

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

Council

Presenter: Joanne Wandel, QVMPR Program Director

29 August 2017

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 30 June 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 \$11.92 million, the reserve balance at 30 June 2017 is \$3.89 million. Refer Attachment 2 for full financial summary.
4. The 2016-17 FY budget for the QVMPR Program was \$9.17 million. The value of works completed for the financial year was \$5.35 million. The variance consists of approximately \$1.25million of real savings which will be redirected to other Program elements. These savings have arisen in respect to the negotiation of the Munro Development Deed and preparation of the updated Business Case, both which have been delivered under budget. The remaining relates to timing differences in respect to the design of the Q1 and Q2 below round operational areas and preparation of the Precinct Public Realm Plan, which will now be considered in line with planning for Market Square.
5. As endorsed in the Implementation Framework, key project elements delivered through the QPR in the last quarter of FY 16/17 include:
 - 5.1. The approval and public release of the QVMPR Program Updated Business Case.
 - 5.2. Receipt of the Town Planning Permit for the New Market Pavilion, which will provide transitional retail space for traders requiring relocation during renewal works. Importantly traders were involved in the evaluation process to select the architect and concept design for the New Market Pavilion, which has generated significant support and acceptance of the proposed greenhouse design.
 - 5.3. Progression of the design work on the Quarter 1 (Q1) and Quarter 2 (Q2) below ground operational area in preparation for lodgement of development approvals.
 - 5.4. The upgrade of the Therry Street substation including the installation of new switchboards, in coordination with CitiPower, who have also undertaken major upgrades of their high voltage transformers and other electrical equipment (original installed in the late 1960s) to ensure day to day reliable access to power for the lower market.
 - 5.5. Installation of in ground survey markers to delineate the Old Melbourne Cemetery boundaries for operational and practical use for future construction and maintenance personnel, and also to provide the public with a visual indication of the area.
6. 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

7. That Council:
 - 7.1. accepts the quarterly Queen Victoria Market Renewal Program Reserve report as at 30 June 2017;
 - 7.2. notes an additional \$28.2million to be transferred to the reserve in accordance with the adopted 2017-18 budget
 - 7.3. notes an additional \$31.5 million proposed to be transferred to the reserve reflecting sale proceeds for the City Square car park and outperformance on the 2016-17 Council budget by \$0.9 million in accordance with earlier Council resolutions.

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	QVM Renewal Project Funding (\$M)
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
2015-16 Annual Plan and Budget allocation	Council adopted budget (30 June 2015)	4.635
Total funding approved to date*		15.812

Item	QVM Renewal Project Expenditure (\$M)
2014-15 QVM Renewal expenditure to 30 June 2015	-2.306
2015-16 QVM Renewal expenditure to 30 June 2016	-4.262
2016-17 QVM Renewal expenditure to 30 September 2016	-0.908
2016-17 QVM Renewal expenditure to 31 December 2016	-0.945
2016-17 QVM Renewal expenditure to 31 March 2017	-1.884
2016-17 QVM Renewal expenditure to 30 June 2017	-1.613
Total expenditure to date*	-11.918

Remaining reserve balance as at 30 June 2017	3.894
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*excluding the Munro site