

Industrial Lands Policy Review

Policy vision, objectives and scenarios

The policy vision and objectives were informed by the precinct functions and risk analysis, as well as the identification of the potential market failures that could arise from not having an industrial lands management policy.

Key stakeholders, consisting of various NSW Government agencies, were engaged in two workshops, as well as one-on-one discussions to obtain their feedback on the analysis undertaken and the proposed policy vision and objectives. This process ensured that the policy vision and objectives would reflect the different perspectives of key stakeholders. Following the workshops, two independent international reviewers provided feedback on the proposed policy vision and objectives.

The feedback from stakeholder engagement, the expert reviewers and in-depth interviews with businesses informed the final policy vision and objectives.

Policy vision

Industrial lands in Greater Sydney should provide employment and economic opportunities of local, district and state significance. To enable this, the industrial land management policy should maximise the productivity of industrial lands and optimise productivity over competing land-uses across Greater Sydney. Industrial lands should be strategically located offering diversity of locations, building and lot sizes, operational conditions, and affordability in a manner that fosters opportunities for business development and innovation. The local character of industrial lands should be enhanced to improve the amenity for workers and visitors.

Policy objectives

1. Securing industrial capacity	Ensure there is sufficient land and allowable floor area, of the right types, to meet the States industrial need now and in the future.
2. Supporting sustainability aspirations	Industrial lands policy should align with government environmental objectives and community expectations including minimising commute and delivery times, enabling efficient freight and logistic networks and minimising environmental and social impacts.
3. Optimising diverse supply chains	Ensure that Greater Sydney's freight network (including gateways and routes) and businesses access to intermediate goods and services are efficient and resilient.
4. Optimising economic activity to support current and emerging industries of district, state and national significance	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.
5. Supporting Innovation	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.
6. Providing business certainty	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.
7. Servicing population needs	Households and businesses should have access to the goods and services they need and access to local employment opportunities.

The scenarios

To deliver on these objectives, four high-level scenarios were proposed to be tested in the CBA. The scenarios accommodated different approaches to the management of industrial land and included residential uses in two of

the four scenarios. These scenarios were tested against the existing Policy (Scenario 1) so that the model could determine the costs and benefits associated with these varied approaches. The scenarios are outlined in the following table.

Policy Scenario	Description
Scenario 1: Current R&M Policy	This scenario is a centralised approach under which the NSW Government designates the Retain and Manage areas at a metropolitan scale. This provides certainty around the allowable activity on industrial land but allows some place-based discretion via Local Environmental Plans. In the CBA, this scenario is treated as the base case.
Scenario 2: Precinct based approach	This scenario identifies State-significant industrial areas for state significant freight and logistics (connectivity to gateways) operations, and state significant utilities. This provides certainty around allowed activity on industrial lands that is crucial to supporting state and national supply chains. This scenario includes District significant industrial areas of city economic significance. This provides some local flexibility and supports greater diversity of uses, including residential transitions, in line with employment land strategies. State and District significant industrial areas would be identified and defined in the Greater Sydney Region Plan (GSRP) and District Plans.
Scenario 3: Precinct typology	This scenario defines the primary function and assigns typology or strategic importance for each R&M precinct. There are three designated precinct types considered in this stylised scenario: (i) freight and logistics, (ii) urban services and (iii) industrial and creative uses. This supports higher employment intensity, and the identification of precinct typologies allows local councils to manage strategic priorities across Districts in collaboration with NSW Government. Precincts and their designated typologies will be identified in the GSRP.
Scenario 4: Market-led approach	This scenario allows market forces to determine land use on a case-by-case basis, with local governments making determinations and a NSW Government role limited to Gateway Determinations. It provides significant local flexibility to allow rezoning of R&M lands to residential and commercial office uses. Where land is rezoned, it is assumed that the whole precincts would transition from industrial to commercial office or residential uses.