

Post-Exhibition - Economic Development Strategy 2025-2035

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Summary

The City of Sydney (the City) adopted a new community strategic plan Sustainable Sydney 2030-2050: Continuing the Vision in 2022. Direction 9 of this plan outlines the community's vision for a transformed and innovative economy and identifies 5 strategic outcomes that contribute to that vision. To give effect to Direction 9, City staff have engaged with the local business community, residents and community organisations to develop the draft Economic Development Strategy 2025-2035 (the Strategy) to guide the City's approach to supporting economic growth over the next 10 years.

The Strategy builds on the success of the Economic Development Strategy 2013-2023 which enabled several major new projects to support economic development. These included light rail along the length of George Street that has transformed the city's central spine, the Green Square Urban Renewal project which enabled \$22 billion in private development and 33,000 homes, and the Central Sydney Planning review that has unlocked 2.9 million square metres of employment floor space in our central CBD.

In developing the new Strategy, extensive community engagement has occurred in several phases since 2019. Engagement has been complemented by data analysis to understand the changing use of the city post-pandemic, with the City Insights economic snapshot regularly released to communicate with our community on the city's 'new normal'.

Incorporating insights from our community, the new Strategy aims to reinforce Sydney's historic economic strengths while focusing on key underlying vulnerabilities that pose a challenge to the economy's ongoing sustainability - climate change, inequality, slowing productivity and the change and uncertainty regarding how our city functions in a post-pandemic world, including the impact of high cost of living and economic headwinds.

It sets a vision to champion a global economy that unlocks innovation, which is sustainable and inclusive, and provides great local experiences. To drive an innovation-led economic transformation, the Strategy targets 200,000 new jobs by 2036, with 70% of these new jobs to be in knowledge and innovation intensive industries.

It proposes 33 actions and 8 momentum building projects to address systemic challenges. In adopting a place-based framework it supports the wide diversity of investments the City makes in the quality of the city, and by extension, the vibrancy of the economy and the opportunities available to our residents.

The draft Economic Development Strategy 2025-2035 was approved for public exhibition at the 22 July 2024 Council meeting.

It was launched with a CityTalk in August 2024 and placed on public exhibition through to September 2024. The community's response to the Strategy has been very positive, with key stakeholders expressing a desire to partner on its implementation, and 83% of community respondents expressing a strong or very strong level of support for the Strategy's proposed initiatives. Only minor changes are proposed in the post-exhibition draft, with changes predominantly improving the navigability of the Strategy.

Recommendation

It is resolved that:

- (A) Council adopt the Economic Development Strategy 2025-2035 as shown at Attachment A to the subject report;
- (B) authority be delegated to the Chief Executive Officer to make minor editorial amendments for clarity or correction of drafting errors prior to the finalisation of the Economic Development Strategy 2025-2035;
- (C) Council note the Engagement Report summarising consultation during exhibition on the draft Economic Development Strategy 2025-2035, as shown at Attachment B to the subject report; and
- (D) Council note the Engagement Report summarising sector input that supported the development of the draft Economic Development Strategy 2025-2035, as shown at Attachment C to the subject report.

Attachments

- Attachment A.** Economic Development Strategy 2025-2035
- Attachment B.** Engagement Report - Exhibition of the draft Economic Development Strategy 2025-2035
- Attachment C.** Engagement Report - Sector input into the Draft Economic Development Strategy 2025-2035

Background

1. The economic activity within the City of Sydney local area generates more than \$142 billion per annum or around 6% of Australia's gross domestic product (GDP).
2. Across our city there are more than 520,000 jobs located onsite in more than 22,000 businesses and 16.7 million square metres of commercial floorspace. There is also an estimated 100,000 additional transient, construction or home-based jobs connected to our economy in any one year.
3. The city's advanced knowledge economy is supported by leading universities and a highly skilled workforce. There are more than 200,000 international students enrolled, contributing significantly to education being NSW's second largest export industry.
4. The city is Australia's premier city for commerce, hosting one in 3 of the top 100 Australian Stock Exchange listed companies, and is Australia's creative heart, home to many of the nation's and NSW's most significant cultural institutions.
5. Over 10 million domestic overnight visitors and 3.45 million international visitors come to experience Sydney each year, supporting around 8,000 businesses in the food and drink, retail and personal services, and the tourist, cultural and leisure sectors.
6. While our economy has many strengths, like all economies it faces challenges to its ongoing success, with the pandemic illustrating its vulnerabilities and the importance of economic resilience.
 - (a) Climate change threatens key sectors like tourism but also presents an economic opportunity if Sydney positions itself as a global hub for net zero innovation.
 - (b) Rising inequality, and particularly affordability issues, have the potential to hold back our economy and erode our society's sense of fairness and opportunity.
 - (c) Slowing productivity and an uncoordinated approach to innovation are leading to lower levels of research commercialisation and impacting Sydney's attractiveness to talent and investment.
 - (d) Broader economic headwinds, cost of living pressures and uncertainty are changing how our city is used in the post-pandemic world, presenting both challenges and opportunities.
7. The previous Economic Development Strategy 2013-2023 helped guide the City of Sydney's approach to economic development over the past decade and enabled several major new projects to support economic development, including:
 - (a) light rail along the length of George Street that has transformed the city's central spine
 - (b) the Green Square Urban Renewal project which enabled \$22 billion in private development and 33,000 homes
 - (c) the Central Sydney Planning review that has unlocked 2.9 million square metres of employment floor space in our central CBD.

Economic Development Strategy 2025-2035

8. The Economic Development Strategy 2025-2035 provides the implementation pathway for Sustainable Sydney 2030-2050 Continuing the Vision Direction 9 - a transformed and innovative economy - and builds from the outcomes identified by our community under this direction.
9. The new strategy reinforces Sydney's historic economic strengths while focusing on the key underlying vulnerabilities that challenge the economy's ongoing sustainability - climate change, inequality, slowing productivity and changing use patterns of the city.
10. It was developed through extensive engagement (see Public exhibition and engagement section below) supported by data-led insights and analytics to understand the 'new normal' of our city and its economy in a post-pandemic environment.
11. The strategy sets a vision to *champion a global economy that unlocks innovation, which is sustainable and inclusive, and provides great local experiences.*
12. The four outcome areas for the strategy are an economy that is sustainable, inclusive, innovative and experiential. Against each of these outcomes, 2 measures of success are listed and will be reported on.
13. To drive an innovation-led economic transformation, the strategy targets 200,000 new jobs by 2036, with 70% of these new jobs to be in knowledge and innovation intensive industries.
14. Adopting a place-based approach to economic development, the strategy illustrates the role and reach of our economy and presents 33 actions for the City of Sydney across four different scales:
 - (a) Global Sydney – promoting our city internationally as one of the best places in the world to live, work, study, play, visit, create and invest
 - (b) Australia's economic heart – progressing economic, environmental and cultural outcomes across Greater Sydney, NSW and Australia through improved connections and integration
 - (c) City of distinct precincts – connecting a diversity of specialised industry clusters across our city to drive innovation and productivity
 - (d) Strong local neighbourhoods – supporting inclusive local opportunities, fostering authentic neighbourhoods and a vibrant street life.
15. This place-based approach emphasises that the local and the global are deeply interconnected – if high streets struggle or local inequality rises, the image and experience of Sydney as a global city suffers too.
16. This provides a robust framework to support a wide diversity of investments the City of Sydney makes in the quality of the city, and by extension, the attractiveness and vibrancy of the economy.

17. This includes support for the extension of light rail, providing the policy basis for how this public domain and transport project enhances the economy by improving amenity, as well as over \$540 million of approved forward commitments that directly support economic development outcomes – from ongoing work on the pedestrianisation of George Street, Greenhouse Climate Tech Hub, Haymarket revitalisation, economic grants, cycling infrastructure and works on Crown Street to extend outdoor dining and widen footpaths.
18. In addition, the strategy proposes 8 momentum building projects where partnership is required to provide immediate focus and innovative responses to complex challenges.
 - (a) Unlocking Tech Central via Broadway – supporting the revitalisation of Broadway through public domain, light rail, activation and collaboration.
 - (b) Accelerating the green economy transformation – positioning Sydney as a global sustainable finance destination and supporting green jobs and innovation growth.
 - (c) Exploring localised circular economies – supporting small business collectives to find precinct-wide circular economy and sustainability measures.
 - (d) Supporting Indigenous enterprise – providing support through the full business life-cycle, from seed funding, to securing affordable space, working with the City, and scaling.
 - (e) Putting vacancy to creative use – working with the property and cultural sectors to match underutilised commercial space with creatives displaced from the city.
 - (f) Retaining international student talent – welcoming students into the Sydney community and providing pathways into employment that fill critical skills gaps.
 - (g) Evolving the visitor economy – reviewing visitor needs in a post-pandemic world, partnering with Destination NSW to better design and coordinate services.
 - (h) Promoting vibrant streets – developing more effective and efficient ways to activate local streets in partnership with small business collectives.

Public exhibition and engagement

19. Extensive public consultation and community engagement was undertaken to develop the strategy across four distinct phases outlined below.
20. Two detailed engagement reports that cover these phases are provided as Attachment B (covering the most recent public exhibition period on the draft strategy as endorsed by Council in July 2024) and Attachment C (covering the extensive engagement that informed the development of the draft strategy).

Draft strategy exhibition phase: August - September 2024

21. The draft strategy was on public exhibition from 1 August until 27 September 2024.
22. A CityTalk was hosted on 1 August 2024 to commence the public exhibition period, with over 600 attending. The CityTalk included a keynote from Animal Logic co-founder Zareh Nalbandian, a presentation from SXSW Sydney Head of Conference Programming Fenella Kernebone, a panel discussion with a diversity of speakers from across the 4 outcome areas of the Strategy, a presentation of groundbreaking innovations being developed within the City of Sydney, and a performance from Sara Mansour, Founder and Artistic Director, Bankstown Poetry Slam.
23. Sydney Have Your Say survey was open for public comment throughout the exhibition period with the following responses received:
 - (a) 104 submissions were received, with 83% of respondents supporting or strongly supporting the 8 momentum building projects proposed.
 - (b) The most highly supported projects included Putting vacancy to creative use, Exploring localised circular economies and Promoting vibrant streets, suggesting a high level of support for community and small business targeted projects.
 - (c) The Retaining international student talent project received the lowest level of support (albeit still high with 66% of respondents supporting or strongly supporting the project). In response to the feedback, this project will need to ensure it clearly evidences the value international students bring to our city.
24. The Committee for Sydney hosted (at Greenhouse Climate Tech Hub) an event "Place-based strategies - local leadership and economic development" on 17 September 2024. Presentations were made by the City of Sydney on the economic development strategy and Parramatta City Council on their long-term city plan, with a panel discussion following. The event was attended by over 80 people.
25. Written submissions were received from 14 stakeholders, including from Transport for NSW (TfNSW), Investment NSW, Destination NSW, Office of the 24-Hour Economy Commissioner, ALTRAC, University of Sydney, Business Events Sydney, Social Enterprise Council of NSW and ACT (SECNA), Urban Taskforce, Hatch, Pymont Action and individual community members. Prevalent submission themes include:
 - (a) Alignment with vision and outcomes – submissions demonstrated support for the vision and outcome areas of innovative, sustainable, inclusive and experiential. Submissions from larger organisations – particularly NSW Government agencies and institutions – expressed alignment with their own values and objectives, laying a foundation for partnership and collaboration towards shared interests.

- (b) Advocacy for place – submissions demonstrated a high degree of support for the place-based approach to economic strategy and identified elements of the strategy that are particularly applicable and important to precincts and neighbourhoods.
- (c) Support for infrastructure commitments – submissions applauded the commitment to extending light rail down Broadway and to Green Square, recognising its transformative potential for the city. Alongside its transit benefits, the public amenity improvements seen along the George Street light rail corridor were noted as having great potential for the proposed extension.
- (d) Interest in methodologies – submissions demonstrated an eagerness to understand the ways we have used evidence to define problems and goals, especially in the place-based context of distinct precincts and their unique offers and opportunities.
- (e) Support for the momentum building projects – submissions supported the innovative approach to complex, system-wide issues, identifying current and future opportunities and challenges, and even suggesting how they could contribute in ways specific to their sector and activities.

Draft strategy development phase: January 2023 – June 2024

- 26. The draft strategy was developed drawing on and incorporating the extensive community engagement undertaken on the draft Economic Development Strategy Discussion Paper, from engagement with local business collectives via the Lord Mayor Business Chamber Roundtables and the Business Needs Survey, and through quarterly hosting of the business advisory panel.
- 27. The City's business advisory panel members are highly supportive of the strategy with several members actively involved in its promotion during the public exhibition period.
- 28. The panel consists of CEO-level representatives from the Committee for Sydney, Business Sydney, Property Council of Australia, University of Sydney, Supply Nation, Canva, Greenhouse Climate Tech Hub, NSW Indigenous Chamber of Commerce, Placemaking NSW, 4 Pillars Gin, Australian Retail Association, Sydney Bridgeclimb, and YCK Laneway Association.
- 29. The draft strategy was also informed by extensive data analysis, including the regularly released City Insights economic snapshot. City Insights is distributed through all our communication channels and is an essential tool to demonstrate changes in our city, including consumer spend, people movement and the overall economic performance. It supports business to understand and adjust to the 'new normal' and elicits further insights on how trends are playing out in real life business situations.

Discussion and feedback phase: March 2022 – December 2022

- 30. To drive community discussion on the future of the economy in the aftermath of the pandemic, in 2022 the City developed an Economic Strategy Discussion Paper.
- 31. Engagement on the paper was extensive and included 240 business directly engaged or briefed, 998 Sydney Your Say website visits, 362 discussion paper downloads, 31 submissions received, 2 community briefings, and 11 advisory panel briefings.

32. Key themes from the engagement across industry and community briefings included:
- (a) Build economic resilience
 - (b) Transition to a green and circular economy
 - (c) Build an innovation economy
 - (d) Strengthen our inclusive economy
 - (e) Revitalise the city centre

Research phase: June 2019 – February 2022

33. We engaged with business and community through research studies that were informed by interviews, workshops, and exploration of economic models. The studies identified high-level themes and directions for Sustainable Sydney 2030-2050 Continuing the Vision and economic development strategy discussion paper.

Post exhibition

34. The engagement activities demonstrated broad support for the strategy as drafted. Some minor changes are proposed, outlined below and noting the reason for the recommended amendments.
- (a) Improved strategy navigation

Some feedback commented on the strategy's structure being difficult to navigate. In response, the existing content of the document has been broken into three broad chapters (Strategic Context, Strategy Response, Strategy Implementation) and a clearer text hierarchy introduced throughout to allow for easier navigation.
 - (b) New section detailing a place-based approach to economic development

There was a high degree of support for the place-based approach but feedback that the specifics of what this approach encapsulated could be more clearly stated. A new section is added in the 'Strategy Response' chapter to provide more detail.
 - (c) Greater detail on what success looks like for the four strategy outcome areas

Some feedback indicated the outcome areas would be strengthened by stating what the pathway to success against each of those outcome areas would look like. More detail on what success looks like has been added within the 'Strategy Response' chapter, summarising and signposting the strategy actions that follow in the subsequent chapter.
 - (d) Greater detail on the process enabling actions

The draft strategy included actions relating to City of Sydney processes but did not provide detail or examples of how these were embodied in the strategic approach. Additional context has been added to a revised section title 'Enabling processes' within the 'Strategic Implementation' chapter. This section also includes a summary of the engagement from the public exhibition period.

- (e) Existing and proposed light rail lines added to precinct mapping

Some commentary proposed that the economic precincts proposition would be strengthened with inclusion of the light rail lines on the map.
- (f) Update of economic data to reflect most recent data points.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

35. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, with this plan aligned with the following direction and outcomes:
- (a) Direction 9 - A transformed and innovative economy
 - (i) Outcome 9.1 - An expanding innovation economy will support Sydney's future prosperity.
 - (ii) Outcome 9.2 - The transition to a zero-carbon economy offers new economic opportunities.
 - (iii) Outcome 9.3 - An inclusive city economy provides opportunities for everyone to participate and share in its prosperity.
 - (iv) Outcome 9.4 - Creativity and great experiences fuel the vitality of the city.
 - (v) Outcome 9.5 - Unique local neighbourhoods and the global city centre support thriving economic activity.
36. The 4 outcomes of the new strategy are structured to mirror the Community Strategic Plan outcomes 9.1 - 9.4 as outlined above. In adopting a place-based approach throughout the new strategy, outcome 9.5 of the Community Strategic Plan is embedded in the strategy structure.

Organisational Impact

37. The Strategy does not propose an expansion of the City's ongoing economic programs and services or changes to the composition of the business units responsible for delivering support for economic development. Rather the approach to designing business support program and services will be informed and shaped by the Strategy, with particular focus on areas of highest need as evidenced by the Strategy.

Risks

38. The Strategy takes an evidence-based approach to delivering the community's aspirations and vision. Risk has been managed by ensuring the City's activities respond to current issues facing the city's economy, drawing upon the most current available data, analysis and community consultation.

Economic

39. The adoption and implementation of the strategy is designed and expected to positively impact economic outcomes across Sydney over the coming decade. It strives to promote more sustainable investment and green jobs growth, more inclusive economic opportunities, enhanced productivity and innovation, and more vibrancy and diversity of economic activity across the week and day.
40. Momentum building projects such as Supporting Indigenous Enterprise are specifically targeted at improving economic opportunities for First Nations communities, while projects such as Promoting Vibrant Streets and Exploring Localised Circular Economies target support towards smaller businesses in high-streets and precincts.

Financial Implications

41. As indicated in the July 2024 Council report seeking approval to exhibit the draft strategy, the proposed Supporting Indigenous Enterprise momentum building project will require an additional investment of \$1 million over 5 years. Upon adoption of the strategy, \$1 million will be funded for this project from within, and included in future iterations of, the City's overall operational budget for each financial year from 2025/26 to 2029/30.

Critical Dates / Time Frames

42. Work to implement the Strategy will begin immediately upon adoption.
43. The City of Sydney business advisory panel will continue to play a pivotal role in supporting the implementation of the strategy, ensuring the City remains in touch with the views of industry and emerging economic trends.

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