



Melbourne Market Authority Annual Report 2022 - 2023





The Hon. Ros Spence 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 2023.

This report covers the period 1 July 2022 to 30 June 2023. 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, stakeholders, and overall operating environment.

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', is positioned below the 'Yours sincerely,' text.

Peter Tuohey
Chairperson

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RESPONSIBLE BODY'S DECLARATION

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 2023.

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

Peter Tuohey
Chairperson
Melbourne Market Authority
26 September 2023

SECTION 1: YEAR IN REVIEW

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 2022 to 30 June 2023 was:

The Hon. Gayle Tierney MP, Minister for Agriculture, 1 July 2022 to 30 June 2023.

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:

- **PASSION:** We bring our best and are passionate about what we do
- **DIVERSITY:** We embrace differences and treat everyone with respect
- **SAFETY:** We are committed to ensuring a safe and healthy work environment
- **SERVICE:** We listen to our customers, continually innovate and explore new opportunities
- **IMPACT:** We create a lasting positive impact in our communities and on the environment

CHAIRPERSON'S AND CHIEF EXECUTIVE OFFICER'S REPORT

We respectfully acknowledge the Wurundjeri Willum Clan and pay our respects to their Elders, both past, present, and emerging. 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 our 2021-2023 corporate plan.

In June 2022, the Board and staff evaluated the objectives and actions in the MMA's Corporate Plan to better reflect priorities. The review included adding a new priority area, **Support the Victorian Horticulture Supply Chain** to demonstrate our commitment to supporting businesses that rely on the Melbourne Market and the broader horticulture industry. The objectives and functions set out in the *Melbourne Market Authority Act 1977* position the MMA as more than just a landlord, and the MMA is committed to investing in consumer based marketing initiatives to drive increased produce volumes through all elements of the supply chain and supporting our market customers, including both tenants and buyers, to succeed in an evolving fresh produce trading environment.

Assisted by collaboration with trusted partners, we've continued to work towards delivering on our plans and goals to fulfil our vision. This annual report features many of the projects and developments that the MMA has begun, continued or completed, which we believe will help meet the future challenges faced by both the market and the fresh produce and flower industries, while taking advantage of innovative opportunities.

In May 2023, our 2.4-megawatt (MW) rooftop Solar PV System was switched on and began generating green energy, offsetting 1,773 tonnes of carbon emissions annually, the equivalent of planting 34,381 trees every year. The MMA's ambition is that in the future, the market site will become energy self-sufficient and a source of renewable energy production for wider use throughout Victoria's agriculture industry. We also continued working on and progressed a range of other sustainability-related projects, including investigations into the use of hydrogen onsite, additional rainwater harvesting, and waste disposal improvements. Our focus on environmental projects allows the MMA and the Victorian Government to demonstrate tangible commercial and economic value in sustainability and environmental initiatives.

Face-to-face market trading has always occurred overnight and into the early dawn hours; however, there are significant challenges for an industry that operates during the night, including OHS, staff attraction and retention, and operating costs. The MMA commenced a project to investigate the issues, benefits and challenges involved in making a fundamental change to Melbourne Market trading hours – the first of its kind in Australia. The key objectives of this project are to decrease operating costs, increase the value of market businesses, and increase the significance of the Melbourne Market by diversifying the customer base. We are working towards finalising our research and understanding the opportunities, risks and infrastructure required for this transformative project by early 2024.

To live up to our values, work has continued on a market-wide culture change project, *Stronger Together*. Our goal is for the MMA to lead and influence market users to facilitate a more inclusive environment where *everyone* feels safe and respected. *Stronger Together*, aims to achieve a Melbourne Market free of racism, sexism, discrimination, harassment, violence and bullying, and we are committed to embedding the values of this program and taking a stand against harmful behaviours to create a Melbourne Market for future generations, where people are proud to work and trade.

Ensuring the Melbourne Market is a modern, sustainable and thriving market is essential as we move towards the future. We are committed to investing in environmental sustainability initiatives and projects like Stronger Together and Market Trading hours to respond to fundamental shifts in the fresh produce industry as well as wider social and economic change.

On behalf of the MMA we thank the agencies, government departments, growers, wholesalers, and retailers involved in helping us achieve our goals. Their ongoing engagement is instrumental in preparing for the future.

We want to acknowledge our advisory committee members, who have completed the first year of their three-year term. Your insights and contribution have been an asset to the market and the industry. We look forward to continuing our productive working relationship as you represent your stakeholder groups.

We 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.

We thank our colleagues at Agriculture Victoria, whom we have worked closely with over the past year. In particular, we thank our Minister for Agriculture, the Hon. Gayle Tierney MP. We look forward to continuing to work with her and thank the Minister for her support and guidance. In June 2023, we began refining what the next three years look like for the Melbourne Market captured in an updated corporate plan, and we're eager to present our reviewed objectives and goals to the Minister later this year. As we continue toward the future, our continued engagement with the Hon. Lily D'Ambrosio MP, Minister for Climate Action and Minister for Energy and Resources will be immensely beneficial, and we thank her for her input so far. We welcome the support of other

parliamentary members and will continue to work with our Local Government representatives from the City of Whittlesea to ensure the best outcomes for the region and the State of Victoria.

In September 2022, we farewelled Board members Jacinta Carboon and David Beatty. At the same time, we welcome our newly appointed Board members, Angie Bradbury and Margaret Burdeu, who bring a wealth of knowledge and experience. We want to thank all our Board members, including Dr Hermoine Parsons 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 to help achieve our goals over the past 12 months.

To ensure Melbourne Market remains a great place to do business, it must continue to evolve, and the MMA is committed to realising the opportunities for change, growth and investment as we head toward the future.

We are pleased to present the Melbourne Market Authority's 2022-2023 Annual Report.




Mark Maskiell
Chief Executive Officer
Melbourne Market Authority




Peter Tuohey
Chairperson
Melbourne Market Authority

PURPOSE AND FUNCTIONS

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.

Set on a 67-hectare site in Epping in Melbourne's North, the market provides the critical link between growers, wholesalers, retailers and distributors in the fresh produce and flower supply chain.

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, and adapt in a modern trading environment. The Victorian Government's Agriculture Strategy objectives include driving creativity and the adoption of new ideas to improve the productivity and efficiency of agriculture supply chains. 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. Continuously improve the operating environment,
2. Maximise the utility of Market Land and the trading floors,
3. Driving logistical efficiency,
4. Facilitate export growth,
5. Embrace digital change, and
6. Lead environmental sustainability.

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.

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 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 2022-2023 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"> • Services delivered by the MMA are priced lower than those available externally including electricity, glycol, LPG, diesel, waste services reviewed quarterly. • Target zero WorkSafe reportable injuries for Melbourne Market as measured at the conclusion of the financial year. • Customer satisfaction survey results greater than 70 per cent satisfied, undertaken during the December quarter annually. • Hold four advisory committee meetings annually and report on actionable outcomes. • Identification and implementation of one additional facility or service that enhances logistical efficiency. 	<ul style="list-style-type: none"> • Seek ways to continually reduce operating costs. • Continue to improve the safety of the site while reducing the compliance burden. • Maintain effective QMS System. • Maintain effective Operating Model. • Increase the efficiency of the MMA's interaction with market users and improve the customer consultation process. • Implement initiatives that make the Melbourne Market an enjoyable, safe and respectful place to be. • Generate actionable insights to enhance onsite logistics efficiency and position the market as a logistics hub. • Implement projects that improve onsite logistical efficiency and utility. • Continuously improve organisational design.
2. Maximise the utility of the trading floors	<ul style="list-style-type: none"> • Maintain annual visitation levels (measured monthly). • Generation of \$100k in new revenue opportunities as compared to prior year. • Maintain >90 per cent occupancy for fruit & vegetable trading stands and stores as measured at the conclusion of the financial year. 	<ul style="list-style-type: none"> • Policies, procedure and initiatives in place to ensure optimal retail traffic on market floor. • Attract new and unique seller with diverse product and service offerings. • Increase customer insights to inform the implementations of new products and services that add value to market users. • Identify the best uses for vacant land within the market sites and pursue the private sector to take up these opportunities. • Identify best uses for existing market space that adds value for our clients. • Continue to introduce initiatives to attract more buyers to the market. • Partner with State Government to identify opportunities to develop MFI (Melbourne Food Innovation and Export Food Hub) on adjacent land. • Optimise rental returns on Market land based on the MMA's market rental strategy while remaining location of choice to trade.
3. Support the Victorian horticulture supply chain	<ul style="list-style-type: none"> • Three marketing campaigns delivered to support flower industry. • Two marketing campaigns delivered via A better choice! and amplified in Victoria. • Identify, implement or promote three programs that assist market customers in building skills to succeed. • MMA presence at three key industry events to increase brand profile and relevance of Melbourne Market supply chain. 	<ul style="list-style-type: none"> • Identify opportunities to add value for our clients. • Support Market customers to build business skills and capability. • Extend industry networks. • Implement initiatives to support greengrocer resilience. • Implement initiatives to support florist and flower industry resilience. • Increase the profile and relevance of the Melbourne Market as a vital part of the horticultural supply chain.
4. Support export growth	<ul style="list-style-type: none"> • Business case development for onsite export and logistics hub on Pad 11. • Identification of additional facilities and services that support export growth. • Servicing Victorian trade missions through the market as required to the satisfaction of DEECA. 	<ul style="list-style-type: none"> • Complete 'Melbourne Market Export Hub' Masterplan. • Leverage opportunities for export facilitation and growth.

5. Embrace digital change	<ul style="list-style-type: none"> • 30 per cent increase in customer portal users as a primary method of market users' interaction with MMA . • Enable market users to take advantage of digital trading. • Identify and implement three new digital technologies to improve market efficiency. 	<ul style="list-style-type: none"> • Seek out opportunities to adopt digital technology to improve efficiency. • Support our customers to respond to the opportunities and challenges posed by digital disruption. • Increase MMA's Digital Capabilities and Governance of I.T • Seek out opportunities to collect and disseminate data on volume, product flows and pricing.
6. Lead environmental sustainability	<ul style="list-style-type: none"> • Generate solar power on site 2.4 MW solar PV system. • Investigate use of additional renewable energy projects. • Maintain site recycling rate to >98 per cent. 	<ul style="list-style-type: none"> • Maintain our industry leadership in environmental sustainability. • Investigate ways the market site could be utilised for sustainability initiatives as part of wider Victorian Agriculture. • Increase use of renewable energy across the site. • Investigate the use of Hydrogen for power use on the site. • Increase the site rainwater harvesting capacity to reduce reliance on potable water supply. • Implement initiatives to further maintain current recycling rates.

Objective 1: Continuously improve the operating environment

This objective focuses on continually seeking opportunities to improve the cost-effectiveness, efficiency, and safety of the market for the MMA's clients. Acknowledging its leadership role, the MMA takes a proactive stance in assisting market users in adapting to highly dynamic industry forces and strives to maintain the market as an affordable place of business.

The Melbourne Market is a busy industrial site, with vehicles and pedestrians working in close proximity, which has the potential to cause incidents and injury. The Melbourne Market has a target of zero WorkSafe reportable incidents. While this may be challenging due to the nature of onsite operations, we continue implementing processes and initiatives that work towards this target.

To make the site safer for all market users, several operational updates have been implemented during the reporting period, including; installation of flexible bollards in high-traffic areas to ensure vehicles stay on roadways, installation of rumble strips at the end of main roads to remind vehicles to slow down at intersections, painting pedestrian crossings as well as truck and vehicle parking in yellow for better visibility in wet weather, and improved pedestrian safety in the National Flower Centre.

WorkSafe introduced a market-wide mandate that required all-electric vehicles on site to be fitted with restraints. The MMA worked closely with WorkSafe and market users to roll out this initiative to prevent the risk of ejection from electric vehicles. Over 90% of electric vehicles on site now have restraints fitted. Our continuing challenge is ensuring compliance with wearing the restraints, which will be a safety focus in the coming year.

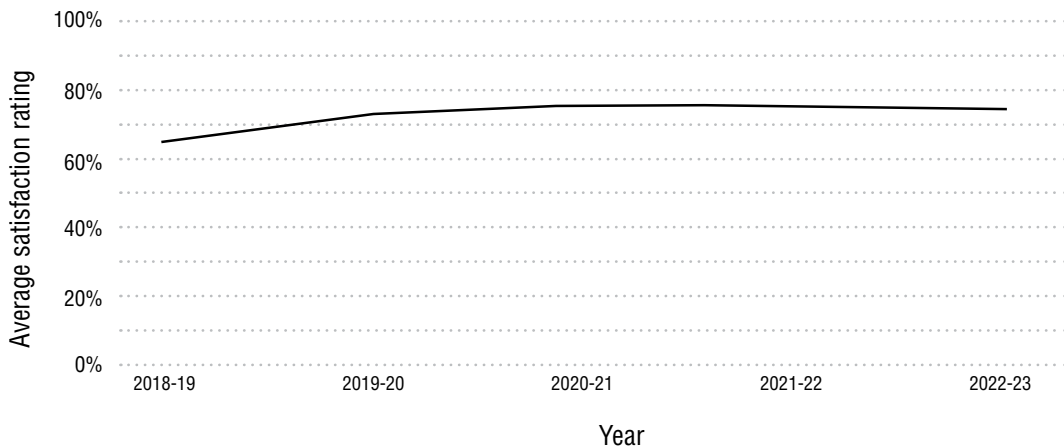
The Melbourne Market drug and alcohol testing program continued with 560 random drug and alcohol tests conducted, a 142 per cent increase on the previous year. Standalone breathalyser units continue to be available on the Buyers' Walk and at the front gate security office, where all market visitors must undergo mandatory breath testing and record blood alcohol content of 0.00 per cent before being allowed onto the site.

During the reporting period, there was a decrease in WorkSafe reportable incidents from nine in the previous year, to four. Although this does not meet our aggressive target of zero WorkSafe reportable incidents, the MMA will continue to review the incident and near-miss data and consult with market users to direct OHS initiatives where they will be most effective.

As well as a market user's physical safety, the MMA also considers market users' mental health and wellbeing. The MMA continues to work on a behaviour and culture change program to create a more inclusive and respectful environment. Known as *Stronger Together*, the program aims to achieve a market free of racism, sexism, discrimination, harassment, violence and bullying. A working group was formed to assist with developing the initiative, including market users from various backgrounds. Working group members come together for regular meetings to share their advice and perspectives, test ideas and continue developing the strategy to create ongoing cultural change within the market. The Melbourne Market site induction was updated to include more references to unacceptable behaviour, ensuring that new market users understand behavioural standards before they enter the site. The Melbourne Market Operating Rules have also been updated with the *Stronger Together* project in mind to call out harmful behaviours as a breach of Operating Rules. Extensive training has been developed for internal front-line staff, as the project deals with serious mental and physical safety issues. To incorporate the principles of *Stronger Together*, we have celebrated key cultural and diversity days in the market, and within market communications, such as Lunar New Year, NAIDOC week, International Women's Day and Harmony Week. A strong focus has also been on creating and promoting support channels to report inappropriate behaviours. The next steps include the rollout of an impactful, multichannel marketing campaign to drive self-regulation in behavioural standards.

This year, our annual customer satisfaction survey showed a weighted average satisfaction rate of 75 per cent, exceeding our objective of 70 per cent. Historical data shows consistent improvement in satisfaction since the move to the Epping site in 2015, with a 28 per cent improvement over the previous eight years.

Market user satisfaction



The MMA is committed to modernising the market by responding to fundamental shifts in the fresh produce industry and wider social and economic change. Ensuring a modern, sustainable, and thriving wholesale market relies on forward-thinking and innovative solutions. Significant challenges exist for an industry that operates during the night, including OHS, staff attraction and retention, and operating costs. The MMA has begun investigating the issues, benefits and challenges involved in making a fundamental change to Melbourne Market trading hours, with a view of moving to a 'day-trade' market – the first of its kind in Australia. The key objectives are to decrease operating costs for the MMA and market businesses, increase the value of businesses whose operating model relies on the Melbourne Market, and increase the significance of the Melbourne Market by diversifying the customer base. The research element of the project is planned to be completed in early 2024.

Market events continue to create a sense of community and belonging within the Melbourne Market. A rolling program of seasonal events occurs, with some used as platforms to raise funds and awareness for various charities. During the reporting period, the MMA held an event for HeartKids Hero Day in conjunction with V.F. Siciliano & Sons. With AFL celebrities in attendance and a live auction, the Melbourne Market Community raised over \$60,000 for the cause.

The MMA Board and Executive Leadership Team commit to undertake external visits to hear first-hand the challenges facing the industry and the associated implications and opportunities these present for the market. The Board and Executive Team participated in two external site visits, including a tour of Sacca's Fine Food, and a two-day trip to the Goulburn Valley Region.

Our engagement with advisory committees continued this year with an updated model to hold joint advisory meetings with all groups every other meeting. Engagement with advisory committees is instrumental in planning and preparing for the future.

Indicator	2022-23	2021-22
• Services delivered by the MMA are priced lower than those available externally.	✓	✓
• Target zero WorkSafe reportable injuries.	X	X
• >70% Market user satisfaction measured by the annual survey.	✓	✓
• Hold four advisory committee meetings annually.	✓	✓
• Identification and implementation of one additional facility or service that enhances logistical efficiency.	✓	✓

Objective 2: Maximise the utility of the trading floors

This objective focuses on identifying services and facilities that could be delivered within the existing market land and the market's 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. This objective also focuses on leading opportunities to improve the vibrancy and functionality of the market and implementing initiatives to increase buyer numbers.

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

The Melbourne Market offers enhanced efficiency for tenants, with many reporting reduced handling, transport, and labour costs, along with improved management of cold chain requirements, thanks to the ability to consolidate their operations within the market's boundary. One of the main advantages of the Epping site is its spaciousness. Currently, approximately 93,000 m2 of warehousing is occupied at Epping, with Propertylink (ESR) managing 75,000 m2 and the MMA managing 18,000 m2.

During the reporting period, the MMA continued refining the designs for future warehousing development. The proposed development entails adding an extra 44,000 m2 of warehousing and commercial tenancies across six separate buildings. The initial expression of interest process resulted in oversubscription, and other interested parties are currently placed on a waitlist.

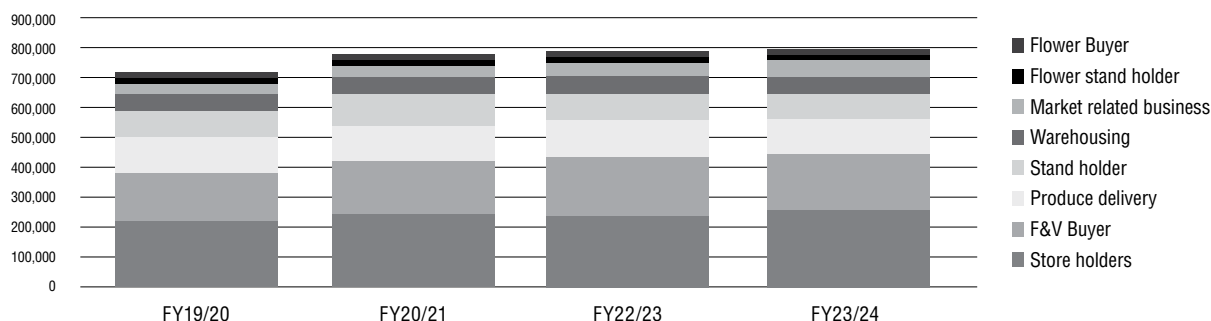
To fulfill this opportunity, the MMA will utilise existing developable land as well as requiring access to expand an additional 11 hectares into the State Government owned adjacent land. We continue to work with key government stakeholders to explore this potential expansion opportunity.

Demand remains constant for fruit and vegetable tenancies at the Melbourne Market, with overall occupancy at approximately 98 per cent. The MMA purposely leaves several trading stands vacant to allow growers to licence casual stands to account for produce seasonality; therefore, 100 per cent occupancy is not attainable, nor is it expected.

Over the past 12 months, demand for trading stands in the National Flower Centre has seen an upward trend, with the occupancy rate for that area of the market now at an all-time high of approximately 99 per cent. One of the 27 cool rooms in the National Flower Centre recently became available, and the MMA ran an expression of interest campaign for a new Licensee. Multiple applications were received, and a significant premium price was achieved.

Entries to the market increased by 2 per cent over the reporting period from 780,339 to 793,881. The slight increase could be attributed to a year less affected by COVID-19, with events recommencing on a more consistent basis across Victoria.

Market entries



To continue to promote the Melbourne Market and the role the market plays in the fresh produce supply chain, the MMA participated in multiple industry events and held two open days.

For the second year, the Melbourne Market exhibited at Melbourne's Food Services Expo. The event had over 450 exhibitors showcasing the latest in food, drink, readymade meals, and equipment. The Melbourne Market's exhibit allowed catering businesses, cafes, restaurants, manufacturers, and education institutions to sample a range of produce the market offers.

After the success of the Melbourne Market's first open day during 2022, the MMA held two additional open days during the reporting period. Over the two occasions, 112 visitors were taken through the market and gained a deeper understanding of how the market and National Flower Centre operate with the opportunity to sign up for an access card.

Progress towards objective 2

Indicator	2022-23	2021-22
• Maintain annual visitation levels.	✓	✓
• Generation of \$100k in new revenue opportunities.	✓	✓
• Maintain >90 per cent occupancy.	✓	✓

Objective 3: Drive logistical efficiency

This newest strategic objective, *Support the Victorian horticulture supply chain*, was added in June 2022 and aims to lead projects that position the Melbourne Market as a horticulture industry leader and support our market customers to succeed in an evolving fresh produce trading environment.

The MMA remains committed to investing in initiatives that boost sales for businesses purchasing from the market. In 2018, the MMA collaborated with other central markets and chambers to create the "*A better choice!*" program to support the fresh produce industry. This program is a national consumer marketing initiative designed to influence customer behaviour and encourage shopping at local greengrocers. Throughout the reporting year, *A better choice!* executed various campaigns, such as the Shop and Win campaign and, Retailer of the Year. Additionally, *A better choice!* placed a strong emphasis on the commercial opportunities of the brand, which has seen the growth of national partnerships with leading industry brands such as Zespri, Kanzi, Montague and growers bodies such as the Australian Mushroom Growers Association. Two major outcomes for the program included the introduction of a national consumer magazine and TV chef and personality Julie Goodwin joining *A better choice!* as brand ambassador. Victoria has continued to maintain the highest level of store engagement nationally with 176 members. To grow the brand locally, "*A better choice!*" partnered with the 2XU Wellness Run, and Transurban/Herald Sun Run for the Kids, supplying over 30,000 pieces of fruit to participants at these events. Additionally, for the first time, Victoria leveraged the strength of its local program to execute its first commercial partnership, promoting the launch of the Victorian Strawberry season to consumers.

The MMA has maintained its efforts to promote and support the cut flower and plant industry by investing in targeted marketing campaigns during significant flower purchase periods like Valentine's Day and Mother's Day. These campaigns aim to encourage consumers to buy from their local florists. Typically, small floristry businesses lack the resources and financial means to execute marketing campaigns that reach a broad audience. Recognising this, the MMA advocates for the industry, thereby benefiting individual businesses throughout the supply chain.

Both the "*A better choice!*" program and the fresh flower marketing campaigns leverage economies of scale for small to medium-size businesses that purchase from the Melbourne Market. This approach allows these businesses to gain more advertising exposure and better compete with major supermarkets and brands.

This year the National Flower Centre (NFC) was invited to participate in the Melbourne International Flower and Garden Show, the largest horticulture event in the southern hemisphere. The event provided great exposure for NFC growers and wholesalers, through selling cut flowers and demonstrating the quality and range local florists have on offer. The opportunity also allowed the NFC to support new and emerging florists with thirty-five floristry students working on the stand, serving around 4,000 customers throughout the show.

The Market Fresh Schools program was rolled out to 3,905 students across 34 schools during the 2022-23 financial year. While this is an increase from last year's 2,907 students and 21 schools, booking numbers have not yet returned to what they were pre-COVID-19. The program, funded and supported by the MMA in conjunction with market tenants, is designed to teach students the importance of eating fresh fruits and vegetables daily as part of a healthy balanced diet. One opportunity learned this year is the program's ability to expand into the corporate space after the success of two presentations at Toyota head office, which in total reached 900 engaged participants.

Progress towards objective 3

Indicator	2022-23	2021-22
• Three marketing campaigns delivered to support flower industry.	✓	✓
• Two marketing campaigns delivered via A better choice and amplified in Victoria.	✓	✓
• Identify, implement or promote three programs that assist market customers in building skills to succeed.	✓	✓
• MMA presence at three key industry events to increase brand profile and relevance of Melbourne Market Supply chain.	✓	✓

Objective 4: Support export growth

The MMA remains committed to supporting export growth by helping its clients capitalise on export opportunities. Australia's reputation for safe, quality food and the proximity to export markets auger well for continued export growth. While increasing exports may not directly impact the volume of produce traded through the market, it opens up additional avenues to reach consumers, thereby enhancing the financial viability of market tenants. This commitment serves to safeguard the MMA's future revenue streams while simultaneously creating more opportunities for the Victorian agricultural industry.

The Melbourne Market is refining plans to develop a dedicated export-import hub on the Eastern boundary of the market, as part of the broader plan for the six-building warehouse precinct. This hub will serve as a consolidation point for fresh produce and refrigerated products intended for international export. The hub is planned to incorporate facilities to maximise container space, freight forwarding services and Bio Security authentication for shipment, which will improve handling, minimise container movements, stabilise temperature control and improve the quality of the landed produce. As the export hub is part of the proposed Eastern boundary warehousing precinct development, for the MMA to fulfil this opportunity, it requires access to expand an additional 11 hectares into the State Government-owned adjacent land, and we continue to work with key government stakeholders to explore this potential expansion opportunity.

The Melbourne Market provides an excellent venue for hosting inbound trade missions. The MMA actively supports Global Victoria's inbound trade missions and collaborates with industry bodies, including AusVeg, Victorian Farmers Federation, Australian Horticultural Exporters' and Importers' Association, and Horticulture Innovation Australia. The MMA welcomed several growers and agronomists from various regions throughout the year, including; the City of Dhaka, Bangladesh, USA, New Zealand and Japan.

Progress towards objective 4

Indicator	2022-23	2021-22
• Business case development for onsite export and logistics hub on Pad 11.	X	X
• Identify additional facilities and services that support export growth.	✓	✓
• Service Victorian trade missions through the market as required to the satisfaction of DEECA.	✓	✓

Objective 5: Embrace digital change

The MMA is focused on being a customer-centric organisation, demonstrated by the MMA's significant investment in customer relationship management implementation and digitalisation of the market user experience. The MMA is committed to digital change by identifying and implementing opportunities to improve efficiency, transparency and exploit new business opportunities.

Significant planning work on the new Melbourne Market website and App began during the reporting period. This will be the first upgrade to the website in eight years and aims to showcase the benefit and value of utilising the Melbourne Market as part of a business' operations. The App once completed, will host a searchable database of all growers and wholesalers, including live information regarding the produce they sell and an interactive map designed to help users get around the site. The App will also have login capabilities that will enable the use of notifications and personalised communications and integration of digital site access card in the future.

The *My MMA Portal*, the market's online customer portal, has seen significant growth this reporting period with a 138 per cent increase in user sign-ups, totalling 584. As the portal is relatively new, improvements continued to be made throughout the reporting period, including the introduction of the Stripe credit card payment system and an upgrade to digital security.

In December 2022, the development of an interactive map of the carpark and market trading floor was completed. The map easily identifies and allocates car parking and available space on the trading floor. The interactive map has simplified the end-to-end customer experience when renting space in the market and created a simple way to identify underutilised rental space and improved efficiency.

With an increase in day-to-day operations at the Melbourne Market relying on digital technology, there is considerable importance on cyber security. The MMA upgraded various software systems during the year, including upgrading the VMWare environment to the latest security version, implementing multi-factor authentication for VPN connection to internal market systems, and upgrading and replacing the Market's dual checkpoint firewalls. Additional digital upgrades included the rollout of DocuSign, the upgrade of the MMA phone lines to replace redundant fibre optics with a 5G backup service, and upgrading Windows servers to the latest operating system.

In 2020 the MMA begun working with wholesale online trading platform Fresho to promote their digital trading platform for market users to utilise. The takeup of the platform was limited and has not progressed. The MMA will continue to investigate digital trading solutions and strategies that can support our customers in an evolving trading environment.

Progress towards objective 5

Indicator	2022-23	2021-22
• 30 per cent increase in customer portal users as a primary method of market users' interaction with MMA.	✓	✓
• Enable market users to take advantage of digital trading.	X	X
• Identify and implement three new digital technologies to improve market efficiency.	✓	✓

Objective 6: Lead environmental sustainability

The MMA has long been committed to reducing our environmental impact with ambitious plans to grow the market into a fully environmentally sustainable site.

In 2022 the MMA completed the construction of six large-scale undercover car park canopies over the North and South courtyards adjacent to the main market building. The \$11.3 million project when combined with the solar PV system on an existing warehouse now houses an impressive 2.4-megawatt rooftop solar PV system, the largest rooftop solar power system in Greater North-Eastern Victoria. The system was connected to the energy grid in 2023. The solar canopy, as well as existing solar panels on a warehouse building, has created a system made up of 5,432 solar panels and is set to offset 10 per cent of the market's annual energy usage. This equates to 1,772 tonnes of carbon emissions or planting 34,381 trees yearly. Our solar project aligns with the Victorian Government's aspirations in addressing climate change and is consistent with the *Victorian Climate Change Act 2017*. It aligns with the interim targets and the long-term aspiration of net zero greenhouse gas emissions by 2050. With Net Metering, excess energy produced onsite would be supplied back to the grid, allowing the farms and businesses that grow food and provide services for the market to use the surplus energy at a discounted rate through an arrangement with our energy retailer. With additional 12.5 hectares of usable roof space, the MMA's ambition is that the market site would become a source of renewable energy production for broader use throughout Victoria's agriculture industry over the next five years. 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, the market fell short of achieving its recycling target, instead reaching 86.7 per cent. One major contributor was the shutdown of Yarra Valley Water's Waste to Energy Plant due to a microbe imbalance for approximately three months. Despite best efforts to distribute excess organic waste to farms and other food repurpose industries, the large amount of organic waste that would have gone to Yarra Valley Water ultimately increased landfill deposits. The MMA has also noticed an increase in market users bringing waste back into the market due to the closure of local polystyrene recycling facilities and the rising cost of waste disposal at shopping centres, strip shops and commercial facilities. Recycling and waste reduction will be a key focus area during 2023-24, as the MMA continues to work towards returning to the previously achieved high recycling rate of >98 per cent.

We continued working with food recovery programs with 543,160 kilograms of produce donated to Food Bank Victoria, 49,952 kilograms to Fareshare and 17,331 kilograms to farm collections and the Melbourne Zoo.

The addition of a new cleaning management company Quayclean has brought new ideas to the market's waste and recycling program. Quayclean has introduced a new initiative where coloured soft plastics based on Polyethylene (PE, HDPE, LDPE) and Polypropylene (PP) are sorted and recycled. They have successfully worked through six tonnes of soft plastic which will now be converted into pure, high-quality resource oil.

While recycling initiatives, additional solar energy infrastructure and utilisation of rainwater harvesting across new developments will continue to be an ongoing focus, the MMA is always looking for new opportunities to reduce our environmental impact.

A key priority for the future will be to progress our proposed partnership with Yarra Valley Water to deliver electrolysis-derived hydrogen for energy use at the Melbourne Market site. Hydrogen would enable the market to have a green, weather-independent fuel source for transportation and stationary energy systems onsite. A Hydrogen-based Battery Energy Storage System is ideal for the market where green hydrogen can be converted to electricity without any emissions. The MMA is in the early planning stages to construct an onsite refuelling station and operate a station power (1.5 MW) and heat generation system requiring Hydrogen Gas.

Hydrogen will play a pivotal role in the transition to low-emissions fuel sources, and utilising an existing underground infrastructure as a direct hydrogen pipeline from Yarra Valley Water to the Melbourne Market will exemplify how distributed hydrogen generation hubs and use cases can be combined.

Progress towards objective 6

Indicator	2022-23	2021-22
• Generate solar power on site 2.4 MW solar PV system.	✓	✓
• Investigate use of additional renewable energy projects.	✓	✓
• Maintain site recycling rate >98 per cent.	✗	✗

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	2022-23	2021-22	2020-21	2019-20	2019-19
Total revenue	31,551	29,004	28,069	24,073	26,060
Total operating expenditure	(26,200)	(25,693)	(24,602)	(22,628)	(21,999)
Net profit before income tax & depreciation	5,351	3,311	3,467	1,445	4,061
Depreciation charge	(14,007)	(13,861)	(13,608)	(13,872)	(12,565)
Net result from transactions	(8,656)	(10,550)	(10,141)	(12,427)	(8,504)
Net result for the period	(8,637)	(10,556)	(10,145)	(12,431)	29,955
Net cash flow from operating activities	6,258	3,052	8,151	(1,584)	5,150
Total assets	479,103	480,506	487,095	505,265	520,283
Total liabilities	33,084	33,709	29,742	25,777	28,363

Overview

The Victorian Government considers the net result from transactions to be the appropriate measure of financial management that can be directly attributed to government policy. This measure excludes the effects of revaluations (holding gains or losses) arising from changes in market prices and other changes in the volume of assets shown under 'other economic flows' on the comprehensive operating statement, which are outside the control of the MMA.

The MMA recorded an operating profit before tax and depreciation of \$5.3 million for the 2022-23 financial year and had net cash inflow from operating activities of \$6.2 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 and income increased by 8.78 per cent on the prior period and total expenses from transactions have increased by 1.65 per cent.

Other operating expenses that relate mainly to repairs and maintenance conducted to ensure the site is held to a high standard represent 52.88 per cent of total expenses from transactions and the net result from transactions is consistent year on year.

Financial position – balance sheet

Net assets decreased by \$0.778 million over the year to \$446 million, of which \$14 million was related to depreciation of buildings, while the additional \$7.9 million related to the desktop managerial revaluation of land, property, plant and equipment additions of \$1.5 million and \$3.2 million in other terms.

Cash flows

Cash balances increased by \$3.1 million during the period to \$24.9 million at date of reporting. The increase was due to cash inflows from operations of \$6.2 million which was offset with associated capital loan repayments of \$1.7 million and capital purchases of \$1.5 million.

Capital projects/asset investment programs

No capital projects of \$10 million or greater total estimated investment were completed during the 2022-23 financial year.

Subsequent events

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

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	<p>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 and again re-appointed until 18 September 2025.</p> <p>Member of the MMA Marketing Committee and the MMA Remuneration Committee from February 2017.</p> <p>Peter has attended twelve out of twelve Board meetings.</p>	<p>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), and a member of the Ministerial Freight Advisory Council.</p> <p>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.</p>
Sue Friend	<p>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, with an additional extension of three months until 26 August 2022. Sue was re-appointed until 25 August 2025.</p> <p>Continued as a member of the Flower Industry Advisory Committee and the Chair of the MMA Finance, Audit & Risk Management Committee.</p> <p>Member of the MMA Remuneration Committee from August 2022.</p> <p>Sue has attended twelve out of twelve Board meetings.</p>	<p>Sue is a chartered accountant and an experienced board director.</p> <p>Sue is a Director of Sapere Research Group where she provides accounting advice and business valuations to corporate, regulatory and legal clients.</p> <p>Sue also holds various public sector roles. She is currently an independent member of Courts Council, the governing body of Court Services Victoria (CSV). Sue also chairs the Audit and Risk Committee of CSV and is an independent member of the Bureau of Meteorology Audit Committee. Sue was previously a director of Yarra Valley Water and South Gippsland Water.</p>
Dr Hermione Parsons	<p>Commenced as a Board member on 7 September 2021 and was appointed until 7 September 2024.</p> <p>Member of the MMA Finance, Audit & Risk Management Committee from September 2021.</p> <p>Member of the MMA Marketing Committee from September 2021.</p> <p>Member of Growers Advisory Committee from September 2021. Since Hermione's appointment in September 2021 she has attended ten out of her eligible twelve Board meetings.</p>	<p>Dr Hermione Parsons has extensive executive management experience in public and private sector organisations with responsibility for port landside logistics, multimodal freight infrastructure planning, competition and regulation policy, supply chain reengineering in the fresh produce industry, and industry government relations. Areas of research expertise include end-to-end supply chain strategy, managing supply chain complexity, and supply chain and logistics problem solving in metropolitan, regional and international markets including ASEAN.</p> <p>She is currently CEO of the Australian Logistics Council, non-executive director of Austrade's Export Freight Advisory Board and specialist advisor to Asia Australia Society (2022). Previously Hermione was a Board Member of Food Innovation Australia Ltd (FIAL – the Australian Government's food and agriculture growth centre) and a member of VicTrack Board's Freight Advisory Committee. She has served on the Australian Government's National Agriculture Labour Advisory Committee, the National Freight Data Hub Steering Committee, the National Food Traceability Program Steering Committee, and the National Food Waste Strategy Steering Committee.</p>
Angie Bradbury	<p>Commenced as a Board member on 18 September 2022 and was appointed until 25 August 2025.</p> <p>Member of the MMA Marketing Committee from September 2022.</p> <p>Member of the MMA Remuneration Committee from September 2022.</p> <p>Member of the Retailers Advisory Committee from September 2022.</p> <p>Since Angie's appointment in September 2022, she has attended nine out of her eligible nine Board meetings.</p>	<p>Angie is a highly respected and sought-after marketing strategist with two decades working with leading brands in drinks & hospitality, retail & automotive, tourism & agriculture.</p> <p>Angie was the Founder and Managing Director of several leading marketing and communications agencies and is now an independent consultant. Angie is the immediate past Chair of Wine Victoria and in 2019 awarded Women of Inspiration for the Australian Women in Wine Awards. She has played a lead role in the development of the Diversity and Equality in Wine Charter and is a regular guest speaker, keynote presenter and agitator on issues right across the sector.</p> <p>Angie consults on a broad range of business challenges including the development of corporate strategy, marketing, communications and brand strategy, issues management and stakeholder engagement.</p>

Margaret Burdeu	<p>Commenced as a Board member on 18 September 2022 and was appointed until 25 August 2025.</p> <p>Member of the MMA Finance, Audit & Risk Management Committee from September 2022.</p> <p>Member of the Flower Market Advisory Committee from September 2022.</p> <p>Since Margaret's appointment in September 2022, she has attended eight out of her eligible nine Board meetings.</p>	<p>Margaret is also the Deputy Chancellor of La Trobe University, on the Victorian Board of the Nursing and Midwifery Board of Australia and Deputy Chair of Melbourne Health's Community Advisory Committee. She is passionate about building organisations and regional partnerships that enable social and economic opportunity and has a strong interest in the development of the North of Melbourne.</p> <p>Margaret has considerable experience on not for profit boards, in Government and in stakeholder relations, and her career has spanned the fields of education, health and the food industry.</p>
David Beatty (term concluded September 2022)	<p>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.</p> <p>Member of the MMA Finance, Audit & Risk Management Committee from March 2018.</p> <p>Member of the MMA Remuneration Committee from July 2020.</p> <p>David attended two out of his eligible two Board meetings prior to his term ending.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
Jacinta Carboon (term concluded September 2022)	<p>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.</p> <p>Member of the MMA Remuneration Committee, the Fruit & Vegetable Retailers Advisory Committee and the Chair of the MMA Marketing Committee from February 2017.</p> <p>Jacinta attended one out of her two eligible Board meetings prior to her term ending.</p>	<p>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.</p> <p>She is also a Non-Executive Director of RSPCA Victoria and Neami National.</p>

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
Sue Friend (Chair)	✓	August 2022 - August 2025	4	4
Dr Hermione Parsons	✓	September 2021 - September 2024	4	4
Margaret Burdeu	✓	September 2022 - August 2025	3	3
David Beatty	✓	January 2020 - September 2022	1	1

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 Public Entity Executive Remuneration (PEER) Policy and the Victorian Independent Remuneration Tribunal (VIRT) determinations;
- 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 meets 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 (Chair)	✓	September 2022 - August 2025	1	1
Jacinta Carboon	✓	January 2020 - September 2022	1	1
David Beatty	✓	July 2020 - September 2022	1	1
Angie Bradbury	✓	September 2022 - September 2025	0	0
Sue Friend	✓	August 2022 - August 2025	0	0

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 meets 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
Jacinta Carboon (Chair)	✓	January 2020 - September 2022	2	2
Peter Tuohey	✓	January 2020 - September 2022	2	2
Angie Bradbury	✓	September 2022 - September 2025	0	0
Dr Hermione Parsons	✓	September 2021 - September 2024	0	0

Audit

NTT Ltd – were contracted to provide internal audit consulting services during 2022-2023.

RSD Audit, as a service provider for the Victorian Auditor-General, were contracted to undertake annual financial audit services during 2022-2023.

Organisational Chart as at 30 June



Audit Committee membership and roles

The MMA Finance, Audit & Risk Management Committee (the Committee) consisted of the following members in 2022-23:

- Sue Friend, Chairperson (independent) and
- David Beatty (independent) term concluded September 2022
- Dr Hermione Parsons (independent)
- Margaret Burdeu (independent) term commenced September 2022

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 Wholesalers, Fruit & Vegetable Growers, Fruit & Vegetable Retailers and Flower Market tenant and buyers.

Flower Market Advisory Committee	Term	Meetings attended	Eligible to attend
Vince Cidoni (Chair)	March 2022 – March 2025	2	4
Dianne Templeton	March 2019 – March 2022 & reappointed to March 2025	4	4
Michael Pavlou	March 2022 – March 2025	2	4
Ilayda Kaplan	March 2022 – March 2025	3	4
George Ambatzidis	March 2022 – March 2025	3	4
Margaret Burdeu (Board representative)	September 2022 – August 2025	3	3

Fruit and Vegetable Wholesalers Advisory Committee	Term	Meetings attended	Eligible to attend
Adrian Antonello (Chair)	March 2022 – March 2025	3	4
Brett Collins	March 2019 – March 2022 & reappointed to March 2025	3	4
Thanh Truong	March 2019 – March 2022 & reappointed to March 2025	3	4
Michael Barker	March 2019 – March 2022 & reappointed to March 2025	0	4
Jason Cooper	May 2021 – March 2022 & reappointed to March 2025	4	4
Sue Friend (Board representative)	August 2022 – August 2025	2	4

Retailers Advisory Committee	Term	Meetings attended	Eligible to attend
Dean Lamb (Chair)	March 2019 – March 2022 & reappointed to March 2025	2	4
Graham Gee	March 2019 – March 2022 & reappointed to March 2025	4	4
Desmond Hopwood	June 2021 – March 2022 & reappointed to March 2025	4	4
Andrew Sculli	March 2022 – March 2025	0	4
Kara Maisano	March 2022 – March 2025	3	4
Angie Bradbury (Board representative)	September 2022-September 2025	2	3

Growers Advisory Committee	Term	Meetings attended	Eligible to attend
Nicholas Patsuris (Chair)	March 2019 – March 2022 & reappointed to March 2025	3	4
Anthony Pignataro	March 2019 – March 2022 & reappointed to March 2025	0	4
Vince Doria	March 2019 – March 2022 & reappointed to March 2025	2	4
Ricky Mazaris	March 2019 – March 2022 & reappointed to March 2025	1	4
Frank Attana	March 2022 – March 2025	2	4
Dr Hermione Parsons (Board representative)	September 2021 – September 2024	2	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 maintained 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.

The MMA's existing health and wellbeing program continued 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.

An in-person training course "Working and living in hybrid world" was delivered to MMA staff during the reporting period.

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

OHS incidents (MMA staff)

Description	2022-23	2021-22	2020-21
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's 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

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 (2023) of the previous reporting period (2022).

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

<i>Income band (salary)</i>	<i>Executives</i>	<i>STS</i>	<i>PS</i>	<i>SMA</i>	<i>SRA</i>	<i>Other</i>
< \$160 000						
\$160 000 - \$179 000						
\$180 000 - \$199 000	1					
\$200 000 - \$219 999						
\$220 000 - \$239 999	1					
\$240 000 - \$259 999	1					
\$260 000 - \$279 999						
\$280 000 - \$299 999						
Total	3	0	0	0	0	0

Note: The salaries reported above are for the full financial year, at a 1-FTE rate, and exclude superannuation.

There is one employee employed on a part-time basis at 0.9 FTE rate.

STS – Senior Technical Specialist, PS - Principal Scientist, SMA – Senior Medical Advisor, SRA – Senior Regulatory Analyst

Executive 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 2023:

- Table 1 discloses the total number of EOs for the MMA, broken down by gender;
- Table 1 also discloses the variations, denoted by 'var', between the current and previous reporting periods
- 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: Total number of EOs for the MMA, broken down into gender

	All		Men		Women		Self-described	
Class	No.	Var.	No.	Var.	No.	Var.	No.	Var.
MMA	3	0	2	0	1	0	0	0
Total	3	0	2	0	1	0	0	0

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

	2023	2022
Executives (Financial Statement Note 8.4)	5	4
Accountable Officer (Secretary)	1	1
Less Separations	-2	0
Total executive numbers at 30 June	4	5

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 completed – Local Jobs First Standard

During the 2022-23 reporting period no construction project required compliance with the Local Jobs First – Victorian Industry Participation Policy.

Government Advertising Expenditure

The MMA's expenditure in the 2022-23 reporting period on government campaign expenditure did not exceed \$100,000.

Consultancy Expenditure

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

In 2022-23, there were 14 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022-23 in relation to these consultancies is \$366,513 (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 2022-23 (excl. GST)</i>	<i>Future expenditure (excl. GST)</i>
Whitworth, Fiona	Market trading hours review	Ongoing	Ongoing	77,538	77,538	Ongoing
RP infrastructure Pty Ltd	Project Management services	Ongoing	Ongoing	47,500	47,500	Ongoing
Kingfisher Recruitment Pty Ltd	Employment recruitment services	May-23	Jun-23	32,250	32,250	Nil
Expert360 Pty Ltd	Strategy Consultant	Jun-23	Jun-23	32,000	32,000	
S Ajitkumar & Others	Legal advisory services	Sep-22	Jun-23	29,886	29,886	
McArthur (VIC) Pty Ltd	Employment recruitment services	Feb-23	Mar-23	29,400	29,400	Nil
Allens	Legal advisory services	Nov-22	Jun-23	28,040	28,040	
The Sharp & Carter Unit Trust	Employment recruitment services	Apr-23	Apr-23	23,250	23,250	Nil
The trustee for Insight Outlook Trust	Strategy Consultant	May-23	May-23	12,727	12,727	
Salmon, Brenton	Valuation advice	Apr-23	Apr-23	11,500	11,500	
Showpony Melbourne Pty Ltd	Advice on culture program	Apr-23	Apr-23	11,000	11,000	
P.A Salem & A.S White	Legal advisory services	Oct-22	Jun-23	10,561	10,561	
Russell Kennedy	Legal advisory services	Jul-22	May-23	10,510	10,510	
Reaper Enterprises Pty Ltd	Training consultant	Feb-23	Apr-23	10,350	10,350	

Details of consultancies under \$10,000

In 2022-23, there were 30 consultancies engaged during the year, where the total fee payable to the individual consultancies was less than \$10,000. The total expenditure during 2022-23 in relation to these consultancies was \$81,945 (ex. GST).

Information and communication technology expenditure

Details of information and communication technology(ICT) expenditure

For the 2022-23 reporting period, the MMA had a total ICT expenditure of \$1,061,255 with the details shown below.

ICT expenditure			(\$)
All operational ICT expenditure		ITC expenditure related to projects to create or enhance ICT capabilities	
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (nonBAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and capital expenditure)		
665,526	395,729	345,483	50,246

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 2022-23.

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. An application fee of \$30.60 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 (Att: General Counsel & Head of Property)
Melbourne Market Authority
Level 1, 55 Produce Drive
Epping VIC 3076

FoI statistics/timeliness

During 2022-2023 the Melbourne Market Authority received 0 formal FOI applications.

Further information

Further information regarding the operation and scope of FoI can be obtained from the Act, regulations made under the Act, and foi.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 2022-23:

Number of major works projects undertaken (>\$50 000)	0 - MMA works
Number of building permits, occupancy permits or certificate of final inspection issued in relation to buildings owned	0 - MMA works - Building Permits 4 - Tenant works - Building Permits 0 - Certificate of Occupancy 0 - MMA works - Certificates of Final Inspection 2 - 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 competition 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* (PD Act) enables people to make disclosures about improper conduct by public officers and public bodies. The PD Act 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 PD Act 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

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

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

Disclosure of Emergency Procurement

<i>Nature of Emergency</i>	<i>Date of activation</i>	<i>Summary of goods and services procured under new contracts</i>	<i>Total spend on goods and services in response to the emergency</i>	<i>Number of new contracts awarded valued at \$100 000 (incl. GST) or more</i>
Nil	.		0	0
Total				

Environmental Reporting

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.

Greenhouse gas emissions

The MMA reports its greenhouse gas emissions broken down into emissions ‘scopes’ consistent with national and international reporting standards. Scope 1 emissions are from sources that the MMA owns or controls, such as the use of gas and diesel for stationary buildings and machinery and transportation. Scope 2 emissions are indirect emissions from the MMA's use of electricity from the grid, which still uses coal and gas-fired power generation.

<i>Indicator</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>
Total Scope 1 (direct) greenhouse gas emissions (t CO₂, CH₄, N₂O other)	435,566		
Total carbon dioxide (CO₂)	121		
Total other	435,444		
F2. Greenhouse gas emissions from stationary fuel consumption segmented	121		
T3. Greenhouse gas emissions from vehicle fleet segmented by fuel type and segmented	1		
Fugitive emissions from refrigeration and air conditioning	435,444		
Refrigeration leakage	435,444		
Total Scope 2 greenhouse gas emissions (t CO₂-e)	5,300		

Electricity production and consumption

Electricity consumption on site decreased by 15.8 per cent for the reporting period. This decrease can be attributed to several factors:

- Reduced capital works,
- Full site use of LED lights,
- Connection of solar panel system.

<i>Indicator</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>
Total electricity consumption segmented by source (MWh)	7,450		
Purchased electricity (MWh)	7,260		
Self-generated (MWh)	190		
On-site electricity generated segmented by usage and source (MWh)	190		
Consumption behind-the-meter	190		
Solar PV	190		
On-site installed generation capacity segmented by source (MW)	2.4		
Solar PV	2.4		

Stationary fuel use

Sources of emissions from stationary fuel include natural gas and diesel used in buildings, commercial refrigeration and back up generators. The MMA collected data through billing information and fuel suppliers.

<i>Indicator</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>
Total Fuels used in buildings and machinery (MJ)	2,315,859		
Buildings	2,246,332		
Natural gas			
Machinery	69,527		
Diesel			
Greenhouse gas emissions from stationary fuel consumption	120.6		
Natural gas	115.8		
Diesel	4.9		

Transportation

The MMA has one off-road vehicle that is essential to the market's operations.

<i>Indicator</i>	<i>2022-23</i>	<i>%</i>	<i>2023-24</i>	<i>%</i>	<i>2024-25</i>	<i>%</i>
Number and proportion of vehicles	1	100				
Non-road vehicles	1	100				
Internal combustion engines	1	100				
LPG	1	100				

<i>Indicator</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>
Total energy used in transportation within the Entity	8,201		
Non-road vehicles	8,201		
LPG	8,201		

<i>Indicator</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>
Greenhouse gas emissions from vehicle fleet	1		
Non-road vehicles	1		
LPG	1		

Total energy use

With the connection of the solar panel system to the grid, the Market's use of renewable energy is predicted to increase in 2023-24. As the market continues to roll out additional solar panel systems across the site and explore the use of Hydrogen, this will decrease the market's reliance on non-renewable energy sources and reduce emissions in line with the Victorian Government's pledge to reach net zero emissions by 2045.

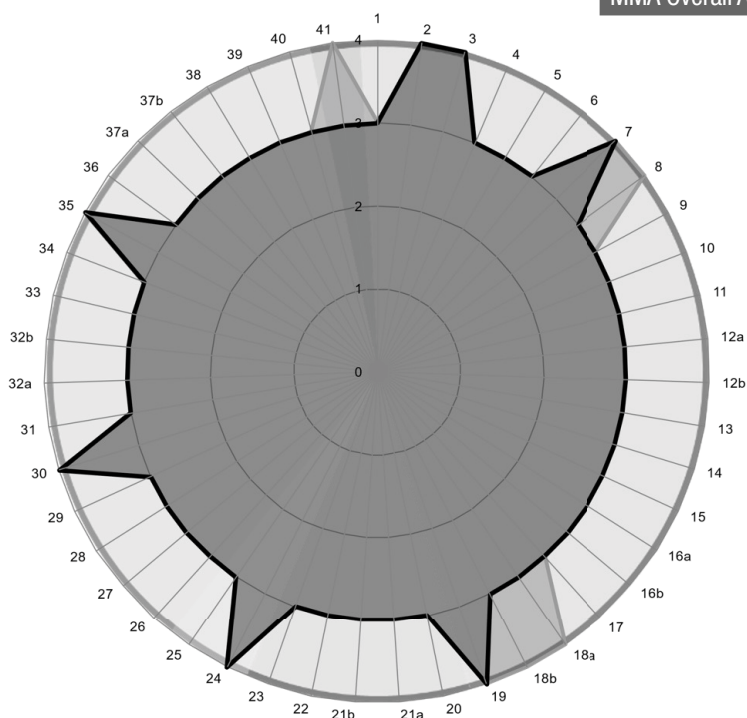
Indicator	2022-23	2023-24	2024-25
Total energy usage from fuels (MJ)	2,324,059		
Total energy used from electricity (MJ)	26,820,815		
Total energy used segmented into renewable and non-renewable sources (MJ)	29,144,874		
Renewable	5,544,298		
Non-renewable	23,600,606		

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.

Description	2020-21	2021-22	2022-23
MMA Target Maturity	149	152	152
MMA Overall Assessment	142	148	148



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 is behind its target maturity level 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 its target maturity level under mandatory requirements within this category.

Acquisition (requirements 24 and 25)

The MMA has met its target maturity level under mandatory requirements within this category.

Operation (requirements 26-40)

The MMA is behind its target maturity level 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 has met its target maturity level under mandatory requirements within this category.

Additional Information

As part of the 2023-24 State Budget, the Victorian Government announced that it will commence a process on a possible commercial transaction for the Melbourne Wholesale Market. This review is ongoing. This does not impact on the financial results for the Melbourne Market Authority for the year ending 30 June 2023.

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 & Head of Property
Melbourne Market Authority
(03) 9258 6100
info@melbournemarket.com.au
<mailto: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

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
26 September 2023

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 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>		
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	4
FRD 22	Purpose, functions, powers and duties	7
FRD 8	Departmental objectives, indicators and outputs	8
FRD 22	Key initiatives and projects	8
FRD 22	Nature and range of services provided	7
Management and structure		
FRD 22	Organisational structure	17
Financial and other information		
FRD 8	Performance against output performance measures	8
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FRD 10	Disclosure index	36
FRD 12	Disclosure of major contracts	28
FRD 15	Executive disclosures	26
FRD 22	Employment and conduct principles	23
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FRD 22	Summary of the financial results for the year	16
FRD 22	Significant changes in financial position during the year	16
FRD 22	Major changes or factors affecting performance	16
FRD 22	Subsequent events	16
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	28
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	29
FRD 22	Statement on National Competition Policy	29
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FRD 22	Details of consultancies under \$10 000	28
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FRD 22	Disclosure of ICT expenditure	28
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FRD 22	Asset Management Accountability Framework (AMAF) maturity assessment	33
FRD 22	Disclosure of emergency procurement	30

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FRD 24	Environmental reporting	30
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FRD 29	Workforce data disclosures	24
SD 5.2	Specific requirements under Standing Direction 5.2	40

Compliance attestation and declaration

SD 5.4.1	Attestation for compliance with Ministerial Standing Direction	35
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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

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SD 5.2.1(a)	Compliance with Standing Directions	40
SD 5.2.1(b)	Compliance with Model Financial Report	88

Other disclosures as required by FRDs in notes to the financial statements ^(a)

FRD 11	Disclosure of Ex gratia Expenses	81
FRD 21	Disclosure of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	82
FRD 103	Non-Financial Physical Assets	57
FRD 110	Cash Flow Statements	46
FRD 112	Defined Benefit Superannuation Obligations	53
FRD 114	Financial Instruments - general government entities and public non-financial corporations	67

Note:

(a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure.

Legislation

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Public Interest Disclosure Act 2012	29
Local Jobs Act 2003	27
Financial Management Act 1994	35

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 2023 in the following structure to provide users with the information about the MMA's stewardship of resources entrusted to it.

Financial Statements	Comprehensive operating statement	44
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	Cash flow statement	46
	Statement of changes in equity	47
Notes to the financial Statements	1. About this report	48
	The basis on which the financial statements have been prepared and compliance with reporting regulations.	
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8.9	Australian Accounting Standards issued that are not yet effective	84
8.10	Glossary of technical terms	85
8.11	Style conventions	88

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 2023 and financial position of the MMA at 30 June 2023.

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 26 September 2023.



P Tuohey
Chairperson

Melbourne
26 September 2023



M Maskiell
Chief Executive Officer

Melbourne
26 September 2023



L Short
Chief Financial Officer

Melbourne
26 September 2023

Independent Auditor's Report

To the Members of the Melbourne Market Authority

Opinion	<p>I have audited the financial report of the Melbourne Market Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2023 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration in the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2023 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>
Basis for Opinion	<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 <i>APES 110 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>
Other Information	<p>The members of the authority are responsible for the Other Information, which comprises the information in the report of operations for the year ended 30 June 2023, but does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>

Members's responsibilities for the financial report	<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	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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's 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.

Auditor's responsibilities for the audit of the financial report <i>continued</i>	<p>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.</p>
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MELBOURNE
5 October 2023



Simone Bohan
as delegate for the Auditor-General of Victoria

MELBOURNE MARKET AUTHORITY

Comprehensive operating statement^(a)

For the financial year ended 30 June 2023

(\$ thousand)

	Notes	2023	2022
Continuing operations			
Revenue and income from transactions			
Interest	2.2.1	620	42
Sale of goods and services	2.2.2	6,042	5,945
Rental income	2.2.3	24,889	23,017
Total revenue and income from transactions		31,551	29,004
Expenses from transactions			
Employee expenses	3.1.1	(3,920)	(3,760)
Depreciation	4.1.1	(14,007)	(13,861)
Interest expense	6.1	(1,016)	(1,053)
Other operating expenses	3.2	(21,264)	(20,880)
Total expenses from transactions		(40,207)	(39,554)
Net result from transactions (net operating balance)		(8,656)	(10,550)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets ^(b)		18	1
Other gains/(losses) from other economic flows		1	(7)
Total other economic flows included in net result		19	(6)
Net result		(8,637)	(10,556)
Other economic flows - other comprehensive income:			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	8.2	7,859	-
Total other economic flows - other comprehensive income		7,859	-
Comprehensive result		(778)	(10,556)

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 ^(a)

As at 30 June 2023

(\$ thousand)

	Notes	2023	2022
Assets			
Financial assets			
Cash and deposits	6.2	24,949	21,833
Receivables	5.1	1,759	1,645
Total financial assets		26,708	23,478
Non-financial assets			
Property, plant & equipment	4.1	451,493	456,266
Intangible assets		37	44
Other non-financial assets		865	718
Total non-financial assets		452,395	457,028
Total assets		479,103	480,506
Liabilities			
Payables	5.2	9,914	8,799
Borrowings	6.1	22,379	24,171
Employee related provisions	3.1.2	791	739
Total liabilities		33,084	33,709
Net assets		446,019	446,797
Equity			
Accumulated surplus/(deficit)		98,410	107,047
Physical asset revaluation surplus	8.2	133,802	125,943
Contributed capital		213,807	213,807
Net worth		446,019	446,797

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 ^(a)

For the financial year ended 30 June 2023

(\$ thousand)

	Notes	2023	2022
Cash flows from operating activities			
Receipts			
Receipts from customers		30,759	29,984
Goods and Services Tax received from the ATO ^(b)		-	536
Interest received		561	29
Other receipts		399	285
Total receipts		31,719	30,834
Payments			
Payments to suppliers and employees		(23,666)	(26,729)
Goods and Services Tax paid to the ATO ^(b)		(779)	-
Interest and other costs of finance paid		(1,016)	(1,053)
Total payments		(25,461)	(27,782)
Net cash flows from/(used in) operating activities	6.2.1	6,258	3,052
Cash flows from investing activities			
Purchases of non-financial assets		(1,562)	(10,123)
Sale of non-financial assets		212	3
Net cash flows from/(used in) investing activities		(1,350)	(10,120)
Cash flows from financing activities			
Proceeds from borrowings		-	6,563
Repayment of borrowings		(1,792)	(1,392)
Net cash flows from/(used in) financing activities		(1,792)	5,171
Net increase in cash and cash equivalents		3,116	(1,897)
Cash at the beginning of the financial year		21,833	23,730
Cash and cash equivalents at the end of the financial year	6.2	24,949	21,833

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 ^(a)

For the financial year ended 30 June 2023

(\$ thousand)

	Notes	Physical asset revaluation surplus	Accumulated surplus	Contributed capital	Total
Balance at 1 June 2021		125,943	117,603	213,807	457,353
Balance at 1 July 2021		125,943	117,603	213,807	457,353
Net result for the year		-	(10,556)	-	(10,556)
Other Comprehensive income for the year		-	-	-	-
Balance at 30 June 2022		125,943	107,047	213,807	446,797
Balance at 1 July 2022		125,943	107,047	213,807	446,797
Net result for the year		-	(8,637)	-	(8,637)
Other Comprehensive income for the year	8.2	7,859	-	-	7,859
Balance at 30 June 2023		133,802	98,410	213,807	446,019

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

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.

Land and buildings fair value

In compliance with FRD 103, 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 depreciated replacement cost for buildings. The valuer had advised that the market environment in FY2021 had been impacted by the COVID-19 outbreak. Market conditions were changing daily. As at the date of valuation, the valuer considered that there was significant valuation. A managerial valuation was required as at 30 June 2023 for land only due to the cumulative VGV land indices being greater than 10 per cent increase but less than 40 per cent since the last formal revaluation at 30 June 2021.

Rounding of amounts

The rounding used in the presentation of amounts in this model financial statements must be prominently displayed. Amounts in the financial statements have been rounded to the nearest \$1,000, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Refer to Note 8.11 for a style convention guide and explanation of minor discrepancies resulting from rounding.

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	2023	2022
Interest income	2.2.1	620	42
Sale of goods and services	2.2.2	6,042	5,945
Rental income	2.2.3	24,889	23,017
Total revenue and income from transactions		31,551	29,004

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 INCOME FROM TRANSACTIONS

2.2.1 INTEREST INCOME

	(\$ thousand)	
	2023	2022
Interest from financial assets not at fair value through profit and loss		
Interest on bank deposits	614	34
Other miscellaneous interest income	6	8
Total interest from financial assets not at fair value through profit and loss	620	42

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.

Other miscellaneous income relates to a loan receivable from a third party at a fixed rate of 2.75 per cent over 5 years.

MELBOURNE MARKET AUTHORITY

2.2.2 SALE OF GOODS AND SERVICES

	(\$ thousand)	
	2023	2022
Sale of goods	1,809	1,858
Rendering of services	667	678
Parking income	3,566	3,409
Total revenue from sales of goods and services	6,042	5,945

The sale of goods and services 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 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

	(\$ thousand)	
	2023	2022
Rental income		
Fruit and vegetable trading stands	3,224	3,237
Wholesale stores and warehouses	12,559	11,841
Flower trading stands	1,800	1,680
Other commercial rents	7,306	6,259
Total rental income	24,889	23,017

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 party.

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)	
	2023	2022
Non-cancellable operating lease receivables		
Not longer than one year	12,172	13,420
Longer than one year but not longer than five years	6,932	27,468
Longer than five years	348	923
Total	19,452	41,811

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

MELBOURNE MARKET AUTHORITY

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	2023	2022
Employee benefit expenses	3.1.1	3,920	3,760
Other operating expenses	3.2	21,264	20,880
Total expenses incurred in delivery of services		25,184	24,640

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)	
	2023	2022
Defined contribution superannuation expense	340	297
Salaries and wages, annual leave and long service leave	3,580	3,463
Termination benefits	-	-
Total employee expenses	3,920	3,760

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).

MELBOURNE MARKET AUTHORITY

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)	
	2023	2022
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	163	193
Unconditional and expected to settle after 12 months	133	152
Long service leave		
Unconditional and expected to settle within 12 months	76	62
Unconditional and expected to settle after 12 months	174	141
Provisions for on-costs		
Unconditional and expected to settle within 12 months	38	40
Unconditional and expected to settle after 12 months	48	45
Total current provisions for employee benefits	632	633
Non-current provisions:		
Employee benefits	137	91
On-costs	22	15
Total non-current provisions for employee benefits	159	106
Total provisions for employee benefits	791	739

Reconciliation of movement in on-cost provision

	(\$ thousand)
	2023
Opening balance	100
Additional provisions recognised	48
Reductions arising from payment/other sacrifices of future economic benefits	(40)
Closing balance	108
Current	86
Non-current	22

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
- 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)			
	Paid contribution for the year		Contribution outstanding at year end	
	2023	2022	2023	2022
Defined contribution plans				
Various Super Plans	340	297	27	-
Total	340	297	27	-

MELBOURNE MARKET AUTHORITY

3.2 OTHER OPERATING EXPENSES

	(\$ thousand)	
	2023	2022
Supplies and services		
Market operations	4,991	4,909
Repairs and maintenance	3,303	2,820
Fuels, rates and taxes	5,290	5,832
Marketing and media	597	512
Audit and insurance	907	825
Professional services	4,289	4,055
Other	1,839	2,020
Bad and doubtful debts from transactions	40	(101)
Ex-gratia expense	8	8
Total other operating expenses	21,264	20,880

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.

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.

Structure

4.1 Total property, plant and equipment

4.1 TOTAL PROPERTY, PLANT AND EQUIPMENT^(a)

	(\$ thousand)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2023	2022	2023	2022	2023	2022
Land at fair value	58,559	50,700	-	-	58,559	50,700
Buildings at fair value	404,402	414,267	(13,675)	(13,576)	390,727	400,691
Capital works in progress	1,506	4,365	-	-	1,506	4,365
Plant, equipment and vehicles at fair value						
- Market equipment	858	749	(721)	(685)	137	64
- Motor vehicles	423	392	(264)	(243)	159	149
- Computer equipment	1,475	1,172	(1,091)	(899)	384	273
- Office plant and equipment	108	102	(87)	(78)	21	24
Net carrying amount	467,331	471,747	(15,838)	(15,481)	451,493	456,266

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.

MELBOURNE MARKET AUTHORITY

4.1 TOTAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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.

4.1.1 DEPRECIATION AND AMORTISATION

Charge for the period		(\$ thousand)	
	Notes	2023	2022
Buildings		13,675	13,576
Market equipment		40	29
Motor Vehicles		53	43
Computer equipment		199	169
Office plant and equipment		9	8
Computer software		31	36
Total depreciation and amortisation		14,007	13,861

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.

MELBOURNE MARKET AUTHORITY

Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

		(years)
Asset	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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	50,700	50,700	400,691	405,400	64	90	149	192	273	244	24	32	4,365	3,331	456,266	459,989
Additions	-	-	14	8,867	165	3	202	-	313	199	6	-	838	1,034	1,538	10,103
Disposals	-	-	-	-	(52)	-	(139)	-	(3)	(1)	-	-	-	-	(194)	(1)
Transfer in/out of assets under construction	-	-	3,697	-	-	-	-	-	-	-	-	-	(3,697)	-	-	-
Revaluation of PPE	7,859	-	-	-	-	-	-	-	-	-	-	-	-	-	7,859	-
Depreciation	-	-	(13,675)	(13,576)	(40)	(29)	(53)	(43)	(199)	(169)	(9)	(8)	-	-	(13,976)	(13,825)
Closing balance	58,559	50,700	390,727	400,691	137	64	159	149	384	273	21	24	1,506	4,365	451,493	456,266

Note:

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

In 2023, a management fair value assessment was performed for Land based on movement advised in VGV land indices. All other asset classes were reviewed and the decision was made that movements were not material (less than or equal to 10 per cent) for full revaluation. The next scheduled full revaluation for this purpose group will be conducted in 2026.

MELBOURNE MARKET AUTHORITY

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)	
	2023	2022
Contractual		
Rental revenue	1,565	1,403
Allowance for impairment losses of contractual receivables	(56)	(74)
Loan to third party	176	302
Accrued investment income	73	14
Statutory		
Amount owing from Victorian Government	1	-
GST input tax credit recoverable	-	-
Total receivables	1,759	1,645
<i>Represented by</i>		
Current receivables	1,633	1,430
Non-current receivables	126	215

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

MELBOURNE MARKET AUTHORITY

5.2 PAYABLES

(\$ thousand)

	2023	2022
Contractual		
Supplies and services	2,869	2,343
Interest payable	167	173
Tenant bonds and retention monies	2,957	2,740
Rentals in advance	3,588	3,306
Statutory		
FBT payable	24	24
GST Payable	223	141
Other taxes payable	86	72
Total payables	9,914	8,799
<i>Represented by:</i>		
Current payables	6,957	6,059
Non-current payables	2,957	2,740

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**, 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 ^(a)

(\$ thousand)

	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1-3 months	3 months - 1 year	1 - 5 years
2023						
Supplies and services	2,869	2,869	2,869	-	-	-
Tenant bonds and retention monies	2,957	2,957	-	-	-	2,957
Other payables	167	167	-	167	-	-
Total	5,993	5,993	2,869	167	-	2,957
2022						
Supplies and services	2,343	2,343	2,343	-	-	-
Tenant bonds and retention monies	2,740	2,740	-	-	-	2,740
Other payables	173	173	-	173	-	-
Total	5,256	5,256	2,343	173	-	2,740

Note:

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

MELBOURNE MARKET AUTHORITY

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)	
	2023	2022
Current borrowings		
Loans from TCV ^(a)	1,801	1,792
Total current borrowings	1,801	1,792
Non-current borrowings		
Loans from TCV ^(a)	20,578	22,379
Total non-current borrowings	20,578	22,379
Total borrowings	22,379	24,171

Notes

(a) These are unsecured loans with a weighted average interest rate of 3.50 per cent (2022: 4.26 per cent)..

'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	Maturity dates				
			Less than 1 month	1-3 months	3 months - 1 year	1 - 5 years	5+ years
2023							
Loans from TCV	22,379	22,379	-	899	902	7,300	13,278
Total	22,379	22,379	-	899	902	7,300	13,278
2022							
Loans from TCV	24,171	24,171	-	895	897	7,261	15,118
Total	24,171	24,171	-	895	897	7,261	15,118

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6.1 BORROWINGS (CONTINUED)

Interest expense	(\$ thousand)	
	2023	2022
Interest on government loans	824	850
Accommodation Levy	192	203
Total interest expense	1,016	1,053

'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, that are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and 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)	
	2023	2022
Total cash and deposits disclosed in the balance sheet	24,949	21,833
Balance as per cash flow statement	24,949	21,833

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

	(\$ thousand)	
	2023	2022
Net result for the period	(8,637)	(10,556)
Non-cash movements		
(Gain)/Loss on sale or disposal of non-current assets	(18)	(1)
Depreciation and amortisation of non-current assets	14,007	13,861
Movements in assets and liabilities		
(Increase)/decrease in receivables	(114)	1,321
(Increase)/decrease in prepayments	(147)	(369)
(Decrease)/increase in provisions	52	186
(Decrease)/increase in payables	1,115	(1,390)
Net cash flows from operating activities	6,258	3,052

MELBOURNE MARKET AUTHORITY

6.3 FINANCING FACILITIES

	(\$ thousand)	
	2023	2022
Unsecured loan facilities with various maturity dates through to 2040		
Amount used	22,379	24,171
Amount unused	7,000	7,000
Total	29,379	31,171

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>2023</i>	<i>1 year</i>	<i>years</i>	<i>years</i>	<i>Total</i>
Operational expenditure commitments payable	7,765	5,489	-	13,254
Capital expenditure commitments payable	333	-	-	333
Total commitments (inclusive of GST)	8,098	5,489	-	13,587
Less GST recoverable	(509)	(405)	-	(914)
Total commitments (exclusive of GST)	7,589	5,084	-	12,673

<i>Nominal amounts</i>	<i>Less than</i>	<i>1-5</i>	<i>5+</i>	
<i>2022</i>	<i>1 year</i>	<i>years</i>	<i>years</i>	<i>Total</i>
Operational expenditure commitments payable	5,609	4,588	-	10,197
Capital expenditure commitments payable	-	-	-	-
Total commitments (inclusive of GST)	5,609	4,588	-	10,197
Less GST recoverable	(509)	(405)	-	(914)
Total commitments (exclusive of GST)	5,100	4,183	-	9,283

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 at amortised cost

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
- 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)

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)
- borrowings.

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7.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION

(\$ thousand)

2023	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
Contractual financial assets				
Cash and deposits	24,949	-	-	24,949
Receivables (a)				
Accrued investment income	-	73	-	73
Third Party Loan receivable	-	177	-	177
Rental income	-	1,509	-	1,509
Total contractual financial assets	24,949	1,759	-	26,708
Contractual financial liabilities				
Payables (a)				
Supplies and services	-	-	2,869	2,869
Tenant bonds and retention monies	-	-	2,957	2,957
Other payables	-	-	167	167
Borrowings				
Loans from TCV	-	-	22,379	22,379
Total contractual financial liabilities	-	-	28,372	28,372

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).

2022	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
Contractual financial assets				
Cash and deposits	21,833	-	-	21,833
Receivables (a)				
Accrued investment income	-	14	-	14
Third Party Loan receivable	-	302	-	302
Rental income	-	1,329	-	1,329
Total contractual financial assets	21,833	1,645	-	23,478
Contractual financial liabilities				
Payables (a)				
Supplies and services	-	-	2,343	2,343
Tenant bonds and retention monies	-	-	2,740	2,740
Other payables	-	-	173	173
Borrowings				
Loans from TCV	-	-	24,171	24,171
Total contractual financial liabilities	-	-	29,427	29,427

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)

2023	Net holding gain/(loss)	Total interest income/(expense)	Fee income / (expense)	Impairment loss	Total
Contractual financial assets					
Financial assets - at amortised cost	-	620	-	40	660
Total contractual financial assets	-	620	-	40	660
Contractual financial liabilities					
Financial liabilities at amortised cost	-	(1,016)	-	-	(1,016)
Total contractual financial liabilities	-	(1,016)	-	-	(1,016)

2022	Net holding gain/ (loss)	Total interest income / (expense)	Fee income / (expense)	Impairment loss	Total
Contractual financial assets					
Financial assets - at amortised costs	-	42	-	(101)	(59)
Total contractual financial assets	-	42	-	(101)	(59)
Contractual financial liabilities					
Financial liabilities at amortised cost	-	(1,053)	-	-	(1,053)
Total contractual financial liabilities	-	(1,053)	-	-	(1,053)

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.

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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, cash 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 2022-23.

Credit quality of financial assets ^(a)				(\$ thousand)
2023	Financial institutions (AA- credit rating)	Government Agencies (double-A credit rating)	Other (minimum triple-B credit rating)	Total
Financial assets				
Financial assets with loss allowance measured at 12-month expected credit loss				
Cash and deposits	24,945	-	4	24,949
Statutory receivables (with no impairment recognised)	-	73	-	73
Investments & other contractual financial assets				
- Contractual receivables	-	-	1,509	1,509
- Third Party Loan receivable	-	-	176	176
Total financial assets	24,945	73	1,689	26,707

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).

MELBOURNE MARKET AUTHORITY

7.1.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit quality of financial assets ^(a)

2022	Financial institutions (AA- credit rating)	Government Agencies (triple-A credit rating)	Other (minimum triple-B credit rating)	Total
Financial assets				
Financial assets with loss allowance measured at 12-month expected credit loss				
Cash and deposits	21,829	-	4	21,833
Statutory receivables (with no impairment recognised)	-	14	-	14
Investments & other contractual financial assets				
- Contractual receivables	-	-	1,329	1,329
- Third Party Loan receivable	-	-	302	302
Total financial assets	21,829	14	1,635	23,478

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.

MELBOURNE MARKET AUTHORITY

7.1.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Contractual receivables at amortised cost

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 closing loss allowance at the end of the financial year as follows:

30 June 2023	<i>Current</i>	<i>Less than 1 month</i>	<i>1-3 months</i>	<i>3 months - 1 years</i>	<i>1-5 years</i>	<i>Total</i>
Expected loss rate	0%	2%	3%	50%	0%	
Gross carrying amount of contractual receivables	994	449	29	92		1,564
Loss allowance	0	9	1	46	-	56

1 July 2022	<i>Current</i>	<i>Less than 1 month</i>	<i>1-3 months</i>	<i>3 months - 1 years</i>	<i>1-5 years</i>	<i>Total</i>
Expected loss rate	0%	2%	3%	41%	0%	
Gross carrying amount of contractual receivables	871	259	111	162	0	1,403
Loss allowance	-	5	3	66	-	74

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

	2023	2022
Balance at beginning of the year	(74)	(339)
Increase in provision recognised in the net result	(56)	(74)
Reversal of provision of receivables written off during the year as uncollectable	49	56
Reversal of unused provision recognised in the net result	25	283
Balance at end of the year	(56)	(74)

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.

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
- 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 2023 and expires in 30 June 2040.

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 on page 68 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.

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.

MELBOURNE MARKET AUTHORITY

7.1.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

Interest rate exposure of financial instruments

(\$ thousand)

2023	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
Financial Assets					
Cash and deposits	2.90%	24,949	-	24,945	4
Receivables ^(a)					
- Accrued investment income		73	-	-	73
- Third Party Loan	2.75%	176	176	-	-
- Rental income		1,509	-	-	1,509
Total financial assets		26,707	176	24,945	1,586
Financial Liabilities					
Payables ^(a)					
- Borrowings	3.57%	22,379	22,379	-	-
- Supplies and services		2,834	-	-	2,834
- Tenant bonds and retention monies		2,957	-	-	2,957
- Other payables		167	-	-	167
Total financial liabilities		28,337	22,379	-	5,958

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)

2022	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
Financial Assets					
Cash and deposits	0.10%	21,833	-	21,829	4
Receivables ^(a)					
- Accrued investment income		14	-	-	14
- Third Party Loan	2.75%	302	302	-	-
- Rental income		1,329	-	-	1,329
Total financial assets		23,478	302	21,829	1,347
Financial Liabilities					
Payables ^(a)					
- Borrowings	3.50%	24,171	24,171	-	-
- Supplies and services		2,343	-	-	2,343
- Tenant bonds and retention monies		2,740	-	-	2,740
- Other payables		173	-	-	173
Total financial liabilities		29,427	24,171	-	5,256

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
2023			
Contractual financial assets			
Cash and deposits	24,945	(125)	125
Total impact	24,945	(125)	125
2022			
Contractual financial assets			
Cash and deposits	21,829	(109)	109
Total impact	21,829	(109)	109

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 quantifiable 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
- unclaimed monies, which may be subject to future claims by the general public against the State.

Quantifiable contingent liabilities

The MMA did not have contingent liabilities as at 30 June 2023 (2022: 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:

- financial assets at fair value through other comprehensive income 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
- 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.

MELBOURNE MARKET AUTHORITY

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
 - 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
 - details of significant unobservable inputs used in the fair value determination.

Fair Value measurement hierarchy

(\$ thousand)

2023	Carrying amount as at 30 June 2022	Fair value measurement at end of reporting period using		
		Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
Land at fair value				
Specialised land	58,559	-	-	58,559
Total of land at fair value	58,559	-	-	58,559
Buildings at fair value				
Specialised buildings	390,727	-	-	390,727
Total of buildings at fair value	390,727	-	-	390,727
Plant, equipment and vehicles at fair value				
Vehicles ^(b)	159	-	-	159
Plant and equipment	542	-	-	542
Total of plant, equipment and vehicles at fair value	701	-	-	701

2022	Carrying amount as at 30 June 2021	Fair value measurement at end of reporting period using		
		Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
Land at fair value				
Specialised land	50,700	-	-	50,700
Total of land at fair value	50,700	-	-	50,700
Buildings at fair value				
Specialised buildings	400,691	-	-	400,691
Total of buildings at fair value	400,691	-	-	400,691
Plant, equipment and vehicles at fair value				
Vehicles ^(b)	149	-	-	149
Plant and equipment	361	-	-	361
Total of plant, equipment and vehicles at fair value	510	-	-	510

Notes:

(a) Classified in accordance with the fair value hierarchy

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

There have been no transfers between levels during the period.

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.

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

Specialised 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 current 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 was 30 June 2021.

A fair value assessment was conducted using the Valuer-General Victoria (VGV) indices at 30 June 2023.

A management revaluation was performed for Land based on the VGV land indices.

Buildings and improvements: An independent valuation to MMA's buildings was performed by PricewaterhouseCoopers on behalf of VGV at 30 June 2021 which conform to Australian Valuation Standards using current 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 current 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 current replacement cost, at 30 June 2021 is \$405.4 million. Additions to buildings and improvements since 1 July 2021 are recorded at cost, which represents fair value.

A fair value assessment for buildings and improvements using the Valuer-General Victoria Building indices for the year ending 30 June 2023. Changes were immaterial and therefore no revaluation was made.

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 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 current replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2023.

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)

2023	Specialised Land	Specialised Buildings	Vehicles	Plant and equipment
Opening Balance	50,700	400,691	149	361
Purchases (sales)	-	14	202	484
Transfer in(out) Level 3	-	3,697	-	-
Disposals	-	-	(139)	(55)
Depreciation	-	(13,675)	(53)	(248)
Subtotal	-	(9,964)	10	181
Revaluations	7,859	-	-	-
Subtotal	7,859	-	-	-
Closing balance	58,559	390,727	159	542

2022	Specialised Land	Specialised Buildings	Vehicles	Plant and equipment
Opening Balance	50,700	405,400	192	366
Purchases (sales)	-	8,867	-	202
Disposals	-	-	-	(1)
Depreciation	-	(13,576)	(43)	(206)
Subtotal	-	(4,709)	(43)	(5)
Revaluations	-	-	-	-
Subtotal	-	-	-	-
Closing balance	50,700	400,691	149	361

Description of significant unobservable inputs to Level 3 valuations

2021 and 2023	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.

MELBOURNE MARKET AUTHORITY

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
8.2	Reserves
8.3	Responsible persons

8.4	Remuneration of executives
8.5	Related parties
8.6	Remuneration of auditors
8.7	Subsequent events
8.8	Other accounting policies
8.9	Australian Accounting Standards issued that are not yet effective
8.10	Glossary of technical terms
8.11	Style conventions

8.1 EX GRATIA EXPENSES

	(\$ thousand)	
	2023	2022
Compensation for economic loss	8	8
Total ex gratia expenses ^(a)	8	8

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)	
	2023	2022
Physical asset revaluation surplus ^(a)		
Balance at beginning of financial year	125,943	125,943
Revaluation Increment	7,859	-
Balance at end of financial year	133,802	125,943

(a) The physical assets revaluation surplus arises on the revaluation of specialised land and buildings

8.3 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. Gayle Tierney	28-Jun-2022 to 30-Jun-2023
Board Chairperson	Mr P Tuohey	01-Jul-2022 to 30-Jun-2023
Board Member	Ms S Friend	01-Jul-2022 to 30-Jun-2023
Board Member	Ms J Carboon	01-Jul-2022 to 17-Sep-2022
Board Member	Mr D Beatty	01-Jul-2022 to 17-Sep-2022
Board Member	Dr H Parsons	01-Jul-2022 to 30-Jun-2023
Board Member	Ms M Burdeu	18-Sep-2022 to 30-Jun-2023
Board Member	Ms A Bradbury	18-Sep-2022 to 30-Jun-2023
Chief Executive Officer	Mr M Maskiell	01-Jul-2022 to 30-Jun-2023

MELBOURNE MARKET AUTHORITY

8.3 RESPONSIBLE PERSONS (CONTINUED)

Remuneration

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

Income Band	2023	2022
\$10,000 to \$19,999	1	-
\$20,000 to \$29,999	3	4
\$40,000 to \$49,999	1	1
\$380,000 to \$389,999	-	1
\$390,000 to \$399,999	1	-

8.4 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 2023</i>	<i>Total Remuneration 2022</i>
Short-term employee benefits	912	890
Post employment benefits	88	82
Other long-term benefits	7	10
Total remuneration (a)	1,007	982
Total number of executives	5	4
Total annualised employee equivalents (b)	4	4

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).

MELBOURNE MARKET AUTHORITY

8.5 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;
- 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
Ms Lauren Short	Chief Financial Officer
Mr Harry Battal*	Chief Financial Officer
Ms Lauren Kitchener	Marketing and Communications Manager
Mr David Power**	Business Development and Marketing Manager
Mr Malcolm Lum	General Counsel
Mr Peter Tuohey	Board Chairperson
Ms Susan Friend	Board Member
Dr Hermione Parsons	Board Member
Ms M R Burdeu	Board Member
Ms A Bradbury	Board Member
Mr David Beatty***	Board Member
Ms Jacinta Carboon***	Board Member

Note:

*Harry Battal resigned 30 March 2023

**David Power resigned 9 June 2023

*** David Beatty and Jacinta Carboon resigned 17 September 2022

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 in the State's Annual Financial Report.

	(\$ thousand)	
Compensation of KMP's (a)	2023	2022
Short-term employee benefits	1,534	1,476
Post-employment benefits	140	128
Other long-term benefits	19	25
Total^(b)	1,693	1,629

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.

MELBOURNE MARKET AUTHORITY

8.5 RELATED PARTIES (CONTINUED)

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.

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 \$239,495 (2022: \$249,477).

During the year, MMA paid the State Revenue Office \$622,762 in Land Tax of which \$580,725 is recoverable from tenants. An amount of \$34,600 was paid during the year to the Department of Environment, Land, Water and Planning for valuation services.

MMA had loans with TCV during the year. MMA paid interest and a Financial Accommodation Levy to TCV and DTF on loans with an aggregated value of \$1,016,824 (2022: \$1,055,821).

8.6 REMUNERATION OF AUDITORS

	(\$ thousand)	
	2023	2022
Victorian Auditor-General's Office		
Audit of financial statements	48	45
Total remuneration of auditors	48	45

8.7 SUBSEQUENT EVENTS

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

8.8 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.

8.9 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new and revised accounting standards have been issued but are not effective for the 2022/23 reporting period. These accounting standards have not been applied to the MMA Financial Statements.

AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Non-for-Profit Public Sector Entities.

AASB 2022-10 amends AASB 13 *Fair Value Measurement* by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.

Among other things, the Standard:

- specifies that an entity needs to consider whether an asset's highest and best use differs from its current use only when held for sale or held for distribution to owners under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* or if it is highly probable that it will be used for an alternative purpose;
- clarifies that an asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services;
- specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data; and
- provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and identification of economic obsolescence.

This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

AASB 17 Insurance Contracts, AASB 2022-8 Amendments to Australian Accounting Standards - Insurance Contracts: Consequential Amendments and AASB 2022-9 Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector

AASB 17 replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* for not-for-profit public sector entities for annual reporting periods beginning on or after 1 July 2026.

AASB 2022-9 amends AASB 17 to make public sector-related modifications (for example, it specifies the pre-requisites, indicators and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026.

AASB 2022-8 makes consequential amendments to other Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026. This Standard applies for annual reporting periods beginning on or after 1 January 2023.

AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

AASB 2020-1 amended AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current and was applicable to annual reporting periods beginning on or after 1 January 2022.

AASB 2020-6 subsequently amended AASB 2020-1, deferring the mandatory effective date of AASB 2020-1 from 1 January 2022 to 1 January 2023. AASB 2022-6 was applicable for annual reporting periods beginning on or after 1 January 2022.

8.9 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE (CONTINUED)

AASB 2022-6 amends and clarifies the requirements contained in AASB 2020-1. Among other things, it

- clarifies that only those covenants that an entity must comply with at or before the reporting date affect a liability's classification as current or non-current; and
- requires additional disclosures for non-current liabilities that are subject to an entity complying with covenants within 12 months after the reporting date.

AASB 2022-6 applies to annual reporting periods beginning on or after 1 January 2023.

The MMA is currently in the process of assessing the potential impact of these standards and amendments.

- A number of other standards and amendments have also been issued that apply to future reporting periods, however they are not expected to have any significant impact on the financial statements in the period of initial application.

8.10 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)
- 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 expense is classified as a 'transaction' and so reduces the 'net result from transactions'.

Effective Interest method is the method used to calculate the amortised cost of a financial assets and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated 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.

8.10 GLOSSARY OF TECHNICAL TERMS (CONTINUED)

Financial asset is any asset that is:

- cash
- an equity instrument of another entity
 - a contractual right to receive cash or other financial assets from another entity or to exchange financial assets of financial liabilities with another entity under conditions that are potentially favourable to entity
- A financial asset can also be a contract that will or may be settled in the entity's own equity instruments and is either:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments
 - 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 an 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 either:

- 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;
- a contract that will or may be settled in the entity's own equity instruments and is either:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments
 - 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 instrument 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*
- a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

General government sector 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.

8.10 GLOSSARY OF TECHNICAL TERMS (CONTINUED)

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.

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.

8.11 **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.x) negative numbers
- 202x year
- 202x 0x year period

The financial statements and notes are presented based on the illustration for a government department in the *2022-23 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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