

CITY *of* PERTH

ECONOMIC DEVELOPMENT STRATEGY

2010



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FOREWORD

Perth is facing a critical point in its long-term development. The city has experienced considerable physical and social change in recent years and the state has led the nation in employment and economic growth. The Western Australian economy has grown well above the national average, and between 2000 and 2008 the state's economy nearly doubled in size and almost 200,000 new jobs were created, mostly related to the booming resource sector.

As an internationally significant mineral-rich state, Western Australia's strong economic foundation has helped to cushion the impact of the global financial crisis between 2007 and 2009, and the capital city has endured the global recession as resiliently as any city in the world. Western Australia is attracting investment due to the ongoing strength of the resource sector and non-residential construction activities.



As of January 2010 there was about \$278 billion worth of projects classified as either under construction or committed to start construction soon in Western Australia. Significant resource projects such as the Gorgon, Wheatstone and Pluto projects should stimulate the economy over the coming decade and challenge the state to meet the strong demand for skilled labour.

Perth is operating in a global economy, competing beyond the domestic market to attract financial capital, skilled workers and business investment. For Perth to effectively compete internationally it needs a bold and clear vision for sustainable economic development - world class thinking to develop a city that encourages and supports emerging industries, innovation and entrepreneurship, as well as the thriving resources and construction sectors.

This Economic Development Strategy provides the vision and direction for the sustainable economic development of the city leading to 2029. While the City of Perth is the lead facilitator of the strategy, its implementation relies on public and private sector resources, active partnerships, the business community and all levels of government. Realising this vision will require flexibility and the capacity to learn from successes and failures. It may be necessary to refine this approach over time and adapt to changes in the larger environment.

A handwritten signature in blue ink that reads "Lisa Scaffidi". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

The Right Honourable the Lord Mayor
Ms Lisa Scaffidi

EXECUTIVE SUMMARY

This strategy outlines the City of Perth's approach for facilitating sustainable economic growth in Perth and throughout Western Australia. It supersedes the 2004 publication *Planning for Economic Development - the Approach*, and covers the same duration as the City's strategic planning document *Vision 2029*.

Recently, the City identified a need to prepare a new economic development strategy that covered a wider range of areas because its role in local economic development had grown significantly in size and scope since the previous document was adopted by Council in 2004.

In preparing the new strategy, the City conducted extensive research and analysed major policy and strategy documents from international, national, state and local sources. Additionally, key stakeholders were engaged throughout this process and their feedback, input and ideas are incorporated in this strategy. They are reflected in the 2029 vision, the guiding questions and the desired outcomes for economic development.

This economic development strategy identifies a vision for Perth in 2029 as a connected and informed capital city with a unique identity and an economy that is diverse, resilient and adaptable. To realise this vision, the strategy identifies six desired outcomes for economic development.

By 2029, the city will:

- be even more appealing to existing and prospective businesses, investors, workers, residents, students and visitors;
- have a stronger sense of place, pride and a distinct identity;
- have a diverse and vibrant after-hours culture and economy;
- value and encourage entrepreneurs, new ideas and innovative businesses;
- have a more resilient and adaptable economy;
- have an informed, connected and collaborative business community.



Between now and 2029, the City will undertake a range of economic development activities to achieve the six desired outcomes. The activities have been categorised broadly into three main activity areas:



All economic development activities will be undertaken with consideration for the guiding questions below.

Does the activity:

- create wealth, employment or opportunity in a way that is consistent with the City's vision and guiding principles?
- build on existing economic and natural strengths or diversify the city's economy?
- demonstrate that it is based on sound evidence, informed decision-making and consultation with relevant stakeholders?
- support entrepreneurship, innovation or creative business activity that meets an identified need?
- require responsible public intervention or investment?
- display a bold and unique approach for a capital city?

This strategy represents a refreshed opportunity for stakeholders to work collectively to achieve a shared vision for the economic development of WA's capital city. It should be viewed as the beginning of a process and not the end.

It is essential that all sectors embrace the strategy and the activities it generates. It is important to recognise that this strategy can be achieved most effectively in partnership, and therefore the City will engage and establish strategic partnerships with key stakeholders.



ABOUT THIS STRATEGY

Definition of economic development

Sustainable economic development forges a stronger city, culturally and socially, with lasting prosperity that improves the overall quality of living.

Developing this strategy

This economic development strategy has been formulated with consideration for several major influences in the city, the Perth metropolitan area and the state of Western Australia. This includes consideration for Federal and State Government strategic direction and major projects; the City's strategic direction and vision; national and international economics and politics; the natural environment and several other key factors.

A commitment to consultation and informed, evidence-based decision making is inherent throughout all stages of this open planning process. The City has conducted extensive consultation and invited participation by representatives from key stakeholder groups at workshops and through other means. It has also undertaken significant primary and secondary research and analysis, and reviewed the economic development strategies of several other cities from around the world. The substance, principles and ideas generated from that process is ingrained throughout this strategy.

The role of the City of Perth Economic Development Strategy

This strategy will provide a scheme for direct action by both the City of Perth and stakeholders to realise the vision for economic development. The City aims to focus efforts within the three major activity areas of the strategy (see p.12) and to strengthen the city's position as the state's premier destination.

This strategy will guide the delivery of sustained prosperity in Perth's business community. The City will use it as direction for making long-term strategic planning decisions, developing work plans and budgets, and the business community will use it as a source of information, ideas and encouragement. It should be viewed as a flexible and living document that recognises the need for participation and partnerships to achieve the desired outcomes.

It is important to recognise that the primary focus of this strategy is economic development. The City may perform other activities that generate secondary economic benefits (e.g. capital works) but the main purpose of those activities is something other than economic development and therefore they are not explicitly represented in this strategy. However, it is important to recognise that economic development principles underpin most activities that the City undertakes and the desired outcomes and guiding questions for economic development should be considered in decision-making throughout the organisation at all times.

The strategy can also be used as input into other strategic documents by the City and stakeholders.

The approach

This strategy works towards integration of social, economic, governance and environmental priorities. It is crucial to recognise the interdependence of these areas to ensure that economic decision-making does not occur in isolation. Economic development includes social and technological progress, and implies a general improvement in the quality of economic productivity, not simply growth in gross domestic product terms.

A well considered strategy should address the challenge of delivering lasting economic success to Perth and create flow-on benefits for the environment and cultural and social well-being. In practice this means that, in implementing this strategy, the City will be involved in a diverse range of activities including developing international business relationships, connecting key stakeholders, supporting activation of underutilised spaces, and encouraging longer and more frequent visits to the city. This may include promoting places for informal interactions such as entertainment venues, small bars, cafés and laneway commerce.

The City recognises the economic importance of building local networks for information and knowledge sharing, and for forming lasting relationships and partnerships. The City can facilitate economic development in Perth by assisting other sectors to coordinate their efforts; this may include creating a stronger network of organisations and businesses or joint marketing of the city.

Ultimately, local government strategies should recognise the fundamental reliance on people as the foundation of a vibrant and innovative economy. Perth's people are its brand; people make Perth the city that it is and economic development strategies must appreciate the role of people in a sustainable economy. Sustainable economic development in Perth is reliant on the diversity and talent of professionals, their connections with each other and how well the city fosters those connections.

To achieve the desired outcomes of the strategy (see pp.17-19) the City encourages a collaborative and strategically co-ordinated approach across stakeholder groups. In practice this will mean that the City will have closer ties with State Government departments, industry bodies and business groups. It is essential to build enough flexibility into this strategy so that if the economic and operating environments change, these activity areas will still have direct significance and can be easily adapted to remain relevant.



Major changes since 2004

Since the adoption of the City's *Planning for Economic Development – the Approach* in 2004, the city has experienced the following major changes (to 2010):

- Between 2004 and 2009, the total value of the mining and petroleum sector in WA increased from \$28.4 billion to \$71.3 billion (250%).
- Commercial office space has increased from 1.59 million m² in January 2004 to about 1.76 million m² in January 2010. When construction of all office developments is complete, total office space will be 2.04 million m² by around 2012.
- The number of workers increased to 107,000 in 2007 from around 96,000 in 2001, an increase of more than 11%.
- The number of residents increased from slightly less than 10,000 in 2004 to an estimated 18,000 in 2010, an increase of more than 80%.
- The city experienced greater activation of central city laneways and increased laneway commerce.
- Changes in State Government legislation made in late 2007 created the small bar license, a licensing reform strongly supported by the City of Perth. Since 2008 fourteen small bars have opened in the city, six in or adjacent to laneways.
- The city has become a major destination for hosting festivals and events such as the international Red Bull Air Race, several music and cultural events, as well as regular small-scale free events held throughout the city's streets, malls, laneways, gardens and reserves.
- Between 2001 and 2007 the number of establishments in the city grew by 387 to 6,125, an increase of almost 7%.
- Between 2001 and 2007 the number of small businesses grew by 378 from 4,259 to 4,637, an increase of 9%.
- The number of creative industry establishments declined from 728 to 715 from 2001 to 2007, although the number of workers in this industry increased from 11,981 to 14,804 in the same period (24%).



City of Perth guiding principles

Principles are ideals and rules that are considered when making decisions. They assist in maintaining consistency in decision-making throughout the organisation and in ensuring that all actions support one another to achieve the City's vision.

Below is a selection of guiding principles from the City of Perth's *Vision 2029* that are most relevant to this economic development strategy.

- Perth must develop in a way that meets the needs of the present without compromising the needs of future generations by integrating environmental protection, social advancement and economic prosperity to build a sustainable future for the city.
- Planning must be based on evidence, be adaptable to change and continuously reviewed. All elements of planning decisions must achieve the best possible outcomes.
- The design and use of public spaces must facilitate and balance the need to provide spaces for interaction by people, aesthetic quality and impact on the natural environment.
- A resilient and sustainable city economy requires a reduction in regulation and other barriers to entry, support for existing businesses and the facilitation of new growth areas.
- The City of Perth must promote a culture of tolerance around potential conflicts between various uses and activities. In particular, strategies must be developed to manage residential uses as an integral part of mixed development in the city.
- The city will remain the central transport hub of the metropolitan area and be a place where people can move efficiently and safely with minimal impact on the natural environment and the use of resources.
- The City will take a leadership role as the local government of Western Australia's capital and be proactive in promoting Perth globally.



STRATEGY FOR ECONOMIC DEVELOPMENT

The 2029 vision, guiding questions and desired outcomes for economic development below have been prepared with consideration for strong economic development and strategic urban planning principles. They are the product of extensive research and incorporate the feedback and input of stakeholders.

2029 vision for economic development

Perth is a connected and informed capital city with a unique identity and an economy that is diverse, resilient and adaptable.

Guiding questions for economic development

Economic development work will be undertaken with consideration for the guiding questions below.

Does the activity:

- create wealth, employment or opportunity in a way that is consistent with the City's vision and guiding principles?
- build on existing economic and natural strengths or diversify the city's economy?
- demonstrate that it is based on sound evidence, informed decision-making and consultation with relevant stakeholders?
- support entrepreneurship, innovation or creative business activity that meets an identified need?
- require responsible public intervention or investment?
- display a bold and unique approach for a capital city?

Desired outcomes for economic development

By 2029, the city will:

- be even more appealing to existing and prospective businesses, investors, workers, residents, students and visitors;
- have a stronger sense of place, pride and a distinct identity;
- have a diverse and vibrant after-hours culture and economy;
- value and encourage entrepreneurs, new ideas and innovative businesses;
- have a more resilient and adaptable economy;
- have an informed, connected and collaborative business community.

KEY PERFORMANCE INDICATORS

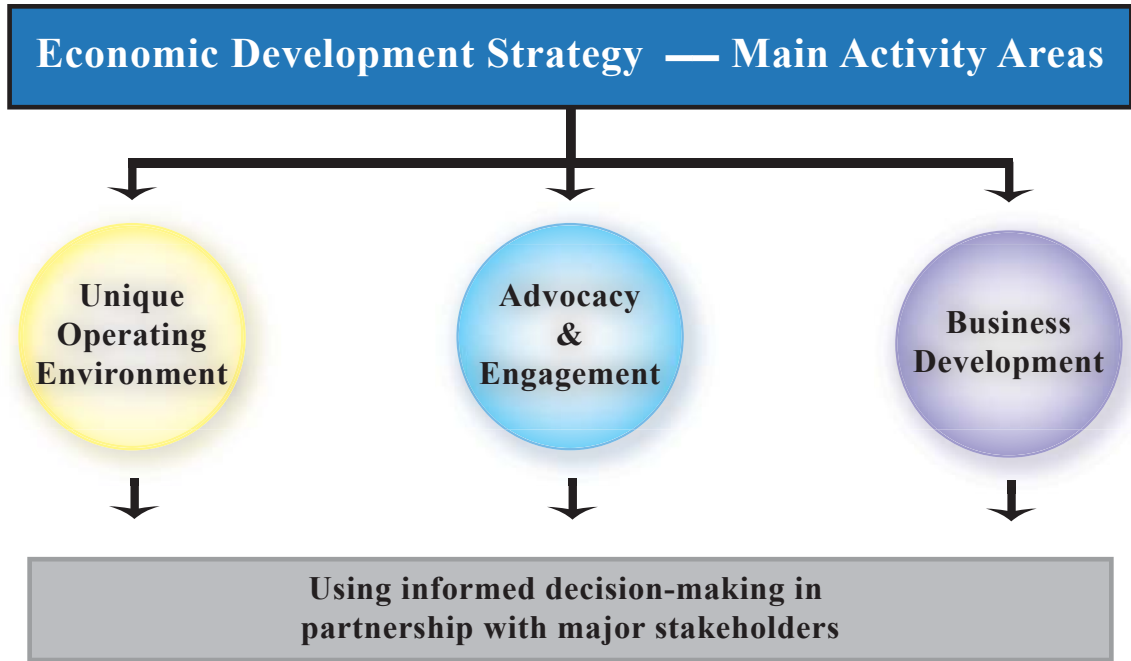
The final two columns in the table below indicate the desired increase for each key performance indicator from the baseline year to 2014 and 2018. Baseline figures are taken from the most recent year that complete and reliable data was collected in. In addition to the performance targets below, performance indicators will also be developed for each specific activity throughout the life of the strategy.

Key performance indicator and measurement	Baseline year figure	Targeted change against baseline year to 2014	Targeted change against baseline year to 2018
Workforce			
Numbers of workers in the city	109,692	12%	15%
Proportion of creative industry workers in the city	14,804	15%	20%
Number of skilled workers in the city	68,596	12%	15%
Residents			
Number of residents in the city	12,456*	70%	95%
Percentage rate of residential growth above the Perth metropolitan level	8%	+1%	+1%
Proportion of residents aged 18 – 34	44%	+2%	+4%
Students			
Number of students studying in the city	18,618	50%	60%
Number of students living in the city	1,840	12%	20%
Visitors			
Number of overnight visitors to the city	1,872,200	2%	7%
Average length of stay per intrastate visitor	2.6	10%	15%
Average length of stay per interstate visitor	5.2	15%	25%
Average length of stay per international visitor	14.5	10%	15%
Number of hotel rooms in the city	5,870	2%	15%
Perceptions and attitudes			
Residents' positive perceptions of the city	92%	+/- 2%	+/- 2%
Workers' and businesses' perceptions of the city	67%	+3%	+8%
Business mix and modern economy			
Number of new businesses in the city	5,782	4%	7%
Number of small businesses in the city	4,637	5%	8%
Number of people employed in night-time economy businesses	15,500	8%	10%
Number of people in the city at Jan Gehl study 2009 collection points			
Murray Street Mall summer weekday (5-10pm)	8,712	15%	20%
William Street (west + east) summer weekday (5-10pm)	6,864	15%	20%
St Georges Terrace (north + south) summer weekday (5-10pm)	2,968	15%	20%
James Street (north + south) summer weekday (5-10pm)	3,940	15%	20%

* Source: 2006 ABS Census Data. June 2009 ABS estimate: 17,100 Perth residents.

MAIN ACTIVITY AREAS

To achieve the desired outcomes by 2029, the City's current and proposed economic development activities have been categorised into three main activity areas - unique operating environment; advocacy and engagement; and business development.



Unique Operating Environment

Approach

The City will build on its traditional assets and natural advantages to create new opportunities, experiences and interesting urban environments.

Advocacy & Engagement

Approach

The City's advocacy and engagement will create a resilient and sustainable city economy that is nationally and globally connected. The City will take a lead role to build prosperous and effective domestic and international relations, and will continue to work closely with all levels of Australian Government and stakeholder organisations.

Business Development

Approach

To broaden the city's economic base, the City will provide strong support and active encouragement for knowledge economy sectors, innovators and small businesses.

Unique Operating Environment

Approach

The City will build on its traditional assets and natural advantages to create new opportunities, experiences and interesting urban environments.

Innovation should be allowed to grow organically by providing a local environment that promotes networking and the interaction of people from a range of industries and professions (i.e. soft infrastructure). This allows the interaction of thousands of workers, the cross-pollination of ideas and the formation of business partnerships. Creativity and innovation are best grown in cities where businesses can openly collaborate outside their usual formal interactions.

Goals

1. Activate public and private underutilised spaces.
2. Have a greater range of affordable commercial spaces to attract, retain and grow more diverse small businesses.
3. Offer more tourism opportunities for Perth and improve tourism development.
4. Shape an environment that supports a modern economy and encourages business interactions and the exchange of ideas.
5. Strengthen and develop the distinct retail experience in the city.
6. Create a stronger sense of local identity and place, and add to the capital city's unique character.



Advocacy & Engagement

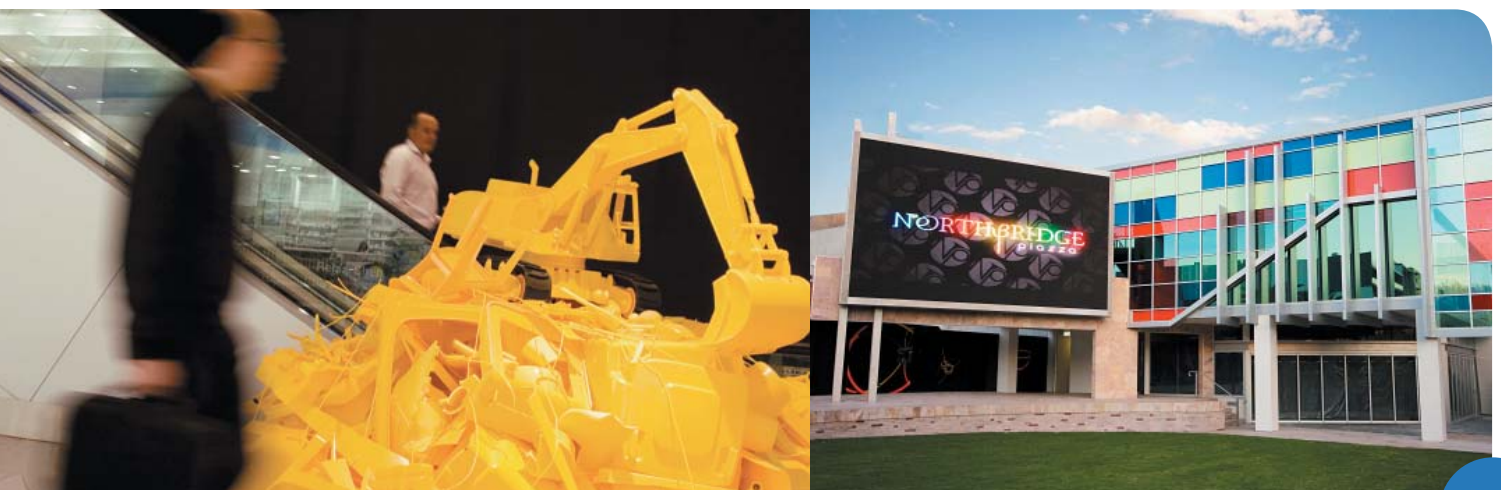
Approach

The City's advocacy and engagement with key stakeholders will create a resilient and sustainable city economy that is nationally and globally connected. The City will take a lead role to build prosperous and effective domestic and international relations, and will continue to work closely with State and Federal governments and stakeholder organisations.

Using a collaborative approach, the City will empower community and business groups to better represent their own interests and to be active participants in the city's success. The city's qualities and benefits will be promoted at every opportunity to attract business investment and skilled workers.

Goals

1. Establish new business groups in precincts where there is an identified need to better represent the dynamic interests of the business community.
2. Communicate more regularly and effectively with the business community and key stakeholders.
3. Sustain Perth's position as the region's energy and resources hub and encourage more events, networking and other activities that support the ongoing development of those sectors.
4. Attract new investment and more skilled people to Perth.
5. Work more closely with State and Federal governments to meet desired outcomes.
6. Establish Perth as an 'education city' and a destination of choice for international students.



Business Development

Approach

To broaden the city's economic base, the City will provide strong support and active encouragement for knowledge economy sectors, innovators and small businesses.

A creative city values the long-term economic contribution that innovation, creativity and small businesses make to economic development.

Goals

1. Build the capacity of the city's people and business community.
2. Facilitate the creation of an urban and business environment that supports its economic development.
3. Increase the number of business activities that relate positively to and attract activity at street level, or encourage different and interesting uses of the city.
4. Increase the contribution of knowledge economy sectors to the city's economy.
5. Ensure that small businesses, entrepreneurs and emerging industries are adequately supported and help them to prosper.
6. Build and retain a larger stock of creative and innovative people and businesses in the city.



WHERE TO FROM HERE?

The City aims to accomplish the desired outcomes of the strategy by focusing efforts on the three main activity areas. With consideration for these three main activity areas, the City will prepare four-year implementation plans that prioritise and explain how the City will work to achieve positive results. The four-year plans will provide timeframes and details of resource allocation, partnerships with stakeholders and what each activity aims to achieve. Ideally, the activity should help to achieve the goals of more than one main activity area.

Principally, all activities should be undertaken with consideration for the guiding questions for economic development and contribute in some way to the achievement of the strategy's desired outcomes. This strategy is designed to be relevant and effective in all economic conditions, and implementation plans will be formulated and reviewed every four years.

This strategy represents a refreshed opportunity for stakeholders to work collectively to achieve a shared vision for the economic development of Western Australia's capital city. It is essential that all sectors embrace this strategy as its success relies on effective partnerships. Accordingly, the City must engage and establish strategic partnerships with key stakeholders.

The City welcomes proposals for new activities in partnership with stakeholders. Any new activity proposals will be assessed in light of the guiding questions.



UNIQUE OPERATING ENVIRONMENT

Key focus areas

- Facilitate activation of some under-utilised upper floors where feasible.
- Implement an integrated strategy to attract more people (visitors/residents) and businesses to the city.
- Coordinate tourism destination management for Perth in partnership with tourism organisations.
- Improve the contribution of laneways to the city's economy and vitality.
- Diversify and extend the city's infrastructure and services to support a growing residential population with greater demographic diversity.
- Promote and evaluate the economic benefits of hosting major events in the city.

Activities to be completed by the end of 2013

- Complete a demonstration project for upper floor activation.
- Promote the key findings of the upper floor feasibility study.
- Promote extended retail trading hours within the Perth tourism precinct.
- Support continued growth of the evening economy.
- Interconnect and improve access to Perth's natural assets (e.g. King's Park, Point Fraser, Swan River).
- Connect local tourism operators and encourage a collaborative approach to tourism marketing and local tourism products.
- Facilitate the creation of laneway commerce and embedded laneway activity
- Establish a creative industries business incubator in the city.
- Implement a range of temporary and permanent human-scale activities and attractions designed to encourage longer and more frequent visits to the city.
- Support the growth of hotel developments in the city.

Key focus areas

- Strengthen and leverage domestic and international relations aimed at attracting direct foreign investment to Perth.
- Identify and promote the economic benefits of improved, efficient transport links servicing the airport and the city.
- Identify and promote the economic benefits of locating civic, entertainment, Government agencies and sporting infrastructure projects in the city through consultation with State Government.
- Develop Perth as an education city in consultation with academic institutions.
- Promote industry development by connecting and assisting businesses in emerging industries.
- Support key industry marketing plans.

Activities to be completed by the end of 2013

- Grow and capitalise on the working relationship with the World Energy Cities Partnership.
- Through the World Energy Cities Partnership and the Australasian oil and gas exhibition and conference, leverage outcomes that benefit Perth.
- Maximise benefits to Perth by capitalising on Sister City relationships.
- Provide business relocation services to attract new businesses to the city.
- Produce regular business publications and provide valuable information to the business community.
- Promote the importance of retaining government departments and agencies in the city.
- Provide advice and support to existing business groups to help them achieve their goals and better represent their needs.
- Assess the need for new business or industry groups where they do not exist.
- Establish a united working group for all local economic development stakeholders in the city.
- Conduct strategic research and analysis projects to support the desired outcomes of the economic development strategy and the City's strategic plan.

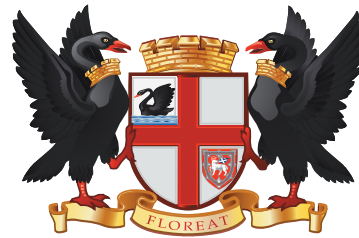
BUSINESS DEVELOPMENT

Key focus areas

- Promote and implement continued street level activation.
- Further develop Perth as a global centre for energy and resources.
- Identify and capitalise on existing industry clusters.
- Assist high-value business development through reducing or managing internal regulatory and legislative obstacles.
- Lobby State Government where necessary to reduce external regulatory or legislative obstacles for high-value businesses.
- Support small businesses, entrepreneurs and emerging industries.
- Develop and implement commercial strategies for each city precinct.

Activities to be completed by the end of 2013

- Promote the benefits of small bars, cafes and commercial uses that activate the street level.
- Promote alternative options for street level activation that have an indirect economic benefit.
- Strengthen the local energy industry through attracting or supporting renewable, clean energy or energy efficient technologies and businesses.
- Strengthen research and development linkages between industry and universities.
- Implement the creative industries action plan and increase the contribution of knowledge economy sectors to the city's economy.
- Provide small and matched-funding business grants to small businesses.
- Encourage and promote diverse business projects that improve Perth's competitive advantage.
- Support businesses to develop best practices in workforce retention and attraction.
- Support businesses to develop customer service improvement strategies, in partnership with industry groups.



CITY *of* PERTH

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For more information on the
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