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Q1

Contact information

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Q2

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Q3

What has been your experience with the retain and manage industrial lands policy?

The retain side of the industrial lands policy has helped IWC stop the haemorrhage of industrial land the LGA was experiencing prior to its introduction. The manage side of the policy has been more difficult to implement. The DPIE has tended to rigorously apply "retain" to the extent that small, rezoning proposals that Council supported for truly anomalous sites were not allowed. In addition Council has few tools to engage in proactive "management" such as retaining affordable space or funding infrastructure improvements to support industrial redevelopment.

Q4

What has been your experience with the review and manage industrial lands policy?

Not applicable to the Inner West

Q5

What suggestions would you make for industrial lands policy in the Greater Sydney Region Plan?

The GRSP industrial lands policy should keep the retain principle, but provide additional guidance and tools for Councils to manage their industrial land. The policy should also prohibit the DPIE tendency with some planning proposals to accept residential uses as a permitted use on sites zoned for industry, which gives the appearance of industrial land being “retained” when in fact its industrial utility is often lost or reduced.

Q6

Are there any barriers to industrial lands fulfilling their functions?

There are infrastructure, environmental, institutional, real and anticipated residential development value, market manipulation and political lobbying barriers to industrial lands fulfilling their functions. More particularly the exclusion of industrial land in the now outdated PRCUTS area from the retain and manage policy has inhibited the development of this land for employment purposes.

Q7

From your perspective, what would be the most productive way to manage industrial lands? What are the opportunities to make industrial areas more productive?

The most productive way to manage industrial lands is to ensure that the ultimate and immutable planning principle that applies to them is their guaranteed retention. The corollary of this that the misleading principle of “highest and best use” must not be allowed to apply to proposed redevelopments of industrial land. Diverse industrial land plays a crucial role in the creation of economic value in cities. This has to be protected from dilution that might arise from mixed uses in industrial precincts. State government grants for infrastructure and industrial redevelopment would be helpful. Council economic development teams could also be of considerable assistance. Providing a set of clear metrics of the true economic growth potential, environmental (climate change mitigation eg reducing travel and transport distances) and population serving value of maintaining an extensive stock of industrial land and property across the metropolitan area would also be beneficial.

Q8

Are there particular locations in Greater Sydney that are most appropriate to transition to alternative uses for industrial lands? Why?

In the Inner West some very small sites zoned for industry may be suitable for alternative uses as long as these were employment uses and not residential masquerading as employment.

Q9

Are you aware of any new types of industrial or urban services uses occurring in industrial areas?

The strongest trend for new types of industrial or urban services uses in the Inner West is for creative activities of all types and there are signs of health related uses orientated development proposals in the Camperdown innovation precinct.

Q10

Please provide any further comments below

IWC will be submitting a letter with more detailed comments later in August 2021. These will be drawn on Councils adopted Local Strategic Planning Statement and Employment and Retail Lands Strategy and Study which can be found in this link <https://www.innerwest.nsw.gov.au/develop/plans-policies-and-controls/strategic-plans/strategies-and-studies>

Q11

Respondent skipped this question

Would you like to attach a document?



31 August 2021

Ms Elizabeth Mildwater
Chief Executive Officer
Greater Sydney Commission (GSC)
PO Box 257
PARRAMATTA NSW 2154

Dear Ms Mildwater

Industrial Lands Policy Review Submission

Thank for the opportunity to comment on this critical issue for Sydney's future prosperity.

The Council has already submitted preliminary responses to the standard survey form GSC provided on its website.

The comments below supplement those responses with two broad categories of points that go to the crux of the issues surrounding employment land:

- 1) The broad strategic reasons why employment precincts must be safeguarded
- 2) More specific references on the Review process and the importance of the "retain and manage" policy.

1) Broad Strategic Reasons For Safeguarding Employment Precincts

- Employment precincts include industrial, enterprise, commercial and business zones. They accommodate employment and economic functions that are often unsuitable for city and town centres due to their locational or floorspace requirements. The residential, retail and some other commercial uses that development industry lobby groups argue should be allowed in employment precincts introduce land use conflicts; place upward pressure on land values; and fragment large lots.

These groups often represent large residential developers who do not have any commitment to the wider interests of local, regional and state communities and economies. They short-sightedly and disingenuously promulgate the false contention that industrial and urban services land uses are low value and that employment precincts should be devoted to highest and best land uses to maximise economic returns.

This perspective is narrow minded and lacks the imagination to understand the full value that industrial and urban service businesses contribute to the economy now, not to mention in the future. It assumes that economic value only relates to land value or to the direct economic contribution that the jobs in a particular precinct or business make to the economy. Hard evidence including GSC's own "A Metropolis



That Works”, the University of Wollongong’s in-depth research into the role and function of the Carrington Road precinct and SGS rigorous policy reviews (referred to below) refute this approach.

Industrial operations per capita may sometimes be less productive than knowledge intensive jobs in terms of gross additional value, but they are essential translators of value. Employment precincts and older traditional employment precincts in particular translate pre-production value research & development and design into post-production value through after sales service, marketing, company expansion and exports. The operation and location of these jobs throughout the city generates significant added value to the economy.

Economic consultants SGS recently compared (SGS Economics and Planning, 2020) Sydney’s Eastern City’s industrially zoned land with large Australian commercial centres from a Gross Value Added (GVA) perspective. They found these employment precincts are more than twice as economically productive as Parramatta city centre and have higher productivity than Adelaide city centre. Neither are low value employment precincts.

- Development industry lobbyists claim mixed-use precincts bring diversity benefits to an area. In practice the range of activities in Sydney’s and especially the Inner West’s employment precincts are more diverse than residential “mixed use” zones and many commercial centres because of the extensive variety of industries they support. The reality is that mixed use zones create homogeneity, where higher financial value uses dominate and displace other uses.

SGS research (GSC Urban Services Database, 2017 & SGS Economics and Planning, 2020) into a sample of Eastern and Northern City Districts industrial precincts concluded that they were more diverse than Parramatta city centre. This research into the value of employment land makes two key factors clear.

- Employment precincts and their diverse functions play a crucial role in economic value creation in cities.
- The concept of “highest and best use” is dangerously misleading because it does not take account of the wider importance of value as outlined above.

These two inseparable factors demonstrate unequivocally that the important functions of employment precincts must be protected if they are to continue to underpin the economy.

Employment precincts will be even more important as NSW endeavours to work its way out of the COVID-19 recession. Advanced manufacturing, bio-technologies and renewable energy technologies require productive, flexible and accessible floorspace close to city and town centres, universities and hospitals where much of the related research & development takes place.

The huge increase in eCommerce throughout 2020 and 2021 requires a network of distribution points close to major trade gateways and high density employment and residential areas.

These types of industries will drive and boost economic growth in the future. They will require well-located employment precincts to operate effectively. If these precincts are not protected the ability to realise these future economic aspirations will be compromised by the short sighted financial aspirations of the development industry that pursue increased land values rather than public interest outcomes.

2) Review Process And “Retain and Manage”

- The idea that the Review can “identify what would maximise net benefits to the State” and “adopt the approach that maximises the State’s welfare” needs to be more nuanced and the process more transparent so that everyone in NSW can understand it and the outcomes. In this sense the Review needs to acknowledge how particular areas, precincts or industry clusters already make invaluable contributions to maximising the “the State’s welfare”. The Inner West’s key industrial precincts close to the city centre; Gateways such as Sydney harbour, Port Botany and the airport; and other major transport infrastructure routes including WestConnex, Metro West, Metro Southwest, heavy rail and light rail services epitomise this type of area and the “maximisation” role it and its industrial precincts perform.
- Within the above context the timetable for the Review is not long enough because all 159 industrial and urban precincts in the Retain and Manage category should be subjected to the detailed scrutiny presently proposed for only 20 of these precincts. The roles that all 159 precincts perform should also be compared to how well precincts in the Review and Manage and Plan and Manage categories could perform these roles.
- The contribution that inner city employment precincts make to Sydney’s image as a global city and to the attraction of talent and investment from the rest of the world must be explored. The Inner West enhances that image; global talent individuals want to live and work in the area with its unique character, close to the city centre, beaches and the international airport.
- The “manage” side of the “Retain and Manage” is important as Council’s need to be given the tools to ensure that creative enterprises, research and development start ups and innovative small businesses like IDE in Leichhardt will continue to be able to find affordable space in the inner city. If these businesses are displaced from the spaces they currently occupy they are likely to re-locate to other states or worse overseas, close down or not start in the first place.
- The potential implications for climate change and environmental sustainability of not fully maintaining the Retain and Manage policy must be incorporated in the Review. Without doing this its findings will be flawed or worse will lead to poor decisions and damage to the economy in the medium and longer term. Allowing so-called mixed use development in Eastern City industrial precincts for example could displace essential industries to sub-optimal locations many kilometres from their customers. This will increase supply chain lengths for inner city businesses and some of these will close as a result. The negative environmental impacts of unnecessarily long supply chains are obvious.
- In light of the comment above regarding a nuanced approach the Review’s Scope of Works Phase 2 Task 1 Development and assessment of Policy Options should consider allowing the merit based rezoning of some small industrial sites, less than 1000 sqm, in town centres or surrounded by residential development on all sides for

other forms of employment uses including genuine mixed use as part of the “Management” approach.

- The Scope of Works Phase 2 Task 2 Evaluation of options needs to be more fine grained to be worthwhile. This means it should be carried out at the very least at the level of local government areas and in some cases where those areas are large for more localised areas.
- The membership of the Industry Reference Group is skewed in favour of large industries and industry lobby groups with vested interests in converting industrial and urban services precincts to residential mixed use development. Other bodies and groups need to be involved if the review is to be truly representative. These might include the universities because of their role in research and development and its commercialisation, creatives, and start ups.

I hope you find these comments helpful and if you have any queries please contact Roger Rankin on 9392 5174 or roger.rankin@innerwest.nsw.gov.au



Daniel East
Strategic Planning Manager