



Ideas to Outcomes

Milton House
Level 2, 25 Flinders Lane
Melbourne Victoria 3000
Australia

Telephone (03) 9650 8800
Facsimile (03) 9650 6066
www.melbourne.org.au
cfm@melbourne.org.au

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Commonwealth of Australia
Department of the Prime Minister and Cabinet
PO Box 6500
Canberra ACT 2600
Australia

Dear Sir or Madam,

It is our pleasure to submit a response to the National Cities Performance Framework Interim Report. Committee for Melbourne (Committee) welcomes the Australian Government's commitment to measuring the performance of Australia's largest cities.

For over 30 years, the Committee has been helping shape a better future for Melbourne. We are an apolitical, not-for-profit, member-based organisation that brings together over 120 organisations from Greater Melbourne's business, academic and community sectors. This diverse group has a passion for Melbourne as a leading global city in the world's fastest-growing region, the Asia-Pacific.

The Committee recently launched its Melbourne 4.0 report, which identified nine Strategic Needs that need to be addressed to ensure our economy continues to support a liveable and flourishing city. Most of the Strategic Needs identified align with the Australian Government's policy priorities outlined in the National Cities Performance Framework Interim Report.

The Framework is an important tool in helping policy makers, and other key decision makers, chart a course for improved liveability, productivity, and prosperity. To ensure the feedback provided was informed and well-considered, the Committee assembled a range of experts from our membership base to meet and discuss the report. All who attended are employed with some of Melbourne's most prominent businesses, government bodies, and knowledge sector organisations.

While noting the *contextual* indicators described in the report, the Committee focussed on the *performance* indicators, and discussed their suitability as tools to measure the performance of cities in achieving their social, environmental, and economic objectives.

Overview

The workshop participants acknowledged the value in measuring the performance of Australia's cities and commended the Australian government for undertaking this initiative. In addition, they acknowledged the challenges in such an undertaking.

This submission paper offers a series of *recommendations*, which refer specifically to a range of indicators listed under each of the policy priorities. Furthermore, a suite of general observations (*For consideration*) are included, which we hope the Australian government will consider when preparing the final report.

Jobs and Skills Indicators

Recommendation:

5. *Education attainment*: This is a valid indicator which should be retained. However, it must be balanced with an indicator measuring *skills*. Identifying capabilities based on years of formal schooling can be problematic. For example, an individual may leave high school in Year 10, but have exemplary coding skills.

For consideration:

- Many indicators capture the *current* way of thinking, but are not progressive. Indicators that measure a cities' collaborative environment, or ability to solve complex problems, could be explored.
- Adequate and timely data is required on economic sectors that are expanding, and declining.
- Early indicators which identify and measure growth sectors will assist policy makers, and business owners, in equipping the workforce with the skills required to meet demand.
- An indicator measuring the time needed to equip the workforce with the skills required to meet the demands of growth industries.

Infrastructure and Investment Indicators

Recommendation:

4. *Value of building approvals per capita*: Remove this indicator as it is potentially regressive. It may reward locations experiencing speculation; fuelling a feedback loop for investment, and leaving investment in 'low value' areas out of the equation.

For consideration:

- Cities must know exactly what they want to achieve before embarking on major infrastructure projects.
- The indicators listed are not about *investment*, they are about transport. More indicators are needed to measure cities' investment climate.
- An indicator measuring access to hospitals and schools.
- An indicator measuring the value of current infrastructure assets and maintenance costs.
- An indicator measuring multi-mobility usage, not just traditional forms of transport. This will enhance the sharing economy and increase the productivity of existing assets.
- Be mindful of using the term *average* resident. Arguably, there is no average resident.

Liveability and Sustainability Indicators

Recommendation:

5. *Greenhouse gas emissions per capita*: Only acknowledges emissions emitted from transport. It should measure emissions emitted from all sources.

For consideration:

- A definition of *liveability*, which can then determine which indicators are suitable.
- Water use is very important. The associated indicators should measure *all* aspects of water use and the associated costs.
- An indicator measuring community organisation membership levels, or participation rates, in community activities. Involvement in sporting and cultural activities provide an indication of city liveability.

Innovation and Digital Opportunities Indicators

Recommendation:

3. *New business entrants*: Remove and replace with *Net business entrants*. This would measure the survival rate of businesses; comparing the number of registered businesses to deregistered businesses.

For consideration:

- Access to accelerators, infrastructure, technology, and talent is largely overlooked.
- The National Broadband Network (NBN) will not be sufficient to meet contemporary or future connectivity needs.
- The concept of the *knowledge worker* will change. Clarification on what constitutes a knowledge worker is needed.
- An indicator measuring venture capital investment.
- An indicator measuring *big data* usage. Data will help drive our economies, yet there is no measurement on how widely and effectively organisations within our cities are using big data.
- An indicator measuring the percentage of businesses with positive debt-to-equity ratios.

Governance, Planning and Regulation Indicators

Recommendation:

2. *Development assessment decision time*: Remove this indicator. It is more important to consider the *quality* of approvals, rather than the timeliness of decision making.

For consideration:

- Each city must have an integrated land use and transport strategy.
- Alignment of land use and infrastructure planning around the budget cycle.
- Alignment of land use and transport strategy with *best practice* sustainable city planning principles.
- An indicator measuring transparency and oversight in decision-making.
- An indicator measuring the performance of local government's efficiency in relation to rate levy expenditure.
- An indicator measuring the speed and efficiency of procurement processes.

Housing Indicators

Recommendations:

1. *House price to income ratio*: Remove and replace with *Rate of housing affordability stress*, which measures the number of households in the lowest two quintiles income who spend over 30 per cent of household income on rent or mortgage payments.

2. *Mortgage to income ratio*: Remove and replace with *Rate of lifetime affordability stress*, which measures the number of households in the lowest two quintiles income who spend over 45 per cent of household income on rent and mortgage repayments, plus energy, water, internet, and mobility products and services.

For consideration:

- Remove references to *average*. Instead, reference target groups, for example, *lower two quintile household incomes*.
- Replace *public* housing units with *public, social, and affordable*.
- Rising numbers of immigrants from China and India are changing cultural attitudes and expectations of housing stock.
- An indicator measuring occupancy rates.

Additional Recommendations

- Establish a research taskforce to explore the effectiveness of the National Cities Performance Framework. The benefits would include:
 - Analysing whether city authorities and other key bodies are making full use of the available data.
 - Model the cities' performance and analyse the results over a considerable period.
 - Use the results to compare Australia's cities to world's best practice.
 - Explore 'leverage points' or key variables which create significant positive results.
- The data must have a high level of granularity, to allow decision makers to make more informed decisions, and to understand the disaggregation within their cities.
- A wide variety of data sets should be made available to decision makers in a timely manner. Participants acknowledged that timeliness of data availability is recognised in the report.
- Provide indicators at a spatially meaningful level of detail that will assist a range of research, policy development and investment decisions. It is noted that the intention of measuring indicators at a metropolitan average places limits on the value of the information and will potentially hide both high performing and low performing sub-regions.

Conclusion

The Committee for Melbourne congratulates the Australian Government for releasing the National Cities Performance Framework Interim Report. The Committee acknowledges that measuring the performance of Australia's cities is complicated, and commends you for undertaking this challenge.

The Committee trusts that the recommendations and considerations provided in this submission will be contemplated carefully. We look forward to reading the final report.

Please do not hesitate to contact me should you require clarification of the content in this submission, or if you would like further input from the Committee's members.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'ML', with a long horizontal line extending to the right.

Martine Letts
Chief Executive Officer
Committee for Melbourne