



Deloitte.

Shaping Future Cities Designing Western Sydney

Report 2 – Five key questions for Western Sydney
March 2015



Deloitte is facilitating the development of a blueprint for the economic transformation of Western Sydney – a vision that unites multiple stakeholder perspectives on how to transform and restructure the region. In one of the first steps in this process, Deloitte held a workshop at its Parramatta office on 4 March.

Key regional stakeholders were invited to attend the workshop and take part in initial strategy discussions using Deloitte’s Design Thinking methodology. The aim was to capture the stakeholders’ views and vision to help create the blueprint, *Shaping Future Cities – Designing Western Sydney*.

The attendees were provided with a discussion document before the workshop, summarising Deloitte’s four *Building the Lucky Country* reports, applying the reports’ insights to Western Sydney and stating a core aim for the blueprint: to create 200,000 great new jobs by 2020.

The stakeholders were divided into two groups at the workshop: key business owners and executives in the region, who attended in the morning, and influential Western Sydney public sector policy-makers and politicians in the afternoon. This report summarises the views of both groups of stakeholders.

Business leaders' desired outcomes

The business group was asked what outcomes they wanted from the blueprint, and then to consider questions they might have for the public sector decision-makers in the afternoon group. Some key themes emerged:

Learning from other cities

There was a general consensus among the business group that Western Sydney decision makers could learn from other cities around the world. Comments included:

"It would be interesting to look at international examples that have gone through this type of transformation already, such as Canary Wharf and Stratford in London."

"There are people from the UK with experience in building those expanding cities – like Tim Williams at the Committee for Sydney – and we can definitely learn from them."

"You've a city like Newcastle [NSW], which a decade or so ago had to reinvent itself from being a steel city. Can we learn from how it went about its reinvention?"

However, some attendees urged a cautious approach:

"We should benchmark Western Sydney against international examples, but we need to define the city carefully and not spread ourselves too thin."

"We have to be careful not to compare apples with oranges. There's been plenty of talk about how to turn cities into another Silicon Valley, but is that realistic? It has to be authentic."

A long-term vision

A number of business leaders emphasised the importance of business and government groups working together for a long-term vision for the region. Comments included:

"I want to get a real understanding of where we're at right now, and where people think we should be going."

"There's a lot of voices out there and we need collaboration between all these groups so that we can achieve long-term goals."

"We need a vision for Western Sydney – what it will look like in, say, 2030, and how we get there collectively."

"We need to be in it for the long term and even be prepared to fail. Canary Wharf's transformation failed and required a major reboot before becoming the success that it is today."

Short-term catalysts and the transition

Several business leaders said that while long-term vision was important, short-term initiatives were also vital. They acknowledged infrastructure projects such as the Badgerys Creek airport and the WestConnex motorway project would bring growth and jobs to the region over the next 10–15 years, but they also pointed to the need for more immediate 'catalyst' projects. Comments included:

"2030 is a long way away when you consider most businesses work on five-year plans at best. We need to have short-term catalysts to ensure businesses survive to create the jobs of the future."

"We need to create jobs for today while preparing for the jobs of the future. And then how do we handle the transition to the future business and workplace? We're not going to be able to leap where we want to be in 2030."

Key sectors and opportunities

A number of business leaders agreed on the need to find "where our biggest growth opportunities lie" and "what sectors are going to drive jobs growth." Other comments included:

"Opportunities are great but they can derail you if you've got too many of them. We need to be selective, and choose what we are doing and what we are not doing."

"It's about trying to find the niches that will set us apart, because today so many products have become commodities. How do we identify those niches and how do we get into them?"

Sovereign risk and other threats

A number of business leaders stressed the importance of identifying threats as well as opportunities.

Comments included:

"Who do we see ourselves competing with again? Is it Sydney CBD, is it other regional cities in Australia or is it globally?"

"Sovereign risk is a real threat to longer-term planning. A change of government can completely undermine those plans. Infrastructure projects can be wiped out by a change of government."

"How do we get sustainable political and leadership buy-in to see longer-term strategies through?"

Future jobs and skills

Some business leaders raised issues related to reaching our job growth target. Comments included:

"What are the jobs of our future city going to look like, and what are the skills that are required for those jobs?"

"We have people in Western Sydney who are very qualified and experienced, and they're not getting jobs. And as business leaders, it's often hard to find the right people for our jobs. There's got to be a better way for local employees and employers to connect."

"What needs to happen in schools, universities and TAFEs to ensure students in year 11 or 12 will have jobs when they finish their education? And what are they going to do in 10–15 years' time? How are they going to transition into new jobs?"

"How do we build the skills in our residents, because if those jobs are going out of Western Sydney, that's going to affect our growth."

Western Sydney's brand

To foster jobs growth, we need to attract more investors, businesses and people to Western Sydney.

Comments included:

"I think there's a broader conversation to be had – about what does Western Sydney stand for, what is that brand, and who do we want to be? What is the story that we take to the world?"

"We need a clear, compelling value proposition. If I'm sitting in China or the northern beaches, why should I set up a business here? Why is this place the future for my family? What's the tagline that everyone can agree: 'Yes, that's what Western Sydney is about?'"

"It's about liveability, having infrastructure like sporting facilities and museums, ensuring Western Sydney has everything to offer its community."

What's stopping us now?

As one business leader said: "I've been hearing about the opportunities in Western Sydney for years, but I've never really seen them come to fruition."

So what is stopping the region from reaching its potential?

Deloitte's Theo Psychogios posed some key questions: "I'm interested to know from business leaders across different industries: what are your needs, what's stopping you from investing in Western Sydney and taking advantage of these opportunities? Is it an information gap? Are there internal concerns? Is the region missing fundamental building blocks that you need?"

Government leaders' proposed solutions to key questions

The business leaders in the morning workshop were tasked with coming up with five key questions for the public sector group to answer in the afternoon session.

The questions were required to follow the Design Thinking format of: How is who going to do what and why? The public sector leaders were asked to find solutions to those questions using Design Thinking diagrams.

The business group's five key questions focused on the Western Sydney brand, community, workers, industry and future strategy.

1. The brand

How can the state government and our innovative business leaders co-design and implement a transformative strategy to shift the current poor image of Western Sydney so that more stakeholders invest in the region in ways that will create 200,000 great new jobs by 2020 or sooner?

Potential solutions included:

- Focus on the reality of Western Sydney with a detailed profile of the region
- Identify the reasons why there's a perception problem
- Create a marketing strategy and set up a task force to improve the region's image
- Promote the region's success stories, particularly international successes
- Find role models and mentors who can inspire others to succeed
- Use spatial metaphors for successful precincts, like the health precinct and the Olympic corridor, and expand those metaphors to other future specialised areas, such as an innovation corridor
- Maintain momentum with continued investment and political certainty.

2. The workers

How can the state government and other interested parties create useful/usable connections for workers so that employers are willing to invest in Western Sydney?

Potential solutions included breaking down workforce participation barriers:

- Prioritise the region's transport problems, particularly the north-south traffic congestion and high dependency on private vehicles
- Work towards a more amenable and liveable city, so that people want to live as well as work in Western Sydney
- Address the salaries gap between what a person can earn in the Sydney CBD and in a similar job in Western Sydney
- Implement training solutions for immigration-related issues, such as the language barrier and the disconnect between the skills required for migration and the skills actually needed for employment
- Address the imbalance between trade and university graduate careers, such as educating migrant parents who think trades are unsafe workplaces.

Break down the barriers to investing in Western Sydney, options included:

- Commission research to gain much more detailed information on Western Sydney's comparative advantages and supply chain strengths, and where skilled workers live and work
- Use this new information to feed into strategies for targeted investments and promotions to attract more businesses from interstate and overseas
- Address the brain drain of university graduates from west to east, so that employers have access to more skilled workers in the region
- Make apprenticeship and traineeship easier for employers, such as aggregating or simplifying the many training-based websites.

3. The community

How can city councils create the vibe to encourage young people to live, work and play in Western Sydney so that the region becomes a magnet and the destination of choice?

To help “bring the young people home”, proposed solution included:

- Create a fashion precinct that plays to the region’s multicultural strengths by attracting fashion retailers from around the world and flagship stores to the region, and launching a Western Sydney multicultural fashion week
- Create a music hub by taking advantage of the noise regulations in other parts of Sydney and encouraging live music venues in Western Sydney
- Encourage and promote food precincts with modern ethnic restaurants and eateries, backed by destination marketing and a ‘food month’ event
- Encourage more recreation facilities, including extreme sports, as well as popular spectator sporting events such as football
- Allow greater housing and architectural diversity, including more executive housing, funky public buildings and mixed-use areas, backed by facilities such as convenient childcare
- Introduce and promote a tagline to rival Melbourne’s: ‘Western Sydney – your place of discovery.’

4. The industry

How can politicians and federal and state government agencies facilitate, support and not obstruct the health and medical research sector so that it delivers significant long-term value to the people of Western Sydney?

To solve this problem, the public sector group designed a campaign that could be applied to any industry, by:

1. Creating a business case and identifying key ‘who, what, why and when’ reasons for decision-makers to get involved with an industry plan
2. Identifying the key decision-makers needed to help implement the plan, including federal and state ministers in portfolios such as roads and transport, education and training, housing, zoning, foreign affairs, trade, treasury and finance.

The key to the industry plan’s success would be making it accessible to employees, the local community and all other stakeholders, so the plan would encompass:

- School participation and syllabuses
- Higher-education involvement with university curriculums and partnerships
- Local housing availability and zoning changes
- Other practical considerations such as transportation to the precinct.

To ensure the local health industry is accessible for public sector and private equity investors, the plan would need federal and state government involvement to:

- Apply planning reforms to build a health precinct – an ecosystem where people can work, live and study
- Promote the Western Sydney health sector overseas and interstate
- Encourage investment by creating tax and investment incentives
- Encourage research and development with intellectual property initiatives
- Foster a world-class industry that can export health-based skills and education.

5. The strategy

How do we create a united blueprint for Sydney that leverages the sum of our city's parts so that business understands the opportunities and where to invest?

To create such a blueprint, the public sector group advocated refocusing the NSW Government's recently announced Greater Sydney Commission on Western Sydney, as well as giving the new organisation full independence and greater powers so that it would:

- Be accountable to the NSW parliament, not the government, so it's out of the election cycle
- Have a guarantee of 50 years of funding, with buy-in from federal, state and local governments
- Have the best global talent, including a highly respected, independent commissioner
- Have a private sector approach to management, including a focus on return on investment
- Have a localised plan that's fit for purpose for Western Sydney
- Have the authority to cut red tape and zoning regulations, so it can get projects to market quickly
- Be able to offer corporate incentives and tax breaks, and bring certainty to investors
- Become a model for future city development around Australia
- Have a vision, be bold and be an incubator for short- and long-term ideas
- Have strong values and a charter of service to ensure the organisation is communicative and has the best standards of governance.

Answering the big questions

The discussion document posed some important questions that need to be addressed if we are to create 200,000 jobs by 2020.

What will Western Sydney's next waves be?

The discussion document identified five future growth sectors for Western Sydney: tourism, international education, agribusiness, wealth management and health.

No-one at the workshop disagreed with the inclusion of any these sectors, although there were some clear winners among attendees. When the public sector group was asked to identify the key opportunities:

- The most common responses were health, medical research and biotech
- Other sectors were identified including aviation and transport (after completion of Badgerys Creek airport), high-tech, specialised manufacturing, food technology, clean energy, sports, design, arts and entertainment
- Support industries were mentioned, including education, aged care, retail and finance to serve the huge Western Sydney market
- Geographical targeting was another common theme, focusing on key centres such as the 'river cities' and specialised precincts for sectors such as health, and technology and innovation.

How do we get more visitors to come, to stay longer and to spend more in Western Sydney?

This was not specifically addressed, although the brand and community solutions described above would be relevant.*

How do we make Western Sydney the number one destination in NSW for international students?

Again, this was not specifically addressed, but the brand and community solutions described above would be applicable.*

How can the region best leverage opportunities in agribusiness?

This was not specifically addressed.*

How can Western Sydney build on its existing strengths to develop a larger, more internationally competitive health and wellness economy?

This was answered in the industry solution described above.*

How will Western Sydney use its latent human resources to attract enough workers and grow?

The workers, brand and community solutions described above would be highly relevant here.*

What wealth management services will Western Sydney deliver, and how and where will they be delivered?

This was not specifically addressed.*

* These questions will be addressed in the next phase of Shaping Future Cities, as Deloitte works with private and public sector communities to breakdown industry themes and clarify the key issues that Western Sydney needs to solve.

What digital impacts will present unique challenges and benefits for Western Sydney? And how will the region take advantage of disruptive opportunities?

This was not specifically addressed.*

How do we reduce the red tape holding back our productivity?

The strategy solution described above addresses this issue.

Also, the public sector group was asked about the broader issue of what's stopping Western Sydney from reaching its potential. Responses included:

- Lack of confidence and low self-esteem as a region
- Poor image, particularly in comparison to other Sydney areas, which has a direct impact on investment in the region
- Lack of business cases and an overall strategy to attract investment
- Using old world models for a new world, resulting in a fear of taking risks
- Short-term expectations for long-term projects, and lack of vision and long-term strategies, largely due to election cycles.

* These questions will be addressed in the next phase of Shaping Future Cities, as Deloitte works with private and public sector communities to breakdown industry themes and clarify the key issues that Western Sydney needs to solve.

Next steps

To progress Designing Western Sydney, Deloitte will be holding five focus groups to discuss, discover and test ideas that will shape the development of a blueprint for the transformation of Western Sydney. Dates and topics include:

| Date | Topic | Venue | Time |
|-----------------|---|--|------------------|
| 1st April 2015 | What economic trends and policies will shape Western Sydney's future? | Deloitte Parramatta Eclipse Tower, Level 16, 60 Station Street, Parramatta | 9:30am – 11:30am |
| 15th April 2015 | What industries and precincts will most likely shape Western Sydney's future? | Deloitte Parramatta Eclipse Tower, Level 16, 60 Station Street, Parramatta | 9:30am – 11:30am |
| 29th April 2015 | What catalyst initiatives and projects will shape Western Sydney's future? | Deloitte Parramatta Eclipse Tower, Level 16, 60 Station Street, Parramatta | 9:30am – 11:30am |
| 13 May 2015 | What role will skills, talent and innovation play in shaping Western Sydney's future? | Deloitte Parramatta Eclipse Tower, Level 16, 60 Station Street, Parramatta | 9:30am – 11:30am |
| 27th May 2015 | To be advised | Deloitte Parramatta Eclipse Tower, Level 16, 60 Station Street, Parramatta | 9:30am – 11:30am |

If you would like to attend a particular workshop please email Victoria Mulcahy directly at vmulcahy@deloitte.com.au

Following these focus groups, a larger Design Workshop will be held to formulate and agree the blueprint's draft actions, partnerships and initiatives that will shape Western Sydney's economic future. The final Design Workshop will be held in June 2015, date to be advised.

Shaping Future Cities – Designing Western Sydney® is a trademark that belongs exclusively to Deloitte Touche Tohmatsu in Australia.

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively the “Deloitte Network”) is, by means of this publication, rendering professional advice or services.

Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte’s approximately 195,000 professionals are committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia’s leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 6,000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit Deloitte’s web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2015 Deloitte Touche Tohmatsu.

MCBD_Syd_03/15_460136