

**ORDINARY MEETING OF COUNCIL
14 SEPTEMBER 2009**

6	DISPLAY KITCHEN AT THE SOUTH MELBOURNE MARKET
LOCATION/ADDRESS:	CECIL STREET, SOUTH MELBOURNE
GENERAL MANAGER:	GREG WOOD, ACTING GENERAL MANAGER, CITY AND INFRASTRUCTURE SERVICES
PREPARED BY:	CLAUDE BAXTER, MANAGER, SOUTH MELBOURNE MARKET
FILE NO.:	56/01/42

1. EXECUTIVE SUMMARY

- 1.1 Council has budgeted \$100,000 in the 2009/2010 Capital Works Budget as “Unallocated South Melbourne Market Projects”
- 1.2 This report makes recommendation on allocating that budget to the construction of a display kitchen in the vacant stall number 90 on Cecil St at the South Melbourne Market.

2. RECOMMENDATION

That Council:

- 2.1 Approves the allocation of \$100,000 from the Capital Works Budget currently listed as “Unallocated South Melbourne Market Projects” to the construction of the LG Display Kitchen at the South Melbourne Market.

3. BACKGROUND AND CONTEXT

- 3.1 When Council developed its 2009/2010 Capital Works Program, \$100,000 was identified in the program as “Unallocated South Melbourne Market Projects”. Council’s intent was to allocate this budget to a worthy project as it was identified.
- 3.2 For the past few months, market management has been negotiating with electrical manufacturer LG Electronics, to invest in the market. These negotiations have resulted in an ‘in principle’ agreement for LG Electronics to invest \$94,000 towards the construction of the LG Kitchen in vacant stall number 90 on Cecil St.

- 3.3 Display kitchens are seen as integral to the development of inner metropolitan markets. Both the Queen Victoria (Electrolux) and Prahran (Miele) Markets have a display kitchen and they are used by these markets to draw focus on promotional, education and community activities.
- 3.4 A display Kitchen at the South Melbourne Market would serve as a multi-purpose facility. It has street frontage onto Cecil St and would operate well beyond Market hours.
- 3.5 LG Electronics would have exclusive use of the kitchen for 1.5 days per week on Monday and Tuesday at no charge. The license agreement would run for three years at which time rent would be payable by LG Electronics or a new fee paying tenant could be found.
- 3.6 The South Melbourne Market will have use of the facility for the other 5.5 days each week for a range of commercial and community uses, including;
- start and end point for ‘foodie’ tours - on Market days, primarily Saturdays and Sundays and under Market control.
 - start and end point for school excursions - on Market days, Wednesdays and Fridays and under Market control.
 - cooking school using local chefs - partly sub-licensed to a local chef meeting Market criteria, on Tuesday, Wednesday and Thursday nights.
 - private hire for additional classes – on a nightly basis according to market conditions, Friday, Saturday or Sunday nights.
 - cooking demonstrations by or for stallholders - on Market days and subject to Market control.

Community Benefit

- 3.7 The display kitchen was primarily conceived as enhancing a community asset. The cooking school, start and end point for tours and education centre for school excursions are all designed to increase the alignment between the Market and the community. Each of these programs goes beyond the traditional relationship between a retail centre and its shoppers. They address a wide range of community interests, providing outcomes that stimulate, provide pleasure and educate. More than this, the display kitchen will be a community asset where people can come together, have fun and learn together. The display kitchen will benefit the community by;
- Value and utilise skills and knowledge in the community – the kitchen will engage local people for display kitchen cooking classes, tours and local people for art works.
 - Managing for the longer term – the display kitchen will anchor the Market’s educational programs and is a key element of a long term business plan and financial plan.
 - Creative, active & culturally diverse life – the display kitchen will help the Market establish and maintain links to the culinary and artistic side of South Melbourne and the wider community for arts. It will provide a place to participate, learn – classes and excursions – and be entertained.

- A Sense of Place – By providing a community facility that provides a place to ‘be’, the Market’s display kitchen will enhance liveability. It will be a place for all age groups.

4. CONSULTATION AND STAKEHOLDERS

- 4.1 Stallholders have been provided with regular reports about the proposal. Many have expressed enthusiasm for the kitchen – some because they want to have access for cooking classes or cooking demonstrations and others because of the status and kudos conferred on stallholders by association with the facility.
- 4.2 The South Melbourne Market Management Committee has overseen the growth of the concept. It has considered three detailed reports on the display kitchen and supports allocating funding for the project.

5. DISCUSSION

5.1 OPTIONS

- 5.1.1 If Council decided not to approve funding for the kitchen now, it is likely that the sponsorship from LG Electronics would be diverted by LG to another site, more probably in a busy retail area. Without sponsorship from LG Electronics, the \$200,000 cost of the kitchen would need to be met by Council.
- 5.1.2 As an alternative to building the kitchen, the space could be used for another takeaway outlet which could return up to \$40,000 in rental income annually.

5.2 ALIGNMENT TO COUNCIL PLAN

- 5.2.1 The display kitchen will enable the Market to contribute to a number of Council Plan goals:
 - 5.2.1.1 *Continue to develop and encourage community leadership.*
 - 5.2.1.2 *Build on local strengths to develop active, connected communities.*
 - 5.2.1.3 *Encourage and support a variety of recreational and participative learning opportunities.*
 - 5.2.1.4 *Facilitate economic development that strengthens and supports a diverse and sustainable community.*
 - 5.2.1.5 *Ensure that South Melbourne Market is positioned as Melbourne’s premier community market.*

5.3 POLICY IMPLICATIONS PLAN

- 5.3.1 The construction of the display kitchen at the South Melbourne Market is fully supported by the South Melbourne Market Committee which has considered the matter on three separate occasions.

5.4 FINANCE / RESOURCE IMPLICATIONS

- 5.4.1 A preliminary design was commissioned and a quantity surveyor engaged to estimate the likely cost of the kitchen's fit-out. These costs may be varied, depending on the final design and the extent to which LG Electronics can be encouraged to commit more funds.
- 5.4.2 The cost to fit out the kitchen is estimated at \$227,000. This includes demolition, building, hydraulics, mechanical, fire, electrical, kitchen furniture and builders preliminaries. LG Electronics have made an in principle agreement to contribute \$94,000 towards the kitchen which leaves a shortfall in the budget of \$33,000.
- 5.4.3 The cost to Council will not exceed \$100,000 and options exist to ensure this by reducing the scope of the works (for example, omit the folding glazed shop front), and/or increasing the contribution from LG Electronics

5.5 LEGAL & RISK IMPLICATIONS

- 5.5.1 It is possible that an agreement with LG Electronics cannot be reached. Should this be the case the project would not proceed and the capital funding would be available for an alternative Council priority.

6. IMPLEMENTATION STRATEGY

6.1 TIMELINE

- 6.1.1 Following a decision by Council, negotiations will be undertaken with LG Electronics. This is likely to be multi-phased as it will include costing and re-specification – concluding November 2009.
- 6.1.2 The tendering process will then take three months – concluding February.
- 6.1.3 Construction is expected to be relatively brief – concluding April 2010.

6.2 COMMUNICATION

6.2.1 Promotion of the facility would commence as soon as construction commences.

6.2.2 Council is committed to ensuring the South Melbourne Market is positioned as Melbourne's premier community market.

7. OFFICER DIRECT OR INDIRECT INTEREST

7.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.