

INQUIRY INTO NEW SOUTH WALES PLANNING FRAMEWORK

Organisation: Sydney Chamber of Commerce
Name: Hon Patricia Forsythe
Position: Executive Director
Telephone: 9350 8100
Date received: 24/11/2008

The Hon Tony Catanzariti MLC
Committee Chair
Standing Committee of State Development
Parliament House
Macquarie Street
SYDNEY NSW 2000

17 November 2008



Dear Mr Catanzariti

Submission: Inquiry into the NSW planning framework

The purpose of the Sydney Chamber of Commerce is to champion the needs of Australia's only global city. Our goal is to make Sydney the number one place to live, learn, work and do business.

We represent leading corporations which have an interest in contributing to the economic, social and cultural vitality of our city. Our members range from multinational corporations to iconic Sydney-based organisations and institutions.

Sydney Chamber of Commerce is an active member of the industry based *Coalition for Planning Reform* which argued the case for the most recent changes to NSW planning laws. We continue to have a keen interest in the implementation of these important reforms.

The inquiry into the NSW planning framework is one which we endorse. The Chamber and its members appreciate the opportunity to contribute to this important process. We address the following terms of reference:

The need, if any, for further development of the NSW planning legislation over the next five years, and the principles that should guide such development.

The planning reform legislation passed in 2008 was far reaching and addressed various concerns raised by the business community. Given the scope of the legislation, we believe the reforms need to be given time to be fully implemented and evaluated upon their effectiveness.

The reforms start the process of moving towards a depoliticised model of regional based planning, with formation of Joint Regional Planning Panels and

the Planning Assessment Commission. This is a significant but welcome policy shift which will allow major developments to be assessed by independent experts but with opportunity for community input. We believe these reforms will provide for the timely and objective assessment of major projects and minimise the potential for politicisation of the planning process.

The Chamber views planning reform within the wider context of advancing Sydney's interests as a leading global city. Our organisation has strongly supported the NSW Government's Metro Strategy as it correctly identifies the need to develop major jobs centres throughout the Sydney metropolitan area and to increased commercial and residential densities along transport corridors.

Sydney is a large city geographically, but in contrast to other global cities is relatively sparsely populated. This presents many challenges, particularly when it comes to effective transport planning and infrastructure development. A key ambition of the Metro Strategy is to enable most Sydney residents to live within 30 minutes of employment opportunities. This represents a sensible response to the challenges created by a history of decentralised urban planning.

In order for Sydney to further develop our public transport network, there needs to be a focus on increasing densities in key locations. Without concentrated development at key hubs, the economies of scale which are required to support efficient mass transit systems, such as metrorail, are impeded.

Similarly, there is a need to develop a stronger growth strategy for Sydney's global arc (the region covering Port Botany, Sydney Airport, Sydney and North Sydney CBDs, through to the northern suburbs business parks and to Macquarie University). This issue is covered in our report into *Governance Arrangements for Sydney's Local Government Authorities*, copy of which is attached.

In this context, the guiding principles of planning reforms must be focused on better integrating residential and commercial growth with a sustainable public transport strategy. The ongoing development of key hubs is critically important if we desire to address the significant transport issues in Sydney. However, we believe that over the long-term Sydney must move towards a more regionally focused local government structure to better facilitate the provision essential infrastructure and services.

Regulation of land use on or adjacent to airports

Sydney Chamber of Commerce supports maintaining the current arrangements pertaining to Federal Government control of planning and development of federally leased airports under the Airports Act.

Implications of the planning system on housing affordability

Sydney Chamber of Commerce has often expressed its concern about housing affordability. Poor housing affordability impacts the business sector in a number of ways, such as the capacity of business to attract and retain employees. In

recent years, some of our members have relocated their offices from central Sydney locations to be closer to their workforce. Housing affordability surrounding employment hubs is therefore an important factor in terms of staff retention.

In terms of our favoured policy response to improving housing affordability, we support addressing the supply of housing through greater urban density at centrally located transport hubs and in close proximity to job centres. Sydney's capacity to grow outwards is significantly impeded by the lack of appropriate infrastructure in outlying suburbs. Initiatives which provide financial support to homebuyers arguably place inflationary pressure on house prices by increasing demand for housing. The Chamber supports urban consolidation in established areas as the primary way of addressing housing supply and affordability.

Further observations

Sydney Chamber of Commerce has been a lead advocate of local government reform. With 43 local government areas in the Sydney metropolitan area, Sydney is over-governed by world standards, impeding our economic competitiveness and strategic planning capabilities.

Local government authorities have a significant bearing on the planning framework and the implementation of state government planning policies such as the Metro Strategy. In this context we support the strengthening of local government authorities through a process of amalgamations. Rationalisation of the number of local councils in Sydney would improve their financial sustainability, strategic planning capabilities, service delivery levels and the provision of infrastructure.

Last year Sydney Chamber of Commerce released a report, *Who's Governing Sydney?*, which was co-authored by the leading urban governance commentator Professor Ed Blakely. This report benchmarked Sydney's governance structures with that of other leading global cities. The report found that in comparison to our global competitors, Sydney's fragmented governance structure impeded strategic planning and economic growth.

As part of our ongoing commitment to local government reform, the Chamber followed up our initial research with the release of a report in November 2008 into *Governance Arrangements of Sydney's Local Government Authorities*, prepared by KPMG. The report outlined a compelling case for reform and notes the considerable duplication and inefficiencies of our existing structures. The key findings of the report support the need for a comprehensive restructuring of local government.

The report found that for the average council an increase in population of 10,000 residents would result in a decrease of per capita primary expenses of around \$33.30. For example, if a council was organised to have a population of 50,000 residents it could reduce total expenditure by around \$1.6 million per year. For local government authorities organised with a population of 100,000 this saving is potentially around \$3.3 million per annum. For local government

authorities organised with a population of 200,000 this saving is potentially up to \$6.6 million per annum. Other key findings include:

- Sydney's current local government structure lacks electoral equality. The level of electoral representation is inconsistent across regions.
- Councils which are located on urban fringes have growing infrastructure needs but limited capacity to raise revenue.
- Councils with greater population density levy lower rates on businesses.
- Larger councils are more efficient in the processing of development applications, incur lower employee costs per capita, and have lower operating expenses per capita.
- Inner-city and CBD based councils tend to have much stronger financial capabilities, due to high business incomes, revenue from parking and fines, and comparatively small residential populations.
- Sydney is over-governed by national standards. Sydney has one councillor for every 8,300 people; Melbourne has one councillor for every 13,073 people; and Brisbane has one councillor for every 28,765 people.
- The City of Sydney's capacity to advance Sydney as a global city is constrained by its relatively small jurisdiction.

As result of the report, Sydney Chamber of Commerce has made a number of recommendations:

- NSW Government should define an optimum scale for Sydney's local councils based around communities of interest and in alignment with the principles of the Metro Strategy.
- Council amalgamations should take place prior to the next round of local government elections and following community consultation.
- NSW Government should consider ways to improve local government's capacity to raise revenue, in exchange for a commitment by the local government sector to undertake structural reform.

All of these measures, we believe, would improve the planning system at a grassroots level, by enabling local government to be better resourced and structured in way which enhances decision making.

We thank you for the opportunity to make this submission and appreciate your consideration of these issues.

Yours sincerely



The Hon Patricia Forsythe
Executive Director

Attached: Copies of Who's Governing Sydney? (2007) and Governance Arrangements of Sydney's Local Government Authorities (2008).