# PHASE 2 SUMMARY REPORT





**PROJECT PARTNERS:**



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## PROJECT MANAGEMENT TEAM

Project Manager:
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Project Management Team:
    Jennifer Day, The University of Melbourne
    Virginia Miller, City of Port Phillip
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    Kim Swinson, City of Yarra
    Austin Ley, Planning for Change
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## INTRODUCTION

This Summary Report provides an overview of the findings from Phase 2 of the Urban Manufacturing Project. It is based on the *Phase 2 Report* (J. Day & S. Carter, 2018) and *Policy & Peak Group Review* (A. Ley, Planning for Change 2018). The study area for the project consisted of the IMAP local government areas as well as the Moreland City Council municipality.

## WHY WAS THE PROJECT UNDERTAKEN?

The original project scope stated:

*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***.

## DEFINITION OF 'MAKERS'

No clear definition of 'Makers' was achieved. As the *Phase 2 Report* states:

*We regret that we cannot provide a succinct set of criteria that can conclusively identify Makers. The study results so far do not provide conclusive criteria such as firm size, ANZSIC code, or other features that can be useful in identifying firms and targeting them for future study. (p8, Urban Manufacturing Project Phase 2 Report, 2018.)*

Makers appear to struggle with self-classification with 14% of survey respondents selecting the "other" category when asked to describe their activities from the ANZSIC (Australian and New Zealand Standard Industrial Classification) codes list.

Other than broad criteria such as firm size (e.g. less than 20 employees), the activity of manufacturing a digital or tangible product and a physical footprint of no more than 800sqm, the project has revealed that a definition isn't necessarily useful as the nature of these firms' activities is so broad and constantly changing.

For planning purposes, 'light manufacturing' could provide a useful category for makers.

## PROJECT CHALLENGES & LIMITATIONS

The project experienced major disruption during Phase 2 with delays in data availability, the head researcher consequently moving on to other research projects and a change of Project Manager following the unplanned departure of Virginia Miller for twelve months leave. Ray Tiernan was asked to assume the Project Manager role in August 2017.

In addition, the initial target of gathering data from 2000 firms via the *makers.melbourne* website was not achieved. Data gathered from the website was supplemented by a phone survey conducted by Metropolis Marketing. A total of 302 firms provided data via these channels.

ABS data was used to identify the number of businesses in the urban manufacturing ANZSIC codes located by IMAP municipality and zoning – but the small firms with less than 20 employees, who were the subject of this study, could not be differentiated in that dataset.

CLUE data, which could separate out firms by both ANZSIC code, employment and location, was only available for the City of Melbourne. This limited its value to the study.

## THE ECONOMIC IMPACT OF 'MAKERS'

In the study area (IMAP + Moreland) the *Phase 2 Report* estimates there are:
- o 20,356 small making firms
- o 64,935 jobs

It is important to note the limited sample size these estimations are based on and therefore should be taken with caution.

## MAKERS IN RESIDENTIAL ZONES

The *Phase 2 Report* demonstrates that 'Maker' activity is occurring in residential zones and it is important to note that this has been acknowledged and addressed by the Victorian State Government in their recent change to home occupation provisions (Planning Scheme Amendment VC142) in January 2018:

- *Increasing the number of people who do not live in the dwelling, and are permitted to work in the home based business at any one time, to two people (without a permit), and to three people (with a permit).*

- *Increasing the floor area that may be used to store goods or materials to 100 square metres (without a permit), and to 200 square metres (with a permit).*

## INTERNATIONAL COMPARISONS

Five cities (Amsterdam, Berlin, Detroit, London and Vancouver) approaches to 'Makers' were examined.

Amsterdam's *StartupAmsterdam* program focussing on: Talent; Clients; Content; Capital and Environment is noted as a comprehensive support program suitable for 'Makers'.

Berlin's *Projekt Zukunft (Project Future)*, a policy making engine, is noted for its seven categories of focus: industry information; strategy development; funding & competitions; internationalisation; location marketing; professionalisation & recruitment; and networking.

The studies of Detroit, London and Vancouver all highlight the government's approach to land use as a major impactor on the 'Maker' sector.

These examinations confirm Melbourne is not alone in its challenges to constructively engage with small manufacturing activity in urban environments.

In general, international studies confirmed the need to protect 'employment land' from residential development as a fundamental step in fast growing cities.

## ACADEMIC vs LOCAL GOVERNMENT APPROACH – PROJECT LEARNINGS

The project engaged the services of the University of Melbourne from whose staff an academic researcher was assigned to the project to provide research on international case studies and analysis of gathered data. Despite a detailed Memorandum of Understanding (MOU) between the University and the project partners the project suffered from the partially conflicting approaches to such work.

From IMAP's perspective a supplier (the researcher) had been engaged to perform agreed tasks and produce agreed outputs in much the same way as a consultant. These outputs would then enable Local Governments to review current policies.

The academic approach was to focus predominantly on the research with the resulting analysis being their end goal. This approach significantly differed from a consultant report. The University appeared to have less direct access to Government data sets than was expected and therefore became reliant on the IMAP and Moreland City Council to provide most of the data – leading to significant additional and unplanned support.

Little consideration appeared to be given during the research or analysis phase to the work's ultimate audience (Local Government). In early drafts of the work the presentation and language within the University's report was more suited to an academic audience and of limited practical use in a Local Government context. This adversely affected the timelines of the project, completion of major elements and required the Project's external consultant, Planning for Change, to provide additional validation investigations in addition to the Policy recommendations they had been engaged for.

After numerous negotiations, the University's final research report was condensed and attempts were made to adjust the language to suit its intended audience.

Projects of this nature would benefit greatly from detailed preliminary discussions with external contributors that go beyond elements covered in formal agreements such as MOUs. Explicit agreement should be reached on who the audience of the work is and a commitment to prepare the work in a format and language which reflects that audience should be gained from the external contributor.

## CONCLUSIONS

The phenomenon of increased pressure on urban employment land is universal and, despite the small sample size, it can be confidently argued that these 'Makers' are valid employers that increase the diversity of the employment offer in the study area.

'Makers' represent one facet of the changing nature of manufacturing referred to by the Premier of Victoria, Hon. Daniel Andrews:

*'Victorian manufacturing is a $26 billion industry employing more than 283,000 men and women – making it one of the state's largest suppliers of full-time jobs. Of course, Victorian manufacturing is going through a transition – moving away from being a sector dominated by automotive manufacturing towards a more diverse mix of industries ranging from food to aviation, biotech to construction. The point is this: Victorian manufacturing is not disappearing, but it is changing.'*

(DEDJTR, (2017), *Advancing Victorian Manufacturing, a Blueprint for the Future*, Melbourne, p1).

Gathering data on these firms has proved extremely challenging due to the absence of a Peak Group, appropriate classification tools, geographic limitations of CLUE data, and the broad nature of their activities.

The terms 'Makers' or 'New Urban Manufacturing' do not currently appear in any of the State or Federal policies reviewed. However, as the *Phase 2 Report* asserts, 'Makers' are not politically organised or networked and so an agreed label amongst such firms does not exist.

Two of eight peak groups surveyed, Design Institute of Australia (DIA) and Australian Design Alliance (ADA), are familiar with the term 'Maker' with the DIA expressing a desire to engage with the firms as a representative body.

## RECOMMENDATIONS

That the IMAP Implementation Committee resolves to note the following recommendations from the Urban Manufacturing investigations:

a) The establishment of a new ABN category to capture 'Makers'. This would enable broad data alignment and such a category could easily be incorporated into CLUE and similar resources. This would in turn allow more in depth tracking and analysis of this sector.

b) Noting the above, the current IMAP CLUE project consider measures to capture 'Makers' as part of future surveys.

c) An engagement session with design Peak Groups be arranged to establish methods to increase their interaction with 'Makers'.