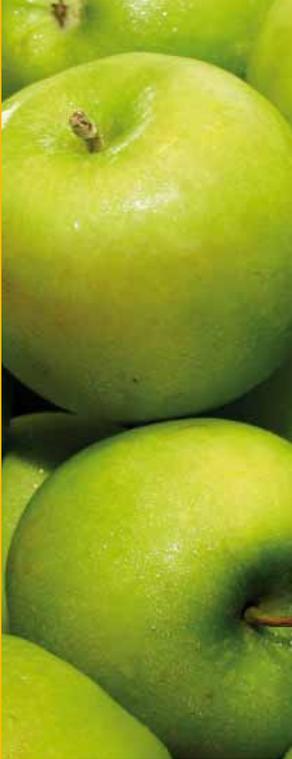


MELBOURNE MARKET AUTHORITY



**ANNUAL
REPORT**

2006

2007

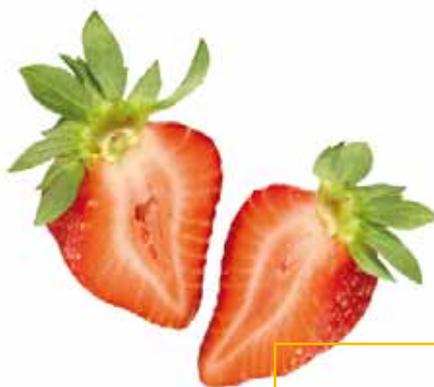


MELBOURNE MARKET AUTHORITY



ANNUAL
REPORT
2006
2007

MELBOURNE MARKET AUTHORITY



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The Hon. Joe Helper MP
Minister for Agriculture
Parliament House
MELBOURNE VIC 3000

Dear Minister

The Authority has pleasure in submitting its Annual Report for the year ended 30 June 2007.

This Report covers the period 1 July 2006 to 30 June 2007. The Board is committed to the continuing development of the market and to ensuring the Authority remains responsive to its various customer groups and stakeholders.

I commend this Report to you and assure you of our Board's commitment to working with the industry for a sustainable and viable central market.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Neil Lowe', written in a cursive style.

NEIL LOWE
Chairperson

CHAIRPERSON'S REPORT



It is pleasing to report that at the end of the 2006/07 financial year the Melbourne Market Authority and the market community have achieved a great deal. The Authority has again produced a strong financial result whilst maintaining and improving current trading conditions and services. The Authority's systems and procedures have been updated in line with good corporate governance. A strategic plan has been completed and key priorities are being addressed in line with this plan which will now be updated annually.

As noted in the Report the Authority has worked with the market community and relevant government departments to minimise the impact of the construction of the Dynon Port Rail Link Project (DPRL) adjacent to our site. The support and cooperation of the market community and DPRL project team has made the process of planning for the reconfigured traffic flow and associated works easier than could have been anticipated. We are hopeful that the changes that will now be made to gate entries and internal traffic flow will fully accommodate traders' needs, however, this will be monitored throughout the eighteen month construction phase and further adjustments considered if needed.

During the course of the year issues relating to the relocation of the market to the new Epping site by 2011 gained much impetus. Subsequent to the reporting period, July 2007 the Government confirmed with the Market Alliance Group that it would consider greater user participation in the governance and management of the market at Epping. While there is still much to be determined this provides a great challenge and opportunity for the Market community and the Authority looks forward to assisting in this process to achieve the best outcomes for the future of the market and the broader industry it serves.

While each of our client sectors has had to deal with issues arising from drought, water shortages, frosts and more recently floods, that have greatly affected supply, prices and margins, I believe the industry has come through this stronger and more united and is well placed to address the challenges ahead. This is not to say that some individuals, in particular some of our Victorian growers, are doing it pretty tough and we all should be mindful of their situation.



It is pleasing to note that the number of registered buyers has again increased and there appears to be a real resurgence in this industry. Many independent shops have expanded or upgraded and for the first time in many years there has been a significant number of new entrants into the industry. The increased public focus on healthy eating, greater public emphasis on variety and freshness and the flexibility and improved retailing practices of our independent sector, have all contributed. Given that this expansion translates into ongoing additional sales, all sectors along the market supply chain will benefit.

Also, I would like to commend wholesalers and growers for the way they have dealt with the introduction of the mandatory code of conduct. While it is not the Authority's role to get involved in individual transactions or trading arrangements, it is a credit to the industry that it has not been a major distraction or affected the ongoing good relations between growers and wholesalers that have developed in this market over many years.

There are many marketing initiatives and services that have been undertaken this year,

however I would particularly like to mention our Marketfresh Schools Program that reached 33,000 children with fresh produce tastings and education sessions. Every child was also given a pack of information to take home and many of the parents helped in sessions. The reach of this program is quite astounding. Thank you to the many produce groups that provide sponsorship and support. I am sure this service is helping to get the healthy eating message across.

I would like to thank all members of the Board for their commitment and support in dealing with the many complex and important matters that have been dealt with this year. I would also like to thank and acknowledge the support of the CEO, Mr Peter McLennan, and the Authority's Management and Staff. We look forward to the year ahead.

Neil Lowe
Chairperson

CHIEF EXECUTIVE OFFICER'S REPORT



This year has been particularly challenging in regard to managing the balance between maintaining current operations and services to meet our customer needs, and preparing for two significant major projects, the Dynon Port Rail Link Project and the relocation of the market to Epping by 2011. However, it is pleasing to report that much has been achieved this year both to improve our current market and prepare for the future.

Firstly, our balance sheet shows a continued strong financial performance. We have also revised and updated our corporate plan to more adequately address the challenges before us. This rolling three year plan will be updated annually. Initiatives and activities that have been identified to drive the Authority's activities can be grouped under four major themes: market relocation, asset and market operation, industry development and corporate services. The adoption of this corporate plan will now guide priorities, decision making, resource allocation and risk management.

Other corporate projects that have been undertaken this year include the consolidation of the Authority's Occupational Health and Safety Management System which has been undertaken in conjunction with market traders and the updating of the market's Risk Register.

The DPRL Project, which is a joint project of the Australian and Victorian Governments to improve road and rail access to the Port of Melbourne precinct, will have an impact on access to the market commencing September 2007. Significant work has been undertaken by the Authority during the year in conjunction with relevant government departments and market community, to ensure the market remains viable during the construction that will extend until mid 2009. This has involved preparing for the relocation of affected tenants, consultation and research to develop a reconfigured internal parking and traffic management plan and communication with traders and the project team. Further work will be undertaken in the coming months to ensure the viability of market operations.





At the same time we have been able to support a range of projects that have enhanced the trading environment including lighting upgrades, improved traffic and pedestrian signage and new recycling and environmental management services. Some of the environmental projects have involved simple but effective solutions to key priorities. I mention here the introduction of a rainwater tank in the National Flower Centre that has significantly reduced water usage, and our “Clean up the Market Project” that will deliver a cleaner and safer working environment, reduce waste and improve recycling. Another long overdue environmental project that has seen good results and is greatly appreciated by traders is the introduction of preventative bird roosting measures around the perimeter of the trading floor. Further plans to extend this initiative are underway. The installation of magnets to the tractors that clean the site daily has significantly reduced the number of punctures experienced by traders on the site.

It is also important for our market to support the needy and we have therefore put a number of measures in place to increase the contribution of surplus produce to the emergency relief agency Food Bank.

The market is also an important starting point for new migrants and for this reason we have also begun a special program under the Adult Multicultural Education Services, to train and employ recent arrivals.

Our corporate website has been significantly upgraded to provide improved customer navigation of the site. It also includes extended content and updated sections for major projects such as the market relocation. Our public website www.marketfresh.com.au has also been expanded to include a complete guide to cut flowers, searchable florist retail guide and floristry educational materials. Together with the fruit and vegetable section this now makes marketfresh one of the most comprehensive online fresh produce guides in Australia. It is pleasing that over 20,000 people per month are using it and that it is becoming a major educational tool for the public, schools, colleges and universities.

Our marketing and business development activities continue to deliver a range of programs that are highly regarded by our customers; in particular, our marketfresh schools program, retail development program, flower promotions and healthy eating initiatives. It is also important to build bridges with young apprentices and a variety of initiatives have been introduced this year with this goal in mind. One of the highlights has involved the development of closer links with Jamie Oliver’s Restaurant Fifteen apprenticeship program.

Over the next year we will see the Relocation Project take up a greater focus for all the market community. The Authority is looking forward to seeing this project move forward to meet the needs of all sections of the market. We will be working closely with Government and industry as needed and supporting the complex processes needed to make this major project a success.

I would like to thank the Board for its leadership and support, and management and staff for their dedication. I would also like to acknowledge the time and important contribution of advisory committee members throughout the year.

There are many challenges ahead but I believe we are well placed to support the market in its continued development.

Peter McLennan
CEO

MEMBERSHIP OF THE AUTHORITY



Neil Lowe



Joanne Anderson



Peter Cleeland



Beverley Honig

The Melbourne Market Authority is established under the Melbourne Market Authority Act 1977 and reports to the Minister for Agriculture, the Hon. Joe Helper, MP.

The members of the Authority are nominated by the Minister for Agriculture and appointed by the Governor-in-Council under the provisions of the Melbourne Market Authority Act 1977.

Neil Lowe (Chairperson), Peter Cleeland and Deborah Radford were reappointed for a further 3 years on 21 April 2006. Joanne Anderson and Beverley Honig joined the Board for a 3 year term on 21 April 2005. Deborah Radford resigned her position on 27 April 2007.

There were 12 meetings of the Board held during the reporting period. Attendance was as follows:

Name	Board Meetings Attended 2006/2007
Neil Lowe	12
Peter Cleeland	11
Deborah Radford	10
Joanne Anderson	12
Beverley Honig	11

Board members also attended assigned sub-committees and advisory committees. Attendance at these meetings was as follows:

Name	Sub-Committee and Advisory Committee Meetings Attended 2006/2007
Neil Lowe	15
Peter Cleeland	8
Deborah Radford	2
Joanne Anderson	12
Beverley Honig	6

In addition, Neil Lowe and Deborah Radford attended numerous Market Relocation and industry meetings during the year.



ADVISORY COMMITTEES

Advisory Committees meet regularly and provide valuable advice to the Authority on market operations and related issues.

Members were appointed for a three year term commencing 21 April 2007.

In accordance with the requirements of the Act to meet a minimum of 4 times per year, the Advisory Committees met with the Authority members and management.

In addition, associated industry representatives attended meetings as observers. Committee members and official observers are listed below:

Fruit & Vegetable Growers Advisory Committee

- Mr David Wallace (Chairperson)
- Mr Luis Gazzola
- Mr Mark Paganoni
- Mr Joe Ruffo
- Mr Gordon Johns
- Mr Jack Walker*
- Mr Alec Berias*
- Mr Alan McLean*
- Mr Tony Imeson*

Fruit & Vegetable Wholesalers Advisory Committee

- Mr Robin Westmore (Chairperson)
- Mr Garry Pasini
- Mr Vince J Brancatisano
- Mr Shane Schnitzler
- Mr Joe Amalfi
- Mr Alan Guy*
- Mr Sam Cutrale*
- Mr Ralph Blakeley*

Fruit & Vegetable Retailers Advisory Committee

- Mr Paul Ahern (Chairperson)
- Mr Trevor Wilson
- Mr John Chapman
- Mr John Psarakos
- Mr Frank Lugara
- Ms Dianne Harvey*

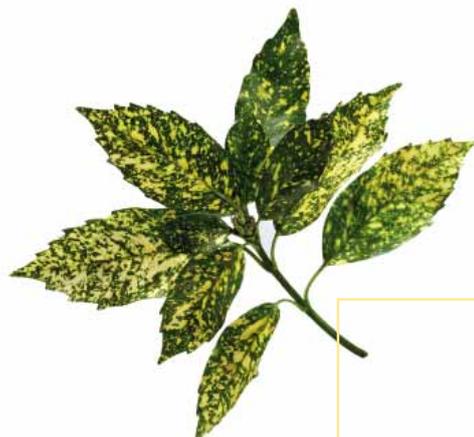
Flower Growers Advisory Committee

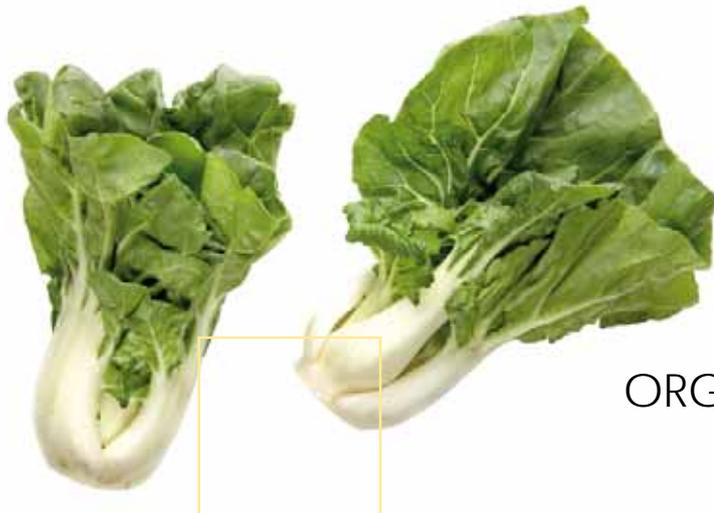
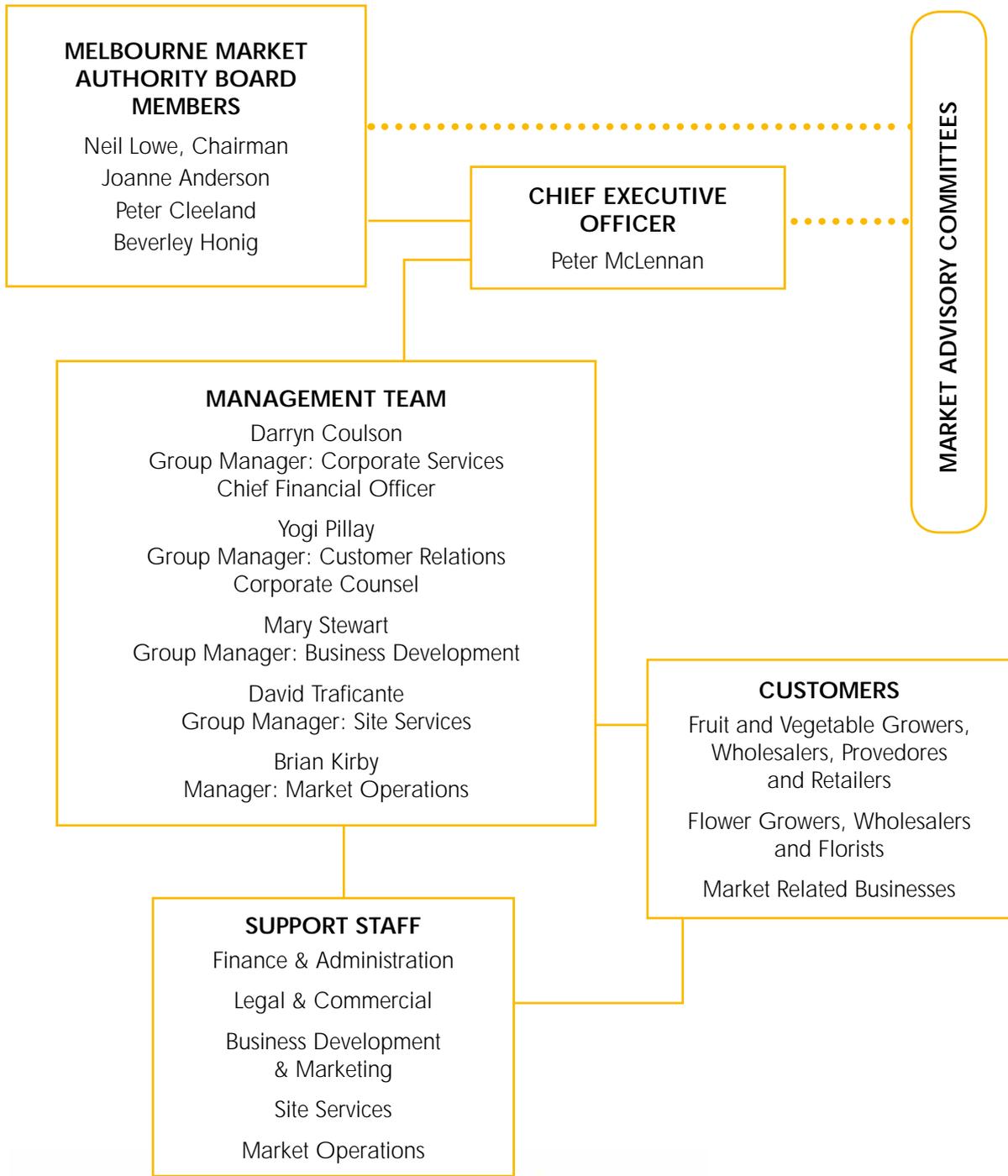
- Mr Geoff Maguire (Chairperson)
- Mr John Boon
- Mr Joe Zappia
- Mr Peter Koomen
- Mr Greg Duffy

Florists Advisory Committee

- Mr David Palmieri (Chairperson)
- Ms Cristina Varrasso
- Mr Geoffrey Irving
- Ms Lesley Hunter
- Ms Simone Sutcliffe
- Mr Carolyn Ralph*
- Mr Colin Straub*

* *Observer*





ORGANISATIONAL CHART

STRATEGIC PLANNING



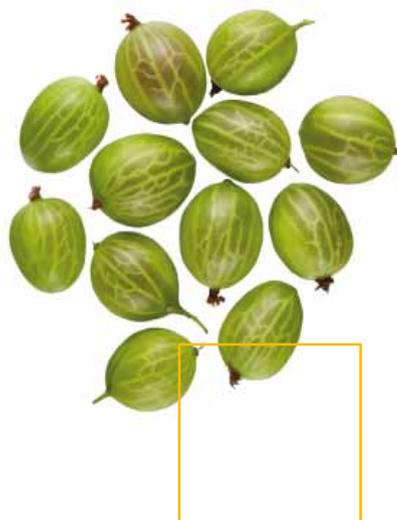
Our Corporate Vision is:

To be the preferred market and distribution centre for horticultural products and to provide industry support.

Our Corporate Mission is:

To provide a commercially viable wholesale market.

OBJECTIVES & FUNCTIONS



Established under the Melbourne Market Act 1977, the MMA serves the Victorian Fruit and Vegetable industry along with the Flower industry through the provision of market facilities and drives strategic direction and marketing for the industry.

The Act prescribes the following objectives and functions:

OBJECTIVES

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

FUNCTIONS

- To control, maintain and manage the Melbourne Wholesale Fruit and Vegetable Market and the market land;
- To promote the use of the facilities at the Melbourne Wholesale Fruit and Vegetable 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; and
- To do all things the Authority is authorised or required to do by or under this or any other Act or law.



VALUES

CUSTOMER FOCUS

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

Our customers are the businesses that trade in or through the Melbourne Markets. They include growers, retailers, providers, wholesalers and those businesses that support trading.

SHAREHOLDER VALUE

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

COMMUNICATIONS & CO-OPERATION

We communicate openly and honestly throughout the Melbourne Market Authority and provide quality services to our customers using processes that cross the organisation.

HONESTY & INTEGRITY

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

LEADERSHIP & INNOVATION

We encourage innovation and initiative so that we may add value to our customers and position the Melbourne Markets to take a leadership role in issues affecting the industry.

MANAGEMENT BY FACT

Decision-making is based on factual information. Research and analysis is important in conducting our business.

RESPECT FOR OTHERS

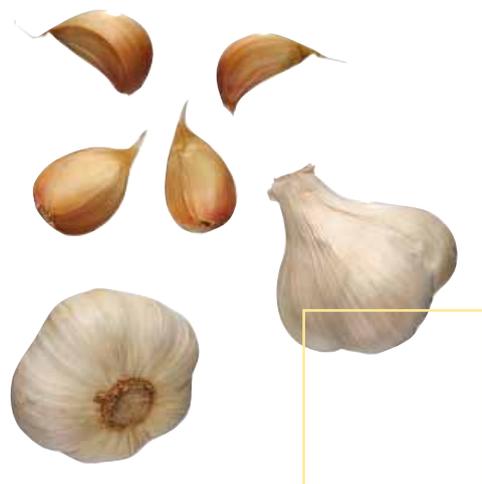
We treat our customers, suppliers and one another with respect and dignity. We value the principles of equity and diversity, and our workplace is free from harassment of all types. The Victorian Government's Code of Conduct is a cornerstone of our rules.

SAFE & HEALTHY WORKPLACE

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

TEAMWORK

We value the input and participation of all employees and recognise the benefits that teamwork offers. We work in partnership with our customers, suppliers and industry groups.





CORPORATE PLAN 2007 - 2010

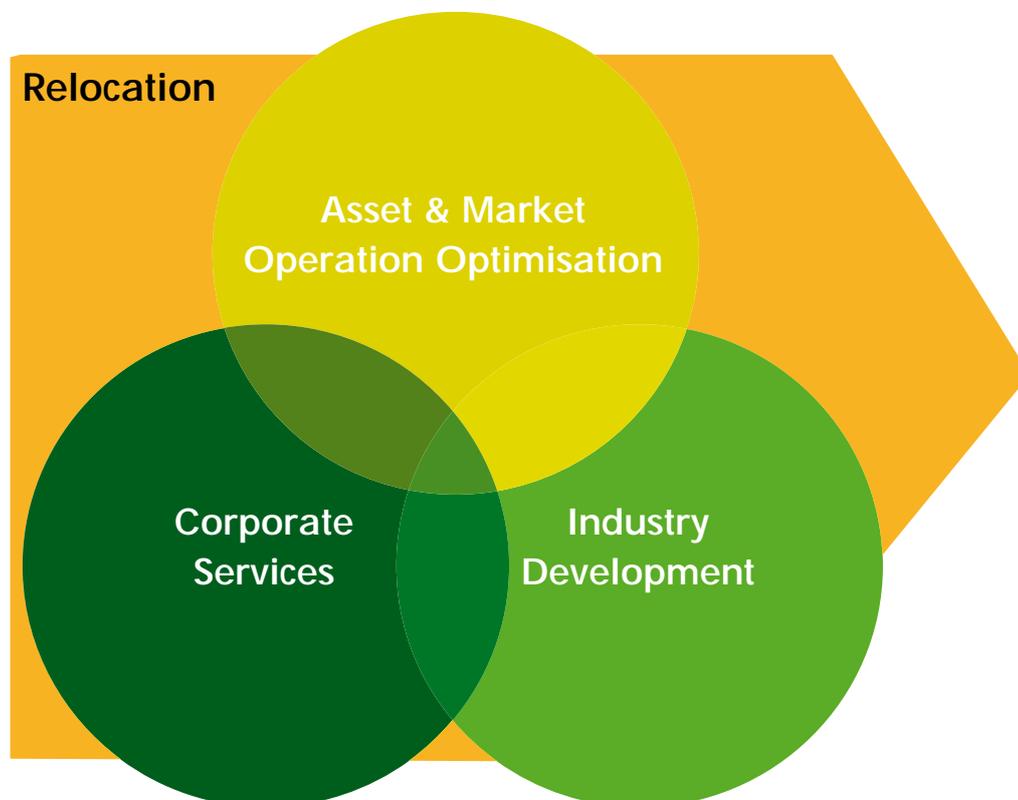
Melbourne Market Authority has reviewed its corporate plan. The Corporate Plan 2007 - 2010 documents the strategic direction and objectives of the MMA over the next three years. It is a rolling three year plan which is reviewed and updated annually.

Four key areas were identified in the Corporate Plan 2007 - 2010 and initiatives and activities have been identified under each key theme to ensure the MMA remains viable and continues to support its customers in this changing and challenging environment.

The four key themes are:

1. Market relocation
2. Asset and market operation optimisation
3. Industry development and
4. Corporate Services.

The initiatives and activities identified in the Corporate Plan guide priorities, decision-making, resource and risk management within the MMA.



The above diagram represents the inter-relationship between the four key themes of the 2007 - 2010 Corporate Plan.



RELOCATION OF THE MELBOURNE MARKETS TO EPPING

The market is relocating to a larger site on the corner of Cooper Street and the Hume Highway in Epping. The new market at Epping is expected to open in 2011, at which time the market on the existing Footscray Road site will close.

The Footscray Road land will be used for rail and port related activities following relocation of the market. The Footscray Road site will be transferred to the Department of Infrastructure (DOI) after the new Epping market is opened and once any remediation works on the site have been completed, which is expected to be in 2012.

The establishment of the new market at Epping provides the MMA and market users with the opportunity to evaluate strategic planning issues and to consider how things might be done differently in the future.

The new market will cater for modern logistics and will also encourage innovation in transport, distribution, produce handling, storage and communications in the fresh produce industry.

Following consideration of a proposal from the Strategic Alliance (a group representing a cross section of market users) on the future of the Wholesale Market - in the context of its commitment to construct and establish a new state owned wholesale market precinct at Epping - Government confirmed (July 2007) with the Alliance that it is able to consider:

- Greater user participation in the governance and management of the market at Epping
- Initial minority equity for market users in the asset ownership; and

- A possible sale to market users by 2015, if after independent review it is determined project timelines and objectives are met.
- The development of a Memorandum of Understanding (MOU) between the State and the Alliance to be agreed by no later than the end of December 2007.

As at 25 July 2007 Government advised that, "At this stage, Government has only authorised DPI to explore options around the parameters outlined above". It also advised that, "A final decision will be made by Government after it has considered the detail of a full proposal which is to be developed by DPI and the Alliance. If an MOU is not agreed by the end of December 2007, the State will deliver a state owned and operated market at Epping".

Market users are being updated on project developments and key project time lines and contact details are posted on the Melbourne Markets website.



DYNON PORT RAIL LINK PROJECT



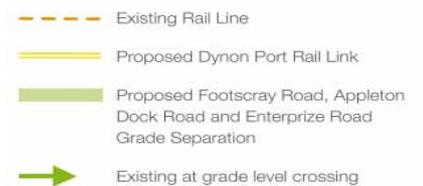
The Dynon Port Rail Link is a joint project of the Australian and Victorian Governments to improve road and rail access to the Port of Melbourne precinct.

This project, that will involve the construction of an overpass on Footscray Road adjacent to the market, is scheduled to commence in August 2007 with a completion scheduled for mid 2009. It will impact on the entry and exit to the market of all vehicles and later, on some tenants currently occupying Warehouse M.

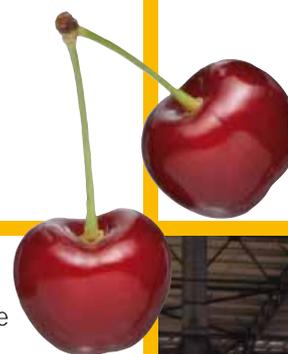
Significant work has been undertaken by the Authority during the year in conjunction with relevant Government Departments and the market community, to ensure the market remains viable during the construction of the overpass.

This work has involved:

- Conduct of a traffic study to determine the impact on the market's internal traffic flow and identification of appropriate options to accommodate market traffic needs.
- Relocation of three market tenants to redeveloped trading modules.
- Development of a new car park in the western area of the market site to relocate tenant vehicle parking (to be completed November 2007).
- Relocation of the MMA Site Services Department to Warehouse O to free up space for the tenants affected by the project.
- Participation in DPRL Communications and Traffic Management Team Meetings and liaison and communication with the market community to support project outcomes.



BUSINESS OVERVIEW AND STATISTICS



Melbourne Markets complex includes the Wholesale Fruit & Vegetable Market, the National Flower Centre and extensive distribution and warehouse facilities. Melbourne Markets is Victoria's centre for the wholesaling of fruit, vegetables and flowers. With a turnover in excess of \$1.6 billion annually, the market is the largest wholesale fresh produce complex in Victoria. Currently located on a 33 hectare site on Footscray Road close to the city, the Market is scheduled to move to a much larger site in Epping, in Melbourne's north, by 2011.

BUSINESSES TRADING IN THE MARKET

	Stores Allocated	Warehouses Allocated	Stands Allocated	Total Businesses	Individual Access Cards June 2007
F&V Store Holder Businesses	115	16	25		
F&V Warehouses Businesses		16	3		
F&V Stand Businesses			350		
Total F&V Tenant Businesses				481	2,404
F&V Retail Buyers				1,168	2,008
Total F&V Businesses				1,649	4,412
NFC Buyers - Florists				716	1,053
NFC Growers/Wholesalers				111	297
Total NFC Businesses				827	1,350
Transport Operators and Unloaders				191	291
Other Market Related Businesses				372	864
Total Market Businesses				3,039	6,917



AVERAGE DAILY ACCESS BY INDIVIDUALS PER TRADING DAY*

	Average 2004/5	Average 2005/6	Average 2006/7
Fruit & Vegetable Market			
Buyers/Retailers	655	700	716
Growers	278	302	289
Wholesalers/Merchants	683	735	740
Total Average Entries	1,616	1,737	1,745
National Flower Centre			
Buyers/Florists	230	225	216
Growers/Wholesalers	105	108	112
Total Average Entries	335	333	328
Ancillary Businesses			
Market Related Businesses	857	916	680
Transport Operators and Unloaders	90	116	125
Total Ancillary Businesses	947	1,032	805
Total Average Daily Market Access	2,898	3,102	2,878

* adjusted for updated Access Data



BUSINESS OVERVIEW AND STATISTICS CONTINUED

% CHANGE IN REGISTERED USERS

	2003/04	% Change	2004/05	% Change	2005/06	% Change	2006/07
Total Registered Individuals	6,065	2%	6,177	5%	6,502	6%	6,917
Total Registered Businesses	2,883	5%	3,013	(4%)	2,882	5%	3,039

REGISTERED MARKET USER AGE GROUPS

	< 20 Years	20-30 Years	30-40 Years	40-50 Years	50-60 Years	> 60 Years
F&V Buyer	1%	13%	26%	27%	19%	14%
F&V Grower	3%	11%	21%	25%	20%	20%
F&V Wholesaler/Agent	4%	20%	26%	25%	18%	9%
NFC Buyer	1%	14%	29%	23%	21%	11%
NFC Seller	2%	16%	26%	23%	21%	12%
Market Related Business	2%	17%	22%	24%	21%	14%
Transport Operator	1%	10%	21%	28%	25%	15%
Total Current Registered Users	2%	15%	25%	25%	20%	13%
New Registered Users 2006/07	58	288	308	221	130	56
% of Total Users	5%	27%	29%	21%	12%	5%

MARKET LAND USAGE

	No. of Properties/Modules	Area of Land Used - m ²
Warehousing	28	31,181
'A' Stores	240	20,160
'B' Stores	180	10,314
Growers F&V Stands	250	5,250
Wholesaler F&V Stands	280	5,880
Casual F&V Stands available	134	2,814
Stands on the Trading Floor	664	13,944
Total Fruit & Vegetable Trading	1,112	75,599
NFC Stands (incl coolrooms and entrance ways)	143	3,003
NFC Commercial Properties	4	715
Total NFC	147	3,718
Other Properties	63	36,517
Parking (incl. casual parking)	2,710	43,940
Total Leasing / Licensed Areas	4,032	159,774

INDUSTRIAL VEHICLES ON SITE

	2003/04	2004/05	2005/06
Forklifts	736	767	797
Scooters	255	255	247

THE FRUIT & VEGETABLE MARKET



With 481 fruit and vegetable tenant businesses (growers, wholesalers and providers) involved in the sale and distribution of fruit and vegetables from the site and 2,000 plus individual buyers representing 1,168 retail businesses attending regularly to purchase supplies, the vegetable market is one of the biggest of its kind in the world. Buyers attending include independent greengrocers, supermarkets, restaurants and food processors. Many more businesses receive deliveries and consignments from the market. The market services the wholesale industry five mornings per week.

The state of Victoria includes some of the most fertile growing areas in Australia and local produce arrives daily from the growers' farms. The variety, freshness and quality of local Victorian produce is outstanding and includes stone fruit, berries, citrus, apples, pears, grapes, tomatoes, leafy vegetables, root vegetables and more. Significant quantities of produce including tropical and exotic lines are also consigned from other parts of Australia to provide year round, fresh, seasonal supply. Supplies arrive from Tasmania, Western Australia and South Australia, New South Wales, Queensland and the Northern Territory, as well as from overseas.

THE FRUIT AND VEGETABLE MARKET

THE YEAR IN REVIEW

OVERALL BUSINESS PERFORMANCE

There was a continuing trend for business amalgamation, and expansion in the fruit and vegetable sector during the year across most major groups. This was reflected in a 5% increase in total business numbers and a 6% increase in total individuals and employees. The total number of registered fruit and vegetable businesses (buyers and sellers combined) reduced from 1,858 in 2005/06 to 1,649 in 2006/07, while the number of registered individuals including employees and principals increased from 4,357 to 4,412. The exception to this trend was in the retail buying sector which increased both in the number of businesses and individuals.

FRUIT AND VEGETABLE BUYERS

Registered business buyers increased from 1,136 in 2005/06 to 1,168 in 2006/07. This corresponded with an increase from 1,869 to 2,008 in the number of associated principals and staff registered with the Market. Average daily entries by fruit and vegetable buyers also increased from 700 to 716 during the period. A significant number of independent shops have upgraded and or expanded to include additional outlets and there have been a number of new entrants to the industry. The increased focus on healthy eating and greater public recognition and value placed on variety, freshness and customer service have seen sales for the sector improve.

FRUIT AND VEGETABLE SELLERS - TENANT BUSINESSES

For 2006/07 there were 481 fruit and vegetable businesses (growers, grower/wholesalers and wholesalers) selling and

distributing produce. This involved the allocation of a total of 115 stores, 16 warehouses and 350 stands to businesses through licences or leases. A total of 2,404 individuals (principals and staff) were registered to use the market in association with these businesses. Average daily entries per day for this group decreased from 1038 per day in the previous year to 1029 for the reporting period corresponding with a decrease in average daily grower attendances from 302 to 289. Reasons for fewer attendances by growers include shortage of produce caused by weather conditions and structural changes affecting the growing and marketing of produce. For example a number of growers have formed marketing groups to reduce transport and marketing costs and do not attend the market as often.

Additionally there is significant amalgamation and restructure in the growing sector leading to a reduction in growers bringing their produce to the market. Wholesaler and staff attendance rates increased from an average daily figure of 735 to 740.





MMA INITIATIVES, WORKS & SERVICES

SITE REPAIRS AND WORKS

The Authority undertook a number of maintenance works and upgrades during the year including:

- Completion of lighting upgrades to the Eastern and Western undercover parking areas to meet OH&S requirements.
- Introduction of barriers to prevent birds roosting within the perimeter of the main roof line and investigation into new technologies to minimize roosting in other areas.
- Asphalt repairs to the Gate 5 entrance and maintenance of the asphalt surface and line-marking for the market precinct.

OPERATIONS & CUSTOMER SERVICE

The Authority maintained 24/7 coverage of the site in conjunction with contracted security services with additional staff coverage at peak trading periods to meet traders' needs.

A new system for improving compliance with OH&S requirements for pedestrian movements, forklift speeds and traffic flow was introduced in conjunction with relevant advisory committees. This includes new signage, line marking and preventative and educational strategies involving market businesses.

Operations staff played a key role in liaising with traders to implement recycling and waste disposal procedures.

TRADING HOURS

The Fruit and Vegetable Market trades five days a week with general trading starting from 4.30am on Mondays, Thursdays and Fridays and from 5.30am on Tuesdays and Wednesdays. Registered early buyers and country transport operators enter two hours earlier.

MARKETING & BUSINESS DEVELOPMENT

The Authority has supported fruit and vegetable sales and business development through a number of activities and programs. These include:

RETAIL DEVELOPMENT PROGRAM

For 2006/7 there were 708 fruit and vegetable retail outlets registered with the program. Retailers receive point of sale materials promoting seasonal product and product handling tips to assist sales. Shops were also mystery shopped and provided with confidential feedback as to their performance compared to the industry average. This business feedback which covers customer service, product quality, variety and a range of merchandising issues is highly valued by retailers and, based on average scores for the past 10 years, has assisted retailers to improve retailing standards across Victoria. As part of the program, monthly awards are made, based on performance. Results are also used to select finalists and winners in the Melbourne Markets' prestigious Retailer of the Year Awards.

CHILDREN'S AND PUBLIC EDUCATION ACTIVITIES

A significant contribution was made towards improving consumption and knowledge of fruit and vegetables.

2006/07 activities included:

- Working with the Victorian State Government's "Go for Your Life Program" and community organisations to support nutrition education through the provision of seasonal guides, recipes and posters.
- Development and implementation of the "Fruit and Veg for Health" Project managed by the Authority and funded through the Department of Human Services that included development of training resources for retailers to undertake nutrition marketing, development and distribution of a new public guide "Fruit and Veg for Health" providing guidelines for how much fruit and vegetables are needed for a healthy diet and brochures and posters for schools.
- A mail out to all schools in Victoria with sample materials, posters and order forms for healthy eating resources.
- Joint activities with the Kindergarten Parents Association of Victoria involving 60,000 parents of children starting school and with the Victorian Schools Canteen's Association to encourage improved school lunches and nutrition at home.
- Management and delivery of the Marketfresh Schools Program involving visits and education sessions for 160 schools, 215 classroom sessions and involvement of 33,200 children. The Authority worked with industry sponsors to supply children with tastings of seasonal produce such as citrus, bananas, summerfruit, celery, sprouts, apples, pears and capsicums at these sessions.



MARKETING & BUSINESS DEVELOPMENT CONTINUED

ASSISTANCE TO FRESH PRODUCE MARKETING GROUPS

The Authority provided support to a range of grower groups to deliver seasonal promotions and to support sales throughout Victoria. This work included co-ordination of the delivery of point of sale materials through the markets retail network, co-ordination of product tastings and promotions at major food events, provision of in-store demonstrations, handling and storage tips for retailers and development of seasonal recipes for the public.

FOOD SAFETY TRAINING

The Authority provided Food Safety Templates and accredited food safety training for growers, wholesalers and retailers to assist businesses to meet Victorian Food Safety requirements. Templates were maintained to meet the requirements of the Victorian Food Act.

At 30 June 2007 there were 918 business clients on the Food Safety database which is maintained by the Authority's Marketing and Business Development Department in accordance with Food Safety Victoria requirements.

The Authority published a consumer guide to maintaining fruit and vegetables in optimum condition to reduce contamination or other risk. Copies of this popular brochure are being distributed through retailers to their customers and at public events.

RESIDUE TESTING & FOOD SECURITY

The Authority has worked with relevant industry and government bodies to facilitate monitoring and compliance with chemical usage in accordance with good agricultural practice and food safety standards. In addition, the Authority is represented on the National Fresh Produce Watch Committee. This body plays a key role in working with industry to ensure safe practices and

accurate advice on chemical use, food safety and environmental matters.

DATAFRESH PRICE REPORTING SERVICE

This service operates five days a week in the fruit and vegetable market. The Market Price Reporting Service collects and records fruit and vegetable price and supply information each morning. Reports are provided to national and local subscribers including individual growers, industry associations, wholesalers, caterers, regional retailers and financial institutions.

Historical reports covering a specific category or variety of produce are produced on request and draw on price data that has been collected for the past 14 years. Volume and quality as compared to price can also be monitored for specific lines. Organic price reports are also available. A summary price list based on seasonal Victorian produce is published each Wednesday in the Weekly Times and the reports are used to inform weekly radio reports to the general public on what is in season.

MARKETFRESH.COM.AU

The marketfresh website attracts 20,000 users per month (as at 30 June 2007). Users have logged up a massive 9 million hits since the launch in November 2005. The Authority constructed this promotional website to support fresh produce sales through retailers and florists that buy from the market and to improve public education and industry access to fresh produce information. The site includes a complete A-Z listing of fruit and vegetables, searchable database of retailers, recipe section, video demonstrations and children's educational and fun learning area. During the year the Authority completed the second stage of development by adding a complete A-Z listing

of flowers, florist guide and flower educational materials. In addition to the public, major user groups include schools, health groups, universities, government departments, chefs and food service businesses. There were 474 greengrocers and 232 florists listed on the retail guide which enables the public to search for their nearest outlet.

ORIENTATION SERVICE FOR NEW BUSINESSES

Customised tours are offered to assist new businesses to become familiar with the site layout, operations and services of the market. These one to one tours have assisted new businesses to quickly adapt and operate within the market.

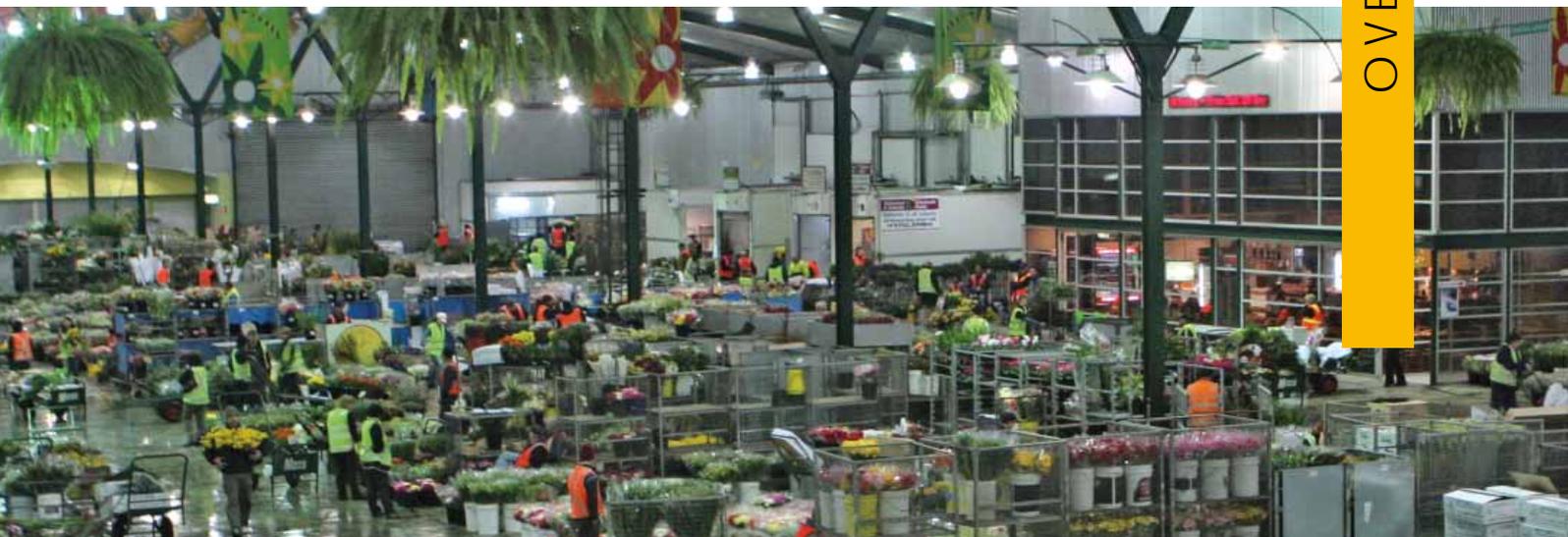
RESTAURANT AND FOOD SERVICE LIAISON

Melbourne Markets has sought to increase its ties with the food service sector to promote seasonal produce and influence the consumer to try new products. Activities have included involving chefs in the planning and development of the marketfresh website, tours to the Market, sponsorship of an apprentice chef training award, provision of produce information to apprentices and joint marketing activities to promote fruit & vegetables.

WEEKLY RADIO REPORTS

Weekly produce reports on 3AW, Melbourne's No.1 radio station, and on ten rural stations throughout Victoria, are proving popular with customers. The reports highlight what's in season, good value and new or interesting in the Market and refer listeners to marketfresh.com.au for further information. The reports are followed by an immediate spike in hits to the website with produce information and recipes receiving the biggest proportion of traffic. Reports are posted on the website and receive a large number of hits each week.

THE FLOWER MARKET



The National Flower Centre (NFC) provides a wholesale trading facility for cut flowers and plants. It is designed to maintain cut flowers in optimum condition for sale within Victoria, throughout Australia and for export. There are 139 permanent grower stands plus casual growers who sell through the Centre on a seasonal basis. Adjacent shops supply a range of products for florists. The NFC is also home to the Australian Flower Export Council which operates from offices above the trading floor. Victoria produces over 40 per cent of the national flower production and the Centre assists this State to be a major participant in the domestic flower industry and a growing part of the global industry.

THE FLOWER MARKET

THE YEAR IN REVIEW



TRADING HOURS

The National Flower Centre trades 6 days a week with general trading starting from 4.30am on Mondays, Thursdays and Fridays and from 5.30am on Tuesdays, Wednesdays and Saturdays. Registered early buyers and country transport operators enter two hours earlier.

REPORT ON FLOWER TRADING AND CUSTOMER NUMBERS

Registered florist buyers (businesses) increased from 702 in 2006/07 to 716 in 2006/07. The total number of individual florists representing these businesses also increased from 1,035 to 1,053. Flower growers (businesses) occupying stands totalled 111 compared to 114 in the previous year. Stand occupancy was at 80% a small decrease of 4% on the previous year. The average number of buyers entering per major trading day for the reporting period was 216 with this rising substantially at busy periods. Shops in the precinct were fully tenanted throughout the year.

BUSINESS PERFORMANCE

Overall trading this year is reported to have improved slightly after a period of contraction. Some flower shortages have been apparent due to drought, however, improved water usage and horticultural practices employed by many growers have resulted in better quality and good supplies of some lines. Feedback from florists and flower growers on turnover for the peak trading periods prior to Valentines Day, Mothers Day and Spring Carnival indicates solid business returns, with many operators indicating substantial increases in sales for these peak periods. Overseas sales of Australian natives struggled against strong competition from overseas suppliers. Imports from SE Asia and the Indian subcontinent have not impacted greatly at this stage, as quality Australian product remains in good supply at affordable prices. However the industry is concerned that if production costs increase further overseas imports may become more attractive.

MMA INITIATIVES, WORKS & SERVICES

SITE REPAIRS, WORKS & SERVICES

The Authority has worked with traders to improve water recycling capacity and installed a rain water tank to supplement usage.

Maintenance works have been carried out to maintain trading facilities to support six day trading.

OPERATIONS, CUSTOMER SERVICE AND SECURITY

The Authority has maintained a 24/7 patrol of the market to ensure security of product and general safety. Additional support has been provided at peak times to accommodate increased traffic flow and florist access to the trading area.

PROPOSED MAINTENANCE AND SITE WORKS

Consultation is being undertaken with NFC users with regard to re-configuring traffic flow to address the impact on the market of the Dynon Port Rail Link project, which involves the construction of an overpass on Footscray Road adjacent to the site.



MARKETING & BUSINESS DEVELOPMENT

The Authority supported traders with targeted promotional campaigns for major trading days. Evaluations from these campaigns indicate that the point of sale materials and media promotions have played a key role in supporting sales for the industry. Promotional campaigns undertaken during the 2006/2007 financial year were:

SPRING RACING CARNIVAL (OCT-NOV 2006)

Campaign title "Celebrate in Style with Fresh Flowers", linked to official race day flower guide, point of sale and joint Racing Victoria and NFC marketing and media campaign. Planning for the 2007 Carnival is now underway.

VALENTINES DAY (FEB 2007)

Campaign featuring a theme of a young couple in love holding a bouquet of flowers. Banner length hanging posters, shelf wobblers, gift cards and t-shirts were distributed to 300 florists. This was backed by a media and PR campaign.

MOTHERS DAY (MAY 2007)

Campaign featuring the theme of a young girl and boy presenting a bunch of flowers. Lifesize cutout and stickers were distributed to 300 florists. This was backed by a media and PR campaign.

FLOWER EXPORT DEVELOPMENT

The Australian Flower Export Council (AFEC) has its offices in the NFC. The Authority works closely with AFEC to support the promotion of flower exports and domestic sales of Australian natives. The international flower export market is extremely competitive with many established and emerging players including Israel, India, South America, and increasingly China. The MMA worked with AFEC to support international promotions and has included contacts and links on its MarketFresh website.

APPRENTICESHIP TRAINING

The Authority provided ongoing support to floristry students and apprentice flower growers. This included formal lectures at training institutes as part of the curriculum, training visits to the market by students and provision of information to assist trainees to understand the operation of the NFC. Representatives from two of the major floristry training institutes now attend the Florists' Advisory Committee and links with relevant training institutes have been constructed on the new MarketFresh flower website and joint promotional activities were undertaken involving students.

BUSINESS AND MARKETING INITIATIVES

During 2006 the Authority promoted a further official flower for the 2006 Spring Racing Carnival completing a suite of 10 flowers that have been adopted since the campaign was initiated in 1996. In discussion with florists and flower growers it has been agreed that the campaign has delivered very strong and cumulative sales results for the industry with prospects of further growth.

During 2006 the Authority successfully launched the flower section of the website www.marketfresh.com.au. This website provides Australia's first comprehensive online A-Z guide to cut flowers and is proving a useful tool for supporting promotions, educating apprentice florists and providing public links to National Flower Centre Florists.



MARKETING & INDUSTRY HIGHLIGHTS



Jamie Oliver's Restaurant Fifteen visits the Market to educate its trainees about fresh produce

VICFRESH INDUSTRY NIGHT

The annual combined industry night held at Crown in February was widely acclaimed as a major success. The night was planned with an Industry Steering Committee and sponsorship funds were raised to support the event that attracted 1,051 representatives from all sections of the industry.

ANNUAL RETAILER OF THE YEAR AWARDS

Recipients of the prestigious Melbourne Markets Annual Retailer of the Year awards were:

Metropolitan Retailer of the Year: Scicluna's of Frankston. Award sponsored by the Melbourne Markets Credit Service.

Regional Retailer of the Year: Gaffney's Fruit Market, Moe. Award sponsored by the Melbourne Market Authority.

INDUSTRY VISITS

During the year 1,964 people visited the Market as part of the service offered through the Melbourne Markets Wholesale Tours compared to 1,823 in the previous year.

Of those that visited 44% were students, 32% apprentice trainees, 14% public and 10% industry or associated businesses. The student and trainee visits are particularly important as this group involves hospitality, agricultural, floristry and retail students who are potential future market participants. The Authority's Marketing Department provides all visitors with information materials and, where appropriate, addresses groups as part of the Authority's business development role.



The 2007 Regional Retailer of the Year, Gaffney's Fruit Market, Moe and the 2007 Metropolitan Retailer of the Year, Scicluna's of Frankston.

CORPORATE GOLF DAY

The Melbourne Markets Industry Golf Day held at Sanctuary Lakes on 24 October 2006 attracted 136 participants from across all market groups including retailers, growers, wholesalers and unloaders. All participants enjoyed the day which saw keen competition, fine weather and lots of conversation. The day was sponsored by members of the Business Partnership Program.



The 2007 Market Veterans or representatives

MARKET VETERANS AWARDED

Awards for longstanding market service were presented to 53 market veterans this year. To qualify for awards recipients need to have completed 40 years of continuous service at the market. Recipients were honoured at the VicFresh industry night. Since the awards began in 2002, there have been a total of 361 recipients.

THE MMA BUSINESS PARTNERSHIP PROGRAM

The Business Partnership Program provides a small number of member companies with the opportunity to market their products and services to the market community through the Authority's marketing activities.

Toyota Industrial Corporation (TICA) was the inaugural Business Partner and started its relationship with the Melbourne Markets in 2000. National Point of Sale Systems and Westpac Agribusiness are highly valued members of the Program.

The Melbourne Markets business partners all contribute significantly towards fresh produce promotions and marketing activities such as the VicFresh Industry awards night and annual Golf Day, in return for targeted marketing opportunities.

TRADE SHOWS AND INDUSTRY EVENTS

The Authority worked with industry groups to extend promotional exposure within the industry, support industry development, and inform the public.

Involvements this year included:

- | | |
|---|--|
| Apple & Pear / AFFCO Conference | Harvest Picnic Werribee |
| AUF Fresh Produce Watch | International Flower & Garden Show (Box Hill TAFE) |
| Australian Chamber Conference | Les Toques Blanches Chefs Awards |
| Australian Flower Export Council | Mango Conference |
| Australian Vegetable Industries (AUSVEG) Conference | Mareeba Annual Growers Dinner |
| Banana Congress | Royal Melbourne Show |
| Berry Industry Expo & Information Day | Rural Press Club Awards |
| Central Markets Association of Australia | Spring Racing Carnival Promotion |
| Fine Food Australia | Sun Ripened Red Tomato Race Day |
| Food & Wine Festival | Vegetable Expo Werribee |
| Footscray City College | Vegetable Growers Association Industry Function |
| Fruit Growers Victoria Annual Ball | VFF Horticultural Group |
| Good Food & Wine Show | Western Australia Fruit Growers Conference |
| Harvest Picnic Hanging Rock | Women on Farms Shepparton Conference |



ENVIRONMENT



WATER INITIATIVES

In response to the water issues affecting Victoria, the Authority has introduced initiatives to decrease the amount of potable water used within the market complex. The Authority aims to reduce the amount of potable water consumed in the market by up to 60% by July 2008.

In February 2007 the Authority installed a 156 kilolitre water tank to collect run off from the National Flower Centre roof.

This tank water provides all of the water requirements for clean up of the market site.

In addition the Authority has obtained licences to drill bores within the markets and use bore water to operate the many toilet facilities on site.

The Authority is in the process of purchasing desalination units to reduce the salt content in the bore water to a level fit for its intended purpose as wash down and for use in toilet facilities.

As a result of these initiatives potable water consumption within the markets is trending downward.

RECYCLING

In 2006/07 a total of 4865 tonnes was recycled comprising:

- 3230 tonnes green waste
- 753 tonnes wood
- 822 tonnes cardboard
- 15 tonnes steel, and
- 45 tonnes polystyrene

February 2007 saw the commencement of the 'Clean Up the Market' initiative at the Melbourne Markets.

The aim of the initiative is:

- To keep the market clean
- Decrease the amount of rubbish going to landfill
- Increase the materials being recycled
- Keep the costs to market tenants down and
- Reduce the volume of outsider waste being dumped on market land.

The Authority is working closely with market users to reduce the volume of rubbish to landfill by segregating clean waste produce, cardboard, polystyrene boxes, shrink wrap and produce waste. Unsoiled and uncontaminated rubbish can then be recycled.

Waste produce is used as stock feed, wood is cut up for compact material used by road sides, polystyrene is melted down and made into a range of products including biros and plastic photo frames and tyres are shredded and used in children's playgrounds.

It is anticipated that by implementing the 'Clean Up the Market' program, a further 364 tonne of cardboard and 780 tonne of produce could be redirected from landfill.

FORKLIFT EMISSIONS CONTROLS

Forklifts operating within the markets use LPG with closed-loop emission systems and catalytic converters.

The Authority is provided with regular forklift emission control readings. These readings are below the national occupational and health and safety specifications.

OCCUPATIONAL HEALTH & SAFETY



OCCUPATIONAL HEALTH AND SAFETY

This year saw consolidation of Melbourne Market Authority's Occupational Health and Safety Management System, (OHSMS). A review of the OHSMS is planned for 2007/08 in line with the revised Melbourne Market Authority risk profile.

The collaborative approach to OH&S at the Melbourne Markets between the Authority and WorkSafe Victoria has continued to provide a safe workplace for all market employees, tenants and users.

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE FOR 2006/2007

There was one Improvement Notice issued to the Melbourne Market Authority in 2006/07.

There were two incidents involving the need to have emergency services in attendance this year to attend to members of the market community.



COMMUNICATIONS AND CULTURAL DIVERSITY

CUSTOMER COMMUNICATIONS

The Authority has a number of different initiatives in place to communicate with customers. These include newsletters, electronic news screens, corporate website and staff positions that focus on customer relations. The corporate website was restructured and upgraded during the year to improve customer access to information including updates on the relocation project.

BUSINESS DIRECTORIES

Business directories are compiled annually for the Fruit and Vegetable Market and National Flower Centre. These pocket sized directories provide a comprehensive guide to services and traders and are provided free of charge to all registered market users. They are distributed throughout the market community and to the wider industry. New traders receive a kit of information as part the Authority's induction program.

FOODBANK

The Authority works with member associations within the market to support community organisations, such as Foodbank, by ensuring suitable fruit and vegetable produce, which is excess to requirements, is put aside for emergency relief .

The Authority also provides space for the produce to be stored until such time as it is collected.

Foodbank then ensures this food is distributed to those in need within our community.

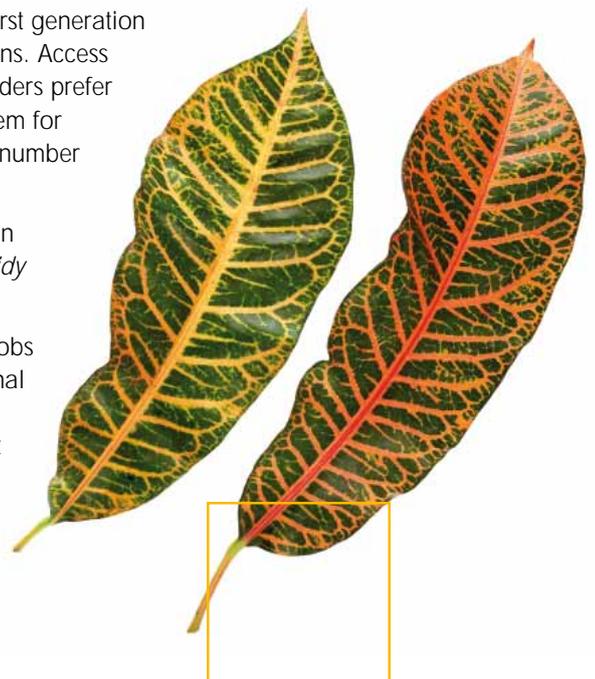
CULTURAL DIVERSITY

Melbourne Markets has a diverse client base with many first generation migrants. Plain English is therefore used in communications. Access to interpretative services is provided as required. Most traders prefer family members or business colleagues to interpret for them for business meetings. Interpretative services were used by a number of international trade delegations.

The Authority will support the Adult Multicultural Education Services' (AMES) *pathway to employment and wage subsidy program* going forward.

The program aims to place new migrants in meaningful jobs by providing these candidates with the necessary vocational training and language skills to place these candidates. The Authority will encourage businesses within the market community to take on candidates from this program.

It is envisaged that at least 10 new migrants will be placed in employment within the markets by July 2008.





ADMINISTRATION AND MANAGEMENT

INFORMATION SYSTEMS

Initiatives that have been introduced over the past year include:

- Upgrade of the Authority's corporate website www.melbournemarkets.com.au to improve content management and information to meet customer needs
- Design, construction and successful launch of flower section of www.marketfresh.com.au
- Replacement of superseded Tenix software for parking information management
- Upgrade of windows software and security systems software

WORKPLACE RELATIONS AND EQUAL OPPORTUNITY

Monthly briefings involving all staff and management are held to provide updates and facilitate discussion on corporate issues. A Staff Consultative Committee provides a forum for staff representatives to discuss workplace issues such as equal opportunity, training and staff working conditions. No equal opportunity complaints were lodged with the Equal Opportunity Commissioner. The Enterprise Bargaining Agreement (EBA) for 2004 to 2007 between the Melbourne Market Authority and the Australian Municipal, Administrative, Clerical and Services Union (ASU) for the Authority's support staff expired in March 2007. A new EBA has been negotiated and agreed for a three year period commencing March 2007.

MELBOURNE MARKET AUTHORITY CODE OF CONDUCT

The Code of conduct has been updated in accordance with the Code of Conduct for the Victorian Public Sector Employees 2007.

RISK MANAGEMENT

Melbourne Market Authority's risk register was updated to include risks arising from State sponsored projects which impact on the markets. These include risks associated with the relocation of the markets and the Dynon Port Rail Link Project commencing in 2007/08.

A governance framework for the management and reporting of shared department/agency risks is documented in the Authority's Risk Management Framework document.

The Authority's risk register and framework are endorsed by the Finance and Audit Committee at least annually.

GOVERNANCE

The following audits were undertaken at the Melbourne Market Authority in 2006/2007:

- Victorian Managed Insurance Authority, Risk Framework Quality Review - May 2007
- Internal audit of the Authority's OHSMS - March 2007, and
- Victorian Auditor General (risk) performance audit follow up - October 2006.

PRIVACY POLICY

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

WHISTLEBLOWERS PROTECTION ACT 2001

The *Whistleblowers Protection Act 2001* commenced on 1 January 2002. The purpose of the Act is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies. The Act provides protection to whistleblowers that make disclosures in accordance with the Act, and establishes a system for the matters disclosed to be investigated and rectifying action to be taken. The Authority is committed to the aims and objectives of the *Whistleblowers Protection Act 2001*. It does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct.

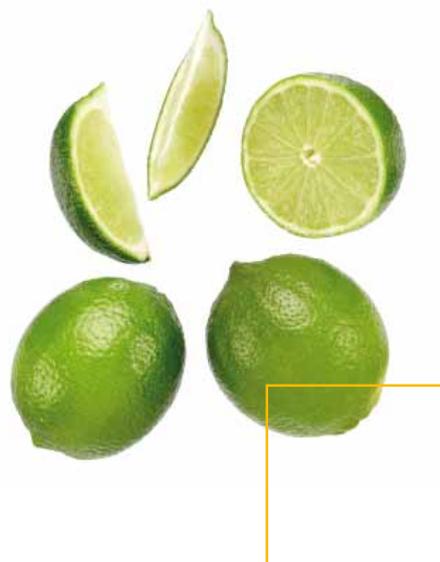
Disclosures of improper conduct by the Authority or its employees may be made to the following:

Ms Yogi Pillay

Protected Disclosure Coordinator
Melbourne Market Authority
Box 1, 542 Footscray Rd
West Melbourne VIC 3003
Telephone 9258 6100

The Ombudsman Victoria

Level 22, 459 Collins St
Melbourne VIC 3000
Telephone 9613 6222
Toll free 1800 806 314



DISCLOSURES

There have been no disclosures referred to the Authority or the Ombudsman or by the Ombudsman to the Authority under the Act since it commenced in January 2002.

STAFFING

	Ongoing Employees				Fixed Term & Casual
	Employees (headcount)	Full time (headcount)	Part time (headcount)	FTE	FTE
June 2007	37	32	5	35	-
June 2006	39	33	6	36	2

	June 2007			June 2006		
	Ongoing		Fixed Term & Casual	Ongoing		Fixed Term & Casual
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE

Gender

Male	20	20	-	18	16	1
Female	17	15	-	21	22	1

Age

Under 25	1	1	-	1	1	1
25-34	5	5	-	6	5	1
35-44	12	11	-	13	13	-
45-54	11	11	-	12	11	-
55-64	8	7	-	7	6	-
Over 64	-	-	-	-	-	-

Classification

Customer Service Officers	7	7	-	7	7	-
Officers other than CSOs	30	28	-	32	29	2

NOTES

All figures reflect employment levels during the last full pay period of June of each year.

Ongoing employees mean people engaged on an open ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.

FTE means full time staff equivalent.

Excluded are those persons on leave without pay or absent on secondment, external contractors/consultants, temporary staff employed by employment agencies, and people who are not employees but appointees to a statutory office, as defined in the *Public Administration Act 2004*.

Employee classifications are as per those main classifications prescribed in the current Melbourne Market Authority Enterprise Agreement (No.5) 2007-2010.

There was no major change in employment levels between June 2006 and June 2007.

Two staff were employed for a six month period to support the "Fruit and Veg for Health" Project funded by Department of Human Services.

MELBOURNE MARKET AUTHORITY



FINANCE
REPORT
2006
2007



FINANCE REPORT



SIGNIFICANT ISSUES

There were no items of a significant nature that affected the Market finances during the year.

EVENTS SUBSEQUENT TO BALANCE DATE

See Note 18 to the annual accounts.

INCOME

There has been a minor increase in revenue for the year and the key changes are highlighted below:

Total Revenue \$18.6 million
+ \$508,609 (+2.8%)

The following items contributed to the movement in revenue:-

INVESTMENT INCOME
+ \$356,289 (+71%)

This has resulted from an increase in available funds for investment and increased rates of interest on investments during the year.

RENTAL INCOME
+ \$330,514 (+1.9%)

These increases have resulted from the annual CPI increases to property rentals, assignment fee revenues from the transfer of leases between market tenants, and additional land rentals.

PROCEEDS FROM SALE OF PROPERTY PLANT AND EQUIPMENT
+ \$47,329 (+28%)

Due mainly to an increase in the number of motor vehicles traded in or sold during the year.

EXPENDITURE

Increases in expenses for the year and the key changes are highlighted below:

Total Expenses \$20,799,468
+ \$2,232,338 (+12%)

DEPRECIATION
+ \$3,407,863 (+59%)

The increase in depreciation is due the accelerated depreciation of buildings resulting from the anticipated relocation of the market.

BUILDING REVALUATION
-\$2,086,753 (-100%)

There was no revaluation of assets completed during the year.

FINANCE REPORT CONTINUED

OPERATING EXPENSES + \$767,244 (+11%)

Major increases in operating expenses include:

Maintenance expenses	\$118,000	Professional services	\$203,000
Cleaning and security	\$99,000	Legal expenses	\$76,000
Marketing	\$218,000		

EMPLOYEE BENEFITS AND EXPENSES + \$252,205 (+7.1%)

The increased salary cost during the year reflects the change in vesting of long service leave from 10 years to 7 years and annual salary increases.

BORROWING COSTS - \$103,039 (-46%)

The reduction in borrowing costs reflect the overall reduction in debt from one year to the next.

SIX YEAR FINANCIAL SUMMARY

	2007	2006	2005	2004	2003	2002
	\$000	\$000	\$000	\$000	\$000	\$000
Revenue from government	26	82	5	5	5	770
Other revenue	18,593	18,028	16,942	16,118	15,465	14,545
Total revenue	18,619	18,110	16,947	16,123	15,470	15,315
Net operating result	(2,180)	(457)	3,966	2,989	1,037	(9,659)
Net cashflow from operating	7,016	6,553	7,420	5,704	2,707	1,402
Total assets	97,444	110,620	80,435	77,097	78,943	67,019
Total liabilities	4,099	5,095	7,354	7,982	12,817	15,369

BUDGET PERFORMANCE

MMA'S CORPORATE PERFORMANCE 2006/07

The Melbourne Market Authority uses the Balanced Scorecard as a means of measuring corporate performance across a range of financial and non-financial performance areas including:

- Return on Net Assets.
- Performance against Revenue and Expense budgets.
- Customer Retention and Customer Usage of the markets.
- Property Utilisation Rates.
- Process Improvement Savings.
- Employee Absenteeism and Accrued Leave.

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

For the full year 2006/07, the MMA Scorecard performance index was 105%, which means that in the aggregate the Authority exceeded financial and non-financial performance targets by 5%.

FINANCE REPORT CONTINUED



DISCLOSURE REQUIREMENTS

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

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

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

The Authority complies with the *Freedom of Information Act* and has appointed Freedom of Information Officer - Yogi Pillay. No Freedom of Information requests were received during the year.

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

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

The Authority will provide other information as required on request.

The Authority's investments are held by Treasury Corporation of Victoria.

No tenders, subject to the *Victorian Industry Participation Policy Act 2003*, were processed during the year.

FINANCE AND AUDIT COMMITTEE

Membership comprises:

D L Radford	1 July 2006 – 27 April 2007
B Honig	1 July 2006 – 30 June 2007
J Anderson	1 July 2006 – 30 June 2007

REMUNERATION SUB-COMMITTEE

Membership comprises:

N J Lowe	1 July 2006 – 30 June 2007
P R Cleeland	1 July 2006 – 30 June 2007

CONSULTING FEES

There were 16 consultancies of less than \$100,000 each, which totaled \$500,767.

CONTRACTING FEES

There were no major contracts operating during the year.

There were 7 contracts totaling \$3,320,397 with individual costs > \$100,000 each and 25 contracts totaling \$851,066 with individual costs < \$100,000 each.

FINANCE REPORT CONTINUED

ACKNOWLEDGEMENTS

The Authority gratefully acknowledges the continued support of the Department of Primary Industries and other Government Agencies.

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

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

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

Yours sincerely,

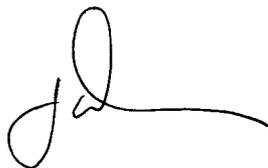
MEMBERS OF THE AUTHORITY



N J Lowe, Chairperson



P R Cleeland, Member



J Anderson, Member



B Honig, Member



INDEPENDENT AUDIT REPORT

Melbourne Market Authority

To the Members of the Parliament of Victoria and Members of the Board of the Authority

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report for the financial year ended 30 June 2007 relates to the financial report of the Melbourne Market Authority included on its web site. The Board of the Melbourne Market Authority is responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

The Financial Report

The accompanying financial report for the year ended 30 June 2007 of the Melbourne Market Authority which comprises the operating statement, balance sheet, cash flow statement, statement of changes in equity, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the chairperson's, accountable officer's and chief financial officer's declaration has been audited.

The Responsibility of the Members of Board for the Financial Report

The Members of the Board of the Melbourne Market Authority are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the Board Members' preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

Independent Audit Report (continued)

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

Independence

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Melbourne Market Authority as at 30 June 2007 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act* 1994.

MELBOURNE
13 September 2007



D.D.R. Pearson
Auditor-General

MELBOURNE MARKET AUTHORITY

Operating Statement for the year ended 30 June 2007

		2007	2006
	Notes	\$	\$
Revenue from ordinary activities			
Rental income		17,253,511	16,922,997
Interest on investments		858,241	501,952
Other revenue		480,746	603,201
Revenue from government	2	26,397	82,136
		18,618,895	18,110,286
Expenses from ordinary activities			
Employee benefits expense		(3,824,365)	(3,572,160)
Depreciation expense	1(g), 3	(9,096,373)	(5,688,510)
Revaluation decrement - Buildings		-	(2,086,753)
Grants and other payments to service providers		(93,318)	(125,111)
Supplies and services		(7,612,679)	(6,845,435)
Net gain (loss) on disposal of Property, Plant & Equipment	3	(50,791)	(24,180)
Borrowing costs expenses	3	(121,942)	(224,981)
		(20,799,468)	(18,567,130)
Net Result for the period	9(c)	(2,180,573)	(456,844)

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

MELBOURNE MARKET AUTHORITY

Balance Sheet as at 30 June 2007

	Notes	2007 \$	2006 \$
Current Assets			
Cash and cash equivalents	5	15,886,049	11,023,240
Receivables	10(b)	444,906	358,542
Prepayments		214,994	220,015
Total Current Assets		16,545,949	11,601,797
Non-Current Assets			
Property, plant and equipment	6	80,898,698	89,018,866
Total Non-Current Assets		80,898,698	89,018,866
Total Assets		97,444,647	100,620,663
Current Liabilities			
Payables	7	2,306,235	2,230,089
Interest bearing liabilities	8	619,876	1,126,106
Employee entitlements	4	613,452	563,132
Total Current Liabilities		3,539,563	3,919,327
Non-Current Liabilities			
Interest bearing liabilities	8	528,038	1,147,902
Employee entitlements	4	32,099	27,914
Total Non-Current Liabilities		560,137	1,175,816
Total Liabilities		4,099,700	5,095,143
Net Assets		93,344,947	95,525,520
Equity			
Reserves	9(a)	22,900,000	22,900,000
Contributed Equity	9(b)	38,165,207	38,165,207
Accumulated Profit	9(c)	32,279,740	34,460,313
Total Equity	9	93,344,947	95,525,520
Contingent Liabilities and Contingent Assets	15		
Commitments for Expenditure	14		

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

MELBOURNE MARKET AUTHORITY

Cash flow Statement for the year ended 30 June 2007

		2007	2006
	Notes	\$	\$
Cashflows from operating activities			
Receipts from government	2	26,297	82,136
Receipts from customers		17,343,569	17,535,166
Interest income received		647,108	501,952
Payments to suppliers and employees		(10,877,490)	(11,341,200)
Borrowing cost expense		(123,685)	(224,981)
Net cash provided by (used in) operating activities	21	7,015,899	6,553,073
Cashflows from investing activities			
Payment for property, plant and equipment		(1,243,469)	(893,392)
Proceeds from sale of plant and equipment	3	216,473	169,144
Net cash provided by (used in) investing activities		(1,026,996)	(724,248)
Cashflows from financing activities			
Repayment of borrowings		(1,126,094)	(1,811,492)
Net cash used in financing activities		(1,126,094)	(1,811,492)
Net increase in cash held		4,862,809	4,017,333
Cash and cash equivalents at beginning of the year		11,023,240	7,005,907
Cash and cash equivalents at end of the year	5	15,886,049	11,023,240

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

MELBOURNE MARKET AUTHORITY

Statement of Changes in Equity as at 30 June 2007

		2007	2006
	Notes	\$	\$
Gain on property revaluation		-	22,900,000
Net income recognised directly in equity	9(a)	-	22,900,000
Net result for the period		(2,180,573)	(456,844)
Total recognised income and expense for the period		(2,180,573)	22,443,156

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

MELBOURNE MARKET AUTHORITY

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MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007

NOTE 1. SUMMARY OF ACCOUNTING POLICIES

Statement of Compliance

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards, Interpretations and other mandatory professional requirements. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS').

The financial statements were authorised for issue by D J Coulson (Chief Finance and Accounting Officer, Melbourne Market Authority) on 12th September 2007.

Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of A-IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed throughout the notes in the financial statements.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2007 and the comparative information presented in these financial statements for the year ended 30 June 2006.

(a) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cashflows are included in the cashflow statement on a gross basis. The GST component of cashflows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cashflows.

(b) Interest Bearing Liabilities

Interest bearing liabilities are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, interest bearing liabilities 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.

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

(c) **Borrowing Costs**

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings.

(d) **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within interest bearing liabilities in current liabilities in the balance sheet.

(e) **Employee Benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement and are recognised as current liabilities.

Provision is made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Authority in respect of services provided by employees up to reporting date. These provisions are recognised as non-current liabilities.

Regardless of the expected timing of settlement, provisions made in respect of employee benefits are classified as a current liability unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability. Provisions made for annual leave and unconditional long service leave would be classified as a current liability where the employee has a present entitlement to the benefit.

A non-current liability would include long service leave entitlements accrued for employees with less than 7 years (2006: 10 years) of continuous service.

(f) **Financial Assets**

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

The Authority classifies its other investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Held-to-Maturity Investments

Where the Authority has the positive intent and ability to hold investments to maturity, they are stated at amortised cost less impairment losses.

(ii) Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment.

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

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

(g) Property Plant and Equipment

(i) Owned Assets

Land and buildings are measured at fair value. Plant, equipment and vehicles are measured at cost less accumulated depreciation.

(ii) Non-current assets constructed by the Authority

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

(iii) Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each item of property plant and equipment. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The useful life of buildings has been reduced to 3 years to reflect expected cessation of market operations at the West Melbourne site in 2010. The following estimated useful lives are used in the calculation of depreciation:

	Depreciation Rates		Useful Life	
	2007	2006	2007	2006
Buildings	33%	25%	3 years	4 years
Computer Equipment	33%	33%	3 years	3 years
Motor Vehicles	17.5%	17.5%	6 years	6 years
Software	33% to 40%	33% to 40%	2.5 to 3 years	2.5 to 3 years
Market Equipment	17.5%	17.5%	6 years	6 years
Office Furniture	5% to 17%	5% to 17%	6 to 20 years	6 to 20 years

(iv) Revaluations of Non-Current Assets

Non-current physical assets measured at fair value are revalued with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value. This revaluation process normally occurs every three years.

Revaluation increments are credited directly to equity in the revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised as income in determining the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation reserves are not transferred to accumulated surplus on derecognition of the relevant asset.

(h) Payables

Payables are recognised when the Authority becomes obliged to make future payments resulting from the purchase of goods and services.

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

(i) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

(j) Revenue Recognition

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(k) Comparative Information - Financial Instruments

The accounting policies applied to accounting for financial instruments in the current financial year are detailed in notes 1(b), 1(d), 1(f) and 1(h). The following accounting policies were applied to accounting for financial instruments in the comparative financial year:

(i) Payables

Payables represent liabilities for goods and services provided to the Authority prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(ii) Interest Bearing Liabilities

Loans are carried at historical cost. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(iii) Receivables

All debtors are recognised at the amounts receivable as they are due for settlement at no more than 30 days from the date of recognition. Collectability of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(l) Impairment

The carrying amount of the Authority's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy (i)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal of that previous revaluation with any excess recognised through profit and loss.

(m) Calculation of Recoverable Amount

The recoverable amount of the Authority's investments in held to mature securities and receivables carried at amortised cost is calculated as the present value of estimated future cashflows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cashflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

- (n) **Taxation**
The Authority is exempt from paying income tax.

NOTE 2. REVENUE

Conditional Grants

The Authority received the following grants from Government: 2007: \$26,397 (2006: \$82,136)

Victorian Department of Human Services

A grant of 2007: \$17,272 (2006: \$77,136) was received from the Department for work completed on healthy eating initiatives.

A grant of 2007: \$9,125 (2006: N/A) was received from the Department for the reimbursement of costs of reprinting brochures.

Victorian Department of Industry, Innovation & Regional Development

A grant of 2007: N/A (2006: \$5,000) was received from the Department as a silver sponsorship for the Regional Retailer of the Year awards.

NOTE 3. RESULT FROM ORDINARY ACTIVITIES

	2007	2006
	\$	\$
Results from ordinary activities includes the following specific net gains and expenses		
Net Gains / (Losses)		
Proceeds from sale of property, plant and equipment	216,473	169,144
Written down value of assets disposed	(267,264)	(193,324)
Net gain / (loss) on disposal of property, plant and equipment	(50,971)	(24,180)
Expenses		
Depreciation		
Buildings	8,832,808	5,370,065
Plant and Equipment	263,565	318,445
Total depreciation	9,096,373	5,688,510
Borrowing Costs		
Interest and finance charges paid / payable	121,942	224,981
Employee Benefits		
Leave entitlements	340,893	293,776

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 4. PROVISIONS

	2007	2006
	\$	\$
Current		
Employee benefits (Note 4(a))	<u>613,452</u>	<u>563,132</u>
Non-Current		
Employee benefits (Note 4(b))	<u>32,099</u>	<u>27,914</u>
(a) Current		
All annual leave and LSL entitlements representing > 7 years (2006: > 10 years) of continuous service		
Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	229,166	357,284
Other long-term employee benefits, that do not fall due within 12 months after the end of the period measured at present value	384,286	205,848
	<u>613,452</u>	<u>563,132</u>
(b) Non-Current		
LSL representing < 7 years (2006: < 10 years) of continuous service measured at present value	<u>32,099</u>	<u>27,914</u>

NOTE 5. CASH AND CASH EQUIVALENTS

	2007	2006
	\$	\$
Cash at bank and on hand	686,049	623,240
Short-term deposits with TCV	14,848,075	10,092,073
Funds held in trust	351,925	307,927
	<u>15,886,049</u>	<u>11,023,240</u>

For the purpose of the Cash flow Statement, cash at bank and on hand represents cash at 30 June 2007. Funds held in trust are for tenant bonds and retention monies payable.

Short-term deposits

The deposits are bearing floating interest rates between 6.15% and 6.54% (2006: 5.40% and 5.76%).

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

	2007	2006
	\$	\$
Land		
<i>Freehold land:</i>	59,600,000	59,600,000
At independent valuation 30 June 2006		
	59,600,000	59,600,000
Buildings and improvements		
At independent valuation 30 June 2006	28,640,348	28,640,348
At Cost	587,048	-
Less: Accumulated depreciation	(8,832,809)	-
	20,394,587	28,640,348
Plant and Equipment		
Office Furniture, Plant and Equipment (at cost)	617,764	615,769
Less: Accumulated Depreciation	(576,676)	(552,050)
	41,088	63,719
Market Equipment (at cost)	4,339,082	4,295,534
Less: Accumulated Depreciation	(4,148,086)	(4,085,517)
	190,996	210,017
Computer Equipment (at cost)	1,589,539	1,423,072
Less: Accumulated Depreciation	(1,332,487)	(1,236,512)
	257,052	186,560
Motor Vehicles (at cost)	482,055	510,870
Less: Accumulated Depreciation	(183,126)	(192,648)
	298,929	318,222
Total Plant and Equipment	788,065	778,518
Buildings, Plant and Equipment in the course of construction	116,046	-
Total Property, Plant and Equipment	80,898,698	89,018,866

Valuation of Land & Buildings

The basis of valuation of land and buildings adopted as at 30 June 2006 is fair value being the depreciated current replacement cost of the asset's remaining future economic benefits. The latest revaluations as at 30 June 2006 were based on independent assessments by Urbis Consulting property advisors (Urbis).

In assessing the depreciated replacement cost value of the Land improvements, Urbis did not take into account the impending relocation of the market because it did not occur in the current financial period.

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 6. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

	Freehold land	Buildings	Office Furniture & Equip.	Computer Equip.	Market Equip.	Motor Vehicles	In Course of Const'n	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Year 2007:								
Carrying amount at start of year	59,600	28,640	64	186	210	318	-	89,018
Additions	-	587	2	180	45	307	116	1,237
Disposals	-	-	-	-	(2)	(259)	-	(261)
Revaluation increments/ (decrements)	-	-	-	-	-	-	-	-
Depreciation expense	-	(8,833)	(25)	(109)	(62)	(67)	-	(9096)
Carrying amount at end of year	59,600	20,394	41	257	191	299	116	80,898
Year 2006:								
Carrying amount at start of year	36,700	35,697	67	159	225	345	26	73,219
Additions	-	400	26	126	99	242	-	893
Disposals	-	-	-	-	(1)	(192)	(26)	(219)
Revaluation increments/ (decrements)	22,900	(2,087)	-	-	-	-	-	20,813
Depreciation expense	-	(5,370)	(29)	(99)	(113)	(77)	-	(5,688)
Carrying amount at end of year	59,600	28,640	64	186	210	318	-	89,018

NOTE 7. PAYABLES

	2007	2006
	\$	\$
Trade creditors and sundry accruals	1,206,183	628,708
Rentals in advance	748,127	1,293,454
Tenant bonds and retention monies	351,925	307,927
	2,306,235	2,230,089

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 8. INTEREST BEARING LIABILITIES

	2007	2006
	\$	\$
Current		
Interest bearing liabilities with financial institutions	619,876	1,126,106
	<u>619,876</u>	<u>1,126,106</u>
Non-Current		
Interest bearing liabilities with financial institutions	528,038	1,147,902
	<u>528,038</u>	<u>1,147,902</u>
Aggregate carrying amount of interest bearing liabilities		
Current	619,876	1,126,106
Non-Current	528,038	1,147,902
	<u>1,147,914</u>	<u>2,274,008</u>

NOTE 9. EQUITY AND MOVEMENTS IN EQUITY

	2007	2006
	\$	\$
(a) Reserves		
Asset revaluation reserve - land	22,900,000	22,900,000
	<u>22,900,000</u>	<u>22,900,000</u>
Movements - Land		
Asset revaluation reserve		
Balance at the beginning of the finance year	22,900,000	-
Revaluation increment of freehold land and buildings during the year	-	22,900,000
	<u>22,900,000</u>	<u>22,900,000</u>
Balance 30 June 2007	<u>22,900,000</u>	<u>22,900,000</u>
(b) Contributed Equity		
Balance at the beginning of the financial year	38,165,207	38,165,207
	<u>38,165,207</u>	<u>38,165,207</u>
(c) Accumulated Surplus		
Accumulated surplus at the beginning of the financial year	34,460,313	34,917,157
Net profit / (loss) for the reporting period	(2,180,573)	(456,844)
	<u>32,279,740</u>	<u>34,460,313</u>
Accumulated Surplus at the end of the financial year	<u>32,279,740</u>	<u>34,460,313</u>
Total Equity	<u>93,344,947</u>	<u>95,525,520</u>

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 10. FINANCIAL INSTRUMENTS

(a) Credit Risk Exposures

The amount of credit risk on financial assets of the Authority, which have been recognised on the Balance Sheet, is generally the carrying amount.

(b) Interest Rate Risk Exposures

The Authority's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposure arises predominantly from assets and liabilities bearing variable interest rates as the Authority intends to hold fixed rate assets and liabilities to maturity.

	Notes	Floating Interest Rate \$	1 Year or Less \$	Over 1 to 5 Years \$	Non- Interest Bearing \$	Total \$
Year 2007:						
Financial Assets						
Cash and cash equivalents	5	2,883,317	13,000,000	-	2,732	15,886,049
Receivables		-	-	-	444,906	444,906
		2,883,317	13,000,000	-	447,638	16,330,955
Weighted average interest rate		6.02%	6.27%			
Financial Liabilities						
Trade and other creditors	7	-	-	-	2,306,235	2,306,235
Interest bearing liabilities	8	-	619,876	528,037	-	1,147,913
		-	619,876	528,037	2,306,235	3,454,148
Weighted average interest rate			6.65%	6.87%		
Net financial assets / (liabilities)		2,883,317	12,380,124	(528,037)	(1,858,597)	12,876,807
Year 2006:						
Financial Assets						
Cash and cash equivalents	5	5,520,608	5,500,000	-	2,632	11,023,240
Receivables		-	-	-	358,542	358,542
		5,520,608	5,500,000	-	361,174	11,381,782
Weighted average interest rate		5.42%	5.65%			
Financial Liabilities						
Trade and other creditors	7	-	-	-	2,230,088	2,230,088
Interest bearing liabilities	8	-	1,126,106	1,147,901	-	2,274,007
		-	1,126,106	1,147,901	2,230,088	4,504,095
Weighted average interest rate			6.28%	6.43%		
Net financial assets / (liabilities)		5,520,608	4,373,894	(1,147,901)	(1,868,916)	6,877,687

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 10. FINANCIAL INSTRUMENTS (continued)

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Authority approximates their carrying amounts. These are predominantly short-term in nature.

The carrying amounts and net fair values of financial assets and liabilities at reporting date are:

	2007		2006	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
On - balance sheet financial instruments				
Cash	686,049	686,049	623,240	623,240
Deposits at call	15,200,000	15,200,000	10,400,000	10,400,000
Receivables	444,906	444,906	358,542	358,542
Non - traded financial assets	16,330,955	16,330,955	11,381,782	11,381,782
Financial liabilities				
Trade creditors	472,632	472,632	47,552	47,552
Other creditors	1,833,603	1,833,603	2,182,537	2,182,537
Interest bearing liabilities	1,147,913	1,147,913	2,274,007	2,274,007
Non - traded financial assets	3,454,148	3,454,148	4,504,096	4,504,096

Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to timing of the cash flows. The carrying amounts of bank term deposits, trade debtors, other debtors, accounts payable, bank loans, lease liabilities and employee entitlements approximate net fair value.

Net fair value is exclusive of cost that would be incurred on realisation of an asset, and inclusive of cost, which would be incurred on settlement of a liability.

NOTE 11. MINISTERS AND ACCOUNTABLE OFFICERS

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

Names

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

Minister for Agriculture	The Hon. Robert (Bob) Cameron	1 July 2006 to 28 November 2006
	The Hon. Joe Helper	29 November 2006 to 30 June 2007
Board Chairman	Mr N J Lowe	1 July 2006 to 30 June 2007
Board Member	Mr P R Cleeland	1 July 2006 to 30 June 2007
Board Member	Ms J M Anderson	1 July 2006 to 30 June 2007
Board Member	Ms B Honig	1 July 2006 to 30 June 2007
Board Member	Ms D L Radford	1 July 2006 to 27 April 2007
Chief Executive	Mr E R Penter	1 July 2006 to 13 October 2006
	Mr P G McLennan	19 February 2007 to 30 June 2007

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 11. MINISTERS AND ACCOUNTABLE OFFICERS (continued)

Remuneration

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

\$220,000 - 229,000 (2006: \$220,000 - 229,000)

Persons other than the Accountable Officer:

Income Band	2007	2006
	Number	Number
\$0 - \$9,999	-	-
\$10,000 - \$19,999	3	3
\$20,000 - \$29,999	1	1
\$30,000 - \$39,999	1	1
Total Numbers	5	5
Total Amount	\$107,586	\$110,877

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

Other Transactions

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

NOTE 12. REMUNERATION OF EXECUTIVES

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

(a) Executive Remuneration

Income Band	Total Remuneration		Base Remuneration	
	2007 No.	2006 No.	2007 No.	2006 No.
\$100,000 - 109,999	2	1	1	-
\$110,000 - 119,999	1	-	-	-
\$120,000 - 129,999	-	-	2	2
\$130,000 - 139,999	1	-	2	2
\$140,000 - 149,999	-	3	-	-
\$150,000 - 159,999	2	1	-	-
\$160,000 - 169,999	1	-	-	-
Total numbers	7	5	5	4
Total amount	\$940,948	\$698,467	\$813,200	\$522,367

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 12. REMUNERATION OF EXECUTIVES (continued)

(b) Reconciliation of executive officers

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

Class	All		Ongoing	
	No.	Var	No.	Var
Authority	7	2	7	2
Total	7	2	7	2

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

Class	Male		Female		Vacancies
	No.	Var	No.	Var	
Authority	4	1	3	1	-
Total	4	1	3	1	-

Table 3: Reconciliation of executive numbers

	2007 No.	2006 No.
Executives with remuneration over \$100,000 (Note 12a)	7	5
<i>Add</i> Vacancies (Table 2)	-	-
Executives with total remuneration below \$100,000	-	-
Accountable Officer (Secretary)	1	1
<i>Less</i> Separations	-	-
Total Executive numbers at 30 June 2007	8	6

NOTE 13. REMUNERATION OF AUDITORS

	2007 \$	2006 \$
Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the Authority's financial report:	33,000	38,230
Amounts due and receivable by the Auditor General	33,000	38,230

NOTE 14. COMMITMENTS FOR EXPENDITURE

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

	2007 \$	2006 \$
Not longer than 1 year	2,398,902	3,086,804
Longer than 1 year but less than 5 years	721,847	3,660,881
Longer than 5 years	-	-
	3,120,749	6,747,685

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 15. CONTINGENT LIABILITIES/CONTINGENT ASSETS

As at 30 June 2007 there were no contingent liabilities or assets to report.

NOTE 16. EMPLOYEE ENTITLEMENTS

(a) Government employee's superannuation fund

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

However, superannuation contributions for the reporting period are included as part of salaries and associated costs in the Operating Statement of the Authority.

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

	2007	2006
	\$	\$
Vision Super - Accumulation Fund	281,925	228,448
Vicsuper	84,328	41,136
Colonial Master Fund	20,614	20,412
Vision Super - Defined Benefits Fund	18,378	29,909
Health Super	18,141	14,589
Wealthtrac Superannuation Master Trust	12,973	22,451
MLC Masterkey Superannuation	7,479	6,542
Printing Industry Superannuation Fund	6,269	5,092
Recruitment Services Superannuation Fund	5,189	3,226
ING Masterfund	5,082	3,433
Aust Primary Superannuation Find	4,416	4,024
Health Employees Superannuation Trust Australia	3,818	3,701
AXA Super Directions	1,200	4,270

(b) Number of employees at the reporting date

	2007	2006
	No.	No.
Payroll employees		
Staff	37	41
Board members	4	5
Total	41	46

	2007	2006
	No.	No.
Assumed rate of increase in wage and salary rates	3.00%	3.00%
Discount rate	4.50%	4.75%
Settlement term (years)	10	10
Settlement term (years) pro rata	7	7

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 17. SEGMENT INFORMATION

The Authority operates predominantly in the Victorian Horticultural industry. The Authority's operations and customers are located predominantly in Victoria. The Authority provides landlord services.

NOTE 18. EVENTS OCCURRING AFTER REPORTING DATE

There were no events to report after the reporting date.

NOTE 19. EX-GRATIA PAYMENTS

	2007	2006
	\$	\$
Ex-gratia payments were made to members of the Authority's five advisory committees for reimbursement of office costs	30,000	-
Amounts due and paid to Advisory Committee members	30,000	-

NOTE 20. LEASES RECEIVABLE

Operating leases relate to operating property owned by the Authority with lease terms of between 1 to 5 years, with no option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period.

	2007	2006
	\$	\$
Non-cancellable operating leases receivable		
Not longer than 1 year	9,448,138	9,231,981
Longer than 1 year but less than 5 years	19,610,791	4,615,990
Longer than 5 years	-	-
	29,058,929	13,847,971

NOTE 21. CASHFLOW RECONCILIATION YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
Net Result for the period from ordinary activities	(2,180,573)	(456,844)
Add / (less) items classified as investing / financing activities:		
(Profit) / loss on sale of fixed assets	50,791	24,180
Add / (less) non-cash items:		
Depreciation	9,096,373	5,688,510
Revaluation decrement of buildings	-	2,086,753
	6,966,589	7,342,599

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 21. CASHFLOW RECONCILIATION YEAR ENDED 30 JUNE 2007 (continued)

	2007	2006
	\$	\$
Net cash provided by operating activities before change in assets and liabilities		
(increase) / decrease in receivables	124,771	(148,101)
(increase) / decrease in other assets	-	-
(increase) / decrease in prepayments	5,021	(220,015)
increase / (decrease) in provisions	54,505	9,824
increase / (decrease) in rent in advance	(545,327)	157,069
increase / (decrease) in payables	410,340	(588,303)
increase / (decrease) in other liabilities	-	-
Net cash provided by (used in) operating activities	7,015,899	6,553,073

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

We certify that the attached financial statements for the Melbourne Market Authority have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Cash flow Statement, Statement of Changes in Equity and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2007 and financial position of the Authority as at 30 June 2007.

We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Melbourne Market Authority dated 12th day of September 2007.



N J Lowe
Chairperson



P G McLennan
CEO



D J Coulson
CFO

MELBOURNE MARKET AUTHORITY

DISCLOSURE INDEX

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

Legislation **Requirements** **Page Reference**

MINISTERIAL DIRECTIONS

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Management and structure

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Financial and other information

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Financial Statements

Financial statements required under Part 7 of the FMA

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Other disclosures in notes to the financial statements

FRD 9A	Departmental disclosure of administered assets and liabilities	N/A
FRD 11	Disclosure of ex-gratia payments	58
FRD 13	Disclosure of parliamentary appropriations	N/A
FRD 21A	Responsible person and executive officer disclosures	N/A

FINANCE REPORT



SIGNIFICANT ISSUES

There were no items of a significant nature that affected the Market finances during the year.

EVENTS SUBSEQUENT TO BALANCE DATE

See Note 18 to the annual accounts.

INCOME

There has been a minor increase in revenue for the year and the key changes are highlighted below:

Total Revenue \$18.6 million
+ \$508,609 (+2.8%)

The following items contributed to the movement in revenue:-

INVESTMENT INCOME
+ \$356,289 (+71%)

This has resulted from an increase in available funds for investment and increased rates of interest on investments during the year.

RENTAL INCOME
+ \$330,514 (+1.9%)

These increases have resulted from the annual CPI increases to property rentals, assignment fee revenues from the transfer of leases between market tenants, and additional land rentals.

PROCEEDS FROM SALE OF PROPERTY PLANT AND EQUIPMENT
+ \$47,329 (+28%)

Due mainly to an increase in the number of motor vehicles traded in or sold during the year.

EXPENDITURE

Increases in expenses for the year and the key changes are highlighted below:

Total Expenses \$20,799,468
+ \$2,232,338 (+12%)

DEPRECIATION
+ \$3,407,863 (+59%)

The increase in depreciation is due the accelerated depreciation of buildings resulting from the anticipated relocation of the market.

BUILDING REVALUATION
-\$2,086,753 (-100%)

There was no revaluation of assets completed during the year.

FINANCE REPORT CONTINUED

OPERATING EXPENSES + \$767,244 (+11%)

Major increases in operating expenses include:

Maintenance expenses	\$118,000	Professional services	\$203,000
Cleaning and security	\$99,000	Legal expenses	\$76,000
Marketing	\$218,000		

EMPLOYEE BENEFITS AND EXPENSES + \$252,205 (+7.1%)

The increased salary cost during the year reflects the change in vesting of long service leave from 10 years to 7 years and annual salary increases.

BORROWING COSTS - \$103,039 (-46%)

The reduction in borrowing costs reflect the overall reduction in debt from one year to the next.

SIX YEAR FINANCIAL SUMMARY

	2007	2006	2005	2004	2003	2002
	\$000	\$000	\$000	\$000	\$000	\$000
Revenue from government	26	82	5	5	5	770
Other revenue	18,593	18,028	16,942	16,118	15,465	14,545
Total revenue	18,619	18,110	16,947	16,123	15,470	15,315
Net operating result	(2,180)	(457)	3,966	2,989	1,037	(9,659)
Net cashflow from operating	7,016	6,553	7,420	5,704	2,707	1,402
Total assets	97,444	110,620	80,435	77,097	78,943	67,019
Total liabilities	4,099	5,095	7,354	7,982	12,817	15,369

BUDGET PERFORMANCE

MMA'S CORPORATE PERFORMANCE 2006/07

The Melbourne Market Authority uses the Balanced Scorecard as a means of measuring corporate performance across a range of financial and non-financial performance areas including:

- Return on Net Assets.
- Performance against Revenue and Expense budgets.
- Customer Retention and Customer Usage of the markets.
- Property Utilisation Rates.
- Process Improvement Savings.
- Employee Absenteeism and Accrued Leave.

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

For the full year 2006/07, the MMA Scorecard performance index was 105%, which means that in the aggregate the Authority exceeded financial and non-financial performance targets by 5%.

FINANCE REPORT CONTINUED



DISCLOSURE REQUIREMENTS

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

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

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

The Authority complies with the *Freedom of Information Act* and has appointed Freedom of Information Officer - Yogi Pillay. No Freedom of Information requests were received during the year.

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

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

The Authority will provide other information as required on request.

The Authority's investments are held by Treasury Corporation of Victoria.

No tenders, subject to the *Victorian Industry Participation Policy Act 2003*, were processed during the year.

FINANCE AND AUDIT COMMITTEE

Membership comprises:

D L Radford	1 July 2006 – 27 April 2007
B Honig	1 July 2006 – 30 June 2007
J Anderson	1 July 2006 – 30 June 2007

REMUNERATION SUB-COMMITTEE

Membership comprises:

N J Lowe	1 July 2006 – 30 June 2007
P R Cleeland	1 July 2006 – 30 June 2007

CONSULTING FEES

There were 16 consultancies of less than \$100,000 each, which totaled \$500,767.

CONTRACTING FEES

There were no major contracts operating during the year.

There were 7 contracts totaling \$3,320,397 with individual costs > \$100,000 each and 25 contracts totaling \$851,066 with individual costs < \$100,000 each.

FINANCE REPORT CONTINUED

ACKNOWLEDGEMENTS

The Authority gratefully acknowledges the continued support of the Department of Primary Industries and other Government Agencies.

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

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

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

Yours sincerely,

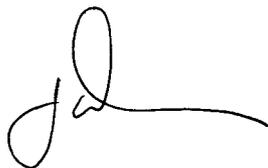
MEMBERS OF THE AUTHORITY



N J Lowe, Chairperson



P R Cleeland, Member



J Anderson, Member



B Honig, Member



INDEPENDENT AUDIT REPORT

Melbourne Market Authority

To the Members of the Parliament of Victoria and Members of the Board of the Authority

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report for the financial year ended 30 June 2007 relates to the financial report of the Melbourne Market Authority included on its web site. The Board of the Melbourne Market Authority is responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

The Financial Report

The accompanying financial report for the year ended 30 June 2007 of the Melbourne Market Authority which comprises the operating statement, balance sheet, cash flow statement, statement of changes in equity, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the chairperson's, accountable officer's and chief financial officer's declaration has been audited.

The Responsibility of the Members of Board for the Financial Report

The Members of the Board of the Melbourne Market Authority are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the Board Members' preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

Independent Audit Report (continued)

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

Independence

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Melbourne Market Authority as at 30 June 2007 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act* 1994.

MELBOURNE
13 September 2007



D.D.R. Pearson
Auditor-General

MELBOURNE MARKET AUTHORITY

Operating Statement for the year ended 30 June 2007

		2007	2006
	Notes	\$	\$
Revenue from ordinary activities			
Rental income		17,253,511	16,922,997
Interest on investments		858,241	501,952
Other revenue		480,746	603,201
Revenue from government	2	26,397	82,136
		18,618,895	18,110,286
Expenses from ordinary activities			
Employee benefits expense		(3,824,365)	(3,572,160)
Depreciation expense	1(g), 3	(9,096,373)	(5,688,510)
Revaluation decrement - Buildings		-	(2,086,753)
Grants and other payments to service providers		(93,318)	(125,111)
Supplies and services		(7,612,679)	(6,845,435)
Net gain (loss) on disposal of Property, Plant & Equipment	3	(50,791)	(24,180)
Borrowing costs expenses	3	(121,942)	(224,981)
		(20,799,468)	(18,567,130)
Net Result for the period	9(c)	(2,180,573)	(456,844)

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

MELBOURNE MARKET AUTHORITY

Balance Sheet as at 30 June 2007

	Notes	2007 \$	2006 \$
Current Assets			
Cash and cash equivalents	5	15,886,049	11,023,240
Receivables	10(b)	444,906	358,542
Prepayments		214,994	220,015
Total Current Assets		16,545,949	11,601,797
Non-Current Assets			
Property, plant and equipment	6	80,898,698	89,018,866
Total Non-Current Assets		80,898,698	89,018,866
Total Assets		97,444,647	100,620,663
Current Liabilities			
Payables	7	2,306,235	2,230,089
Interest bearing liabilities	8	619,876	1,126,106
Employee entitlements	4	613,452	563,132
Total Current Liabilities		3,539,563	3,919,327
Non-Current Liabilities			
Interest bearing liabilities	8	528,038	1,147,902
Employee entitlements	4	32,099	27,914
Total Non-Current Liabilities		560,137	1,175,816
Total Liabilities		4,099,700	5,095,143
Net Assets		93,344,947	95,525,520
Equity			
Reserves	9(a)	22,900,000	22,900,000
Contributed Equity	9(b)	38,165,207	38,165,207
Accumulated Profit	9(c)	32,279,740	34,460,313
Total Equity	9	93,344,947	95,525,520
Contingent Liabilities and Contingent Assets	15		
Commitments for Expenditure	14		

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

MELBOURNE MARKET AUTHORITY

Cash flow Statement for the year ended 30 June 2007

		2007	2006
	Notes	\$	\$
Cashflows from operating activities			
Receipts from government	2	26,297	82,136
Receipts from customers		17,343,569	17,535,166
Interest income received		647,108	501,952
Payments to suppliers and employees		(10,877,490)	(11,341,200)
Borrowing cost expense		(123,685)	(224,981)
Net cash provided by (used in) operating activities	21	7,015,899	6,553,073
Cashflows from investing activities			
Payment for property, plant and equipment		(1,243,469)	(893,392)
Proceeds from sale of plant and equipment	3	216,473	169,144
Net cash provided by (used in) investing activities		(1,026,996)	(724,248)
Cashflows from financing activities			
Repayment of borrowings		(1,126,094)	(1,811,492)
Net cash used in financing activities		(1,126,094)	(1,811,492)
Net increase in cash held		4,862,809	4,017,333
Cash and cash equivalents at beginning of the year		11,023,240	7,005,907
Cash and cash equivalents at end of the year	5	15,886,049	11,023,240

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

MELBOURNE MARKET AUTHORITY

Statement of Changes in Equity as at 30 June 2007

		2007	2006
	Notes	\$	\$
Gain on property revaluation		-	22,900,000
Net income recognised directly in equity	9(a)	-	22,900,000
Net result for the period		(2,180,573)	(456,844)
Total recognised income and expense for the period		(2,180,573)	22,443,156

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

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Notes to Financial Statements 30 June 2007

NOTE 1. SUMMARY OF ACCOUNTING POLICIES

Statement of Compliance

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards, Interpretations and other mandatory professional requirements. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS').

The financial statements were authorised for issue by D J Coulson (Chief Finance and Accounting Officer, Melbourne Market Authority) on 12th September 2007.

Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of A-IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed throughout the notes in the financial statements.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2007 and the comparative information presented in these financial statements for the year ended 30 June 2006.

(a) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cashflows are included in the cashflow statement on a gross basis. The GST component of cashflows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cashflows.

(b) Interest Bearing Liabilities

Interest bearing liabilities are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, interest bearing liabilities 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.

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

(c) **Borrowing Costs**

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings.

(d) **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within interest bearing liabilities in current liabilities in the balance sheet.

(e) **Employee Benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement and are recognised as current liabilities.

Provision is made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Authority in respect of services provided by employees up to reporting date. These provisions are recognised as non-current liabilities.

Regardless of the expected timing of settlement, provisions made in respect of employee benefits are classified as a current liability unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability. Provisions made for annual leave and unconditional long service leave would be classified as a current liability where the employee has a present entitlement to the benefit.

A non-current liability would include long service leave entitlements accrued for employees with less than 7 years (2006: 10 years) of continuous service.

(f) **Financial Assets**

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

The Authority classifies its other investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Held-to-Maturity Investments

Where the Authority has the positive intent and ability to hold investments to maturity, they are stated at amortised cost less impairment losses.

(ii) Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment.

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

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

(g) Property Plant and Equipment

(i) Owned Assets

Land and buildings are measured at fair value. Plant, equipment and vehicles are measured at cost less accumulated depreciation.

(ii) Non-current assets constructed by the Authority

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

(iii) Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each item of property plant and equipment. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The useful life of buildings has been reduced to 3 years to reflect expected cessation of market operations at the West Melbourne site in 2010. The following estimated useful lives are used in the calculation of depreciation:

	Depreciation Rates		Useful Life	
	2007	2006	2007	2006
Buildings	33%	25%	3 years	4 years
Computer Equipment	33%	33%	3 years	3 years
Motor Vehicles	17.5%	17.5%	6 years	6 years
Software	33% to 40%	33% to 40%	2.5 to 3 years	2.5 to 3 years
Market Equipment	17.5%	17.5%	6 years	6 years
Office Furniture	5% to 17%	5% to 17%	6 to 20 years	6 to 20 years

(iv) Revaluations of Non-Current Assets

Non-current physical assets measured at fair value are revalued with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value. This revaluation process normally occurs every three years.

Revaluation increments are credited directly to equity in the revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised as income in determining the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation reserves are not transferred to accumulated surplus on derecognition of the relevant asset.

(h) Payables

Payables are recognised when the Authority becomes obliged to make future payments resulting from the purchase of goods and services.

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

(i) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

(j) Revenue Recognition

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(k) Comparative Information - Financial Instruments

The accounting policies applied to accounting for financial instruments in the current financial year are detailed in notes 1(b), 1(d), 1(f) and 1(h). The following accounting policies were applied to accounting for financial instruments in the comparative financial year:

(i) Payables

Payables represent liabilities for goods and services provided to the Authority prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(ii) Interest Bearing Liabilities

Loans are carried at historical cost. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(iii) Receivables

All debtors are recognised at the amounts receivable as they are due for settlement at no more than 30 days from the date of recognition. Collectability of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(l) Impairment

The carrying amount of the Authority's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy (i)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal of that previous revaluation with any excess recognised through profit and loss.

(m) Calculation of Recoverable Amount

The recoverable amount of the Authority's investments in held to mature securities and receivables carried at amortised cost is calculated as the present value of estimated future cashflows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cashflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

- (n) **Taxation**
The Authority is exempt from paying income tax.

NOTE 2. REVENUE

Conditional Grants

The Authority received the following grants from Government: 2007: \$26,397 (2006: \$82,136)

Victorian Department of Human Services

A grant of 2007: \$17,272 (2006: \$77,136) was received from the Department for work completed on healthy eating initiatives.

A grant of 2007: \$9,125 (2006: N/A) was received from the Department for the reimbursement of costs of reprinting brochures.

Victorian Department of Industry, Innovation & Regional Development

A grant of 2007: N/A (2006: \$5,000) was received from the Department as a silver sponsorship for the Regional Retailer of the Year awards.

NOTE 3. RESULT FROM ORDINARY ACTIVITIES

	2007	2006
	\$	\$
Results from ordinary activities includes the following specific net gains and expenses		
Net Gains / (Losses)		
Proceeds from sale of property, plant and equipment	216,473	169,144
Written down value of assets disposed	(267,264)	(193,324)
Net gain / (loss) on disposal of property, plant and equipment	(50,971)	(24,180)
Expenses		
Depreciation		
Buildings	8,832,808	5,370,065
Plant and Equipment	263,565	318,445
Total depreciation	9,096,373	5,688,510
Borrowing Costs		
Interest and finance charges paid / payable	121,942	224,981
Employee Benefits		
Leave entitlements	340,893	293,776

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 4. PROVISIONS

	2007	2006
	\$	\$
Current		
Employee benefits (Note 4(a))	<u>613,452</u>	<u>563,132</u>
Non-Current		
Employee benefits (Note 4(b))	<u>32,099</u>	<u>27,914</u>
(a) Current		
All annual leave and LSL entitlements representing > 7 years (2006: > 10 years) of continuous service		
Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	229,166	357,284
Other long-term employee benefits, that do not fall due within 12 months after the end of the period measured at present value	384,286	205,848
	<u>613,452</u>	<u>563,132</u>
(b) Non-Current		
LSL representing < 7 years (2006: < 10 years) of continuous service measured at present value	<u>32,099</u>	<u>27,914</u>

NOTE 5. CASH AND CASH EQUIVALENTS

	2007	2006
	\$	\$
Cash at bank and on hand	686,049	623,240
Short-term deposits with TCV	14,848,075	10,092,073
Funds held in trust	351,925	307,927
	<u>15,886,049</u>	<u>11,023,240</u>

For the purpose of the Cash flow Statement, cash at bank and on hand represents cash at 30 June 2007. Funds held in trust are for tenant bonds and retention monies payable.

Short-term deposits

The deposits are bearing floating interest rates between 6.15% and 6.54% (2006: 5.40% and 5.76%).

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

	2007	2006
	\$	\$
Land		
<i>Freehold land:</i>	59,600,000	59,600,000
At independent valuation 30 June 2006		
	59,600,000	59,600,000
Buildings and improvements		
At independent valuation 30 June 2006	28,640,348	28,640,348
At Cost	587,048	-
Less: Accumulated depreciation	(8,832,809)	-
	20,394,587	28,640,348
Plant and Equipment		
Office Furniture, Plant and Equipment (at cost)	617,764	615,769
Less: Accumulated Depreciation	(576,676)	(552,050)
	41,088	63,719
Market Equipment (at cost)	4,339,082	4,295,534
Less: Accumulated Depreciation	(4,148,086)	(4,085,517)
	190,996	210,017
Computer Equipment (at cost)	1,589,539	1,423,072
Less: Accumulated Depreciation	(1,332,487)	(1,236,512)
	257,052	186,560
Motor Vehicles (at cost)	482,055	510,870
Less: Accumulated Depreciation	(183,126)	(192,648)
	298,929	318,222
Total Plant and Equipment	788,065	778,518
Buildings, Plant and Equipment in the course of construction	116,046	-
Total Property, Plant and Equipment	80,898,698	89,018,866

Valuation of Land & Buildings

The basis of valuation of land and buildings adopted as at 30 June 2006 is fair value being the depreciated current replacement cost of the asset's remaining future economic benefits. The latest revaluations as at 30 June 2006 were based on independent assessments by Urbis Consulting property advisors (Urbis).

In assessing the depreciated replacement cost value of the Land improvements, Urbis did not take into account the impending relocation of the market because it did not occur in the current financial period.

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 6. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

	Freehold land	Buildings	Office Furniture & Equip.	Computer Equip.	Market Equip.	Motor Vehicles	In Course of Const'n	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Year 2007:								
Carrying amount at start of year	59,600	28,640	64	186	210	318	-	89,018
Additions	-	587	2	180	45	307	116	1,237
Disposals	-	-	-	-	(2)	(259)	-	(261)
Revaluation increments/ (decrements)	-	-	-	-	-	-	-	-
Depreciation expense	-	(8,833)	(25)	(109)	(62)	(67)	-	(9096)
Carrying amount at end of year	59,600	20,394	41	257	191	299	116	80,898
Year 2006:								
Carrying amount at start of year	36,700	35,697	67	159	225	345	26	73,219
Additions	-	400	26	126	99	242	-	893
Disposals	-	-	-	-	(1)	(192)	(26)	(219)
Revaluation increments/ (decrements)	22,900	(2,087)	-	-	-	-	-	20,813
Depreciation expense	-	(5,370)	(29)	(99)	(113)	(77)	-	(5,688)
Carrying amount at end of year	59,600	28,640	64	186	210	318	-	89,018

NOTE 7. PAYABLES

	2007	2006
	\$	\$
Trade creditors and sundry accruals	1,206,183	628,708
Rentals in advance	748,127	1,293,454
Tenant bonds and retention monies	351,925	307,927
	2,306,235	2,230,089

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 8. INTEREST BEARING LIABILITIES

	2007	2006
	\$	\$
Current		
Interest bearing liabilities with financial institutions	619,876	1,126,106
	<u>619,876</u>	<u>1,126,106</u>
Non-Current		
Interest bearing liabilities with financial institutions	528,038	1,147,902
	<u>528,038</u>	<u>1,147,902</u>
Aggregate carrying amount of interest bearing liabilities		
Current	619,876	1,126,106
Non-Current	528,038	1,147,902
	<u>1,147,914</u>	<u>2,274,008</u>

NOTE 9. EQUITY AND MOVEMENTS IN EQUITY

	2007	2006
	\$	\$
(a) Reserves		
Asset revaluation reserve - land	22,900,000	22,900,000
	<u>22,900,000</u>	<u>22,900,000</u>
Movements - Land		
Asset revaluation reserve		
Balance at the beginning of the finance year	22,900,000	-
Revaluation increment of freehold land and buildings during the year	-	22,900,000
	<u>22,900,000</u>	<u>22,900,000</u>
Balance 30 June 2007	<u>22,900,000</u>	<u>22,900,000</u>
(b) Contributed Equity		
Balance at the beginning of the financial year	38,165,207	38,165,207
	<u>38,165,207</u>	<u>38,165,207</u>
(c) Accumulated Surplus		
Accumulated surplus at the beginning of the financial year	34,460,313	34,917,157
Net profit / (loss) for the reporting period	(2,180,573)	(456,844)
	<u>32,279,740</u>	<u>34,460,313</u>
Accumulated Surplus at the end of the financial year	<u>32,279,740</u>	<u>34,460,313</u>
Total Equity	<u>93,344,947</u>	<u>95,525,520</u>

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 10. FINANCIAL INSTRUMENTS

(a) Credit Risk Exposures

The amount of credit risk on financial assets of the Authority, which have been recognised on the Balance Sheet, is generally the carrying amount.

(b) Interest Rate Risk Exposures

The Authority's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposure arises predominantly from assets and liabilities bearing variable interest rates as the Authority intends to hold fixed rate assets and liabilities to maturity.

	Notes	Floating Interest Rate \$	1 Year or Less \$	Over 1 to 5 Years \$	Non-Interest Bearing \$	Total \$
Year 2007:						
Financial Assets						
Cash and cash equivalents	5	2,883,317	13,000,000	-	2,732	15,886,049
Receivables		-	-	-	444,906	444,906
		2,883,317	13,000,000	-	447,638	16,330,955
Weighted average interest rate		6.02%	6.27%			
Financial Liabilities						
Trade and other creditors	7	-	-	-	2,306,235	2,306,235
Interest bearing liabilities	8	-	619,876	528,037	-	1,147,913
		-	619,876	528,037	2,306,235	3,454,148
Weighted average interest rate			6.65%	6.87%		
Net financial assets / (liabilities)		2,883,317	12,380,124	(528,037)	(1,858,597)	12,876,807
Year 2006:						
Financial Assets						
Cash and cash equivalents	5	5,520,608	5,500,000	-	2,632	11,023,240
Receivables		-	-	-	358,542	358,542
		5,520,608	5,500,000	-	361,174	11,381,782
Weighted average interest rate		5.42%	5.65%			
Financial Liabilities						
Trade and other creditors	7	-	-	-	2,230,088	2,230,088
Interest bearing liabilities	8	-	1,126,106	1,147,901	-	2,274,007
		-	1,126,106	1,147,901	2,230,088	4,504,095
Weighted average interest rate			6.28%	6.43%		
Net financial assets / (liabilities)		5,520,608	4,373,894	(1,147,901)	(1,868,916)	6,877,687

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 10. FINANCIAL INSTRUMENTS (continued)

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Authority approximates their carrying amounts. These are predominantly short-term in nature.

The carrying amounts and net fair values of financial assets and liabilities at reporting date are:

	2007		2006	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
On - balance sheet financial instruments				
Cash	686,049	686,049	623,240	623,240
Deposits at call	15,200,000	15,200,000	10,400,000	10,400,000
Receivables	444,906	444,906	358,542	358,542
Non - traded financial assets	16,330,955	16,330,955	11,381,782	11,381,782
Financial liabilities				
Trade creditors	472,632	472,632	47,552	47,552
Other creditors	1,833,603	1,833,603	2,182,537	2,182,537
Interest bearing liabilities	1,147,913	1,147,913	2,274,007	2,274,007
Non - traded financial assets	3,454,148	3,454,148	4,504,096	4,504,096

Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to timing of the cash flows. The carrying amounts of bank term deposits, trade debtors, other debtors, accounts payable, bank loans, lease liabilities and employee entitlements approximate net fair value.

Net fair value is exclusive of cost that would be incurred on realisation of an asset, and inclusive of cost, which would be incurred on settlement of a liability.

NOTE 11. MINISTERS AND ACCOUNTABLE OFFICERS

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

Names

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

Minister for Agriculture	The Hon. Robert (Bob) Cameron	1 July 2006 to 28 November 2006
	The Hon. Joe Helper	29 November 2006 to 30 June 2007
Board Chairman	Mr N J Lowe	1 July 2006 to 30 June 2007
Board Member	Mr P R Cleeland	1 July 2006 to 30 June 2007
Board Member	Ms J M Anderson	1 July 2006 to 30 June 2007
Board Member	Ms B Honig	1 July 2006 to 30 June 2007
Board Member	Ms D L Radford	1 July 2006 to 27 April 2007
Chief Executive	Mr E R Penter	1 July 2006 to 13 October 2006
	Mr P G McLennan	19 February 2007 to 30 June 2007

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 11. MINISTERS AND ACCOUNTABLE OFFICERS (continued)

Remuneration

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

\$220,000 - 229,000 (2006: \$220,000 - 229,000)

Persons other than the Accountable Officer:

Income Band	2007	2006
	Number	Number
\$0 - \$9,999	-	-
\$10,000 - \$19,999	3	3
\$20,000 - \$29,999	1	1
\$30,000 - \$39,999	1	1
Total Numbers	5	5
Total Amount	\$107,586	\$110,877

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

Other Transactions

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

NOTE 12. REMUNERATION OF EXECUTIVES

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

(a) Executive Remuneration

Income Band	Total Remuneration		Base Remuneration	
	2007 No.	2006 No.	2007 No.	2006 No.
\$100,000 - 109,999	2	1	1	-
\$110,000 - 119,999	1	-	-	-
\$120,000 - 129,999	-	-	2	2
\$130,000 - 139,999	1	-	2	2
\$140,000 - 149,999	-	3	-	-
\$150,000 - 159,999	2	1	-	-
\$160,000 - 169,999	1	-	-	-
Total numbers	7	5	5	4
Total amount	\$940,948	\$698,467	\$813,200	\$522,367

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 12. REMUNERATION OF EXECUTIVES (continued)

(b) Reconciliation of executive officers

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

Class	All		Ongoing	
	No.	Var	No.	Var
Authority	7	2	7	2
Total	7	2	7	2

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

Class	Male		Female		Vacancies
	No.	Var	No.	Var	
Authority	4	1	3	1	-
Total	4	1	3	1	-

Table 3: Reconciliation of executive numbers

	2007 No.	2006 No.
Executives with remuneration over \$100,000 (Note 12a)	7	5
Add Vacancies (Table 2)	-	-
Executives with total remuneration below \$100,000	-	-
Accountable Officer (Secretary)	1	1
Less Separations	-	-
Total Executive numbers at 30 June 2007	8	6

NOTE 13. REMUNERATION OF AUDITORS

	2007 \$	2006 \$
Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the Authority's financial report:	33,000	38,230
Amounts due and receivable by the Auditor General	33,000	38,230

NOTE 14. COMMITMENTS FOR EXPENDITURE

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

	2007 \$	2006 \$
Not longer than 1 year	2,398,902	3,086,804
Longer than 1 year but less than 5 years	721,847	3,660,881
Longer than 5 years	-	-
	3,120,749	6,747,685

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 15. CONTINGENT LIABILITIES/CONTINGENT ASSETS

As at 30 June 2007 there were no contingent liabilities or assets to report.

NOTE 16. EMPLOYEE ENTITLEMENTS

(a) Government employee's superannuation fund

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

However, superannuation contributions for the reporting period are included as part of salaries and associated costs in the Operating Statement of the Authority.

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

	2007	2006
	\$	\$
Vision Super - Accumulation Fund	281,925	228,448
Vicsuper	84,328	41,136
Colonial Master Fund	20,614	20,412
Vision Super - Defined Benefits Fund	18,378	29,909
Health Super	18,141	14,589
Wealthtrac Superannuation Master Trust	12,973	22,451
MLC Masterkey Superannuation	7,479	6,542
Printing Industry Superannuation Fund	6,269	5,092
Recruitment Services Superannuation Fund	5,189	3,226
ING Masterfund	5,082	3,433
Aust Primary Superannuation Find	4,416	4,024
Health Employees Superannuation Trust Australia	3,818	3,701
AXA Super Directions	1,200	4,270

(b) Number of employees at the reporting date

	2007	2006
	No.	No.
Payroll employees		
Staff	37	41
Board members	4	5
Total	41	46

	2007	2006
	No.	No.
Assumed rate of increase in wage and salary rates	3.00%	3.00%
Discount rate	4.50%	4.75%
Settlement term (years)	10	10
Settlement term (years) pro rata	7	7

MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

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NOTE 17. SEGMENT INFORMATION

The Authority operates predominantly in the Victorian Horticultural industry. The Authority's operations and customers are located predominantly in Victoria. The Authority provides landlord services.

NOTE 18. EVENTS OCCURRING AFTER REPORTING DATE

There were no events to report after the reporting date.

NOTE 19. EX-GRATIA PAYMENTS

	2007	2006
	\$	\$
Ex-gratia payments were made to members of the Authority's five advisory committees for reimbursement of office costs	30,000	-
Amounts due and paid to Advisory Committee members	30,000	-

NOTE 20. LEASES RECEIVABLE

Operating leases relate to operating property owned by the Authority with lease terms of between 1 to 5 years, with no option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period.

	2007	2006
	\$	\$
Non-cancellable operating leases receivable		
Not longer than 1 year	9,448,138	9,231,981
Longer than 1 year but less than 5 years	19,610,791	4,615,990
Longer than 5 years	-	-
	29,058,929	13,847,971

NOTE 21. CASHFLOW RECONCILIATION YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
Net Result for the period from ordinary activities	(2,180,573)	(456,844)
Add / (less) items classified as investing / financing activities:		
(Profit) / loss on sale of fixed assets	50,791	24,180
Add / (less) non-cash items:		
Depreciation	9,096,373	5,688,510
Revaluation decrement of buildings	-	2,086,753
	6,966,589	7,342,599

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MELBOURNE MARKET AUTHORITY

Notes to Financial Statements 30 June 2007 (continued)

NOTE 21. CASHFLOW RECONCILIATION YEAR ENDED 30 JUNE 2007 (continued)

	2007	2006
	\$	\$
Net cash provided by operating activities before change in assets and liabilities		
(increase) / decrease in receivables	124,771	(148,101)
(increase) / decrease in other assets	-	-
(increase) / decrease in prepayments	5,021	(220,015)
increase / (decrease) in provisions	54,505	9,824
increase / (decrease) in rent in advance	(545,327)	157,069
increase / (decrease) in payables	410,340	(588,303)
increase / (decrease) in other liabilities	-	-
Net cash provided by (used in) operating activities	7,015,899	6,553,073

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

We certify that the attached financial statements for the Melbourne Market Authority have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Cash flow Statement, Statement of Changes in Equity and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2007 and financial position of the Authority as at 30 June 2007.

We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Melbourne Market Authority dated 12th day of September 2007.



N J Lowe
Chairperson



P G McLennan
CEO



D J Coulson
CFO

MELBOURNE MARKET AUTHORITY

DISCLOSURE INDEX

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

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