

**Report to the Future Melbourne (Prosperous City) Committee**

Agenda item 6.4

**COVID-19 Recovery and Return of Workers to the City - CEO Pledge**

17 November 2020

**Presenter:** Justin Hanney, Chief Executive Officer**Purpose and background**

1. The purpose of this report is to seek endorsement to progress a program of advocacy and engagement with business and government – including delivery of the ‘CEO Pledge’ – to facilitate the return of the corporate workforce to the city.
2. The return of the workforce to offices in the City of Melbourne has been identified as critical to the economic recovery of the city and to support the sustainability of small and medium businesses including in the hospitality and retail sectors.
3. This has been identified as a priority in the *COVID-19 City Reactivation and Recovery Plan*. Work has commenced on a program of engagement and advocacy to enable the safe return of the workforce to the city.

**Key issues**

4. Prior to March 2020, the City of Melbourne’s economy was recognised as one of the world’s most competitive and resilient, with a record Gross Local Product of \$104 billion in 2019. This equated to 37 per cent of the Greater Melbourne economy, 24 per cent of the Victorian economy and 7 per cent of the Australian economy. The municipality acts as Victoria’s transport, tourism, and employment hub, connecting businesses and individuals to goods and services across the state’s regional cities.
5. The City of Melbourne was home to 497,000 jobs prior to the pandemic – including 240,000 in the CBD and 72,000 in Docklands. Since March 2020, the majority of the corporate workforce has been working from home due to COVID-19 restrictions. The number of commuters travelling into the city via Flinders Street Station has reduced by up to 90 per cent compared to last year. This reduction to daily city foot traffic has had a significant impact on direct local spend as well as broader impacts to city activity and vibrancy and business confidence.
6. Food businesses in the city have been hit hard with 7.5 per cent closed permanently and a further 8 per cent considering closing. Spending at restaurants, cafes and pubs in the CBD is down by 90 per cent from February levels.
7. Property Council data shows that office occupancy in the Melbourne CBD was at 8 per cent in October 2020. Office building occupancy also remains below normal levels in other capital city CBDs too, despite these cities having fewer restrictions compared to Melbourne. For example, Sydney CBD offices are 40 per cent occupied, Brisbane 61 per cent occupied and Perth 77 per cent occupied. Without intervention, there is a risk that office worker numbers in Melbourne will remain low for an extended period of time.
8. The city’s tertiary education sector has also been severely impacted by the COVID-19 restrictions. Students and staff make up a significant proportion of the city’s missing daily population. Restrictions on tertiary institutions are currently different to other parts of the education sector. Enabling the return of tertiary students and staff to campuses will benefit the City of Melbourne economy.
9. The Victorian Government *COVID-19 Roadmap for Reopening* currently requires that people must continue working from home if they are able to do so.
10. Research released by Roy Morgan in November shows that two-thirds of Victorians say that office workers should be able to return to work in a COVID-safe office now.
11. NAB is one of the country’s first major employers to encourage all staff (outside of Victoria) to return to their offices. NAB has noted the benefits of in-person collaboration to their business as being critical to innovation, problem solving and building a high-performance culture.
12. City of Melbourne officers facilitated a meeting of the city’s ten major employers in October to discuss the concept of a ‘CEO Pledge’ - a commitment from major city employers to facilitate the return of their workforce to the city. Each employer agreed to a targeted return of 70 per cent of their workforces once they are permitted by government to do so.

13. To support the CEO Pledge and facilitate the return of the city's workforce, it is proposed the City of Melbourne:
  - 13.1. Play a lead role in advocating to the Victorian Government to seek a review of the *COVID-19 Roadmap to Reopening* including timelines and restrictions on working in the office and seek to partner with the government to encourage the COVID-safe return of the workforce to the central city.
  - 13.2. Plan for the staged return of the City of Melbourne's own workforce with a target commitment for 50 per cent of the workforce returning by Christmas and 80 per cent by February 2020.
  - 13.3. Expand the CEO Pledge program to include other employers across the city.
  - 13.4. Explore the concept of a voucher program for Melbourne hospitality businesses to support their economic recovery when a larger density of workers return to the CBD.
  - 13.5. Undertake research to better understand the factors which may influence decisions about returning to the workplace to help inform the other strategic action the City of Melbourne can take.
14. The CEO Pledge, advocacy and associated activities are low-cost initiatives the City of Melbourne is well-placed to lead by using its established networks with businesses, the community and government.

#### **Recommendation from management**

15. That the Future Melbourne Committee:
  - 15.1. Notes the return of the corporate workforce to the central city as critical to the recovery of the Victorian economy.
  - 15.2. Endorses the continuation of the CEO Pledge initiatives, seeking commitments from major employers to plan for the COVID-safe return their workforces to their city workplaces.
  - 15.3. Endorses the City of Melbourne advocating to the Victorian Government to review the *COVID-19 Roadmap to Reopening* restrictions which relate to working from home and the tertiary education sector to seek a timely return of the workers and tertiary students to the central city.
  - 15.4. Requests management explore a voucher program to support hospitality businesses.
  - 15.5. Requests the Lord Mayor write to the Premier of Victoria in relation to this matter.

#### **Attachments:**

1. Supporting attachment (Page 3 of 3)

## Supporting Attachment

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### Legal

1. There are no legal implications.

### Finance

2. There are no finance implications.

### 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 direct or indirect interest in relation to the matter of the report.

### Health and Safety

4. In developing this proposal, OHS issues in relation to the safe return of the workforce to their workplace – including the City of Melbourne workforce – have been considered.
5. The City of Melbourne is preparing a Return to the Workplace Plan. This plan will ensure the organisation's workspaces meet COVID-safe requirements as determined by the Victorian Government and that a staged and managed return of the workforce can be accommodated.
6. All discussions with major employers have been premised on the need to follow government requirements to ensure the safety of employees as a priority.

### Stakeholder consultation

7. The City Economy Advisory Board and its seven subcommittees were established in September 2020 to support the recovery of the city. The Board is chaired by the CEO and includes representation from external stakeholders across various industries and government. Through the Board, the City of Melbourne is able to engage directly with industry and partner on key initiatives to support recovery.
8. The CEO and Deputy CEO convened a meeting with major employers in the City of Melbourne to commence discussions on a CEO Pledge. This meeting included representatives from organisations such as ANZ, Metro Trains, PwC, Telstra and NAB.
9. Research will be undertaken to better understand the factors which influence the decision of workers returning to the office. This will help the City of Melbourne better understand the steps it can take to support a return to workplaces in the city.

### Relation to Council policy

10. The CEO Pledge and associated initiatives aligns with the actions in the COVID-19 City Reactivation and Recovery Plan endorsed by Future Melbourne Committee in September 2020.

### Environmental sustainability

11. Environmental sustainability is not directly relevant to this proposal. The transportation of the corporate workforce in an efficient and sustainable way is addressed in a separate report to be considered by the Future Melbourne Committee.