



September 2022

# Draft Economic Strategy Discussion Paper

We acknowledge the Gadigal of the Eora Nation  
as the Traditional Custodians of our local area.

**CITY OF SYDNEY** 

The Council of the City of Sydney acknowledges the Gadigal of the Eora Nation as the Traditional Custodians of our local area. We acknowledge Elders past and present and celebrate the diversity of Aboriginal and Torres Strait Islander peoples and their ongoing cultures and connections to Country.

# Contents

<b>Lord Mayor's message</b>	<b>3</b>
<b>Introduction</b>	<b>9</b>
<b>Executive summary</b>	<b>13</b>
<b>Economic context</b>	<b>19</b>
<b>Vision – Build economic resilience</b>	<b>27</b>
<b>Direction 1 – Transition to a green and circular economy</b>	<b>32</b>
<b>Direction 2 – Build an innovation economy</b>	<b>37</b>
<b>Direction 3 – Strengthen our inclusive economy</b>	<b>43</b>
<b>Direction 4 – Revitalise our city centre</b>	<b>51</b>
<b>References</b>	<b>59</b>

# Lord Mayor's message

We are asking for your advice and help to determine priorities for the City of Sydney's next economic strategy. The strategy will guide our work to address economic challenges and harness opportunities for our city.

Those challenges could hardly be greater. Recent bushfires and floods demonstrate that dangerous climate change is already on our doorstep. And the pandemic highlighted and exacerbated existing inequalities and created enormous social and economic strain.

But our communities have shown great resilience, creativity and innovation in response. We are putting the transition to a low carbon economy at the centre of everything we do. And we have seen the swift, effective action that is possible with the right political will and social licence.

Our work to support our communities through this period of environmental and social uncertainty – to create a city that is both liveable and an exciting place to work and visit, with sustainability and culture at its core – stands us in good stead.

It's clear that the cities that will thrive in this new context are those that provide affordable housing; working and cultural spaces; a myriad of cultural offerings; walking, cycling and excellent late-night public transport; green, cool, calm streets; revitalised laneways; small bars; and late-night activities.

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 appetite for this agenda has only accelerated post-Covid – and we need to match that with accelerating our pace of reform.

During our comprehensive engagement program for *Sustainable Sydney 2030–2050: Continuing the Vision*, we spoke to thousands of residents, businesses, workers, students and visitors.

We heard that we should continue our environmental leadership, that support for a future-focused and innovation economy is important, and that an affordable and inclusive city that welcomes everyone is essential. We also heard that culture and creativity are vital to our city, as is providing more green space for people, and adequate walking, cycling and public transport links. The community expects this work to be underpinned by good governance and stewardship.

Our economic strategy will help us deliver the commitments made in our renewed long-term plan. This discussion paper seeks your views to inform the development of the economic strategy.

We are excited to share this discussion paper. We look forward to your feedback and the opportunity to work with you – with other levels of government, businesses, social enterprises, not-for-profit organisations and communities directly – to build the economic resilience of our beautiful city and position us to take advantage of the opportunities to come. This will ensure the future success of our city.



Lord Mayor  
Clover Moore

Image on next page: *bara* by First Nations artist Judy Watson, sitting above Dubbagullee (Bennelong Point), is part of the Eora Journey public artwork program  
Photo: Chris Southwood / City of Sydney





## Aboriginal and Torres Strait Islander statement

Aboriginal and Torres Strait Islander communities in the City of Sydney were extensively consulted more than a decade ago to inform Sustainable Sydney 2030 and this consultation continues today.

The First Peoples Dialogue Forum was an integral part of the community engagement process to ensure that Aboriginal and Torres Strait Islander voices were influential in developing Sustainable Sydney 2030–2050 Continuing the Vision.

Sustainable Sydney 2030–2050 Continuing the Vision sets a long-term vision for the whole city, including its economic development. The first step towards delivering this renewed vision is our community strategic plan, which sets out how we will implement the vision for our city. It will be accompanied by more detailed strategies and action plans. We will continue this engagement process as we develop our next economic strategy.

The City of Sydney is committed to listening to, working with and elevating the voices of Aboriginal and Torres Strait Islander peoples in the city. We acknowledge the harmful effects of colonisation and government policies are still having an impact on the city's Aboriginal and Torres Strait Islander peoples. It has led to intergenerational trauma and disadvantage in housing, education, health and wellbeing.

By addressing housing affordability, cost of living and gentrification, we will work to prevent further displacement of Aboriginal and Torres Strait Islander peoples. The City of Sydney understands that these past injustices affect us all as a nation and must be addressed in consultation with Aboriginal and Torres Strait Islander peoples.

We recognise that the British occupation of the shores of Warrane, Sydney Harbour, which began in 1788, had far-reaching and devastating impacts on the Eora nation. Longstanding ways of life were disrupted by invasion and the Aboriginal peoples' Country, lands and waterways appropriated.

Today, Sydney is of prime importance as an ongoing centre for Aboriginal and Torres Strait Islander communities, cultures, traditions and histories.

Despite the destructive impact of this invasion, Aboriginal cultures have endured and are now globally recognised as one of the world's oldest living cultures. Aboriginal people have shown, and continue to show, enormous resilience coupled with generosity of spirit towards other people with whom they now share their land.

The City of Sydney strives to reflect the needs and aspirations of Aboriginal and Torres Strait Islander communities and supports their quest for self-determination. By understanding the harsh truth of our shared past, we are laying the groundwork for a future that embraces all Australians, a future based on genuine engagement, mutual respect and shared responsibility for our land.

The ongoing custodianship of the Gadigal of the Eora Nation is an essential part of this future, as is Sydney's continuing place as central to Aboriginal and Torres Strait Islander cultures and communities.

We are working to embed principles that acknowledge the continuing cultural connection to, and care for, Country by Aboriginal peoples. The principles aim to provide a new way to think about our responsibilities to the land, to heal and nurture it for future generations.

There are many sites across our local area with historical and cultural significance for Aboriginal and Torres Strait Islander communities. We have documented many of these in Barani/Barrabugu (Yesterday/Tomorrow), a free guide to Sydney's Aboriginal histories.

The City of Sydney works with and has achieved much with Aboriginal and Torres Strait Islander peoples and the Aboriginal and Torres Strait Islander Advisory Panel since 2008. These gains are



consistent with the principles of cooperation signed between us and the Metropolitan Local Aboriginal Land Council in 2006. Here are some milestones:

2011 – as part of the Eora Journey project, we committed to fund and install seven artworks by Aboriginal and Torres Strait Islander artists in public areas. It is part of our commitment to celebrate the living culture of First Nations Australians.

2015 – we adopted an inaugural Innovate Reconciliation Action Plan in partnership with Aboriginal and Torres Strait Islander peoples as part of our deep commitment to reconciliation.

2016 – we adopted the 10-year Eora Journey economic development plan.

2020 – a Stretch Reconciliation Action Plan built on our success and extended our actions. It includes targets to increase employment of Aboriginal peoples, spending with businesses, cultural learning activities for all staff, and major public works such as the harbour walk and *bara*, an artwork and monument to the Eora people.

Our actions and commitments will help to ensure the political, economic, social and cultural rights of Aboriginal and Torres Strait Islander peoples are embedded in subsequent economic, social, environmental and cultural change.



Image: *Welcome to Redfern* by Reko Rennie in collaboration with local youth artists  
Photo: Paul Patterson / City of Sydney

## Inclusion and equity statement

Diverse communities live, work in and visit Sydney. The City of Sydney values and respects the diversity of these cultures, communities and experiences.

We value the city's Aboriginal and Torres Strait Islander peoples, and the Gadigal of the Eora Nation as the Traditional Custodians of this local area.

We value Sydney's multicultural society and the varied languages, traditions, and religious and spiritual practices of the people who call the city home.

We value the range of identities, perspectives, experiences and lifestyles of our communities. They include older and young people, people with disability, and individuals with diverse political beliefs and perspectives. We respect people with diverse gender identities and our LGBTIQA+ communities.

We value the contributions made by all individuals and believe this diversity strengthens the city. The City of Sydney champions human rights and people's right to self-determination, as we strive for inclusion.

We demonstrate our commitment to diversity and inclusion by respecting the dignity and worth of all people, equitably treating communities and employees, and fairly providing services, facilities and public spaces.

We want to promote a society where self-determination and inclusive participation is valued and to demonstrate these principles in all that we do.

Our work with communities strives to eliminate discrimination and mitigate disadvantage, to actively remove barriers to inclusive participation and to promote relationships that are based on understanding and respect.

Our communities expressed the same aspirations when we engaged them on the future vision for the city. The Citizens Jury recommended concepts that included the active participation of Aboriginal and Torres Strait Islander peoples in the governance of the city in an embedded and respectful way. It's a model of participatory governance that genuinely engages all citizens in decision-making on all levels and housing for all to ensure that the city is inclusive and promotes social and community cohesion.

Our response is a more equitable and inclusive city. We want the city to be one where everyone has an equal chance in life and the opportunity to realise their potential. Cities that are more equal are cities that thrive.



Image: Sydney City Farm Urban Agriculture Project, Sydney Park  
Photo: Katherine Griffiths / City of Sydney







# Introduction

---

## Purpose of this document

The City of Sydney is developing a new economic strategy for our local area. In the context of the pandemic and ongoing recovery, we need to examine contemporary challenges and changes to our city centres and how they function. The strategy will set out our short–medium term (three- to five-year) framework, with high-level actions for the city’s recovery and transition to the ‘new normal’ taking shape.

To prepare our new strategy, we have produced this Economic Strategy Discussion Paper. This is a necessary step due to the many uncertainties about how and when workers, students and visitors will return to our city centre. It will also allow us to test learnings, ideas and proposed actions, and gather more feedback from our communities and stakeholders. We will also continue to collect data and insights to provide a body of evidence and analysis of changes still taking place.

This discussion paper is intended to prompt conversations about how to make our economy more resilient, transition to a green and circular economy, promote innovation, strengthen inclusion and revitalise our city centre to meet the needs of the future.

We anticipate the new economic strategy will be presented to Council in 2023–24.

Over the coming months, we will continue to undertake community engagement on this discussion paper. We will post details on the [Sydney Your Say](#) website.

Your feedback will inform the development of our economic strategy, which will govern how we work together to build a resilient economy.



We have included questions and discussion points throughout the paper to stimulate further conversation.

## How to have your say

We invite your feedback on this discussion paper from 20 September to 31 October 2022 at [sydneyyoursay.com.au](https://sydneyyoursay.com.au).

## The City's role

We are responsible for engaging in strategic planning, working in tandem with all levels of government – federal, state and local. We do so on behalf of the local community, workers, visitors and businesses.

When we set out our next economic strategy, we will be guiding our local economy to recover from the pandemic, facilitating the transition to a future-ready and resilient economy, and supporting long-term growth and prosperity for our communities.

Many aspects of the city economy depend on the work of state and federal governments; for example, to provide the legislative frameworks and financial resources that local authorities operate within. However, we can make important and direct contributions to promote a vibrant and dynamic environment that facilitates economic growth, especially in the face of a changing business environment.

The City of Sydney has a vital role in providing projects, programs and services. We'll work with a range of partners across business, government, civil society and community organisations to do so. We'll enter formal partnerships, sponsorships, agreements and memorandums of understanding. And we'll establish less formal arrangements and collaborations.

Many outcomes will be achieved by other levels of government or organisations, and reference and advisory groups will provide specialist advice and guide our work.

The following table outlines our roles under this plan.

Leader	We seek to understand the underlying values of our communities and their needs. We put in place policies and the financial and governance frameworks to ensure we act ethically as stewards of this city.
Provider	We provide a range of infrastructure, facilities, programs and services for the benefit of the city and its communities.
Convenor and facilitator	We bring together all the forces essential for the success of the city, including governments, civil society, businesses and academia.
Planner	We use our professional expertise in city planning, and program and service provision, to undertake research, provide information, and collaborate with communities and stakeholders to develop and evaluate ways to resolve issues.
Thought leader	We commission and publish thought leadership and research on economic, social, environmental and cultural issues and solutions relevant to the city and our communities.
Capacity builder	We work with communities and community organisations, building connections and strengthening their capacity to respond to their needs.
Advocate	We act as an advocate on behalf of our communities, giving voice to their needs and aspirations. We will call on other levels of government and business for policy and regulatory reform as well as changes to service provision for the benefit of the city and its communities.
Networker	We engage in local, national and global networks to share and develop expertise in urban issues.



Funder	We provide funding to support innovation, contribute to collaborative initiatives and provide support to communities and organisations.
Role model	We lead by example in how we run our organisation, manage our assets and engage our employees.
Communicator	We provide timely, accurate, inclusive and inspiring information to the target audiences of our programs, projects and services, and engage them in conversation about the work we are doing.

---

## What we have done

This discussion paper has been shaped by many voices, with engagement and consultation with key stakeholders, the NSW Government, industry, precinct partners, local businesses and the community. It includes evidence-based research into best practice and analysis of emerging global and local trends.

We have undertaken detailed consultations, drawing on expertise within our organisation and conducting more than 20 interviews with key industry and community stakeholders. We also held four co-designed workshops with around 60 attendees from across business and our communities.

Other global cities are facing similar challenges to Sydney following the pandemic. In this document, we showcase local and global responses to illustrate how we might learn, adapt and respond using new economic development models, best practice and contemporary thinking.

We have also conducted an annual Business Needs Survey since 2020, to help inform our response to the pandemic and ongoing recovery. This survey gives us an opportunity to engage with our local businesses to understand their changing needs over time.

We are excited to look ahead and work with all our stakeholders to build, support and create a new normal – a city for all to enjoy, experience and share.

---

## What's next

This discussion paper will be on exhibition and we are seeking your feedback by 31 October 2022.

We recently established our Business, Economic Development and Covid Recovery Advisory Panel to help us shape our economic strategy based on this discussion paper. After we have received your feedback, we will continue to work closely with the advisory panel, as well as continue our engagement with stakeholders, local businesses and our communities, to gather further insights.

We will also undertake further research – including the Floor Space and Employment Survey, Business Needs Survey and Community Wellbeing Survey – gathering data and insights to help shape the development of the strategy.

We acknowledge the many uncertainties that can significantly affect our economy. These include geopolitical tensions, supply chain issues, the energy crisis and the food supply crisis. Then there are migration constraints that can affect talent acquisition and the number of visitors and international students, as well as the uncertainty about how city workers will return to the office over the longer term.

It is vital that we hear from you – our local community. Your feedback is of great value.







# Executive summary

Sydney is home to Australia's largest local economy. The city generated more than \$138 billion per annum pre-pandemic (2019), accounting for 22.1% of NSW's economy and 7% of Australia's GDP.<sup>1</sup> The city's economic performance directly affected the 229,000 residents<sup>2</sup> and 519,000 workers<sup>3</sup> in our local government area. As Australia's global gateway and as a regional centre, the city's economy plays a significant role in supporting and influencing economies far beyond our geographic boundary. It is extremely important that the city's economy is thriving and ready to meet the challenges and opportunities of the future.

The City of Sydney is responsible for strengthening our local economy through strategically targeted economic development that ensures Sydney is ready for the future. Under the guidance of our 10-year Economic Development Strategy published in 2013, we have been actively supporting businesses, workers, residents, students, visitors, investors and other participants in our local economy. Our *Central Sydney Planning Strategy* provides a clear framework for investment in and growth of Australia's premier business precinct while also continuing to make the city centre even more attractive. We have seen strong economic growth in the city over the past decade.

In the 10 years before the pandemic, the city's gross regional product (GRP) increased by 65.2%, the number of local jobs grew by 28.5% and the number of businesses rose by 23.9%. This success was built on our comparative advantages in many key areas. They include our strong finance and insurance sector, established knowledge economy, and an expanding visitor economy. Our ability to attract global talent, migrants and investment was also a key contributor.

But it is clear that not all members of our communities have shared in the prosperity brought by nearly 30 years of uninterrupted economic growth. Many groups continue to face barriers to economic participation. Structural inequalities have deepened, placing the benefits of higher income and job stability further out of reach.<sup>4</sup>

In 2020, Covid-19 highlighted some of these challenges. The severe impact of the pandemic pushed the city's economy into its first recession in nearly 30 years. This was partly due to sections of our local economy relying on the high density of workers and visitors who stopped coming to the city centre because of travel restrictions, lockdowns, and health and safety concerns. Supply chains and market access were also disrupted, affecting many businesses connected to economies beyond the local area.

The pandemic has put the city's economy through an unprecedented test of resilience. We have made great efforts to support the recovery and developed the Community Recovery Plan<sup>5</sup> at the onset of the pandemic. We have since delivered \$145 million in support packages<sup>6</sup> to aid businesses and community members in need. Our measures include providing fee waivers, rent relief and business support grants; reforming red tape to allow alfresco dining; and backing other activation projects in the central business district (CBD).

The city's economy is on the path to recovery. However, many industries, including tourism, hospitality, international education, personal services, and the creative and entertainment sector, are still struggling.

More importantly, the landscape of our local economy will never be the same, as the pandemic has made many permanent changes to the way we live, work, consume and do business. For example, remote and flexible working has become standard practice in many industries; e-commerce and online shopping continue to gain popularity; the growth of the gig economy has accelerated; and visitors to our city centre are looking for new purposes and experiences rather than mere business activities. We must conceptualise, understand and embrace the new normal – and decide how to reshape our economy.



We have a great opportunity to incorporate lessons learnt from the pandemic and to guide our economy so that it remains competitive and robust.

We recently adopted our new community strategic plan, Sustainable Sydney 2030–2050 Continuing the Vision, which sets a long-term vision for the whole city, including its economic development.

Sustainable Sydney 2030–2050 Continuing the Vision sets a long-term vision for the city's economy to be a transformed and innovative economy.

In this vision, our city maintains its position locally, nationally and globally as a destination for business, investment and talent. Innovation is central to the economy and transformation has occurred across all industries. Wealth and benefits are shared equitably.

We prepared this discussion paper to share ideas with our community and stakeholders. We want Sydney to be a city for all – a strong, resilient, innovative and green city that offers everyone a great quality of life and opportunities to realise their potential as part of a flourishing society.

This paper supports the development of the next economic strategy. We anticipate it will focus on the short to medium term (three to five years) to address vital issues and set us on the path to become future ready. By doing so, the new economic strategy will strongly align with and contribute to achieving the long-term vision set in our community strategic plan.

### **Towards a resilient economy**

The pandemic has given us a unique opportunity to reflect on the strengths and weaknesses of our economy. This will enable a recovery to a more resilient, inclusive and future-fit economy. While acknowledging that Covid-19 continues to affect our city – for example, through reduced numbers of international travellers and students, city workers and visitors – we have an opportunity to support the industries most affected and re-position the broader economy.

The key lesson we learnt from the pandemic is that economic resilience is vital for keeping our economy thriving in the long term without major disruptions. The world is volatile, with many lurking threats that could cause global economic shocks – in addition to the ongoing pandemic. We must strengthen our economic resilience by making our economy dynamic and responsive, so that it can withstand shocks and quickly recover from unanticipated adversity.

This requires a great effort across many aspects of our economy. We need to reconcile the tension between environmental protection and economic development. We must promote innovation to convert challenges into opportunities. We need to improve the inclusiveness of our economy to empower our communities, especially those that are the most vulnerable. We also have to revitalise the city centre to realise its full potential in the new economic era. All these come together and form our vision for the city's economy.



Image: A lunar lantern – created for the Sydney Lunar Festival – in George Street, Sydney  
Photo: Chris Southwood / City of Sydney

## The vision

The city will transition to a strong, resilient economy to secure its long-term prosperity. The city's economy will be prepared for the future, with the capacity to withstand major shocks and stresses, and stay responsive to a changing environment.

Our economic resilience is supported by environmentally sustainable growth, strengthened by innovation, built on inclusiveness and enhanced by the revitalisation of our city centre.

We have identified four strategic directions that will help us transition to a strong and resilient economy. They are based on the results of our extensive research, economic data analysis and feedback from stakeholders in our community.

### **Direction 1 – Transition to a green and circular economy**

The City of Sydney wants to transition to a strong green and circular economy. Our local economy should continue to decarbonise to achieve our target of net zero emissions by 2035. Our city will harness new economic values as this transition improves economic efficiency, creates new business opportunities, generates more jobs and attracts sustainable investment.

We will continue to show leadership in our own practices. The City of Sydney will encourage education and knowledge sharing among our communities about green and circular options. We will also continue to support the development of key green sectors, including environment advisory, sustainable finance, green utilities, green buildings, the sharing economy, green transport, waste management, cleantech innovation and green research.

### **Direction 2 – Build an innovation economy**

We would like to promote and support innovation, helping our innovation economy to mature to secure our economic competitiveness in the long term. Through innovation, the city's economy will see a strong recovery, become more productive, and seize new growth opportunities through emerging sectors. The economy will stay future focused and lean into new technology developments.

The City of Sydney will collaborate with the NSW Government and other key stakeholders to develop and promote the Tech Central innovation precinct. We will also continue to support the city's innovation ecosystem and local startups by providing affordable space, grants, capacity-building programs and knowledge sharing, as well as sponsorship for startup festivals and events. We will position Sydney globally as an innovative city, and a safe and desirable destination, to attract international students, talent, entrepreneurs, scalable businesses and investment.

### **Direction 3 – Strengthen our inclusive economy**

We want the city's economy to be more inclusive and equitable so that our economic prosperity is shared by all. In a stronger, inclusive economy, more people will have opportunities to participate in the economy and realise their full potential. There will be less inequality in the city and more locally generated wealth will be distributed back to our communities.

We will support community groups facing barriers and help their members upskill to find employment with a fair income and work conditions. We will also promote for-purpose business models and encourage partner organisations to bring economic, environmental and social benefits to our community. We will collaborate with partners to increase access to affordable spaces for working, living and learning.

### **Direction 4 – Revitalise our city centre**

As workers and visitors return to our city centre, we have an exciting opportunity to redouble our efforts to realise the vision of the *Central Sydney Planning Strategy*. We want our city to be a destination that offers a rich variety of experiences – a place for working where people can innovate and collaborate; a place leading the world in design and sustainability; a place to be creative and express our culture; a place to shop, be entertained and have fun with great events and festivals; and a place to connect global audiences to the rest of Australia.

We will continue to support our local businesses through the recovery, helping them innovate and build skills and capability to be future focused. We will continue our reform of red tape, regulations and compliance. We will make it easier to activate the city and think about how we can better use spaces for activation and creative output. We will also promote and tell our unique Sydney stories to global and local audiences, highlighting Aboriginal and Torres Strait Islander stories, to deepen the visitor experience.



## Vision

### Economic Resilience

The city will transition to a strong resilient economy to secure its long-term prosperity.

The city's economy will be prepared for the future, with the capacity to withstand major shocks and stresses, and stay responsive to a changing environment.

Our economic resilience is supported by environmentally sustainable growth, strengthened by innovation, built on inclusiveness and enhanced by the revitalisation of our city centre.

#### Cross-cutting themes

1. Risk assessment and preparation
2. Economic diversification

#### Direction 1 Transition to a green and circular economy

##### Areas of focus

1. Leadership and commitment
2. Education and knowledge sharing
3. Support for key sectors

#### Direction 2 Build an innovation economy

##### Areas of focus

1. Development of Tech Central innovation precinct
2. Support for the local innovation ecosystem
3. Global attraction

#### Direction 3 Strengthen our inclusive economy

##### Areas of focus

1. Equitable economic participation
2. Locally shared wealth
3. Access to affordable space

#### Direction 4 Revitalise our city centre

##### Areas of focus

1. Support local business to continue to recover
2. Create better spaces and places
3. Activate and promote places and precincts

Image on next page: Darling Square Library  
Photo: Jessica Lindsay / City of Sydney







# Economic context

---

## Sydney's economy before the pandemic

Sydney is Australia's largest city and leading global gateway. It attracts visitors, students, migrants, talent and investment from overseas and domestically. It significantly contributes to the NSW and Australian economy. In 2019, the city's GRP was estimated to be \$138.8 billion, representing 22.1% of the NSW economy and 7% of Australia's GDP.<sup>7</sup> In addition to the economic value generated and jobs created locally, the city's economy strongly imports from and exports to the rest of the country, playing a critical role in supporting and influencing the state and national economies.

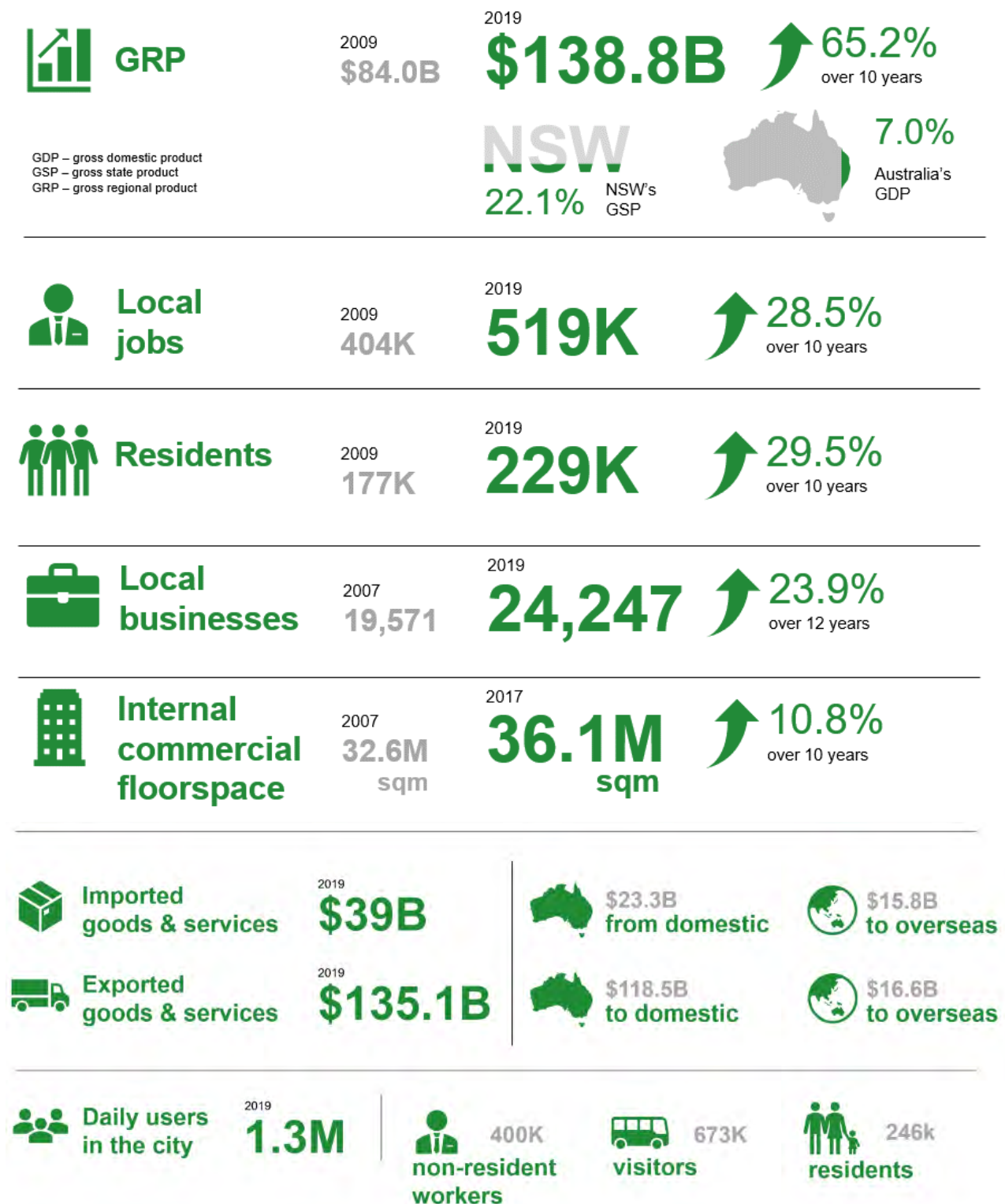
Before Covid-19, the city had experienced continuous economic growth for nearly 30 years. Building on its competitive strengths in knowledge-intensive and service sectors, access to global markets, and attraction for visitors, students, migrants, talent and investment, the city experienced particularly strong economic growth over the past decade (see Figure 1).



Image above: Sydney Harbour, New Year's Eve 2021  
Photo: Daniel Tran / City of Sydney



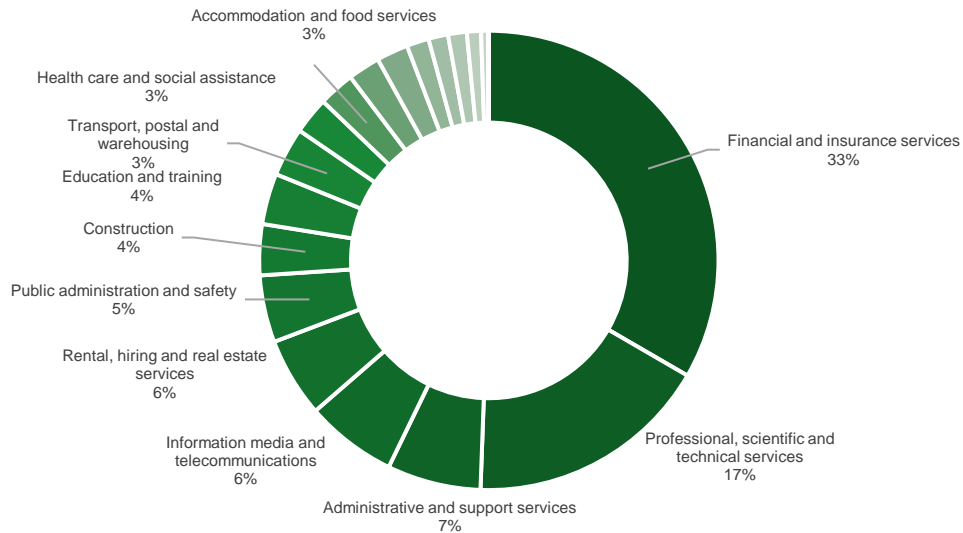
Figure 1. The city's economy at a glance<sup>8</sup>



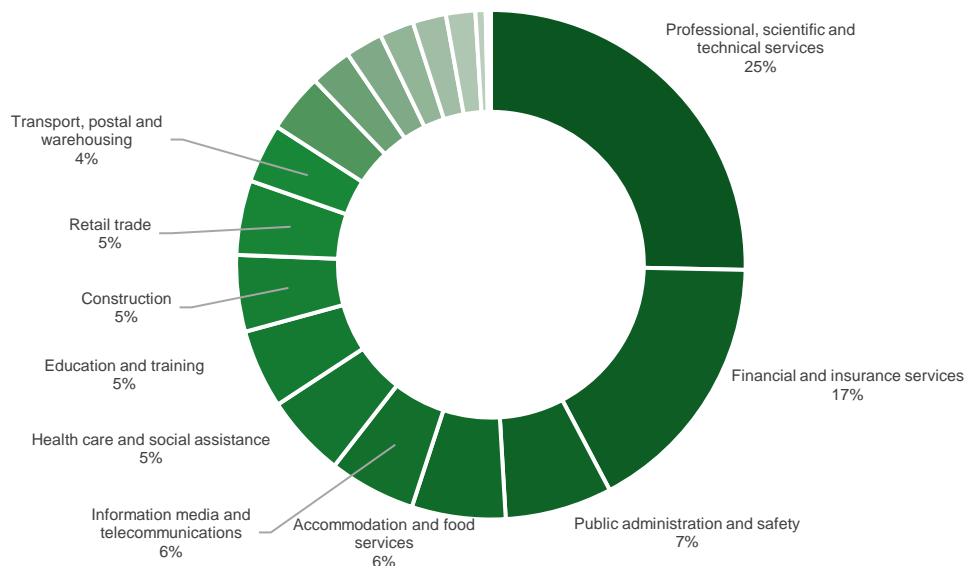
Over the past decade, many key industries recorded rapid growth, led by the finance and insurance sector, followed by professional, scientific and technical services (see Figure 2).

Figure 2. The city's economy by industry, 2019<sup>9</sup>

Percentage of value added by industry sector



Full-time equivalent employment by industry sector

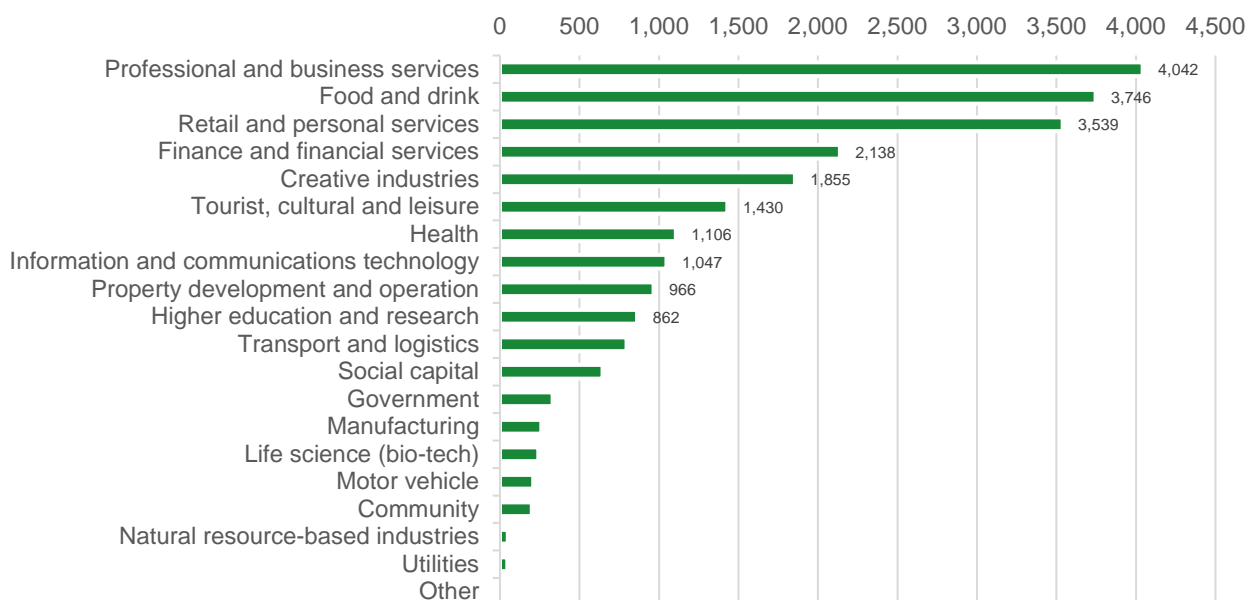


Sydney has the country's largest and most globally connected finance and insurance sector, and is home to the Australian headquarters of many multinational banks and financial institutions. In 2018–19, the sector generated 33% of the city's economic output and provided 17% of total full-time equivalent (FTE) employment. In the same year, the sector exported \$49 billion worth of products and services, representing 42% of Sydney's exports.

In the same period, the professional, scientific and technical services sector contributed 17% of economic output, 25% of FTE employment and 16% of exports.<sup>10</sup>

Many other key industries in the city add tremendous value, creating employment opportunities for people of various skill levels, and adding vibrancy, liveability and vitality for people who live, work, study, visit or do business in Sydney. Based on our 2017 floor space and employment survey, 45% of businesses in the city fall under the umbrella of the visitor economy. This includes food and drink; retail and personal services; creative industries; and tourism, cultural and leisure services (see Figure 3).

**Figure 3. Number of businesses in the city by industry, 2017<sup>11</sup>**



The international education sector plays an important role too. It contributes to the education and research sector, boosts labour supply and consumption demand, attracts talent and strengthens global connections. It also supercharges the city's visitor economy.

An estimated 20–40% of international students travelled to Australia as tourists before enrolling in a course, and around 50% return to Sydney after completing their studies.<sup>12</sup>

On average, each student spends \$60,000 per year on tuition fees, living expenses and tourism-related activities. In 2022, more than 120,000 international students enrolled in courses in our local area (City and Inner South areas).<sup>13</sup>



## Impacts of Covid-19

The Covid-19 pandemic impacted Sydney's economy from March 2020, when Australia's border was closed to non-residents. The economic shocks were so significant that in 2020–21 the city entered its first recession in nearly 30 years.

The pandemic has had a particularly severe impact on the city's economy compared to the rest of NSW. This is because our city relies heavily on business density, workers, students and visitors from elsewhere, global talent, international trade and a vibrant CBD. But these competitive strengths that we are proud of became our weak spots, making our economy vulnerable throughout the pandemic.

The stay-at-home orders, social distancing, closed borders and travel restrictions decimated many key industry sectors in 2020–21. These include tourism, hospitality, international education, personal services, creative arts and entertainment – and they are still facing challenges on the path to recovery.

In the 2020–21 financial year, the city's GRP is estimated to have shrunk by \$6.8 billion or 4.9%, with 4.2% of jobs lost, even with the Australian Government's JobKeeper support. Over the same period, projected GRP losses could be \$8.1 billion, or 5.7%, compared to a scenario in which our economy experienced uninterrupted growth.<sup>14</sup>

The arrival of new virus strains created new uncertainty and unanticipated disruptions for our business community. In late June 2021, just as businesses were anticipating economic recovery, the Delta variant forced Greater Sydney into a lockdown that lasted more than four months.

That lockdown is estimated to have cost the economy \$250 million a week for its duration, adding up to 6% of quarterly GRP for our local area.<sup>15</sup>

Compared to the pre-pandemic period, data shows:

- visitations to the city fell more than 80%<sup>16</sup>
- the office occupancy rate fell to 4% in September 2021<sup>17</sup>
- the total local spend by consumers and businesses in the September quarter of 2021 was only 28.3% of previous levels.<sup>18</sup>

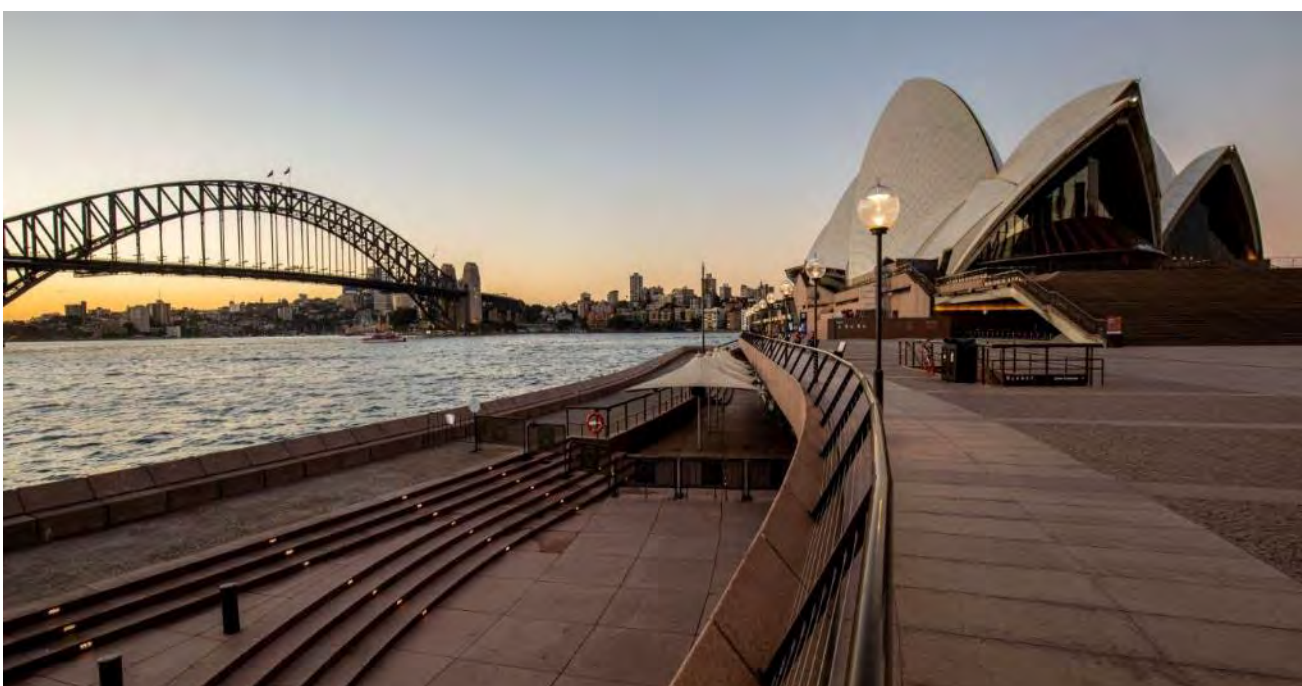


Image: Sydney Opera House and Harbour Bridge during the pandemic, April 2020  
Photo: Katherine Griffiths / City of Sydney

---

## Sydney's economy now

The City of Sydney played a key role in helping the local economy weather and recover from the worst of the pandemic. Under the Community Recovery Plan<sup>19</sup>, local businesses have received fee waivers, rent relief and business support grants. We also created alfresco dining opportunities and other CBD activation projects to attract visitors.

The signs of recovery have started to show in 2022:

- The business confidence index has stayed above pre-Covid levels since the start of 2022.<sup>20</sup>
- The CBD's office occupancy rate grew to 52% of the pre-Covid level in July 2022.<sup>21</sup>
- Unemployment in the city was down to 4.1% in the March quarter of 2022, from a peak of 6.6% a year earlier.<sup>22</sup>
- The city's GRP is estimated to have grown slightly in 2021–22 financial year, showing we have come out of the recession.

---

## Challenges and opportunities

### Challenges

It is vital that we continue to support our economy to recover quickly. This includes helping a few key industries in the visitor economy and many small businesses that are still suffering. The reduced number of city users, shortage of skilled workers, changes in consumer behaviour, and rising cost of supplies and maintenance have contributed to their challenges.

At the same time, our residents, workers and students face rising cost-of-living pressures and less affordable housing, leading to shrinking disposable income, which curbs consumption.

The pandemic has also exposed and amplified many issues, similar to those faced by other global cities. It gave us a wake-up call to reflect on the past and become aware of the concerns and challenges we must address.

First, some of our economic growth was at the cost of the environment. Prosperity is associated with high levels of emissions, which has made climate change the greatest threat to our economy in the long term.

Second is the over-concentration of the industry mix and business location. Although clustering businesses together strengthens competitiveness, it also makes our economy vulnerable if key areas we rely on experience a major shock.

Third, Sydney's innovation ecosystem is not developing fast enough. For consecutive years, it has slipped behind many international peers in the global ranking.<sup>23,24,25</sup> The city needs a top-performing ecosystem to boost productivity growth, which has been slow for more than a decade. Over this period, the city's economic growth was mainly propelled by population growth and increased investment.<sup>26</sup>

Fourth, evidence shows economic growth has not been shared equally and fairly within our local community. According to the most recent Census data<sup>27</sup>, the proportion of the city's local workers in the lowest income quartile increased, while the percentage of those in the two middle quartiles decreased. In addition, underemployment and the gig economy are growing, exacerbating wealth and income inequalities.

Meanwhile, the city's housing costs continue to rise. In 2018, the median house price and median unit price were 115.7% and 32.4% higher than the state average, respectively. Rents are also higher – 76.3% and 32.7%, respectively.<sup>28</sup> As a result, essential services workers are priced out of the city, leaving our economy vulnerable to labour shortages.



Finally, the city's CBD is struggling to attract workers and visitors back. With a strong trend of working from home, online shopping and food delivery, our CBD needs to offer new purposes and enhanced functions to encourage people to return. The unoccupied offices and underused commercial spaces around our city centres must be activated to support a thriving local economy.

## Opportunities

We are optimistic about our longer-term recovery. And while the city's economic environment has been changed permanently, we have a great opportunity to consider its future shape.

The biggest lessons we learnt from the pandemic is that the world is full of uncertainty. There may be more shocks to come, so we must strengthen the city's economic resilience so that we are prepared to withstand them, and respond and adapt for a quick recovery.

Our economy won't return to pre-pandemic settings because the way people work, shop and interact has changed significantly. But many businesses have already updated their operating models, supply chains and investment strategies. It is the right moment for the City of Sydney to better understand the new normal and how it will influence the development of the city's economy.

We have an opportunity to review what successful economic development looks like and rethink how we measure it. Rather than only focusing on growth, we can consider broader social, cultural and environmentally sustainable metrics. In the new normal, we can grow emerging sectors, strengthen competitiveness, and ensure our community shares in the economic growth.

We also have an opportunity to explore and incorporate contemporary economic development models in our new economic strategy. The models include the circular economy, the innovation economy, community wealth building and the 24-hour economy.



Image: Students protest in Town Hall Square, Sydney, as part of a global climate strike, urging politicians to take urgent action, 2019  
Photo: Katherine Griffiths / City of Sydney





YES, We are  
**OPEN**

# Vision – Build economic resilience

---

## Our vision

Our city will transition to a strong, resilient economy that secures our long-term prosperity. We will be prepared and able to withstand major shocks and stresses, and stay responsive to a changing environment.

Our economic resilience will be supported by environmentally sustainable growth, strengthened by innovation, built on inclusiveness and enhanced by the revitalisation of our city centre.

---

## What is economic resilience?

A resilient economy can withstand disruptions from risks or shocks caused by stresses, threats or uncertainties, and minimise the material effects on businesses, workers, investors and consumers. Its three main attributes are the ability to:

1. avoid a shock altogether
2. withstand a shock
3. recover quickly from a shock.<sup>29</sup>

Economic resilience is an important pillar of a city's overall resilience, which includes the ability to withstand environmental, social, cultural and institutional shocks.

---

## Why it's important

Like many major cities, Sydney's economic losses were unmatched in our history because our economy was not well prepared for the scale and duration of the pandemic. Our CBD lost its vibrancy, tens of thousands of workers lost their jobs or had their hours reduced, and many disadvantaged communities became even more vulnerable.

It is vital that we strengthen the resilience of the city's economy because, in addition to the problems already discussed, any major shocks can undermine the hard work of generations.

Image on previous page: Petal & Fern, Roslyn Street, Potts Point  
Photo: Katherine Griffiths / City of Sydney



It takes much longer for an economy to recover if it can't adapt and restructure quickly. A prolonged recession can also escalate underlying problems and trigger serious social issues, which will weaken the economy even further.

Making the city's economy resilient will ensure growth without significant disruptions in the long term. It will give our businesses, workers, students, consumers and investors confidence. It will also give the city a competitive edge that makes it more attractive to global talent and investment.

We must act now to build economic resilience because more economic shocks are likely. The risks to local and global economies include accelerating climate change, rising geopolitical tensions that could jeopardise international trade, and emerging new technologies that could make many traditional industries obsolete. Additionally, recent military conflicts have pushed up fuel and commodity prices, and Covid-19 certainly won't be the last pandemic the world sees.

---

## How do we build economic resilience?

### **Risk assessment**

Our first step is to identify and assess potential major economic shocks we might face in the future. With a better understanding of the likelihood of these shocks occurring, and their consequences, we can help prepare the city's economy to minimise the risk.

It's important to emphasise that multiple shocks can occur together. This amplifies their economic impact due to chronic stresses, such as income inequality, low housing affordability, an over-concentrated economy and vulnerable supply chains.

Our preliminary assessment shows the leading sources of risks are:

- climate change and extreme weather events
- geopolitical tension that disrupts or jeopardises trade
- another pandemic
- cyber attack
- terrorist attack
- financial shock and global economic uncertainties.

We will study these risks in greater detail and share our findings with our community. We are unlikely to anticipate and fully prepare for everything, but we will support local businesses to develop plans to manage the risks.

### **Economic diversification**

We are unlikely to anticipate and fully prepare for all potential economic shocks. But we must diversify our economy to spread the risk.

The city's economy, however, has become more concentrated in a few key sectors. The two dominant sectors – finance and insurance services, and professional, science and technical services – together contributed 50.6% of value added and 42.3% of FTE jobs to the local area in 2018–19. In addition, the tourism and hospitality sector generated 8.2% of value added and more than 11% of FTE jobs in the same year.<sup>30</sup>

Over-concentration reduces resilience because the damage is amplified if a key sector is hit by a major shock, such as the closure of international borders and shutdown of the tourism sector. The economy may also miss out on emerging sectors' potential growth if it is suppressed by the dominant industries.



We will encourage the diversification of our economy. We will promote greater industry mix, business models, job types and workforce. We will also support and encourage diversification of supply chains and balanced connections to domestic and global markets. By doing this, we can improve the robustness of our market access and strengthen our economy for when we need to prioritise local economic activities.

Clustering diverse businesses in an urban environment is also likely to lead to exchanges of ideas – a prerequisite for innovation in the knowledge economy and the basis for growth. Additionally, evidence shows that individual businesses that support diversity outperform those that don't.

We are unlikely to have a direct impact on diversifying the economy. But we will try to embed this principle when working on our proposed four strategic directions.



### Four strategic directions

To achieve our vision of building a strong and resilient local economy, we propose to focus on four strategic directions. They will complement and build on each other to form a buffer that will absorb the initial impact of any future major economic shocks.

The four directions are:

- 1. transition to a green and circular economy**
- 2. build an innovation economy**
- 3. strengthen our inclusive economy**
- 4. revitalise our city centre**

Each direction addresses a key domain that will contribute to the city's economic resilience. As well as helping the economy to thrive, they will shape it into a desirable one that attracts participants.

Transitioning to a green and circular economy will decarbonise the economy and directly address the climate emergency. This will lead to long-term sustainable development. It will also de-risk our industries by adopting higher sustainability standards and keeping them attractive to environmentally conscious investors.

Supporting and promoting innovation will keep the economy productive and competitive. It will minimise the risk of disruption by a technology revolution. When major shocks hit our economy, innovation can lead to creative and smart solutions to address the challenges and may even turn the changing conditions into growth opportunities.

Strengthening our inclusive economy will give everyone opportunities to participate in economic activities, generating local wealth that is shared more equally. Importantly, groups previously unable to participate in the economy will face fewer barriers and have better opportunities, strengthening community resilience.

Revitalising our city centre will give us an opportunity to rethink the future role of the city. It will ensure the city remains a destination of choice, attracting businesses, workers and visitors to activate the local economy. It will also give businesses and investors confidence. It will ensure that our most valuable assets can continue to achieve their full potential.

---

## Discussion

Under each strategic direction in this discussion paper, we have included questions to prompt further discussion with our community and stakeholders. The answers and feedback we receive will help clarify our role, prioritise areas for action, and enable better collaboration and advocacy.

The following box contains a list of additional overarching areas for discussion.

- Skills and labour shortages – how persistent are the shortages likely to be? What are the solutions? What are the opportunities?
- Transport – will the city's connectivity to other city centres affect its economic development? What opportunities will the Metro projects provide? How do we better support active transport (travelling by foot, bicycle or other non-motorised vehicle)? What can be done to improve the walkability of the city for better productivity and local vibrancy?
- Economic stresses and potential shocks – what might these be in the future? How can we prepare for them?
- Economic diversity – how do we encourage diversity in industries, business models and location, employment and labour force?
- Collaboration and partnerships – how do we facilitate and promote strong connections between the City of Sydney, stakeholders and our communities?







# Direction 1 – Transition to a green and circular economy

---

## Strategic context

### **What is a green and circular economy?**

A green economy is the collection of economic activities that have a primary purpose of protecting or restoring the environment. It produces green goods and services, adapts existing industries to be more environmentally friendly, and provides education, advisory services and regulations to support the change.<sup>31</sup>

A circular economy is a regenerative model of a closed loop that keeps products and resources in use for as long as possible to reduce waste and minimise the consumption of resources. It aims to decouple economic growth from virgin resource use. Circular design of products, services and systems keep resources in the market longer, enabling sharing and re-use business models to become business as usual.<sup>32</sup>

The green economy and circular economy have different emphasis but work together to ensure long-term sustainability while we grow our economy.

### **How does a green and circular economy contribute to economic resilience?**

A strong green economy decarbonises economic activities, directly addressing climate change issues and mitigating the tension between environmental protection and economic development. The circular economy model redefines growth by focusing on decoupling economic activity from the consumption of finite resources and designing waste out of the system.<sup>33</sup> It lowers our dependence on raw materials, offsetting risks if our supply chains are disrupted by global economic shocks.

Finally, by diverting investment from obsolete non-green industries into sustainable portfolios, our finance and insurance sector can de-risk from holding stranded assets and losing its attraction to environmentally responsible investors.

---

## Why we need to act

### **Challenges**

Globally, economic development models have underplayed environmental impacts, focusing on short-term growth and profit. So we have achieved some of our prosperity at the cost of the environment. Damage includes heavy pollution, exhausted natural resources, deforestation, loss of biodiversity, uncontrolled waste disposal and climate change.

All levels of government have acted to tackle climate challenges. The new federal government reaffirmed Australia's commitment to net zero emissions by 2050 and increased the national emissions reduction target to 43% by 2030.<sup>34</sup> The NSW Government published its *Net Zero Plan Stage 1: 2020–2030* to reduce emissions. And in June 2019, the City of Sydney declared a climate emergency, making decarbonising our economy a top priority and setting a target of net zero by 2035. While achieving these targets is challenging, the policy environment is now more aligned than ever. However, it still requires a tremendous amount of work, large investments, strong collaboration across industries and high levels of participation by all.

Domestic and global investors have already started to take action that could affect the economic success of our city. They are proactively seeking sustainable investment options. But Australia has a poor reputation in this area because of our heavy weighting in non-green sectors, such as mining and fossil fuels.<sup>35</sup> If we cannot develop a strong sustainable finance sector in time, our financial market may suffer from a large number of investors leaving for alternative destinations.<sup>36</sup> This could pose a material risk to the city's economy because Sydney is Australia's leading financial centre.

If we don't take strong action by moving to new development models, environmental problems will threaten the long-term economic success of the city and the ability of our society to thrive.

## Opportunities

Transitioning to a green and circular economy would create strong economic growth opportunities for the city. According to the Green Economy Study, there were 16,000 green jobs in the city, contributing 2.5–3% of local employment and \$2.4 billion in gross value added in 2018. The number of green jobs has grown twice as fast as overall jobs in the city local area in recent years.<sup>37</sup>

Our green job numbers lag global leaders such as Oslo, Copenhagen and Amsterdam, where they account for more than 7% of jobs.<sup>38</sup> While we have a long way to go to catch up, this gap also represents potential growth and economic benefits.

It is estimated that the circular economy could generate US\$4.5 trillion of additional economic output globally by 2030 and up to US\$25 trillion by 2050.<sup>39</sup>

Sydney's competitive advantages – such as high urban density, strong financial sector and knowledge-based economy – provide promising growth opportunities for many high-value green sectors. These include environment advisory, sustainable finance, green utilities, green buildings, sharing economy, cleantech innovation and green research.

The city's green economy also brings broader benefits to metropolitan and regional areas. Transitioning to a stronger green economy will provide a sizable market for the upstream sectors located in other areas offering green products and services, including construction materials and green energy.

In addition, the growth of our environment advisory sector, green research, cleantech innovation and sustainable finance will further support the development of green sectors across the nation. In short, our green economy will act as an innovator, enabler and facilitator for green activities outside our borders.

The NSW Government's plan outlines strategies to reduce emissions while growing the economy and creating jobs. The State Government – which has committed \$60 million to support the circular economy<sup>40</sup> – has a vision to establish Sydney as Australia's sustainable finance centre and carbon services hub. Its financial support and favourable policies will help the city to grow its green and circular economy.

---

## Recommendation – Things we can do

### Focus area – Leadership and commitment

As a local council, we will take a leadership role and demonstrate to other councils, residents and businesses a strong commitment to supporting a green and circular economy. We have set clear targets for our own operations to be sustainable, including:

- reducing our operational carbon emissions by 80% from our 2006 baseline by 2025
- achieving zero fleet emissions by 2035 or sooner
- maintaining zero increase in annual use of potable water from our 2006 baseline until 2025
- diverting 90% of waste from landfill, with 50% source-separated recycling, from City of Sydney–managed properties by 2025
- recovering 50% of resource waste from our parks, streets and public places by July 2025.<sup>41</sup>

We will continue to monitor our performance, apply best practice in our own operations and ensure policy consistency. By consuming renewable energy, sourcing green products, and purchasing green and circular services, we will use our procurement power to create local market demand and stimulate key sectors in the green and circular economy.

### Focus area – Education and knowledge sharing

We will monitor the green economy in the city to track its performance, identify barriers and explore opportunities for growth. We will use this information to update policies and develop programs that accelerate the transition to a green and circular economy.

The market for the green economy expands when supply is met by demand. But many consumers and businesses don't know a lot about green products and circular economy practices, and their economic and environmental benefits. Education and information sharing to encourage the adoption of green practices and products will build knowledge. This will also enable businesses to collaborate across industry chains, which is key to creating opportunities for the sector.

Finally, we need to help our businesses realise that having high sustainability standards and green operations and products will build their reputation, meet public expectations and respond to regulatory policy changes.

### Focus area – Support for key sectors

We will support the development of key green sectors that are built on the city's comparative advantages and have shown promising growth potential.

Our Green Economy Study identified environment advisory, sustainable finance, green utilities, green buildings, sharing economy, green transport, green research and cleantech as priority sectors. We will focus on these and collaborate with businesses, industry peak bodies and other government agencies to accelerate their development.

A particular focus is sustainable finance, which refers to banking, investment and insurance services that integrate sustainability criteria into investment decisions. Sydney's reputation and access to capital, and the appetite for green economic development in the region, mean it is well positioned to emerge as a regional hub for sustainable finance. Promoting a strong sustainable finance sector will bring benefits to our economy, including:

- raising capital to decarbonise the economy and accelerate the transition to a green economy
- creating thousands of jobs within and beyond the city
- boosting the reputation of our financial services industry
- making Sydney a more attractive destination for foreign investment.



Another area of important focus is the circular economy. We are working to align our services and functions to a circular economy, which will create significant economic opportunities. We will support the development of this sector to strengthen our economic resilience as growth is decoupled from consumption of finite resources, reducing our economy's dependence on the raw materials market.

Finally, we will support green research and innovation, which sits at the core of resolving the tension between economic prosperity and environmental protection. It provides economically viable solutions to protect and restore the environment while creating jobs and growth opportunities.

The city has a strong foundation for innovation. We host world-class universities, research institutes and a maturing tech startup ecosystem. The city is also an ideal testing ground for green technologies. We will build on these advantages to further promote innovations.

### **Actions to consider – Direction 1: Transition to a green and circular economy**

Action #	Strategic action
<b>Focus area – Leadership and commitment</b>	
1	Showcase best practice in our own operations to demonstrate leadership in a green and circular economy.
2	Use our procurement power to stimulate key sectors in the green and circular economy.
<b>Focus area – Education and knowledge sharing</b>	
3	Monitor the green and circular economy in the city. Raise awareness of available green and circular economy options and their benefits.
4	Facilitate knowledge sharing and collaboration across our community and stakeholders.
<b>Focus area – Support for key sectors</b>	
5	Promote and support the development of key green sectors in our local economy, including the greening of the built environment sector, green transport, renewable energy, the circular economy and sustainable finance.
6	Encourage innovation and promote commercialisation of research that contribute to the green and circular economy.

## **Discussion**

- How can small to medium enterprises be better supported to transition to being green and circular, including those most affected by the pandemic?
- What are the main barriers to our local economy advancing to a circular economy?
- What is our role in supporting the sustainable finance sector?
- What is the ongoing impact of the energy crisis and how will this affect our transition?





# Direction 2 – Build an innovation economy

---

## Strategic context

### **What do we mean by innovation and an innovation economy?**

Innovation is the process of trying new and different ways to solve problems, add value, and create opportunities for business, consumers and the broader community. It includes researching and developing technology, creating new ideas, inventing new business models and adopting innovative practices.

An innovation economy encourages creative thinking, invests in research and development (R&D), and supports entrepreneurship to commercialise new technologies and fresh ideas. It improves productivity, finds solutions to problems, disrupts obsolete industries, creates new jobs and fosters high-growth sectors.

### **How does an innovation economy contribute to economic resilience?**

Building a strong innovation economy is crucial to strengthening the city's economic resilience.

Innovation provides solutions to new challenges. During the pandemic, many businesses adopted new technologies, pivoted to innovative operating models, and creatively engaged with clients to mitigate its effects and even find growth opportunities. Innovation has been proven to be a powerful tool that will help our business community to withstand, adapt and recover from major economic shocks should they happen again in the future.

As our economy steps into the new normal, innovation has become even more important. It will play a crucial role while our consumption behaviours evolve, flexible working arrangements become permanent, online business and delivery services prevail, and our city centre tries to offer new purposes for users and visitors.

Innovation is also the key to increasing productivity, which will expand economic output and increase opportunities for related wage growth for the city's workforce.

Finally, innovation will prepare our economy for disruptions led by technology advancement, such as automation, quantum computing and artificial intelligence. It will strengthen the comparative advantages of the city's economy, enabling it to compete in the global market and remain attractive to international investment and talent.

---

## Why we need to act

### **Challenges**

Although Sydney is home to Australia's largest innovation economy, we have fallen behind many international peers. Our ranking as a global tech startup ecosystem dropped from 16th in 2016 to 20th in 2022 (and 24th in 2021).<sup>42</sup> We also slipped from the top two decile in 2016<sup>43</sup> to the top four in 2021 for R&D and innovation in the Committee for Sydney's annual benchmarking report into 32 peer cities.<sup>44</sup>



Studies have identified issues affecting our innovation ecosystem. Among the top 20 global cities, Sydney's scores in knowledge commercialisation, entrepreneurial culture and public attitudes towards innovation are all below the Organisation for Economic Co-operation and Development (OECD) average.<sup>45</sup>

Lack of early-stage investment in local startups is another problem. Sydney's innovation ecosystem scores poorly in funding quality and activity due to the relatively low number of local experienced venture capital firms compared to other top ecosystems.<sup>46</sup>

While innovation clusters and precincts have started to emerge, they are low density compared to top-performing international peers. Commercial space in the city is expensive for startups, and there aren't enough alternatives, including coworking facilities.

The pandemic also meant many international students and talent were unable or unwilling to come to Australia due to travel restrictions or safety concerns. One study shows we lost around half of our international students during the pandemic.<sup>47</sup> Even if the fall in numbers is temporary, it will eventually translate into a gap in our talent pipeline.

Finally, we need more innovation across all sectors to boost economic productivity, which has stagnated. Over the last 10 years, most of the city's economic growth has been powered by population growth and capital investment. Productivity improvements only contributed a quarter of real GRP growth.<sup>48</sup>

NSW's annual productivity growth has been below 1% since 2003 and has continued to slow down.<sup>49</sup> Our data shows that average productivity per worker in the city has also slowed down, growing by only 9.9% in the last 10 years.<sup>50</sup> By comparison, for the same period in the US, it grew by 12.6%<sup>51</sup>, while in Singapore it rose by more than 30%.<sup>52</sup> If left unaddressed, low productivity growth will pose a material risk to our economy's long-term competitiveness and prosperity, and will continue to hinder wages growth.



Image: Visiting Entrepreneur Program 2022 launch event at The Grounds, South Eveleigh  
Photo: Cassandra Hannagan / City of Sydney

## Opportunities

Sydney has an established knowledge-based economy; a university sector that is strong in science, technology, engineering and mathematics (STEM); and business graduate programs that include entrepreneurship education. Our workforce is highly educated. We attract international talent and have longstanding global connections and close proximity to Asian markets.

Our tech startup ecosystem is maturing – more than 60% of Australia's tech startups are in the metropolitan area.<sup>53</sup> Our most successful startups include unicorns such as Atlassian and Canva, which continue to contribute to the ecosystem.

The NSW Government has begun developing the Tech Central innovation precinct, the largest technology and innovation hub in Australia. It will increase the density and improve the quality of Sydney's innovation ecosystem and elevate its reputation and attractiveness globally.

During the pandemic, innovation played a critical role in helping businesses withstand shocks. Local businesses have since become more willing to invest in it. As a result, adoption of new technology and digitalisation is accelerating, as is industrial modernisation.

Having an innovation economy will improve productivity as it improves efficiency, empowers workers with new technology and supports business decisions through better information. This will increase the city's competitiveness and desirability as an investment destination, which will grow output and jobs, and ensure our economy thrives in the long term.

---

## Recommendation – Things we can do

### Focus area – Development of Tech Central innovation precinct

Tech Central will transform the landscape of Sydney's innovation ecosystem. It will increase the density of the city's innovation economy by clustering and activating key assets already in the area. It will also raise the quality of the ecosystem through better digital infrastructure and stronger collaboration between researchers and entrepreneurs, startups and tech giants, and government and industries.

It has the potential to become Sydney's strongest drawcard for talent, researchers, investment, startups and scaleups, and global companies looking for an international location.

We have been involved with the project since its inception. We will continue to collaborate with NSW Government and other key stakeholders to develop and promote this innovation precinct.

We will continue to chair the Tech Central Alliance, which comprises the City of Sydney, the University of Sydney, University of Technology Sydney, NSW Health, Inner West Council and several other stakeholders. The Alliance enables collaboration, shares information and ensures that the organisations present in the precinct for many decades are central to its development.

In addition, we will:

- renew place strategies, review and amend planning controls in Tech Central areas to facilitate more commercial space, and deliver additional housing and jobs
- continue to improve walkability across the precinct and strengthen pedestrian links with other areas
- update existing and build new public domain developments, including Belmore Park and Central Square
- support digital infrastructure projects such as exploring the provision of free public wi-fi
- collaborate to develop the brand and identity of Tech Central and market it.

### **Focus area – Support for the local innovation ecosystem**

The City of Sydney will continue to provide strong support to other areas of our local innovation ecosystem. Sitting at its core is innovation culture, entrepreneurship and tech startup founders who turn new ideas and technology advancements into economic opportunities.

As part of this support, we will:

- promote awareness of our tech startup ecosystem and share success stories to encourage recognition, participation, career choice and investment
- continue to sponsor tech startup festivals, events and career fairs
- work with partners to build skills and encourage entrepreneurship in the community, especially among young people and female talent.

In addition, we will continue to implement our Tech Startups Action Plan.<sup>54</sup> Through grants, procurement, events and programs, we will partner with other government agencies and peak bodies to help founders stay connected and support them to access affordable space, investment and markets.

Knowledge sharing and collaboration will be another focus of our work. We will encourage and support collaboration between researchers and entrepreneurs, between startups and corporates, and between government and industries, to catalyse innovation.

Finally, it is vital to acknowledge that creative industries are an integral part of the innovation ecosystem. We will advocate to co-locate creative industries with other key assets in our innovation precincts. By doing so, they will spark creativity, attract talent and add value to the innovation economy.

### **Focus area – Global attraction**

We will position Sydney globally as an innovative city, and a safe and desirable destination for international students, talent, entrepreneurs, scalable businesses and investment.

Talent is vital to building an innovation economy. The World Economic Forum concluded that “talent, not capital, will be the key factor linking innovation, competitiveness and growth in the 21st century”.<sup>55</sup> Although the city has a highly educated and skilled labour force, we have gaps that must be filled by international talent. Such talent makes significant contributions to research, business innovation, productivity improvement, market expansion and industrial upgrading.

Sydney’s many business opportunities and great liveability make it Australia’s most attractive city for talent. But we can’t rest on our laurels. We slipped from 11th in 2020 to 29th in 2021 in the Global Cities Talent Competitiveness Index.<sup>56,57</sup> We will need to collaborate with Investment NSW and industry peak bodies to promote Sydney globally.

In addition to their invaluable economic contribution to Sydney’s education, tourism, personal services and other sectors, international students are also future talent for our innovation economy. We will continue to implement our International Education Action Plan<sup>58</sup> to make students feel welcome, improve their wellbeing and support their work-integrated learning.

Finally, promoting innovation and improving productivity will increase our appeal for foreign businesses and investors. Attracting them to Sydney will in turn accelerate our transition to a strong innovation economy. We will work with other governments and organisations to promote Sydney via marketing, business events and tailored programs.



## Actions to consider – Direction 2 – Build an innovation economy

Action #	Strategic action
<b>Focus area – Development of Tech Central innovation precinct</b>	
7	Collaborate to develop and promote Tech Central, increase the density of the innovation ecosystem, and strengthen collaboration to drive innovation and productivity gains.
<b>Focus area – Support for the local innovation ecosystem</b>	
8	Foster an innovation culture, promote entrepreneurship, support local tech startups, and encourage business innovation through events, capacity-building programs, grants and sponsorships.
9	Encourage data sharing and knowledge exchange. Strengthen and support collaboration to drive innovation.
10	Support creative industries to flourish and contribute to the knowledge economy, given their vital role in the innovation ecosystem.
<b>Focus area – Global attraction</b>	
11	Position Sydney globally as an innovative economy, and a safe and desirable destination for international students, talent, entrepreneurs, scalable businesses and investment.

---

## Discussion

- How do we best leverage Tech Central innovation precinct to accelerate the development of the city's innovation economy? How do we ensure that Tech Central complements and contributes to existing innovation clusters in Sydney?
- What support does our diverse community need to be empowered in an innovation economy?
- How do we best support First Nations peoples to bring their creativity and innovation skills to the economy?
- What support do creative industries need to be better integrated in the innovation ecosystem and grow in the city?



# Direction 3 – Strengthen our inclusive economy

---

## Strategic context

### **What do we mean by an inclusive economy?**

An inclusive economy provides opportunities for everyone, distributes the benefits of growth and wealth fairly, and considers the social and cultural impacts of economic activity. To do this, it addresses barriers to participation; ensures more equal access to spaces and resources; values different skills; and enables everyone to make an economic contribution through their skills, production and consumption.

It also takes responsibility for environmental, social and governance (ESG) outcomes and encourages diverse shared-value business models and structures. These include for-purpose organisations, social enterprises and entrepreneurs, B Corps (for-profit companies that voluntarily meet high standards for social and environmental performance) and mutuals.

An emerging economic model that builds and strengthens an inclusive economy is community wealth building.<sup>59</sup> Gaining popularity in Europe and the US, this people-centred approach redirects wealth back into the local economy and places control and benefits in the hands of local people.<sup>60</sup>

### **How does an inclusive economy contribute to economic resilience?**

Improving access to employment, income and opportunities helps build a solid economic base that can buffer members of the community from major economic shocks and stresses.

It also improves wellbeing. During the early stages of the pandemic and associated lockdowns, people experiencing economic disadvantage found it harder to stay safe, remain employed and maintain a decent standard of living. People on temporary or short-term contracts, temporary visa holders (such as international students), gig-economy workers and those already facing challenges entering the workforce all felt the effects.

Many essential workers enabled us to keep functioning but faced a greater risk of infection. They were mainly women working in nursing, aged care, teaching, early education and childcare. Women also undertook the majority of home care while facing greater risks of job and income loss.<sup>61</sup>

By supporting groups like these with equitable opportunities, stronger social security and fair wealth distribution, we are strengthening the robustness of our communities and, in turn, making the city's economy more resilient to endure economic adversity.

An inclusive economy encourages business and employee diversity. It promotes different business models, connections, job types and workforces made up of people from all genders and cultural backgrounds.



With a more diversified economy, the city will be able to spread the risk and confine the damage if there is a major economic shock. It will also mean more robust supply chains and strength from within when we need to prioritise local economic activities – strengthening our economic resilience.

---

## Why we need to act

### Challenges

Evidence shows income inequality has not improved over the past 10 years. Many groups still face significant barriers to sharing in the prosperity of our city. This was highlighted in the pandemic when many members of our community suffered disproportionately and unfairly. In most instances, people and businesses already experiencing inequalities were the most severely affected.

Our Community Wellbeing Indicators<sup>62</sup> and Equality Indicators<sup>63</sup> show those on low incomes also experience unequal access to jobs, education, health, housing and public participation. The most severe and extensive inequalities are seen among Aboriginal and Torres Strait Islander peoples, people with disability, women, non-citizens and members of LGBTIQ+ communities.

Disadvantage is also disproportionately increasing, while those with comparative advantages are disproportionately increasing their wealth.

Housing and other living costs continue to rise. Housing in our local area is among the most expensive in Sydney. We have lost lower- and middle-income households, which typically include key workers, such as hospitality workers, carers and aides, teachers, nurses, childcare workers and police. This makes our economy vulnerable to labour shortages in essential services.

Unaffordable working spaces affect the creative sector, startups and for-purpose businesses, undermining the city's economic prosperity and post-pandemic revitalisation. Creative industries underpin many of our city's successes by delivering vibrancy, activation and unique precincts. This helps attract talent and investment, but it is in jeopardy.

As the *Making Space for Culture in Sydney* report<sup>64</sup> highlighted, we lost more than 110,000 square metres of creative employment space and 2,000 creative workers from our local area in 2012–17. The pandemic is likely to have led to more losses. Traditionally, creatives accounted for our third-largest workforce but shrank to our fifth largest in 2012–17.

Not addressing uneven wealth distribution and unaffordable housing will compromise the city's prosperity. The challenges will compound and be the top barrier to long-term economic growth.



Image: A young girl on a computer at the Green Square Library opening, 2019  
Photo: Adam Hollingworth / City of Sydney

The pandemic has exacerbated barriers to employment and the availability of secure, well-paid jobs. Lack of inclusive employment practices, access to networks or connections, employment pathways, or secure or regular hours, all compound the issues faced by many in our community. Insecure work and unfair work conditions can leave people vulnerable – to unemployment, to poverty, and to wage theft or exploitation.

The digital divide is also becoming more evident. Not having access to technology, not being able to afford it and not having the digital skills to use it creates barriers for people to participate in economic life. This in turn reduces access to upskilling and digital learning opportunities.

At the same time, some businesses don't recognise or know how to benefit from the productivity, innovation and growth a diverse workforce with different skills can bring.

Access to childcare is vitally important. Australia's childcare costs are higher than elsewhere in the world.<sup>65</sup> We know childcare enables participation in the workforce, especially for women.

## Opportunities

An inclusive economy requires a mix of business types, sizes, industries and jobs. The City of Sydney can play a unique leadership role in creating the conditions that enable this mix – so that everyone can choose how fully they participate. We can also support alternative business designs, and we're exploring community wealth building as a model of economic development (see Community wealth building).

We can lead as an employer, directly creating job opportunities across our community, while demonstrating to others the value of diversity and how to create and support it.

The pandemic has exposed growing societal problems. In response, interest is growing in for-purpose business models that solve traditional business challenges and enable the development of a social impact ecosystem and more inclusive economy.

Social enterprises, for example, trade to intentionally tackle social problems, improve communities, provide people with jobs and training, or help the environment. Australia has more than 20,000 social enterprises, which account for up to 3% of GDP, and the social enterprise ecosystem is growing rapidly globally.<sup>66</sup>

Through our spaces and grants programs, we provide affordable spaces and access to digital tools and skills training.



Image: Gangari Storytime with Aunty Kathryn Dodd Farrawell, Lawn Library, Redfern Community Centre  
Photo: Katherine Griffiths / City of Sydney

In our local area, we have partner organisations with big purchasing power. They include hospitals, universities, local government, community partners and enterprises committed to the wellbeing of the local area. These are place-based and mission-driven. By working together, we can significantly improve inclusion in our local economy through our joint procurement purchasing power.

When these partner organisations collaborate and involve their supply chains, the effect is multiplied. Their collective expenditure and employment capacity can achieve positive economic, social and environmental outcomes for the local community.

### **Community wealth building**

This new model of economic development aims to create an inclusive, sustainable economy embedded in local and broadly held ownership. It generates wealth for a local area and its communities by growing the overall economy and retaining and sharing as much wealth as possible locally.

Success is achieved by local communities and major organisations working together. Local government often plays several roles, including leading by example, and facilitating and coordinating the efforts of other organisations.

Community wealth building is based on five principles:

1. A generative economy: diversifying the economy and including more for-purpose businesses.
2. Progressive procurement: maximising expenditure from major organisations, supporting jobs and businesses, and providing additional social, environmental and local benefits.
3. Employment: addressing employment issues in the local area.
4. Land and property: using assets held by key organisations as a platform for generating community wealth or benefits.
5. Finance: harnessing community capital and aligning it with environmental and social goals.

---

## **Recommendation – Things we can do**

### **Focus area – Equitable economic participation**

The City of Sydney will lead by example, showing our commitment to workforce diversity and inclusion. By implementing our related policies and practices, supporting workforce wellbeing, promoting gender equality, and providing apprenticeships, traineeships and broader employment opportunities for people who are disadvantaged, we can influence others to adopt similar policies.

We will also continue to:

- enable the connections, networks and pathways between different community groups and the business and not-for-profit sectors to support job opportunities
- promote economic prosperity for Aboriginal and Torres Strait Islander peoples in our local area through our Stretch Reconciliation Action Plan<sup>67</sup> and Eora Journey Economic Development Plan<sup>68</sup>
- broaden employment opportunities for people with disability through our Inclusion (Disability) Action Plan<sup>69</sup> and Resourcing Strategy<sup>70</sup>



- invest in upskilling our people to retain diverse employees
- provide digital literacy and upskilling opportunities, and training and mentoring programs through our Social Sustainability Policy and Action Plan, A City for All<sup>71</sup>
- encourage the business sector to support our diverse communities, including international students and culturally and linguistically diverse people
- collaborate with education providers, government and industry to increase the number of employment pathways that support the innovation economy and priority groups.

The City of Sydney monitors and responds to the community's need for childcare.<sup>72</sup> Since 2013, we have worked hard to increase the number of available childcare places. Supply is now meeting demand, and this trend is set to continue to 2036. We manage 10 children's services, including long-day care, preschool, occasional care, after-school care and vacation care. We also own 18 centres that we lease at reduced or no rent to not-for-profit childcare providers.

### **Focus area – Locally shared wealth**

During the pandemic, with closed borders and disrupted global supply chains, purchasing from local suppliers helped small businesses survive and kept some members of the local workforce in jobs. It also circulated wealth back to the local economy.

We want to encourage this trend to continue. We want local businesses that generate wealth in our area to reinvest and redistribute it by procuring goods and services locally.

The City of Sydney can also investigate procuring our goods and services in ways that break down barriers for organisations that struggle to access opportunities and funding.

We will also work with other organisations to amplify the impact of procurement. For instance, through their Reconciliation Action Plans, many organisations have enabled a range of Indigenous businesses to grow sustainably. If these organisations committed to procuring together, they could provide even more support.

Around the world, for-purpose businesses are emerging. These can be not for profit, social enterprises, Aboriginal-owned organisations, B Corps, mutual enterprises or cooperatives.

Social enterprises, for example, use market-based solutions to generate inclusive economic results. This 'shared value' approach differs to a purely charitable or profit-driven approach, using the best of both worlds to address local inequality and sustainability.

We can have a significant role in developing, enabling and building the capacity of the for-purpose ecosystem. We can use our procurement policies as a direct mechanism and provide support through our grants programs, including our Indigispace entrepreneurs program and FoodLab Sydney.

We have also awarded a grant to enable the establishment of the Social Enterprise Council of NSW & ACT, a new peak body for social enterprises in Sydney.

Other support we can provide includes access to collaboration and working spaces, awareness and activation campaigns, resources and capacity building.

### **Focus area – Access to affordable spaces**

With limited capacity and increasing pressure on existing work, living and creative spaces, we need to optimise space and increase its accessibility and affordability.

By 2036, more than 80% of people in the local area are expected to be living in apartments. With higher-density developments, it will be necessary to provide housing choices that meet different social and cultural needs. Additionally, the need for accessible and adaptable housing is expected to increase with the ageing population and with around 20% of Australians living with disability.<sup>73</sup>

Our city must offer a mix of housing, as we encourage our skilled workers to live close to their job, which will increase workforce participation. In addition, we must consider essential workers who need access to affordable housing in our local area.

We have set a target for 7.5% of housing to be affordable housing.<sup>74</sup> The City of Sydney will continue work on our Social Sustainability Policy and Action Plan<sup>75</sup> and our Housing for All: City of Sydney Local Housing Strategy as part of trying to achieve this.<sup>76</sup>

Additionally, we will:

- advocate to the state and federal governments to increase the amount of social, affordable and supported housing in our local area
- continue to offer city-owned land and property to not-for-profit housing providers
- optimise the use of all city-owned spaces
- collaborate with partners and influence planning proposals to offer affordable and accessible spaces
- use our libraries and community centres to improve access to affordable spaces for lifelong learning, social networking and cultural events
- continue to use our Accommodation Grants Program to provide spaces that encourage mixed business types and industries, including creative industries.

The supply of creative spaces is particularly important because the creative economy is essential for revitalising and adding vibrancy to our city. They create meaning, bring distinctiveness, activation and intrigue to our neighbourhoods. Creative spaces can include artist studios, workshops, rehearsal rooms and offices. They are key to attracting talent, global business and investment. They also generate direct employment in the creative industries.

We need a targeted, cross-government and private sector approach to increasing the supply of creative employment spaces. We will consider new property vehicles, including successful models established in London, San Francisco and Toronto, to ensure the supply of creative floor space. The City of Sydney will also explore recommendations of the *Making Space for Culture in Sydney* report.<sup>77</sup>

Under our Inclusion (Disability) Action Plan<sup>78</sup>, we will continue working with organisations that occupy our properties, to ensure they keep inclusion and equity principles at the forefront of their programs and services.

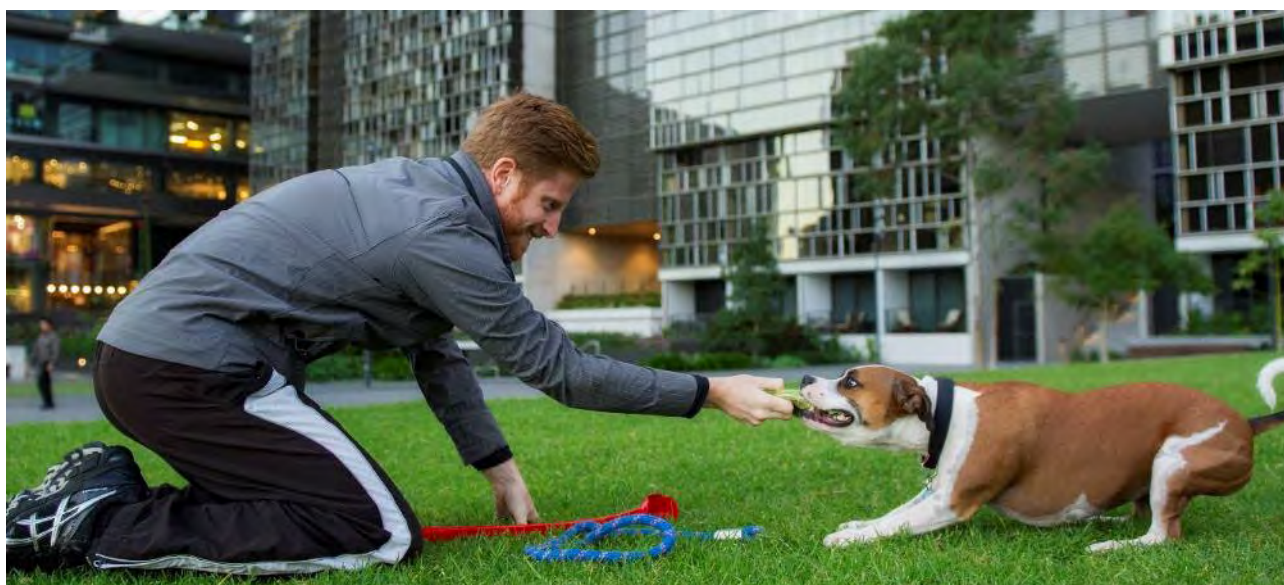


Image: Central Park, Broadway  
Photo: Adam Hollingworth / City of Sydney

## Actions to consider – Direction 3 – Strengthen our inclusive economy

Action #	Strategic action
<b>Focus area – Equitable economic participation</b>	
12	Research and understand the barriers to participation and invest in initiatives to remove those barriers. Support local businesses to create more diverse and inclusive workforces, which will lead to more equitable economic participation.
13	Facilitate access to economic opportunities for Aboriginal and Torres Strait Islander peoples and businesses through capacity-building programs, as well as procurement and employment opportunities.
14	Lead by example and collaborate with partner organisations to commit to decent wages, fair working conditions, local recruitment, and workplace diversity and inclusion policies to improve employment outcomes for all.
<b>Focus area – Locally shared wealth</b>	
15	Support for-purpose businesses, including social enterprises, cooperatives, mutuals and employee-owned enterprises to build a generative economy.
16	Establish our own progressive procurement policy. Work with partner organisations to develop similar policies to amplify the social, economic, cultural and environmental benefits.
<b>Focus area – Access to affordable space</b>	
17	Increase the supply of affordable and diverse housing to support workforce participation across the local area.
18	Work with stakeholders to optimise access to affordable spaces that enrich our cultural sector and support community needs.

## Discussion

- How do we best support the for-purpose ecosystem?
- What role can we play in enabling affordable spaces for living and working?
- What role can we play in removing, and supporting other organisations in removing, barriers to economic participation for members of disadvantaged groups?
- How can we support our diverse communities' economic self-determination and access to meaningful employment; for example, by providing affordable and accessible childcare?
- How can we best promote secure jobs and fair work conditions, especially for those in the gig economy?
- How do we encourage community wealth building with our partner organisations and community?

Image on next page: Summer Streets 2022, Redfern Street, Redfern  
Photo: Adam Hollingworth / City of Sydney





# Direction 4 – Revitalise our city centre

---

## Strategic context

### **What do we mean by revitalising our city centre?**

The city centre defines our city and has been the beating heart of our economy. It is a globally competitive and innovative city, highly regarded for its social and cultural life, liveability and natural environment. It is more than the CBD, expanding to cover a much larger geographic area – from The Rocks, Circular Quay, Central and Surry Hills to Camperdown and Pyrmont. It includes unique precincts such as Haymarket, Oxford Street and the Tech Central innovation precinct.

Our *Central Sydney Planning Strategy* is our 20-year vision to grow Central Sydney, attract investment, build economic productivity, and contribute to Sydney, NSW and the nation.

The strategy recognises Central Sydney's role in metropolitan Sydney, NSW and Australia, and the need to maintain and grow its status as a global city with a dynamic economy and high quality of life. It celebrates and promotes Central Sydney's many famous, loved and valued attributes. The strategy focuses the development environment on accommodating business needs while driving social infrastructure, public amenity and sustainable outcomes.

The pandemic is accelerating the city centre's long-term evolution as a place that attracts people, investment and activity. There is increasing focus on 21st century knowledge and innovation industries that rely on collaboration and bespoke workplaces; a wider range of cultural activities, experiences and recreation priorities that attract people; and being an inviting place of sunlit parks, heritage buildings and walkable streets.

Due to the pandemic, the number of workers and pedestrians declined dramatically, office vacancies increased<sup>79</sup>, and our hospitality, creative and retail sectors were hit hard. There have also been almost no international visitors or newly arriving international students.

While we are starting to see a steady increase in workers returning to the city, we need to meet the needs of workers, visitors, students and residents through innovative workplaces, great public space and inviting experiences – to ensure the city continues to be the powerhouse of our economy.

Revitalisation is also about offering recreation, dining, fashion, shopping and culture that meet the human desire to connect face to face – creating experiences that are better than staying at home.

Working together, we can reignite, revitalise and reimagine our city.

### **How will a revitalised city centre contribute to economic resilience?**

Australia's major cities generate around 80% of GDP, and our city centres are the engine room of this activity.<sup>80</sup>

Before the pandemic, nearly two-thirds of our residents worked in the city and around 50% of our local businesses were located in the city centre.



The City of Sydney local area is around 26 square kilometres, but our city centre is only about five square kilometres. Yet it is responsible for around 5% of Australia's economy, adding more than \$100 billion in GDP annually.

Given that the city centre floor space accounts for around half of the total internal floor space in our local area, we need to ensure we optimise its value.

We must also recognise its intangible value as a destination, not just for commercial activity but for tourism, business connection, retailing, hospitality and telling the rich cultural history of place. This is the collective value of bringing all parts together to drive visitor engagement and appreciation.

We need to look after our city centre. It plays an essential role in attracting businesses, workers and visitors to activate the local economy, making it a key element of our economic resilience.

City centres can experience the greatest impacts from adversity, so resilience is vital if there is a major economic shock. Resilience creates a strong foundation for a quick recovery. It gives businesses and investors confidence in the future. It also gives governments solid evidence of the importance of supporting programs and measures that protect the city.

Collectively, we can ensure we provide the right economic environment to build resilience by diversifying our mix of industries, business types, market connections, job types and workforce.

---

## Why we need to act

### Challenges

The competitive post-pandemic city will be the one that is most attractive to people, investment and ideas.

Office occupancy has risen from a low of 7% in January 2022 to 52% in July<sup>81</sup>, but it is uncertain if occupancy will return to pre-pandemic levels and, if it does, how long this might take. We must recognise the value to workers and employers of workplace flexibility and the hybrid working model. Evidence suggests that 70% of workers want flexible work to continue, and prefer office days from Tuesday to Thursday.

We will keep collecting data, collaborating with our city stakeholders and partners, to provide evidence, insights and analysis of how workers and workplaces are responding to this challenge, which is a global issue. This will allow us to put the best strategies forward to respond to the demand and supply of commercial office space and other places for collaboration, recreation, hospitality and new experiences.

The city centre is facing several challenges including:

- uncertainty around office occupancy and the flow-on effects for small businesses and provision of services for workers
- the investment needed to raise the standard of older building stock to make it competitive, and to attract more diverse businesses into the city centre
- limited investment in the 24-hour economy. We need our hospitality, creative and cultural, personal services, and retail sectors to be open for business.

Our workers also need an office to go to, at least for some of the week. Recent research conducted by EY Sweeney<sup>82</sup> on behalf of the 24-Hour Economy Commissioner suggests that many young people in the early stages of their careers have not had those incidental networking, mentoring and coaching opportunities the office environment provides. In fact, all workers have been affected by the lack of physical networking opportunities during the pandemic. It has stifled opportunities for promotion and movement.



Finally, the city needs high-capacity, rapid and frequent public transport to the rest of metropolitan Sydney. This transport must be affordable, safe, reliable and accessible to support the 24-hour economy. To ensure safe travel around the city at night, there must be links between public transport, on-demand services and active modes of transport – such as cycling and walking.

## Opportunities

There is still much uncertainty about how many workers and visitors will return to the city. We will continue to collect and share data and insights into this with our local stakeholders. Collectively, we are all responsible for working towards providing the right conditions for growth, including by delivering great experiences in our city.

Commercial landlords have a clear opportunity to diversify their tenant base. For example, some smaller and medium-sized industries want to move to our city centre, potentially filling some of the gap left by large anchor tenants leaving. This will lead to greater diversity and more activity in the medium to longer term, strengthening the resilience of the city.

We have an opportunity to encourage property developers and investors to consider innovative building designs that create an ‘experience’ that can’t be found at home. New buildings should motivate people to visit the city for work or play. We need developers to think about how basements are used and accessed. They need to consider the ground, first and even second floors – what opportunities are available to engage with visitors and workers?

As the innovation ecosystem grows across the city centre, including Tech Central, people will have a strong desire to come together to collaborate, share knowledge and meet in person. Many tech companies that had enabled a work-from-anywhere culture are now expanding their office space across the city centre to ensure they can meet the needs of their workers and provide well ventilated, smart office space to drive that collaboration.

For vibrancy to flourish in our city, we need to create distinctive precincts and places with high-quality amenities to support people to live, work and play. These precincts need appropriate infrastructure and services, and capacity for innovative businesses to cluster and grow. These places must also provide greater experiences for all to enjoy.

We can also enhance workplaces and strengthen our cultural capital through partnerships that produce public art, pop-up installations, performances and festivals. We can create curated spaces that spark innovation and creativity, drive footfall and spend, and enrich the visitor experience.

Recent research by EY<sup>83</sup> explored what people want from their city. It found that 86% want more green, open public space; 77% want more precincts for creativity, arts and expression; and 75% want more flexible work and return-to-office choice.

People also said they wanted a variety of experiences from their city centre and that cities should focus on being ‘central experience districts’<sup>84</sup> – this term is now widely accepted and acknowledged by city stakeholders, place makers and all levels of government.

Reinventing the city centre offers opportunities to look at how we can address multiple issues, including climate change and economic recovery.

The lifestyle and liveability of a city play crucial roles in attracting the best global talent. We will focus on providing more opportunities to incentivise people to come back to the city centre and enjoy new things. We will continue to drive the alfresco outdoor dining program, work closely with the 24-Hour Economy Commissioner on initiatives such as the CBD Revitalisation Program, and promote our own precinct activation grants program to encourage precinct development across the city.

The City of Sydney visitor services will have a key role in reactivating the city centre by supporting the experiences of visitors. Our volunteer Destination Ambassadors will welcome visitors, share their knowledge of the city and surrounds, provide information about what’s on, and help with wayfinding and general city information.

We can also make travel a more integrated part of the 24-hour experience, enhancing rather than detracting from a night out. We can aim to create more enjoyable, inspiring and even entertaining environments and precincts along commuter pathways at night.



Image: Summer Streets 2022, Stanley Street, Darlinghurst  
Photo: Katherine Griffiths / City of Sydney

---

## Recommendation – Things we can do

### **Focus area – Continue to implement the Central Sydney Planning Strategy**

Planning for development in Central Sydney means planning for Sydney's ongoing competitiveness, appeal and resilience. The area plays a vital role in the continued growth and success of wider Sydney and the national economies.

Through its 10 key moves, the strategy balances opportunities for development to meet the demands and changing needs of growing numbers of workers, residents and visitors. It includes provisions for affordable housing, community facilities, open space and the essential services that will help these populations thrive.

It also includes opportunities for more height and density in the right locations, balanced with environmental sustainability initiatives, and sets criteria for excellence in urban design.

We will continue to work with industry and make changes to planning controls that are consistent with the strategy. World-leading projects will create the space to attract the innovation businesses of the post-pandemic world, supported by the infrastructure and experiences that workers, visitors and residents desire.

### **Focus area – Support local business to continue to recover**

Many key sectors, including tourism, retail, hospitality, international education, personal services, the creative and cultural sector, and entertainment and night-time economy, were decimated by the pandemic and are still struggling.

Our role is to help local businesses to fully recover as quickly as possible. We will continue to support and encourage them to innovate and adapt to the changing environment by providing capacity-building and skills development programs such as Reboot (our digital skills for startups and small business program) and Charge Up Challenge (our business innovation and digital transformation program).

We will continue to work with the NSW Government and other local authorities to review planning reforms, particularly to support nightlife, entertainment and cultural enterprises. In partnership with the government, we will continue to streamline our regulatory and compliance processes. We need to create more flexibility to support experimentation and improve access to space and activation.

This won't happen alone. We need public and private spaces to be viewed as places for creativity and entertainment, as well as drivers of economic output and productivity.

We recently streamlined the process for businesses to provide outdoor dining on footpaths and reclaimed car spaces. So far, more than 400 businesses have increased the space they use for outdoor dining and/or live entertainment. We will continue to work with all partners on this red tape reform. We are also making it easier to activate laneways, modify and amend late-night trading, increase live music and extend trading for cultural institutions.

We need to make sure that we have well-planned and adequate commercial floor space in the city to comfortably accommodate business and jobs growth. Underused office spaces can be optimised in the short term through alternative usage. In the longer term, we must plan to unlock capacity for new commercial floor space to support the growth of new functions, such as retail spaces that deliver experiences.

The City of Sydney also needs to monitor the desire of businesses to offer open collaboration spaces that can bring workers together to share, exchange ideas and work.

### **Focus area – Create better spaces and places**

We will continue to upgrade public domains to create more opportunities for connection, vibrancy, green spaces and access for active transport.

The City of Sydney will look for opportunities to increase pedestrianisation of main streets and create more parks and town squares, in line with our long-term vision. These improvements will add vibrancy to our city centre and assist with its revitalisation.

We will also provide green avenues with more tree cover and plantings. The pandemic has shown the importance of having public spaces in the heart of our city that give solace as well as space for people to meet, dine outdoors and move around comfortably.

To remain competitive and attractive as a city, we must maintain high levels of amenity and protect the diversity and renowned character of our many unique precincts. We need to ensure they are authentic representations of Sydney's histories, stories and cultural diversity. Our cultural and creative precinct place strategy for Oxford Street is an example of this authenticity. The initiatives, activations and planning reforms that are part of this strategy have the support of the local LGBTIQA+ communities.

We can also encourage late night and entertainment precincts to support the night-time economy. The City of Sydney can do this by encouraging the NSW Government to reform trading hours and safety measures, and consider changes to the public transport timetables to meet the needs of the 24-hour economy.

Other unique precincts include the exciting small bar district of YCK (York, Clarence and Kent streets), Tech Central and Chinatown.

### **Focus area – Activate and promote places and precincts**

We have an opportunity to strengthen Sydney's identity locally and internationally by including our communities and sharing stories to show the diversity of our city. We need to actively share Sydney's Eora history and living culture alongside our modern history. We must engage our Aboriginal and Torres Strait Islander communities to share their stories and encourage our visitors and residents to connect with Country to listen, learn and heal.

By collaborating with Aboriginal communities, curators, artists and other knowledge holders, we will continue to develop new projects. We are planning seven public art projects through one program



– Eora Journey: Recognition in the public domain. These will recognise the living cultures of Aboriginal peoples and reflect the natural systems that have shaped and continue to shape Aboriginal cultural practices.

Sydney’s visitor services will play a key role in reactivating our city centre. Our Destination Ambassadors will be on the ground to provide information to the millions of international visitors we hope to welcome back. They will share tips and advice about the inspiring and unique experiences our city offers, including our exciting program of major events, festivals and sporting activities. These ambassadors enhance our reputation as a welcoming, culturally vibrant and diverse city.

We play a key role in facilitating access to public domains and other spaces for creative events and activations. We will continue to invest in year-round festivals, major events and business conferences to support the 24-hour economy and help grow our central experience districts.

We recently approved \$3 million in grants under our new precinct activation grants program. The program is funding collaborations between neighbouring businesses and creatives to revitalise the city centre and villages, and activate new micro-precincts.

The YCK Laneways festival will continue and we will start to see:

- new events and activations in Haymarket and Chinatown, Darlinghurst and Surry Hills
- monthly growers and producers’ markets, including art and music events, at Quay Quarter
- events across Haymarket, Chippendale, Surry Hills and Broadway hosted by Tech Central
- events hosted by the Walsh Bay Arts Precinct.



Image: Summer Streets 2022, Glebe Point Road, Glebe  
Photo: Katherine Griffiths / City of Sydney

#### **Actions to consider – Direction 4 – Revitalise our city centre**

Action #	Strategic action
<b>Focus area – Continue to implement the Central Sydney Planning Strategy</b>	
19	Assess and determine planning proposals to unlock development opportunities consistent with the <i>Central Sydney Planning Strategy</i> .
20	Work with the NSW Government to ensure state significant precincts and development deliver on the vision for Central Sydney.

Action #	Strategic action
21	Continue to implement the 10 key moves and actions of the <i>Central Sydney Planning Strategy</i> .

#### Focus area – Support local businesses to continue to recover

22	Continue to collect data and monitor how people are using the city centre. Share the data and insights with our local community.
23	Support our local businesses to recover from the pandemic, and enable them to innovate and build capacity and skills to adapt, grow and support the revitalisation of our city centre.
24	Deliver red tape reforms to streamline planning and regulatory processes that enable better use of spaces – in the public domain and privately – for activations, experimentation and experiences.
25	Investigate how we might activate underused existing office space and unlock capacity for new commercial floor space to accommodate a diverse range of businesses.

#### Focus area – Create better spaces and places

26	Upgrade public domains and services with creative, green and high-quality amenities and good governance, to support residents, workers, students and visitors, and drive the revitalisation of the city centre.
27	Improve walkability and further support active transport and cycling to strengthen connectivity within the city. Advocate for high-frequency, reliable and safe transport options to meet the 24-hour economy.
28	Identify and support the development of unique precincts with distinct identities, including entertainment, cultural and innovation precincts.

#### Focus area – Activate and promote places and precincts

29	Support the visitor economy through promoting and developing Sydney's unique character and experiences, highlighting Aboriginal and Torres Strait Islander stories and tourism infrastructure to deepen the visitor experience.
30	Continue to invest in, support and promote local festivals and major events that attract local, interstate and global audiences to contribute to Sydney's vibrancy and revitalisation.
31	Deliver a marketing and communications strategy to reach local and global audiences, promoting our city as a great place to live, work and visit.
32	Activate local precincts by investing in year-round creative programming and collaborative precinct marketing aligned with the NSW Government's 24-hour Economy Strategy.

## Discussion

- What is the role of the city centre in Greater Sydney in the future?
- To what extent will flexible work arrangements change the demand for office floor space in the city centre over the long term?
- How will underused commercial space be activated and what support is needed?
- What needs to be done to supercharge the 24-hour economy in the city?
- What are the unique stories (for example, First Nations stories) and experiences that attract visitors, given the competition from other city centres and changing consumer behaviours?



Image: Sydney Lunar New Year 2020, Dixon Street, Haymarket  
Photo: Jessica Lindsay / City of Sydney



# References

---

- <sup>1</sup> City of Sydney, Internal analysis and estimate, 2022.
- <sup>2</sup> Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0), figures for 2019, 2022. Available: <https://www.abs.gov.au/statistics/people/population/regional-population/latest-release>.
- <sup>3</sup> City of Sydney, Internal analysis and estimate for 2019, 2022.
- <sup>4</sup> City of Sydney, *The Sydney Equality Indicators Framework: Measures for a just city*, 2020. Available: <https://www.cityofsydney.nsw.gov.au/strategies-action-plans/social-sustainability-policy-action-plan>.
- <sup>5</sup> City of Sydney, *Community Recovery Plan*, 2021. Available: <https://www.cityofsydney.nsw.gov.au/strategies-action-plans/recovery-plan>.
- <sup>6</sup> City of Sydney, Internal finance audit.
- <sup>7</sup> City of Sydney, Internal analysis and estimate, 2022.
- <sup>8</sup> City of Sydney, Internal analysis and estimate, 2022; National Institute of Economic and Industry Research & Economy.id, 'City of Sydney economic profile', 2022; City of Sydney, Floor Space and Employment Survey, 2017.
- <sup>9</sup> National Institute of Economic and Industry Research & Economy.id, 'City of Sydney economic profile', 2022. Available: <https://economy.id.com.au/sydney>.
- <sup>10</sup> National Institute of Economic and Industry Research & Economy.id, 'City of Sydney economic profile', 2022. Available: <https://economy.id.com.au/sydney>.
- <sup>11</sup> City of Sydney, Floor Space and Employment Survey, 2017. Available: <https://www.cityofsydney.nsw.gov.au/surveys-case-studies-reports/floor-space-employment-survey-2017>.
- <sup>12</sup> City of Sydney, *Impact of International Education in our local area research study (internal report)*, 2019.
- <sup>13</sup> Dept of Education, Skills and Employment, 'International student enrolment and commencement data by ABS SA4', 2022. Available: <https://www.dese.gov.au/international-education-data-and-research/international-student-enrolment-and-commencement-data-abs-sa4>.
- <sup>14</sup> National Institute of Economic and Industry Research & Economy.id, 'City of Sydney economic profile', 2022. Available: <https://economy.id.com.au/sydney>.
- <sup>15</sup> City of Sydney, Internal analysis and estimate, 2022.
- <sup>16</sup> City of Sydney, Automated hourly pedestrian counts, 2022. Available: <https://experience.arcgis.com/experience/a0abf612051a4cc79918e6ce5ee7295b>.
- <sup>17</sup> Property Council of Australia, CBD office occupancy monthly survey, 2022. Available: [https://www.propertycouncil.com.au/Web/Content/Media\\_Release/NSW/2022/Latest\\_Sydney\\_occupancy\\_data\\_demonstrates\\_CBD\\_in\\_need\\_of\\_further\\_investment.aspx](https://www.propertycouncil.com.au/Web/Content/Media_Release/NSW/2022/Latest_Sydney_occupancy_data_demonstrates_CBD_in_need_of_further_investment.aspx).
- <sup>18</sup> Geografia, Spendmapp 'City of Sydney Community Profile', 2022.
- <sup>19</sup> City of Sydney, *Community Recovery Plan*, 2021. Available: <https://www.cityofsydney.nsw.gov.au/strategies-action-plans/recovery-plan>.
- <sup>20</sup> Roy Morgan, 'Roy Morgan Business Confidence 2010-2022', 2022.
- <sup>21</sup> Property Council of Australia, CBD office occupancy monthly survey, 2022. Available: [https://www.propertycouncil.com.au/Web/Content/Media\\_Release/NSW/2022/Sydney\\_s\\_office\\_occupancy\\_rate\\_remains\\_above\\_50\\_per\\_cent\\_despite\\_tough\\_conditions.aspx](https://www.propertycouncil.com.au/Web/Content/Media_Release/NSW/2022/Sydney_s_office_occupancy_rate_remains_above_50_per_cent_despite_tough_conditions.aspx).
- <sup>22</sup> National Institute of Economic and Industry Research & Economy.id, 'City of Sydney economic profile', 2022. Available: <https://economy.id.com.au/sydney>.
- <sup>23</sup> Startup Genome, *The Global Startup Ecosystem Report GSER 2021*, 2021. Available: <https://startupgenome.com/report/gser2021>.
- <sup>24</sup> Startup Blink, Ecosystem rankings, 2022. Available: <https://www.startupblink.com>.
- <sup>25</sup> Committee for Sydney, *Benchmarking Sydney's Performance 2021*, 2021. Available: <https://sydney.org.au/policy-library/benchmarking-sydneys-performance-2021>.
- <sup>26</sup> City of Sydney, Internal analysis and estimate, 2022.
- <sup>27</sup> National Institute of Economic and Industry Research & Economy.id, 'City of Sydney economic profile', 2022. Available: <https://economy.id.com.au/sydney>.
- <sup>28</sup> National Institute of Economic and Industry Research & Economy.id, 'City of Sydney economic profile', 2022. Available: <https://economy.id.com.au/sydney>.
- <sup>29</sup> US Economic Development Administration, *Comprehensive Economic Development Strategy*, Available: <https://www.eda.gov/ceds/content/economic-resilience.htm>.
- <sup>30</sup> National Institute of Economic and Industry Research & Economy.id, 'City of Sydney economic profile', 2022. Available: <https://economy.id.com.au/sydney>.
- <sup>31</sup> City of Sydney, *Green Economy Study: Building a strong green and circular economy for Sydney*, 2019. Available: <https://www.cityofsydney.nsw.gov.au/surveys-case-studies-reports/green-economy-study>.
- <sup>32</sup> Circular Australia, 'What is the circular economy?', 2022. Available: <https://circularaustralia.com.au>.
- <sup>33</sup> Ellen MacArthur Foundation, 'What is a circular economy?', 2022. Available: <https://ellenmacarthurfoundation.org/topics/circular-economy-introduction/overview>.
- <sup>34</sup> Department of Industry, Science and Resources, 'Australia submits new emissions target to UNFCCC', 2022. Available: <https://www.industry.gov.au/news/australia-submits-new-emissions-target-to-unfccc>.

- 60

<sup>73</sup> City of Sydney, *Inclusion (Disability) Action Plan (2021–2025)*, 2021. Available: <https://www.cityofsydney.nsw.gov.au/strategies-action-plans/inclusion-disability-action-plan>.

<sup>74</sup> City of Sydney, *Sustainable Sydney 2030–2050: Continuing the Vision*, 2022. Available: <https://www.cityofsydney.nsw.gov.au/sustainable-sydney-2030-2050>.

<sup>75</sup> City of Sydney, *A City for All: Towards a socially just and resilient Sydney, Social Sustainability Policy and Action Plan 2018–2028*, 2018. Available: <https://www.cityofsydney.nsw.gov.au/strategies-action-plans/social-sustainability-policy-action-plan>.

<sup>76</sup> City of Sydney, *Housing for All: City of Sydney Local Housing Strategy*, 2020. Available: <https://www.cityofsydney.nsw.gov.au/strategic-land-use-plans/local-housing-strategy>.

<sup>77</sup> City of Sydney, *Making Space for Culture in Sydney: Cultural Infrastructure Study*, 2020. Available: [https://www.cityofsydney.nsw.gov.au/-/media/corporate/files/2020-07-migrated/files\\_m/making-space-for-culture-in-sydney-cultural-infrastructure-study.pdf?download=true](https://www.cityofsydney.nsw.gov.au/-/media/corporate/files/2020-07-migrated/files_m/making-space-for-culture-in-sydney-cultural-infrastructure-study.pdf?download=true).

<sup>78</sup> City of Sydney, *Inclusion (Disability) Action Plan (2021–2025)*, 2021. Available: <https://www.cityofsydney.nsw.gov.au/strategies-action-plans/inclusion-disability-action-plan>.

<sup>79</sup> Property Council of Australia, Office occupancy data, 2022. Available: [https://www.propertycouncil.com.au/Web/Content/Media\\_Release/NSW/2022/Latest\\_Sydney\\_occupancy\\_data\\_demonstrates\\_CBD\\_in\\_need\\_of\\_further\\_investment.aspx](https://www.propertycouncil.com.au/Web/Content/Media_Release/NSW/2022/Latest_Sydney_occupancy_data_demonstrates_CBD_in_need_of_further_investment.aspx).

<sup>80</sup> Gratten Institute, *Mapping Australia's economy: Cities as engines of prosperity*, 2014. Available: <https://grattan.edu.au/wp-content/uploads/2014/07/814-mapping-australia-economy.pdf>.

<sup>81</sup> Property Council of Australia, CBD office occupancy monthly survey, 2022. Available: [https://www.propertycouncil.com.au/Web/Content/Media\\_Release/NSW/2022/Sydney\\_s\\_office\\_occupancy\\_rate\\_remains\\_above\\_50\\_per\\_cent\\_despite\\_tough\\_conditions.aspx](https://www.propertycouncil.com.au/Web/Content/Media_Release/NSW/2022/Sydney_s_office_occupancy_rate_remains_above_50_per_cent_despite_tough_conditions.aspx).

<sup>82</sup> EY and Property Council of Australia, *Reimagining our economic powerhouses: How to turn CBDs into central experience districts*, March 2021. Available: [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_au/pdfs/ey-reimagining-our-economic-powerhouses-v3.pdf?download](https://assets.ey.com/content/dam/ey-sites/ey-com/en_au/pdfs/ey-reimagining-our-economic-powerhouses-v3.pdf?download).

<sup>83</sup> EY and Property Council of Australia, *Reimagining our economic powerhouses: How to turn CBDs into central experience districts*, March 2021. Available: [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_au/pdfs/ey-reimagining-our-economic-powerhouses-v3.pdf?download](https://assets.ey.com/content/dam/ey-sites/ey-com/en_au/pdfs/ey-reimagining-our-economic-powerhouses-v3.pdf?download).

<sup>84</sup> EY and Property Council of Australia, *Reimagining our economic powerhouses: How to turn CBDs into central experience districts*, March 2021. Available: [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_au/pdfs/ey-reimagining-our-economic-powerhouses-v3.pdf?download](https://assets.ey.com/content/dam/ey-sites/ey-com/en_au/pdfs/ey-reimagining-our-economic-powerhouses-v3.pdf?download).