

Mr Andrew Wear | Director of Economic Development
City of Melbourne

9 June 2021

Dear Mr Wear,

REF: Draft Economic Development Strategy 2031

Thank you for the opportunity to provide feedback to *Melbourne's thriving economic future*, City of Melbourne's Draft Economic Development Strategy 2031 (draft strategy).

Committee for Melbourne (the Committee) welcomes the draft strategy's key priorities and supports the 'actions' identified to assist Melbourne's economic growth.

The Committee's key recommendations relating to the draft strategy are summarised below:

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| A business-friendly city | - Leverage existing government investment initiatives through partnerships. |
| A creative resurgence | - Support the creation of a Visitor Economy Destination Masterplan.
- Support the re-establishment of a Melbourne Visitor Centre at Fed. Square.
- Support greater Yarra River activation.
- Support the extension of museum opening hours beyond 5pm. |
| Post-COVID 3000 | - Support sound data collection and sharing for social and affordable housing.
- Consider advocating for changes to the new property and land taxes. |
| Beyond the office | - Regularly review the data and assumptions on working patterns.
- Advocate strongly for public transport investment to Fishermans Bend.
- Reconsider the need for a Health and Biotech Innovation Hub. |
| Unlock climate capital | - Consider advocating for a Renewable Energy Industrial Precinct.
- Consider <i>stepping up</i> advocacy for an Australian emissions reduction target. |
| Diverse city | - Continue strong advocacy for the international student sector. |
| Digitally connected city | - Consider supporting the creation of an Artificial Intelligence Hub. |
| A joint effort | - Consider the metropolitan region when advocating for a governance mechanism to coordinate economic development. |
| Additional opportunities | - Consider adding Transport as a key priority.
- Further develop <i>green</i> spaces within the CBD. |

Attached is a copy of the Committee's submission, which addresses in detail each of the recommendations offered, along with links to the relevant supporting documents highlighted throughout.

We wish you well as you finalise the Economic Development Strategy and look forward to its release.

Yours sincerely,



Martine Letts
CEO

Attachment: Submission – City of Melbourne Draft Economic Development Strategy 2031

Thank you for the opportunity to provide feedback to *Melbourne's thriving economic future*, City of Melbourne's Draft Economic Development Strategy 2031 (draft strategy).

The release of the draft strategy is timely. Disruption to our working and commuting behaviour induced by the response to COVID-19 has disproportionately affected Melbourne's CBD.

Committee for Melbourne (the Committee) welcomes City of Melbourne's (the City's) role in helping shape the city's economic growth and development through the functions and services you deliver.

The Committee is an apolitical, not-for-profit, member-based organisation that brings together over 140 organisations from Greater Melbourne's business, academic and civic sectors whose common purpose is to shape a better future for Melbourne.

As an independent organisation, the Committee represents no single interest group or political position but seeks to challenge conventional thinking and develop innovative ideas to enhance Melbourne's position as an economically prosperous and highly liveable global city.

The Committee welcomes the draft strategy's key priorities and supports the 'actions' identified to assist Melbourne's economic growth. The blend of actions will help support the immediate response to the pandemic, as well as city's medium to long-term prosperity.

There are strong synergies between the draft strategy and the Committee's policy agenda. This submission draws on existing Committee policy, which relates to the key priorities identified in the draft strategy.

A business-friendly city

The Committee supports the City as it seeks to further develop a business-friendly environment. Streamlining processes, supporting start-ups and the impact investment market are particularly welcome.

The City has articulated a desire to establish *Invest Melbourne* (Action 2) - a promising initiative. However, this proposed body would likely include functions that overlap with *Invest Victoria* and *Austrade*; Victorian and Federal Government agencies. The City would need to consider what value it can add to attract more investment to Melbourne which does not duplicate resources and/or potentially confuse prospective investors. Coordination with the relevant state and federal authorities, including leveraging, or amplifying their programs and work might yield the biggest returns.

The City may therefore consider articulating whom it will partner with and how it will deliver upon Actions 5 and 6. Existing government departments and bodies, including *LaunchVic*, the Federal Government's Department of Industry, Science, Energy and Resources, and the Breakthrough Victoria Fund, help entrepreneurs be more competitive, attract investors, commercialise their products and collaborate with partners. The City could define how it will add value in this area.

A creative resurgence

The economic and societal changes ushered in by the pandemic-induced restrictions will have important implications for Melbourne. A purposeful response will involve the re-establishment of Melbourne as a premier destination for entertainment, arts and cultural activities.

The Committee welcomes the City's various actions that will support creative industries through the adaptive reuse of premises, precinct activation, as well as support for the night-time economy and Melbourne's globally recognised music scene.

The City's proposal to establish a new tourism entity – *Visit Melbourne* - is worth closer consideration (Action 9). *Visit Victoria* has extensive [coverage](#) of Melbourne's tourism offerings, but it should be possible for the City to identify and attractively package its value proposition. To achieve this, it may be worth establishing a dedicated *Visit Melbourne* body. In that context, we also recommend the idea of partnering with visitor economy organisations throughout Greater Melbourne for greater leverage and coverage which could more effectively fill the void left by the disbanded *Destination Melbourne*.

The Committee established a Visitor Economy Reference Group to detail some [recommendations](#) for an effective visitor economy. One key recommendation is for the establishment of an **industry stakeholder group**, which reports directly to the Victorian Treasurer. Its mandate would be to develop a **Visitor Economy Destination Masterplan** and advise on an effective engagement model.

There are some additional relatively modest initiatives which, if undertaken, would provide positive impact. First among these is the reestablishment of a physical **Melbourne Visitor Centre** at Federation Square. No matter how efficient digital platforms have become, the Visitor Centre provided an excellent facility to stimulate visitors to increase the pool of activities they would undertake while in Melbourne. While the inclusion of Federation Square into the ambit of the Arts Centre development is helpful, the return of the Visitor Centre and improved access to the Yarra could help reactivate the site which was already flailing pre-COVID-19.

Closely tied to this initiative is the need for better **activation of the Yarra River**. Recent positive developments, including improvements to infrastructure, floating bars, eateries, and picnic boats, have been welcome. However, more could be achieved, including the transportation of workers and visitors between major precincts. Collaboration between the City, state government departments and traditional owners would be required. The City could take the lead in making this happen and convince the Victorian government to provide the funding for an initiative which could be a *game-changer* for Melbourne and its brand.

Extending **museum opening hours** beyond 5pm is another small but significant initiative which could make a real difference to Melbourne's visitor economy. It would expand the opportunity for individuals and families to visit these institutions after work and school; boosting the night-time economy in the process.

Post-COVID 3000

Affordable housing is more than a social need; it underpins the economic health of a community. When business owners and investors evaluate a prospective city, one of the factors they consider is whether adequate workforce housing is available.

The Committee commends the City for prioritising a healthy stock of **social and affordable housing** to ensure Melbourne remains inclusive, diverse and prosperous. There is an imperative to increase affordable housing across the spectrum of need and increase the supply of rental housing stock through 'build to rent' mechanisms.

The Committee would welcome sound **data collection and sharing**, social and affordable housing targets, and policies to ensure housing supply across a spectrum of needs is fulfilled. This is important for mapping the requirements for essential workers in given areas, including police, teachers and nurses.

For more information on the Committee's recommendations, view our [submission](#) to the Victorian Government's *Ten-Year Social and Affordable Housing Strategy* and our [submission](#) to the City's *Draft Affordable Housing Strategy 2030*.

The Victorian Government has recently announced **new land and property taxes**, including a stamp duty increase and land taxes on properties worth more than \$2 million and \$1.8 million respectively. A "windfall gains" tax will be applied to rezoning decisions, while businesses that pay more than \$10 billion in wages nationally will be required to pay a Mental Health and Wellbeing Levy.

The new taxes could reduce Melbourne's attractiveness as an investment destination. The increased holding and purchasing costs will see home ownership become more expensive, while business owners may now consider investing in other Australian cities. The City could consider its position on this matter and advocate for changes to these taxes.

Beyond the office

Given its strategic location, with its abundance of transport, building, social and entertainment infrastructure, Melbourne's CBD should remain a vibrant place for people to live, work and play. However, adaptation is needed to ensure it can continue to thrive in the post-pandemic period.

It would be prudent for the City to regularly review the data and assumptions on **working patterns**, specifically the balance between working from home and the office. The long-term changes may not be as large as anticipated with enhanced safety (vaccination rollout), promotion opportunities and the desire for face-to-face meetings, potentially drawing more people back to the office environment.

The Committee strongly supports Action 26. There is significant potential to transform **Fishermans Bend** into a dynamic, mixed-use innovation precinct, which attracts organisations at the forefront of global innovation in advanced manufacturing, engineering and design. Revolutionising Fishermans Bend requires a transparent plan backed with major public transport investment. A greater sense of urgency from the Victorian Government would be welcome. The Committee is keen to partner with key stakeholders like the City and major investors, including the University of Melbourne, in advocating for effective transport investment to fulfil a key criterion for Fishermans Bend success.

The Committee is more cautious about the proposal to develop a **health and biotech innovation hub** (Action 27). The Victorian Government has committed to creating the Australian Institute of Infectious Disease at Parkville, with \$245 million allocated in the recent budget, on top of the \$155 million spent in last year's budget. The Committee welcomes the development of this facility and the commitment to research demonstrated by this investment. Clarity of purpose and value around the creation of an additional hub would be necessary.

Unlock climate capital

The commercial potential for organisations that develop and scale-up products and services that address the climate change challenge is profound. Advocacy and initiatives that help facilitate clean manufacturing and a renewable energy export industry in Melbourne is essential.

The City could consider broadening its advocacy agenda in the area of climate change. While the Victorian Government's intent is for Melbourne to be a leading destination in advanced manufacturing, (which could include manufacturing renewable energy products), there is little urgency in fast-tracking precinct development to enable such growth. The development of a **Renewable Energy Industrial Precinct**, backed with significant resources, could be considered.

The Committee notes the City's advocacy in asking the Federal Government to declare a climate and biodiversity emergency, and to commit to a 1.5° Celsius target, with corresponding actions. Despite your efforts and those of other organisations with similar concerns, the government is yet to commit to an adequate **emissions reduction target**, with Australia [on track](#) to possess the most carbon-intensive economy of any major developed country by 2030. The City may consider *stepping up* its advocacy by forming a broad coalition of Australian councils (metropolitan and regional), businesses and not-for-profit organisations, as well as leverage its C40 membership, to convey to the Federal Government in the strongest terms that Australia must have an ambitious target with equally ambitious actions. The absence of a clearly defined target means there is no clear mechanism to encourage investment in large-scale, low-emissions projects. This reduces the incentive for national and foreign businesses to invest in projects that grow the supply chain and improve scalability.

Diverse city

Melbourne's cultural diversity is a vital asset. It makes our city a more interesting place and helps develop peoples' awareness, understanding and tolerance of others. It is also an asset which should be utilised for economic advantage.

Melbourne's cultural diversity is enhanced by the city's **international education sector**, which is currently reeling from the loss of international students. The international student cohort conduct essential research, provide key social, community and hospitality services, bring a vibrancy to Melbourne and support various economic sectors. The Committee strongly supports Action 32 and encourages continual advocacy in this area.

The Committee has called for Australia's governments to prioritise the development of a robust, dedicated quarantine system for all international travellers, including students. There is a lack of urgency on this matter.

Educating the community on the importance of Australia's international education sector should also be prioritised. This education program could highlight the contribution international students make to the community, the need to encourage inclusion and to provide a safe and welcoming environment when Australia's international border re-opens.

Furthermore, Australian governments, including the City, need to work with the education sector, industry and relevant stakeholders, to provide international students with an experience which is better than that experienced by students before the pandemic. Policies and initiatives that help reduce living costs or incentivise greater participation in social activities, could be considered. Lending our voice to encourage the opening up of professional employment pathways with employers in the private and education sectors is an important incentive to attracting the best students who will amplify the city's reputation and prosperity.

For more information regarding the Committee's advocacy on this matter, view our [submission](#) made to the Federal Government's draft *Australian Strategy for International Education 2021-2030*.

Digitally connected city

The Committee concurs with the City on the need for greater uptake and adoption of digital technologies to ensure Melbourne and Melbourne-based businesses remain globally competitive.

The impacts of the Fourth Industrial Revolution formed the basis of the Committee's [Melbourne 4.0](#) agenda, which involved a detailed scenario planning exercise on Melbourne's future. Three of the nine strategic needs that emerged from the process included *Digital capability*, *Competitive internet* and *Future skills*; all relevant to this key priority.

The Committee notes the City's call for the establishment of a *City Intelligence Hub* (Action 38). This proposal is similar to the Committee's proposal for an **Artificial Intelligence Hub** (AI Hub). Melbourne's economic prosperity hinges on the success of key sectors including healthcare, advanced manufacturing, education and creative industries – all to be underpinned by AI. The establishment of an AI hub would enable greater networks and collaboration across Greater Melbourne and potentially facilitate pilot programs to test and implement AI-backed initiatives.

The City and Committee could consider ways of collaborating on this most important of issues. For more information regarding the Committee's position on this matter, view our AI [report](#), *The future of Artificial Intelligence in Australia*.

A joint effort

Melbourne's sustainable recovery depends on two things: good governance and collaboration. Often extolled but not always observed, they are necessary to restore business and community confidence.

The Committee notes the City's call for a "formal **governance mechanism** or entity" to coordinate economic development in Melbourne's CBD (Action 41). Collaborative metropolitan governance is required to enhance economic prosperity. The Committee would welcome debate on such a mechanism to cover all 32 Local Government Areas (LGAs). With approximately 10 million people to call Greater Melbourne home by 2050, a whole-of-city governance structure could offer greater resilience to climatic, economic and social shocks, and enable the city to operate more efficiently to remain globally competitive.

There are various governance models that could be considered. For example, the Greater Sydney Commission's membership includes economic, social and environment commissioners, plus six district commissioners reflecting the interests of the 41 LGAs. Similar to the City of London, Brisbane City Council has more extensive responsibilities than many Australian councils, including building and managing key transport, water and sewerage infrastructure.

The Committee has not endorsed a particular model but encourages the City to consider the wider metropolitan region when advocating for a governance mechanism to coordinate economic development.

Additional opportunities

The City could consider adding **Transport as a 'key priority'**. The economic growth of Melbourne's CBD hinges on its connectivity with Melbourne and Avalon Airports, the city's Metropolitan Activity Centres, as well as regional centres. Efficient movement of people and freight depends on such connectivity. The CBD must act as an efficient gateway between these areas.

In [Transporting Melbourne](#), the Committee called on the Victorian Government to design and publish an **integrated transport plan**, which considers land use and economic development. With a noticeable gap between infrastructure planning and strategic planning, developing, publishing and implementing an integrated transport plan would unlock many benefits for Melbourne. The City could consider supporting this initiative by advocating to the Victorian Government on this matter.

While welcoming the City's tree-planting initiatives to help reduce emissions, as well as restore and conserve biodiversity, there is an opportunity to further develop **green spaces** within Melbourne's CBD and other high-density precincts to help drive economic development. By seeking collaborations with private building owners, a Committee for Melbourne Future Focus Group project team produced the *Grey to Green Project Survey Report* (attached), which sought to understand ways to increase the amount of publicly accessible green space and amenity.

Investing in green spaces could make Melbourne a more attractive city for Foreign Direct Investment (FDI) inflows. Singapore has prioritised *greening* the city for decades and has been a magnet for FDI. Furthermore, researchers [analysed](#) 85 Chinese cities over a seven-year period, exploring the correlation between the reduction of air and water pollution and FDI inflows. The results were telling: a city like Shanghai could attract an additional \$1 billion in FDI annually by improving its air quality. Traditionally important factors encouraging FDI will remain, including a skilful workforce, an attractive tax regime and connectivity. As the impacts of climate change become more acute, pressure on firms to invest in green, sustainable cities will likely increase.