

Report to the Future Melbourne Committee

Agenda item 6.3

Economic Development Strategy 2031 - Melbourne's Thriving Economic Future progress update

5 April 2022

Presenter: Andrew Wear, Director, Economic Development and International

Purpose and background

1. The purpose of this report is to seek endorsement from the Future Melbourne Committee on next steps for implementation of the City of Melbourne's Economic Development Strategy (EDS): *Melbourne's Thriving Economic Future 2031*.
2. Following community consultation in May and June 2021, the EDS was endorsed by Council on 29 June 2021. It outlines COM's plans for sustainable economic growth over the next decade. The vision presented in the EDS is that:

By 2031 the City of Melbourne will be a global leader in creating jobs and enterprises that focus on the needs of the future. We will steer the city's recovery from COVID-19 and create prosperity that can be shared more equitably through investment in the city's long-term economic growth, social cohesion and environmental resilience. The wealth and knowledge generated by our economy will support the city to achieve its economic and social objectives, creating a stable foundation for sustained economic prosperity.

3. Implementation of the EDS is supported by the Council Plan. 'Implementation of the Economic Development Strategy' is a major initiative and eight additional major initiatives support EDS priorities and actions.

Key issues

4. Subsequent to endorsement of the EDS, Melbourne was impacted by additional lockdowns, including 12 days in July 2021, 77 days from August to October 2021 and the 'shadow lockdown' associated with the Omicron variant. This has delayed Melbourne's economic recovery. Nevertheless, activity in recent weeks has increased significantly and Melbourne's economic recovery appears to be gathering pace.
5. While reactivation of the city is critical, it is also vitally important to consider recovery over the medium to long-term. The pandemic has changed the way the city operates and new long-term drivers of growth will be required.
6. Despite the protracted impacts of the pandemic, the eight key priorities (Attachment 2) and actions in the EDS remain sound and the prospects for Melbourne's economy are great. Melbourne remains a mecca for students, sport, events, food, music, creativity and innovation.
7. Key directions in the EDS align closely with subsequent strategies developed by key stakeholder organisations. For example, the Victorian Chamber of Commerce and Industry's 'Summit Playbook' (the outcomes of its recent summit series) proposes the establishment of a 'government concierge' service (closely mirroring COM's Business Concierge service), there is strong support for circular economy initiatives and a call to develop a 10 year strategy for the experience economy. The Committee for Melbourne's 'Benchmarking Melbourne' report emphasises the importance of continuing to 'deliver exceptional experience and innovation'.
8. On 17 March CoM hosted the Victorian Treasurer, Tim Pallas MP, Dr Pradeep Phillip, Lead Partner, Deloitte Access Economics and over 100 senior business leaders to discuss Melbourne's recovery following the Omicron variant, and its impacts, and resumption of return to office. Themes emerging from the summit included welcoming international students back, encouraging office workers to return to the city, supporting innovation and progressing city changing projects such as Greenline.
9. Notwithstanding the ongoing impact of COVID-19 on COM's operations and economy, strong progress implementing the EDS has been made. Highlights include:

- 9.1. 30,000 face-to-face and phone contacts with businesses through the Business Concierge service.
- 9.2. Establishment of Invest Melbourne to facilitate major new investment proposals from businesses.
- 9.3. Work towards a digital permit application system for a range of permits, which will reduce time consuming and detailed assessments for low risk activity.
- 9.4. Delivery of the Social Enterprise City Impact program supporting not-for-profits and startups to develop creative solutions for local issues, including initiatives that focus on the circular economy.
- 9.5. The Shopfront activation Program, which is breathing new life into the city by giving artists, makers and budding entrepreneurs the opportunity to test their business ideas in vacant spaces.
- 9.6. Work with the Victorian government to progress the \$1.7 billion revamp of Melbourne's arts precinct, including the new National Gallery of Victoria Contemporary.
- 9.7. Delivery of the 'Live Melbourne' campaign with the goal of encouraging people to buy or rent in Melbourne.
- 9.8. Commitment from stakeholders to establish a start-up incubator to support and grow early-stage Australian biotech companies at CSL's new global corporate headquarters under construction in Parkville.
- 9.9. Ongoing delivery of the Experience Melbourne program, to help Melbourne become the world's leading city for student experience.
10. COM is implementing these actions in the EDS by delivering them itself, collaborating with others and advocating for change. Many actions are being delivered in partnership with the Victorian government through the \$100 million Melbourne City Recovery Fund and \$200 million Melbourne City Revitalisation Fund.
11. Given the close alignment between the EDS and the Council Plan, implementation of the EDS will continue to be a focus of council. In 2022-23, key areas of focus are likely to include:
 - 11.1. Development and implementation of initiatives from the Melbourne City Revitalisation Fund in partnership with the Victorian government.
 - 11.2. Further support for international students, including scaling of the Experience Melbourne program.
 - 11.3. Further support for Melbourne's business precincts, including the creative activation of public space and vacant shops, and incubation of creative, entrepreneurial and social enterprises.
 - 11.4. An increased focus on innovation and the startup ecosystem, including engagement with – and support for – technology sectors that have the capacity to be globally competitive, such as biotech, medtech, fintech and advanced manufacturing.
 - 11.5. Work to establish a Zero Carbon Jobs Cluster that will prioritise the creation of local knowledge economy jobs in the clean energy, climate adaptation and related fields.

Recommendation from management

12. That the Future Melbourne Committee:
 - 12.1. Reaffirms its commitment to delivering the *Melbourne's Thriving Economic Future 2031* strategy.
 - 12.2. Requests management provide options for further industry summits to assist in the acceleration of the economic recovery of the city.
 - 12.3. Requests management support implementation of the Economic Delivery Strategy in 2022-2023 by:

- 12.3.1. progressing initiatives from the Melbourne City Revitalisation Fund in partnership with the Victorian government.
- 12.3.2. establishing Melbourne as the world's leading city for student experience by delivering the Experience Melbourne program at scale.
- 12.3.3. continuing to develop the Business Concierge Service as a key point of contact for businesses and its support of small to medium sized businesses to establish and grow.
- 12.3.4. supporting Melbourne's business precincts, by creatively activating public space and vacant shops, and incubating creative, entrepreneurial and social enterprises.
- 12.3.5. working with and supporting technology sectors that have the capacity to be globally competitive, such as biotech, medtech, fintech and advanced manufacturing.
- 12.3.6. providing coordinated support for Melbourne's innovation, entrepreneurship and startup ecosystem, by partnering with startup ecosystem agencies, universities and industry to develop programs that will encourage business development and capacity-building of startups in Melbourne and support the entrepreneurial efforts of underrepresented groups.
- 12.3.7. delivering the Open Innovation Agenda, including Emerging Technology Testbed pilots, the Open Innovation Competition and partner with industry and government to support innovation events.
- 12.3.8. establishing a Zero Carbon Jobs Cluster that will prioritise the creation of local knowledge economy jobs in the clean energy, climate adaptation and related fields and support innovation through universities, small businesses and start-ups that deliver positive social and environmental benefits.

Attachments:

1. Supporting Attachment (Page 4 of 5)
2. Economic Development Strategy priorities (Page 5 of 5)

Supporting Attachment

Legal

1. There are no direct legal issues arising from the recommendation from management.

Finance

2. Funding for these initiatives will be subject to Council decisions as part of its budget approval procedures.

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. Declare any conflict of interest.

Health and Safety

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

Stakeholder consultation

5. During the development of the economic development strategy in 2021, significant consultation with stakeholders was undertaken.

Relation to Council policy

6. Implementation of the EDS is supported by the Council Plan, with 'Implementation of the Economic Development Strategy' a major initiative. Delivery of actions in the EDS is further supported by a number of other major initiatives, including: 'strengthen Melbourne's economic recovery'; 'ensure Melbourne is the easiest place to start and grow a new business'; 'maximise opportunities to drive visitation and spend'; 'market and promote Melbourne as a great place to live'; 'increase visitation to Docklands'; 'review Melbourne's international relationships'; 'support the development of globally-competitive innovation ecosystems'; and 'become the employment centre of a resilient zero carbon economy'.

Environmental sustainability

7. In developing this report, environmental sustainability issues have been considered and no direct issues were identified.

Attachment 2

Economic Development Strategy priorities

COM's key priorities are driving economic recovery and creating the conditions for a strong, adaptive, sustainable and thriving future city economy. The strategy also includes 41 actions across the immediate, medium and long term.

1. *A business-friendly city*: Building the recovery on new business formation, investment and growth
2. *A creative resurgence*: Designing a new value proposition for the city
3. *Post-COVID 3000*: Increasing the supply of housing for city workers
4. *Beyond the office*: Stimulating a mix of industries through precincts and innovation
5. *Unlock climate capital*: Transitioning to a leading low-carbon economy
6. *Diverse city*: Leveraging Melbourne's diversity as an asset to society and the economy
7. *Digitally connected city*: Adapting to connectivity as a knowledge-enabled, smart city
8. *A joint effort*: Collaborating for a thriving city economy