

5 May 2022

Federal Election 2022

Introduction

Australians will head to the polls on 21 May to elect members to the 47th Parliament of Australia. With the international border closed for two years, soaring debt, a war in Ukraine, regional geopolitical tensions, climate change and cost of living pressures, the next government must chart a path forward that will be as challenging as it is uncertain.

Addressing these challenges from a position of economic strength is crucial and will require Australia's cities to be efficient and productive. Committee for Melbourne (the Committee) is focused on policies that will do just that for our city. In February, the Committee launched its inaugural *Benchmarking Melbourne* report, to begin a conversation about Melbourne's strengths and opportunities. Using benchmarks and metrics to assess Melbourne's performance against 19 global peer cities, it offers data-driven insights and analysis of where greater policy focus is necessary.

Benchmarking Melbourne highlights that Melbourne has many strengths, perhaps none more so than our famed experience economy. With year-round artistic, cultural, business and sporting events, combined with eclectic laneways, café culture, our unique galleries, theatres, hidden bars and outdoor dining, Melbourne rates 3 out of 20 for its experience economy and 6 out of 20 for its image and influence. Melbourne has much to be proud of.

Yet, it also has challenges.

Benchmarking Melbourne highlights core opportunities associated with infrastructure, housing, skills, technology and innovation, climate change and investment attraction – all important issues for the incoming Federal Government to consider.

The Committee would welcome the incoming Federal Government to focus its attention on the following key issues, and hopes that election commitments might address long-term issues that will benefit Melbourne:

1. **Infrastructure:** Support the creation of a comprehensive, integrated transport plan for Melbourne, which would support costed, planned and productive investments in future-shaping infrastructure.
2. **Housing:** Develop a national strategy to increase the supply of social and affordable housing.
3. **Skills:** Assist in equipping Australians with the skills to navigate the *Fourth Industrial Revolution* and ensure we possess a skilled migration program that is responsive to the needs of business.
4. **Technology and digital capability:** Ensure all Australians possess basic digital literacy and skills, support the development of *enough* individuals with highly competent digital skills, ensure that our internet infrastructure is world-class
5. **Leading Edge Innovation:** Drawing on the significant strong foundations in research, support the commercialisation of new ideas and scaling up of start-ups; and ensure a suite of measures so that Australia remains an attractive investment destination.
6. **Climate change and sustainability:** Increase emissions reduction target to 2030 and develop a national energy plan.
7. **Health care:** Implement policies, programs and investment that addresses issues of affordability, access, skills, digital engagement and hard infrastructure.

Read on below for details of each key priority area.

1. Infrastructure

Integrated Transport Plan

The Committee has called for the design and publication of an integrated transport plan for Melbourne that considers land-use and economic development planning. Such a plan would identify investment-worthy projects, define expected timeframes for construction and justify project sequencing, as well as non-build policies that would improve the efficiency of the transport system.

The Committee would welcome Federal Government support for the creation of this integrated transport plan. Such support would provide greater certainty for the private sector and ensure plentiful supply of skills and materials. In addition, such a plan would support infrastructure investment that is costed and productive for Melbourne's future.

Victoria needs its fair share of infrastructure commitments through the Federal Election, ensuring that those commitments deliver productively for the future of Melbourne. The need for an integrated transport plan and considered investment, is borne out in *Benchmarking Melbourne*, with Melbourne rated 12th out of 20 in its whole of city connectivity. Melbourne is considered a 'tale of two cities' - reflected in the uneven distribution of transport infrastructure, amenity, green spaces and affordable housing across the metropolitan region.

2. Housing

Social and affordable housing

The Committee's *Benchmarking Melbourne* report shows that Melbourne is the 6th most unaffordable English-speaking metropolis for buying a home and has the 4th lowest built-up density among its peer group, at just 1,700 people per square kilometre. Coupled with issues of significant under-supply of social and affordable housing for key workers, housing affordability and supply is a key issue for Melburnians.

In its report *Delivering Affordable Housing*, the Committee has developed recommendations for increasing the supply of a mix of housing, including through the development of housing targets and policies to address supply such as incentives and taxation policy.

Both sides of politics have announced measures for purchasing homes. The Coalition Government has announced policies relating to First Home Buyers to assist with purchasing of homes, and the Labor Government has announced a range of measures to assist with home ownership such as the "Help to Buy" scheme.

However, the need for significant and structural reforms to deal with the massive undersupply of social and affordable housing is needed, with strong Federal leadership in this regard. A national strategy that addresses issues of taxation, finance, regulation, densification and related matters would be highly beneficial. State and local government buy-in would be vital.

It is pleasing to see for example the consideration by the Labor Government of establishing a National Housing Supply and Affordability Council – however, such a Council needs to have the ability to act quickly to establish housing targets across the country and to enforce housing targets, whether that be through incentives or penalties.

3. Skills

An advanced skills base comprising local and foreign talent will help Melbourne recover from the pandemic and realise opportunities in the new economy.

Skills development

The Committee has called for policies that ensure Australians have the skills to navigate the challenges and opportunities presented by the Fourth Industrial Revolution. With accelerated reliance on technology through the COVID-19 pandemic, it remains clear that skills in STEM are needed and are in short supply.

Benchmarking Melbourne highlighted that Melbourne was 12th among 15 peers for its share of top-rated coders and 15th of 18 peers for the proportion of the population employed in technology intensive industries.

Announcements such as Labor’s aim to deliver 1.2 million Australians into tech jobs by 2030, based on policies like extra university courses, free TAFE places and supporting start-ups – are welcome but may take some time to play out through the economy. With the existing workforce requiring upskilling, and younger individuals requiring access to new courses and training over the course of their lives, the Committee would welcome policies that would address basic literacy skills and might be flexible enough to accommodate upskilling and whole of life training - like ensuring there are accredited micro-credential qualifications available and accessible via government subsidies or loan schemes.

Skilled migration

The Committee has called for a robust and responsive skilled migration program that ensures local businesses have access to global talent.

The Committee would welcome the incoming Federal Government to review the country’s skilled migration requirements and ensure that Australian businesses can easily access foreign talent who understand how to commercialise new and emerging technologies and who can advance Australia’s interests in emerging, high-growth economic sectors.

4. Technology and digital capability

Technology sector

A major economic growth driver will be Australia’s capacity to develop its technology sector. The scale and scope of rapid technological developments will drive productivity, growth and investment, improve public services and enable scientific breakthroughs.

Policies that ensure Australia has the capability to navigate current and future technological challenges and opportunities, include those that:

- Ensure all Australians possess basic digital literacy and skills, and we possess enough individuals with highly competent digital skills.
- Ensure widespread access to, and development of, transformative technologies.

According to *Benchmarking Melbourne*, Melbourne ranks 15th of 18 peer cities for the proportion of the population employed in technology intensive industries and sits in the bottom 40% among 87 global cities for the number of tech-enabled company headquarters relative to population size.

Digital infrastructure

A *competitive digital infrastructure* is needed to ensure Australia had efficient, reliable and secure internet infrastructure to meet the needs of Australian business and the community. Internet speed, coverage, capacity and security will profoundly affect the ability of Australian-based businesses to compete. The Committee would welcome the incoming Federal Government to develop a clear understanding of Australia’s current and future technology and internet requirements, with consideration for international competitive developments.

5. Leading Edge Innovation

The Committee’s innovation agenda is focussed on the need to translate Melbourne’s significant research strengths into strong commercial outcomes. *Benchmarking Melbourne* recognises the strong foundations in universities and research institutions in Melbourne, with Melbourne ranking 8th out of 36 cities for quality and reputation of its universities and R&D organisations.

However, overall, *Benchmarking Melbourne* rated Melbourne 14th out of 20 peer cities for Leading Edge Innovation, reflecting opportunities for greater commercialisation, attraction of capital, growth in specialisations and digital and tech uptake.

Melbourne ranked last among 14 peers for breadth of industries for which the city is regarded as a global top 25 innovation ecosystem and sits in the bottom 40% among 87 global cities for the number of tech-enabled company HQs relative to population size. In terms of funding, Melbourne ranked 42nd out of 75 global cities for the availability of venture capital, while local life science companies received about \$53 million of angel, pre-seed and venture funding between 2018 and 2020, compared to an average of \$520 million among peers (excluding San Francisco and Boston); placing 17th out of 18 peers for venture capital funding in biotechnology.

A suite of measures to ensure Melbourne and Australia continues to be a highly attractive investment destination is required, such as ensuring Australia's regulatory and legal institutions remain stable and serve the public interest; ensuring Australia has a highly competitive corporate tax regime and incentives for overseas investment in business, start-ups, R&D and innovation. A national plan, supported by all levels of government for precinct development, specialisations and incentives for specialist precincts would also be positive. Equipping agencies with the resources to drive investment attraction and global competitiveness in a coordinated, consistent and coherent manner across Australia's states and territories is essential.

Only through the translation from discovery to new products and services will we create high-value jobs, attract investment, build influence and sustain economic growth.

6. Climate Change and sustainability

Climate change

The Committee has called for a more ambitious national emission reduction target to 2030, accompanied by strong emissions reduction policies and initiatives to help address the impacts of climate change and position the country for *green* economic opportunities.

Both the Coalition and Labor support a target of net zero emissions by 2050. Where they differ is their target to 2030, with Labor intending to lower Australia's emissions by 43 per cent on 2005 levels by that year, while the Coalition has a 2030 target of a 26 to 28 per cent cut in emissions. The Greens want Australia's emissions cut by 27 per cent by 2030.

Benchmarking Melbourne ranks Melbourne 7th among 14 peers for carbon emissions per capita and 32nd among 48 top global cities, as well as 8th among 13 peers for electric vehicle uptake and transport-related emissions. Much work is needed to reduce emissions quickly across the economy.

Energy

The Committee has called for a national energy plan to ensure affordable, reliable and low-emissions domestic electricity, and to harness potential green energy and green industry export opportunities.

As part of its *Powering Australia* plan, Labor intends to increase cooperation with the states and territories on energy reliability and affordability, and will focus on boosting renewable energy. The Coalition's "technology not taxes" campaign, includes the roll-out of low-carbon technologies that support energy exporters and energy-providing service providers.

A national plan for renewable energy is required urgently. Failure to coordinate renewable energy infrastructure investment between the states and territories risks expensive duplication of finite resources and sub-optimal results. Furthermore, strong national leadership will help catalyse green manufacturing opportunities and zero emissions vehicle uptake.

Zero Emission Vehicles

To increase the uptake and roll-out of zero emission vehicles (ZEVs) across Australia, the Committee has called for the Federal Government to develop a national vision and strategy. The strategy should

address the need for a national fleet emissions standard, include incentives to encourage private uptake, install charging infrastructure and a produce a consumer awareness campaign.

Labor has indicated that it will work with industry, unions, states and consumers to develop a National Electric Vehicle Strategy. Such a strategy would include a \$500 million “driving the nation” fund, which will allow the commonwealth to co-invest in EV chargers, as well as hydrogen and biofuel refuelling infrastructure. An electric car discount would also be introduced. The Coalition released its *Future Fuels and Vehicles Strategy* in 2021, which included plans for charging infrastructure.

7. Health care

Benchmarking Melbourne recognises the city’s strengths in accessibility to amenities, healthcare and safety, rating Melbourne 7th out of 20 global peer cities in Inclusivity and Wellbeing. However, there are significant areas for improvement in health care (including aged-care) - particularly recognising issues that are emerging into the future like skills shortages.

Rising costs associated with an aging population, increased incidence of chronic diseases, as well as infrastructure and skills gaps are placing the sector under significant strain. Only half of Melbourne’s residents are, for example, within 1 km walk of education and health amenities and this puts Melbourne 12th out of the 20 peers in *Benchmarking Melbourne*.

Whilst there have been some commitments on health from both Federal parties in the election in relation to things like costs of medicine, significant structural reforms and policies that might address some of the looming problems with health care, such as the emerging skills crisis, would be welcome. Whilst both parties have made some commitments for example to training in health care, this might take some time to play out across the sector.

The Committee would welcome significant and rapid investment to support the city’s health care sector in areas such affordability, access, skills, digital engagement and hard infrastructure.

* * *

For more information, contact Director of Policy and Research, Leanne Edwards, at ledwards@melbourne.org.au or Senior Policy and Research Officer, Brett Van Duppen, at bvanduppen@melbourne.org.au