



# Industrial Lands Policy Review

Project Update for Reference Groups  
October 2021



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## Acknowledgement of Country

The Greater Sydney Commission acknowledges the traditional owners of the lands that include Greater Sydney and the living culture of these lands. The Commission recognises that the traditional owners have occupied and cared for this Country over countless generations and celebrates their continuing contribution to the life of Greater Sydney.

# Section 1 Introduction

## 1.1 Purpose of this document

The Greater Sydney Commission (GSC) thanks all industry and local government reference group members for their valuable insights to the Industrial Lands Review of the Retain and Manage policy (the Review). Your valuable feedback has informed the development of objectives and four 'scenarios' for industrial lands policy that are now being tested as part of a Cost Benefit Analysis.

The purpose of this document is to update you on:

- the progress of the Review
- what we heard in the first round of reference group meetings and via submissions
- the objectives that the GSC and NSW Government will seek to achieve through industrial lands policy
- the high-level policy scenarios being considered in the cost-benefit analysis
- what happens next, and when you can expect to hear the outcome of the Review.

## 1.2 Next reference group meetings

The industry and local government reference groups will reconvene for virtual engagement sessions:

- Industry Reference Group – Monday 11 October
- Local Government Reference Group – Tuesday 12 October

In these sessions you can ask questions about the information in this pack. We encourage you to submit questions ahead of the sessions to [ilr@gsc.nsw.gov.au](mailto:ilr@gsc.nsw.gov.au).

Given the extensive engagement we have undertaken and the prolonged Greater Sydney lockdown, we have provided detailed information in this pack to enable the sessions to be optional for reference group members.

We also encourage you to complete a short [survey](#). This is the opportunity to formally submit your organisation's views on the policy objectives and high level scenarios. Please complete the survey by 22 October 2021 to ensure views can be considered in our project timeframe.

## 1.3 Review background

Industrial and urban services lands play a critical role in supporting Greater Sydney. In many places this role has changed over time. A wide range of activities operate in these areas, from heavy industry and manufacturing, to cultural and creative uses.

The Greater Sydney Commission's Greater Sydney Region Plan - A Metropolis of Three Cities (the Plan), and District Plans released in March 2018 set out three specific approaches to industrial and urban services land:

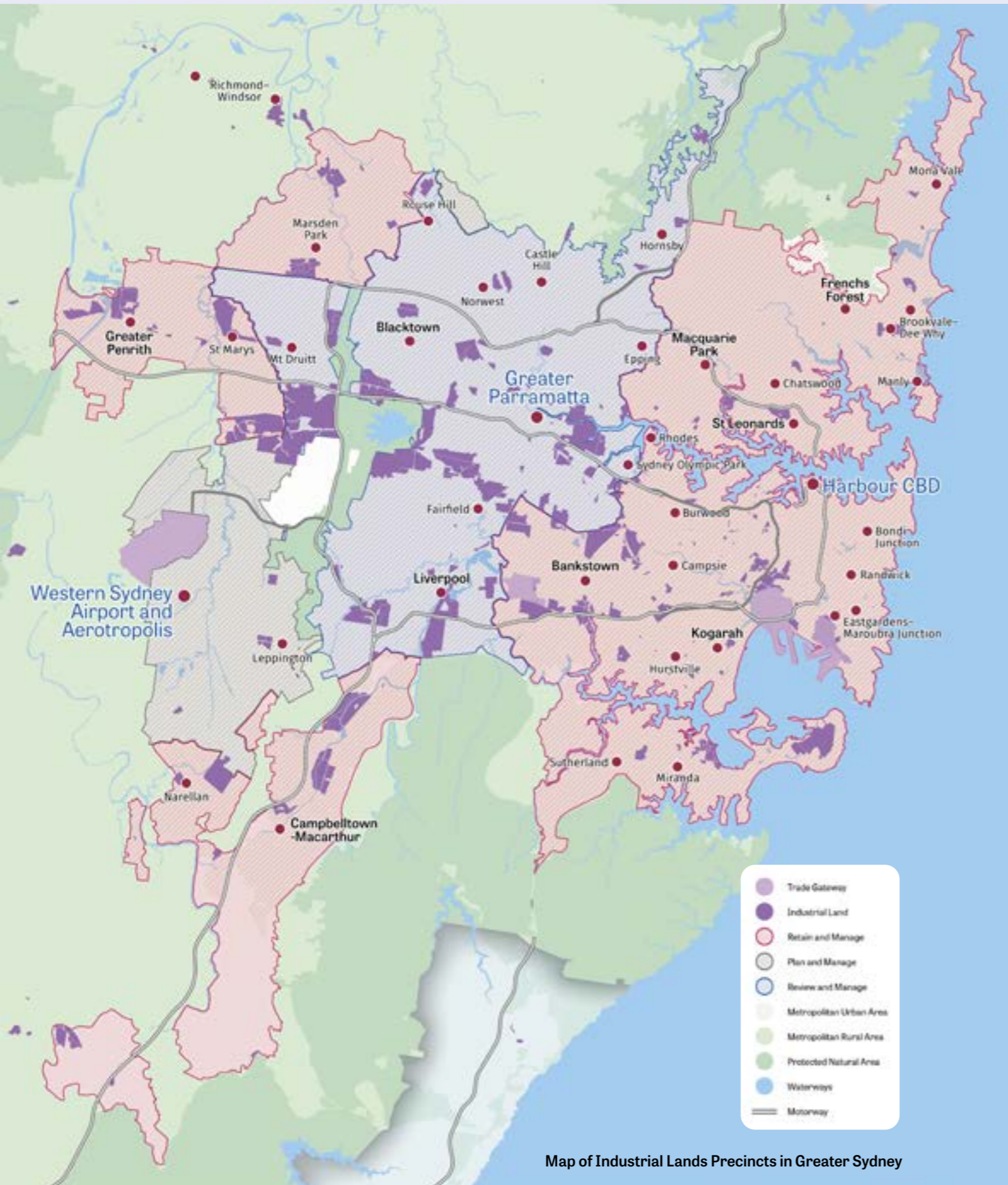
- Retain and Manage
- Review and Manage
- Plan and Manage

For the 159 industrial areas lands covered by the **Retain and Manage** policy, all existing industrial and urban services land is safeguarded from competing pressures, including residential and mixed-use activities. The intent of this approach is that this land is retained for employment purposes.

The GSC is leading a cross-agency review of the industrial and urban services lands Retain and Manage policy under the Plan.

The Review responds to Recommendation 7.5 of the NSW Productivity Commission's 2021 White Paper:

*“Evaluate the retain-and-manage approach to managing industrial and urban services land in Greater Sydney against alternative approaches, to identify what would maximise net benefits to the State. Adopt the approach that maximises the State's welfare in the next update to the Greater Sydney Region Plan.”*



Map of Industrial Lands Precincts in Greater Sydney

### 1.4 Review overview

The Review commenced in June 2021 and is overseen by a Project Review Group (PRG) consisting of members from the GSC, the Department of Planning, Industry and Environment (DPIE), Investment NSW, Transport for NSW and the NSW Productivity Commission.

Our thinking and consideration for the policy is being informed by stakeholder perspectives, technical analysis by Deloitte Access Economics (Deloitte) and advice from international experts.

All these inputs will be considered in providing a recommendation on the future of industrial lands policy.

A recommendation on the future of the policy will likely be made to the Full Commission of the GSC in December 2021. We expect that we will be able to announce the outcomes of the Review in early 2022.

### 1.5 Interaction between the Industrial Lands Review and DPIE's Employment Zones Reform

In parallel with the Review, DPIE is developing a new employment zones framework to replace the current business (B) and industrial (IN) zones in the Standard Instrument Local Environment Plans. A key outcome of that project is that employment zones:

- provide clarity around their application
- increase flexibility around land uses
- support the delivery of strategic plans.

More information can be found here: [Employment Zones Reform – \(nsw.gov.au\)](https://www.nsw.gov.au/employment-zones-reform).

The approach proposed by DPIE is to translate existing B and IN zones into the new zones in discussion with councils. Then a self-repealing State Environmental Planning Policy will be utilised to directly amend individual LEPs removing the need for individual planning proposals. The GSC and DPIE are working closely to ensure alignment between the Employment Zones Reform and the Review. The interaction between these projects is set out at **Appendix A**.

	Phase 1 (June – September)	Phase 2 (October – December)
<b>Stakeholder perspectives</b>	Seek detailed views on: <ul style="list-style-type: none"> <li>• the benefits and challenges of the existing policy</li> <li>• opportunities for the future</li> </ul>	<ul style="list-style-type: none"> <li>• Seek feedback on the policy objectives and policy scenarios</li> </ul>
<b>Technical Analysis</b>	<ul style="list-style-type: none"> <li>• Data analysis for the 159 'Retain and Manage' precincts across Greater Sydney</li> <li>• Fine grain investigation of a representative cross-section of 20 select precincts</li> </ul>	<ul style="list-style-type: none"> <li>• Cost-benefit analysis and multi-criteria analysis of policy scenarios</li> </ul>
<b>Advice from international experts<sup>1</sup></b>	<ul style="list-style-type: none"> <li>• Previous research on industrial lands</li> <li>• Advice on policy objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Advice on policy scenarios</li> </ul>

<sup>1</sup> Jessica Ferm, Associate Professor in Planning and Urban Management at University College London  
 Michael Stroper, Professor of Economic Geography at London School of Economics; Professor of Regional and Internal Development in Urban Planning and Director of Global Public Affairs at University of California, Los Angeles

## Section 2 Findings from Phase 1 of the Review

### 2.1 Summary of Phase 1 Engagement

Phase 1 engagement included:

- Industry Reference Group and Local Government Reference Group workshops held in July 2021
- an online consultation survey and call for submissions between early July – mid August 2021.

A number of themes emerged including:

- Strong support for the existing policy though some refining may be needed to respond to changing needs.
- The definition of industrial land use is evolving and future policy must support traditional and emerging activities.
- Desire for leadership, collaboration and communication about the importance of industrial lands from the GSC.
- Mixed views on the appropriateness of other land uses on industrial lands.
- Consensus from local government that evenly distributed industrial lands and activities are vital to a well-functioning, 30 minute city. Achieving even distribution will require different approaches across the Greater Sydney districts.

A summary of the key themes that emerged from Phase 1 engagement is included at **Appendix B**. A [full report](#) is available on the website.

### 2.2 Summary of Phase 1 Technical Analysis

Deloitte has gathered evidence on the various functions and performance of the 159 'Retain and Manage' industrial lands. This evidence includes analysis of precinct industry and business composition, customer and worker catchments, freight and supply chain linkages and market data which has been gathered from a range of quantitative and qualitative sources, including in-depth business interviews across a range of sectors and locations. Based on this analysis, Deloitte, in concert with the PRG, developed agreed industrial precinct functions and policy objectives.

Deloitte categorised the 'Retain and Manage' industrial precinct functions into three broad themes:

- supporting community needs
- supporting city functionality and supply chains
- supporting economic resilience and future business investment.

The Deloitte team then identified potential risks to these critical functions and the potential for market failure. The precinct functions, risks, market failures and business interview insights are provided in **Appendix C**.

## Section 3 Update on policy objectives and scenarios

### 3.1 The policy objectives

The PRG proposes that an industrial lands policy should be geared towards the following objectives:

<b>1. Securing industrial capacity</b>	Ensure there is sufficient land and allowable floor area, of the right types, to meet the State's industrial needs now and in the future.
<b>2. Supporting sustainability aspirations</b>	Industrial lands policy should align with government environmental objectives and community expectations including minimising commute and delivery times, enabling efficient freight and logistics networks, and minimising environmental and social impacts.
<b>3. Optimising supply chains</b>	Ensure that Greater Sydney's freight network (including gateways and routes), and businesses' access to intermediate goods and services are efficient and resilient.
<b>4. Optimising economic activity to support current and emerging industries of district, state, and national significance</b>	Strategically important and well-located industrial lands should support the co-location of businesses. Protecting Greater Sydney's adaptive capacity to integrate both current and emerging industries can help secure Australia's current and future economic prosperity.
<b>5. Supporting innovation</b>	Ensure industrial lands and allowable floor areas are adaptable to the evolving needs of the economy, including the need for greater diversity and intensity of use and changing industry characteristics.
<b>6. Providing business certainty</b>	Ensure consistency and clarity regarding the function of each industrial area, including their economic relationship with activity centres, to send clear market signals that foster business investment and productivity.
<b>7. Servicing population needs</b>	Households and businesses should have access to the goods and services they need and access to local employment opportunities.

The policy objectives were informed by analysis undertaken by Deloitte and the views of the international expert reviewers. The Reference Group workshop minutes and the formal submissions from Phase 1 engagement were provided to Deloitte. Deloitte drew key themes and insights from stakeholder submissions and views provided in the reference group meetings. These themes were then considered alongside the technical evidence to develop the policy objectives for land currently designated 'Retain and Manage'.

The following table shows how the key themes from Phase 1 engagement are reflected in the policy objectives:

Engagement Theme	Main policy objectives it aligns with
Strong support for the existing policy though there may be benefit to refining it to respond to changing needs	1. 4. 5.
The definition of industrial land use is evolving and future policy must support traditional and emerging activities	7. 4. 5.
Leadership, collaboration and communication about the importance of industrial lands from the GSC	4.
Mixed views on the appropriateness of other land uses on industrial lands	1. 3. 6.
Evenly distributed industrial lands and activities are vital to a well-functioning, 30 minute city. Achieving even distribution will require different approaches across the Greater Sydney districts.	1. 3. 2.

### 3.2 The policy scenarios

Phase 1 engagement and technical analysis also resulted in the formulation of policy scenarios that are being considered by the cost benefit analysis in Phase 2.

Policy Scenario	NSW Government Role	Local Government Role
<b>Scenario 1</b> Current Retain and Manage Policy	Designate Retain and Manage (R&M) precincts at a metropolitan scale (GSRP)	Give effect to GSRP/District Plans via LEPs, with some place-based discretion.
<b>Scenario 2</b> Precinct-based approach	<ol style="list-style-type: none"> <li>1. Designate <b>strategic precincts</b> of national, state and city economic significance at a metropolitan scale (GSRP/District Plans), and manage their functions</li> <li>2. Work with council to establish guiding principles to assess and manage <b>non-strategic precincts</b>, through their employment land strategies.</li> <li>3. Review and assure council employment land strategies on alignment with GSRP/District Plans and the guiding principles.</li> </ol>	<ol style="list-style-type: none"> <li>1. Give effect to GSRP/District Plans via employment land strategies and LEPs for strategic precincts.</li> <li>2. For <b>non-strategic precincts</b>, apply the guiding principles in preparing employment land strategies.</li> <li>3. Council may also designate <b>local significant precincts for R&amp;M</b> in their employment land strategy.</li> </ol>
<b>Scenario 3</b> Precinct typology and upper limits on alternative uses	<ol style="list-style-type: none"> <li>1. Define primary function and assign dominant land use typology for each of the 159 current R&amp;M precincts.</li> <li>2. Develop guidance for councils on the upper limit range on % of land uses for compatible alternative employment uses.</li> </ol>	<ol style="list-style-type: none"> <li>1. Give effect to GSRP/District Plans via employment land strategies and LEPs.</li> <li>2. Set and monitor specific upper limits on the % of non-industrial employment land uses for each precinct.</li> </ol>
<b>Scenario 4</b> Market-led approach	Limited role in providing Gateway Determinations on the spot re-zonings; encourage market-led land-use choices.	Significant local flexibility to allow re-zoning, over and above the strategic planning framework (e.g. LSPS, District Plan).

## Section 4 Next Steps

Our upcoming milestones are:

<b>November</b>	Expert reviewers consider policy scenarios and provide advice Further technical analysis complete Potential for an additional information session over November / December if required
<b>December</b>	GSC Full Commission considers draft recommendations
<b>Early 2022</b>	Review outcome communicated

# Appendix

Appendix A – Employment and Industrial Lands Projects

Appendix B – Key themes from Phase 1 Engagement

Appendix C – Phase 1 Technical Analysis Key Findings



Employment and Industrial Land Projects

	Industrial Lands Policy Review	Employment Land Strategy Guidelines	Employment Zones Reform
<b>Agency Lead</b>	GSC (Sarah Glennan, Director Projects)	DPIE (Gina Metcalfe, Director Office of Strategic Lands)	DPIE (Aoife Wynter, Director Employment Zones)
<b>Policy Context and key differences for industrial lands</b>	<p><b>Informs which industrial and urban services lands could change and the nature of that change</b></p> <ul style="list-style-type: none"> <li>The overarching strategic and spatial considerations for industrial land planning in Greater Sydney – setting the vision and direction</li> <li>The Greater Sydney Region Plan (GSRP) review will provide direction:                             <ul style="list-style-type: none"> <li>on what principles Councils should consider for industrial and urban services lands when preparing their local Employment Lands Strategies; and</li> <li>may provide information on the future directions for industrial lands in post Covid era and with evolving technologies.</li> </ul> </li> </ul>	<p><b>Embody GSRP vision on industrial lands via local employment lands strategy and Local Strategic Planning Statements (LSPS)</b></p> <ul style="list-style-type: none"> <li>Implementation via DPIE zoning framework</li> <li>Choose appropriate zone applied to industrial area based on role and function.</li> </ul>	<p><b>The employment zones are the framework used to implement the strategic vision for industrial and urban services land</b></p> <ul style="list-style-type: none"> <li>Sets the statutory framework to deliver the vision and spatial policy</li> <li>Ensures industrial zoned lands accommodate the right types of uses</li> <li>New zone framework seeks to deliver employment zones that can deliver on the actions and priorities within strategic plans (from GSRP down to LSPS).</li> </ul>
<b>Implementation</b>	Any potential policy changes to be included in the <b>GSRP and DP update</b> . Public exhibition on draft plans expected Q3 2023, with final plans in <b>early 2024</b> . An interim mechanism is being explored for any changes to the policy.	DPIE to exhibit draft <b>Guidelines</b> by end 2021. Final Guidelines to be published in <b>early 2022</b> , for councils to use in developing their <b>Local Employment Lands Strategies</b> .	DPIE to publish amendment order to <b>Standard Instrument Principal LEP in October 2021</b> . Implement into <b>council LEPs</b> through a <b>self-repealing SEPP from early 2022</b> .

Strategically Aligned Projects And Outcomes // Coordinated Timing of Deliverables // Extensive Stakeholder Engagement // Evidence Based Planning

<b>Project Purpose</b>	<p><b>Policy Review</b></p> <p>Review GSRP 'Retain and Manage' policy for existing industrial and urban services land. Current policy safeguards identified areas from other competing (non-industrial) land uses such as residential.</p> <p>Review made in response to Productivity Commission 2021 White Paper Rec 7.5 <i>Optimise Industrial Land Use</i>. "Evaluate the retain-and-manage approach to managing industrial and urban services land in Greater Sydney against alternative approaches, to identify what would maximise net benefits to the State. Adopt the approach that maximises the State's welfare in the next update to the Greater Sydney Region Plan."</p>	<p><b>Planning Reform – Local Strategic Planning</b></p> <p>Develop Employment Land Strategy Guidelines to assist councils in preparing Employment Land Strategies as part of their local strategic planning framework.</p> <p>The guidelines set DPIE's expectations to councils on the evidence base, methodology, content, role and status of employment land strategies, and also outline DPIE's criteria for assessment.</p> <p>The guidelines will ensure council prepared strategies can be readily endorsed by DPIE, and in turn, lead to faster and more transparent decisions on planning proposals.</p>	<p><b>Planning Reform – Statutory Instrument giving effect to strategic planning</b></p> <p>New simplified employment zones framework to replace current 8 business (B) and 4 industrial (IN) zones in response to Productivity Commission 2021 White Paper Rec 7.4 Consolidate Employment Zones.</p> <p>New framework is to provide greater clarity and flexibility to support future (new ways) of work, promote productivity and jobs growth for long term recovery post-COVID-19.</p>
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	Industrial Lands Policy Review	Employment Land Strategy Guidelines	Employment Zones Reform
<b>Summary scope of work</b>	<p>Evidence based evaluation of alternative policy options for existing industrial lands in 'Retain and Manage' areas.</p> <p><b>Phase 1:</b> Evidence base for policy action, objectives and outcome setting</p> <p><b>Phase 2:</b> Develop and evaluate alternative policy options – with Multi-criteria analysis (MCA) and informed by Cost-benefit analysis (CBA)</p> <p>Technical reports and paper for each phase. Propose recommendation on industrial land management approach.</p>	<ul style="list-style-type: none"> <li>• Employment Land Strategy Guidelines Discussion Paper for public exhibition (completed)</li> <li>• Prepare precinct profiles</li> <li>• Research employment zone density</li> <li>• Research emerging industries, enablers and barriers</li> <li>• Provide data packs to councils</li> <li>• Develop draft guidelines and assessment framework for public exhibition</li> <li>• Finalise guidelines and implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare qualitative and quantitative evidence base (completed)</li> <li>• Prepare and draft proposed framework – Position Paper, Draft Legislation and Implementation Plan (completed)</li> <li>• Public exhibition of proposed framework (completed)</li> <li>• Policy finalisation (current stage)</li> <li>• Publish Amendment Order inserting the new employment zones into the SI Principal LEP</li> <li>• Implementation into individual LEPs and amendments to SEPPs October 2021 – mid 2022.</li> </ul>
<b>Consultants on board</b>	Deloitte Access Economics, with Gyde Consulting (formerly City Plan) and Antenna Insights	Urbis and Dalheim consulting	Deloitte, MBWA Consulting, MG Planning, CRED Consulting and HillPDA
<b>Timeframe for Completion</b>	<p><b>1 Oct 2021</b> – Phase 1 Policy Problem and Background Report</p> <p><b>22 Dec 2021</b> – Phase 2 Policy Options and Recommendations Report</p> <p><b>2022</b> – Advice to Government with GSRP</p> <p><b>2023</b> – Incorporate in Region and District Plan draft exhibition.</p>	<p><b>June 2021</b> – Employment Land Strategy Guidelines Discussion Paper released</p> <p><b>End 2021</b> – Draft guidelines for public exhibition</p> <p><b>Early 2022</b> – Final guidelines published.</p>	<p><b>30 June 2021</b> – Draft Framework public exhibition (closed)</p> <p><b>July to Sept 2021</b> – Policy finalisation</p> <p><b>Sept 2021</b> – Amendment Order to Standard Instrument Principal LEP to introduce the new employment zones framework</p> <p><b>Late 2021 to mid 2022</b> – Council review translation detail to confirm amendments to their LEP to introduce the new framework.</p>
<b>Expected output / outcome</b>	<p>Recommendation on whether to keep the existing policy approach in safeguarding these lands from non-industrial/ urban services land uses, amend the policy setting or develop a different policy approach to managing industrial lands. New policy will be given effect through GSRP and District Plans.</p>	<p>Guidelines that will ensure local employment land strategies explicitly reflect NSW Govt employment and productivity objectives, Council strategic planning objectives, and give clarity on working with the community, landowners, business and government</p> <p>Lead to preparation of council prepared local employment land strategies that are endorsed by the DPIE and include:</p> <ul style="list-style-type: none"> <li>• An overarching economic framework</li> <li>• An actions framework directed to spatial outcomes</li> <li>• Recommendations for updating the Local Environmental Plan to reflect the intent of the strategy</li> <li>• An outline of implementation requirements and an implementation framework.</li> </ul>	<ul style="list-style-type: none"> <li>• New employment zones framework inserted into individual LEPs by end 2022</li> <li>• New employment zones that provide clarity around their application, increase flexibility around land uses, and delivers the community's objectives set through strategic plans and planning priorities</li> <li>• New and updated land use definitions to clarify what is permissible and to modernise terminology to accommodate new occupation types and forms of industries e.g. for creative industries and circular economy</li> <li>• Five (5) new fit for purpose employment zones and 3 additional supporting zones included within individual LEPs across NSW.</li> </ul>





## Industrial Lands Policy Review and DPIE Employment Zones Reform interface

### Greater Sydney Region Plan – Industrial Lands and Urban Services Policy

- Establishes strategic vision and direction
- Spatial Policy

### DPIE Employment Zones Framework

- Sets the statutory framework to deliver the vision and spatial policy
- Maximise productivity, minimise conflict
- Fit for purpose

### Council LEP

- Embody GSRP vision via employment lands strategy and LSPS
- Implement using DPIE zoning framework

# Cred Consulting Phase 1 engagement themes

As part of the Phase 1 Engagement for the Industrial Lands Policy Review, the following is a summary of the key themes from workshop discussions and the written/survey submissions about the current benefits, existing policy challenges and opportunities to consider in the review of the policy. The workshops were held with local government reference groups (segmented based on their district and chaired by relevant District Commissioners) and industry reference groups (segmented into property sector representatives and industry sector representatives and chaired by the Greater Sydney Commission CEO). The survey was available on the GSC website and open to all interested stakeholders.



### Strong support for the existing policy, though there may be benefit in refining it to respond to changing needs.

- Local government representatives generally expressed support for the existing policy, noting that it has been effective in managing the pressures on industrial lands from other uses. There was some acknowledgment that a more nuanced planning approach is required, to respond to the key constraints and differences between industrial uses and districts across Sydney.
- Property sector peak bodies stated that the policy needs to be more flexible, recognising that while some industrial areas need to be protected (although what we are trying to protect was queried), others may be underutilised or evolve organically over time. Some stakeholders did suggest however that the retain and manage policy should be abandoned.
- Industry representatives strongly support the policy and suggested that it required strengthening to protect existing industrial land and critical industry operations.



### The definition of industrial land use is evolving and future policy must support traditional and emerging activities.

- Local government, industry sector peak bodies and property sector peak bodies all noted that the way we define industrial lands and the activities occurring on them is dynamic and evolving. The future policy needs to plan for and support emerging industries and future ways of working, as well as protecting industries (i.e. urban services) that are critical to a well-functioning city.
- Local government and property sector peak bodies noted that the design approach to industrial areas is changing to maximise the use and potential of sites and the importance of increased amenity expectations of workers and businesses. Local government noted the need to protect industrial land to allow this market-based evolution to occur.
- Industry representatives highlighted that sensitive land uses in proximity can result in operational limitations. Consideration of the location and design of these types of uses is important to protect the viability of industrial activities and their operations.



### Leadership, collaboration and communication about the importance of industrial lands.

- Desire from local government, industry sector peak bodies and property sector peak bodies for Greater Sydney Commission to provide leadership and strategic direction for the planning for industrial land across Greater Sydney and having a broader view of the macro drivers and significant precincts.
- A more nuanced approach to the application of the principles for industrial lands is needed to better understand the value that different industrial lands precincts provides for local, regional, metropolitan, state and national economy.
- Local government and industry sector representatives noted that improved education and communication about the value of industrial lands to the functioning of the city is critical to their retention.



### Mixed views on the appropriateness of other land uses on industrial lands.

- Industry representatives were concerned with the reduction of industrial land and encroachment from competing land uses, primarily residential and mixed-use. They identified increased land prices, decreased operational effectiveness, increased costs of goods and reduced supply chain sustainability as being the key impacts.
- Some property sector peak body representatives noted underutilisation of existing industrial land as an issue. They view this as an opportunity to alleviate other land use pressures that Greater Sydney faces (primarily residential and mixed use). It was also noted that re-purposing vacant or underutilised industrial sites would maximise the land value.
- Local government representatives noted the importance of the policy in protecting land for industrial activities, especially in instances where retail and residential uses are encroaching in industrial areas and contributing to the ongoing loss of industrial land.



### Evenly distributed industrial lands and activities are vital to a well-functioning, 30-minute city. Achieving even distribution will require different approaches across the Greater Sydney Districts.

- Local government representatives agreed that industrial lands are vital to a well-functioning city and must be distributed evenly across Sydney to achieve the vision for a 30-minute city. However, they also noted that every LGA is different and councils are best-placed to understand their own needs and challenges and adequately respond.

#### Central District

- Significant loss of industrial land and growth in knowledge-intensive employment, health and education sectors in recent years, alongside substantial population growth and changing employment needs.
- Varying demand for and availability of industrial lands across the district.
- Key precincts such as Westmead, Camellia, Lidcombe and Greater Parramatta to Olympic Peninsula.

#### Western District

- Predicted future shortfall of industrial land in the district due to high demand and forecast population growth.
- Providing jobs in the district to reduce travel for people is a priority.
- Lack of servicing to new industrial land is a barrier and relationship to rural lands needs to be considered.
- Key precincts such as Western Sydney Airport precinct and Leppington.

#### Eastern District

- Significant national and global trade gateways with Port Botany, Sydney Airport and Sydney CBD and supporting uses
- Affordability and availability of industrial land is challenging, particularly for the location of urban services and creative uses.
- Agglomeration is an important consideration and the benefits of a cluster of companies and services and protection of key logistics corridors and supply chains to productivity.
- Increased recognition of the importance of industrial uses along the Parramatta Road Corridor and retention of these lands.

#### South District

- High proportion of industrial land, low vacancies but uses across the district are diverse and have different needs.
- There are core industrial areas in the district that are strategically important to Greater Sydney and must be retained.
- Many older industrial areas are small and constrained by surrounding residential uses, restricting uses and viability of some industries.

#### North District

- Industrial land is scarce and must be used strategically. Affordability and lack of suitable space availability also impacting on the retention of new businesses.
- Increasing interest of industrial land linked to health and education uses.
- Increased demand for logistics, knowledge industries, bulky goods, start-ups, creative uses and artisan food production.
- Maritime and working waterway uses continue to be important parts of the district's industrial ecosystem.



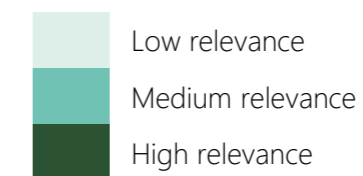
## Overview of industrial precinct functions

The data-driven and qualitative insights have been used to inform the functions of the precincts, as well as current and future needs.

### Overview of key Retain and Manage precinct functions




Retain and Manage precinct functions		North	East	South	West	Central
Supporting community needs	Providing goods and urban services to the local community	High	Low	High	Medium	Medium
	Providing employment opportunities for the local labour market	Medium	Low	Medium	Low	High
Supporting city functionality and supply chains	Providing intermediate goods and services to upstream and downstream businesses	Low	High	Low	Medium	High
	Enabling freight and logistics operations (including ports)	Low	High	Low	Medium	Medium
	Supporting the operations of "gateway" locations such as airports and port facilities	Low	High	Low	Low	Medium
	Enabling manufacturing and construction activity for local use or export	Medium	Low	Medium	Medium	High
Supporting economic resilience and future business investment	Providing diverse spaces (e.g. in terms of costs, lot sizes, flexible operating conditions), that support a wide range of existing and emerging industry uses	Medium	High	Medium	Low	Low
	Providing spaces for existing and emerging low impact light and advanced industrial activity, and creative uses	Medium	Low	Medium	Low	Low
	Protecting and retaining the resilience of supply chains and critical infrastructure	High	Medium	High	Low	Low

Relative to other districts for a given function:





## Overview of the potential for market failure or strategic policy intent

Potential risks to functioning of Greater Sydney	Potential for market failure or strategic policy intent
<p> Supporting community needs</p> <ul style="list-style-type: none"> <li>• Optimisation of infrastructure use may be compromised due to potential out of centre developments in industrial precincts</li> <li>• 30 minute liveable cities could be harder to realise as some local community servicing businesses may not be able to compete and could be displaced</li> <li>• Reduced diversity of local goods and services, urban services and industrial precinct job opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Externalities:                             <ul style="list-style-type: none"> <li>• Increased congestion and crowding reduce the reliability of services and efficiency of transport networks (both passenger and freight).</li> <li>• Potential for increased pollution and emissions due to longer commutes, car dependency, and last mile freight inefficiencies.</li> <li>• Without sufficient buffer zones, local amenity of land uses near industrial precincts may be impacted by noise, light, and air pollution.</li> </ul> </li> <li>• There is a need to optimise land use and infrastructure planning by minimising potential for loss of public amenity and network inefficiencies as well as increased infrastructure costs, and maximising infrastructure use.</li> <li>• Loss of future option value for the use of industrial lands to meet Greater Sydney's current and future business needs.</li> <li>• Present bias could result in underinvestment in low value industrial uses if the future potential of industrial lands to serve emerging industries and growing populations are not considered. This could exacerbate mis-match supply and demand in the future.</li> <li>• Coordination failure could arise if current policies do not consider the future needs of Greater Sydney communities and businesses.</li> </ul>
<p> Supporting city functionality and supply chains</p> <ul style="list-style-type: none"> <li>• Potential loss of key freight and logistics precincts, and freight network optimisation could be at risk (including the 30 minute freight cities)</li> <li>• Increases in production costs could erode the competitiveness of industries</li> </ul>	
<p> Supporting economic resilience and current and future business investment</p> <ul style="list-style-type: none"> <li>• Reduced options for suitable land in appropriate locations to support investment in a variety of existing and emerging business needs, which could arise from irreversibility of up-zoning</li> <li>• Encroaching competing uses could increase negative externalities (noise, pollution, congestion) between proximate users</li> <li>• Greater investment uncertainty for business, and increasing speculative or unproductive land holdings</li> </ul>	

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## Business Interview Insights – Key Themes



- A significant impact from COVID on supply chain, business costs and client demand has in turn impacted performance and profitability for these businesses... despite an optimism for the future, **many struggling with the administrative and rental costs of their businesses right now.**
- **Once established, a strong sense of ‘set and forget’ about where they work...** it’s clear they’re not actively thinking about their site and its role in the business with any regularity. **While location looks to play some role in the overall profitability of the business, it’s seen as a comparatively minor one.**
- **Location for their business is initially driven by proximity to the founder’s home (and clients)...** as the business grows, it’s cemented to this area by drawing employees from the local area. **Employees and the lot size and logistics (building size, heavy transport access) are critical features,** while access to customers, building design and area services (food outlets, retail and services) as seen as nice to have but not essential.
- **For the majority of businesses we’ve spoken to, increasing residential development in the area comes at a significant burden...** a reduction in clients and suppliers in the area (through increasing land costs), fewer alternative sites for their business as it grows, and challenges around noise complaints, heavy vehicle access and on-street parking.
- **If they had to move, a significant portion of the businesses we’ve spoken to would close, with a significant portion unsure of what they could do** – there’s a high cost in moving for many, while higher rental costs and the comparative novelty of their current site (low rent, proximity to key services) would make the business model untenable.

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## Greater Sydney Commission

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