

ITEM 3. ECONOMIC DEVELOPMENT FRAMEWORK DISCUSSION PAPER**FILE NO: SO45984****SUMMARY**

At its meeting of 18 September 2006, Council resolved to endorse the drafting of an Economic Development Framework, as a priority area of work for 2006/07 (see Attachment B).

This Framework document is intended to inform the parameters and priorities for the development of a more detailed Economic Development Strategy.

A draft of the Framework and its supporting discussion paper was presented to Councillors for discussion at a briefing on 19 February 2007. As a result, some minor amendments have been made to the discussion paper (see Attachment A for the amended paper).

The purpose of this report is to present the Framework, including the guiding principles and strategic directions, outlined in the discussion paper, for adoption by Council.

The next stage will be the development of the Economic Development Strategy in 2008 which will include extensive public and stakeholder consultation.

RECOMMENDATION

It is resolved that Council:

- (A) confirm the adoption of the principles and strategic directions outlined in the Framework Discussion Paper, shown at Attachment A to the subject report;
- (B) endorse the Framework as the basis for further development of an Economic Development Strategy and Sydney 2030 Strategy; and
- (C) endorse that work commence on developing an Economic Development Strategy.

ATTACHMENTS

Attachment A: Economic Development Framework Discussion Paper

Attachment B: Resolution of Council of 18 September 2006

BACKGROUND

1. In its Strategic Plan, 2006-2009, the City of Sydney Council resolved to prepare and implement an Economic Development Strategy including a detailed implementation plan for the City of Sydney. The Strategy will provide input into the Council's strategic planning processes and guide economic development initiatives.
2. The Economic Development Framework is the first stage of a three-stage process. It focuses on the issues that will underlie the full Economic Development Strategy. This Framework includes:
 - (a) analysis of the elements of the urban economy and factors driving change;
 - (b) options for the economic development of the City of Sydney;
 - (c) the role of the Council in economic development;
 - (d) the guiding principles for initiatives and priorities;
 - (e) an over-arching vision and goals underpinning economic development; and
 - (f) appropriate strategic directions to be taken in the economic development agenda.
3. The second-stage of the Economic Development Planning Process is an Economic Development Strategy. This will:
 - (a) validate and/or amend principles, vision and strategic directions;
 - (b) obtain inputs from stakeholders and community on strategic directions;
 - (c) analyse the City's strengths, weaknesses, opportunities and threats;
 - (d) research high priority industries and opportunities; and
 - (e) confirm priorities for action.
4. The third and final stage of the process is the development of an appropriate Economic Development Plan, which details:
 - (a) work program;
 - (b) timetables;
 - (c) budget; and
 - (d) benchmarks.
5. The attached discussion paper (Attachment A) outlines the economic context of the City, and establishes the policy context which shapes the City's endeavours in economic development.
6. It confirms that the City of Sydney Council has a leadership role in relation to local economic development, and identifies a number of existing and possible Council responsibilities for economic development, including:

- (a) global ambassador for Australia;
 - (b) advocate for opportunities and quality of life;
 - (c) promoter and marketer;
 - (d) strategic focus on city development;
 - (e) an information and knowledge broker; and
 - (f) network manager and credible partner.
7. Furthermore, the Framework suggests the overarching goal of the City's Economic Development Strategy is to:

Improve opportunities for residents, business, workers and the broader society through strategies and actions, in collaboration with government, business and the community, that create and retain good jobs, increase wealth and investment and strengthen global links, whilst enhancing social cohesion, livability, learning and environmental quality.

8. The Framework proposes 10 Principles to guide the Economic Development Strategy:

(a) **Capitalise on the city's business strengths and assets**

Focus on what are the elements for success in these industries, what is required to build on this success and what role, if any, Council has in supporting competitiveness and growth of these industries, for example, ensuring sufficient sites to accommodate growth, planning for complementary activities and suitable infrastructure, undertaking industry and skills audits, and marketing opportunities.

(b) **Understand what makes the economy prosper and what will attract sustainable investment and jobs**

Industries are constantly changing as is the competitiveness of different cities. Strategic research focuses on the bigger issues: will developments in derivatives support the continuing high growth rates in the finance industry, will new infrastructure investment restore the city's competitiveness in retailing, will changes in licensing laws spur business growth in hospitality, and will civic improvements in, for instance, Redfern increase market interest in commercial office development?

(c) **Acknowledge the importance of economic diversity and focus on opportunities for existing businesses**

Most investment and job growth emanates from existing businesses. The competitiveness of small local businesses in hospitality, retail and wholesaling, manufacturing, transport and personal services is important. Start-up firms need competitive rents, a broad range of skills including less experienced young people, and good local infrastructure and amenities.

(d) **Integrate economic, social & environment strategies**

In relation to the economy, this requires a focus on industries, strategies and activities that will stimulate innovation and growth of Sydney as a global city, within a framework that promotes social cohesion and protects the physical environment.

(e) **Commit to best practice physical planning and approval processes**

Good physical planning of centres – zonings, heights, floor space ratios and design principles - provides the framework but is not the driver for the development of the city. If the planning system does not work well, however, this will impede economic opportunities. The critical issue is how to strengthen the planning system to encompass the community's aspirations and create an efficient business climate that promotes sustainability and prosperity.

(f) **Build partnerships**

The Council does not have the legislative capacity, resources and expertise to go it alone in relation to economic development initiatives. It is generally much more effective to work within networks and to build partnerships with business, government agencies and community stakeholders.

(g) **Emphasise innovation & learning**

A number of cities have developed Innovation Strategies to drive economic development. They are concerned with driving innovation in particular sectors and ensuring that world class communications infrastructure is in place. Partnerships with community organisations to promote IT literacy in marginalised communities; festivals to promote learning and creativity; planning instruments to facilitate innovation in design and materials; and partnerships with firms, and research and educational institutions to promote and market potential of industry clusters are some of the initiatives that may be considered.

(h) **Give priority to community involvement in economic development planning**

Human capital (skills) and social capital (bonds and trust) are important strategic assets for a city. Flows of information and ideas are good for democracy and productivity growth. They can nurture entrepreneurial and innovative capacity of different sections of the population. Small businesses at the village level possess ideas about the regeneration of urban spaces. Communities have views on how to link youth employment and community development initiatives.

(i) **Adopt and implement strategies that are realistic and achievable**

Council's resources are limited and its responsibilities are constrained. Most successful economic development strategies start with a small number of actions that maximise impacts within a specified period of time. These actions are ones that would not happen if the Council wasn't involved. Action plans are required which clearly delineate agency responsibility, budgets, timetables and expected outcomes.

(j) **Benchmark strategic outcomes**

Progress with the implementation of the Economic Development Strategy needs to be regularly monitored and evaluated. The Council and the broader community need to be satisfied that progress is being made in relation to key goals and objectives of the Strategy. The most potent way of doing this is to benchmark progress of key deliverables.

9. The Economic Development Framework proposes a number of strategic directions based upon these principles to be developed in the full Strategy. These will be finalised and elaborated on following inputs from Councillors and stakeholders and provide the basis for the full Economic Development Strategy. The six broad strategic themes proposed, together with illustrative examples, are:

- (a) **Strengthen Business Competitiveness** - For example, ensure there are sufficient sites to accommodate growth and change in major strategic industries; develop creative industry strategies that promote the innate importance of arts and cultural activities and builds new opportunities for investment and jobs.
- (b) **Marketing the City** - For example, collaborate with tourist organisations, business and Commonwealth and NSW Governments to brand Sydney as a tourist destination and events city.
- (c) **Investing in Communities and People** – For example, work with the Aboriginal community and NSW Government in Redfern to develop the area as a national leader in indigenous arts and business development; strengthen local partnerships with non-government organisations and disadvantaged communities to create better employment and learning opportunities.
- (d) **National and Global Cities Agenda** – For example, work with the Council of Capital Cities Lord Mayors (CCCLM) to develop a national urban policy agenda for city economic development; participate in global city networks to encourage knowledge and cultural exchange, and trade and investment opportunities.
- (e) **A Sustainable City** – For example, establish a Sustainable Industries Network with business, universities and government to promote and develop competitive firms engaged in sustainable technologies, products and services; develop initiatives to promote Sydney as a global leader in relation to climate change responses and environmental sustainability and collaborate with other cities around initiatives to minimise the impacts of climate change.
- (f) **Nurture Social Capital** – For example, build links between business and communities to discuss economic opportunities and initiatives; establish and foster relationships between local communities, business and global communities building on the city's cultural and ethnic heritage.

KEY IMPLICATIONS

10. This proposal represents the first stage of the development of a City of Sydney Economic Development Plan. If adopted by Council, work will commence to devise an Economic development Strategy. This will include a consultation process, targeting key stakeholders, and opportunities for Council input.
11. It is proposed that the Economic development Strategy be devised as a strategic outlook for the short-to-medium term (5-10 years).
12. In parallel, work on Sydney 2030 will use the framework as an input, and it is expected that the Economic Development Strategy will be closely aligned with this longer-term vision for the City economy.

FINANCIAL IMPLICATIONS

13. Funding for the engagement of a consultant for work on the Economic Development Strategy is proposed in the Budget for 2007/08.

PUBLIC CONSULTATION

14. Extensive consultation will occur with the public and key stakeholders during development of the Economic Development Strategy and Sydney 2030. The Framework, as a research document, will be made available to the public on request.

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