

**ITEM 10. PUBLIC EXHIBITION OF THE DRAFT EMPLOYMENT LANDS STRATEGY****FILE NO: S089805****SUMMARY**

'In an economic era defined by the rise of knowledge intensive activities in advanced economies, Sydney remains Australia's pre-eminent location for high value, advanced business services jobs' (SGS Economic, 2013).

Maintaining the City's primacy in the knowledge economy is crucial to maintaining its role in the global economy. Commerce, industry and employment in the City of Sydney is principally located within Central Sydney, which includes the Sydney CBD, Pyrmont-Ultimo, Sydney Education & Health (Broadway and Camperdown), City East and Central to Eveleigh, and within the 'employment lands' located in the south of the Local Government Area (LGA). These employment lands, which this report identifies as the 'strategy area', shown at Attachment A, have a much lower job density than Central Sydney, but nonetheless host a range of industries and jobs that are crucial to the efficient functioning of the City.

To examine the role and function of the strategy area, the City of Sydney engaged SGS Economics to undertake the *City of Sydney Employment Lands Study* (the study). The study, shown at Attachment B, establishes the basis for change to the land use and planning controls that currently apply to the strategy area and to recommend an appropriate framework to guide the strategy area. The study balances the need to retain viable industrial lands to serve the population and key state infrastructure such as Sydney Airport (airport) and Port Botany (port), the desire of land owners for higher order uses, and the potential to accommodate denser forms of employment.

The study takes into consideration the significance of the strategy area in the 'Global Economic Corridor' and its role in the local, metropolitan, state and national economies and in facilitating regional and global network connections, and concludes there is sufficient evidence to support an alternate planning approach in the strategy area.

The Draft *City of Sydney Employment Lands Strategy* (the draft strategy), shown at Attachment C, is directly informed by the study. The draft strategy provides a consolidated package of future land use and planning recommendations for the strategy area.

The draft strategy is informed by the NSW Government's strategic policy context for employment lands, as well as the objectives, directions and targets of *Sustainable Sydney 2030*. Generally, the land use zoning proposed by the draft strategy is more flexible than current zoning. This will facilitate higher job densities and make space for new economic activities such as new industrial uses, creative uses, knowledge industry development and flexible commercial, industrial and office spaces. At the same time, the draft strategy also proposes the retention of some industrial lands to ensure activities associated with key state infrastructure, including the airport and port, and other activities that need access to the Sydney CBD, can continue to locate in the local government area.

Subject to Council's endorsement, the draft strategy will be on public exhibition for a period of no less than 28 days. To support the public exhibition the study will also be available during the exhibition period.

Following public exhibition the draft strategy will be reported back to Council for consideration for adoption. If adopted, the strategy will inform the preparation of new planning controls for the strategy area for the consideration of Council and the Central Sydney Planning Committee.

It is noted that the draft strategy in itself does not constitute draft planning controls and will not be considered in the assessment of development applications or considered as sufficient justification for planning proposals for spot rezonings within the employment lands.

## RECOMMENDATION

It is resolved that the Central Sydney Planning Committee:

- (A) note the findings of the *City of Sydney Employment Lands Study*, shown at Attachment B to the subject report;
- (B) note the recommendation to the Planning and Development Committee at its meeting on 6 May 2013, that Council approve the Draft *City of Sydney Employment Lands Strategy*, shown at Attachment C to the subject report, for public exhibition for a period of 28 days;
- (C) note the *City of Sydney Employment Lands Study* will be made publicly available during the public exhibition of the Draft City of Sydney Employment Lands Strategy; and
- (D) note the recommendations of the Draft *City of Sydney Employment Lands Strategy* have no statutory status and will not be considered in the assessment of development applications or considered sufficient justification for planning proposals for spot rezonings.

## ATTACHMENTS

**Attachment A:** Strategy area

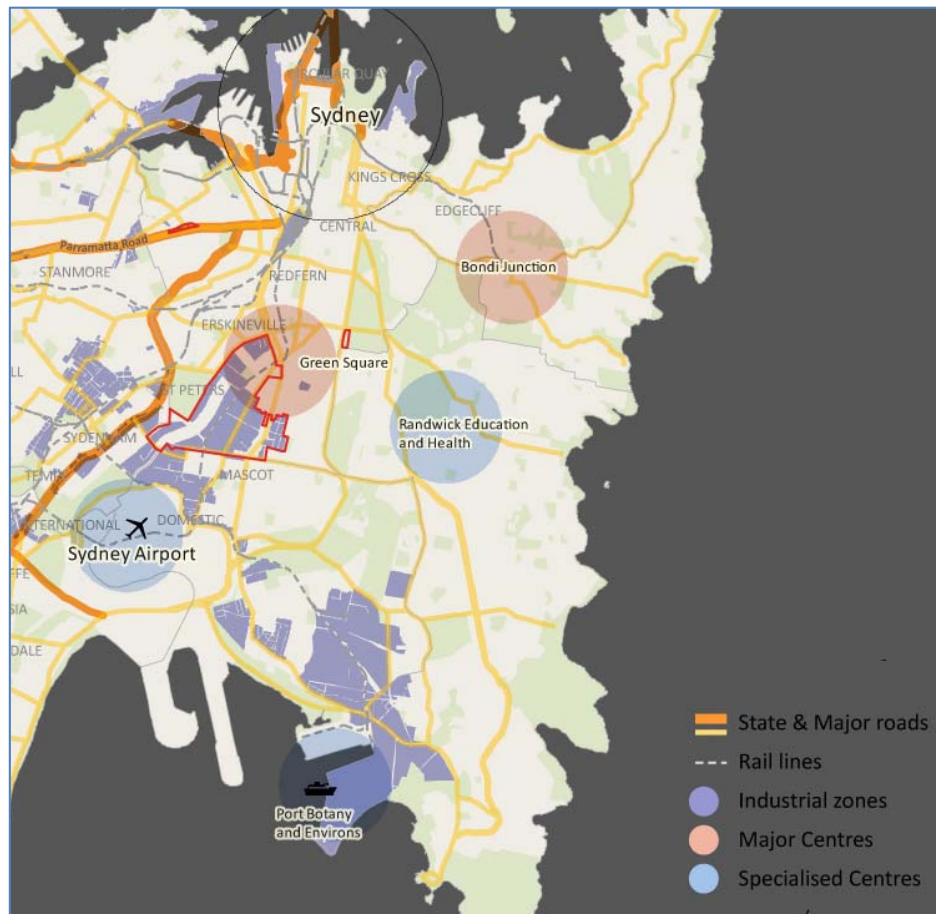
**Attachment B:** City of Sydney Employment Lands Study  
(Note – This attachment will be circulated separately from the Agenda Paper and to Councillors and relevant senior staff only. A copy will be available for viewing on Council's website and at the One Stop Shop and Neighbourhood Service Centres.)

**Attachment C:** Draft City of Sydney Employment Lands Strategy

**BACKGROUND**

1. At its meeting on 13 May 2013, the Council will consider a report which recommends the public exhibition of the Draft City of Sydney Employment Lands Strategy (the draft strategy), shown at Attachment C. The draft strategy provides a consolidated package of land use and planning recommendations for the employment lands of the City of Sydney local government area (LGA). The public exhibition of the draft strategy is to be supported by the City of Sydney Employment Lands Study (the study), shown at Attachment B. The study and its recommendations directly informed the preparation by the City of the draft strategy.
2. The City commissioned SGS Economics (the consultant) to undertake the study and make land use recommendations based on its findings. The study considers all land in the LGA that is currently zoned for employment purposes under the *Sydney Local Environmental Plan 2012* (Sydney LEP 2012). This includes land zoned IN1 – General Industrial; IN2 – Light Industrial; B5 – Business Development; B6 – Enterprise Corridor; and B7 – Business Park. It also considers some lands that are excluded from the Sydney LEP 2012 and currently zoned 10(e) – Mixed Uses under *South Sydney Local Environmental Plan 1998* (South Sydney LEP 1998).
3. A map of the strategy area is shown at Attachment A and Figure 1 (below) shows the strategy area in its wider strategic context. The strategy area comprises three precincts in the LGA, including:
  - (a) the main strategy area – this area is about 265 hectares in size and stretches from the southwest corner of the Green Square Town Centre to the south west corner of the LGA. Generally the area is bordered by Gardeners Road to the south, McEvoy Street on the west and Mentmore Avenue and Botany Road on the east. It includes primarily land currently zoned IN1 – General Industrial as well as land zoned IN2 – Light Industrial; B5 – Business Development; B6 – Enterprise Corridor; and B7 – Business Park;
  - (b) the South Dowling Street precinct – this area is about 3.6 hectares in size and includes a single large lot of land currently zoned B5 – Business Development, on which the Moore Park Supa Centa is currently located; and
  - (c) the Parramatta Road precinct – this area is about 2.1 hectares in size and includes several small lots currently zoned IN2 – Light Industrial. The area located in Glebe and is bordered by Arundel Street and Parramatta Road and divided by Ross Street.

Figure 1 The strategy area in context



Source: City of Sydney Employment Lands Study (SGS Economic, 2013)

4. The Sydney LEP 2012 is in the form of a state wide template for all LEPs, known as the 'Standard Instrument' which mandates a number of land use zones and objectives for those zones. Prior to the making of the Sydney LEP 2012, the entirety of the strategy area was subject to the South Sydney LEP 1998. In developing the Sydney LEP 2012, the land use zones contained in South Sydney LEP 1998 were 'converted' into defined Standard Instrument land use zones.
5. The study and draft strategy was largely prompted by submissions made by land-owners and other stakeholders to the public exhibition of the then draft *Sydney Local Environmental Plan 2010* (now 'made' Sydney LEP 2012). Submissions argued that land in the strategy area was being 'down-zoned' because the permissible land uses in the Standard Instrument land use zones are less flexible than those permitted under the South Sydney LEP 1998. They also argued there is reduced demand for expensive industrial land in the LGA because many industries can re-locate to cheaper sites in Sydney's west.
6. The Department of Planning and Infrastructure (the Department) has long had clear policies which generally oppose rezoning of industrial lands unless sufficient evidence is provided to support the reasons for change.

7. There has to date been relatively little research available about economic activity in the strategy area. The purpose of the study is therefore to establish if there is a basis for change in the strategy area and also recommend an appropriate framework for that change. The study and its findings and recommendations are discussed in detail later in this report.

#### **THE DRAFT CITY OF SYDNEY EMPLOYMENT LANDS STRATEGY**

8. The draft strategy is directly informed by the findings and recommendations of the study which are discussed in detail later in this report. The draft strategy is also informed by the NSW Government strategic policy context, particularly the *Draft Metropolitan Strategy for Sydney 2031*, as well as the objectives, directions and targets of *Sustainable Sydney 2030*, both of which are also discussed in detail later in this report
9. The draft strategy provides a consolidated package of land use and planning recommendations for the strategy area. It recognises the continued primary function of the strategy area to facilitate employment and support the growth of the local, metropolitan, state and national economies and regional and global network connections.
10. The land use zoning proposed in the draft strategy is more flexible than current zoning and will generally facilitate higher density employment and new economic activities such as new industrial uses, creative uses, knowledge industry development and flexible commercial, industrial and community spaces.
11. In addition, there are lands within the strategy area that will continue to accommodate the industrial uses that are essential to the efficient functioning of the City. These lands ensure activities associated with key state infrastructure, including Sydney Airport (airport) and Port Botany (port), and other activities that require access to the Sydney Central Business District (Sydney CBD), can continue to locate in the LGA. It will also ensure the rapidly growing residential and worker population in the inner city subregion can access essential services.

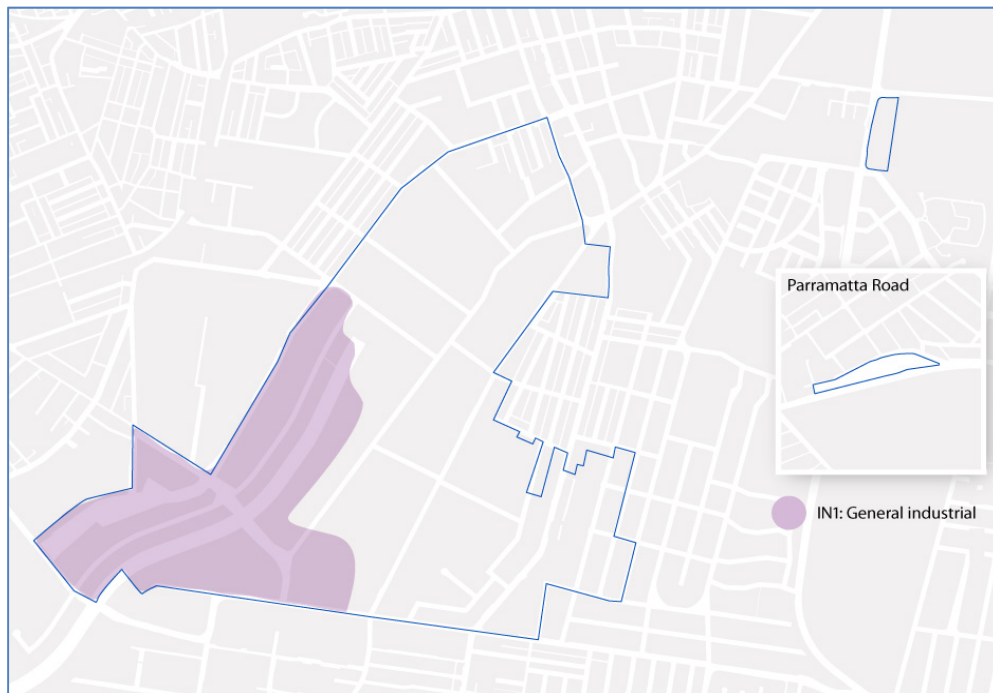
#### **Principal actions to guide the strategy area**

12. The draft strategy establishes the following five overriding actions to guide the long term vision for the strategy area:
  - (a) to advocate for a subregional approach towards protecting industrial lands in the subregion - this action is proposed in response to the recent loss of industrial lands in neighbouring LGAs. A more strategic approach to managing industrial lands in inner Sydney will ensure the industrial lands in the main strategy area are not overburdened and remain viable for lower value uses;
  - (b) to recognise and address traffic and transport issues in the strategy area and in the subregion – this action recognises the traffic and transport network will continue to come under considerable pressure from growth at the airport and port, as well as population growth in Green Square and Mascot, and other surrounding areas. This issue is discussed in detail later in this report;

- (c) to recognise and address flooding issues – this action recognises flooding will continue be an issue in parts of the strategy area. There is a need to manage flooding and ensure new development is responsive to flooding constraint;
  - (d) to harness opportunities to improve the public domain – this action recognises improvements to the public domain are required in the strategy area to satisfy demand created by growing numbers of employees and residents, to attract new firms and to provide a higher level of amenity for workers, residents and visitors; and
  - (e) to explore innovative planning solutions that work towards the targets provided by *Sustainable Sydney 2030* – this action is to ensure the new development opportunities created by this strategy will in turn create opportunities for the provision of new community infrastructure and other public benefits as envisaged by *Sustainable Sydney 2030*.
13. The draft strategy also proposes a new land use zoning framework and provides a description of the long term aspirations for various locations within the strategy area. A description of the proposed zones is provided below.

#### **Industrial area**

14. The proposed zoning for the industrial area at the south western corner of the main strategy area is IN1 – General Industrial, as shown in Figure 2. The study shows the quantum of land that has been identified for the IN1 – General Industrial zone is sufficient to accommodate population serving industrial uses to 2036. This is estimated to be around 339,000 square metres of both heavy and light industrial floorspace. This area also provides additional land of approximately 150,000 square metres to accommodate strategic industrial uses, for example those related to the airport. While the study shows a need for approximately 440,000 square metres of floorspace for airport-related freight and logistics uses, some of this will continue to be accommodated in the mixed business areas discussed later in this report.

**Figure 2 Industrial area**

Source: City of Sydney Employment Lands Study (SGS Economic, 2013)

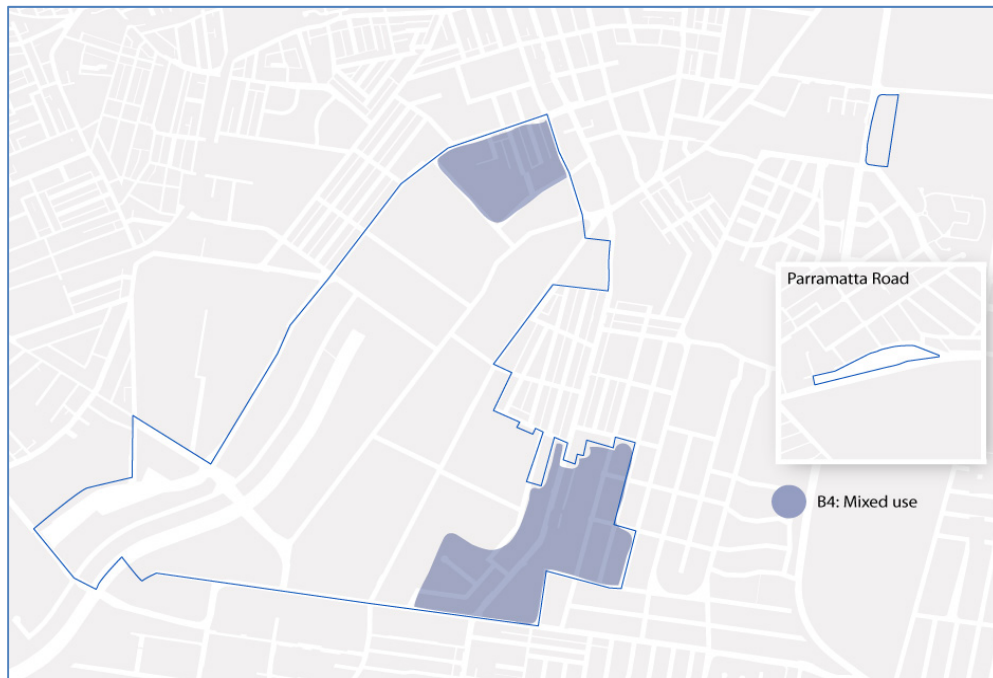
15. The long term aspiration for the zone is for 'pure industrial' with only minimal 'ancillary' uses to support the industrial uses and employment in the zone. The proposed location of the IN1 – General Industrial zone is supported because it:
  - (a) aligns with zoning and future plans in the adjoining LGAs of Marrickville and Botany Bay along the study area boundaries;
  - (b) consolidates heavier uses where they already exist. The location is relatively isolated and is buffered from other, more sensitive, uses by the Alexandra Canal, Sydney Park and main roads; and
  - (c) provides good accessibility to airport and road networks, including the proposed exit of WestConnex along Qantas Drive, and therefore has potential to attract related freight and logistics uses.
  
16. The draft strategy proposes some change to land uses currently permitted and prohibited by the IN1 – General Industrial zone in Sydney LEP 2012. The reason for the proposed changes is to generally limit uses permitted in the zone to those that are required to locate there because of the heavier nature of the activity or its impacts on other land uses. It is noted the proposed zoning in the draft strategy would result in this area being the only IN1 – General Industrial zone in the LGA.
  
17. Other planning recommendations for this area are to:
  - (a) consider new objectives for the zone that provide appropriate guidance for landowners and other stakeholders about Council's aspirations for the zone;
  - (b) ensure the land use table facilitates flexibility to accommodate a variety of heavy and light industrial uses;

- (c) allow for ancillary uses that support the working population of the area, for example kiosks and cafes, however, ensure that the scale of those uses does not compete with the purpose or efficient functioning of the zone; and
- (d) review built form controls to ensure they are appropriate for the zone.

### Mixed use areas

18. The proposed zoning for the mixed use areas in the northern and eastern precincts of the main strategy area is B4 – Mixed uses as shown in Figure 3. The areas should accommodate a mix of employment and residential uses. The long term aspiration for the zone is a genuine mixed use precinct supporting a relatively even mix of employment-generating uses and residential development, in particular affordable rental housing.

**Figure 3 Mixed use areas**



Source: City of Sydney Employment Lands Study (SGS Economic, 2013)

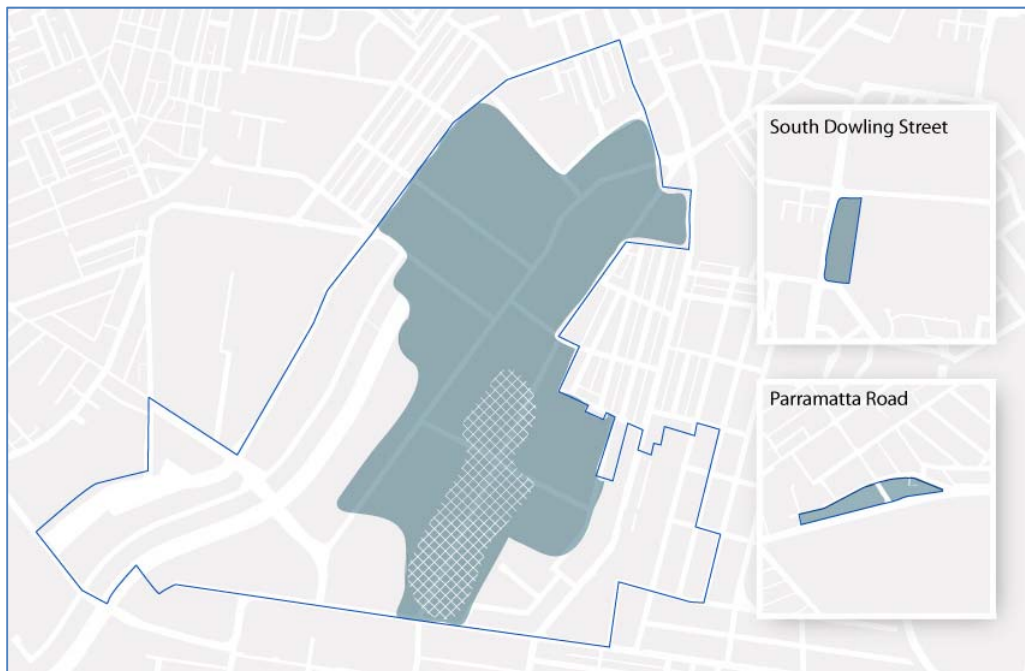
19. The draft strategy proposes no change to the land uses currently permitted and prohibited by the B4 – Mixed uses zone in Sydney LEP 2012. The main driver for this is that the B4 – Mixed uses zone exists elsewhere in the LGA, therefore any proposed changes would have a much wider impact.
20. Notwithstanding this, these areas are proposed to accommodate a mix of employment and affordable residential uses that have not necessarily been achieved in other B4 – Mixed uses zones in the LGA. The planning recommendations that support the area are therefore more nuanced and work towards this goal. These recommendations include:
- (a) consider new zone objectives that specifically guide the City's long term aspirations for these areas and provide appropriate guidance for landowners and other stakeholders about Council's aspirations for the zone;



- (b) ensure the land use table facilitates flexibility to support a range of employment uses and affordable residential uses;
  - (c) undertake additional analysis of the built environment, including a review of built form controls and character and heritage assessment, to inform new planning controls;
  - (d) establish planning controls that actively promote affordable rental housing in the zone;
  - (e) establish planning controls that provide for no or low parking associated with the housing in these mixed use precincts;
  - (f) establish development controls that minimise the barriers to innovate housing conversions for 'work-live' outcomes; and
  - (g) explore opportunities to encourage child care and other local infrastructure needed to support the growing population in the region.
21. It is considered that the proposed B4 - Mixed use zone is a good fit with the developing character of these areas, where an advantageous mix of interesting residential buildings and associated fine grain retail and services are increasing with cafés such as Kitchen by Mike on Dunning Avenue, Bourke Street Bakery on Gardeners Road and Sonoma on Birmingham Street, adding to the amenity of the area and catalysing development. The proposed zoning will also take advantage of the smaller lot pattern, older industrial buildings, and quieter roads, which could facilitate development of diverse, dense and creative economy precincts. It is likely the areas will continue to attract creative uses, such as media and communication businesses and graphic designers, which cluster in fringe areas with high amenity and lower rents rather than city centres.
22. Locating the B4 zones in these areas, particularly the area to the south east of the strategy area, will provide a buffer between the predominantly residential areas in Rosebery. In addition, the areas are located close to public transport, including the train stations at Green Square and Mascot and bus services on Botany Road.

### **Mixed business areas**

23. The proposed zoning for the mixed business areas in the centre portion of the main strategy area, and in South Dowling Street and Parramatta Road is B6 – Enterprise Corridor as shown in Figure 4. The areas are to be sufficiently flexible to encourage and accommodate a wide variety of economic activities, as well as 'other' uses likely to attract and support higher value activities in the areas and promote better amenity. The long term aspiration for the zone is a mixed business precinct facilitated by a flexible approach to land use. The zone should continue to support warehouse and light industrial uses but also facilitate higher value employment such as offices where appropriate. Retail should be limited in scale and should complement the Green Square Town Centre and other village centres. The zone should continue to support bulky goods uses in limited areas.
24. The draft strategy proposes major changes to land uses currently permitted and prohibited by the B6 – Enterprise Corridor in Sydney LEP 2012. These proposed changes generally reflect the very different purpose, function and aspirations that are proposed for the B6 – Enterprise Corridor zone than currently exists in the Sydney LEP 2012.

**Figure 4 Mixed business areas**

Source: City of Sydney Employment Lands Study (SGS Economic, 2013)

25. Most land uses are permitted within the zone except where they may have a long term impact on the function of the area or work against other objectives for the strategy area. The zone will continue to support warehouse, light industrial uses, high-tech uses and so on, but will also facilitate higher value employment such as offices.
26. Other planning recommendations for these areas are to:
  - (a) consider new objectives for the zone to reflect the zoning statement and provide appropriate guidance for landowners and other stakeholders about Council's aspirations for the zone;
  - (b) ensure the land use table facilitates a broad range of employment generating uses;
  - (c) allow for other non-residential uses, such as entertainment facilities, churches and markets, which support employment activity and/or service the local population. However, these uses should be limited in scale so they do not detract from the long term aspiration of the zone to provide for employment generating uses;
  - (d) limit the scale of individual retail activities so that they complement retail in the Green Square Town Centre and do not have a detrimental impact on other employment generating uses in the zone;
  - (e) permit bulky goods premises on South Dowling Street;

- (f) permit bulky goods premises and vehicle sales or hire premises in the main strategy area along O’Riordan Street. Generally the extent of the area should remain consistent with the land currently identified in Schedule 1 of the Sydney LEP 2012, however only premises whose public access is from O’Riordan Street should continue to be identified;
  - (g) undertake additional analysis of the built environment, including a review of built form controls and character and heritage assessment, to inform new planning controls;
  - (h) encourage sustainable transport choices in new planning controls, and where possible, introduce measures to minimise parking associated with new development; and
  - (i) explore opportunities to encourage child care and other local infrastructure needed to support the growing working and residential population in the region.
27. It is considered the proposed B6 – Enterprise Corridor is sympathetic to the existing mix of commercial and business uses in the Parramatta Road precinct and in much of the main study area. It will also allow for the continuation of bulky goods uses in the South Dowling precinct.
28. Going forward, the zone will provide flexibility to accommodate a range of uses that generate employment given the wide variety of sites within the study area, with potential for warehousing, high tech industries, office developments, small manufacturing businesses such as catering firms and so on. It will also facilitate a range of uses to support the growing working population and residential populations around the strategy area, such as sport and recreational facilities and cafés.
29. The area will accommodate higher-value employment, such as high-tech jobs, for the growing residential population of the neighbouring areas (particularly younger and highly educated residents).
30. Its locations will provide good access for new businesses to locate close to the airport and Sydney CBD, with all sites either close to or on major arterial roads. The locations also have generally good accessibility by public transport, with Green Square train station to the north of the main study area and major bus routes in or close to all three precincts. It is noted that the City will continue to work with Transport NSW to increase the frequency of services in this location.

### **Retail precincts**

31. The draft strategy also proposes a number of planned retail precincts as shown in Figure 5. The precincts are of an appropriate size and location to support the effective functioning of the commercial and mixed use precincts of the strategy area, as well as the wider area.

Figure 5 Retail precincts



Source: City of Sydney Employment Lands Study (SGS Economic, 2013)

32. Recommendations that support these areas include:
- concentrate anchor retailers (such as supermarkets) in nominated centres;
  - develop a hierarchy of small retail centres in the main strategy area and surrounding suburbs, considering possible locations at Rosebery, close to the 'Grounds of Alexandria' cafe at the northern end of the canal and Doody Street. This would consider the best locations for these centres, the need for amenities to service businesses and new residents in the area, the projected increase in the local population, the projected redevelopment of Green Square Town Centre and the Ashmore precinct, and structure planning issues, transport accessibility, linkages to other centres and so on; and
  - explore planning controls that encourage walking and cycling to these locations.

### Implementing the Draft City of Sydney Employment Lands Strategy

- If approved by Council, the draft strategy will be publicly exhibited for a period of no less than 28 days. The purpose of the draft strategy is to facilitate and promote public comment on the proposed land use and planning recommendations via a formal public exhibition process.
- It is important to note that the draft strategy does not constitute draft planning controls, that is. draft LEP or draft DCP controls. The draft strategy will not be considered in the assessment of development applications, nor will it be considered as justification for planning proposals for spot rezonings in the strategy area.

35. Following public exhibition and review of submission, the draft strategy will be reported to Council for consideration for endorsement. If adopted, the strategy will inform the preparation of a draft planning proposal/s and/or draft DCP/s to change the planning controls as they currently apply under Sydney LEP and DCP 2012 and South Sydney LEP 1998 and South Sydney DCP 1997: Urban Design (the excluded lands), for the consideration of Council and the Central Sydney Planning Committee.
36. In preparing draft planning proposal/s and/or draft DCP/s there is an opportunity to establish innovative planning controls that work towards the long-term aspirations for the strategy area and respond directly to the directions and targets of *Sustainable Sydney 2030*. The new development opportunities created by this strategy will create opportunities for the provision of new community infrastructure and other public benefits, which include, but are not limited to:
- (a) affordable rental housing;
  - (b) transport infrastructure, new roads or associated works;
  - (c) provision of open space and public domain improvements;
  - (d) childcare facilities and child friendly places;
  - (e) 'Green Infrastructure', such as tri-generation and water re-use facilities, and other contributions to improved environmental outcomes or flood management for the broader community;
  - (f) additions and/or improvements to the pedestrian and cycling network and the City's 'Liveable Green Network'; and
  - (g) public facilities and community spaces.
37. To support new planning controls, and better define the benefits they may bring and how potential detrimental impacts may be addressed, a number of additional studies are likely to be required. This is consistent with the actions proposed by the draft strategy. Additional studies may include:
- (a) urban design analysis, including a review of height and floor space ratio controls, and character and heritage assessment;
  - (b) traffic and transport study, which will identify high level risks and opportunities and provide preliminary data for the preparation of a Transport Management Accessibility Plan (TMAP) for the strategy area;
  - (c) economic feasibility analysis, including identification of opportunities to maximise the amount of affordable housing that can be achieved in the strategy area; and
  - (d) social sustainability analysis, which will inform decisions relating to the provision of community infrastructure.
38. Some of these studies may be undertaken in house by the City.

## STRATEGIC PLANNING CONTEXT

39. The following section of the report describes the NSW Government and the City's strategic plans which establish the planning framework for the study and the draft strategy.

### Metropolitan Planning

40. The NSW Government's *Sydney Metropolitan Strategy: City of Cities* (2005), *Draft Sydney City Subregional Strategy* (2008) (the draft Subregional Strategy) and *Metropolitan Plan for Sydney 2036* (2010) all locate the strategy area within the 'Global Economic Corridor'. This is the collection of assets and centres that runs from Macquarie Park, through Chatswood and North Sydney, through the Sydney CBD and on to the airport and port.
41. These strategies and plans have all placed an emphasis on the retention of significant strategic industrial lands and contain strategies and policies that effectively prevent the reduction of industrial land where its removal cannot be justified.
42. The draft Subregional Strategy specifically identifies the importance of the main strategy area, noting its role in supporting the economy and servicing the City by facilitating light industries, heavy industry manufacturing, urban services, warehousing and logistics and high-tech based activities. It also recognises the importance of the main strategy area in ensuring there is sufficient capacity available to maintain economic functions of the area in relation to the airport and the port.
43. The draft Subregional Strategy categorises employment land within the City of Sydney in terms of its significance. The main strategy area and the Parramatta Road precinct are identified as 'Category 1', that is, lands to be retained for industrial purposes because of their role in the local, subregional and national economies. It notes 'Category 1' lands does not mean that sites cannot be intensified or redeveloped to meet modern industrial requirements and create additional employment benefits, but they should continue to accommodate industrial and related uses.
44. In March 2013, the Department released the *Draft Metropolitan Strategy for Sydney to 2031* (draft Metropolitan Strategy) for public consultation. The draft Metropolitan Strategy groups the City of Sydney together with 17 other LGAs from Canada Bay to Woollahra and Ryde to Botany Bay into a new 'Central Subregion'. In the main, the Central Subregion includes LGAs that lie within the 'Global Economic Corridor', although not all LGAs have been included.
45. Key objectives of the draft Metropolitan Strategy relevant to the strategy area include:
- (a) Objective 10 – *Provide capacity for jobs growth and diversity across Sydney* – this objective provides minimum employment targets for the Central Subregion and strategic centres, which are discussed in more detail in the following section of this report;

- (b) Objective 11: *Support the land use requirements of industries with high potential* – this objective recognises the importance of providing a planning environment that encourages clusters of high performing businesses and industries. The objective is supported by a number of Industry Action Plans developed to support high growth industries;
- (c) Objective 13: *Provide a well-located supply of industrial lands* – this objective recognises the need to ensure a supply of well-located industrial land with good accessibility to supply local and/or subregional demands. It also provides a framework to assess proposals to rezone industrial land, the 'Industrial Lands Strategic Assessment Checklist' for rezoning of existing industrial land to other uses; and
- (d) Objective 16: *Achieve productivity outcomes through investment in critical and enabling infrastructure* – this objective acknowledges the importance of employment locations being supported by well-serviced, reliable transport links as well as ensuring sufficient infrastructure to support communities.

### **Sustainable Sydney 2030**

46. *Sustainable Sydney 2030* is a vision for the sustainable development of the City to 2030 and beyond. *Sustainable Sydney 2030* includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. The draft strategy is closely aligned with the following strategic directions and objectives in *Sustainable Sydney 2030*:
- (a) Direction 1 - *A Globally Competitive and Innovative City* – The strategy area plays an important role both in supporting the growth of new economic activities in Sydney (creative uses, knowledge industry, flexible office space) as well as providing for strategic activities associated with the airport and port and essential services for the City's growing population. The draft strategy provides a proposed framework for changes to planning controls in the strategy area to facilitate this growth.
  - (b) Direction 3 - *Integrated Transport for a Connected City* – The strategy area is a main transport corridor between the airport and port and the City. While traffic and transport is reasonably constrained, the draft strategy proposes actions to work with the NSW Government to find solutions to these issues.
  - (c) Direction 8 - *Housing for a Diverse Population* – while the primary focus of the strategy area is to facilitate employment uses, the proposed mixed use areas in the draft strategy will create opportunities for the provision of affordable housing. The draft strategy proposes actions to further explore these opportunities to support the development of planning controls.

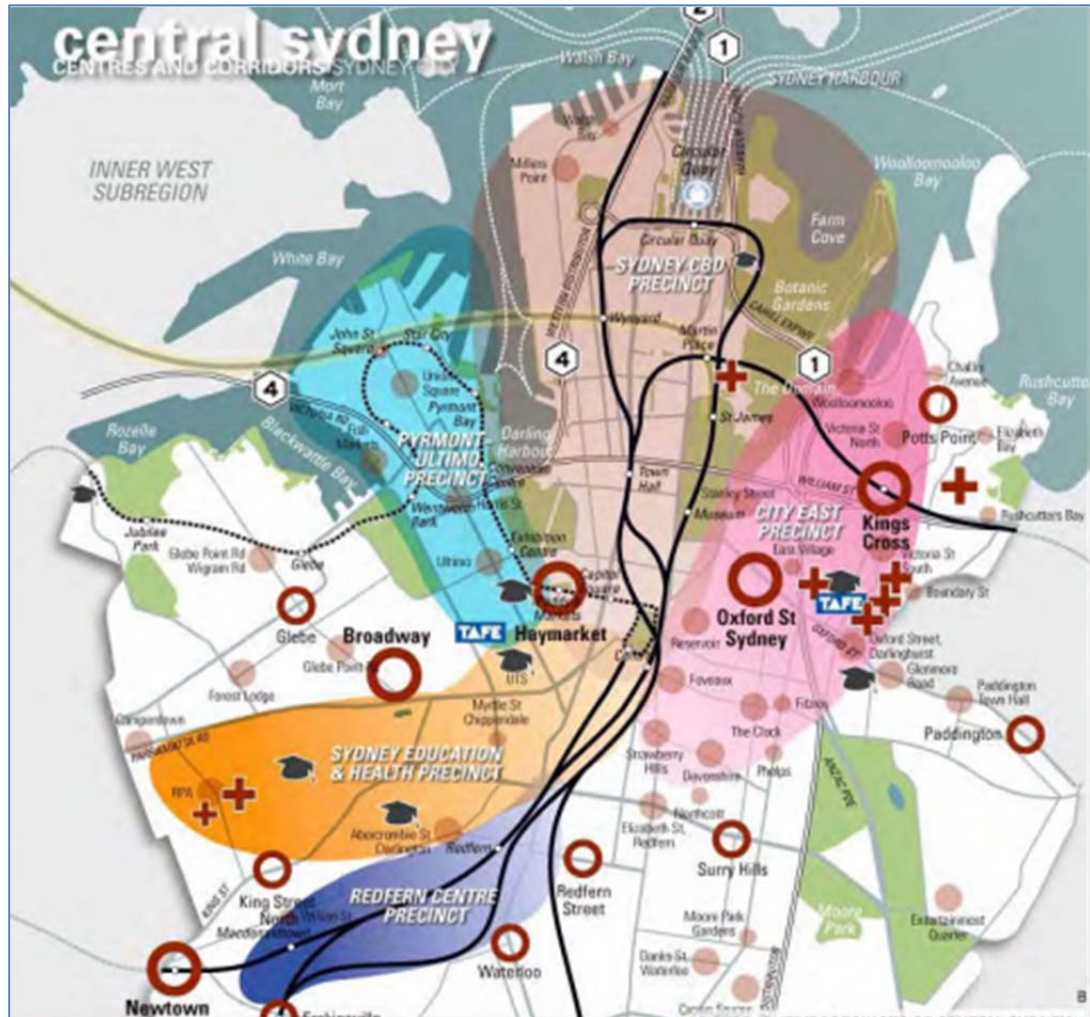
### **Employment targets**

47. The draft Metropolitan Strategy provides updated housing and employment targets for new subregions and strategic centres. Within the City of Sydney, two strategic centres, being 'Central Sydney' and 'Green Square', are identified. Together these areas contain the majority of existing jobs and jobs opportunities in the City of Sydney.



48. The Department has advised that 'Central Sydney' consists of the Sydney CBD, Pyrmont-Ultimo, Sydney Education & Health (Broadway and Camperdown), City East and Central to Eveleigh as identified in the Draft Subregional Strategy, shown at Figure 6. The employment target for 'Central Sydney' in the draft Metropolitan Strategy is 102,000 additional jobs to 2031.

**Figure 6 Central Sydney strategic centre**

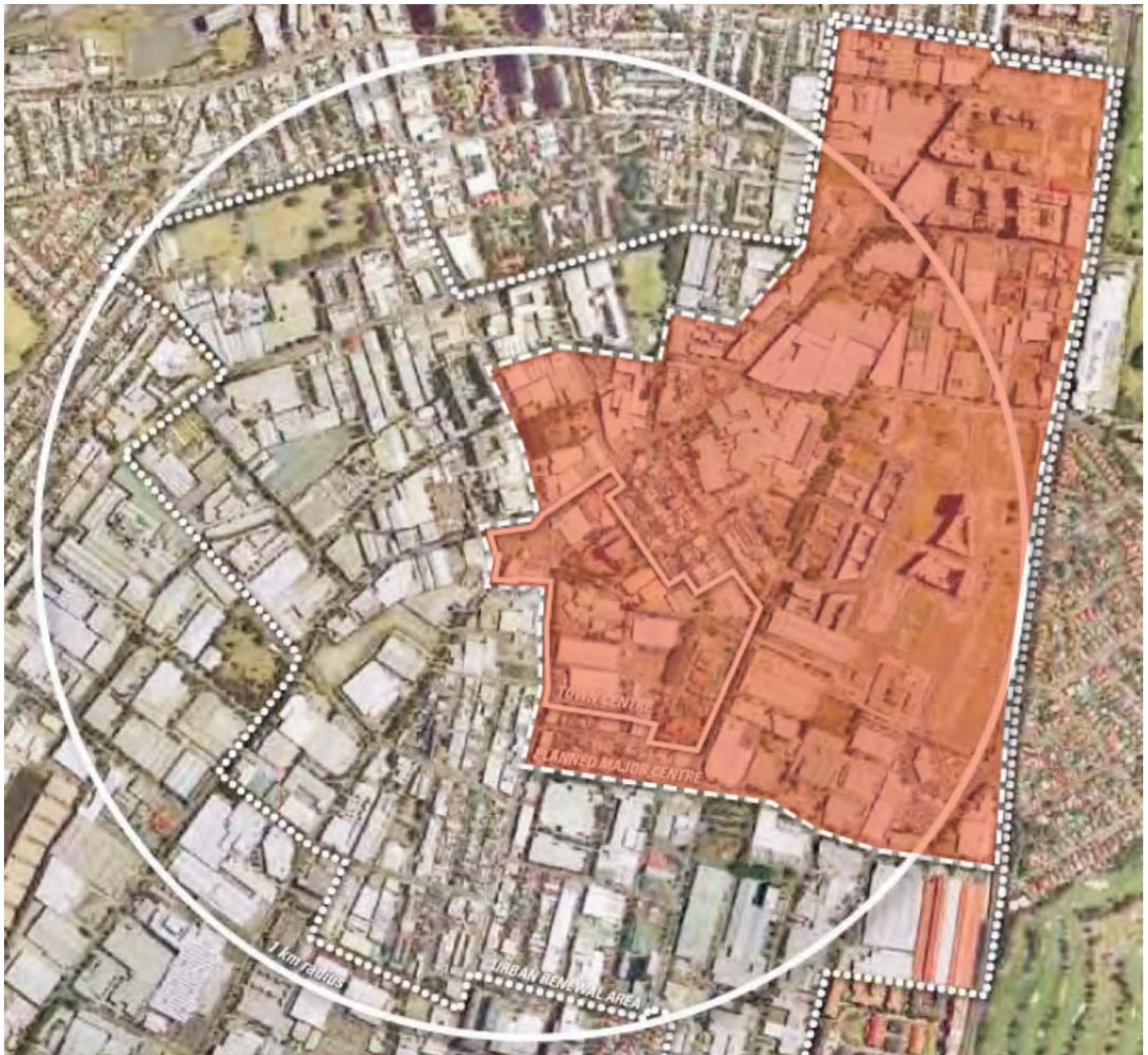


Source: Draft City of Sydney Subregional Strategy

49. The lands included in 'Green Square' are not readily defined, however it is assumed they remain the same as or similar to the area identified by the transparent red coloured overlay in the Draft Subregional Strategy figure, shown at Figure 7. It is noted the strategy area, which is the subject of this report, falls outside of the area. The employment target for 'Green Square' in the draft Metropolitan Strategy is 7,000 additional jobs to 2031.



Figure 7 Green Square strategic centre



Source: Draft City of Sydney Subregional Strategy

50. The draft Metropolitan Strategy identifies a base of 380,000 jobs in Central Sydney and Green Square in 2011 and a total target of 109,000 jobs in these strategic centres. This is equivalent to around 29 percent growth between 2011 and 2031.
51. The draft Metropolitan Strategy provides the revised targets in the strategic centres as 'maximums', which are not intended as caps or limits but are provided to set the minimum level to support the growth of metropolitan Sydney.
52. While the draft Metropolitan Strategy does not provide targets for areas that fall outside of the strategic centres of Central Sydney and Green Square (assuming more detail will be provided in the new subregional strategies under development), it recognises the need to harness opportunities and support economic growth by ensuring adequate stocks of well-located commercial and industrial land are always available.

53. The City is currently undertaking the Floor Space and Employment Survey 2012 (FES 2012). While still being finalised, early estimates indicate around 405,000 – 410,000 jobs are currently located within the City of Sydney, that is between 20,000 – 25,000 more jobs identified in Floor Space and Employment Survey when it was undertaken in 2007.
54. This growth is substantial in this period given the Global Financial Crisis (GFC) would have had a significant impact on jobs growth in ‘type’ of jobs located in the LGA. Should job growth continue at this rate, and it is conceivable that as the impacts of the GFC slow it will, it is likely the targets contained in the draft Metropolitan Strategy are achievable, in the City of Sydney at least. Notwithstanding this, it is important to recognise that constraints will, at some point, act to limit growth in strategic centres.
55. A key constraint is land availability within the LGA. While densities may increase to accommodate jobs growth, both in terms of the built form as well as how many jobs are accommodated within a given area, at some point, new locations will need to be found to accommodate job growth.
56. A further key constraint is the capacity of the road and public transport networks to accommodate employment growth. The City’s strategic transport strategy ‘Connecting Our City’ (2012) identified serious limitations within the current networks, particularly within the CBD, with both Wynyard and Town Hall train stations unable to accommodate projected jobs growth.
57. According to the FES 2012, the employment lands strategy area currently holds around 19,000 jobs, which is approximately five percent of the total jobs in the LGA.
58. Looking towards 2031, a simple analysis shows that if it is assumed the 19,000 jobs within the strategy area will increase in line with job growth within the strategic centres required to meet targets (which requires a total of 29 percent job growth across the strategic centres to 2031), then at least 5,500 new jobs will need to be accommodated in the strategy area. These jobs would be in excess to the minimums required by the draft Metropolitan Strategy in both strategic centres.
59. Recognising that demand for job growth might increase in response to a range of factors, not the least in response to shrinking land availability and constrained transport capacity closer to the Sydney CBD, then the number of jobs that the employment lands strategy area will need to accommodate may be considerably higher.
60. As part of the study, dwelling and employment projections were estimated for the recommended land use approach, which are carried into the draft strategy. The study found that if built out at current allowable densities, the proposed changes would likely facilitate about 27,500 jobs. This is about 8,500 more jobs than are currently located in the strategy area, which will accommodate the 5,500 jobs mentioned above and allow room for additional growth to accommodate capacity constraints in other parts of the LGA.
61. It is likely that capacity would increase if in reviewing the built form in the strategy area the floor space ratios and building heights were increased. The draft strategy proposes additional urban design analysis be undertaken to support changes to built form controls.

**THE BACKGROUND REPORT**

62. Stage 1 of the study was to develop a background report to establish the 'base case' in the strategy area. The background report is included as Appendix 1 of the study shown at Attachment B of this report.
63. In preparing the background report the City hosted a series of round table discussions with landowners (and/or their representatives) and other stakeholders who had made submission to the draft Sydney LEP 2010. The purpose of the discussions was to identify key concerns, operational issues and suggested improvements for the area. It was also to advise submitters of the process for the preparation of the study. Key stakeholder perspectives heard at these meetings include:
- (a) the proximity of the land to the north of the main strategy area to the Green Square train station may be an appropriate location for accommodation (such as serviced apartments), as well as commercial uses and restaurants. Higher order uses than those provided for in Sydney LEP 2012, including residential, are more appropriate given the area's changing character, strategic road corridors, and proximity to the Green Square Town Centre, the train station and port;
  - (b) there is continued growth in demand for bulky goods along O'Riordan Street. The nature of bulky goods retailing is changing: comparable centres now contain some 2,000 square metres of general retail, and some flexibility in uses may be appropriate to permit some small scale complementary retail, such as groceries and fashion;
  - (c) the IN2 – Light Industrial area in Rosebery, east of Botany Road, is undergoing evolution, with increasing facilities and a shift to more creative industries, as well as the opening of fashion offices, provedores, and cafés. Industrial uses are increasingly light, such as high-tech industrial with associated offices and showrooms; and
  - (d) The IN1 – General Industrial zone does not cater well to the changing nature of industry, with industrial growth now in 'creative' businesses, not manufacturing, and few wholly traditional industrial large sites left in the area. Demand for space is changing as well, with manufacturing, distribution and storage not so intensive or large scale. Some firms (such as fashion or magazine publishers) have a need for some warehousing but with a higher office component; others split their operations and locate warehouses in western Sydney and their offices in Alexandria. 'Special' type uses are appearing, where showroom space represents the main use but is often smaller in size than the support office. These uses can't easily be defined, as they aren't offices, nor fully retail or high-tech, and may include distribution and warehouse facilities; and
  - (e) the areas surrounding the Alexandra Canal have different characters, with some unlikely to turnover. The woolsheds to the east require flexibility on building envelope and form to enable users to utilise the spaces. Commercial uses can't currently be marketed given the highly contaminated condition of the canal. This area is likely to attract smaller traditional warehouses, mixed with office, rather than straight commercial or industrial uses.

64. In addition to face-to-face meetings, a phone survey was commissioned of over 200 business tenants randomly chosen from within the main strategy area. The aims of the survey were to identify characteristics of businesses in the strategy area; analyse the importance of various factors to the success of these businesses; discover the likelihood of particular types of businesses moving out of the strategy area in the future, and the reasons why this would be considered; and determine businesses' current operational issues and suggested improvements for the area. Key findings from the phone survey include:
- (a) 60 percent of businesses have been established in the area for over five years, with almost a third for over 10 years. Two thirds of surveyed businesses have no plans to relocate in the next five to 10 years;
  - (b) of the third of businesses planning to relocate in the next five to 10 years, almost half anticipate moving to the immediate or neighbouring area, and a third are unsure of their next location. Only three percent mentioned plans to relocate to Western Sydney. The most common reason for businesses planning to relocate, chosen by more than a quarter of respondents, was for growth or expansion opportunities;
  - (c) the respondents noted a reliance on national and international supply chains, with the vast majority of their suppliers located outside of the strategy area and a significant proportion outside of Sydney altogether. Just 11 percent of surveyed businesses have more than half of their suppliers based in Alexandria; 10 percent have more than half of their suppliers based in the rest of the City of Sydney LGA, with 20 percent having more than half of their suppliers based elsewhere in metropolitan Sydney;
  - (d) the customer base of the respondents is concentrated locally to a greater extent: 18 percent have more than half of their customer base in the Alexandria area; the same proportion have more than half of their customer base in the City of Sydney LGA, and 23 percent have more than half of their customer base elsewhere in metropolitan Sydney. Just over 60 percent of respondents service mainly industry, with the remaining 40 percent servicing mainly the public; and
  - (e) when asked to scale a number of factors that are important to the success of their business, with one being 'not important' and 10 being 'essential', the most important factors for the businesses surveyed are public transport access, truck access and proximity to customers. These results are shown at Table 1.

**Table 1: Importance of various factors**

	% of respondents ranking factor as:	
	important (7-10)	essential (10)
public transport access	64	22
truck access	63	27
proximity to customers	59	28
proximity to the CBD	41	9
access to shops and services for workers	39	5
proximity to the ports or airport	32	12
proximity to suppliers	31	8
separation from sensitive uses <sup>1</sup>	21	4
24 hour operation	17	5

Source: SGS Economics, 2012

Note: Sensitive uses may include residential development, large retailers or commercial offices.

65. In addition to the qualitative data collected, the background report also includes extensive analysis of the Australian Bureau of Statistics data and the City's FES 2012. It provides a discussion of the current circumstances of the area are, what is located there, what needs to locate there, what is the capacity, and what are some of the underlying trends and constraints that impact on land use.
66. Key findings of the background report include:
- (a) globalisation is likely to continue to drive a separation between the 'thinking' part of the value chain (namely design, brokerage, marketing, strategy formulation) and the making or manufacturing, and distribution, in the form of transport, logistics, and after sales service. The strategy area is in a position to service multiple parts of this chain;
  - (b) given increasing land values, there is likely to be pressure to accommodate higher order uses in the main strategy area (including offices), which may affect traditional industries and require a planned approach;
  - (c) of the 11 land use categories that were assessed, freight and logistics occupies the highest proportion of floorspace in the main strategy area (28 percent), followed by vacant uses (19 percent) and then office (17 percent). In the Parramatta Road precinct, the principal floorspace use is office closely followed by retail showrooms. On the South Dowling Street site, the vast majority of floorspace is occupied by centre-based retail;
  - (d) the quantity of office floorspace in the strategy area is substantial given that it is located in an industrial area;
  - (e) there is a considerable amount of vacant floorspace in the main strategy area, comprised of both vacant buildings and vacant sites;

- (f) manufacturing was the largest industry in the main strategy area in terms of the number of employed workers in 2006, followed by transport and storage and wholesale trade. These are also industries in which the main strategy area had a high level of specialisation. Wholesaling, retailing, transport and printing were the largest subcategories of employment, each accounting for more than 5 percent of total employment in the main strategy area;
  - (g) cheaper land in western Sydney has been attractive largely to manufacturing users and smaller engineering firms, with Silverwater and Smithfield being popular relocation destinations. Freight and logistics users have also decentralised, but most have remained in the area owing to its strong link to the port, the airport and Sydney CBD;
  - (h) real estate agents noted that demand for industrial land remains solid despite the impact of the Global Financial Crisis, with land and median rental prices increasing steadily since 2008 and notable demand for creative and business service occupants. Businesses normally based in Surry Hills, Chippendale and Redfern, such as advertising, fashion, and business services firms, have been quick to relocate to Alexandria. This may be an indicator of the main strategy area evolving into a second order business and services area outside the Sydney CBD;
  - (i) there are a range of factors affecting the likely future role and function of the strategy area. These include amenity, landuse (permissibility), parking, public transport, cycleways, truck access, and bulky goods retailing; and
  - (j) land values in the strategy area are high relative to industrial land values in adjoining LGAs.
67. The background report was publically exhibited between 23 November and 21 December 2012. Land owners, business operators and residents in and around the strategy area, as well as other key stakeholders, were advised by letter and/or email of the background report and directed to the City's website or neighbourhood centres to view it. In total 22 submissions were received and were considered in the preparation of the study. Submissions are summarised at Appendix 2 of the study, which is at Attachment B of this report.

#### **THE CITY OF SYDNEY EMPLOYMENT LANDS STUDY**

68. Stage 2 of the study was the preparation of the study report, the 'City of Sydney Employment Lands Study', which is shown at Attachment B of this report.
69. The study provides a robust evidence base for recommendations about future land uses of the City's employment lands. It has determined the long-term demand and supply for industrial and business zoned land in LGA and the subregion and taken into consideration the LGA's location within the 'Global Economic Corridor' and importance in the metropolitan, state and national economies. It has balanced three significant 'land-use pressures' that are experienced in the strategy area, including:

- (a) the need to retain viable industrial lands to serve the population. These include services such as panel beaters, depots requiring an inner city location to service construction sites, distribution centres, utilities provision, and facilities for concrete batching and waste management. In addition, these areas must also accommodate strategic activities associated with the airport and port and essential support services needing access to the Sydney CBD;
  - (b) the aspirations of land owners that advocate for zoning that allows higher order uses such as residential or retail uses; and
  - (c) the long-standing NSW Government's direction that requires significant employment lands be protected and retained.
70. The study builds on the findings of the background report. It includes:
- (a) a review of the strategic context of the strategy area;
  - (b) a review of constraints, with a focus on medium to long term transport constraints;
  - (c) a review of potential uses for the main strategy area;
  - (d) a description and assessment of potential scenarios for the main strategy area; and
  - (e) a proposed strategy including implementation actions.

#### **Strategic context of the strategy area**

71. In 2012, a study by Deloitte Access Economics (2012) estimates the City of Sydney workforce produces just under eight percent of the total Australian Gross Domestic Product, or about \$100 billion. In its review of the strategic context of the strategy area, the study emphasises the importance of the City of Sydney's economy, noting that:

*'In an economic era defined by the rise of knowledge intensive activities in advanced economies Sydney remains Australia's pre-eminent location for high value, advanced business services jobs. The metropolitan area hosts a disproportionately high share of the nation's services jobs which generate export income (both inter-regionally and internationally), and these are predominately within the City of Sydney LGA.'*

72. In comparing Sydney with Melbourne however, the study concludes that partly due to new infrastructure investments and major initiatives such as Docklands in the last 10 years, Melbourne has increased its share of national 'knowledge generated income' at a faster rate than Sydney. The study notes that in contrast to Melbourne, Sydney is relatively constrained in providing 'new' employment lands and that over time this may limit the ability of Sydney to accommodate new business.



73. A literature review in the study of prominent thinkers on cities and economic geography, including Enrico Moretti, Richard Florida and Edward Glaeser, provides further context for the strategy area. All argue that successful modern urban economies are built around knowledge and creative industries, and attracting firms and workers in these industries, depends on economically diverse, dense and mixed use environments. The study concludes this is particularly relevant for the strategy area because it:

*'suggests that there is a strong argument in favour of increasing the long term employment potential of the main strategy area, given its highly strategic location, to increase land availability and alleviate capacity constraints. Economic theory and historical data indicate that doing so will lead to productivity gains, and improve the city's competitiveness and ability to continue to attract high value jobs'*

74. Notwithstanding the above, the study also recognises that the strategy area needs to retain some land within the LGA for heavy industrial uses and other activities that may unreasonably impact on more sensitive uses. These areas are essential to accommodate uses that serve the population, such as panel beaters, depots and distribution centres, but must also accommodate strategic activities associated with the airport and port and essential support services needing access to the Sydney CBD.

#### **Key findings of the study**

75. The study incorporates a series of quantitative analyses to support the directions, findings and recommendations of the study. Key elements include:
- (a) analysis of targets in key state government and local government strategies;
  - (b) employment and dwelling projections which provide conservative estimates of achievable densities for the strategy area based on a range of given land use scenarios;
  - (c) forecasting and gap analysis, which compares forecast employment and land area requirements under the base case of the current zoning, against the capacity of employment lands as recorded in the FES 2012;
  - (d) development feasibility modelling which, via case study, explores the relationship between vacancies, demand for land / floorspace in the area, and the viability of development; and
  - (e) population serving industry test which explores whether rezoning of industrial land proposed in the scenarios would ensure sufficient quantity is retained to service the current and projected local population.
76. Key findings of quantitative data include:
- (a) there is a significant over-provision of industrial land in the main strategy area. The study shows that there will be an increase in demand of 52,000 square metres of floorspace to accommodate industrial uses (including freight and logistics, heavy manufacturing, light manufacturing, local light industrial and urban services) to 2036, which is well in demand of the 743,000 square metres of floor space capacity that will be currently available in the IN1 – General Industrial and IN2 – Light Industrial zones;



- (b) in testing the viability of development in the current industrial zones under existing planning controls in the main strategy area, the study undertook a case study of the feasibility of a typical industrial development (a warehouse) within the existing planning controls. The case study allowed for two development scenarios including a modern high bay warehouse development (a typical built form for the storage of goods), first on a site with an existing industrial building that would require demolition, and second on a vacant site. Both development scenarios returned a negative feasibility ratio value, indicating sites are not viable for development. This lack of viability is indicative a range of factors affecting the industrial market, which in turn are likely linked to the considerable vacancy in the area. In order to reduce vacancies in the main study area and facilitate renewal, zoning changes are required that will improve feasibility and encourage development; and
  - (c) it is estimated that the total population of the City of Sydney LGA in 2036 would require around 339,000 square metres of population-driven industrial floorspace (ranging from heavy industry, light industry and industrial urban services). In addition the study shows a need for approximately 440,000 square metres of floorspace for airport-related freight and logistics uses. While most airport-related functions do not need to be accommodated in an IN1 – General Industrial zone, the study recommends it is prudent that some space be ensured for this type of growth within an industrial zone.
77. In terms of qualitative analysis, in addition to the stakeholder consultation undertaken to inform the background report, SGS Economic also undertook a series of in-depth interviews with a number of key organisation that have a strategic interest in the strategy area, including:
- (a) Councils of City of Sydney, Botany Bay and Marrickville;
  - (b) Department of Planning and Infrastructure;
  - (c) Sydney Metropolitan Development Authority;
  - (d) Sydney Airport;
  - (e) Committee for Sydney;
  - (f) Infrastructure NSW;
  - (g) Property Council of Australia;
  - (h) Regional Development Australia – Sydney; and
  - (i) Penrith Business Alliance.

### **Constraints to development in the strategy area**

78. The study also undertakes a high level analysis of the existing constraints to development in the strategy area, noting it is relatively unconstrained when the typical physical and site development barriers, such as aircraft noise, heritage and strata subdivision, are considered. However, the study notes there are other major constraints that will likely affect the strategy area, including traffic and transport; flooding; and potential contamination issues

79. Traffic and transport issues are likely to remain the biggest long-term constraint in the main strategy area. The area is near a number of Australia's major trip generators such as the airport, port and Sydney CBD, and is divided by the corridor between the airport and port and the Sydney CBD. In addition, new planned centres, such as Green Square Town Centre and Mascot Town Centre precinct will also generate substantial demand for road space and public transport seats. In its own right the strategy area itself is an origin for significant business to business (freight and small commercial vehicle), heavy truck movements that service heavier industries towards the south west, and commuter traffic and workers (residents nearby leaving or workers in the precinct arriving).
80. The principal north-south roads near or through the main study area include the Princes Highway (to the west), the Eastern Distributor (to the east), Botany Road (on the east) and O'Riordan Street (through the centre of the main study area) connecting the airport to Green Square. Bourke Road is a local but major distributor road which also runs north south through the main study area. Botany Road, O'Riordan Street, Bourke Road and Bourke Street (running to the north) form a five way junction at Green Square train station just on the north east edge of the main study area.
81. East west traffic movement through this southern Sydney area is heavily constrained and relies on the Lachlan Street, McEvoy Street, Euston Road, Sydney Park Road system to the north of the main study area and Gardeners Road which is the southern boundary. Within the main study area Huntley and Collins Streets are the principal east-west through connections, with some access through Doody Street.
82. Green Square train station and Mascot train station lie just to the north and south of the study areas, and a number of bus routes run along the edge of the main study area, with the Botany Road corridor being particularly well served. Apart from the Botany Road services only two routes service the main study area. As such, there are large areas of the main strategy area that remain relatively poorly serviced by public transport.
83. Separated cycleways have been completed along Bourke Road, through the centre of the main study area, as well as Bowden Street and Mandible Street in the north. The strategy area will benefit from additional cycleways that are planned in the area.
84. The recently released NSW Government's *Long Term Transport Master Plan* (the Master Plan) highlights a number of traffic issues and future constraints in and around the study area. Key constraints include:
  - (a) considerable movement of heavy vehicles through the main study area, with volumes expected to increase by 2031 along McEvoy Street, Gardeners Road and O'Riordan Street;
  - (b) capacity constraints on neighbouring major roads which will directly impact on the study area;
  - (c) much higher volumes of traffic expected between the airport and port, through the strategy area and to the Sydney CBD;

- (d) the airport rail line, which connects to the East Hills line, is currently approaching seated capacity between Green Square and Central train stations. There will be increasing pressure from airport growth and if nothing is done by 2031, passenger displacement is expected during the morning peak on both the East Hills and airport lines; and
  - (e) air freight at the airport is projected to more than double, from over 500,000 tonnes in 2010 to 1,077,000 tonnes in 2029, with more than half of Australia's international air freight moving through the airport. Passenger numbers are also expected to double over the same period, which will place further pressure on road and public transport networks.
85. The Master Plan acknowledges mass transit solutions will be required to accommodate the growth of the Green Square precinct and proposes a number of actions to address issues that may affect the strategy area, including:
- (a) WestConnex – a 33 kilometre motorway connecting the M4 and M5 corridors which will potentially relieve pressure on the Eastern Distributor towards the Sydney CBD and along Parramatta Road, and increase the capacity of lower order roads;
  - (b) improving freight connections - with the completion of the Southern Sydney Freight Line to provide dedicated rail access between Macarthur and Port Botany, relieving pressure on commuter rail infrastructure and supporting the freight distribution network in Sydney;
  - (c) improving road capacity - adding train capacity, shifting more freight to rail and improving Botany Road. Transport NSW is currently identifying upgrades to Botany Road to improve traffic flows, particularly for buses, although the specific nature of these upgrades is not specified within the Master Plan; and
  - (d) providing traffic solutions – specifically a one-way pair road operation is proposed on Bourke Road and O’Riordan Street.
86. The traffic and transport constraints highlighted by the study will have a significant impact on the strategy area. To support the development of new planning controls, the draft strategy proposes the City undertake a traffic and transport study to identify strategies to assist in the mitigation of the impact of increased employment densities. Strategies that will be considered range from new east-west connections to improve access in the strategy area to parking rates that encourage use of public transport, to requirements for green travel plans prepared with development applications.
87. The draft strategy also proposes the City work with Transport NSW to develop a TMAP for the strategy area that links the Mascot TMAP and Green Square TMAP and considers:
- (a) whether Botany Road could be ‘calmed’ to support the development of the proposed mixed use precinct, including providing for on-street parking, and elevating its role as a public transport corridor over heavy slow traffic;
  - (b) the potential to establish Bourke Road and O’Riordan Street as the principal arterial roads through the study area (although not necessarily as a one way pair);

- (c) prospects for a rail station in the longer term on the airport line at Doody Street/Bourke Road;
  - (d) continuing to plan for and invest in pedestrian and cycle paths (safe for all users), as well as the general improved amenity of the study area, to promote walking and cycling as an alternative to car usage; and
  - (e) opportunities to introduce measures that address potential conflicts between cyclists and heavy vehicles.
88. Flooding will also continue be a long term constraint in parts of the study area. The draft strategy proposes actions that ensure planning controls remain responsive to flooding issues, in particular that they:
- (a) promote the City's Liveable Green Network Plan to provide a corridor along the alignment of the trunk drainage channel from Alexandra Canal northward to Bourke Road; and
  - (b) Integrate the outcomes of the Alexandra Canal Floodplain Risk Management Study and Plan into future planning controls.
89. The quantitative and qualitative findings of the study, the information in the background paper, and the review of the strategic context of the strategy area and of existing constraints, all informed a logical narrative in the study about what the role of various broad land uses might be in the strategy area over time. In summary:
- (a) Industrial uses - some industries will require protection to support the local population, or to provide flexibility in future. However, with the nature of economic activity in the strategy area changing there is a case for some industrial land to be rezoned for alternative uses.
  - (b) Airport and port related uses - there is a need for off-site industrial and employment lands to accommodate airport related activities (such as catering, freight forwarding, logistics services and car hire, accommodation services). The port is also expecting substantial growth and will require greater 'land-side' support activities. While parts of the main strategy area may be too far from the airport for some direct airport related uses, there may be potential to accommodate these uses elsewhere in future, it is nevertheless prudent to ensure some the main strategy area can accommodate airport related activities in the future.
  - (c) Pure residential uses - allowing for some residential uses in the strategy area may facilitate enhanced access to employment and address housing supply constraints. However, there are significant issues that may be associated with increasing the number of residents in the strategy area, including the loss employment lands, pressures for unacceptable densities to improve development 'viability', traffic congestion and other interface issues. Residential uses in the strategy area are therefore best restricted to mixed use areas.
  - (d) Mixed use activities - knowledge-based and creative industries are a key source of employment growth and will flourish in higher density and mixed use areas. To support these industries pockets of mixed used areas within the strategy area could be supported.

- (e) Commercial uses – while more commercial activities would add supply in the Sydney market, the need to accommodate high intensity employment uses should be balanced by the need to ensure other employment activities. It is also noted that there is likely to be insufficient public transport provision to support substantially more intense office and commercial employment in the short to medium term.
- (f) Retail uses - allowing more retail in key locations in the main strategy area should be considered. However, given the important role of and capacity in planned centres such as Green Square Town Centre, the scale of the retail should be limited and should support retail activity in the Town Centre.

### Land use recommendations

90. Based on its analysis, the study concludes that there is sufficient evidence to support an alternate planning approach in the strategy area. An approach which:

*'seeks to more actively utilise the land in this strategic location; assumes employment above that projected by historical trends; diversifies economic prospects; and reduces the significant proportion of vacant sites and buildings.'*

91. To provide a basis for comparison for land-use recommendations, the study undertakes dwelling and employment projections for three scenarios that broadly reflect the differing demands on land use in the strategy area. Analysis of the base case, that is a continuation of the current zoning, is also provided as a reference point.

92. Based on this analysis, the study recommends a 'mixed economy focus' which:

*'is consistent with the roles for the area given the policy and strategic context, balances the range of competing uses in the strategy area as discussed above and scores highest from a policy perspective against the government's strategic assessment of employment lands criteria. Most importantly, it addresses the question of the strategic employment context, which is fundamental to Sydney's future competitiveness and is of national significance.'*

93. The study provides a series of land use and planning recommendations consistent with this approach. The land-use recommendations of the study are largely represented, in most cases verbatim, in the draft strategy.

### KEY IMPLICATIONS

#### Risks

94. The study, shown at Attachment B of this report, provides a risk assessment of its land use recommendations at Appendix 8 and details a range of mitigation strategies. While a range of risks have been identified, there are no risks that cannot be appropriately mitigated.

**Social / Cultural / Community**

95. The draft strategy proposes a substantially different approach to land use planning in the strategy area. An increased demand for physical and community infrastructure to support the increase workforce and residential population is likely to be required. The draft strategy proposes additional work be undertaken to establish the extent of demand for these services.

**PUBLIC CONSULTATION**

96. If approved by Council, the draft strategy will be placed on public exhibition for no less than 28 days. Submissions will be considered and addressed when the draft strategy is reported back to Council for consideration.
97. During the exhibition period, the City intends to host a public forum where interested parties can discuss the changes with SGS Economics and council officers.
98. All landowners in and around the strategy area will be notified of the public exhibition by letter and/or email.

**GRAHAM JAHN, AM**

Director City Planning, Development and Transport

(Tamara Bruckshaw, Senior Specialist Planner)