Benchmarking Melbourne 2022
With thanks to the lead contributors, Dr Tim Moonen, Jake Nunley and Borane Gille at The Business of Cities. Thanks also to Jeremy Kelly, Matthias McCutty and Rupert Davies at JLL Cities Research Centre in London.

This report benefited from the guiding inputs of Leanne Edwards, Director of Policy & Research, and Brett Van Duppen, Senior Policy and Research Officer at Committee for Melbourne, as well as Annabel McFarlane, Senior Director, National Head of Logistics & Industrial Research and Head of Research for Victoria at JLL.

The Business of Cities is an urban intelligence firm providing data and advice to 100 global cities and companies. Based principally in London, the firm has worked with more than 10 local, state and federal governments in Australia since 2014 as well as peak leadership groups and planning commissions, on agendas surrounding the future of Australian cities’ governance, built form and economy.
To get this dialogue going, Committee for Melbourne and JLL have engaged The Business of Cities to produce this inaugural Benchmarking Melbourne report. Under three pillars that define what shapes a great city, this 2022 report benchmarks Greater Melbourne’s performance among a peer group of 20 cities internationally.

For many years up to the pandemic, Melbourne was flourishing on the back of key strengths such as the strongest population growth in Australia, a rich and diverse cultural foundation, and a continually improving skills base. Melbourne has been coveted as a place for people to work, live and play, where creativity and research underpin great jobs, lifestyle and reputation. This report shows that Melbourne is generally performing well in comparison to its peer cities, and that continued focus on opportunities will continue to improve the city’s performance.

Some of Melbourne’s key strengths have been the hardest hit by the pandemic. Our closed borders slowed our immigration and influx of international students down to a trickle. COVID restrictions have impacted on arts and culture institutions and the visitor economy. Whilst so many leading cities also affected, relative to others Melbourne still retains many of its perception advantages as a place to work, study and enjoy, and we expect demand to bounce back. But Melbourne can’t rest on its laurels and assume that these aspects of our economy do not need work. This report highlights that the city’s great attributes in the centre will need fostering once again as Melbourne opens up, and rely on the entire city working well.

Greater Melbourne is a tale of two cities. Whilst the CBD and inner suburbs provide walkable cultural and dining options, easy access to sporting events held at the MCG and Olympic Park, plenty of public transport and reliable internet, a significant number of people do not enjoy these benefits of Melbourne’s liveability. Rising house prices, particularly in inner and middle Melbourne, and increasingly across Greater Melbourne, are also impacting on the cost of living.

To maintain our reputation as a great place to live and work, with access to housing, services, green spaces and cultural activities, then this must be improved for all Melburnians.

Given its significant advantages in research, education institutions and knowledge companies, Melbourne remains behind others for commercialisation and scaling up of technology and innovation. If Melbourne is to make the most of its considerable skills and knowledge base, building its technology credentials and investment opportunities is imperative.

A clear integrated transport, land-use and economic development plan for Greater Melbourne is essential in order to catch up and in future lead on innovation, productivity, manufacturing and commercialisation, affordable housing and talent attraction. It is also fundamental to easing congestion, improving movement and providing critical logistics needed for a fully functional city.

Melbourne’s relative strength in performance reflects initiatives undertaken across all levels of government, not-for-profit, community and private sector. For example, the Victorian State Government currently has significant programs of work including infrastructure commitments under the Big Build program and the establishment of the Breakthrough Victoria Fund. All levels of Government including City of Melbourne and Victorian State Government have also developed social and affordable housing and economic and sustainability initiatives. These initiatives are examples of why Melbourne retains a liveability edge over peer cities and should also translate into improvements in competitive performance in the future.

Many of our peers have governance arrangements and plans which help them accelerate their initiatives towards entrepreneurship, technology, transport, precinct planning and productivity improvements. Melbourne can learn from those experiences to recover from the enormous challenges of Covid, make full advantage of its strengths and improve the foundations that will make Melbourne an even greater city.

Only if these opportunities for improvement are embraced, will Melbourne’s brand perception and the reality of its product offering be truly aligned. Everyone - business, institutions, government, entrepreneurs and citizens - has a part to play.

We commend this report authored by The Business of Cities to you and look forward to the ongoing discussions about the future of this great city.

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Craig Shute
Managing Director, JLL Victoria
Board Member, Committee for Melbourne

Martine Letts
CEO, Committee for Melbourne

As Greater Melbourne emerges from COVID restrictions and Melburnians can again fully embrace their lives, the time is right to discuss how we can work together to help Melbourne reach its full potential.
In the decade before Covid-19 hit, Melbourne became popularly known as one of the world’s most liveable cities. The city’s performance in one well-known ranking became a badge of honour, and an annual booster of self-confidence as Melbourne established its standing on the global stage.

Yet as Melbourne looks to life beyond the pandemic, the world is asking different questions of cities and expects different answers.

The accelerated digital shift, the unequal experiences of the pandemic, and rising climate change risks, have all highlighted the distributed character of cities, and the importance of making sure ‘Greater’ cities like Greater Melbourne are more integrated and resilient.

There are now hundreds of global benchmarks that look at cities as a metropolitan whole, as well as dynamics of the inner city and CBD. Together they provide an additional set of lenses which many cities use. For Melbourne it can help the city to understand how resilient its liveability is, spot new dynamics of change, and build a clearer picture of what is needed next for the city to emerge stronger.
Executive Summary

The Positive Signals

This review of these benchmark studies reminds us that Melbourne is a special city that now occupies a distinct role in the global system and the global mind.

Melbourne has built on its reputation for liveability to become:

- A genuine global mecca for students and sports
- A recognised and go-to innovator in food, fashion and creativity
- Simultaneously a Top 10 Asia-Pacific hub for corporates, research, medicine, consumption and trade.
- An urban platform and playground that inspires, and, increasingly, influences others.

The data indicates that there is a lot of international confidence and expectation in Melbourne to bounce back. The big drivers of demand for metropolitan Melbourne have sustained its retail, e-commerce and trading sectors. Mobile talent and investors are hungry for the best that the city has to offer - especially the quintessential inner city experience that can sustain work-live-play lifestyle.

Global benchmarks also point to Melbourne starting to turn its innovation economy promise into serious commercial outcomes. Fintech and sports-tech are two of a growing set of specialisms where Melbourne now outperforms other liveable cities.

In the new prism through which city success and appeal is appraised, Melbourne is emerging as a more competent, civil, civic and can-do city than some of its international peers, and retains many sources of ambitious leadership and public optimism.

The Issues to Confront

Yet Melbourne’s ability to renew its famed liveability appears increasingly compromised by the character of metropolitan growth. At the moment the distributed growth model does not reproduce enough of Melbourne’s experience and liveability advantage, and impedes access to urban opportunity for too many. It also makes it much harder to effect a shift to the higher innovation and sustainability ground where more cities are competing.

Many of Melbourne’s peer group in North America, Europe and Asia have recognised the benefits of working at a whole-city scale including more people in the innovation economy and digital transition. This highlights the importance of supporting efforts underway and in future that ensure Melbourne as a metropolis is connected, physically and digitally, and shrinks the gap in outcomes between those with and without access to the central city.

The exposure may also soon spread to skills and wellbeing - currently areas of advantage but where benchmarks are soon likely to capture effects of looming skills gaps, increasing affordability concerns, and the smaller pool of high-wage innovation-intensive jobs.

So far these gaps have not done Melbourne significant reputational damage. But as the brand continues to outdo the product, Melbourne risks adverse scrutiny and losing some of its benefit of the doubt.

In effect the Melbourne metropolis may become a competitive disadvantage for the assets and capabilities concentrated in the inner city - which are all increasingly interdependent on the labour market, housing market, mobility systems and environmental resilience of the wider region.

And opportunities that arise in logistics, data and advanced manufacturing may not be optimised if the systems are not adapted to support improvements to productivity and living standards.

So in the next cycle Melbourne’s capacity to continue delivering on its promise as one the world’s most liveable cities rests on applying more of the principles that got it to this position to the wider metropolitan city.

Across the 9 themes reviewed, several dimensions of Melbourne’s competitive offer may require collectively reinvesting in the ingredients that have made Melbourne’s liveability so widely admired and sought after.

Key Observations
Executive Summary

Melbourne's Performance

Melbourne's aggregate position among 20 peers.

Future Economy

Skills and Talent 20th 7th 1st
Global Reach and Resilience 20th 10th 1st
Leading Edge Innovation 20th 5th 1st

Infrastructure and Sustainability

Whole City Connectivity 20th 11th 1st
Technology and Efficiency 20th 11th 1st
Environmental Outcomes 20th 11th 1st

Liveability and Urban Optimisation

Experience Economy 20th 11th 1st
Inclusivity and Wellbeing 20th 11th 1st
Image and Influence 20th 11th 1st

The Risks of Reverting to the Norm

The abiding success of Melbourne in many of the metrics that matter can create a sense of security that the city's advantage will endure indefinitely. Yet this review suggests that many of the arenas where Melbourne is currently behind will require a consistent effort to reverse. The benchmarks increasingly penalise Melbourne for being more deeply locked into a more inefficient and carbon intensive development model than most of its liveable peer cities.

The result is that Melbourne has further to travel and more levers to pull to deliver energy transition, futureproof networks, address car dependency, embrace micro-mobility, adopt new tech, and retrofit suburbs.

The cycle of pandemic recovery ahead will present choices. In one less ideal direction, many Melburnians may make a permanent jump to the car and away from public transport, which might reduce Melbourne's capacity to pursue a greener, more liveable future.

Alternatively there is a chance to accelerate the joint work not only to re-animate the central city but also re-equip the wider metropolis with an improved institutional, investment, regulatory and placemaking toolbox.

What Next?

The good news is that the next 2 cycles of major projects planned, proposed and pursued can and should go a long way to bridging the gaps that are opening up.

The Suburban Rail Loop, for example, can have the impacts of London Overground, the Grand Paris Express or Taipei Metro. The Port of Melbourne rail can secure freight efficiency, last-mile distribution and multiple suburban terminals. Several key rail corridors can unlock more centres of critical mass within Greater Melbourne, and importantly, create very productive mutual relationships with larger cities such as Geelong. These transport enablers have the chance to underpin both urgent housing supply, integrated hospital and educational capacity, innovation precincts of real calibre, and the consistent place quality really befitting the tag of one of the world’s most liveable cities.

For each of the 9 categories, Melbourne has been evaluated in multiple comparative benchmarks. Its aggregate scores across all performance and perception benchmarks among the group of 20 peer cities informs its final position among the 20 city group.

Yet these cycles of city-shaping change tend to materialise when there is a bigger and better toolbox to translate vision and plans into reality.

Many beacons of liveability like Melbourne have been embarking to better empower and equip their complex metropolitan space. They show how important it is to complement the momentum and ambition of the central city with the arts and powers of curation, co-ordination, information-sharing, and broad-based leadership. Many of them have acquired, or even earned, firmer tools of infrastructure valuation, depoliticised funding, anticipatory regulation, technology adoption, precint management, and much more.

These cities all take different routes yet they tend to share a willingness to create new roles for public, civic and business sectors in the design and delivery of large initiatives and projects. And they recognise that, in order to turn big infrastructure into impact, new assets and services will need pricing and technology systems to manage demand, incentives and adoption.

It should be a priority for us all that Greater Melbourne be recognised across the whole suite of benchmarks for its quality of life, work, experience and environment. To get there will need sustained attention, innovative ideas, appetite to learn from the best, and a spirit to reach across boundaries and sectors for the greater good of the whole of Melbourne.
In a time when preconceptions about what makes cities successful have been shaken up, and when access to our comparators and competitors has been so constrained, global benchmarks provide a valuable additional set of lenses for Melbourne.

They provide a way for Melbourne to stay in touch with its peers, understand how we compare, and tackle the future as informed as we can be by what the world asks and expects of cities now as we look to life beyond the pandemic.

**What Benchmarking Can Do (And What it Can’t)**

Benchmarking Melbourne across a broad range of metrics offers a number of advantages to looking at a single ranking or handful of metrics.

In our approach, we review all the comparative data, not just a select few benchmarks. This helps to capture both the most pertinent individual indicators and also broader trends in how Melbourne is performing and is perceived.

This methodology has been developed and applied in more than 30 cities around the world over the past decade, including London, Milan, Oslo, Helsinki, Brussels, Philadelphia, San Diego and Sydney.

Benchmarks, rankings and other comparative studies of cities also shape the global imagination. In the current moment, after such a hiatus in global travel, benchmarks also exert extra influence and shape impressions. They provide a powerful lens through which to observe how cities are recovering, changing and adapting to prosper in the next period.

Benchmarking allows us to understand how resilient Melbourne is, spot new dynamics of competition, and build a clear picture of which the next sequence of priorities will need to be for Melbourne to emerge stronger from the pandemic and achieve its long-term goals and aspirations.

City benchmarking is an established practice but not an exact science. The coverage and insight of existing city benchmarks varies. Each has specific aims, strengths and shortcomings. There are still some gaps in terms of what is covered, where the data precisely comes from, and which perspectives get prioritised. But on the whole, in recent years benchmarks have become more concerned by the needs of the many, not just the interests of the few.

**How Many Benchmarks?**

This work draws on a review of all of the international benchmarks produced since June 2020, of which Melbourne features in 100. This adds up to more than 450 distinct indicators measuring Melbourne since the start of Covid-19.

These recent benchmarks encompass very wide-ranging datasets including:

- Some short-term data that reflects Covid-related fluctuations
- Longer term performance data that is not volatile to pandemic trends
- Original data collected before the pandemic that has been published only in the past 12 months
- Performance studies and perception studies
- Intergovernmental studies of public health, talent index reports produced by business schools, large social media perception surveys, and others

**A Benchmarking Primer**

*It’s all relative.* Cities can improve while falling behind. The opposite can also be true.

*What matters can change.* This could reflect a shift in methods or focus within an issue area (sustainability, say, is now much more about carbon emissions and infrastructure resilience, not just air pollution and green spaces). Cities are also affected by changing values or perceptions among surveyed audiences.

*Time lags.* Data time-lags between real improvement and measured performance can mean that scores lag ‘real’ performance by anything from six months to two years. Wherever possible we have articulated whether each point is based on data from before the arrival of Covid-19 or after.

*City (and state) Governments can’t control everything.* In many cases, this may mean Melbourne is strongly shaped by factors outside its immediate control.
Global attention has been turning to questions of how well cities protect well-being, how well their whole regions work, and how prepared they are for the future of jobs, lifestyle and climate change.

Studies of the softer factors that make up cities’ overall brand and story - such as governance, values and healthy living - loom larger than ever before.

Some of the benchmarks in this report rely on objective measures such as GDP per capita or median housing costs; others measure how Melbourne is perceived by various global audiences. We think both objective measures and measures of perception are important.

This work also benefits from additional customised metrics on issues germaine to Melbourne: of spatial development, talent, infrastructure and others, drawn from established data providers and compilation of public city sources. Approximately a third of all measures used capture dynamics taking place at the inner city or City of Melbourne level, while the rest examine data at the whole city or Greater Melbourne level. Where possible we take account of these variations in the paper.

**Introducing The Framework**

We review Melbourne’s performance across three pillars:

1. **Future Economy:** Melbourne is in a context where success will depend not only on diversifying into faster growing industries, but also on maintaining its global reach and keeping its growth sectors supplied by a full spectrum of talent.

2. **Infrastructure and Sustainability:** As the world prioritises a greener and fairer recovery from the pandemic, issues relating to how fast cities decarbonise, connect people to jobs and families, and utilise digital acceleration to engage and unify communities, are all becoming more important.

3. **Liveability and Urban Optimisation:** Melbourne has for many years been regarded as a liveable city. The next period of time will rely on efforts to expand the experience economy, provide more access to opportunity and develop a reputation with all types of talent.
Focusing purely on Melbourne’s absolute position in benchmarks is an imperfect science – magnified by the fact that some studies look at 10 or 20 cities, while others look at 500 or more.

To most usefully calibrate a city’s path in its proper context, benchmarking relies on choosing suitable ‘peer’ cities. These are cities either that share similar characteristics, are competitors for certain types of mobile traded activity such as investment, talent or visitors, or are cities that a fast growing city like Melbourne can aspire to and look towards in the next cycle.

There is no such thing as a perfect peer group and every cohort has its advantages. Yet by looking across all the benchmarks, a logical peer group makes it possible to spot at a high level where Melbourne is performing in different areas, and around which to create a performance framework with which to underpin future annual comparisons.

In this way, and alongside tracking change locally, a peer group can help monitor progress in international context, spot areas of relative improvement and decline, and set meaningful targets or yardsticks for progress.

Melbourne’s peer group consists of:

- **High performing 2nd cities** within their nation or region, including cities that are established cultural and sporting hubs and which have in recent years strongly pivoted their economies towards tech and innovation. These include Manchester, Montreal, Barcelona and San Francisco.
- **Established world cities** with a critical mass of strengths Melbourne can usefully learn from as it becomes Australia’s largest city – such as London, Singapore, Toronto and Berlin.
- **Liveable beacons** in their wider region, which benefit from appetite of talent and established quality of life advantages relative to other cities in their region, such as Abu Dhabi and Vancouver.
- **Innovative and car-oriented metropolises** which inherit a similar spatial form and development model to Melbourne – such as Seattle, San Francisco, Tel Aviv and Boston.
- **Neighbours and Competitors** in the Indo-Pacific with whom Melbourne collaborates and competes for different kinds of traded mobile activity – Sydney and Brisbane of course, and also Kuala Lumpur and Bangalore.

This group includes:

- 5 of the world’s top 25 most highly rated cities for culture and entertainment (Resonance)¹
- 5 of the top 20 financial centres in the world (Z-Yen)²
- Shared issues of congestion (average congestion level among peers is in bottom third of cities globally) and housing unaffordability (average rent cost among peers is in bottom 20%)³
Melbourne in the world of cities: fundamentals

Before we explore the benchmarks in specific areas, it is important to explore where Melbourne sits in the wider global context. This assessment is comparative, not absolute, and so the wider international context is highly relevant.

Global attention on Melbourne has been rising: Melbourne’s global visibility has continued to grow over the past decade. The city now features in 60% of benchmarks and studies of significant global cities, up from 56% six years ago. As the world’s 17th most frequently appraised city, its visibility has moved ahead of other European centres such as Madrid.

Melbourne has also been building its role in advanced global business networks, and international real estate demand remains very healthy all in all. There are many signs that Melbourne can establish itself as a top 25 city globally.

Yet at a macro level, it is important to remember that in population terms Melbourne is some way outside the 100 largest cities in the world. Even among rich OECD nations is not among the 30 largest urban economies.

This means that although it is set to begin a decades-long period as Australia’s largest city, it will have to compete on quality more than quantity. In a world where there are well over 100 cities competing very effectively for investment and top tier talent, and given Melbourne’s relative distance from the main circuits of the global economy, it will have to continue to deliver exceptional experience and innovation in order to translate its growth into success.

In this regard the core data also points to relative challenges. Melbourne is still behind where would be expected of it for productivity given education outcomes. Many note that the stalling GDP per person in the 5 years up to the pandemic partly reflected diminishing productivity growth in Australia. GDP per capita in Melbourne is now 20% below its peer group average, while household disposable income has also fallen relative to others.

Relatedly, Melbourne is also much more spread out than other cities, which may present some opportunities in a post-Covid context but only if managed very carefully.

All in all the core data suggests that Melbourne is now in a race against time to translate growth and demand into long-run advantage.

### Fundamentals

How Melbourne ranks in some foundational indices compared to global cities and peers.

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<thead>
<tr>
<th></th>
<th>Melbourne</th>
<th>Melbourne’s global rank</th>
<th>Melbourne’s rank among peers</th>
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</thead>
<tbody>
<tr>
<td>GDP per capita ($US)</td>
<td>$44,407</td>
<td>72nd / 109</td>
<td>11th / 18</td>
</tr>
<tr>
<td>Metropolitan population (m)</td>
<td>5.1m</td>
<td>139th / 500</td>
<td>7th / 20</td>
</tr>
<tr>
<td>Population growth 2021-2035*</td>
<td>+20%</td>
<td>14th / 152**</td>
<td>2nd / 20</td>
</tr>
<tr>
<td>Visibility in Global Benchmarks (past 12 months)</td>
<td>58%</td>
<td>17th / 1000</td>
<td>6th / 20</td>
</tr>
<tr>
<td>Density (people/sqkm)</td>
<td>1,700p/km2</td>
<td>868th</td>
<td>17th/ 20</td>
</tr>
</tbody>
</table>

Sources (from top to bottom): JLL, JLL, UN World Urban Population Urbanisation Prospects, TBoC research, Demographia World Urban Areas.
Melbourne: A Tale of Two Cities?

Over the past 15 years Melbourne has become well known, especially among Melburnians, as one of the world’s most liveable cities. This is based primarily on one popular ranking produced by the Economist Intelligence Unit, whose annual scores are widely cited and debated in the media, policy and citizen conversation. Its findings have instilled a quiet conviction that Melbourne is destined to belong among the very leading cities in the world for what it offers the people who live, work and enjoy the city.

However the perspective that has been prioritised by viewing city success through the lens of a small number of famous rankings, is incomplete: Melbourne is judged mainly by how it serves salaried expats who get to enjoy the fruits of the inner city for a defined period, with few of the constraints associated with seeking a home, starting a family, growing a business, or investing in the long term.

If the measures are broadened, then the picture changes and the effects of other liveability factors become clearer. What emerges is that Melbourne’s special amenity and appeal does not always translate into broader and sustainable benefits for a metropolitan city rapidly heading for 7 million people.

Some of these gaps are revealed in the divergence of studies that capture the performance and dynamics of the inner city of Melbourne, especially the City of Melbourne itself, and the measures that increasingly take in Melbourne as a whole (see Chart for illustration).

**A World-Class Centre City**

Melbourne is elevated by the dense concentration of assets and amenities in its CBD and surrounds, and the forward-thinking policy that presides.

City of Melbourne is:
- 4th most committed to climate action out of 48 cities (MMF) ⁸
- 3rd out of 75 global cities for vibrancy and variety of culture offer (Nestpick) ⁹
- 7th out of 20 peers for city centre residential population (WorldPop) ²⁰
- 8th globally for international diversity and skills profile of labour force (Resonance) ¹⁰
- 5th out of 17 global cities for adoption of rooftop solar (NUS) ¹¹

**An Under-Performing Metropolis**

But at the Greater Melbourne scale, gaps are increasingly visible in relation to affordability, accessibility and efficiency, such as:

- **Housing affordability:** the world’s 6th most unaffordable English-speaking metropolis for buying a home (Demographia) ⁹
- **Just 22% of people live within 500m of a regular public transport connection** (compared to 51% in Berlin, 40% in Toronto and 38% in Milano) (ITDP) ¹²
- **9th most congested among 20 peers (avg peak-time congestion)** (TomTom) ¹¹
- **14th of 18 peers for metropolitan mobile broadband speeds (41 Mbps - 40% lower than avg)** (M-Lab) ¹¹
- **9th among 17 peers for coverage, accessibility and health of urban vegetation** (Husqvarna) ¹¹

What these patterns reveal is the stark divergence many residents of Melbourne observe in:

- Experience economy: many unique, highly rated and widely enjoyed amenities in the centre, versus sparse access to services, experiences and entertainment in many suburbs.
- Liveability and urban optimisation: a work-live-play environment available to a growing city centre residential population, while congestion and costs associated with much larger scale suburban sprawl add up.
- Environmental outcomes: the ambitious climate leadership and appetite for renewables adoption in the central business hub are out of step with less sustainable systems and outcomes across Greater Melbourne.
- Connectivity and infrastructure: highly competitive access to public and active transport centrally, but much weaker connections for the majority who live further away.

This paper looks at the full canvas of measures, which increasingly examine cities as they matter for all people. This reveals a different and more diverse picture to the one created by looking at just one or two rankings.
**Introduction**

**Melbourne: The Brand vs The Product**

Benchmarks measure both objective performance and also perceptions - whether of visitors, short and long-term residents, talent, investors and other audiences. Both ‘the product’ and ‘the brand’ are important, and leading cities around the world strive to achieve a strong balance between them.

The data from hundreds of benchmarks reveals that Melbourne has an unusual imbalance in this area. On average Melbourne places 13th across all benchmarks that are based on reputation and perception, but only 24th in benchmarks that measure actual performance and delivery. This ‘product gap’ of 11 places is larger than all other peer cities surveyed.

This reflects a stark disparity between Melbourne’s very positive public image for mobile visitors such as tourists, students, expats and entrepreneurs on the one hand, and the realities of living in and experiencing the city on the other.

**A Costly Divergence**

Melbourne’s average position in indices that are oriented to different audiences

<table>
<thead>
<tr>
<th>Audiences</th>
<th>Position</th>
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<tbody>
<tr>
<td>Students</td>
<td>14th</td>
</tr>
<tr>
<td>Visitors</td>
<td>18th</td>
</tr>
<tr>
<td>Expats</td>
<td>25th</td>
</tr>
<tr>
<td>Entrepreneurs</td>
<td>26th</td>
</tr>
<tr>
<td>Investors</td>
<td>27th</td>
</tr>
<tr>
<td>Citizens</td>
<td>34th</td>
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**Fig 1: How Melbourne’s Brand and Product rankings compare**

Among the many examples where Melbourne’s brand diverges from the lived experience of the product, Melbourne is perceived to be:

- **Greener than we really are.** Melbourne is perceived to be a city full of green spaces and parks, yet when taking into account the whole city, the overall access and quality of urban greenery is only average.
- **A smarter city than we deliver.** Melbourne is perceived by both businesses and citizens to be an early adopter of urban tech that makes life better for people, yet the data on digital adoption and appetite puts Melbourne behind its global counterparts.
- **A bigger high tech opportunity than we have yet proven.** Melbourne is, in principle, one of the most appealing cities in the world for roaming digital talent, but the overall scale of high-wage tech intensive employment is still well below many peer cities.

On the one hand, the strong perception of Melbourne by global audiences is a big advantage, as it drives demand from a wide variety of students, visitors, entrepreneurs and future residents. It is a big reason Melbourne has been one of the fastest growing big cities in the OECD.

On the other hand, the large discrepancy between perception and on-the-ground performance presents a plain risk. Failing to live up to its brand promise carries many costs. If Melbourne’s flaws are exposed to a harsh global spotlight, it may erode confidence and appeal among future generations of people, ideas and investment into the city and region.

The data shows that the drivers of Melbourne’s product gap relate to issues that concern long-term residents, rather than the offer provided to students and visitors which is on the whole very competitive (see Chart). These are explored in more detail adjacent.
Future Economy

Summary and Key Observations

At first glance Melbourne’s sound macro fundamentals, largely driven by positive demographics, point to a secure post-pandemic economic future underpinned by global demand for investment, corporate services and decision making.

Especially given the patterns of volatility in competitor locations, there is widespread international confidence and expectation in Melbourne’s bounce-back potential. Extended lockdowns combined with more suburban space to grow have also triggered faster growth in logistics and retail in Melbourne than in peer cities.

Now a bona fide global higher education capital that excels in producing graduates in science, creative and engineering, Melbourne’s knowledge economy has every opportunity to catch up to international leaders in both size and capability. And in a global economy where more industries have become more digitally distributed, Melbourne’s talent tailwinds are enhanced by its resounding appeal among more flexible workers, domestic and overseas.

Although Melbourne possesses the ingredients to attract and retain a more sustainable talent mix across the skills, wage and career spectrums, there is much more to learn from others about to reduce bottlenecks, and forge the pathways for people to enter, stay and succeed in high tech, high wage industries. Matching credentials to employer needs, and competing with international salaries in law, banking, property and hospitality, clearly emerge as challenges.

Global benchmarks do point to Melbourne starting to deliver more of the innovation economy outcomes that its knowledge strengths have promised for some decades, and this will be aided further by the City of Melbourne economic development plan, the Victoria Government Breakthrough Fund and other initiatives. Fintech is the first technology-oriented sector to see Melbourne enter the top division of cities.

In the surging biotech sector, Melbourne clearly possesses world-leading university and R&D capabilities and remains popular for established and relocating corporates seeking owner-occupied facilities. Yet other cities have tended to outperform Melbourne at attracting the risk capital to scale biotech ventures. In general capital-raising companies in science and engineering industries are still thinner on the ground than in the innovation hub cities Melbourne compares itself to. Relative to the knowledge produced in the city and infrastructure primed for innovation, Melbourne has yet to gain international recognition for many world-class specialisms and commercialised products. Fine-tuning the environment for start-ups, capital, tech transfer and talent, alongside co-ordinated efforts to accelerate innovation precincts, come through as priorities which are being addressed by City and State governments.

Surprises

- World’s 3rd highest increase in number of unicorns since 2015 (Dealroom)¹⁴
- 2nd among peers for number of co-working spaces (Co-Working Index)¹⁵
- Last among 14 peers for breadth of industries for which Melbourne is regarded as a global top 25 innovation ecosystem (Startup Blink)¹⁶
Skills and Talent

Melbourne’s most recognised strengths are:

1. The graduate talent production line
   • For all round talent availability and capability, Melbourne places 10th among 100 cities (Tholons)17
   • The City of Melbourne is 8th out of 100 cities for the internationalisation and skills profile of its labour force (by share of foreign-born workers and higher education attainment) (Resonance)18
   • Melbourne places 4th among 50 cities with similar population size for the number of highly ranked universities for computer science and engineering (EasyPark)19

2. Positive demand and demographic trends
   • Melbourne ranks 1st out of 27 global cities for the size of its Generation Z relative to Millennial population (Cushman & Wakefield)20
   • The city is 4th out of 18 peers for 10-year forecast growth in working age population. Melbourne’s working age population is forecast to grow by 1.6% annually, compared to an average of 0.6% among peers (JLL)21
   • Melbourne rates 20th out of 155 cities for ingredients to retain talent (INSEAD)22
   • For retention of digitally skilled talent, Melbourne is in the global top 20 among all cities, or 4th out of 20 peers (Times Higher Education)28

3. Compelling offer and experience for students
   • Melbourne is still the top ranked city in the world for student mix (volume of students, international students, and tolerance and inclusion) (QS, among 115 cities)24
   • The city is stable at 2nd out of 115 cities for perceived student experience (QS)25
   • Pre-Covid, Melbourne was still 2nd in the world for the number of registered international students, but there are concerns that Australia is becoming less desirable as an overseas student destination as a result of its handling of the pandemic (MMF/QS, pre-Covid)26

Melbourne has opportunities to improve in:

1. Getting more people into high tech, high wage industries
   • The city is 15th out of 18 peers for the proportion of the population employed in technology intensive industries (9% vs average of 11.0% among peers) (JLL)27
   • Melbourne is only 14th of 17 peers for the share of its home-grown tech-enabled companies that are in science and engineering industries, (5.6% vs 7.5% avg) (Crunchbase)28

2. Building and acquiring science and tech talent experience
   • For the share of tech engineers and employees with at least two years of experience, number and density of top developers on GitHub and track record of exit activity, Melbourne is joint 21st among 40 cities (StartupGenome)29
   • The city places 12th among 15 peers for its share of top-rated coders (GitHub)30

Skills and talent are the lifeblood of an urban economy dependent on advanced knowledge and on the full spectrum of services to support them.

It matters increasingly because of the war for scarce talent that is heating up in booming industries where technology and science converge. Many cities also face profound risks of a chronic absence of key workers that can affect infrastructure, education, quality of life and much more.

*In the following sections, wherever we refer to pre-Covid, it meant data that was published before the pandemic. Unless otherwise specified, all other data points include data that has been collected in 2021 and/or takes into account the impact of the pandemic in some way.
Macro workforce trends have been positive but Melbourne is behind for accommodating a globally competitive depth of senior high tech jobs

What this means for Melbourne

Skills and talent benchmarks are taking time to catch up to the short-term skills squeezes and the resumption of talent flows as more economies open up again.

This area seems like a stable advantage for Melbourne – the city’s chance to capitalise on and consolidate this advantage further in 2022/23 will depend on labour market flexibility and successful attraction, welcome and integration of new sources of talent. For now, Melbourne’s strong graduate talent production, its compelling offer for workers, and its positive long-run forecast for talent demand outweigh its slower progress at accommodating more people in high wage industries and at building experience in tech hungry industries.

But over time, the risk is that skills benchmarks increasingly focus on issues of productivity, private sector opportunities and employer need gaps – rather than graduate supply – and that this will drag Melbourne’s scores down.
Global Reach and Resilience

Melbourne’s most recognised strengths are:

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Melbourne Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Its recognition as a reliable base for global business and investment</td>
<td>20th</td>
</tr>
<tr>
<td>• Melbourne is 27th out of 1000 cities for its long-term economic growth prospects (UN Habitat)</td>
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<tr>
<td>• Melbourne places 29th among more than 350 cities for globally networked companies in advanced services, up from 33rd in 2018 (GaWC, pre-Covid)</td>
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<tr>
<td>• The city rates 17th among 155 cities for jobs created via FDI (INSEAD)</td>
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<tr>
<td>• For total cross-border real estate investment in the 3 years to Q3 2021, Melbourne is in the top third of 111 highly globalised cities (JLL)</td>
<td></td>
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<tr>
<td>2. The size and growth profile of its logistics and industry sectors</td>
<td>10th</td>
</tr>
<tr>
<td>• The city is 2nd among 17 peers for relative growth in industrial and logistics leasing volumes between 2016-18 and 2019-21 (JLL)</td>
<td></td>
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<tr>
<td>• For the share of employees in logistics, Melbourne is 1st among 20 peers (Metroverse, pre-Covid)</td>
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<tr>
<td>• Melbourne had the highest YoY growth in prime logistics rents among Australia’s big 5 cities between Q3 2020 and Q3 2021, with a growth rate of 8.3% (JLL)</td>
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<tr>
<td>• High levels of demand are being accelerated by Melbourne’s affordability advantage – the city currently has the 2nd most affordable logistics rents among 16 peers (JLL)</td>
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<tr>
<td>3. Its high potential to accommodate remote work and flexible work patterns</td>
<td>1st</td>
</tr>
<tr>
<td>• For residents’ perceived ease of working flexibly in the city, Melbourne is 9th among 48 top global cities (MMF)</td>
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<tr>
<td>• The city is 15th of 75 global cities for remote work-friendly legislation and jobs (Nestpick)</td>
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<tr>
<td>4. Rental advantage for businesses in key city centre office locations</td>
<td>1st</td>
</tr>
<tr>
<td>• Melbourne has the 3rd most affordable premium office rents among 18 peers (JLL)</td>
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</table>

Melbourne has opportunities to improve in:

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Melbourne Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The quality of its logistics infrastructure</td>
<td></td>
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<tr>
<td>• Melbourne rates 11th out of 17 peers for the efficiency and reliability of logistics infrastructure suitable to support international trading businesses (World Bank)</td>
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<tr>
<td>• The Port of Melbourne ranks in the bottom 15% globally for its efficiency, based on the in-port time spent by ships (World Bank)</td>
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<tr>
<td>• Only 6% of freight is currently moved by rail in Melbourne, compared to 20% in Adelaide and 16% in Sydney (ACC)</td>
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<tr>
<td>2. Maintaining its global gateway capability</td>
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<tr>
<td>• Pre-Covid, Melbourne ranked 48th out of more than 400 cities for attraction of high-level rotating meetings and conferences, down from 37th in 2018-19 (ICCA, pre-Covid)</td>
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<tr>
<td>• For international and domestic visitor arrivals, the city is 46th among all cities globally (Euromonitor)</td>
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<tr>
<td>• In 2020, Melbourne ranked 60th out of 111 cities for air passenger throughput, down from 46th in 2019 (JLL)</td>
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<tr>
<td>3. Enhancing its profile for financial services and corporate anchors</td>
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<tr>
<td>• In the major measure of the all-round strength of cities’ financial sectors, Melbourne has fallen from 13th out of 92 cities in September 2017 to 29th out of 116 cities in September 2021 (Z/Yen)</td>
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<tr>
<td>• The city is now 45th among all cities globally for the presence of G2000 companies (Hudson’s)</td>
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<tr>
<td>4. Rental market resilience</td>
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<tr>
<td>• Melbourne has the 7th least resilient rental market among 27 top global cities as measured by how quickly rental demand is likely to bounce back post-pandemic. This is mainly due to the lower capital market liquidity in Melbourne’s residential sector, greater exposure to supply risks as a result of more new supply coming online, and higher risks of the city’s renter cohort switching to homeownership (Cushman &amp; Wakefield)</td>
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</tbody>
</table>

Demand for industrial and logistics space in Melbourne is growing rapidly

![Chart showing demand for industrial and logistics space in Melbourne and selected peers](image)

**What this means for Melbourne**

Melbourne’s roles as a major gateway for trade, services and education in a consistently growing national economy mean its broad position here is stable. Other cities in larger Asia-Pacific economies are, however, building their trade platforms even more rapidly.

At the moment benchmarking is widely focused on accumulated global reach rather than short-run disruptors, which explains why Melbourne is currently on a par with its peers. The reliability of infrastructure and supply chains is a growing differentiator, which, if managed well, could see Melbourne’s scores improve in the next cycle.

Melbourne’s trade influence is producing an industrial and logistics demand spike which now has to be carefully managed. Currently it has resulted in unloading precincts in outer suburbs, especially in the West. Future proofing these locations’ infrastructure, especially through investment in rail freight infrastructure, and access to skills and population will be important for them to succeed and contribute to a cleaner and more efficient Melbourne that reduces excessive travel of trucks and creates more proximity between jobs and homes.
Forging a decisive position in leading-edge innovation is viewed by many liveable ‘middleweight’ cities like Melbourne as an essential task.

They see great value in the translation of discovery and commercialisation into good jobs, serious influence, and a path out of over-relying on unproductive and vulnerable industries. Innovation produced locally also drives improvements for the city and its residents – to infrastructure, enterprise and how services are delivered.

Hosting the innovation economy relies on altering rules and incentives, as well adapting the physical character of the city to the ever-changing needs and preferences of talent. These vary by industry although around the world urban locations and lifestyles with high quality placemaking and precincts remain highly desirable.

Melbourne’s most recognised strengths are:

1. Its fast-growing ecosystem, which is catching up to peers, albeit from a low base
   - The combined value of Melbourne’s innovation ecosystem has grown by 1,600% since 2017, the 2nd fastest growth out of 19 peers, only behind Tel Aviv (Dealroom)
   - Buoyed by 5 Fintech unicorns and 200+ Fintech startups, Melbourne has now entered the top 25 fintech ecosystems globally, up 7 spots since 2020 (Findexable; FINOM)

2. Its start-ups’ potential to scale up, as illustrated by its biotech ecosystem
   - With now 14 unicorns, compared to 1 in 2015, Melbourne has seen the 3rd highest increase in number of unicorns since 2015 among the world’s major cities, on par with São Paulo and San Diego (Dealroom)
   - Companies in finance-related tech account for 20% of Melbourne’s globally influential locally HQd companies, the 4th highest share among 17 measured peers, behind London, Singapore, and Sydney (Crunchbase)
   - Melbourne has a growing number of local biotech success stories- 10% of all tech firms- (although the diversity of the biotech ecosystem is still smaller than others) (Crunchbase)

3. The quality and reputation of its knowledge assets
   - Melbourne places 8th of 36 cities for quality and reputation of its universities and R&D organisations (HSE, pre-Covid)
   - The top 5 innovation ecosystems in APAC still features Melbourne, despite it being overtaken by larger hubs like Seoul and Guangzhou. (Hickey & Associates)
   - The city also ranks 5th among 12 peers for the competitiveness and impact of its educational institutions (Schroders)

Melbourne has opportunities to improve in:

1. Attracting capital to scale start-ups and grow the biotech industry
   - Melbourne ranks 42nd out of 75 global cities for the availability of venture capital (Crunchbase)
   - Melbourne is still in the bottom 40% among 87 top global cities for the number of tech-enabled company HQs relative to its population size (Crunchbase)
   - Life science companies in Melbourne have received about $55m of angel, pre-seed and venture funding between 2018 and 2020, compared to an average of $520m among peers (excluding San Francisco and Boston), thus placing Melbourne 17th out of 18 peers for venture capital funding in biotechnology (JLL, pre-Covid)

2. Growing more globally recognised specialisms and gaining visibility for its strengths
   - Melbourne ranks joint last among its peers for the no. of sectors for which it is ranked as a global top 25 innovation ecosystem (StartupBlink)

3. The productivity of its knowledge assets and translation of ideas into patents and products
   - With 2,230 patent applications between 2018 and 2020, less than half its peer average of 6,600, Melbourne sits outside the global top 50 cities, and is ranked 12th out of 18 peers (JLL, pre-Covid)

4. Digital and tech uptake
   - Melbourne ranks 14th out of 17 peers for willingness and ability of businesses and start-ups to embrace digital technologies and platforms, or 50th out of 106 cities globally (Tholons)
In the life science boom, Melbourne is successful at attracting FDI, but VC funding has a way to go

Fig 4: Life sciences – VC funding vs. FDI attraction, 2018-2020

What this means for Melbourne

Melbourne relies a great deal on federal enablers to address emerging tech and innovation gaps - such as flexible R&D tax incentives, customised professional visa programmes and others.

Yet progress also relies on more skills co-ordination between business and government, high-collaboration place environments outside the CBD, and forward-thinking anchor institutions. Reforms like these can help Melbourne to more successfully promote digital and technology uptake among its cadre of SMEs, translate the productivity of its knowledge assets into commercialisable products, and gain enhanced recognition for emerging innovation strengths - all areas where Melbourne will have to improve in order to keep up with its highly competitive peer group in this area.

Gaps in engineering skills will require long-term pipeline development to likely see catch-up improvements to other cities. Given the reliance on international talent, the outlook for Melbourne’s competitive performance here may emerge as much more challenging if people cannot or will not be able to move to the city.
Summary and Key Observations

Inner city Melbourne stands out as a people friendly environment with easy access to public transport, bike lane alternatives, and a leader at pandemic-induced public space changes. There is clear post-Covid momentum around supporting active transport.

Against the highly liveable cities Melbourne is routinely judged against, Melbourne is not making inroads in its far more car dependent and less sustainable mode share, and is seeing slower uptake of micro-mobility so far. Its spatial development model has made more of the city less walkable and inter-connected. Longer distances to walk and then travel mean that many more residents are accustomed to never taking public transport.

Melbourne is a city whose citizens tend to feel more able to shape decisions than in many other places. Both businesses, health services and citizens have looked to embrace convenient new tech. Yet lower digital connectivity and slower overall uptake of new digital platforms across a full range of systems means that Melbourne is not yet typically rated a technology leader.

The City of Melbourne has some of the credentials of a sustainable leader and demonstrator. There are clearly sources of public leadership, along with business and university partners as well as a capable green economy workforce. The scores seem to reflect not only ambition, but also a faster pace of change than in many cities to implement green goals, elicit positive behaviour shift, and even surpass global norms on issues such as renewable transition.

Yet these credentials are partly undermined by Melbourne’s lock-in to a more carbon intensive development model than most of its liveable peer cities.

This is a product of car dependence, low energy efficiency, and (so far) fewer tools and capital to accelerate on retrofits and adoption of alternatives. To improve position will require sustained co-ordination and conducive higher level policies.

Surprises

- Top 20 cities among 1,000 cities globally for progress on implementing the UN Sustainable Development Goals (SDGs). (UN-Habitat)™
- Melbourne is currently in the bottom third of its peers for average mobile broadband speeds across the metropolis (MLab)™
- Melbourne is in the bottom 20% of cities globally for walkability (295th out of more than 350 cities) (ITDP)™
- Melbourne’s inner city and surrounds are home to nearly 50% fewer registered green building projects than the average among its peers. (Green Building Information Gateway)™
Whole-city Connectivity

Whole-city connectivity is essential for a fast-growing city like Melbourne, whose agglomeration advantages rest on speed, reliability and flexibility for people, goods, clients, customers and services.

It matters not just because it is a major influence on the efficiency, productivity, health and relationships for the majority who live in suburbs. It also provides the basis through which the Melbourne CBD and its business and amenity clusters perform by allowing them to draw on a larger labour pool and customer base. And it also fosters the cohesion and shared identity that a city doubling in population in less than 50 years relies on.

Melbourne’s most recognised strengths are:

1. Inner city access to varied public transport routes and bike lanes
   - Melbourne is 1st out of 48 top global cities for the density of train and tram stations in the inner city and surrounds (Mori Memorial Foundation, pre-Covid)\(^\text{i}\)
   - Home to the world’s largest urban tram network, Greater Melbourne is currently first among 16 peers for the relative size of its light rail network (TBoC research)\(^\text{j}\)
   - Greater Melbourne ranks 2nd among 14 peers for the length of bike lanes per person (Open Street Map)\(^\text{k}\)

2. The promise of its pandemic-induced public space changes
   - Melbourne was recently evaluated as 9th globally for efforts to reclaim public space for cyclists and pedestrians during the last two years (Bicycle Network)\(^\text{l}\)

Melbourne has opportunities to improve in:

1. Uptake of public and sustainable transport
   - Melbourne ranks last among 8 peers for sustainable commuting mode share, with only 27% of journeys to work by public or active transport in 2020 (compared to an average of 49% among peer cities for which data is available) (Deloitte, pre-Covid)\(^\text{m}\)
   - The city rates 12th out of 16 peers for reported usage of publicly available micromobility options (scooters, bikes, eBikes and electric mopeds), with 20% of the population using them at least a few times per year, compared to an average of 24% among peers (Moovit)\(^\text{n}\)
   - For reported resident usage of public transport across all trips, Melbourne ranks 33rd among 48 top global cities (Numbeo, crowdsourced data, pre-Covid)\(^\text{p}\)

2. Access to high capacity public transport
   - Melbourne ranks 38th out of 93 cities globally for the share of residents living within walking distance of a high frequency public transport connection. At 22%, Melbourne is behind the global average of 26% and places 8th among 13 peers (ITDP)\(^\text{q}\)

3. Active transport friendliness
   - For the all-round quality of the city’s bicycle network (measuring how many destinations can easily be reached using only low-stress cycle routes), Melbourne is 53rd out of more than 400 cities (PeopleforBikes)\(^\text{r}\)
   - Melbourne rates 295th out of 348 cities globally for walkability (based on average block size) (ITDP)\(^\text{s}\)
Easy access to public transport is a minority sport in Melbourne

Fig 5: % of residents living within 500m of high frequency public transport connection

What this means for Melbourne

As infrastructure and connectivity begins to be routinely assessed as a metropolis-sized issue, so it is becoming a more visible area of deficit for Melbourne. Here Melbourne’s scores are the cumulative result of many cycles of spatial development choices, transport investment delays, and limited coordination power to serve growth with infrastructure, especially in a context where the city is growing fast and infrastructure provision is yet to catch up.

The positive impetus from the next cycle of transformation projects will take time to register, and so Melbourne’s scores may bottom out before they rise again. Agile adjustments to reduce congestion and ensure a ‘hybrid’ economy can also be inclusive, will be necessary in the interim.
Technology and Efficiency

Technology is an increasing differentiator among liveable cities. High-speed digital infrastructure, internet connectivity and digital inclusion have all come to the fore as key attraction criteria for mobile talent and businesses, but also to support the growth of cities’ knowledge economy.

The effective deployment and uptake of technology in government-to-public and business-to-business relationships shapes how organisations perform, how decisions are made transparently, and whether the urban experience of commuting, buildings and recreation can be made seamless and not wasteful.

What this means for Melbourne

This area has fewer measures than others but indicators are growing over time. Ensuring good metropolitan take-up is clearly key, and so is whether in the upcoming period public institutions harness technology change for better services, and whether Melburnians become faster adopters and co-creators than other cities.

In general it is an area where Melbourne may be able to improve if it can address blackspots and use future infrastructure to lay down other systems and integrate the management and service delivery.

With high-speed digital infrastructure becoming key in attracting talent and companies, Melbourne’s performance is held back by its relatively low broadband speeds compared to its peers, and by a tendency for the ‘lag effect’ of infrastructure benchmarks (where benchmark performance lags ‘real world’ performance) to be greater in cities like Melbourne that are expanding fast and whose infrastructure platforms are catching up.

The Victorian Government’s AUD625m Digital Future Now investment, which aims to improve mobile coverage and broadband access in more remote areas, and strengthen access to business-grade reliable broadband in specific suburbs, will likely help to strengthen scores in the next cycle.

Much of Greater Melbourne has lots of catch up to make to keep people digitally connected on the move

Fig 6: Modified tri-mean mobile broadband speeds, Sept-Dec 2021

What this means for Melbourne

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Melbourne’s most recognised strengths are:

1. Its widespread adoption of e-payments
   - Melbourne is 8th out of 19 peer cities for the proportion of residents regularly undertaking non-cash transactions (74.5%, compared to an average of 72.8% among peers) (IMD)

2. The higher confidence citizens have in their interactions with government
   - The city ranks in the top 18 of 45 cities in a new major survey of residents’ ability to influence decision making in their city (based on objective formal avenues and citizens’ perceived scope to effect change) (BCG)

3. Signs that technologies are being used to aid quality of life
   - In the latest major study of cities’ ability to leverage smart technologies to enhance resident liveability, Melbourne ranks 19th globally - up from 20th in 2020 - or 5th out of 20 peers (IMD)

Melbourne has opportunities to improve in:

1. Digitisation of government and public services
   - For digital public services, government willingness to adopt new technologies and all-round digitisation, Melbourne is 10th out of 13 peers (IMD Business School; Information Technology & Innovation Foundation, United Nations, World Bank)

2. Internet connectivity
   - Melbourne ranks 15th out of 20 peers for the share of residents who agree that internet speed reliability and speed meet connectivity needs (IMD)
   - Greater Melbourne is 14th out of 18 peers for average mobile broadband speeds (MLab)

3. Strengthening transparency of decision making and widening online citizen participation
   - Melbourne rates 13th among its 20 peers for the share of residents who agree that information on local government decisions is easily accessible (IMD)
   - For the proportion of citizens who agree that an online platform that allows residents to propose ideas has improved quality of life, Melbourne is 11th among its peer group (IMD)
Environmental Outcomes

Custodianship of the urban environment and global ecology has emerged as one of the big shifts, shaping decisions of residents, governments, big capital, and much more.

Cities that have long competed on quality of life increasingly have to demonstrate they are committed to this in the long run, through meaningful quests to decarbonise, rethink how growth can enhance not erode the environment, and make serious efforts to produce a habitat fit for everyone who lives and enjoys the city.

Melbourne’s most recognised strengths are:

1. Its city-led commitment and momentum on sustainability
   - In a global survey of more than 1,000 cities, Melbourne ranks 20th globally for its all-round progress on implementing the UN Sustainable Development Goals (SDGs) (UN-Habitat, pre-Covid).
   - The City of Melbourne ranks 2nd among 14 peers for its climate policy-driven actions and international cooperation on sustainability (based on number of climate commitments and progress on emissions reduction targets), or 4th among 48 top global cities (MMF).

2. Its track record of renewable energy adoption
   - The city ranks 5th among 17 global cities for adoption of solar panels on rooftops by both residents and businesses (National University of Singapore).

3. Diversifying clean mobility choices
   - Despite ranking among the top 10 for CO2 emissions per capita or 32nd among 48 top global cities (MMF).
   - The city is 8th among 13 peers for EV uptake and transport-related emissions (IEA, Number, e-charging station directories).
   - For EV sales, Melbourne ranks outside the top 25 cities globally (ICCT, pre-Covid).

4. Access to green finance
   - Melbourne ranks 10th among 14 peers for the perceived quality and depth of the city’s green finance offering among global financial sector experts, or 37th among 80 global cities (Qatar FCA, pre-Covid).

Melbourne has opportunities to improve in:

1. Transitioning to a less carbon intensive development model
   - The city ranks 7th among 14 peers for CO2 emissions per capita – or 32nd among 48 top global cities (MMF).

2. Mainstreaming sustainable construction
   - Only 12% of Melbourne’s office stock is rated at NABERS 5.5 or 6-stars for energy efficiency, while the city ranks 9th out of 17 peers for the number of registered green buildings projects in the inner city and surrounds, with almost 50 fewer such projects than the peer average. (JLL and Green Building Information Gateway)

3. Sustainable tourism policy and practice
   - Melbourne ranks 11th globally for adoption of sustainable policy and practice in tourism and the visitor economy (ICCA et al).

4. Talent becoming more specialised in sustainable industries
   - Melbourne ranks 9th globally for proportion of people working in jobs broadly associated with sustainability (e.g. sustainability consultant, sustainability analyst, corporate social responsibility manager, etc.) (LinkedIn, pre-Covid).

What this means for Melbourne

National factors strongly influence Melbourne’s sustainability performance and perception gap. Many universities, businesses and institutions perform well in terms of their policy and appetite to be responsible.

But citywide performance is affected by wider issues related to the national policy and energy mix. A declining trend is on the cards in this area without wider adjustments, especially as attention shifts to how well cities mainstream sustainable policy and practice in areas such as construction, finance, and transport.

Cities like Melbourne which are growing fast can do more to make room for sustainable infrastructure – including leveraging business expertise and energy to collectively upgrade performance of buildings and sectors and incentivise better behaviour.

Fig 7: Number of green buildings projects, Melbourne and peer cities

Source: Green Building Information Gateway.
When we compare Melbourne to other cities, the notion that more people who live in Melbourne love doing so is in little doubt. A city that is by and large more safe, more open, more enabling of the success of women, and more egalitarian in spirit than many of its peers in North America and Europe, is borne out by many of the benchmarks.

Melbourne overall continues to deliver a high standard of public services – especially healthcare and education which are very competitive indeed by global standards.

But for the aspects of liveability that rely on metropolitan infrastructure and management, Melbourne is behind. Access to affordable housing is clearly a number one concern, and sees access to greenfield suburbs present a more cost-effective draw to many incomers. The costs associated with studying, commuting, fast internet, and water services, are all higher than Melbourne’s peer average. Together these are driving unfavourable perceptions that the city is becoming less welcoming and more prohibitive.

The severity of lockdowns contributed to a larger drop in Melbourne’s congestion, but resumption of activity raises issues about whether Melbourne has the kind of green and walkable built form in enough parts of the city to make the most of a shift to ‘hybrid’ living.

Melbourne’s experience economy is acclaimed within Australia and beyond. The city rates extremely highly as a place to enjoy sport and leisure, and is Australia’s nightlife capital. This is also driving a flourishing economy in sports tech and eSports. Melbourne is breaking into the top echelons for its food and bar scene, and the influence of its fashion and creative production is growing, some of it associated with inner city neighbourhoods that are gaining international renown.

Yet the full character of Melbourne’s offer is not fully recognised internationally. This is mainly a result of the fact that other cities achieve more broad-based access and participation in their leading edge experiences and culture. Physical and social barriers to accessing culture and amenity in the wider metropolis mean Melbourne does not score as highly as expected. Melbourne is also competing with international cities which have a longer track record in terms of developing their global reputation in more strands of their culture and night-time economy, while Covid-19 has also reduced international exposure to Melbourne’s offer.

By and large, Melbourne is a place the world undoubtedly now admires. It registers a lot of appeal to footloose global talent, especially those at pre-career or early-career stage. More people overseas see Melbourne as a safe, stable and friendly place to work and get on, than used to, including many with digital skills. And for investors (even more in real estate than in business or innovation) Melbourne’s image remains very firmly established. But the city’s reputation for long-term liveability is less visible in many markets. Many of its peers appear to have a sharper image for innovation, entrepreneurship, culture and sustainability.

Surprises

- Best city in the English-speaking world in which to be a sports fan globally (out of 50 cities) (Real Buzz, local sports directories)
- Only half of Melbourne’s residents are within a 1km walk of education and health amenities, putting the city outside the top 150 among 350 cities globally (ITDP)
- Melbourne ranks only 9th out of 17 peers for coverage, accessibility and health of its urban vegetation, or 106th out of 155 cities globally (Husqvarna)
Liveability and Urban Optimisation

Experience Economy

The experience economy increasingly separates good cities from great ones.

In a post-Covid context where more time is spent working or consuming from home, on the internet, or away from main CBDs, residents and visitors are looking for a level of city experience that they will not usually find.

Leading cities increasingly will succeed not only through the number of events they host, but in staging the inspirational environments, the convivial public spaces, and the seamless journeys, that make an experience special and worth paying for. This means that cities have to pay attention more to how places perform, not just on the opportunities for consumption.

Melbourne’s most recognised strengths are:

1. The breadth and depth of its sporting and gaming infrastructure
   - Melbourne has been publicly rated as the number 1 city in which to be a sports fan, out of 50 cities in the English-speaking world, because of the variety, quality and scale of sports teams to follow and watch (Real Buzz, local sports directories)
   - The city is in the top 20% among 74 global cities both for the number of high-profile gaming and streaming expos and major eSports events hosted pre-Covid (local events directories)
   - 3% of all tech-enabled companies HQd in Melbourne relate to the sports industry, the 2nd highest share among 17 measured peers, just behind Barcelona (Crunchbase)
   - Melbourne is 3rd out of 48 top global cities for playing host to so many high-capacity sports and events stadiums (MMF)

2. The broad appeal of its local food scene
   - In a new global resident survey, Melbourne places 6th in the world for local perceptions of how good it is to eat, and 94% of locals rate the bars and restaurants highly (TimeOut)
   - The city ranks 4th globally in a new survey of the world’s most underrated food destinations among 250 global chefs (Chef’s Pencil)
   - For the number of world top 1,000 restaurants and reported likelihood of visitors coming to enjoy the food, Melbourne is 19th among 48 global cities (MMF)

3. Its highly regarded fashion and media sectors
   - Melbourne rates 24th globally for the performance, prestige, influence and output of its fashion and luxury brands, media and creative agencies (IFDAQ)
   - Melbourne’s Chanel Fashion Manifesto Exhibition was recently voted the 3rd best new experience globally (TimeOut)
   - As a result, for the variety and vibrancy of the leisure and cultural offer, the City of Melbourne is an impressive 3rd among 75 cities (data from pre and post-Covid, Nestpick)

4. The visibility and vibrancy of its neighbourhoods and streetscapes
   - Melbourne’s Smith Street was recently voted by global city dwellers as the coolest street in the world, with the Richmond neighbourhood being voted the 10th coolest neighbourhood (TimeOut)
**Melbourne has opportunities to improve in:**

1. **Engaging more Greater Melbourne residents in the city’s culture**
   - More expats are satisfied with cultural and leisure activities than residents: 83% of expats rate the local leisure options highly, 11% above the global average, but only 77% of residents are satisfied with the cultural activities on offer (ExpatInsider and IMD)

2. **Visibility and coverage of its nightlife**
   - Melbourne ranks outside the top 30 global cities for popularity as a night-time visitor destination (Instagram)

**What this means for Melbourne**

Melbourne’s one-of-a-kind experience shines through in the measures, even though not all aspects of the experience economy, which has been accelerated and disrupted by the pandemic, are captured by benchmarks. There are many reasons to think the city’s scores could rise to the very top over time as methods adapt and as travel resumes.

Chief among these is growing attention on how different industries are pivoting towards efforts to provide more meaningful and authentic experiences – from sport and gaming, to food, fashion and culture. Melbourne already shows many positive signs here, and will need to be vigilant as attention shifts to how well the whole metropolitan area provides opportunities for citizens to engage and participate.

**The lifestyle experience diverges between local residents and mobile talent**

**Fig 8: Difference in satisfaction with cultural/leisure activities, local residents vs. mobile talent**

- Long-time local residents more satisfied than mobile talent from overseas
- Mobile talent from overseas more satisfied than long-time local residents

*Mobile talent from overseas = professional/skilled workers currently residing in the city, either independently or having been seconded by their employer. Source: ExpatInsider, IMD Smart Cities Index.*

**Melbourne is a world top 10 experience economy across several areas**

**Fig 9: Selected benchmark results and other accolades/awards relating to the visibility and recognition of Melbourne’s experience economy**

- **Appeal to sports fans**
  - No. of high-capacity sports/events stadia
  - Chef perceptions: underrated food destinations
  - Local perceptions of food scene
  - No. of high-profile gaming expos
  - No. of major eSports events
  - Prestige & influence of fashion, media & creative

- **Variety & vibrancy of leisure & cultural offer**
  - No. of high-capacity sports/events stadia
  - Chef perceptions: underrated food destinations
  - Local perceptions of food scene
  - No. of high-profile gaming expos
  - No. of major eSports events
  - Prestige & influence of fashion, media & creative

- **Other achievements for Melbourne**
  - Based on global perceptions, Melbourne is home to:
    - The world’s coolest street (Smith Street)
    - The 10th most vibrant neighbourhood globally (Richmond)
    - A world top 50 bar
Inclusivity and Wellbeing

The strength of the social contract between different income groups, and between long-time residents and new arrivals, differentiates the cities that are able to adapt to crisis, build consensus around future changes, and combat economic and cultural polarisation, from those that are not.

Liveable cities like Melbourne have a profound duty to continually renew the widely shared sense of welcome and wellbeing. To do so often requires new tools to deliver the services and co-ordination at a larger scale, on digital as well as physical platforms, and given new kinds of threat that emerge to open societies in a global system.

Inclusivity and wellbeing underpin the long-term sustainability and cohesion of all fast growing cities.

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Melbourne’s most recognised strengths are:

1. The quality and availability of its healthcare
   - In a major study of urban safety and resilience, Melbourne is 2nd out of 60 cities for the quality of public and private healthcare and low mortality rates (EIU)\(^{24}\)
   - In a new index, Melbourne is 6th among 80 cities for citizens’ access to healthcare (WorkMotion)\(^{24}\)

2. Secure all-round lifestyle for incoming talent
   - In a global survey of international workers across 57 global cities, Melbourne has jumped 5 places and is now in the top 25 cities, and 5th among its peers. 78% of expats are satisfied with their life in Melbourne, 3% up on the global average (Internations)\(^{126}\)
   - In a major liveability index, the City of Melbourne ranks 8th out of 140 cities, 1st among its peers for its living conditions and the quality of its infrastructure (EIU)\(^{127}\)
   - In a global survey of cities’ reputation for safety, Melbourne is in the global top 10 (based on no. of global citizens identifying Melbourne as a top 10 safest city, American Urban Institute)\(^{24}\)

3. Access to opportunity
   - In a new global resident survey, Melbourne had the lowest proportion (10%) of residents perceiving the city to be highly unequal, out of 48 global cities (TimeOut)\(^{128}\)
   - Melbourne ranks 10th among 75 cities for the ease of female entrepreneurs to set up a business (Oberlo)\(^{131}\)
   - Melbourne is among the top 15% cities among more than 200 cities globally for how residents perceive living standards (Numbeo)\(^{132}\)
   - Melbourne ranks 7th out of 20 peers, or in the top 20% among more than 575 global cities, for all-round purchasing power (Numbeo)\(^{133}\)

4. Its air quality
   - Despite challenges of bushfire and car pollution, at 7.4mcg/m3, Melbourne has the 3rd lowest annual concentration of PM2.5, 70% less than its peer average (IQAir, pre-Covid)\(^{134}\)
Melbourne has opportunities to improve in:

1. Making housing, services and opportunities more affordable for more people
   - Melbourne remains in the top 10% most unaffordable housing markets in the English-speaking world. And yet given the inflation seen elsewhere and its propensity for greenfield development, Melbourne has actually seen the 4th smallest increase in home prices relative to income since 2012, among its peers (Demographia, pre-Covid).
   - The city is 14th out of 19 peers for the affordability of public transport (based on average % of monthly salary spent on monthly public transport pass) (Numbeo, self-reported data).
   - For affordability of high speed internet, Melbourne is 12th among peers (Numbeo, self-reported data).
   - The city rates 11th among peers for affordability of basic utilities, but costs relative to monthly income are not as high as in many European peer cities due to the even higher rates of inflation there (Numbeo, self-reported data).

2. Congestion and delays
   - With an annual congestion level at 23% in 2020, Melbourne was the 9th most congested city among its peers (TomTom).
   - However, another major traffic index shows the pandemic initially helped to reduce traffic travel times, with only 43 hours lost to congestion in 2020 compared to 57 hours among peers (Inrix).

3. Greater Melbourne's green and walkable built form
   - Melbourne is among the bottom half of its peer group (9th of 17) for the coverage, accessibility and health of its urban vegetation (Husqvarna).
   - Only half of Melbourne's residents are within a 1km walk of education and health amenities, which puts Melbourne behind the peer average and 12th out of 20 peers (ITDP).
   - Greater Melbourne has the 4th lowest built-up density among its peer group, at just 1,700 people per km² (Demographia).

Melbourne’s inner-city population is smaller than most liveable city counterparts

Fig 10: Size of inner-city population (5km) in Melbourne compared to peer cities

Source: WorldPop (based on satellite imaging data)

Melbourne is rated a more expensive city than most in which to live, travel, study and access key services

Fig 11: Melbourne’s position compared to peers across various affordability measures

Sources (from top to bottom): Mercer, Numbeo, Numbeo, QS, Numbeo, Demographia

What this means for Melbourne

Overall, Melbourne scores highly because of the wide range of areas where the city is well above average in this area, compared to both the most established global cities (such as London) and other lifestyle beacons (such as Vancouver and Barcelona). This applies not only to the quality of services but also to overall life outcomes, and the reported happiness and satisfaction of citizens. Melbourne remains widely treasured and enjoyed. Growing pains are however clearly visible when it comes to affordability, congestion and pollution. Even though in certain cases other in-demand cities have become even more exclusive environments for housing, amenities and studying, Melbourne risks losing some of its reputation as an accessible and inclusive city.

Many of Melbourne’s weaknesses appear closely linked to issues of access created by high distances to jobs, clinics, schools and services. Spatial development patterns have exacerbated and entrenched disadvantage in some cases. This, plus emerging changes in the ways studies of air quality and affordability are undertaken, may mean that Melbourne’s scores are at risk of falling in the near future.
Image and Influence

Image and influence matter hugely for cities in a crowded global marketplace.

The demand to live, work, study, visit, invest and do business in a city is inspired by its visibility, reputation and credibility, which can vary greatly even for cities that appear similar on paper.

Leading cities aim to achieve global reach and resonance for a broad base of users and markets, because this can create an enduring magnetism to trade, investment and talent. Increasingly they look to fine-tune their reputations as places to discover, innovate and be part of something bigger, as well as being somewhere to enjoy and consume.

The image and identity of cities takes time to accumulate but can also be damaged by short termism. Cities face unprecedented scrutiny for how they handle a crisis like a pandemic or cyber-attack, how they manage the large events they host, and how they treat high-profile individuals and communities.

Melbourne has opportunities to improve in:

1. Its reputation as a top bet among global investors
   - For perceptions of future real estate development and investment prospects, Melbourne is 6th out of more than 20 cities in Indo-Pacific (ULI/PwC). For global investors identifying Melbourne as one of the world’s most attractive cities in which to invest or start a business (KPMG, pre-Covid). Melbourne is not yet among the top 12 for global investors identifying Melbourne as one of the world’s most attractive cities in which to invest or start a business (KPMG, pre-Covid).

2. Developing sharper brand edges
   - In a new survey of the world’s best cities for different brand niches, Melbourne is one of only 9 peers not to excel across any specialization apart from “safety” (BusinessWire).

3. Growing its visibility through positive feedback
   - Melbourne has slipped one place to 35th for the number of stories and recommendations shared about the city online, now 9th among 17 peers (Resonance).

Melbourne’s most recognised strengths are:

1. Its reputation as a superb place to study and become employable
   - Melbourne is still in the top 10 cities for all-round student reputation, despite a slight drop from 3rd to 6th since 2019 as affordability concerns grow (QS).
   - The city is stable at 7th out of 115 cities for what businesses think of its universities and graduates (QS).

2. Its appeal to globally mobile talent post-Covid
   - In 2021, Melbourne is 13th globally for the share of people living abroad willing to move to the city for work – up from 16th in 2018 (BCG).
   - The city is also now 11th for its appeal to overseas digital talent – a significant increase from 19th in 2018 (BCG).

   - For all-round media visibility as a place to move after Covid, Melbourne is 3rd out of 16 peers (TBoC research).
   - In the latest version of the world’s major global survey of cities’ overall reputation and admiration among the global public, Melbourne is 9th globally (Anholt, pre-Covid).

3. Its perceived friendliness and openness
   - In a new large scale social media survey, Melbourne was publicly rated as the 10th friendliest city in the world (Rough Guides).

4. Its reputation as a place to work or start up
   - Melbourne has improved to 11th among 37 top global cities for its reputation as a place to move for work or start a business, partly due to perceived business stability during Covid (CBB).

Up to the end of 2020, Melbourne’s reputation among digital nomads was rising fast

Fig 12: Change in rank for reputation among digital nomads, Melbourne and peer cities, 2018-2020

What this means for Melbourne

The benchmarking of city brands has taken a slight back seat to other priorities. National brands, including Australia’s, have been to the fore in the last 2 years.

At least up to mid-2021, what has been apparent is that global opinions of Melbourne have been on the up, and that the graduate talent brand and inner city lifestyle brand has been growing all of the time - especially as a result of spillovers from the city’s association with openness, employability and students. However the character of the business, innovation and sustainability brands does not reveal itself as much in the benchmarks.

The collective impacts of Melbourne’s widely-documented lockdowns and approach to visitors, are also yet to register on longer term perceptions, which is another reason why Melbourne scores highly here.

This area is however likely to see some volatility in scores as perceptions about openness, city centre revival, innovation character, hybrid work, and climate change resilience, all loom large in the upcoming period.
Delivering Results

A Glance at the Governance and Partnership Imperatives to Sustain Melbourne’s Long-Term Liveability Advantage
Translating Melbourne’s growth promise into permanent advantage

There is no doubt the world recognises Melbourne as a special and distinctive city in the urban century.

Melbourne continually registers as one of the only cities in the world:

• That is simultaneously a genuine global mecca for students while also possessing an established corporate and creative base.
• Whose reputation for sport, food and fun is so widely affirmed by residents and global experts alike.
• That maintains a consumer appeal alongside a dedication to sharp-end R&D investments to service future growth.

In the context of the other cities, Melbourne also appears to possess opportunities to showcase a resurgent urban experience economy after Covid, show leadership in the clean and green transition, and deliver resilience as a centre of trade and distribution.

Some of Melbourne’s strengths and trajectory also appear in principle to be amplified by the post-Covid shake-up, which appears to lean towards cities that are:

1. Rich in place and habitat choices where life and work can be more by design than default.
2. Healthy, fair, competent, and resolutely committed to a strong social contract.
3. Able to facilitate more discretionary, flexible and hybrid patterns of work, study, leisure and movement.
4. Pushing hard to be clean, green, and up for the climate change and resilience challenge.
5. Hosts to ideas and innovation as well as corporates and consumers.

Living up to the Promise

However across the 9 themes we have reviewed it is very striking that so many aspects of Melbourne’s competitive offer are shaped, even compromised, by issues relating to investment, management, decision-making and delivery. The ways in which space, place, infrastructure and mobility service people across Greater Melbourne are deeply intertwined with the city’s competitiveness, including the dynamic metropolitan core of the City of Melbourne.

As a region Melbourne finds itself almost an outlier in terms of how low density most of its neighbourhoods are, and how much effort can be involved to reach the bus, station, doctors or school. These then have knock on effects on Melbourne’s ability to accommodate and include people in an expanded knowledge economy, and on the ability to mobilise and pay for public and private investment.

These point to important opportunities to explore useful lessons about how other cities have made adjustments to the way they coordinate their growth, so as to inform the quest for Greater Melbourne to maintain its edge and reputation as a quintessential liveable city.
Upgrading the toolbox? Melbourne in national and international perspective

Australia has been through an important and welcome cycle of urban reform. In the last 6 years experiments to create metropolitan planning institutions and metropolitan transport initiatives have emerged strongly, alongside efforts to foster better co-ordination between local governments in a big city. Pathways have been explored to reform, equip and incentivise local governments to support well-managed growth in the nation’s big cities.

Meanwhile the Federal Government has become more regularly engaged with policy in its major population centres including Melbourne, including via City Deals, the Smart Cities Plan, National Cities Performance Framework and Smart Cities and Suburbs Program.

And there have been important signs of progress in many states to integrate housing supply with transport, social infrastructure and place-making. The ideas around secondary centres, value capture, infrastructure investment models, public land partnerships, economic strategies, and high speed rail, have all matured considerably.

In this period Melbourne itself has also benefited from improvements such as:
- Stronger strategic infrastructure planning and advice via Infrastructure Victoria to the Victorian Government.
- Higher levels of identified investment in infrastructure focused on future needs.
- More intentional cooperation between groups of local governments and Victoria Government.
- Metropolitan Partnerships providing some guidance on sub-region priorities for jobs, services and infrastructure.

However broadly speaking many assess that Melbourne will benefit from renewed efforts, as Sydney has in part experienced, to enhance long term planning, create governance capable of serving the real functioning city, speed up the pace of metropolitan infrastructure delivery, and effectively sequence urban change with other services and amenities.

The benchmarks suggest that progress in these areas can, over time, contribute positively to Melbourne’s competitiveness. As such, many observe a large need and opportunity for those working in Melbourne’s long-term interests to:

1. Integrate land use, economic development and infrastructure much more into the planning process.
2. Create a comprehensive, detailed, whole-city strategic framework for growth, with aligned timeframes and actions, as well as visibility and profile.
3. Increase the scale and amenity of priority urban locations.
4. Develop transport network pricing and user pays systems for key roads, public transport and prime areas.
5. Develop consistent mechanisms to support new growth areas with well sequenced infrastructure and placemaking.
6. Expand the scope for early-stage planning and regulatory approvals to pre-empt risks of delays.
7. Establish stronger powers to assemble land among independent statutory authorities for essential city-shaping projects.

What other cities have been doing about it

Looking at Melbourne’s peers, it is clear that most of them have faced similar needs and many have been beneficiaries of proactive cycles of leadership, reform and innovation to equip the whole cities to grow and change with the times.

Below we observe four themes where these cities have been adapting with some success.

In every case the design and delivery of new changes has been bespoke, customised to fit the circumstances locally. There are no one-size-fits-all solutions and this short review primarily observes the direction of travel other cities are going on. The common ingredients, however, are stronger co-ordination across levels of government, improved public-private cooperation, and an environment of joint working to nurture and deliver new initiatives.

Enhanced citywide planning and growth management

Many of Melbourne’s peer cities have made adjustments to how they shape their growth without radically overhauling their governance systems. They recognise that they need vehicles to produce a stronger common vision among local governments, reduce the divergence in social outcomes, create many more neighbourhoods that are human scale with gentle density, and develop stronger mechanisms to protect collective natural assets.

At the formal end of the spectrum, some places like Barcelona have created a metropolitan authority to properly bring together spatial planning, mobility, water, waste, parks, housing, economic development and cohesion. Others like Montreal have used a more robust Metropolitan Plan to commit to a much higher percentage of new homes in the vicinity of good transport (rising from 40% to 60%).

More coordinated steps are happening in Vancouver, where the region’s resilience strategy is the catalyst for a regulatory and approval framework that commits to choices that are future proof in terms of environmental and other shocks, and produce denser and more innovative development of industrial land.

And in Boston, the Mayor has created a Cabinet-level Chief of Planning role for the first time in 2022, to oversee structural reforms and improve coordination and communication internally and with the wider region.

Case Study 1 – Building up the toolbox

Greater Manchester

Why did the city act?

After a long period of joint working between local governments, Manchester recognised it needed a way to start planning properly for the long term, address the quality of life gaps outside the core city, become an easier place to do and grow business, and develop a stronger innovation identity beyond ‘fun’, ‘nightlife’ and ‘sport’.

What was designed?

To co-ordinate Greater Manchester, an additional tier of Government was not created. Instead a Combined Authority was set up - effectively a Local Government at metropolitan level. It set up a whole-region Investment Framework to outline systematically and evidentially what was needed, how it could be measured, and how it could be stuck to. What was agreed included a revolving infrastructure fund: an ‘earn back’ model to recoup and recycle money from business rates, on a payment-by-results basis. Strong local leadership has also seen City Deals struck that involve serious health and care budgets; a Land Commission; Infrastructure Levies; and Council Tax Precepts. Agreements on infrastructure are now routinely accompanied by mechanisms for sustainable leadership, financing and long-term productivity growth.

What have been the impacts?

By increasing trust and continually creating new tools and alliances around a shared vision, Manchester has collectively developed a much stronger and more imaginative global competition mindset. It has accelerated public-private district redevelopment, including a world-class innovation district, mixed income housing areas, and vibrant airport, media and sport precincts. A new ‘innovation deal’ sparks a concerted business-led push to spread the benefits of R&D investment and scientific innovation to other locations in the city region, working closely with universities, local pension funds and agencies in higher levels of government.
New approaches to economic and innovation leadership

To compete in the innovation economy, Melbourne’s peer cities and their higher level governments recognise they have needed to improve the rate of business investment, enhance the involvement of business in economic bodies and commercialisation initiatives, and build stronger supply chain relationships among anchor firms and SMEs.

In Toronto, a federally and state-funded Supercluster effort has emerged in supply chain tech with over 1,000 members. Scale AI created chairs for professors in university business programmes, and invested in foundational technologies. It has been accompanied by State Government-led commitment to two-way, all-day trains between the main city of Toronto and the largest innovation city of Waterloo. Meanwhile in Amsterdam, a 21-member public-private metropolitan Economic Board has now had over a decade’s success in consistently focusing on agreed priority sectors and placing private and university institution leadership in direct responsibility for delivering programmes.

In these cases the initiative has helped to distribute the innovation brand outside the core city and around the wider region. And they have helped unite individuals and groups with foresight and energy around a common purpose to work on specific projects and objectives.

Case Study 2 – A More Strategic Investment Agency

**Barcelona & Partners**

**Why did the city act?**

To overcome once and for all the reputation as a city of tourism, compete more efficiently and develop a stronger proposition for entrepreneurs and digital talent.

**What was designed?**

A non-profit agency comprising 200 of the city’s leading institutions (companies, research centres, universities) to make Barcelona one of the world’s best cities for talent and investment. Financially, it is backed up by major firms in the region, the city government and the metropolitan authority, as well as higher tier governments. The result is a much more proactive and results-driven business model than what Barcelona had previously, focusing mainly on four disruptive sectors.

**What have been the impacts?**

Barcelona is proving more effective in the hand-holding and matchmaking of incoming technology firms and investors. The investment apparatus operates in a more targeted way informed by market intelligence and cluster needs. Already, more talented people find the new economy companies and R&D centres that encourage them to stay and keep their skills in the city.

Effective tools to run, guide and fund more places

Many metropolitan areas have recognised that in order to support more locations to succeed, they need to build up or strengthen their toolkit to increase the rate of investment, diversify income sources, create more empowered delivery agencies, and enhance the regulatory frameworks.

Manchester has set up a joint venture to develop affordable housing at quality and scale, called Manchester Life, which will roll out its experience at wider scale over time. Boston has introduced a major initiative to ensure green building zoning requirements for new construction projects meet a net zero standard, and is separately exploring opportunities to convert obsolete strip malls into low-income housing to create more than 100,000 housing units that with commercial space could generate A$600m+ in net tax revenues. Tel Aviv is using its historic light rail metro as an opportunity to diversify delivery capability across a wider range of partners. And London has used its recent infrastructure projects to test new value capture finance models (such as TIF) and ‘beneficiary pays’ approaches where landowners part-finance some of the costs according to likely value increases.

Case Study 3 – Business Improvement Districts

**Toronto**

**Why did the city act?**

As Toronto has expanded from 4 million towards 7 million people, the creation of 80 Business Improvement Areas (BIAs) has enabled many town centres and specialised precincts to emerge and flourish.

**What was designed?**

Toronto’s BIAs are a legal entity mandated by legislation. Owners or lessees of property in a precinct come together and agree a levy for all businesses in a defined area, and develop a budget for improvements and leadership. It is common for these BIAs to have several hundred members and generate A$500,000 in funding each year, rising to much more in signature locations. Spend is directed to making streets better and cleaner, marketing the areas more ambitiously, and running more street festivals. They are partners in the delivery of many government services. Councillors sit on BIAs Board and the public sector stays involved through the City’s Economic Development & Culture division – providing match funding in many cases.

**What have been the impacts?**

Toronto has been successful at achieving a genuine sense of place in more locations where people spend a great deal of time - industrial hubs, retail districts, innovation zones and town centres. The BIAs help produce more unified and engaged business voices across the city region, including during the pandemic recovery. By encouraging places to interact and be outward-looking, they create more awareness of the competitive offer locally and internationally.
Towards a New Cycle for Melbourne?

When we look at the group of cities selected as Melbourne’s peers, we can see that many of them have evolved the way they are run and managed to reflect their growth from a high calibre central city into a mature metropolis. Melbourne is arguably in its 1st cycle of really getting proactive and intentional about how the whole city can not just plan for the long term but organise and deliver. The central city remains the driving force of ambition and confidence, while public leadership is essential in overseeing the plan and finance model.

Cities that have managed to shift into a 2nd and even 3rd cycle have been able to pursue a mix of reforms and institutional changes as well as learning to co-operate supported by leadership and incentives from higher levels of government. Concrete projects, opportunities and initiatives are a way to create buy-in, recruit credible advocates, and find temporary fixes that can become permanent. Over time public and private leadership learns to reconfigure the way it participates in the joint task of shaping change.

Cities that advance into 2nd, 3rd and 4th cycle approaches find it easier to renew and reinvent their reputation as global centres of excellence. They are able to complement the world-class city centre with a metropolis and a region that provides not just demand but also efficiency, distinctiveness, resilience and variety.

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**Case Study 4 – Shaping the Innovation Vision for the Region**

**Cascadia Region Corridor, Vancouver**

**Why did the region act?**

Unaffordability has been growing in the Pacific North West and more than a million future residents have been accounted for by long-term plans. Business and state government leaders recognised that the neighbouring cities - Seattle, Portland and Vancouver - needed a shared vision that connects leading innovation hubs with high-demand housing centres, underpinned by fast rail to deliver sustainable development along the route.

**What was designed?**

A business-led coalition, working closely with government, is forging a vision to connect cities through a data alliance, shared economic vision, and maximum 1 hour rail journeys. Microsoft, University of Washington and leading anchor businesses are helping to craft a network of innovation districts and the infrastructure they need to succeed - operating in seven sub-committees.

**What have been the impacts?**

There is now more widely shared commitment that the region needs medium-density mixed-use in target locations, backed by a regional planning approach that delivers long-distance coordination. A number of much smaller locations are now primed to become 300,000-400,000 person centres of critical mass with serious anchor employers.

Universities, institutes, individual businesses, infrastructure providers, and leadership bodies, are all becoming more visible and purposeful in their roles as conveners and catalysts for their precincts and wider city and region.

These involve everything from coming together to build an outbound diplomacy function for the tech and science sectors (Barcelona’s SuTech Diplohub), formulating the compelling vision for sustainable prosperity (San Francisco’s 2070 Vision), and organising the State’s strategy for a pioner sector (eg Vancouver and Clean-Tech).

Institutions are also pooling their buying power for regional impact. San Diego is an example that has set up an Anchor Collaborative to pool social impact and investment from 45 anchor institutions who collectively purchase $9.9bn in goods and services every year (universities, healthcare institutions, the navy, national cybersecurity lab, utility companies and the port authority). Using procurement data, they are connecting large buyers much more efficiently to small local suppliers, creating more local jobs demand.

Opportunities for civic and business leadership

Cities have managed to shift into a 2nd and even 3rd cycle have been able to pursue a mix of reforms and institutional changes as well as learning to co-operate supported by leadership and incentives from higher levels of government. Concrete projects, opportunities and initiatives are a way to create buy-in, recruit credible advocates, and find temporary fixes that can become permanent. Over time public and private leadership learns to reconfigure the way it participates in the joint task of shaping change.

Cities that advance into 2nd, 3rd and 4th cycle approaches find it easier to renew and reinvent their reputation as global centres of excellence. They are able to complement the world-class city centre with a metropolis and a region that provides not just demand but also efficiency, distinctiveness, resilience and variety.

**Benchmarking Melbourne | 2022 | 61**
The Melbourne-Australia relationship in the context of the next cycle

This is a study of Melbourne in the world of cities. However domestic context is always very important and what a metropolitan city like Melbourne can achieve depends on nationwide dynamics and federal policies.

This is also reflected in the scores themselves – whether by design or default, city benchmarks continue to rely on national data to inform how cities are doing in areas of business climate, openness to talent, digital platform and much more. And then there are also areas where national policy, especially over the long-term, shapes how competitive a city can be, for example in policies that promote certain kinds of development or set of industries.

Broadly speaking in this work, Australia’s reputation as one of world’s most stable and advanced democracies, with strong macroeconomic fundamentals and open decision-making, filters down positively into benchmarks on Melbourne’s image as a place to live and do business. Equally on major issues like climate change response and the environment for world-leading innovation, the fact Australia is behind makes it much harder for Melbourne to shape its own destiny.

However especially in areas around infrastructure, experience and wellbeing, there is much more that can be delivered through action at state, metropolitan and city levels that will shape Melbourne’s competitive performance in years to come.

Implications and Agenda for Melbourne

2022-3 is a critical recovery year for Melbourne. This review raises a number of key questions for everyone on ‘Team Melbourne’ to consider.

1. How does Melbourne shift to the next cycle? What will it take?
2. How must we support Melbourne to bounce back quickly while also remaining focused on the long-term risks to our liveability edge?
3. What co-ordinated processes can and should emerge now?
4. How do we progress to identify more clearly the priority precincts, and the relationships with other regional cities?
5. What must business, institutions, and distributed leaders do to galvanise the period ahead?

Fig 13: Chart indicating areas covered in this report where Melbourne is more or less able to distinguish from Australia’s overall performance
About the Committee for Melbourne

The Committee works towards shaping Melbourne’s future with more than 150 members from major corporations, small and medium business, academic institutions, local government and not-for-profit entities.

Through embracing three key pillars, Future Economy, Infrastructure, Urban Optimisation and Liveability, the Committee exists to ensure Melbourne’s challenges and opportunities are addressed to keep our city vital, inclusive, progressive and sustainable.

The Committee is a not-for-profit, member-funded entity that is politically independent and impartial allowing us to freely and purposefully raise important issues.

To learn more about membership and our agenda please visit: www.melbourne.org.au