

Report to the Future Melbourne Committee**Agenda item 6.6**

Melbourne City Recovery and Melbourne City Revitalisation Funds Update

15 February 2022**Presenter:** Katrina McKenzie, General Manager City Economy and Activation**Purpose and background**

1. The purpose of this report is to provide Council with an update on the delivery of the \$100 million Melbourne City Recovery Fund (Recovery Fund) and the \$200 million Melbourne City Revitalisation Fund (Revitalisation Fund).
2. The Recovery Fund was established in September 2020 and is a \$100 million joint partnership between the Victorian Government and the City of Melbourne to help businesses trade safely as restrictions eased, invest in programs and infrastructure to kick-start the economy and increase marketing, events and entertainment to attract workers and visitors back to the city.
3. Announced in May 2022, the Revitalisation Fund is a further \$200 million partnership with the Victorian Government that will build and expand on the success of the Recovery Fund. Guided by the City of Melbourne's *Economic Development Strategy: Melbourne's Thriving Economic Future*, the Revitalisation Fund is aimed at creating a platform for economic growth in the central city.
4. The City of Melbourne is an enormously significant part of the state's economy. Prior to the pandemic, the city generated around a quarter of Victoria's economic output. Many of Victoria's most important economic sectors – such as international education, financial services, professional services and biotechnology – are substantially based in the city. Victoria's future economic prosperity is therefore dependent on a strong central city recovery.

Key issues

5. Multiple tiers of government have important roles to play in central Melbourne's recovery. Collaboration and working together is critical for success. The Recovery Fund and the Revitalisation Fund are good examples of the City of Melbourne and the Victorian government jointly committing to recovery.
6. Both Funds are an extremely important part of Melbourne's economic recovery, enabling the city to deliver a number of significant initiatives. These have ranged from direct support to small businesses, through to major events and capital works revitalising the city. Attachment 2 provides an overview of allocations from both Funds, and detail on their impact.
7. The impact of the Funds have been extremely positive. An expanded Christmas Festival, combined with the Midweek Melbourne Money program, contributed to strong retail and hospitality trading at the end of 2021. Even in the absence of international tourists, substantial numbers of international students and office workers remaining at home, pedestrian traffic returned to up to 95 per cent of pre-pandemic levels in parts of the city.
8. As the pandemic has evolved, our response has also had to evolve with it. The Funds have provided the city the flexibility to adapt, with events rescheduled and new activations planned.
9. Over \$78.6 million of the Recovery Fund has been expended, with a further \$21.4 million of initiatives committed and delivery underway. An initial \$44 million tranche of the Revitalisation Fund commenced in November 2021, with \$10 million expended, \$29 million currently committed and a further \$5 million in development.
10. Despite the successes to date of the Recovery and Revitalisation Funds, there remains a lot more to do. The ongoing pandemic means the city has some big challenges ahead. However, the pandemic is also revealing a number of substantial opportunities. It will be important that all tiers of government work together to set the city up for long term success.

11. Guided by its endorsed advocacy strategy, Council is engaging with both the Federal Government and Opposition ahead of the federal election, calling on the next government to support Melbourne's economic recovery.

Recommendation from management

12. That the Future Melbourne Committee,
 - 12.1. Notes the success of the large number of Recovery Fund initiatives delivered to date and that delivery of a small number of initiatives will continue until the conclusion of the agreement in August 2022.
 - 12.2. Notes the successful delivery of the enhanced Christmas Festival and Midweek Melbourne Money that form part of Tranche 1 of the Revitalisation Fund and the continued planning and delivery of the other initiatives that are contained in Tranche 1.
 - 12.3. Requests a report on Midweek Melbourne Money be provided to the Council meeting on 22 February.
 - 12.4. Requests a further round of funding for event activations is progressed through the Revitalisation Fund.
 - 12.5. Requests management provide another update on the Recovery Fund and Revitalisation Fund in August 2022.

Attachments:

1. Supporting Attachment (Page 3 of 5)
2. Melbourne City Recovery Fund (Page 4 of 5)

Supporting Attachment

Legal

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

Finance

2. The Recovery Fund and the Revitalisation Fund is being delivered in partnership with the Victorian Government.
3. There are no other direct financial implications resulting from this report.

Conflict of interest

4. 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

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

Stakeholder consultation

6. The Recovery Fund and Revitalisation Fund have been guided by the city's Economic Development Strategy. Extensive stakeholder consultation for the Economic Development Strategy 2031 – *Melbourne's Thriving Economic Future*, was undertaken including state and federal governments, the City Economy Advisory Board, industry, precincts and businesses, residents groups and traditional owner groups. As the pandemic has continued to evolve consultation has continued to ensure the Recovery and Revitalisation Fund support remains focused on what is most important to support recovery and create a platform for economic growth.

Relation to Council policy

7. Recommendations are consistent with Council Plan 2021-25 and the Economic Development Strategy 2031.

Environmental sustainability

8. In development and delivery of the Recovery Fund and Revitalisation Fund, all efforts are being made to consider, address or otherwise realise environmental sustainability issues and opportunities.

Melbourne City Recovery Fund

Initiatives have been delivered under three Streams, including highlighted initiatives identified below;

Stream one - COVID New Normal Business Adaption Stream - \$24.2 million expended, \$5.8 million committed.

- A number of place-based programs are being delivered to support the most impacted precincts in the municipality, driving visitation to stimulate business activity. A City Activation Grants program is delivering publicly accessible activations in precincts from January until June. This builds on the funding support provided to our Precinct Associations to deliver activations, events and strategic planning, as well as the opportunities provided to creative industry, social enterprises and independent makers and retailers to operate in the city.
- Direct funding support worth over \$16.75 million has been provided to 1,379 businesses, to assist in reducing the financial burden throughout the pandemic.
- Businesses have been provided with ongoing information, support and advice by an enhanced Business Concierge service, to ensure existing businesses have the greatest opportunity to survive the pandemic and new businesses are supported to begin operation in the city with a minimum of bureaucracy.
- Examples of initiatives delivered include: business grants, precinct support, fee waivers, creative shop front activation, business concierge and the city activation grants.

Stream two - COVIDSafe Events Stream - \$29.9 million expended, \$2.5 million committed.

- The Recovery Fund has dedicated over \$18.5 million to expand and enhance some of Melbourne's highest profile events. This includes New Year's Eve celebrations in 2020 and 2021, Melbourne Fashion Week and Moomba 2021. Pedestrian data shows that events delivered as part of both the Recovery Fund and the Revitalisation Fund leads to significant increases in visitation throughout the city.
- There was significant attendance at the Docklands Drone Show in January, with night-time pedestrian activity at New Quay highest on Saturday, 22 January, up 242.8 per cent compared to the 2020 benchmark and 22.2 per cent higher compared to the same day of the previous week. Over the past 12 months, this contributed to the highest night-time activity for the year.
- Examples of initiatives delivered include: destination marketing campaigns, Docklands summer activation, music in the city, urban blooms, FOMO Freebies and Live Melbourne campaign.

Stream three - City Public Realm Improvements Stream - \$24.5 million expended, \$13.1 million committed.

- Improvements to city infrastructure is supporting the return of people to the central city through making the city more safe, accessible and sustainable. This has included support for outdoor dining and trading through the Inside Out program, streetscape improvements, and a new Market Square pop-up.
- Examples of initiatives delivered include: extended outdoor dining parklets and laneways, outdoor activations, Lonsdale Street outdoor dining infrastructure, Market Square pop up and improve pedestrian priority in Little Streets.

A number of initiatives will continue to be delivered in the next few months, including the Vacant Shopfront program, the Live Melbourne marketing campaign to draw in new residents and visitors, outdoor dining enhancements for Lonsdale Street, improvement works to Southbank Promenade, an upgrade to the Princess Theatre forecourt, and ongoing support for outdoor dining through the provision of parklet infrastructure to businesses.

Melbourne City Revitalisation Fund

- An initial \$44 million tranche of the \$200 million Revitalisation Fund commenced in November 2021 and is currently being delivered by City of Melbourne. Initiatives include:
- An enhanced Christmas Festival saw visitation return to pre-pandemic levels, with almost 1.6 million people visiting the Christmas Festival hub in Federation Square across the six week program, compared to 1.2 million for the four week program in 2019.
- Midweek Melbourne Money commenced on 15 November 2021 and closed a little over two weeks later, providing \$6.4 million in claims back to consumers and generating \$22.4 million in economic stimulus to the city.
- Further initiatives are set to be announced shortly.