

**REPORT TITLE: DRAFT ECONOMIC DEVELOPMENT STRATEGY
PROGRESS REPORT****REPORT PROVIDED BY:** Economic Development Project Officer
Group Manager Executive & Economic Development**1. Report Purpose and Community Benefit**

- 1.1. The purpose of this report is to provide an update in regard to the current Draft Economic Development Strategy 2017-2021.
- 1.2. The benefit to the community of a Council endorsed Economic Development Strategy includes:
 - Clarity around Council priorities in this subject area for the next four years, enabling clear and transparent decision making.
 - A broader community understanding of what the City of Hobart facilitates to effect positive changes in the economy.
 - Increased engagement of business within the City.

2. Report Summary

- 2.1. Council on 13 July 2015 resolved:

That the Council agree to a mid-term review of the current Economic Development Strategy, following the completion of a 'gaps and opportunities' report.

- 2.2. The activities of the Economic Development Unit are directed by the current Economic Development Strategy 2013-2018 (**Attachment A**).
- 2.3. The gaps and opportunities report (referred to above) was completed in March 2016 by AEC Group (a company specialising in evidence-based analysis).

This report, along with analysis conducted by the Economic Development Unit was used as the basis for the new *Draft Economic Development Strategy 2017–2021* (**Attachment B**).
- 2.4. The Draft Economic Development Strategy 2017 - 2021 (to be referred to in the remainder of this report as the 'Draft Strategy') was presented to the Economic Development and Communications Committee on 30 March 2017.
- 2.5. The committee discussed the Draft Strategy in detail and a number of comments were noted (summarised later in this report).

- 2.6. Following the lengthy discussion, the Economic Development and Communications Committee (EDCC) requested:
- That the item be deferred to a future Economic Development and Communications Committee meeting, so that an additional working document regarding Economic Development's goals / opportunities and guiding principles can be prepared.*
- 2.7. In the months following the committee decision, a number of significant events took place in the international relations portfolio that required the majority of the capacity of the unit. This has resulted in the delayed response to the resolution above until now.
- 2.8. Following the delivery of the international relations activities, a number of meetings were held with individual Aldermen from the committee to ensure that the 'working document' referred to in the committee resolution would deliver against EDCC's suggestions.
- 2.9. From these meetings and committee discussion, the Economic Development Unit created a number of iterations of the requested 'working document', none of which were felt to be satisfactory to bring to EDCC and the Council.
- 2.10. The difficulty in the creation of a satisfactory document lies primarily in divergent views expressed by Aldermen in relation to the content and structure of the strategy.
- 2.11. It is suggested that in order to achieve a Council endorsed Economic Development Strategy, a consultant should be engaged to complete the following:
- 2.11.1. Appraise the current Draft Strategy and provide an evaluation of its effectiveness as a strategy to guide the City's contribution to the economic wellbeing of the city. Effectiveness could be evaluated by considering the role of local government in economic development, the current economic and political climate (local / national / international), as well as the capacity of the current team (approx. 2 FTE).
- 2.11.2. The selected consultant would present findings to EDCC and lead discussions around necessary amendments to the current Draft Strategy.
- 2.11.3. Amendments would be made to structure and content and the final Economic Development Strategy would be presented to EDCC for Council endorsement.

3. **Recommendation**

That:

1. ***The Council authorise the General Manager to select a consultant to appraise the current Draft Economic Development Strategy at a cost of no more than \$15,000 to be attributed to the Economic Development Function of the 2017/2018 Annual Plan.***
2. ***Findings to be brought back to the Economic Development and Communications Committee in early 2018 for discussion.***
3. ***Final Economic Development Strategy 2018-2022 to be presented to Economic Development and Communications Committee in the first half of 2018.***

4. **Background**

- 4.1. Given the pace of change in aspects of the Hobart economy since the endorsement of the current economic development strategy in 2013, elements of this strategy were becoming less relevant to the city.
- 4.2. An example of this is identifiable in language used in one of the five overarching aims (section 4.4 below) and this filters through the entire document. The first objective refers to a 'local or regional economy'. Since the strategy was endorsed, it is clear that the focus of the City of Hobart and the Tasmanian Government has also extended internationally. Evidence of this are the two friendship city agreements that were signed with Chinese cities in 2015 and 2017.
- 4.3. In June 2015, therefore Council endorsed the commissioning of an economic 'gaps and opportunities study' as a means of evaluating the current economic development strategy.

The study was also to be used as valuable research to inform a new Economic Development Strategy.

- 4.4. The key themes of the existing 2013-2018 economic development strategy are:
 - Understand the economic drivers for a local or regional economy
 - Understand the weaknesses, vulnerabilities and opportunities within communities
 - Seek to broaden the economic base and minimise impacts
 - Establish strategic alliances and relationships with existing or potential businesses or markets both domestic and international
 - Create networks within communities to build relevance, engagement and participation

4.5. The Gaps and Opportunities Study was completed in March 2016 by the AEC Group that specialises in evidence based analysis.

4.5.1. The study comprised an extensive gathering and analysis of data as well as consultation with a diverse range of stakeholders to identify economic gaps and opportunities across the city.

4.5.2. Four key themes emerged from the study, these were:

- Visitor attraction and support.

Opportunities identified included the development of enabling infrastructure such as visitor accommodation, a convention centre and appropriate development on kunanyi /Mount Wellington with the City's role predominantly being advocacy and facilitation.

- Emerging Industries

Opportunities were identified in the sectors of health care and social assistance, Antarctic and Southern Ocean and international education.

- Strategic Partnerships

It was suggested that the City partner in a number of ways including A) a regional approach with other local councils to investment attraction B) working with all tiers of government to ensure the best outcomes from international relationships and C) closer working with city stakeholders to ensure inner city activation.

- Communication and Networking

Opportunities were identified for communicating more effectively with the broader business community as a means of generating entrepreneurial collaboration and to identify and share good news stories.

4.5.3. The Gaps and Opportunities study, as well the existing economic development strategy were used as the basis of developing a new Draft Strategy.

Additionally, a number of other economic development strategies from around Australia were examined in detail, including:

- Sydney
- Melbourne
- Perth
- Wellington (NZ)

- Fremantle
- Wollongong
- Townsville
- Port Macquarie
- Coffs Harbour
- Tamworth

4.6. From the above sources, the Draft Strategy was created which includes:

- Definition of economic development from a local government perspective.
- Setting out of aims of the City of Hobart in relation to the economic prosperity of the City.
- Description of how this strategy fits into the overarching strategy of the organisation.
- Description of the economy of Hobart.
- Consideration of opportunities and challenges.
- The four key themes that inform the work to be undertaken by the economic development unit (see 4.6.1)
- Year one delivery action plan.
- Performance measures.
- Discussion of how economic development is delivered also by other areas of the Council.

4.6.1. The four key themes of the Draft Strategy mentioned above are:

- Focus on partnership
- Increase our knowledge and capability
- Build on our strengths
- Enable our future

4.6.2. Members of EDCC discussed the Draft Strategy on March 30 2017 and the following observations were made in terms of content:

- Economic development should be considered in a sustainable sense i.e. economic development that is appropriate for Hobart and does not damage those things that the community values.
 - The new strategy should consider more how we are insulating ourselves against external shocks.
 - The new strategy should be accompanied by a resourcing plan to ensure that it is deliverable.
 - Other measures of success of the strategy should be included in addition to gross domestic product. These could relate to how liveable the city is.
 - Creative industries are a significant part of our economy and should receive more emphasis.
 - The sharing and circular economies should be included.
 - A greater consideration of demographics would be useful, these could capture trends such as who is moving out of the local government area to other areas in Tasmania.
 - The current Draft Strategy is aspirational rather than deliverable. It must also reflect the position of the Council on other matters so it is achievable.
 - Hobart is the economic engine of the state and the strategy should reflect and celebrate this.
 - Many aspects discussed such as sustainability and liveability are covered in other Council strategies and should be separate from the Economic Development Strategy so as not to dilute it.
 - Could the strategy include some actions around major event and major business attraction?
 - We must be mindful of focusing on the local government area at the cost of other areas. Attracting a business from one government area in Tasmania may have significant negative impacts on another area.
- 4.7. It was also suggested that the structure of the strategy's action plan should be split into 'day to day' activities and specific projects.

Suggested specific projects to be considered for inclusion in the strategy are:

- Attract key conferences and events.
- Attract key investors / employers.
- Facilitate 'shop top living'.

Existing projects that are in the current Draft Strategy are:

- Secure a City Deal for Hobart.
- Drive discussions around 'smart city solutions' for making Hobart a more liveable place.
- Host international delegations.
- Develop a business engagement plan.
- Facilitate appropriate development proposals for Council owned assets.
- Refresh the investor prospectus for the City.

4.8. Following the EDCC discussion in March, a number of significant events took place in the international relations portfolio which have resulted in a delay in reporting back to EDCC until now. These activities included:

- May / June 2017 - Coordination of Aldermen and senior staff members for European study tour with the University of Tasmania. This also included a visit to Hobart's sister city L'Aquila, Italy.
- July 2017 – Coordination of Yaizu student exchange. 13 students from Hobart's sister city in Japan visited Hobart for 7 days. Activities delivered by the unit included airport welcome and drop off, day excursion to Bonorong Park and an afternoon reception hosted by the Deputy Lord Mayor.
- July 2017 – Arrangements for an Alderman and interpreter to travel to Xi'an, Hobart's friendship city in China to attend the launch of a media project. The trip did not go ahead.
- August – Inaugural visit from 13 students from Hobart's friendship city Fuzhou, China for 7 days. Activities delivered by the unit included afternoon reception hosted by the Deputy Lord Mayor and formal welcome dinner for senior delegation members and host schools.
- August – Coordination of 19 people comprising Aldermen, officers and staff members to travel to Yaizu to celebrate the 40th anniversary of the Hobart – Yaizu sister city relationship.

- September – Arrangements necessary for an officer and Alderman to attend an economic forum in Xi'an, China.
- October – Coordination of all activities for a visit from a senior delegation from Fuzhou for three days.
- October – Arrangements for a reception for 100+ people to celebrate the 20th anniversary of the Hobart – L'Aquila 20th sister city relationship.

4.9. After the delivery of a number of international relations activities was completed, the unit was able to focus once more on the economic development strategy.

Informal meetings were held with a number of the Aldermen from the committee.

Feedback from these meetings was:

- The economic development strategy does not need to be more than a couple of pages in length.
- The document should have a long term view over 15-20 years with milestones spread over this period.
- The existing unit is not adequately resourced to deliver the Draft Strategy.
- The Draft Strategy is wordy and that it may be sensible to reduce this.
- The strategy should encourage appropriate economic growth, i.e. the growth that does not negatively impact our major selling points i.e. lifestyle.
- The strategy should include some environmental scanning i.e. consideration of what we might expect in the future and a plan for how the City would respond to this.
- The strategy should include consideration of how we as a Council improve our bottom line i.e. how we are using our assets to generate income.
- The strategy should have two types of activity, one being 'business as usual' and the other being working towards things we are seeking to develop.
- Hobart is at a point of transition now and 'economic development' as a concept is changing.
- The strategy must be mindful of the State Government's population growth target and the impact this would have on the

city in terms of increased residents and visitors to the city on a daily basis.

- Development in the city must not focus only on hotels. Commercial developments must be included in thinking also.
- The City needs to be agile as an organisation to be able to respond to good opportunities and the Economic Development Unit must have the resources to go out and attract opportunities.
- The strategy should reflect the importance of the airport to the City and the need for the city to work in closer partnership with them.
- The relationship with the State Government is crucial when it comes to the future of the city. The strategy should reflect on how to strengthen this relationship.
- The strategy should focus on where we want to be as a city, otherwise we will end up firefighting. Decisions should be made accordingly.

- 4.10. Aldermen have invested much time in considering the existing Draft Strategy and making suggestions about how this strategy might be a more effective document to guide the economic development activities of the Council.

Some Aldermanic views on this are disparate which is causing difficulty in making a broadly acceptable document.

- 4.11. In order to progress the new Economic Development Strategy, it is suggested that a consultant with experience in the field of economic development is engaged to conduct the following:

- 4.11.1. Appraisal of the current Draft Strategy and provision of an evaluation of its effectiveness as a strategy to guide the City's contribution to the economic wellbeing of Hobart.

Effectiveness could be evaluated by considering the role of local government in economic development, the current climate (local / national / international), as well as the capacity of the current team (approx. 2 FTE).

- 4.11.2. Presentation of findings to EDCC in early 2018 and lead discussions around necessary amendments to the current Draft Strategy.

- 4.11.3. Make necessary amendments to the structure and content of the strategy and present the Final Economic Development Strategy to EDCC in the first half of 2018 for Council endorsement.

5. Proposal and Implementation

- 5.1. It is proposed that a consultant is engaged to evaluate the current Draft Strategy in order to help take this to the next level, i.e. an endorsed Economic Development Strategy for the period 2018 – 2022.
- 5.2. This would be at a cost of no more than \$15,000.
- 5.3. Should the Council endorse this proposal, the opportunity will be circulated to a number of economic development consultancies and submissions invited.
- 5.4. It would be expected that the evaluation of the current Draft Strategy could be presented to EDCC in early 2018, with the revised strategy presented to EDCC in the first half of 2018.

6. Strategic Planning and Policy Considerations

- 6.1. The delivery of an Economic Development Strategy is in line with the following from the Capital City Strategic Plan 2015-2025.

1.1.5 Implement the City of Hobart's Economic Development Strategy.

7. Financial Implications

- 7.1. Funding Source and Impact on Current Year Operating Result
 - 7.1.1. Funding for an evaluation of the current Draft Strategy up to \$15,000 will be attributed to the Economic Development Function of the 2017/2018 Annual Plan.
- 7.2. Impact on Future Years' Financial Result
 - 7.2.1. This will depend on the nature of the final endorsed Economic Development Strategy.
 - 7.2.2. The structure of the current Draft Strategy included annual action plans which assists in yearly annual budgeting.
- 7.3. Asset Related Implications
 - 7.3.1. This will depend on the nature of the final endorsed Economic Development Strategy.

8. Legal, Risk and Legislative Considerations

- 8.1. This document is not legally binding.

9. Environmental Considerations

- 9.1. It is expected that the final economic development strategy would be structured in such a way that it could be sufficiently flexible to respond to challenges / opportunities that become prevalent. By their very nature, the impacts of climate change can be hard to predict and so the format of the final strategy would need to consider this.

10. Social and Customer Considerations

10.1. It would be expected that the final economic development strategy would include a consideration of how the community can participate economically in the society of Hobart. Business engagement should also be a topic to be considered.

11. Marketing and Media

11.1. The final Economic Development Strategy will be branded in line with the City of Hobart Brand Identity Style Guide.

12. Community and Stakeholder Engagement

12.1. Stakeholder engagement was conducted by the AEC Group in the formulation of the gaps and opportunities study that fed into the Draft Strategy. Key stakeholders that were consulted are:

- Hobart International Airport
- Macquarie Point Development Corporation
- Department of State Growth
- Destination Southern Tasmania
- The Property Council
- Hobart Chamber of Commerce
- Antarctic Tasmania
- Tasmanian Polar Network
- Sultan Holdings
- Raadas Property Pty. Ltd.
- Knight Frank
- The University of Tasmania

13. Delegation

13.1. This matter is one for the Council.

As signatory to this report, I certify that, pursuant to Section 55(1) of the Local Government Act 1993, I hold no interest, as referred to in Section 49 of the Local Government Act 1993, in matters contained in this report.



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Tim Short
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Date: 29 November 2017
File Reference: F17/147139

Attachment A: Economic Development Strategy 2013 - 2018
Attachment B: Draft Economic Development Strategy 2017-21