

**Management report to Council**

Agenda item 6.5

**Melbourne city voucher program**

Council

**Presenter:** Katrina McKenzie, General Manager City Economy and Activation**15 December 2020****Purpose and background**

1. The purpose of this report is to advise Councillors of considerations relevant to the establishment of a voucher program in the City of Melbourne.
2. At the 17 November 2020 meeting of the Future Melbourne Committee, Council requested that management explore a voucher program to support the economic recovery of the city.
3. ABS data indicates the City of Melbourne remains the local government area most impacted by COVID-19. As at 31 October, there were 13.2% fewer jobs in the city than in March 2020 and as at 9 December 28% of shops in the City of Melbourne are currently vacant or closed due to COVID.
4. Voucher programs involve the provision of financial support to consumers in the form of a paper or digital token that can be redeemed for a specific purpose. They serve to ensure an efficient and targeted application of economic stimulus.

**Key issues**

5. While COVID-19 restrictions have substantially lifted, trading conditions remain extremely difficult. City of Melbourne pedestrian sensors indicate that the number of weekday pedestrians remains down by 61-68% compared to the benchmark for this time last year. With international borders remaining closed and restrictions on office occupancy remaining in place, conditions are likely to remain challenging for some time.
6. At this point in the recovery cycle, it is appropriate to support businesses by stimulating consumer demand. The provision of a voucher scheme will incentivise consumers to visit the city, providing essential support to City of Melbourne businesses. Early results from Roy Morgan research indicates one-third of office workers would be encouraged to return to their CBD workplace through food, coffee or drinks vouchers to use in the CBD, while one-quarter would be encouraged to return through shopping vouchers to spend at CBD businesses.
7. Economic modelling conducted by PWC shows that compared to pre-COVID19 forecasts, the City of Melbourne economy will be up to \$23.5 billion – or 22 per cent - smaller in 2020. In this context, there are two alternative approaches to a voucher program in the City of Melbourne:
  - 7.1. To materially respond to the enormous drop in demand facing the city, a sizeable voucher program would be required. Examples of similar voucher programs from around the world include the UK's 'Eat Out to Help Out' program (£849 million) and the NSW Government 'Out and About Program' (\$500 million).
  - 7.2. If funds are more limited, a small, boutique program, aimed at generating consumer excitement through unique city experiences could be pursued. This could complement existing plans for city marketing. An example of this type of program is the South Australian government's \$4 million accommodation voucher scheme, for use at CBD hotels.
8. The Victorian budget provides \$28 million for a voucher program to attract visitors to regional Victoria. It does not currently have a voucher program applicable to Melbourne.
9. Sectors that have been very significantly impacted in the city include accommodation, hospitality; theatre, the arts and retail. These sectors also align closely with our existing efforts to attract visitors.
10. A number of providers have innovative technological solutions to deliver voucher programs. Should the Council decide to proceed with a voucher scheme, management will seek to procure an appropriate implementation solution.
11. Management is currently in discussions with the Victorian government about options for funding a potential voucher scheme in the city.

**Recommendation from management**

12. That Council:
  - 12.1. Notes the provision of vouchers can play an important role in stimulating consumer demand.
  - 12.2. Supports management in continuing to work with the Victorian Government to explore the options for funding a voucher program.
  - 12.3. Endorses the implementation of a voucher program focusing on sectors that are very significantly impacted by COVID-19 and align with attracting people into the city.

**Attachment;**

1. Supporting Attachment (Page 3 of 3)

## Supporting Attachment

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### Legal

1. Legal advice will be provided on the implementation of the recommended option.

### Finance

2. Further advice will be provided on the financial implications of the implementation of the recommended option.

### 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 general or material conflict of interest in relation to the matter of the report.

### Health and Safety

4. The program will consider COVID-safe requirements in addition to occupational health and safety requirements.

### Stakeholder consultation

5. Consultation has occurred with the City Economy Advisory Board members and further consultation will occur prior to the implementation of the recommended option.

### Relation to Council policy

6. Recommendations are consistent with the Council Plan 2017-21 Prosperous City goal, and the COVID-19 Reactivation and Recovery Plan, which highlights immediate actions required to support Melbourne's economic recovery.

### Environmental sustainability

7. The voucher program will address sustainability and environmental considerations.