

Management report to Council**Agenda item 6.2****Melbourne City Recovery Fund****Council****Presenter:** Andrew Wear, Director, Economic Development and International

23 February 2021

Purpose and background

1. The purpose of this report is to provide Council with an update on the \$100 million Melbourne City Recovery Fund (MCRF).
2. Analysis by PwC on behalf of the City of Melbourne and the state government in July 2020 indicates that the economic impacts of the COVID-19 pandemic will be felt most acutely in the central city. PwC's report, *Economic Impacts of COVID-19 on the City of Melbourne*, estimates that Gross Local Product in the City of Melbourne over the next five years is estimated to be up to \$110 billion lower than pre-COVID 19 projections and will represent 54 per cent of Victoria's total Gross State Product loss.
3. The MCRF is a partnership program between the City of Melbourne and the Victorian Government, established to support reactivation of the City. The MCRF was announced on Monday 14th September 2020 and comprises a \$50 million contribution from each entity.
4. The MCRF aims to drive visitation to the City of Melbourne during and following Victoria's transition to a COVID-normal environment. Two broad activities underpin the activities supported by the MCRF:
 - 4.1. Providing people with the confidence to visit CoM as a COVID-safe destination; and
 - 4.2. Providing people with the purpose to visit CoM, through activations, events, on-street dining and enhanced physical infrastructure.
5. The MCRF fund aims to address the following challenges:
 - 5.1. The City of Melbourne's economy accounts for around 25% of Victoria's economy. The economic recovery of the City is therefore critical for Victoria's economic recovery.
 - 5.2. The COVID-19 pandemic and the subsequent required public health response has had a disproportionate impact on the City, causing its economy to suffer and resulting in significant economic impacts and job losses.
 - 5.3. The City of Melbourne is the most significant economic, sporting, social and cultural hub in Victoria and its recovery and future prosperity is reliant on a rapid recovery in business activity and visitation.

Key issues

6. The MCRF is being delivered via 3 separate Streams focusing on COVID new normal business adaptation, events and marketing and improvements to the City's public realm. A detailed breakdown of initiatives under each Stream is included in Attachment 2.
7. The MCRF has enabled significant reactivation efforts to be undertaken by the City of Melbourne. MCRF funding has supported 1379 small business with grant funding and businesses have been supported with 20,000 contacts through the business concierge service. Events and activations such as Urban Blooms and Music in the City have sent a clear signal that Melbourne has been active and open for business. Outdoor dining, including through nearly 200 'parklets,' has transformed the city. Further activity is underway and planned.
8. The City Economy Advisory Board (CEAB) and the seven sub-committees established in August 2020 have played a crucial role in identifying sector specific actions to help shape this fund. Feedback from the sub-committees and other stakeholder engagement indicates that ongoing support to business is required to mitigate the negative economic impact the pandemic has caused as well as the continued disruption and uncertainty it brings.

9. While there had been some signs of economic recovery prior to the most recent period of restrictions, there are significant challenges ahead for the central city economy, including:
 - 9.1. The latest restrictions have resulted in significant additional financial losses for businesses, set back the return of office workers and visitors to the city and have undermined business confidence.
 - 9.2. The end of JobKeeper on 31 March will cause many businesses to lay off staff and many may be forced to close.
 - 9.3. The end of the Commercial Tenancy Relief Scheme on 28 March will place further pressure on businesses, leading many to close.
10. These factors mean that reactivation of the central city will require ongoing effort over an extended period. Additional financial support for reactivation is likely to be required to build on the momentum of business reactivation that has been achieved to date.

Recommendation from management

11. That Council:
 - 11.1. notes the programs and activities underway through the Melbourne City Recovery Fund
 - 11.2. requests the Lord Mayor meet the Victorian Treasurer, providing an update on the activities being progressed with the Victorian Government through the Fund as well as the ongoing economic challenges facing the city.

Attachments:

1. Supporting attachment (page 3 of 5)
2. Melbourne City Recovery Fund Streams (page 4 of 5)

Supporting Attachment

Legal

1. There are no specific legal implications from this report.

Finance

2. The MCRF is administered by City of Melbourne, but jointly governed by City of Melbourne, the Department of Jobs, Precincts and Regions and the Department of Premier and Cabinet. The agreement runs until August 2022.
3. Contributions to the Fund include: \$50 million from CoM (from existing, budgeted funds) and \$50 million grant from the Victorian Government to the Council.

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. Consultation on the MCRF has occurred with the City Economy Advisory Board and its sub-committees.

Relation to Council policy

7. State which Council policies the recommendation is consistent with.

Environmental sustainability

8. No direct environmental sustainability issues or opportunities have been identified in the development of this report.

MELBOURNE CITY RECOVERY FUND STREAMS

COVID new normal business adaptation:

1. Business Concierge services that provide information, advice and support to businesses. **11,097** outbound calls and **8672** inbound calls, including **3474** contacts related to extended outdoor dining.
2. **1379** businesses supported with grant funding to the value of **\$9,988,179**, with the top three sectors represented being hospitality (76%), retail trade (10%) and accommodation and food services (4%).
3. Support for business to offset compliance costs for COVID-safe outdoor activity through the provision of waivers of fee requirements to a value of **\$1.22 million** under the following categories:
 - Outdoor cafes (**749** businesses)
 - Extended Outdoor Dining permits (**857** businesses)
 - Street trading (food trucks, kiosks etc. – **26** businesses)
4. **\$3 million** in cleaning activities, including cleaning of outdoor dining parklets and sanitisation to restore public confidence and small business activation.
5. Rent relief aimed at small to medium sized businesses and individuals currently occupying a City of Melbourne owned or managed property that provide retail, hospitality, tourism or arts services to the City of Melbourne community and are experiencing financial hardship as a direct result of COVID-19. Rent relief has been extended to **125** tenants, with a total value of **\$1.743 million**.
6. Provision of support to the iconic Queen Victoria Market and **420** of its traders to cover rent-relief (for traders) and to support the sustainability of traders and the markets ongoing operation to the value of **\$3.438 million**.
7. Support for business through encouraging visitation to the city during December 2020 by providing visitors with **\$876,000** worth of free-parking vouchers.
8. A place-based program to be delivered in 2021 and 2022 to stimulate activity that drives patronage incorporating:
 - Short-term vacancy activation. Static window displays to enhance the attractiveness of precincts to customers and prospective tenants
 - Precinct Shopping Strip Activation. Funding for precinct associations to increase activity, value of membership, inspire customer confidence and to support strategic planning,
 - Shop vacancy activation. Funding to transform vacant shopfronts into opportunities to stimulate businesses to attract customers and visitors,

Events and marketing:

1. The Music in the City program commenced on 23 October 2020 as way to engage with musicians to bring life and music back into our streets and laneways.
2. New Year's Eve celebrations were reimagined as New Year Street Feasts that supported our local culinary scene with a two-day dining experience from 31 December to Friday 1

January. **11** New Year Street Feasts precincts were set-up and over **50** venues participated. More than **6,300** diners attended, with more than **30** venues sold out.

3. In December, the social media campaign for the Christmas Festival reached over **563,000** people. A key deliverable of this campaign was promotion of the Gift Finder, a feature that actively drives traffic to businesses. Santa's Spectacles (AR Activation) had **14,500** unique engagements. The projections at Melbourne Town Hall and State Library were well attended both throughout the Christmas Festival and the extended dates with consistent crowds each night.
4. Melbourne Fashion Week recorded over **200,000** views of online activities with all runways sold out and a further **240** bookings across **8** restaurants for the Meyers Place runway.
5. City Reactivation Event Grants of up to \$100,000 were available to help deliver COVID-safe events in 2021. Round 1 comprised **25** applications supported to a total of **\$443,000**.
6. The Always On campaign delivered in excess of **96,000** visitors to the What's On site throughout the month of December. What's On recorded the highest number of new followers for 2020. In December, @whatsonmelb grew by **9,400** new followers (compared to **6,000** in November 2020, the next highest month). Tones and I pop up busking post was the most liked What's On Instagram post of all time achieving a **500%** higher than average post view rate.
7. Melbourne Music Week Extended is currently underway and will run until 28 February. **49,000** unique website users have been recorded to date and the social media reach of Melbourne Music Week Extended is estimated at over **2 million**. The 3 month program comprises over **200** events.

City public realm:

8. The City of Melbourne is fast-tracking the delivery of **40km** of protected bike lanes and pedestrian improvements. **9km** has been completed, (including installations on Swanston Street and William Street). From surveys in December 2020 and January 2021, bike volumes increased by **22%** overall on new and upgraded protected routes approaching the Central City and on weekday mornings (7-10am), bike volumes increased by **56%** from December to January as restrictions on office work were eased.
9. Delivery of the Extended Outdoor Dining program which includes **198** parklets to extend trading into City of Melbourne car parking/loading spaces (totalling **400** spaces), and the intermittent closure of **23** laneways to extend footpath dining into the street to support **68** businesses. Outdoor Dining in many laneways in the CBD have been given a new lease on life with extended outdoor dining creating a vibrant atmosphere.
10. Establishing Little Streets Shared Zones including planters, line marking, graphics, 20 km/h speeds and Indigenous artist led colours and graphics. Priority Little Streets commenced: Flinders Lane, Little Collins Street and Lt Lonsdale Street.
11. Delivery of streetscapes works and pop-up experiences: Spencer Street footpath widening in progress and **100** trees in planters installed to date.