



## Industrial Lands Retain and Manage Policy Review - Phase 2 Q&A

The following is a summary of the questions and answers from the information sessions held with industry and local government stakeholders on the 11 and 12 October 2021.

Please note that the questions and responses are not verbatim but have been collated, grouped by key theme and summarised for clarity and ease of reference.

### 1. Alignment with other policies / research

	Question	Greater Sydney Commission Response
1.1	<b>How does this policy interact with or take account of the findings in the Greater Sydney Commission's <i>Our Metropolitan Futures</i> report?</b>	<a href="#">Our Metropolitan Futures</a> is a global research review of how peer city regions are approaching long term planning post the disruptions and accelerations of COVID-19.  The policy scenarios being tested in the Industrial Lands Policy Review Cost Benefit Analysis are comparable with how other cities are managing their industrial lands by ensuring that a strategic supply of industrial land is located to serve city functionality.
1.2	<b>How does the Department of Planning, Industry and Environment (DPIE) Employment Zones Reform tie in with the Industrial Lands Policy Review?</b>	The GSC review looks at the strategic spatial policy for Retain and Manage areas of Greater Sydney. The Greater Sydney Region Plan (GSRP) provides the vision and objectives for how industrial lands should be managed across Greater Sydney. Currently, it has three different approaches, with Retain and Manage being one approach. The GSRP does not provide detailed implementation advice regarding the appropriate zoning framework – this is the role of councils working with DPIE.  The Employment Zones reform focuses on ensuring that these zones are fit for purpose and support the strategic plan as outlined in the GSRP. The new Employment Zones framework provides a range of zones that can be applied appropriately to the final industrial lands policy within the GSRP. DPIE and the GSC are working very closely to ensure both projects are strategically aligned.
1.3	<b>Where is the evidence that current employment zones are inflexible?</b>	DPIE undertook extensive upfront engagement to inform the scope and policy direction of the reform of employment zones. That engagement revealed that there was inconsistency and limitations across NSW in how the Business and Industrial zones have been applied. Specific examples of land use tables that were not fit for purpose and issues with understanding the purpose of the individual zones were raised across workshops from councils and stakeholders alike.  The Industrial Lands Policy Review focuses on the strategic spatial vision for industrial lands across Greater Sydney. The Employment Zones Reform is led by DPIE. The GSC and DPIE are working closely to ensure both are aligned.
1.4	<b>When will the draft Employment Lands Strategy (ELS) guidelines be put on exhibition?</b>	The Guidelines will be launched in October with 10 councils. It is intended they will be adopted and implemented by March 2022.
1.5	<b>Many councils already have an ELS. Is the expectation that these should change so soon?</b>	Local strategies are expected to be reviewed or updated every five years to align with the District Plans and feed into the Local Strategic Planning Statements (LSPS). Given that some Employment Lands Strategies were recently created, these may require an update to align with the GRSP and District Plans, rather than a complete review.
1.6	<b>How will the sort of merits-based assessment of appropriate uses and locations be factored into the move to increasing the types of development to be determined through a complying development (not merits-based) pathway?</b>	The complying development pathway is being reviewed and updated to better respond to the needs of business and industry. Development available through the complying development pathway in industrial and business zones will need to be permissible under a Local Environmental Plan (LEP). Development standards are currently being developed to manage the impacts of these new and expanded types of complying development. For example, landscaping considerations will continue to defer to a council's Development Control Plan (DCP), and in most instances, car parking considerations will also continue to defer to local parking policy or the guide to generating traffic development. Where all the pre-determined development standards for complying development cannot be met, a development application will need be lodged and a merit-based assessment undertaken.



1.7	<b>Many industrial areas have poor transport accessibility. Would new residential uses be best located in centres?</b>	This is an important consideration in preparing Employment Lands Strategies and subsequent choice of land use zone and setting of planning requirements informed by transport analyses.
1.8	<b>Will the review align the industrial and urban services land policy with the National Urban Freight Planning Principles?</b>	Yes. This has informed Objectives 3 and 4.
1.9	<b>How will Local Government Areas (LGAs) that are losing industrial land through previous Government policy (e.g. Parramatta Road Corridor Strategy) be supported in retaining and expanding urban support services?</b>	The Parramatta Road Strategy is an endorsed government strategy and is recognised in the District Plan as being a location where the Retain and Manage policy does not apply. The approach for Retain and Manage under the District Plan and the protection of industrial areas under the s9.1 Direction Business and Industrial Zones apply in other areas.

## 2. Policy objectives

	Question	Greater Sydney Commission Response
2.1	<b>Should Policy Objective 1, 'Securing industrial Capacity', discuss 'the right locations'?</b>	The intent of the 'right locations' idea is addressed under other objectives, including 'Optimise supply chains' and 'Servicing population needs.' The 'right location' is also considered as part of the broader vision that guides the future of the Industrial Lands Policy.
2.2	<b>Has the study considered the role, contribution and risk of very hazardous uses which in turn support other activities such as manufacturing? It would be good to understand where Hazard and Risk management fits into the objectives.</b>	The 'Supporting sustainability aspirations' objective includes taking account of hazardous uses in the function of industrial lands. Some uses may not be suitable for all industrial areas so determining the primary function of a precinct will assist in identifying if a use is consistent with the primary function and whether buffer areas, or transitional uses are needed or how impacts on adjoining uses can be mitigated. ELSs should enable decision-makers to better manage areas in transition and the tensions between different land uses.



### 3. Policy scenarios

	Question	Greater Sydney Commission Response
3.1	<b>How does the review consider industrial lands in delivering the broad range metropolitan objectives contained in the GSRP?</b>	The GSRP has many objectives that balance each other to ensure we have a sustainable, liveable and productive Greater Sydney. The range of land uses across Greater Sydney ensure that we meet the range of metropolitan objectives. An important consideration is that the number of new jobs is not necessarily a factor in determining the optimal land use. Some industrial uses rely on automation or warehousing for distribution. While these uses have lower job numbers, they have a high contribution to the economy.
3.2	<b>How are the industrial lands objectives being weighed up against competing health and education precinct objectives in the St Leonards Health and Education precinct? (St Leonards is highly constrained in its expansion by the Artarmon industrial precinct).</b>	The role of industrial lands and how these are managed and balanced against other land use pressures across Greater Sydney is considered in the GSRP. This relationship will be further considered within the GSRP following this review.  The GSC has consulted with a range of organisations about the use of warehousing and different types of land uses. This includes from an operational perspective, as well as supply chains and logistics. This feedback is all being considered as part of the review.
3.3	<b>Has the GSC given thought to whether 'grey area uses' like hospitals, build to rent, and seniors housing would be compatible with strategic and non-strategic land? Recent reforms propose to allow some of these uses in commercial areas and there are differing views on whether that is appropriate.</b>	The methodology for the Cost Benefit Analysis has been prepared in accordance with NSW Treasury Guidelines and has involved our key agency partners in the preparation of the analysis.  The scenarios were developed based on feedback from stakeholders, a review of Australian and International case studies, and alignment with the policy objectives. A spread of different policy scenarios – from the status quo through to a more market-led approach – was chosen to understand how these diverse approaches would perform in our economic evaluation (Cost Benefit Analysis). The scenarios needed to have enough differentiation to explore the variation in the benefits associated with each of the scenarios. The scenarios have been designed with sufficient information for the purposes of economic modelling.
3.4	<b>How is the GSC taking into account the increasing demand for warehouse and distribution centre land, both in Sydney and as an increasing global trend from the growth of ecommerce?</b>	The scenarios are only to be used for the options analysis. A preferred option would then need to assess these issues and how the policy might be implemented. For example, the limit approach in Scenario 3 could set a limit for a site as well as an entire precinct to avoid incremental erosion of the primary function. Scenario 1 is testing the existing policy. Two out of the four scenarios (2 and 4) contemplate the potential for alternative non-employment uses, including residential.
3.5	<b>Do Scenarios 1-3 consider any alternate uses outside of employment?</b>	The detailed policy design of a preferred option would need to be undertaken and that would incorporate feedback from Phase 2 engagement, and we welcome your views via the survey.
3.6	<b>How would Scenario 3 effectively provide an upper limit for alternative uses, as opposed to creating more pressure for a complete loss of an industrial zone?</b>	
3.7	<b>How were the scenarios selected?</b>	
3.8	<b>How do these scenarios address the objectives of the policy?</b>	
3.9	<b>How would the scenarios work in practice?</b>	
3.10	<b>Is the GSC considering the transport impacts from the potential loss of industrial land?</b>	Yes, this will be considered as part of the Cost Benefit Analysis.



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	Question	Greater Sydney Commission Response
3.11	<b>What is the method for analysing the four policy scenarios?</b>	The methodology is explained in the Scope of Work for Phase 2 provided on the <a href="#">GSC Industrial Lands Policy Review Project</a> page on the website.  The selection of the 20 precincts was intended to obtain deep dive information across a range of sectors and locations across Greater Sydney rather than serve as true representatives of all Retain and Manage industrial areas. All Retain and Manage precincts are analysed and included in the Cost Benefit Analysis, for all scenarios tested.
3.12	<b>How would the need for affordable space in some precincts to accommodate start-ups and low profitability industries be addressed in any of the scenarios?</b>	The need for affordable and flexible floorspace that industrial lands provide has been identified in Objective 1 and would be an important consideration into any detailed policy design.
3.13	<b>Additional uses being permissible in industrial precincts, such as retail, may squeeze out traditional industries. Is it not likely that some alternative employment uses would have to be prohibited from industrial areas to protect their core functions?</b>	This is a key question to be tested through the scenarios to assess whether allowing additional uses might compromise the long-term integrity of an industrial area. This review will consider the costs and benefits of policy alternatives that might involve greater flexibility and will take into account that there may be outcomes that could change the nature of some industrial areas under some policy alternatives. The review is seeking to assess the net benefits to NSW of implementing an alternative policy.
3.14	<b>How do the future trends and opportunities fit into these scenarios?</b>	The scenarios have been framed having regard to the policy objectives. They include providing for emerging industries, innovation and future opportunities to enhance productivity.
3.15	<b>The key challenge for councils is pressure to rezone industrial lands for residential development, rather than to allow a broader range of employment uses. How do these scenarios assist councils in responding to this challenge?</b>	Any updated policy would consider this issue as part of its policy design. The scenarios are only alternatives to be assessed through the Cost Benefit Analysis.
3.16	<b>Does Scenario 1 mean keeping the existing Retain and Manage policy?</b>	Scenario 1 is testing the existing policy. Note that the scenarios are alternatives to be tested and not the actual policy options. Depending on the outcome of the testing, the scenarios might be modified to become actual policy options. These amendments may consider specific changes to areas or across the whole policy.
3.17	<b>In Scenario 2, how will the simple strategic/non-strategic filter work?</b>	Industrial lands of NSW and Greater Sydney significance could be selected based on their importance to the NSW economy and metropolitan functionality. They may be identified as part of the Region or District Planning process after consultation with key stakeholders. Under this policy scenario there may be an opportunity for councils to identify locally significant precincts as part of their updated Employment Lands Strategies and LSPS work. We have heard that the terminology of 'strategic' and 'non-strategic' is not the most appropriate wording and we will review this wording accordingly.
3.18	<b>In Scenario 2, if a precinct is identified as 'non-strategic', will that mean it is open for residential uses to be introduced? A clear position on this will be important.</b>	Note that Scenario 2 is only one of the scenarios to be tested and is not a policy option. The key to considering any additional land uses under Scenario 2 for industrial lands that are not deemed to be of NSW or Greater Sydney significance will be the ELS. The ELS would consider the objectives for industrial lands, infrastructure needs, compatibility of adjoining land uses as well as social and environmental factors. In some cases, the strategic assessment might consider that residential uses are appropriate under certain circumstances and in particular locations consistent with the ELS findings. We have heard that the terminology of 'strategic' and 'non-strategic' is not the most appropriate wording and we will review this wording accordingly.



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	Question	Greater Sydney Commission Response
3.19	<b>Under Scenario 2 how will the strategic precincts of national, state and city economic significance be identified? Is there a defined criteria?</b>	If Scenario 2 proceeds for further consideration, then the detailed policy design will be worked through. Feedback received from stakeholders will be an important consideration.
3.20	<b>Does Scenario 2 not assume the Retain and Manage policy will apply if a precinct is not deemed 'strategic'?</b>	Whilst the detailed policy design has yet to be developed, one approach may be to give primacy to achieving the overarching vision and objectives through the ELS process for 'non-strategic' lands. Aspects of the Retain and Manage policy are still reflected in the objectives but may be weighted differently through the ELS strategic assessment. The existing s9.1 Direction on Business and Industrial Lands also directs planning authorities on how the ELS might guide assessment of a planning proposal.
3.21	<b>Under Scenario 2, will there be a template for councils to establish the guiding principles to assess and manage non-strategic precincts?</b>	If Scenario 2 proceeds for further consideration, then the detailed policy design will be worked through. Feedback received from stakeholders will be an important consideration.
3.22	<b>What is the role of a Local Employment Land Strategy under Scenario 2 and Scenario 3?</b>	It is envisaged that an LGA-wide ELS would align with the vision and objectives of the Region Plan and provide strategic direction on the council's various industrial lands. Under these scenarios, planning for the amount and type of industrial lands in an LGA will be determined at a strategic level, rather than a site-by-site ad hoc approach. The ELS may be the primary strategic guide to determine future directions and/or altered outcomes for industrial lands at the local level and will be required to be assured and endorsed by the NSW Government.
3.23	<b>Regarding Scenario 3, how will upper limits for alternative uses be determined?</b>	This will be evidence-based, looking at the breakdown of the existing predominant functions across Greater Sydney's industrial lands. Jurisdictional reviews will also be used to inform the scenarios.
3.24	<b>In Scenario 3, how would defining primary functions and assigning dominant land use typologies interact with the idea of facilitating transition of uses in industrial areas?</b>	The 'precinct typologies' approach could assist with the strategic spatial planning for Greater Sydney's industrial needs. They could define the primary function(s) of a precinct by which potential additional uses could be assessed so as not to undermine the primary function(s). Whether precincts transition to accommodating other uses would be made at a strategic level, through preparation of an Employment Lands Strategy (ELS) and the consequent revision of a Local Environment Plan (LEP).
3.25	<b>In Scenario 3, how would councils limit the % of non-industrial employment land uses?</b>	If Scenario 3 proceeds for further consideration, then the detailed policy design will be worked through. Feedback received from stakeholders, will be an important consideration.  Note: the existing Standard Instrument LEP provides a couple of mechanisms that enable the setting of use specific FSRs.
3.26	<b>What are some of the advantages and disadvantages of Scenario 4 Market Led approach?</b>	The Cost Benefit Analysis will consider 'costs' and 'benefits' associated with Scenario 4, rather than 'advantages' and 'disadvantages' of each scenario. It is anticipated that Scenario 4 would allow a broader range of land uses to occur in areas of high amenity and access, where this is a more financially profitable outcome. This would deliver a range of quantifiable and non-quantifiable economic and other benefits. However, this scenario might include fewer benefits associated with optimal land use coordination. Identifying and quantifying these benefits and weighing them against the costs and against other scenarios is the centre of the work to be undertaken.
3.27	<b>How does Scenario 4 have regard to the strategic work that councils have done in the preparation of their ELS and LSPS?</b>	Scenario 4 is testing what the costs and benefits associated with a more market-led approach would look like. The role of Local Employment Lands Strategies in this scenario would be worked through in detailed policy design considering feedback received from stakeholders.
3.28	<b>How does Scenarios 4 fit in with the strict planning tools Local Government has such as zoning/ permissibility?</b>	One approach could be for the ELS to establish the criteria and parameters for the market led approach indicating the primary function of an area, the objectives to be achieved and the infrastructure, environmental and social factors to be considered. The market can then respond to the opportunity by developing a planning proposal with Council to deliver the ELS. Note that Scenario 4 is only an alternative to be tested.



#### 4. Next steps

	Question	Greater Sydney Commission Response
4.1	<b>Will the Phase 2 Policy Options and Recommendations Report be shared?</b>	Yes.
4.2	<b>Will submissions to the Industrial Lands Policy Review Phase 2 Survey be made public?</b>	<p>Yes. Transparency is a key principle in the review process. In line with the survey privacy disclaimer, the GSC has published submissions where the organisation has indicated that the submission can be made public. Where anonymity has been requested, the GSC has reviewed the submission for privacy and commercial sensitivity, and redacted identifiable or sensitive information. These submissions will be published only if the organisation provides approval to do so.</p> <p>The GSC will continue to proactively share information on its website as the Review progresses.</p>
4.3	<b>Will the findings of the Cost Benefit Analysis be shared with stakeholders? Much of the information presented in the Information pack appears to centre on the Wider Economic Benefits for each scenario. Industry needs to have confidence in the methodology and inputs to have any confidence in the Review.</b>	The Cost Benefit Analysis is being prepared in line with NSW Treasury Cost Benefit Analysis Guidelines. Wider Economic Benefits (WEBs) are not considered in the core results, but below the line, in line with best practice. The analysis will be reviewed and receive input from NSW Treasury.
4.4	<b>What comes next? What is the timing for decisions to be made?</b>	It is anticipated that the GSC Board (Full Commission) will consider a recommendation at the end of 2021 and that this outcome will be communicated to stakeholders in early 2022.