

Queen Victoria Market Renewal.

Permit application P30767 for a permit to demolish G Shed and construct a new three-storey (plus three level basement) Trader Shed and associated public realm upgrade works.

Permit application P32629 for a permit to construct a new 'Northern Shed' within Queen Street and installation of new service trenches and associated public realm upgrades.

I am writing to oppose the application Melbourne City Council to Heritage Victoria to make substantial changes to the Queen Victoria market.

We believe heritage Victoria should reject the application on the basis that the proposed changes fundamentally change the market and significantly diminish it's heritage values. The initial works are part of a total project that is fundamentally flawed. The critical issue is disclosed in the economic forecast where the revenue from open stand rentals is projected to increase by 95%. Leaseholds will increase by 80%. This disclosure indicates that the traditional operation of the market, with low cost, minimal infrastructure is planned to change. Many existing stallholders will not be able to afford the rent. The very nature of the market will change to be much more like a conventional shopping centre. The market will become a "mock market" losing the unique historic perspective and connection to our past. The notion that this concept will guarantee the future of the market is tenuous to say the least. The notion that the market should provide a dividend to the council is also questionable. The QVM was gifted to the people of Victoria by our forefathers and entrusted to the City of Melbourne to manage on their behalf. The dividend to the people of Melbourne (and Australia) and the council is through the contribution to the attraction and liveability of the city. The value of the market to Melbourne would be extremely difficult to value. It's value as a tourist attraction alone is immeasurable. 10 million visits each year make this a very significant destination.

We oppose the application by the Melbourne city council to Heritage Victoria on the following

1. The plan will significantly diminish the heritage value of the site.
2. There is no economic justification.
3. The planned changes to the delivery operations do not resolve logistics issues.
4. There is no history of safety issues at the market.
5. There are other less costly solutions to the health, safety and compliance issues.
6. The idea that these works will improve the liveability of the City North are not supported by any factual evidence. The current car park could easily be re-configured at low cost to allow for community uses as a public space outside peak market operation times. 25% or 50% would be a huge public open space. The reality is that the new plans for the market will have more appeal to visitors than local people and regular visitors to the market..
7. The closing of the car park and the creation of an undefined "Public Open Space" will not enhance the heritage value of the market. Nor will it generate any economic benefit to the operation of the market.
8. The closing of roads in the area (Franklin St) and restrictions on traffic will make it harder for current market patrons to access the market. Historically 50% of visitors to the day market came by car. Even locals. People in cars buy more goods.
9. The changes to car parking and closing of roads could have a negative effect on the traditional fresh food trade at the market, which is the historical basis of the market.

SGS Report. Queen Victoria Market Renewal: Economic Justification

This document has been produced to support the application and to show that there is economic benefit from the proposed renewal program. The basic argument is that if there is no change to the operational structure of the market, then the Financial performance will deteriorate. Forecasts have been produced to show that the renewal program will produce profits for the future and allow for ongoing maintenance and improvements in addition to pay return to the council. These forecasts are based on assumptions of future revenue.

Significant issues with economic case;

With the renewal program, the revenue of QVM Proprietary Limited is projected to increase revenue from \$25 million today to \$45 million in 2028. This is projected to increase the profit from \$500,000 per annum to approximately \$10 million per year. The total estimated cost of the project is \$250 million. Projected return on capital of 4%. This is a non-commercial rate of return given the uncertainty of the revenue projections.

The main increase in revenue is coming from increased rentals to stall holders and leaseholders. This will have a major impact on stallholders and will change the nature of the market. The increase in rent may change the type of stall holder. The market concept is the simplest form of retailing. In the past the stall holder would bring goods for the day set up, sell his goods and go home if he sold everything he had for the day. The appeal of the current concept is that it has a minimal cost of set up and low barrier to entry. If run correctly it would attract a wide range of products and suppliers. Many people can and have started in this way that otherwise could not. Virtually every school in Melbourne visits the market to demonstrate the concept of a "market" in its simplest form.

1. The total revenue for Queen Victoria market proprietary Limited for 2019 was \$25 million. The claim by Melbourne City Council that they intend to spend \$250 million on the renewal program raises series of questions.
2. The document also includes a forecast of the economic performance from 2019 until 2029. This forecast, based on the implementation of the renewal program, indicates that by 2028 the market could make a profit in excess of \$10 million. If there is an outlay of \$250 million to make an additional \$10 million per year, this is a return on capital of 4%. There is no suggestion of return of capital. This cannot be justified on financial return.
3. This forecast projects revenue of approximately \$45 million in 2028/29. An increase of \$20 million per year.
4. The detailed forecast increase shows that the significant increasing revenue is for Open Stand Rental and Leasehold income. Open stand rental increases from \$8 million in 2019 to \$15.5 million in 2028 and Leaseholds increase from \$7 million to \$12.5 million, night market from \$1.6 million to \$3.15 million. These are dramatic increases relative to historic rentals. These increase are well in excess of expected inflation and CPI increases. The figures indicate almost doubling of rentals for stall holders from current levels. **This calls into question the operation of the market as we know it.**
5. From a purely economic and business sense this program is questionable. If the stall holders are struggling now, how will they be when the rent is double? What kind of stall holders are envisioned? Are they thinking of franchises and foreign owned retailers?
6. This document states that the current financial performance is due to the lack of facilities and infrastructure. It talks about the value of retaining existing traders and

attracting new traders. The current reality is that there is a complete disconnect and distrust between existing traders and management. In this environment there is no possibility but the business can succeed and grow. Any business where there is a conflict between management and operational staff is destined to fail.

7. The document also emphasises the importance of car access to the market given that visitors by car spend more money. The current renewal program will significantly restrict access to the market by car. The closure of Franklin Street to make way for the Southern Development Site will create grid lock in the area and make the new underground car park at the Munro site extremely difficult to access.

Current proposed works. Delivery and amenities.

Logistics. From a logistical point of view it is not clear why the planned delivery and storage facility in Queen St North is an improvement. The problem for traders does not change. If all of the goods are delivered and stored in one or two areas they still need to be distributed throughout the market. Underground storage is very inefficient. Lifts are a major liability. Traders will always need to access the stores during the day. Some traders supply wholesale two restaurants in other outlets. This business requires access to stores during the day.

Safety The safety issue is not clear. There will always be the need for a movement of goods during the day. Is very common for vehicles a pedestrian is to mix. Every sporting event, every car park, it is a way of life for Australians. Safety is not a justification for the new delivery facility. There will need to be a new solution for mechanised loading for the future regardless.

No immediate benefit. It should be noted that the current proposed works will not improve revenue and may not provide benefits as assumed. The new delivery arrangements will not deliver any increased income to the market. The new staff meeting rooms and facilities will also not produce any increase in revenue directly. These are major capital works. For example the goods lifts and machinery for waste treatment have high capital cost and can have very high maintenance cost and rapid depreciation.

All capital works have depreciation and maintenance costs. These costs are not identified in the financial forecasts.

Disruption. While the works are in progress the market will become significantly less attractive to current customers potentially changing spending patterns for the future. These works and the construction of the large commercial sky-scrapers on the market boundaries will impact the appeal of the market for the next 6-8 years. Even from a tourist point of view this will have a negative impact.

We are guided by the Burra Charter which says it all much more elegantly than we can.

‘The Burra Charter advocates a cautious approach to change: do as much as necessary to care for the place and to make it useable, but otherwise change it as little as possible so that its cultural significance is retained.’

‘Places of cultural significance enrich people’s lives, often providing a deep and inspirational sense of connection to community and landscape, to the past and to lived experiences. They are historical records, that are important expressions of Australian

identity and experience. Places of cultural significance reflect the diversity of our communities, telling us about who we are and the past that has formed us and the Australian landscape. They are irreplaceable and precious. These places of cultural significance must be conserved for present and future generations in accordance with the principle of inter-generational equity.