

**IMAP Implementation Committee**  
**Briefing Paper**  
**Urban Manufacturing research**

---

**BACKGROUND**

1. At the IMAP Implementation Committee meeting of 30 May 2014, Dr Marcus Spiller from SGS Economics & Planning gave a presentation on “The Rise of Urban Manufacturing.....and the future of Inner Melbourne’s industrial land”
2. He outlined potential problems if appropriate policies are not developed to assist the Urban Manufacturing sector and proposed a research project to:
  - understand how industrial zoned land in inner Melbourne is being used and businesses in these areas interact
  - test the hypothesis that a revival in manufacturing is latent or underway
  - extract the implications for planning controls in inner city industrial zones
3. To address the above Mr Spiller proposed the formation of a joint venture research project between IMAP, the University of Melbourne and State government to apply for matched funding via the University’s Carlton Connect research initiative.
4. The Committee resolved to:
  - establish a working group to explore Mr Spiller’s proposal
  - scope the project to ensure it is relevant to IMAP; and
  - report back to the next meeting of the IMAP Implementation Committee
5. The attached project scope was developed following discussions with Dr Spiller, Professor Brendan Gleeson and information sought from each IMAP council.
6. The project scope was subsequently considered by a wider group with representation from across the IMAP Councils and relevant State Government agencies. This would form an appropriate steering group for the project comprising:
  - Tracey Slatter, CEO, City of Port Phillip, Project Manager,
  - Katrina Terjung, Coordinator Strategic Planning, City of Port Phillip,
  - Liz Mackevicius, Research and Policy Coordinator, City of Yarra,
  - Nigel Higgins, Acting CEO and General Manager Sustainable Development, Maribyrnong City Council,
  - Karen Watson, General Manager Sustainable Futures, City of Stonnington,
  - Austin Ley, Manager City Research, City of Melbourne
  - Elissa McElroy, IMAP Executive Officer,
  - Jane Monk, Director Inner City, MPA,
  - Elise Coughlin, Senior Business Development Manager, DSDBI,
  - Dean Yates, Secretary DTPLI

**ISSUES**

7. The project scope has been designed to address the following key issues considered priorities for the IMAP region with respect to the future of the Urban Manufacturing sector:
  - a) Clearly define the Urban Manufacturing sector – its nature and scale
  - b) Understand its relationship with the knowledge sector and the drivers of its success
  - c) Determine its potential “value add” to the IMAP, Melbourne and State regions
  - d) Identify appropriate policies and actions, including land being set aside if required, that might be taken at the local or state level, to address impediments or capitalise on opportunities to enable the sector to achieve this potential
  - e) Develop an evidence base for any policies and actions to measure their success and refine or improve them.
8. The project cost would be in the order of \$300,000 to be funded by up to \$60,000 from State Government, up to \$90,000 from the IMAP Councils and matching funds of \$150,000 from Carlton Connect.
9. Subject to the IMAP Implementation Committee agreeing in principle to proceeding with the project, the next step would be for the working group to use an investment logic map process to finalise the project scope and to determine the timing of key stages, reports back to the Committee and deliverables.

**RECOMMENDATION**

10. That the IMAP Implementation Committee resolves to delegate to the project steering group:
  - a) approval of the final project scope, aligned to the preliminary scope attached to this report, identifying key stages
  - b) approval of the final funding arrangements comprising up to \$150,000, with a contribution of up to \$60,000 from State Government agencies and \$18,000 from each IMAP member Council, and
  - c) approval to seek a partnership and matching funds from the University of Melbourne’s Carlton Connect initiative.

## **PROJECT SCOPE - URBAN MANUFACTURING IN INNER MELBOURNE - RESEARCH PROJECT**

### **Project Need**

Whilst economic data indicates a broad decline in the number of manufacturing establishments, employment and investment in the central region, a more specific and in-depth analysis of smaller scale 'urban manufacturing' in the region is warranted - to define its nature, scale and economic opportunity.

This recognises that:

- Empirical data and the understanding of small-scale manufacturing is limited.
- Firms undertaking 'urban manufacturing' may not be formally classified as manufacturing in economic data sets – resulting in a failure to appreciate their existence and potential economic contribution to the region and State.
- Urban manufacturing is likely to be occurring outside of traditional industrial zones, particularly in the business 'start-up' phase.
- The progressive loss of industrial land and the competition for space from residential and commercial uses in mixed use areas may constrain the opportunity to grow this sector.
- There is a need for empirical data and applied research to inform initiatives by government.

### **Project Scope**

#### **1. Defining the 'Urban Manufacturing' sector - what is its scope and scale**

- More than just creative industries
- Production of 'bespoke' or 'niche' goods
- Small-scale / 'start-up' firms
- Define - who they are, where they are located, what they do (what is their amenity impact or lack of impact), how many & is the sector growing. (Knowledge of broader firm/product characteristics rather than specific product will be key to understanding connection to a central location.)

Phase 1 - Comprehensive land use survey / business inventory (as proposed by SGS) should:

- Build on existing data and research (ie CLUE / business audits) not replicate
- Extend beyond industrial zoned land – to include mixed use, commercial 2, activity centre and capital city zones / home-based businesses.

#### **2. Understanding the ingredients and drivers for the success of Urban Manufacturing**

- What competitive advantages does the central region offer?
- Importance of agglomeration - transfer of skills, knowledge & information.

Phase 2 - In-depth analysis of business structures, processes and linkages (as proposed by SGS) well aligned.

#### **3. Determining the potential 'value add' to the region and State**

- Current and potential size of the sector - what is doing well / what isn't?
- Economic & social diversity / innovation
- Sustainability – local production / sustainable products & processes
- Local economic multiplier effect
- Job diversity & growth
- Applicability of research to other locations / Basis for further research

#### **4. Identifying scope for facilitation initiatives / interventions**

- Implications of land use policy and controls
- What needs to be done to grow this sector – planning and other interventions
- Direct and indirect action by State and Local Government (scoping what we can influence)

Phase 3 - Synthesis of findings / implications of planning controls (as proposed by SGS) – should include but be extended to identify initiatives beyond direct planning interventions.