

Economic strategy discussion paper

summary document

Building a strong and resilient economy



Why a new strategy



Our important role

Sydney is home to Australia's largest local economy and also the country's global gateway. It 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 (the **City**) is responsible for strengthening our local economy through strategically targeted economic development. 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.



New economic conditions

The city's economy achieved strong growth over the past decade, but it has been disrupted by Covid-19 pandemic. Our economy has started to recover, but many key sectors across the visitor economy are still struggling.

Many economic problems were exposed and amplified during the pandemic, including barriers to participation and inequality, unaffordable space, lack of economic diversity, environmental damages, insecure jobs, skill and labour shortage and more.

There have also been many structural changes to the economy triggered or accelerated by the pandemic including; online shopping and delivery services being in high demand; the growth of the gig and sometimes insecure economy; and working from home is likely to stay. The city centre needs must offer new purposes and unique experiences to attract visitors back and the need for economic resilience is imperative.

We need a new strategy to understand and embrace the economic new normal. It will support impacted local businesses to recover, address economic problems, and strategically guide the city's economy to be future ready, prosperous, desirable for all and resilient.



Sustainable Sydney 2030-2050

The City recently adopted its new community strategic plan, delivering Sustainable Sydney 2030–2050, which sets a long-term plan for a more sustainable, equitable and resilient city. This plan sets a long-term vision for the city's economy to be a transformed and innovative economy.

We need a new economic development strategy that aligns strongly with the new community strategic plan, guides our work in the short-to-medium term, and sets our economy on the path of achieving the long-term vision of this plan.

Economic context

Strong 10-year growth prior to the pandemic (2009 - 2019)



GRP
65.2%

\$138.8B



of Business
23.9%

24,247



Local jobs
28.5%

519K



Residents
29.5%

229K

NSW

22.1%
NSW GSP



7%
Australian
GDP



Imported
goods &
services
\$39
billion



Exported
goods &
services
\$135
billion

In 2019 (pre-pandemic)

Economic impacts of the pandemic

- Australia's 1st recession in nearly 30 years
- The city's GRP shrunk by \$6.8 billion or 4.9%, with 4.2% of jobs lost in 2021
- The lockdown in 2021 cost the economy \$250 million per week across the duration of the pandemic, totalling 6% of quarterly GRP. During the lockdown, visitation to the city fell by over 80%, office occupancy rate fell to 4% of the pre-pandemic level
- Sectors in the visitor economy were decimated and are still struggling to recover

Green shoots of recovery

- The city's economy is out of recession
- International students and visitors are gradually returning
- Many businesses have adapted with e-commerce, flexible working arrangement, and other innovative practice
- Business and consumer confidence recovered quickly

Why a discussion paper

Economic uncertainties

Our economy is still facing great uncertainties in this rapidly changing environment. We would like to collect more data while waiting to see how the various risk factors evolve and settle over the next few months before finalising the economic development strategy in FY23/24.



The impacts of Covid-19 **pandemic** still linger. There could be new variants or even a different pandemic in the future.



When will high **inflation** be controlled? How will the rising interest rates affect our local economy?



Working from home becomes a permanent shift. Will **city users** return to the pre-pandemic level? And how?



Will **global political tensions** deescalate? How will it affect our international trade, supply chains and other economic activities?



The 2021 Census data shows a decline in the city's usual resident **population**. Will immigrants continue to come to Sydney? What will our population growth and demographics look like in the future?



There are signs of **global economic slowdown**. Will some major economies enter recession? How will it impact our local economy?

We need your help

We need your help to better understand the challenges and opportunities different groups, including businesses, workers, entrepreneurs, investors, consumers, students, residents, visitors and other participants in our economy, face this new economic environment. We would like to hear from you on how we can best provide support to help the city's economy recover, get ready for the future, be more resilient and become desirable for all.

1. Read our work

Please read this short summary of the economic strategy discussion paper to see the high-level economic context, our vision and the four strategic directions. You can find more detailed information and in-depth discussion in the draft [economic strategy discussion paper](#) and the accompanying [case studies](#).

2. Join the [online information session](#)

We welcome you to join the online session with our economic strategy team at 12pm – 1pm on Monday 21 November. This session includes a short presentation of the discussion paper, an opportunity to ask questions and provide feedback.

Our next steps

Data and evidence collection

We will continue to collect more data and build a strong evidence base to finalise the economic development strategy. Some of the incoming data includes:



Further release of the 2021 Census data



Community wellbeing indicators



2022 business needs survey



The state of the city economy dashboard



2022 floorspace and employment survey

Project timeline



Public exhibition

The discussion paper is open to the public for feedback through Sydney Your Say

- Open till December 2022



Advisory panel

[The Business, Economic Development & Covid-19 Recovery advisory panel](#) was established for continuous engagement with the business community

- Meeting in Nov 2022



Final strategy

The discussion paper will be shaped into the City's next Economic Development Strategy

- Delivery in FY 23/24

How you can help

3. Provide your feedback

We strongly encourage you to provide feedback on the discussion paper to help shape it into the City's next economic development strategy.

The easiest way is to take a [short survey](#) on [Sydney Your Say](#).

Alternatively, you can email your feedback to sydneyyoursay@cityofsydney.nsw.gov.au

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.



How the four strategic directions work together to strengthen economic resilience



Transitioning to a green and circular economy addresses the tension between environment protection and economic development, making growth sustainable in the long term. The circular economy model lowers our dependence on raw materials, offsetting risks from supply chain disruptions.

Directing investment into sustainable portfolios, our finance sector can de-risk from losing its attraction to environmentally responsible investors.



Building an innovation economy will prepare our economy for disruptions led by technology advancements. It will make the city more productive and competitive, keeping Sydney attractive to international investment and talent.

Innovation also provides solutions to challenges in the rapidly changing environment and can even turn adversities into opportunities.



Strengthening our inclusive economy empowers our diverse communities and supports those facing barriers. It in turn will strengthen our community resilience, which is an important pillar to ensure our long term economic resilience.

An inclusive economy encourages business and employee diversity while supporting local suppliers. It means more robust supply chains and spreading of risk through economic diversity.



Revitalising our city centre keeps the city attractive, giving business and investors confidence. It also ensures that our most valuable assets can continue to achieve their full potential.

Our city centre can experience the greatest impacts from major economic shocks. Keeping it revitalised and attractive is crucial to a quick recovery.

The four strategic directions are based on our extensive research, economic data analysis and feedback from stakeholders in our community. They are equally important and are interconnected with each other. Building economic resilience requires our efforts across all the four areas.

In addition, there are two cross-cutting themes:

- **Conduct risk assessment & preparation**
- **Encourage economic diversification**

Direction 1 – Transition to a green and circular economy

We want 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.

Challenges

- Tension between economic growth and the protection of environment
- Climate emergency declared by the City in 2019
- Australia has a poor reputation with heavy investment in non-green sectors. A risk of losing investment as investors globally become more environmentally responsible and look for sustainable portfolios.

Opportunities

- Fastest growing - green-economy sector - in the city – the number of green jobs has been growing twice as fast as overall jobs in the city
- Great potential of job creation and economic value generation
- Comparative advantages in key green sectors
- Commitment to Net Zero targets by Australian and NSW Government – financial support & favourable policies
- Potential to establish Australia's sustainable finance centre and carbon service hub in the city

Discussion questions

- 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?

Focus area for action



Leadership & commitment

Showcase best practice in our own operations to demonstrate leadership in a green and circular economy. Use our procurement power to stimulate key sectors in the green and circular economy.



Education & knowledge sharing

Monitor the green and circular economy in the city. Raise awareness of available green and circular options and their benefits. Facilitate knowledge sharing and collaboration across our community and stakeholders



Support for key sectors

Promote and support key green sectors in our local economy, including the greening of the built environment, green transport, renewable energy, the circular economy and sustainable finance. Encourage innovation and commercialisation of research that contribute to the green and circular economy.



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



Challenges

- Sydney's innovation ecosystem is falling behind international peers – slipping places in various global rankings in recent years
- Lack of early-stage investment in local startups
- Slow productivity improvement - below 1% since 2003
- Expensive commercial space for startups
- Talent and skill shortage – exacerbated by border closure during the pandemic

Opportunities

- Established knowledge-based economy
- Maturing tech startups ecosystem
- World-class education providers and research institutes
- Highly-educated workforce
- Strong global connections for knowledge sharing and market access
- Attraction to international talent
- Tech Central innovation precinct
- Businesses are willing to adopt new technology and invest in innovation

Focus area for action



Development of Tech Central innovation precinct

Collaborate to develop and promote Tech Central innovation precinct, increase the density of the innovation ecosystem, and strengthen collaboration to drive innovation and productivity gains.



Support for the local innovation ecosystem

Foster an innovation culture, promote entrepreneurship, support local tech startups, and encourage business innovation. Support existing innovation clusters to benefit from and complement to the development of Tech Central..



Global attraction

Position Sydney globally as an innovative economy, and a safe and desirable destination for international students, talent, entrepreneurs, scalable businesses and investment.

Discussion questions

- 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 experience, cultural and innovation skills to the innovation economy?
- What support does the **creative industries** need to better integrate into the innovation ecosystem and prosper in the city?

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.

Challenges

- Inequality in our economy has not improved over the past decade
- Unaffordable housing costs for many community groups
- Expensive working space prices-out many key industry businesses
- Barriers to economic participation, including digital divide, childcare costs, discrimination, and lack of education and upskilling opportunities.
- Insecure jobs and unfair working conditions for many workers, including those in the gig economy
- The pandemic has impacted the vulnerable groups disproportionately

Opportunities

- Rising awareness of inequality issues and willingness to address them by government, partner organisations and for-purpose businesses
- Growing interest in for-purpose business models that enable the development of a social impact ecosystem and more inclusive economy
- The introduction of Community Wealth Building, a new economic development model that promotes plural ownership of the economy and aims to circulate the locally generated wealth back to the community

Discussion questions

- How do we best support the **for-purpose ecosystem**?
- What role can we play in enabling **affordable spaces** for living, learning and working?
- What role can we play in supporting other organisations in **removing barriers** to economic participation for members of disadvantaged groups?
- 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??

Focus area for action



Equitable economic participation

Research and understand the barriers to economic participation and invest in initiatives to remove them. Lead by example and advocated for decent wages, fair working conditions, local recruitment, and workplace diversity and inclusion policies to improve employment outcomes for all.



Locally shared wealth

Support for-purpose businesses, including social enterprises, cooperatives, mutuals and employee-owned enterprises.

Work with partner organisations to use combined purchasing power to bring social, economic, cultural and environmental benefits to the local community.



Access to affordable space

Increase the supply of affordable and diverse housing to support workforce participation across the local area.

Work with stakeholders to optimise access to affordable spaces that enrich our cultural sector and support community needs..



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.

Challenges

- Office occupancy has not yet recovered post pandemic – our city relies on business and worker density
- What is the future use of commercial office space particularly older building stock?
- Limited investment in the 24-hour economy
- Lack of affordable, safe, reliable and accessible public transport
- Slow return of city workers, international visitors and students

Opportunities

- Clear opportunity to diversify commercial tenant base across the city
- Encourage property developers and investors to consider innovative building designs to create an experience that can't be found at home
- Collaboration, sharing of knowledge and meet face to face to drive innovative opportunities and experiences
- Create distinctive precincts and places, with great infrastructure and services, green and open public spaces
- Activate and create new experiences in the city centre

Discussion questions

- 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?

Focus area for action



Implement Central Sydney Planning Strategy

The Central Sydney Planning Strategy is the City's 20 year vision to grow central Sydney, attract investment and build its economic productivity and contribution to Sydney, NSW and the nation.



Support local businesses continue to recover

Support our local businesses through the recovery, helping them innovate and build skills and capability to be future focused. Continue our reform of red tape, regulations and compliance in partnership with state government.



Create better places and spaces

Continue to upgrade the public domain - with creative, green and high-quality amenities with good governance, This will improve walkability and further support active transport and cycling. Advocate for high-frequency, reliable and safe transport options to meet the 24-hour economy.



Activate and promote places and precincts

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.



Thank you

for helping us shape the City's new
economic development strategy

We welcome your feedback through Sydney Your Say:

<https://www.cityofsydney.nsw.gov.au/vision-setting/your-say-planning-economic-development-strategy>

Please do not hesitate to contact us if you have enquiries.
We are also happy to arrange a quick briefing to your group.

Economic strategy team

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