

## Report to the Future Melbourne Committee

Agenda item 6.3

### Growing Melbourne's innovation ecosystem – progress and next steps

3 May 2022

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#### Purpose and background

1. The purpose of this report is to seek Future Melbourne Committee endorsement of a plan to grow Melbourne's innovation ecosystem and to update Councillors on the progress of Major Initiative 9, under the strategic objective, Economy of the Future in the Council Plan 2021-25.
2. According to the recent Committee for Melbourne report, *Benchmarking Melbourne 2022*, Melbourne's innovation economy has grown by 1600 per cent since 2017. Key strengths include Melbourne's talent pool, high-ranked universities, research and development capability, and liveability. Opportunities for improvement include commercialisation and scaling, investment attraction, improved infrastructure and connectivity.
3. The City of Melbourne (CoM) is competing in a fast-changing and increasingly competitive global market. In the Startup Blink Global Startup Ecosystem Index Report 2021, Melbourne's startup ecosystem ranked 39th globally, up one place from 2020, but behind Sydney (36th).
4. Innovation and digital technologies are major drivers of prosperity. In 2021, Melbourne was ranked third in a Global Smart Cities Index for the application of emerging technologies. Innovative applications of design, data and technology have the potential to strengthen our economic competitiveness on a global scale and ensure Melbourne leads the country in embracing new industries and creating next-generation jobs and businesses.

#### Key issues

5. Melbourne's future economic prosperity will be largely a function of the extent to which it can become globally-competitive in a range of knowledge-intensive industries. An effective innovation ecosystem is a key building block underpinning successful transformation and will impact how Melbourne performs on the road to recovery from the pandemic.
6. It is pivotal that CoM plays a key role in supporting the city's innovation ecosystems, including emerging industries and knowledge sectors, and facilitating technology trials and international connectedness to enhance the city's resilience, global competitiveness and economic prosperity. This is the focus of Major Initiative 9.
7. Melbourne already has innovation strengths in a number of existing and emerging technology sectors, including biotech/medtech, fintech, advanced manufacturing, blockchain and cyber security. Recently, international technology companies from Singapore, Indonesia, Japan and Europe have announced plans to set up new Melbourne ventures, indicating a vote of confidence for Melbourne as a tech leader.
8. Fostering a globally competitive innovation ecosystem is a collaborative exercise, supported by key ingredients such as investment, talent, connectivity, technology platforms and digital infrastructure. It will be critical to align and coordinate with relevant government agencies, universities and industry associations. Consultation with other agencies involved in supporting Melbourne's innovation ecosystem has identified two clear gaps where CoM has a key role to play:
  - 8.1. Capacity building and global connectedness.
  - 8.2. Facilitating trialling of new technologies through tech test beds and pilots.
9. CoM also has a critical role to play in facilitating the emergence and growth of the innovation precinct in City North, by continuing to deliver the Melbourne Innovation Districts City North Opportunities Plan 2020.
10. Key activities, funded from the current operational budget, and undertaken or underway to grow Melbourne's innovation ecosystem include:
  - 10.1. Delivery of Melbourne-Bandung Innovation Series, engaging more than 600 participants and fostering new international innovation ecosystem partnerships across government, university and start-up agencies.

- 10.2. Delivery of START in Melbourne, SCALE to Southeast Asia, a new startup program, designed to connect early-stage founders into the startup ecosystems of Singapore, Indonesia, and Vietnam.
- 10.3. A number of innovation events as part of Melbourne Knowledge Week will be delivered in May 2022, including an event fostering entrepreneurship amongst culturally and linguistically diverse and migrant communities; a startup breakfast event; and a data and the city exhibition and tour.
- 10.4. Delivery of three emerging technology testbed pilots (Open Arcade, Micro-labs and Social spaces) - working with community and industry to trial new technologies to explore how they can benefit Melbourne.
- 10.5. Launch of Fishermans Bend Innovation Challenge, inviting submissions to pilot innovative applications of emerging technology and use data, technology and creativity to help build resilience for businesses, communities and the environment.
- 10.6. Development of a roadmap for deploying new digital infrastructure in the urban realm to position Melbourne as an accessible attractive environment for both domestic and international start-ups and technology companies.
- 10.7. Developing new ways of working with the community in our use of tech and collection of data that is transparent, accountable and creates genuine opportunities for all citizens to engage with this work.
11. In 2022-23, key areas of focus (funded by proposed operational budget) for growing Melbourne's innovation ecosystem will include:
  - 11.1. 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 Melbourne startups and support the entrepreneurial efforts of underrepresented groups.
  - 11.2. Expanding Melbourne's global innovation brand and foster greater knowledge exchange, through participating in global forums, as well as profiling Melbourne's innovation ecosystem through Melbourne Knowledge Week.
  - 11.3. Delivering an Open Innovation Agenda, including Emerging Technology Testbed pilots, the Open Innovation Competition and partnering with industry and government to support innovation events.
12. In March 2023, Melbourne will host the Global Entrepreneurship Congress. This event will bring together entrepreneurs, investors, ecosystem builders and policymakers from around the world to identify new ways of helping founders start and scale ventures. It represents a unique opportunity to showcase Melbourne's innovation ecosystem to the world. To catalyse this opportunity, CoM can potentially play an important role delivering targeted activities and support.
13. While it is clear that CoM has competitive advantages in a number of sectors, further work is required to better-understand the unique industry niches in which CoM is – or could become – globally competitive.
14. Critically important parts of any innovation ecosystem are people-to-people networks, enhanced through events, workshops and conferences. There is an opportunity to re-shape the Business Events Sponsorship Program to further support technology sectors that are – or have the capacity to be – globally competitive, such as biotech/medtech, education, information and communications technology, fintech and cleantech/climate tech.
15. To progress research commercialisation and innovation hubs, support from a wide range of partners is required, including universities and industry associations. It is particularly important that CoM and the Victorian government work closely together.

## **Recommendation from management**

16. That the Future Melbourne Committee:
  - 16.1. Notes the actions undertaken to grow Melbourne's innovation ecosystem.
  - 16.2. Requests management:
    - 16.2.1. Deliver targeted activities and support to catalyse opportunities associated with the Global Entrepreneurship Congress 2023 in Melbourne.
    - 16.2.2. Undertake further research into sectors in which the City of Melbourne (CoM) has a globally-competitive position, as well as emerging sectors that CoM can harness and lead.
    - 16.2.3. Re-shape the Business Events Sponsorship Program to support globally-competitive and emerging technology sectors.
    - 16.2.4. Work with Victorian State Government to advocate for greater investment into emerging technology sectors, including support for innovation hubs and commercialisation.

### **Attachment:**

1. Supporting Attachment (Page 4 of 4)

## **Supporting Attachment**

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### **Legal**

1. There are no direct legal implications arising from this report.

### **Finance**

2. Funding for these initiatives will be subject to future Council decision.

### **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. Consultation has occurred with LaunchVic, Global Victoria, Invest Victoria and Development Victoria.

### **Relation to Council policy**

6. Council Plan 2021-25, under the strategic objective Economy of the Future, indicates that Council will partner with industry to support the development of globally competitive innovation ecosystems, including through international engagement, emerging technology trials and digital infrastructure.

### **Environmental sustainability**

7. There are opportunities within this initiative to foster and support innovative responses to environmental sustainability challenges such as energy efficiency, waste minimisation and climate resilience. As well as opportunities to explore, exchange and learn from international best practices in these areas.