

STATEMENT FROM THE MINISTER FOR MAJOR PROJECTS ON ALLOCATION OF FRUIT AND VEGETABLE STANDS FOR THE NEW EPPING MARKET

Today I am releasing a request for Expression of Interest (EOI) to all licence holders of fruit and vegetable stands in the current market to be considered for the allocation of stands at Epping.

I acknowledge the unfortunate delay to this process, largely due to the litigation taken against the Melbourne Market Authority (MMA) by some members of the market community. This needed to be addressed before an EOI could be released.

I regret that the timing of the announcement is in close proximity to the Christmas and New Year period, however I believe it is important that the stand holder community have information and certainty as soon as it becomes available. People have been seeking this information and following the announcement of 20 December 2013 on rents and warehousing, it is timely to provide the following information to stand holders.

Stand size and floor plan

Due to the nature of the construction contract commenced in 2009 by the previous Labor Government there has been no capacity to alter the size of the total stands (and stores) area in the trading floor complex. This means that many decisions and detailed consultation with the market community about the size of stands and how they are allocated had to occur.

The total trading stands area in the current trading floor complex at West Melbourne is 13,944 square metres. In contrast, the new trading floor complex at Epping has a total trading stands area of 7,456 square metres.

As the first step, it has been necessary to finalise stand sizes and the layout of the new trading floor at Epping. I would like to acknowledge the work of the Advisory Committees, in particular the Growers Advisory Committee, who have worked alongside the Department of State Development, Business and Innovation (DSDBI) and the MMA and provided advice on the various options that were considered in seeking to provide the safest, most efficient and effective floor plan for Epping.

After advice from stand holders, studies conducted by independent traffic engineering and logistics consultants and feedback from trials conducted on 8 November 2013 at Epping, it is intended that the new Epping floor plan will:

- include an extra 60 stands (increased the original proposal of 216 stands);
- mean that more pallets can be accommodated per stand than at the current market;
- mean that there should be more stands than there are individual stand holders; and

- improve delivery of produce to stands so that licence holders will benefit from reduced unloading times in the pre-trade period.

The new floor plan will comprise:

- 276 stands in total;
- a typical stand area of 26.28 square metres (3.65 metres by 7.2 metres) accommodating a greater number of pallets per stand than the current stands provide for at the existing market;
- three '2-way' forklift trading aisles at 5.15 metres width and the introduction of three forklift access doors on the east face of the trading floor;
- forklift connector aisles at 5.2 metres width; and
- four 'buyer walks' at 2 metres width.

Pre-trade operations at the existing market create a need for staggered delivery time agreements for adjacent stand holders. The Epping site presents an opportunity to reconsider staggered deliveries and a potential reduction in the length of the pre-trade period given the provision of multiple loading bays surrounding the trading floor and the provision of 11 forklift access points. Licence holders should experience a greater efficiency in the operation of the new trading floor.

A map of the new floor plan can be found on the MMA website and hard copies can be obtained from the MMA Administration Office.

Eligibility for Epping stands

Subject to the terms of the EOI form for Epping fruit and vegetable stands it is intended that the following will apply to the allocation of stands:

- you must be a First Right licence holder with a stand or stands as at 31 January 2012 and still hold the stand/s under a First Right licence as at 1 December 2013 (according to the records of the MMA);
- each licence holder will be able to express an interest in one stand only;
- the days on which your stands are allocated at West Melbourne will be the same as those at Epping; and
- depending on the number of stands not taken up, there may be a second round of allocations; it is intended that any second (or subsequent) round of allocations would be based on the minimum number of stands held from 31 January 2012 to 1 December 2013.

Participation in warehousing

It is proposed that licence holders be given the opportunity to restore any diminution in space by comparison with West Melbourne by registering their interest in taking up warehousing for an area up to the amount of any lost area.

Details on the warehousing proposal are provided in the Expression of Interest form for Epping fruit and vegetable stands. Warehousing rents for Epping were released on 20 December 2013.

If a licence holder only holds one stand at West Melbourne that licence holder may not express an interest in warehousing.

Opportunity to reduce the cost of doing business

It is important that you should only assume one stand per licence for your business planning and carefully consider whether warehousing space may suit your type of operation.

The proposed arrangements to include warehousing space may significantly reduce licence holders' overall rental costs. Two examples are provided below:

- a licence holder who currently occupies six stands could, by taking a combination of a stand for the purposes of display and warehousing to make up orders and distribute, reduce their annual rental bill by 50 per cent. Rent on one stand would amount to \$10,170 and rent on 100 square metres of warehousing rent would be \$14,700, bringing the total to \$24,870. Currently, such a stand holder would pay \$50,400 annually in rent for six stands; and
- a licence holder who currently has three stands pays annual rental of \$25,200 and could save \$9,150 by taking one stand at Epping (\$10,170) and replacing stand space with equivalent warehousing (\$5,880). Total rent at Epping would be \$16,050.

No payments for not participating in the stand allocation or for reduced stand space

I wish to see as many stands as possible being taken by those who will trade from the stands. As a result, the State proposes to take steps to ensure that no monetary value is placed on stand licences. There are to be no payments for stand licences not taken up by existing licence holders. There are to be no payments made to licence holders who have reduced stand space at Epping compared with their current stand space. In addition, if you do obtain a stand licence for Epping, you are not able to trade it. Licences may not be assigned to others but will be returned to the MMA for reallocation to other licence holders.

Operating rules at Epping

Licence holders also need to consider the impact of the changed operating rules at Epping. In the new market the following rules apply:

- cars, trucks and vans are not to be permitted to enter the trading stands area; and
- stands must be used for the sale of fruit and vegetables only (no storage or parking is to be permitted). (If a licence holder wants to store product, they should consider the option of warehousing).

Filling in and returning the EOI form for Epping fruit and vegetable stands

All responses to the Expression of Interest form for Epping fruit and vegetable stands should be returned by 3 February 2014. If the form is not returned, it will be assumed that you are not participating in the allocation of stands for Epping.

Second round invitations

Following the return of EOI's by 3 February 2014, decisions may be made on a second round of allocations. Final allocations are to be notified to licence holders by the third week of February 2014.

Ballots

It is intended that ballots to determine the locations of stand licence holders will be held in the first half of March 2014.

In order to ensure that stands are available for those intending to trade at Epping, as a condition of entry to the ballots, respondents to the EOI are to be required to pay three months license fee as a deposit up front to participate in a ballot to determine the business location of a licence holder. The deposit is to be applied against future license fees, unless the respondent withdraws its offer to take up stands. It is intended that following the ballots, licence holders will be able to swap stand locations with each other.

Conclusion

I would like to record my thanks to the market community, and particularly the Growers Advisory Committee, David Wallace; Vince Doria; Luis Gazzola; Alec Berias; David Kelly and Mark Paganoni, who have worked cooperatively with my Department and the MMA to reach this point. I trust that this spirit of collaboration continues as we approach future milestones in the transition to Epping.