

**Management report to Council**

**Agenda item 6.10**

**Council**

**Precinct Development Program 2017–21 Year 2 Funding**

**26 June 2018**

**Presenter:** Dean Griggs, Manager Business and Tourism

**Purpose and background**

1. The purpose of this report is to seek Council approval of funding recommendations for year two of the Precinct Development Program 2017–21 (PDP).
2. At the February 2017 Council meeting the PDP guidelines were approved as per Attachment 2.

**Key issues**

3. The Precinct Development Program is Council's cornerstone business support program. Since 1999 Council has assisted trader groups PDP by providing annual financial support to recognised associations representing individual businesses in consumer relevant precincts across Melbourne. The outcomes of the PDP directly assist Council to achieve the Prosperous City Goal of the Council Plan 2017–21.
4. Precinct association membership consists of a broad range of small business industries including; retail, hospitality, business & professional services, creative industries, information and communication technology, knowledge sector and tourism.
5. The value of Council's ongoing support for small business via the PDP is evident via; funded associations marketing and activation initiatives, support back to Council from associations on draft strategies, precinct collaboration on a range of Council priorities, as well as the inherent value of the program to small business precinct members.
6. The draft 2018 – 19 Council budget for the PDP has been allocated using the program funding formula contained in the attached guidelines (Attachment 2). Council is required to formally approve the funding to applicant associations in line with that formula.
7. The application period for year two of the PDP opened on 8 March 2018 and was promoted via corporate advertisements, City of Melbourne website and social media portals. Current Recognised Precincts were also briefed directly. Each Precinct Association is eligible to receive up to \$75,000 funding from Council per year. The application period closed on 19 April 2018.
8. Acquittal and application submissions were received by the due date from all currently recognised and funded associations; Chinatown Precinct Association, City Precinct, Collins Street Precinct Group (CSPG), Docklands Chamber of Commerce, Greek Precinct Association, North & West Melbourne Precinct Association and Yarra River Business Association. All applications received by the due date were assessed as compliant and eligible for funding.
9. Councillors should note that this year applications were received by two newly formed traders associations, Carlton Inc. and Kensington Business Association. The new associations have the potential to add value to the city and areas they seek to represent through the PDP. Both applications were assessed as compliant.
10. The application from the Kensington Business Association was received after the closing date due to extra time being required to complete documentation for incorporation and to effectively engage with members. The application was assessed as compliant notwithstanding it was received after submissions closed.
11. Should Council recommend funding to all associations as drafted, all major consumer relevant areas of the municipality showcasing unique small business retail will have recognised associations funded via the PDP.

**Recommendation from management**

12. That Council:

12.1. Approves \$592,500 funding in the 2018–19 Council budget for year two of the Precinct Development Program 2017–21.

12.2. Approves funding to the following precinct associations for year two of the Precinct Development Program 2017–21:

12.2.1. Carlton Inc. \$72,750 (based on 97 financial members).

12.2.2. Chinatown Precinct Association, \$75,000 (based on over 100 financial members).

12.2.3. City Precinct, \$69,000 (based on 92 financial members).

12.2.4. Collins Street Precinct Group (CSPG), \$75,000 (based on over 100 financial members).

12.2.5. Docklands Chamber of Commerce, \$75,000 (based on over 100 financial members).

12.2.6. Greek Precinct Association, \$70,500 (based on 94 financial members).

12.2.7. North & West Melbourne Precinct Association, \$36,750 (based on 49 financial members).

12.2.8. Yarra River Business Association, \$75,000 (based on over 100 financial members).

12.3. Determines whether to approve funding to Kensington Business Association \$41,250 (based on 55 financial members) on the basis its application was received late.

**Attachments:**

1. Supporting Attachment (Page 3 of 10)
2. Precinct Development Program 2017-21 Guidelines (Page 5 of 10)

## Supporting Attachment

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### Legal

1. Associations funded through the Program will enter into an annual funding agreement with Council requiring an acquittal of the funds allocated against the marketing program nominated in the application.

### Finance

2. Council's draft 2018-19 budget includes \$625,000 for the PDP. Allocating \$592,500 of this to eligible precincts is recommended as part of this report.
3. Each Precinct can receive up to \$75,000 annual funding based on assessment criteria, with some Precincts receiving full funding.
4. As not all Precincts receive the full funding amount, there is a remaining balance of \$32,500. Should Council approve the recommendation as stated this \$32,500 PDP funding will be allocated towards precinct marketing and business development initiatives as per program guidelines that drive precinct-wide benefit. This includes mandatory governance training for precinct associations, business mentoring services, taxation training services, precinct events, artwork design, video photography and economic development forums.

### Conflict of interest

5. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

### Stakeholder consultation

6. Stakeholder consultation was undertaken with recognised precinct associations throughout February–April 2018. Associations were provided with a briefing overview of the program guidelines and application requirements. Further consultation and support was provided to address any queries relating to the PDP including quarterly meetings with precinct associations.
7. A presentation on the PDP and application process was provided to an assembled group of traders in the Carlton area on 8 February 2018 and was followed up with numerous meetings and further support by Council officers.
8. A presentation on the PDP and application process was provided to an assembled group of traders in the Kensington area on 21 February 2018 and was followed up with numerous meetings and further support by Council officers.
9. Information regarding the new PDP was made available on Council's website, via newsletters and social media from 8 March 2018.
10. Notification advising that applications closed at noon, Thursday 19 April 2018 was provided to all recognised associations and groups identified as likely applicant associations in the lead up to that date.
11. When advising Council's approval, applicants will be informed of the assessment panel's recommendations that;
  - 11.1. Individual associations ensure that they list all precinct activities on Council websites and endeavour to take advantage of City business initiatives, events and marketing campaigns.

**Relation to Council policy**

12. The 2017–21 Council Plan Goal 4 has as a four-year priority for a prosperous city including providing enhanced support to small business and that Melbourne’s businesses are supported despite disruption caused by major projects.
13. This priority is achieved by:
  - 13.1. Supporting the City’s businesses through the development of robust, representative retail trader associations which draw on the diversity of our local economy.
  - 13.2. Enhancing Melbourne’s reputation by positioning the retail precincts as distinctive destinations for shopping, dining and leisure experience and driving visitation to these precincts.
  - 13.3. Encouraging retail businesses within the municipality to become precinct association members, thereby receiving proactive communication from the representative precinct associations on how to capitalise on City business initiatives, events and marketing campaigns.

**Environmental sustainability**

14. Whilst there is no significant impact on environmental sustainability, precincts are encouraged to undertake maintain a low impact on environmental sustainability when undertaking activities such as events and other initiatives.

# Guidelines

## Overview

The Precinct Development Program 2017-21 provides annual financial support to recognised and incorporated associations (Recognised Associations) representing individual traders in nominated consumer-relevant areas of the public domain within the municipality to contribute to the City of Melbourne's goal of economic prosperity.

## 1. Objectives

The Recognised Associations funded under this program will undertake activities to benefit the trader area on behalf of their members and are expected to undertake the following roles in order to fulfil the objectives of the City of Melbourne Precinct Development Program 2017-21:

- a. Business development initiatives such as networking functions and business events and seminars
- b. Marketing and promotional activities for the benefit of the broader precinct geographic area to convert target market groups (i.e. residents, shoppers, workers, visitors) into customers.
- c. Localised activation initiatives, such as public events and markets, to drive visitation to precinct areas.
- d. Represent the interests and views of precinct members.
- e. Communicate with precinct constituency.
- f. Increase membership to ensure adequate representation of the views of traders within the defined precinct.
- g. Increase uptake by members in City of Melbourne marketing campaigns and promotions
- h. Commit to standards of conduct as described within these guidelines.
- i. Where possible, seek opportunities for Recognised Associations to collaboratively with each other marketing, events and promotion initiatives.
- j. Be represented at the quarterly precinct program meetings. Failure to do so could impact on continual eligibility for receipt of funding

Recognised Associations must also comply with the Associations Incorporation Reform Act 2012 under which they are registered as a legal entity. Consumer Affairs Victoria administers and oversees these registration requirements.

## 2. Precinct Association Eligibility

Associations applying for recognition within the Precinct Development Program 2017-21 will be required to present the following documents by the annual application for funding due date:

- a. Precinct Development Program 2017-21 Application for recognition and funding form;
- b. Copies of documentation demonstrating the management and legal structure of the applicant association;
- c. Annual financial statements in accordance with the requirements of the Associations Incorporation Reform Act 2012;
- d. The association's current register of members demonstrating a minimum of twenty-five individual members who have paid a membership in full at a minimum of \$50 per annum.

- e. The fee structure for members, membership development plan and membership verification documentation (as outlined in section 4); and
- f. An annual and half-year acquittal report demonstrating the undertaking of localised business support initiatives and localised marketing activities; as outlined in the association's application to the Precinct Development Program 2017-21, for the benefit to the association's described precinct- wide area as approved

Successful applicants are referred to in this document as "Recognised Associations". As part of recognition, associations are required to acknowledge Council's support and to participate in any public promotions organised by Council to promote the Precinct Development Program 2017-21.

### 2.1 Ineligibility

The City of Melbourne will deem a precinct association ineligible to apply for recognition if any of the following conditions exist:

- a. the precinct association and/or area is not located within the City of Melbourne municipality and not classified as an area of commercial or retail significance;
- b. the applicant associations have not acquitted previous City of Melbourne grants or have outstanding debts to the City of Melbourne;
- c. existing members of the precinct association do not adhere to standards of conduct; and;
- d. the precinct association does not fulfil the objectives and deliverables for which funding was provided under the Precinct Development Program 2017-21 within a financial year.

If determined that any of the above exists, the precinct will deem itself ineligible to apply for future funding.

## 3. Recognition of Associations' members for funding purposes under this program

Recognised Associations applying for funding under the program are required to provide evidence at the time of application of a minimum of 25 individual members who have paid a membership in full at a minimum of \$50 per annum. These members must be physically located (via a retail, trades or professional services shop/business) within the area represented by the recognised precinct association.

### 3.1 The criteria for recognition of commercial members:

- a. **Retailers, hospitality businesses and traders:** engaged in the sale of goods to consumers with a physical business location within the district area administered by the recognised precinct association;
- b. **Service providers:** provision of professional services such as financial, medical and trades services with a business located in the district area administered by the recognised precinct association;
- c. **Commercial operators:** goods suppliers directly related to the precinct geographic area. These commercial suppliers are defined as food/small goods or product suppliers directly related to the precinct area. Commercial operators/suppliers and those servicing the precinct are only eligible to be ordinary members (i.e. not holding a position on the precinct association executive) and should only represent up to ten per cent of the overall precinct association membership; and
- d. **Other:** Non-for-profit organisations or businesses with a legitimate interest and demonstrated ongoing support for the promotion and development of the precinct and its members.

### 3.2 The City of Melbourne will not recognise the following categories and members for funding purposes:

- a. Non-paying-members (such as honorary members and members who do not pay membership fees e.g. life members).
- b. Memberships paid by organisations run by the City of Melbourne.

#### 4. Membership Register and Verification

Precinct Association are requested to present all of the following forms of evidence as part of the yearly membership audit by the annual application for funding due date:

##### 4.1 Membership Register

Recognised associations are required to maintain up to date membership register as per the requirements of the Associations Incorporation Reform Act 2012.

This register must include;

- a. individual member's name,
- b. business name and address,
- c. telephone number,
- d. evidence of member's fee paid and date.

**Bulk membership** listings (*such as retail centre memberships*) must detail individual trader details (*member's name, business name and address, telephone, fee paid and date*).

##### 4.2 Membership Verification

To allow the verification of association memberships, the following documentation must be provided by the annual application for funding due date;

- a. Membership Register as per the requirement stated above;
- b. Completed and signed membership form for each member that clearly shows;
  - i. member's name,
  - ii. business name,
  - iii. contact details,
  - iv. amount and date in which membership was paid.
- c. Payment of membership verification; either
  - I. tax invoices (receipts) for all current members; or
  - II. membership register that includes a column noting membership renewal payment date, signature from the member and a copy of the payment receipt clearly identifying the member; or
  - III. Copy of bank statement entry clearly identifying payment of member dues (*such as members business name entered on bank statement*)

For bulk memberships (i.e. shopping centres), a letter from the centre manager detailing the list of tenancies (including individual trader details such as member and business names, address, telephone number, fee paid and date) and payment receipt (*tax invoice or bank statement entry*) should be provided that clearly show payment of dues by the centre.

Precinct Association membership will only be recognised for members that have paid membership dues within the application for funding financial year.

#### 5 Application process

Precinct associations wishing to apply for annual precinct program funding will be required to submit documentation via the Smarty Grants system. Precinct associations will receive overview training on use of the system prior to the funding application phase open.

**Note: Full evidence must be presented to the Council officer in a timely manner before funding can be released.**

#### 6. Funding, requirements and ongoing eligibility

Recognised Associations under this program are eligible to apply for funding annually in two categories:

### 6.1 Administrative Funding

The administrative funding is available on a financial year basis to assist Recognised Associations with:

- a) Membership development in the trader area,
- b) Employment of an Executive Officer or Coordinator to deliver services to members, and
- c) Active communication with all members.

The Council-approved formula for administrative funding of Recognised Associations is based on \$250 per eligible member for a minimum of 25 members and up to \$25,000 for Recognised Associations with 100 or more members. All memberships must be paid in full at a minimum of \$50 per annum. The City of Melbourne can assist associations with drawing up an Association Executive Officer / Marketing Coordinator Job Description template.

### 6.2 Business Development and Marketing Funding

Funding is available on a financial year basis to assist Recognised Associations with:

- a) Business development initiatives such as networking functions and business events and seminars
- b) Consumer advertising of the trader area,
- c) Marketing and promotion campaigns to benefit their members,
- d) Localised events that promote the trader area to visitors and consumers.

Application for business development and marketing activity funding must include;

- a. activities that leverage City of Melbourne business activities, marketing campaigns and consumer events;
- b. events including business to business, stand-alone events for the public or part of a broader event (e.g. Moomba, Chinese New Year, and Christmas etc.), as well as activities such as advertising, website, newsletters, brochures, social media i.e. Twitter.

Proposed applications for precinct program annual marketing funding must address the following for each activity;

- a. Who is your audience for the activity?
- b. How will the activity deliver benefit to the association members and broader precinct area?
- c. What is the expected numbers of visitors/reach the proposed project will likely attract?
- d. Does the proposed activity align with City of Melbourne business activities, marketing campaigns and consumer events? If yes, please explain.

The Council-approved formula for marketing funding for Recognised Associations is based on \$500 per eligible member for a minimum of 25 members and up to a maximum of \$50,000 for Recognised Associations with 100 or more members. All memberships must be paid in full at a minimum of \$50 per annum.

### 6.3 Funding documentation



Recognised associations recommended for funding under the Precinct Development Program 2017-21 are required to submit the following documentation;

- a. A signed Precinct Development Program 2017-21 Guidelines and commitment to Standards of Conduct by the Association's president and one member of the committee.
- b. Signed funding agreement by the Association's president

#### **6.4 Governance Training**

Precinct Associations are required to attend Governance training relating to the requirements of the Associations Incorporation Reform Act 2012. This training is to be undertaken by precinct association committee members and executive officer within the first 12 months of the program. Governance training will be organised by the City of Melbourne.

#### **6.5 Meetings**

All precinct associations are expected to be represented at formal precinct program meetings conducted at the Melbourne Town Hall as well as ad hoc or periodical working group meetings as required by the Program Manager. Failure to do so could impact on continual eligibility for receipt of funding.

#### **6.6 Summary: Funding requirements of Recognised Associations: Reporting and Ongoing Eligibility Requirements**

To ensure continual eligibility for receipt of funding, precinct associations will be required to submit documents annually listed within the Eligibility section (Section 2) above and the following required documentation to City of Melbourne;

- a. Formal register of the association's financial membership and membership development plan;
- b. Annual financial statements in accordance with the requirements of the *Associations Incorporation Reform Act 2012*;
- c. Schedule of communications with constituents and provision of evidence of communication undertaken with association members (for example, email, newsletters, brochures etc.);
- d. Minutes of Annual General Meeting;
- e. Minutes of the association's most recent general meeting;
- f. The appointment of an independent coordinator engaged throughout the year to undertake precinct association administration, promotional and membership development opportunities;
- g. Submission of half year report and a finance report. This report to include demonstration (via copies of correspondence) that precinct associations have distributed information regarding City of Melbourne business, marketing & events opportunities to the membership base. A template will be provided to recognised precinct associations for this purpose.
- h. Submission of an annual acquittal report demonstrating the undertaking of business development initiatives, localised marketing activities as outlined in the association's application to the Precinct Development Program 2017-21 as approved.
- i. Undertaking Governance training relating to the requirements of the Associations Incorporation Reform Act 2012.
- j. The Association will ensure that the Council's funding of the Program is appropriately acknowledged in all media and promotional material and that approval is sought from the Program Manager prior to release of such material. This includes use of City of Melbourne logo;
- k. The continued implementation of the Precinct Association Business Plan;
- l. Undertaking of business development activities and events as well as localised marketing and promotional initiatives by the precinct association that are of benefit to the precinct wide geographic area; and
- m. Where appropriate, leverage City of Melbourne led business activities, marketing campaigns and events.

**7. Key program dates**

Recognised Associations are required to apply for funding on a financial year basis and submit documentation to Council, including acquittal reports. Timely submission of all documents to the Council officer is a requisite to obtain funding under the program. Key dates are available on [www.melbourne.vic.gov.au](http://www.melbourne.vic.gov.au) from March annually.

**8. Standards of Conduct**

The City of Melbourne requires its contractors and business parties associated with it, to fully comply with all relevant legal obligations, including acting against inappropriate conduct such as discrimination, harassment and/or bullying. A condition of funding will be that all Precinct Associations acknowledge and commit to relevant City of Melbourne behavioural and conduct standards such as its Code of Conduct, its Anti-discrimination and Harassment Procedure and its Workplace Bullying Policy. <http://www.melbourne.vic.gov.au/SiteCollectionDocuments/employee-code-of-conduct-jan-2010.pdf>

In addition the Council's values should be modelled at all meetings and informal gatherings and Precinct Association attendees should in particular respect and tolerate the views of others on these occasions. Failure to respect others and their points of view during meetings and informal gatherings will impact on future funding.

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**Recognised associations recommended for funding under the Precinct Development Program 2017-21 are required to submit a signed Precinct Development Program 2017-21 Guidelines which includes a commitment to Standards of Conduct by the Association’s president and one member of the committee.**

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*Name of Precinct Association*

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*Name of President*

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*Signature of President & Date*

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*Name of Committee Member*

.....  
*Signature of Committee Member & Date*