



TWENTY SECOND ANNUAL GENERAL MEETING

Minutes of the Twenty Second Annual General Meeting

held at the Sydney Markets Conference Centre,
1st Floor Market Plaza Building, Sydney Markets
on Tuesday 19th November 2019, commencing at 10:00am

1. Attendance

Directors (8):

John Pearson..... Chairman	Mario Messina Director	David Hynes Director
John Olivieri Director	Shaun McInerney Director	Bill Lynch Director
Cos Cremona..... Director	Sam Lentini Director	

SML Senior Managers (6):

Brad Latham..... Chief Executive Officer	John Pascucci..... Head of Operations
Michael Golden CFO/Company Secretary	Ned Tesic PR/Brand Manager
Shane Chester Head of Special Projects	Zelka Tokic Head of Retail Market

SML Staff (14):

Conrad D'Cruz..... Finance Manager	Jim Basetas Team Leader
Adrian LaCava..... Operations Manager	Glenn Russell Team Leader
Dragan Tucic..... WH&S Manager	Anthony D'Angelo Market Officer
Con Kapellos Environment Manager	Brian Fuller Market Officer
Gina Cakar Property Manager	Leighton Freney Market Officer
Shawn Freeburn..... Business Dev/QA Manager	Catherine Roche EA to the CEO
Angelo Scarcella Site Maintenance Supervisor	Antoinette Nehme Executive Assistant
Shirlene Blom..... Marketing & Comms Specialist	Rintu Kurian Accounts Receivables Officer
Belinda Kemp..... Marketing Campaigns Co-ordinator	Qin Zhang Accounts Payables Officer
	Marilyn Loch Site Services Administrator

Visitors (6):

Sarina Roppolo..... Kardos Scanlan Corporate Lawyers
Ryohei Ekawa..... PricewaterhouseCoopers – Auditors
Shannon Maher..... PricewaterhouseCoopers – Auditors
Susan Dodd Marketing Consultant
Elbert D'Mellow IT Consultant – Australian Softnet Services
Abdul El-Saidy IT Consultant – ASK for IT Pty Ltd

Shareholders (25):

A total of **25** Shareholders (excluding Director Shareholders) were present at the meeting representing **8,377,396** equity entitlement votes.

151 valid proxies were received from Shareholders who were entitled to vote totalling **26.3 million** equity entitlement votes. This represented **16.1%** of the Company's total equity entitlements. These proxies nominated the Chairman, SML Directors and other individuals as proxy holders.

2. Apologies

David Whiteman – Expertise Director
Tony Chiefari – Top Class Fruit
Bill Chalk – Southern Cross Produce

3. Opening

The Chairman opened the meeting at 10.00 am and introduced the Directors, the CEO and the Company Secretary.

He also noted the presence of Mr Shannon Maher and Mr Ryohei Ekawa from PricewaterhouseCoopers, the Company's auditors and Ms Sarina Roppolo from Kardos Scanlan, the Company's legal advisors.

4. Quorum

The Chairman advised the meeting the Company Secretary had confirmed a Quorum was present and called the meeting to order.

5. Proxies

The Chairman noted a number of proxies had been received, were held by the Company Secretary and were available for inspection.

6. Notice of Meeting

The Chairman advised the Notice of Annual General Meeting 2019 had been circulated to all members and would be taken as read.

7. Rules & Procedure for the Meeting

The Chairman advised the procedure for the meeting would be that the formal part of meeting which included the confirmation of the Minutes of the 21st Annual General Meeting and the discussion and tabling of the Financial Statements would be covered first, followed by General Business.

8. Confirmation of Minutes

The Chairman advised copies of the Minutes of the 21st Annual General Meeting held on Tuesday 20th November 2018 had been made available at the registration desk for review.

He then moved that the Minutes of the 21st Annual General Meeting of the Company be taken as read and adopted as a correct record. The motion was seconded by Mr Sam Safrgliani.

The Chairman declared the motion to adopt the Minutes of the Twenty First Annual General Meeting as a correct record CARRIED.

9. Chairman's Address

The Chairman indicated it was usual for the Chairman to address the Meeting and present highlights of the Company's operations during the year and the prospects for the year ahead. He noted a detailed joint message from the Chairman and the CEO was included on pages 2-8 in SML's Annual Report 2019, which had been circulated previously to all members.

The Chairman then outlined some key highlights as follows:

Strategic Plan 2019-2024 & Beyond

To ensure the business is relevant to both today's needs and future needs, the Board and Senior Managers of Sydney Markets Limited (SML) set five-year Strategic Plans which are monitored quarterly and reviewed in detail every three years. The current Plan revises the 2016-2021 plan and establishes clear goals and initiatives for SML over the period 2019-2024.

Our Plan was formed through an extensive stakeholder interview process to gain their views and vision on a wide range of topics. It has resulted in a Plan that will focus on introducing more improvements and efficiencies to our sites at Flemington and Haymarket, in particular in the areas of infrastructure, logistics, innovation and technology, to maintain our relevance in the supply chain and continue be a world leader in Central Market and Retail Market operations well into the future.

The revised Plan presents five strategic imperatives aimed at improving the environment we operate in, seizing growth opportunities and creating positive outcomes for the future.

It is an exciting and challenging Plan which aims to deliver value to all Market stakeholders.

Financials

The financial performance of the Company was strong. Profit after income tax was \$10.8 million. Full details are in the Annual Report.

Market Opportunities

The Future of the Markets Project continues to progress and has involved gaining a clear understanding of the long-term needs and future use requirements of the existing Flemington site and providing an optimal model for an 'ideal' future market operation. There are no plans to relocate from our current site. Sydney Markets will continue to operate from its Flemington site for the foreseeable future.

High level negotiations with Government representatives are continuing with a view to gaining an understanding of how the NSW Government can assist SML with the acquisition of land for a possible future Market operation at Badgerys Creek.

Paddy's Haymarket Masterplan

SML is investing significant funds towards a number of projects developed under the Paddy's Haymarket Master Plan to improve and rejuvenate the Market. During the reporting period a number of Base Building projects were completed including:

- Relocation of the Paddy's Haymarket Office to the Market entrance at Thomas Street to provide improved service for traders and Market visitors.*
- Upgrade of North Quay Street Entry & South Quay Street Entry to promote pedestrian movements and improve signage, lighting and finishes.*
- Upgrade of the public restroom amenities to bring them up to current building standards and provide better facilities for traders and customers.*

Another major development for Paddy's Haymarket is the new Food & Specialty Retail Precinct currently underway, situated in a new, thriving precinct adjacent to the Light Rail and new Darling Square residences. The Precinct will provide exciting opportunities for Take-Away Food Traders to improve the food offering and will include new communal seating, kids play area, cooking demonstration and student zones, with specialty retail stands such as Baker, Newsagent, Barber and a Nail Artists.

Paddy's Flemington Strategy

SML is continuing with various initiatives developed under the Paddy's Flemington Strategic Plan.

A program of theme-based events and special interest offerings have been implemented at Paddy's Markets Flemington to drive specific demographic groups to the Market and increase foot traffic, particularly on Fridays and Sundays.

Prime examples of such events include the Foodie Fridays at Flemington, Sydney Kings Skills Clinic, Meet and Greet events with prominent sporting personalities, Petting Zoo, Excess Stock Clearances, Cooking Demonstrations coinciding with Paddy's 'Pick Pod Plate' Podcast, Show and Shine Car Shows and Auto Club meets, Country & Western Hoedown to support drought-affected NSW Farmers and various themed Pop-Up events.

SML has also introduced the Paddy's Savvy Trader Program which forms part of the initiative to create an ambient Market environment and memorable customer experience and will be a collaborative effort with our Paddy's Traders. The Paddy's Savvy Trader Quarterly Award will be rolled out as part of a series of initiatives designed to assist in maintaining standards in Market Stand display and product quality.

Marketing

SYDNEY MARKETS FRESH AWARDS

SML is pleased to have conducted the fourth year of the Fresh Awards, our successful awards program recognising the achievements of businesses who trade in the Markets.

The Fresh Awards brings together Sydney Markets' long running greengrocer and florist retail excellence programs, which were expanded to include fruit & vegetable growers and wholesalers, flower growers and bloggers who champion fresh produce and the people who grow or sell fruit, vegetable or flowers.

The 2019 Fresh Awards a gala event took place at the Star Event Centre July 2019, where the winners in each of the 15 award categories were announced.

SML congratulates the businesses and individuals who participated in the program, and especially those who made it through as finalists and winners. It was once again tremendous to see the different sectors of our industry come together for an evening to celebrate and acknowledge the efforts of all involved.

Site Improvements & Infrastructure Upgrade

SML remains committed to optimising the Flemington site.

- *Sydney Markets Central, a new multi-purpose building was designed and constructed in early January 2019 and was officially opened in March 2019.*

Located on Centre Road, this building provides convenient and easy access for stakeholders and Market visitors. It consists of a number of self-service kiosks or completing transactions, WHS inductions and accessing general Market information, as well as a large conference room ideal for workshops, Market tours and inductions.

- *Construction of the new 4,550m² Warehouse Z with two storeys (2,800m²) of commercial office space above, adjacent to the Service Station is nearing completion, ready for the internal fit-out by Vegie World Pty Ltd who are expected to take up occupation in late December 2019.*
- *Other infrastructure improvements include the relocation of Switch Rooms in Building A, the installation of Large-Bladed Fans in Building D and F, installation of Large LED TV Screens in Buildings D and F and ABC Buyers Walkways and ongoing road maintenance.*

Work Health & Safety

SML continues to treat matters of safety with the utmost importance at all times and dedicates significant time and resources into adopting and upholding safe work practices, as well as educating stakeholders. We remain vigilant in enforcing work health and safety laws and are in constant communication with SafeWork NSW and the NSW Police to support those efforts.

SML Directors

Mr David Hynes was re-appointed by the Board as Independent Director from November 2018.

In July 2019 Mr Cos Cremona was re-elected as the Nominee Director for the Warehouse Category and Mr Sam Lentini was elected as the Nominee Director for the Growers Category.

These appointments are all for a three-year term.

We congratulate Mr Hynes, Mr Cremona and Mr Lentini on their appointments.

Also, in September 2019 the Board re-elected myself as Chairman for a further three-year term.

In conclusion, our sincere thanks go to our Directors, Management, staff and contractors and to all stakeholders, in particular those who give their time to represent on the Future of the Markets Committee, the Council of Market Representatives, the Fresh for Kids Committee and the Paddy's Advisory Committee.

All financial indicators show SML can look forward to another strong performance for the 2019-2020 year."

10. Financial Report – 30 June 2018

The Chairman noted the Financial Report containing the Directors' Report and the Auditors' Report in respect of the year ended 30 June 2019 had been distributed. He then called for any questions from members on the Financial Report and the Directors' Report.

CAROLINE PISCIUNERI – All Seasons Produce

Ms Pisciueneri noted that a Profit After Tax of \$10.8 million had been reported, but \$8.4M of gross income this year was from proceeds of sale of properties. She raised the following questions:

- What would be the projected Profit After Tax for the 2019-2020 period and ensuing years moving forward?
- Will the saving of \$1.7M in professional be sustained over the forthcoming years?

The CFO advised that Net Profit for this year excluding sale of properties was approximately \$5.5M and this is fairly consistent with previous years. Projecting forward for the next few years the target will be in that range, which produces a sustainable business model for the Sydney Markets sites.

With regards to savings on professional fees, this fluctuates each year depending upon the Master Plan.

The CEO provided an overview of the Master Plan Projects for the Sydney Markets site at Flemington, noting that the projects will be prioritised and staged over a number of years.

Ms Pisciuoneri asked whether any additional properties owned by SML are planned for sale.

The CFO advised there are two more properties in Smallwood Avenue that have been sold for a total of approximately \$5M, with final settlement due in December 2020.

11. Directors' Remuneration

The Company Secretary advised Clause 10.11 of the Constitution requires the Company, in general meeting, to determine Directors' remuneration, and hence any changes of Directors fees. He noted it is important that Directors' remuneration does not fall behind inflation and comparable institutions in order to continue to attract candidates to the Board and avoid catch ups in the future.

He advised that applying the annualised CPI increase for Sydney to the TOTAL current fees would result in an increase of \$8,961 p.a. (1.7% increase).

It was noted SML had received 151 Proxies totalling 26.3 million equity entitlements (EE) from Members who were entitled to vote, representing 16.1% of total shareholders' equity entitlements. Of these, 3.1% (0.8 million EE) abstained from voting and therefore are not taken into account.

Voting on the Resolution from Proxies was as follows:

- *Proxies In favour: 84.6% (22.4 million EE)*
- *Proxies Against: 13.3% (3.6 million EE)*

The Company Secretary then read the RESOLUTION as follows:

- ***That the total remuneration pool for all Directors be increased from \$527,132 to \$536,093 per annum, to apply from 1st July 2019.***

The motion was seconded by Heath McInerney.

Based on Proxy votes already received in favour of the resolution and a show of hands by those present, the Chairman declared the motion CARRIED.

12. General Business

Having dealt with the formal business of the Notice of Meeting, the Chairman noted the meeting would move on to General Business.

He advised that Mr Tony Chiefari from Top Class Fruit Supply Pty Ltd, who was unable to attend, had requested the following statement be read at the AGM during General Business:

“I would like to thank all the Staff of SML and the Board for another twelve months of outstanding service. I appreciate the detail SML and the Board have put into making Sydney Markets the best-run Market in the world. Further to that, I am impressed with all the planning and thought that is going into the future of the Markets.

Because I have 100% confidence in SML and the Board, I have purchased the Lulic module in B Shed. I will spare no expense in its renovations to be part of the vision SML and the Board are creating.

I know today my fellow Wholesalers will offer constructive advice to ensure our Industry will adapt to the future demands we shall all face. I know SML and the Board will listen and implement the advice that only the Wholesalers can provide.

United we stand, divided we fall. Good luck to all in 2020.”

The Chairman then invited questions and/or comments from the members.

WARREN PRATLEY – Country Fruit Traders Pty Ltd

Mr Pratley raised the issue of people smoking in smoke-free zones, including areas inside Market buildings in close proximity to fresh produce. He suggested the SML Board and Management could consider making the whole Sydney Markets site a smoke-free zone.

The CEO advised that addressing the issue of people smoking in smoke-free zones is a focus of our Operations Team, which is highlighted by the fact that 48 Comply Notices have been issued in the last two months, and noted that whilst there has been an improvement in this area, it is challenging to change people’s behaviour.

He further noted there are designated areas around the Market where smoking is permitted. The question of whether the entire site should be made a smoke-free environment would require extensive consultation with our industry.

MAX FILIPE – Fruitezy (Fruit & Vegetable Retailer)

Mr Filipe stated that as well as being a retailer and a shareholder of SML, he is also a member of “A Better Choice” (a fresh produce promotion program), which is a great program that runs nationally, but it is not currently supported by SML.

Mr Filipe asked if the Board is giving any consideration to supporting this program in the future.

The CEO noted that SML invests substantial marketing funds into the Sydney Markets Fresh Awards, a program which supporting not only fruit and vegetable retailers but also Florists, Flower Growers, Fresh Produce Growers, Wholesalers and Bloggers.

With regards to the national fresh produce retailer promotion program, “A Better Choice”, the CEO stated that the Markets around Australia have attempted similar programs previously and they have not been successful.

He advised that the Board forwarded correspondence to Freshmark at the end of May 2019, advising that due to the substantial level of funding already invested in our own industry-based programs, SML declined to participate in funding the initial phase of the national program. However, the Board would consider a further request for funding for the national program again after twelve months to see how effective it has been. It was noted the Board did agree to assist by providing signage.

SAM SAFRGLIANI – Paddy's Haymarket Trader

Mr Safrgliani stated the issue of people smoking in smoke-free zones is also a problem at Paddy's Haymarket. He acknowledged Management are doing their best to address the problem but there needs to be much more stringent enforcement by SML staff and the Security Officers.

The Board noted Mr Safrgliani's comments.

YVETTA HROUSKA – Paddy's Flemington Trader (Y Pillows)

Ms Hrouska raised the following issues:

- Deterioration of the Market over recent years resulting in long-term standholders leaving the Market.
- Dispute with Management regarding outstanding rent.
- Consideration of allowing non-payment of rent when standholders experience illness or a death in the family.
- Lack of respect for standholders by the Head of Operations, John Pascucci.
- Issues with the advertising for Paddy's Markets

The CEO undertook to arrange a meeting with Ms Hrouska separately to outline the Paddy's Marketing Campaign, which is quite extensive and address the other issues raised.

CAROLINE PISCIUNERI – All Seasons Produce

Ms Pisciueneri referred to the Innovation & Technology section of the Strategic Plan and asked whether in the near future SML could provide stakeholders with details of this strategy.

The CEO advised Management is presenting the Innovation and Technology to the newly formed Innovation & Technology Board Subcommittee prior to Christmas. In the New Year, SML will provide a series of workshops which will provide an opportunity for Market stakeholders to put forward ideas and feedback.

13. Close of Meeting

The Chairman thanked all those present for their attendance and declared the meeting closed at 10.55am.

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CHAIRMAN