

# Metropolitan Planning must support growth

Submission to the NSW Government on the *Draft Metropolitan Strategy for Sydney to 2031*

Prepared by *Urban Taskforce Australia*, 28 June 2013

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## Contents

Executive Summary.....	3
1.0 Key Recommendations.....	6
2.0 Introduction.....	8
3.0 The Government says what needs to be said.....	10
4.0 Does the metro strategy do what needs to be done?.....	11
4.1 Targets.....	11
4.2 Subregions.....	13
4.3 Corridors.....	16
4.4 Centres.....	16
4.5 Employment.....	17
4.5.1 Industrial.....	17
4.5.2 Retail.....	19
4.6 Greenfield Land.....	20
4.7 Market Demand.....	21
4.8 Infrastructure.....	22
4.9 Delivery Tools.....	23
4.10 Economic Growth.....	23
5.0 Conclusion.....	25
6.0 Further information.....	26
7.0 Media enquiries.....	26

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The *Urban Taskforce* is a non-profit organisation representing Australia's most prominent property developers and equity financiers. We provide a forum for people involved in the development and planning of the urban environment to engage in constructive dialogue with both government and the community.

## Executive Summary

### ***Growth rate for Sydney is too conservative***

New South Wales is no longer the premier state. Recently released ABS data suggests that New South Wales has experienced 1.2 per cent growth, while the draft Metropolitan Strategy says that Sydney has been growing at only 1.1 per cent. We argue that if NSW is growing at 1.2 percent, then it is likely that Sydney should expect a higher growth rate than 1.1 percent. Furthermore, we should expect that with the implementation of promised Government policies, there will be a lift in market confidence and development performance. It is therefore likely that Sydney's growth rate will lift to be in line with other major cities such as Melbourne which has been growing by 1.7 per cent. The Urban Taskforce believes that the growth rates and targets included in the draft Metropolitan Strategy are too conservative and should be increased.

### ***Minimum housing and jobs targets are too low***

The Metropolitan Strategy should expect that our population will grow by at least 1.4 million. Hence a minimum housing target of at least 570,000 and a minimum jobs target of at least 675,000 should be set.

### ***Subregions should be consistent with local government reform boundaries***

The Urban Taskforce sees the logic in the formation of local councils into subregions. However, the groupings of local councils and subregions suggested in the Metropolitan Strategy do not reflect the recent thinking on local government reform nor is it consistent with the State Plan regional action plan boundaries. There must be consistency in council groupings and the way that metropolitan region is divided into subregions.

### ***Corridors should be mixed use and include more urban activation precincts***

A corridor strategy is considered logical, however the metro strategy tries to control and define exactly what will occur in each corridor. Favouring one type of development over another in a corridor may be counterproductive. We argue that corridors should simply be identified as areas of growth and activity where a wide variety of land uses will be supported. All land within 800 metres of railway stations and centres within corridors should be identified as potential Urban Activation Precincts. The Government should make provision for the calling of expressions of interest from land owners with developable sites that meet Government site selection criteria for fast tracked rezoning and development approval.

### ***There should only be two centre types and all centres should be mixed use***

The Urban Taskforce does not support the Metropolitan Strategy classification of centres nor its desire to overly control development within a centre. The size of a centre and mix of use in the centre should be free to evolve over time. The metro strategy should not dictate the mix and scale of development in a centre. It should simply identify centres and permit a mix of uses to meet the needs of commerce and community. Investment and job creation will be the result of opening centres to a wide variety of land uses.

### ***Jobs Growth will be supported by more flexible zoning***

Identifying and protecting industrial land for industrial uses will not deliver the jobs growth required to meet the targets set in the metro strategy. Zoning land and then using regulation to favour manufacturing, which is not longer viable in Australia, simply ensures that land remains underutilised and/or alternative employment generating opportunities are lost. To support all forms of employment generating activities the Metropolitan Strategy should be focused on the implementation of a more flexible, multi-purpose employment zoning such as the Enterprise Zone suggested in the Government's Green Paper.

### ***More flexible zoning will support retail jobs growth***

Retail formats have evolved over time and will continue to reinvent themselves as retail tries to respond to changes in market demand. Modern retail often seeks to mix formats. To encourage retail growth, job creation and economic prosperity, the metro strategy should not force retail into centres. However, broader application of enterprise zones and permitting retail to establish in a variety of locations will support the growth of retail and the creation of jobs.

### ***Opportunities to fast track greenfield production must be supported***

Greenfield housing production has been slow but we strongly support the proposal to explore opportunities to fast-track rezoning for large scale housing proposals which demonstrate private sector readiness and local government endorsement where conditions are appropriate outside the Metropolitan Urban Area. The new land release policy suggested in the metro strategy that identifies opportunities for the extension of greenfield land release and facilitates the production of serviced land must be progressed as a matter of urgency. The new land release policy must include the means of calling for expressions of interest from land owners with developable land that meets Government criteria for fast tracked rezoning, even if outside of defined growth centre boundaries.

### ***The Market wants more apartment and medium density housing options***

Apartment and medium density housing in the infill areas of Sydney are not being produced to meet market demand. While apartments seem to be prevalent in some local government areas, apartment living opportunities in local government areas such as Ku-ring-gai, Lane Cove, North Sydney and Mosman need to be increased. In

this regard, the metro strategy should identify more locations and support apartment style development across a wider range of local government areas to ensure that Subregional delivery plans promote an equitable distribution of apartment and medium density housing within each local government area.

***Infrastructure costs must be spread across the broadest base of beneficiaries***

The Government's Green Paper made some interesting observations about infrastructure and raising funds to provide critical infrastructure to support growth. Some promising suggestions were made in the Green Paper on spreading cost. However, it seems that the principle of spreading the cost of infrastructure across the broadest base of beneficiaries may have been lost in the metro strategy. Spreading the cost should not simply mean spreading the cost over a broader base of developers as the developer is not the only beneficiary. The entire community benefits from improved infrastructure and hence the entire community should share a proportion of the cost. This principle should be reflected in the metro strategy so that it is properly translated when preparing growth infrastructure plans.

***Planning system reform must not delay the implementation of the Metro Strategy***

While the Urban Taskforce strongly supports the Government's review of the NSW Planning System, we are concerned that this review process will significantly delay the progress of the Metropolitan Strategy. Therefore initiatives that do not rely upon the new planning system must be progressed as matters of priority.

***The Metro Strategy must support economic growth***

The Government was elected on a platform of economic growth and meeting the demands of residents of New South Wales. It is now clear that our key economic driver and provision of jobs is the development industry. Therefore, the metro strategy must be a plan that facilitates development and provides an environment that will enable the development industry to do business in this state again.

## 1.0 Key Recommendations

1. The Metropolitan Strategy should:
  - 1(a) expect that our population will grow by at least 1.4 million;
  - 1(b) set a minimum housing target of at least 570,000;
  - 1(c) set a minimum jobs target of at least 675,000; and,
  - 1(d) identify major job creating opportunities for Western Sydney, including the development of a second airport for Sydney at Badgerys Creek.
  
2. The six subregions for Sydney should be:
  - Sydney South: Sydney, Woollahra, Waverley, Randwick, Botany Bay, Leichhardt, Marrickville, Hurstville, Canterbury, Kogarah, Rockdale, Sutherland
  - Sydney West: Ryde, Parramatta, Holroyd, Auburn, Canada Bay, Strathfield, Burwood, Ashfield
  - Sydney North: Willoughby, Lane Cove, Hunters Hill, North Sydney, Mosman, Pittwater, Warringah, Ku-ring-gai, Hornsby, Manly
  - Sydney North West: Hills, Hawkesbury, Blacktown, Penrith, Blue Mountains
  - Sydney South West: Bankstown, Fairfield, Liverpool
  - Sydney Macarthur: Camden, Campbelltown, Wollondilly
  
3. All land within 800 metres of railway stations and centres within corridors should be identified as potential Urban Activation Precincts. The Government should make provision for the calling of expressions of interest from land owners with developable sites that meet Government site selection criteria for fast tracked rezoning and development approval.
  
4. There should only be two centre types - Major Centre and Town Centre.
  
5. All centres should accommodate a wide mix of land uses.
  
6. To support all forms of employment generating activities the Metropolitan Strategy should be focused on the implementation of a more flexible, multi-purpose employment zoning such as the Enterprise Zone suggested in the Government's Green and White Papers.
  
7. Broader application of enterprise zones and permitting retail to establish in a variety of locations will support the growth of retail and the creation of jobs.
  
8. Retail should not be forced to locate in centres. Rather, retail should be encouraged to locate in areas accessible to the community.
  
9. A new land release policy that identifies opportunities for extension of greenfield land release and facilitates the production of serviced land must be progressed as a matter of urgency.

10. The new land release policy must provide the means of calling for expressions of interest from land owners with developable land that meets Government criteria for fast tracked rezoning even if outside of defined growth centre boundaries.
11. Subregional delivery plans must ensure that there is an equitable distribution of apartment and medium density housing within each local government area within the subregion.
12. Apartment and medium density housing must be provided in all subregions.
13. The proposed Growth Infrastructure Plans and Subregional Delivery Plans must reflect the principles of fair and equitable sharing of infrastructure costs across the broadest base of beneficiaries as suggested in the Government's Green Paper.
14. The Government's review of the NSW Planning System must not be used as an excuse to delay the progress of the Metropolitan Strategy.
15. The metro strategy must provide the confidence to invest in development and should be judged on an increase in construction expenditure which is a real measure of the economic performance of the state.

## 2.0 Introduction

The Urban Taskforce supports the Government's reform of the New South Wales Planning System, including the preparation of a new Metropolitan Strategy for Sydney. It is obvious that the current Metropolitan Strategy and existing *Environmental Planning and Assessment Act 1979* are not delivering beneficial development outcomes for the community, nor providing a system that encourages investment and growth. Unfortunately our planning system and previous metropolitan strategies have not kept pace with contemporary approaches to planning and development. Of particular concern is that previous strategies did not properly recognise the needs of growth.

The Urban Taskforce argues that previous metropolitan plans did not understand or value the significant contribution made to the economic prosperity of the State by development. The result was that investment into development exited New South Wales.

To coax development back to this state, the Government must create a development environment that provides certainty for investors in development. Government must send a clear message that New South Wales is once again "open for business". In this regard, the Metropolitan Strategy holds a key role. It must articulate where development is to occur, what form such development will take and the support that the Government and planning system will provide to make development happen.

The Metropolitan Strategy must be an enabling policy that will encourage interest in development in the Sydney Metropolitan region and facilitate sustainable development outcomes for the benefit of the investor and broader community.

The Metropolitan strategy will be relied upon by local government as the driver of local environmental planning reform. Clearly, many local environmental plans are in need of realignment with state government policy, particularly with regard to the locations where housing and jobs will be provided to meet the needs of a rapidly growing population. In this regard the Metropolitan Strategy must be clear and be able to be relied upon to support development, consistent with Government policy, even if local environmental plans may be inconsistent with higher order planning policy such as the Metropolitan Strategy.

The purpose of this submission is to respond to the Government's *Draft Metropolitan Strategy for Sydney to 2031* ("the draft metro strategy") and contribute further ideas towards the development of a better metropolitan strategy for Sydney. While the Urban Taskforce is generally supportive of many elements of the draft metro strategy we are concerned that implementation of the draft metro strategy is reliant upon:

- a new planning system that has yet to be finalised;
- the accommodation of significant growth (housing and jobs) in locations that do not have planning controls to permit such growth;
- cooperation between large numbers of local councils within subregions;
- delivery of momentous enabling infrastructure such as WestConnex and the North west rail link; and,
- the acceptance by local councils and community of urban activation precincts.

In the end, the metro strategy must redress the unfortunate legacy of the existing complex, cumbersome and unwieldy planning system. Simply put, the legacy of past



planning systems has impacted NSW resulting in a lack of development and a chronic shortage of land for urban development, particularly in the Sydney region. We believe that the problem of housing affordability in Sydney is a function of strong demand and limited supply and that limited supply is a direct result of previous attempts at metropolitan planning, coupled with a restrictive anti-development planning system.

### 3.0 The Government says what needs to be said

The Urban Taskforce believes that the community has lost confidence in our planning system and planning in general. Significant changes must be made to regain community trust and investment certainty to promote development. We see the metro strategy to be a key component of the NSW planning system and in that regard the Urban Taskforce would expect that the strategy would:

- facilitate growth;
- expand the application of mixed use zones;
- coordinate and integrate the provision of infrastructure;
- properly promote ecologically sustainable development; and,
- demonstrate state leadership;

Generally, many of the statements made in the metro strategy align with the above principles and if used as a facilitating planning policy it has the potential to bring about beneficial outcomes for the metropolitan region and state in general. For instance, the Minister for Planning and Infrastructure's words in the metro strategy are encouraging, if not inspiring. The Minister says that the metro strategy will promote or otherwise provide for:

"...more certain decision-making to stimulate investment"

"...more choice about the types of housing available – and that housing needs to be more affordable, close to jobs and near good transport connections"

"...actively pursue opportunities for new housing in 'greenfield' areas – as long as infrastructure can be provided."

The Minister says that the previous Government didn't deliver key infrastructure, and congestion was the result and that it didn't deliver an adequate supply of housing, and the result was upward pressure on home prices. Furthermore the Minister says that:

"Investors got the message that Sydney was closed for business, and redirected their vital investment, and projects, to other states".

We read these words and finally feel supported by the Government. At last we have a Government that is prepared to say what we, the development industry, have been saying for some time. That is, the previous planning system and previous versions of Metropolitan Strategies for Sydney did not provide certainty, limited housing choice and did not integrate the provision of infrastructure with housing. The result was loss of investment, poor delivery of housing and reduction in housing affordability. The impact on this State's economy has been drastic.

The Urban Taskforce strongly supports the words in the Ministers foreword to the metro strategy and would go as far as to say that the Minister is showing leadership by "telling it how it is". However, we need substance to back up these very encouraging words for reform.

The ensuing discussion is the Urban Taskforce's assessment of the draft Metropolitan Strategy in light of the Minister's very encouraging words that espouse certainty, growth, choice and infrastructure provision.

## 4.0 Does the metro strategy do what needs to be done?

The metro strategy must properly consider a number of key issues so that the Minister's promising words can be translated into action. These key issues are:

1. **Targets** - setting the right targets for growth, housing and jobs.
2. **Subregions** - formation of workable, consistent and relevant groupings of local councils.
3. **Corridors** - identifying where development is most likely to occur.
4. **Centres** - allowing a mix of land uses and identifying urban activation potential.
5. **Retail** - consideration of new and innovative retail formats.
6. **Greenfield land** - ensuring supply of serviced land will require a new Land Release policy
7. **Market demand** - Metropolitan Strategy must include flexibility to provide housing and employment choice in locations attractive to the community.
8. **Infrastructure** - costing, timing and integration with planning.
9. **Delivery tools** - Metropolitan Strategy must allow for implementation under the current planning system as well as the proposed new system
10. **Economic Growth** - metropolitan strategy must be consistent with Government statements about development and economic growth

### 4.1 Targets

Targets are essential and give us something to strive for. Targets provide the context and provide a benchmark that our success can be measured against. Getting the targets right is the first step in preparing an effective strategy for the metropolitan region. In this regard, the metro strategy must include targets that have been set based on evidence and need, not simply what the Government may consider to be achievable or what the Government may think that the community will accept. Getting the targets right is the first and critical challenge for the Sydney Metropolitan Strategy.

The draft metro strategy says that by 2031 our population will grow by 1.3 million people and that we will need to provide 545,000 more houses and 625,000 more jobs. However, the Metropolitan Strategy discussion paper said our population would grow by 1.4 million people and that we would need to provide 570,000 more houses and 600,000 more jobs. The 2005 Metropolitan Strategy, which included the central coast in the strategy said that our population would grow by 1.1 million and that we need 640,000 more homes and 500,000 more jobs. Growth predictions have changed between strategies and this demonstrates that growth and population predictions are simply that - predictions. Therefore, we say that the most appropriate way to treat these predictions is to accept that they are variable, and that they are most likely to be shown to be incorrect in time. Furthermore, when considering growth predictions and setting appropriate housing and jobs targets, Government must acknowledge that while Sydney has been only been growing at say 1.1 per cent, Melbourne has been growing by 1.7 per cent. Our lower than expected growth rate is most likely due to matters including less job opportunities than other states, higher housing prices than other states and loss of investment confidence. However, we should expect that given the right circumstances that Sydney's growth rate will lift to be more in line with other major cities such as Melbourne. It would be unwise to continue to assume an artificially low rate of growth and then use this rate to set housing and jobs targets.

The Urban Taskforce argues that under the circumstances, the safest way to use growth predictions is to consider them as a range of minimums. That is, our population will grow by at least 1.3 million to 1.4 million and that we will need to provide at least 545,000 – 570,000 more houses. Furthermore, we will need to provide at least 625,000 to 675,000 new jobs by 2031.

This metro strategy may well set ambitious minimum housing and jobs targets, however we are of the view that the targets are too conservative. For instances the minimum housing targets included in the strategy are as follows.

**Table 3: Minimum housing targets by subregion (showing minimum net additional homes from 2011)**

SUBREGION	2021 MINIMUM HOUSING TARGETS	2031 MINIMUM HOUSING TARGETS
Central	82,000	138,000
North	19,000	37,000
West	16,000	39,000
South	22,000	42,000
South West	60,000	141,000
West Central & North West	74,000	148,000
<b>TOTAL</b>	<b>273,000</b>	<b>545,000</b>

While we appreciate that the targets are set as a minimum, we are certain that these will be considered by planning authorities as the number to aspire to, not a minimum. Furthermore we must question the validity of the targets set particularly for the North. The North Subregion is supported by excellent infrastructure and is well connected to employment opportunities. This housing target is significantly lower than expected. Surely this is an ideal location to significantly increase population and housing density and the target must be increased accordingly.

Whatever the targets are, delivery on the targets is the key. It is encouraging that metro strategy says that:

..... minimum housing targets have been set for 2021. These shorter-term targets will drive greater accountability of State and local government to support the growing housing needs of Sydney.

The Government must show leadership by ensuring that underperforming local councils are held accountable. Unfortunately, the metro strategy (or White Paper) does not indicate how underperforming councils will be held accountable and this key matter is deserving of further exploration.

Jobs targets have been set at 625,000 new jobs by 2031, with 50 per cent of new jobs to be located in Western Sydney. This is an ambitious target and without major catalyst development in Western Sydney, such as a second airport for Sydney, we cannot envision how this many jobs will be delivered. Simply declaring large tracts of land in Western Sydney for employment generating land uses simply will not deliver the jobs required.

1. **The Metropolitan Strategy should:**
  - 1(a) **expect that our population will grow by at least 1.4 million;**
  - 1(b) **set a minimum housing target of 570,000;**
  - 1(c) **set a minimum jobs target of 675,000; and,**
  - 1(d) **identify major job creating opportunities for Western Sydney, including the development of a second airport for Sydney at Badgerys Creek.**

## 4.2 Subregions

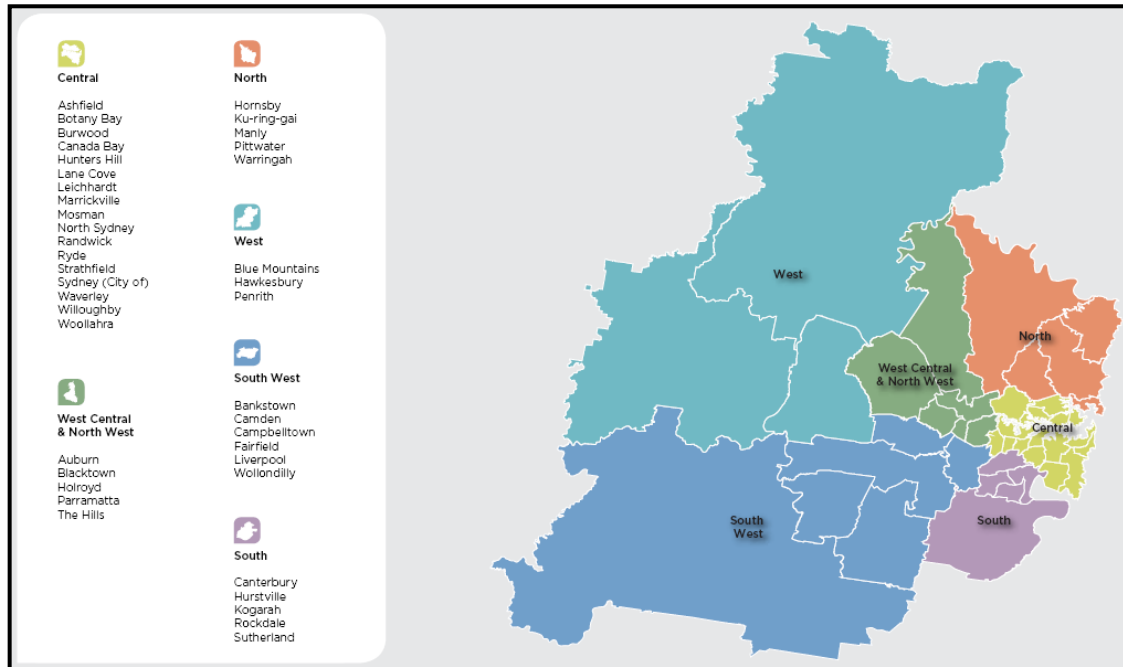
The Metropolitan Strategy for Sydney divides the Sydney Metropolitan Region into six subregions. The subregions comprise a number of local councils who will form the subregional planning boards, tasked to prepare new subregional delivery and growth infrastructure plans. The subregional planning boards and delivery plans are vital to the success of development, economic growth and the region. We understand that Subregional Delivery Plans will be developed by local councils in partnership with local communities. This will require that groups of councils, within subregions, work together to plan for the needs of their local communities. Essentially, it will be the job of the subregional planning boards to actually detail and plan where the housing, infrastructure and jobs will actually be located within the subregion. It will rely on these groupings of councils and communities ability to work collaboratively. It is for this reason the subregions must be of appropriate size and composition.

The metro strategy says that the “new subregional planning boundaries have been introduced in this Strategy after consultation with stakeholders and local government” however we find it difficult to accept that some of the groupings would have the support of the local councils and communities. For instance, the central subregion seems illogical and unworkable. There are far too many councils in that subregion and those councils are very different in composition and geography. Trying to argue that Sydney harbour connects these councils into a logical grouping is hard to accept as the harbour acts as a clear division between north and south. To suggest otherwise is fantasy.

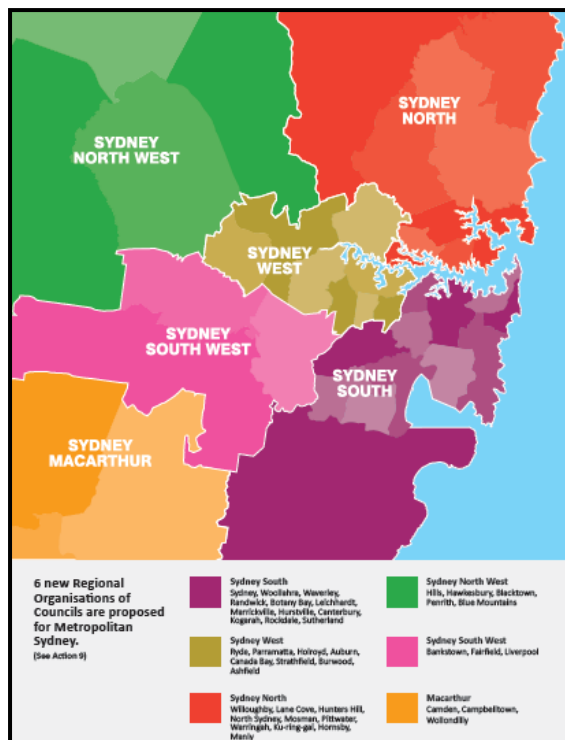
Furthermore, the subregions suggested in the Metropolitan Strategy do not reflect the recent thinking on local government reform nor are they consistent with the State

Plan regional action plan boundaries. There should be consistency within the Government on how the metropolitan region should be divided into (sub)regions.

The following groupings of councils into subregions are proposed in the metro strategy.



As noted above, getting the subregions right is essential to the effectiveness of subregional planning boards and their ability to prepare subregional delivery plans. If there are too many local councils, with major differences, the ability to work collaboratively to deliver subregional plans will be compromised. If there is to be only six subregions the Urban Taskforce would suggest the following grouping of councils.



**Sydney South:** Sydney, Woollahra, Waverley, Randwick, Botany Bay, Leichhardt, Marrickville, Hurstville, Canterbury, Kogarah, Rockdale, Sutherland

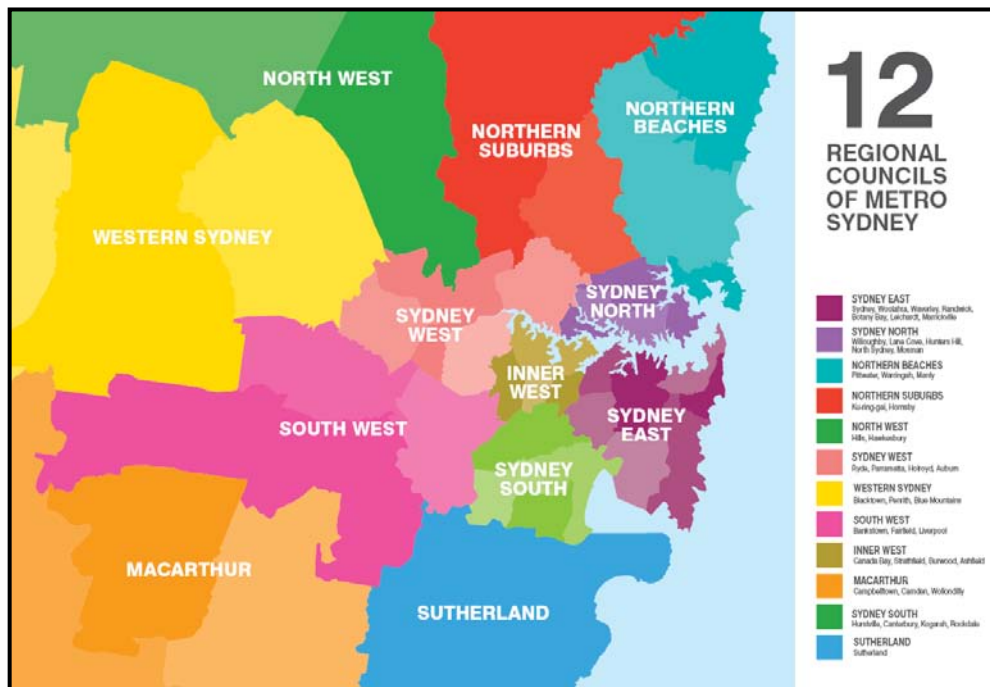
**Sydney West:** Ryde, Parramatta, Holroyd, Auburn, Canada Bay, Strathfield, Burwood, Ashfield

**Sydney North:** Willoughby, Lane Cove, Hunters Hill, North Sydney, Mosman, Pittwater, Warringah, Ku-ring-gai, Hornsby, Manly

**Sydney North West:** Hills, Hawkesbury, Blacktown, Penrith, Blue Mountains

**Sydney South West:** Bankstown, Fairfield, Liverpool

**Sydney Macarthur:** Camden, Campbelltown, Wollondilly



However, to encourage quick formation of workable subregional planning boards and the expedient preparation of subregional delivery plans, an alternative could be the formation of twelve subregions as shown in the diagram above.

## 2. The six subregions for Sydney should be:

- **Sydney South:** Sydney, Woollahra, Waverley, Randwick, Botany Bay, Leichardt, Marrickville, Hurstville, Canterbury, Kogarah, Rockdale, Sutherland
- **Sydney West:** Ryde, Parramatta, Holroyd, Auburn, Canada Bay, Strathfield, Burwood, Ashfield
- **Sydney North:** Willoughby, Lane Cove, Hunters Hill, North Sydney, Mosman, Pittwater, Warringah, Ku-ring-gai, Hornsby, Manly
- **Sydney North West:** Hills, Hawkesbury, Blacktown, Penrith, Blue Mountains
- **Sydney South West:** Bankstown, Fairfield, Liverpool
- **Sydney Macarthur:** Camden, Campbelltown, Wollondilly

### 4.3 Corridors

The Urban Taskforce supports corridor strategies and it is encouraging to note that the metro strategy identifies the four key corridors as:

- the Global Economic;
- Parramatta Road;
- Anzac Parade; and,
- North West Rail Link.

A corridor strategy is considered logical, however the metro strategy tries to define what exactly will occur in each corridor. Favouring one type of development over another in a corridor may be counterproductive as it does not allow for changes in market preference. We argue that corridors should simply be identified as areas of growth and activity where a wide variety of land uses will be supported.

While the metro strategy says that a number of Urban Activation Precincts will occur within the corridors. The number of those suggested this is not sufficient to support the growth expected. To provide the housing and jobs required to meet the demands of growth and to ensure that these are provided in the right locations, all areas within walking distances of railway stations and centres within corridors should be recognised as land suitable for more housing and jobs and hence should be declared as potential urban activation precincts.

**3. All land within 800 metres of railway stations and centres within corridors should be identified as potential Urban Activation Precincts. The Government should make provision for the calling of expressions of interest from land owners with developable sites that meet Government site selection criteria for fast tracked rezoning and development approval.**

### 4.4 Centres

A range of centres across metropolitan Sydney have been identified and new homes and jobs are to be located in centres that have transport connections, shops, schools, health services and other infrastructure. Supporting development in accessible locations is logical, but seeking to limit one type of development over another due to centres criteria is not the best means to support development to meet the needs of growth.

We do not support complex and prescriptive centres hierarchy and suggest only two centre types, these being "Major Centre" and "Town Centre". A Major Centre could be Sydney and Parramatta, while all other centres would simply be defined as a Town Centre. We do support the proposal that the NSW Government lead planning in the Major Centres and that the local council lead planning in town centres.

The size of centre and mix of use in the centre should be free to evolve over time. Larger, higher order centres will naturally attract more significant commercial activities and "clustering" will naturally occur as like minded enterprises, that may



benefit from clustering, will do so of their own accord. Planning should not seek to artificially foster clustering. The metro strategy should not dictate the mix and scale of development in a centre. It should simply identify centres and permit a mix of uses to meet the needs of commerce and community. Investment and job creation will be the result of opening centres to a wide variety of land uses.

Finally, detailed Centres Design Guidelines are not required as there is already sufficient regulation in place that regulates design and form in centres. For instance, local councils have a myriad of development control plans that regulate the built form in centres. Furthermore, SEPP 65 and the residential flat design code regulate residential flat buildings. There is no need for additional guidelines, particularly as the legal status "guidelines" confuse and complicate the development approval process. The new planning system has a clearly established hierarchy of plans and there is no place for "guidelines".

4. **There should only be two centre types - Major Centre and Town Centre.**
5. **All centres should accommodate a wide mix of land uses.**

## 4.5 Employment

The Metropolitan Strategy seeks to support the provision of at least 625,000 new jobs by 2031 and 50 percent of these jobs are to be located in Western Sydney. This is a mammoth task and will require a shift in current planning if there is any hope of achieving such an ambitious target.

### 4.5.1 Industrial

Identify and protecting industrial land for industrial uses will not deliver the jobs growth required to meet targets set. The suggestion that sterilising large tracts of land for manufacturing will in some way make Australian manufacturing more competitive on a global stage is absurd. Zoning land and then using regulation to favour manufacturing which is not longer viable in Australia simply ensures that land remains underutilised and/or alternative employment generating opportunities are lost.

Clearly there are many non-residential uses that generate significantly more employment opportunities than traditionally defined industry. Hence, maintaining the General and Light Industrial zones and limiting the wider application Enterprise Corridor, Business Development and Business Park zones is not keeping pace with contemporary thinking on employment generation.

The nature of industry has changed and will continue to change rapidly. Changes in manufacturing processes, introduction of new high technology industry and the rise of larger format retail means that land traditionally zoned "industrial" land must permit a variety of land uses, all of which are significant generators of employment. Hence, maintaining single use industrially zoned land is rapidly losing relevance.

There is no doubt that there will be requirements for zoning rules to separate heavy, potentially polluting industry from other uses. However, lighter, cleaner, modern industry is compatible with other land uses and these uses should be able to co-locate within the same zone. In fact, this is the most effective means of allowing industry clustering. Permitting a variety of land uses within a zone enables a market response to business establishment and location selection.

The Productivity Commission found that:

Broadening the zones — for example, by limiting industrial areas to only narrow high-impact industrial uses and creating broad employment zones which can include commercial, light industrial, retail and even high-density residential where appropriate — and reducing prescriptive land use conditions will free up land and make it available to its most valued uses ...

The Commission believes that:

Only high impact industrial businesses would be located separately because of their adverse effects on other land users or because planning outcomes are improved through their location near major economic infrastructure.

Broader zones would remove the artificial distortions created by the current planning and zoning system both within retail (general retail and bulky goods) and between retail and other businesses (such as commercial and light industrial).

In the Productivity Commission's separate (and final) report on planning, development assessment and zoning, the Commission said that:

For most businesses (commercial, service providers and some light industrial), there are limited and identifiable impacts associated with their location decisions and therefore few planning reasons why they should not be co-located in a business zone.

The New Planning System for NSW - Green Paper advised that the NSW Government will introduce a new land use class called an 'Enterprise Zone'. Enterprise Zones will be characterised by very little, if any, development controls providing they do not result in any significant adverse environmental impacts. Enterprise zones will generally be targeted to attract employment generating development but could also provide opportunities for mixed use. In this regard, Enterprise Zones will constitute a more flexible zone and the metro strategy should focus on the application of the new Enterprise Zones across the region. This would be a worthy action to pursue in the interest of job creation and economic growth particularly in the Western Sydney Employment Area.

- 6. To support all forms of employment generating activities, the Metropolitan Strategy should be focused on the implementation of a more flexible, multi-purpose employment zoning such as the Enterprise Zone suggested in the Government's Green and White Papers.**

## 4.5.2 Retail

Retail and jobs go hand in hand. The draft Metropolitan Strategy confirms this by saying that:

The retail sector is critical to the NSW economy:

- In 2010-11, retail trade and wholesale trade contributed \$10.7 billion and \$14.3 billion to GRP respectively.
- Retail trade, the largest industry sector employer, employed almost 190,000 people in 2012.
- Over 100,000 people were employed in the wholesale trade sector in 2012.

If the Government is committed to creating at least 625,000 new jobs by 2031, one would expect that the metro strategy would have much to say about supporting growth in the retail sector, especially considering the fact that it is the largest industry sector employer contributing approximately \$25 billion to GRP. However, the draft metro strategy pays only cursory attention to retail and seems to restrict retail growth.

While objective 15 is to "Provide for a good supply of retail space", how this objective is to be achieved and the policy behind the objective are the primary issues of concern.

The metro strategy says that it will "encourage retail activity in all emerging and established centres ..... to provide viable options for inevitable retail growth". Unfortunately, this approach means that we are again faced with the "centres issue" that dominated past metro strategies. That is, past strategies and potentially this version of the metro strategy argues that retail should be in emerging and established centres. This is reinforced by statements in the strategy that say, "recognising retail as a significant trip generating activity, the Metropolitan Strategy for Sydney will encourage the location of large retail primarily in Strategic Centres well serviced by public transport".

Furthermore, it is concerning that the strategy states "that many larger and most new centres can accommodate bulky goods and hybrid warehouse/e-commerce premises". We are not convinced that centres are the most appropriate location for bulky goods and hybrid warehouse/e-commerce premises.

The metro strategy goes on to say that "while many shoppers come by car, many use public transport especially as most of the bulkiest items are delivered later, meaning a location adjacent or close to centres can be beneficial". Again we question the validity of such a statement. Our view is that the vast majority of bulky good shoppers will arrive by car and that private motor vehicle usage and access and parking are more important to the success of bulky goods retailing than locations close to public transport.

The strategy notes that "the pressure for retailing to occur in industrial areas persists". We say that this is clearly due to the fact that industrial areas are the few locations where suitable sites can be found for retail requiring large floor plates, such as bulky goods.

It is clear that there is not sufficient suitable land to meet retail demand. That is why there is continual pressure to rezone land to accommodate retail uses. While the metro strategy acknowledges this, it seems to make it easier to prohibit or at least make it very difficult to have land rezoned to meet retail needs. Unfortunately, the draft metro strategy will ensure the continuation of an undersupply of retail land by

introducing policy that directs retail to be primarily located in existing and planned centres and also restricting retail in other zones.

We don't believe that the strategy properly considers the evolving retail formats. For instance, establishing retail activities such as Masters and Costco often involve the need for rezoning as the standard instrument does not properly recognise these formats. It seems that the strategy neglects this issue and continues to "pigeonhole" retail into a standard definition, zone and location.

Flexibility and the ability to locate a variety of appropriate retail in industrial, enterprise, mixed uses and business development zones is essential for retail and jobs growth. We must accept that some forms of retail are suited to out of centre locations and that the vast majority of people access shopping locations by motorcar. It is nonsense to pretend otherwise.

Retail formats have evolved over time and will continue to reinvent themselves as they try to respond to changes in market demand. Gone are the days where retail could be easily categorised simply as a shop or supermarket or bulk-goods retailer. Modern retail often seeks to mix formats. This unfortunately is at odds with the NSW planning system which continues to force retail into centres and/or discourage the mixing of employment generating land uses outside of centres.

To encourage retail growth, job creation and economic prosperity, the metro strategy should not force retail into centres. The Metropolitan Strategy should provide access to a wide variety of sites, within and outside of centres through greater use of flexible zoning.

- 7. Broader application of enterprise zones and permitting retail to establish a variety of locations will support the growth of retail and the creation of jobs.**
- 8. Retail should not be forced to locate in centres. Rather, retail should be encouraged to locate in areas accessible to the community.**

## 4.6 Greenfield Land

While 80 per cent of new housing production has occurred as infill development and a vast majority of such development has been medium density and residential apartment development, the Government must also ensure that there is a sufficient supply of greenfield land available. We acknowledge that the North West and South West Growth Centres have been established to meet some of this demand; however production of greenfield land in these areas has been slower than anticipated. The metro strategy acknowledges this failing and says that:

Despite significant land being rezoned in greenfield areas, the delivery of new homes remains low.

This proves that identifying greenfield land, calling it a Growth Centre does not necessarily result in housing production.

The inability to provide essential infrastructure and the difficulty caused by fractured ownership within the Growth Centres has been the main cause of delayed housing production. Land developers have found it difficult to acquire developable portions

of land from multiple owners and individual land owners have proved incapable of partnering in redevelopment projects of the scale required to meet housing demand in greenfield locations.

To partly overcome this delay in production, the Government embarked on an expressions of interest process where land developers with sites meeting Government criteria were able to come forward seeking early consideration for redevelopment. This process has successfully identified suitable developable land, outside of defined growth areas. In this regard we support statements in the Draft Metropolitan Strategy that say:

Opportunities will be explored to fast-track rezoning for large scale housing proposals which demonstrate private sector readiness and local government endorsement where conditions are appropriate. These conditions include investor and market feasibility; commitments to supply; infrastructure availability either within government-committed programs or at no cost to government; and where there is no significant impact on productive agricultural land outside the Metropolitan Urban Area.

9. **A new land release policy that identifies opportunities for extension of greenfield land release and facilitates the production of serviced land must be progressed as a matter of urgency.**
10. **The new land release policy must include the means of calling for expressions of interest from land owners with developable land that meets Government criteria for fast tracked rezoning even if outside of defined growth centre boundaries.**

## 4.7 Market Demand

It is encouraging to note that the Draft Metropolitan Strategy speaks volumes about market demand, choice and supporting the private sector in meeting demand. The metro strategy says:

promote and facilitate growth throughout Sydney in a balanced way that reflects community and business feedback and environmental and market considerations

.....deliver more and different types of housing across the city in line with employment and infrastructure and market demand.

..... the NSW Government will actively pursue opportunities where the market can deliver housing close to infrastructure in a sustainable way.

..... a growing preference for housing and apartment living in existing urban areas, close to other suburbs and with good services.

Sydney needs a greater number of smaller houses such as units, terraces and townhouses, and more specialised housing such as student housing, to meet the changing population and moves in market demand

However, while there is much said in the metro strategy about the need to provide choice and meet market demands, there seems to be an imbalance in the Strategy with respect to the promotion of apartment development in some of the key infill locations, such as the North Subregion. Given that approximately 28 per cent of all

private dwellings are now apartments with terraces and townhouses making up approximately an additional 13 per cent of housing stock, there must be a recognition that the market is seeking out apartment and medium density housing within existing suburbs that provide good access and amenity. Currently it seems that those who would like such housing will find it difficult to obtain it in the North Subregion - a region that is ideally suited to more apartment style housing.

While apartments seem to be prevalent in the local government areas of Sydney, Waverly, Randwick, Auburn and Parramatta, the market would also like to be provided with greater apartment living opportunities in local government areas such as Ku-ring-gai, Lane Cove, North Sydney and Mosman. Hence, the metro strategy should identify locations and support apartment style development across a wider range of local government areas.

**11. Subregional delivery plans must ensure that there is an equitable distribution of apartment and medium density housing within each local government area that makes up the subregions.**

**12. Apartment and medium density housing must be provided in all subregions.**

## 4.8 Infrastructure

The provision of critical infrastructure is essential to the creation of healthy liveable places and communities. The right infrastructure is fundamental to supporting growth and provision of an acceptable standard of living. Unfortunately, in the past Government has performed poorly on the delivery of essential infrastructure. Infrastructure was either not provided when required, or due to the inability to provide infrastructure prevented development from occurring when needed. Hence, even though the private sector was ready to deliver housing, infrastructure backlog limited production.

The Government's answer had been to tax development for the provision of infrastructure. However, in many cases the level of tax imposed on development made housing production unfeasible, hence no housing production and escalation of housing prices.

Even when funds were collected, infrastructure providers have been slow to use funds collected to provide the infrastructure. Thankfully, Government recognises that this situation cannot continue. Possible alternatives were offered in the recently released Green Paper which spoke of the need for infrastructure levies to be competitive with comparable markets in other jurisdictions and that the levy should be spread across the broadest base of beneficiaries. It is encouraging to note that the draft Metropolitan Strategy says that:

The private sector can help to provide infrastructure and can stimulate innovation and improve value for money by contesting the design, construction or operation of growth infrastructure. The NSW Government will ensure contestability as part of the Growth Infrastructure Plan process to examine the potential for private sector provision of infrastructure.

However, it seems that the principle of spreading the cost of infrastructure across the broadest base of beneficiaries may have been lost. Spreading the cost should not

simply mean spreading the cost over a broader base of developers as the developer is not the only beneficiary. The entire community benefits from improved infrastructure and hence the entire community should share a proportion of the cost.

**13. The proposed Growth Infrastructure Plans and Subregional Delivery Plans reflect the principles of fair and equitable sharing of infrastructure costs across the broadest base of beneficiaries as suggested in the Government's Green Paper.**

#### 4.9 Delivery Tools

A new delivery framework has been detailed in the metro strategy. While clearly articulated in the Strategy, the delivery on the promises made will rely upon the successful preparation and then implementation of new subregional delivery plans, growth infrastructure plans and local plans. Apart from the fact that these plans have never been prepared in NSW before, the preparation of the plans will rely upon effective collaboration amongst a Chief Executive Officers' Group and Subregional Planning Boards which have yet to be formed and have yet to be tested in NSW.

While the Urban Taskforce strongly supports the Government's review of the NSW Planning System, we are concerned that this review process will significantly delay the progress of the Metropolitan Strategy. Therefore initiatives that do not rely upon the new planning system must be progressed as matters of priority.

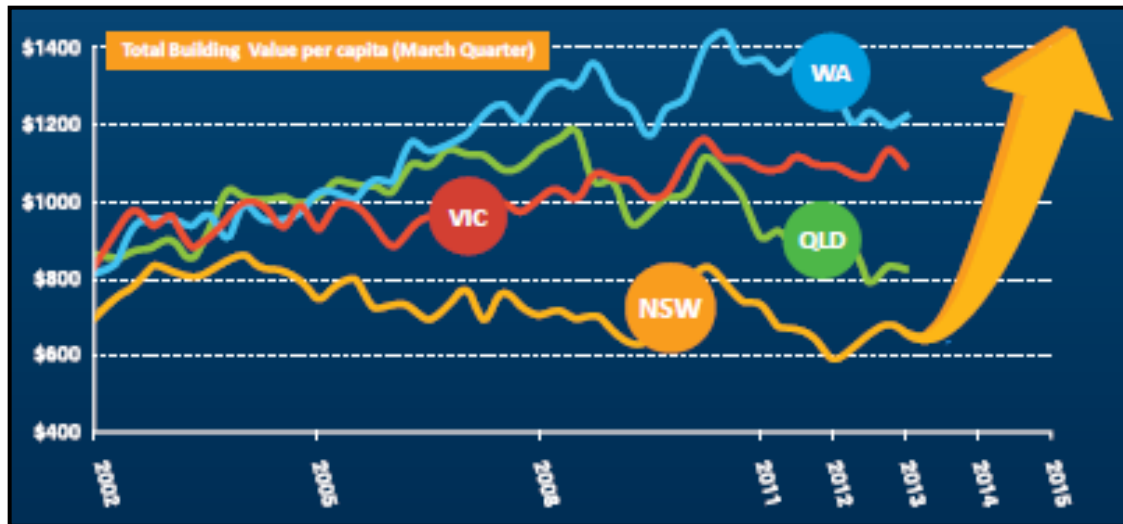
**14. The Government's review of the NSW Planning System must not be used as an excuse to delay the progress of the Metropolitan Strategy.**

#### 4.10 Economic Growth

The Government was elected on a platform of economic growth and meeting the demands of residents of New South Wales through sustainable development. It is now obvious that a key economic driver and provision of jobs for this state is the development industry. Therefore, the metro strategy must be a plan that facilitates development and provides an environment that will enable the development industry to do business.

There have been some promising improvements in development activity since the Government was elected. Housing completions for NSW are up slightly. However, approvals in New South Wales remain below Victoria and show a concerning downward trend. However, a true indication of what is actually happening in the building and development industry and a good measure of our economic performance is not just building approvals or housing starts. It is construction expenditure, measured on a per capita basis that provides a better indication of

building industry and economic performance. The graph below shows that when compared with other states we are not performing as well as we should and we need to take urgent action to lift our performance.



If the Government is to drive economic growth for New South Wales, it must ensure that the metro strategy provides the confidence to invest in development. Only then will we see an increase in construction expenditure which we say is a real measure of economic performance of the state.

15. The metro strategy must provide the confidence to invest in development and should be judged on an increase in construction expenditure which is a real measure of the economic performance of the state.



## 5.0 Conclusion

The growth projections are considered too conservative and the corresponding housing and jobs targets are considered too low. The Government says that Sydney is growing at 1.1 per cent, while other comparable cities like Melbourne are growing at 1.7 percent. With the right Government and implementation of effective economic policies there is no reason why Sydney should not lift growth to match Melbourne. Hence, our targets for jobs and housing should reflect expected growth rates. The Metropolitan Strategy should:

- expect that our population will grow by at least 1.4 million;
- set a minimum housing target of at least 570,000;
- set a minimum jobs target of at least 675,000.

The metro strategy seeks to provide fifty per cent of new jobs in Western Sydney. This will not be possible without major catalyst development in Western Sydney. The metro strategy must identify major job creating opportunities for Western Sydney, including the development of a second airport for Sydney at Badgerys Creek and encouraging a wide mix of land uses in the Western Sydney Employment area.

The subregions suggested in the Metropolitan Strategy do not reflect the recent thinking on local government reform nor is it consistent with the State Plan regional action plan boundaries. There should be consistency within the Government on how the state should be divided into (sub)regions.

The balance between greenfield and renewal areas must relate to market forces and the communities lifestyle preference and affordability. The metro strategy must lead the provision of housing choice by ensuring that all forms of housing are clearly provided in all subregions.

Furthermore, the new land release policy suggested must include the means of calling for expressions of interest from land owners with developable land that meets Government criteria for fast tracked rezoning, even if outside of defined growth centre boundaries.

To get development happening again and to support the provision of housing and jobs in the right locations all land within 800 metres of railway stations and centres within corridors should be identified as potential Urban Activation Precincts. In this way housing and jobs will be provided in areas with good infrastructure and in locations where people want to live and work.

To further support job creation, the metro strategy should support all forms of employment generating activities and be focused on the implementation of a more flexible, multi-purpose employment zoning such as the Enterprise Zone suggested in the Government's Green Paper. Such a zone would facilitate the establishment of new and evolving retail formats across a variety of sites.

The cost of infrastructure should not be left solely to the developer. The proposed Growth Infrastructure Plans and Subregional Delivery Plans must reflect the principles of fair and equitable sharing of infrastructure costs across the broadest base of beneficiaries as suggested in the Government's Green Paper.

## 6.0 Further information

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