

State plan to take on developers won't work

Property developers, would you believe, are angry at the Baird government. How could this be?

There are cranes on every corner. Flats and freeways rise, like winter vegetables, from every other block. Walking past relics of Sydney's industrial heritage has become an urban hazard: you are at immediate risk of bumping into the pointed shoes of developers scoping apartment potential.

How could anyone in the building game find reason to be angry?

The reason they are angry provides an interesting window into the development failures of Sydney's immediate past, what may happen in the city's future, and why there remains a good chance those failures will be repeated.

The developers are angry because the government did the unex-

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pected and did the dirty on them. A month ago, the government said it had rejected all 13 tenders that had been submitted, on its invitation, for the redevelopment of the White Bay Power Station near Rozelle.

The redevelopment of the power station is to be one of the first stages of a new boom town on the fringe of central Sydney. The government calls this area the "Bays Precinct".

It is largely state-owned land around Glebe Island, the Fish Markets, White Bay and Rozelle and is potentially huge in scope.

Barangaroo is 20-odd hectares of government-owned land. The Bays

is almost five times the size, and not that distant.

So the 13 developers were shocked when, after spending a mooted \$1 million each on bids to redevelop the power station and grab a toe in the Bays, they were all told they were not good enough.

"This is the first I have ever seen this for such a significant site," said one bidder with about three decades' experience. "It was a complete U-turn, the industry is scathing," the developer said.

The surprise, at least, is understandable. When the bids came in in March, the chief executive of the agency running the process, David Pitchford of UrbanGrowth NSW, said they were of a "very high" and "competitive" standard.

The official explanation for the about-turn is that, on closer inspection, none of the developers offered

what the government wanted.

UrbanGrowth NSW said cabinet requested a high-tech employment hub. But the proposals contained too many apartments.

This snub contributed to the unusual air of tension at a breakfast function this week hosted by the developer lobby, the Urban Taskforce.

People who make money from government contracts – such as property developers – are typically loath to bite hands that feed out contracts. But teeth were gnashing when Urban Taskforce's Chris Johnson put Pitchford on the spot about why he had created all these "negative feelings" about the Bays.

Pitchford was not for apologising. He said he wanted partnerships where developers helped the government get its way, "as opposed to you read what we've asked for, and then give us what you think we

need". But Pitchford's explanation – that the bids were not what was requested – tells only part of the story. And he hinted as such. "We wanted an outcome that was far different to just the usual schemes that are put forward," he said.

The context here is that the perception of recent large-scale development projects has dulled the enthusiasm within government to do what it has tended to do with big projects. And that is hand the keys to one developer, and let them sort out the details. When governments do this, they tend to lock themselves out of any capacity to influence what is going on.

Take Barangaroo. Ever since negotiations started with Lend Lease to develop the southern portion of the site, the development space has continued to increase, in a way that has not been matched by the capa-