



## QUARTERLY REPORT TO SHAREHOLDERS

*October 2014*

### 1.0 BAYS PRECINCT URBAN RENEWAL PROGRAM

In July 2014 the NSW Government announced the appointment of UrbanGrowth NSW to drive a number of urban renewal programs, including one for the Bays Precinct, which incorporates Sydney Fish Market.

Following this announcement and having regard to an independent due diligence report from Savills recommending that SFM support the Brookfield Multiplex proposal, the Board of Sydney Fish Market resolved:

1. Not to proceed with a presentation by FDC / Leighton as requested in their letter dated 23<sup>rd</sup> June 2014.
2. SFM to work with Brookfield Multiplex, stakeholders and others including the adjoining land owners, in the development of a long term strategic vision and plan to secure SFM's commercial future in Blackwattle Bay.
3. SFM to work with UrbanGrowth NSW on the development of a strategic vision including SFM remaining on the shores of Blackwattle Bay for the purposes of The Bays Precinct, Sydney International Summit on 18<sup>th</sup> to 20<sup>th</sup> November 2014.
4. SFM not to support lodgement of any unsolicited proposal until the outcome of the Bays Precinct International Summit is known, or the Government indicates a preparedness to consider an unsolicited proposal.
5. The General Manager to write to the Catcher's Trust, Association of Co-operatives (and its members) plus all tenants informing them of the Board's decision.

Since then regular meetings have been held with senior staff of UrbanGrowth NSW in preparation for the Summit.

As a consequence, a two hour segment has been secured on the Summit agenda to discuss Blackwattle Bay and Sydney Fish Market. Grahame Turk has been invited to address The Summit together with a number of international speakers.

A draft vision statement has been prepared for presentation at the Summit. This vision statement was presented to the Boards of the Catchers' Trust and SFM Tenants and Merchants Pty Ltd at a joint meeting with the Board of SFM on 23 October and will form the basis of our presentation at the Bays Precinct International Summit.

The vision statement incorporates the following messages:

- The Sydney Fish Market is a city landmark that attracts 2.7 million visits a year and is the home of Australia's seafood industry but we believe it can be even better.

- The Bays Precinct development initiative is an exciting opportunity for a revamped Sydney Fish Market to become an anchor point at the centre of an evolving entertainment, tourism and culture zone.
- The Sydney Fish Market is the ideal link between the existing Darling Harbour and Pyrmont precincts and the Bays Precinct of the future.
- We want the SFM to remain Australia's home of seafood and to become the benchmark of global seafood markets.
- The Fish Market is an icon that deserves a design that is innovative and exciting. It should celebrate our links with many different parts of the community and reflect our long history in the area while also looking forward to the future.
- The Fish Market is already a major tourist destination and a significant part of Sydney's visitor economy with 2.7 million visits each year. The key to our success is the authentic wet market experience we offer. This must be protected.
- Sydney Fish Market's vision includes diverse dining and retail offerings that will keep us competitive and exciting. We could do this in a number of different ways:
  - We could extend our trading hours
  - Restaurants could offer a "buy and cook" menu
  - We could introduce more night time entertainment and dining options
  - Or provide higher quality outdoor dining options
- We want the Fish Market to be a leader in sustainability and education that includes World Class Seafood Education Centre showcasing Australia's sustainable seafood, promoted by Australia's best chefs.
- The Fish Markets is already an important part of the local community in Blackwattle Bay and we must continue to be the focal point of community activity.
- Urban design principles must be at the heart of a redevelopment. In particular, public access must be improved. We must create public spaces everyone can enjoy with friends and family with a mix of interesting attractions.
- The 2.7 million visitors who buy fresh fish from our retailers, the 500 trade buyers at our wholesale market and the local fishing fleet that operates from our wharf want to see a working wholesale and retail fish market at Blackwattle Bay, operating from a working port at Blackwattle Bay.

In addition, meetings have been held with key organisations that will be attending the Summit to ensure that they understand the importance of retaining both the wholesale and retail functions of Sydney Fish Market on the shores of Blackwattle Bay.

## 2.0 FINANCIAL PERFORMANCE

Net profit before tax for the three months to 30 September was \$503K, which was \$382K better than last year due to a continuing focus on cost saving initiatives.

As a result net profit after tax for the quarter was \$361K which was \$277K better than the same period in 2013 as follows:

Contribution	2014 \$,000	Variance to last year \$,000
Seafood Trading	1,344	187
Property Management	1,459	289
Sydney Seafood School	40	91
Total Contribution	2,843	567
Less		
Administration & Overheads	2,341	(186)
Operating Profit	503	382
Income Tax	141	(105)
Net Profit After Tax	362	277

However a better “like for like” comparison (given that most recent capital expenditure has needed to be on non-income generating items such as the auction floor) is earnings before interest, tax, depreciation and amortisation (EBITDA) which for the quarter was:

	2014 \$,000	Variance to last year \$,000
Profit after tax	361	277
Interest	24	36
Tax	141	105
Depreciation	275	49
Amortisation	0	0
EBITDA	801	467

## 3.0 SEAFOOD TRADING

### 3.1 Seafood Supply

The Product Supply Report for the September quarter is summarised in the attached appendix.

## 4.0 PROPERTY MANAGEMENT

### 4.1 Waste Management Plan

In the three months to 30 September 2014, 14.34% of the total waste generated on-site has been diverted from landfill to recycling.

September was a particularly good month with 16.4% of waste recycled. This is expected to improve with the introduction of co-mingled recycling on the boardwalk once refurbishment works are completed.



EPS (foam box) recycling continues to improve with 21.3 tonnes recycled in the three months to 30 September which is an increase of 25% (5.4 tonnes) over the same period last year.

Cardboard recycling has increased 290% within the quarter, with just over 12 tonnes of cardboard being recycled in September 2014 alone. Since commencement of cardboard recycling, September's outstanding result is SFM's third best cardboard diversion outcome behind only the peak Christmas and Easter periods of December 2013 and March 2014.

The massive increase in cardboard recycling has been attributed to all tenants improving their cardboard separation procedures as a result of site wide waste segregation training undertaken with all tenants this quarter.

#### **4.2 Boardwalk and Wharf upgrade**

In early September, SFM commenced a refurbishment and upgrade of the boardwalk and wharves to allow for structural repairs and increased seating.

The boardwalk works will be completed towards the end of November 2014 and will result in a 70% increase in seating.



#### **4.3 Vic's Meat Market opens**

SFM's site occupancy rate has reached 100% following the opening of Vic's Meat Market in September. Vic's Meat Market comprises a high quality butcher, takeaway pork roll counter and a wagyu and Grange bar. The addition of a butcher to the site allows SFM to now be marketed as a 'one-stop-shop' for fresh produce.



#### **4.4 Site Research Project**

SFM has commenced a major site visitation research project in conjunction with Destination NSW and funded through the Australian Seafood CRC. The year-long research project will provide valuable information on visitors and their opinions about the site enabling SFM and its tenants to improve their offerings.



The research project entails a number of different research methods in order to obtain feedback from diverse range of participants. These methods include in-depth stakeholder interviews, on-site surveys of both tour group participants and independent visitors as well as online surveys to capture existing and potential customers.

Surveying commenced in August 2014 and will conclude in August 2015.

## 5.0 PROMOTION OF SEAFOOD & THE FISHING INDUSTRY

### 5.1 *Blessing of the Fleet*

On Sunday 28<sup>th</sup> September SFM hosted the Blessing of the Fleet event. The event commenced at 10.30am with a procession of the Madonna and a local priest blessing the retail stores and fishing boats. The official Blessing was followed by an afternoon of live entertainment from a floating stage moored next to the boardwalk.

SFM coordinated with OceanWatch to hold a 'Fishes and Loaves' barbeque at the event whereby small servings of Eastern School Whiting were offered free-of-charge to the public. This gave people the opportunity to learn more about the local fleet and their sustainable fishing practices.

The Blessing of the Fleet was extremely well-attended with a large crowd remaining until 5pm that afternoon.

Significant media coverage was obtained leading up to and at the event with over 44 media items generated across print, TV, radio and online news sources. Highlights included TV coverage on Channel 7 News, Channel 9 News and ABC News. The event was also featured in the Sydney Morning Herald and The Daily Telegraph as well as radio stations 2GB, 702 ABC and SBS Italian.



### 5.2 *Annual Report*

Sydney Fish Market's 2014 annual report has been prepared and will be distributed in the coming weeks. 2014 marks 20 years since the privatisation of Sydney Fish Market and as such the theme for this year's report is 'twenty years of results'. In addition to documenting results from the past financial year, the report highlights some of SFM's major achievements over the past 20 years.

### 5.3 *Winter Seafood Campaign*

Throughout the winter months, SFM's marketing department activated a radio and public relations campaign encouraging the consumption of seafood throughout the cooler months. The radio ads featured wintery seafood dish suggestions and directed listeners to SFM's website for the complete recipe.



A media release was issued outlining the health benefits of seafood consumption during winter and species seasonality. It was supported by winter seafood recipes and images. Coverage highlights from this media release included a double-page spread in the Sunday Telegraph's Body and Soul section as well as print and online articles in the Central Coast Express, Paramatta Advertiser and Wentworth Courier.

A similar spring seafood campaign is currently underway.

## 6.0 REPRESENTATIONS TO GOVERNMENT

### 6.1 Senate Inquiry into Seafood Labelling

In July, Sydney Fish Market lodged a submission for the Senate Inquiry regarding the current requirements for labelling of seafood and seafood products. SFM's submission focused on country of origin on proposed labelling for cooked or pre-prepared seafood products. Our submission recommended extending country of origin labelling to cooked seafood products but advised against labelling of capture method.

In addition Grahame Turk and Bryan Skepper gave evidence to the Senate at a public hearing at Sydney Fish Market on 29 September 2014. It would appear that the Senate Committee members were supportive of Industry requests for the food service/restaurant sectors be obliged to provide country of origin labelling plus comply with the Fish Names Standard.

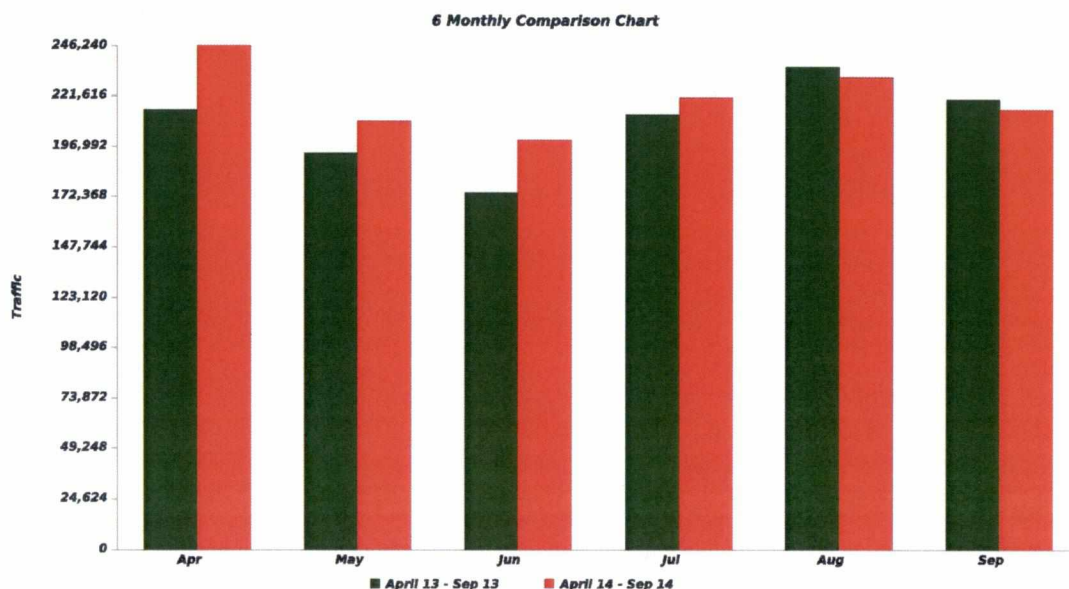
Please contact General Manager, Bryan Skepper if you wish to read SFM's submission in full.

## 7.0 SITE PROMOTION

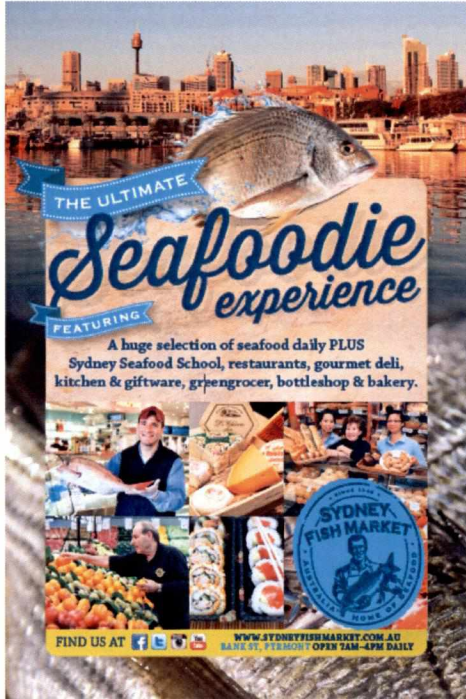
### 7.1 Arcade Statistics – 6 Monthly Comparison (April 2013 – September 2013 and April 2014 – September 2014).

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## 7.2 Advertising



In addition to SFM's winter and spring radio advertising campaigns, SFM conducted radio advertising on *Blessing of the Fleet*.

SFM also maintained its presence in key tourist publications by re-advertising in the *Official Guide to Sydney*, *The Official Sydney Map* and *YHA Guide*. An advertising placement was also made in a new Chinese tourist publication called *The Golden Key* which is distributed to all Chinese Eastern Airways passengers departing for Australia.

Local advertising placements in recent months have included a full page advertisement in the *Good Food Guide 2015* and a placement in the *Pymont/Ultimo Where the Locals Go* guide.

## 7.3 Visiting Media

Since May 2015 SFM has hosted over 30 media visits from both local and international media.

Highlights have included *My Kitchen Rules*, a 'Fast Ed' cooking segment for *Better Homes and Gardens* (TV and magazine), *Daily Telegraph's Taste* section as well as *Channel 7 News*, *Channel 9 News* and *ABC News*.

SFM has also hosted numerous international media visits in conjunction with Destination NSW and Tourism Australia including highly viewed/read media from China, Germany, Russia, Japan, Turkey and New Zealand.

## 7.4 Blogger outreach program

SFM has identified food bloggers, who are growing in popularity, as important media targets and have begun to proactively engage with them. During July/August we embarked on a blogger outreach program whereby selected bloggers were invited to attend a tour of SFM's wholesale auction. As such, blog articles about SFM's Behind the Scenes tour featured on *Eat Drink Play* and *My Kitchen Stories*. SFM also arranged a Sydney Seafood School voucher giveaway on the Facebook page of Sydney's most prolific food blogger *Not Quite Nigella*.



## **8.0 CORPORATE SOCIAL RESPONSIBILITY**

### **8.1 *Taronga Conservation Society***

In July, Bryan Skepper, Stephanie Williams and Gus Dannoun hosted representatives from Taronga Conservation Society for an early morning tour of SFM's operations. At present, Taronga Conservation Society is aligned with MSC but was open to hear our views on sustainable seafood. SFM has since been invited to further discussions at a meeting with Taronga Conservation Society in the coming weeks.

## **9.0 FURTHER INFORMATION**

If you would like any further information on the items discussed in this report, please contact Bryan Skepper SFM's general manager on +61 2 9004 1101 or at [bryans@sydneyfishmarket.com.au](mailto:bryans@sydneyfishmarket.com.au)