



NATIONAL CITY LEADERS SURVEY

Trends, changes and challenges
shaping the future of Australian
cities.

November 2022

FOREWORD

Since our inception, Urbis has had one simple goal: to assist in shaping Australian cities and communities for a better future. Cities are deeply intertwined with humanity's biggest challenges and are pivotal in delivering positive change for society, businesses and the planet.

As our cities face increasingly complex challenges, the capacity to act to address these challenges must increase in equal measure. It was in this context that Urbis launched Future State in February of 2020 to help our clients navigate uncertainty, confront fundamental changes in the operating environment for cities and harness their potential as engines of sustainable prosperity.

We knew we were entering a period that would be marked by profound social, economic and technological changes and intractable existential threats, but we could never have imagined what 2020 had in store. In the two years since, volatility and uncertainty have become the norm and the demand for greater insights into the challenges facing our cities has never been stronger or more urgent.

Our first national survey of Australia's city leaders responds to this demand by shining a spotlight on where our cities are at, what challenges and opportunities exist and how we might act to address these. While our survey findings are sobering in parts, the last few years have shown that our city leaders can be agile, adaptive and innovative. This should give the Australian community confidence in their capacity to steward our cities towards a sustainable, prosperous and inclusive future.



A handwritten signature in black ink that reads "James Tuma". The signature is stylized and written in a cursive-like font.

James Tuma
Group Director, Future State



Acknowledgment of Country

Urbis acknowledges the important contribution that Aboriginal and Torres Strait Islander people make in creating a strong and vibrant Australian society.

We acknowledge, in each of our offices, the Traditional Owners on whose land we stand.

CONTENTS

Overview	4
Leadership outlook	5
Grand challenges for Australian cities	11
Covid-19 impacts	15
Crisis management	21
Climate change and sustainable development	26
Economic growth and competitiveness	32
Technology and digital disruption	38
Population and demographics	43
Inequality in cities	49
Urban governance	56
The task ahead	62
Three big moves to drive positive and lasting change	71
About Future State	73
Endnotes	74

OVERVIEW

Urbis' 2022 National City Leaders Survey is Australia's first survey of senior executives from the nation's most important city-shaping organisations. It offers a bellwether of sentiment around the issues likely to influence government and industry priorities in years to come.

The last two years fundamentally transformed urban life in Australia. As the COVID-19 pandemic unfolded, so too did our sense that no two experiences were alike. Each of our states and cities had to face its own unique challenges. Many Australians felt isolated, cut off from their cities and communities, and often their loved ones, during this time. The pandemic also exposed and exacerbated longstanding structural inequalities, while accelerating trends that could forever change the operating environment of our cities.

For city leaders, this was a time of swift action, not only in response to the pandemic. Many of our cities began to pay the high cost of climate change, with extreme rainfall and floods along the east coast, just two years after the country's most destructive bushfires. At the same time, cities are competing for the same pool of resources needed to both drive innovation and technology-based economies and develop new high-value, high-growth industries to underpin future growth.

Against this cascade of challenges, Australia's city leaders began to ask us what their counterparts were thinking during this time. In early 2022, Urbis set out to capture what is top-of-mind for Australia's most influential city shapers. We wanted to understand the differences facing public sector leaders and their private sector peers. What are their priorities and concerns? What do these mean for Australian cities? And how prepared are we to address our biggest challenges?

We initially met with 40 executives from government, business, academia and third-sector organisations in face-to-face interviews where we identified eight consistent challenges that informed a broader online survey completed by more than 100 city leaders nationwide. The results of the survey provide a snapshot of the issues that are top-of-mind for city leaders – from maintaining economic growth and competitiveness to addressing inequality and demographic challenges, to tackling climate change and the impacts of COVID-19.

These challenges play out differently in each city. The impact of the pandemic can be seen in city leaders' individual expectations about the future and their headline priorities and reactions to transformative trends. Similarly, the diverse geographic, demographic and economic characteristics of our cities mean disruptive forces are experienced in different ways. Each city must tailor its own plan for change.

We also uncovered stark differences between public sector leaders and their private sector counterparts around the priorities and challenges facing our cities. While not entirely unexpected, these differences highlight the need to solve problems collaboratively and mobilise resources collectively, so cities can tackle multi-dimensional local and global challenges, unlock new opportunities and generate positive, lasting change.

To get a handle on the task ahead for city leaders, we sought to understand how prepared cities are to address their biggest challenges. The findings point to critical capability gaps in how we reduce inequality, maintain economic growth and competitiveness, tackle climate change, deliver sustainable development and manage population and demographic changes. But the findings also highlight important areas of consensus, such as prioritising energy transition to tackle climate change and investing in future skills to propel growth and make city economies more competitive.

As Australian cities emerge from the COVID-19 crisis and set their sights on perhaps more profound urban challenges, Australia's first national survey of city leaders shows that the imperative to look beyond the short term and take decisive action has never been stronger.



LEADERSHIP OUTLOOK

With Australian cities disproportionately impacted by COVID-19, leaders are starting to engage more deeply with the idea of sustainable and inclusive growth. Globally, the role of cities in addressing these critical development challenges is beginning to take shape.

In this context, Urbis invited the nation's city leaders to tell us how they think our cities will perform over the next two years, across economic, environmental and social dimensions. Near-term sentiment can serve as a proxy for how leaders assess the capacity of our institutions to transform the systemic conditions that create and sustain vulnerabilities in our cities. Here's what we found.

City leaders are optimistic about near-term economic and environmental performance for their cities but less so about future social outcomes

While 43% of leaders expect economic outcomes to improve and 42% anticipate improved environmental outcomes, only 22% of city leaders expect social outcomes for urban dwellers to improve, with 30% of leaders expecting conditions to worsen. Nineteen per cent and 12% of leaders expect worsening conditions for economic and environmental outcomes respectively, while net sentiment is positive for the environment (+30%) and the economy (+25%) but negative for social outcomes (-7%).¹

Despite the relative optimism around Australia's urban economics, new risks to growth have emerged since we surveyed leaders in the first quarter of 2022, increasing already high levels of complexity and uncertainty in our cities.

At the time of writing, many analysts and economists fear that rapid interest rate rises to tame inflation could lead to significant housing downturn, constrain business investment, hurt consumer confidence and increase the likelihood of a recession in Australia.

While net sentiment around environmental performance is positive, findings later in the survey highlight an imperative for cities to act on climate change and sustainability, and a significant gap between current challenges and our preparedness to address these. We suspect positive sentiment is due to broader signs of optimism across Australia, with political leaders finding common ground on and directing more resources towards climate change and sustainable development challenges than ever before.

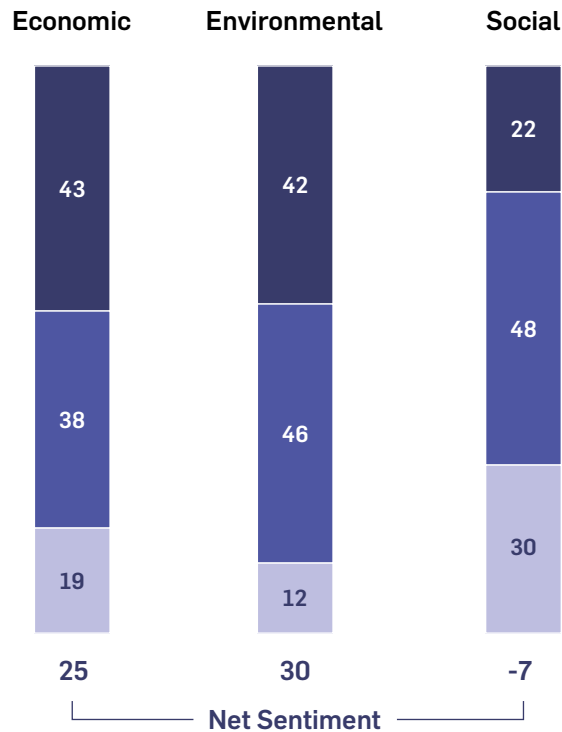
Figure 1

LEADERSHIP OUTLOOK FOR AUSTRALIAN CITIES

Do you believe the performance of your city in terms of overall economic, environmental and social outcomes will improve, stay the same, or worsen over the next two years?

Percentage (%) of all respondents

■ Improve ■ Stay the same ■ Worsen



Source: Urbis 2022 National City Leaders Survey

City leaders are optimistic about near-term economic and environmental performance for their cities but less so about future social outcomes (continued)

In contrast, many leaders expect our performance on social outcomes to deteriorate in the near term. This, combined with expectations of improved economic conditions, underscores the persistent inequalities we see in Australian cities and society.

In Australia today, the top 20% of income earners make nearly six times that of the bottom 20%, while the richest 20% have almost 100 times the wealth of the bottom 20%.² What role do our cities play in reinforcing economic and social divides? We asked city leaders for their response to this question later in the survey.



“

It's clear that the cities that will emerge best from the pandemic are the ones that provide affordable housing, working and cultural space, a myriad of cultural offerings, walking, cycling and excellent late-night public transport, green, cool calm streets, laneways, small bars and late-night activity. The City of Sydney has, for over a decade, understood these to be the attributes of great and competitive cities and has made them a priority. The reform appetite for this agenda has only accelerated post-Covid – and we need to match that with accelerating our pace of reform.

Councillor Clover Moore
Lord Mayor, City of Sydney



City leaders from smaller capital and regional cities are more optimistic about future performance than their big city counterparts

The survey revealed that leaders from cities most impacted by COVID-19 restrictions are less positive about near-term economic performance, with sentiment lower among leaders from Sydney (+22%), Melbourne (+4%) and Brisbane (0%). Leaders from Perth (73%) and smaller capital and regional cities (58%) share a more positive outlook. Sentiment on economic performance among Perth leaders is especially bullish – 75% believe it will improve over the next two years.

Unlike leaders from other cities, in Perth no respondents foresee worsening performance. This reflects the relative strength of Western Australia's economy, which performed strongly during the pandemic and is poised for growth over the next two years.³ Similar sentiment sits with leaders from smaller capital and regional cities, many of which benefited economically from internal migration during the pandemic.

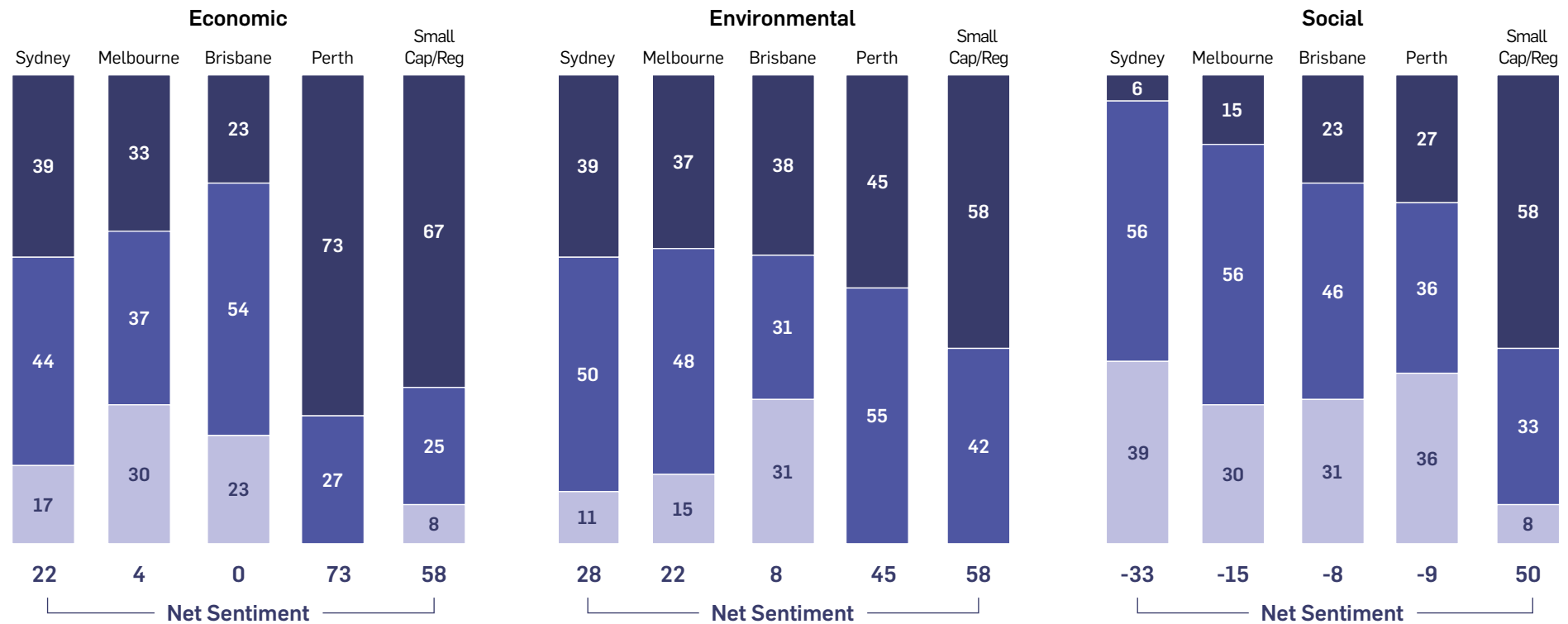
Figure 2

LEADERSHIP OUTLOOK FOR AUSTRALIAN CITIES

Do you believe the performance of your city in terms of overall economic, environmental and social outcomes will improve, stay the same, or worsen over the next two years?

Percentage (%) of respondents by city

■ Improve ■ Stay the same ■ Worsen



Source: Urbis 2022 National City Leaders Survey

City leaders from smaller capital and regional cities are more optimistic about future performance than their big city counterparts (continued)

Conversely, almost one-third of leaders from Melbourne believe their city's economic performance will deteriorate over the next two years. No doubt, this reflects the profound impact of COVID-19 and Melbourne having spent more days in lockdown than any other city in the world. Melbourne's economy is forecast only to return to its pre-COVID-19 output by 2024.⁴

When it comes to environmental outcomes, similar differences play out. Around half of all leaders from Perth and smaller capital and regional cities expect improvements in the near term, while sentiment in other major capital cities is weaker but remains positive. That said, leaders from Brisbane have a more subdued outlook for their city than those in Sydney and Melbourne, with close to one-third anticipating poorer performance on the environment in the near term.

The outlook on social performance varies significantly between leaders from cities of all sizes. Net sentiment for the nation's four largest cities is negative, particularly for Sydney (-33%) and Melbourne (-15%), while smaller capital and regional cities are overwhelmingly positive (+50%). We suspect the extent and severity of COVID-19 lockdowns in our major cities – and the impact this had on amplifying already entrenched social and economic inequalities – may have influenced these leaders' perceptions of near-term performance.



The pandemic has been a huge disruption, but Australia's future is still a nation of cities attracting people and investment in equal measure. Shaping our cities for a successful future remains one of the nation's most important tasks.

Ken Morrison

Chief Executive, Property Council of Australia



Public sector city leaders are more upbeat about how their cities will perform across all three measures

While net sentiment is marginally higher among public sector leaders on both future economic performance (+29% vs +24%) and environmental performance (+35% vs +26%), a significant disconnect between expectations on social outcomes remains.

Public sector leaders are far more optimistic, with overall net sentiment standing at +12% compared to -20% in the private sector.

Over one-third of government and institution leaders believe their city's social outcomes will improve over the next two years, whereas only 13% of leaders from the private sector share such optimism.

These disparities underscore fundamental differences between sectors, such as ownership, motives, and the goods and services they provide. Another differentiating factor is where their financial resources come from and how significant the incentives are to be more efficient and productive.

Each sector's priorities and objectives are also shaped by different drivers. Leaders in the public sector typically focus on providing goods and services to benefit the public and upholding the values of the government of the day, while private sector leaders are more focused on providing goods and services for a profit and maximising shareholder wealth.

Additionally, leaders in the public sector often have access to different information and data sources which may in turn shape what they believe to be the main priorities and challenges facing our cities. Differences in motivation, incentives, objectives and information can impact how leaders view city-shaping across sectors.

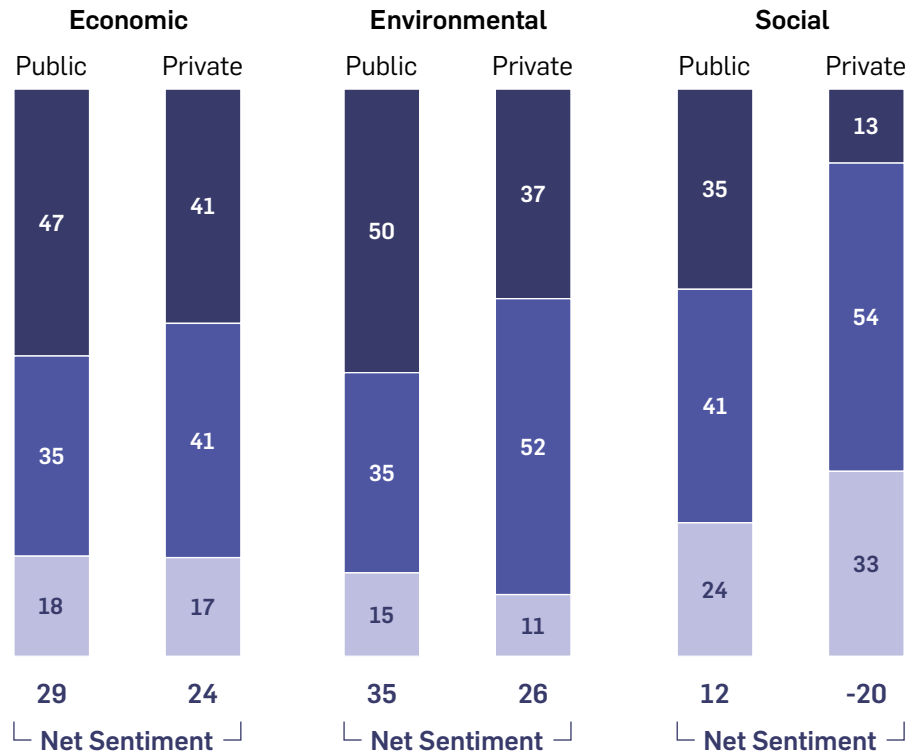
Figure 3

LEADERSHIP OUTLOOK FOR AUSTRALIAN CITIES

Do you believe the performance of your city in terms of overall economic, environmental and social outcomes will improve, stay the same, or worsen over the next two years?

Percentage (%) of respondents: public vs private sector

■ Improve ■ Stay the same ■ Worsen



Source: Urbis 2022 National City Leaders Survey
University and not-for-profit leaders account for 10% of public sector respondents



GRAND CHALLENGES FOR AUSTRALIAN CITIES

During our initial exploratory interviews, we quizzed leaders about the biggest challenges facing their cities. Eight challenges consistently emerged:

- the impacts of COVID-19
- crisis management
- climate change and sustainable development
- economic growth and competitiveness
- technological disruption
- population and demographic changes
- inequality
- urban governance

To pinpoint the challenges chief among city leaders at this time, we asked survey participants to nominate the top three for their city. The results show how Australian city leaders weigh these challenges and the difficult trade-offs they must navigate to set priorities and allocate resources.

Maintaining economic growth and competitiveness – a top challenge for two-thirds of city leaders

Seventy per cent of respondents chose to include maintaining economic growth and competitiveness in their top three challenges. Just over half of all city leaders list managing population and demographic changes (55%) and tackling climate change and delivering sustainable development (52%) in their top three most significant challenges, while 48% cite adapting to changes post-COVID-19. The sizable gap between these and the other four challenges shows their significance to city leaders.

It's not surprising that such a high number of city leaders identify maintaining economic growth and competitiveness as a top challenge. Navigating continued global macroeconomic shocks and localised economic impacts is ongoing while new challenges include significant shifts in migration between capital cities and regional areas, the threat of climate change and uncertainty around the long-term impacts of COVID-19.

Only one-third of leaders identify reducing inequality as a top challenge – a relatively low weight given the observations made around expected social outcomes. Leaders perceive other challenges will be more significant in the near term.

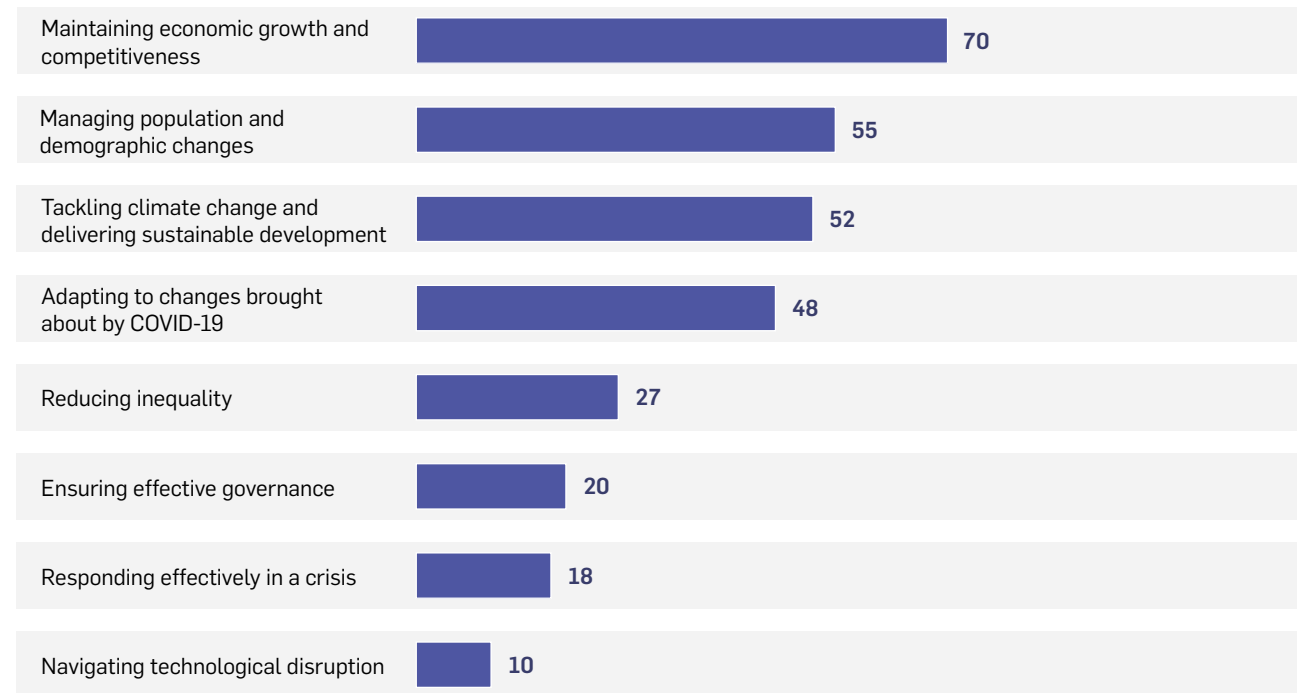
Our analysis later in this report suggests Australian cities have a capability edge on governance, crisis management and navigating technological disruption, which may explain why leaders perceive these challenges as less significant. In other words, the relatively lower weight leaders place on these challenges correlates with confidence in our cities' capability to address them.

Figure 4

BIGGEST CHALLENGES FOR AUSTRALIAN CITIES

Which of the following do you believe are the three biggest challenges your city will need to focus on over the next two years?

Percentage (%) of all respondents



Source: Urbis 2022 National City Leaders Survey

Eighty per cent of leaders from Brisbane and more than 90% from Perth cite maintaining economic growth and competitiveness as their biggest challenge

There are noticeable differences between city leaders in the weight they give to the top challenges facing cities. Leaders from Brisbane and Perth place greater weight on managing population and demographic change, relative to leaders in Sydney and Melbourne.

Although city leaders from smaller capital and regional cities see maintaining economic growth and competitiveness as a major challenge, their biggest concern is managing population and demographic changes, which close to 70% of those leaders list in the top three. It's not surprising, given the significant growth many of these cities experienced during the pandemic, as well as the relative impact of changing population numbers on overall city performance.

Tackling climate change and delivering sustainable development is a top three challenge for all cities except Perth, with 45% of leaders from Brisbane and 60% of leaders from Sydney, Melbourne and smaller capital and regional cities sharing this sentiment. Only 27% of Perth's city leaders identify tackling climate change and delivering sustainable development as one of their biggest challenges.

Governance is seen as a more significant challenge for leaders in our major cities, which reflects the increasingly complex and multi-layered governance environment these city leaders must navigate. Leaders from smaller capital and regional cities appear confident in existing government structures and mechanisms, with not one identifying ensuring effective governance as a top challenge, compared with 40% of city leaders in Brisbane.

Figure 5

BIGGEST CHALLENGES FOR AUSTRALIAN CITIES

Which of the following do you believe are the three biggest challenges your city will need to focus on over the next two years?

Percentage (%) of respondents by city

	Sydney	Melbourne	Brisbane	Perth	Small Cap/Reg
Maintaining economic growth and competitiveness	60	68	80	93	54
Managing population and demographic changes	56	39	55	73	69
Tackling climate change and delivering sustainable development	60	61	45	27	62
Adapting to changes brought about by COVID-19	44	50	45	60	38
Reducing inequality	24	39	10	20	38
Ensuring effective governance	20	21	40	7	0
Responding effectively in a crisis	24	11	25	7	23
Navigating technological disruption	12	11	0	13	15

Source: Urbis 2022 National City Leaders Survey

High-level disparities like these remind us that while Australian cities might share the fundamental drivers of change, how these drivers affect individual cities depends on underlying geographic, social, environmental, economic and political strengths and vulnerabilities, together with what leaders in each sector deem important.

Private sector leaders place greater emphasis on economic growth, population and demographic change, and governance relative to their public sector counterparts

Differences also exist between sectors. While private sector leaders place greater emphasis on the challenges listed above, their public sector peers emphasise the significance of climate change and adapting to changes brought about by COVID-19.

The biggest disparity between sectors relates to economic growth, with 80% of private sector leaders identifying this as a top challenge compared to 59% from the public sector – perhaps due to economic performance being linked to the private sector.

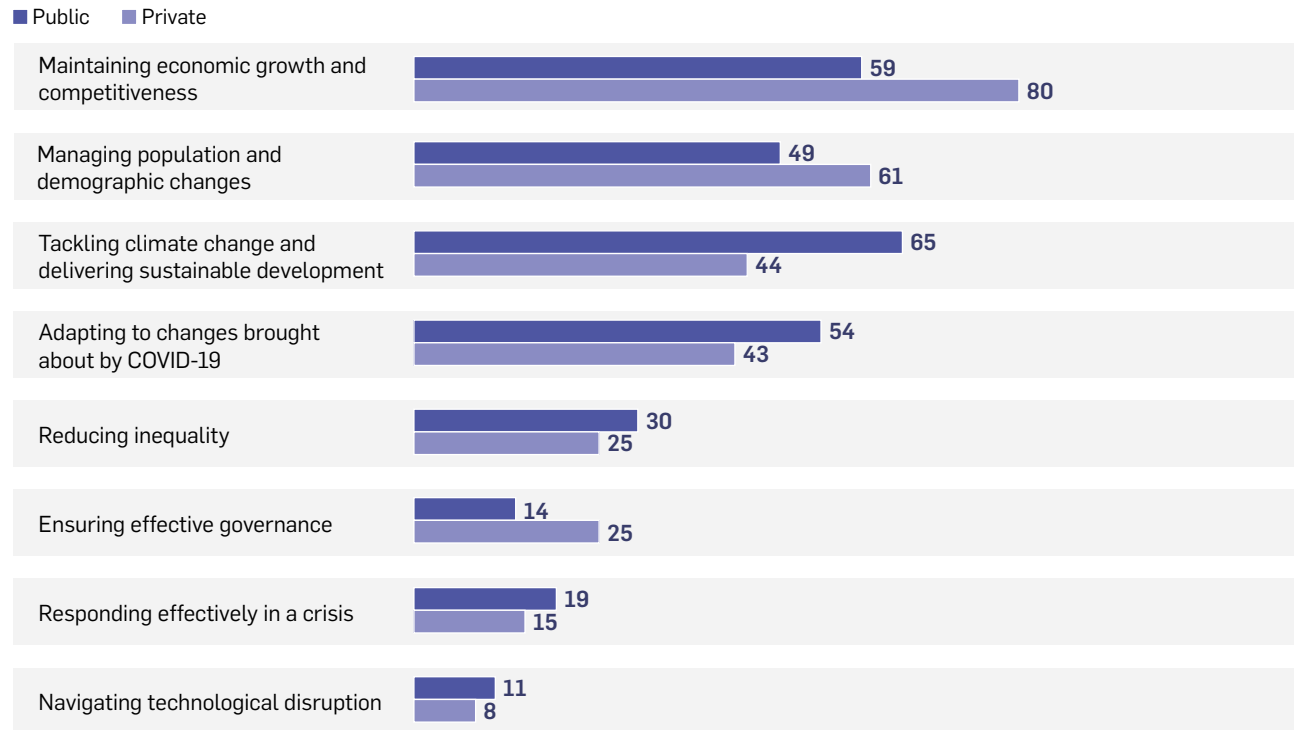
Overall, the survey results suggest that leaders' perceptions are closely related to the context in which they work, including factors such as their remit, area(s) of expertise and influence, interests and access to information. The relative emphasis placed on climate change and COVID-19 by leaders in the public sector also reflects the government's central role in driving policy around these two challenges.

Figure 6

BIGGEST CHALLENGES FOR AUSTRALIAN CITIES

Which of the following do you believe are the three biggest challenges your city will need to focus on over the next two years?

Percentage (%) of respondents: public vs private sector



Source: Urbis 2022 National City Leaders Survey
University and not-for-profit leaders account for 10% of public sector respondents

A photograph of two women wearing light blue surgical face masks, looking towards each other in a public setting. The background is slightly blurred, showing what appears to be a public space with some structural elements. The lighting is natural, suggesting an outdoor or well-lit indoor environment.

Grand challenges for
Australian cities

COVID-19 IMPACTS

Although the COVID-19 pandemic delivered unexpected and rapid disruption with far-reaching implications, Australia fared better than most countries. Our cities and communities demonstrated new depths of capability when it came to responsiveness, adaptability and resilience.

Despite this, city leaders see adapting to changes brought about by the pandemic as one of the top four challenges facing Australian cities. To explore the potential city-shaping consequences of COVID-19, we asked city leaders the extent to which pandemic-induced trends might shape the future of their city over the next two years.

COVID-19 will have a lasting effect on our cities – the most significant impacts are constrained public finances and the changing role of the CBD and urban centres

On average, 75% of respondents believe the ten COVID-19 trends impacting cities – identified during exploratory interviews – are likely to have a moderate to significant impact on Australian cities. More than a third believe the following impacts will be significant:

- constrained public finances (40%)
- the changing role of the CBD and urban centres (36%)
- location preferences (33%)
- economic and social costs of COVID-19 (32%)

When we examine significant and moderate impacts together, changes in travel demand and mode, alongside economic and social costs, also emerge as pronounced pandemic-induced impacts. While changes to housing preferences and the experience economy ranked lower than these other domains, they remain significant outside our major cities.

These findings signal a fundamental shift in how our cities may evolve and function over the coming years. The big question for governments and business is how to respond appropriately and purposefully to these changes, which are likely to interact in ways that are unpredictable and surprising.

City planning has traditionally relied on forecasts using linear predictions built on past trends, but in a post-pandemic world, betting the future based on the past is a risky move. If we're to prepare our cities for an ever-changing future, we need to rethink current practices, strengthen how we deal with uncertainty and build our capacity to adapt quickly in response to change.

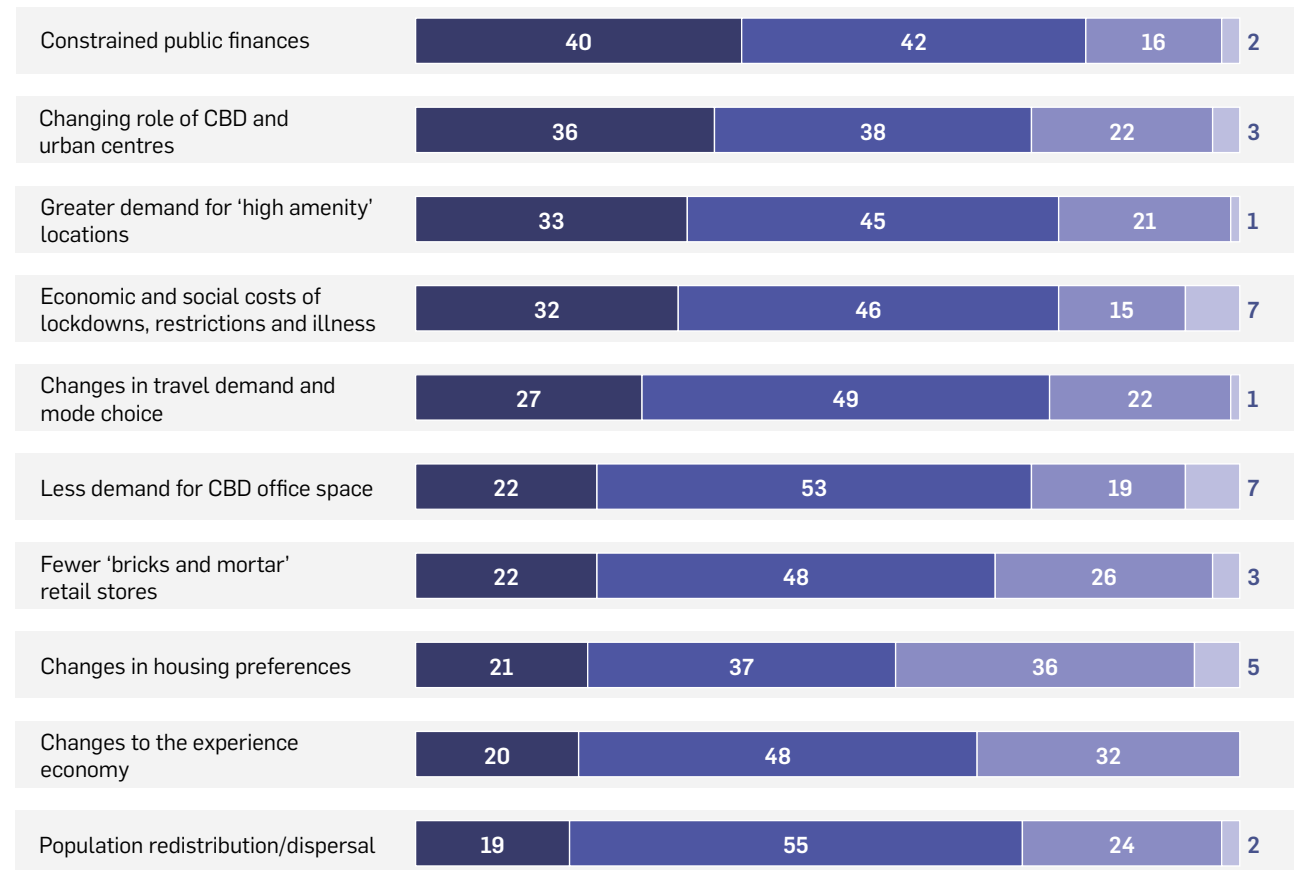
Figure 7

CITY SHAPING IMPACTS OF COVID-19

How significant do you believe the following pandemic-induced impacts will be in shaping the future of your city over the next two years, if at all?

Percentage (%) of all respondents

■ Significant impact ■ Moderate impact ■ Minor impact ■ Not likely to occur



Source: Urbis 2022 National City Leaders Survey

Box 1

How working from home is quietly reshaping Australian cities

In our current post-pandemic working environment, approximately 38% of Australian workers continue to carry out the full work week from home. Only 18% remain committed to working onsite each day and 54% continue in some form of hybrid working.⁵

Australians working in a professional, clerical or managerial role are most inclined to work from home, citing at least three days a week.⁶ Those in lower skilled and lower income jobs are less likely to be able to work from home and reap the associated benefits.

These changes to work are contributing to several second-order effects such as lower CBD commercial occupancy. In August 2022, office occupancy rates in Melbourne stood at only 39%. Rates in Sydney and Melbourne were only moderately higher at 53% and 57% respectively, while occupancy in Perth was 71%. Adelaide recorded the highest rate nationally at 71%.⁷

These trends have also shaped household location preferences, with many people choosing to relocate to regional and coastal areas. Migration from capital cities to regional towns was approximately 15% higher between 2020 and 2022 than for the two years prior.⁸

This was particularly true of higher-income knowledge workers. Sixty-nine per cent of workers who relocated to the regions held a bachelor's degree or higher. Relocating offered improved lifestyle factors as well as relative housing affordability in some areas.⁹



While the influx of remote workers to regional areas has driven up property prices, it has only contributed moderately to local jobs growth, with 65% of new residents retaining their metropolitan employment. Of these, little more than a quarter chose to commute to the office three times a week.¹⁰

As a result of these new trends, travel patterns and public transport demands are changing and the transport network will need to adapt. For example, Infrastructure Victoria has forecast that public transport usage in 2036 during morning peak-hour will be higher in outer-Melbourne and growth and regional areas, while private car usage will be reduced state-wide.¹¹



Hybrid work is a really significant shift, and it is here to stay because of the benefits that it offers to the employer and the employee. At the current time we are in a state of disequilibrium and when it resolves – new patterns will emerge.

Danielle Wood

Chief Executive, Grattan Institute

City leaders from Brisbane are less concerned about the long-term impacts of COVID-19

Leaders from Sydney and Melbourne share relatively similar views around the COVID-19 impacts likely to be most consequential for city-shaping in the near term. But leaders from Melbourne place greater emphasis on the changing role of the CBD (48%) and the economic and social cost of lockdowns (41%).

The particularly severe impact of lockdowns on Melbourne's CBD may account for the high number of respondents – over 90% – who view the changing role of the CBD and urban centres as having a moderate or significant impact on shaping the city's future. This is not surprising, given Melbourne's workforce and Gross Regional Product declined by over 50% in 2020 alone.¹²

Figure 8

CITY SHAPING IMPACTS OF COVID-19

How significant do you believe the following pandemic-induced impacts will be in shaping the future of your city over the next two years, if at all?

Percentage (%) of respondents by city

■ Significant impact ■ Moderate impact ■ Minor impact ■ Not likely to occur

	Sydney				Melbourne				Brisbane				Perth				Small Cap/Reg			
Constrained public finances	52	39	8		48	37	14		18	59	18	5	25	42	25	8	42	33	25	
Changing role of CBD and urban centres	30	35	30	4	48	44	7		24	59	18		42	42	8	8	33	58		8
Greater demand for 'high amenity' locations	39	48	13		37	37	26		18	65	18		17	50	25	8	50	25	25	
Economic and social costs of lockdowns, restrictions and illness	26	43	26	4	41	41	14	3	18	59	11	11	58	33	8		17	58	17	8
Changes in travel demand and mode choice	39	43	17		30	52	14	3	11	47	41		25	67	8		25	42	33	
Less demand for CBD office space	13	52	35		30	52	19		24	53	24		25	50	17	8	17	25	42	17
Fewer 'bricks and mortar' retail stores	17	57	17	8	22	52	22	3	24	41	29	5	25	67	8		25	50	17	8
Changes in housing preferences	26	39	35		19	44	33	3	11	29	47	11	8	42	33	17	42	25	33	
Changes to the experience economy	17	57	26		14	48	37		5	59	35		50	25	25		25	42	33	
Population redistribution/dispersal	22	52	26		11	67	22		11	65	24		17	42	25	17	42	33	25	

Source: Urbis 2022 National City Leaders Survey

City leaders from Brisbane are less concerned about the long-term impacts of COVID-19 (continued)

Results from Perth highlight how COVID-19 impacts have been far from uniform. Restrictions on domestic and international travel isolated Perth during the pandemic and this appears to have influenced how its leaders think about the future. Half of all leaders from Perth state that changes to the city's experience economy, which is largely driven by visitors, will have a significant impact over the next two years.

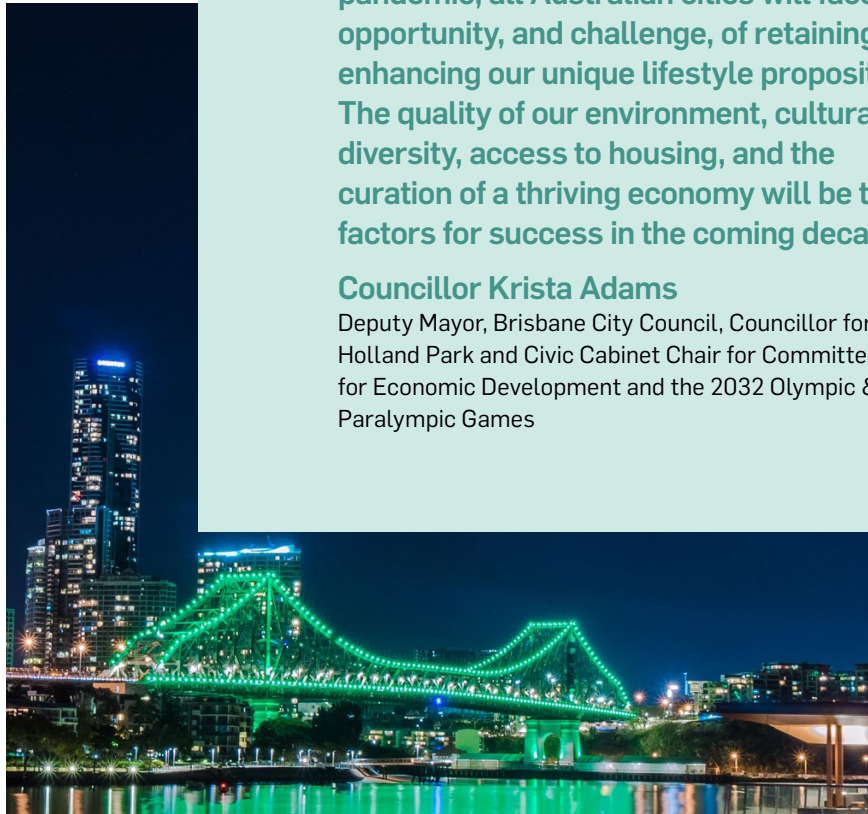
Fewer than one-quarter of leaders from Sydney, Melbourne or Brisbane feel the same. Noticeably, leaders from Brisbane are the least concerned with ongoing pandemic-induced impacts. Fewer than one-quarter of city leaders envisage any significant impacts over the next two years. Compared to Melbourne and Sydney, Brisbane emerged relatively unscathed, with the lowest reduction in retail/visitor numbers of any city in Australia,¹³ which helped sustain economic growth and minimise the pandemic's impact on public finances.



Looking ahead from the Covid 19 pandemic, all Australian cities will face the opportunity, and challenge, of retaining and enhancing our unique lifestyle proposition. The quality of our environment, cultural diversity, access to housing, and the curation of a thriving economy will be the factors for success in the coming decade.

Councillor Krista Adams

Deputy Mayor, Brisbane City Council, Councillor for Holland Park and Civic Cabinet Chair for Committee for Economic Development and the 2032 Olympic & Paralympic Games



Public sector leaders perceive more significant pandemic-induced impacts than private sector leaders

Leaders from all sectors share similar views around how COVID-19 continues to shape our cities, particularly in relation to public finances, the changing role of the CBD and urban centres, as well as retail and travel demands. Yet minor differences are evident.

Public sector leaders see population redistribution, the demand for 'high amenity' locations, reduced demand for CBD office space and the economic and social costs of lockdowns as having greater impacts than do their private sector counterparts.

The similarities in perspectives between sectors reinforce the consensus that COVID-19 has profoundly transformed the context within which city leaders are now operating. The differences may reflect the public sector's role in driving and closely monitoring the COVID-19 response.

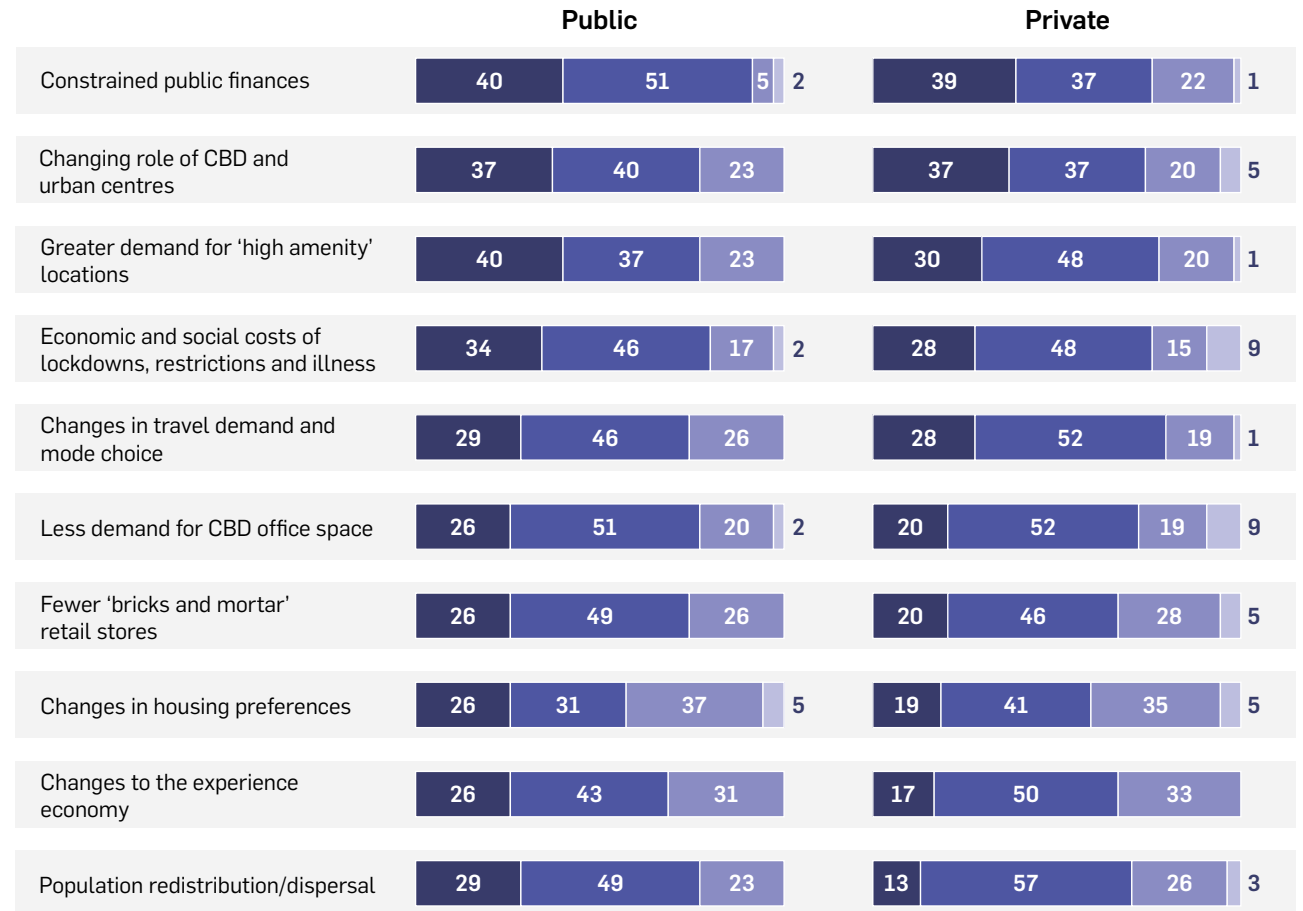
Figure 9

CITY SHAPING IMPACTS OF COVID-19

How significant do you believe the following pandemic-induced impacts will be in shaping the future of your city over the next two years, if at all?

Percentage (%) of respondents: public vs private sector

■ Significant impact ■ Moderate impact ■ Minor impact ■ Not likely to occur



Source: Urbis 2022 National City Leaders Survey
University and not-for-profit leaders account for 10% of public sector respondents



Grand challenges for
Australian cities

CRISIS MANAGEMENT

In recent years, Australia has experienced traumatic events at greater frequency, breadth and intensity than any other time in modern history. The pandemic, bushfires, widespread flooding, severe weather damage and civil unrest have shocked communities and exposed vulnerabilities in urban living.

Climate scientists predict worsening conditions will accelerate the frequency and impact of natural disasters, as well as the likelihood of low intensity, enduring changes to our environment, such as rising sea levels and prolonged heat waves.¹⁴ The presence of social stressors – for instance, the economic shock caused by the war in Ukraine – amplify the impacts of compounding disasters and provide clear proof that we need to be better prepared.

Increasing collaboration, democratising data and depoliticising crisis events are key to improving crisis management for Australian cities

When we asked city leaders to identify the three actions they believe will support crisis management in their cities, 68% of respondents see improved collaboration between government, industry and the community as a priority.

Half of all leaders (52%) believe depoliticising crisis events and increasing the availability of data to make better and faster decisions are important actions. Thirty-nine per cent see improving transparency and 38% see relying on expert advice to inform decisions as critical.

These findings suggest that improving collaboration between leaders inside and outside of government is paramount to cities being better able to manage future crisis events. This is hardly surprising, given the past two years.

The National Cabinet, established in 2020 to drive national priorities during the COVID-19 disaster, attracted criticism as political tensions between state premiers and federal ministers played out publicly.¹⁵ These tensions contributed to public disillusionment about the ability of our politicians to depoliticise decision-making.

During the worst of the COVID-19 crisis, the OECD noted the need for governments to separate political from public communication because some groups may turn away from official information if they perceive it to be politicised.¹⁶ Australia's city leaders appear to share this sentiment.

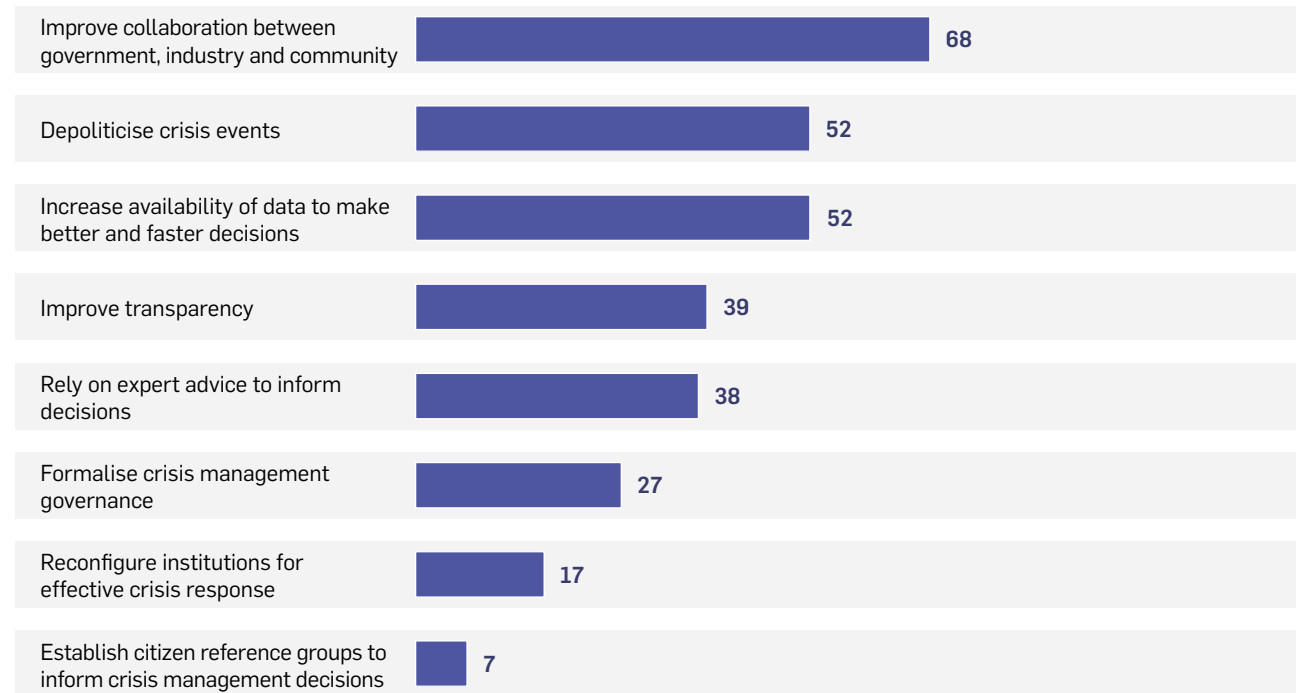
Our city leaders also believe that data availability is key to improving crisis management. This further highlights the need to reduce barriers to information through greater transparency and increased data availability for decision-making across all sectors.

Figure 10

ACTIONS TO IMPROVE CRISIS MANAGEMENT

Which three of the following actions would support a stronger approach to crisis management in your city?

Percentage (%) of all respondents



Source: Urbis 2022 National City Leaders Survey

Recent environmental disasters and the COVID-19 pandemic provide valuable lessons about the importance of open, reliable and consistent data being made available to all parts of society.

These supporting actions have the potential to enable greater collaboration across government, industry and community channels. Together this would strengthen crisis management and decision-making processes, making them more efficient and consistent.

Box 2

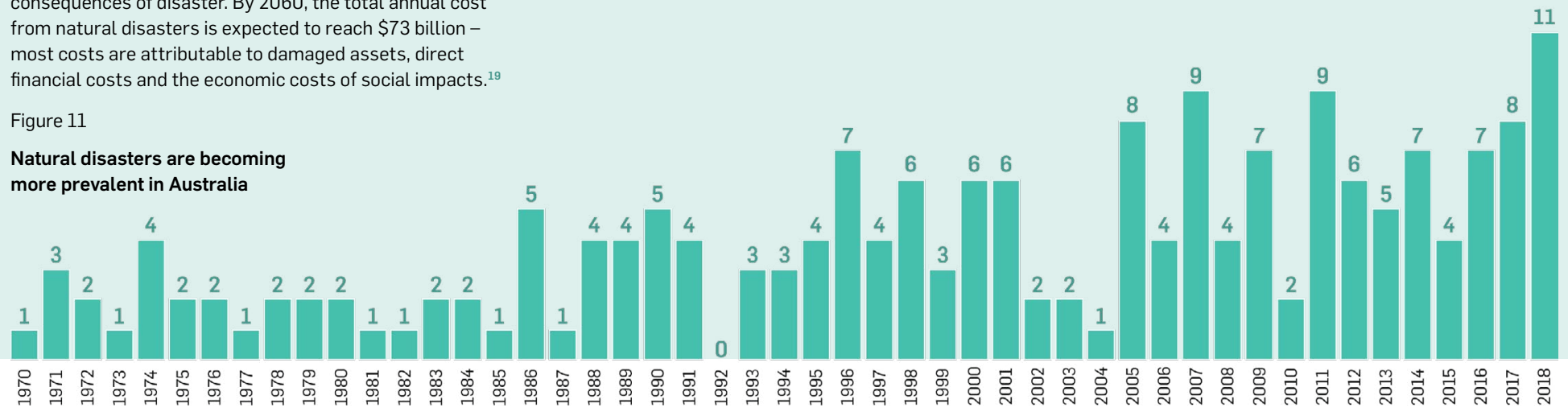
In the last 10 years, significant natural disasters in Australia have increased by almost 50%

Australia faces an increasingly uncertain environment – one with more frequently occurring natural disasters than we've historically experienced. The Australian Actuaries Climate Index measures the frequency of extreme weather conditions and Australia's worsening extreme weather risk. The Index demonstrates that extreme weather conditions have been increasing significantly since the early 2000s, rising from a 5-year average of 0.2 approximately 10 years ago to 0.5 today.¹⁷ The Australian Institute for Disaster Resilience also estimates that the rate of severe disasters such as bushfires, tornados and floods has risen by almost 50% in the last decade as depicted in the figure below.¹⁸

For our cities, this means compounding disaster risk and losses associated with the social and economic consequences of disaster. By 2060, the total annual cost from natural disasters is expected to reach \$73 billion – most costs are attributable to damaged assets, direct financial costs and the economic costs of social impacts.¹⁹

Figure 11

Natural disasters are becoming more prevalent in Australia



Source: Australian Institute for Disaster Resilience © Commonwealth of Australia (2019)



In fact, the economic cost associated with the social impact of natural disasters has been found to be in line with or even outweigh the direct financial costs.²⁰ This is because the impacts can have implications for social mobility, health, employment and education.

These impacts can persist over a lifetime and even transcend generations. This is particularly true of lower socio-economic geographies that are more vulnerable to climate impacts.²¹

In contrast, investing in climate adaption and resilience can have long-term benefits over and above the direct net positive cost of avoiding disaster. An investment of \$1 in climate resilience or adaptation can equate to between \$2 and \$11 in post-disaster recovery and reconstruction savings.²²

It is imperative that Australian cities implement crisis management frameworks and resilience strategies grounded in accurate and up-to-date data surrounding changing climate conditions and disaster risk.

A robust and freely accessible hazard information database means cities and communities will be well-placed to pre-emptively mitigate risks and improve preparedness and responses to increasing climate-related crises.

More than two-thirds of leaders from Melbourne believe depoliticising crisis events will strengthen crisis management in their city

While leaders from all cities emphasise improved collaboration between government, industry and community as a preferred action to support crisis management, they invariably place different degrees of importance on the remaining attributes. This is not unexpected given the varying nature of crisis events and responses experienced across Australia in recent years.

Leaders from Perth place greater weight on transparency (67%) and data availability (67%) than other cities, despite not having been exposed to the same level of disaster as east coast cities. By comparison, leaders from Melbourne emphasise depoliticising crisis events (67%). This sentiment from Melbourne may reflect the influence of the media and political framing contests that dominated the COVID-19 narrative in Victoria.

These findings are also indicative of the politicisation of Western Australia's extended border closures and Brisbane's controversial admittance policies. Pitting the states against each other during the COVID-19 response years undermined Australia's efforts towards building a unified national approach.²³

Only 25% of smaller capital and regional city leaders see depoliticising crisis events as a priority action to support crisis management. Regional cities being slightly more removed from the more complex political and administrative arrangements that characterise crisis management in larger cities may account for this.

Regional cities also tend to be governed by one local council with less involvement – politically and administratively – from both state and federal governments relative to larger cities.

Figure 12

ACTIONS TO IMPROVE CRISIS MANAGEMENT

Which three of the following actions would support a stronger approach to crisis management in your city?

Percentage (%) of respondents by city

	Sydney	Melbourne	Brisbane	Perth	Small Cap/Reg
Improve collaboration between government, industry and community	75	59	65	75	75
Depoliticise crisis events	50	67	47	58	25
Increase availability of data to make better and faster decisions	55	41	53	67	58
Improve transparency	35	26	41	67	42
Rely on expert advice to inform decisions	45	48	29	8	42
Formalise crisis management governance	20	33	35	8	33
Reconfigure institutions for effective crisis response	10	19	24	17	17
Establish citizen reference groups to inform crisis management decisions	10	7	6	0	8

Source: Urbis 2022 National City Leaders Survey

That said, depoliticising crisis events would strengthen collaboration between government parties and should form part of Australian cities' crisis management frameworks. This would improve our nation's ability to respond in times of crisis.

Responses from Perth leaders around the reliance on expert advice to inform decisions and formalise crisis management governance were significantly lower than other cities, suggesting general satisfaction with the government framework and its actions during a crisis.

City leaders in government place greater emphasis on expert advice and increased data availability to inform crisis management decisions

While most city leaders from the public and private sectors believe improving collaboration is key to strong crisis management, there are significant differences in how they weigh other crisis management actions.

Private sector leaders place greater focus on depoliticising crisis events (63% compared to 38%) and improving transparency (46% compared to 26%).

Public sector city leaders emphasise increasing the availability of data to make better and faster decisions (59% compared to 46%), relying on expert advice to inform decisions (44% compared to 33%) and formalising crisis management governance (35% compared to 25%).

Among private sector leaders, depoliticising crisis events and improving transparency is critical for businesses to prepare for and navigate crisis events with greater confidence and certainty. Reliable and evidenced-based (rather than politically motivated) communication is key to enabling business to respond effectively in times of crisis.²⁴ This includes how businesses might address key operational and financial decisions when facing either natural or human-induced threats.

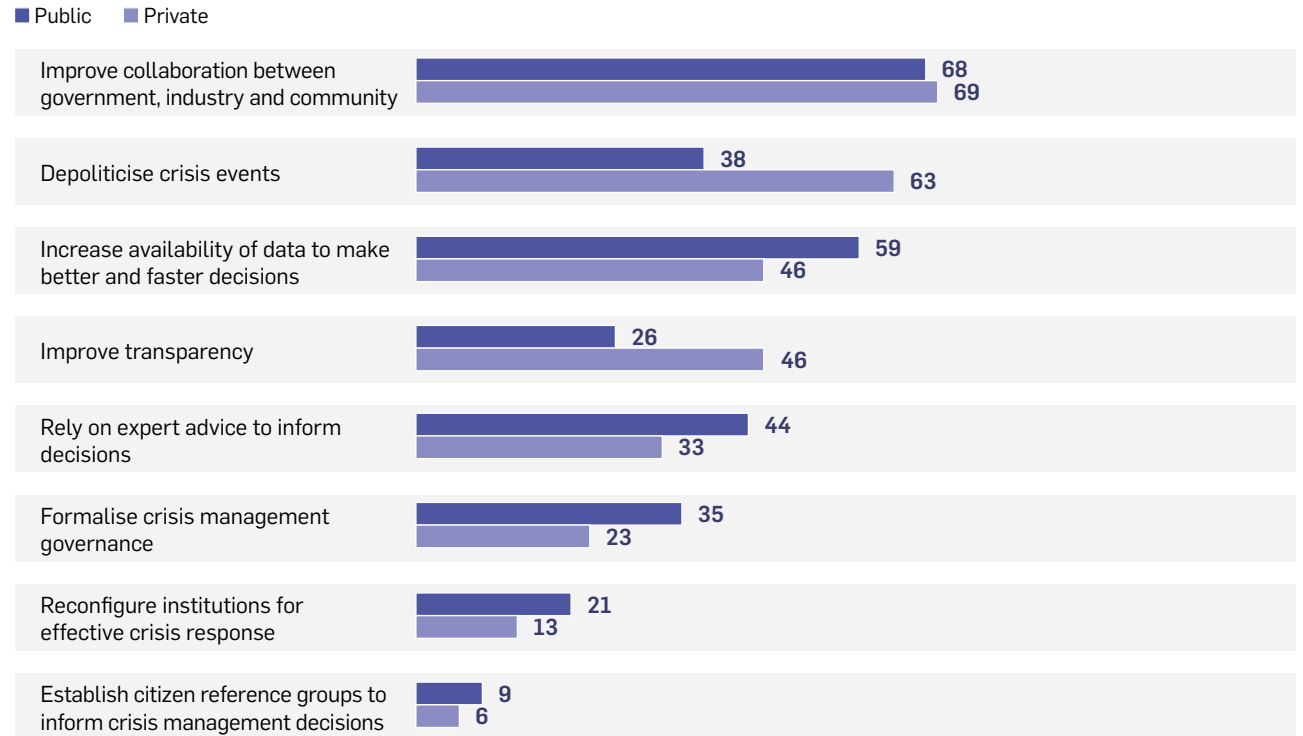
The stronger focus among public sector leaders on data availability, expert advice and governance reflects the challenges faced by leaders who make and execute critical – and often time sensitive – crisis management decisions. These leaders recognise the value of data, expert advice and more formal governance arrangements in supporting sound, evidence-based, and timely decision-making. This extends across all stages of crisis management, from prevention and preparedness to crisis response mechanisms and recovery processes.

Figure 13

ACTIONS TO IMPROVE CRISIS MANAGEMENT

Which three of the following actions would support a stronger approach to crisis management in your city?

Percentage (%) of respondents: public vs private sector



Source: Urbis 2022 National City Leaders Survey
University and not-for-profit leaders account for 10% of public sector respondents

Despite difference in how leaders from the public and private sectors view crisis management, there is clear alignment on the need to improve collaboration between sectors and with the community.

This provides a foundation for our cities to develop shared tools and resources to better prepare for, respond to and recover from crises in the future.



Grand challenges for
Australian cities

CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT

We live in a world already affected by human-induced climate change. Since the late 19th century, the planet has warmed by 1.1°C and the increase is likely to surpass 1.5°C within the next two decades.²⁵ This could climb to as much as 2°C by mid-century, leading to sea level rises, more extreme weather events and increased risk of novel virus and disease spread. All of which will have costly outcomes for Australian cities and communities.

Cities are major contributors to the climate crisis, consuming 78% of the world's energy and producing more than 60% of greenhouse gas emissions.²⁶ Cities are also one of the most critical intervention points for eliciting and accelerating social, economic and environmental change.

Actions taken at the city level have significant potential to minimise the degree to which we transgress any of the planetary boundaries, as well as helping to minimise the social and economic costs to Australian society. We asked city leaders to share their top three priorities when it comes to tackling climate change and delivering sustainable development.

City leaders prioritise mitigation and adaptation actions in the fight against climate change

We asked city leaders to identify their top three climate change and sustainable development actions. Two-thirds of all city leaders recognise transitioning to renewable energy (66%) and over half cite increasing sustainable transport options as well as strengthening climate resilience and adaptation (55%).

While much of the climate discourse has historically focused on the need to mitigate climate change, increasing climate related disasters across all cities has brought a renewed focus to adaptation strategies. All three priorities relate directly to climate change mitigation and adaptation, further reinforcing the urgent need for city leaders to act.

The newly elected Federal Government recently committed to modelling the impacts of climate change on the national economy.²⁷ This growing agenda towards a new climate economy is beginning to take shape globally, but Australian cities are lagging. Policy and investment decisions made today will have enduring implications for future generations.

If cities are to be adequately equipped for the changing nature of the environment, government funding and investment priorities will need to shift from disaster relief and emergency response to climate adaptation and resilience planning.

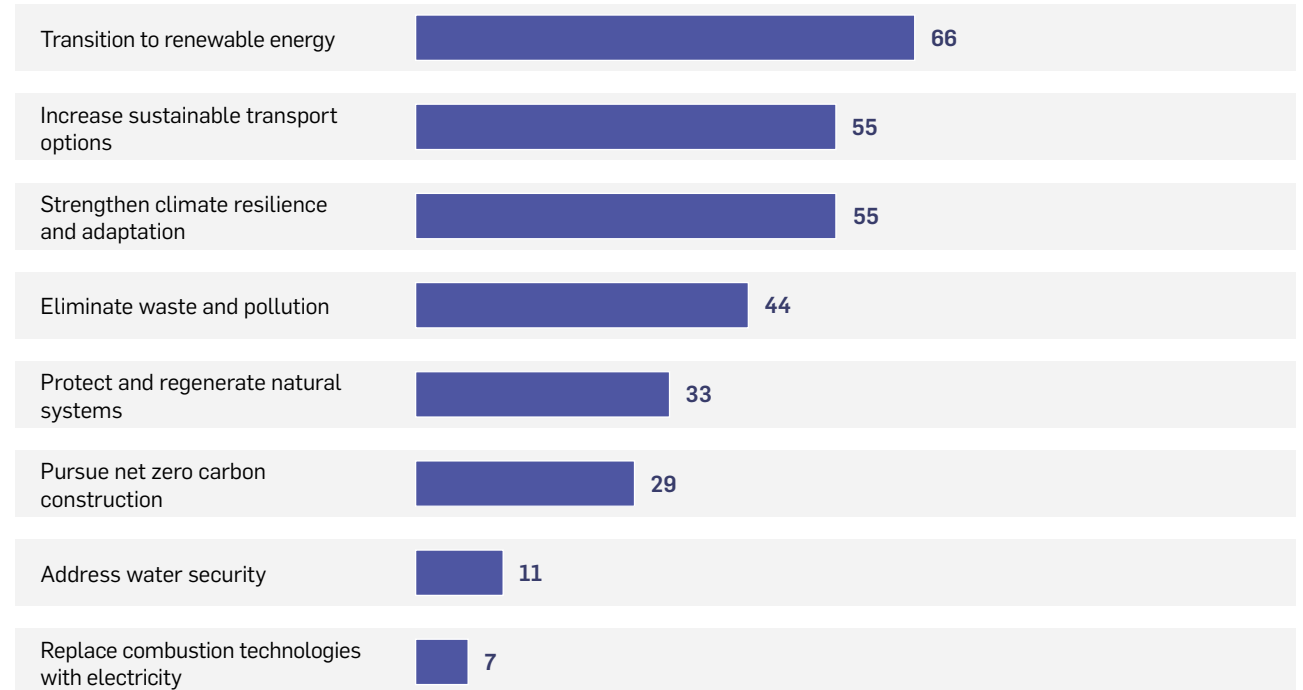
Sentiment among city leaders reinforces the imperative to transition to a clean energy future – yet positive intentions require pervasive action. Transgrid's Energy Vision report shows that 'taking a unified approach to 'deep carbonisation' across industry, government and consumers will drive the strongest reductions in carbon emissions across the economy.²⁸

Figure 14

CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT PRIORITIES

Which three of the following climate change and sustainable development actions do you believe ought to be prioritised for your city?

Percentage (%) of all respondents



Source: Urbis 2022 National City Leaders Survey

City leaders prioritise mitigation and adaptation actions in the fight against climate change (continued)

City leaders also recognise the importance of sustainable transport as key to mitigating climate change. The transport sector is the second largest contributor to Australian Greenhouse Gas (GHG) emissions after electricity and energy production, of which road transport accounts for 85%.²⁹

If Australia is to reach its target of net zero emissions by 2050, the transport sector must reduce emissions by 3.1 million tonnes annually.³⁰ For Australian cities, this means a radical shift to sustainable forms of passenger mobility.

In our survey findings, climate resilience and adaptation rank equal to increasing sustainable transport options. City leaders clearly understand the need to pre-emptively adapt physical, social and economic infrastructure and redesign cities to improve economic and community resilience to avoid the costs of climate change.

Consensus among city leaders about the need for change is a step in the right direction. But making such changes at scale and pace requires an extensive, systemic and integrated response from government and industry.



If we want to make the best use of our transport infrastructure, we can do so by combining adoption of existing technology with changes to pricing and street space allocation. It's not about waiting for new technology. It's about whether we are willing to adopt existing technology and make changes to how we use our transport network in exchange for lasting benefits.

Jonathan Spear

Chief Executive, Infrastructure Victoria



City leaders prioritise sustainable transport along with a transition to renewable energy and climate adaptation strategies

There is consensus among all city leaders that transitioning to renewable energy is a top priority, along with strengthening climate resilience and adaptation, and increasing sustainable transport options, such as public and active transport. Differences emerge when examining individual cities. Over half of all leaders from Melbourne, Brisbane, Perth and smaller capital and regional cities cite climate resilience and adaptation as a top priority, compared to 37% of leaders from Sydney.

Interestingly, Perth city leaders attribute equal third place weighting to sustainable transport options, eliminating waste and pollution, and pursuing net zero carbon (33%). The subtleties in how city leaders view climate and sustainable development priorities may be explained by the degree to which each city is exposed to climate risks.

For example, Queensland is more disaster prone than the rest of Australia and Victoria is more vulnerable to bushfires and flooding in urban areas. Their city leaders place greater weight on climate resilience and adaptation than others.

The low response from Sydney is surprising given Queensland, Victoria and New South Wales are expected to be dramatically impacted by climate disaster over the next 30 years.³¹ The results may reflect a recency bias as recent flooding events across Sydney had not yet occurred when we undertook this survey.

Similarly, Perth's city leaders attribute greater weight to addressing water security (25%) relative to other cities. This might reflect Perth's vulnerability to drought and water scarcity issues, given the region's long-term trend towards lower rainfall and developing drought conditions due to climate change.³²

Figure 15

CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT PRIORITIES

Which three of the following climate change and sustainable development actions do you believe ought to be prioritised for your city?

Percentage (%) of respondents by city

	Sydney	Melbourne	Brisbane	Perth	Small Cap/Reg
Transition to renewable energy	63	67	65	67	67
Increase sustainable transport options	58	56	53	42	67
Strengthen climate resilience and adaptation	37	63	65	50	58
Eliminate waste and pollution	53	44	41	42	33
Protect and regenerate natural systems	26	30	47	25	42
Pursue net zero carbon construction	32	33	18	42	17
Address water security	16	4	12	25	8
Replace combustion technologies with electricity	16	4	0	8	8

Our findings show water security to be a low priority among eastern-seaboard city leaders. This is of particular interest when looking at responses from leaders in Sydney (16%) and Melbourne (4%), as both regions also face an elevated risk of drought.³³

Leaders from cities with economies dependent on the natural environment place greater weight on its protection than others. Almost half of Brisbane's city leaders (47%) see this as a top three priority, as do 42% of leaders from smaller capital and regional cities.

Source: Urbis 2022 National City Leaders Survey



There's opportunity for sustainable economic development in renewable energy and recycling in both cities and the regions.

Jonathan Spear

Chief Executive, Infrastructure Victoria

Box 3

Transforming our cities is key to tackling climate change

Our cities are a major source of greenhouse gas emissions – a function of their concentrated economic activity and large populations. Figure 16 shows the per capita CO2 emissions of Australian capital and regional cities as of 2018.



Climate and carbon are significant challenges for Australian cities. We need to accelerate and co-ordinate our response to a net zero society and educate the community about the significance of removing fossil fuels and switching to renewable and clean energy sources.

Dale Connor

Chief Executive, Lendlease Australia



Higher density, centralised cities generally have lower CO2 emissions than low density urban centres. This trend is evident both in Australia and globally.

Cities like Copenhagen have lower rates of resource use and greenhouse gas emissions from efficient land use planning and higher density living. This promotes higher active and public transport mode share, which reduces its carbon footprint compared to sprawling cities.

Other actions taken at the city level that can significantly reduce Australia's carbon emissions include:

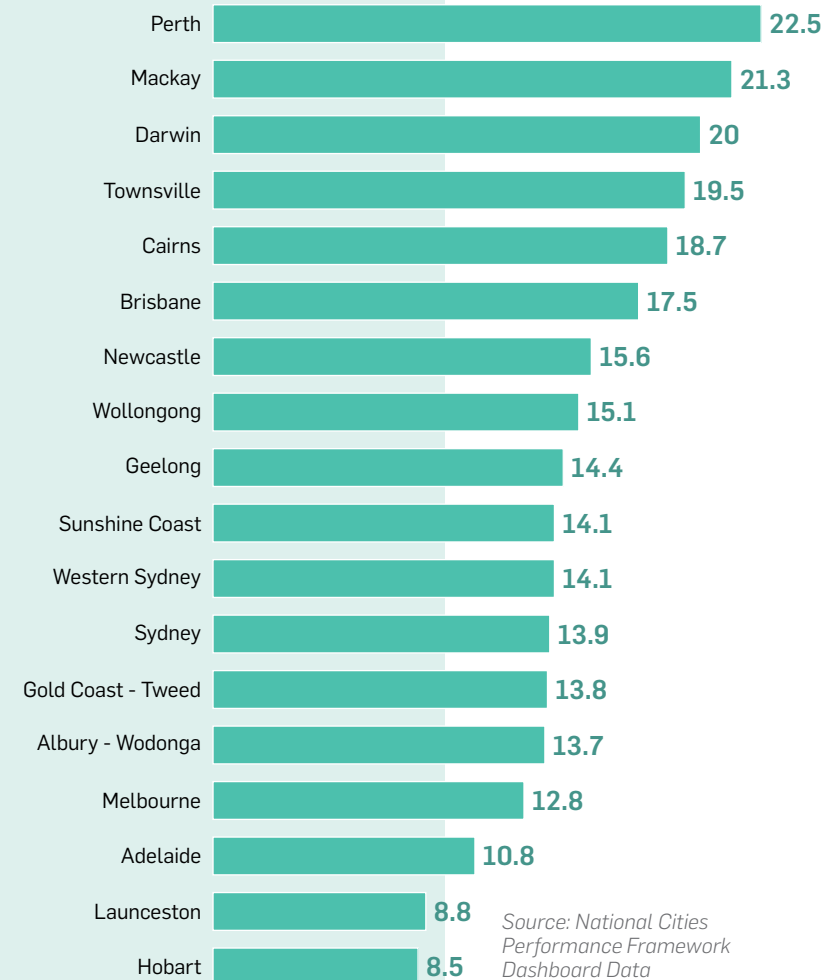
- expanding distributed energy resources to clean up electricity production
- electrifying household and commercial processes that require fossil fuels
- retrofitting existing buildings to improve energy efficiency
- reducing embodied carbon in construction processes and materials
- incorporating urban agriculture to reduce food miles
- increasing green infrastructure to absorb CO2 and mitigate heat islands
- switching public and private transport to clean fuel
- transitioning to a green and circular economy
- increasing public transport and active forms of mobility

Cities are in a prime position to drive an aggressive counter-offensive on climate change. But we need leaders – across all levels of government and industry – to take urgent and decisive action towards a net zero economy. Failure to do so could see emissions double by 2050, leaving the global warming target of 1.5°C in the dust.

Figure 16

Greenhouse gas emissions

Tonnes of greenhouse gas emissions per capita per year



Source: National Cities Performance Framework Dashboard Data

Leaders are largely aligned on climate change and sustainable development priorities

The survey revealed less pronounced differences between the sectors in identifying their top three priorities. However, priorities diverge on the pursuit of net zero carbon construction: 35% of leaders from the private sector identify this as a priority, whereas only 21% of public sector leaders share this sentiment.

The private sector's emphasis on pursuing net zero carbon construction may be linked to the fact that the private sector is already implementing ambitious targets for 2030. The outcomes of these are often tied to executive KPIs and reporting requirements.

The findings represent an opportunity for government and the construction sector to work together to further accelerate action to decarbonise the built environment, particularly as this sector is currently responsible for 18% of Australia's greenhouse gas emissions.³⁴



Australia could be a world leader in the green economy. After all we have the sun, wind and waves to create a powerful clean energy economy.

Susan Lloyd Hurwitz
Chief Executive, Mirvac

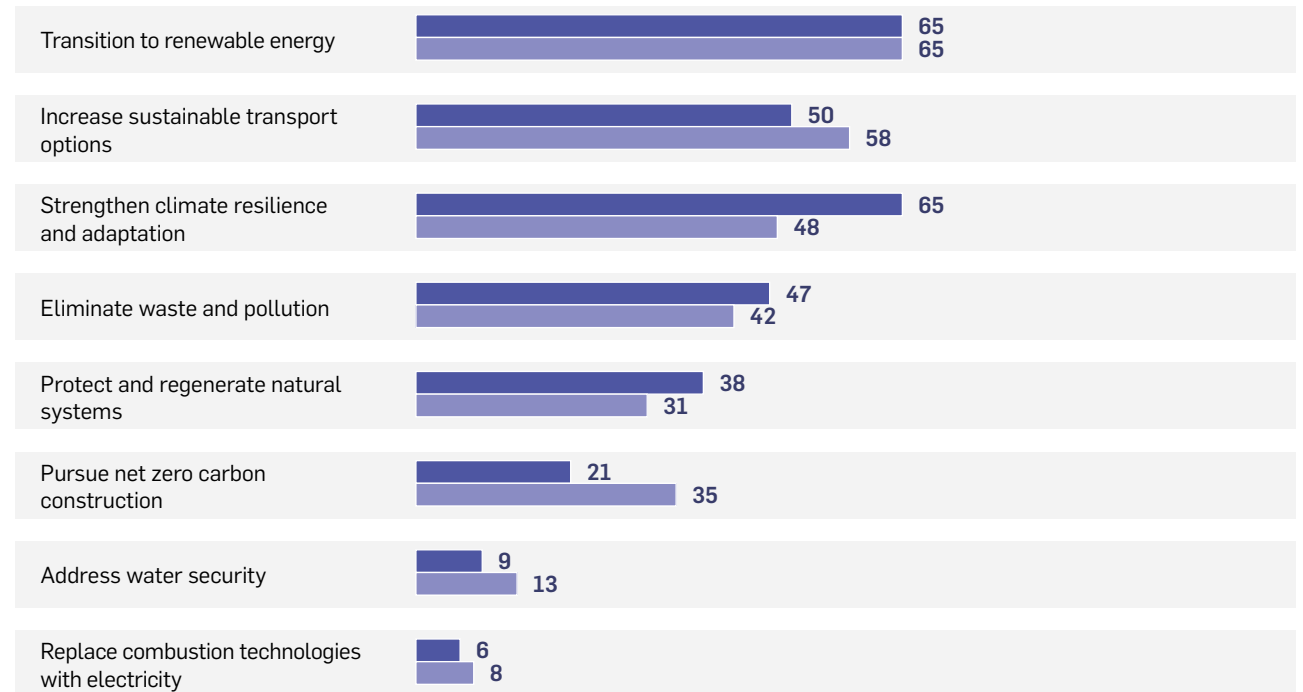
Figure 17

CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT PRIORITIES

Which three of the following climate change and sustainable development actions do you believe ought to be prioritised for your city?

Percentage (%) of respondents by city

■ Public ■ Private



Source: Urbis 2022 National City Leaders Survey
University and not-for-profit leaders account for 10% of public sector respondents



Grand challenges for
Australian cities

ECONOMIC GROWTH AND COMPETITIVENESS

Almost 80% of our nation's GDP is derived from cities, which are home to around 70% of Australia's businesses and 75% of the productive labour force.³⁵ Cities globally tend to have higher per capita GDP, higher productivity and faster growth rates than their national average. The most competitive are engines of national economies – driving business formation, innovation and growth, job creation, productivity and increases in citizens' wealth and income over time.

Many factors contribute to making cities competitive, such as high-quality infrastructure, a skilled workforce, competitive industries, links to global markets and quality of life. But not all Australian cities are well equipped with these attributes. With this in mind, we asked leaders to identify the top three threats to their city's economic growth and competitiveness. The results provide an important marker for where our cities might focus their efforts to support a strong and competitive economy into the future.

More than half of all city leaders believe the inability to meet future skills needs presents the greatest threat to economic growth and competitiveness

Fifty-five per cent of all city leaders cited the inability to meet future skills needs among the top three threats for their city. This was followed by underinvestment in critical social and economic infrastructure (42%), failure to diversify into high value/high growth sectors (40%) and geopolitical shifts and changes in the global trade landscape (38%).

While other threats are by no means insignificant, those listed above provide valuable insights into the leading concerns of Australian city leaders around urban economies. The results highlight COVID-19's profound impact on the talent landscape. Restrictions to immigration and changes in migration patterns have tightened labour markets and fundamentally altered how skills are distributed nationwide.

Meanwhile, technology uptake continues to drive demand for new skills, while amplifying skills gaps and supplanting some jobs.^{36,37} The combination of these two factors may reduce a city's ability to meet market demand and provide the diversity and scale of talent required.

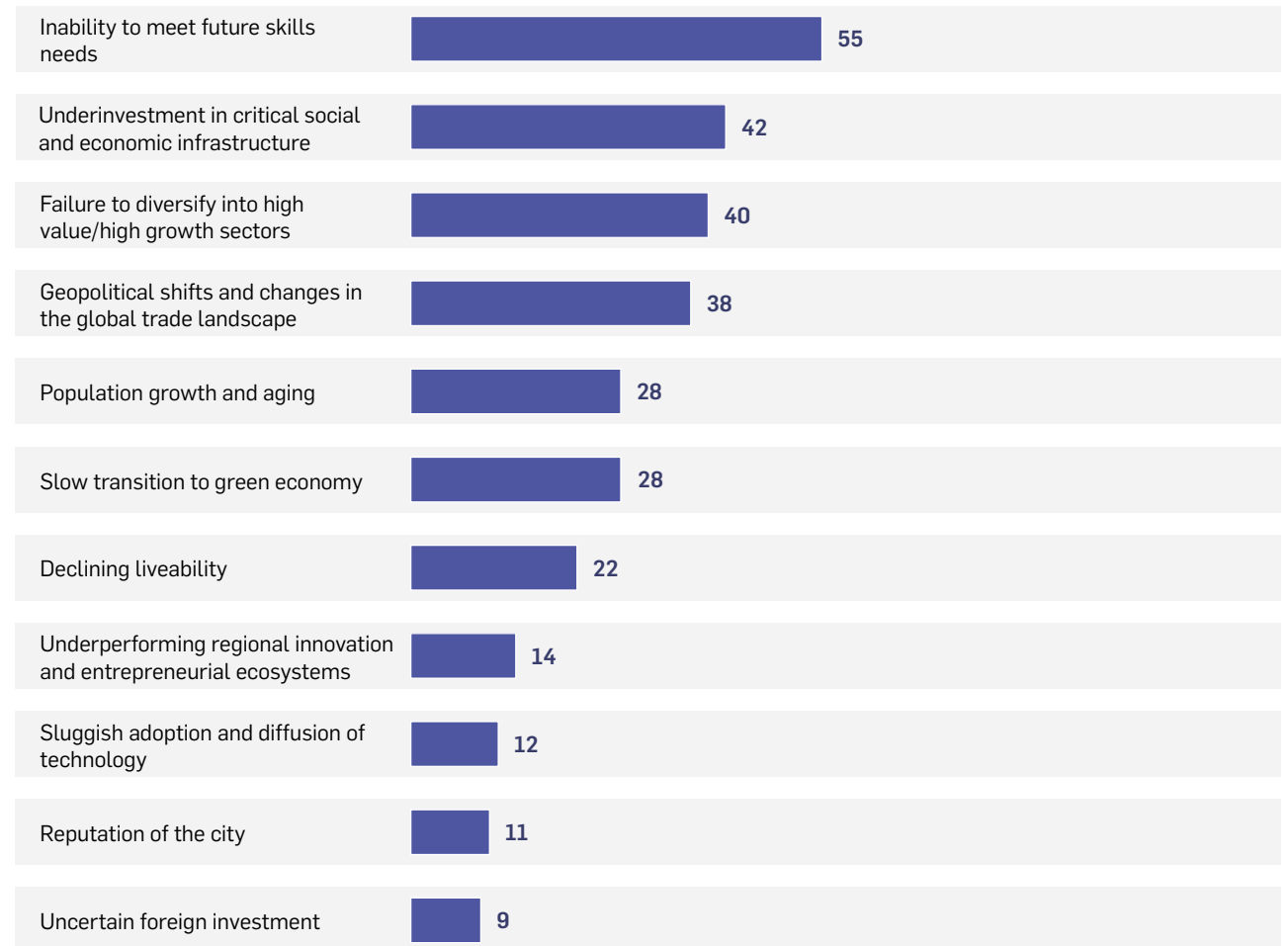
There is also recognition that cities need to focus on developing high value/high growth sectors to remain competitive, attract and retain talent, create jobs and drive the economy forward. Failure to do so will have serious ramifications for the competitive advantage of cities.

Figure 18

THREATS TO ECONOMIC GROWTH AND COMPETITIVENESS

Which three of the following do you believe present the greatest threats to the economic growth and competitiveness of your city?

Percentage (%) of all respondents



Source: Urbis 2022 National City Leaders Survey

Future skills needs, alongside population growth and ageing, present the biggest threats to economic growth for smaller capital and regional cities

At the city level, the greatest threats to Australia's urban economies take on different forms. For example, all leaders except those from Melbourne also identify underinvestment in critical social and economic infrastructure as a top threat – this may reflect Victoria's significant infrastructure investment pipeline.

Smaller capital and regional cities are more vulnerable to the effects of population changes and ageing, as shown in the 67% of city leaders who see this as a major threat, second only to the inability to meet future skills needs (83%). These threats go hand-in-hand.

Leaders from smaller capital and regional cities face the challenge of attracting skilled labour to address a lack of diversity within the existing demographic and skills mix. Somewhat surprisingly, these leaders appear less concerned about geopolitical shifts and changes in the global trade landscape (17%) compared to those in Sydney (28%), Brisbane and Perth (both 50%).



The lack of education and vocational training in many regional communities holds them back. We need to rebuild regional learning capacity so that people can learn and practice in their region at all levels.

Kim Houghton

Chief Economist, Regional Australia Institute

Figure 19

THREATS TO ECONOMIC GROWTH AND COMPETITIVENESS

Which three of the following do you believe present the greatest threats to the economic growth and competitiveness of your city?

Percentage (%) of respondents by city

	Sydney	Melbourne	Brisbane	Perth	Small Cap/Reg
Inability to meet future skills needs	56	44	44	67	83
Underinvestment in critical social and economic infrastructure	56	37	44	42	33
Failure to diversify into high value/high growth sectors	28	48	56	33	25
Geopolitical shifts and changes in the global trade landscape	28	41	50	50	17
Population growth and aging	28	22	6	33	67
Slow transition to green economy	28	33	38	8	25
Declining liveability	33	22	25	8	17
Underperforming regional innovation and entrepreneurial ecosystems	11	11	25	8	17
Sluggish adoption and diffusion of technology	17	19	6	0	8
Reputation of the city	6	11	0	42	0
Uncertain foreign investment	11	11	6	8	8

Source: Urbis 2022 National City Leaders Survey

Future skills needs, alongside population growth and ageing, present the biggest threats to economic growth for smaller capital and regional cities (continued)

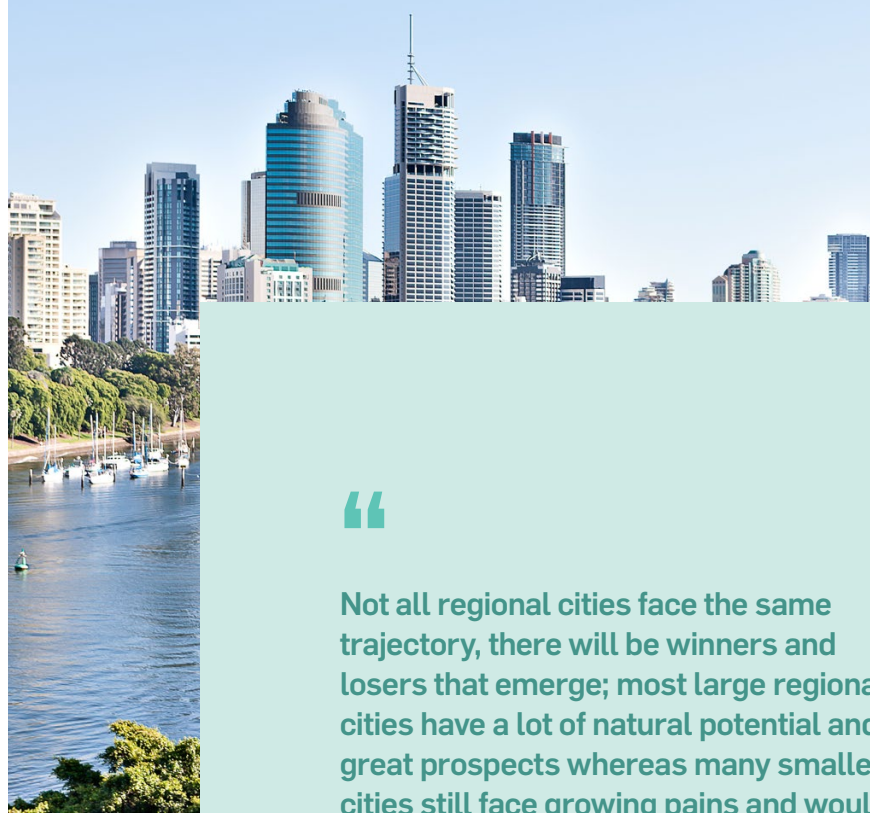
While we would expect regional and smaller capital cities to be more vulnerable to these issues, with their exposure to export industries, this result likely reflects more immediate concerns. In Brisbane, only 6% of city leaders see population growth and ageing as a threat.

This result aligns with population and demographic findings discussed later in this report and the influx of population to Brisbane and South-East Queensland during the pandemic. Brisbane's city leaders recognise the need for critical social and economic infrastructure to support its rapidly growing population.

They also recognise a failure to diversify into high value/high growth sectors as a significant threat. Economic growth in Brisbane has for many years been fuelled by population growth, but to remain competitive, the city needs to expand its advanced knowledge, technology and innovation sectors.

In contrast, leaders from Sydney, Perth and smaller capital and regional cities do not see failure to diversify into high value/high growth sectors as a top threat (28%, 33% and 25% respectively). This may reflect Sydney's standing as a global city and Western Australia's new renewables and regionalisation agenda to strengthen and diversify its economy.³⁸

Notably, 42% of leaders from Perth identify the reputation of their city as a significant threat, which may reflect Perth's struggle to establish itself on a global stage.³⁹ Perth leaders also see a slow transition to a green economy as a less significant threat than other leaders (8%). This suggests a degree of confidence in Perth's transition strategy toward renewable energy by 2029.



Not all regional cities face the same trajectory, there will be winners and losers that emerge; most large regional cities have a lot of natural potential and great prospects whereas many smaller cities still face growing pains and would benefit from strategic approaches to reaching the next level of growth.

Kim Houghton

Chief Economist, Regional Australia Institute



All leaders share concerns over the top three threats to our economies but diverge on matters relating to technology, innovation and capital attraction

Private sector leaders see the reputation of their cities as more of a threat to urban economies than their public sector counterparts (16% compared to 3%). A city's reputation is key to attracting the capital and talent essential to business success, which may account for this difference. The private sector is also more concerned by uncertain foreign investment than other sectors (14% compared to 3%). This makes sense, given foreign investment helps to boost productivity, innovation and jobs growth and creates a competitive market environment.

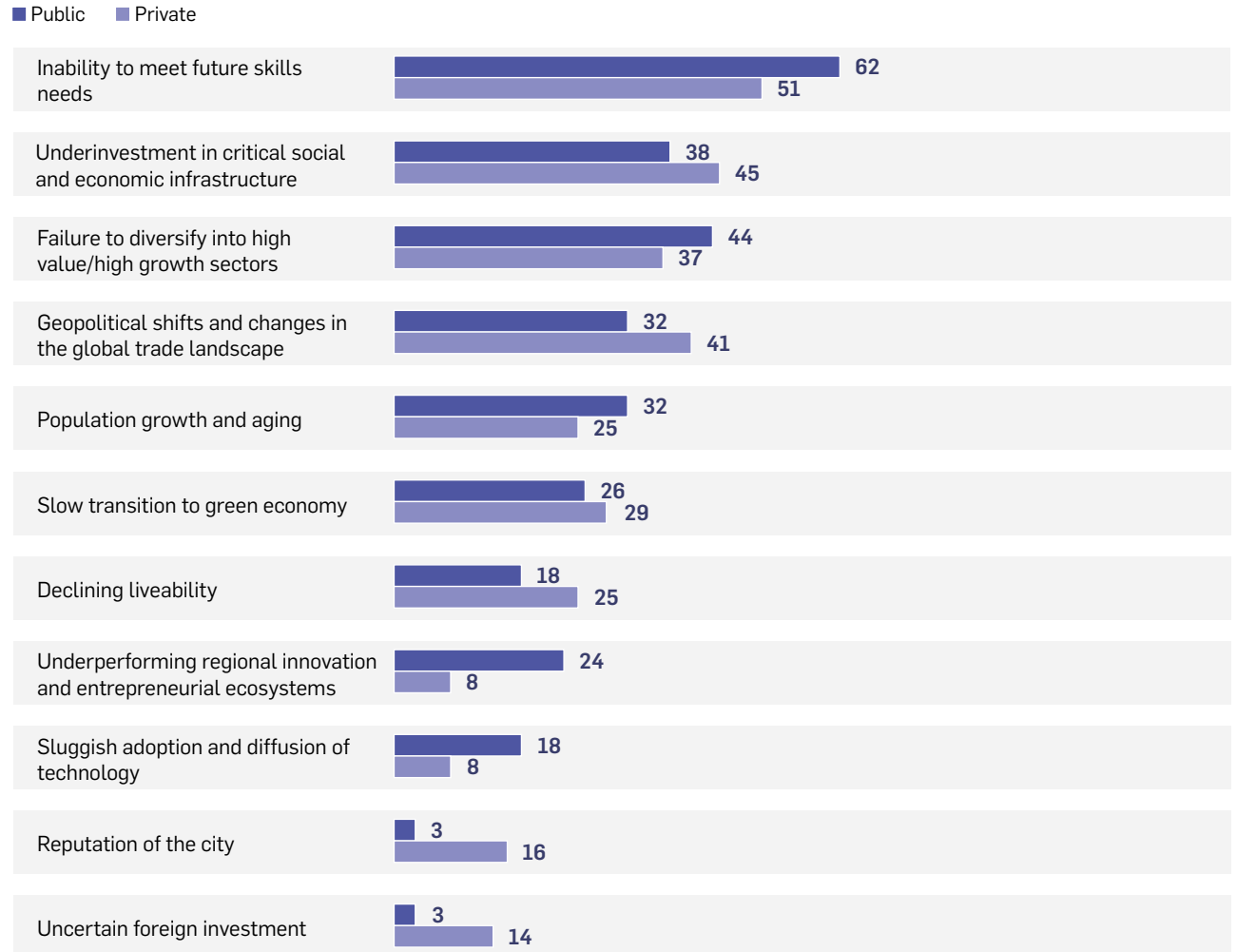
Compared to the private sector, public sector leaders see underperforming regional innovation and entrepreneurial ecosystems (24% compared to 8%) as a greater threat to economic growth and competitiveness, alongside sluggish adoption and diffusion of technology (18% compared to 8%). Technology development and innovation are key priorities of governments nationally, and this is reflected in these results.

Figure 20

THREATS TO ECONOMIC GROWTH AND COMPETITIVENESS

Which three of the following do you believe present the greatest threats to the economic growth and competitiveness of your city?

Percentage (%) of respondents: public vs private sector



Source: Urbis 2022 National City Leaders Survey
University and not-for-profit leaders account for 10% of public sector respondents

Box 4

Australia's cities need to act quickly to remain competitive

In a global economy increasingly driven by innovation and scientific and technological progress, Australia needs to produce a more diverse and sophisticated range of products that require unique and specialised know-how.

Economic complexity – a measure of the knowledge in society as expressed in the products it makes – correlates highly with national income levels and is a better predictor of a country's economic future than other measures.⁴⁰ Societies that are economically complex are more likely to create and diffuse knowledge that drives innovation and growth within existing industries and enables transition into new high-value industries.

Compared to other advanced economies, Australia's economic complexity ranking is astonishingly low. Of the 133 economies that experts assessed in 2020, Australia ranked 91st – placing us between Kenya and Namibia. While economic complexity is not a reflection of a country's wealth – where we currently rank in the top 20 – it does highlight a deficiency in future sources of growth. These sources of growth are declining at an accelerating rate, with Australia falling 36 places in the 25 years since 1995.⁴¹

With the accumulation of productive knowledge and more complex industries focused largely in our urban settings, Australia's cities are vital to the nation's future growth prospects.

Cities offer businesses access to deeper and more skilled labour markets and allow them to extend their reach to more customers and a wider range of suppliers. Cities also support the exchange of ideas and collaboration – both essential ingredients for innovation and new firm creation.



These features put cities in a better position to integrate emerging industrial ecosystems, diversify into more complex activities and attract more complex businesses.

But global dynamics are changing and the competition for talent, capital and ideas is intensifying. Australian cities need to act quickly to capitalise on these dynamics. Until recently, the fertile ecosystems of Silicon Valley, New York, London and Tokyo dominated the globe in terms of entrepreneurship and innovation in complex high-value activities. In the past decade, however, new ecosystems have emerged in places like Beijing, Shanghai, Bangalore, Tel Aviv, Berlin and Toronto. While 'first mover' cities continue to 'own' a disproportionate share of global innovation and high-value growth sectors, the rest of the world is quickly gaining ground.

This represents both an opportunity and a threat to Australia and its cities. While the advantages of once dominant cities are thinning, others are doing more than ever to compete more effectively on the global stage by improving their education systems, investing more in research and development, attracting talent and capital, and bringing new-to-world innovations to the market.

For city leaders, this means leveraging the human capital and research base of their cities and boosting the capacity of industries to innovate by creating the preconditions required to build thriving ecosystems at a local level.



Our cities are attractive to people with great skills and attractive to businesses and capital. Industries of the future can be based here – data science, tech and robotics – but whose job is it to curate this?

Danielle Wood

Chief Executive Officer, Grattan Institute





Grand challenges for
Australian cities

TECHNOLOGY AND DIGITAL DISRUPTION

COVID-19 delivered a quantum leap in our adoption of automated and digitised technology, across nearly every part of Australia's economy. It also triggered a fundamental shift in the role technology plays in urban life – from how we work and learn to how we shop and access services.

We know that technology-led transformation is a key driver of economic growth for cities, regions and countries; it underpins efficient production of more and better goods and services and raises productivity in existing industries while creating new ones. Cities with burgeoning high-tech sectors often have thriving economies, higher jobs growth and higher wages. In the coming decades, we're likely to see increasing global competition for the core ingredients of technology supremacy – talent, capital, knowledge, innovation and markets – which will define the success of nations.

With a tendency for high-tech industries to concentrate in cities, Australia's economic success will, to a large extent, be dictated by our ability to generate and secure technological advantage in urban economies. We asked city leaders which actions their cities ought to prioritise to stay ahead of the technology and digital disruption curve.

Technology priorities for cities are clear: upskill the workforce, embrace smart city solutions and participate in the tech-led economy

Three priorities stood out among Australia's city leaders – the need to upskill labour markets to meet future skills demand (65%), adopt smart technologies (63%) and take advantage of tech-led economic opportunities (62%). On average, close to two-thirds of city leaders cite these three priorities over leveraging technology to address climate change (44%), transforming government service delivery (30%), improving resilience and crisis response (25%) and enhancing citizen engagement (11%).

The top three priorities point to a need to harness the transformative power of technology to strengthen our urban economies and improve the performance of our cities. The results suggest that Australian city leaders recognise the important role that science and technology can play in underpinning the competitiveness of our cities and nation and improving urban management.

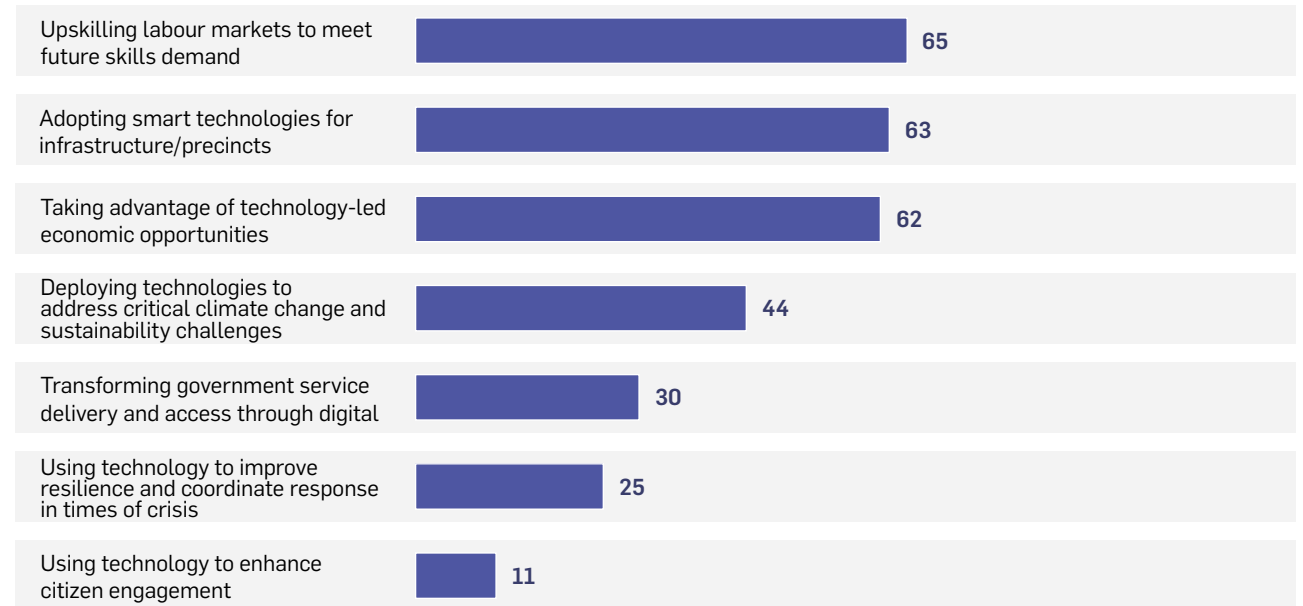
COVID-19 accelerated digital transformation and rapid adoption of technology. Despite this, our cities are only now beginning to harness the potential of digital transformation for city-shaping.⁴² As we build our uptake of smart technologies as tools for transforming cities and economies, city leaders will need to pay increasing attention to the digital infrastructure and workforce capacity required to capitalise on big data, emerging tech and innovation.

Figure 21

TECHNOLOGY PRIORITIES

When it comes to technology and digital disruption, which three of the following do you believe your city ought to be prioritising?

Percentage (%) of all respondents



Source: Urbis 2022 National City Leaders Survey

City leaders from smaller capital and regional cities see the need to harness smart technologies for infrastructure and precinct development

When we compare results between cities, different technology priorities are evident. Among leaders from smaller capital and regional cities, there is a particularly strong emphasis on the three priorities previously listed.

Leaders from Sydney, Melbourne and Brisbane identify a more even spread of priorities, albeit maintaining the three leading priorities as front-runners. This suggests that city leaders see technology and digital innovation as a tool for delivering city-wide economic and social benefits, while leveraging competitive advantages on the global stage.

Compared to Perth and smaller capital and regional cities, city leaders from Sydney, Melbourne and Brisbane place a slightly greater emphasis on using technology to address environmental issues and coordinate crisis management. This may reflect the impact of recent natural disasters and other crises along the east coast combined with comparatively high concentrations of tech and digital industries.

Figure 22

TECHNOLOGY PRIORITIES

When it comes to technology and digital disruption, which three of the following do you believe your city ought to be prioritising?

Percentage (%) of respondents by city

	Sydney	Melbourne	Brisbane	Perth	Small Cap/Reg
Upskilling labour markets to meet future skills demand	68	63	60	55	83
Adopting smart technologies for infrastructure/precincts	47	59	60	73	92
Taking advantage of technology-led economic opportunities	47	56	67	82	75
Deploying technologies to address critical climate change and sustainability challenges	47	56	47	27	25
Transforming government service delivery and access through digital	37	33	20	36	17
Using technology to improve resilience and coordinate response in times of crisis	16	11	7	18	0
Using technology to enhance citizen engagement	37	22	40	9	8

Source: Urbis 2022 National City Leaders Survey

Public sector city leaders place greater emphasis on using technology to address climate change and sustainability issues

Leaders from all sectors identify similar technology priorities but differ elsewhere. Public sector leaders place greater emphasis on deploying technology to address climate change and sustainability challenges than the private sector (53% compared to 39%), which may relate to new and emerging areas of policy focus.

There is a similar trend when it comes to adopting smart technologies for infrastructure and precincts (71% compared to 59%) with the private sector lagging somewhat behind. But it is leaders in the private sector who place greater value on using technology to improve resilience and crisis response (31% compared to 18%).

Areas of consensus across sectors point to where Australian cities might focus their efforts to generate technological advantage and leverage opportunities presented by technology and digital disruption in the future. It suggests there are valuable opportunities for alignment and collaboration between government, institutions and industry Australia-wide.

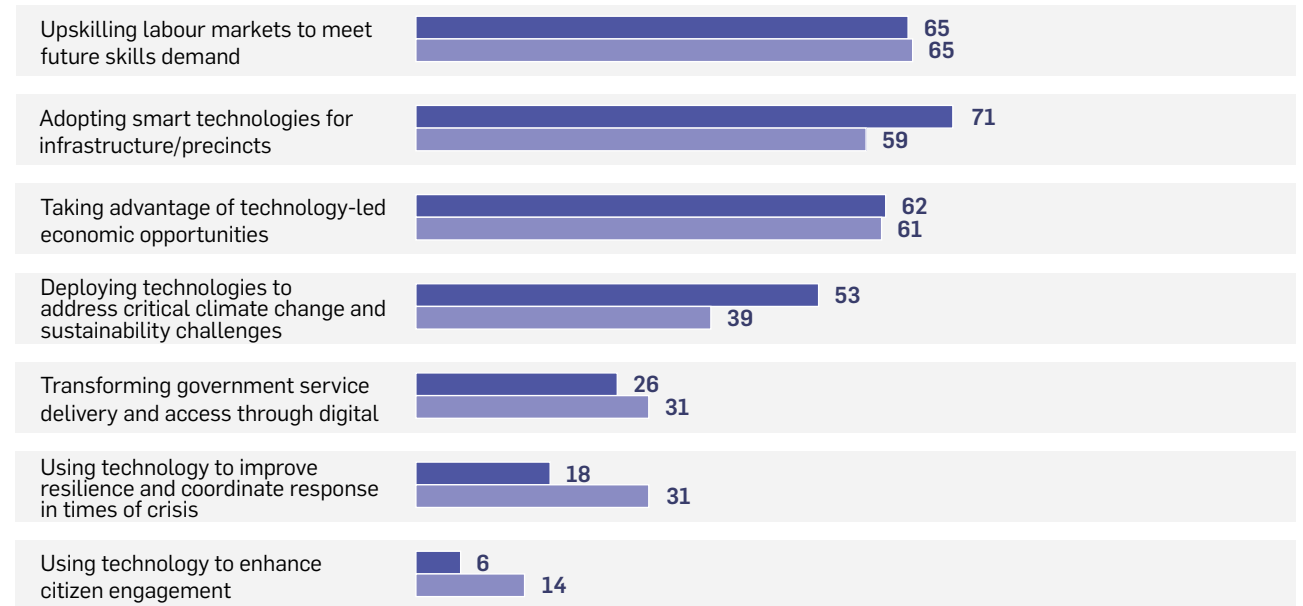
Figure 23

TECHNOLOGY PRIORITIES

When it comes to technology and digital disruption, which three of the following do you believe your city ought to be prioritising?

Percentage (%) of respondents: public vs private sector

■ Public ■ Private



Source: Urbis 2022 National City Leaders Survey
University and not-for-profit leaders account for 10% of public sector respondents

How prepared are Australian cities to compete in the global race for technological leadership?

In response to this question, very few city leaders (8%) see their city's economy as 'very well prepared' to compete in the global race for technological leadership. Half of all leaders (50%) believe their economy 'somewhat prepared', while a significant number see their economy 'somewhat unprepared' (27%) or 'not prepared at all' (15%).

Overall, net sentiment on technological preparedness among all city leaders is slightly positive at 8%. In Sydney, this rises to +13% and Melbourne sits slightly lower at +11%. Smaller regional and capital cities are more positive (+27%), while net sentiment about technological preparedness is negative for Perth (-5%) and Brisbane (-10%).

City leaders from smaller regional and capital cities responded most optimistically, with over three-quarters (77%) believing their city's economy is either somewhat or very well prepared. This contrasts with Sydney (63%), Melbourne (61%), Perth (45%) and Brisbane (40%). Relatively strong positive sentiment from Sydney and Melbourne's city leaders may reflect the fact these cities have invested heavily in their tech sectors in recent years. They also have the highest concentration of ICT professionals in the country.

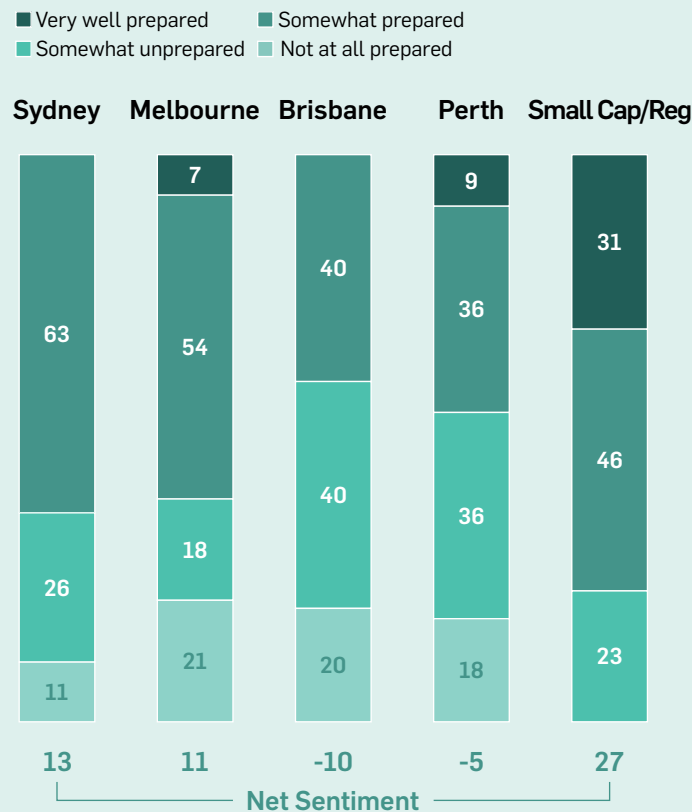
The reasons for strong positive sentiment among city leaders from smaller regional and capital cities are less obvious. The results may reflect an increasing awareness among city leaders of their city's technological capabilities; after all, regional and suburban areas are the fastest-growing for tech jobs in the country.⁴³

Figure 24

TECHNOLOGICAL PREPAREDNESS

How prepared is your city's economy to compete in the global race for 'technological leadership?

Percentage (%) of respondents by city



Source: Urbis 2022 National City Leaders Survey

On the other hand, the results may reflect city leaders' distance from the competitive forces driving high-tech industries, which are still largely concentrated in our largest and most globally connected cities.

Regardless of the reasons behind their disparities, one thing is clear. Sentiment around our cities' technological preparedness is tepid at best.

The results suggest further work is needed if Australian cities are to compete effectively in a global economy that's increasingly technology and innovation led. COVID-19 may have accelerated technology adoption but Australian businesses are far less progressed in their digital journey than global competitors and the tech sector remains a small part of our national economy compared to other advanced economies.⁴⁴

As a nation, we're at a crossroads in building a strong technology economy. Opportunities for growth and sovereign capability are emerging and require coordinated and strategic support. Building capacity via proactive policies and investments that support technology-based research, innovation and skills development is paramount. This includes building further scientific capacity behind the digital economy and directing more resources to commercialise emerging technologies.

Grand challenges for
Australian cities

POPULATION AND DEMOGRAPHICS

COVID-19 profoundly impacted our nation's trajectory of population and demographic forecasts. Reduced migration, lower labour force participation due to an ageing population and declining fertility rates are all expected to contribute to a slowdown in Australia's economic growth in coming years.⁴⁵

Many cities will face significant challenges associated with these changes. Others will need to contend with accelerated growth and urbanisation due to the shifting balance of populations. These dynamics are likely to become more pronounced with unique and varied population and demographic challenges across Australian cities. To better understand these challenges, we asked city leaders to identify the top three population and demographic issues their city will face over the next two years.

Demographic and skills mix, budget constraints and the inability to sustainably accommodate growth are all front of mind for city leaders

Nearly two-thirds of all city leaders (64%) identify demographic and skills mix as a top three issue for cities. This was closely followed by concerns about budget capacity to accommodate population and demographic changes (60%).

Over half of all city leaders (57%) identify the inability to sustainably accommodate population growth as the third most important issue. In aggregate, these issues are more significant than the impact of slowing or negative population growth, maintaining social cohesion and population ageing.

While the biggest population and demographic issues city leaders face are perennial, their breadth and significance have been magnified by COVID-19. These issues are also closely related to other key themes discussed in this report.

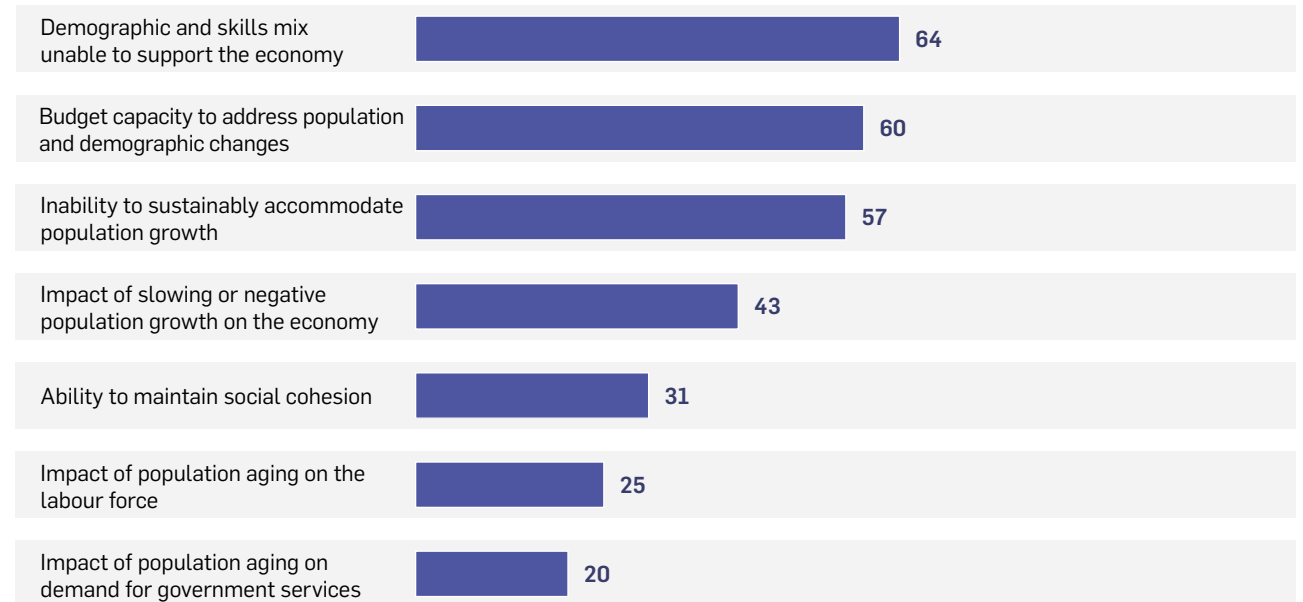
For example, a demographic and skills mix that's unable to support the economy – the most prevalent issue for city leaders – is also tied to labour shortages and attracting talent required to innovate and grow new technology-driven industries. These two issues are underscored by a pandemic-induced drop in migration as well as the emergence of new technologies.

Figure 25

TOP POPULATION AND DEMOGRAPHIC ISSUES

Which of the following do you believe are the top three population and demographic issues your city will face over the next two years?

Percentage (%) of all respondents



Source: Urbis 2022 National City Leaders Survey

Demographic and skills mix, budget constraints and the inability to sustainably accommodate growth are all front of mind for city leaders (continued)

The results also reflect city leaders' awareness of the fiscal implications of a changing and rapidly expanding population. As burgeoning populations place additional pressures on urban infrastructure, our per capita costs associated with transport, housing, education, health and energy will also be impacted.

Budget concerns go hand-in-hand with concerns about our ability to sustainably accommodate population growth, which is echoed by 57% of city leaders who appear to be signalling this challenge. It's not surprising, given Australia's population is projected to reach as high as 50 million by 2066⁴⁶ and approximately 86% of our existing population resides in urban areas.⁴⁷

In addition to this, approximately 20% of city leaders cite the impacts of ageing on government services as a risk, indicating concerns about the ability for health, aged care and other services to meet growing demand. This too has been identified as a global challenge as the proportion of the dependent population rises.⁴⁸



In Greater Brisbane – rapid and sustained population growth will massively challenge the sustainability of the region and the quality of life – if not done well. Equally, we cannot sustain economic success unless we are able to source and attract the ‘right’ level of talent and offer them the lifestyle they want.

Barton Green

Chief Executive Officer, Committee for Brisbane



Leaders from cities most impacted by COVID-19 cite slowing or negative population growth as a key issue

Leaders from Perth and Melbourne – the cities most acutely impacted by COVID-19 lockdowns and border closures – cite greater concern about slowing or negative population growth than cities that retained relative freedoms (64% and 57% respectively). While Brisbane leaders experienced the inverse of this (7%), they appear to have population concerns around attracting the right demographic and skills mix to support the city's economy (71%). This sentiment is shared by smaller capital and regional cities (75%) and leaders from Perth (82%) and Melbourne (64%). Only 42% of Sydney leaders feel the same.

Compared to other cities, Brisbane leaders also appear most preoccupied by the challenges of rapid population growth precipitated by COVID-19.⁴⁹ This is reflected in concerns about budget capacity to address population growth (71%) and the high response rate for citing concerns around the city's ability to maintain social cohesion (50%).

These new challenges for Brisbane are reminiscent of those that Sydney and Melbourne have historically grappled with – and continue to do so – as the most populous cities in the country. This issue is least pronounced for leaders from Perth (18%) and smaller capital and regional cities (17%).

No leaders from smaller capital and regional cities see the impact of population ageing on government services as a major concern, which is surprising given the challenges associated with an ageing population and that demand for health and other services tend to be much greater in the nation's regions. This is in sharp contrast to 42% of leaders from smaller capital and regional cities, who see the impact of population ageing on the workforce, with young people increasingly lured away to bigger cities to pursue education or better-pay work opportunities.

Figure 26

TOP POPULATION AND DEMOGRAPHIC ISSUES

Which of the following do you believe are the top three population and demographic issues your city will face over the next two years?

Percentage (%) of respondents by city

	Sydney	Melbourne	Brisbane	Perth	Small Cap/Reg
Demographic and skills mix unable to support the economy	42	64	71	82	75
Budget capacity to address population and demographic changes	63	57	71	45	58
Inability to sustainably accommodate population growth	68	39	57	64	75
Impact of slowing or negative population growth on the economy	42	57	7	64	33
Ability to maintain social cohesion	32	32	50	18	17
Impact of population aging on the labour force	26	25	21	9	42
Impact of population aging on demand for government services	26	25	21	18	0

Source: Urbis 2022 National City Leaders Survey

Australia's population – ageing faster and growing slower than expected

In the year ending 30 June 2021, overseas migration contributed a net loss of 89,000 people to the nation's population – the second highest on record since WWI and the first time Australia has seen an annual net loss since WWII. We also lost around 200,000 people in their 20s – mostly international students and skilled workers – which is having a huge impact on the Australian talent landscape.⁵⁰

While inviting more migrants into Australia may ease the skills shortage, it will take years to repair our pandemic-induced population loss. For the foreseeable future, a combination of slower population growth and reduced labour force participation due to ageing is expected to contribute to a slowdown in Australia's economic growth.

Many cities and towns will be disproportionately impacted by these trends. Others will have to contend with growth pressures associated with a significant shift in internal migration towards a handful of regional towns and cities, triggered by COVID-19. This shift in internal migration is producing a patchwork of growth and decline across the nation's cities and regions, creating challenges for managing rapidly evolving population and demographic profiles into the future.

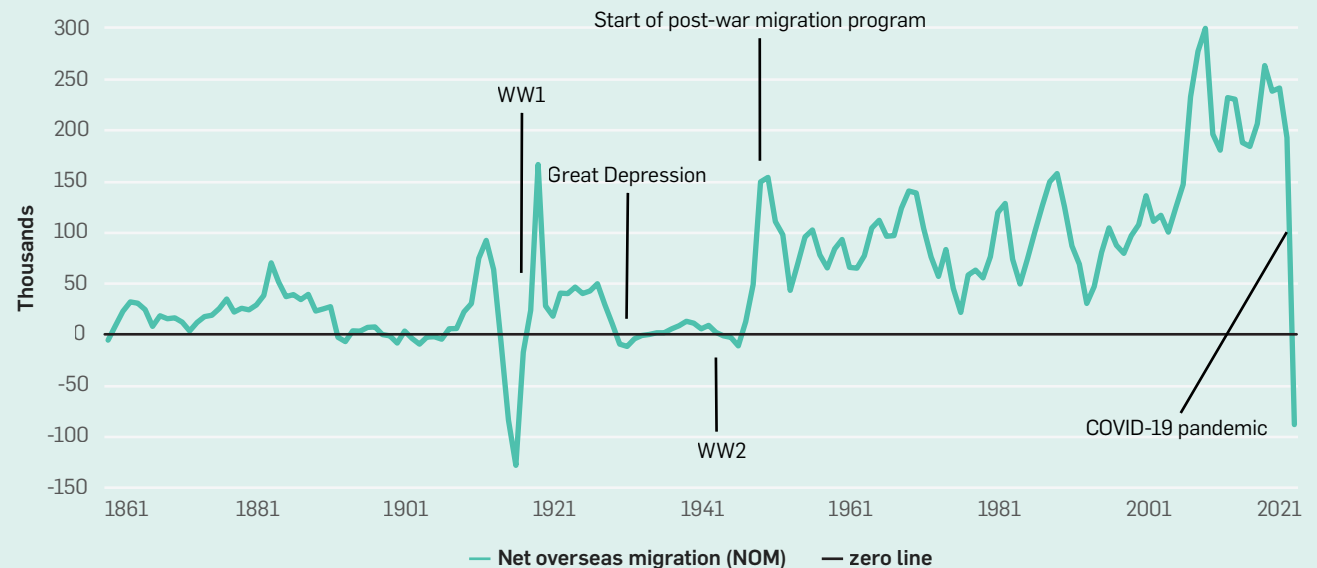
Net migration outflows have overwhelmingly come from Sydney and Melbourne. While these outflows fell in early 2022, the latest data shows levels still exceeding those experienced two years before the pandemic. The major beneficiaries of these movements are the coastal cities of Gold Coast and Sunshine Coast in Queensland, Geelong in Victoria, and Wollongong and Lake Macquarie in New South Wales.⁵¹

As we've discussed, the prevalence of remote working is likely to persist, with early research suggesting widespread acceptance of working from home. The long-term impacts this may have on household location choices and population flows are yet to be fully understood, but they could fundamentally reshape settlement patterns and the economic prospects of our cities and communities. Urban areas with large working-age cohorts and relatively few young and old dependents have greater potential to grow their economies and weather economic headwinds.

But for places where the ratio of the working age population to the dependent population is stagnating, labour shortages and lagging productivity growth could feature in the coming decades. At the same time, cities and towns inundated with new residents are seeing house prices surge as demand soars and supply remains constrained. On the Gold Coast, the median house price has increased by 25% while the median weekly rent for a house is up by more than 20%. Over time and in the absence of reform and investment, fast-growing areas close to our state capitals will face metropolitan-style development pressures.⁵²

Figure 27

Net Overseas Migration (NOM)



a. Estimates from 1972 are year ending June, prior to this they are year ending December. Estimates for 2020-21 are preliminary. See revision status on the methodology page. Source: Australian Bureau of Statistics, Overseas Migration 2020-21 financial year.

The impact of slowing or negative population growth is a bigger issue for leaders in the private sector

While city leaders across all sectors agree in what they identify as the top three issues facing their cities, the impact of slowing or negative population growth on the economy is perceived to be a much greater issue among leaders from the private sector. Over half of all private sector leaders (52%) cite this issue among the top three facing their cities in the next two years, compared to only one-quarter of leaders from the public sector (26%).

A significant divergence can also be seen in how public sector leaders (71%) view the fiscal challenges of managing population growth, as opposed to leaders from the private sector (54%). Similarly, public sector leaders appear more concerned with how to maintain social cohesion (38% compared to 27%) as populations grow and demographics change.



Urban sprawl is a massive on-going challenge for Australia. There is no density, which has huge implications for efficient delivery of infrastructure and sustainable outcomes.

Malcolm Macintyre

Managing Director, Capella Capital

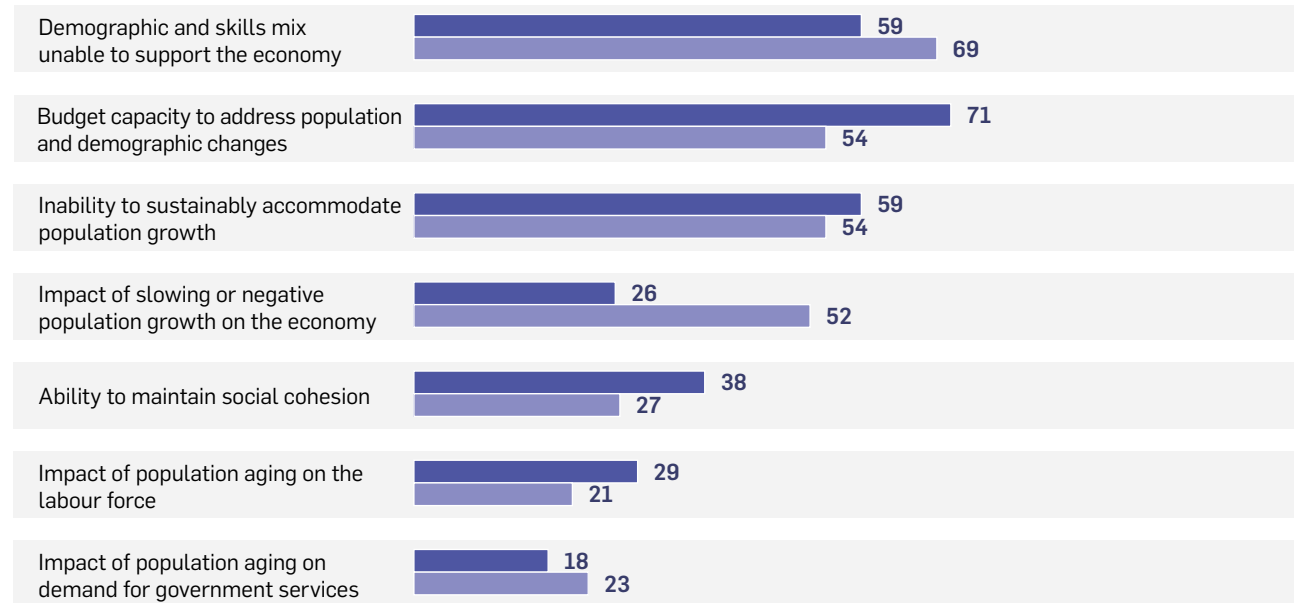
Figure 28

TOP POPULATION AND DEMOGRAPHIC ISSUES

Which of the following do you believe are the top three population and demographic issues your city will face over the next two years?

Percentage (%) of respondents: public vs private sector

■ Public ■ Private



Source: Urbis 2022 National City Leaders Survey
University and not-for-profit leaders account for 10% of public sector respondents

City leaders from the private sector appear more concerned with immediate issues that directly impact business operations and the bottom line, such as talent shortages and associated business costs. Public sector leaders are more inclined to take a longer term, holistic perspective.

This distinction highlights the need for greater dialogue between government, industry and the community to develop a shared understanding of national population flows and related challenges. Delivering a national population and settlement strategy is one example of how we might proactively manage the rapidly evolving profiles of Australia's cities and regions.



Grand challenges for
Australian cities

INEQUALITY IN CITIES

Our cities generate wealth but also concentrate poverty. They contribute to inequality through disparities in access to work, affordable housing, education, health care and other ingredients essential to improving living standards and achieving intergenerational mobility.

Given the extent of urbanisation in Australia, how inequality plays out nationally largely depends on the capacity of our cities to provide the same opportunities to all residents. Building consensus around how to tackle inequality and move towards more inclusive growth remains a central challenge of our time. The Australian maxim of having a 'fair go' is an increasingly thorny proposition.

This is reinforced by city leaders' expectations of declining social outcomes in some of our largest cities over the next two years. To understand where energy might be best directed, we asked leaders to identify the top three factors contributing to inequality in their cities.

City leaders identify housing affordability and access as the leading factor contributing to inequality in Australian cities

More than two-thirds (70%) of city leaders cite housing affordability and access as the most significant factor contributing to inequality in their cities. This was followed by unequal access to employment, education, health and other opportunities (51%), a lack of urban policy and infrastructure focused on addressing inequality (49%) and a lack of innovation and entrepreneurship to drive local economic growth (41%).

Less significant factors include external shocks or structural changes to the economy, skills-based technological change and the lack of opportunities for First Nations people. Given the overrepresentation of indigenous youth in the criminal justice system and the vast health, life expectancy and economic inequalities between First Nations people and non-indigenous Australians, the last point came as a surprise to us.

With our cities bearing the brunt of COVID-19, the housing affordability crisis has been exacerbated. Our largest cities, including Sydney, Melbourne, Adelaide, Brisbane and Perth, now rank among the least affordable in the world.

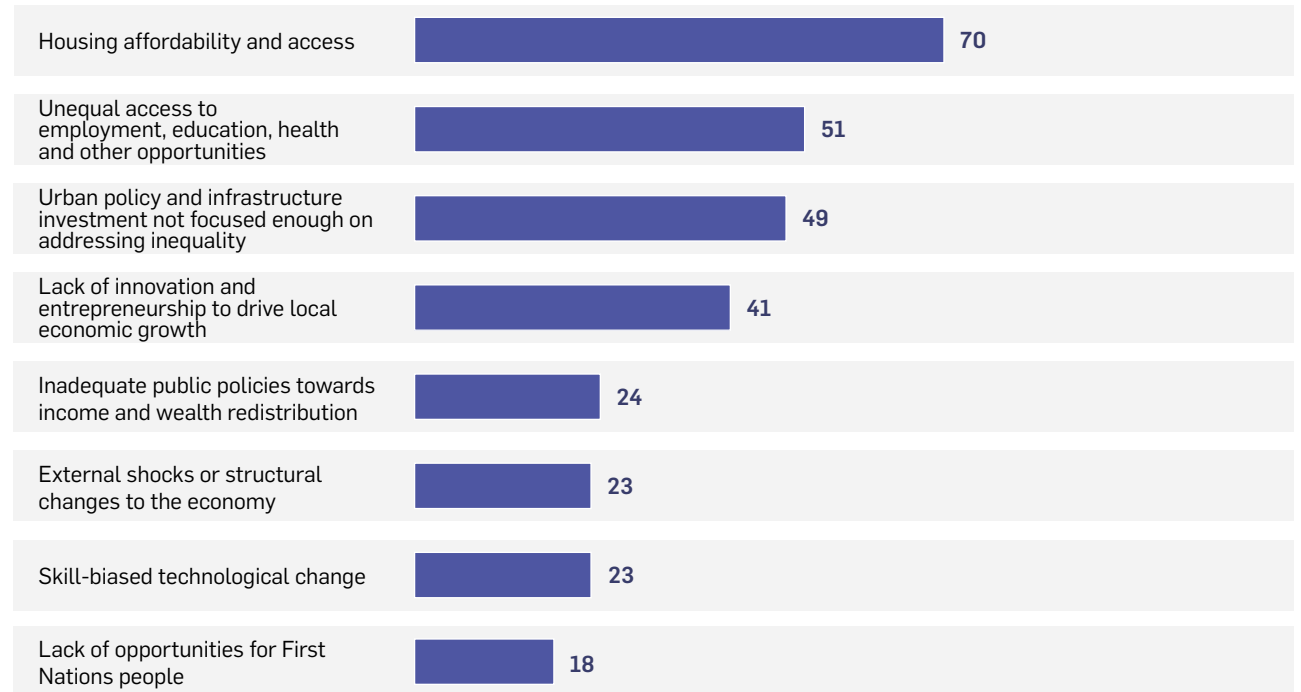
In Sydney, the median house price has risen to over 15 times the average annual household income.⁵³ And although recent interest rate hikes are expected to moderate house prices in the near term, the rapid growth in prices during the pandemic significantly widened the affordability gap. It is no surprise this is seen as the leading contributor to inequality in cities.

Figure 29

FACTORS CONTRIBUTING TO INEQUALITY

Which three of the following factors do you believe contribute most inequality in your city?

Percentage (%) of all respondents



Source: Urbis 2022 National City Leaders Survey

City leaders identify housing affordability and access as the leading factor contributing to inequality in Australian cities (continued)

The pandemic also highlighted inequality in access to amenities and services, with socio-spatial dimensions of inequality exposed during lockdowns. Many vulnerable groups were deeply affected. These groups were often confined to locations with lower levels of amenity and poorer access to essential services such as health care, public transport and shops.

This stems in part from insufficient action to address the geographical factors impacting inequality, which is reflected in these findings.

Fostering and growing local innovation and entrepreneurial ecosystems is essential for closing income and employment gaps in socially and economically disadvantaged communities, as well as being a key driver of economic and employment growth for cities.

Australia's inability to get the most out of its national innovation system has been well canvassed in reports, papers and policy documents over the last decade and the findings here reinforce this challenge.⁵⁴ It is one of which city leaders are all too aware.



The biggest challenge that we face as a nation and a society is the entrenched inequality that has been exacerbated – and to some extent revealed by COVID.

Susan Lloyd Hurwitz
Chief Executive, Mirvac



Box 7

Inequality has a postcode

In late 2021, prompted by the inequalities exposed and compounded by COVID-19, Future State sought to quantify the extent of geographical disparities in Australia's two major cities. We found stark differences in 'spatial wealth' when comparing access to jobs, education, healthcare, social support and everyday goods and services in Sydney and Melbourne.

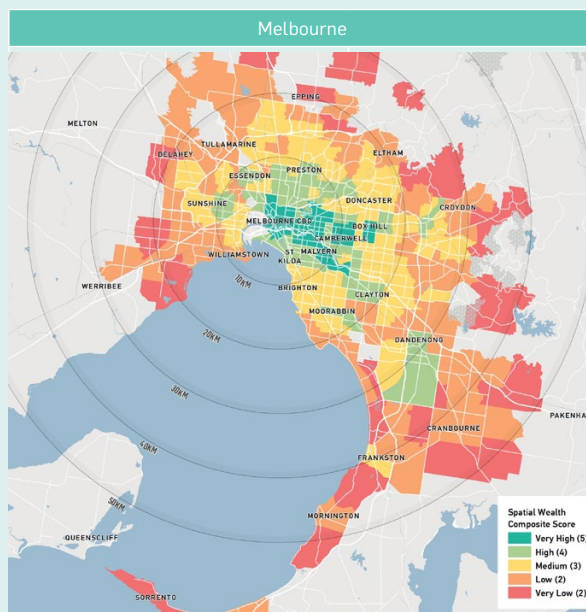
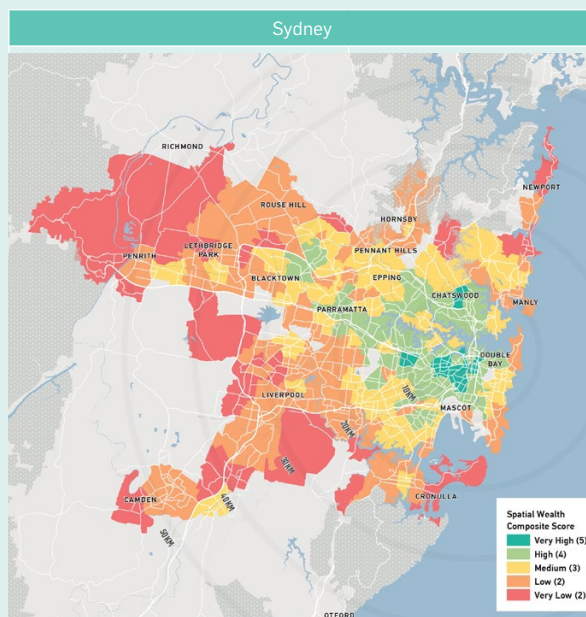
For example, the most geographically advantaged households in Sydney can access four times more jobs, 10 times more educational opportunities and almost eight times the social support than the most disadvantaged. Access to education for the top percentile of households in Melbourne is six times that of the bottom percentile, while access to doctors and social support is more than 10 times.

The study also found lower-income households to be disproportionately represented in neighbourhoods with lower levels of access. This combination of income, wealth and geographic disparities contributes to a vicious cycle of inequality, which can entrench disadvantage and limit opportunities for social mobility across generations.

A comparison of two neighbourhoods in Sydney and Melbourne at opposite ends of the spatial wealth spectrum highlights how spatial inequality intersects with other measures of inequality. In Sydney, social and economic outcomes for those living in Double Bay – one of the most spatially advantaged areas of the city – are on average substantially higher than those living in Lethbridge Park – one of the most spatially disadvantaged. Similarly, life in Roxburgh Park on the northern fringes of Melbourne differs markedly from that of Malvern in the city's leafy inner east.

With a few exceptions, spatial wealth is highly concentrated in the more affluent suburbs of both cities.

The full 'Inequality has a postcode' report is available on our website. Click [here](#) to access.



Source: Urbis; Australian Bureau of Statistics (2021)

Socio-economic measures	Lethbridge Park	Double Bay
Median house price	\$550,000	\$6,500,000
Median equivalised household income (weekly)	\$674	\$1,853
Workers in low-skilled occupations	56%	23%
Unemployment rate (%)	10.8%	3.3%
Adults with bachelors degree or above	11%	53%
Persons on disability support pension	4.9%	0.6%
Completed year 12 or equivalent (%)	39%	75%
Taxpayers with private health insurance	11%	64%
Aboriginal and Torres Strait Islander population	10%	0.5%
Not proficient in English	7.2%	2.2%
Access to internet	76%	91%
Most common occupation	Machinery Operators & drivers	Professionals
Spatial wealth composite score	1.2	4.4

Socio-economic measures	DeLahey	Malvern
Median house price	\$600,000	\$3,500,000
Median equivalised household income (weekly)	\$702	\$1,416
Workers in low-skilled occupations	56%	26%
Unemployment rate (%)	11.2%	6%
Adults with bachelors degree or above	13%	49%
Persons on disability support pension	1.1%	0.9%
Completed year 12 or equivalent (%)	53%	76%
Taxpayers with private health insurance	4%	51%
Aboriginal and Torres Strait Islander population	0.1%	0.0%
Not proficient in English	24%	7.7%
Access to internet	83%	92%
Most common occupation	Labourers	Professionals
Spatial wealth composite score	1.4	4.8

Housing affordability concerns are most pronounced for Melbourne and smaller capital and regional cities

While city leaders nation-wide view housing affordability as a leading contributor to inequality, those from Melbourne and smaller capital and regional cities place significantly greater weight on this factor, with 80% and 81% respectively citing it among their top three. This compares to 64% of leaders from Brisbane and Perth, and 53% of leaders from Sydney.

In Melbourne, housing affordability was amplified as an issue due to prolonged pandemic lockdowns, unmet demand and intense media coverage. This may account for why it's front of mind for Melbourne's city leaders. House price increases have also been unprecedented in smaller regional and capital cities – with gains in many regions being twice that of capital cities.⁵⁵ This growth has served to amplify existing inequalities tied to home ownership and location advantage (and disadvantage) in these areas.

Similar differences are evident when comparing equality of access to opportunities. City leaders from Melbourne and Sydney (63%) and smaller capital and regional cities (55%) place greater weight on this factor than leaders from Brisbane (21%) and Perth (36%). City leaders in Brisbane and Perth see a lack of innovation and entrepreneurship to drive local economic growth as a more significant contributor to inequality.

Figure 30

FACTORS CONTRIBUTING TO INEQUALITY

Which three of the following factors do you believe contribute most inequality in your city?

Percentage (%) of respondents by city

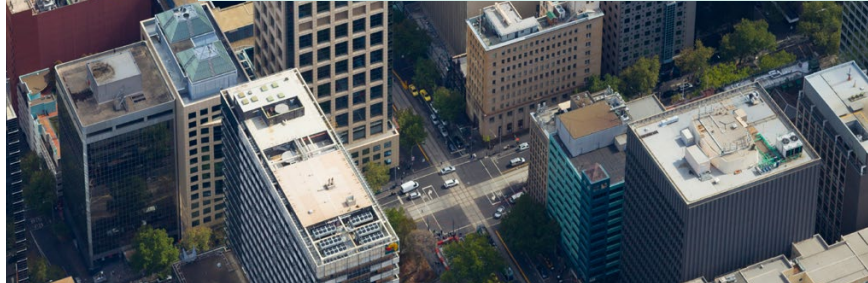
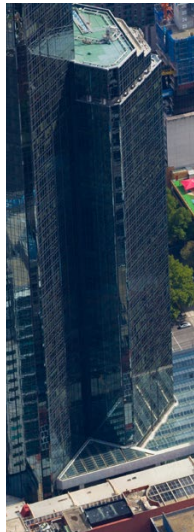
	Sydney	Melbourne	Brisbane	Perth	Small Cap/Reg
Housing affordability and access	53	81	64	64	82
Unequal access to employment, education, health and other opportunities	63	63	21	36	55
Urban policy and infrastructure investment not focused enough on addressing inequality	42	41	64	55	55
Lack of innovation and entrepreneurship to drive local economic growth	47	30	57	64	18
Inadequate public policies towards income and wealth redistribution	16	33	36	9	18
External shocks or structural changes to the economy	32	15	21	18	36
Skill-biased technological change	32	22	14	18	27
Lack of opportunities for First Nations people	16	15	21	36	9

Source: Urbis 2022 National City Leaders Survey

Housing affordability concerns are most pronounced for Melbourne and smaller capital and regional cities (continued)

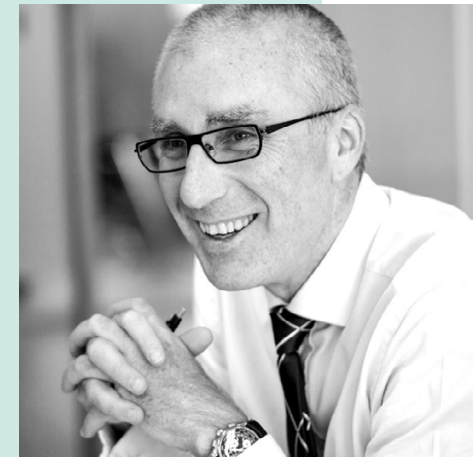
These differences are closely linked to the role and function of cities relative to their size and position within national and global networks. For example, Sydney and Melbourne have significant concentrations of economic activity combined with sprawling residential suburbs relative to smaller cities. This serves to reinforce geographical disparities and associated socio-spatial inequalities and may account for why these cities place greater emphasis on the impact of unequal access.

In Perth, a lack of innovation and entrepreneurship (64%) and opportunities for First Nations people (36%) are seen as greater contributors to inequality than in other cities. This may reflect the challenge of diversifying the city's economy, which is strongly tied to the resource sector, and ongoing issues around poverty and disadvantage among First Nations people – Western Australia has the highest rate of indigenous incarceration in the nation.⁵⁶



COVID has brought out the most difficult social settings, revealing spatial inequalities whereby the most vulnerable have been the hardest hit.

Malcolm Macintyre
Managing Director, Capella Capital



City leaders in the public sector place greater weight on the role of income and wealth redistribution on inequality

More than half of all city leaders from all sectors agree that housing affordability and access is the top factor contributing to inequality in Australian cities. But there are smaller yet still meaningful differences in how these sectors diverge on other contributing factors.

City leaders in the public sector cite inadequate public policies towards income and wealth redistribution as a driver of inequality. More than a third of public sector leaders (38%) identify this factor among their top three, compared to only 15% of leaders from the private sector.

Public sector leaders identify a lack of innovation and entrepreneurship, as well as insufficient urban policy and infrastructure investment, as greater contributors to inequality than do their private sector peers. Skill-biased technological change appears to be more significant for private sector leaders, with businesses battling the stiffest competition for workers in almost half a century.

Fundamental differences in opinion around the role government should play in addressing inequality may account for the divergence in perspectives. In the public-private sector continuum, government departments and ministries lie on one side of the spectrum with profit-oriented businesses at the other.

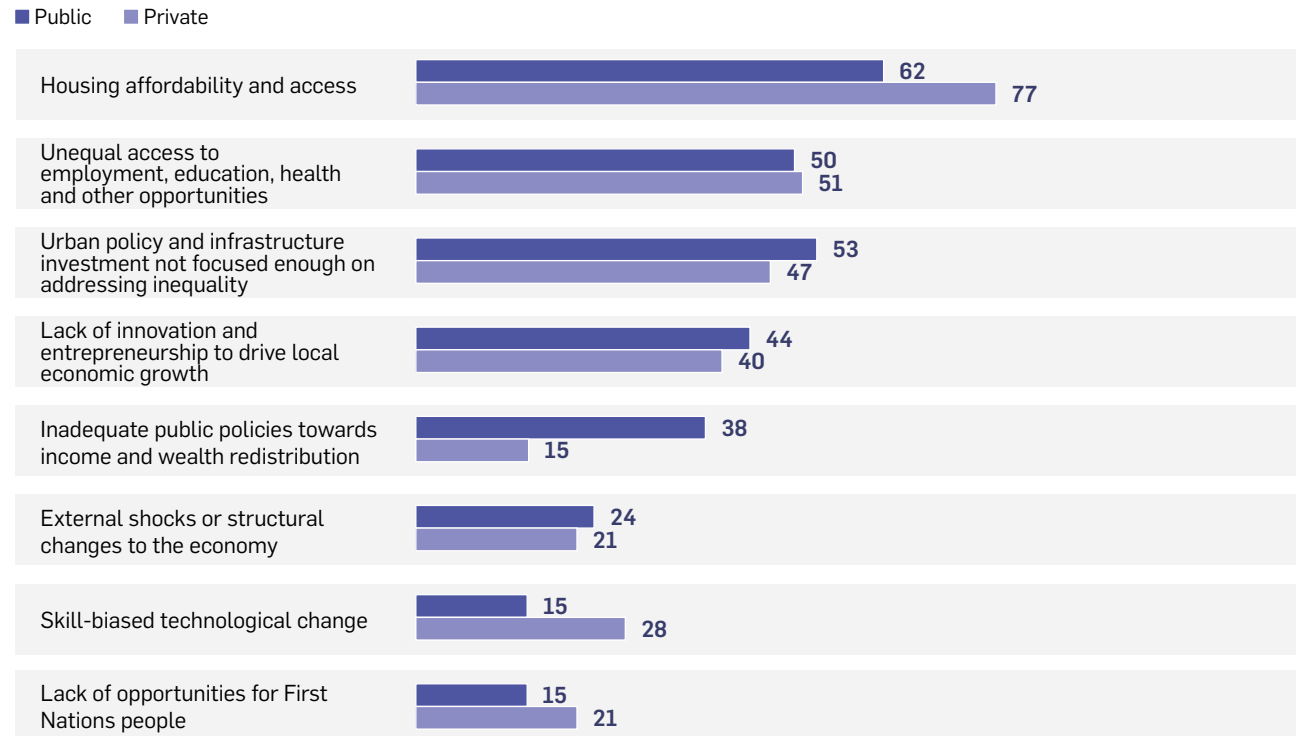
Tied to this are different viewpoints on taxes, transfers and other initiatives aimed at redistributing economic gains. As the drivers of public policy, it's possible that public sector leaders place greater emphasis on these types of interventions to address inequality, which business leaders may view as dampening incentives or distorting the efficient operation of markets.

Figure 31

FACTORS CONTRIBUTING TO INEQUALITY

Which three of the following factors do you believe contribute most inequality in your city?

Percentage (%) of respondents: public vs private sector



Source: Urbis 2022 National City Leaders Survey
University and not-for-profit leaders account for 10% of public sector respondents



Grand challenges for
Australian cities

URBAN GOVERNANCE

As critical intervention points for addressing global challenges, cities are only as powerful as the transparent structures and processes that enable them to bring about change. So too, the relationships between all actors in the city-making process.

How Australian cities are governed has profound implications for who makes decisions about our future, and how these decisions are made. We asked city leaders to identify the extent to which certain factors are barriers to effective governance in their cities.

A more strategic and collaborative approach is needed to enhance urban governance

City leaders believe that too much focus on short-term decision-making driven by political cycles (71%) as well as difficulties coordinating across different levels of government (66%) are the most significant barriers to effective governance in our cities. More than two-thirds of all city leaders identify these two barriers as significant.

This was closely followed by two other key barriers – organisational silos hamper the ability to tackle systemic policy issues (57%) and the politicisation of local issues (53%). Both are identified as significant by over half of all leaders.

These results suggest Australia's city leaders seek more strategic, collaborative and coordinated decision-making for our cities, which is critical to navigating multiple levels of government and varying city-shaping functions and remits.

Furthermore, challenges that traverse economic, environmental, social and technological domains can only be addressed through actions that extend beyond election cycles and effectively mobilise city-makers behind a collective vision of the future.

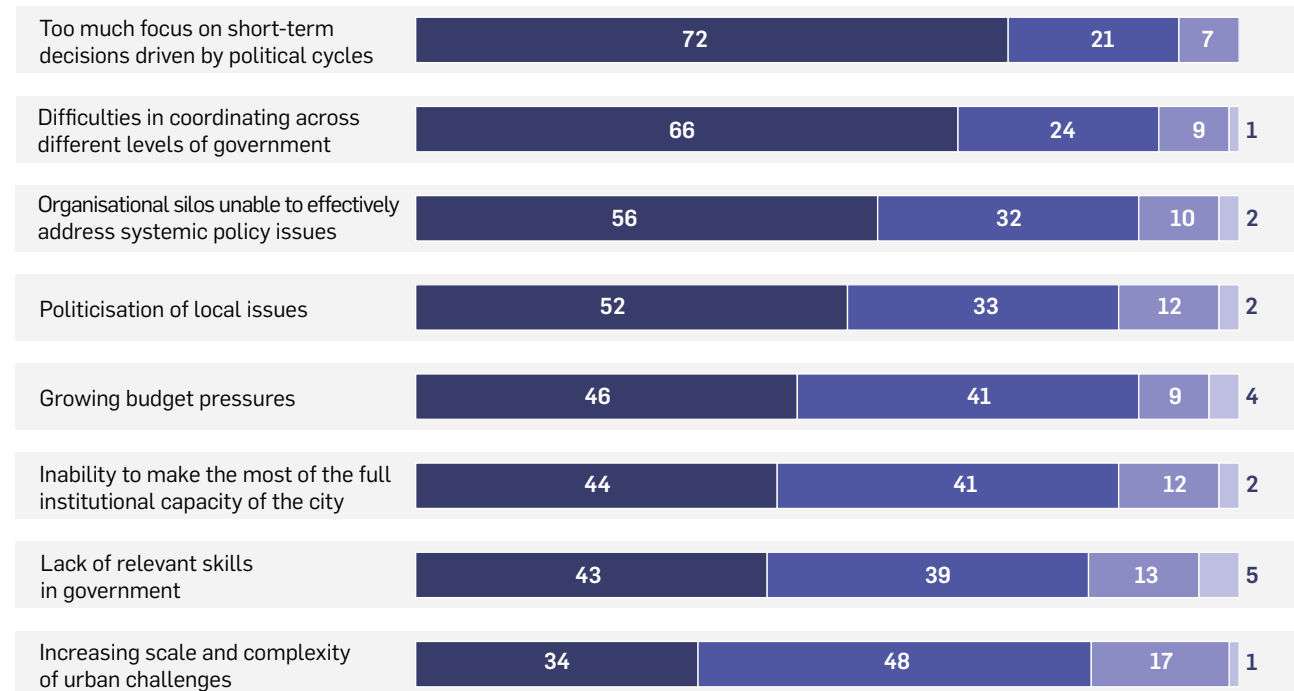
Figure 32

BARRIERS TO EFFECTIVE URBAN GOVERNANCE

To what extent do you believe the following issues are barriers to effective governance in your city?

Percentage (%) of all respondents

■ Significant barrier ■ Moderate barrier ■ Minor barrier ■ Not a barrier



Source: Urbis 2022 National City Leaders Survey

Governance beyond government – a call for urban governance reform

The results presented in this section echo calls from Australian city leaders for urban governance reform.^{57,58} Front and centre is the desire for new governance models that promote long-term rather than short-term interests, proactive rather than reactive decision-making and cooperation rather than conflict.

This inevitably involves depoliticising decision-making and funding processes, which are often tied to short election cycles and driven by political priorities. Instead, Australian cities could benefit from urban governance models that recognise the value and responsibilities of all three spheres of government – federal, state and local – and promote systemic coordination around city-shaping.

Collaboration and shared knowledge lie at the heart of our ability to tackle Australia's biggest urban challenges. These challenges cannot be addressed by governments alone. Governance must extend beyond government and leverage the full institutional capacity of our cities. This will involve aligning interests, sharing knowledge, coordinating and directing resources to drive positive change, and accepting joint responsibility for urban outcomes.

Creating such a holistic coalition relies on deep engagement with all actors in the city-shaping process – from state agencies and local governments to citizens, private entities, institutions and community organisations – as well as the notion of intelligent stewardship informed by evidence-based decision-making.

Before this can be achieved, however, city leaders must turn their attention towards rebuilding trust in our existing governance processes. One solution is to be more transparent about the challenges facing our cities and to discuss choices we're making for the future.

In this vein, the 2022 City Leaders Survey provides an entrée into broader discussions around the grand challenges facing our cities and how a shift towards more collaborative governance models and more deliberative forms of democracy might create the right context for genuine cooperation on future city-shaping.



As Melbourne grapples with economic, geopolitical and environmental challenges, collaboration between all levels of government and the community is of paramount importance. We will only achieve success in connecting our city, through transport, freight, technology and services, if our governments can come together with a unified aim and approach.

Mark Melvin

Chief Executive, Committee for Melbourne



Short-term decision-making and difficulties coordinating across different levels of government are key barriers to effective governance for our major cities

Over two-thirds of leaders from our four major cities believe short-term decision-making and difficulties coordinating across different levels of government are the most significant barriers to effective governance.

Short-term decision-making is particularly pronounced for Sydney city leaders (85%), as are difficulties in coordinating across different levels of government in Brisbane (86%).

Both these factors are seen as less significant for leaders in smaller capital and regional cities with fewer than 20% citing this as a significant barrier. These leaders identify growing budget pressures as the most significant barrier to effective governance (55%).

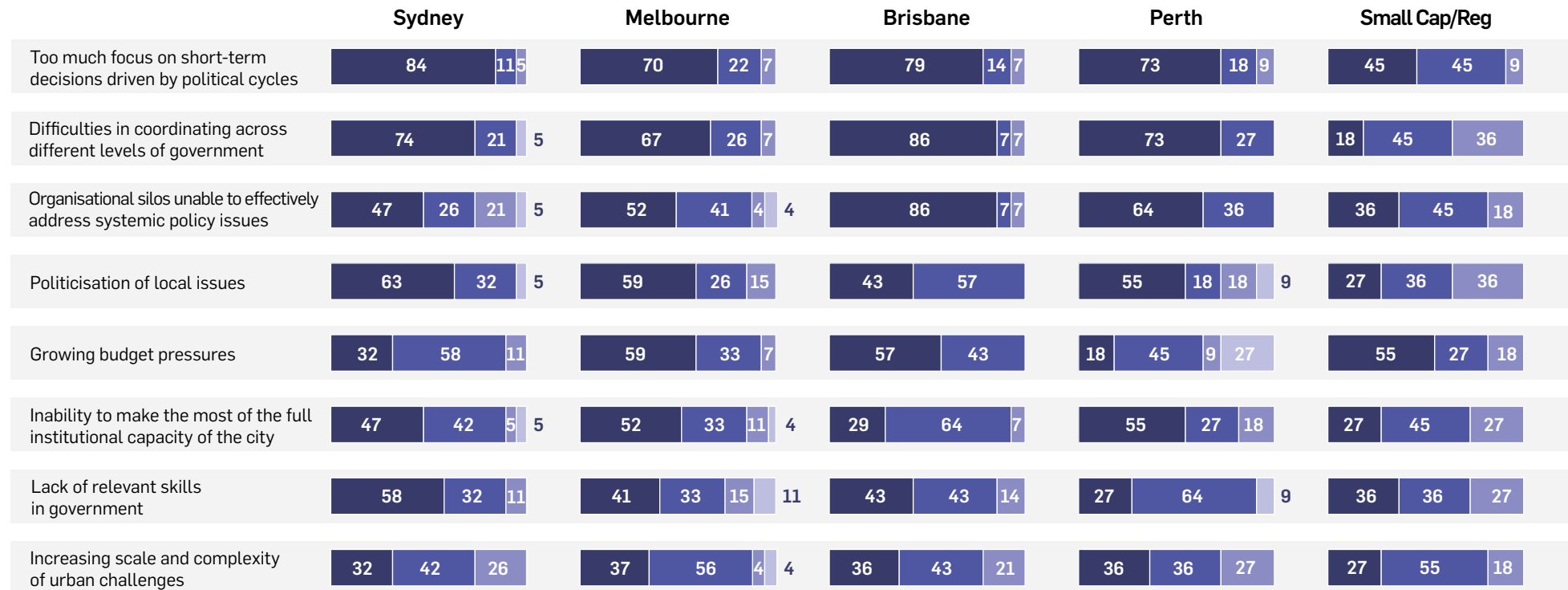
The challenges posed by budget pressures are similarly shared by leaders from Melbourne (59%) and Brisbane (57%) and to a lesser extent Sydney (32%). Organisational silos are seen as a significant barrier to leaders from all cities, but this factor is most pronounced in Brisbane (86%).

Figure 33

To what extent do you believe the following issues are barriers to effective governance in your city?

Percentage (%) of respondents by city

■ Significant barrier ■ Moderate barrier ■ Minor barrier ■ Not a barrier

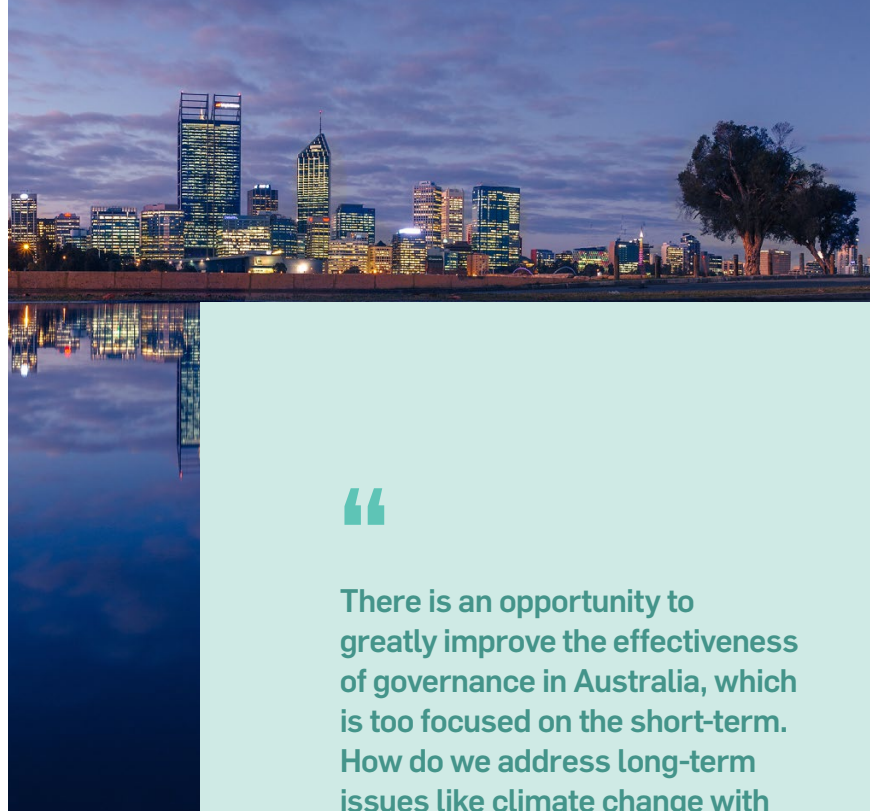


Source: Urbis 2022 National City Leaders Survey

Short-term decision-making and difficulties coordinating across different levels of government are key barriers to effective governance for our major cities (continued)

There appears to be a relationship between the most prominent barriers and larger cities, which tend to have greater political and economic clout. Leaders from larger cities view the depoliticisation of decision-making and the difficulties coordinating across different tiers of government as the bigger barriers to effective governance, while the inverse is true of smaller capital and regional cities. Regional cities also tend to be governed by one local council with less involvement – politically and administratively – from both state and federal governments relative to larger cities.

With the additional pressure COVID-19 has placed on government budgets at all scales and its continuing impact on the fiscal landscape for city-shaping, city leaders are becoming more accustomed to operating with limitations imposed by post-pandemic financial constraints. That said, the relative strength of Western Australia's economy appears to have influenced city leaders from Perth, who downplay the significance of budgetary pressure relative to leaders in other major cities.



There is an opportunity to greatly improve the effectiveness of governance in Australia, which is too focused on the short-term. How do we address long-term issues like climate change with such short political cycles?

Tom Griffiths

Chief Executive, Perth South West Metropolitan Alliance



City leaders from the public sector see short-term decision-making and organisational silos as stand out barriers to effective governance

Public and private sector leaders diverge in what they identify as the greater barriers to effective governance in Australian cities. Among public sector leaders, greater weight is given to growing budget pressures and the impact of organisational silos. In the private sector, leaders believe a lack of relevant skills in government, difficulties coordinating across levels of government and the politicisation of local issues are more significant barriers.

The higher weighting given to growing budget pressures by public sector leaders is underscored by the current environment within which they operate and the unprecedented strain COVID-19 has placed on government budgets as its fallout continues to redefine funding priorities.

The challenge of working collaboratively across government departments and agencies may account for the public sector attributing greater impact to this governance barrier, whereas private sector leaders are unlikely to be exposed to such issues.

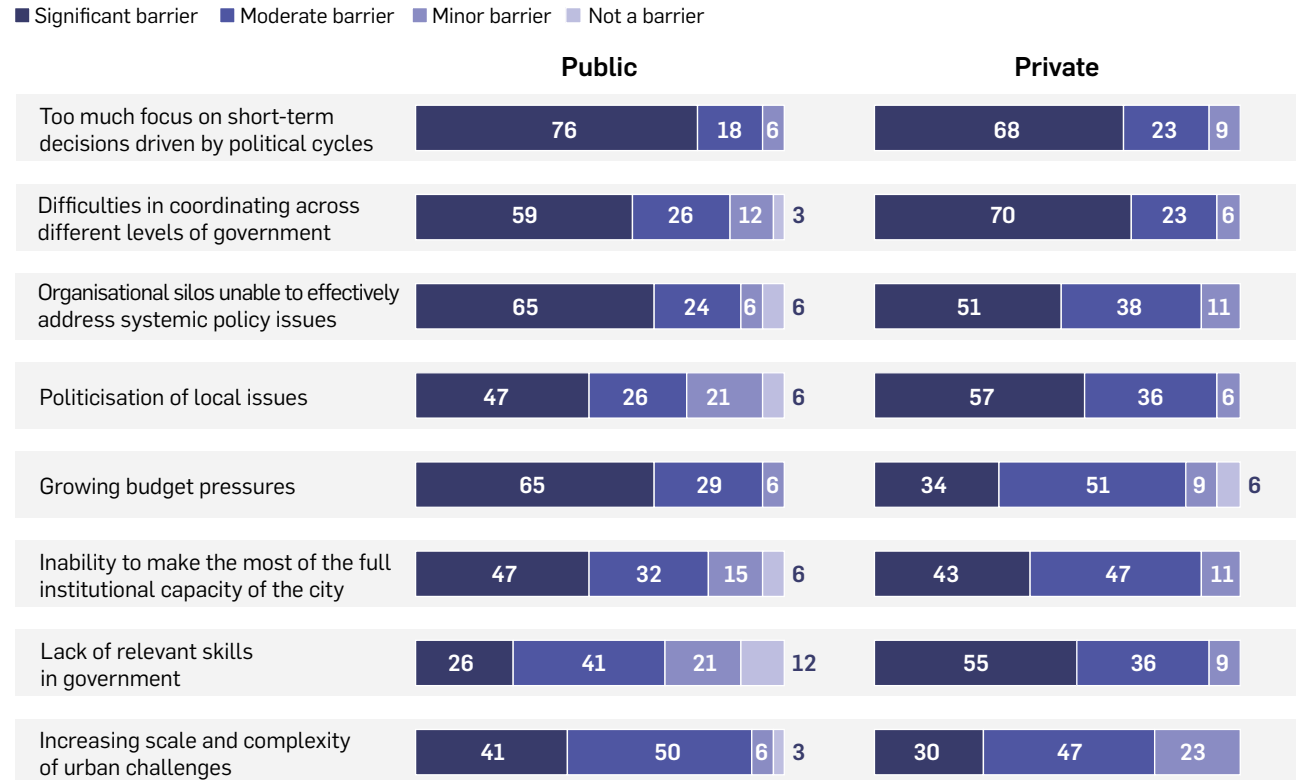
A lack of relevant skills in government is perceived to be a greater barrier by private sector leaders. This presents an opportunity for the public and private sectors to work more closely together and combine resources and know-how to collectively tackle our greatest urban challenges.

Figure 34

BARRIERS TO EFFECTIVE URBAN GOVERNANCE

To what extent do you believe the following issues are barriers to effective governance in your city?

Percentage (%) of respondents: public vs private sector



Source: Urbis 2022 National City Leaders Survey
University and not-for-profit leaders account for 10% of public sector respondents



THE TASK AHEAD

As a final question, we asked city leaders to identify the three challenges they believe their city is best able to address. The findings offer insight into areas of relative strength as well as highlighting areas where cities might need to focus additional skills and resources.

City leaders are most optimistic about their cities' ability to maintain economic growth and remain competitive

While maintaining economic growth and remaining competitive is a top challenge for two-thirds of city leaders, as highlighted earlier in this report, 64% of city leaders also see this as the challenge their city is best able to address. This is closely followed by 59% of leaders who see adapting to changes due to COVID-19 as a top three strength and 49% of leaders who believe their city can respond effectively in a crisis.

At the lower end, only 25% of city leaders see managing population and demographic changes as a challenge their city is best able to address, while barely 12% feel confident their city is ready to reduce inequality. These low numbers perhaps reflect the magnitude of such broad, complex and ever-evolving challenges.

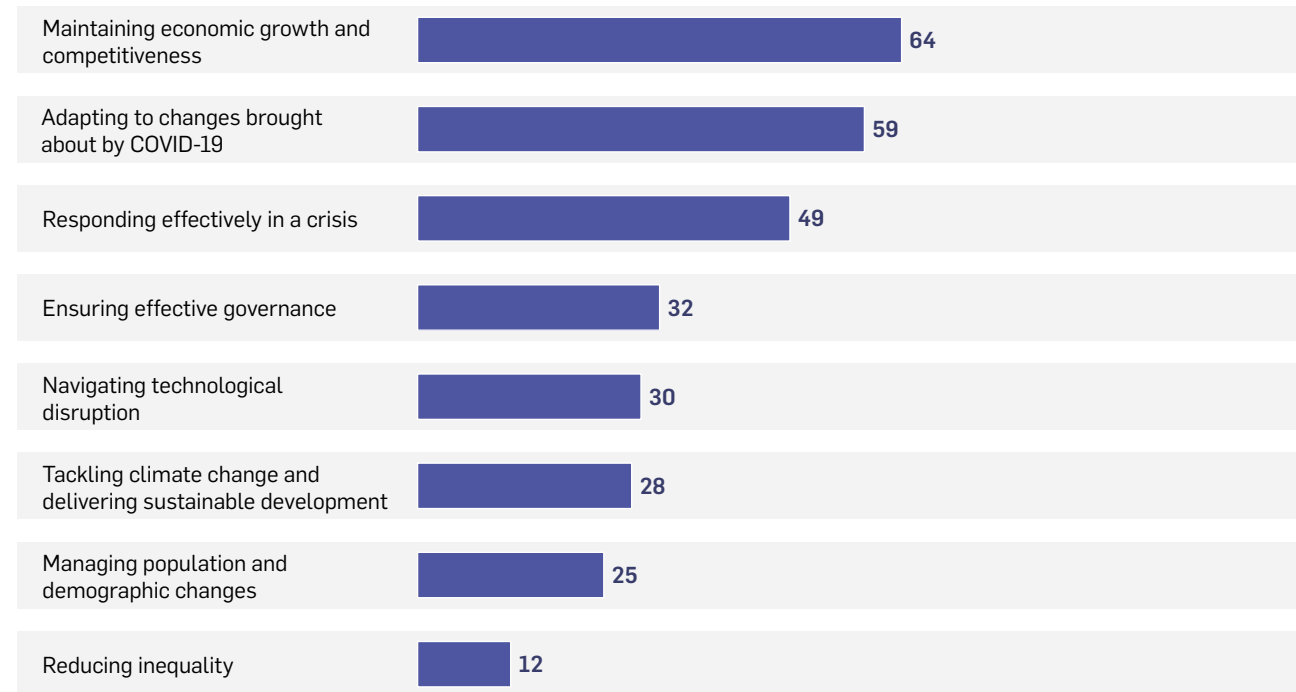
City leaders' optimism about the ability for cities to address the top three challenges reflects existing strengths and capacity, which is unsurprising given Australia's economy has remained remarkably strong and competitive over the last two years, despite COVID-19 and other shocks. While most leaders believe our cities are well prepared to maintain economic growth and remain competitive, confidence is higher in Sydney (72%) and Melbourne (68%) – home to the most diverse, globally connected and technology-driven economies.

Figure 35

CHALLENGES AUSTRALIAN CITIES ARE BEST ABLE TO ADDRESS

Which three of the following challenges do you believe your city is best able to address?

Percentage (%) of all respondents



Source: Urbis 2022 National City Leaders Survey

City leaders from Brisbane and smaller capital and regional cities are more confident in their cities' ability to respond effectively in a crisis

Australian city leaders are largely unified in their confidence around our cities' capacity to adapt to changes brought about by COVID-19 but more pronounced differences lie in perceptions around their cities' capacity to respond effectively in a crisis. It's possible the ongoing legacy of severe lockdowns and/or border closures may have tempered crisis response sentiment among leaders from Sydney (39%), Melbourne (43%) and Perth (36%).

These results also suggest that tackling climate change and delivering sustainable development may pose a significant challenge for Brisbane relative to other cities, with Queensland particularly vulnerable to the effects of climate change, as we discussed earlier. That said, leaders from Brisbane (54%) are the most confident in their city's ability to ensure effective governance, which if translated into practice, would position the city well to mobilise resources and capital to address vulnerabilities and leverage existing strengths.

Apart from Brisbane, fewer than one-third of leaders from major cities identify managing population and demographic change as a relative area of strength, with only 9% of leaders from smaller capital and regional cities confident in their cities' ability to address this challenge. These findings likely reflect the enormity of the task confronting leaders in smaller capital and regional cities, who are currently grappling with significant unplanned migration due to COVID-19's impact on work and housing choices alongside long-term demographic change.

Figure 36

CHALLENGES AUSTRALIAN CITIES ARE BEST ABLE TO ADDRESS

Which three of the following challenges do you believe your city is best able to address?

Percentage (%) of respondents by city

	Sydney	Melbourne	Brisbane	Perth	Small Cap/Reg
Maintaining economic growth and competitiveness	72	68	46	64	64
Adapting to changes brought about by COVID-19	67	54	62	45	73
Responding effectively in a crisis	39	43	69	36	73
Ensuring effective governance	39	14	54	45	27
Navigating technological disruption	33	39	8	36	18
Tackling climate change and delivering sustainable development	28	32	15	27	36
Managing population and demographic changes	17	29	38	27	9
Reducing inequality	6	21	8	18	0

Source: Urbis 2022 National City Leaders Survey

Public sector city leaders believe our cities are well positioned to govern, respond to crises and address climate change – more than leaders in the private sector

Conversely, leaders from the private sector believe our cities are more capable of addressing population and demographic change (30% compared to 18%) and inequality (20% compared to 3%). These findings are particularly interesting, given private sector leaders' perspectives on near-term social performance.

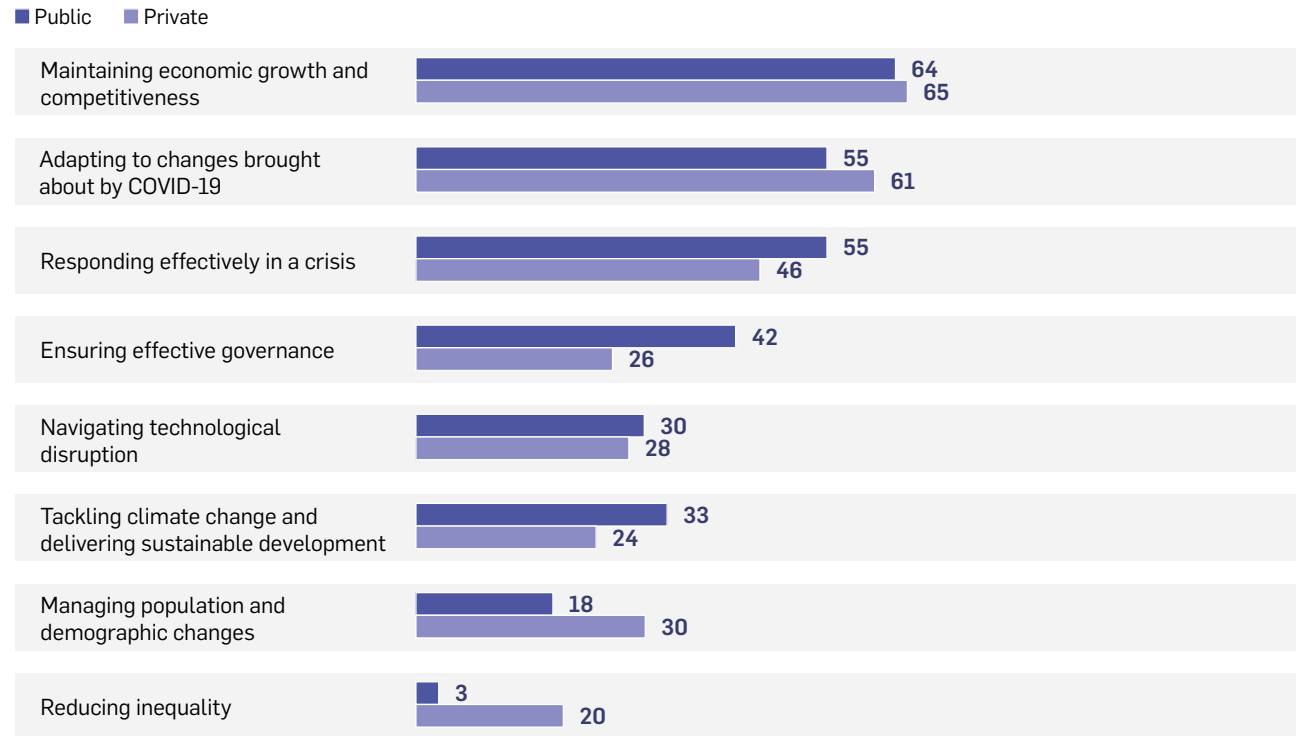
While private sector leaders appear to share more confidence in our cities' ability to address inequality, they don't necessarily foresee improvements in social outcomes, as outlined earlier. This disparity may stem from a capability gap when it comes to addressing social inequality – that is, the challenge presented by systemic and worsening inequality is greater than our capacity to address this perennial issue.

Figure 37

CHALLENGES AUSTRALIAN CITIES ARE BEST ABLE TO ADDRESS

Which three of the following challenges do you believe your city is best able to address?

Percentage (%) of respondents: public vs private sector



Source: Urbis 2022 National City Leaders Survey
University and not-for-profit leaders account for 10% of public sector respondents

Cities are likely to have a capability edge in crisis management and navigating technological disruption, but potential gaps when it comes to tackling climate change and managing population and demographic change

Areas of advantage include responding effectively in a crisis (+33%), navigating technological disruption (+23%), adapting to changes brought about by COVID-19 (+15%) and ensuring effective governance (+15%). Areas likely to show a capability gap include tackling climate change and delivering sustainable development (-34%), managing population and demographic changes (-29%), reducing inequality (-18%) and maintaining economic growth and competitiveness (-5%).

The recent wave of natural disasters across Australia strengthened our cities' ability to effectively manage crises and prepare for similar events in the future. So too, Australia's response to COVID-19, recognised as one of the most effective in the world. Similarly, the impact of COVID-19 led to the accelerated uptake and integration of new technologies throughout government and industry.⁵⁹ But Australian cities need to capitalise on these perceived advantages if we're to compete successfully in the global race for technological leadership.

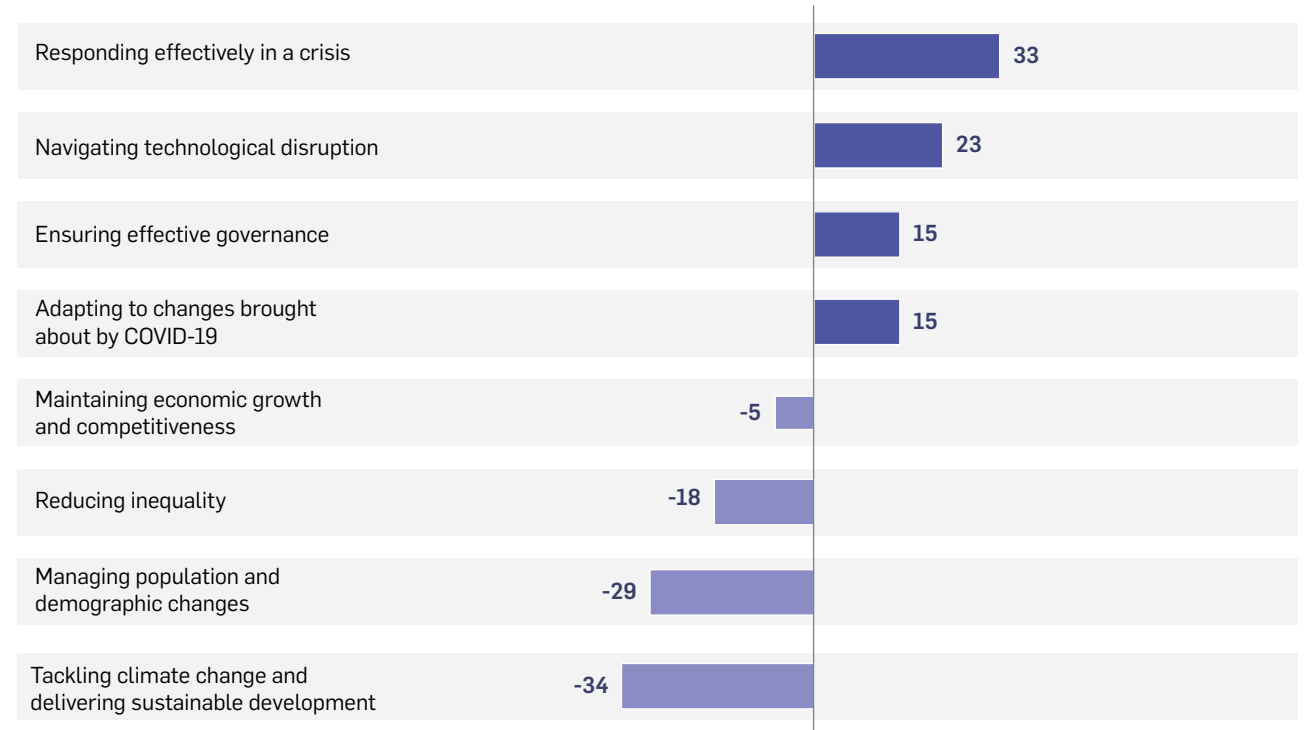
City leaders also appear confident in our existing governance structures, despite perceiving the challenges revealed earlier in our survey results. If these challenges are addressed through a more strategic and collaborative approach, Australian cities could capitalise on this advantage across multiple domains.

Figure 38

CAPABILITY ADVANTAGES AND GAPS FOR AUSTRALIAN CITIES

The difference between a city's ability to address a challenge and the significance of that challenge provides an indication of potential capability advantages and gaps

Percentage (%) of all respondents



Source: Urbis 2022 National City Leaders Survey

On the other hand, numerous risks threaten to undermine these advantages. Among them, major changes to our nation's population, which is both ageing and is forecast to more than double in size by the end of this century. Our cities also face increasing pressure to shoulder the burden of growth while maintaining our existing quality of life and protecting the environment within the context of a changing climate.

There is also concern about our cities' ability to meet future skills needs as well as underinvestment in the critical economic infrastructure required to grow our nation's capability and maintain existing levels of wealth. Linked to this is the challenge of managing growth while addressing entrenched social and economic divides, keenly felt in our most populated cities where inequality remains a perennial challenge.

Smaller capital and regional cities are likely to have a significant capability gap in managing population growth and demographic changes

The most pronounced capability gap is the challenge of managing population growth and demographic changes, particularly for smaller capital and regional cities (-64%) and for Perth (-45%) and Sydney (-39%).

This gap is closely followed by tackling climate change and delivering sustainable development, with noticeable gaps evident in responses from city leaders in Brisbane (-46%), Sydney (-39%), smaller capital and regional cities (-36%), and Melbourne (-33%).

The risk of a capability gap around reducing inequality is most pronounced in smaller capital and regional cities (-36%), Sydney (-28%) and Melbourne (-11%). Yet the risk for Brisbane and Perth is neutral (0%), suggesting a more favourable near-term outcome.

Brisbane and Perth were also the only cities identified as being at risk of a capability gap around maintaining economic growth and competitiveness (-31% and -27% respectively), despite strong sentiment around Perth's economy.

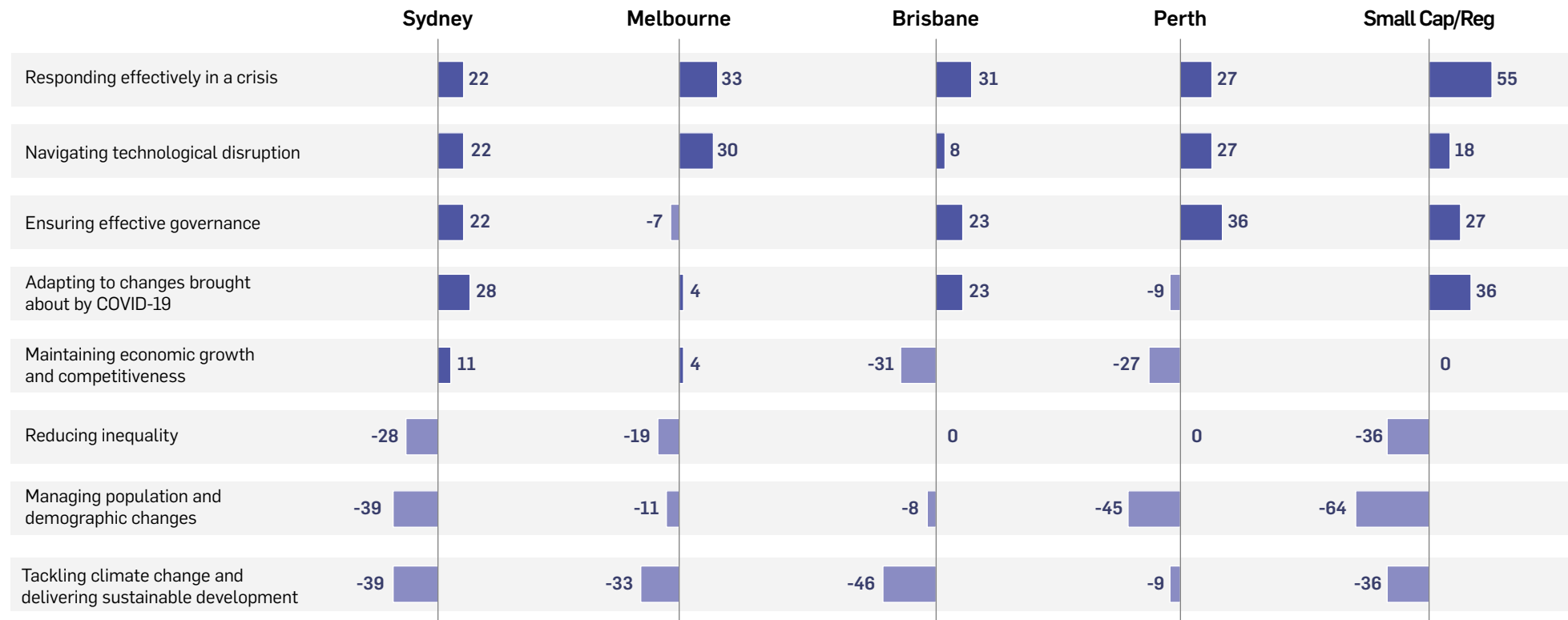
Other notable areas at risk of capability gaps include ensuring effective governance for Melbourne (-7%) and adapting to changes brought about by COVID-19 for Perth (-9%).

Figure 39

CAPABILITY ADVANTAGES AND GAPS FOR AUSTRALIAN CITIES

The difference between a city's ability to address a challenge and the significance of that challenge provides an indication of potential capability advantages and gaps

Percentage (%) of respondents by city

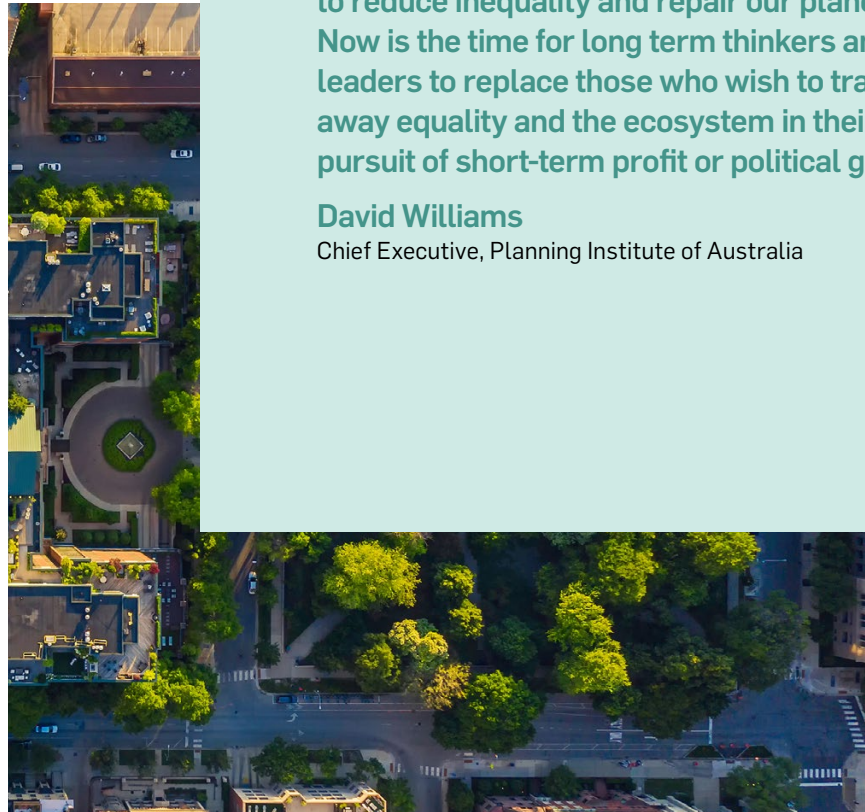
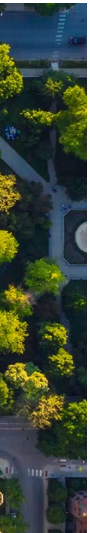


Source: Urbis 2022 National City Leaders Survey

Smaller capital and regional cities are likely to have a significant capability gap in managing population growth and demographic changes (continued)

Nonetheless, numerous capability advantages do exist among Australian cities – advantages underpinned by the historic strength and attractiveness of our cities as incubators of talent, innovation, prosperity and opportunity. The biggest capability advantage is in our cities' ability to respond effectively in a crisis, with the greatest advantage seen in smaller capital and regional cities (+55%), followed by Melbourne (+33%) and Brisbane (+31%). Similar yet slightly less pronounced advantages are also evident around navigating technical disruption, adapting to changes brought about by COVID-19 and ensuring effective governance.

The challenges of the past two years have greatly strengthened our cities' ability to address unforeseen crises – events such as the global pandemic and devastating natural disasters. A combination of decisive and direct action, using and/or adapting existing governance structures and embracing the transformative power of technology has meant that we reshaped how cities respond to such threats.



Our cities and regions need to be re-shaped to reduce inequality and repair our planet. Now is the time for long term thinkers and leaders to replace those who wish to trade away equality and the ecosystem in their pursuit of short-term profit or political gain.

David Williams

Chief Executive, Planning Institute of Australia



Private sector city leaders perceive greater risk of a capability gap in maintaining economic growth and competitiveness

While the general trend between sectors is consistent, our analysis points to a clear difference in how leaders view their cities' economic growth and competitiveness. Public sector city leaders hint at a slight capability advantage (+3%), whereas private sector leaders suggest a potential capability gap (-13%). This result likely reflects business sentiment in the context of ongoing skills shortages, supply chain disruptions and increased operating expenses.⁶⁰

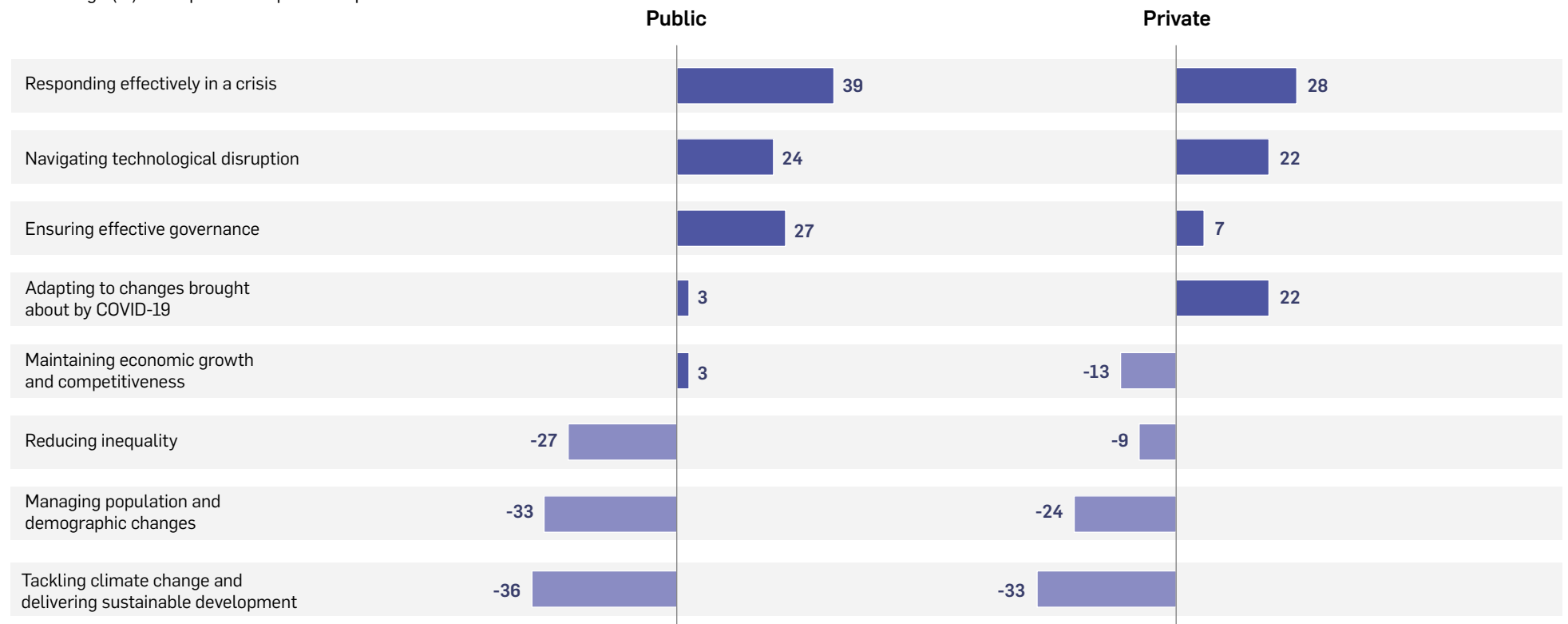
Public sector leaders perceive greater capability advantages when responding to crises (+39% compared to +28%) and ensuring effective governance (+27% compared to +7%) while private sector leaders see greater advantage in our cities' ability to adapt to changes brought about by COVID-19 (+22% compared to +3%). These results appear linked to the roles and priorities of sectors, the public sector often charged with managing crises and to a greater extent, urban governance.

Figure 40

CAPABILITY ADVANTAGES AND GAPS FOR AUSTRALIAN CITIES

The difference between a city's ability to address a challenge and the significance of that challenge provides an indication of potential capability advantages and gaps

Percentage (%) of respondents: public vs private sector



Source: Urbis 2022 National City Leaders Survey; University and not-for-profit leaders account for 10% of public sector respondents

Private sector city leaders perceive greater risk of a capability gap in maintaining economic growth and competitiveness (continued)

The COVID-19 response involved both sectors – government provided health, policy and regulation guidance, while the private sector navigated market-oriented challenges such as staffing, supply chain constraints, customer engagement and new ways of doing business.

Similar differences extend to perceived capability gaps. In general, results suggest public sector leaders are less confident in our ability to reduce inequality (-27% compared to -9%), manage population and demographic change (-9%) and tackle climate change (-3%). As leaders positioned on the front line responding to these issues, the findings reflect the scale of the challenges that confront city leaders in more public facing roles.

While there is broad agreement between sectors on our cities' capability advantages and gaps, the challenge for Australia's city leaders is to find ways to address these perceived gaps and leverage existing advantages – a quest that inevitably requires leaders across all sectors to work more strategically, collaboratively and innovatively.



Our response to the pandemic has shown that we are, in fact, remarkably adaptive. Even though the dust has yet to settle, it's clear that communities want to take away some positives from the disruption of illness and lockdown.

Marion Terrill

Transport and Cities Program Director,
Grattan Institute





THREE BIG MOVES TO DRIVE POSITIVE AND LASTING CHANGE

As the findings from our survey reveal, Australian cities face numerous economic, environmental and social challenges that are transforming the context within which city-making occurs. The actions city leaders take today are critical to shaping a better tomorrow and the results of this survey offer valuable insights into how we can achieve this.

Our survey points to numerous capability advantages – how we respond to crises, navigate technological disruption, adapt to a post-pandemic world, and achieve effective governance – which can be leveraged to position our cities for ongoing success. But there are capability gaps that threaten to undermine these advantages and will need to be carefully managed if we're to realise a more prosperous future for all.

Foremost among these is our ability to address two big existential and societal threats – climate change and inequality. Making progress on these challenges demands new ways of thinking, doing and collaborating that acknowledge their complex and interconnected nature. It also requires us to search for the 'unthinkable' and explore and evolve solutions that cannot be found in entrenched ways of seeing the world. We believe there are three big moves that Australian city leaders should embrace to drive the positive and lasting change we need to face the challenges of the future.

1 Shift your thinking.

The accelerating pace of change, increasing uncertainty and systemic and nested urban issues point to a new paradigm for cities – a paradigm that demands we embrace new ways of seeing and doing. City-shaping in the 21st century has fundamentally changed and traditional approaches no longer hold the key to solving our most intractable challenges.

If we're to succeed, we need to ask better questions and embrace new perspectives and practices. This inevitably means adopting a deeper and more comprehensive understanding of the complexity of the real world and adopting a holistic view of cities as integrated and dynamic social, ecological and technological systems.

Australian cities have the ingredients they need to generate sustainable prosperity for all

But if we're to unlock growth, create a fairer society and protect the life support systems of the planet, we need to be more proactive and intentional in our approach and this ought to be a national priority.

2 Focus on purposeful system-level change.

Within this new paradigm, we need to explore novel ways to tackle systemic challenges. We also need a new agenda for cities – one that reorients priorities to take full advantage of opportunities and tackle challenges in an integrated manner. System transformation happens when interconnected changes to technology, business models, policies, practices and social norms are designed to alter the components and structures that cause the system to behave in certain ways.

Green growth, for example, merges the need to tackle the impact of cities on the earth's natural systems with an imperative to maintain economic growth, develop future skills, address pervasive inequalities and embrace game-changing new technologies. These actions are the building blocks of wholesale systems change – but we also need a 'North Star' for our cities that provides a reference point for the future and guides the actions of government, business and civic leaders.

Progress on our cities' toughest challenges will be limited without bold action from Australia's city leaders who have what it takes to steward the purposeful, collaborative actions we need to generate positive and lasting change for all Australians.

3 Unlock collaborative capabilities.

When we look at the emerging operating environment for cities, it's clear we need to apply deeper insights and new combinations of skills. We need to increase our capacity for action to match the increasingly complex challenges our cities now face. We need to think about how we can build consensus and best leverage the institutional capacity of our cities and wider society to address critical knowledge gaps, harness ingenuity, mobilise resources and innovate.

Multi-level governance that combines collective action from the public, private and community sectors with more deliberative forms of democracy is essential if we're to unlock capacity, coordinate whole-of-system change and co-create the cities of the future. Seeking out and integrating diverse perspectives and know-how is key to mitigating the risks and capability gaps that city leaders from all sectors have identified for us in this survey.

ABOUT FUTURE STATE

Future State is the strategic advisory arm of Urbis. We operate at the intersection of policy and commerce to help government and business leaders improve the performance of cities and harness their potential as engines of sustainable prosperity.

We work side-by-side with our clients and their stakeholders to diagnose multidimensional challenges, identify trends that will shape the future of cities, and unlock bold strategic moves that will generate positive and lasting change. We do this by integrating disciplines, data, and methods to create new insights and strategic tools that offer game changing potential for cities, communities, and our clients.

Our interdisciplinary team combines capabilities in policy and strategy, economics, spatial data science, design and systems thinking, and behavioural insights. We are passionate about tackling the world's most pressing urban challenges and making an impact where it matters most – improving lives, building strong economies, and protecting the planet.

Leadership team



James Tuma

Group Director

jtuma@urbis.com.au

[Connect](#) on LinkedIn



Kate Meyrick

Director, QLD

kmeyrick@urbis.com.au

[Connect](#) on LinkedIn



Matt Palmen

Director, NSW

mpalmen@urbis.com.au

[Connect](#) on LinkedIn



Nathan Stribley

Director, VIC

nstribley@urbis.com.au

[Connect](#) on LinkedIn

www.urbis.com.au

ENDNOTES

- 1 Net sentiment focuses on the polarity of responses (negative and positive). It is calculated by subtracting the percentage of respondents expecting conditions to worsen (negative) from the percentage expecting conditions to improve (positive).
- 2 Davidson P, Bradbury B, Wong M & Hill T (2020) Inequality in Australia, Part 1: Overview, Australian Council of Social Service and UNSW, Sydney.
- 3 Government of Western Australia (12 May 2022) 'WA's domestic economy powers to strongest growth in a decade', Media Statement.
- 4 City of Melbourne (2021) City of Melbourne Medium-Term Economic Outlook.
- 5 Melbourne Institute, Roy Morgan (2022) Taking the Pulse of the Nation: Informing Australian economic and social policy.
- 6 The University of Sydney (2022) The Transport Opinion Survey.
- 7 Property Council of Australia (8 September 2022) 'Office occupancy holds firm during end of Omicron wave', Media Release.
- 8 Commonwealth Bank & Regional Australia Institute (2022) The Regional Movers Index.
- 9 *ibid.*
- 10 *ibid.*
- 11 Infrastructure Victoria (2021) The Post-Pandemic Commute: The effects of more working from home in Victoria.
- 12 City of Melbourne (2021) City of Melbourne Medium-Term Economic Outlook.
- 13 Maginn PJ & Mortimer G (30 October 2020) 'How COVID all but killed the Australian CBD', The Conversation. <https://theconversation.com/how-covid-all-but-killed-the-australian-cbd-147848>.
- 14 Maginn PJ & Mortimer G (30 October 2020) 'How COVID all but killed the Australian CBD', The Conversation. <https://theconversation.com/how-covid-all-but-killed-the-australian-cbd-147848>.
- 15 Parliament of Australia (2020) Senate Select Committee on Covid-19 First Interim Report, Ch 7, 'National governance, coordination and communication', Commonwealth of Australia, Canberra.
- 16 OECD (2020) The Covid-19 Crisis: A catalyst for government transformation? Covid-19 Policy Brief, accessed 2 October 2022. https://read.oecd-ilibrary.org/view/?ref=137_137545-kybqw3s4l6&title=The-Covid-19-Crisis-A-catalyst-for-government-transformation.
- 17 Actuaries Institute, Australian Actuaries Climate Index, accessed 8 October 2022. <https://actuaries.asn.au/microsites/climate-index/>
- 18 Moody's Investors Service (23 September 2019) 'Growing frequency of natural disasters is credit negative for Australian RMBS', Research Announcement. https://www.moody.com/research/Moodys-Growing-frequency-of-natural-disasters-is-credit-negative-for--PBS_1195218.
- 19 Deloitte Access Economics (2021) Special report: Update to the economic costs of natural disasters in Australia, Deloitte.
- 20 Deloitte Access Economics (2016) The economic cost of the social impact of natural disasters, Deloitte.
- 21 Hallegatte S, Vogt-Schilb A, Rozenberg J, Bangalore M & Beaudet B (2020) 'From poverty to disaster and back: a review of the literature', *Economics of Disasters and Climate Change*, 4:223–247.
- 22 CSIRO (2020) Climate and Disaster Resilience, CSIRO.
- 23 Nolan D, McGuinness K, McCallum K & Hanna C (2021) Covering Covid-19: How Australia media reported the coronavirus pandemic in 2020, News and Media Research Centre, Canberra.
- 24 Bajracharya B, Hastings P, Childs I & McNamee P (2012) 'Public-private partnership in disaster management: A case study of the Gold Coast', *The Australian Journal of Emergency Management*, 27(3):27–33. <https://knowledge.aidr.org.au/resources/ajem-jul-2012-public-private-partnership-in-disaster-management-a-case-study-of-the-gold-coast/>
- 25 Allen MR, Dube OP, Solecki W, Aragón-Durand F, Cramer W, Humphreys S, Kainuma M, Kala J, Mahowald N, Mulgetta Y, Perez R, Wairiu M & Zickfeld K (2018) 'Framing and Context' in Masson-Delmotte V, Zhai P, Pörtner H-O, Roberts D, Skea J, Shukla PR, Pirani A, Moufouma-Okia W, Péan C, Pidcock R, Connors S, Matthews JBR, Chen Y, Zhou X, Gomis MI, Lonnoy E, Maycock T, Tignor M & Waterfield T (eds), *Global Warming of 1.5°C*. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty, Cambridge University Press, Cambridge, UK & New York, NY, pp 49–92, doi:10.1017/9781009157940.003.
- 26 United Nations, Climate Action, accessed 8 October 2022. <https://www.un.org/en/climatechange/climate-solutions/cities-pollution>
- 27 Hunt M (13 July 2022) Australian Treasury to model climate change effects on economy, Global Government Forum, accessed 8 October 2022. <https://www.globalgovernmentforum.com/australian-treasury-to-model-climate-change-effects-on-economy/>
- 28 Transgrid (2021) Energy Vision: A clean energy future for Australia, accessed 8 October 2022. <https://www.transgrid.com.au/about-us/network/network-planning/energy-vision>
- 29 Australian Department of Industry, Science, Energy and Resources (October 2021) Australia's emissions projections 2021, Australian Government.
- 30 Climate Council (2022) Charging ahead: State and territory transport policy recommendations to reach near absolute zero emissions, Sydney.
- 31 Deloitte Access Economics (2021) Special report: Update to the economic costs of natural disasters in Australia, Deloitte.
- 32 Naughtin C, Hajkowicz S, Schieger E, Bratanova A, Cameron A, Zamin T & Dutta A (2022) Our Future World: Global megatrends impacting the way we live over coming decades, CSIRO, Brisbane.
- 33 Australian Bureau of Agriculture and Resource Economics and Sciences (November 2020) Measuring drought risk: The exposure and sensitivity of Australian farms to drought.
- 34 Yu M, Wiedmann T, Crawford R & Tait C (2017) 'The Carbon Footprint of Australia's Construction Sector', *Procedia Engineering*, 180:211–220
- 35 Productivity Commission (2017) Shifting the Dial: 5 year productivity review, Ch 4, accessed 8 October 2022. <https://www.pc.gov.au/inquiries/completed/productivity-review/report/4-towns-cities>
- 36 The Business of Cities, NSW Innovation and Productivity Council (2018) The innovation economy: Implications and imperatives for States and Regions, NSW Government.
- 37 RMIT with Deloitte Access Economics (2022) Ready, Set, Upskill: Fast track growth with digital skills, RMIT Online. <https://online.rmit.edu.au/insights/2022>
- 38 Government of Western Australia (2021) Leading Western Australia's brighter energy future, Energy Policy WA, Perth.
- 39 Committee for Perth (2020) Boorloo Kworp 'Perth is good': Enhancing Perth's reputation as a place to live, work, study and visit, Committee for Perth.
- 40 Hidalgo CA & Hausmann R (2009) 'The Building Blocks of Economic Complexity', CID Working Paper 186, Center for International Development, Harvard University.
- 41 Harvard Growth Lab (2022) 'Country and Product Complexity Rankings', Atlas of Economic Complexity, Center for International Development, Harvard University, accessed 8 October 2022. <https://atlas.cid.harvard.edu/rankings>
- 42 The Australian Housing and Urban Research Institute (2020) Connecting Australia's cities to technological and digital advancements, accessed 8 October 2022. <https://www.ahuri.edu.au/research/brief/connecting-australias-cities-technological-and-digital-advancements>
- 43 Tech Council of Australia (2022) Australia's Tech Jobs Opportunity – Cracking the Code to Australia's Best Jobs, Tech Council of Australia, Sydney.
- 44 CEDA (15 June 2022) 'Lagging entrepreneurship and productivity hold back Australia's competitiveness', Media Release.
- 45 Commonwealth of Australia (2021) 2021 Intergenerational Report: Australia over the next 40 years.
- 46 Australian Bureau of Statistics (2017) Population Projections Australia, accessed 8 October 2022. <https://www.abs.gov.au/statistics/people/population/population-projections-australia/latest-release#:~:text=ABS.Stat%20datasets-,Key%20statistics,between%200.9%25%20and%201.4%25>
- 47 The World Bank (2022) Urban Population (% of Total Population) – Australia, accessed 8 October 2022. <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=AU>
- 48 Planning Institute of Australia (2016) Through the lens: megatrends shaping our future, PIA, Canberra.
- 49 Queensland Government (2017) Queensland Government Submission to Australian Government Inquiry on the development of cities, Submission 137.
- 50 Australian Bureau of Statistics (2021) Overseas Migration, accessed 8 October 2022. <https://www.abs.gov.au/statistics/people/population/overseas-migration/latest-release#:~:text=In%20the%20year%20ending%2030,emigrate%20from%20Australia%20each%20year>
- 51 Australian Bureau of Statistics (21 September 2021) National, state and territory population, accessed 8 October 2022. <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release#:~:text=Australia's%20population%20was%2025%2C890%2C773%20people,net%20overseas%20migration%20was%20109%2C600>
- 52 ABC Gold Coast (2022) Record Gold Coast rental market likely to 'edge higher' as tenants 'lock in for longer, accessed 8 October 2022. <https://www.abc.net.au/news/2022-04-14/gold-coast-rental-prices-holiday-accommodation-short-term-stays/100990932>
- 53 Urban Reform Institute and the Frontier Centre for Public Policy (2022) Demographia International Housing Affordability, 2022 Edition. <http://www.demographia.com/dhi.pdf>
- 54 Australian Government Productivity Commission (26 September 2022) 5 Year Productivity Inquiry: Innovation for the 98%, Interim Report 3, accessed 8 October 2022. <https://www.pc.gov.au/inquiries/current/productivity/interim3-innovation>
- 55 Core Logic (2022) Two years on: Six ways COVID-19 has shaped the housing market, accessed 8 October 2022. <https://www.corelogic.com.au/news-research/news/2022/two-years-on-six-ways-covid-19-has-shaped-the-housing-market>
- 56 Tubex H (23 March 2021) The WA election and Indigenous incarceration, accessed 8 October 2022. <https://electionwatch.unimelb.edu.au/articles/the-wa-election-and-indigenous-incarceration>
- 57 Tomlinson R (2018) 'Stuck in the Past: Overhauling the Governance of Australia's Cities', Pursuit, The University of Melbourne, accessed 8 October 2002. <https://pursuit.unimelb.edu.au/articles/stuck-in-the-past-overhauling-the-governance-of-australia-s-cities>
- 58 Burton P (2017) 'Is Urban Planning in Australia Hindered by Poor Metropolitan Governance?', *Urban Science*, 1(4):34. <https://www.mdpi.com/2413-8851/1/4/34>
- 59 Alpha Beta (2020) Building Australia's Digital Resilience.
- 60 Australian Bureau of Statistics (23 June 2022) Business Conditions and Sentiments, accessed 8 October 2022. <https://www.abs.gov.au/statistics/economy/business-indicators/business-conditions-and-sentiments/latest-release>

© Urbis 2022

This publication is subject to copyright. Except as permitted under the Copyright Act 1968, no part of it may in any form or by any means (electronic, mechanical, photocopying, recording or otherwise) be reproduced, stored in a retrieval system or transmitted without prior written permission. Enquiries should be addressed to the publishers.

www.urbis.com.au

