

**Management report to Council****Agenda item 6.1****Business Precinct Program 2021-25 Year 2 Funding Report****Council****Presenter:** Mark Cochrane-Holley, Acting Director Economic Development and International**28 June 2022****Purpose and background**

1. The purpose of this report is to seek Council approval of funding recommendations for year two of the Business Precinct Program (BPP) 2021–25 and to inform Council of an addendum to the Business Precinct Program 2021-25 guidelines (program guidelines) that were endorsed by Council on 30 March 2021.
2. The Business Precinct Program has assisted trader groups since 1999 by providing annual financial support for business support and activation initiatives in consumer relevant precincts. Recognised associations act as a conduit between the council and the business community, providing consolidated feedback on behalf of members on Council plans and strategies as well as assisting with the implementation of the Council's activities.
3. Each precinct association is required to produce a 5 Year Strategic Plan and work with their members on matters such as activation initiatives and events (e.g. Formula 1 and Moto GP in the Piazza Italia or events celebrating Chinese New Year), information and communication arrangements (e.g. website, social media or newsletters) and synergistic benefits for precinct members (e.g. cross business promotion or gift giveaway with purchase).
4. Precinct Associations must have a minimum of 25 members and more funding is available to precinct associations with more members. The maximum annual funding in Year 2 of the program is \$90,000 per precinct.
5. Applications for Year Two funding opened on 8 March 2022. Stakeholder consultation was undertaken with precinct associations throughout March–April 2022 and information regarding the program was made available publicly on Council's website, through the Business in Melbourne newsletter and via social media.

**Key issues**

6. Precinct Associations funded under the BPP must adhere to specific guidelines, including those that relate to Not for Profit Incorporated Associations. The BPP's aim is for funded associations to build robust membership by providing all businesses within their geographic areas the opportunity to join the association, and have a board that reflects the composition of the precinct business area.
7. To ensure that funded associations are representative of their precinct area, minor operational amendments to the program guidelines have been made. Funded associations will be required to notify the Precinct Program Manager within 28 days of any membership applications that have been rejected, along with the rationale for rejection. If the reason for rejection does not align with the program objectives, the association will be ineligible for funding. (Attachment 2: Program Guidelines including amendments)
8. Program guidelines require funded associations to complete a publicly available annual report which discloses the performance of the Precinct Association against the indicators set out in their five year strategic plan.
9. Funded associations are required to fully acquit funding for the 2021-22 financial year as a requirement for the release of further annual funding within the program.
10. Since applications for year two BPP funding opened, the City of Melbourne has received 11 applications from the following precinct associations, representing nearly 1100 Melbourne businesses:
  - 10.1. Carlton Inc.
  - 10.2. City Precinct
  - 10.3. Collins Street Precinct Group
  - 10.4. Docklands Chamber of Commerce

- 10.5. Greek Precinct Association (Lonsdale Street)
- 10.6. Melbourne City North Business Association
- 10.7. North & West Melbourne Precinct Association
- 10.8. Kensington Business Association
- 10.9. Yarra River Business Association
- 10.10. Chinatown Precinct Association
- 10.11. Melbourne Chinatown Association

#### *Chinatown*

11. Two applications have been received for the geographic area covering Chinatown: from the Chinatown Precinct Association; and the Melbourne Chinatown Association.
12. The program guidelines state that 'In the case that an application is received from two or more associations whose membership covers adjacent or overlapping geographic areas, the City of Melbourne will only recognise one precinct trader association per consumer relevant precinct strip or geographic area as determined by City of Melbourne. The City of Melbourne reserves the right to determine the most suitable representative association which will be based on application documentation submitted including the association's member representation, precinct geographic area and history of the association in representing members.'
13. The application from the Melbourne Chinatown Association is strong, and includes a fresh strategic focus on opportunities to support businesses and bring greater footfall into the precinct to support visitation and spending. The application indicates that the Association has more than 100 members and support from across the precinct.
14. The Chinatown Precinct Association has provided support to the precinct for many years. It is appropriate that their service is recognised.

#### **Recommendation from management**

15. That Council:
  - 15.1. Approves \$900,000 overall funding for year two of the Business Precinct Program 2021–25.
  - 15.2. Approves funding to Carlton Inc., City Precinct, Collins Street Precinct Group, Docklands Chamber of Commerce, Greek Precinct Association, Kensington Business Association, Melbourne City North Business Association, North & West Melbourne Precinct Association Yarra River Business Association and Melbourne Chinatown Association in accordance with the Business Precinct Program 2021–25 Guidelines.
  - 15.3. Requests the Lord Mayor write to the President of the Chinatown Precinct Association to thank them for their work over many years to promote and support businesses within the Chinatown precinct.
  - 15.4. Notes the requirement for 2021-22 funded associations to complete full annual acquittals to allow the release of year two program funding.
  - 15.5. Notes the operational addendum to Business Precinct Program 2021-25 guidelines.
  - 15.6. Notes that Economic Development and International will support the development of a 5 Year Strategic Plan for the new precinct association, Melbourne Chinatown Association, through its operational budget.

#### **Attachments:**

1. Supporting Attachment (Page 3 of 11)
2. Program Guidelines including amendments (Page 4 of 11)

## Supporting Attachment

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### Legal

1. Associations funded through the BPP 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. A total funding allocation of \$900,000 is recommended for the Precincts as part of this report. The figure is within the draft organisational budget for 2022-23.

### Conflict of interest

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

### Health and Safety

4. In developing this proposal, no Occupational Health and Safety issues or opportunities have been identified.

### Stakeholder consultation

5. Associations were provided with program guidelines and application requirements throughout 2021-22. Further consultation and support was provided to address any queries relating to the program including quarterly meetings with precinct associations.
6. Information regarding the precinct program was made available publicly on Council's website, Melbourne Magazine online article, Business in Melbourne newsletters and social media (Twitter and LinkedIn) from 1 March 2022.
7. When advising Council's approval, applicants will be informed of the assessment panel's recommendations that individual associations ensure that they list all precinct activities on CoM websites and endeavour to take advantage of City business initiatives, events and marketing campaigns.

### Relation to Council policy

8. The Council Plan 2021-25 has a strategic objective of Economy of the Future with the following priorities relevant to this report;
  - 8.1. The city economy is stronger, resilient and fully recovered from the impacts of COVID-19.
  - 8.2. Existing businesses are supported, new businesses, talent and investment are attracted to the city and our growing residential community.
9. The Economic Development Strategy 2031 has the Key Priority; A business-friendly city by ensuring that the City of Melbourne is one of the easiest places to start and grow a business, aiming to build our education and skills supply for the future, and encourage collaboration, networking, entrepreneurship, innovation and startup creation.

### Environmental sustainability

10. 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

## **City of Melbourne Precinct Program 2021-25 Guidelines including amendments (marked in red)**

### **Overview**

The Business Precinct Program 2021-25 provides annual financial support to recognised and incorporated associations (Recognised Associations) representing individual traders in nominated consumer-relevant areas of the public domain (Precincts) 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 relevant to their respective precinct in order to fulfil the objectives of the City of Melbourne Business Precinct Program 2021-25:

- a. Development of a vision and annually updated 5 year strategic plan for the enhancement of trading in the precinct areas.
- b. Business development initiatives, such as networking functions and business events and seminars.
- c. 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.
- d. Localised activation initiatives, such as public events and markets, to drive visitation to precinct areas.
- e. Represent the interests and views of precinct members.
- f. Communicate with the precinct constituency.
- g. Increase membership to ensure adequate representation of the views of traders within the defined precinct.
- h. Encourage members to actively participate in City of Melbourne marketing campaigns and promotions.
- i. Adhere to the Standards of Conduct as contained within these guidelines.
- j. Seek opportunities for Recognised Associations to collaborate on marketing, events and promotion initiatives.
- k. Attend quarterly City of Melbourne precinct program meetings. 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 Business Precinct Program 2021-25 will be required to present the following documents by the **annual application for funding due date**.

- a. Business Precinct Program 2021-25 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).
- 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 Business Precinct Program 2021-25 for the benefit to the associations 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 Program 2021-25.

In the case that an application is received from two or more associations whose membership covers adjacent or overlapping geographic areas, the City of Melbourne will only recognise one precinct trader association per consumer relevant precinct strip or geographic area as determined by City of Melbourne. The City of Melbourne reserves the right to determine the most suitable representative association which will be based on application documentation submitted including the association's member representation, precinct geographic area and history of the association in representing members.

## **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 association has not acquitted previous City of Melbourne grants or has outstanding debts to the City of Melbourne.
- c. Existing members of the precinct association do not adhere to the Standards of Conduct as contained within these Guidelines.
- d. The precinct association does not fulfil the objectives and deliverables for which funding was provided under the Business Precinct Program 2021-25 within a financial year to Council's satisfaction.
- e. **The precinct association has not issued notification to the Program Manager of instances where an application for membership by a City of Melbourne based business entity has been rejected by the association and the rationale for it within 28 days of the association's rejection.**
- f. If determined that any of the above exists, the Council will deem the precinct 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. A maximum of 1 membership per business entity can be purchased.

### **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.
- d. **Landlords:** Non owner occupier holders of shops, offices and other trading premises in the precinct provided such members are not eligible for appointment or election to the precinct association executive.
- e. **Institutions:** Universities, hospitals, schools and similar bodies with a legitimate interest in the prosperity of the precinct, provided such members are not eligible for appointment or election to the precinct association executive.
- f. **Other:** Not-for-profit organisations or businesses with a legitimate interest and demonstrated ongoing support for the promotion and development of the precinct and its members.
- g. A maximum of 1 membership per business entity can be purchased.

### **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. member business contact person
- b. business name and address
- c. telephone number
- d. evidence of member's fee and date paid

**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 business' contact person
  - 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 member's 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.

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

## **5 Application process**

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

In the case of more than one submission from associations in similar precincts or geographic locations applying for funding under the program, the City of Melbourne will only recognise one precinct trader association per consumer relevant precinct strip or geographic area. The City of Melbourne reserves the right to determine the most suitable representative association which will be based on application documentation submitted including the association's member representation, precinct geographic area and history of the association in representing members.

## **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 administration costs and the employment of an Executive Officer or Coordinator to deliver services to members such as membership development in the trader area and active communication with all members.

The City of Melbourne can assist associations with drawing up an Association Executive Officer / Coordinator Job Description template.

The Council will provide a flat \$30,000 annual contribution to the cost of this resource.

With the support of the Executive Officer / Co-ordinator the Precinct Association must develop, for approval by council officers, a vision and 5 year strategic plan for the precinct which will form the basis for an annual business/activity plan.

### **6.2 Business Development and Marketing Funding**

Funding is available on a financial year basis to assist Recognised Associations delivering their annual business plan. Without limiting the scope of these plans, funded activities could include:

- 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. Instagram, Facebook, Twitter.



Proposed applications for precinct program annual marketing funding must be in line with precinct's 5 year strategic plan and annual business plan.

The Council-approved formula for marketing funding for Recognised Associations is based on \$600 per eligible member for a minimum of 25 members, up to a maximum of \$90,000 in Years 1-2 of the program and up to a maximum of \$120,000 for Recognised Associations with 300 or more members in Years 3-4.

## 6.3 Funding documentation and performance reporting

Recognised associations recommended for funding under the Business Precinct Program 2021-25 are required to submit the following documentation:

- a. A signed Business Precinct Program 2021-25 Guidelines and Commitment to Standards of Conduct by the association's president and one member of the committee.
- b. A signed funding agreement by the association's president.

As a further condition of funding made available under the Business Precinct Program 2021-25, recognised associations must make available to the general public an annual report which

- c. Discloses the performance of the Precinct against the indicators set out in the 5 year strategic plan and annual business/activity plan
- d. Discloses all financial transactions undertaken in delivering on these key performance indicators

## 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 by the City of Melbourne at the Melbourne Town Hall as well as ad hoc or periodical working group meetings as required by the Precinct Program Manager. Failure to do so could impact on continued eligibility for receipt of funding.

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

Precinct associations will be required to submit documents annually to the City of Melbourne that are listed within the Eligibility section (Section 2 above) and in addition to the following:

- a. Formal register of the association's financial membership and membership development plan.
- b. The association's vision, 5 year strategic plan and annual business/activity plan for the precinct
- c. The association's published annual report (as per section 6.3)
- d. Annual financial statements in accordance with the requirements of the *Associations Incorporation Reform Act 2012*.

- e. Schedule of communications with constituents and provision of evidence of communication undertaken with association members (for example, email, newsletters, brochures etc.).
- f. Minutes of the association's Annual General Meeting.
- g. Minutes of the association's most recent general meeting.
- h. Submission of a half year report and a finance report. This report should include demonstration (via copies of correspondence) that precinct associations have distributed information regarding City of Melbourne business, marketing and events opportunities to the membership base. A template will be provided to recognised precinct associations for this purpose.

To ensure continued eligibility for funding, precinct associations must adhere to requirements of the program listed below:

- i. The appointment of an independent Executive Officer / coordinator engaged throughout the year to undertake precinct association administration, promotional and membership development opportunities (as per section 6.1).
- j. Ensure that Governance training relating to the requirements of the *Associations Incorporation Reform Act 2012* is undertaken by precinct association committee members and the executive officer within the first 12 months of the program as directed by the City of Melbourne.
- k. 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 Precinct Program Manager prior to release of such material.
- l. The association will ensure that approval for use of the City of Melbourne logo is sought via [logos@melbopurne.vic.gov.au](mailto:logos@melbopurne.vic.gov.au) prior to public promotion.
- m. Where appropriate, the association will leverage City of Melbourne led business activities, marketing campaigns and events and provide evidence of same.
- n. Precinct associations must issue notification to the Program Manager of instances where an application for membership by a City of Melbourne based business entity has been rejected by the association and the grounds for it within 28 days of the association's rejection of membership. If the reason for rejection does not align with the program objectives, the association will be required to accept the application for membership to remain eligible to apply for program recognition and funding.

## 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 Precinct Program Manager 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)<sup>1</sup> from March - April 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

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its Code of Conduct<sup>2</sup>, its Anti-discrimination and Harassment Procedure and its Workplace Bullying Policy.

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.

**Recognised associations recommended for funding under the Business Precinct Program 2021-25 are required to submit a signed Business Precinct Program 2021-25 Guidelines which includes a commitment to Standards of Conduct by the association's president and one member of the committee.**

<https://www.melbourne.vic.gov.au/about-council/governance-transparency/policies-protocols/pages/code-of-conduct-and-protocol.aspx>

**Commitment to Standards of Conduct**

Name of Precinct Association: -----

• Name of President: -----

• Signature of President and date: -----

• Name of Committee Member: -----

• Signature of Committee Member and date: -----

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