



28 June 2012

Metropolitan Strategy Team
PO Box 39
SYDNEY 2001

NSW Business Chamber
incorporates
> Australian Business Limited
Apprenticeship Centre
> Australian Business Pty Ltd

By Email: metrostrategy@planning.nsw.gov.au

Dear Sir/Madam,

The Sydney Business Chamber (SBC) welcomes the opportunity to comment on the NSW Government's discussion paper *Sydney over the next 20 years*. The SBC understands that this discussion paper will inform the wider review of the Government's Metropolitan Strategy.

The SBC is a division of the NSW Business Chamber and represents Sydney's leading corporations. The SBC strives to identify, develop and promote the major issues that contribute to economic activity and growth in Australia's only global city, Sydney. We do this by representing and engaging with government on behalf of business at the local, state and federal level.

The SBC appreciates that the preparation of a revised Metropolitan Strategy presents a significant opportunity for the Government to put planning for future growth and development in a much more strategic context. The SBC considers the Metropolitan Strategy to be a critical part of the government's planning framework and should drive planning for new housing, jobs, infrastructure and transport.

While the SBC understands the reasons that together with its review of the Metropolitan Strategy, the Government is also reviewing / developing the *Environmental Planning and Assessment Act 1979* ("the Act"), the NSW Long Term Transport Master Plan, and State Infrastructure Strategy it is somewhat difficult to respond on what the role and shape the Metropolitan Strategy should take when so many of the documents that will both inform and be informed by the strategy are still under consideration.

The SBC's view is that we need to create a planning system that is predicated on supporting growth and development. The Act, as the central piece of this system, needs to be a facilitating document promoting the principles of economic growth, sustainable development and liveability. Accordingly, strategic planning needs to become a central plank of the revised Act.

As the review of the Act will have a determinative effect on the ability of the Government to deliver its priorities under the Metropolitan Strategy, we are anticipating the imminent release of draft legislation that will assist in our consideration of the matters the discussion paper raises.

Sydney Business Chamber
Level 12
83 Clarence Street
Sydney NSW 2000
ABN 63 000 014 504
GPO Box 4280
Sydney NSW 2001
t > 61 2 9350 8100
f > 61 2 9350 8199
e > navigation@nswbusinesschamber.com.au
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Further to these points, it is essential that the Metropolitan Strategy establish a process for the creation of a spatially based plan that clearly defines the distribution of residential and employment growth within Sydney for the next 40 years. This plan would also include the transport corridors and infrastructure links required to support those areas identified. A 40 year horizon is appropriate as the reservation of corridors for transport and for new infrastructure needs to be happening now. We look forward to working further with the Department in developing such a plan.

Housing

As identified within the discussion paper, the population of Sydney is expected to rise by more than 1.3 million and will require 570,000 additional dwellings by 2031. Obviously, these projections drive the need to develop a Metropolitan Strategy that can accommodate this growth with appropriate housing, transport and infrastructure.

The Minister's foreword indicates that the Government *"will examine giving legislative backing to our key strategic planning policy settings"* and that the Government will also *"be developing a clear mechanism to ensure the strategy is properly delivered"*. The SBC strongly supports such mechanisms being introduced and view these mechanisms as absolutely vital in ensuring that new housing development occurs at a sufficient rate for Sydney's projected population growth.

Should the Strategy continue to focus greenfield housing on the South West and North West Growth Centres or should additional effort be applied elsewhere on Sydney's fringe?

While greenfield development on the fringes of the city will, by necessity, be an important part of meeting Sydney's future housing needs, making improvements to planning processes to allow for new development and urban renewal to occur in already established areas will be vitally important if Sydney is going to meet the target of 25,000 new dwellings annually to 2031.

The focus of greenfield development within the North and South West Growth centres is appropriate and should continue. It's important however that steps are taken to ensure that the planning mistakes made in other areas of Sydney are not repeated in these growth areas. Accordingly, new development in these areas needs to be focussed around strategic infrastructure. With new train stations being built at Edmonson Park and Leppington, a greater density of housing around transport links needs to be encouraged. Getting a better mix of residential development near transport hubs will provide more people with access to the transport network and will help in building a more vibrant and liveable community.

Transport issues will be discussed in further detail later in our submission, however it needs to be emphasised that the North West Rail line currently being planned by the NSW Government should be predicated on increasing the density and mix of development around both the proposed stations in existing suburbs and in newly developed areas. A density/development mix around new stations that reflects the role stations play in determining where people live and work is a vitally important part of planning for future growth and the Metropolitan Strategy needs to reflect this.

The SBC appreciates that market forces are the key determinant of new building construction and, as a result, setting targets for infill/greenfield development can ultimately be fruitless. There is however utility in undertaking the exercise if appropriate policy levers are put in place to encourage the right type of development, in the right place, at the right time. We believe an infill/greenfield mix of around 70/30 is appropriate for Sydney and reflects the

continuing demand for new dwellings in established areas. Such an infill/greenfield mix would be contingent however on appropriate legislative mechanisms being put in place in the revised Act.

Should housing targets continue to be applied to all local government areas in Sydney?

The briefing materials seek comment in relation to the imposition of housing delivery targets on local councils. The SBC notes that the Government has already committed under the *NSW 2021 Plan* to continue to set dwelling targets for local councils as outlined in subregional strategies¹

The SBC strongly supports the statistical benchmarking of local councils to ensure that development is facilitated appropriately in identified areas. There is a need however to take development in context. Growth and demand should not be constrained by local government boundaries; better regional planning with a greater focus on spatial planning near key centres (such as rail corridors/hospitals/universities) is vital if the Metropolitan Strategy is going to deliver on its ambitious housing growth targets. Accordingly, targets should be spatially defined and responsibility for the delivery of targets shared between LGA's and, ultimately, the NSW Government.

In circumstances where a council is clearly not meeting its obligations in terms of development assessments, that council's planning and assessment functions should be revoked and an independent panel introduced to undertake these assessments. This process will hopefully be detailed in the release of the new Planning Act.

Should the strategy identify a role for the NSW Government to facilitate housing development in existing areas? If so, what should that role involve?

The establishment of Urbangrowth NSW as the lead organisation for delivery of new housing provides an important first step in driving new development by the Government. The SBC sees the establishment of Urbangrowth NSW as an opportunity for the Government to improve delivery in Greenfield areas but also, and importantly, in undertaking urban renewal in infill areas.

More broadly, Government strategies such as the recent budget measures to more than double the First Home Owner Grant to \$15,000 from 1 October 2012 for new properties up to \$650,000 provides a clear incentive for new housing development. This initiative should be monitored closely to ensure that it meets its objectives and is modified where necessary.

To ensure that as much new development as possible is generated as a result of the budget measures, the Government should also be looking at ways in which to overcome impediments to urban consolidation and renewal. A key stumbling block for the renewal of urban areas is the requirement for all strata owners to be in absolute agreement when it comes to the sale/ redevelopment of a strata property.

The SBC would strongly support the Government removing this requirement and instead allowing a majority of strata owners within a plan to make determinations about the strata's continuance.

Initiatives such as stamp duty concessions to 'empty nesters' over 55 years old who sell an existing property and purchase a newly constructed dwelling should continue to be examined and supported in order to get adequate turnover of older housing stock in infill areas for redevelopment.

¹ See *NSW 2021 Goal 5 Place downward pressure on the cost of living*

Jobs and Economic Opportunities

It's the SBC's strong view that rather than focussing on generating new housing stock, the key focus for the Metropolitan Strategy should be on generating new jobs and economic growth.

Employment opportunities drive demand for housing and, critically, housing location. As a result, if the Metropolitan Strategy is going to effectively manage the growth of Sydney over the next 20 years employment needs to be emphasised as its driving force.

Getting the jobs mix right however will be an ongoing challenge.

How can the Strategy help provide Western Sydney with enough job opportunities across a range of sectors?

Jobs growth for greenfield land release in Western Sydney has already been identified as an area of particular concern. There is a strong need to encourage new and diverse sectors of industry to establish operations in Western Sydney. The Government's Western Sydney Employment Lands Taskforce has been examining these issues closely.

While its strategic road links to the M7 and M4 mean that logistics and warehousing will continue to be strategic strengths, a wider range of employment opportunities with higher densities of jobs are required for Western Sydney. One way in which this could occur is by providing greater flexibility within LEP's to allow for mixed-use development within industrial zones (such as low scale office development). Such flexibility would allow businesses to co-locate business operations within its industrial space.

Although the relocation of government offices is a relatively 'blunt' force approach to employment growth, there are a number of government office movements that would provide some clear guidance on how such moves can be achieved successfully and how these could benefit the significant growth occurring in Western Sydney. The establishment of the Parramatta Justice Precinct and the consequential relocation of the corporate headquarters of Sydney Water, NSW Police and the NSW Attorney General's Department would be one such example.

The Parramatta Justice Precinct is now the third largest justice precinct in Australia and has seen many other private legal service providers move into the area. Relocations of this type should however be planned closely and undertaken in consultation with industry to ensure that businesses are able to support the move into a new location.

Consideration should also be given to the job generating ability of mixed-use residential development. Intensification of residential development in and around transport links will allow for the expansion of small-scale retail and food outlets in these areas. While this will not lead to large-scale employment opportunities, mixed-use residential/retail plays an important part in diversifying the jobs mix and helps to make communities more vibrant.

As identified by the Productivity Commission in its recent report into the retail industry, land use regulators need to ensure that areas in which retailers locate are both sufficiently large (in terms of total retail floor space) and sufficiently broad (in terms of allowable uses). As Sydney continues to increasingly compete on an international stage in terms of attracting jobs and investment, we need to ensure that our land use policy settings are set

appropriately so as to enable new and innovative firms to enter the market as well as allow existing firms to expand².

Should the Strategy preserve more land around key infrastructure assets – such as Sydney Airport, Port Botany, major health facilities and universities – for economic activities?

As noted elsewhere in this submission, the Strategy needs to take a more spatially based approach to planning for growth. Key to this approach will be identifying key infrastructure assets and preserving the areas around these assets to ensure that their employment generation potential is maximised. Key knowledge centres such as universities and health facilities need to play a prominent role in planning for future jobs growth. Preserving land for intensification of use or operational expansion is vitally important and should be a feature of the Metropolitan Strategy.

While the SBC is aware that there are strategic improvements that are being made to significantly extend the lifespan and capacity of Sydney Airport, the SBC recognises and accepts that identifying and planning for a location for a second supplementary airport needs to happen now. An airport is a significant employment generator. Sydney Airport, as an example, directly employs (full time and part-time jobs) of 75,580 plus indirect employment of 130,553 as well as generating a direct contribution of \$8.0 billion to NSW Gross State product³.

Building a second airport would present a “game changing” opportunity in terms of jobs and investment for NSW. The options for a second Airport need to be examined closely by all levels of government and a decision made so that land can be reserved for the future development of the project.

Employment location also has the most significant impact on transport infrastructure. Obviously, if people are travelling further to work this has a consequential impact on transport amenity during peak travel periods.

Transport

A transport network which facilitates the efficient movement of freight and people around a city is vital to promote productivity. However, transport is effectively a derived demand therefore transport planning must be integrated with other land use, employment and economic policies as it is effectively the outcomes of these policies which drive and shape transport demand. This is why the Government needs to ensure that the Metropolitan Strategy, Planning system, Long Term Transport Master Plan and State Infrastructure Strategy are integrated and support joint outcomes.

It is important that there is a long-term view to transport and that the Metropolitan Strategy identifies growth areas coupled with the transport corridors which will be needed to service these areas well into the future. For example, given the location of future employment centres in Parramatta and in other areas of western Sydney, there needs to be a focus on providing north/south connections in addition to the east/west connections which have traditionally been needed to transport western Sydney residents to the CBD.

How can the Strategy ensure movement around Sydney is as efficient as possible?

² Productivity Commission, PC Update No.51 May 2012 p.6

³ See <http://www.sydneyairport.com.au/corporate/community-environment-and-planning/~media/Files/Corporate/Environment%20Plan/Master%20Plan/04Economic%20Significance.pdf>

It is apparent that there are some missing transport links which have been identified in the *Long Term Transport Master Plan* discussion paper and will be subject to prioritisation by Infrastructure NSW. However, in addition to the construction of these links, a demand management strategy for transport is needed in order to address Sydney's peak transport demand. As part of our *10 Big Ideas to Grow NSW* campaign as well as in our recent submission to the *NSW Long Term Transport Master Plan* discussion paper, the Sydney and NSW Business Chambers advocated for such a strategy to be developed for Sydney. A demand management strategy could include, but should not be limited to:

- Variable road tolling – implementation of peak, shoulder and off-peak pricing;
- Peak, shoulder and off-peak pricing of public transport;
- Opportunities within the public sector to outline non-peak starting periods;
- Limiting use of non-school travel concessions in peak periods with appropriate offsets in pricing in non-peak periods;
- Private sector incentives to shift hours away from traditional working hours;
- Opportunities to trial non-peak starting hours for schools in various regions of Sydney;
- Incentives to encourage carpooling and lifting vehicle occupancy rates;
- Encouragement of greater housing densities in areas closest to major employment centres.

How can the Strategy improve freight movements in Sydney?

As stated earlier, the Metropolitan Strategy should focus on generating new jobs and economic growth. This means that it is imperative that the Metropolitan Strategy protect existing and future freight corridors to ensure the efficient movement of freight throughout Sydney. By identifying these corridors along with key economic hubs, the Strategy should ensure that corresponding local plans have appropriate zoning to ensure urban encroachment does not occur.

A demand management strategy would also help address to address congestion which would be a key mechanism to help improve freight movements across Sydney.

The Strategy should also support the location of key freight infrastructure, such as an intermodal terminal at Moorebank, in areas close to key transport links and economic hubs.

What key priorities should guide the Strategy to provide a better transport network between Sydney and regional NSW, cities in other States and cities in our global region?

The Metropolitan Strategy should also identify the importance to Sydney of ensuring access to Sydney's major passenger and economic gateways. These gateways make significant contributions to the economy and are significant employment generators. The Metropolitan Strategy should therefore ensure that there is sufficient ground access to these gateways for both public and freight transport, and should also ensure there is appropriate zoning around these gateways to support the emergence of employment and commercial hubs.

The Metropolitan Strategy should also address the issue of Sydney's aviation capacity to ensure Sydney remains a premier location destination for both personal and business travel. SBC supports the recommendations from the recent *Joint Study into Sydney's Aviation*

Capacity relating to improving the capacity and lifespan of Sydney Airport and improving the ground access to the Airport. These recommendations should be supported by the Metropolitan Strategy. In addition, given the importance of aviation capacity to Sydney as well as the presence of competing interests for land use, a decision should be made now on the location of an additional airport to supplement Sydney Airport. The Metropolitan Strategy will need to support this location through providing appropriate peripheral zoning as well as ensuring there is adequate transport access to and from the airport from major economic centres.

Transport infrastructure in itself can promote growth. This is why there needs to be strong integration between transport, land use and employment planning and policies between all levels of government. High Speed Rail (HSR) provides a good example to illustrate this. The NSW Business Chamber has commissioned a report to highlight the opportunities which a HSR network could provide to Sydney which are not being considered due to the governance framework overseeing the HSR feasibility process. For instance, by providing reasonable access to the CBD from regions currently not considered to be within reasonable commuting distance from Sydney's CBD, HSR provides opportunities for land use which may not have previously been considered. This could then have repercussions for housing supply and other land uses. However, these opportunities will not be realised because the HSR study is not being undertaken in a truly integrated fashion which takes into account land use planning for Sydney. Given the Federal Government is taking an increasing role in infrastructure provision, the Federal and NSW Governments need to better integrate planning to ensure opportunities such as these will be realised. The NSW Business Chamber will provide this report to the Minister for Planning and Infrastructure and the Department once finalised.

Infrastructure

Local Infrastructure

The Metropolitan Strategy should identify growth areas – both greenfield and infill – to inform priorities for the provision of local infrastructure. By having these areas identified, providers of infrastructure will have greater certainty about which areas will be developed as well as greater certainty on the timeframes for infrastructure delivery.

It is inevitable however that sometimes these timeframes will move. When development occurs at a faster pace than identified in the Metropolitan Strategy, SBC supports the concept of accelerated development employed by Sydney Water. Should a developer wish to accelerate the servicing of land ahead of Sydney Water's Growth Servicing Plan, the developer can enter into a commercial agreement with Sydney Water to construct the infrastructure to requirements, and may be refunded for the reasonable and efficient costs of this infrastructure.⁴ This will help to ensure that new developments have sufficient infrastructure at the right time.

It is clear that the private sector does have a role to play in contributing to the provision of new infrastructure to development areas. However, this does not mean that the full burden of the provision of local infrastructure should be placed on developers. As argued in our submission to the planning review, the present contributions base for infrastructure levies for local infrastructure is too narrow. While developers do need to contribute a proportion of funding to new infrastructure, they should not be left to fund it all. The current planning system raises significant questions in relation to inter-generational equity. Developers will ultimately pass on infrastructure costs to final purchasers of a property, however the infrastructure that has been contributed to can be enjoyed by the entire community. SBC

⁴ See Sydney Water's Growth Servicing Plan for 2011-2016.

supports a broader base including state agencies, councils, developers and the wider community to contribute to the provision of new infrastructure under a single contribution framework.

Further to this, SBC strongly supports removing upfront developer contributions in favour of requiring contributions to be made at final settlement or at the completion of works. This would help to ensure that development can continue in a tight credit market.

Economic Infrastructure

The Metropolitan Strategy should support key economic infrastructure through:

- Protecting key transport corridors connecting existing and future economic infrastructure to allow the transport of freight and provide ground transport access to and from economic infrastructure;
- Ensuring appropriate zoning around key economic infrastructure such as ports, airports and transport corridors to promote the emergence of economic hubs and prevent urban encroachment; and
- Integration with the State Infrastructure Strategy and Long Term Transport Master Plan to identify the key present and future economic infrastructure for Sydney.

It is clear that the private sector can make an important contribution towards financing and funding economic infrastructure. The Metropolitan Strategy should also support greater use of public private partnerships. The Strategy can do this through providing a strong policy document which outlines the growth plan for Sydney. This will provide the private sector with greater confidence about the outcomes of potential investments in infrastructure.

Planning for Social Inclusion

Although the SBC appreciates that planning (and, consequentially, the Metropolitan Strategy) has a role to play in increasing the inclusiveness of our communities, far too often planning policy is left as a “catch all” antidote to social problems and its strengths are diminished as a result.

The focus of the Metropolitan Strategy should be on the delivery of a robust planning system that adequately defines corridors and spaces for transport, industry, recreation and cultural activities and supports growth. A failure to focus on these areas and issues will mean that we have a planning system that tries to be all things to all people, rather than an enabling system that reflects our changing community.

With that said and as noted elsewhere in our submission, the SBC is supportive of initiatives to encourage “empty nesters” to downsize into more appropriate housing stock. Improving housing design to cater for an ageing population and locating this housing near to transport, health and specific aged care services will help to ensure that Sydney’s ageing population is able to live independently and participate fully in the community.

Delivering the Strategy

As the Discussion paper (under)states “delivery of strategic plans in NSW has been poor“. Since the introduction of the Metropolitan Strategy in 2005 there have been many positive starts, with very little follow through. There has been a distinct lack of accountability in terms of delivering the strategy’s ambitious targets. Understandably, without a strong governance

framework with regular monitoring and reporting of delivery against targets the private sector will be reluctant to invest in the strategy's nominated areas for growth.

Should each action in the Strategy have clear accountabilities for delivery in terms of the agency responsible and agreed timeframes?

It goes without saying that each action in the strategy should identify the agency be accountable for its delivery and the agreed timeframes for implementation. Further to this, contingencies need to be put in place to ensure that where a timeframe has not been met, a mechanism can be activated to push delivery through. As noted elsewhere in this submission, under the revised Act where a council has failed in delivering on its targets, that councils planning and assessment functions should be revoked and an independent panel introduced to undertake these assessments.

In addition, to better ensure that targets and priorities are met, all of the Government's strategic plans should be made statutory instruments. In the context of the current land use planning framework, such a move would help to change the emphasis from local planning outcomes to regional targets and priorities. This would also help in better planning for future growth, managing our local environment and providing employment lands.

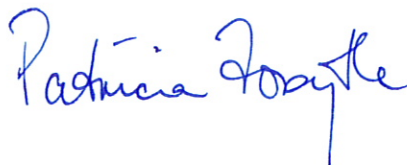
Should an annual Metropolitan Strategy Report be published?

The SBC strongly supports any change to current practice that leads to an improvement in the reporting of delivery under the Metropolitan Strategy. While a report is supported in principle, more broadly, public access to land use information held by the Department of Planning should be increased. Specific metrics to measure the targets of housing, jobs and infrastructure should be developed in consultation with the sector and provided on an (at least) six monthly basis.

Furthermore there should be greater emphasis placed on scenario planning to ensure that changes in demographics and economic outlook can be factored into the delivery of targets over time.

Please feel free to contact either myself on 9350 8101 or Mr Luke Aitken, Policy Advisor, New South Wales Business Chamber on 9458 7582 if you wish to discuss any matters raised in this submission further.

Yours sincerely,



THE HON PATRICIA FORSYTHE
Executive Director
Sydney Business Chamber