



South Melbourne Market 2021-22

Annual Report

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Introduction





Welcome



Wominjeka

The South Melbourne area is marked as 'Nerre nerre minum' in one of the earliest maps of Melbourne in the 1840s. Emerald Hill (now South Melbourne) was an important location for the Traditional Owners of the area where they would hold Ngargee events. These events were occasions to honour guests, showcase creativity in song and dance, ensure conciliation after conflict and to tell popular and new stories.

The South Melbourne Market respectfully acknowledges the Traditional Owners of this land, the people of the Kulin Nations. We pay our respect to their Elders, past and present. We acknowledge and uphold their continuing relationship to this land.

A message from our Chairperson

2021-22 has been a year of both incredible achievements and significant challenges for the South Melbourne Market. While the pandemic continued to impact our Market traders, visitation and asset development in the first half of the year, the new year has seen the return of events, onsite improvements and new business openings.

The Market continues to uphold its strong reputation in the local community, wider Melbourne and as a tourist destination. It also remains a popular choice for business owners, entrepreneurs and local makers and creators, with expressions of interest for both permanent and pop-up stalls remaining strong, and a 99% occupancy rate upheld throughout the year.

On behalf of my fellow committee members, I would like to recognise the dedicated and resilient Market Management team who have worked incredibly hard to support our traders, lead a remarkable post-COVID-19 recovery plan, deliver an incredible visitor experience and continue to uphold the Market's reputation. Despite the unpredictable nature of the last year, the team continue to deliver great results and meet the milestones and KPI's set out in the five-year Strategic Plan.

Last but not least, I would like to recognise the traders, the lifeblood of our Market. Their skill, passion and community spirit are what makes this village so special, and what will ensure the Market continues to flourish in the years ahead.

Jo Plummer
South Melbourne Market Committee Chairperson





Our Market

About

“The South Melbourne Market is a very important public place for social and cultural interaction both for the City of Port Phillip and the wider community.

Established in 1867, the Market is built on land made available under a Crown Grant for a general market. The buildings and associated infrastructure are owned and maintained by Council. It is Council’s intention to retain and enhance the Market’s unique position as a major civic space, one that is a generator of community and social interaction, as well as being one of the Council’s prime infrastructure assets. Council is of the view that it can be developed further as a place for the whole community to visit and belong, as well as a premier shopping destination. The Market is an integral part of Council’s long term financial sustainability and as such must continue to operate profitably and competitively.”

South Melbourne Market Committee, Charter December 2020

Our Vision

South Melbourne Market, the Quintessential Village Market.

A prosperous, authentic destination that is home to fresh, artisanal and cultural products; creative and joyful experiences; celebrates local; is a leader in sustainability; is loved, trusted and connects our customers and community.

South Melbourne Market will achieve its vision by:

1. Being a trusted destination for quality, value, fresh and extensive offer
2. Being a safe, accessible and inclusive market for the whole community
3. Embracing and curating all that is local, artisanal, emerging, cultural and creative
4. Remaining a loved, happy, quirky and experiential destination – full of moments of surprise and wonder
5. Continuing to be environmentally and economically sustainable – a financially secure urban experience, living and breathing green
6. Being accessible – physically and online.



Executive Summary

After another challenging start to the year, the Market has rapidly returned to being the vibrant, welcoming village that is beloved by our locals and a must-visit Melbourne destination.

While many other retail precincts experienced crippling vacancies due to the impacts of COVID-19, the Market retained an impressive 99% stall occupancy rate throughout 2021-22. This achievement was assisted by the generous \$1.94m rent relief package provided by Council, who recognised the valuable service our traders provide to the local community.

During this rollercoaster of a year, the familiar faces of our traders provided a much needed sense of stability and comfort; their welcoming smiles and banter with customers - many of whom they know by name – have in no doubt been just as integral to the Market’s rapid recovery as the quality of the goods and services they provide.

The Market also welcomed some exciting new businesses to enhance the diversity of the Market offer and ensure we stay relevant to our community. These included *K-SEIN Fromagerie*, a cheese shop highlighting both local artisan and French cheesemakers, and *Osara Australia*, a family team bringing ethical, artisan Japanese homewares to Melbourne.

With restrictions lifting in late 2021, events returned and created a welcomed buzz as they drew both locals and tourists back to explore the Market. Between 3 January and 24 April the Market closed the northbound lane of Cecil Street to provide an exciting line up of safe and accessible live music and entertainment; a COVID-safe tribute to the Port Phillip Mussel & Jazz Festival over the Labour Day long weekend and Easter activations with the Museum of Play and Art (MoPA) and Playable Streets were just some of the events that brought our community together. The introduction of “A Foodie Affair” events also enticed new visitors to the Market who were eager to sample specialty dishes from food traders and explore other stalls in the precinct.

The Market’s reputation for supporting local designers and producers resulted in a SO:ME Space collaboration with Craft Victoria during the busy Christmas period and a new partnership with Australian Made that promoted participating traders and saw the Market used as a location in the Australian Made Week (6-12 June) national TVC campaign.

With income impacted by a rent freeze at 2019-20 rates and a significant reduction in carparking revenue, the Market finished the year with an operating deficit of \$242,000. Building financial stability is a key strategic priority of the Market and Committee and – global pandemics aside – the work done this year to develop new revenue models and minimise costs stands the Market in good stead for the future.

As part of the ongoing focus on safety and accessibility, there was investment in a range of projects to improve the Market asset and provide a more welcoming space for our traders and community:

- improvements were made to internal spaces with the installation of new floorings, fixtures and fittings in the SO:ME Space, new seating in Centre Aisle and upgraded lighting fixtures in East Aisle;
- externally, new bench seating, bike racks, planters and permanent bollards improved accessibility and safety for visitors; and
- construction began for a permanent alfresco dining precinct adjacent to the Food Hall, with completion scheduled for spring 2022.

Work also continued on plans to futureproof the Market and build on what is already such a wonderful community asset.

By June 2022 visitation had begun to return to pre-pandemic levels and our customers love the Market just as much as ever – we once again received exceptional community satisfaction results with 97% rating the Market offer as Very Good or Excellent and a benchmark-exceeding NPS of 75.5.

While it is always pleasing to see such fantastic numbers, it really comes as no surprise; as one trader cheekily replied when we shared the results: “I could have told you that – just look at their smiles!”.

The year at a glance

A snapshot

July

School Holidays
– Winter Wonderland
Treasure Hunt
New seating and
tables installed in
Aisle B and Centre Aisle
COVID-19 lockdown
five commences

August

COVID-19 lockdown six commences. General merchandise (excluding pet shop and newsagent) and service providers required to close and food outlets restricted to take-away. Shopping limited to a 5km radius of home and night-time curfew in place

September

Atypic Chocolate
win three medals
in the International
Academy of
Chocolate Awards
New flooring, fixtures
and fittings installed
in SO:ME Space
pop-up precinct
Lockdown restrictions
ease: shopping
radius lifted to 10km

October

General merchandise traders and service providers reopen after lockdown restrictions ease, and dine-in service returns for hospitality traders

New long-term pop-up traders open in SO:ME Space; Osara Australia, Anilla Jewellery, Akana Handcrafts and Tomi Art
Hare Krishna Food For Life Program commences at Market

November

Capacity and density
limits removed ease
for hospitality traders
Support Small Business
advertising campaign

December

SO:ME Space
x Craft Victoria
collaboration
Cobb Lane
Bakery opens on
Coventry Street



Cobb Lane Bakery opened in December 2021

January

North-bound lane of Cecil Street
closed for COVIDSafe outdoor
activations and events (till end April)

Launch of new seasonal cooking
program for kids, Junior Chef

March

Port Phillip Mussel and Jazz
celebration – COVIDSafe tribute

Council support extension of
rent relief to end June 2022

Lighting upgrade in East Aisle

May

Public safety
improvement and
hostile vehicle
mitigation project
commences

February

K-SEIN Fromagerie
opens in the Deli Aisle

New long-term
pop-up trader,
Remedy Clothing,
opens in SO:ME Space

Free community
fitness sessions held
on Cecil Street

Luna New Year
celebrations with
traditional Lion and
Dragon Dancers

April

SO:ME Space x The Business
of Food collaboration

A Chilli Affair

Museum of Play and
Art (MoPA) school
holiday activation

Big sculpture exhibition
commences

SMM Direct closes

June

2022 Off Your Back coat
drive commences

Australian Made Week



Cecil Street closed for COVIDSafe outdoor dining from January to April 2022



Operating our Market





K-SEIN FROMAGERIE

“For me, the Market is a place where good quality cheese belongs and can have a good turnover. I love the fact that I can open a 10kg wheel of cheese and sell it the same day at the peak of his life! South Melbourne Market represents what a market should feel like: cosy, relaxed, great food, street art and a restaurant precinct that brings the market to life in the evenings.”

Victor Persinette-Gautrez, K-SEIN Fromagerie

Retail

South Melbourne Market is home to some of the best fresh produce, eateries, and unique retail shopping in Melbourne.

The Market has 151 permanent stalls on offer, falling broadly into the categories of 39 grocery, 30 eateries, 62 general merchandise and nine services.

Traders vary from generational family-run businesses, to new start-up ventures, and everything in between and all make an important contribution to the Market village.

Our Traders

Anniversaries

10 years: Full Brow | Vic Austrade | Under Your Wear | Clement Coffee | The Fresh Pasta Shop

20 years: TimeWeb Computers

30 Years: Moses & Co Market Wholefoods

40 Years: Rita's Coffee and Nuts | Theo's Deli

70 Years: South Melbourne Market Dim Sims

Welcome

A diverse range of new traders joined the Market family in 2021-22.

Osara Australia | October 2021

The family team at Osara work directly with Japanese artisans sourcing artful, functionally designed and ethically handmade tableware and cookware.

Annilla Jewellery | October 2021

Annilla offers high quality 18-karat, gold-plated stainless-steel jewellery pieces at an affordable price.

Tomi Art | October 2021

Tomi Art is a Melbourne made and designed brand that blends traditional Japanese art into contemporary wearable pieces such as scarves, jewellery and accessories.

Cobb Lane Bakery | December 2021

Artisan bakers Cobb Lane specialise in a wide range of sourdough breads, delicious pastries and cakes, and seasonal specials.

K-SEIN Fromagerie | February 2022

With a focus on farmhouse and artisanal cheese, Victor and his team are dedicated to bringing the best cheeses from Australia and abroad to Market customers.

Remedy Clothing | February 2022

Remedy Clothing offer a range of men's and women's clothing and accessories, all made from 100% recycled materials.

Mister Handsome | April 2022

Alessio Goffredo partnered with another local barber to take over the previously named, Barber of Seville.

BeautyWorks (new owner) | May 2022

After a successful SO:ME Space pop-up, the owners of Pure Cosmetics purchased the BeautyWorks business to offer a curated selection of hair and beauty products including their own brand, Pure Body Luxe.

Pop-up stalls

Pop-up stalls ensure consistently high occupancy levels while stalls are in transition between permanent traders and maintain the overall Market customer experience.

Pop-up stalls over the last twelve months included:

- **Petal:** a Melbourne made and owned brand specialising in aromatherapy and natural skincare products.
- **MAVIS:** a women's fashion label for expressive pieces that are elegant, fun and feminine.
- **Bali Bags:** colourful, handwoven handbags made from 100% recycled plastic sourced from oceans and waterways in Indonesia.
- **Vuelo Eyewear:** Casual, on-trend sunglasses and vintage tracksuits.
- **Urban Woof:** Mindfully sourced, quality products for dogs.
- **Saltylicious Bath, Body & Beauty:** Australian made, natural vegan skincare, make-up and handmade soaps.



Retail

Awards

In May 2022, Fritz Gelato was awarded a gold medal at the Dairy Industry Association of Australia awards for their Hazelnut Gelato.

Atypic Chocolate participated in the International *Academy of Chocolate Awards* for their Bean to Bar Milk and White chocolate categories, winning two silver and one bronze medal for their newly developed flavoured bars.

Farewell

We have also said goodbye to some traders who have finished up at the Market.

- Yakedy Yak
- St George's Bakery
- Vincent's Meats
- The Pet Grocer
- Lindsay Nicholas
- Spin
- The Australian Natural Soap Company

SO:ME Space

SO:ME Space is a retail precinct within the Market that supports the incubation and development of new businesses. Priority is given to businesses that focus on sustainable, innovative, locally designed and/or locally made products.

This year 40 small businesses were featured in the space including:

- **Every Sunday:** locally made and cruelty free, body, face, hair and self-care products.
- **Grace Knitwear:** the first and only Victorian grown and made commercial alpaca and merino knitwear, processed from fleece to knitwear by a team of textile manufacturers in Victoria.
- **Rūpahaus:** locally designed womenswear and home décor that is ethically handmade by artisan communities in Indonesia.
- **Novus Tweed:** unique, upcycled clothing, made from pure and original Harris Tweed Wool.

New look

This year, a re-design of the SO:ME Space pop-up precinct was undertaken to better highlight products and create a more visually appealing, enticing, and engaging space.

Fixtures were lowered to open sightlines across the area and better showcase products; the floor layout was reinvented to encourage greater browsing and customer flow; and the base palette was lightened to allow products to shine. The new fixture suite was designed in collaboration with the *Market Stall Co*, a business that originated in the SO:ME Space pop-up precinct at the Market.

Collaborations

SO:ME Space x Craft Victoria (1 to 5 December 2021)

Craft Victoria took over the SO:ME Space pop-up precinct for one week during the Christmas trading period with a focus on unique, handcrafted gifts. Featuring six local creators, products ranged from ceramics, textiles, and jewellery to furniture and woodwork.

SO:ME Space x The Business of Food (30 March to 24 April 2022)

The Market collaborated with The Business of Food who provide new businesses with the skills and knowledge to run a successful food enterprise. Over four weeks, the SO:ME Space featured ten local, artisan food makers. As a result of the collaboration, many of these makers' products are now stocked by traders around the Market.



“I loved it from day one - the dynamic of the customers, the characters and charisma of the stallholders and the enthusiasm of the other pop ups who were also at the beginning of their retail careers. The sheer joy of making a sale was a bit off a rush because at first you can’t quite believe someone likes what you do! And I really don’t think that any other market in Melbourne has quite the same community vibe, especially the SO:ME Space.”

Catherine Evans, Ruby & Sky

Retail

2021–25 strategic priority progress update: Differentiated retail offer

The Market will develop a Retail Strategy to provide a solid framework to build the best retail experience and review the policies and procedures that support the retail operation to enable the renewed Retail Strategy to be seamlessly implemented. We will build a pipeline of the best businesses and concepts to add to the retail offer and develop a precinct plan to continuously improve the visitor experience in every part of the Market.

Key Initiatives		
Initiative	Actions	Status
Retail Strategy	Develop Strategy	●
	Implementation	●
	Update documentation to reflect changes annually	●
Market Precinct Plan	Review the Market’s precincts	●
	Develop flexible Precinct Plan	●
Create a pipeline for the Market	Review the plan annually	●
	Market research for best practice and global trends	●
Retail Support and Continuous Improvement	Trader pipeline development	●
	Develop two-way communication platform	●
	Develop Business Incubation Program	●
	Collaboration with traders	●
	Continual support of traders with business development	●

● Completed ● Ongoing



Retail

2021-22 strategic outcomes

Work on developing and building the Market's differentiated retail offer is on track, with key initiatives and milestones met in the 2021-22 period, including:

Retail Mix Framework

In 2021 a new framework was developed to guide the Market's retail mix decisions. Based on research of local and global retail and market trends, the framework identifies gaps in the Market's offer and outlines the future direction of the category mix. The framework will be used to curate an evolving mix of authentic and innovative offers, support existing traders and ensure the Market's ongoing relevance as a centre for the community.

Precinct Plan

To support the Retail Mix, a Precinct Plan has been developed to deliver a better and more relevant shopping experience for customers and improve trader profitability through greater return frequency and increased spend of customers.

The Precinct Plan defines zones that appeal to targeted customers' needs and identifies transitional stalls and anchor tenancies that will ensure flow across precincts, while allowing enough flexibility to maintain the element of surprise and delight that is part of the Market's charm.

Incubation Program

The SO:ME Space strategy incorporates a trading progression plan to support small businesses through the Market from short term pop-ups, to longer term temporary residencies and permanent licences, both within the SO:ME Space and the broader Market.

In line with the strategy, a number of short-term pop-up businesses moved into longer term spaces this year, providing them with an opportunity to continue to grow their businesses:

- Remedy Clothing: SO:ME Space Stall 156, one-year licence
- Freckly Ollie: Stall 79, three-year licence
- Osara Australia: SO:ME Space Stall 226, one-year licence
- Annilla Jewellery: SO:ME Space Stall 225, one-year licence
- Akana Handcrafts: SO:ME Space Stall 229, one-year licence
- MAVIS: Stall 121, six-month licence



Brand

Customer Experience, Marketing and Events

South Melbourne Market continues to position itself as The Quintessential Village Market – the local’s place to shop, eat, drink and meet.

The 2021-22 period saw a number of key initiatives undertaken to generate brand awareness, drive visitation and support Market traders. This included extensive promotional campaigns for our traders, onsite entertainment and activity for the Christmas and Easter periods, as well as the closure of the north-bound lane of Cecil Street (between York and Coventry Streets) from 3 January to 24 April. This closure allowed for restaurant outdoor dining extensions and the creation of a safe, inviting and accessible space for our local community to enjoy. This was supported by a COVIDSafe Outdoor Activation grant of \$170,000 from State Government.

2021–22 highlights

- Introduction of the new “A Foodie Affair” event series. The inaugural event, *A Truffle Affair*, was planned for August 2021, but unfortunately cancelled due to COVID-19. *A Chilli Affair* ran in April 2022, which boosted the Market’s profile and sold over 120 tickets.
- Lunar New Year celebration with traditional lion and dragon dancers.
- Free community fitness sessions through February and March including yoga, pilates and children’s yoga.
- The Market became an official retail partner of the *Australian Made* brand, and celebrated Australian Made Week in June, showcasing the wide range of locally designed and made products the Market has to offer.
- The Market’s monthly Foodie Tours recommenced in March 2022 following a hiatus due to COVID-19, with the event selling out every month since its return.

- Winter Wonderland treasure hunt for children during 2021 July school holidays
- A COVID-safe celebration of the Market’s annual Port Phillip Mussel and Jazz Festival over the Labour Day long weekend in March.
- Collaboration with the Museum of Play and Art (MoPA) to present free children’s art and craft activities during the Easter school holiday period.
- Introduction of a new seasonal cooking program for children. Junior Chef takes children and their parents or carer on a shopping adventure at the Market to meet traders, learn about produce and seasonality and then head home to create an affordable meal for their family.
- Monthly bike hub in collaboration with City of Port Phillip and Back2Bikes, offering free ten-minute bike tune-ups for riders.
- Big Sculpture exhibition, featuring four local artists exhibiting works at the Market.

The Market’s digital communication channels continue to grow in reach and engagement year on year:

	Growth
Website Users	4.1%
Website Sessions	6.7%
Instagram Followers	4.9%
Facebook Followers	11.4%
EDM Subscribers	0.1%
EDM Average Open Rate	17%
EDM Average Click-Through	73%



Brand

Market visitation

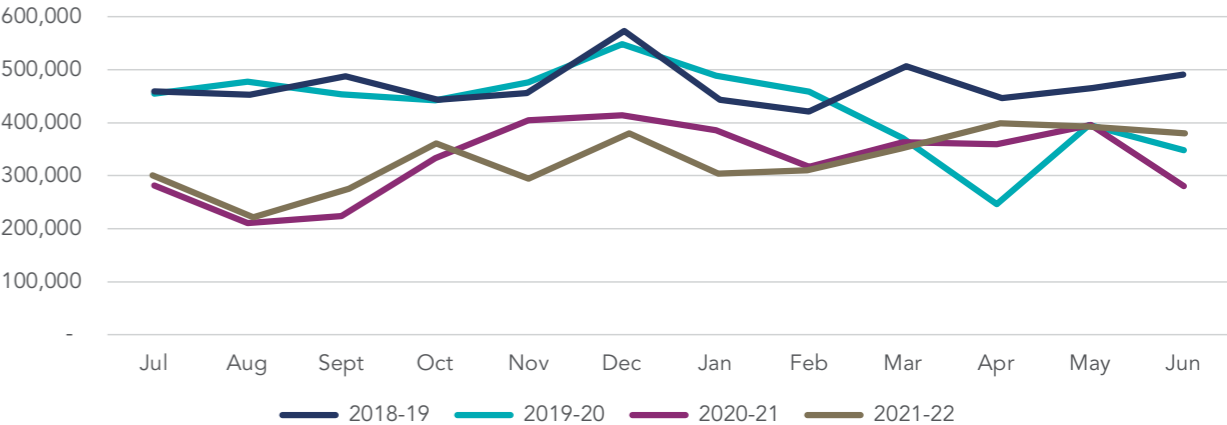
Market visitation is measured using infrared sensors that count people entering and walking around the Market.

In 2021-22, visitation totalled 4 million, a 1% increase on the 2020-21 period and a 28% decrease on the 2018-19 (pre-pandemic) period.

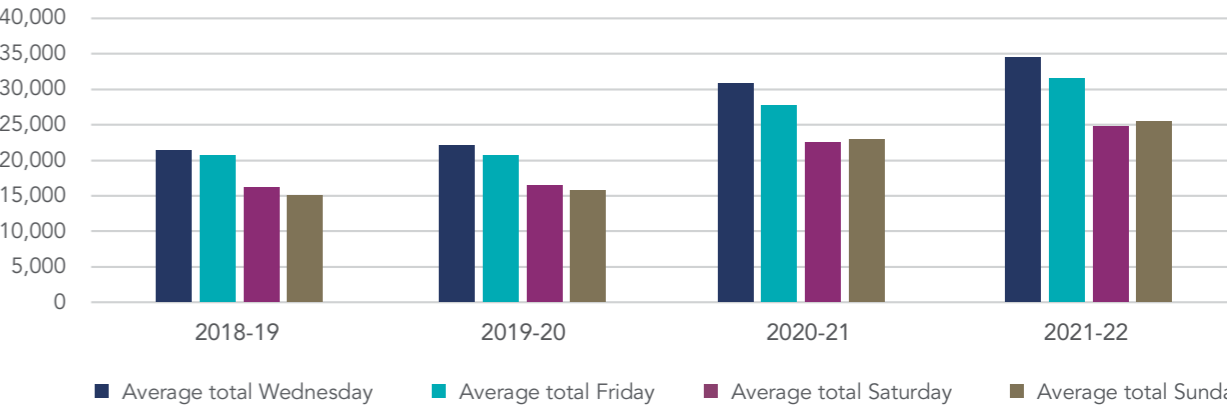
The decline is attributable to the effects of COVID-19 in the period from July 2021 through to January 2022, when the community was faced with lockdowns, restrictions, work-from-home regulations and case number surges.

As the number of trading days per month varies, the average visitor numbers by trading day (Wednesday, Friday, Saturday and Sunday) is also measured. Visitation in 2021-22 on each Market day was up by an average of 0.3% from 2020-21 and down by 21% from 2019-20.

Visitor Numbers per Month



Average Visitor Numbers by Market Day





“What can’t be said about this place!

An institution, a regular for so many locals and the best quality food and produce you can buy. We visit here almost twice a week; the locals love it and the families who work here have done so for up to 50yrs.”

“The best market in Melbourne.

I must say, after coming here I won’t be needing to go to another market around. Amazing selection of specialty stores and food. It’s the perfect place for gifts and necessities. It’s a must see for visitors. I recommend this beautiful market highly.”

Source: Google Reviews

Brand

Consumer Insights

Regular market research with customers via onsite and online surveys is undertaken to understand consumer demographics and behaviour and to measure customer satisfaction.

The Market continues to receive great results, with a Net Promoter Score of 75.5, exceeding standard business benchmarks.

2021-22 statistics

★★★★★
97%
rate the Market
VERY GOOD
OR EXCELLENT

average spend
\$96

NET PROMOTER SCORE OF
75.5

average visits per year
40

South Melbourne Market Direct

The Market’s online shopping and home delivery service, SMM Direct, launched in September 2020 in response to COVID-19 to support Market traders and our local community. The service concluded in April 2022 when visitation to the Market stabilised and demand for the online service reduced.

- Traders supported: 45
- Total trader income: Over \$650,000
- Total Orders: 5,140

Connecting with our community

Community Space

As a part of the Market’s commitment to supporting the local community, the Market has a pop-up stall available for community groups, not-for-profit organisations and charities free of charge.

During the 2021-22 period, the Community Space hosted eight groups:

- Possum Portraits
- Artsbus Arts for Kids
- Men’s Shed
- Jobs Victoria
- Earth Day
- Kidney Health
- Make a Wish Foundation
- SisterWorks

Food Relief

In conjunction with Port Phillip Community Group, Hare Krishna Melbourne commenced collecting excess food and produce from Market traders in April 2020. The donated food is collected by volunteers each Sunday and used to make food packs and hot meals for vulnerable and isolated members of the local community. Recognising the Market as an ideal community gathering point, in October 2021 the Market and Hare Krishna’s commenced a program to provide a free hot meal service on Sunday evenings. Since the program commenced, over 1,800 hot meals have been served.

Winter Coat Drive

The Market once again partnered with the *Off Your Back* coat drive over the winter months to be a key collection point of pre-loved coats and jackets to provide warmth and comfort to those experiencing homelessness in our community. This year was the most successful since the program commenced at the Market, with over 1,500 coats collected for those in need.



Brand

2021–25 strategic priority progress update: Enhance the South Melbourne Market brand

The Market will research and analyse the Market's brand equity; measure brand strength; enhance the customer experience; develop a five-year environmental sustainability strategy; and embrace digital technology to improve business efficiencies and support future growth.

Key Initiatives		
Initiative	Actions	Status
Brand Strategy	Conduct Market Research (initial then bi-annual)	●
	Develop brand guidelines	●
	Develop brand framework - True North	●
Customer Experience	Implement brand framework	●
	Prepare vision	●
	Develop Customer Experience Gap Analysis	●
Embracing Digital Technology	Implementation of Gap Analysis	2022-23
	Plan for showcasing Market virtually (ongoing)	●
	Develop Consumer Behaviour insights plan	2022-23
Sustainability Strategy	Develop Digital Strategy for Market	●
	Strategy Implementation	●
	Prepare vision	●
	Develop Strategy	2022-23

● Completed ● Ongoing ● In Progress



Brand

2021–22 strategic outcomes

Work on enhancing the Market's brand is on track, with key initiatives and milestones met in the 2021-22 period, including:

Measuring Brand Strength: Market research and brand architecture

In 2021, the Market undertook a significant market research project comprising of qualitative and quantitative surveys of both Market stakeholders and a greater Melbourne sample to understand the brand's value, strength, challenges and competition. The research led to the development of a brand framework which defined the Market's business and key focus, consumer needs within the industry and our brand spirit, purpose and character.

The market research findings and the brand framework have been reviewed against the Strategic Plan vision, mission and aspirations; and were deemed well-aligned.

An annual market research program has been implemented to measure customer and trader satisfaction, brand strength and value.

The newly developed brand framework and brand promises will guide the business in everyday decision making and long-term planning.

Embracing Digital Technology

In the 2021-22 period, a review on the business's internal functions was undertaken, with a gap analysis developed and efficiencies identified. A digital solutions strategy was developed that identified key opportunities and technology that will support future growth.

Sustainability Strategy

In early 2022 the Market commenced the development of its 2022-27 Environmental Sustainability Strategy. Following workshops with Market staff, City of Port Phillip staff, traders and key contractors, the Market has drafted a vision, key goals and a range of actions that will enable the Market to achieve its vision of being a leader in environmental sustainability. Following a review by the South Melbourne Market Committee, the draft strategy will go out to trader and community consultation in the second half of 2022.



Asset Management

Ongoing investment in the Market asset ensures it can continue to operate efficiently and provide a safe, accessible and enjoyable environment for its traders and the community.

Renewal works

The South Melbourne Market renewal works are part of an annual rolling program comprising multiple projects that relate to safety, essential services, accessibility and renewal of ageing infrastructure.

Stall improvements

The refurbishment of existing stalls is part of the Market-wide program of re-investment. The key objective has been to ensure changes are aligned with the current expectations of the South Melbourne Market customer while keeping the Market feel.

Stall refurbishments

In the 2021-22 period, the Market assisted several traders to refurbish their stalls including Golden Dragon Asian Grocery, Dyad Artisans and Pearl n' Pretty. The Market also completed an upgrade to the SO:ME Space pop-up precinct in September 2021 (see p.17).

In addition to the refurbishment of existing stalls, major fit-outs were completed for new businesses K-SEIN Fromagerie and Cobb Lane Bakery.

Base builds

The Market completed seven base build refits. These upgrades ensure that vacated stalls meet building code compliance and are fit-for-purpose before being licenced to a new trader.

Public space and facilities upgrades

The Market has made a number of improvements to public facilities, providing a safer, more enjoyable experience for the wide variety of customers who visit the Market.

- New seating and tables were installed in Aisle B and the Centre Aisle

- A new wall made with recycled timber and featuring a vertical garden was installed in the Centre Aisle to create a more welcoming entrance from Coventry Street and feature wall for the Community Space.
- Roll-fast doors were installed to improve visual appeal and improve safety by restricting public access to back-of-house areas in the Centre Aisle.
- A lighting upgrade was completed in East Aisle to improve visibility, highlight businesses and create a more inviting space.

The Courtyard

In March 2021, the Market was granted \$450,000 in Federal Government funding to redevelop the outdoor dining area on the York Street side of the Market Food Hall. The redevelopment will be completed in two phases, with phase one delivering additional seating and a significant undercover area which will provide an all-seasons seating option for Market customers. The project is anticipated to be delivered in October 2022.

Safety and OH&S improvements

Loading bay safety upgrades

To improve the safety of the Market's loading bay, a number of safety measures were implemented including the relocation of the racking and polystyrene crusher and a new bin system installed to reduce risk to pedestrians on York Street.

Public safety improvements

The City of Port Phillip led a public safety improvement project which saw the installation of new bench seating, bollards and bike racks along York, Cecil and Coventry Streets. The new infrastructure and tactile paving improve accessibility and public safety, offer increased public seating and improve both the functionality and appearance of the space for Market traders and the local community.



Asset Management

2021–25 strategic priority progress update: Improve South Melbourne Market Asset

The Market will deliver the asset improvement priorities in the Market's Compliance Plan and develop and implement a risk and safety plan for a safer environment for all. We will futureproof the Market by creating a visionary master plan (The NEXT Project) for the precinct that will deliver on the project's key objectives for the next 50 years.

2021-22 strategic outcomes

The Market is on track with works to continually improve and futureproof the Market asset, with key initiatives and milestones met in the 2021-22 period, including:

Risk and Safety Plan

In partnership with the City of Port Phillip's Safety and Wellbeing team, the Market commenced the process of implementing a new Safety Management System (SMS). The aim of the SMS is to provide control measures to better manage the process of identifying new and emerging hazards. This will enable the Market to mitigate risks before they result in OH&S incidents while driving positive workplace culture and improving the health and safety of Market users. The SMS incorporates the key safety and risk elements that the Market requires and will form the basis of the Market's Risk and Safety Plan.

Key Initiatives		
Initiative	Actions	Status
Deliver Compliance Plan	Reporting, execution and delivery of Compliance Plan	●
	Risk and Safety Plan	●
Asset Improvement Plan	Develop SMM Safety Management System	2022-23
	Develop digital platform to manage compliance	●
Explore and deliver on NEXT Project	Develop Asset Management Plan	●
	Develop Asset Improvement Plan	●
Explore and deliver on NEXT Project	Develop holistic vision for future of SMM	2022-23
	Secure support for NEXT Project	2022-23
	Prepare and plan for construction phase	2022-23

● Completed ● Ongoing ● In Progress



Asset Management

Asset Improvement Plan

In August 2021, the Market's Asset Management Plan was endorsed by the City of Port Phillip's Executive Leadership team. The plan details information about infrastructure assets at the Market and identifies areas that require future improvement to ensure effective asset management and informed decision making. The plan will allow the Market to realise value from assets in the achievement of organisational objectives, while balancing financial, environmental and social costs, risk, quality of service and performance related to assets.

Compliance Plan

In conjunction with the City of Port Phillip Project Control Group team, the Market commenced year three of the 10-year compliance plan works. Due to a range of impacts including COVID-19 restrictions and materials and contractor shortages, a significant portion of the projects and allocated budgets have been deferred to the 2022-23 financial year and are now on track to be delivered within the new timeframe. Planned compliance works are outlined in the table below.

The NEXT Project

As it moves into the future, the City of Port Phillip is looking to upgrade the Market asset to increase its social capital and local economic impact, improve productivity, reduce congestion, further reduce its environmental footprint, ensure financial sustainability, and create a safe and inclusive market experience for years to come.

As part of this long-term project, a concept design was drafted during 2021-22 that will help to shape the future direction and investment in the Market's infrastructure. This design will be reviewed by Council in 2022-23.

Compliance Plan			
Project	Status	Outcome	Expected completion
Central stairs upgrade	●	Works commenced in June 2022 to refurbish the stair nosing and the landing at the base of the stairs.	2022
Aisle B smoke and comfort fans	●	Design works were completed for the installation of smoke extraction and comfort fans in Aisle B. The build was due to commence in June 2022 but was delayed due to material shortages.	2022
Level 1 fire stairs	●	The project to construct an external stairwell from the rooftop carpark to York Street has been rescheduled to be completed in the 2022-23 financial year.	2023
Amenities upgrade	●	Construction for the project is expected to commence in early 2023.	2023

● On Track



Environmental Sustainability

South Melbourne Market is passionate about sustainability and has built a reputation as a leader in its field. The Market has implemented a range of initiatives to reduce its impact on the environment and help its traders and community make a difference.

Waste

The Market's waste is sorted into 13 different recycling streams to divert as much waste as possible from landfill.

In 2021- 22, 74% of the Market's waste was diverted from landfill. Overall, there was an 8% increase in the amount of waste processed compared to the previous financial year.

Takeaway coffee cup recycling

In partnership with Simply Cups, the Market diverted 67,403 cups from landfill this year. In June 2022, the Market reached the milestone of 150,000 cups recycled since the program commenced in 2019.

Organic waste diversion expansion

Due to high volumes, the Market has commenced sending organic matter that cannot be processed through the Gaia Machine to the South East Organics Facility in Dandenong South. There, the organic waste is decontaminated and shredded before being transferred to a facility in Gippsland where it is pasteurised and matured into high grade compost that is used in broadacre farms, parks and gardens across Victoria.


Waste stream	2020-21	2021-22	Difference
Landfill	645.6	590.8	9%
Comingle recycling	81.4	38.0	114%
Cardboard	317.8	209.1	52%
Polystyrene	11.7	9.6	21%
Glass bottles	10.4	5.6	87%
Oil waste	5.5	5.4	2%
Green waste to vermicompost	91.3	110.8	-18%
Organic waste to Gaia and FOGO	193.4	272.4	-29%
Oyster and mussel shells	45.9	37.7	22%
Offal	407.1	383.9	6%
Soft plastics	0.7	1.4	-54%
Coffee cups	0.8	1.0	-17%
Waxed cardboard	31.7	32.5	-2%
Hard plastic	6.6	7.2	-8%
Total	1,849.9	1,705.3	8%

2021-22 Highlights

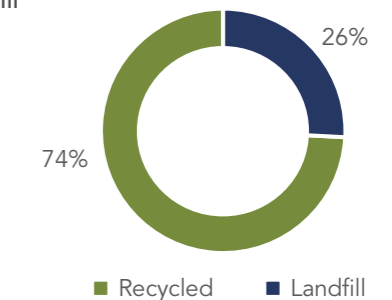
74%
OF WASTE
diverted
FROM LANDFILL




750,000
bottles of potable
WATER SAVED


860 CO₂-e emissions
AVOIDED THROUGH
RENEWABLE ENERGY
=189 cars off the
road for a year

Waste diversion from landfill



“Our entire product range is made from 100% recycled materials.

This includes the fabrics, threads, embroidery, labels, swing tags and packaging. Even our store at South Melbourne Market has been made from recycled and upcycled materials (old floorboards and stillages) We chose South Melbourne Market because we believe it is the perfect place to reach our target demographic. Customers of the Market are socially and environmentally aware and appreciate the impact our products are making.”

Casey Brimble, Remedy Clothing



Environmental Sustainability

Electricity

100% of the Market's electricity is generated from renewable sources.

In 2021-22, the 200 kWp solar power system on the Market's roof generated 148,944 kWh of electricity and a \$17,411 cost saving.

The remainder of the Market's electricity is generated by wind farms at Crowlands, a small agricultural community north of Ararat. The power is purchased through the Melbourne Renewable Energy Project (MREP), a local government-led collaboration between public and private sectors to deliver electricity cost certainty while driving investment in renewable energy projects.

By using renewable energy, almost 860 CO2-e tonnes in carbon emissions was avoided in 2021-22, equivalent to keeping 189 cars off the road for a year.

Water

Potable water

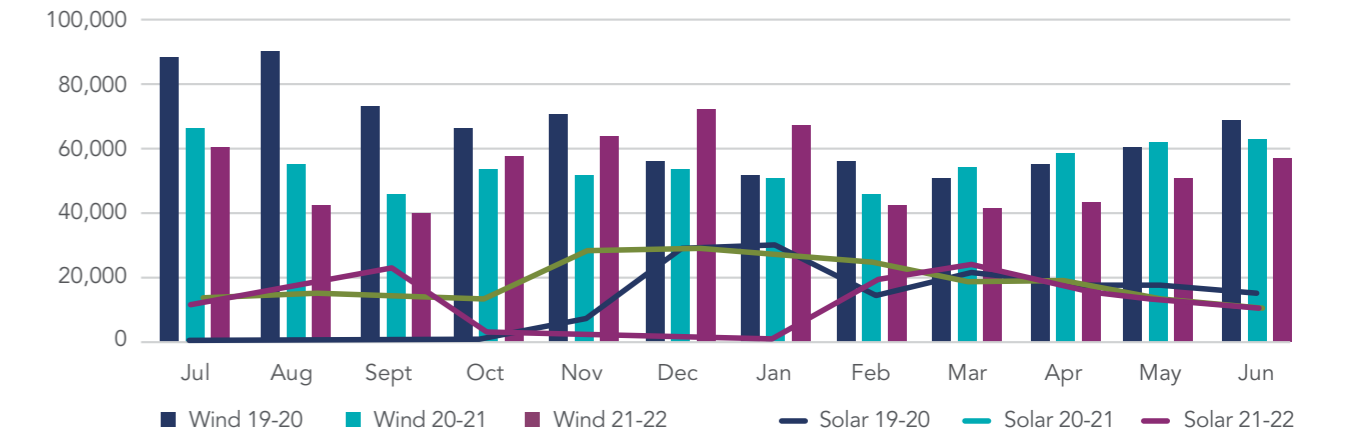
The Market manages water usage across the Market site, including public areas and individual tenancies. Data loggers are installed in tenancies and the water on-charged according to use. In 2021-22, 23,144 litres of water was used at the Market site, an increase of 0.8% on the previous financial year.

Rainwater

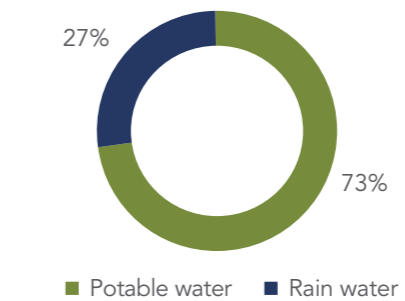
The Market has a 500,000-litre rainwater tank that collects water from the rooftop carpark. The water is solar treated and then used for wash-down applications, by florists and to flush the toilets.

The Market uses an average of 450 kilolitres of rainwater a month, an annual potable water saving equivalent to 750,000 bottles of water.

Electricity use by source



Water use by source



Financial Management

2021-22 Financial Report

Finances remained under significant strain in 2021-22 due to the ongoing impacts of COVID-19.

Rental fees were not increased and remained at 2019-20 levels while the City of Port Phillip generously supported impacted traders with rent relief. Due to low visitation numbers and a significant number of local workers required to work from home, parking revenue was also negatively impacted.

Due to the reduction in revenue the Market team worked on a program of cost savings where possible to reduce expenses and protect the financial position of the Market.

National Competition Policy (NCP) was introduced in 1995 to ensure that activities undertaken by government compete fairly in the market.

To ensure compliance with the NCP, both notional rent and internal overheads have been included in South Melbourne Market's financial statements to reflect estimated costs associated with running a commercial operation.

Notes:

* Report prepared to reflect the Council decision on rent relief provided to SMM stallholders

** Indicates adjustment to 2020/21 Results to enable comparison under new reporting structure

South Melbourne Market Income Statement 2021-22				
	2021-22 (\$'000)	2020-21 (\$'000)	Variance (\$'000)	%
Licence Fees / Trader Rent	6,077	6,063	-73	-1%
Less: COVID-19 Rent Relief	-1,194	-1,604	410	26%
Council Funding for COVID-19 Rent Relief*	1,194	1,604	-410	-26%
Capital Grant**	180	225	-45	-20%
Parking fees	356	235	14	6%
Other Income	878	698	-24	-3%
Total Income	7,490	7,220	270	4%
Employee Costs	1,699	1,617	-46	-3%
Materials & Services**	156	193	-15	-8%
Contract Services**	2,646	2,668	48	2%
Utilities & Insurance**	414	375	-44	-12%
Financing Costs	1	2	0	0%
Depreciation	300	305	6	2%
Congestion Levy**	284	209	0	0%
Fire Services Levy**	19	17	-4	-24%
Land Tax**	276	266	-11	-4%
Bad and Doubtful Debts	38	19	18	98%
Professional Services	170	222	21	9%
Marketing and Advertising	354	309	47	15%
Other expenses	165	93	-46	-50%
Additional COVID-19 related expenses	0	240	240	100%
Notional Rent**	1,033	1,027	-6	-1%
Internal Head Office Overhead Costs	143	139	0	0%
Operating Projects	37	171	134	78%
Total Expenses	7,733	7,873	101	1%
Operating Surplus/(Deficit)	-242	-652	410	63%

South Melbourne Market Income Statement 2021-22				
	2021-22 (\$'000)	2020-21 (\$'000)	Variance (\$'000)	%
Income Statement Converted to Cash				
Adjustments for non-cash operating items:				
Add: Depreciation	300	305	5	2%
Adjustments for investing items:				
Less Capital Project Expenditure	-1,365	-493	871	177%
Adjustments for investing items:				
Less Lease Repayments	-127	-33	94	283%
Net Reserve Drawdown/(Replenishment)	270	-87	-357	410%
Cash Surplus/(Deficit)	-1,165	-961	-204	-21%
Capital Projects				
External Food Hall Upgrade	171	0	-171	0%
Renewal Program	185	56	-129	-229%
Changeover Refits	103	141	38	27%
Cecil Street Essential Services Connect	28	35	8	22%
Fire Stairs to L1	18	0	-18	0%
Compliance Works Year 1	103	196	92	47%
Central Stairs	21	0	-21	0%
Amenities Upgrades and Regrading	12	0	-12	0%
Smoke Extraction Fans	36	0	-36	0%
Public Safety Improvements	687	65	-622	-963%
Total Capital Project Spend	1,365	493	-871	-177%
Operating Projects				
Strategic Business Case NEXT Project	37	171	134	78%
Total Operating Project Spend	37	171	134	78%

Financial Management

COVID-19 support

With the support of the Market Committee, the City of Port Phillip once again provided a generous support package to assist traders when COVID-19 restrictions continued in 2021. In January 2022, as traders were still feeling the impact of the pandemic and the new Omicron variant, the City of Port Phillip agreed to extend rent relief until the end of the financial year. This extension provided an additional three months' rent relief beyond the Government mandated period for those traders significantly impacted by COVID-19 shutdowns and restrictions.

A total of \$1,194,000 in rent relief was provided to Market traders, comprising:

- 75 (all) general merchandise traders and service providers
- 26 of 40 fresh food / grocery stalls
- 29 of 30 eateries

2021–25 strategic priority progress update: Build financial stability

The Market will improve current revenue streams, generate new revenue streams, implement cost efficiency disciplines and tight management and adherence to the Market budget.

2021-22 strategy outcomes

Work to ensure the Market is financially sustainable is on track, with key initiatives and milestones met in the 2021-22 period, including:

New rental model

A clear strategy of the South Melbourne Market Committee and the City of Port Phillip Council is to secure the financial sustainability of the Market.

Market Management have, over the past two years, researched and received independent advice on how standard commercial retail leases are benchmarked and negotiated. Previously, the Market has operated using independent valuations as the basis for determining rent.

Pre-COVID-19, annual rental increases apply to licences every year to ensure they keep pace with independent valuations. This will continue for the majority of stalls, however in April 2021, the Committee supported a new Rental Negotiation Model approach.

This model enables the Market to achieve rents that more closely reflect the commercial value of the space and allows traders to negotiate more commercially appropriate terms, so they can amortise their investment over a longer period.

The new model will commence implementation in 2022-23.

Partnership and Sponsorship Strategy

A Partnership and Sponsorship Strategy was developed to guide the Market on identifying and establishing mutually beneficial relationships with other brands, industry bodies and associations. The strategy identified key opportunities for the Market that could lead to revenue generation and add value to the Market brand and customer experience.

Venue Hire

A new venue hire proposal was developed that promotes the Market as an event space available for functions, festivals, workshops and private events. Key spaces such as the rooftop carpark, York Street carpark, SO:ME Space and Food Hall are now available to hire, with packages ranging from venue hire only to all inclusive services that include event planning, suppliers and catering.

Progress update		
Initiative	Actions	Status
Develop new multi-faceted revenue model	Explore and develop new rental model	●
	Trader consultation / negotiation	●
	Implement revised rental model	●
Develop new revenue opportunities and minimise costs	Develop and implement Partnership / Sponsorship Strategy	●
	Explore and implement new revenue generation plan	2022-23
	Review expenses – implementing a culture of cost discipline	●

● Completed ● Ongoing



Governing our Market



Special Advisory Committee

South Melbourne Market (*the Market*) is owned and operated by the City of Port Phillip. It is overseen by a Special Advisory Committee of the Council under the Local Government Act.

Role of the Committee

The South Melbourne Market Committee Charter (Charter) guides the decisions of the Committee and Market Management.

The purpose and objectives of the Committee, as outlined in the Charter, are to provide advice to the Council and Chief Executive Officer to:

- a) position the Market as the premier Village Market in Victoria, one that is recognised as being vibrant, diverse and unique and that is sustainable for traders and the City of Port Phillip;
- b) promote the Market and encourage its use by residents, visitors and the community; and
- c) oversee the management and operation of the Market in accordance with the terms of the Charter and Council's Strategic Plan, policies and programs.

The Committee is responsible for providing advice to the Council and Chief Executive Officer on the effective management and operation of the Market, including setting the long-term vision and strategic position of the Market; overseeing the execution of a commercially sustainable retail strategy and successful brand management; and understanding the needs of the Market's traders and customers.

Committee members

The Committee is comprised of five members:

- Three members independent of Council
 - Jo Plummer (Chairperson)
 - Simon Talbot (Deputy Chairperson)
 - Andrew Danson
- Two City of Port Phillip Councillors
 - Mayor Marcus Pearl
 - Councillor Heather Cunsolo

The Chairperson of the Committee is appointed by Council and must be a member independent of Council (unless Council determines otherwise).

Independent members are selected based on their expertise in areas relevant to oversee the Market, as well as a strong local association and love of markets. In March 2022, the City of Port Phillip extended the tenure of the current Independent members for an additional 12 months. The current members bring a diverse range of skills to the Committee, including expertise in food supply chains, commercial retail leasing, retail strategy development and implementation, and strong professional governance.

All members of the Committee must have significant understanding and experience at a senior level in corporate governance, risk and financial management.

Our Committee



Chair, Jo Plummer

L-R: Simon Talbot, Andrew Danson, Mayor Marcus Pearl, Cr Heather Cunsolo

Committee meetings

Committee meetings are held six times per year. The meetings are open to the public to attend, and each member of the Committee has one vote on the recommendations put forward by Market Management and Council.

The Market's Executive Director and a Senior Council Officer also attend meetings of the Committee to provide advice as required; they are not members of the Committee and cannot vote on any decisions.

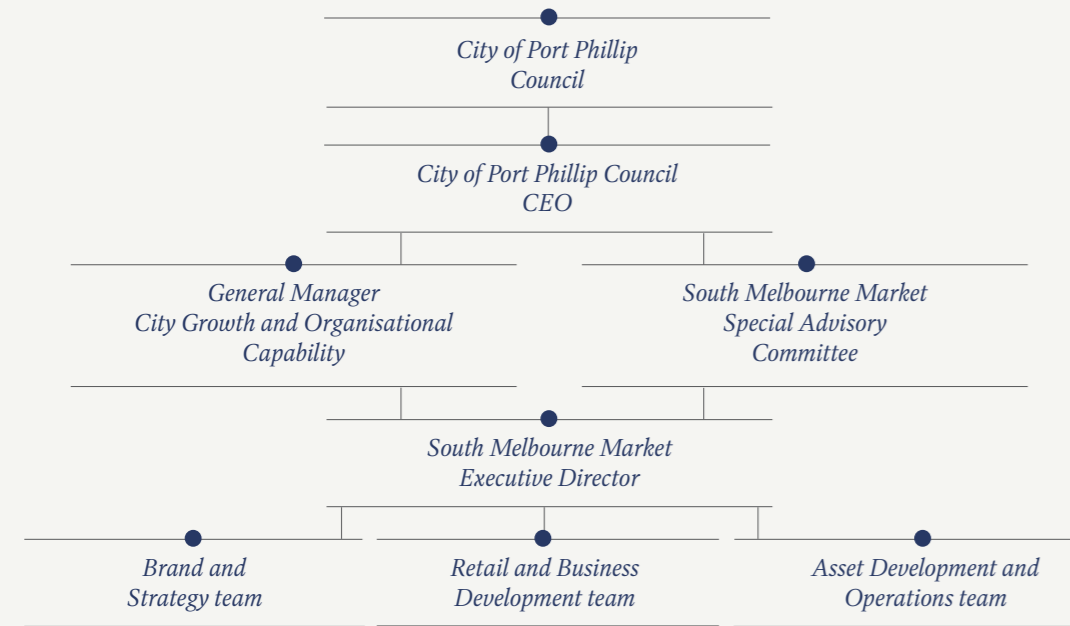
In addition to the formal meetings held, the members of the Committee meet on a regular basis to provide advice on commercial, social and environmental improvement opportunities, strategy and Council briefings.

Meeting attendance summary 2021-22

Name	Position	Attendance
Jo Plummer	Chairperson	6/6
Simon Talbot	Deputy Chairperson	5/6
Andrew Danson	Committee Member	6/6
Mayor Marcus Pearl	Committee Member	4/6
Cr Heather Cunsolo	Committee Member	6/6

Our Market Team

Organisational Structure



The daily operation of the Market is managed by the Executive Director, Sophie McCarthy, and a supporting management team of 12.23 full time equivalent staff.






The Market team are responsible for managing the core functions of the Market and delivering the Key Strategic Initiatives identified in the Strategic Plan.

Market team responsibilities

- Customer experience
- Facilities and contractor management
- Retail and business development
- Marketing and events
- Asset development
- Sustainability
- Finance and business support
- Licencing
- OH&S
- Sponsorships and partnerships
- Strategy

Measures of success

The Market's strategic plan identified five key measures of success. Due to the impacts of COVID-19, the Market is off-track for visitor numbers and operating profits however targets for occupancy and trader and community satisfaction have been exceeded.

	 Visitor numbers	 Financial operating profit	 Occupancy	 Trader satisfaction	 Community satisfaction
Baseline	5,164,368	-\$1,933,000	93%	90%	93%
Target	4,300,000	\$0	96%	90%	93%
Actual	4,024,266	-\$242,000	99%	92%	97%
Status	Off Track	Off Track	On Track	On Track	On Track



Risk Management

Managing risk and safety is a key priority of the South Melbourne Market Committee and Management team. This year the Market has continued to implement a range of processes and procedures to better manage risk and further develop its risk maturity.

Market Risk Committee

The Market Risk Committee (MRC) is comprised of the Market's Executive Director and leadership team. The MRC meets on a bi-monthly basis and is responsible for ensuring that risks are identified and appropriately managed by the Market, or if required, escalated to City of Port Phillip's Audit and Risk Committee.

This year a new risk reporting structure was developed by the MRC to provide the South Melbourne Market Committee with a more comprehensive understanding of risk exposures, the health of controls and treatment action plans, and how separate risks may be related.

Emergency Planning Committee

The Market's Emergency Planning Committee (EPC) meets on a quarterly basis and is responsible for establishing and implementing emergency plans and procedures, appointing and training Emergency Control Organisation personnel and conducting evacuation exercises. The EPC reports to the Council's Safety Project Control group on a quarterly basis. This year the EPC updated the Market's Emergency Management Plan, ensuring that it is up to date with best-practice management of a diverse range of emergency scenarios.

Business Continuity Plan

This year the Market developed a site-specific business continuity plan to assist Market staff to respond to business interruption events such as extreme weather events, building evacuations, power outages, pandemics, etc. The Market is now well placed to limit the impact of major business interruption in terms of economic loss, asset loss, loss of image and reputation and distress to personnel and stakeholders.

THE
VILLAGE
MARKET

Wed 8am – 4pm
Fri 8am – 5pm
Sat 8am – 4pm
Sun 8am – 4pm

Corner Cecil and Coventry Streets
South Melbourne, Victoria 3205

southmelbournemarket.com.au

