

**BUSINESS AND INTERNATIONAL  
RELATIONS COMMITTEE REPORT**

Agenda Item 5.4

13 February 2007

**KEY FINDINGS OF THE 2007 MELBOURNE FINANCIAL  
SERVICES SURVEY REPORT**

**Division** Commerce & Marketing

**Presenter** Peter Chaffey, Manager Business Melbourne

**Purpose**

1. To brief the Committee on the findings of the 2007 Melbourne Financial Services Survey.

**Recommendation from Management**

2. That the Business and International Relations Committee note the key findings of the Survey Report and that it will be publicised prior to the 2007 Melbourne Financial Services Symposium to be held between 5 and 6 March 2007.

**Key Issues**

3. The key findings of the 2007 Melbourne Financial Services Survey are:
  - 3.1. Melbourne's financial services sector has grown significantly since the last survey was conducted in 1999;
  - 3.2. a comprehensive financial services sector exists in Melbourne, with skills and infrastructure readily available;
  - 3.3. clusters of financial services excellence in Melbourne can be seen in research, funds management, management of global financial institutions and educational services industries;
  - 3.4. funds management is seen as having the highest level of growth potential, around A\$400 billion of funds and superannuation assets are currently managed from Melbourne;
  - 3.5. boutique fund managers, venture and private equity and property businesses have strong growth potential;
  - 3.6. survey respondents found that centres of excellence could be identified in Melbourne;
  - 3.7. cost competitiveness plays a large role in encouraging growth and development of the sector and should therefore be more actively promoted;

- 3.8. a stronger understanding of Melbourne's universities financial research is needed to foster growth;
- 3.9. Melbourne has an existing expertise in financial advisory, treasury activities and supporting financial services activities. These expertises not only have high growth potential but should be actively encouraged; and
- 3.10. emerging growth in the sustainability and governance sectors should be further nurtured.

#### **Time Frame**

4. The Survey Report will be released publicly prior to the 2007 Melbourne Financial Services Symposium to be held between 5 and 6 March 2007.

#### **Relation to Council Policy**

5. This report is related to the Strategic Direction 2.1 and Direction 2.3 of the City Plan 2010:
  - 5.1. increase Melbourne's performance and recognition as an international, entrepreneurial and competitive "knowledge city"; and
  - 5.2. promote and extend the City's role as Victoria's principal centre for business and trade.

#### **Consultation**

6. The Survey itself was circulated to senior executives in 350 organisations operating in the Melbourne financial services sector.
7. The Survey report was reviewed by an industry-based review panel and representatives of the State Government and Council.

#### **Government Relations**

8. The Victorian Government is one of the major stakeholders of the survey.

#### **Finance**

9. Council, through Business Melbourne Branch, provided cash contribution of A\$7,500 to partially fund the Survey, which was conducted by the Osborne Group.
10. Council is a sponsor of the Melbourne 2007 Financial Services Symposium with a cash contribution of A\$7,000.

#### **Legal**

11. The report is for noting only and no direct legal issues arise from the recommendation.

#### **Sustainability**

12. There are no sustainability issues associated with this report.

## Comments

13. The Survey has confirmed the contribution that the financial services sector makes to Melbourne's economy. It has identified that funds management in Melbourne will have the strongest growth potential.
14. The Survey has identified a strong desire from the industry for the public sector to participate, as a facilitator, in the growth and development of the Melbourne financial services sector.
15. The Survey report has therefore provided further directions on how Council may work with the State Government and the industry to facilitate its growth, particularly in enhancing understanding and promotion of the Melbourne's competitiveness in Asia Pacific, and encouraging strong linkages between the industry and the tertiary education sector.

## Background

16. In 1999, Council, in partnership with the Committee for Melbourne and the Osborne Group, conducted a survey to document the competitive advantages of Melbourne's financial services sector. The results of the survey were publicised to many organisations, both private and public, and became a benchmark for Melbourne's finance industry.
17. Close to a decade has past since the last survey was conducted and Melbourne's finance industry has soared to new heights, mainly due to the domination of the newly-developed funds management sector.
18. Late last year it was decided to offer major players and senior executives within Melbourne's finance industry the opportunity to complete an updated survey. The result of this survey would then allow the comparison as to how the industry has changed/grown since 1999 and document Melbourne's competitive advantages.
19. The Melbourne Financial Services Symposium, first held in 1998, is an annual event, which brings together national and international industry leaders in a forum to discuss the growth and development of the sector.
20. The 2007 Symposium will be held between 5<sup>th</sup> and 6<sup>th</sup> March at Sofitel Melbourne.
21. Major sponsors of the Symposium include:
  - 21.1. the Victorian government;
  - 21.2. the Commonwealth government;
  - 21.3. the City of Melbourne;
  - 21.4. The Age;
  - 21.5. Invesco;
  - 21.6. Franklin Templeton Institutional;
  - 21.7. National Australia Bank;
  - 21.8. Finsia (Financial Services Institute of Australasia); and
  - 21.9. the CFA institute.

22. Speakers of the symposium include:

22.1. Sir Rod Eddington, Chairman Australia and New Zealand, JP Morgan;

22.2. Mr. Victor Mallet, Asia Editor Financial Times Hong Kong;

22.3. Mr. Donald Cooper, the Donald Cooper Corporation – Toronto; and

22.4. Mr. Ben McLean, Senior Representative - Victoria and Tasmania, Reserve Bank of Australia.

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**FINANCE ATTACHMENT**

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These amounts are provided for in the 2006/07 Budget.

**Joe Groher**  
Manager Financial Services

**LEGAL ATTACHMENT**

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Section 3C(1) of the *Local Government Act 1989* (“the Act”) provides that:

*“The primary objective of a Council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions.”*

Section 3C(2) of the Act provides that in seeking to achieve its primary objective the Council must have regard to facilitating objectives including:

*“(d) to promote appropriate business and employment opportunities;”*

Section 7 of the *City of Melbourne Act 2001* provides additional objectives including:

*“(a) to ensure a proper balance within its community between economic, social, environmental and cultural considerations within the context of the City of Melbourne’s unique capital city responsibilities;”* and

*“(b) to work in conjunction with the Government of the State on projects which that Government or the Council determines are significant to Melbourne”.*

The subject-matter of the report is within the objectives of Council.

**Kim Wood**  
Manager Legal Services