



## Australian Government

### Department of the Prime Minister and Cabinet

ONE NATIONAL CIRCUIT  
BARTON

8 August 2017

Mr Bill Pender  
Inquiry Secretary  
Standing Committee on Infrastructure, Transport and Cities  
PO Box 6020  
Parliament House  
CANBERRA  
Canberra ACT 2600

Dear Mr Pender

The Department of the Prime Minister and Cabinet welcomes the opportunity to provide a submission to the House of Representatives Standing Committee on Infrastructure, Transport and Cities Inquiry into the Australian Government's role in the development of cities.

Australia's cities have been important for a long time and they will be more important than ever in the 21st century. Our cities are an economic and social asset, presenting great opportunities for innovation, job creation and prosperity, but there are also challenges. The Australian Government's Smart Cities Plan sets out a vision for productive and liveable cities across Australia, and a way forward to realise this vision.

The Cities Division in the Department of the Prime Minister and Cabinet has responsibility for the Government's Smart Cities Agenda. The Department's submission outlines some of the opportunities and challenges for our larger cities and the way forward under the Government's Smart Cities Plan and related Australian Government initiatives. We expect that broader regional policy matters, including those pertaining to smaller localities, will be addressed in a Department of Infrastructure and Regional Development submission.

Yours sincerely

Mary Wiley-Smith  
First Assistant Secretary, Cities Division  
Department of the Prime Minister and Cabinet



House of Representatives Standing Committee  
on Infrastructure, Transport and Cities

---

# DEPARTMENT OF THE PRIME MINISTER AND CABINET SUBMISSION

Inquiry into the Australian Government's  
role in the development of cities



Australian Government



Australian Government  
Department of the  
Prime Minister and Cabinet



Cities Division

## The Role of the Australian Government in Cities

Australia's cities have been important for a long time and they will be more important than ever in the 21<sup>st</sup> century. Our cities are an economic and social asset, presenting great opportunities for innovation, job creation and prosperity, but there are also challenges. The Australian Government's Smart Cities Plan sets out a vision for productive and liveable cities across Australia and a way forward to realise this vision.

### Australia's Cities in the 21<sup>st</sup> Century

Today, around three quarters of Australians live in our larger cities<sup>1</sup> which generate around 80 per cent of GDP. Continued globalisation and technological change mean that, in the 21st century, our economy will increasingly rely on knowledge-based and other services for its prosperity. Our cities are gateways to the global economy and the engine rooms for these industries.

Our cities not only present great opportunities for innovation and productivity, they are an increasingly important national economic and social asset. Great cities can attract, retain and develop increasingly mobile talent and organisations, encouraging them to innovate, create jobs and support growth. Cities support a concentration of economic activity and ideas exchange allowing the formation of knowledge-based industry 'job clusters' and 'hubs of excellence.' Managed well, our cities can be great and vibrant places to work, study and live. Cities can also be at the forefront of sustainable living and contribute to many of our significant environmental challenges.

While the opportunities are great, Australia's success also brings challenges for our cities. Australia's population has grown rapidly over the past decade. Growth in the capital cities alone between 2011 and 2031 is projected to equate to a new Melbourne and Brisbane. There is increasing pressure on housing, infrastructure and government services. Our cities are also now at the forefront of the shift towards the services economy and must expand, adapt and improve to overcome the challenges and seize the opportunities of the changing global economy.

This rapid evolution and growth adds to the already complex challenges faced by state and local governments in planning and managing Australia's cities. Governments at all levels will need to deliver considerable investments in infrastructure, improvements in planning and reforms to regulatory regimes to house and service our city service industries and residents. However, the three levels of government are often not well coordinated or integrated, and there is no dedicated level taking complete responsibility for city-level functional economic zones. State governments look after many cities and regions, while some local governments are small and/or lack the autonomy/capacity to respond to city-wide demands. Actions across Commonwealth and state portfolios are also not always as joined up as they could be when considered through a place-based lens at the city scale.

Seizing the economic opportunities while addressing the challenges faced by our cities will be critical to Australia's prosperity and the well-being of Australian communities (Box 1). This will require cooperation between all levels of government, as well as the private and not-for-profit sectors. The Australian Government's vision is outlined in its Smart Cities Plan.

<sup>1</sup> Cities with a population of 85,000 or more in 2016 (see box 4)

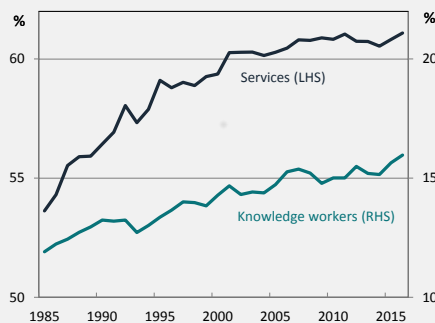
## Box 1: Opportunities and Challenges for Australia's Cities

Cities present great opportunities for innovation and productivity in the global knowledge-based economy. This is partly due to the increasing benefits associated with agglomeration and the sharing of knowledge and ideas. To seize these opportunities, they will need to expand and adapt.

Our cities are becoming an increasingly important economic and social asset. Despite the Global Financial Crisis, four of our five most knowledge-intensive industries have grown faster than the broader Australian economy over the past 10 years. Australia's economy is increasingly relying on knowledge-based and other services for its prosperity.

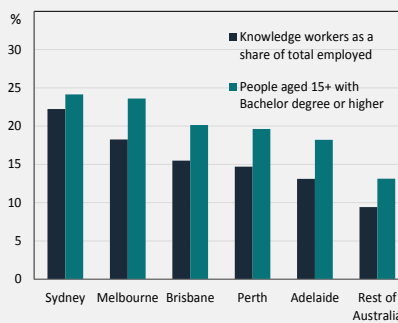
Looking ahead, globalisation and technology changes mean Australia will need to increasingly focus on knowledge-based services, and our cities are the engine rooms for these industries. For example, the share of the total labour force represented by 'knowledge workers'<sup>2</sup> has risen from around 12 per cent in 1985 to around 16 per cent today, and services now represent two thirds of Australia's GDP (Chart 1). Knowledge workers overwhelmingly live in our big cities. In 2011, 18 per cent of workers in our five largest cities were knowledge workers, approximately double the share of the rest of Australia's working population (Chart 2). Knowledge-based services generate considerable income for Australia (estimated at \$346 billion in 2016), creating many service support related jobs across our cities. Partly as a result, the proportion of people aged 25-34 with a Bachelor degree or higher is also significantly greater in major cities<sup>3</sup> compared to the rest of Australia (Chart 2).

**Chart 1: Services share of GDP and knowledge workers' share of total employed have risen**



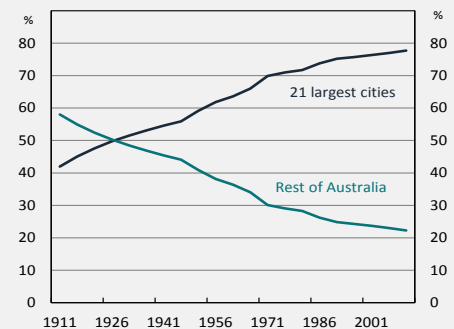
Source: ABS

**Chart 2: Knowledge workers and those with bachelor degrees favour cities**



Source: ABS (2011)

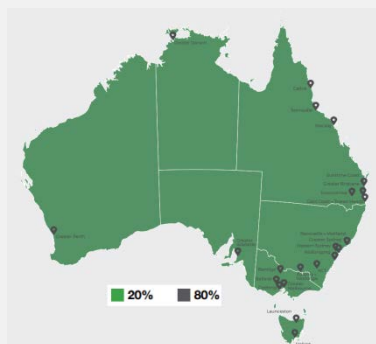
**Chart 3: Population share of our biggest cities<sup>4</sup>**



Source: ABS, PM&C

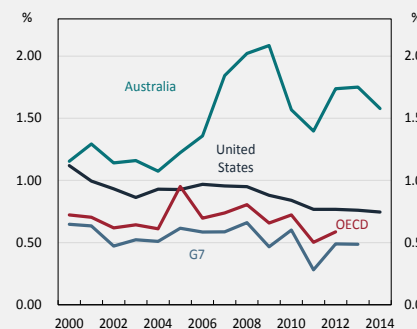
Australia's cities have been important to our economy and society for a long time. Urbanisation has increased steadily over the past century, but even since the 1940s more than half of Australia's population was in just five major cities. Today, these five largest cities are home to two thirds of our population and responsible for two thirds of our GDP. Nationally, around three quarters of Australians now live and work in our larger cities (Chart 3) and around 80 per cent of GDP is generated by these cities (Chart 4).

**Chart 4: Economic activity is concentrated in and near cities**



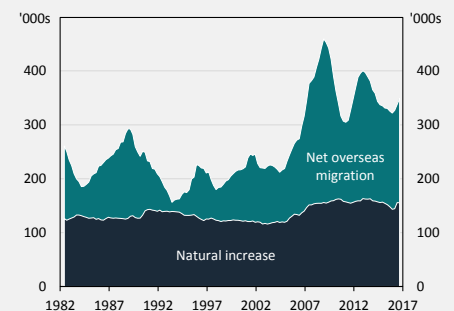
Source: Grattan Institute (2014), PM&C

**Chart 5: Australia's population growth is high**



Source: OECD

**Chart 6: Population growth is higher largely due to migration**



Source: ABS

<sup>2</sup> Defined by SGS Economics and Planning as the sum of workers in the 'Information media and telecommunications', 'Financial and insurance services', 'Rental, hiring and real estate', and 'Professional, scientific, and technical services' industries, as defined in the Australia New Zealand Standard Industrial Classification.

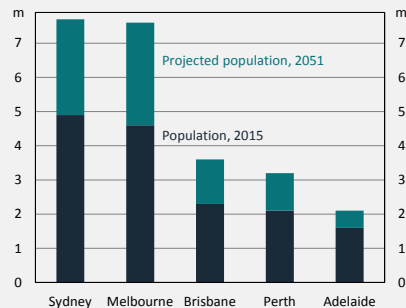
<sup>3</sup> As defined by the ABS Australian Statistical Geography Standard (ASGS) Remoteness Structure

<sup>4</sup> Big 5 includes: Sydney, Melbourne, Brisbane, Perth and Adelaide.

**(Box 1 continued)**

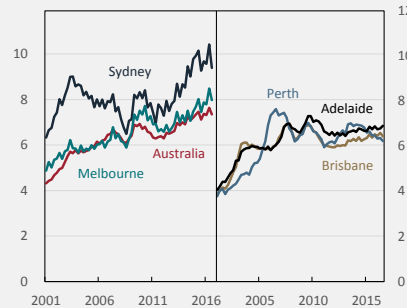
Australia's cities are growing. Our national population grew twice as fast as the OECD average over the decade (Chart 5), with net overseas migration roughly doubling (Chart 6), and around nine in 10 migrants settling in urban areas. For example, migration drove just under two-thirds of the population growth in Melbourne and Sydney from 2006 to 2016. Infrastructure Australia has projected growth in the population of Australia's capital cities between 2011 and 2031 will equate to a new Melbourne and Brisbane, and by 2061 will be equal to all capital cities combined. Based on current settlement patterns, the majority of growth will be in Sydney and Melbourne (Chart 7).

**Chart 7: City population growth to 2051**



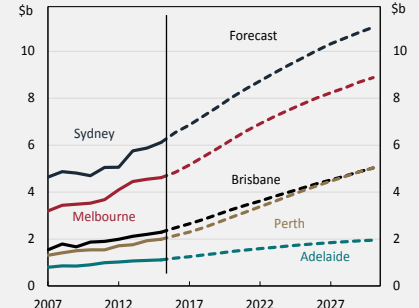
Source: Treasury and Immigration and Border Protection

**Chart 8: House price to income ratio**



Source: Corelogic, ANU

**Chart 9: Congestion costs rising**



Source: BITRE

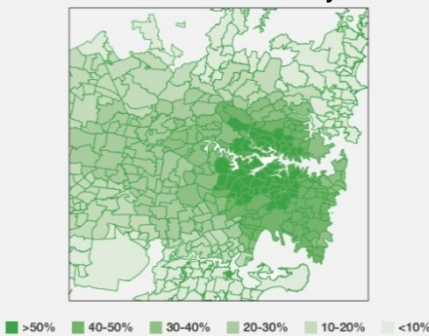
Well-managed and well-targeted migration and population growth provide a range of economic and social benefits that can augment the opportunities afforded by cities. For example, high skilled migration can bring in the best and brightest from overseas to fill skill gaps, build on overseas connections and start businesses that train and employ Australians as well as invest in our growing economy. But, our cities also face challenges, with pressure on housing, transport and urban infrastructure. Careful management and reforms to local planning, regulation and investment are needed to seize the opportunities our growing cities present.

Housing affordability has deteriorated markedly over the past 15 years (Chart 8). The current Australian median housing price to median household disposable income ratio is 7.5, with Sydney (9.5) and Melbourne (8.1) representing the least affordable capital cities. Homelessness is also an issue with around four people per thousand in Melbourne and Sydney homeless, while three per thousand are homeless in Brisbane, Perth and Adelaide. This contrasts with two per thousand in the US and the UK, and one per thousand in Denmark, Hungary and Poland.

Meanwhile, congestion adds 40-70 per cent to travel time in peak hours, and cost Australia's five largest cities an estimated \$16.5 billion in 2015, potentially rising to \$30 billion in 2030 (Chart 9). Access to jobs falls away in Sydney's outer suburbs (Chart 10). Moreover, only around 60 per cent of jobs in Sydney and Melbourne are accessible in 30 minutes by car<sup>5</sup>. There are also large economic disparities within our cities, partly related to poor connections between housing and employment growth centres. For example, in Sydney participation rates for prime-aged females range from 84 per cent in the South West to 96 per cent in the more affluent Northern Beaches (Chart 11) and unemployment rates for prime-aged males range from one per cent in Sutherland to six per cent in the less affluent South West (Chart 12).<sup>6</sup>

Cities can also be more liveable and better for the environment. In the US, those living in higher-density areas were found to have lower carbon footprints. Australian cities are also known as some of the most liveable in the world – regularly featuring in global ratings for liveability. But there are challenges. For instance, one in ten people in Brisbane and Sydney do not have ready access to greenspace, and the figure is one in five in Melbourne and Perth. More than half of Australia's carbon footprint is attributable to consumption in our five largest cities.

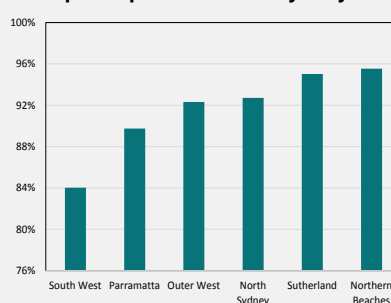
**Chart 10: Share of Sydney jobs that can be reached in 45 minutes by car**



Source: Grattan Institute (2013)

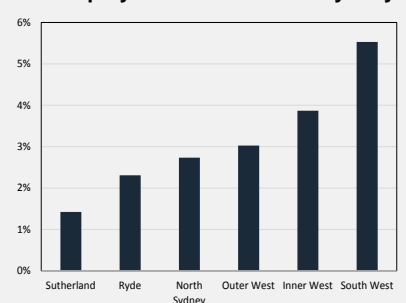
Sources: ABS (2016, 2011); Chen et al. (2016); Department of Industry, Innovation and Science (2016); Infrastructure Australia (2015); Glaeser (2009); Productivity Commission (2016); SGS Economics and Planning. (2016).

**Chart 11: Prime age (25-54) female participation across Sydney**



Source: ABS (2017)

**Chart 12: Prime age (25-54) male unemployment rates across Sydney**



Source: ABS (2017)

<sup>5</sup> Based on AM peak. Averaged across the city.

<sup>6</sup> 12 month moving averages for year ending May 2017.

## The Government's Smart Cities Plan

The Australian Government's 2016 Smart Cities Plan seeks to capitalise on the opportunities and address the challenges our larger cities face in the 21st century. The Plan sets out the Government's vision for productive and liveable cities that attract talent, encourage innovation and create jobs and growth. The Plan provides a framework for cities policy at the federal level and guides action across portfolios to deliver better outcomes for our cities and the people who live in them.

The Australian Government has six Smart Cities policy priorities that articulate the Smart Cities Plan's ambitions for smart policy, investment and technology.

- **Jobs and Skills** – employment and training outcomes in our cities, including the performance of the employment market and the skill level of the workforce. The Government aims to boost employment by supporting skills and industry development, and diverse economic growth.
- **Infrastructure and Investment** – the city's investment environment, with a particular focus on the quality, efficiency and effectiveness of infrastructure. The Government aims to improve accessibility and productivity in cities by supporting transport solutions that efficiently connect people with jobs and services, and goods with markets. For instance, several cities are working towards the concept of a '30 minute city', where residents can access employment, education, services and recreational facilities within 30 minutes of home, regardless of where they live. The Government also aims to utilise innovative financing and value capture where possible, to maximise and capture the value of investment.
- **Liveability and Sustainability** – the health and wellbeing of residents; the attractiveness and amenity of the city; and the state of the environment and the local response to climate change. The Government aims to improve our cities across all three dimensions. This includes improving safety, social cohesion and health, while reducing disadvantage in local communities. It also includes improving air quality, access to green space and the use of active transport, while acting to reduce carbon emissions.
- **Innovation and Digital Opportunities** – city productivity; innovation and entrepreneurship; and access to public data. The Government aims to harness the productive potential of information and communications technologies and the digital economy, and to make data publicly available wherever practical.
- **Governance, City Planning and Regulation** – land use planning and administration in cities, as well as how effectively local governance and regulation support economic, social and environmental outcomes. Long-term planning is critical for delivering the coordinated infrastructure, housing and services that shape our cities and the lives of residents. The Government aims to deliver coordinated and integrated policy, planning and investment across all levels of government.
- **Housing** – the affordability of housing in our cities; the supply and diversity of new housing stock; and where housing is located, including how accessible it is to jobs and services. The Government aims to improve housing supply and affordability, and encourage appropriate densities and diversity of housing options.

The Smart Cities Plan provides a framework to deliver on these policy priorities, including through City Deals, the Smart Cities and Suburbs Program and the establishment of the Infrastructure and Project Financing Agency. The Smart Cities Plan is also at the heart of a range of Australian Government initiatives centred on cities (Box 2). Some of the key Australian Government achievements through the Smart Cities Plan are at [Appendix A](#).

## Box 2: Australian Government Initiatives Improving Our Cities

**Housing.** Housing affordability is a major issue, particularly in our bigger cities. The Government has introduced a range of initiatives aimed at improving housing affordability:

- The National Housing Infrastructure Facility will support enabling infrastructure to speed up new housing development.
- The Government will make surplus Government-owned land available for housing, and establish an online Commonwealth land registry. For example in Melbourne, land for a new suburb will be unlocked by releasing surplus Defence land at Maribyrnong.
- The First Home Super Savers Scheme will allow voluntary superannuation contributions to be withdrawn and put towards a first home deposit.
- Tax incentives to downsize will help to free up housing stock. For instance, people aged over 65 will be able to contribute proceeds from the sale of their home to their superannuation.
- Tougher foreign investment rules, including limits on foreign purchase of new developments and charges on vacant foreign-owned homes, will encourage supply.
- Social and community housing initiatives, including a new National Housing and Homelessness Agreement will set housing supply targets and facilitate planning and zoning reform.

**Migration reform.** The Government has commenced a suite of immigration reforms, including changes to strengthen the integrity and quality of Australia's temporary and permanent employer-sponsored skilled migration programmes. Key aspects include:

- Abolishing the Temporary (Work) (Skilled) (subclass 457) visa and replacing it with a new temporary skills shortage visa from March 2018;
- Tightening skilled eligibility criteria for employer-sponsored permanent visas, including English language requirements; and
- Tightening the skilled occupation lists used for skilled migration visas, including the current subclass 457 visa, to better align with skill needs in the Australian labour market.

**Infrastructure and value capture.** The Government is also undertaking a range of infrastructure programs and initiatives with the potential to shape and improve our cities. These include:

- The \$10 billion transformational National Rail Program to improve urban and regional rail networks across the country. This program aligns with the Government's broader Cities agenda – recognising that urban rail projects can be truly city-shaping – providing opportunities for urban regeneration, unlocking land for affordable housing and promoting better urban planning.
- A \$20 million commitment to support the development of business cases for faster rail connections between major capital cities and surrounding regional areas. This will support the economic success of cities through faster travel times, rail and rolling stock upgrades, and new infrastructure.
- The establishment of the Infrastructure and Project Financing Agency, to help the Government identify alternative financing solutions and bring greater rigour to infrastructure investment decision-making.
- The Government released a discussion paper highlighting the challenges and opportunities value capture presents to help deliver land transport infrastructure in November 2016. The Government has a strong interest in making greater use of value capture to provide for a more efficient and equitable approach to infrastructure development and delivery.

**Data and innovation reforms.**

- The Government is investing \$12 million in a two-year project to test a Satellite Based Augmentation System (SBAS) that could improve positioning accuracy to less than 5 centimetres. SBAS has the potential to improve the efficiency of emergency management, transport and many other systems around cities.
- Smart Cities is supported by GeoScape, a PSMA initiative that extracts buildings and other features of the built environment from high-resolution satellite imagery, delivering an enhanced understanding of what exists at every address across Australia. Geoscape will support evidence-based decisions in policy making and service delivery; urban and regional planning; transportation; asset management; risk estimation; emergency and disaster response; and infrastructure rollout.

## City Deals

City Deals are key to delivering the Government's Smart Cities policy priorities on the ground. A City Deal is part of a new approach to urban policy internationally, which views cities as critical economic assets with great potential.

Australia's early City Deals and overseas experience have informed the Government's approach to City Deals. The first three City Deals, for Townsville, Launceston and Western Sydney are unique, designed to address the particular issues and opportunities facing each city.

- **Townsville:** The Townsville City Deal – Australia's first – was signed on 9 December 2016. It is Townsville's roadmap for the future – a 15-year partnership between all levels of government to secure the economic success of Townsville and its people. The Deal will increase confidence for industry and investors, boost jobs and revitalise the city. Key commitments under the deal include:
  - A Development Corporation for Townsville, to deliver urban renewal and drive further investment across the city
  - The North Queensland Stadium, to revitalise the waterfront and CBD, as well as create design and construction jobs
  - Establishment of an Industrial Development Board and acceleration of development within the State Development Area, to attract more investment, industry, freight and port-related businesses to Townsville.
- **Launceston:** Signed in April 2017, the Launceston City Deal is a significant, coordinated investment from all levels of government in the future of Launceston and the surrounding region. The Deal is delivering better education and job opportunities—particularly for the most disadvantaged—and helping to position Launceston as one of Australia's most liveable and innovative cities. The Deal will:
  - support the relocation of Launceston's university campus closer to the city centre
  - revitalise the historic CBD and the city's northern suburbs, and
  - improve the health of the Tamar Estuary.
- **Western Sydney:** This is the most ambitious Deal to date, and is currently being negotiated. It will involve collaboration between the Commonwealth, state government and 8 local councils to build on the investment of a new airport – focusing on jobs and skills for the region, planning, infrastructure investment and housing affordability.

These three cities differ on many dimensions including their size, governance, industry structure and economic state, making their negotiation and implementation a useful pilot for future City Deals. Overseas, City Deal type approaches, like Canada's 'tripartite agreements' and France's Contrats de Ville, have similar elements that have enabled them to transform their cities' long-term economic and social trajectory. Experience in Australia and overseas has provided valuable lessons about the elements and success conditions for a City Deal (Box 3).

A City Deal must be a shared vision across the three levels of government centred on unlocking economic potential in a city. Governments need to work together to customise their approach to the unique opportunities of the city, drawing on innovative financing and funding arrangements to provide transformative investment. Institutional reforms and investments may also be needed to create the whole-of-city capacity and governance arrangements necessary to sustain and build on the improvements under the City Deal.

The Government aims to deliver City Deals in larger cities across Australia over the coming years. The Government has committed to negotiating City Deals for all state and territory capital cities, where partner governments are willing. While the Commonwealth is committed to negotiating in good faith, City Deals will only be agreed where all parties commit to appropriately ambitious reforms and actions to benefit the city and its residents.

There has been strong interest in City Deals from state and local governments across Australia following the successes of the early Deals. However, developing and implementing a City Deal is complex and resource intensive. The Commonwealth is only able to meaningfully progress a few City Deals at a time and must therefore be highly selective in choosing locations.



The Commonwealth will consider a number of key conditions when selecting future City Deals. The success of the City Deal depends on three key conditions. First, all jurisdictions must be willing and able to negotiate and deliver an ambitious City Deal. Our partners at the state and local level must not only be willing, but also capable and prepared for a City Deal. Partners must also be ready to contribute to the improvement of the city through co-investments and genuine local area planning and regulatory reform. Second, there must be real opportunities to unlock economic potential and transform the city. Third, City Deals should leverage government investment in the pursuit of the six Smart Cities Policy Priorities.

## Box 3: City Deals: elements and conditions for success

### Elements

#### A shared vision for growth, reform and improvement

The negotiation of a City Deal reflects a serious and shared ambition from federal, state and local leaders to improve their city. The process of negotiating and implementing the Deal provides an impetus for major reforms and co-investments that can jump-start economic growth and improve liveability.

#### A negotiated & customised approach, across the whole of government

City Deals focus on leveraging cities' unique strengths and responding to their specific needs. Instead of nationwide policy programs delivered by different departments, negotiations with local stakeholders produce a unified deal that addresses a city's priorities.

#### Transformative investment

Investment delivered as part of a City Deal is focused on a long-term vision for the city, not immediate, business-as-usual needs. This longer term and broader approach makes City Deal investment transformative rather than reactive.

#### Institutional and governance reforms for sustained improvement

For sustained improvement, institutional reforms and investments may also be necessary to create local capacity for whole-of-city governance and reform. This could include creating new bodies for collaboration, consultation and governance and to deliver the shared vision for the city.

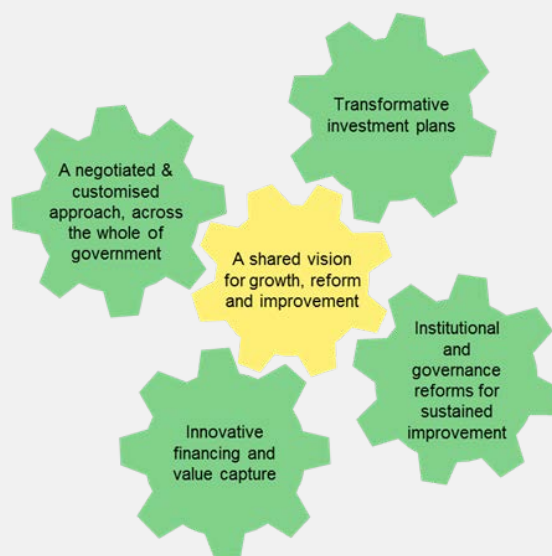
#### Innovative financing and value capture

City Deals should, where possible, use innovative financing and funding methods, such as value capture, to deliver greater investment than could otherwise be provided. Since the deals aim to integrate transport, housing and land use policies, they create the opportunity for coordinated action to maximise and capture the value of investment.

### Conditions for success

City Deals are successful when they deliver on all of these interlocking elements. Meeting the following three criteria give the best chance for a successful City Deal:

1. **Willing and capable partners.** The jurisdictions involved need to be willing and able to negotiate and deliver a City Deal. All levels of government must dedicate the resources needed for effective negotiation and implementation, as well as the political capital to drive difficult reforms and investments in the long-term interest of the city.
2. **Opportunities to unlock economic potential and transform the City.** There must be real opportunities to unlock economic potential in the city. City Deals are best suited to larger cities with complex economic systems rather than simply providing an area assistance package.
3. **Alignment with broader investment and policy priorities.** City Deals should leverage government investment to further national policy goals, such as economic reform, rather than simply improving one location.



## National Cities Performance Framework

The Australian Government's Smart Cities Plan committed to measuring the success of our policies and informing Australians about the trends and changes in our cities. The National Cities Performance Framework, to be released in late 2017, will provide a snapshot of the productivity, liveability and progress of Australia's 21 largest cities, consistent with the focus of the Smart Cities agenda (Box 4).

The Performance Framework will be the first of its kind for Australia and will bring together critical cities information in an easily accessible online format, in the one location. It will track measures of performance across the Government's six Smart Cities' policy priorities.

The Performance Framework will help users understand a city's narrative, dynamics and emerging trends. The Interim Report includes 12 contextual indicators, which provide insight into a city's demographic and economic situation, and 41 performance indicators across the six Smart Cities policy priorities. These indicators have been chosen based on consultation with international experts, research into existing city indicator frameworks, and the application of a strict set of selection criteria to ensure that the data is robust and comparable between cities.

Data on these indicators will be collected on a Performance Framework Dashboard, providing a quick snapshot of each city's performance across the key policy areas and facilitating comparison of cities' performance over time. By regularly updating these key measures of city performance, the Performance Framework will increase transparency and accountability in decision-making, linking policies with measurable outcomes.

The Performance Framework will:

- Help to understand the context for the performance of cities
- Provide data to help users measure the performance of cities
- Support the selection, focus and evaluation of City Deals.

In this way, the Performance Framework will help all levels of government to deliver city policies that strengthen the economy and enhance Australians' quality of life.

The National Cities Performance Framework Interim Report was released on 20 July, and is currently available on the Cities website for public consultation and feedback.

## Smart Cities and Suburbs Program and Future Ready

Smart technology is a key pillar of the Smart Cities Plan. Digital technologies and open data will help cities realise benefits and opportunities across the Plan's six priority policy areas and beyond. The \$50 million Smart Cities and Suburbs Program delivers Australian Government investment to enable this pillar and directly support the innovative application of smart technology at the local level.

The competitive grants program seeks to unlock public and private sector co-investment and collaboration in smart technology projects that improve the liveability, productivity and sustainability of Australian cities, suburbs and towns. Grants of between \$100,000 and \$5 million will fund up to 50 per cent of project costs, supporting small to large scale initiatives delivered in metropolitan and regional urban centres.

The program closed to applications on 30 June 2017, with successful projects due to be announced in October 2017. Projects will run until 30 June 2019, driving digital transformation in local government, improved urban service delivery to communities and the growth of Australia's smart technology innovation ecosystem. The program recently received an OpenGov Asia Recognition of Excellence award for its contribution to making government smart, agile, efficient and transparent.

The Future Ready incubation package complements the program, delivering structured smart technology capability development opportunities nationally. Future Ready has been designed to help local government leaders and their communities prepare for smart city transformations through co-learning and collaboration with the public, private and civil sectors.

Future Ready's series of virtual and on-site events is building capability in smart city strategic planning and project selection, design and delivery. Events began in May 2017 and will run until September 2017, with collaborative activities and project incubation continuing beyond the formal program. As at the end of June 2017, almost 550 participants from across the country had engaged in Future Ready activities.

### Box 4: City Coverage of the National Cities Performance Framework

The National Cities Performance Framework initially includes data and information for Australia's 21 largest cities (those with over 85,000 residents as at 30 June 2016) and Western Sydney.



**Cities**

- |                              |                   |                      |
|------------------------------|-------------------|----------------------|
| Albury - Wodonga             | Greater Adelaide  | Mackay               |
| Australian Capital Territory | Greater Brisbane  | Newcastle - Maitland |
| Ballarat                     | Greater Darwin    | Sunshine Coast       |
| Bendigo                      | Greater Hobart    | Toowoomba            |
| Cairns                       | Greater Melbourne | Townsville           |
| Geelong                      | Greater Perth     | Western Sydney       |
| Gold Coast - Tweed Heads     | Greater Sydney    | Wollongong           |
|                              | Launceston        |                      |

## Infrastructure and Project Financing Agency

The Australian Government is expanding its use of innovative funding and financing (where appropriate) to increase the value for money delivered by each Commonwealth dollar spent. It established the Infrastructure and Project Financing Agency on 1 July 2017 to bring greater rigour to infrastructure investment decision-making, and enable the Government to make more informed decisions.

Drawing on private sector expertise to expand the Commonwealth's current in-house capability, the Agency will engage project proponents at an early stage to ensure the full range of financing options are canvassed from the start. It will work across Commonwealth agencies and with state, territory and private sector proponents to look for opportunities in public infrastructure investments, where the call on the Government's balance sheet can be mitigated, new revenue streams can be captured, or greater private sector investment can be crowded-in, making the taxpayer's dollar go further. In particular, the Agency will investigate where private sector investment can be enabled in marginal projects that face high upfront costs and risks but provide access to long revenue streams through their life. By seeking innovative approaches to funding and financing of infrastructure projects, and reducing its traditional reliance on grant funding, the Commonwealth will support the delivery of a larger number of infrastructure projects.

In its first 12 months, as IPFA builds its capability, the Agency will focus on transport infrastructure projects identified through the National Rail Program and the Cities Agenda. The Australian Government's City Deals offer the opportunity to reset expectations of Commonwealth funding by better aligning infrastructure funding opportunities with a more integrated planning and land-use framework between the three tiers of government. Achieving an optimal project design, procurement process and planning outcome can also mean that the benefits of an infrastructure project can be more fairly shared with the parties who bear project costs, including the Commonwealth.

## Cities Agenda – Key Achievements since April 2016

Since its inception in April 2016, the Smart Cities Plan has moved the Cities Agenda forward on a number of fronts:

- Committed to working collaboratively on City Deals with the Queensland, Tasmanian, New South Wales and Northern Territory governments through signed Memoranda of Understanding.
- Delivered Australia's first City Deals in Townsville and Launceston, leveraging significant commitments in each city to negotiate shared plans for economic growth, backed by critical investment and reform across all levels of government.
- Established strong foundations for a Western Sydney City Deal, which is on track for delivery in late 2017. This City Deal will be the most ambitious to date and will secure the collaborative approach needed to unlock the potential of the Western Sydney Airport, and with it the economic transformation of the region.
- Launched the \$50 million Smart Cities and Suburbs Program, targeting innovative technology-based solutions at the local government level.
- Developed the Future Ready initiative to build local government smart city capability and facilitate collaboration with the technology sector, to support the Smart Cities and Suburbs Program.
- Established the Cities Reference Group to engage stakeholders in the roll-out of the Smart Cities Plan and provide a forum for their active contribution to this effort.
- Initiated the development of an online National Cities Performance Framework for tracking the performance of our 21 largest cities and supporting an evidence-based approach to cities policy. The Interim Report was released for public consultation in July 2017
- Partnered with the private sector to develop a web-based City Deals portal that will support cities to undertake their own analysis and planning, consistent with the principles set out in our Smart Cities Plan, prior to engaging with the City Deals process.