

11 November, 2013

Director General
Mr Sam Haddad
Illawarra Regional Growth Plan
Department of Planning & Infrastructure
PO Box 5475
Wollongong NSW 2500

Email: Illawarra@planning.nsw.gov.au

Dear Mr Haddad,

Re: The Illawarra over the next 20 years: A Discussion Paper

The Urban Taskforce is supportive of planning policy that is evidence based and drafted to encourage the growth of urban environments. We are of the view that the *Illawarra over the next 20 years: A Discussion Paper* ("the discussion paper") is an excellent start to the preparation of a robust strategy for the region. We are particularly pleased to read that the discussion paper is the precursor to a new Regional Growth Plan as defined in the New South Wales Planning Bill.

The Urban Taskforce appreciates the importance of Regional Growth Plans as a means of coordinating local governments to drive regional planning and infrastructure delivery. We have reviewed the discussion paper and our key issues for your consideration and inclusion in the Regional Growth Plan are the need:

1. to articulate lessons learnt in the preparation of previous regional strategies;
2. to set clear minimum housing targets for each local government area for five, ten and twenty year periods;
3. to encourage land use flexibility to support a wide range of employment generating land uses;
4. to set clear requirements for timely local council review and update local plans to ensure consistency with the Regional Growth Plan; and,
5. to identify local infrastructure requirements and an equitable means of funding infrastructure to support housing production.

1. Setting the scene

It is noted that the discussion paper is a precursor to a Regional Growth Plan for the Illawarra and in this regard the Urban Taskforce finds it refreshing that the Government is willing to clearly state past regional planning challenges. We argue that it is of great value to reflect on past practices and evaluate effectiveness.

The Government is congratulated for including statements in the discussion paper such as:

The NSW Government recognises that past practices and approaches to regional strategic planning have not delivered the necessary housing starts or economic activity needed for the Illawarra. Over the last five years, the rate of new housing construction has not been as originally planned and has been affected by low take up rates and difficulties in bringing new houses to market.

and

It is evident that previous attempts to strategically plan for and promote housing and economic growth across the Illawarra have fallen short of their intended outcomes. Housing starts and economic activity has remained low while the cost of providing housing has continued to escalate. This is not a sustainable scenario.

Reflection such as this sets the scene well and supports the Government's shift in focus towards the need to support growth and economic prosperity.

We urge the Government to ensure that the Illawarra Regional Growth Plan be predicated on a presumption for growth and in this regard the plan must focus on the facilitation and permissibility of development to meet the needs of population growth and economic development.

2. Housing Targets and population growth

Targets provide the context and provide a benchmark that our success can be measured against. Getting the targets right is the first step in preparing an effective strategy for the Illawarra region. In this regard, targets must be set based on evidence and need, not what the Government may consider achievable or what the Government may think that the community will accept.

Targets are set on growth predictions which, as experience shows change over time. Therefore, we say that the most appropriate way to treat predictions is to accept that they are variable, and that they are most likely to be shown to be incorrect in time. Furthermore, when considering growth predictions and setting appropriate housing and jobs targets, Government must acknowledge that lower than expected growth rate is most likely due to matters including less job opportunities than other regions, higher housing prices and loss of investment confidence. However, we should expect that given the right circumstances the Illawarra region will experience higher growth than in previous years. It would be unwise to assume an artificially low rate of growth and then use this rate to set housing and jobs targets in the Regional Growth Plan.

The Sydney Metropolitan Strategy sets clear minimum housing targets to be achieved in the next ten and twenty year timeframe. A similar approach should be adopted for the Illawarra Growth Plan. However, the targets must be meaningful minimum housing targets for each local government area for five, ten and twenty year timeframes.

The discussion paper says that over the next twenty years 31,300 new homes will be required. However this is based on population projections influenced by lower than expected growth for the region. Whatever the housing target may be, the targets must be set as a minimum for each local government area. The Government must also show leadership by ensuring that underperforming local councils are held accountable and in this regard the Regional Growth Plan must include performance indicators and outline how underperforming councils will be held accountable.

3. Employment

We agree with the statements made in the discussion paper that

The planning system on its own cannot create jobs, ensure the right match of skills to labour demand, or develop the entrepreneurs who are willing to spend capital to develop new markets and products.

However, the planning system can frustrate job creation by adopting inflexible, prescriptive land use zoning. For instance identifying and protecting industrial land for only industrial uses will not deliver the jobs growth required in the region. There are many non-residential uses that generate significantly more employment opportunities than traditionally defined industry. Hence, focusing on preserving the General and Light Industrial zones and limiting the wider application Enterprise Corridor, Business Development and Business Park zones is not keeping pace with contemporary thinking on employment generation.

The nature of industry has changed and will continue to change rapidly. Changes in manufacturing processes, introduction of new high technology industry and the rise of larger format retail means that land traditionally zoned "industrial" land must permit a variety of land uses, all of which are significant generators of employment. Hence, maintaining single use industrially zoned land is rapidly losing relevance.

There is no doubt that there will be requirements for zoning rules to separate heavy, potentially polluting industry from other uses. However, lighter, cleaner, modern industry is compatible with other land uses and these uses should be able to co-locate within the same zone. In fact, this is the most effective means of allowing industry clustering. Permitting a variety of land uses within a zone enables a market response to business establishment and location selection.

The Productivity Commission found that:

Broadening the zones — for example, by limiting industrial areas to only narrow high-impact industrial uses and creating broad employment zones which can include commercial, light industrial, retail and even high-density residential where appropriate — and reducing prescriptive land use conditions will free up land and make it available to its most valued uses ...

The Commission believes that:

Only high impact industrial businesses would be located separately because of their adverse effects on other land users or because planning outcomes are improved through their location near major economic infrastructure.

Broader zones would remove the artificial distortions created by the current planning and zoning system both within retail (general retail and bulky goods) and between retail and other businesses (such as commercial and light industrial).

In the Productivity Commission's separate (and final) report on planning, development assessment and zoning, the Commission said that:

For most businesses (commercial, service providers and some light industrial), there are limited and identifiable impacts associated with their location decisions and therefore few planning reasons why they should not be co-located in a business zone.

The Regional Growth Plan must encourage local councils to introduce flexibility in local zoning schemes as a means of job creation, not as a means of limiting employment generating land uses to traditional industry.

Retail and jobs go hand in hand. In fact the discussion paper shows that the retail sector is the second largest employer in the region. If the Government is committed to creating much needed new jobs in the region then more focus must be placed on supporting retail growth.

While there is mention in the discussion paper on providing a supply of retail space, the focus on encouraging retail activity in centres will limit the contribution that retail can make to job creation and economic growth of the region.

Directing retail towards established centres limits site selection and competition particularly for bulky goods and hybrid warehouse/e-commerce premises segments of the retail market. Flexibility and the ability to locate a variety of appropriate retail in industrial, enterprise, mixed uses and business development zones is essential for retail and jobs growth.

To encourage retail growth, job creation and economic prosperity, the Regional Growth Plan should not enable local environmental plans to be used to force retail into centres. Retail should not be limited to town centre locations but encouraged in locations where there is a community demand and benefit.

4. Local Plans must be consistent with the Regional Growth Plan and delivery plan

The Urban Taskforce is a strong supporter of the strategic regional planning. We believe that it is through the coordination of local governments that fundamental changes in the way

that we plan for and meet the needs of growth will occur. However, while the strategic plan is important, delivery of projects will rely upon solid local plans which may not be in place at the time that the strategic plan is made. The new planning system makes allowance for this by providing the opportunity for an applicant to seek the issue of a strategic compatibility certificate in cases where local plans are inconsistent with higher level strategic plans. It is therefore vitally important for regional growth plans to include sufficient detail to enable a clear articulation of plan objectives and the identification of areas where development is to occur. This is essential to enable a higher level plan, such as a Regional Growth Plan to be relied upon by a proponent to bypass inconsistent local plans to deliver on regional growth targets.

The Government should also consider the inclusion of an expression of interest process where a proponent is able to nominate sites that are capable of development to meet the housing or employment needs of the region even if not identified as potential development sites within the Regional Growth Plan. Sites nominated through this process would be assessed against criteria formulated by Government to ensure beneficial community outcomes and probity.

5. Funding Infrastructure

Infrastructure that supports development is essential and we understand that further investigation will be required for the preparation of growth infrastructure plans, subregional delivery plans and local infrastructure plans. Funding the required infrastructure will be challenging and we are concerned that the developer will be overly taxed to provide infrastructure. In this regard we strongly argue for an element of market reality when determining development charges. This approach has not been previously adopted by state and local government when preparing contributions plans. While we accept that there will be a need to provide additional infrastructure to support new housing and population growth and the developer should bear a reasonable proportion of the cost, the reliance on development contributions must be reviewed. We suggest that infrastructure funds be drawn from a pool made up of developer contributions and state and local government sources.

There is a valid argument for the distribution of the infrastructure funding debt over a larger number of people as a broad-based tax. The recent IPART reviews strongly support this position. When considering who actually benefits from new infrastructure funded by a small group of developers, IPART found that the benefit can extend outside of the local area. In some cases expenditure benefits all residents and businesses, not just those in the areas where the works are located. In these cases it is reasonable that all, who benefit from the infrastructure, should contribute towards meeting this cost.

IPART's findings in the areas of section 94 and their submission to the Planning System Review must be carefully examined when considering options for funding infrastructure for the Illawarra.

Attached you will find our responses to the relevant focus questions and should you require any further clarification of the content of this correspondence, please feel free to contact me on telephone number 9238 3927.

Yours sincerely

Urban Taskforce Australia



Chris Johnson AM
Chief Executive Officer

Key questions	Urban Taskforce comment
<p>1. How should the Plan focus on providing services and infrastructure to support balanced growth for the Region?</p> <p>2. How should the Plan distribute housing targets across the Illawarra's local government areas?</p> <p>3. Should the Plan encourage more medium and multi-unit housing to be built and, if so, where or along which corridors?</p> <p>4. How can the Plan help councils to plan for housing delivery?</p> <p>5. Should the Plan identify a role for the NSW Government to be more actively involved in the delivery of housing?</p> <p>6. How can the Plan ensure a sufficient supply of affordable housing?</p>	<ul style="list-style-type: none"> • The plan must consider where there is existing infrastructure and seek to encourage housing development in this location to ensure maximised infrastructure utilisation on the first instance. • Housing targets across local government boundaries should be linked to market demand and localities where there is the likelihood of housing delivery. • The plan should seek to provide the opportunity for the delivery of a variety of housing to meet consumer preference. There must be flexibility to enable the market to respond. • The plan can assist councils plan for housing delivery by clearly identifying housing targets for each council and areas where housing is most likely to occur. • Housing will become more affordable with the increase in supply. The Plan should be focused on supply side solutions to housing affordability.
<p>1. What could the Plan do to make the Region's economy more resilient and adaptable to current economic challenges?</p> <p>2. How can the Plan improve local employment?</p> <p>3. How can the Plan ensure investment in infrastructure supports economic growth?</p> <p>4. What could be included in the Plan so that the Illawarra's centres can better support residential and employment growth, as well as meet community expectations about services and facilities that are available?</p> <p>5. What roles should the Plan define for the Region's centres, in particular Wollongong CBD, the Innovation Campus and Shellharbour City Centre?</p>	<ul style="list-style-type: none"> • Land use flexibility will enable new, innovative business to locate in the region. Flexibility in land use policy facilitates adaptability. • The Plan should look consider and encourage all forms of employment generating land uses. Prescriptive and limiting land use zones must only be used in the case of heavy/polluting industry. • The Plan should identify the benefits of residential and employment growth. The Plan should not consider growth as undesirable. The Plan could identify the improvements to community infrastructure that will only be possible with additional residential and employment growth. • Centre roles do not need to be defined. Centres should be provided with flexible land use controls that will enable the market to respond to demand.

Key questions	Urban Taskforce comment
<p>1. How can the Plan ensure that land use planning in the Illawarra contributes to the efficient movement of people and goods within the region?</p> <p>2. How can the Plan encourage more people to use alternative forms of transport, such as public transport?</p> <p>3. How should the Plan best integrate with the Long Term Transport Master Plan and facilitate access to major economic hubs such as the Wollongong City Centre, Innovation Campus and the Port of Port Kembla?</p> <p>4. How can the Plan integrate transport and land use planning to efficiently connect the Illawarra to other regions?</p>	<ul style="list-style-type: none"> • The Plan needs to encourage growth along transport corridors and nodes. • Permitting a variety of uses in locations that are accessible is logical and makes the greatest use of existing transport infrastructure. • The Plan must ensure that local environmental plans permit a wide variety of land uses in locations well serviced by transport infrastructure.
<p>1. How can the Plan ensure essential infrastructure is in place at the right time to support economic development and new housing?</p> <p>2. How can the Plan support key economic infrastructure such as the port, transport corridors and freight routes in a more proactive way?</p> <p>3. Should the Plan guide greater involvement from the private sector in infrastructure provision? If so, how?</p> <p>4. Should the Plan consider new funding mechanisms for major infrastructure? If so, what could these mechanisms be?</p>	<ul style="list-style-type: none"> • The Plan should provide the opportunity for staged infrastructure provision to meet the support staged housing development. • Supporting key economic infrastructure should result in its maximised utilisation. That is, flexible land use planning could encourage development to locate in areas where existing infrastructure is provided. • Private sector contestability in infrastructure provision should be encouraged. • New funding mechanisms including the spreading of infrastructure costs over the broadest range of beneficiaries must be included.