of buildings at fair value</b>	<b>405,400</b>	<b>-</b>	<b>-</b>	<b>405,400</b>
Plant, equipment and vehicles at fair value				
Vehicles <sup>(b)</sup>	192	-	-	192
Plant and equipment	366	-	-	366
<b>Total of plant, equipment and vehicles at fair value</b>	<b>558</b>	<b>-</b>	<b>-</b>	<b>558</b>

	Carrying amount as at	Fair value measurement at end of reporting period using		
2020	30 June 2020	Level 1 <sup>(a)</sup>	Level 2 <sup>(a)</sup>	Level 3 <sup>(a)</sup>
Land at fair value				
Specialised land	71,500	-	-	71,500
<b>Total of land at fair value</b>	<b>71,500</b>	<b>-</b>	<b>-</b>	<b>71,500</b>
Buildings at fair value				
Specialised buildings	407,228	-	-	407,228
<b>Total of buildings at fair value</b>	<b>407,228</b>	<b>-</b>	<b>-</b>	<b>407,228</b>
Plant, equipment and vehicles at fair value				
Vehicles <sup>(b)</sup>	232	-	-	232
Plant and equipment	377	-	-	377
<b>Total of plant, equipment and vehicles at fair value</b>	<b>609</b>	<b>-</b>	<b>-</b>	<b>609</b>

Notes:

(a) Classified in accordance with the fair value hierarchy

(b) Vehicles are categorised to Level 3 assets as the current replacement cost is used in estimating the fair value

There have been no transfers between levels during the period.

## 7.3.1 FAIR VALUE DETERMINATION: NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)

**Specialised land and buildings:** The fair value of land and buildings is determined on the basis of a periodic independent valuation by external valuation experts. The fair values are recognised in the financial statements and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Note 1 discloses the uncertainty created by COVID-19 pandemic and the significant judgement made by the valuer in estimating the fair value of land and buildings.

An independent valuation of MMA's land was performed by the VGV at 30 June 2021 which conform to Australian Valuation Standards for the Epping site.

Land is valued using the market based direct approach whereby the property is compared to recent sales making adjustments for points of difference to establish the Fair Value.

In FY2021, an independent valuation was performed by PricewaterhouseCoopers on behalf of the Valuer-General Victoria to determine fair value using the market approach for land and a depreciated replacement cost for building. Valuation of the assets was determined by analysing comparable sales and allowing for size, topography, location and other relevant factors specific to the asset being valued. From this analysis, an appropriate rate per square metre has been applied to the subject asset with an independent valuation of the MMA's land to \$50.7 million. The effective date of the valuation is 30 June 2021.

**Buildings and improvements:** In FY2021, an independent valuation was performed by PricewaterhouseCoopers on the valuation of MMA's buildings which conform to Australian Valuation Standards using depreciated replacement cost method which factors best available evidence from recognised building cost indicators, Quantity Surveyors and example of current costs, assessment of useful life/remaining useful life and an assessment of depreciation rate. These unobservable inputs are classified as Level 3 fair value measurements. The fair value ascribed by VGV for the carrying amount of buildings and improvements, as represented by the depreciated replacement cost, at 30 June 2021 is \$405.4 million.

Note 1 discloses the uncertainty created by COVID-19 pandemic and the significant judgement made by the valuer in estimating the fair value of land and buildings.

**Vehicles** are valued using the depreciated replacement cost method. 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 MMA who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

**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 2021.

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

# MELBOURNE MARKET AUTHORITY

## 7.3.1 FAIR VALUE DETERMINATION: NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)

### Reconciliation of Level 3 fair value movements (\$ thousand)

2021	Specialised Land	Specialised Buildings	Vehicles	Plant and equipment
<b>Opening Balance</b>	<b>71,500</b>	<b>407,228</b>	<b>232</b>	<b>377</b>
Purchases (sales)	-	1,060	-	236
Depreciation	-	(13,301)	(40)	(247)
<b>Subtotal</b>	<b>-</b>	<b>(12,241)</b>	<b>(40)</b>	<b>(11)</b>
Revaluations	(20,800)	10,413	-	-
<b>Subtotal</b>	<b>(20,800)</b>	<b>10,413</b>	<b>-</b>	<b>-</b>
<b>Closing balance</b>	<b>50,700</b>	<b>405,400</b>	<b>192</b>	<b>366</b>

2020	Specialised Land	Specialised Buildings	Vehicles	Plant and equipment
<b>Opening Balance</b>	<b>71,500</b>	<b>410,797</b>	<b>191</b>	<b>485</b>
Purchases (sales)	-	9,539	82	125
Depreciation	-	(13,108)	(41)	(233)
<b>Subtotal</b>	<b>-</b>	<b>(3,569)</b>	<b>41</b>	<b>(108)</b>
<b>Closing balance</b>	<b>71,500</b>	<b>407,228</b>	<b>232</b>	<b>377</b>

### Description of significant unobservable inputs to Level 3 valuations

2020 and 2021	Valuation Technique	Significant unobservable inputs
Buildings - Epping	Current replacement cost	Direct cost per square metre Useful life of buildings
Land	Market approach	Community Service Obligation (CSO) adjustment
Vehicles	Current replacement cost	Useful life of vehicles
Plant and equipment	Current replacement cost	Useful life of plant and equipment

Significant unobservable inputs have remained unchanged since.



## 8. OTHER DISCLOSURES

### Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

### Structure

8.1	Ex gratia expenses	8.4	Responsible persons
8.2	Reserves	8.5	Remuneration of executives
8.3	Retrospective restatement of Intangible Assets	8.6	Related parties
		8.7	Remuneration of auditors
		8.8	Subsequent events
		8.9	Other accounting policies
		8.10	Australian Accounting Standards issued that are not yet effective
		8.11	Glossary of technical terms
		8.12	Style conventions

8.1	EX GRATIA EXPENSES	(\$ thousand)	
		2021	2020
	Compensation for economic loss	3	10
	<b>Total ex gratia expenses <sup>(a)</sup></b>	<b>3</b>	<b>10</b>

Notes:

(a) The total for ex gratia expenses is also presented in 'other operating expenses' of Note 3.2 Other operating expenses

8.2	RESERVES	(\$ thousand)	
		2021	2020
	<b>Physical asset revaluation surplus <sup>(a)</sup></b>		
	Balance at beginning of financial year	136,330	136,330
	Revaluation decrements	(10,387)	-
	<b>Balance at end of financial year</b>	<b>125,943</b>	<b>136,330</b>

### 8.3 RETROSPECTIVE RESTATEMENT OF INTANGIBLE ASSETS

During the year, MMA has revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements.

SaaS arrangement are service contracts providing MMA with the right to access the cloud provider's application software over the contract period. Costs incurred to customise and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible assets. These costs are recognised in intangible software assets and amortised over the useful life of the software on a straight-line basis.

Historical financial information of affected balances has been re-stated to account for the impact of the change in accounting policy, as follows:

# MELBOURNE MARKET AUTHORITY

## 8.3 RETROSPECTIVE RESTATEMENT OF INTANGIBLE ASSETS (CONTINUED)

FINANCIAL STATEMENT ITEM	(\$ thousand)	
	2020 restated	2020 previously reported
<b>Items affected in the Balance Sheet</b>		
Note 4.2 Intangibles	30	1,634
<b>Movement schedule</b>		
<b>Cost</b>		
Opening total balance	858	1,239
additions	28	1,665
<b>Closing balance</b>	<b>886</b>	<b>2,904</b>
<b>Accumulated Depreciation</b>		
Opening balance	(780)	(780)
Charges	(76)	(490)
<b>Comprehensive result</b>	<b>(856)</b>	<b>(1,270)</b>
<b>WDV</b>		
Opening balance	78	459
<b>Closing balance</b>	<b>30</b>	<b>1,634</b>
<b>Accumulated Surplus</b>	<b>127,748</b>	<b>129,352</b>
<i>Represented by:</i>		
Opening balance	141,403	141,784
Results for the year	(13,655)	(12,432)
<b>Closing balance</b>	<b>127,748</b>	<b>129,352</b>
<b>Net assets</b>	<b>447,885</b>	<b>479,489</b>
<b>Items affected in the Comprehensive operating statement</b>		
Depreciation and amortisation	(13,458)	(13,872)
Other operating expenses	(19,832)	(18,194)
<b>Total expenses from transactions</b>	<b>(37,724)</b>	<b>(36,500)</b>
<b>Net results from transactions (net operating balance)</b>	<b>(13,651)</b>	<b>(12,427)</b>
<b>Net and comprehensive results</b>	<b>(13,655)</b>	<b>(12,431)</b>
<b>Note 3.2 Other operating expenses</b>	<b>3,269</b>	<b>1,631</b>

# MELBOURNE MARKET AUTHORITY

## 8.3 RETROSPECTIVE RESTATEMENT OF INTANGIBLE ASSETS (CONTINUED)

FINANCIAL STATEMENT ITEM	(\$ thousand)	
	2020 restated	2020 previously reported
<b>Items affected in the cashflow statement</b>		
Payments to suppliers and employees	(25,325)	(23,687)
Total payments	(26,786)	(25,148)
<b>Net cashflows from/(used in) operating activities</b>	<b>(3,222)</b>	<b>(1,584)</b>
<b>Purchases of non-financial assets</b>	<b>(9,874)</b>	<b>(11,512)</b>
<b>Net cashflows from/(used in) investing activities</b>	<b>15,129</b>	<b>13,491</b>

## 8.4 RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period.

### Names

The persons who held the positions of Ministers and Accountable Officers in the Authority are as follows:

Minister for Agriculture	The Hon. Mary-Anne Thomas	01-Dec-2020 to 30-Jun-2021
Minister for Agriculture	The Hon. Jaclyn Symes	01-Jul-2019 to 30-Nov-2020
Board Chairperson	Mr P Tuohey	01-Jul-2020 to 30-Jun-2021
Board Member	Ms S Friend	01-Jul-2020 to 30-Jun-2021
Board Member	Ms J Carboon	01-Jul-2020 to 30-Jun-2021
Board Member	Mr D Beatty	01-Jul-2020 to 30-Jun-2021
Chief Executive Officer	Mr M Maskiell	01-Jul-2020 to 30-Jun-2021

### Remuneration

Remuneration received or receivable by the responsible persons in connection with the management of the MMA during the reporting period was:

Income Band	2021	2020
\$20,000 to \$29,999	3	4
\$40,000 to \$49,999	1	1
\$370,000 to \$379,000	1	1

## 8.5 REMUNERATION OF EXECUTIVES

The number of executive officers, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis and is disclosed in the following categories.

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Other long-term benefits** include long service leave, other long service benefits or deferred compensation.

**Termination benefits** include termination of employment payments, such as severance packages.

	(\$ thousand)	
<i>Remuneration of executive officers (including executives defined as Key Management Personnel (KMP) disclosed in Note 8.5)</i>	<i>Total Remuneration 2021</i>	<i>Total Remuneration 2020</i>
Short-term employee benefits	833	755
Post employment benefits	75	70
Other long-term benefits	41	-
<b>Total remuneration (a)</b>	<b>949</b>	<b>825</b>
<b>Total number of executives</b>	<b>4</b>	<b>5</b>
<b>Total annualised employee equivalents (b)</b>	<b>4</b>	<b>4</b>

Notes:

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.5).

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

(2020) There was one executive who resigned effective 31 January 2020, the vacancy was filled on 30 March 2020 and therefore the total number of executives includes one separation. The count of executives throughout the year was 4.

# MELBOURNE MARKET AUTHORITY

## 8.6 RELATED PARTIES

The Melbourne Market Authority is a wholly owned and controlled entity of the State of Victoria.

Related parties of MMA include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all Cabinet Ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

**Key management personnel** (KMP) of the agency pursuant to section 53(1)(b) of the FMA of MMA's financial statements include:

Key Management Personnel	Position Title
Mr Mark Maskiell	Chief Executive Officer
Mr David Whitchelo	Chief Operating Officer
Mr David Power	Business Development and Marketing Manager
Mr Harry Battal	Chief Financial Officer
Mr Malcolm Lum	General Counsel
Mr Peter Tuohey	Board Chairperson
Ms Jacinta Carboon	Board Member
Ms Susan Friend	Board Member
Mr David Beatty	Board Member

### Remuneration of key management personnel

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

	(\$ thousand)	
Compensation of KMP's <sup>(a)</sup>	2021	2020
Short-term employee benefits	1,300	1,226
Post-employment benefits	108	109
Other long-term benefits	102	13
<b>Total<sup>(b)</sup></b>	<b>1,510</b>	<b>1,348</b>

Note:

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.4).

(b) Total remuneration paid to KMP's employed as a contractor during the reporting period through an external service provider has been reported under short-term employee benefits.

### Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Purchasing Board requirements.

Outside of normal citizen type transactions with the MMA, there were no related party transactions that involved key management personnel, their close family members and their personal business interests.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

## 8.6 RELATED PARTIES (CONTINUED)

During the year, MMA provided services to the Department of Job, Precincts and Regions (DJPR) under terms and conditions equivalent for those that prevail in arm's length transactions. The transactions involved site repairs, car parking, site access fees and tenancy repair works with an aggregated value of \$206,322 (2020: \$13,588).

During the year, MMA paid the State Revenue Office \$499,275 in Land Tax of which \$484,347 is recoverable from tenants. An amount of \$69,000 was paid during the year to the Department of Environment, Land, Water and Planning for valuation services.

MMA had both loans and deposits with TCV during the year. MMA paid interest and a Financial Accommodation Levy to TCV and DTF on loans with an aggregated value of \$1,035,706 (2020: \$1,096,585). TCV paid interest on deposits to MMA with an aggregated value of \$21,425 (2020: \$267,018).

## 8.7 REMUNERATION OF AUDITORS

	(\$ thousand)	
	2021	2020
<b>Victorian Auditor-General's Office</b>		
Audit of financial statements	55	55
<b>Total remuneration of auditors</b>	<b>55</b>	<b>55</b>

## 8.8 SUBSEQUENT EVENTS

At the date these Financial Statements are authorised for issue, no further adjustments in respect of the impact of COVID-19 pandemic have been made. However, the COVID-19 situation continues to evolve. On the 5 August 2021 the Victorian Government announced Stage 4 restrictions for Victoria. Stage 4 restrictions result in the closure of most retail stores with limited exceptions including food and green grocery stores, supermarkets, liquor stores and pharmacies. The full consequences on the MMA's future financial performance and the value of the MMA land and buildings continues to be uncertain.

Since the end of the year, the MMA is not aware of any other matter or circumstances not otherwise disclosed with in this report of the Financial Statements that has significantly affected or may significantly affect the operations of the MMA, the results of those operations or the state of affairs of the MMA in future financial periods.

## 8.9 OTHER ACCOUNTING POLICIES

### Contribution by owners

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the MMA.

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

## 8.10 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new and revised accounting standards have been issued but are not effective for the 2010/21 reporting period. These accounting standards are not required to be assessed by the MMA at reporting, have not been assessed for its impact and have not been applied. These accounting standards include:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current.*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments.*
- AASB 2020-7 *Amendments to Australian Accounting Standards - Covid-19-Rent Related Concessions: Tier 2 Disclosures.*
- AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2.*

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date* to defer the application by one year to periods beginning on or after 1 January 2023. The MMA will not early adopt the Standard.

The MMA is in the process of analysing the impacts of this standard. However, it is not anticipated to have a material impact.

## 8.11 GLOSSARY OF TECHNICAL TERMS

The following is a summary of the major technical terms used in this report

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

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- the effects of changes in actuarial assumptions.

**Amortisation** is the expenses that results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

**Borrowings** refers to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria and other interest bearing arrangements. Borrowing also include non-interest bearing advances for government that are acquired for policy purposes.

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

**Comprehensive result** is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

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

## 8.11 GLOSSARY OF TECHNICAL TERMS (CONTINUED)

**Effective Interest method** is the method used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

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

**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** is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual 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
- 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** is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial liability** is any liability that is:

- a contractual 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; and
- 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** in the Model report comprises:

- a balance sheet as at the end of the period;
- a comprehensive operating statement for the period;
- a statement of changes in equity for the period;
- a cash flow statement for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information;
- comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and
- 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.



## 8.11 GLOSSARY OF TECHNICAL TERMS (CONTINUED)

**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 that are mainly non-market in nature, those that are largely for collective consumption by the community and those that involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

**Interest expense** represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, amortisation of discounts or premiums in relation to borrowings, and accommodation levy.

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

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

**Net worth** is calculated as assets less liabilities, which is an economic measure of wealth.

**Non-financial assets** are all assets that are not financial assets. It includes land, buildings, capital works in progress, plant, equipment and vehicles.

**Operating result** is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also to 'net result'.

**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. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments; and depletion of natural assets (non-produced) from their use or removal.

**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. They include change in physical asset revaluation surplus; and gains and losses on remeasuring available-for-sale financial assets.

**Payables** includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

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

**Receivables** include amounts owing from government through appropriation 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, 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** generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the MMA.

## 8.11 GLOSSARY OF TECHNICAL TERMS (CONTINUED)

**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 into 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.

## 8.12 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
(xxx)	negative numbers
202x	year
202x 0x	year periods

The financial statements and notes are presented based on the illustration for a government department in the *2020-21 Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the MMA's annual reports.

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**Melbourne Market Authority**

Box 1, 55 Produce Drive Epping 3076, Vic, Australia

T: (03) 9258 6100 F: (03) 8401 4837

W: [www.melbournemarket.com.au](http://www.melbournemarket.com.au)

Compiled by Harry Battal, Jennifer Renehan and  
Lauren Kitchener.

Printing: Finsbury Green.

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Melbourne Market Authority.

Contact Lauren Kitchener, T: (03) 9258 6100