



*melbourne market authority  
annual report 2000 - 2001*





# While the city still sleeps...

Growers, wholesalers and retailers converge on the Melbourne Markets to undertake the important task of marketing and distributing thousands of tonnes of fresh produce to shops, restaurants, hotels and processors. This massive exercise involves 700 forklifts, 1,500 trucks and an average of 2,000 people each morning the market operates.

melbourne market authority



annual report 2000-2001



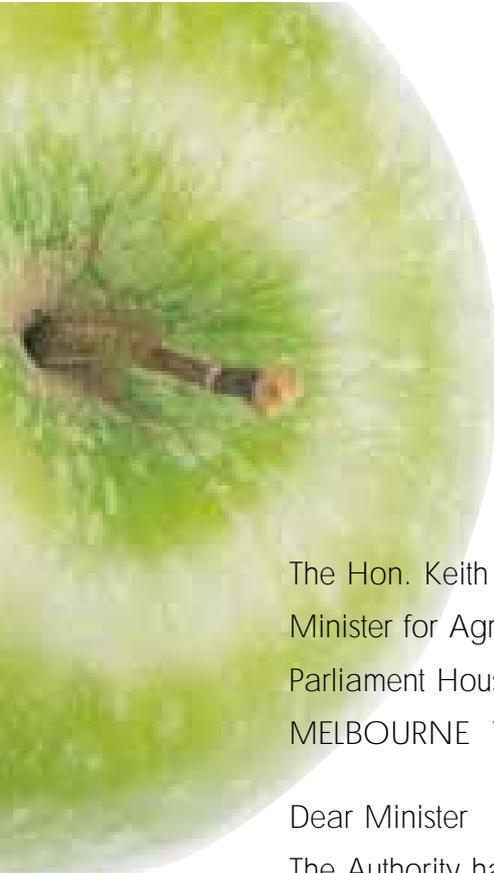
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## fresh chain limited

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The Hon. Keith Hamilton  
Minister for Agriculture and Aboriginal Affairs  
Parliament House  
MELBOURNE VIC 3000

Dear Minister

The Authority has pleasure in submitting its Annual Report for the year ended 30 June 2001.

The Melbourne Market Authority, established on 21 December 1993, has now been managing the Melbourne Markets for seven and one half years. This Report covers the activities of the Authority for the period from 1 July 2000 to 30 June 2001.

The current Board commenced its three year term on 21 April 2000 and this Report covers its first full year of operation. 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. Much has been achieved during the year and I commend this Report to you.

Yours sincerely

A handwritten signature in black ink that reads 'Geoff Webb'.

GEOFF WEBB  
Chairperson





Geoff Webb



Diana Duck



Maurice Pitard



Virginia Falls



John Cook



## membership of the authority

The Melbourne Market Authority is established under the Melbourne Market Authority Act 1977 and reports to the Minister for Agriculture and Aboriginal Affairs, the Hon. Keith Hamilton.

There are five members of the Authority, each appointed by the Governor-in-Council under the provisions of the Melbourne Market Authority Act 1977.

All members are nominated by the Minister for Agriculture and Aboriginal Affairs.

Geoff Webb (Chairperson), Diana Duck, Maurice Pitard, Virginia Falls and John Cook were appointed to the Board on 21 April 2000.

Term of Appointment: 21 April 2000 – 20 April 2003.

Appointment details and attendance at monthly and special meetings was as follows:

Name	Meetings Attended 2000/2001	No. of Meetings Held 2000/2001
Geoff Webb	12	12
Diana Duck	11	12
Maurice Pitard	11	12
Virginia Falls	12	12
John Cook	11	12



# objects and functions of the authority

The objects and functions of the Authority as defined in the Melbourne Market Authority Act 1977 are as follows:

## objects

- 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;
- To do all things the Authority is authorised or required to do by or under this or any other Act or law.

# advisory committees

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

New members were appointed for a three year term commencing 21 April 2000.

Advisory Committees met and consulted in accordance with the requirements of the Act to meet a minimum of 4 times per year.

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

<b>Fruit &amp; Vegetable Growers Advisory Committee</b>	<b>Fruit &amp; Vegetable Wholesalers Advisory Committee</b>	<b>Fruit &amp; Vegetable Retailers Advisory Committee</b>	<b>Flower Growers Advisory Committee</b>	<b>Florists Advisory Committee</b>
Mr Mark Paganoni (Chairperson)	Mr Robert Millis (Chairperson)	Mr Tony Mecca (Chairperson)	Mr Geoff Maguire (Chairperson)	Ms Jane Price (Chairperson)
Mr Alec Berias	Mr Vince Brancatisano	Mr Aldo Basile	Mr Nick Ambatzidis	Ms Donna Bloomfield
Mr Michael Crea	Mr Gary McClintock	Ms Dianne Harvey	John Boon	Ms Francine Rizza
Mr Frank Tropeano	Mr Greg Lamanna	Ms Barbara Hutton	Mr Pat Caminiti	Ms Lyn Sulton
Mr David Wallace	Mr Anthony Pirera	Mr Julian Russo	Mr Joe Zappia	Ms Cristina Varrasso
Mr Nick Alabakis*	Mr Dizney Crombie*	Mr John Chapman*	Mr John Osmelak*	Mr Bruce Grey*
Mr Ian McLachlan*	Mr Alan Guy*	Mr Alan Gange*	Mr Michael Spyrou*	
Mr Len O'Connor*	Mr Peter Silk*	Mr John Psarakos*		
	Mr Tim Varapodio*			*Observer

**4** chief executive officer

Bob Penter

**5** melbourne market authority

Board Members

Geoff Webb

Diana Duck

Maurice Pitard

Virginia Falls

John Cook

**3** management team

Manager, Market Operations

B Kirby

Director, Finance & Administration

P McLennan

Director, Legal & Commercial

Y Pillay

Director, Planning & Systems

G Smith

Director, Marketing & Promotions

M Stewart

Director, Site Engineering

D Traficante

**2** support staff

Finance & Administration

Site Engineering

Market Operations

Legal & Commercial

Marketing & Promotions

Planning & Systems

**1** customers

Fruit and Vegetable Growers, Wholesalers and Retailers

Flower Growers, Wholesalers and Retailers

organisational structure

# vision statement

To operate a wholesale market that is recognised for its excellence and industry leadership, and which is a preferred venue for the sale and distribution of fresh produce and flowers.

## mission

To provide quality facilities and services that support sales, distribution and value-adding of fresh produce and flowers.

## values

The Melbourne Market Authority is a values-based organisation. The way in which our shareholder, customers, suppliers and the people of Victoria are treated is governed by these values. These values also govern how we treat one another within the Melbourne Market Authority. The values are supported by a Code of Conduct and are incorporated into everything that we do.

Our values govern the way in which we recruit, train, appraise and recognise all employees, and the way in which we plan and manage our responsibilities. The values that guide the Melbourne Market Authority are:

## 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, 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 & cooperation

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 and 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 facts and information. Research and analysis are 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.

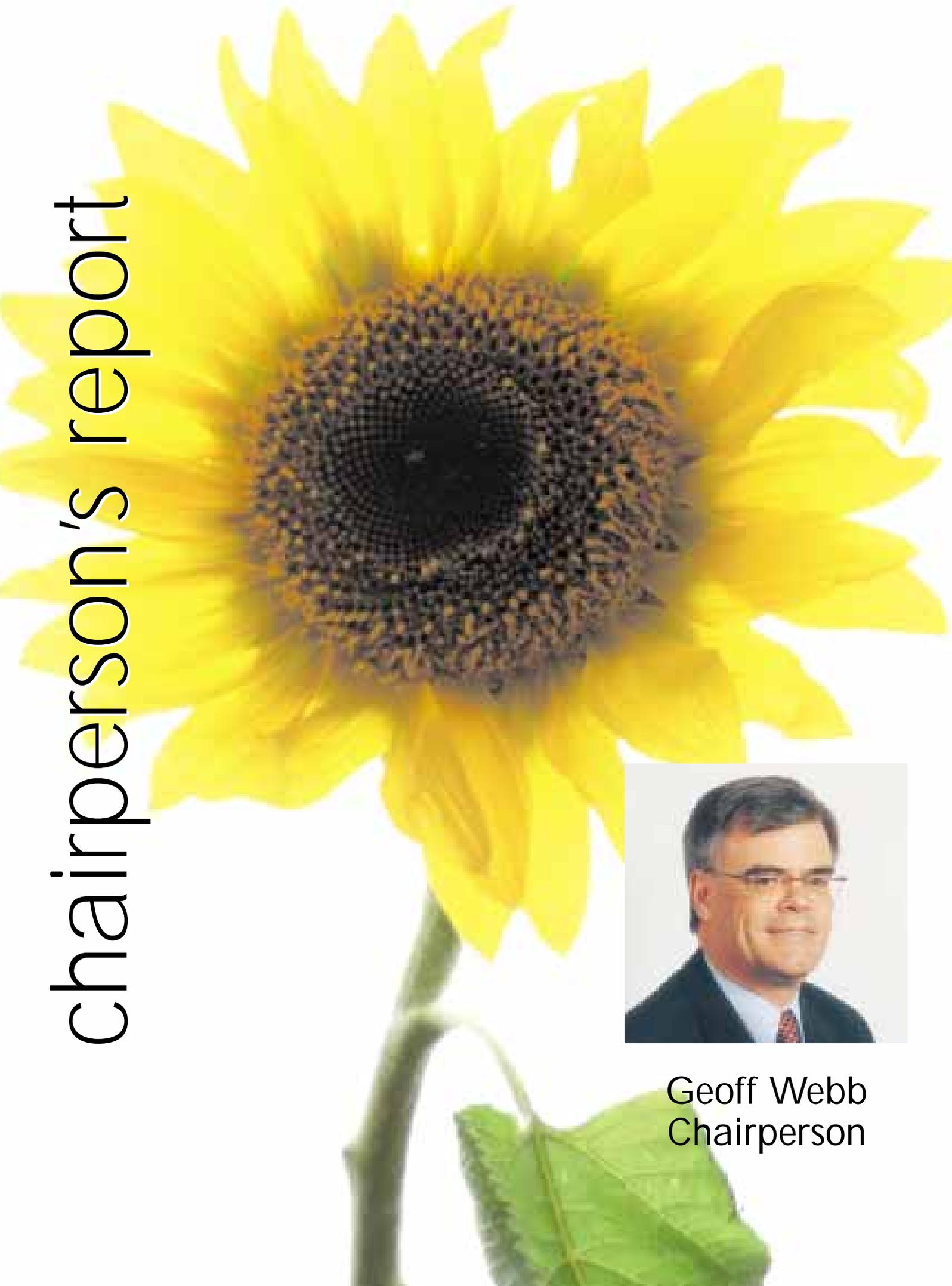
## safe and healthy workplace

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.

# chairperson's report



Geoff Webb  
Chairperson

# chairperson's report

On behalf of the Board of the Melbourne Market Authority I am pleased to present the Annual Report and statement of activities for the financial year, 1 July 2000 – 30 June 2001.

In its first full year of operation the Board has overseen the review and development of a new Corporate Plan. This has involved identifying market and industry needs and establishing appropriate goals and strategies for the future development of the site and its services to customers.

Wholesalers, Retailers and Growers all require additional warehousing and cool chain facilities and together are placing increased demand on available market land. The Authority also recognises the need to further develop the Market's infrastructure especially given the increased pace of change in the commercial environment. In developing the strategic plan it has become apparent that maintaining a long-term presence on the current site will require the investment of in excess of \$50 million of capital works over the next five to six years. Consequently, the Authority is investigating a full range of options for best addressing these issues in the interests of the Market community.

Part of expanding sales of Australian produce in a climate of over production is to explore export opportunities. Together with the Italian Chamber of Industry and Commerce, the Authority is developing alliances with wholesalers and market management in Italy to develop export opportunities through growers and wholesalers operating in the Melbourne Markets. I am pleased to report that the Authority has signed a Memorandum of Understanding with Milan Market to facilitate this process and expand on the \$1 million plus of produce already sold to Italy as a result of this new partnership.

During the year the Authority has introduced improved internal controls and systems including an internal Finance and Audit Sub-Committee and a Remuneration Sub-Committee. These have assisted to strengthen the Authority's accountability and resource management processes. Additionally, a new financial management system is being introduced to improve efficiency in processing and recording customer accounts.

This year we have worked hard on behalf of the industry to establish the commercialisation of Freshchain, the industry's own E-commerce and trading system, and a key platform in the Authority's industry leadership role, as identified in the Corporate Plan. Significant progress has been made including the establishment of the Freshchain Ltd Board, development of the trading system using IBM and commencement of the capital raising to fund the operation of Freshchain Ltd.

The Authority has reviewed its commitment to the Farmpay Service and, given the value of Farmpay in attracting produce consignments, has reconfirmed its continuation in partnership with participating wholesalers.

Over the past twelve months the Board has enjoyed meeting with many members of the market community. With over six thousand people working or doing business at the Markets it is difficult to meet with everyone. We are very fortunate however, at Melbourne Markets, to have our advisory committees as well as a range of industry groups to assist in the communication process and to bring issues of importance before the Authority.

Advisory committees have played a significant role this year in assisting the Authority to review its strategic directions. Their contribution has provided a strong foundation on which to base short and long-term planning for the Market's development. I wish to acknowledge their contribution and the many hours they have contributed on behalf of the Market community.

I also wish to thank Bob Penter, CEO and his dedicated team of staff for their commitment to the Authority and providing service to our customers.

During the past twelve months I have taken the opportunity to visit a number of markets both here and overseas. This has enabled me to confirm that Melbourne Markets is one of the best and most viable markets in the world. The Authority is committed to maintaining this competitive position and will continue to work in partnership with the industry to face the many challenges before us.

Geoff Webb  
Chairperson



# chief executive's report



Bob Penter  
Chief Executive

# chief executive's report

Much has been achieved this year in relation to establishing sound planning and improved systems to support the future of our Market. Importantly, the Corporate Plan has been reviewed and distributed to the Market community. This establishes directions for the next four years including organization values, goals and strategies, to ensure the Melbourne Market Authority continues to play a major leadership role in the industry on behalf of its customers. This Plan will continue to be reviewed on an annual basis to reflect changes in the industry and its commercial environment.

Underpinning the Corporate Plan the Melbourne Market Authority has introduced the balanced scorecard methodology. This sets realistic targets for improvement in four major areas:

- Financial effectiveness
- Customer focus
- Technology transfer
- Leadership and growth

Together with performance management systems this makes all staff accountable for the effectiveness of the Authority.

The Melbourne Market Authority has undertaken a number of reviews throughout the year including a site optimization study to ensure appropriate facilities can be made available as required to market users.

A major survey and review of market hours was undertaken during the year by an independent market research organization. All businesses operating in and through the market were given the opportunity to participate in the survey. The Authority subsequently endorsed the hours required, in line with the views of those returning the survey.

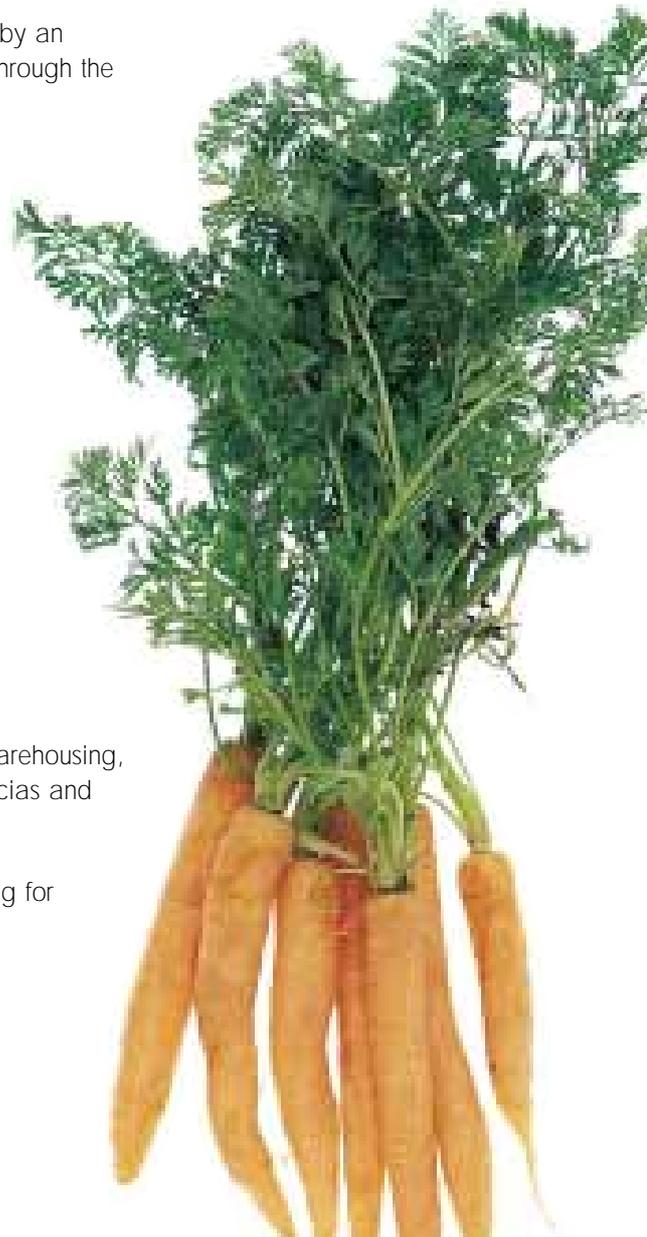
The Melbourne Market Authority has also undertaken a review of its strategic marketing plan to ensure promotional and marketing activities are in line with the Corporate Plan and the needs of the industry. This confirmed the direction of major customer support initiatives and identified a number of major new initiatives to be undertaken commencing in 2002.

A new customer information management system is being introduced to provide simplification and clarity of invoicing as well as rationalisation of outmoded information systems. This will improve our business communication with our customers.

The Authority has also recognised the need for improved meeting and training facilities for our customers and will construct a facility for up to 100 people during the later part of the 2001 year.

Other projects undertaken during the year include the construction of new warehousing, updating of power facilities for B Stores tenancies, replacement of market facias and building a new Customer Service Centre.

"A" Store corridors have also been refurbished to make these more appealing for tenants and their customers.



During the year the Authority secured a number of new tenancies including Greengrocer.Com and Fresh Chain Ltd.

Staff changes have included the recruitment of a new Finance Director to bring additional experience to the Authority's Finance Department.

The financial result for the Authority has been encouraging, with the increased focus on financial efficiency achieving a substantial reduction in operating expenses. The Melbourne Market Authority's philosophy is to ensure value for money for its customers and it is committed to continuing in this vain without reducing the quality of services.

I would like to thank staff for their support and to acknowledge their commitment to achieving organisational goals.

2001-2002 will be a challenging year and I look forward to building on the foundations that have been set in place this year.



Bob Penter  
Chief Eecutive





# business overview

# melbourne markets

## an overview of our role

The Melbourne Markets – Victoria's centre for the wholesaling of fruit, vegetables and flowers – covers a massive 30.1 hectares and is located just five minutes from the centre of the City of Melbourne. With a turnover in excess of \$1.35 billion annually, the Market is the largest wholesale fresh produce complex in Victoria. The Market complex includes the Wholesale Fruit & Vegetable Market, the National Flower Centre and extensive distribution and warehouse facilities.

## the wholesale fruit & vegetable market

With over 600 growers' stands and 110 wholesale businesses accommodated under the one roof, the fruit and vegetable market is one of the biggest markets in the world. Produce arrives fresh from the growers' farms. The Market is fortunate to be located close to some of the most fertile growing areas of Australia.

The variety, freshness and quality of produce grown in Victoria is outstanding and includes stone fruit, citrus, leafy vegetables, root vegetables and much more. Significant quantities of produce are consigned from other parts of Australia to provide year round, fresh, seasonal supply. Tropical produce arrives from New South Wales, Queensland and the Northern Territory, as well as overseas.

The Market services the wholesale industry five mornings per week, with trading starting at 4.30am each day.

## the national flower centre australia

The National Flower Centre resembles a huge conservatory and has been designed to maintain cut flowers in optimum condition for sale within Victoria, throughout Australia and for export. Additional warehousing provides for the processing of flowers, and shops supply a range of products for florists.

The Flower Export Council of Australia is also located in the Centre. Close to rail, road and air transport, the Centre is ideally placed to distribute fresh flowers around Australia and around the world. Victoria produces over 40 per cent of the national flower production and the Centre has assisted this State to become a major participant in the domestic flower industry and a growing part of the global industry.

# business overview



## market usage

Over 6,000 authorised people use the Market regularly for business.

## business and industry types using the market

The Market is the major business development and trading centre for Victoria's fresh produce industry. Over 2000 businesses operate at the Market. These include fruit and vegetable growers, wholesalers and retailers; flower growers, wholesalers and florists; transport operators, unloaders, industry groups, service industries, export companies and wholesale supply agents.

Average entries to the Market each day for the period 1 July 2000 to 30 June 2001 were recorded as follows:

	Daily Average	Peak Periods
wholesalers and staff	700	pre-Xmas 850
fruit and vegetable growers	303	pre-Xmas 380
fruit and vegetable retailers	630	pre-Xmas 750
flower/plant growers	78	Mothers Day 115
florists	160	Mothers Day 230
<b>total average entries per day</b>	<b>1,871</b>	

## market throughput

- Based on an independent survey the total throughput of the Market is more than \$1.35 billion
- Throughput for fruit and vegetables is \$1.30 billion
- Throughput for flowers and plants is \$58.5 million

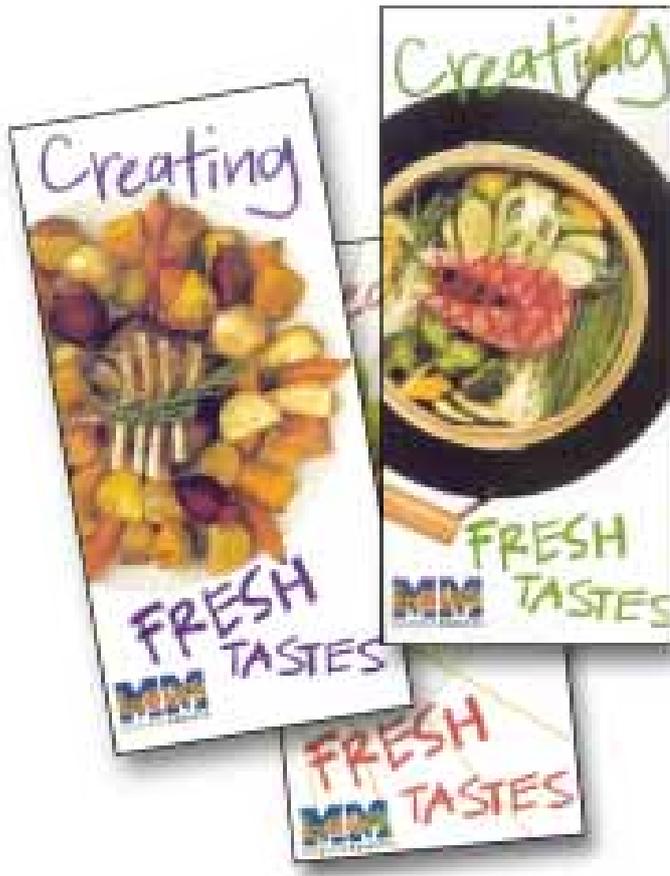
## business performance

- Total cut flower and plant buyers have increased from 175 in April 1996 to 1,119 in 2000
- Total annual market throughput has increased from \$800 million in 1993 to \$1.35 billion in 1999
- Total number of registered market users has increased from 4,000 in September 1993 to over 6,000 in September 2001.

Sources: Registrations for Electronic Access Cards (includes principals and employees)  
\*Determining Market Throughput\* Pannell Kerr Forster – June 1999

# marketing & promotions

The Melbourne Market Authority undertook a major review of its Strategic Marketing Plan during the year. This confirmed the importance of a number of activities including its Retail Support Program, Food Safety Program and produce training initiatives. It also identified a number of new areas to be explored during the coming year to support customers and enhance fresh produce marketing.



## retail support programs

Four hundred and fifty fruit and vegetable retailers and two hundred and fifty florists actively participate in the retail support activities initiated by the Melbourne Market Authority. These activities include provision of point of sale materials, involvement in competitions, promotional campaigns, training and special event marketing.

## fresh produce training

A new initiative this year has been the piloting of fresh produce training programs. Held on a monthly basis with the support of growers and technical experts, these were initially devised solely for retailers but their appeal has extended to other groups including wholesalers and industry media. The Melbourne Market Authority is now planning the construction of improved training facilities to support these activities on an ongoing basis.

# "Vic fresh 2001" awards

As part of its industry support to fruit and vegetable retailers the Melbourne Market Authority coordinates a state wide awards program. This provides independent assessment of retailers to assist in business improvement. Awards are made to top rating shops culminating in the 'Retailer of the Year' Award, this year presented at the combined industry function "Vic Fresh 2001" held in March at Crown Entertainment.

## congratulations

to the winners of the Melbourne Markets "Retailer of the Year" awards

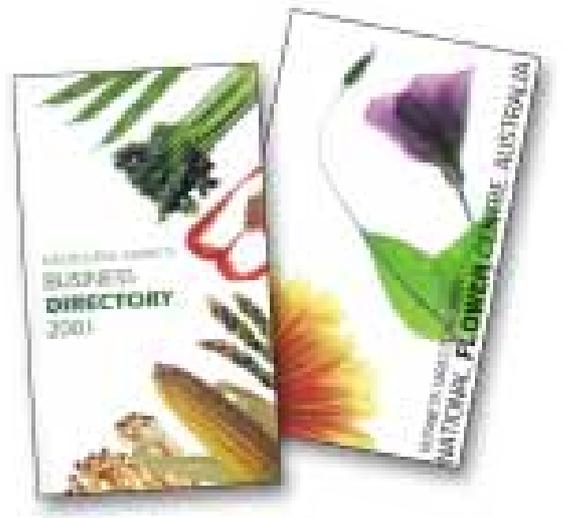
*Regional Retailer of the Year - Venn's Fruitland, Alexandra*



*Year 2001 Retailer of the Year - Napoli's Quality Fruit, Williamstown*



# marketing the site, traders and services



The Melbourne Market Authority undertakes a range of marketing activities to attract new customers to the site and to support traders to increase wholesale business turnover. These activities include: The publication and distribution of 10,000 pocket sized directories listing traders, provision of a web site directory, promotions at national grower conferences and advertising in trade papers around Australia.

## **Farmpay** service



Established in January 1998, the Farmpay Service is only available through accredited wholesalers. It offers growers that consign produce through accredited wholesalers greater security of payment within a specified time period. The service is unique to Melbourne Markets and has played a key role in attracting additional consignments. Following a review of the service this year, the Authority reaffirmed its commitment to Farmpay, in partnership with participating wholesalers.

# market tours provide a fresh experience

Public tours of the Market continue to attract interest from schools, industry groups and domestic and overseas visitors. The service, operated by the Melbourne Wholesale Market Experience aboard the electric powered "Tuity Fruity Express", this year catered for 2300 visitors. As well as being fun and educational, tours play a key role in promoting traders and opening up new business links both domestically and overseas.

# fresh chain limited



Fresh Chain Limited (FCL) has been established to develop an independent, national electronic market for fruit and vegetables within Australia called Freshchain.

FCL originated from within the industry following a three-year study that took advice and guidance from a large number of leading industry participants and associations. FCL is presently a wholly owned subsidiary of the Melbourne Market Authority .

The Freshchain marketplace is designed to be a low cost business tool for the industry, allowing it to improve its efficiency and its profitability. It will also allow the industry to operate on a national rather than regional basis.

Utilising an existing IBM software package, FCL has completed the development of the trading platform and is presently finalising its proprietary product classifications and catalogue, which will allow it to replicate the procedures and practices used in the market today. Reflecting its origins, FCL has developed strong support for the Freshchain marketplace from growers, wholesalers and ultimate purchasers across the industry .

It will offer market participants at each level the capacity to reduce their costs and reduce market inefficiencies together with a wide variety of new buying, selling and marketing techniques. FCL will operate the Freshchain marketplace but will not trade in the market itself; however, it will provide other services to participants such as financial and credit services for the settlement of transactions.

FCL is about to commence Stage 1 of the rollout of the Freshchain marketplace and is now seeking to raise \$3.5 million to assist in its establishment.

The Melbourne Market Authority has funded Freshchain and FCL since inception as part of its industry leadership role identified in its Corporate Plan. It will retain its full investment in FCL up to achieving profitability. At this time, repayment of a portion of its seed funding will commence, matched to FCL's level of earnings.

FCL is led by a board with broad industry, financial, retail and logistics experience.



# environmental initiatives

The Authority has continued to lead the way in responsible environmental management of the site and this year has worked in partnership with businesses to introduce further programs.

## forklift emissions

The Authority coordinated a successful group submission to the federal government to assist in the reduction of forklift emissions. All forklift owners were given opportunity to be part of the submission and over one hundred businesses applied.

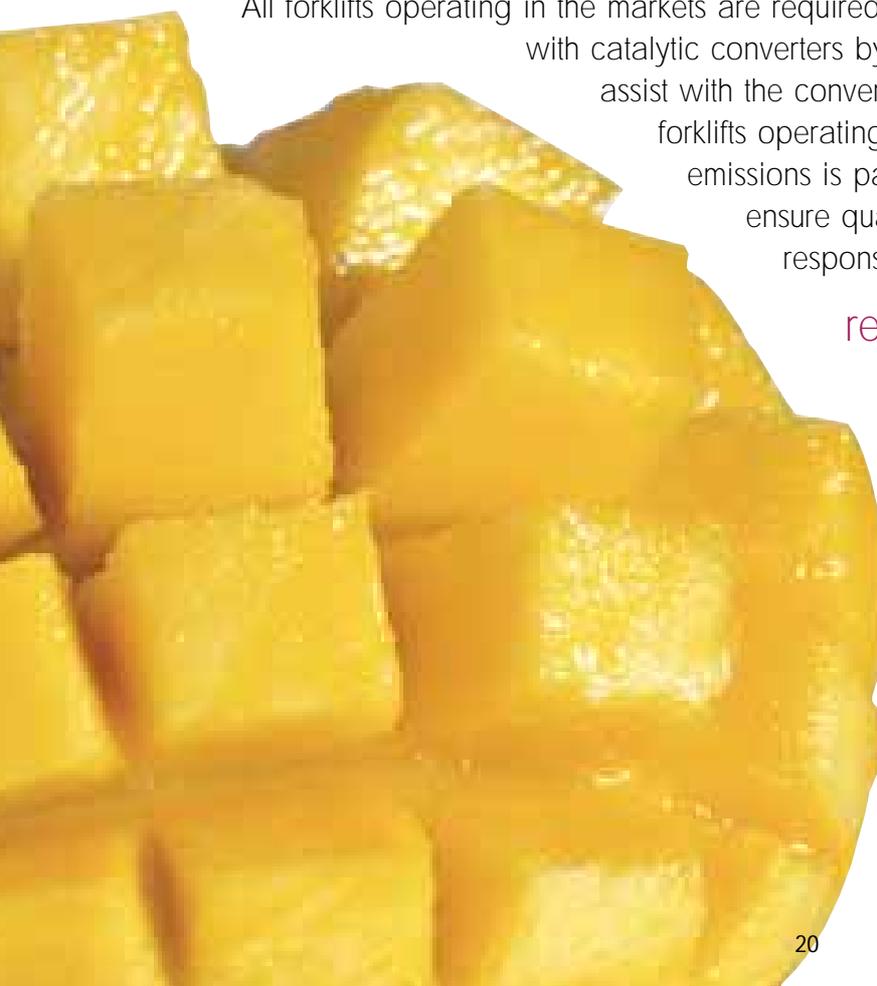
The Hon Senator Robert Hill, Federal Minister for Environment and Heritage, visited Melbourne Markets in May of this year to announce the grant of \$275,000 to assist businesses operating at the site to reduce forklift emissions.

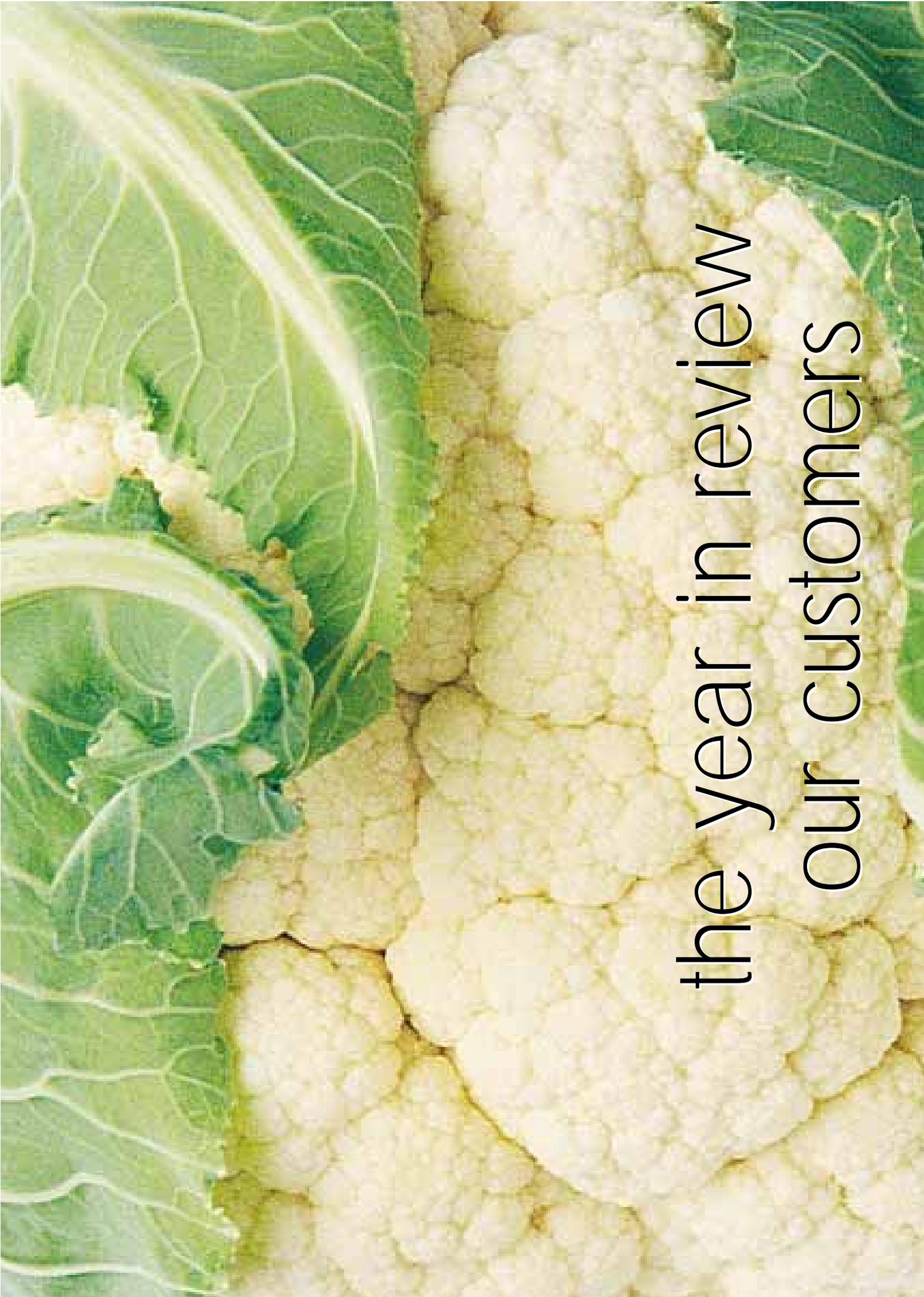
Senator Hill remarked on the progress made at Melbourne Markets in addressing environmental and safety issues and commended the Market Authority and businesses for their commitment to reducing emissions.

All forklifts operating in the markets are required to be converted to closed loop lpg with catalytic converters by 1 January 2002. The grant will assist with the conversion or upgrade of almost 200 forklifts operating at the site. The reduction of emissions is part of the Authority's overall strategy to ensure quality trading conditions and responsible environmental management.

## recycling programs

Recycling programs introduced by the Authority now recycle more than 95% of waste. These programs were also augmented this year by the introduction of a wax box recycling program that will particularly service the needs of retailers. Waste management and recycling remain a high priority for the Authority.





the year in review  
our customers

# fruit & vegetable growers

There are 640 stands on the grower's floor and currently a daily average of 300 growers attend the Market each trading day. Many growers now have multiple stands and since the deregulation of the industry, which allows wholesaling from the Growers' floor, many growers have consolidated and expanded their businesses.

## trading floor

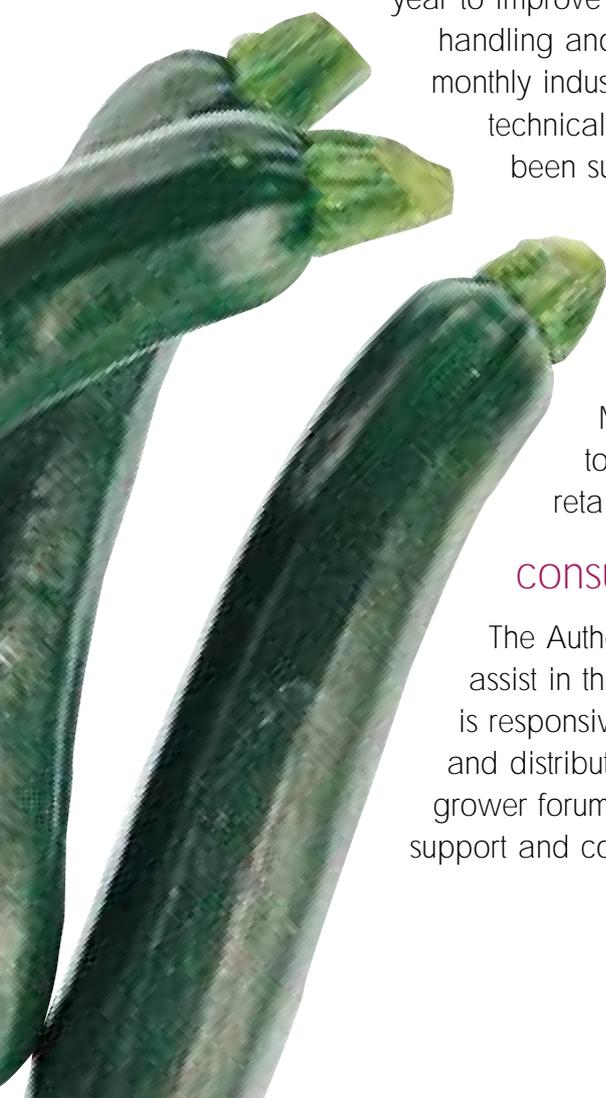
The Authority has undertaken a number of measures this year to improve the Grower's trading floor. The entire floor has been remarked and repairs implemented to improve the surface. Cleaning of the floor and storm water drains is also being scheduled more frequently to meet new food safety and handling requirements. Measures have also been taken to ensure Growers' stands remain free of vehicles and new forklift speed limits have been implemented to improve safety for growers during trading.

## marketing and information support

Marketing staff have worked closely with many grower groups throughout the year to improve the flow of information to retailers about product availability, handling and storage. In particular, the development of a pilot series of monthly industry training sessions involving grower associations as well as technical experts has been well received by the industry. This has been supported through the Melbourne Markets Retail Support Program that provides point of sale and training support to over 450 retailers. Additionally, the Authority has created a range of opportunities for grower groups to promote produce at trade shows and major events such as the Age Good Food Show and the Melbourne Show. The Melbourne Markets Price Reporting Service has continued to provide valuable pricing information to the industry media, retailers, wholesalers, processors and food service groups.

## consultation and planning

The Authority has worked closely with many grower organisations to assist in the development of the industry and to ensure that the Market is responsive to the needs of growers and changes in the marketing and distribution of produce. Authority staff participate in a number of grower forums and have played a key role in facilitating appropriate support and contacts relating to the industry.



# fruit & vegetable wholesalers

There are 110 wholesale tenants trading at the Market and an average of 700 wholesalers and staff attend the Market each trading day. During peak periods up to 850 wholesalers and staff may be involved in business activities at the Market. The wholesale sector has been marked by significant business consolidation and expansion this year. This trend is expected to continue with a resultant increase in demand for larger warehouse and distribution facilities.

## new works and upgrades

Much has been done this year to improve wholesaling facilities. All A Store corridors have been refurbished including repairs and repainting of ceilings and cleaning of office facades. Air conditioning units have been repaired in all offices and entry doors replaced. The main facia has been replaced with new colour bond sheeting. Wholesalers' parking and distribution areas have been remarked and forklift roadways have all been resurfaced. During the year the Authority also completed major extensions to canopies for the eastern and western car parks and as a result of reviewing walkway requirements, the Authority has been able to create four new B Stores.

All B Store cages have been inspected and where appropriate repairs implemented. The Authority also inspected all wholesalers' roller shutter doors and implemented repairs in line with occupational, health and safety requirements.

The wholesaler's main PABX system has been upgraded in conjunction with the Victorian Chamber of Fresh Produce Wholesalers. Power supply to A Store modules has been split to prevent overloading in the peak demand periods.

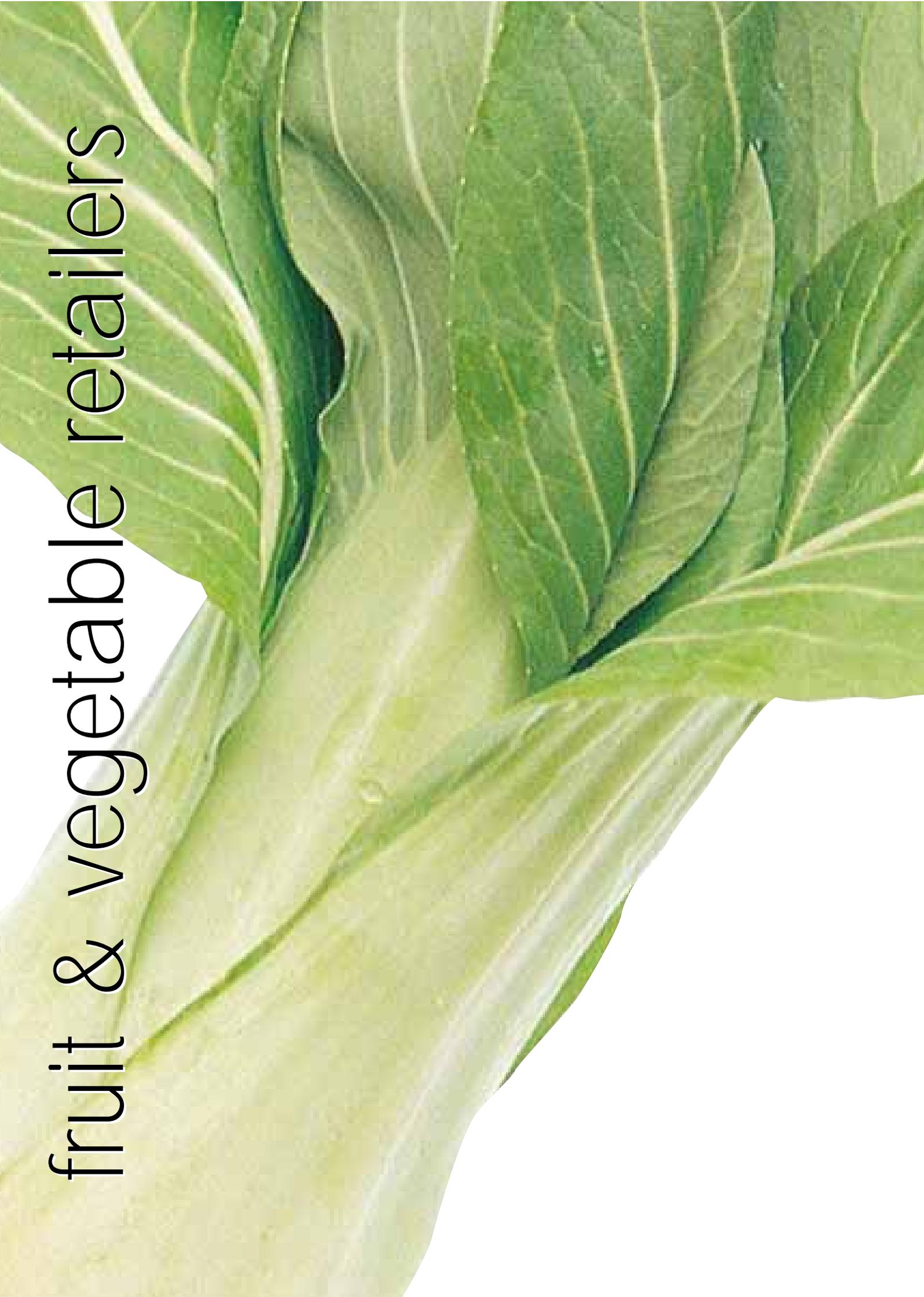
The Authority is also undertaking power upgrades for B Store modules. The scope of works will include two underground electrical substations to serve the area. This will include electronic monitoring of each store and will assist in identify faults or failures in the system.

## joint marketing and promotions

The Authority has worked closely with the Victorian Chamber of Fresh Produce Wholesalers and individual wholesalers to achieve positive promotional exposure for the industry and the Market. Many wholesalers have contributed to joint marketing activities with the Authority this year including involvement at the Royal Melbourne Show, Spring Racing Carnival Fresh Promotions, Cherry Auction and Vic Fresh 2001 industry event.



fruit & vegetable retailers



# fruit & vegetable retailers

On peak days up to 850 fruit and vegetable buyers attend the Melbourne Markets to purchase supplies. Average attendance per day is around 730 buyers. This group includes fruit and vegetable retailers, processors and food service businesses. Service to this group remains a high priority for the Authority.

## marketing and business support

Major activities undertaken this year to support retailers include:

- Provision of seasonal point of sale materials.
- Coordination of a mystery shopping and awards program to provide incentives and feedback on business performance.
- Involvement in campaign and events marketing.
- Fresh produce training and information sessions.
- Development of a wax box recycling program geared specifically to the needs of retailers.
- Provision of support for in-store demonstrations.
- Access to a food safety training and accreditation package designed especially for fresh produce retailers.

## new works and services

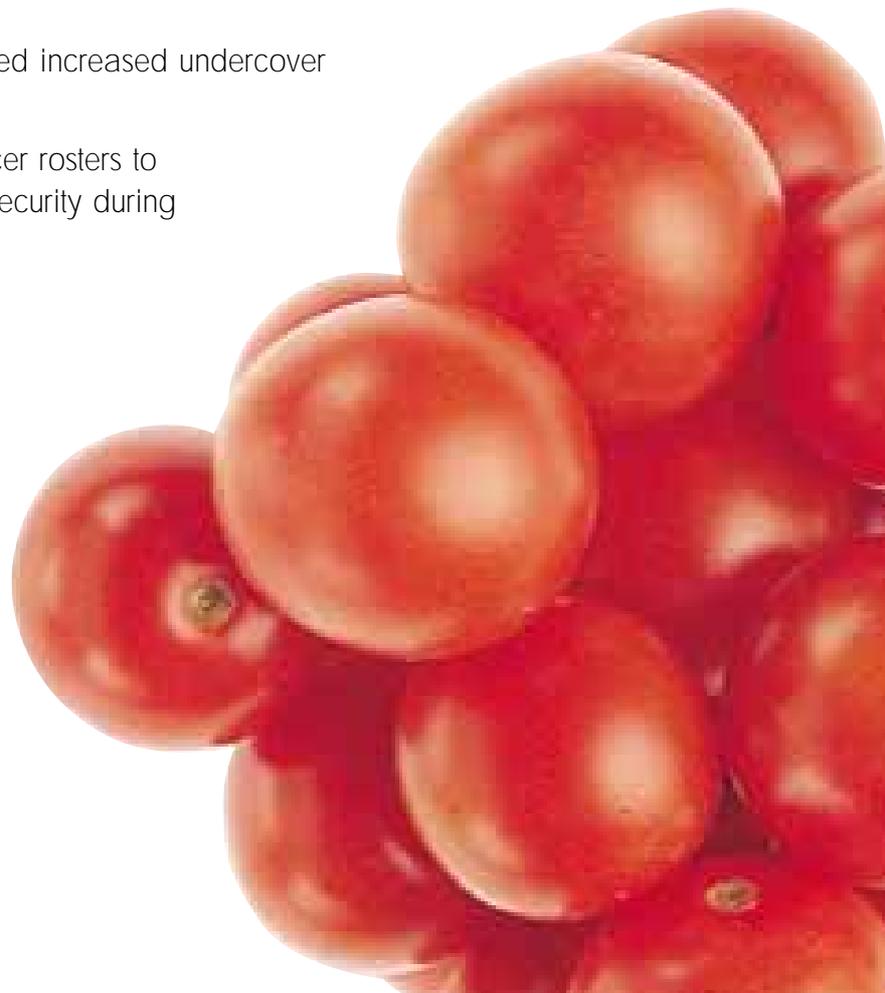
Works undertaken this year by the Authority that have improved access and amenity for retailers include the re-surfacing of parking areas and new line marking to improve visibility of defined retailer parking areas.

The extension of roof canopies has provided increased undercover loading areas.

The Authority also reorganised market officer rosters to provide additional customer support and security during market trading hours.

## consultation and planning

The Retailers Advisory Committee has played an important role this year in advising the Authority on a range of issues relating to the particular needs of the industry and operations of the market. It has also contributed to the development of the Corporate Plan and Market Hours Review.



# flower growers, wholesalers & florists

The National Flower Centre has continued to develop as a major trading and industry centre for the flower and plant industry. The average daily attendance of florists has increased over the past twelve months from 155 to 160 and the average daily attendance by florists during peak periods such as Valentines Day, Xmas and Mothers Day, has increased from 224 to 230. The occupancy rates for Growers' six-day stands has remained high at 97%.

## works and services

Works undertaken to support flower traders include re-line marking National Flower Centre floors and cleaning all cool room facades. An electronic scrolling sign has been installed to improve communications with NFC users during market hours. All steel work has all been repainted during the past twelve months.

Floral supply shops adjacent to the NFC have been refurbished and the Gate 1 entry tower has been cleaned and fully serviced.

## new developments

Documentation for the tendering of the construction of a flower trading warehouse with cool rooms and office space in the Western Car Park has been prepared and is expected to proceed in the immediate future.

Further work will be undertaken in regard to developing a regular nursery market in the National Flower Centre.





## consultation and planning

The florists and flower growers advisory committees have continued to perform an important role in trader communications and in providing advice to the Authority on matters relating to the operation of the National Flower Centre. Advisory committees have also assisted in monitoring occupational and health issues.

## flower marketing and promotions

The Authority has continued to play a key role in initiating flower promotions to support traders. Effective marketing and promotions campaigns have been developed in association with the Spring Racing Carnival, Fashion Week, Valentine's Day and Mother's Day. Additionally, new promotions have recently been initiated in conjunction with the real estate market. This year marketing activities have been boosted through the support of many florists and flower growers who have contributed professional services and products for the benefit of the industry.

## flower related businesses

The location of the Flower Export Council offices within the National Flower Centre and Collina Export in an adjacent warehouse, continues to add to the strength of the National Flower Centre trading precinct.



# strategic planning

A new Corporate Plan has been developed for the Authority. This establishes the Authority's directions for the next four years including organizational values, goals and strategies to ensure that Melbourne Markets continues to play a major industry leadership role on behalf of its customers. The Plan was developed following extensive consultation with customer groups and will be updated on an annual basis. To monitor and guide the achievement of progress, the Authority has also introduced the balanced scorecard methodology.

This sets targets for improvement in four major areas; financial effectiveness, customer focus, technology transfer, leadership and growth, and is linked to a new performance management system that makes all staff accountable for the Authority's effectiveness.



# market operations & site development

## parking and traffic management

To improve access to reserved parking bays the Authority introduced a new permit system. This ensures that customers receive their appropriate entitlements and traffic flow throughout the site has been improved. Additional reserved parking was introduced for warehouse tenants and new speed limits have been introduced inside the growers' concourse for all vehicles. Upgraded signage has been installed for the Market site including all gate entries and all speed restriction zones. The Authority has introduced further forklift runways and pedestrian paths for improved safety in line with occupational health and safety requirements. New procedures have been implemented to ensure growers' stands remain clear of vehicles and more disabled parking bays have been introduced in appropriate areas.

## forklifts

An upgraded database has been established for recording forklift compliance details and each of the 710 forklifts operating on the site has been checked to ensure it complies with current regulations. A new procedure has also been introduced for returning registration plates and transferring ownership of forklifts. By laws have been streamlined and new penalties have been introduced to encourage compliance with safety regulations.

## market hours

During the year the Authority undertook a major review of market trading hours. All market business operating in, or through, the Market were given the opportunity to express their preferences via an independent survey that saw 3,000 questionnaires distributed to market businesses. Additionally a Market Hours Review Committee involving all sections of the market was convened to review responses and advise the Authority. The Authority subsequently endorsed and implemented the hours required, in line with the views of those returning the survey.

**The confirmed hours are:**

- 2.30am** Entry and commencement of trading for country transport operators and registered early buyers.
- 4.30am** Entry for retailers into parking bays and commencement of trading.

## seasonal markets

The seasonal wine grape market has continued to operate more efficiently since the introduction of fortnightly and monthly fees for grape traders. It has also helped to achieve better planning and more effective marketing. Similarly, the introduction of a seasonal fee for Xmas tree traders has simplified the process and has allowed better planning to achieve promotions and sales.

## occupational health and safety

The Market Authority maintains a leading role in working with its businesses to ensure they are aware of their occupational health and safety requirements. Advisory Committees have assisted to monitor occupational health and safety issues within the site and their contribution has been particularly valuable in taking preventative actions. It is pleasing to note that although Melbourne has the largest concentration of forklifts, it has the lowest number of accidents of any of the central markets in Australia. There were 5 incidents reported during the past twelve months of which only one required hospitalization.



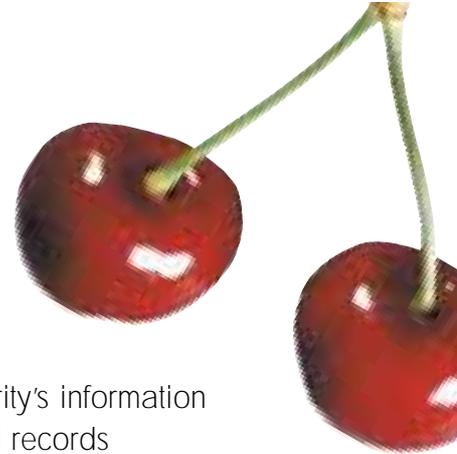
## planned warehouse constructions and new works

The Authority has planned the construction of a 500 square metre refrigerated warehouse on the former crate exchange site. It has also commenced refurbishment works for the DNRE Plant Standards Branch to provide improved office and produce inspection facilities. Refurbishment of the Authority's Operations Centre has commenced to provide a modern "customer friendly" service facility adjacent to the Market Floor. Cool store space has been extended and additional storage space is being constructed for Warehouse C.

Warehouse K is being extended with an additional 2200 square metres of warehousing that incorporates 1000 square metres of associated buildings adjacent to Footscray Road. Plans have been drawn up for upgrading the public weigh bridge office and planning has commenced for the conversion of part of the former Ansett building into a Market conference and training centre.



# administrative issues



## information systems

Significant progress was made this year in regard to upgrading the Authority's information systems to achieve improvement in the processing of accounts, streamlined records management and improved levels of customer service. A comprehensive analysis of current and future requirements was completed and design commenced on the installation of a computer based, integrated enterprise information system. The new system will be installed late in 2001 and will be accompanied by training for all relevant staff.

## workplace communications and equal opportunity

The staff consultative committee established last year has developed into a valuable forum for staff representatives to discuss workplace issues such as equal opportunity, training and staff working conditions. A monthly briefing session for all staff has also assisted to maintain up to date knowledge of organisational and industry developments and has improved communication across divisions. No equal opportunity complaints were received during the past year.

## business and customer communications

Newsletters and bulletins are distributed on any major changes to Market regulations or systems affecting traders. Trader communications have been enhanced this year through the introduction of fax stream and email communications. The Melbourne Markets web site [www.melbournemarkets.com.au](http://www.melbournemarkets.com.au) has assisted communications and provides listings of traders, pro forma applications for registrations, account payments and a range of other facilities including maps and a copy of the annual report. Where appropriate the Authority uses ethnic language press and access to interpreters.

## staffing

year	2001	2000	1999	1998	1997
males	20	18	22	20	31
females	15	15	17	19	17
total	35	33	39	39	48

The increase in staff numbers during the past twelve months reflects an increase in market officer positions to meet customer enquiries and attend to traffic flow and market safety requirements. A new day officer position was created to deal with an expanded number of requests from warehouse tenants. A new Finance and Administration Director was recruited and commenced mid year.

During the year a new three-year Enterprise Agreement was negotiated for employees. Additionally, a formal performance management system that links performance incentives to business outcomes and individual performance was initiated for all employees.

# finance report

## significant issues

Significant initiatives and issues addressed during the financial year that impacted on performance were the re-assessment of the markets objects and corporate strategies, continued establishment of Fresh Chain, enhancements to financial reporting and the introduction of a number of operational initiatives. In addition, the financial result for the Authority has been encouraging, with the increased focus on financial efficiency achieving a substantial reduction in operating expenses.

## events subsequent to balance date

On 31 August a Heads of Agreement was signed with a third party which will result in the Authority renewing shares and convertible notes.

The following highlights the more significant areas of difference between this year's results and last year's.

## income

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

**total revenue \$14.2 million**

**+\$605,475 (+4.3%)**

The following items contributed to the overall favourable movement in revenue:-

### wholesalers and warehousing

**+\$657,793 (+11.3%)**

Warehouse rentals have predominantly increased due to the construction of additional warehousing on the site.

### investment income

**+\$81,270 (+23.6%)**

Higher investment levels and static interest rates.

### grant from government

**+\$300,000**

A grant from DNRE to upgrade Plant Standard's premises on the Authority's site.

## expenditure

During the year the Authority has significantly reduced operating expenses in line with budget targets and the major variances compared with the previous year are detailed below.

**total expenses \$10.5 million**

**-\$546,640 (-4.9%)**

### depreciation

**+\$179,906 (+11.2%)**

The increase in depreciation was due to completion of warehouse constructions and property improvements.

### market operations and site services

**-\$514,965 (-14.1%)**

Activities in this area include operating the market by providing lighting, cleaning, regulations to maintain order and other support for market operations. It also includes items associated with owning and maintaining property including roadworks, electrical works, plumbing repairs, painting maintenance and rates and taxes. Cost decreases occurred over all areas of Market Operations and Site Services.

### salaries and associated costs

**-\$35,028 (-1.4%)**

The decrease was due to reduced staff numbers resulting in a drop in direct and indirect costs. Expenditure on temporary staff was also substantially below the previous year.

### marketing and promotions

**-\$20,610 (-2.9%)**

Savings from improved efficiency through use of internet and in house design. Joint marketing resulted in shared event and promotional costs.

### interest expense

**+\$8,795 (+1.4%)**

Interest on borrowings remained static during the year.

# operating surplus

The Operating Surplus of the Authority over the last six years was:

2001	\$3.7 million	2000	\$2.5 million,
1999	\$2.06 million	1998	\$2.13 million,
1997	\$1.79 million	1996	\$1.81 million.



# five year financial summary

	2001	2000	1999	1998	1997
Revenue from Government*	300	-	-	-	-
Other revenue	13,870	13,565	13,244	12,797	12,129
<b>Total revenue</b>	<b>14,170</b>	<b>13,565</b>	<b>13,244</b>	<b>12,797</b>	<b>12,129</b>
Net operating result	3,667	2,515	2,057	2,134	1,789
Net cash flow from operations	5,285	3,909	2,349	3,701	4,556
Total assets	70,381	62,140	57,293	59,989	35,951
Total liabilities	9,222	9,466	7,135	8,888	8,161

\* Special grant for refurbishment of Plant Standards office

# disclosure requirements

The information listed in Part 9.1.3 .(ii) (i) 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 has, where applicable, complied with the Building Act 1993.

The Authority complies with the Freedom of Information Act and has an appointed Freedom of Information Officer – Yogi Pillay. Nil enquiries were received during this financial year.

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

Matters relating to the Government's Competitive Neutrality Policy Victoria statement are being addressed systematically.

The authority will provide other information as required on request.

# finance and audit subcommittee

membership comprises:

1 June 2000 - 30 June 2001

D E Duck                  J Cook                  E R Penter

13 November 2000 - 30 June 2001

D Sturgess Stockford Ltd

C Sturgess Stockford Ltd

7 June 2001 - 30 June 2001

P McLennan

# remuneration sub-committee

G Webb

M S Pitard

V A Falls

# consulting fees

The total amount incurred for consultancies during the year was \$1,480,248.

Consultancies exceeding \$100,000 were:-

<b>Aspect Computing</b>	<b>\$156,000</b>
Market place pilot implementation	
<b>William Buck Victoria Pty Ltd</b>	<b>269,800</b>
Due diligence review	
<b>E-Auction Australasia Limited</b>	<b>\$260,700</b>
Development of technical specifications for Fresh Chain	
<b>TerrainCapital Ltd</b>	<b>\$286,900</b>
Capital raising for Fresh Chain	
<b>MinterEllison Lawyers</b>	<b>\$258,300</b>
Legal Services for Fresh Chain	

There were fourteen other consultancies of less than \$100,000 each, which totalled \$248,548.

# major contracts (inclusive of GST)

JED Cleaning	\$1,488,000
Allied Cleaning	\$154,325
Prestige Protection Services P/L	\$63,602
	(from 1/7/00 to 30/9/00)
Alcon Security Services	\$182,875
	(from 1/10/00 to 30/6/01)

# acknowledgements

The Authority gratefully acknowledges the continued support of the Department of Natural Resources and the Environment and other Government Agencies.

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

The Authority expresses its appreciation for the voluntary assistance and sponsorship received for promotional activities during the year.

The Authority would also like to record its thanks for the dedicated support it has received from its employees to allow the Melbourne Market to achieve its objectives and better serve the people of Victoria during 2000.

Finally, the Authority thanks the Market and Horticultural community for the support and assistance which it has received over the past twelve months.

Yours sincerely,

## members of the authority



G Webb, Chairperson



M S Pitard, Member



D E Duck, Member

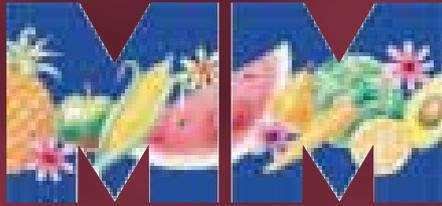


V A Falls, Member



M J Cook, Member





MELBOURNE **MARKETS**

melbourne market authority  
financial statement 2001





AUDITOR GENERAL  
VICTORIA

AUDITOR-GENERAL'S REPORT

**To the Members of the Parliament of Victoria, the responsible Ministers and the Members of the Board of the Melbourne Market Authority**

**Audit Scope**

The accompanying financial report of the Melbourne Market Authority for the financial year ended 30 June 2001, comprising a statement of financial performance, statement of financial position, statement of cash flows and notes to the financial statements, has been audited. The Members of the Board are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, the responsible Ministers and the Members of the Board as required by the *Audit Act* 1994.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and complies with the requirements of the *Financial Management Act* 1994, so as to present a view which is consistent with my understanding of the Authority's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In my opinion, the financial report presents fairly the financial position of the Melbourne Market Authority as at 30 June 2001 and the results of its operations and its cash flows for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and complies with the requirements of the *Financial Management Act* 1994.

MELBOURNE  
20/11/2001



J.W. CAMERON  
*Auditor-General*



# MELBOURNE MARKET AUTHORITY

Statement of Financial Performance for the year ended 30 June 2001

	Notes	2001 \$	2000 \$
<b>Revenue from ordinary activities</b>			
Rental Income	2	12,973,661	12,056,315
Interest on Investments	2	426,103	344,834
Other revenue	2	370,036	1,047,815
Revenue from Government	2	300,000	–
Proceeds on sale of property, plant & equipment	2	100,689	116,050
		<u>14,170,489</u>	<u>13,565,014</u>
<b>Expenses from ordinary activities</b>			
Employee benefits expense		(2,558,052)	(2,593,081)
Depreciation expense	3	(1,783,977)	(1,604,071)
Grants and other payments to service providers		(251,802)	(277,355)
Supplies and services		(5,135,466)	(5,855,636)
Written down value of assets disposed		(145,357)	(114,155)
Borrowing costs expenses	3	(628,031)	(605,026)
		<u>(10,502,685)</u>	<u>(11,049,324)</u>
<b>Net result for reporting period</b>		3,667,804	2,515,690
Net increase in asset revaluation reserve	8	4,817,590	–
<b>Total changes in equity</b>		<u><b>8,485,394</b></u>	<u><b>2,515,690</b></u>

*The above statement of financial performance should be read in conjunction with the accompanying notes.*

# MELBOURNE MARKET AUTHORITY

Statement of Financial Position as at 30 June 2001

	Notes	2001 \$	2000 \$
<b>Current Assets</b>			
Cash Assets	4	6,569,482	6,784,516
Receivables	5	333,801	91,509
Prepayments		251,202	298,254
<b>Total Current Assets</b>		<b>7,154,485</b>	<b>7,174,279</b>
<b>Non-Current Assets</b>			
Other Financial Assets	6	3,304,270	678,464
Property, plant and equipment	8	59,923,044	54,288,242
Shares in Fresh Chain	7	2	–
<b>Total Non-Current Assets</b>		<b>63,227,316</b>	<b>54,966,706</b>
<b>Total Assets</b>		<b>70,381,801</b>	<b>62,140,985</b>
<b>Current Liabilities</b>			
Payables	9	2,001,452	2,124,949
Interest bearing liabilities	10	524,503	544,696
Provisions	11	271,058	188,686
Other	6,10,17	507,662	–
<b>Total Current Liabilities</b>		<b>3,304,675</b>	<b>2,858,331</b>
<b>Non-Current Liabilities</b>			
Provisions	11	176,807	173,365
Interest bearing liabilities	10	5,740,782	6,435,146
<b>Total Non-Current Liabilities</b>		<b>5,917,589</b>	<b>6,608,511</b>
<b>Total Liabilities</b>		<b>9,222,264</b>	<b>9,466,842</b>
<b>Net Assets</b>		<b>61,159,537</b>	<b>52,674,143</b>
<b>Equity</b>			
Contributed Equity	12	9,821,359	9,821,359
Reserves	12	22,994,330	18,176,740
Accumulated Surplus	12	28,343,848	24,676,044
<b>Total Equity</b>		<b>61,159,537</b>	<b>52,674,143</b>

*The above statement of financial position should be read in conjunction with the accompanying notes*

# MELBOURNE MARKET AUTHORITY

Statement of Cash Flows for the Year Ended 30th June 2001

	Notes	2001 \$	2000 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from Government	4	300,000	–
Receipts from customers		13,401,410	12,978,343
Interest income received		426,104	344,834
Payments to suppliers & employees		(8,274,041)	(8,769,150)
		<u>5,853,473</u>	<u>4,554,027</u>
Borrowing cost expense		(567,558)	(644,867)
<b>Net Cash Flows from Operating Activities</b>	<b>19</b>	<u><b>5,285,915</b></u>	<u><b>3,909,160</b></u>
<b>Cash Flows from Investing Activities</b>			
Investment Payments		(3,421,031)	(847,507)
Payment for property, plant & equipment		(1,771,531)	(4,670,751)
Proceeds from sale of plant & equipment		100,689	116,050
Payments for other financial assets		–	(318,320)
<b>Net Cash (outflow) from Investing Activities</b>		<u><b>(5,091,873)</b></u>	<u><b>(5,720,528)</b></u>
<b>Cash Flows from Financing Activities</b>			
Repayment of borrowings		(714,557)	–
Proceeds from borrowings		–	2,581,092
<b>Net Cash used in Financing Activities</b>		<u><b>(714,557)</b></u>	<u><b>2,581,092</b></u>
Net Increase/(decrease) in cash held		(520,515)	769,724
Add Cash at beginning of the year		1,003,516	233,792
<b>Cash at end of the year</b>	<b>4</b>	<u><b>483,001</b></u>	<u><b>1,003,516</b></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

# MELBOURNE MARKET AUTHORITY

## Notes to Financial Statements – Contents

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# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

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## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with the Financial Management Act 1994, Australian Accounting Standards, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group Consensus Views.

It is prepared in accordance with the historical cost convention, except for certain assets and liabilities which, as noted, are at valuation. Unless otherwise stated the accounting policies adopted are consistent with those of the previous year, and the classification and presentation of items, are consistent with those of the previous year, except where a change is required to comply with an Australian Accounting Standard or Urgent Issues Group Consensus view, or an alternative accounting policy or an alternative presentation or classification of an item, as permitted by an Australian Accounting Standard, is adopted to improve the relevance and reliability of the financial report. As a result of applying the revised accounting standard AAS1 Statement of Financial Performance and AAS36 Statement of Financial Position for the first time a number of comparative amounts were reclassified to ensure comparability with the current reporting period. Where practicable, comparative amounts are presented and classified on a basis consistent with the current year.

Set out below is a summary of the significant accounting policies adopted by the Melbourne Market Authority in the preparation of the financial statements.

### (a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of both the Melbourne Market Authority (the Authority) and its wholly owned subsidiary "Fresh Chain Ltd" as at 30 June 2001 and the results of the Authority and Fresh Chain Ltd for the period ended 30 June 2001. Fresh Chain Ltd did not trade to 30 June 2001. The effects of all transactions between the entities in the consolidated entity are eliminated in full.

### (b) Cash

For the purpose of the statement of cash flows, cash includes short term deposits which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

### (c) Acquisition of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

### (d) Revenue recognition

Revenue from the sale of goods is recognised upon the delivery of the goods to customers.

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

### (e) Receivables

All debtors are recognized at the amounts receivable as they are due for settlement at no more than 30 days from the date of recognition.

Collectibility 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.

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

(f) **Revaluation of non-current assets**

Subsequent to initial recognition as assets, non-current physical assets are measured at deprival value. Deprival value is deemed to approximate fair value, being the amount the Authority would have to forgo if it were deprived of those assets. Annual assessments will be made, supplemented by independent assessments, at least every five years. Revaluations are conducted in accordance with Department of Treasury and Finance Guidelines *Recognition and Valuation of Non-Current Physical Assets* (January 1995).

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

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

Revaluation increments and decrements are offset against one another within a class of non-current assets.

Revaluations do not result in the carrying value of non-current assets exceeding their recoverable amount.

(g) **Other financial assets - Investments**

Investments in unlisted securities are recognized at cost and dividend income is recognized in the statement of financial performance when receivable.

The principal amount of zero coupon bonds is calculated by discounting the cash flow associated with the ultimate redemption of the investment. The discount is amortised over the period to maturity. The discount rate is that implicit in the transaction.

(h) **Depreciation of property, plant and equipment**

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the Authority. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

	Depreciation Rates	Useful Life
Buildings	1.2% to 4%	25 years to 83 years
Computer Equipment	33%	3 years
Motor Vehicles and other Equipment	17.7%	6 years
Office Furniture	10%	10 years

Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

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(i) **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, borrowing costs incurred during construction and an appropriate proportion of variable and fixed overhead.

Borrowing costs included in the cost of non-current assets are those costs that would have been avoided if the expenditure on the construction of the assets had not been made. Borrowing costs incurred while active construction is interrupted for extended periods are recognised as expenses.

(j) **Trade and other Creditors**

These amounts represent liabilities for goods and services provided to the Melbourne Market 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.

(k) **Maintenance and repairs**

Plant of the Authority is required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 1(h). Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

(l) **Goods and Services Tax systems changes**

Costs incurred to update existing systems or to design, develop and implement new systems to deal with the GST are charged as expenses as incurred.

(m) **Employee entitlements**

(i) *Wages salaries and annual leave*

Liabilities for wages, salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(ii) *Long service leave*

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) *Superannuation*

The amount charged to the statement of financial performance in respect of superannuation represents the contributions made by the Authority to the superannuation fund.

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

- (n) **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.
- (o) **Interest bearing liabilities**  
Loans are carried at their principal amounts which represents the present value of the future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of the Statement of Financial Position (Payables – see note 9 – Trade creditors and sundry accruals).
- (p) **Consolidation**  
The consolidated financial report is not materially different from Melbourne Market Authority Accounts. On that basis if a consolidated financial report was prepared, the financial impact would be the removal of investments in subsidiary and replacement with \$2.00 cash.

## NOTE 2. REVENUE

	2001	2000
(a) Revenue by source	\$	\$
<b>Revenue from Government</b>		
State Government Grant	300,000	–
	<u>300,000</u>	<u>-</u>
<b>Revenue from Other Parties</b>		
Rentals	12,973,661	12,489,641
Sale of Assets	100,689	116,050
Interest	426,104	344,834
Other income – Fines	90,044	76,469
Other income	279,991	629,110
	<u>13,870,489</u>	<u>13,656,104</u>
<b>Total Revenue</b>	<u>14,170,489</u>	<u>13,656,014</u>

### (b) Conditional Grant

The Authority has received a grant of \$300,000 from The Department of Natural Resources and Environment to carry out Leasehold Improvements on a building occupied by the Department and located on the Authority's site.

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

## NOTE 3. RESULT FOR THE REPORTING PERIOD

	2001	2000
	\$	\$
<b>(a) Net gains and expenses</b>		
Results from ordinary activities includes the following specific net gains and expenses:		
<b>Net gains</b>		
Net gain (loss) on disposal		
Property Plant and Equipment	<u>(44,607)</u>	<u>1,895</u>
<b>Depreciation</b>		
Buildings	1,051,174	880,034
Plant and Equipment	732,803	724,037
<b>Total Depreciation</b>	<u>1,783,977</u>	<u>1,604,071</u>
<b>Borrowing Costs</b>		
Interest and finance charges paid/payable	<u>628,031</u>	<u>605,031</u>
<b>Employee entitlements</b>		
Leave entitlements	<u>85,813</u>	<u>(8,373)</u>

## NOTE 4. CASH ASSETS

	2001	2000
	\$	\$
Cash at bank and on hand	483,000	1,003,516
Short term deposits with TCV	5,786,482	5,781,000
Funds held in trust	300,000	-
	<u>6,569,482</u>	<u>6,784,516</u>

For the purpose of the statement of cash flow, cash at 30 June 2001 is represented by cash at bank and on hand.

### Short term deposits

The deposits are bearing floating interest rates between 4.90% and 6.49% (2000 – 5.84% and 6.12%)

## NOTE 5. RECEIVABLES

	2001	2000
	\$	\$
<b>Current:</b>		
Debtors	<u>333,801</u>	<u>124,133</u>
	<u>333,801</u>	<u>124,133</u>

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

## NOTE 6. OTHER FINANCIAL ASSETS

	2001	2000
	\$	\$
<b>Non-current Assets</b>		
Intangible Asset		
Fresh Chain – costs convertible to equity	2,796,608	678,464
Leased Asset software	507,662	–
<b>Total Assets</b>	<b>3,304,270</b>	<b>678,464</b>
<b>Current-liability</b>		
Leased Liability software	(507,662)	–
Aggregate carrying amount of receivables –		
Fresh Chain:		
Non-current Assets	3,304,270	678,464
Current Liability	(507,662)	–
	<b>2,796,608</b>	<b>678,464</b>

At 30 June 2000, Fresh Chain expenditures were presented as a "Business Development Investment".

At 30 June 2001, Fresh Chain remained the property of the Authority with the investment being between an Intangible fixed asset, and a finance lease.

Heads of Agreement have been signed with a third party which is a listed public company which will result in the Authority receiving shares and convertible notes to a value greater than these expenses. The transaction is expected to be completed by 30 November 2001.

### Sequence of events

1998-1999	Data Fresh and Fresh Chain projects began development of an internet based fruit and vegetable trading system
1999-2000	Data Fresh and Fresh Chain were combined
2000-2001	Fresh Chain information memorandum developed Capital raising instigated Fresh Chain Limited incorporated
Projected 2001-2002	Equity interest in listed public company MMA to recover development costs and through share holding and convertible notes

## NOTE 7. CONSOLIDATION OF OTHER ENTITIES

Fresh Chain Ltd was incorporated as a fully owned entity of the Melbourne Market Authority on 9 May 2001 and is reflected in the Melbourne Market Authority's accounts as at 30 June 2001 as a \$2 investment. The accounts of Fresh Chain Ltd include \$2 in equity and \$2 cash at bank. There were no transactions within Fresh Chain Limited from the date of incorporation to 30 June 2001.

On the basis that a consolidated financial report was prepared, the report would not be materially different from the Melbourne Market Authority Accounts. If a financial report was prepared, the financial impact would be the elimination of the \$2 investment in the subsidiary and an increase in bank of \$2.

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

## NOTE 8. PROPERTY, PLANT AND EQUIPMENT

	2001	2000
	\$	\$
<b>Land and Buildings</b>		
<i>Freehold Land:</i>		
At independent valuation 30 June 1998	–	21,100,000
At independent valuation 30 June 2001	31,600,000	–
	<u>31,600,000</u>	<u>21,100,000</u>
<i>Buildings and improvements:</i>		
At independent valuation 30 June 1998	–	24,590,000
Building and Improvement (additions since 1 July 1998)	–	6,964,600
Less: Accumulated Depreciation	–	(1,664,368)
Independent valuation at 30 June 2001	24,500,000	–
	<u>24,500,000</u>	<u>29,900,232</u>
<b>Total Land and Buildings</b>	<u>56,100,000</u>	<u>51,000,232</u>
<b>Plant and Equipment</b>		
Office Furniture, Plant and Equipment (at cost)	604,737	590,646
Less: Accumulated depreciation	(338,570)	(275,282)
Market Equipment (at cost)	3,966,137	3,918,005
Less: Accumulated depreciation	(2,042,089)	(1,530,087)
Computer Equipment (at cost)	341,034	257,911
Less: Accumulated depreciation	(217,131)	(138,487)
Motor Vehicles (at cost)	615,852	493,657
Less: Accumulated depreciation	(148,307)	(125,502)
Buildings, Plant and Equipment in the course of construction	1,041,382	97,149
<b>Total Plant and Equipment</b>	<u>3,823,044</u>	<u>3,288,010</u>
<b>Total, Property, Plant and Equipment</b>	<u>59,923,044</u>	<u>54,288,242</u>

### Valuation of Land and Buildings

The basis of land and buildings is deprival value being the loss an entity would occur if deprived of the service potential embodied in the asset. The latest valuations as at 30 June 2001 were based on independent assessments. The valuation of Land and Buildings at 30 June 2001 was completed by URBIS consulting property advisers.

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

## NOTE 8. PROPERTY, PLANT AND EQUIPMENT (cont.)

### Reconciliations

Reconciliations 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 \$000	Buildings \$000	Office Furn. & Equip. \$000	Computer Equipment \$000	Market Equipment \$000	Motor Vehicles \$000	In course of construction \$000	Total \$000
<b>Year 2001:</b>								
Carrying amount at start of year	21,100	29,900	316	119	2,388	368	97	54,288
Additions	–	1,461	14	89	52	323	1,041	2,981
Disposals	–	(71)	–	(6)	(4)	(201)	(97)	(380)
Revaluation increments (notes 1f, and 12)	10,500	(5,683)	–	–	–	–	–	4,818
Depreciation expense	–	(1,107)	(64)	(78)	(512)	(23)	–	(1,784)
<b>Carrying amount at end of year</b>	<b>31,600</b>	<b>24,500</b>	<b>266</b>	<b>124</b>	<b>1,924</b>	<b>467</b>	<b>1,041</b>	<b>59,924</b>
<b>Year 2000:</b>								
Carrying amount at start of year	21,100	25,996	360	131	2,725	281	743	51,336
Additions	–	4,784	28	17	227	260	97	5,413
Disposals	–	–	–	–	–	(114)	(743)	(857)
Revaluation increments	–	–	–	–	–	–	–	–
Depreciation expense	–	(880)	(72)	(29)	(564)	(59)	–	(1,604)
<b>Carrying amount at end of year</b>	<b>21,100</b>	<b>29,900</b>	<b>316</b>	<b>119</b>	<b>2,388</b>	<b>368</b>	<b>97</b>	<b>54,288</b>

## NOTE 9. PAYABLES

	2001 \$	2000 \$
Trade creditors and sundry accruals	380,525	819,662
Rentals in advance	1,252,320	891,936
Tenant bonds, retention monies, unearned income	368,607	413,351
	<b>2,001,452</b>	<b>2,124,949</b>

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

**NOTE 10. Interest bearing liabilities**

	2001	2000
	\$	\$
<b>Current</b>		
Interest bearing liabilities with financial institutions	524,503	544,696
Capital Lease – Lease liability (see note 6)	507,662	–
	<u>1,032,165</u>	<u>544,696</u>
<b>Non-current</b>		
Interest bearing liabilities with financial institutions	5,740,782	6,435,146
	<u>5,740,782</u>	<u>6,435,146</u>
<b>Aggregate carrying amount of interest bearing liabilities</b>		
Current	1,032,165	544,696
Non-current	5,740,782	6,435,146
	<u>6,772,947</u>	<u>6,979,842</u>

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

**NOTE 11. Provisions**

	2001	2000
	\$	\$
<b>Current</b>		
Employee Entitlements		
– Annual leave	208,223	188,686
– Long service leave	62,835	–
	<u>271,058</u>	<u>188,686</u>
<b>Non-current</b>		
Employee Entitlements		
- Long service leave	176,807	173,365
	<u>176,807</u>	<u>173,365</u>
<b>Aggregate carrying amount of provisions</b>		
Current	271,058	188,686
Non-current	176,807	173,365
	<u>447,865</u>	<u>362,051</u>

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

## NOTE 12. EQUITY AND MOVEMENTS IN EQUITY

	2001 \$	2000 \$
<b>(a) Reserves</b>		
Asset revaluation reserve	22,994,330	18,176,740
	<u>22,994,330</u>	<u>18,176,740</u>
<b>Movements</b>		
<b>Asset revaluation reserve</b>		
Balance 1 July 2000	18,176,740	18,176,740
Increment on revaluation of freehold land during the year	10,500,000	–
Decrement on revaluation of buildings during the year	(8,399,397)	–
Depreciation write back on revaluation of buildings during the year	2,716,988	–
<b>Balance 30 June 2001</b>	<u>22,994,330</u>	<u>18,176,740</u>
<b>(b) Contributed Capital</b>		
Balance 1 July 2000	9,821,359	9,821,359
<b>Balance 1 July 2001</b>	<u>9,821,359</u>	<u>9,821,359</u>
<b>(c) Accumulated surplus</b>		
Accumulated surplus at the beginning of the financial year	24,676,044	24,676,044
Net result	3,667,804	–
<b>Accumulated surplus at the end of the financial year</b>	<u>28,343,848</u>	<u>24,676,044</u>
<b>(d) Nature and purpose of reserves</b>		
Asset revaluation reserve		
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(f)		
	2001	2000
	\$	\$
Total equity at the beginning of the financial year	52,674,143	50,158,452
Total changes in equity recognised in the statement of financial performance	8,485,394	2,515,691
<b>Total equity at the end of the financial year</b>	<u>61,159,537</u>	<u>52,674,143</u>

## NOTE 13. FINANCIAL INSTRUMENTS

### (a) Credit risk exposures

The credit risk on financial assets of the Authority which have been recognised on the statement of financial position 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 predominately from assets and liabilities bearing variable interest rates as the Authority intends to hold fixed rate assets and liabilities to maturity.

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

## NOTE 13. FINANCIAL INSTRUMENTS (cont.)

	Notes	Floating Interest Rate \$	1 year or less \$	Over 1 to 5 years \$	Non-interest bearing \$	Total \$
<b>Year 2001:</b>						
<b>Financial assets</b>						
Cash and deposits	4	6,567,826	–	–	1,656	6,569,482
Receivables	5	–	–	–	333,801	333,801
Finance Lease	6	–	–	–	507,662	507,662
Other financial assets – investments	6	–	–	–	2,796,608	2,796,608
		<u>6,567,826</u>	<u>–</u>	<u>–</u>	<u>3,639,727</u>	<u>10,207,553</u>
Weighted average interest rate		4.9%	–	–	–	–
<b>Financial liabilities</b>						
Trade and other creditors	9	–	–	–	2,001,452	2,001,452
Borrowings	10	–	524,503	5,740,782	507,662	6,772,947
		<u>–</u>	<u>524,503</u>	<u>5,740,782</u>	<u>2,509,114</u>	<u>8,774,399</u>
Weighted average interest rate		–	9.7%	9.7%	–	–
<b>Net financial assets (liabilities)</b>		<u>6,567,826</u>	<u>(524,503)</u>	<u>(5,740,782)</u>	<u>1,130,613</u>	<u>1,433,154</u>
	Notes	Floating Interest Rate \$	1 year or less \$	Over 1 to 5 years \$	Non-interest bearing \$	Total \$
<b>Year 2000:</b>						
<b>Financial assets</b>						
Cash and deposits	4	6,783,366	–	–	1,150	6,784,516
Receivables	5	–	–	–	124,133	124,133
Other financial assets – investments	6	–	–	–	678,464	678,464
		<u>6,783,366</u>	<u>–</u>	<u>–</u>	<u>803,747</u>	<u>7,587,113</u>
Weighted average interest rate		6.03%	–	–	–	–
<b>Financial liabilities</b>						
Trade and other creditors	9	–	–	–	2,124,949	2,124,949
Borrowings	10	–	544,696	6,435,146	–	6,979,842
		<u>–</u>	<u>544,696</u>	<u>6,435,146</u>	<u>2,124,949</u>	<u>9,104,791</u>
Weighted average interest rate		–	9.7%	9.7%	–	–
<b>Net financial assets (liabilities)</b>		<u>6,783,366</u>	<u>(544,696)</u>	<u>(6,435,146)</u>	<u>(1,321,202)</u>	<u>(1,517,678)</u>

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

## NOTE 13. FINANCIAL INSTRUMENTS (continued)

### (c) Net fair value of financial assets and liabilities

- (i) 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.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

For non-traded equity investments, the net fair value is based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment.

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

	2001		2000	
	Carrying Amount \$	Net fair Value \$	Carrying Amount \$	Net fair Value \$
<b>On-balance sheet financial instruments</b>				
Cash	483,002	483,002	1,003,516	1,003,516
Deposits	6,086,482	6,086,482	5,781,000	5,781,000
Receivables	333,801	333,801	124,133	124,133
Other debtors	3,555,472	3,555,472	944,094	944,094
<b>Non-traded financial assets</b>	<b>10,458,757</b>	<b>10,458,757</b>	<b>7,852,743</b>	<b>7,852,743</b>
<b>Financial liabilities</b>				
Trade creditors	380,525	380,525	819,662	819,662
Other creditors	1,620,927	1,620,927	1,305,287	1,305,287
Lease liabilities	507,662	507,662	–	–
<b>Non-traded financial liabilities</b>	<b>2,509,114</b>	<b>2,509,114</b>	<b>2,124,949</b>	<b>2,124,949</b>

Other than those classes of assets and liabilities denoted as "traded," none of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.

Although certain financial assets are carried at an amount above net fair value, those assets have not been written down as it is intended to retain those assets to maturity.

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

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

## NOTE 14. 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 the Department of Natural Resources and Environment	The Hon Keith Hamilton	1 July 2000 to 30 June 2001
Board Chairman	Mr G R G Webb	1 July 2000 to 30 June 2001
Board Member	Ms D E Duck	1 July 2000 to 30 June 2001
Board Member	Mr M J Cook	1 July 2000 to 30 June 2001
Board Member	Ms V A Falls	1 July 2000 to 30 June 2001
Board Member	Mr M S Pitard	1 July 2000 to 30 June 2001
Chief Executive	Mr E R Penter	1 July 2000 to 30 June 2001

### Remuneration

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

\$200,000 – \$210,000 (\$170,000 – \$180,000 in 2000)

Remuneration received or receivable by responsible persons other than the Accountable Officer.

	2001 Number	2000 Number
Income band		
\$0 – \$10,999	2	4
\$10,000 to \$19,999	2	–
\$30,000 to \$39,000	1	–
\$80,000 to 89,999	–	1
<b>Total numbers</b>	<b>5</b>	<b>5</b>
<b>Total amount</b>	<b>\$83,523</b>	<b>\$113,931</b>

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.

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

## NOTE 15. REMUNERATION OF EXECUTIVES

The numbers of executive officers, other than the Minister and Accountable Officer, and their total remuneration during the reporting period are 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.

Income Band	Total Remuneration		Base Remuneration	
	2001 No.	2000 No.	2001 No.	2000 No.
\$100,000 – 109,999	3	1	4	–
\$110,000 – 119,999	2	–	–	–
<b>Total numbers</b>	<b>5</b>	<b>1</b>	<b>4</b>	<b>-</b>
<b>Total amount</b>	<b>\$552,343</b>	<b>\$102,647</b>	<b>\$415,000</b>	<b>-</b>

## NOTE 16. REMUNERATION OF AUDITORS

	2001 \$	2000 \$
Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the Authority's financial report:		
Amounts due and receivable by the Auditor-General	25,600	26,100
Amounts due paid to internal auditors	15,581	–
	<b>41,181</b>	<b>26,100</b>

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

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NOTE 17. COMMITMENTS AND CONTINGENCIES

	2001	2000
	\$	\$
<b>Capital commitments</b>		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	2,363,738	990,000
<b>Lease commitments</b>		
<b>Operating leases</b>		
The Authority has no operating leases contracted for at the reporting date.		
<b>Finance leases</b>		
Commitments in relation to finance leases are payable as follows:		
Within one year	209,137	-
Later than one year but no later than five years	298,525	-
<b>Total lease liabilities</b>	<u>507,662</u>	<u>-</u>
 Representing lease liabilities		
Current (Note 6)	<u>507,662</u>	<u>-</u>
	<u>507,662</u>	<u>-</u>

The Finance lease was approved by the Minister. The lease will be novated to Fresh Chain Ltd when Fresh Chain's capital raising is complete. It is anticipated that this will occur in the first quarter of the 2001/02 financial year. (See also Notes 6&7)

There were no known contingent liabilities that exist at balance day.

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

## NOTE 18. EMPLOYEE ENTITLEMENTS

	2001	2000
	\$	\$
<b>Employee entitlement liabilities</b>		
Provision for employee entitlements		
Current (Note 11)	271,058	188,686
Non-current (Note 11)	176,807	173,365
Aggregate employee entitlement liability	447,865	365,051
<b>Employee numbers</b>		
Number of employees at the reporting date	44	43

As explained in Note 1(m) (ii), the amounts for long service leave are measured at their present values.

### Government Employee's Superannuation Fund

Superannuation contributions for the reporting period are included as part of salaries and associated costs in the statement of financial performance of the Authority.

The name and details of the major employees superannuation fund and contributions made by the Authority are as follows:

	2001	2000
	\$	\$
Local Authorities Superannuation Board	203,294	150,717
State Street Australia Ltd	–	4,402
Superannuation Trust of Australia	4,499	3,185
Colonial Master Superannuation Fund	–	15,333
Commonwealth Managed Investments Limited	25,452	8,484
Rothschild 5 Arrows Superannuation Fund	10,008	8,626
Colonial First State	8,000	–
Beacon Funds Management Limited	4,113	–
The Select Fund	11,939	–
Prudential Master Superannuation Fund	20,195	–
Vic Super	1,600	–
National Private Super Fund	7,407	–

# MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2001 (continued)

NOTE 19. RECONCILIATION OF RESULTS FROM ORDINARY ACTIVITIES  
TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001	2000
	\$	\$
Results from ordinary activities	3,667,804	2,515,690
Depreciation and amortisation	1,729,486	1,564,230
Net gain on sale of Non-current assets	145,357	(1,895)
<b>Change in operating assets and liabilities</b>		
Decrease/(increase) in receivables	(302,671)	41,010
Increase/(decrease) in receipts in advance	360,384	(19,660)
Increase/(decrease) in creditors and tenants bonds	–	(181,842)
Increase/(decrease) in trade creditors	(438,011)	–
(Decrease) in other operating liabilities	37,753	–
Increase/(decrease) in other provisions	85,813	(8,373)
<b>Net cash inflow from operating activities</b>	<b>5,285,915</b>	<b>3,909,160</b>

# MELBOURNE MARKET AUTHORITY

Notes to and Forming Part of the Accounts for the Year Ended 30th June 2001

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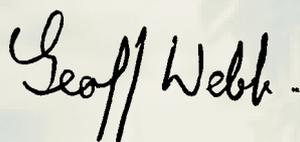
## ACCOUNTABLE OFFICER'S DECLARATION

We certify that the attached financial statements for the Melbourne Market Authority have been prepared in accordance with Part 9 of the Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the statement of financial performance, statement of financial position, statement of cash flows and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2001 and financial position of the Authority as at 30 June 2001.

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

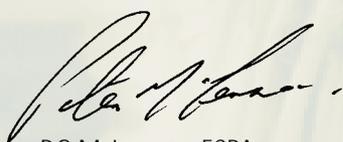
Signed in accordance with a resolution of the Melbourne Market Authority dated the 19th day of September 2001.



G.R.G. Webb  
Chairperson



E.R. Penter  
Chief Executive



P.G. McLennan FCPA  
Chief Financial Officer

# MELBOURNE MARKET AUTHORITY

## COMPLIANCE INDEX

The Annual Report of the Melbourne Market Authority is prepared in accordance with *the Financial Management Act 1994* and the Directions of the Minister for Finance. This index facilitates identification of the Authority's compliance with the Directions of the Minister for Finance by listing references to disclosures in this financial report.

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fresh chain limited  
financial statement 2001





AUDITOR GENERAL  
VICTORIA

**AUDITOR-GENERAL'S REPORT**

**To the Members of the Parliament of Victoria, the responsible Ministers and the Members of Fresh Chain Limited**

**Audit Scope**

The accompanying financial report of Fresh Chain Ltd for the period ended 30 June 2001, comprising statement of a financial performance, statement of financial position, statement of cash flows and the notes to the financial statements and the Directors' Declaration, has been audited. The Company's directors are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, the responsible Ministers and the Members of the Company as required by the *Corporations Act 2001* and the *Audit Act 1994*.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with my understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In my opinion, the financial report of Fresh Chain Ltd is in accordance with:

- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2001 and of its performance for the period ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

MELBOURNE  
25 9/2001

*Auditor-General*

# FRESH CHAIN LIMITED

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## DIRECTORS' REPORT

Your directors present their report on the financial statements for the period ended 30 June 2001.

### DIRECTORS

The following persons held office as directors of Fresh Chain Limited during the financial period and up to the date of this report:

The Board of Directors of Fresh Chain is made up of:

**Robert (Bob) Rae Dalziel, BEc, FAIM, MAICD. (Age 54)**

Chairman. Appointed in 2001

Bob is also a Director of Australia's largest retail jewellery group, Angus & Coote. He was Managing Director of leading health care and logistics group, Mayne Nickless Limited (1996-2000) and was responsible for the restructuring of the group's diverse business portfolio, which refocussed Mayne Nickless on logistics and health care in Australia and Asia and divested or closed value-destroying businesses. He developed a significant new e-commerce opportunity in its health group. In 1998 he was appointed Chairman of Australia's first private telecommunications group, Optus, and led the successful restructuring and public listing of the company. He was previously Managing Director, Discount Stores Group, for Coles Myer Limited (CML). The group included Kmart, Target and Fossey stores and in his final year it achieved 43% of CML's earnings. He has broad, senior executive experience in retailing. Bob is also Chairman of the Salvation Army's Red Shield Appeal.

**Dizney Lawrence Crombie, (Age 68)**

Since 1986 Dizney has been a Manager/Secretary of the Victorian Chamber of Fresh Produce Wholesalers. Since that time membership has risen 50% and services have been enhanced. Under Dizney's leadership the Chamber increased the scope of its activities and its annual turnover to \$9.5 million. He was responsible for developing subsidiary company, Market Freight Management in 1987. Market Freight Management, which collects levies and freights on behalf of third parties, has continued to expand and now acts as market representative for individual and grower organisations. Its current turnover is approximately \$9 million. In 1992 Dizney was instrumental in the creation of Melbourne Markets Credit Service which has simplified billing and payment arrangements. This has proven to be an asset for wholesalers and has cleared considerable bad debt and improved cash flows. He has forged strong ties with the retail industry and provided expert assistance and input in the development of retailers' Safe Quality Food System. Dizney owned and operated J Davis Pty Ltd (1973-1986) and has extensive experience in the fruit and vegetable industry. His contributions have been widely recognised with industry awards. In 1984 he was made a life member of the Chamber for outstanding service.

**John L. Gibson, B.Com, MBA, FCPA, FAIM. (Age 61)**

Since December 1999, John has been Chairman of the Brisbane Market Corporation, a public company responsible for managing and developing the Queensland Central Produce Markets (annual turnover of more than \$600 million). Since December 1999 he has also been Chairman of the Queensland Horticulture Institute. In January 1995 he became Deputy Chairman of the Australian Horticultural Corporation, where he has been a Director since August 1994. For more than seven years until October 1994, John was Chief Executive and Managing Director of the Australian Dairy Corporation (ADC) and its subsidiary trading company, Austdairy Ltd. He was a Director of Thai Dairy Industry Co Ltd for five years (1987-1991), one of the largest dairy companies in Thailand. John also acted as Director of the Horticultural Policy Council, a Federal Government advisory body, until it was disbanded in 1996. He has been a member of two Queensland Government Development Councils. Before his appointment to the ADC, John was Deputy Secretary of the Department of Primary Industry (1983-1987).

# FRESH CHAIN LIMITED

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## **Paul Douglas John Ziebarth, B.App.Sc, P.Grad.Dip.App.Sc, M.App.Sc. (Age 41)**

Since 1998 Paul has been horticulturalist/manager for Ziebarth Farms and is responsible for the development of the Environmentally Friendly Production System Eco Label and website, as well as patenting of the technology. Previously, he was secretary/co-ordinator of Lockyer Farmers Network (1996-1997) and facilitated the establishment of a network of vegetable growers to produce, value add and market a range of products for the Asian market. Between 1993 and 1997, Paul was horticulturalist and partner of MJ Ziebarth & Co. where his duties included production management, marketing and the implementation of a quality system. Paul has been extensively involved in the Queensland horticultural industry and was Chairman of the Queensland Fruit & Vegetable Growers (QFVG), the State's peak industry body (1999-2000). He was Deputy Chairman between 1996 and 1999 and has also chaired numerous QFVG and sectional group committees. He has been on the Board of the Horticultural Research and Development Corporation, the Queensland Horticulture Institute and has been a member of the Queensland Primary Industries Department Horticultural Industry Development Council and the Queensland Horticultural Exporters Council, along with other government advisory committees and horticultural teaching posts.

## **PRINCIPAL ACTIVITIES**

Fresh Chain Limited was incorporated on May 9, 2001 as an unlisted Public Company. It is wholly owned by the Melbourne Market Authority.

The principal continuing activities during the period ended 30 June 2001 of Fresh Chain Limited consisted of development of, with a view to provision of, an electronic trading system and internet portal environment for the horticultural industry:

## **RESULTS**

	2001 \$
Operating profit/(loss) of the company after income tax	<u>          -</u>

## **Dividends**

The directors do not recommend the payment of a dividend.

## **Significant Changes in the State of Affairs**

No significant changes in the state of affairs of the company occurred during the period.

## **Future Developments**

The likely development in operations of Fresh Chain Limited and the expected results of those operations in future financial years are as follows:

- (a) A Pilot of the trading system is expected to commence in late 2001 with full trading commencing in early 2002.
- (b) It is expected profits will be produced in the 2003 Financial Year.

## **Matters Subsequent to the End of the Financial Year**

Except for the matters discussed above, at the date of this report there is no other matter or circumstance which has arisen since 30 June 2001 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2001, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2001, of that company.

# FRESH CHAIN LIMITED

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## MEETINGS OF DIRECTORS

The number of meetings of the company's directors (including meetings of committees of directors) held during the period ended 30 June 2001, and the numbers of meetings attended by each director were:

	Full Meetings of Directors
Number of meetings held	2
Numbers of meetings attended by:	
Robert (Bob) Rae Dalziel	2
Dizney Lawrence Crombie	2
John L. Gibson	2
Paul Douglas John Ziebarth	2

## DIRECTORS' BENEFITS

Since 30 June 2001 no director of the company has received, or has become entitled to receive, a benefit (other than a remuneration benefit included in note 5 to the financial statements) because of a contract that the director, a firm of which the director is a member, or an entity in which the director has a substantial financial interest, has made (during the period ended 30 June 2001 or at any other time) with the company.

## INSURANCE OF OFFICERS

During the period ended 30 June 2001, Fresh Chain Limited paid a premium of \$46,019 to insure certain officers of the company and related bodies corporate. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company or a related body corporate.

## ENVIRONMENTAL REGULATION

Fresh Chain Limited is not subject to any significant environmental regulation under the law of the Commonwealth and State.

This report is made in accordance with a resolution of the directors.



Robert Rae Dalziel  
Director  
19 September 2001  
MELBOURNE

# FRESH CHAIN LIMITED

Statement of Financial Performance for the year ended 30 June 2001

	Notes	2001 \$
Revenue from ordinary activities		–
Other expenses from ordinary activities		–
Profit from ordinary activities before income tax expense		–
Income tax expense		–
Profit from ordinary activities after income tax expense		–
Net profit attributable to members of Fresh Chain Limited		–

The above statement of financial performance should be read in conjunction with the accompanying notes.

# FRESH CHAIN LIMITED

Statement of Financial Position as at 30 June 2001

	Notes	2001 \$
<b>Current Assets</b>		
Cash assets		2
<b>Total Current Assets</b>		<u>2</u>
<b>Total Assets</b>		<u>2</u>
<b>Net Assets</b>		<u>2</u>
<b>Equity</b>		
Contributed equity	2	<u>2</u>
<b>Total Equity</b>		<u>2</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

# FRESH CHAIN LIMITED

Statement of Cash Flows for the Year Ended 30th June 2001

	Notes	2001 \$
<b>Cash Flows from Financing Activities</b>		
Proceeds from Issue of Shares		2
<b>Net cash inflow from financing activities</b>		<u>2</u>
<b>Net Increase/(Decrease) in Cash Held</b>		<u>2</u>
Cash at the beginning of the financial year		-
<b>Cash at the End of the Financial Year</b>	3	<u><u>2</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# FRESH CHAIN LIMITED

Notes to the Financial Statements 30 June 2001

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## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Law.

It is prepared in accordance with the historical cost convention.

### (a) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

### (b) Revenue Recognition

Revenue received for the sale of shares has been recognised at the date of sale.

### (c) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

### (d) Comparatives

No comparative information has been disclosed as this is the first year of operation for the company.

## NOTE 2. CONTRIBUTED EQUITY

### Capital

Fresh Chain Limited is a limited company with authorised capital of \$2 divided into 1 share. Issued capital is 1 share with a par value of \$2 per share

	2001 \$
Share capital	
Ordinary shares	
Fully paid	<u>2</u>

## NOTE 3. STATEMENT OF CASH FLOWS

	2001 \$
Reconciliation of Net Cash provided by Operating Activities to Operating Profit/(Loss) after income tax	
Operating profit/(loss) after income tax	–
Add non-cash items	–
Depreciation-	
Net cash provided by operating activities before change in assets and liabilities	–
(Increase)/Decrease in assets	–
Increase/(Decrease) in liabilities	–
Net Cash provided by Operating Activities	<u>Nil</u>

## NOTE 4. CONTINGENT LIABILITIES

At balance date the company had no contingent liabilities.

# FRESH CHAIN LIMITED

Notes to the Financial Statements 30 June 2001 (continued)

NOTE 5.	<b>DIRECTORS REMUNERATION</b> Remuneration paid to Responsible persons, excluding the Accountable Officer by the Melbourne Market Authority on behalf of the Company during the period was:	2001 \$ Nil									
	\$100,000 or greater										
NOTE 6.	<b>REMUNERATION OF EXECUTIVES</b> Remuneration paid to Executive Officers, including the Accountable Officer by the Melbourne Market Authority on behalf of the Company during the period was:	2001 \$ Nil									
	\$100,000 or greater										
NOTE 7.	<b>AUDITORS' REMUNERATION</b>  Auditors' remuneration	2001 \$ Nil									
NOTE 8.	<b>RELATED PARTIES</b> There were no transactions between related parties.										
NOTE 9.	<b>FINANCIAL INSTRUMENT</b>										
	(a) <b>Terms, conditions and accounting policies</b> Fresh Chain Limited accounting policies, including terms and conditions of each class of financial asset and financial liability, both recognised and unrecognised at balance date, are as follows:										
	<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Financial Instrument</th> <th style="text-align: left;">Accounting Policy</th> <th style="text-align: left;">Terms and Conditions</th> </tr> </thead> <tbody> <tr> <td>Financial Assets</td> <td></td> <td></td> </tr> <tr> <td>Cash Assets</td> <td>Cash deposits are recognised at the account balance at reporting date, including accrued interest as at balance date. Interest is recorded as revenue as it accrues.</td> <td>Cash is held at deposit, earning interest at a variable rate.</td> </tr> </tbody> </table>	Financial Instrument	Accounting Policy	Terms and Conditions	Financial Assets			Cash Assets	Cash deposits are recognised at the account balance at reporting date, including accrued interest as at balance date. Interest is recorded as revenue as it accrues.	Cash is held at deposit, earning interest at a variable rate.	
Financial Instrument	Accounting Policy	Terms and Conditions									
Financial Assets											
Cash Assets	Cash deposits are recognised at the account balance at reporting date, including accrued interest as at balance date. Interest is recorded as revenue as it accrues.	Cash is held at deposit, earning interest at a variable rate.									
	(b) <b>Interest rate risk</b> Fresh Chain Limited exposure to interest rate risks are the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:	2000 \$ Nil									
	Financial Assets										
	Cash										
	(c) <b>Net fair values</b> The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date, are equal to the carrying amounts as per the statement of financial position.										
	(d) <b>Credit risk exposures</b> Fresh Chain maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position.										

# FRESH CHAIN LIMITED

Notes to the Financial Statements 30 June 2001 (continued)

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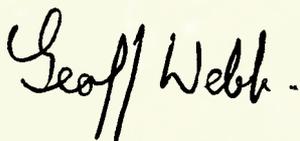
## ACCOUNTABLE OFFICER'S DECLARATION

We certify that the attached financial statements for Fresh Chain Limited have been prepared in accordance with Part 9 of the Directions of the Minister for Finance under the **Financial Management Act 1994**, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the statement of financial performance, statement of financial position, statement of cash flows and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2001 and financial position of the Company as at 30 June 2001.

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 the 19th day of September 2001.



G.R.G. Webb  
Chairperson



E.R. Penter  
Chief Executive



P.G. McLennan FCPA  
Chief Financial Officer





MELBOURNE **MARKETS**

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