

Management report to Council

Agenda item 6.4

**Queen Victoria Market Precinct Renewal (QVMPR) Program Reserve
Quarterly Report**

Council

30 May 2017

Presenter: Joanne Wandel, QVMPR Program Director

Purpose and background

1. The purpose of this report is to inform the Council of the financial performance of the Queen Victoria Market Precinct Renewal (QVMPR) Program Reserve (QPR) for the quarter ending 31 March 2017, in accordance with the Council resolution of December 2015.
2. The QPR was established by Council on 15 December 2015 to provide a dedicated, transparent and auditable financial structure for the QVMPR Program. The QPR is audited as part of the Council's financial statements on an annual basis by the Victorian Auditor General's Office.
 - 2.1. Funds are transferred into the QPR on an annual basis, or as approved periodically by Council.
 - 2.2. Funds from the QPR are used solely for the capital redevelopment of the QVMPR Program.
 - 2.3. All capital expenditure goes through the QPR to ensure full visibility of the finances of the program.
 - 2.4. The QPR expenditure is overseen and reported on a quarterly basis through the QVMPR Project Control Group initially, and then Council.

Key issues

3. Total QPR funding approved since the establishment of the fund in December 2015 remains at \$15.81 million. With total QVMPR Program expenditure to date at \$10.30 million, the reserve balance at 31 March 2017 is \$5.51 million. Refer Attachment 2 for full financial summary.
4. The 2016-17 FY budget for the QVMPR Program is \$9.17 million. The forecast expenditure for FY 2016-17 to the end of the third quarter was \$5.52 million. The value of works completed for this period was \$3.74 million. The variance is largely due to a more favourable allocation of costs for infrastructure works as part of the Munro development proposal as reflected in the now executed Development Deed and the preparation of key Program documents having been delivered under budget.
5. The variance is also attributable to timing differences in respect to the design of the Q1 and Q2 below ground operational areas and preparation of the Precinct Public Realm Plan, which will now be considered in line with planning for Market Square which is scheduled to commence next financial year.
6. As endorsed in the Implementation Framework, key project elements delivered through the QPR in the third quarter of FY 16/17 include:
 - 6.1. The continuation of trader workshops to inform detailed design and operational functionality of the New Market Pavilion to ensure relocated traders can continue to operate during the renewal works, and submission of a planning permit application for the New Market Pavilion.
 - 6.2. Functional briefing workshops with Queen Victoria Market P/L to advance schematic design of Q1 and Q2 underground operational infrastructure.
 - 6.3. Approval of the Cultural Heritage Management Plan for Queen Street and the Munro site.
 - 6.4. Completion of refresh works to the H and I toilet block as part of precinct amenity enhancements.
7. Expenditure to date excludes Council's acquisition of the 'Munro' site on the corner of Queen and Therry streets in July 2015 for \$76 million (plus transaction costs and taxes). The Munro site is currently recognised as a separate asset in Council's balance sheet.

Recommendation from management

8. That Council accepts the quarterly Queen Victoria Market Renewal Program Reserve report as at 31 March 2017.

Attachments:

1. Supporting Attachment (Page 2 of 3)
2. Queen Victoria Market Precinct Renewal (QVMPR) Program Reserve Summary (Page 3 of 3)

Supporting Attachment

Legal

1. Whilst no direct legal issues arise from the recommendation from management, legal advice has and will continue to be provided on all aspects of the QVMPR Program.

Finance

2. Financial implications applicable to the QPR are contained in the body of this report.

Conflict of interest

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Stakeholder consultation

4. Internal consultation with relevant branches of Council has been undertaken in the preparation of this report.

Environmental sustainability

5. Delivery of the QVMPR Program will allow for the development of a sustainable Queen Victoria Market which is guided by a Precinct Sustainability Plan, rated through the use of the Green Star – Communities tool and which delivers on the six sustainability principles detailed in the QVMPR Masterplan.

Queen Victoria Market Precinct Renewal (QVMPR) Program Reserve Summary

Item	Authorisation for inclusion in QPR	QVMPR Funding \$000
2013-14 Underlying Surplus	Council resolution (29 April 2014)	1.200
2014-15 Annual Plan and Budget allocation	Council adopted budget (24 June 2014)	0.500
2014-15 Gains from the sale of surplus or redundant land holdings	Council resolution (29 April 2014)	1.477
2014-15 Once off contribution from higher than budgeted underlying surplus	Council resolution (25 August 2015)	8.000
2015-15 Annual Plan and Budget allocation	Council adopted budget (30 June 2015)	4.635
Total funding approved to date*		15.812

Item	QVMPR Expenditure \$000
2014-15 QVMPR expenditure to 30 June 2015	-2.306
2015-16 QVMPR expenditure to 30 June 2016	-4.262
2016-17 QVMPR expenditure to 30 September 2016	-0.908
2016-17 QVMPR expenditure to 31 December 2016	-0.945
2016-17 QVMPR expenditure to 31 March 2017	-1.884
Total expenditure to date*	-10.305

Remaining reserve balance as at 31 March 2017	5.507
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*excluding the Munro site