

melbourne market authority
annual report 2001 - 2002

melbourne market authority



annual report 2001–2002



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melbourne market authority

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

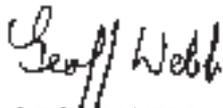
Dear Minister

The Authority has pleasure in submitting its Annual Report for the year ended 30 June 2002.

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 2001 to 30 June 2002.

The current Board commenced its three year term on 21 April 2000 and this Report covers its second 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



GEOFF WEBB

Chairperson





Geoff Webb



Diana Duck



Maurice Pitard



Carolyn Burgi



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. Virginia Falls resigned in February 2002 and Carolyn Burgi was appointed in April 2002.

John Cook was granted leave of absence from December 2001 to take up chairmanship of Fresh Chain Ltd.

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

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

Name	Meetings Attended 2001/2002	No. of Meetings Held 2001/2002
Geoff Webb	12	13
Diana Duck	12	13
Maurice Pitard	12	13
John Cook (leave of absence from Dec 01)	5	13
Carolyn Burgi (from April 2002)	3	13
Virginia Falls (until February 2002)	8	13



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:

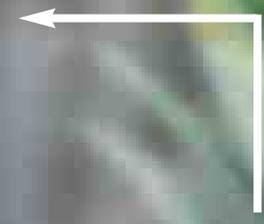
Fruit & Vegetable Growers Advisory Committee	Fruit & Vegetable Wholesalers Advisory Committee	Fruit & Vegetable Retailers Advisory Committee	Flower Growers Advisory Committee	Florists Advisory Committee
Mr Mark Paganoni (Chairperson)	Mr Robert Millis (Chairperson)	Mr Tony Mecca (Chairperson)	Mr Geoff 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	Mr John Boon	Ms Francine Rizza
Mr Frank Tropeano	Mr Greg Lamanna	Mr Trevor Wilson	Mr Pat Caminiti	Ms Lyn Sutton
Mr David Wallace	Mr Anthony Pirera	Mr John Chapman*	Mr Joe Zappia	Ms Cristina Varrasso
Mr Nick Alabakis	Mr Dizney Crombie*	Mr Alan Gange*	Mr John Osmelak*	Mr Bruce Grey*
Mr Ian McLachlan*	Mr Alan Guy*	Mr John Psarakos*	Mr Michael Spyrou*	
Mr Jack Walker*	Mr Peter Silk*			

*Observer

5

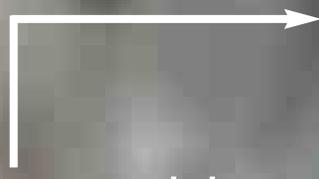
melbourne
market authority
board members

Geoff Webb, Chairperson
Diana Duck
Maurice Pitard
Carolyn Burgi
John Cook



4

chief
executive
officer
Bob Penter



3

management team

Manager, Market Operations
Director, Finance & Administration
Director, Legal & Commercial
Director, Planning & Systems
Director, Marketing & Promotions
Director, Site Engineering

B Kirby
P McLennan
Y Pillay
G Smith
M Stewart
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 Florists

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 and 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 and 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 Melbourne Market Authority I am pleased to present the Annual Report and statement of activities for the financial year, 1 July 2001 - 30 June 2002.

In its second full year of operation the Board has overseen the implementation of a significant number of new developments at the Markets to meet customers' trading and operating requirements. These developments range from the construction of new warehouses to the introduction of measures to improve occupational, health and safety requirements for traders and staff. The Authority has also initiated a number of important projects that relate to planning for the Markets long-term future and, in particular, the commencement of a major feasibility study into the business needs of the Market and its users, including the possibility of relocating to another site.

When the Market was established some 33 years ago on the current site it is unlikely that it was envisaged that there would now be almost 700 forklifts operating on a daily basis. Nor could the extent of cool store refrigeration have been contemplated. Our Market is now under considerable pressure to deal with the requirements of larger transportation vehicles, additional warehousing, refrigeration, parking, food safety requirements and more. Our options for development at this site are limited but we are committed to looking at the full range of options both here or at another location. I would urge all market users to take up the invitation to contribute their views to the study. I would also emphasise that no decision has been made to relocate the Market, and if after consultation this is the preferred option, it is likely that it would take three to five years to design and build a new Market. In the interim may I give the Authority's assurance that it is committed to meeting the business needs of its customers at this site and that it will maintain a site development schedule that supports continued business growth.

Over the last three years, the Authority has provided the majority of seed funding for the development of *freshchain* on behalf of the fresh fruit and vegetable industry. In April 2002 Fresh Chain Limited (FCL) issued an Information Memorandum to raise funds from professional investors to fully commercialise *freshchain*.

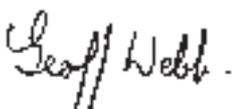
Due to difficult conditions associated with capital markets, as at September 2002 insufficient funds had been raised to complete the capital raising and as such the business operations of FCL are being restructured while the Board of FCL considers its options for the future. As a consequence the Board of the Melbourne Market Authority has considered it prudent to provide for its exposure to FCL. The Authority's Net Profit excluding the cost of *freshchain* was \$2,656,815

FCL was established to operate *freshchain*, an online trading and communication platform for the Australian fresh fruit and vegetable industry. *freshchain* is designed to meet the changing needs of the industry, to drive administrative and trading efficiencies and to provide Members with reliable market information consistent with the Authority's objective of ensuring a fair and competitive environment for the trading of produce. *freshchain* is totally aligned to the Victorian Government's innovation, technology and regional development policies.

Over the past twelve months the Board has enjoyed working with members of the Market community. The Advisory Committees have played a key role in providing industry views relating to their various sectors and contributing to new developments. With the many competing interests in the Market it is not always possible to gain consensus on issues such as Market hours. In such cases the Authority has sought independent analysis of issues to support its decision making for the benefit of the industry as a whole.

The prospects for our Market are most encouraging. This year saw an overall increase of more than 1,000 registered Market users and encouragingly, the average age of these people was some 14 years younger than the average age of all registered users.

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



Geoff Webb
Chairperson

chief executive's report



Bob Pentler
Chief Executive

chief executive's report

The 2001/2002 year has been a constructive period for the Authority and the Market in general. During the year a number of key initiatives have been completed and these will ensure that the Melbourne Market Authority continues to provide a leadership role in the industry on behalf of its customers.

Key initiatives which have been finalised include the implementation of a new accounting and enterprise information management system which will allow the Authority to improve its administration and procedural efficiency. The Authority also completed the construction of a new conference centre for use by Market related businesses. Our customer service centre was refurbished to provide for improved conditions for customers obtaining or renewing access cards and for paying accounts in person. During the year the Authority also completed a program of ensuring that all forklifts on Market land were compliant with Australian Emission Standards.

Occupational health and safety has been given a high priority in Authority operations with the introduction of many new initiatives to improve the safety and well being of all Market users. These initiatives include improved line marking of pedestrian and vehicle traffic areas, compulsory wearing of safety vests, improved lighting and signage, greater enforcement of vehicle speed and safety compliance. During the year, the Melbourne Market Authority By-Laws were amended to reflect occupational health and safety requirements.

With the pending implementation of Victoria's food safety legislation, the Authority has worked with a number of key groups to obtain approval for a food safety template for fruit and vegetable retailers. The Authority will also work with growers to develop a cost effective food safety plan to enable them to comply with the new food safety requirements.

Market hours still remains an issue to be resolved. In the absence of an industry consensus on the issue, the Authority will undertake an independent assessment of the economic and social impacts on all industry groups.

The introduction of the 40 year service award for Market users was well received by the Market community with 165 recipients being nominated for the award. Many of these recipients attended the annual industry function Vicfresh 2002 at the Palladium Room, Crown Towers to be personally presented with their certificate and gold lapel badge.

The biggest challenge currently facing the Market is that of redevelopment of the current site compared with relocation to a larger Greenfield site. In conjunction with the Government, the Authority and Market tenants and users are participating in a feasibility study to determine future needs. It is clear that there are growing pressures on the Market at the current Footscray Road site and the future



growth needs of the port may require our site for future port/rail use. The Authority will continue to consult with Market users on this issue.

I would like to acknowledge the hard work and commitment of the Authority's staff during the year and I am sure that they will continue to work in conjunction with the Market community to ensure the ongoing success of our central market.

The Authority will continue to work with all industry groups over the forthcoming year to manage the challenges which confront us. I look forward to achieving a successful outcome for 2002/2003.

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

Bob Penter
Chief Executive



business overview

melbourne markets an overview of our business

Melbourne Markets complex includes the Wholesale Fruit & Vegetable Market, the National Flower Centre and extensive distribution and warehouse facilities. Melbourne Markets is Victoria's centre for the wholesaling of fruit, vegetables and flowers. The site covers a massive 33 hectares and is located just five minutes from the centre of the City of Melbourne. With a turnover in excess of \$1.5 billion annually, the Market is the largest wholesale fresh produce complex in Victoria.

the wholesale fruit & vegetable market

With 652 fruit and vegetable stands and 122 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. Supplies arrive from Tasmania, Western Australia and South Australia. Tropical produce arrives from New South Wales, Queensland and the Northern Territory, as well as from 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 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.

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.



7,200 people
used melbourne
markets
throughout the year

customer profiles & market usage

total market usage

Over 7,200 authorised people used the Market regularly for business during the year compared to 6,000 for the previous year.

Customer Group	Year 01/02
wholesalers and staff	1,400
fruit and vegetable growers	1,300
fruit and vegetable retailers	1,750
flower/plant growers	350
florists	1,400
market related businesses	1,000
<hr/>	
total registered users for 2002	7,200

business and industry types using the market

The Market is the major business development and trading centre for Victoria's fresh produce industry. 2,582 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.

daily usage patterns

Average entries to the Market each day for the financial year 2001/2002 are recorded below together with figures for the previous year.

Customer Group	Daily Average 01/02	Daily Average 00/01
wholesalers and staff	720	700
fruit and vegetable growers	300	303
fruit and vegetable retailers	640	630
flower/plant growers	75	78
florists	160	160
<hr/>		
total average entries per day	1,895	1,871

vehicle entries per day

cars and light vehicles	600	trucks > 4 tonne	100
vans	1,280	registered forklifts on site	695

business trends

Registered Market users have increased from 4,000 in 1993 to 7,200 in June 2002
Cut flower and plant buyers have increased from 175 in April 1996 to 1,400 in 2002
Annual Market throughput has increased from \$800m in 1993 to \$1.5b in 2002

Sources: Registrations for Electronic Access Cards (includes principals and employees
"Determining Market Throughput" Pannell Kerr Forster - June 1999 with
estimated annual adjustments.

strategic marketing plan

The Authority's strategic marketing plan was reviewed during the year. This establishes objectives and strategies which aim to:

- retain and attract wholesale customers and associated industries to Melbourne Markets
- assist the fresh fruit, vegetable and flower industries to grow overall fresh produce consumption in a manner that builds recognition, relevance and importance for the Markets as the epicentre for their industries within Victoria
- support the implementation of the Corporate Plan in conjunction with relevant customer groups and industry bodies.

Specific marketing strategies and activity plans have been identified in regard to supporting each customer group.

marketing highlights customer retail support programs



Involvement in retail support programs provided through Melbourne Markets increased substantially during the financial year. This increase related to new buyer registrations, improved data base management and increased awareness and value placed on services and promotions delivered through the programs. Between June 2001 and June 2002 the number of participating fruit and vegetable retailers increased from 450 to 500 and the number of participating florists increased from 250 to 335.

Supports provided this year include point of sale materials, product training and information, promotional campaigns and business information and assistance. Fruit and vegetable retailers also had access to product demonstrations, food safety programs and an independent mystery-shopping program that provides confidential feedback to assist retailers to benchmark performance.

The licensing of the Melbourne Markets Fruit and Vegetable Retail Support Program to Sydney Markets Ltd and Brisbane Markets for delivery in New South Wales and Queensland respectively, is a significant achievement and should greatly assist the broader horticultural industry to coordinate information distribution and promotional activities and strengthen the role of central markets.

Vic Fresh 2002 - annual industry awards night

The Authority worked with an industry steering committee to organise a special combined industry awards night which was held at Crown Entertainment in March 2002. The ticketed event attracted more than 700 people and was hailed as a major success by all who participated. Major sponsorship support was received from Toyota Industrial. A range of industry groups also generously supported the night. The evening included a special tribute to traders that contributed more than forty years consecutive service to the industry as well as the top retailer awards which are the most prestigious and sought after fresh produce awards in the industry.

congratulations to our top greengrocers 2002

Five hundred retailers participated the Melbourne Markets awards program this year. Shops were judged on customer service, quality and variety of produce, cleanliness, point of sale, staff presentation, signage and the availability of additional services such as home delivery.

Winners of the 2002 fresh produce Retailer of the Year Awards were:



Angela Dimattina and Gary Jebb of Colonial Fruit Company with the Hon. Keith Hamilton, Minister of Agriculture and Aboriginal Affairs and Geoff Webb, Chairman, Melbourne Market Authority

Retailer of the Year
Colonial Fruit Company,
Forest Hill

Regional Retailer
of the Year
V & R Fruit Market,
Geelong West



Connie and Joe Luca with son, Jacob of V & R Fruit Market with the Hon. Keith Hamilton, Minister of Agriculture and Aboriginal Affairs and Geoff Webb, Chairman, Melbourne Market Authority

industry recognition for long standing service



The inaugural "Golden Market Pass" for forty years continual working service at the Markets was awarded this year to 165 traders. Recipients received a golden market badge, certificate, parking privileges and a life membership pass to the Melbourne Markets. Recipients were honoured at the Vic Fresh Awards night and proudly gathered for a group photograph.



industry visits and public tours



The Authority has hosted an increased number of business tours from prospective traders, industry associations and related commercial groups this year.

This has been facilitated by the development of a dedicated conference centre that includes modern projection facilities, kitchen and associated amenities that will cater for up to 100 people.

Public tours aboard the electric tourist train operated by the Melbourne Wholesale Market Experience, have continued to attract substantial numbers despite a general downturn in overseas tourists. Numbers of domestic travellers, service clubs and students using the service have increased.



Visit from Marcus Oldham College

Total number of visitors 2001/2002 - 2,564 compared to last year - 2,300.

involvement in trade shows and major events



The Authority worked in partnership with a number of industry groups to extend and improve promotional exposure within the industry and to the public. Involvements ranged from co-ordinating joint marketing activities and mounting displays to providing conference facilities and sponsorship support. These events included:

*Royal Melbourne Show
Good Food Show
Spring Racing Carnival
Home Show
Mildura Show
Charity Cherry Auction*

*Mango Conference
Snack Fruit 2002
Melon Conference
Australian Chamber Conference
AUF Race Day
Les Toques Blanches Chefs Awards*



environmental management and food safety initiatives

recycling and waste disposal

Waste recycling has remained a high priority and Melbourne Markets continues to lead the way when compared to similar businesses and markets throughout Australia. In excess of 95% of all waste is recycled. This year, additional services have been provided for plastics recycling. A trial program is also being tested in conjunction with Melbourne Zoo for the selection and provision of fresh waste materials to assist with the relocation of the Royal Botanical Gardens' fruit bat colony and to supplement the diet of certain zoo animals.

emission controls

During the financial year the Authority, in partnership with the Market community, achieved the target of all 695 forklifts operating in the Markets being converted to LPG with closed loop emission system and catalytic converters. This significant achievement was supported through a federal government grant that was coordinated by the Authority on behalf of Market businesses. This initiative has resulted in Carbon Monoxide emission levels in the Market under the Market roof testing below the national occupational and health and safety specifications. The reduction of emissions is part of the Authority's corporate strategy to ensure quality trading conditions and responsible environmental management.

residue testing

Victorian suppliers to the Melbourne Markets have participated in the Department of Natural Resources and Environment Produce Monitoring Program. This Program has conducted targeted testing of Victorian grown produce for chemical residues and heavy metals for 15 years and since 2000 has also conducted large-scale, random monitoring of horticultural export industries. Recent results of the program have been released indicating that out of a total of 847 samples taken, 99.9% were free from unacceptable residues. These results are comparable to those produced by similar national and international targeted residue testing programs. The Melbourne Markets will continue to work with relevant government and industry groups to facilitate continued monitoring and compliance with chemical usage in accordance with good agricultural practice and food safety standards.

retailers food safety

As part of its retail support activities the Authority has worked with retailers to develop a Food Safety Template for fresh produce retailers in accordance with Food Safety Victoria guidelines. The technical content of this template has been reviewed and certified as satisfying the requirements of the ANZFA Food Standards Code and Victorian Food Act 1984 by SGS International Certification Services Pty Ltd. The template has now been registered on the Victorian Templates List and is available to any fresh produce retailer operating in Victoria. The development and registration of the template is a significant achievement for the fresh produce industry and should greatly assist retailers in the future.

growers food safety

Under Victorian Food Safety Regulations all growers that sell at Melbourne Markets are required to have an approved Food Safety Plan by January 2003. In regard to food safety registration and monitoring, growers selling from the Melbourne Markets site are within the local government regulatory responsibility of the City of Melbourne. To assist growers meet these requirements Melbourne Market Authority has undertaken to coordinate the development of a food safety plan that meets Government requirements and is simple and cost effective to implement.

The Authority has established an Industry Steering Committee comprising membership from grower associations and traders. This group will be supported by relevant food safety personnel and will aim to develop a food safety plan in accordance with requirements for implementation prior to the end of the 2002.

wholesalers food safety

The Authority is currently clarifying requirements under the Health Act, for wholesalers, provedores and transport operators that operate from Melbourne Markets, to also have Food Safety Plans by 1 January 2003. As most wholesalers are qualified through SQF 2000 with HACCP accreditation the need for any additional requirements may be minimal, however some provedores and transport operators may be affected. If required, the Authority will establish an industry working group with relevant technical support to clarify the issues and assist businesses with the development of food safety plans.



freshchain



Fresh Chain Limited (FCL) was established to operate *freshchain*, an online trading and communication platform for the Australian fresh fruit and vegetable industry. *freshchain* is specifically designed to meet the changing demands and needs of the industry, to drive administrative and trading efficiencies and to provide Members with reliable market information consistent with the Authority's objective of ensuring a fair and competitive environment for the trading of produce. *freshchain* is totally aligned to the Victorian Government's innovation, technology and regional development policies.

The system was developed in consultation with leading fresh fruit and vegetable industry groups, involving more than 600 industry interviews and workshops and included wholesalers, Central Markets and the major grower regions and produce groups. The design of *freshchain* involved detailed process mapping and system modelling reflecting current market practice.

freshchain is based on IBM's proven "Websphere" software and was customised to suit the Australian fresh fruit and vegetable industry. FCL successfully piloted *freshchain* with over 60 strategic potential users between August 2001 and March 2002 to confirm that it reflected their needs.

Over the last three years, the Authority has provided the majority of seed funding for the development of *freshchain* on behalf of the fresh fruit and vegetable industry. In April 2002 FCL issued an Information Memorandum to raise funds from sophisticated and professional investors to fully commercialise *freshchain*.

Due to difficult conditions associated with capital markets, as at September 2002 insufficient funds had been raised to complete the capital raising and as such the business operations of FCL are being restructured while the Board of FCL considers its options for the future. As a consequence of this the Board of the Melbourne Market Authority has considered it prudent to provide for its exposure to FCL.



the year in review
our customers



fruit & vegetable growers

There are 652 trading stands used for trading fruit and vegetables on the Grower's Floor. Many growers have multiple stands and since the deregulation of the industry allowing wholesaling from the Grower's Floor, many have expanded or consolidated their businesses. This has resulted in improved overall take-up of stands throughout the trading week. Additionally, because wholesalers can now trade from the Growers Floor this has attracted both new and established businesses to Melbourne Markets and improved trading dynamics. There has also been a significant increase in second rights stands. In total there are 1300 growers and staff registered to use the Market with an average of 300 attending on a daily basis.

product marketing and industry development

The Authority has worked with grower groups throughout the year to improve the flow of product information to retailers and other buyers. This includes the development of seasonal availability and nutrition information for most fruits and vegetables traded through the Market. The Authority has also worked with a number of grower groups and industry bodies to assist industry development and marketing. Involvement has ranged from hosting conferences to ongoing participation in planning and marketing forums. Examples of industry involvements are Murray Valley Table Grape Growers Council, and Australian Table Grape Council, Summer Fruits Marketing Committee, Australian Mango Industry Association, Australian Melon Growers Conference. The Authority has worked closely with Horticulture Australia to assist in the distribution of marketing materials funded through grower levies.

works and services

Works and services undertaken at the Market during the year that have supported growers are;

- Pedestrian walkways have been introduced to improve safety on the trading floor
- Refurbishment of the Customer Service Centre has improved amenity during market hours.
- Installation of additional Carbon Monoxide sensors on the Growers Floor has improved monitoring and compliance with Australian emission standards.
- Painted yellow pillars on Growers Floor and improved signage for safety equipment such as fire hoses
- New east west walkways and pedestrian crossings have been installed

consultation and planning

A key priority for the coming year is to work with grower representatives to develop a food safety template procedure that will assist growers to comply with new provisions coming into effect on 1 January 2003 under the Health Act, which require all growers selling at the Market to have a Food Safety Plan and to be registered with the City of Melbourne.



fruit & vegetable retailers & other buyers

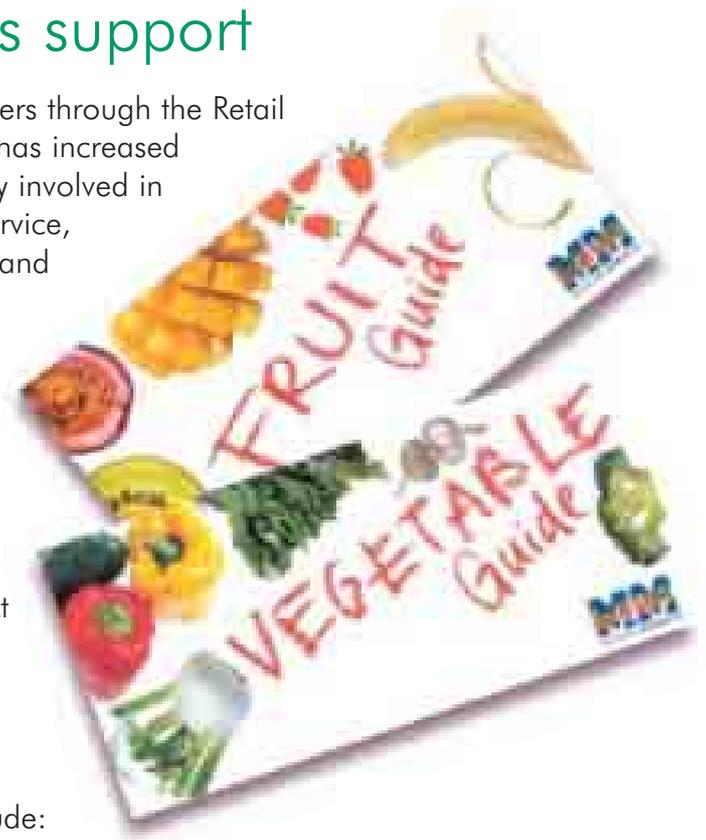
A total of 1,750 wholesale fruit and vegetable buyers were registered with the Authority including independent greengrocers, small chains, major supermarkets, provedores, restaurants, food service industries and processors.

marketing and business support

The Authority has continued its support of retailers through the Retail Support Program. Participation in the program has increased during the year and now 500 shops are actively involved in promotional campaigns, a mystery shopping service, competitions, product training, demonstrations and food safety training and accreditation.

A monthly awards program that culminates in the identification of the Program's "Retailer of the Year" has played a significant role in encouraging retailers and rewarding improved business skills.

New materials provided to support all buyers include product nutrition and seasonal availability charts, seasonal recipes and product handling tips.



works and services

Works and services that have contributed to improved trading and amenity for retailers include:

- Improvement of traffic flow through gate entrances.
- Installation of safety zones, pedestrian walkways and forklift paths.
- New customer service centre with immediate access card renewals.
- Lighting upgrades for improved security and product handling.
- Extension of wax box recycling project and introduction of plastics recycling.
- Increased monitoring of reserved parking and improved truck access for loading arrangements.

consultation and planning

The Retailers Advisory Committee takes an active role in representing issues relating to the sector, advising on operational issues and contributing to the planning of marketing and business support. The Committee has played a key role in advising the Authority on issues impacting on retailers that need to be considered in future planning for the site, services and operations. Future planning issues relate to food safety, business efficiency and operating arrangements, marketing, distribution and cool chain requirements.

fruit & vegetable wholesalers

There were a total of 122 wholesale tenants trading at the Market. The number of wholesalers and staff registered to use the site was 1400 in June 2002 and the average daily attendance was 720 compared to 700 in the previous year. During peak trading periods average daily attendance climbed to 850. The wholesale business sector continues to be marked by business consolidation and expansion to meet new distribution and efficiency requirements. Demand for additional warehouse space has increased and particularly relates to the implementation of quality assurance systems, maintenance of the fresh produce cool chain and food safety requirements.

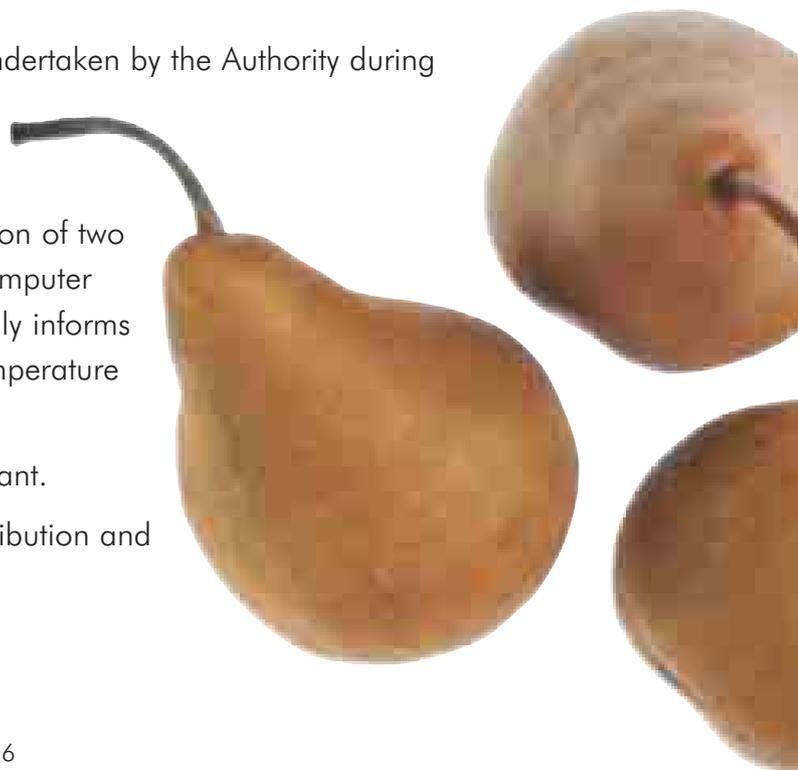
joint marketing and promotions

The Authority has worked in partnership with the Victorian Chamber of Fresh Produce Wholesalers and groups of wholesalers to extend business and product promotions to the retail sector, food service industries and the public. Major joint promotions have been undertaken at the Royal Show and Good Food Show. A successful trade presence was achieved at a number of grower related conferences such as the Mango Conference and Melon Conference. Other activities included the initiation of joint marketing activities with a group of executive chefs from major hotels and restaurants. The production of a joint annual business directory with the Chamber continues to provide significant business exposure. The Authority has continued to work jointly with wholesale members to support the marketing and operation of the Farmpay Service.

works and services

The following major works and services were undertaken by the Authority during the year to support wholesale trading:

- Completed a major upgrade of the power supply to B stores to support coolchain operations. The system included the installation of two dedicated substations and incorporated a computer control system that monitors and automatically informs tenants and the Authority of any irregular temperature variation or system failure.
- Extended Warehouse K for the wholesale tenant.
- Constructed Warehouse P for wholesale distribution and storage.



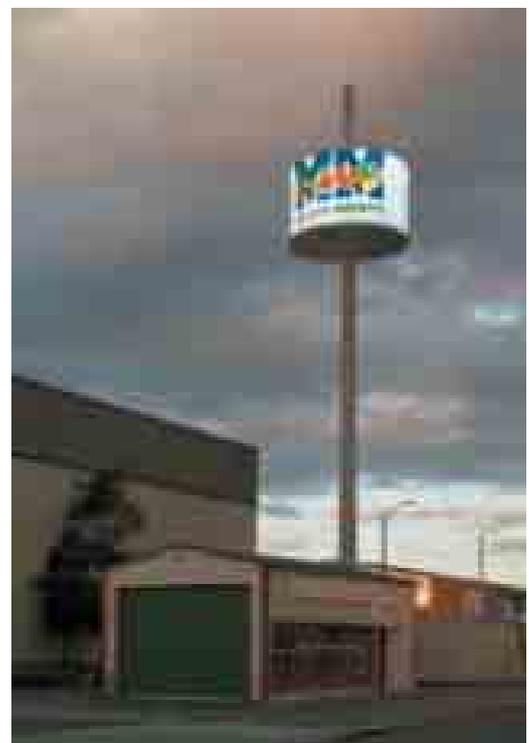
- Redeveloped Gate 5 to improve access to wholesale warehouses.
- Installed new lighting for the A stores Southern Canopy.
- Re-let warehouse facilities adjacent to Gate 1 for fresh produce storage and distribution.
- Safety zones between A and B stores for pedestrians and buyers' scooters have been established to give access and improve safety
- Commenced installation of security fencing for A Store office areas.



Warehouse P



Extension to Warehouse K (Commercial Premises)



Melbourne Markets Entry Tower - Gate 6

consultation and planning

The Wholesalers Advisory Committee has continued to provide valuable advice and feedback to the Authority in regard to Market operations and development. Priority areas for planning include the needs of wholesale tenants for warehousing and services both in the short and longer term as part of the Authority's redevelopment study, opportunities for efficiency gains, Market hours and cool chain management.

flower growers, wholesalers & florists



report on flower trading and customer numbers

The National Flower Centre is now well established as the trading precinct for Victoria's fresh flower industry. Registered buyers now total 1400 and growers and staff total 350. The average number of buyers entering per trading day is 160 with this rising to more than 350 at busy periods. Shops in the precinct have been fully tenanted for the period and stand occupancy rates have remained above 97%.

Flower trading at the National Flower Centre exceeded many traders' expectations this year. Although there were predictions of a "tough" year, feedback from florists and flower growers suggests that turnover for the peak trading days of Valentines Day and Mothers Day was generally higher than the previous year. Some florists reported up to a 30% increase on the previous years' Mothers Day sales.

marketing and promotions support

The Authority supported traders with targeted promotional campaigns that have received very positive response and high media coverage. Evaluations from these campaigns indicate that the point of sale materials and media promotions have played a key role in driving up sales for the industry.

Promotional campaigns undertaken during the 2001/2002 financial year were:

valentines day promotion (feb 2002)

Campaign title "Love means flowers".
Point of sale backed by media PR and advertising campaign.

mothers day (may 2002)

Campaign title, "I love Mum" bikie campaign. Life sized bikie point of sale backed by PR and media campaign.

spring racing carnival (oct - nov 2001)

Campaign title "Fresh spring flowers - talk to your local florist today", linked to official race day flower guide, point of sale and joint Racing Victoria and NFC marketing and media campaign. Planning for the 2002 Carnival is now underway.

flower export development

The Authority has worked in cooperation with the Flower Export Council of Australia (FECA), which is located in the NFC to support promotions of Australian product both domestically and overseas.

consultation and planning

The Florists and Flower Growers Advisory Committees have continued to provide industry advice and feedback on trading requirements and facilities. They have also provided advice on Occupational Health and Safety matters for the precinct. NFC trading hours were reviewed this year in consultation with the Committees. Following a survey and analysis of the results it was agreed unanimously by both Committees to maintain the current trading times.



new works and developments

Construction of Warehouse O, a substantial trading module on the western end of the NFC has commenced and will be completed prior to the end of the calendar year. This will include cool rooms, office space and showroom facilities.



strategic planning

The Authority reviewed and updated its five year Corporate Plan and continued implementation of the balanced scorecard methodology to monitor and guide progress against agreed targets. It also commenced a major initiative to assess the future long-term development requirements of the Market to meet the needs of the industry.

The Market and its users are under considerable pressure to deal with the requirements of larger transportation vehicles, additional warehousing, cool chain, parking, OH&S compliance, evolving food safety regulations, and quality assurance amongst other things. The Market is land locked and has few options to expand beyond current boundaries.

Together with the Government, the Authority has embarked on a feasibility study into the



business needs of the Market and its users, including the possibility of relocating the Markets to another site. This study includes consultation with Market users, associated businesses and the broader horticultural industry.

No decision has been made to relocate the Market, with all options under consideration. However, if after a process of consultation and analysis a decision is made to proceed with relocation, it is likely that a new facility could take 3-5 years to design and build. In the interim the Authority is mindful of the needs for business development and has maintained scheduled works and services to meet trader's needs.

market operations & site works

market access, parking and traffic management

There have been a number of initiatives undertaken to improve operations. These include:-

- systems for processing electronic access cards for new customers have been improved to provide immediate activation during the approval process.
- buyer entry points have been reconfigured to ease congestion at Gate 6.
- reserved parking permits have been introduced and regular monitoring implemented to ensure spaces remain free for authorised customers.
- introduction of a ticketing system for casual growers.
- increased monitoring and improved systems to ensure legitimate entry and compliance with authorized entry times and safety procedures.
- improved signage and monitoring of allocated forklift runways, pedestrian walkways and safety zones.

forklifts

Improved monitoring systems introduced last year have enabled the Authority to check all forklifts for compliance with emission control standards, safety requirements and currency of roadworthiness.

site works & services

The Authority has undertaken works to improve facilities and services for a range of associated tenants. It has:-

- developed a dedicated conference centre for industry usage.
- installed a new office for the public Weighbridge including resurfacing of entrance and exit ramps.
- refurbished the Department of Agriculture Plant Standards Office with inclusion of modern laboratory facilities.
- assisted cafes in the Market to install outdoor seating areas in line with OH&S standards and provided additional enclosed storage for bins and cleaning equipment.
- replaced icon signage at entrance to Gate 6.
- re-tendered pest control for all common areas of the Market to meet SQF 2000 requirements.
- appointed a supplier for security with upgraded specifications to provide improved service to the Authority and Market users.
- reviewed and implemented a new cleaning contract in line with upgraded specification.

new customer service centre

A dedicated, modern customer service centre has been constructed in the main fruit and vegetable Market adjacent to the trading floor to provide improved facilities for traders during Market hours. The centre is staffed from 2.00am and has facilities for registrations, payment of fees and other customer requirements.



occupational health and safety

The Authority has continued to work with representatives of Work Safe Victoria and trader representatives to improve the overall safety of traders and staff operating on the site. Significant initiatives implemented during the financial year were:

- occupational Health and safety Management System Audit - November 2001
- site specific Risk Assessment, which identified hazards and risks, which are the responsibility of the MMA - April 2002
- site Specific Risk Assessment, which identified hazards and risks, which are the responsibility of the Melbourne Market users - April 2002
- dangerous Goods Audit for the Melbourne Market users - May 2002
- the further development and implementation of the Safety Management System for the Melbourne Market Authority - Commenced July 2002 and to be completed September 2002.

In conjunction with this work the Authority has implemented a number of initiatives that include:

- the introduction of high visibility safety vests for all market users and Authority staff - 100% compliance June 2002
- development of a code of conduct for the hire, use and maintenance of motorised scooters on Market land.

The Authority maintains records of all incidents and takes a pro-active approach to prevention. There were six incidents during the year requiring attendance by emergency services of which 3 involved injury. Unfortunately, this included one fatality.

market bylaws updates and amendments

The 1997 Melbourne Market Authority Bylaws were amended this year to incorporate Occupational Health and Safety issues and other changes that have impacted on the operation of the Market. This update included conversion into plain English in line with the Authority's goal of improved communication with customers. These changes were officially gazetted and became operation on 1 August 2002. Copies of the Bylaws have been posted within the Market and all customer groups advised of changes.

farmpay

The Farmpay service has been operating now for four years and is only available through accredited wholesalers at Melbourne Markets. Growers that consign produce to accredited members are given greater security as payment is required to be made within a specified time period, is backed by larger bonds than under previous systems and there is accountability through the Farmpay Registrar. The service provides a marketing edge for media and marketing activities directed to growing areas around Australia and has played a key role in attracting produce consignments to the Market this year. Farmpay registrations were renewed in January 2002. A Farmpay freecall hotline (1800 678 062) provides growers with a list of members together with fax stream service and website listing.



price reporting

During the year the Authority resumed operation of the Melbourne Markets Price Reporting Service (Datafresh). This service provides daily produce price reports that now cover 300 different product lines. Historic reports dating back to 1992 can be delivered including customised reports for specific products. Integration of this service into the Authority's activities has provided improved marketing, data management and reporting. A full time staff member has now been recruited to further improve the service to customers and to provide the capacity to expand the existing service.

seasonal markets

The seasonal wine grape market attracted increased traders this year with a further six stands being established for the season. Areas to be addressed to improve operations relate to removal of polystyrene and other waste materials for recycling and the appropriate site location to accommodate the expanding number of traders. A seasonal Xmas tree market was conducted and will be reviewed with particular reference to the quality of product and number of traders.

market hours

fruit and vegetable market

Subsequent to the Market hours review in 2001 the Authority received a submission from the wholesale sector requesting a further trial of later trading hours. Following submissions from retailers, country transport operators and growers, the Authority has commissioned a business analysis of impacts across all trading sectors to provide further information prior to considering any change to the current hours.

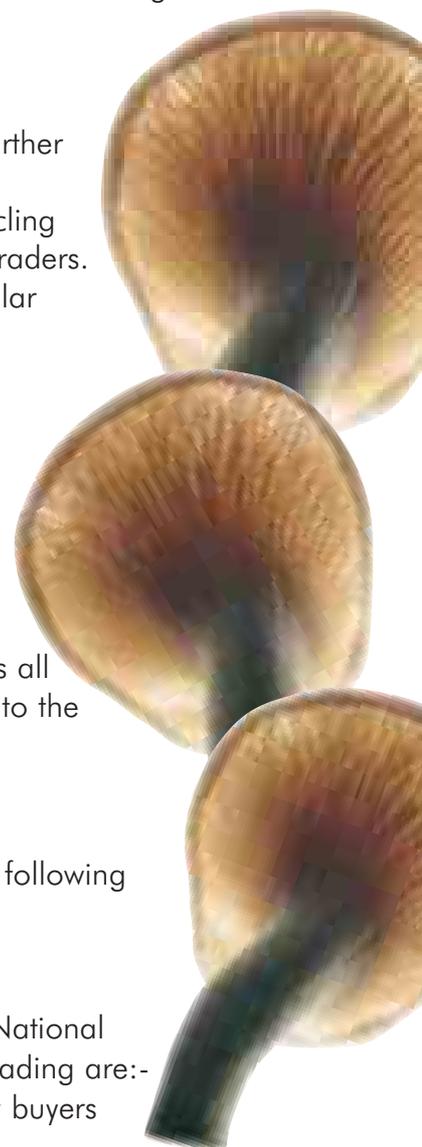
national flower centre

Florists and Flower Growers Advisory Committees reviewed trading hours and following feedback and evaluation of issues unanimously confirmed the current hours.

current trading hours

The Fruit and Vegetable Market operates Monday to Friday inclusive and the National Flower Centre operates Monday to Saturday inclusive. The current hours of trading are:-

- 2.30am entry & trading for country transport operators and registered early buyers
- 4.30 am entry for fruit and vegetable retailers and florists for buying.



administrative issues

information systems

A major corporate goal for the Authority is to improve customer and management information systems. In line with this goal the Authority implemented two important information technology initiatives this year. The Market access and security system was upgraded to a more modern and capable system. The Authority also installed a Navision enterprise information system, which subsumed a number of aging and separate systems into one Authority-wide information system. The benefits obtained from this implementation include making information more readily available to customer service staff in responding to customer queries. It has reduced the duplication of data entry and the number of data errors affecting customer accounts. The Navision property management system includes a graphical representation of the Market, which enables customer service staff to quickly and more accurately identify properties that are available for lease and licence. Both system developments have greatly improved the information and data available for management reporting, thereby improving the basis for decision-making.

workplace communications & equal opportunity

The Staff Consultative Committee provides 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 major changes to Market regulations or systems affecting traders. Trader communications, fax stream and email communications have been enhanced by the Melbourne Markets web site www.melbournemarkets.com.au. This 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.

privacy policy

The Authority is an organization bound by the National Privacy Principles, which are contained within the Privacy Act 1988, as amended. The Authority respects and values customer's privacy and takes all reasonable steps to ensure that any personal information collected is kept securely to prevent misuse, loss, unauthorised access or change. The Authority has developed a Privacy Policy and has advised all customers of this policy in writing, posted it on the website and makes it available to all new customer registrations. There were no complaints or breaches in regard to privacy issues during the financial year.

cultural diversity

The Market has a diverse client base with many first generation migrants. There is also significant interaction with overseas traders, multinational businesses and trade delegations. The Authority uses plain English in its communications and offers



access to interpretative services as required. Traders mostly prefer family members or business associates to interpret. There were 9 recorded occasions when interpretative services were used in conjunction with relevant bodies, mostly for international trade delegations.

Whistleblowers Protection Act 2001

The Whistleblowers Protection Act 2001 commenced on 1 January 2002. The purpose of the Act is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies. The Act provides protection to whistleblowers who make disclosures in accordance with the Act, and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

The Authority is committed to the aims and objectives of the Whistleblowers Protection Act 2001. It does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct.

The Authority recognizes the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The Authority will take all reasonable steps to protect people who make such disclosures from any detrimental action or reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure.

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

Ms Yogi Pillay, Protected Disclosure Coordinator
Melbourne Market Authority
Box 1, 542 Footscray Rd
West Melbourne Vic 3003
Telephone 9637 8575

The Ombudsman Victoria
Level 22, 459 Collins St
Melbourne Vic 3000
Telephone 9613 6222
Toll free 1800 806 314

disclosures

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

staffing

year	2002	2002	2001	2000	1999	1998	1997
	Authority	Consolidated					
males	22	26	20	18	22	20	31
females	17	21	15	15	17	19	17
total	39	47	35	33	39	39	48

Staff numbers during the year increased with resources being made available to Freshchain for its commercialisation. The Authority also recruited a permanent staff member for the Melbourne Markets Price Reporting Service (Datafresh). Three part time positions were also created to properly resource information and technology and legal functions.

finance report

significant issues

Significant initiatives and issues addressed during the financial year that impacted on performance were the installation of a fully integrated finance and administration system and detailed budget management and report system and the ongoing development of *freshchain*.

events subsequent to balance date

See note 22 to the annual accounts.

income

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

total revenue \$15.3 million

+\$1,145,222 (+8.1%)

The following items contributed to the movement in revenue:-

rental income

+\$518,816 (+4%)

These increases have resulted from construction of new warehousing and an overall increase in market usage.

investment income

-\$179,000 (-42%)

Reduction of investments due to *freshchain* project.

grants from government

+\$470,350 (+\$156%)

A grant of \$549,978 from DNRE to upgrade Plant Standard's premises on the Authority's site.

A grant of \$220,372 from the Australian Greenhouse Office to reduce emissions from forklifts used on the Authority's site.

expenditure

During the year the Authority invested in its ongoing operation and continued its investment in Fresh Chain Ltd.

total expenses \$24,974,399

+\$14,471,714

salaries and associated costs

The Authority	Fresh Chain	Total
+\$583,565 (+22.8%)	+\$1,940,465 New Item	+\$2,524,030 (+99%)

The increase in Authority's salary costs is associated with general pay increases, employee bonuses, fringe benefits tax, increases in employee provisions and the cost of workcover. The *freshchain* salary costs include the cost of staff and associated overheads during the year.

depreciation

The Authority	Fresh Chain	Total
+\$427,258 (+23.9%)	+\$54,028 New Item	+\$481,286 (+27.0%)

The increase in the Authority's depreciation was due to completion of warehouse constructions and property completions and the launch of the *freshchain* trading system.

assets provided for at 30.6.02

The Authority	Fresh Chain	Total
+\$11,873,812	-\$6,799,392	+\$5,074,420

The provisions included the cost of the *freshchain* trading system, other software and finance leases.

consultants & professional services

The Authority	Fresh Chain	Total
+\$444,537 (+366%)	+\$1,571,406 New Item	+\$2,015,934

The increase in costs by the Authority relate in the main to the site relocation feasibility study in progress.

The costs to *freshchain* relate to the ongoing development, launch and marketing of the *freshchain* trading system.

interest expense

The Authority	Fresh Chain	Total
+\$95,234 (+15%)	Nil	+\$95,234 (+15%)

Increased borrowings relate to completion of two new warehouses funded by loans with the Treasury Corporation of Victoria.

marketing

The Authority	Fresh Chain	Total
+\$23,531 (+3.4%)	+\$36,202 New Item	+\$59,733 (+8.7%)

Marketing increased marginally during with the majority of the increase relating to the launch of the *freshchain* system.

operating surplus

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

2002	(\$9.47 million) (Authority)	1999	\$2.06 million
2002	(\$9.66 million) (Consolidated)	1998	\$2.13 million
2001	\$3.67 million	1997	\$1.79 million
2000	\$2.52 million		

five year financial summary

	2002 Consolidated \$000	2002 Authority \$000	2001 \$000	2000 \$000	1999 \$000	1998 \$000
Revenue from Government*	770	770	300	-	-	
Other revenue	14,545	14,545	13,870	13,565	13,244	12,797
Total revenue	15,315	15,315	14,170	13,565	13,244	12,797
Net operating result	(9,659)	(9,474)	3,667	2,515	2,057	2,134
Net cash flow from operations	1,402	1,033	5,285	3,909	2,349	3,701
Total assets	67,019	66,904	62,140	57,293	59,989	35,951
Total liabilities	15,369	15,219	9,222	9,466	7,135	8,888

* See note 2 to the accounts

disclosure requirements

The information listed in part 9.1.3 (ii) (i) of the Directions of the Minister for Finance is available in 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 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 governments Competitive Neutrality Policy Victoria statement are being addressed systematically.

The Authority will provide other information as required on request.

The Authority's investments are held by Treasury Corporation of Victoria at floating rates of interest.

finance and audit subcommittee

membership comprises:

1 July 2001 – 30 June 2002

D E Duck

1 July 2001 – 13 December 2001

M J Cook

14 December 2001 - 30 June 2002

G Webb

remuneration sub-committee

membership comprises:

1 July 2001 – 30 June 2002

G Webb

M S Pitard

1 July 2001 – 18 February 2002

V A Falls

19 February 2002 - 30 June 2002

D E Duck

consulting fees

	Fees incurred	Future Commitments
The Authority		
Babcock and Brown - Site Relocation Project	\$250,000	-
Stockford Technology - Development and implementation of a new finance and tenancy system	\$472,172	-
There were 12 other consultancies of less than \$100,000 each, which totalled \$435,700		
Fresh Chain Limited		
Aspect Computing - Software development - trading system	\$3,811,231	\$349,450
Souwester Productions - Marketing	\$413,579	\$64,000
Origin Securities - Capital raising	\$340,498	\$93,000
Professional Advantage - Finance and settlement system	\$293,345	\$17,000
Number Five Investments - Chief Executive Officer	\$275,000	\$133,000
Anchor Productions & Consulting P/L (previously Anne McDiarmid) - General Manager, market operations	\$258,193	\$76,000
Minter Ellison - Legal advice	\$282,074	\$79,000
Pitcher Partners - Accounting advice	\$161,958	\$10,000
Hermione Parsons P/L (previously Hermione Parsons) - Manager, market place development	\$166,358	\$99,000
Food Operations - Catalogue development	\$125,320	-
There were 32 other consultancies of less than \$100,000 each, which totalled \$631,309		

major contracts (inclusive of GST)

Alcon Security	\$195,814	Site Security	Signal & Hobbs	\$303,390	Major project builders
Alitalia Concrete	\$441,521	Major project concreters	TAD	\$176,337	Maintenance engineers
Cockram Builders	\$826,362	Major project builders	Thermalair Pty Ltd	\$198,000	Coolroom technology
Connell Wagner	\$130,758	Major project builders	Trio Plumbing	\$198,092	Major project plumbing
GST Maintenance	\$186,639	Site maintenance	Tyco Australia	\$697,265	Major project builders
JED Cleaning	\$1,368,736	Site cleaning	Vaughan Constructions	\$655,716	Major project builders
Reynolds Asphalt Paving	\$369,239	Asphalt maintenance	Watters Electrical	\$420,232	Major project builders
Rowprint	\$163,561	Printers	Wayne Cleaning	\$166,103	Site cleaning

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.

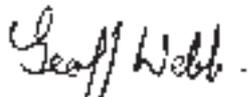
The Authority expresses its appreciation for the voluntary assistance and sponsorship received for promotional activities during the year.

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.

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

Yours sincerely,

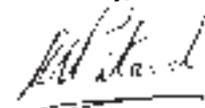
members of the authority



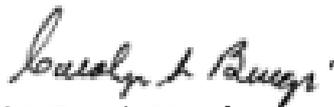
G Webb, Chairperson



D E Duck, Member



M S Pitard, Member



C L Burgi, Member



melbourne market authority
financial statement 2001-2002



AUDITOR GENERAL
VICTORIA

AUDITOR GENERAL'S REPORT

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

Matters relating to the electronic presentation of the Audited Financial Report

This audit report relates to the financial report of Melbourne Market Authority for the financial year ended 30 June 2002 included on the Authority's web site. The Members of the Board of Melbourne Market Authority are responsible for the integrity of the Authority's web site. I have not been engaged to report on the integrity of the Authority's web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit Scope

The accompanying financial report of Melbourne Market Authority for the financial year ended 30 June 2002, comprising a statement of financial performance, statement of financial position, statement of cash flows and the notes to the financial statements, has been audited. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Authority and the entities it controlled at the year's end or from time to time during the financial year as disclosed in Note 1a to the financial statements. 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, responsible Ministers and 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 Accounting Standards and other mandatory professional reporting requirements and the financial reporting requirements of the Financial Management Act 1994, so as to present a view which is consistent with my understanding of the Authority's and the consolidated entity's financial position, financial performance and their 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 in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the financial reporting requirements of the Financial Management Act 1994, the financial position of the Melbourne Market Authority and the economic entity as at 30 June 2002, their financial performance and cash flows for the year then ended.

MELBOURNE
14 November 2002

for J.W. CAMERON
Auditor-General

MELBOURNE MARKET AUTHORITY

Statement of Financial Performance for the year ended 30 June 2002

	Notes	Consolidated		The Authority	
		2002 \$	2001 \$	2002 \$	2001 \$
Revenue from ordinary activities					
Rental income		13,492,477	12,973,661	13,492,477	12,973,661
Interest on investments		247,180	426,103	247,180	426,103
Other revenue		563,917	370,036	563,667	370,036
Revenue from government	2	770,350	300,000	770,350	300,000
Proceeds on sale of property, plant & equipment		241,787	100,689	241,787	100,689
		15,315,711	14,170,489	15,315,461	14,170,489
Expenses from ordinary activities					
Employee benefits expense		(5,082,082)	(2,558,052)	(3,141,617)	(2,558,052)
Depreciation expense	3	(2,265,263)	(1,783,977)	(2,211,235)	(1,783,977)
Grants and other payments to service providers		(145,409)	(251,802)	(145,409)	(251,802)
Supplies and services		(10,899,348)	(5,135,466)	(6,464,569)	(5,135,466)
Written down value of assets disposed		(211,832)	(145,357)	(211,832)	(145,357)
Borrowing costs expenses	3	(741,117)	(628,031)	(741,117)	(628,031)
Loss from freshchain project					
- Capital raising costs	3	(554,928)	-	-	-
- Leases provided for	3	(1,172,200)	-	(1,172,200)	-
- Provision for diminution in subsidiary shares	3	-	-	(3,000,000)	-
- Provision for diminution in subsidiary loan	3	-	-	(4,148,684)	-
- Computer software provided for	3	(3,902,220)	-	(3,552,928)	-
		(24,974,399)	(10,502,685)	(24,789,591)	(10,502,685)
Profit/(Loss)attributable to the parent entity	13(d)	(9,508,688)	3,667,804	(9,474,130)	3,667,804
Profit/(Loss)attributable to minority interests	13(c)	(150,000)	-	-	-
Net Profit / (Loss)		(9,658,688)	3,667,804	(9,474,130)	3,667,804
Net increase in asset revaluation reserve	13(a)	-	4,817,590	-	4,817,590
Total revenues, expenses and valuation adjustments attributable to members directly recognised in equity		-	-	-	-
Total changes in equity other than those directly resulting from transactions with owners		(9,658,688)	8,485,394	(9,474,130)	8,485,394

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 2002

		Consolidated		The Authority	
	Notes	2002 \$	2001 \$	2002 \$	2001 \$
Current Assets					
Cash Assets	6	1,339,006	6,569,482	1,334,871	6,569,482
Receivables	7	566,917	333,801	566,917	333,801
Prepayments		227,232	251,202	227,232	251,202
Total Current Assets		2,133,155	7,154,485	2,129,020	7,154,485
Non-Current Assets					
Property, plant and equipment	10	64,775,300	59,923,044	64,775,300	59,923,044
Information technology assets	8	111,301	507,662	-	507,662
Other financial assets	9	-	2,796,610	-	2,796,610
Total Non-Current assets		64,886,601	63,227,316	64,775,300	63,227,316
Total Assets		67,019,756	70,381,801	66,904,320	70,381,801
Current Liabilities					
Payables	11	3,395,577	2,001,452	3,245,583	2,001,452
Interest bearing liabilities	12	2,157,057	1,032,165	2,157,057	1,032,165
Employee entitlements	5	253,986	271,058	253,986	271,058
Total Current Liabilities		5,806,620	3,304,675	5,656,626	3,304,675
Non-Current Liabilities					
Employee entitlements	5	203,661	176,807	203,661	176,807
Interest bearing liabilities	12	9,358,626	5,740,782	9,358,626	5,740,782
Total Non-Current Liabilities		9,562,287	5,917,589	9,562,287	5,917,589
Total Liabilities		15,368,907	9,222,264	15,218,913	9,222,264
Net Assets		51,650,849	61,159,537	51,685,407	61,159,537
Equity					
Reserves		22,994,330	22,994,330	22,994,330	22,994,330
Contributed Equity		38,165,207	9,821,359	38,165,207	9,821,359
Accumulated Surplus		(9,508,688)	28,343,848	(9,474,130)	28,343,848
Total Equity	13	51,650,849	61,159,537	51,685,407	61,159,537

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 2002

	Notes	Consolidated		The Authority	
		2002	2001	2002	2001
		\$	\$	\$	\$
Cash Flows from operating activities					
Receipts from government	2	770,350	300,000	770,350	300,000
Receipts from customers		13,738,514	13,401,410	13,738,264	13,401,410
Interest income received		247,180	426,104	247,180	426,104
Payments to suppliers & employees		(12,612,731)	(8,274,041)	(12,981,237)	(8,274,041)
Borrowing costs		(741,117)	(567,558)	(741,117)	(567,558)
Net cash provided by (used in) operating activities	23	1,402,196	5,285,915	1,033,440	5,285,915
Cash Flows from investing activities					
Payment for information technology assets		(4,324,682)	-	(3,810,061)	-
Payment for property, plant & equipment		(7,018,190)	(1,771,531)	(7,018,190)	(1,771,531)
Proceeds from sale of plant & equipment		241,787	100,689	241,787	100,689
Proceeds from (payment for) sale of investments		5,162,352	(3,421,031)	5,162,352	(3,421,031)
Net cash provided by (used in) investing activities		(5,938,733)	(5,091,873)	(5,424,112)	(5,091,873)
Cash Flows from financing activities					
Repayment of borrowings		(457,027)	(714,557)	(457,027)	(714,557)
Proceeds from borrowings		4,775,440	-	4,775,440	-
Proceeds from issue of shares		150,000	-	-	-
Net cash provided by (used in) financing activities		4,468,413	(714,557)	4,318,413	(714,557)
Net Increase (decrease) in cash held		(68,124)	(520,515)	(72,259)	(520,515)
Cash at beginning of the year		483,000	1,003,516	483,000	1,003,516
Cash at end of the financial year	6	414,876	483,001	410,741	483,001

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

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Notes to the Financial Statements 30 June 2002

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.

The financial report 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. 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 report.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Melbourne Market Authority (the Authority) as at 30 June 2002 and the results of the controlled entity for the year then ended. The Authority and its controlled entity (Fresh Chain Limited) together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of the controlled entity are disclosed separately in the consolidated statement of financial performance and statement of financial position respectively.

Where control of an entity is obtained during the financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

(b) Cash

For the purpose of the statement of cash flows, cash at bank and on hand represents cash at 30 June 2002.

(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

Rent revenue is recognised in accordance with AAS17 'Leases' allocating minimum lease payments on a basis representative of the pattern of service rendered through the provision of the leased assets.

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

Interest revenue is recognised 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.

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

(e) Receivables

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

Collectibility of debtors is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(f) Valuation of Non-Current Physical Assets

Land and Buildings

The Authority has elected to apply the transitional provisions of the Department of Treasury and Finance Policy Paper: Revaluation of Non-Current Physical Assets (May 2002) to progressively revalue land and buildings to fair value by 30 June 2005. A plan to progressively revalue buildings to fair value no later than 30 June 2005 is in place.

The basis of valuation of land and buildings as at 30 June 2002 is their existing revaluation basis, being independent valuation (2001). The independent valuation (2001) is deprival value being the loss the Authority would incur if deprived of the service potential embodied in the land and buildings.

Plant and Equipment

Plant and equipment are measured at cost in accordance with the accounting requirements of AASB 1041 and the Department of Treasury and Finance Policy Paper: Revaluation of Non-Current Physical Assets (May 2002).

As plant and equipment were measured at cost in prior years, there has been no impact on the current year Statement of Financial Performance or opening accumulated surplus as a result in the application of the accounting requirements of AASB 1041 and the Department of Treasury and Finance Policy Paper: Revaluation of Non-Current Physical Assets (May 2002).

Revaluations

Revaluation increments are recognised in the asset revaluation reserve except for amounts reversing a decrement previously recognised as an expense, which are recognised as revenues. Revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense.

(g) Other financial assets – Investments

Investments in unlisted securities are recognised at cost and dividend income is recognised in the statement of financial performance when the right to receive payment is established.

The Authority has an investment in a controlled entity Fresh Chain Limited. The investment is carried at recoverable amount. Controlled entities are accounted for in the consolidated financial statements as set out in note 1(a).

(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 consolidated entity.

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	4%	25 years
Computer equipment	33%	3 years
Motor vehicles	17.5%	6 years
Software	33.3% to 40%	2.5 to 3.3 years
Market equipment	17.5%	6 years
Office furniture	5% to 17%	6 to 20 years
<i>freshchain</i> trading system and related products	33.3%	3 years

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

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

(i) Non-current assets constructed by the Authority

The cost of non-current assets self-constructed 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 Consolidated Entity 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 consolidated entity 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 recognised as expenses as incurred, except where they extend the capacity of the plant, 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 recognised 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 recognised as expenses as incurred.

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(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 plus on-costs as applicable 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.

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

(iii) *Superannuation*

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

(n) **Borrowing costs**

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

(o) **Interest bearing liabilities**

Loans are carried at their principal amounts that represent 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 11 - Trade creditors and sundry accruals).

(p) **Recoverable amount**

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from it's continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in the net result for the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present values.

(q) **Software development costs**

The consolidated entity has developed an internet trading platform and ancillary computer products (*freshchain*). The following costs have been capitalised: legal advice, consultancy costs, accounting advice, wages and salaries directly related to *freshchain* and other directly attributable costs.

The *freshchain* is described in the financial statements as:

Software development costs (fully provided for at year end);

Other Financial Assets being a receivable from Fresh Chain Limited (fully provided for at year end);

Shares in a controlled entity Fresh Chain Limited (fully provided for at year end).

(r) **Capital raising cost**

During the year the partly-owned controlled entity engaged in a series of capital raising activities and incurred transaction costs including legal, accounting, consulting and publishing costs. These transaction costs were incurred directly with the issue or pending issue of equity instruments and would not have been otherwise incurred. These amounts have been expensed in the consolidated statement of financial performance.

(s) **Minority interests**

Of the losses experienced by Fresh Chain Limited during the financial year 4.76% (\$349,062) are attributable to minority interests.

(t) **Rounding of amounts**

Amounts in the Financial Report have been rounded to the nearest thousand dollars, or in other cases, to the nearest dollar.

(u) **Contributed Capital**

For the reporting period ending 30 June 2002, the entity has transferred its operating accumulated surplus of \$28,343,848 to contributed capital. This accounting treatment is to comply with Urgent Issues Group Abstract 38 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and Accounting and Financial Reporting Bulletin No.39 *Accounting for Contributed Capital* and No.40 *Establishment of Opening Balances and Formal Designation for Contributed Capital*.

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 2. REVENUE

Conditional grants

The Authority received the following grants from Government totalling \$770,350:-

- Victorian Department of Natural Resources and Environment
A grant of \$549,978 (2001 \$300,000) was received 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.
- Commonwealth Government
A grant of \$220,372 (2001 \$Nil) was received from the Australian Greenhouse Office to modify forklifts used on the Authority's site. The modifications were implemented to reduce emissions from these vehicles.

NOTE 3. RESULT FROM ORDINARY ACTIVITIES

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
(a) Significant items				
Capital raising costs	554,928	-	-	-
Provision for diminution				
Leased assets	747,877	-	747,877	-
Computer software development	3,902,220	-	3,552,928	-
Investment in controlled entity	-	-	3,000,002	-
Loan to controlled entity	-	-	4,148,684	-
Total provision for diminution	4,650,097	-	11,449,491	-
Operating leases provided for	424,323	-	424,323	-
(b) Net gains and expenses				
Results from ordinary activities includes the following specific net gains and expenses:				
Net gains				
Net gain (loss) on disposal of Property Plant and Equipment	29,955	(44,607)	29,955	(44,607)
Depreciation				
Buildings	1,012,823	1,051,174	1,012,823	1,051,174
Plant and Equipment	941,278	732,802	941,278	732,802
Information Technology Assets - <i>freshchain</i> trading system and related products	311,162	-	257,134	-
Total Depreciation	2,265,263	1,783,977	2,211,235	1,783,977
Borrowing Costs				
Interest and finance charges paid / payable	741,117	628,031	741,117	628,031
Leave entitlements	176,030	85,813	159,642	85,813

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 4. DISCONTINUING OPERATION

A controlled entity Fresh Chain Limited, in conjunction with the Authority, has developed over the past two years the *freshchain* online trading and communication system for the Australian fresh fruit and vegetable industry. The intention has been to seek external equity funding for the development of *freshchain* with the view to listing Fresh Chain Limited with the Authority retaining a long-term equity interest.

In May 2001, the Authority announced its intention, through an Information Memorandum, to dispose of the *freshchain* project and seek further funding for the project's development and commercialisation through a float of Fresh Chain Limited. It was anticipated that this initial fund raising would be completed by 30 June 2001 for the disposal of Fresh Chain Limited to occur. This initial Information Memorandum met with limited interest given the 'tech crash' in 2001 and that *freshchain* was still under development. From August 2001 to March 2002, *freshchain* carried out successful pilot trials and the product was commissioned ready for use in May 2002.

In August 2001, a Heads of Agreement was signed with a listed company and the transaction was expected to be completed by 30 November 2001. This capitalisation was unsuccessful given the events of September 11, 2001 and the Heads of Agreement was cancelled shortly thereafter. As a consequence, a further capital raising through a further Information Memorandum was planned for completion by 30 April 2002 with the Authority retaining an equity interest of approximately 30 percent.

At 30 June 2002, this capital raising has been only partly successful with ongoing efforts continuing to be made to seek necessary funds for the disposal of Fresh Chain Limited and *freshchain*. The Authority has continued to finance the development of *freshchain* by equity contributions and incurring costs of behalf of the project. The date by which the *freshchain* project will be discontinued within the meaning of AASB 1042 'Discontinuing Operations' is 13 September 2002.

In September 2002 the Authority significantly reduced funding of the *freshchain* project and will seek to recover project expenditure through other avenues.

Financial information regarding the discontinuing operation

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
Financial performance of discontinuing operation:				
Revenue from ordinary operations	250	-	-	-
Expenses from ordinary operations	(12,315,754)	-	(12,130,945)	-
Profit (loss) from ordinary activities before income tax	(12,315,504)	-	(12,130,945)	-
Income tax expense	-	-	-	-
Net profit (loss)	(12,315,504)	-	(12,130,945)	-

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 4. DISCONTINUING OPERATION (contd.)

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
Carrying amount of assets and liabilities of discontinuing operation:				
Assets				
Shares in controlled entity	-	-	3,000,000	-
Loan to controlled entity		2,796,608	4,148,684	2,796,608
- Less Provision for diminution of asset values	-	-	(7,148,684)	-
Software development costs	3,902,220	-	3,552,928	-
- Less Provision for diminution of computer software development costs	(3,902,220)	-	(3,552,928)	-
Other Software related assets	111,301	-	-	-
Finance Leases	747,877	507,662	747,877	507,662
- Less Provision for diminution of finance leases	(747,877)	-	(747,877)	-
Total assets	111,301	3,304,270	-	3,304,270
Liabilities				
Finance Leases	(747,877)	(507,662)	(747,877)	(507,662)
Operating Leases	(424,323)	-	(424,323)	-
Total liabilities	(1,172,200)	(507,662)	(1,172,200)	(507,662)
Net assets	(1,060,899)	2,796,608	(1,172,200)	2,796,608

NOTE 5. PROVISIONS

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
Current				
Employee entitlements:				
- Annual leave	197,552	208,223	197,552	208,223
- Long service leave	56,434	62,835	56,434	62,835
	253,986	271,058	253,986	271,058
Non - current				
Employee entitlements:				
- Long service leave	203,661	176,807	203,661	176,807
	203,661	176,807	203,661	176,807
Aggregate carrying amount of provisions				
Current	253,986	271,058	253,986	271,058
Non - current	203,661	176,807	203,661	176,807
	457,647	447,865	457,647	447,865

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 6. CASH ASSETS

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
Cash at bank and on hand	414,876	483,000	410,741	483,000
Short term deposits	924,130	5,786,482	924,130	5,786,482
Funds held in trust	-	300,000	-	300,000
	1,339,006	6,569,482	1,334,871	6,569,482

For the purpose of the statement of cash flows, cash at bank and on hand represents cash at 30 June 2002.

Short-term deposits

The deposits are bearing floating interest rates between 4.15% and 4.90% (2001 - 4.9% and 6.49%)

NOTE 7. RECEIVABLES

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
Current:				
Debtors	566,917	333,801	566,917	333,801
	566,917	333,801	566,917	333,801

NOTE 8. INFORMATION TECHNOLOGY ASSETS

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
Computer software development costs - freshchain	4,324,682	-	3,810,061	-
- Less accumulated depreciation	(311,161)	-	(257,133)	-
- Less Provision for diminution of computer software development costs	(3,902,220)	-	(3,552,928)	-
	111,301	-	-	-
Finance lease assets	747,877	507,662	747,877	507,662
- Less Provision for diminution of leases	(747,877)	-	(747,877)	-
	-	507,662	-	507,662
Total information technology assets	111,301	507,662	-	507,662

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 9. OTHER FINANCIAL ASSETS

Shares and loans to controlled entity

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
Shares in controlled entity -at cost	-	2	3,000,002	2
- Less Provision for diminution of asset values			(3,000,002)	-
Loan to controlled entity	-	2,796,608	4,148,684	2,796,608
- Less Provision for diminution of asset values	-	-	(4,148,684)	-
	-	2,796,610	-	2,796,610

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2002	Equity Holding 2001
Fresh Chain Limited	Australia	Ordinary & convertible, redeemable preference shares	95.2%	100%

Freshchain

The controlled entity Fresh Chain Limited, in conjunction with the Authority, has developed over the past two years the *freshchain* online trading and communication system for the Australian fresh fruit and vegetable industry. The intention was to seek external equity funding for the development of the *freshchain* with the view to listing Fresh Chain Limited with the Authority retaining a long-term equity interest in the form of ordinary shares and convertible redeemable preference shares that would be redeemed out of the future profits of Fresh Chain Limited.

In September 2002 the Authority significantly reduced funding of the *freshchain* project and will seek to recover project expenditure through other avenues.

freshchain is represented in various classes of assets in the statements of financial position as well as in the interest bearing liabilities note (note 12) and are aggregated as follows.

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
Recognised in the Statement of Financial Position				
Computer software development costs, hardware and finance lease	4,761,398	507,662	4,300,805	507,662
- Less Provision for diminution of Computer software development costs and finance leases.	(4,650,097)	-	(4,300,805)	-
Shares in controlled entity -at cost	-	-	3,000,002	-
- Less Provision for diminution of shares in controlled entity	-	-	(3,000,002)	-
Loan to controlled entity	-	-	4,148,684	2,796,608
- Less Provision for diminution of loan to controlled entity	-	-	(4,148,684)	-
Operating leases (note 12)	(424,323)	-	(424,323)	-
Total recognised and unrecognised	(313,022)	507,662	(424,323)	3,304,270

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 9. OTHER FINANCIAL ASSETS (contd)

Fresh Chain Limited commenced trading on 9 May 2002 and incurred a net loss of \$7,333,243 for the financial year ended 30 June 2002 that is solely attributable to the *freshchain* project. The Authority has incurred expenses on *freshchain* during the financial year of \$12,130,945 (see note 4) mainly being provisions relating to the discontinuation of *freshchain* and for depreciation of project software (\$257,133).

At 30 June 2002 trust monies owing to potential investors totalling \$998,965 were held in a trust bank account. These funds were returned to potential investors in October 2002.

With the exception of the trading system, other computer related assets have been transferred to Fresh Chain Limited. The Authority's investment in the trading system was fully provided for at 30 June 2002.

Sequence of events:

1998 - 1999 Data Fresh and *freshchain* projects began development of an internet based fruit and vegetable trading system

1999 - 2000 Data Fresh and *freshchain* were combined

2000 - 2001 First *freshchain* information memorandum developed

Capital raising instigated

Fresh Chain Limited incorporated

First capital raising unsuccessful

2001 - 2002 Second capital raising instigated through equity interest in public company

Listed company takes up minor shareholding in Fresh Chain Limited

Listed company unable to raise all the required funds, second capital raising unsuccessful

A second Fresh Chain Limited information memorandum developed

A further capital raising instigated

Funds received from investors insufficient to date to support the continued development of Fresh Chain Limited. A submission to borrow a further \$3 million from the government to complete the project was not approved.

Due to difficult conditions associated with capital markets, as at September 2002 insufficient funds had been raised to complete the capital raising and as such the business operations of FCL are being restructured while the Board of FCL considers its options for the future. As a consequence of this the Board of the Melbourne Market Authority has considered it prudent to provide for its exposure to FCL.

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 10. PROPERTY PLANT AND EQUIPMENT

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
Land and Buildings				
<i>Freehold land</i>				
At independent Valuation 30 June 2001	31,600,000	31,600,000	31,600,000	31,600,000
<i>Buildings and improvements</i>				
At independent Valuation 30 June 2001	24,500,000	24,500,000	24,500,000	24,500,000
At cost	7,237,000	-	7,237,000	-
Less: Accumulated Depreciation	(1,225,109)	-	(1,225,109)	-
	30,511,891	24,500,000	30,511,891	24,500,000
Plant and Equipment				
Office Furniture, Plant and Equipment (at cost)	569,447	604,737	569,447	604,737
Less: Accumulated Depreciation	(357,586)	(338,570)	(357,586)	(338,570)
	211,861	266,167	211,861	266,167
Market Equipment (at cost)	4,015,329	3,966,137	4,015,329	3,966,137
Less: Accumulated Depreciation	(2,662,620)	(2,042,089)	(2,662,620)	(2,042,089)
	1,352,709	1,924,048	1,352,709	1,924,048
Computer Equipment (at cost)	938,501	341,034	938,501	341,034
Less: Accumulated Depreciation	(280,101)	(217,131)	(280,101)	(217,131)
	658,400	123,903	658,400	123,903
Motor Vehicles (at cost)	569,078	615,852	569,078	615,852
Less: Accumulated Depreciation	(139,159)	(148,307)	(139,159)	(148,307)
	429,919	467,545	429,919	467,545
Buildings, Plant and Equipment in the course of construction	10,520	1,041,382	10,520	1,041,382
Total Plant and Equipment	2,663,409	3,823,045	2,663,409	3,823,045
Total Property Plant and Equipment	64,775,300	59,923,044	64,775,300	59,923,044

Valuation of land and buildings 2001

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 2002 (continued)

NOTE 10. PROPERTY PLANT AND EQUIPMENT (contd.)

Reconciliations

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

	Freehold land \$000	Buildings \$000	Office Furn & Equip. \$000	Computer Equipment \$000	Market Equipment \$000	Motor Vehicles \$000	In Course of Const'n \$000	Total \$000
Year 2002: The Authority								
Carrying amount at start of year	31,600	24,500	266	124	1,924	468	1,041	59,923
Additions	-	7,237	1	597	49	165	(1,031)	7,018
Disposals	-	-	(36)	-	-	(176)	-	(212)
Revaluation increments	-	-	-	-	-	-	-	0
Depreciation expense	-	(1,225)	(19)	(63)	(620)	(27)	-	(1,954)
Carrying amount at end of year	31,600	30,512	212	658	1,353	430	10	64,775
Consolidated								
Carrying amount at start of year	31,600	24,500	266	124	1,924	468	1,041	59,923
Additions	-	7,237	1	597	49	165	(1,031)	7,018
Disposals	-	-	(36)	-	-	(176)	-	(212)
Revaluation increments	-	-	-	-	-	-	-	0
Depreciation expense	-	(1,225)	(19)	(63)	(620)	(27)	0	(1,954)
Carrying amount at end of year	31,600	30,512	212	658	1,353	430	10	64,775
Year 2001: The Authority								
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	10,500	(5,683)	-	-	-	-	-	4,818
Depreciation expense	-	(1,107)	(64)	(78)	(512)	(23)	-	(1,784)
Carrying amount at end of year	31,600	24,500	266	124	1,924	467	1,041	59,924
Consolidated								
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	10,500	(5,683)	-	-	-	-	-	4,818
Depreciation expense	-	(1,107)	(64)	(78)	(512)	(23)	-	(1,784)
Carrying amount at end of year	31,600	24,500	266	124	1,924	467	1,041	59,924

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 11. PAYABLES

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
Trade creditors and sundry accruals	1,059,443	380,525	909,449	380,525
Computer software liability	726,865	-	726,865	-
Rentals in advance	1,167,556	1,252,320	1,167,556	1,252,320
Tenant bonds, retention monies, unearned income	441,713	368,607	441,713	368,607
Total Payables	3,395,577	2,001,452	3,245,583	2,001,452

NOTE 12. INTEREST BEARING LIABILITIES

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
Current				
Interest bearing liabilities with financial institutions	1,457,678	524,503	1,457,678	524,503
Finance leases - Lease liability	411,302	507,662	411,302	507,662
Operating leases provided for	288,077	-	288,077	-
	2,157,057	1,032,165	2,157,057	1,032,165
Non - current				
Interest bearing liabilities with financial institutions	8,885,805	5,740,782	8,885,805	5,740,782
Finance leases liability	336,575	-	336,575	-
Operating leases provided for	136,246	-	136,246	-
	9,358,626	5,740,782	9,358,626	5,740,782
Aggregate carrying amount of interest bearing liabilities				
Current	2,157,057	1,032,165	2,157,057	1,032,165
Non - current	9,358,626	5,740,782	9,358,626	5,740,782
	11,515,683	6,772,947	11,515,683	6,772,947

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 13. EQUITY AND MOVEMENTS IN EQUITY

(a) Reserves

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).

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
Total reserves at the beginning of the financial year	22,994,330	18,176,740	22,994,330	18,176,740
Total changes in reserves recognised in the statement of financial performance	-	4,817,590	-	4,817,590
Total reserves at the end of the financial year	22,994,330	22,994,330	22,994,330	22,994,330
(b) Contributed Capital				
Balance at the beginning of the financial year	9,821,359	9,821,359	9,821,359	9,821,359
Add accumulated surplus	28,343,848	-	28,343,848	-
Balance 30 June 2002	38,165,207	9,821,359	38,165,207	9,821,359
(c) Minority Interests				
Capital contribution from investor	150,000	-	-	-
Minority interest net result	(150,000)	-	-	-
Minority interests in controlled entity	-	-	-	-
(d) Accumulated Surplus				
Accumulated surplus at the beginning of the financial year	28,343,848	24,676,044	28,343,848	24,676,044
Accumulated surplus transferred to contributed equity	(28,343,848)	-	(28,343,848)	-
Net result	(9,508,688)	3,667,804	(9,474,130)	3,667,804
Accumulated surplus 30 June 2002	(9,508,688)	28,343,848	(9,474,130)	28,343,848
Total Equity	51,650,849	61,159,537	51,685,407	61,159,537

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 14. FINANCIAL INSTRUMENTS

(a) Credit risk exposures

The credit risk on financial assets of the consolidated entity, which have been recognised on the statement of financial position, is generally the carrying amount.

(b) Interest rate risk exposures

The consolidated entity'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 consolidated entity intends to hold fixed rate assets and liabilities to maturity.

	Notes	Floating Interest Rate \$	1 year or less \$	Over 1 to 5 years \$	Non- interest bearing \$	Total \$
Year 2002 Authority:						
Financial Assets						
Cash and deposits receivable	6	1,331,754	-	-	3,117	1,334,871
Receivables	7	-	-	-	566,917	566,917
		1,331,754	-	-	570,034	1,901,788
Weighted average interest rate		4.7%				
Financial Liabilities						
Trade and other creditors	11	-	-	-	3,245,583	3,245,583
Interest bearing liabilities	12	-	2,629,878	8,885,805	-	11,516,683
		-	2,629,878	8,885,805	3,245,583	14,761,266
Weighted average interest rate			6.68%	7.48%		
Net financial assets (liabilities)		1,331,754	(2,629,878)	(8,885,805)	(2,675,549)	(12,859,478)
Year 2002 Consolidated:						
Financial Assets						
Cash and deposits receivable	6	1,335,889	-	-	3,117	1,339,006
Receivables	7	-	-	-	566,917	566,917
		1,335,889	-	-	570,034	1,905,923
Weighted average interest rate		4.7%				
Financial Liabilities						
Trade and other creditors	11	-	-	-	3,395,573	3,395,573
Interest bearing liabilities	12	-	2,629,878	8,885,805	-	11,516,683
		-	2,629,878	8,885,805	3,395,573	14,911,256
Weighted average interest rate			6.68%	7.48%		
Net financial assets (liabilities)		1,335,889	(2,629,878)	(8,885,805)	(2,825,539)	(13,005,333)

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 14. FINANCIAL INSTRUMENTS (contd.)

	Notes	Floating Interest Rate \$	1 year or less \$	Over 1 to 5 years \$	Non- interest bearing \$	Total \$
Year 2001 Authority:						
Financial Assets						
Cash and deposits receivable	6	6,567,826	-	-	1,656	6,569,482
Receivables	7	-	-	-	333,801	333,801
Finance Lease	18	-	-	-	507,662	507,662
Other financial assets - Investments	9	-	-	-	2,796,608	2,796,608
		6,567,826	-	-	3,639,727	10,207,553
Weighted average interest rate		4.9%				
Financial Liabilities						
Payables	11	-	-	-	2,001,452	2,001,452
Interest bearing liabilities	12	-	524,503	5,740,782	507,662	6,772,947
		-	524,503	5,740,782	2,509,114	8,774,399
Weighted average interest rate			9.7%	9.7%		
Net financial assets (liabilities)		6,567,826	(524,503)	(5,740,782)	1,130,613	1,433,154
Year 2001 Consolidated:						
Financial Assets						
Cash and deposits receivable	6	6,567,826	-	-	1,656	6,569,482
Receivables	7	-	-	-	333,801	333,801
Finance Lease	18	-	-	-	507,662	507,662
Other financial assets - Investments	9	-	-	-	2,796,608	2,796,608
		6,567,826	-	-	3,639,727	10,207,553
Weighted average interest rate		4.9%				
Financial Liabilities						
Payables	11	-	-	-	2,001,452	2,001,452
Interest bearing liabilities	12	-	524,503	5,740,782	507,662	6,772,947
		-	524,503	5,740,782	2,509,114	8,774,399
Weighted average interest rate			9.7%	9.7%		
Net financial assets (liabilities)		6,567,826	(524,503)	(5,740,782)	1,130,613	1,433,154

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 14. FINANCIAL INSTRUMENTS (contd.)

(c) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts.

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

The Authority	2002		2001	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
On - balance sheet financial instruments				
Cash	410,741	410,741	483,002	483,002
Deposits	924,130	924,130	6,086,482	6,086,482
Receivables	566,917	566,917	333,801	333,801
Other Debtors	-	-	3,555,472	3,555,472
Non - traded financial assets	1,901,788	1,901,788	10,458,757	10,458,757
Financial liabilities				
Trade creditors	909,449	909,449	380,525	380,525
Other creditors	2,336,134	2,336,134	1,620,927	1,620,927
Interest bearing liabilities	11,515,683	11,515,683	6,772,947	6,772,947
Non - traded financial liabilities	14,761,266	14,761,266	8,774,399	8,774,399

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank term deposits, trade debtors, other debtors, accounts payable, bank loans, lease liabilities and employee entitlements approximate net fair value.

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 14. FINANCIAL INSTRUMENTS (contd.)

Consolidated	2002		2001	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
On - balance sheet financial instruments				
Cash	414,877	414,877	483,002	483,002
Deposits	924,130	924,130	6,086,482	6,086,482
Receivables	566,917	566,917	333,801	333,801
Other Debtors	-	-	3,555,472	3,555,472
Non - traded financial assets	1,905,924	1,905,924	10,458,757	10,458,757
Financial liabilities				
Trade creditors	1,059,443	1,059,443	380,525	380,525
Other creditors	2,336,134	2,336,134	1,620,927	1,620,927
Interest bearing liabilities	11,515,683	11,515,683	6,772,947	6,772,947
Non - traded financial liabilities	14,911,260	14,911,260	8,774,399	8,774,399

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.

Net fair value is exclusive of costs that 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 2002 (continued)

NOTE 15. 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 2001 to 30 June 2002

Board Chairman	Mr G R G Webb	1 July 2001 to 30 June 2002
Board Member	Ms D E Duck	1 July 2001 to 30 June 2002
Board Member	Mr M J Cook	1 July 2001 to 13 December 2001
Board Member	Ms V A Falls	1 July 2001 to 18 February 2002
Board Member	Mr M S Pitard	1 July 2001 to 30 June 2002
Board Member	Ms C L Burgi	10 April 2002 to 30 June 2002
Chief Executive	Mr E R Penter	1 July 2001 to 30 June 2002

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 (\$200,000 to \$210,000 in 2001)

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

Income band	2002 Number	2001 Number
\$0 - \$10,999	3	2
\$10,000 to \$19,999	2	2
\$20,000 to \$29,999	1	1
Total numbers	6	5
Total amount	\$67,844	\$83,523

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 2002 (continued)

NOTE 16. 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.

(a) The Authority

Income Band	Total Remuneration		Base Remuneration	
	2002 No.	2001 No.	2002 No.	2001 No.
\$100,000 - 109,999	-	3	3	4
\$110,000 - 119,999	1	2	-	-
\$120,000 - 129,999	2	-	1	-
\$130,000 - 139,999	2	-	-	-
Total numbers	5	5	4	4
Total amount	\$619,383	\$552,343	\$443,082	\$415,000

(b) Special Projects - Fresh Chain Limited

Income Band	Total Remuneration		Base Remuneration	
	2002 No.	2001 No.	2002 No.	2001 No.
\$100,000 - 109,999	1	-	1	-
\$130,000 - 139,999	1	-	1	-
\$180,000 - 189,999	2	-	2	-
\$200,000 - 210,000	-	-	-	-
\$250,000 - 259,999	1	-	1	-
\$270,000 - 279,999	1	-	1	-
Total numbers	6	-	6	-
Total amount	\$1,140,554	-	\$1,140,554	-

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 16. REMUNERATION OF EXECUTIVES (contd.)

(c) Reconciliation of executive officers

Table 1: Number of Executive Officers classified into 'Ongoing' and 'Special Projects'

Class	All		Ongoing		Special Projects	
	No.	Var	No.	Var	No.	Var
Authority	6	(1)	6	(1)	-	-
Fresh Chain Limited	6	3	-	-	6	3
Total	12	2	6	(1)	6	3

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

Class	Ongoing					Special Projects				
	Male		Female		Vacancies	Male		Female		Vacancies
	No	Var	No	Var		No	Var	No	Var	
	4	-	2	(1)	-	4	2	2	1	-
Total	4	-	2	(1)	-	4	2	2	1	-

Table 3: Reconciliation of executive numbers

Authority	2002	2001
Executives with remuneration over \$100,000 (note 16(a))	5	5
<i>Add</i> Vacancies (table 2)	-	-
Executives with total remuneration below \$100,000	-	-
Accountable Officer (Secretary)	1	1
<i>Less</i> Separations	-	-
Total Executive numbers at 30 June 2002	6	6
Special Projects	2002	2001
Executives with remuneration over \$100,000 (note 16(b))	6	-
<i>Add</i> Vacancies (table 2)	-	-
Executives with total remuneration below \$100,000	-	-
Accountable Officer (Secretary)	-	-
<i>Less</i> Separations	-	-
Total Executive numbers at 30 June 2002	6	-

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 17. REMUNERATION OF AUDITORS

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
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	50,500	25,600	49,500	25,600
Amounts due / paid to Internal Auditors	24,060	15,581	24,060	15,581
	74,560	41,181	73,560	41,181

NOTE 18. COMMITMENTS FOR EXPENDITURE

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
Capital Commitments				
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:	953,917	2,363,738	953,917	2,363,738

NOTE 19. CONTINGENT LIABILITY

The Melbourne Market Authority has entered into an undertaking to meet the liabilities of Fresh Chain Limited. The Melbourne Market Authority has contingent liabilities totalling \$1,302,459 in relation to the *freshchain* project. These costs include *freshchain* operating expenditures and employee redundancies.

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 20. EMPLOYEE ENTITLEMENTS

(a) Government Employee's Superannuation Fund

Superannuation contributions for the reporting period are included as part of salaries and the name and details of the major employees superannuation funds and contributions made by the Authority are as follows:

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
Local Authorities Superannuation Board	176,000	203,294	176,000	203,294
Colonial First State	22,933	8,000	22,933	8,000
CFS Commonwealth Cash Management Trust	22,003	-	22,003	-
Colonial Master Superannuation Fund	20,192	20,195	20,192	20,195
Perpetual Nominees Ltd - The Select Fund	14,513	11,939	14,513	11,939
Vic Super	10,778	1,600	10,778	1,600
Dalziel Superannuation P/L	8,629	-	8,629	-
Superannuation Trust of Australia	5,288	4,499	5,288	4,499
ASGUARD - The Super Service	4,444	-	4,444	-
Pitard Superfund Account	4,320	-	4,320	-
Zurich	3,969	-	3,969	-
AMP Flexible Lifetime Super	3,889	-	3,889	-
MLC Employee Retirement Plan	3,056	-	3,056	-
AXA - Super Directions Personal Super	1,834	-	1,834	-
Beacon Funds Management Limited	1,694	4,113	1,694	4,113
Rothschild 5 Arrows Superannuation Fund	1,666	10,008	1,666	10,008
CBA Retirement Savings Account	560	-	560	-
National Private Super Fund	-	7,407	-	7,407
Commonwealth Managed Investments Limited	-	25,452	-	25,452

(b) Number of employees at the reporting date

	Consolidated		The Authority	
	2002	2001	2002	2001
Payroll employees				
Staff	42	35	39	35
Board Members	5	5	4	5
Total	47	40	43	40
Contract employees				
Staff	5	2	-	-
Board Members	2	2	-	-
Total	7	4	-	-
Aggregate employees				
Staff	47	37	39	35
Board Members	7	7	4	5
Total	54	44	43	40

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 21. SEGMENT INFORMATION

Types of products and services provided by reportable segments

Rental of property

The Melbourne Market Authority acts as the landlord over the Melbourne Fruit and Vegetable Market site.

Development of Fresh Chain

Fresh Chain sells access to its internet trading system used by the fruit and vegetable industry to buy and sell produce.

	Development of Fresh Chain		Rental of Property	
	2002	2001	2002	2001
	\$	\$	\$	\$
Revenue	250	-	15,315,461	14,170,489
Net results for the reporting period	(7,333,243)	-	(9,474,130)	3,667,804
Assets	115,436	-	66,904,320	70,381,799
Liabilities	4,298,677	-	15,218,913	9,222,262
Additions to Non Current Assets	514,621	-	10,828,251	8,260,610
Depreciation and Amortisation	54,028	-	2,211,235	1,783,977
Written down value of Assets disposed	-	-	211,832	145,357
Aggregate entity's share of net (loss)of other investees	(349,062)	-	-	-
Aggregate investment by other investees	150,000	-	-	-

NOTE 22. EVENTS OCCURRING AFTER REPORTING DATE

Subsequent to the reporting date of 30 June 2002 the following events occurred:

- The Authority requested the Department of Treasury and Finance through the Minister for Agriculture to borrow a further \$3,000,000 to ensure that Fresh Chain Limited is fully capitalised. This request was not approved.
- The employees of Fresh Chain Limited were given notice of redundancy on 13 September 2002.
- The Melbourne Market Authority significantly reduced support for the *freshchain* project on 13 September 2002. The *freshchain* trading system and leases have been fully provided for.

MELBOURNE MARKET AUTHORITY

Notes to the Financial Statements 30 June 2002 (continued)

NOTE 23. CASH FLOW RECONCILIATION YEAR ENDED 30 JUNE 2002

	Consolidated		The Authority	
	2002	2001	2002	2001
	\$	\$	\$	\$
(Profit) loss from ordinary activities	(9,658,688)	3,667,804	(9,474,130)	3,667,804
Add (less) items classified as investing/financing activities:				
(Profit)/loss on sale of fixed assets	(29,955)	145,357	(29,955)	145,357
Add (less) non-cash items:				
Conversion of debt to equity in sub (Freshchain)	-	-	(3,000,000)	-
Depreciation	2,265,263	1,729,486	2,211,235	1,729,486
Amounts set aside to provision for diminution	4,650,097	-	11,449,491	-
Amounts set aside to provision for employee entitlements	176,030	-	159,642	-
Net cash provided by operating activities before change in assets and liabilities	(2,597,253)	5,542,647	1,316,283	5,542,647
(Increase)/decrease in debtors	(233,116)	(302,671)	(233,116)	(302,671)
(Increase)/decrease in leased assets	(240,215)	-	(240,215)	-
(Increase)/decrease in other assets	2	-	-	-
(Increase)/decrease in prepayments	23,970	-	23,970	-
(Increase)/decrease in related parties	2,796,608	-	(1,352,076)	-
Increase/(decrease) in provisions	(166,248)	85,813	(149,860)	85,813
Increase/(decrease) in rent in advance	(84,764)	360,384	(84,764)	360,384
Increase/(decrease) in trade creditors	1,478,889	(438,011)	1,328,895	(438,011)
Increase/(decrease) in other liabilities	424,323	37,753	424,323	37,753
Net cash provided by (used in) operating activities	1,402,196	5,285,915	1,033,440	5,285,915

MELBOURNE MARKET AUTHORITY

Notes to and Forming Part of the Accounts for the Year Ended 30th June 2002

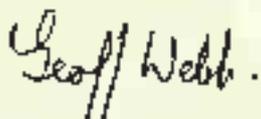
ACCOUNTABLE OFFICER'S DECLARATION

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 2002 and financial position of the Authority as at 30 June 2002.

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

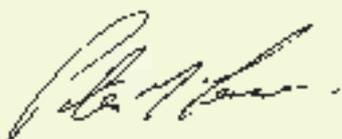
Signed in accordance with a resolution of the Melbourne Market Authority dated the 14th day of November 2002.



G.R.G. Webb
Chairperson



E.R. Penter
Chief Executive



PG. 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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