

# **South Melbourne Market Section 86 Committee**

Meeting no. 189

September 2019

## **Meeting date and location**

Thursday 19 September 2019

South Melbourne Market, Food Hall 6pm

## **Attending members**

Jo Plummer (Chair)

Cr Bernadene Voss

Andrew Danson (Independent member)

## **Attending officers**

Kylie Bennetts (Director of the CEO's Office)

Mark Edmonds (Acting South Melbourne Market Manager)

Sophie McCarthy (Business & Events Coordinator, South Melbourne Market)

Ross Williamson (Senior Licencing Coordinator, South Melbourne Market)

# Agenda

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# **1. Apologies**

Simon Talbot (Independent member)

Cr Marcus Pearl

Adam Mehegan, Operations Coordinator, South Melbourne Market

## **2. Minutes of previous meeting**

**Purpose:**

To approve the minutes of the previous Committee meeting

**Recommendation:**

That the Committee accept the Minutes of Meeting 188 of the South Melbourne Market Section 86 Committee, held Thursday 18 July 2019, as a true and correct recording of the meeting.

### **3. Declarations of conflict of interest**

## 4. Manager's Report

**Purpose:** To provide an update to the South Melbourne Market Committee on activities since the last meeting.

**Recommendation:** That the Committee note the Manager's Report.

### South Melbourne Market Operational Update

#### Operations

- Continual monitoring of the safe unloading in Coventry St by forklifts. This process is now working well. The unloading in York St is also being controlled by the use of spotters.
- Safety Action has met with the team and is progressing well with developing a Safety Management Plan.
- The Food Hall Roof project is slightly behind schedule with implications by the design leading to potential further compliance works needed. Design being tweaked to ensure all compliance standards met.
- Heating has been installed along Coventry St. outside the Food Court.
- Solar panels installed on the roof of the carpark
- Cleaning Contract has been awarded to CityWide Services. Commencement 1<sup>st</sup> September.

#### Licensing

- EOI assessment process / License Renewal process now documented as Policies.
- Continuing to work with Traders on shop merchandising
- Shop 3 new business announced as Gewurzhaus

#### Marketing / Administration

- Over 80 Traders attended the Strategy Discussion workshop held at Port Melbourne Town Hall. The discussions and ideas that were generated are now being compiled into a summary to be sent back to the Traders. This was a great session and was well received by all who attended.
- Work is now being done around planning Community Consultation to further inform the Strategic Planning process.
- Sustainable September now underway with a range of activities and promotions around sustainability.
- Partnership discussions have commenced with potential major event partners.

## 4.1 Performance Scorecard

**Purpose:** To provide the Committee with an update on how the Market is tracking against Key Performance Indicators.

**Recommendation:** That the Committee note the Market's performance.

Key Performance Indicators

Area	Objective	Measure	Baseline	Target	Actual	Status	Notes
Community	Demonstrate value to our growing community through the effective management, curation and maintenance of this high quality amenity	Visitor numbers	3.835m	2% inc annually	7.60%	On Track	NIL
Community	Demonstrate value to our growing community through the effective management, curation and maintenance of this high quality amenity	Stallholder Satisfaction	NCM	4/5	N/A	Off Track (Minor)	Awaiting results. Will be available for August meeting.
Community	Demonstrate value to our growing community through the effective management, curation	Customer Satisfaction measured by CoPP Community Satisfaction Report.	97%	99%	97%	On Track	NIL

Area	Objective	Measure	Baseline	Target	Actual	Status	Notes
	and maintenance of this high quality amenity						
People & Culture	High performing, healthy, values driven culture with a Community First mindset	SMM Staff Turnover	0.00%	0.70%	0%	On Track	NIL
People & Culture	High performing, healthy, values driven culture with a Community First mindset	SMM Staff Time Lost due to Injuries	0	0	0	On Track	NIL
People & Culture	High performing, healthy, values driven culture with a Community First mindset	Customer injuries or near misses	TBC	0	5	Off Track (minor)	NIL
People & Culture	High performing, healthy, values driven culture with a	Vendor injuries or near misses	TBC	0	0	On Track	NIL

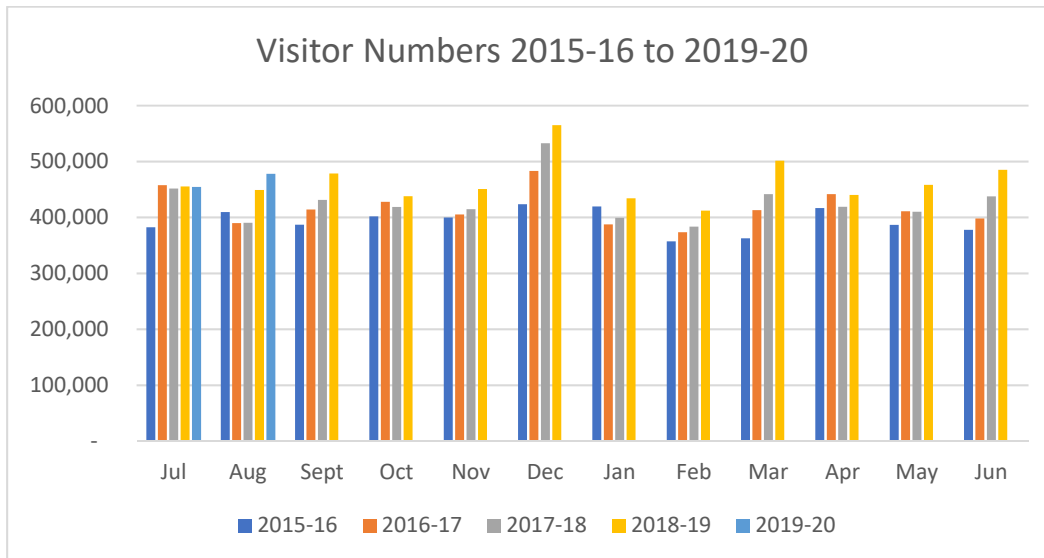


Area	Objective	Measure	Baseline	Target	Actual	Status	Notes
	<b>Community First mindset</b>						
<b>Internal Process</b>	<b>Efficient &amp; effective organisation</b>	SMM Capital Projects On Time	NCM	TBC	N/A	On Track	NIL
<b>Internal Process</b>	<b>Effective management of organisational risk and compliance</b>	% capacity of Market stalls	100%	100%	100%	On Track	NIL
<b>Internal Process</b>	<b>Effective management of organisational risk and compliance</b>	% capacity of Pop-up stalls	95%	98%	100%	On Track	NIL
<b>Internal Process</b>	<b>Environmental sustainability in a growing community</b>	SMM Potable Water Usage (ml)	26.612ML	26.612ML	4.4 ML (quarter)	On Track	NIL
<b>Internal Process</b>	<b>Environmental sustainability in a growing community</b>	% SMM Waste Diverted from Landfill	65%	67%	63%	Off Track (Minor)	NIL
<b>Internal Process</b>	<b>Finance</b>	Debtors at 60 and 90 days	NCM	90: 0%	60: 3.37% 90: 0%	On Track	NIL

## 4.1.1 Attendance

**Purpose:** To provide the Committee with a further analysis of attendance at the South Melbourne Market

**Recommendation:** That the Committee note the attendance report.



At end August 2019, the Market's visitor numbers were 3.1% up on the same time last year. While July figures were -0.2% down (454,481 v 455,349), August visitor numbers were up 6.4% (477,865 v 449,160), both months with the same number of trading days.

### Average Market Day Visitor Numbers:

Market Day	Jul-18	Jul-19	Diff	Aug-18	Aug-19
Average Wednesday Traffic	20,600	20,842	1.2%	19,450	19,607
Average Friday Traffic	21,887	22,105	1.0%	20,582	21,239
Average Saturday Traffic	29,453	31,154	5.8%	29,219	31,281
Average Sunday Traffic	33,518	34,308	2.4%	33,032	34,210

Each Market day average is an increase on the previous year, with the weekends being the largest growth days.

## 4.1.2 Sustainability

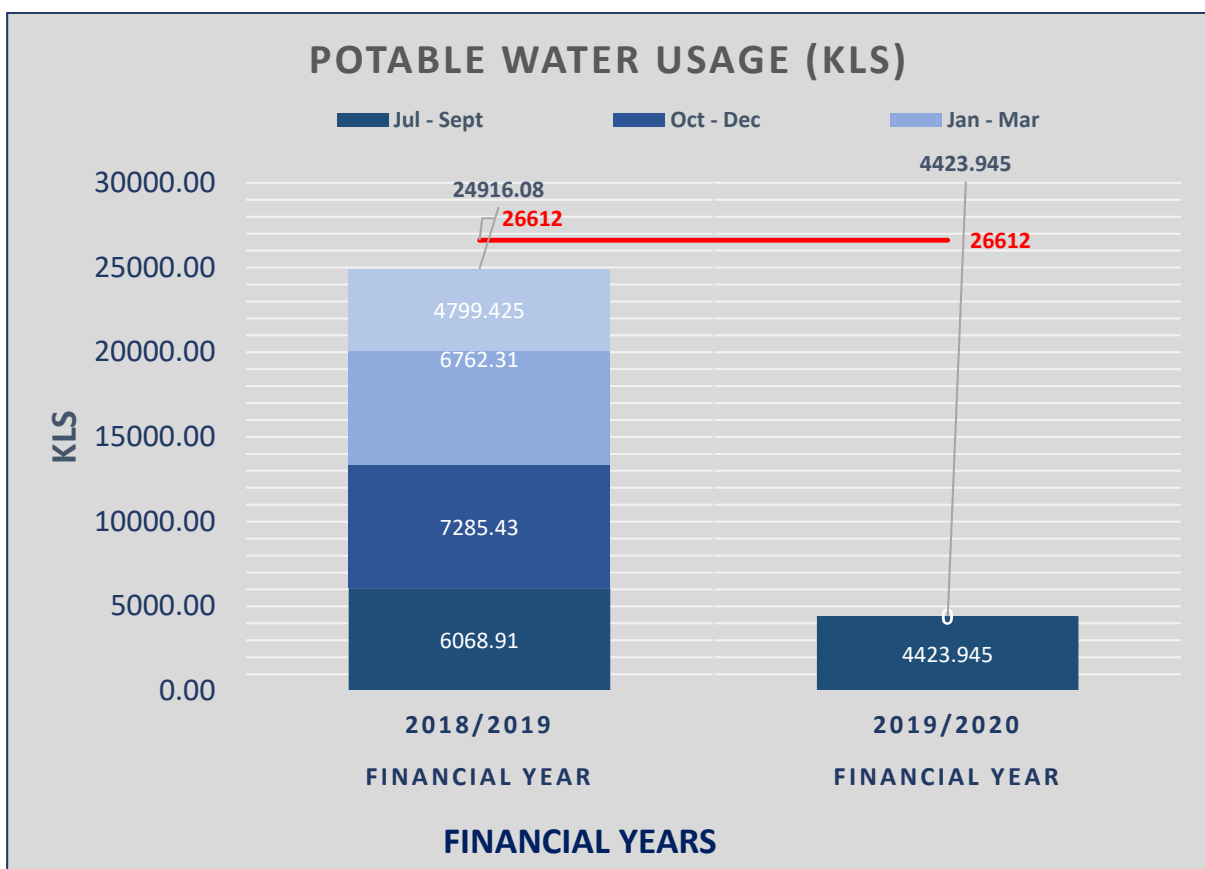
**Purpose:** To provide the Committee with a further analysis of the Market’s sustainability initiatives.

**Recommendation:** That the Committee note the sustainability report.

### Potable water

Potable water usage is tracked monthly and can be compared to the South Melbourne Market’s annual KPI. The water consumption for the first quarter of 19/20 financial year is 4423.945.

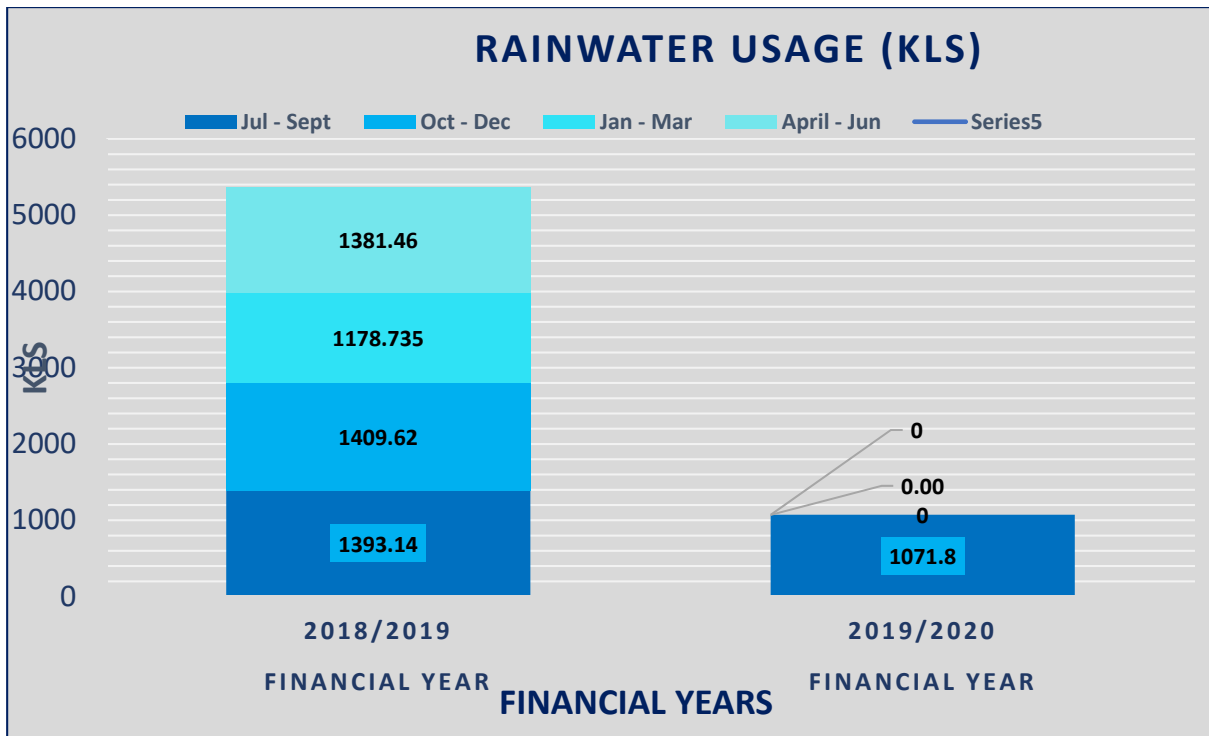
\*Please note this data does not yet contain September figures.\*



### Rain water

Rainwater usage for the first quarter of 19/20 financial year is 1071.8kls. This is a decrease in usage compared to the first quarter of the previous year. Please note September figures have not yet been included.

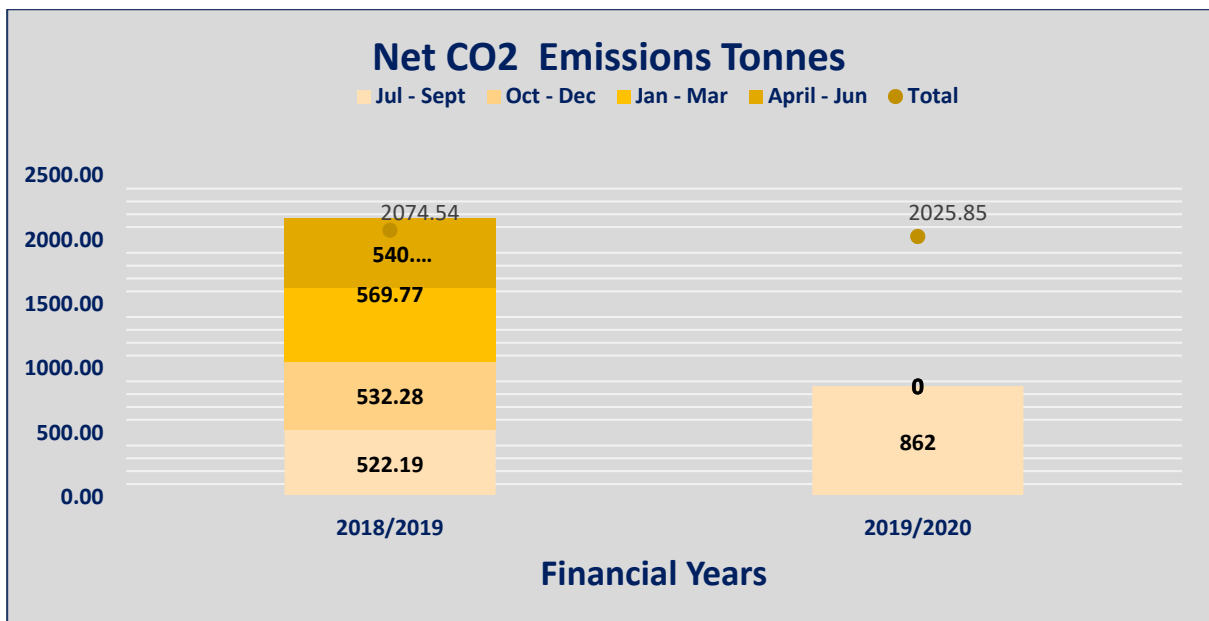
\*Please note this data does not yet contain September figures.\*



### CO2 Emissions

For the first quarter of 19/20 financial year, the South Melbourne Market power usage totalled 862 tonnes. This is an increase of 339.81 tonnes when compared to the figures recorded for the same quarter in the 18/19 financial year net CO2 emissions. This increase in power usage can be contributed to the solar panel installation which occurred between June and August. During this time solar panels at the market were not in use, therefore power was being supplied from the grid.

\* Please note this data does not yet contain September figures.\*



### SMM Power Usage 2019/20 (First Quarter)

Total kWh: 613 727.2

Total grid power kWh usage: 613 727.2

Total solar power usage: 0 \*

Total CO2-e(t) emitted: 656.63

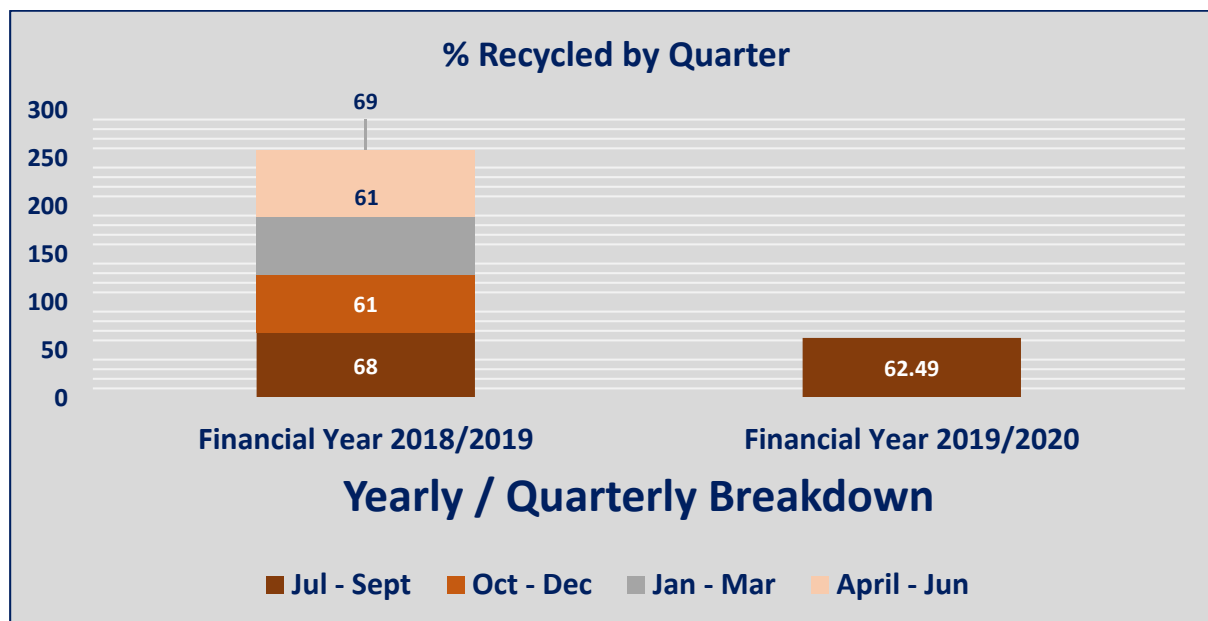
Total CO2-e(t) avoided: 0 \*

Total savings: \$0.00

\*No data available for Solar usage in July and August due to solar panel installation \*

### Waste

Figures for recycled waste for the first quarter of 19/20 financial year have decreased in comparison to the first quarter of 18/19 financial year. With 62.49% of total waste being recycled in 19/20 for this quarter, in comparison to 68% of total waste being recycled in the same quarter for the 18/19 financial year. Please note this percentage does not include data from September, and the change in cleaning contracts at the market at the beginning of September may alter data collection and total figures.



### SMM Waste 2019/20 (First Quarter)

Total waste to landfill (t): 146.76

Total waste recycled (t): 244.334

Total waste CO2-e avoided (t): 344.43

Total waste CO2-e emitted (t): 205.46

## 4.2 Financial Performance

**Purpose:** To inform the Committee about the Market's financial performance.

**Recommendation:** That the Committee note the finance report.

### Comprehensive Income Statement - South Melbourne Market

Year to Date - August 2019	Actual					Forecast			Budget			Variance		
	2017/18	2018/19	2019/20	2019/20	2019/20	2018/19	Forecast	Budget	2018/19	Forecast	Budget	3 Year trend		
	\$'000	\$'000	\$'000	\$'000	\$'000	%	%	%	%	%	%			
<b>Income</b>														
Licence Fees	970	1,003	1,055	1,048	1,068	5.2%	0.7%	(1.9%)						
Parking fees	101	106	102	102	109	(3.8%)	0.0%	(6.4%)						
Cooking School Income	40	44	42	42	38	(4.5%)	0.0%	10.5%						
Other income	1	82	28	30	56	(66.5%)	(8.2%)	(46.3%)						
<b>Total Income</b>	<b>1,112</b>	<b>1,235</b>	<b>1,227</b>	<b>1,222</b>	<b>1,271</b>	<b>(0.7%)</b>	<b>0.4%</b>	<b>(3.9%)</b>						
<b>Expenses</b>														
Employee costs	234	283	253	267	261	10.5%	(5.5%)	2.4%						
Advertising, Events and Publicity	64	46	64	64	103	(39.1%)	0.0%	60.9%						
Contract Payments	275	269	275	249	319	(2.2%)	(9.5%)	21.9%						
Professional Services	4	42	58	80	54	(38.1%)	27.5%	(48.1%)						
Utilities, Insurance, Taxes & Levies	42	53	45	45	47	15.1%	0.0%	(4.3%)						
Land Tax	103	103	43	43	34	58.3%	0.0%	(26.5%)						
Congestion levy	44	44	46	46	46	(4.5%)	0.0%	0.0%						
Fire Services levy	-	2	4	2	2	(100.0%)	100.0%	0.0%						
Bad and doubtful debts	-	10	-	-	-	100.0%	0.0%	0.0%						
Depreciation and amortisation	216	220	220	220	220	0.0%	0.0%	0.0%						
Borrowing costs	-	-	-	-	-	0.0%	0.0%	0.0%						
Head Office Costs	21	22	22	23	24	0.0%	(4.3%)	4.2%						
Other expenses	25	24	19	8	28	21.5%	(124.1%)	(70.6%)						
<b>Total Expenses</b>	<b>1,027</b>	<b>1,118</b>	<b>1,049</b>	<b>1,047</b>	<b>1,138</b>	<b>6.2%</b>	<b>(0.1%)</b>	<b>8.0%</b>						
<b>Operating Surplus/(Deficit) for the year</b>	<b>85</b>	<b>118</b>	<b>178</b>	<b>174</b>	<b>133</b>	<b>50.8%</b>	<b>(1.9%)</b>	<b>31.4%</b>						

### Income Statement Converted to Cash

Year to Date - August 2019	Actual					Forecast			Budget			Variance		
	2017/18	2018/19	2019/20	2019/20	2019/20	2018/19	Forecast	Budget	2018/19	Forecast	Budget	3 Year trend		
	\$'000	\$'000	\$'000	\$'000	\$'000	%	%	%	%	%	%			
<b>Operating Surplus/ (Deficit) for the year</b>	<b>85</b>	<b>118</b>	<b>178</b>	<b>174</b>	<b>133</b>	<b>50.8%</b>	<b>1.9%</b>	<b>31.4%</b>						
<b>Adjustments for non-cash operating items:</b>														
• Add back depreciation	216	220	220	220	220	0.0%	0.0%	0.0%						
• Add back written-down value of asset disposals	-	-	-	-	-	-	-	-						
<b>Adjustments for investing items:</b>														
• Less capital expenditure	(19)	(169)	(214)	(216)	(216)	(27.0%)	(0.6%)	(0.2%)						
<b>Adjustments for financing items:</b>														
• Less Loan Repayments	-	-	-	-	-	-	-	-						
• Less Lease Repayments	-	-	-	-	-	-	-	-						
• Add New Borrowings	-	-	-	-	-	-	-	-						
<b>Adjustments for reserve movements:</b>														
• Statutory Reserve Drawdown/ (Replenish)	-	-	-	-	-	-	-	-						
• Discretionary Reserve Drawdown/ (Replenish)	-	-	-	-	-	-	-	-						
<b>Cash Surplus/(Deficit) for the Year</b>	<b>282</b>	<b>169</b>	<b>183</b>	<b>179</b>	<b>137</b>	<b>8.5%</b>	<b>2.6%</b>	<b>30.9%</b>						
Opening Balance - Cash Surplus	-	-	-	-	-	-	-	-						
<b>Closing Cash Surplus Balance</b>	<b>282</b>	<b>169</b>	<b>183</b>	<b>179</b>	<b>137</b>	<b>8.5%</b>	<b>2.6%</b>	<b>30.9%</b>						

### Capital Works

Year to Date - August 2019	Actual					Forecast			Budget			Variance		
	2017/18	2018/19	2019/20	2019/20	2019/20	2018/19	Forecast	Budget	2018/19	Forecast	Budget	3 Year trend		
	\$'000	\$'000	\$'000	\$'000	\$'000	%	%	%	%	%	%			
South Melb Market Renewal Works	16.9	13	12	12	85	10%	(0%)	(86%)						
Stall Fit Outs	0	1	9	9	36	(809%)	1%	(75%)						
South Melb Market Solar PV	0	5	189	192	92	(3688%)	1%	(109%)						
Building Compliance Works	1.6	150	2	1	1	99%	101%	0%						
SMM Dynamic Parking Signs	0	0	2	2	2	0%	7%	0%						
<b>Total Capital Expenditure</b>	<b>19</b>	<b>169</b>	<b>214</b>	<b>216</b>	<b>216</b>	<b>(27.0%)</b>	<b>(0.6%)</b>	<b>0.2%</b>						

## **4.3 Items for Noting**

### **4.3.1 Project Delivery Update**

**Purpose:** To provide the Committee with an update on project delivery at the Market

**Recommendation:** That the Committee note the project delivery update.

#### **Cecil st**

Tender being issued for services survey work in preparation of identifying any potential issues. Timing of project a concern.

#### **Outdoor food hall**

Design works continuing but some tweaking needed to deal with potential fire regulation requirements.

#### **Coventry st heaters**

Installed and operating.

## 4.4 Public Action Items

**Purpose:** To provide the Committee with an update on Actions from previous Committee meetings

**Recommendation:** That the Committee note the progress with the outstanding actions.

Item	Resolution/action	Due date	Status
188 July 2019: 5. Public question time: SO:ME SPACE	MM to review the SO:ME criteria and provide details to Committee	Sep-19	Completed
188 July 2019: . Public question time: CREDIT CARD SURCHARGES	MM to continue to engage with traders to ensure they are complying with credit card surcharge fee requirements.	Aug-19	Completed
188 July 2019: 5. Public question: Paper Bags	MM to reiterate the policy to Traders on the importance of paper bags and encouraging BYO bags	Aug-19	Completed



## 5. South Melbourne Market Reports

### 5.1 Items for Discussion

#### 5.1.1 SO:ME space criteria

**Purpose:** To provide the Committee with a copy of the current SO:ME Space criteria for review and discussion.

**Recommendation:** That the Committee approve the modified SO:ME Space definition, criteria, personas and area as approved in October 2018 with final endorsement in February 2019.

#### October 2018 meeting minutes excerpt:

The Committee agreed:

1. that permanent stallholders can remain in the SO:ME Space provided their product continues to evolve in line with the criteria for the space;
2. to approve the SO:ME Space definition provided a customer persona type is added, as the age group does not provide sufficient information on type of customer being targeted.

#### February 2019 meeting minutes excerpt:

The Committee:

1. agreed that Stall 225 and 155 should be considered part of the SO:ME Space at their next Licence renewal.
2. agreed that the café should align with the values of the SO:ME Space
3. approved the SO:ME Space personas that have been modified slightly following Committee feedback

#### **Background:**

The SO:ME Space commenced in 2010 with the aim of attracting a younger demographic to the Market and supporting local designers. Manufacture in Australia was also a key requirement. Re-introducing short term pop-ups was seen as a way of supporting emerging businesses who could test their products without committing to a Licence.

It became evident that the pool of designers who manufacture in Australia was small and it was becoming increasingly difficult to find the range and quality of products necessary to make the space viable. This made it harder to guarantee the occupancy of the space and meant we were missing out on high quality emerging local designers. Manufacture overseas is almost essential for businesses to be profitable.

The selection criteria therefore changed over time to focus on local design: to be an incubator for emerging businesses. Such was the success of the space that the Market Mix adopted in 2017 noted that stalls 155 and 137 should be included in an expanded SO:ME Space.

In mid to late 2018, eight years on, management decided it was time to review, restate and clarify the purpose of the space: to reflect on reality and consider the future.

The expanded SO:ME Space includes Stall 130 (La Lapa), 137 (six month seasonal pop-up), 155 (Sina Eyewear), 225 (Collector’s Fair).

The modified definition approved is as follows:

*SO:ME Space is an area within the Market targeting **young customers (18-45)** that is dedicated to **emerging designers and other creative small businesses** as an incubator space. This definition is interpreted to mean:*

**Emerging** means that the business is less than five years old

**Designers and other creative businesses** includes fashion, home wares, gifts, accessories, etc. There is a focus on sustainability, the handmade and unique and keeping an element of the business local, whether this means products are designed locally or manufactured locally, or (ideally) both.

It is expected that all stalls (pop-up and permanent) within the space align with SO:ME Space’s broader values of ethical manufacture, sustainable practices and (where possible) local design and manufacture.

Permanent stallholders can remain as long as they meet the SO:ME Space criteria (other than “emerging”). They need to demonstrate they are agile, continue to move with current trends and add value to the space.

The SO:ME Space criteria are as follows:

<b>Criteria</b>	<b>Permanent stalls (licensed stalls around borders of SO:ME Space)</b>	<b>Long-term pop-ups (3-6 months, casual licence, around borders of SO:ME Space)</b>	<b>Pop-ups (4-8 weeks, in central area of SO:ME Space)</b>
<b>Product offer suits target demographic (18-45 year olds)</b>	Non-negotiable	Non-negotiable	Non-negotiable
<b>Emerging business (up to five years old)</b>	Non-negotiable	Non-negotiable	Non-negotiable
<b>Products designed in Australia</b>	80%	100%	100%
<b>Products made in Australia</b>	Highly desirable	Highly desirable	Highly desirable
<b>Uniqueness or exclusivity of product</b>	Highly desirable	Highly desirable	Highly desirable

<b>Products designed (and/or made) by stallholder or their representative</b>	20%	50%	75%
<b>Owner present in stall</b>	75%	75%	50% recognises many have jobs and the pop-up has to fit around work
<b>Stall closure permitted</b>	Two weeks per year	N/A	N/A

**Note:**

The Market reserves the right to make exceptions for stall selection criteria in the case of special events such as Sustainable September. This event highlights sustainability in various forms, and therefore businesses demonstrating sustainable practices may be included even if their products are not designed or made locally.

Vintage products (clothing etc) are also exempt from certain criteria.

Even in the case of exceptions, stalls will still be required to appeal to the SO:ME Space’s core demographic, and, in the case of longer-term pop-ups, will also need to align with the Market Mix Strategy in terms of product offer.

**So:Me Space Personas**

SO:ME Space’s target demographic is, broadly speaking, 18-45 year olds; in other words, younger customers. However, it is less their chronological age than their mindset that defines them as a younger demographic, as stallholders in the space report customers of all ages frequenting their stalls. Overwhelmingly, the SO:ME Space customer is female, but she may be a young student, a middle-aged mother or a grandmother – her age does not inform her point of view. She has a desire for quality, unique and sometimes quirky products that have a story and that will be a talking point; ideally these products will also be sustainable, ethically and locally made. While she may not have a large disposable income, she does not scrimp when it comes to buying items for herself that she loves and expects to treasure for a long time, or when buying items as gifts for loved ones.

The following are typical SO:ME Space customers:

***Madison, 25***

As an employee at a South Melbourne advertising agency, Madison often pops in to the Market on her lunch breaks. It is important to her that her friends and colleagues notice what she is wearing, so she enjoys adding colourful, decorative touches to her outfits. She is renting in the northern suburbs and doesn’t have a huge amount of room (or income); she has also recently become a KonMari convert and therefore doesn’t like having too many clothes in her wardrobe, favouring fewer items that are nevertheless good quality and

versatile. She loves attending lectures and workshops on serious world issues as these are important to her, but at the same time adores meeting friends to have fun at the latest bars and eateries, and on these occasions she always dresses up. When she feels like a treat she loves visiting SO:ME Space for cheerful, affordable, fashion-forward jewellery, clothing and accessories that she hasn't seen elsewhere in the area – to her, SO:ME Space's offering resembles what is available in the independent stores in Northcote and Thornbury rather than anything nearby. The Space is also her go-to when she needs to buy a present for a close friend – she knows she can always find books and novelty gifts in the permanent stalls or there might be something in one of the pop-ups.

***Mel, 45:***

Mel is married with two children aged 8 and 12 and lives nearby. She has recently resumed working part-time but still manages to do her grocery shopping at the Market and visit SO:ME Space once a week, sometimes with the kids and her husband in tow. When they visit together, Mel often gets time on her own to look for clothes for herself and for the whole family while her husband takes the kids toy browsing before grabbing a treat at the cafe – it's something of a weekend ritual for the family. With the children often talking about sustainability, Mel has become more interested in ethical and sustainable fashion and was pleased to find plenty of options in SO:ME Space, along with stallholders who are happy to chat about why their products differ from those in mainstream stores. She has been pleased to discover that local and sustainable fashion doesn't have to be boring or expensive – in fact, what is on offer is much more exciting than what she could find in the major shopping centres, is reasonably priced and sold by stallholders who really know and care about their products. Mel doesn't want to get trapped in the mindset of many of the other mums at her kids' school who seem to live in active wear and she would never be caught dead at Chadstone! Instead, she chooses comfortable but slightly edgy pieces which she complements with accessories such as colourful textured bags and scarves. Apart from styling herself, she also likes to restyle the décor in their home every so often, and occasionally drops in to SO:ME Space to find new pieces.

***Margaret, 70:***

Although retired, Margaret has a busy social life and also plays an active role in caring for her three primary school-aged grandchildren. She drops in to the Market for lunch with friends, to buy groceries and to browse and have coffee in SO:ME Space. Margaret feels the clothes offered in the Space are, in the main, not overly trendy or too young, while its large selection of comfortable but cool shoes is one of her favourite things about the Market (she is so glad she found them there as she would never want to shop in "old lady" stores!). She sometimes brings her grandchildren to the Market expressly to spoil them; she especially

loves browsing the gorgeous kids' items in SO:ME Space and thinking of excuses to buy them for the children in her life. When she is feeling a bit flat, she buys herself a piece of jewellery, a scarf or some other small fashion accessory for a treat. Sometimes she has a chat to the people in the pop-up stalls; she particularly enjoys shopping there at Christmas time because the atmosphere is a lot friendlier than at shopping centres. Margaret always feels like she learns something from her interactions with stallholders, given that they either make or design the products they are selling or have close relationships with the brands that they stock, and there are often items whose purchase supports charities and social enterprises.

### **5.1.2 Licence Renewal Policy**

**Purpose:** To provide for review and approval the Licence Renewal policy and process

**Recommendation:** That the Committee approve the Licence Renewal policy

#### **South Melbourne Market Licence Renewal Policy August 2019 (due for review in September 2021)**

##### **Summary**

This document provides details about the licence renewal policy. This policy is under continual review to improve transparency, fairness and ensure the Market is attracting and retaining businesses which meet best practice and are in line with the Market Mix policy and Market's Strategic Master Plan.

The licence renewal process is a transparent and guided process that aligns directly to the SMM strategic direction. The process is a combination of compliance, visual aesthetics, retail mix / product offer and customer demand. The assessment categories used to gauge the appropriateness of a business at the Market fall into five main topics: product, presentation and promotion, place and positioning and trading history. Within each of these assessment areas, there are specific criteria. These criteria can change depending on the priorities of the Strategic Plan. Considerations include:

- how long the trader has been at SMM – history at the Market is important
- whether the business is family owned and run – how often is the owner working in the business in the shop
- whether the business has a point of difference – is it an indigenous business; a social enterprise; does it focus on locally made; is it a specialty stall; does it have a sustainability or ethical focus.

Trader engagement during the renewal process is essential. The trader should have a very clear direction about what is required of them by SMM management and at what stage the process is at.

Essentially the renewal process gives stallholders an opportunity to justify why their Licence should be renewed – to sell themselves by reflecting on what they have done and where they are heading. For management and the Committee it is an opportunity to assess whether the stallholder's business is aligned with the Market's direction.

##### **Introduction**

The South Melbourne Market is a loved and cherished community village market, full of vitality and life.

The Market community and its people are at the core and heart of Market life. Traders, visitors and customers alike all add a range of diversity, knowledge, vibrancy, energy and life to the marketplace and support the Market's localised traditions and customs.

To create the best customer experience, any retail environment (Shopping Centre or market) must have standards and criteria to assess existing businesses to ensure customer demand and wants are being met. They need to make sure the offer of any business within the centre/market can evolve, grow and diversify with the changing needs of the local market demographic.

The current SMM licence renewal process requires the stallholder up for renewal to complete a self-assessment (in the form of a business plan) and to provide turnover figures for the previous three years. These are reviewed and the stallholder is invited to discuss their submission. A visual merchandising assessment is also undertaken. The purpose of the meeting is to discuss and determine the viability and strategic alignment of the business to SMM Strategic Plan and Market Mix strategy.

### **Licence renewal process**

5-step renewal process:

- Trader self-assessment and Business Plan development
- Visual merchandising and fit out review
- SMM trader compliance assessment – if required
- Interview / Meeting (Formalise new licence or implement licence exit strategy)
- NOI / Renewal / Exit

In support of the licence renewal process the stallholders have access to the following:

- SMM customer surveys and research
- Customer visitation profiles and traffic counts
- VM handbook (being developed)
- Mix policy
- Strategic Plan
- Small business support contacts and resources

### **Step 1 - Trader Self-assessment and Business plan**

Based on trader feedback, new renewal documentation was developed in December 2018 (and was revised in July 2019). The changes refine, but align with:

- the original SMM business plan template (of August 2018)
- the SMM mix strategy
- the Small Business Victoria (SBV) industry standard business template.

Samples of the business plan templates are attached (Attachment 1), supported by a guidebook.

The documentation is issued in August (10 months before the Licence is due to expire) and the trader is given a timeframe (6 weeks) to complete the business planning and documentation process.

A check of all trader details is completed at this stage to ensure SMM records are up-to-date.

Running a small business requires the ability to look outside the business for solutions, ideas, and best practices. The trader needs to demonstrate that, like the Market, they are evolving in line with customer expectations and the Market's Strategic Plan.

## **Step 2 – Visual Merchandising (VM) and fit out review**

A new VM audit template has been developed and tested. This audit covers the following assessment points:

- Business Overview & Images (Current state)
- First Impressions (Customer perspective - visual)
- Fit Out Standards & Currency (Best practice, age/state of fit out and market relevance)
- Display Presentation & Housekeeping (Best practice, relevant, hygiene)
- Sustainability (What practices are integrated into business operations? Opportunities)
- Recommended Action Plan for Improvements/ Requirements
- Suggested Visual Concept ideas (Visuals to support change discussion)
- Health Inspection Requirements (Is there a need for an inspection?)

Not all businesses will require a full VM audit. The licence renewals that do require this process will need to meet the recommendations of the audit, within the specified timeframe and to the required standards, as part of the licence renewal process. In addition, the trader must meet any requirements within the Fit-Out Guidelines as specified.

SMM may offer a qualified Visual merchandiser and / or retail designer on an in-kind basis as part of the renewal process to support the trader in meeting all the Market's requirements.

## **Step 3 - SMM trader compliance assessment**

This step in the process is very clear. This is where trader compliance across a range of measures are assessed and discussed. Internal compliance assessment includes:

- Breaches, formal complaints and/ or infringements (current and historic)
- Customer feedback – positive or negative (historic)



- DDA compliance – shop fit
- OH&S tenancy review (completed at time of renewal by SMM)
- Food and Health compliance – independent review may be required to support decision making process. (completed at time of renewal)
- Financial review including last 3 years certified turnover (completed at time of renewal) and rental payments (historic)
- Certification compliance (product, prime safe, liquor licence, etc.)
- External reviews and recommendations from industry standard consultants.
- Other – criminal / police checks, business history checks, weights and measures audit, labelling compliance, etc. (as required)

Considerations and priorities during this process would include:

- Using qualified industry approved consultants or on-staff specialists to complete each area of the assessment. This supports the authenticity and standard of the audit.
- Transparency with the trader on any issues and results of the checks.
- Fair and reasonable timeframes to meet any non-compliance issues, if applicable.
- Consistency across all licence renewals in the checking and auditing processes.

#### **Step 4 – Interview/ Meeting (Formalise new licence or Implement licence exit strategy)**

The interview with the trader should be an opportunity to discuss the overall big picture, business viability, get an understanding of the business mechanics and operations, and reinforce the SMM vision and how the trader does, or does not, fit into this strategy. The meeting should always have a positive tone and be guided by the supporting documentation that has been developed to support the decision-making process.

At the interview the Licensing Team will discuss a minimum 3-4 goals set out by the trader in the business plan to maintain business growth and development; how they aim to achieve these and what support they may require.

There is an opportunity for the trader to also discuss any issues or challenges they may be having. This can be noted and revisited as needed (e.g. if it is a separate or larger issue).

Minutes from the meeting are kept. A summary is sent to the trader and is saved to the trader file in Content Manager. Notes are also transferred to a renewal master sheet for that year.

The Licensing team meet to determine whether a trader's Licence should be renewed and under what conditions:

- Length of term (non renewal, 3 years or less)
- Whether stall improvements are required and by when

- Any other conditions

The list of recommendations (to renew or not to renew a Licence) is made to the SMM Committee at a Committee meeting between February and May. This list is summarised in a renewal summary table which notes: term to be offered, previous term, length of time at Market, breaches received during current Licence.

Additional information is provided if:

- There have been any breaches
- The recommendation is to offer a Licence for a period of less than 3 years
- The recommendation is not to renew a Licence.

The Committee determine whether to issue a:

- Notice That Licensor Is Willing To Offer A New Licence; or
- Notice of Licensor's Intention Not To Offer A Renewal Of Licence

### **Step 5 - NOI / Renewal / Exit - requirements and support**

Notice of Intention:

#### To Renew

- Offered to trader with conditions formulated from review process and term.
- Licence issued on conditions and terms.
- Subsequent meetings held as required.

Support and contribution from SMM is considered and negotiated on an individual basis and could include but is not limited to:

- VM or designer consultancy
- Fit out funding or contribution
- Rent free periods (fit out period of closure)
- SBV mentoring support
- Signage: new branding ID, signage manufacture and installation
- Building / shop shell upgrades and make goods
- New facilities access – electrical, water etc.
- Marketing and in-kind promotion

#### Not to Renew

- Notice of Licensor's Intention Not to Offer a Renewal of Licence is issued to trader, giving 6 months notice to exit the Market.
- Subsequent meetings held as required.

Discussions at subsequent meetings will include:

- Exit support program (SBV)
- Fair and reasonable exit timeframe

## **6. Public Question Time**

## **7. Confidential Matters**

### **Recommendation:**

That in accordance with Section 77(2)(a) of the Local Government Act 1989 (as amended), the meeting be closed to members of the public in order to deal with the following matters, that are considered to be confidential in accordance with Section 89(2) of the Act, for the reasons indicated:

### **7.1 Confidential Items for noting**

The information in this report is considered to be confidential in accordance with the Local Government Act 1989 (as amended), as it relates to: (d) contractual matters; (f) legal advice; (h) any other matter which the Council or special committee considers would prejudice Council or any person; (g) matters affecting the security of Council or property.

### **7.2 Confidential Action Items**

The information in this report is considered to be confidential in accordance with the Local Government Act 1989 (as amended), as it relates to: (d) contractual matters; (f) legal advice; (h) any other matter which the Council or special committee considers would prejudice Council or any person.

### **7.3 Confidential Items for Discussion**

The information in this report is considered to be confidential in accordance with the Local Government Act 1989 (as amended), as it relates to: (d) contractual matters.

### **7.4 Confidential Items for Decision**

The information in this report is considered to be confidential in accordance with the Local Government Act 1989 (as amended), as it relates to: (d) contractual matters.