




PrecinctIQ

AN INNOVATIVE TOOL KIT TO FACILITATE
ECONOMIC DEVELOPMENT



EXPERTS WITH IMPACT™



FTI Consulting is a global business advisory firm built on expertise and independence. We help organisations to manage change, mitigate risk, and resolve disputes: financial, legal, operational, political, regulatory, reputational, and transactional.

FTI Consulting professionals are in all major business centres throughout the world, and work closely with their clients to anticipate, illuminate, and overcome complex business challenges and opportunities. Blending multidisciplinary expertise, deep industry and technical expertise, and geographic coverage, FTI Consulting has a unique mix of capabilities, all under the one roof across our five key segments.

Our experts have made a tangible and positive impact on some of the world's most memorable events, including corporate collapses, major M&As, regulatory shifts, complex disputes, and international crises.

At FTI Consulting, we are home to one of the world's leading Economic & Financial Consulting practices. In Australia, our growing Economic & Financial Consulting practice of 34 experts has provided clear and defensible analysis of disruptive events and changes to regulatory, legal and market environments in both the public and private sector, supporting clients across a range of issues. We are recognised for our ability to develop clear, robust, well-reasoned advice based on conceptual and theoretical issues.

Our Australian EFC practice developed PrecinctIQ in recognition of the role that precincts play in evolving the urban landscape and growing industries and economies. The tool kit's foundation is economic and financial analysis to guide precinct policy, formation and management.

The background image shows a vibrant urban scene. In the foreground, a group of diverse young people are walking along a paved path. To their right is a green lawn enclosed by a tall, rust-colored metal fence. In the background, several modern buildings are visible, including a prominent one with a glass and metal facade. The buildings feature balconies with lush green plants, and young trees are planted along the walkway. The sky is clear and blue.

“Precinct policies and initiatives are widespread in advanced economies reflecting their role in enhancing regional innovation, growth and competitiveness.”

Robert Southern,
Senior Managing Director,
Head of Australia Economic & Financial Consulting,
FTI Consulting Australia

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PrecinctIQ: Service offering

Investment in regional and industry development is at the core of making cities grow and businesses more competitive. Complex economic and financial issues need to be addressed when developing, expanding or managing precincts. Where should a precinct be located? What industry composition is most prospective? Is the precinct achieving its potential? What is the role for government? PrecinctIQ has been developed to provide policy makers, precinct developers and precinct managers with data-led and insightful expertise to answer economic and financial questions.

PrecinctIQ is a tool kit that can be applied to a broad range of issues – from the strategic to the operational. It includes effective visual tools to present precinct data based on standardised algorithms and a range of other supporting tools in a visual and user-friendly format.



It comprises a suite of economic and financial tools that would be applied to a precinct over its lifecycle:

- ✓ A growing database of existing precincts
- ✓ A tool to map industry clusters across regions based on employment data to the SA3 level
- ✓ A precinct strength assessment tool using the key economic drivers of precincts
- ✓ A benchmarking tool to assess comparative performance of precincts and identify best practice by learning from success
- ✓ A tool to understand drivers of future priority industries
- ✓ A tool to assist Government and other stakeholders to effectively influence key drivers of precincts
- ✓ Both a cost benefit tool and multi-criteria analysis tool to holistically measure various project(s) impacts on a regional community
- ✓ A business case framework to underpin precinct development projects



Our team of experts use FTI Consulting's PrecinctIQ to provide analysis, strategic and policy shaping advice, including:

- ✓ Government agencies implementing regional development and precinct policies
- ✓ Government and private stakeholders requiring assistance throughout project development processes
- ✓ Management of stakeholder issues to improve precinct outcomes

Understanding precincts

Clustering of firms within a geographic area creates benefits through positioning around upstream and downstream markets, in increasing and deepening the pool of labour and know-how, and in combining human and social capital through reducing barriers to knowledge sharing and innovation across tertiary and industry networks.


There are many alternative terms for a precinct, including a cluster, hub or zone. PrecinctIQ can be applied to all kinds of industry spaces and collaborations.

Precincts have clear benefits for businesses, regions and the wider community

Precincts help businesses and regions to specialise in what they do best and cooperate with each other to succeed. Precincts exist because they deliver benefits including opportunities to aggregate demand, reduce costs, share risks, build unique capability, access talent, pool resources, and transfer learnings and innovation. Depending on the precinct type, precincts can benefit not only businesses but also consumers such as through improved connectivity and governments in making regions more competitive.

What FTI Consulting brings

With access to our precinct tool kit, we integrate best practice approaches to economic development for the lifecycle decision making requirements of policy makers, planners, and developers. We bring real knowledge of precincts and how they lead to economic development. We combine infrastructure experience, public policy experience, and microeconomic analysis to provide a nuanced and expert approach to precinct development to help practitioners think through complex challenges.



A precinct is a physical or virtual space in which industries and firms co-locate (or collaborate in a virtual precinct) because there are tangible business advantages for doing so.

Precinct-led economic development

Precincts like Silicon Valley in California, the Axelera cluster in Lyon, and the FEMAC Catalan Agriculture cluster are world famous. However, in Australia precincts have also developed, thrived, and declined. Australia has several world-renowned precincts including the Australian Marine Complex, and many other less-known precincts: the Liverpool Innovation Precinct, the South East Melbourne Manufacturers' Alliance and newly formed Queensland Hydrogen Industry Cluster H2Q.

In today's global economy, opportunities exist for local regions to succeed by leveraging their natural endowments and growing their capabilities. Precincts enable regions to forge competitive domestic businesses – specifically highly productive businesses.

It is, therefore, no surprise that governments are encouraging precinct development – precincts are an important part of establishing a sustainable path to a productive economy.

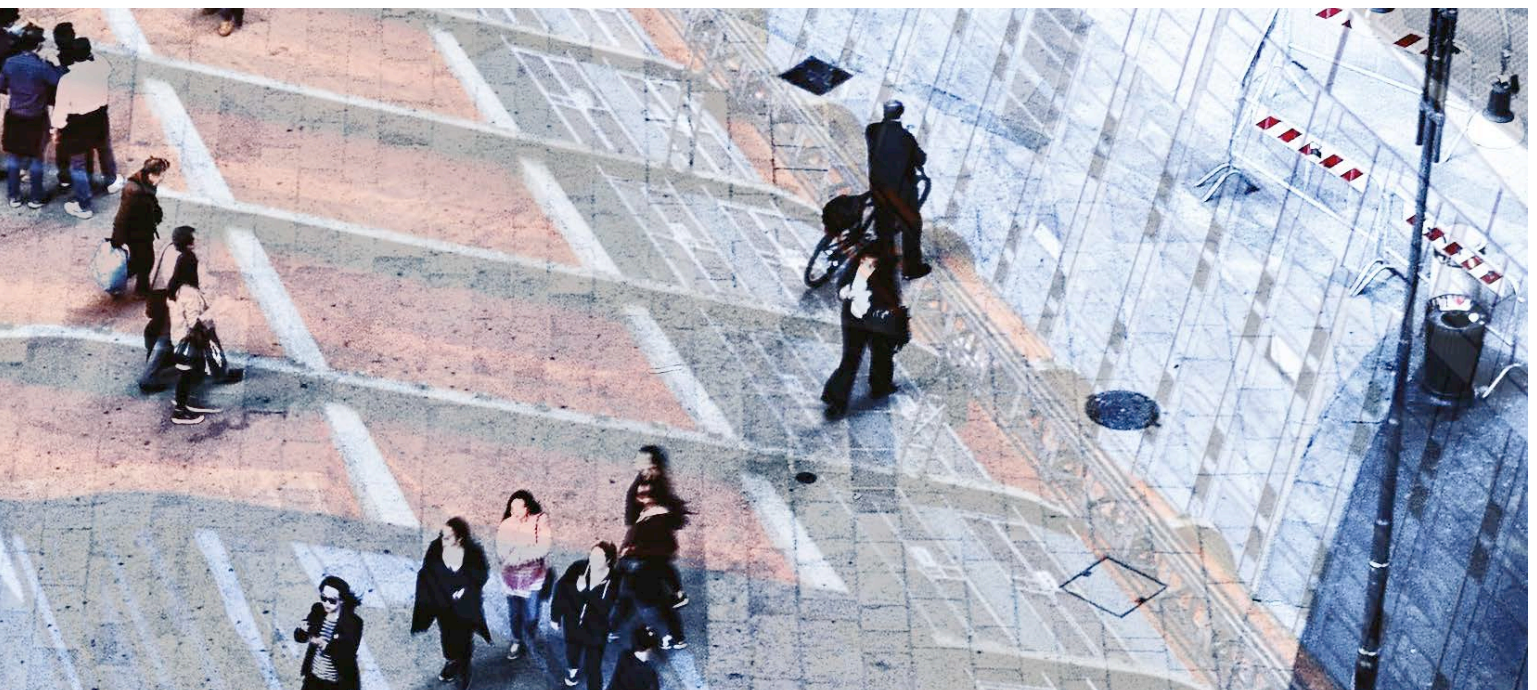
Cluster mapping, the creation of systematic datasets on cluster presence across many regions, has enabled the systematic testing of the relationship between clusters and economic performance. The literature drawing on this data strongly supports the positive impact of cluster presence on prosperity.

Porter, 2003; Porter et al., 2007 in Ketels, C. and Memedovic, O., 2008.

Various factors drive success in industry precincts

Precincts evolve over time and are influenced by changes in market demand, technology, and the policy and regulatory environment. Fundamentally a precinct grows because of connections between its members and the strength of these connections can be assessed through several drivers. Our tool kit enables a rapid and nuanced understanding of these drivers.

The evidence shows that a successful precinct is developed by building on existing strengths of a region. Policy makers and community leaders can help a region to grow by understanding the factors that drive its success, and through effective coordination and execution.



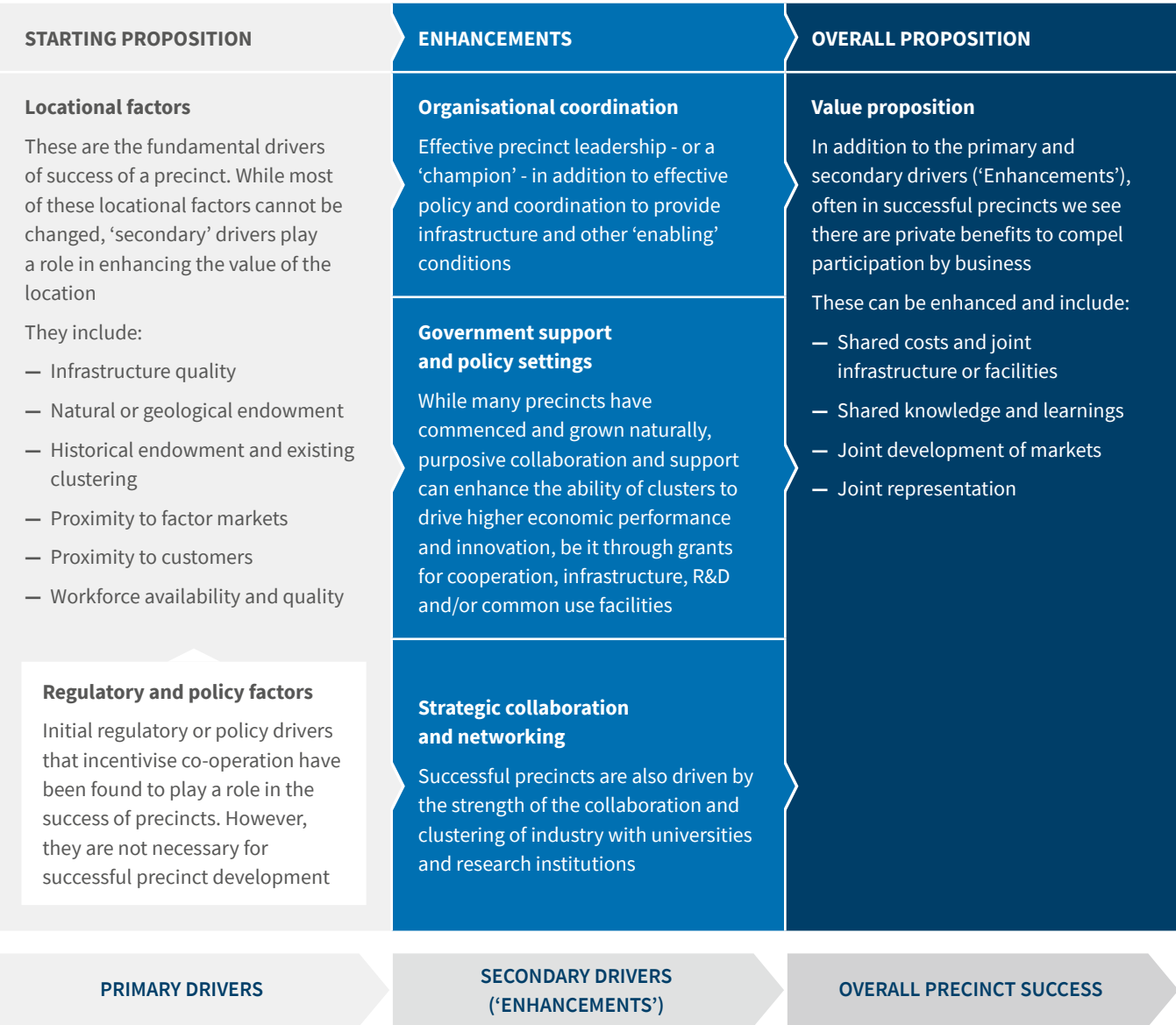
Hierarchy of factors that drive success

Precinct planners require a rigorous and objective approach to succeed

Simply designating an area of land as a precinct will not guarantee success. Due diligence is required around the presence of, or the ability to marshal, the factors that underpin a successful precinct.

PrecinctIQ provides the tools for developers and governments to ensure the basic requirements for a successful precinct are present. Precinct strategies based on planning and infrastructure dimensions (e.g., zoning, access to transport corridors, infrastructure) overlook the economic drivers of sustainable precincts. Decision makers require objective and high-quality analysis on a precinct in comparison to other regions of relevance, and a deep understanding of best practice, to be able to translate these strengths into economic growth.

PrecinctIQ incorporates tools to map, measure, compare and learn from existing precincts. These are foundational assessments for new and existing precincts.



PrecinctIQ: How we can help

Our tool kit has the flexibility to help stakeholders manage key issues, address a range of challenges and identify new opportunities.

UNDERSTANDING YOUR CHALLENGE	IDENTIFYING YOUR OPPORTUNITY
Local and state governments are concerned about a regional economy that is suffering from unemployment and a need to diversify the local economy, particularly due to COVID which has exacerbated issues surrounding tourism	Opportunity identification and strategy development. FTI Consulting would provide a comparative strength analysis, identify possible future industries e.g. enhanced marine industry and the optimal role for Government in positioning the precinct to attract new industries
A regional development entity wants to identify, attract, and facilitate investment from new industries within its medium to heavy industrial development corridor and existing industrial facilities	Benefit assessment. FTI Consulting would assess potential future industries for the precinct/region, benchmark precinct competitiveness against other locations for investment in those industries, and identify areas of focus to enhance the precinct's competitive position
A state government wants to develop a plan to assist industries to co-locate within a geographic area to develop low carbon manufacturing facilities built from shared infrastructure	Business case/plan development. FTI Consulting would develop a business case using our precinct tool kit establishing demand and core supply side requirements, identify preferred precinct and legal structure(s), and a business plan for the implementation and effective management of the precinct
A developer is seeking to enhance the value of an area through a mixed residential and light industrial use area	Demand analysis. FTI Consulting would provide a point-in-time analysis of the strengths and opportunities for development within the precinct and potential future industries, undertake market sounding on various options and lead community consultations



PrecinctIQ: How it works

The tool kit is made up of eight key tools, in addition to resources that support our general advisory practice offering. These relate to the core service areas of regional economic development and precinct diagnostics, public policy and infrastructure advisory, and strategy and implementation advisory.

Our general advisory services also cover issues surrounding the implementation and management of a precinct. This includes the factors that should be considered to determine the most suitable model of governance for a precinct and identifies the priorities over time for implementing a successful precinct.

	TOOLS	FUNCTIONS OF EACH TOOL
Regional economic development diagnostics	Precinct identification	✓ A growing database of existing precincts to map potential locations based on industry and employment data to the SA3 level
	Precinct strength assessment	✓ A precinct assessment tool using the key drivers of precincts
	Precinct benchmarking	✓ A precinct benchmarking tool to assess comparative performance of precincts
	Future industry analysis	✓ A tool to understand drivers of future priority industries and metrics for suitability
Public policy and infrastructure advisory	A tool for policy makers to influence precinct success	✓ A framework for Government and other stakeholders to favourably influence the key drivers to precincts
	CBA and MCA tools	✓ A cost benefit tool with in-built CBA framework and template enabling measurement of benefit to the community and a multi-criteria analysis tool to assess competing locations and/or projects
	Business case development	✓ A tool to assist stakeholders to meet business case requirements in Australian jurisdictions
Strategy and implementation	General advisory	✓ Advisory services: financial modelling, demand forecasting, impact on valuations, independent market assessments to support the funding processes, precinct establishment and governance, strategy development, prioritisation and staging, and effective stakeholder and community consultation



PrecinctIQ: How we do it

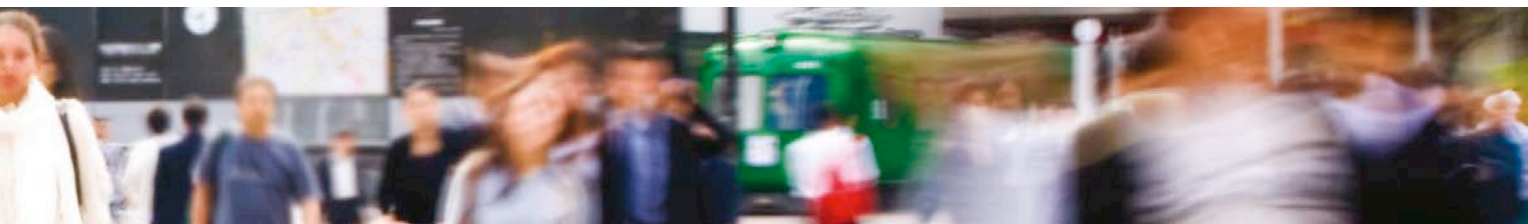
Our methodology maps region-specific issues to tailored strategies. We understand the complexities of the challenges you face, and the tool is designed with these issues in mind. We can identify opportunities for economic growth at all stages of a precinct’s lifecycle – whether it is emerging, growing, or long-established.

The tools we have developed are designed to meet the typical public policy cycle, whether it be related to precinct, infrastructure or regional economic policy. The tools can be flexibly used for any consultancy problem reflecting a detailed understanding of your requirements and objectives, whether that be to exploit growth opportunities, mitigate risks or leverage best practice approaches for regional economic and precinct development.

Our experts would assist you to define the issue and apply the right tool to your needs.

Integration of the typical public policy cycle and PrecinctIQ tools

TYPICAL PUBLIC POLICY CYCLE	PRECINCT TOOL KIT OFFERING
Establish objectives or problem	Regional Economic Development Diagnostics <ul style="list-style-type: none">— Precinct identification— Precinct strength assessment— Precinct benchmarking— Future industry analysis
Understand the current situation (“status quo”)	
Identify potential ‘barriers’ or ‘drivers’ of success	
Establish options for intervention aligned to best practice (e.g. investment opportunities, policy, regulatory, coordination, incentives)	Public Policy and Infrastructure Advisory <ul style="list-style-type: none">— Tool for influencing key drivers of precincts— Cost benefit tool and multi-criteria analysis tool— Business case framework
Evaluate options to determine recommended implementation strategy	
Develop implementation strategy and engage in periodic review	Strategy and Implementation Advisory <ul style="list-style-type: none">— Precinct establishment— Strategy development— Stakeholder / community consultation



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