

Regulatory, Planning and Assessment [REDACTED]
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18 September 2020

Mr Peter Achterstraat AM
NSW Productivity Commissioner
NSW Treasury
GPO Box 5469
SYDNEY NSW 2001

Dear Mr Achterstraat AM

SUBMISSION ON 'CONTINUING THE PRODUCTIVITY CONVERSATION' GREEN PAPER

The City of Newcastle (CN) welcomes the opportunity to respond to the NSW Productivity Commissioner's Green Paper, 'Continuing the Productivity Conversation'.

CN supports the principal aim of improving productivity across the themes discussed within the Green Paper. Whilst the Green Paper is Sydney-centric, there are general themes, assertions and proposed recommendations that impact particularly upon the planning system State-wide. Broader consideration of areas outside Greater Sydney would equip relevant councils to provide more informed feedback.

The following comments address the relevant draft recommendations and accompanying rationale within the chapters, particularly focusing on smart infrastructure, housing and jobs.

CHAPTER 6 SMARTER INFRASTRUCTURE WILL SUPPORT JOBS AND COMMUNITIES

CN supports early planning and greater investment in infrastructure to meet projected growth. Major projects identified in the Paper are Sydney based, rather than in Gateway Cities like Newcastle. However, the Paper recognises the need to consider upgrading existing infrastructure and exploring other more sustainable, smart and cost-effective options, as opportunities emerge.

CN strives to provide high standards of living for residents. COVID-19 has created uncertainty around the function of city centres and type of vehicle trips. Longer term impacts are yet to be better understood in planning for infrastructure. Delivery of infrastructure should be prioritised where it will deliver the most known benefits.

DRAFT RECOMMENDATION 6.1 - CHANGE PLANNING CONTROLS TO ENABLE MORE HOUSING AND BUSINESS ACTIVITY WITHIN REASONABLE WALKING DISTANCE OF TRANSPORT HUBS ON UNDERUTILISED CORRIDORS.

CN supports housing within 30 minutes of jobs, education, health facilities, services and leisure spaces. Our local Housing Vision is that:

"All residents of City of Newcastle will have access to housing that meets their needs, in a community where they have access to employment, facilities and services. As we plan for our growing community, what we love about our City will be maintained and improved for future generations."

Our Local Strategic Planning Statement and Housing Strategy (draft) contains objectives for housing in areas with adequate infrastructure, close to jobs, services, public open space and reliable public transport, and demand for more homes is balanced with the need for more jobs and sustainable economic growth. As well as, with the creation of great places and the retention of important ecological habitat. This is reflected in planning controls. For example, greater residential densities are in proximity (400m - 800m) to our centres and transport nodes.

Growth is planned to be concentrated in the form of infill development in Catalyst Areas or Urban Renewal Corridors and Housing Release Areas. A planned approach to growth and change will improve infrastructure and land use sequencing to capitalise on the opportunities for jobs and housing growth identified within each Catalyst Area, Strategic Centre, Urban Renewal Corridor and Housing Release Area. It will also enable our City to grow in a way that reflects our vision to be a smart liveable and sustainable global city, with greater choice in housing and jobs, improved access to active and public transport and well-planned recreation and green spaces.

CN will continue to work with the State government to ensure Catalyst Areas deliver strong community benefits for both CN and the Greater Newcastle Metropolitan Area.

Current strategies will underpin future changes to the LEP and DCP, which may include changes to land use provisions.

DRAFT RECOMMENDATION 6.2 - REQUIRE INFRASTRUCTURE NSW TO PUBLISH, WITHIN ONE WEEK OF AN ANNOUNCEMENT FOR ALL TIER 1 AND TIER 2 PROJECTS:

- **Gate 1 strategic business case and Gate 2 final business case documents**
- **a simple 'social value for money' rating based on the project Benefit Cost Ratio**
- **a risk report, drawing on historical experience, with probabilities where feasible.**

To further increase the transparency of spending priorities:

- **Have Infrastructure NSW publish its five-yearly infrastructure plan (and annual updates), along with underlying analysis, at the time of the Budget.**
- **Provide additional justification in the Budget where investments are prioritised that do not align with the Infrastructure NSW priorities.**

CN supports greater transparency by sharing all relevant information on project planning, budgeting, prioritisation and the required justification during infrastructure decision-making process. Sufficient amounts of publicly available information may drive good evidence-based infrastructure investment decisions. In particular, CN requests that infrastructure investment in Gateway Cities like Newcastle and Wollongong be prioritised as they provide significant opportunities for economic development.

DRAFT RECOMMENDATION 6.4 - EXPLORE OPTIONS TO REDUCE DRIVER BEHAVIOURS THAT INCREASE ROAD CONGESTION, FOCUSING ON TRIP TIMING, MERGING, INTERSECTION ETIQUETTE AND DRIVER DISTRACTIONS.

Smarter use of existing infrastructure should be explored to ease congestion on roads and public transport, maximise productivity of existing assets, support sustainability and any potential cost savings. COVID-19 has influenced new ways of working and living, which has resulted in more people working from home (including 'more flexible' work hours) and adapting to new technologies and ways of connecting online. This may impact previous recorded trips

to work and how CBDs once functioned. Longer term impacts to driver behaviour are unknown but there may be positive changes. Ongoing monitoring of trips (including peak periods in traffic) is required. Investment in new technologies and changing behaviours may reduce high costs for new roads and supporting physical infrastructure.

Looking beyond new road projects creates opportunities to support active lifestyles. CN has a 20-year land use vision to be a “*smart, liveable and sustainable global city*”. Our top planning priority is to “*prioritise active transport in our City*”.

“Our need for private car ownership and use has declined as we choose to:

- *Walk or cycle on our network of footpaths and separated cycleways*
- *Use light rail that has been extended to Broadmeadow Sports and Entertainment Precinct, John Hunter Health and Innovation Precinct and University of Newcastle at Callaghan*
- *Use rapid bus transit network linking Catalyst Areas and strategic centres across the Greater Newcastle Metropolitan Area, including the Newcastle Airport; and*
- *Use shared electric vehicles, on-demand autonomous buses and ride share services.”*

Source: Newcastle Local Strategic Planning Statement 2020.

6.4 CONT. DEVELOP A STRATEGIC OPTIONS (GATE 1) BUSINESS CASE FOR CORDON CHARGING IN THE SYDNEY CENTRAL BUSINESS DISTRICT AND AT OTHER CONGESTION HOT SPOTS.

Further exploration and consultation of this suggested charging scheme may bring the desired transport behaviour changes to address limits on road capacity and congestion.

DRAFT RECOMMENDATION 6.5 - ASK THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL TO REVIEW THE OPAL FARE STRUCTURE TO REFLECT THE COSTS OF TRAVEL AND ENCOURAGE A MORE EVEN DISTRIBUTION OF DEMAND THROUGHOUT THE DAY.

Simplify and retarget the concession system. Make fares more efficient and reflective of need:

- **reduce the number of concession classes**
- **increase incentives for off-peak travel**
- **ensure that discounted fares target those who most need them.**

A review of the system is required to better reflect well-designed price structures. Incentives should be available to encourage an even distribution of passengers on trips. Fares should reflect the real cost of trips during peak times (due to network pressure) but not discourage public transport usage.

PLANNING FOR THE HOUSING WE WANT AND THE JOBS WE NEED

DRAFT RECOMMENDATION 7.1

- **Require councils to analyse housing supply capacity and show that planning controls are consistent with the dwelling needs identified by Greater Sydney's 20-year strategic plans for 5-year, 10-year and 20-year windows.**
- **Ensure councils immediately update relevant planning instruments to meet 6-to-10-year housing targets and report housing completions by Local Government Areas every six months.**
- **Publish annual 10-year forecasts for State-led/partnered precincts.**
- **Monitor housing forecasts and projections on a six-monthly basis. Where housing shortfalls arise, require councils to revise housing strategies and Local Strategic Planning Statements to indicate how the shortfalls will be remedied.**

The recommendation primarily refers to Greater Sydney, however, the following general comments are noted regarding theoretical housing capacity, future supply, monitoring and periodic reporting of dwelling approvals and completions.

In the case of CN, it is noted that the framework to monitor and report on housing supply exists through the Hunter Urban Development Program (UDP)¹ which is managed by the Department of Planning, Industry and Environment (DPIE). The UDP framework is robust and balanced, monitoring the delivery of strategic priorities and actions as set by the Hunter Regional Plan and Newcastle Metropolitan Plan 2036 as well as providing housing approval and completion data.

There is scope under the proposed reform package to review the current structure, operation and opportunities for an increased role for the UDP. CN welcomes a stronger focus on monitoring and reporting for housing and other aspects of the local strategic framework and would be happy to discuss opportunities to expand the UDP in this regard.

- **Where a lack of capacity is identified, ensure councils revise their Local Housing Strategies and Local Strategic Planning Statements to reflect the objectives identified in the Greater Sydney strategic plans.**

Enforcing changes to strategic documents based on a lack of housing capacity risks undermining the significant work that councils put into the preparation of their LSPSs. It is important to note that all LSPSs were reviewed by DPIE to ensure they reflected the objectives identified in relevant Metropolitan and Regional plans. A fundamental component of the LSPS is that it is set in the context of "growth and change", informed evidence and prepared in close consultation with their communities and stakeholders.

CN's LSPS and draft Local Housing Strategy (on exhibition at the time of writing) were both informed by the 'Newcastle Housing Needs and Local Character Evidence Report'², which highlighted theoretical capacity under Newcastle Local Environmental Plan 2012 for approximately 60,000 dwellings, exceeding 20-year dwelling projections three-fold.

Therefore, the focus of the LSPS and draft LHS is on delivering growth in high-amenity locations, diversifying the types of housing available and catering to specific housing needs, these include:

1. Provision of affordable rental housing

¹ [Hunter Urban Development Program](#), NSW DPIE, 2020

² [Newcastle Housing Evidence Report](#), City Plan Services, 2019

2. Purpose-built student housing, and
3. Seniors housing.

Furthermore, CN is mindful that while there are substantial and specific housing needs in our region, its delivery should not come at the expense of quality outcomes for future residents or the built environment. The proposed reforms focus on delivering a quantum of housing and jobs without due consideration of the direct and indirect benefits of quality planning and design and providing housing in the right locations close to jobs, public transport, services and facilities.

GENERAL HOUSING CAPACITY COMMENTS

The planning system does not let housing supply respond quickly

It is unclear what the Productivity Commission defines as housing supply. The Green Paper points to completions as an indicator of a productive planning system and then recommends that councils update their LSPS/LEPs to create additional capacity as an appropriate response. This is an unusual recommendation that does not acknowledge the role of industry in activating consents, building and completing housing.

The planning system sets the framework (capacity) and issues approvals to build housing. Developers lodge development applications and/or activate development consents. The Green Paper overstates the relationship between the strategic planning framework and the delivery of housing on the ground.

Further analysis should be undertaken to understand the extent of consents that have not been activated and land that has been rezoned for residential purposes but is being held in land banks by developers³. Moreover, it would be beneficial to consider mechanisms that unlock the latent capacity that already exists within the planning system under LEPs and consents that are yet to be activated. This data is not included in the Green Paper.

The planning system must account for the interests of possible future residents

NSW has been transitioning to a strategic plan-led system over the past few years to shift the discussions to the strategic planning stage, setting the clear expectations about how an area should “grow and change” over time. The recent completion of Local Strategic Planning Statements and upcoming completion of Local Housing Strategies, both prepared in consultation with the community and other stakeholders, highlight the land use and housing priorities of our communities.

In many cases, Planning Proposals and DAs are lodged that do not align with the stated objectives, aims or desired future character clearly outlined in the strategic framework. DPIE have long been advocating for “line of sight”⁴ from State-level regional and Metropolitan Plans through to LSPSs, LEPs and DCPs. There is no analysis of the extent of non-complying DAs in the Green Paper and their impact on DA assessment times and community confidence in the planning system.

DPIE maintain a central register for all Clause 4.6 variations which will highlight the extent of the issue. It is recommended that further consideration be given to cases where variations

³ [‘Time is Money: How Land banking Constrains Housing Supply’](#), Dr. Cameron Murray, 2019

⁴ [‘Strategic Planning Toolkit’](#), NSW DPIE, 2020

exceed 10% and identify improvements to approval pathways for DAs that generally align with the strategic framework to encourage compliant proposals.

DRAFT RECOMMENDATION 7.2

- **Review and revise SEPP 65, aiming to minimise prescriptions so as to ensure maximum flexibility for housing that matches consumer choice while maintaining minimum basic quality.**

CN does not support any reduction to SEPP 65 or ADG requirements. The Green Paper outlines the intent of SEPP 65 as managing the externalities of development and providing an attractive proposition to potential buyers. SEPP 65 (and the ADG) goes much further in its aim to improve the wellbeing of residents particularly through Principles 6 to 8 which promote consideration of amenity, safety and housing diversity and social interaction in the design of residential flat buildings. These principles are particularly pertinent in the context of COVID.

It is acknowledged that new forms of housing have emerged since the 2015 comprehensive review of SEPP 65. The Productivity Commission would however be aware of the proposed Housing Diversity SEPP that introduces build-to-rent, co-living and student housing as new land use terms for the planning system. These forms of housing align with the rationale included within the Green Paper and should be viewed as a neat solution to the issues raised.

SEPP 65 applies to residential flat buildings and its “prescriptions” should not be minimised. Alternatively, CN suggests that SEPP 65 and the ADG be comprehensively reviewed considering the emerging housing types and attitudes towards trading off space to live in high amenity locations.

In its submission on the Housing Diversity SEPP, CN advocated for SEPP 65 to be applied to boarding houses and build-to-rent over a nominated threshold and this should be considered under the suggested review.

- **Review the Guide to Traffic Generating Developments by the end of 2021 to ensure it reflects current travel behaviour and the best approach to traffic management.**

A review of the Guide to Traffic Generating Developments is supported. The review could consider the future impacts of lower rates of car ownership, modal shift to active transport, car share and autonomous vehicles.

- **Review parking controls within strategic centres and areas with good public transport accessibility.**
- **Reduce car parking requirements within 800 metres of public transport nodes by the end of 2021.**

CN supports the travel demand management approach and investment in transport infrastructure that encourages modal shift to active transport. Action 1.2 of CN’s LSPS states the following:

- 1.2 *Review and update Newcastle Development Control Plan provisions for movement networks, car parking and active transport to facilitate use of active transport in Catalyst Areas, Strategic Centres, Urban Renewal Corridors and Housing Release Areas.*

CN will continue to promote and invest in critical transport infrastructure in these areas of change.

DRAFT RECOMMENDATION 7.3 - RATIONALISE EXISTING BUSINESS AND INDUSTRIAL ZONES IN THE STANDARD INSTRUMENT LEP TO REDUCE THE NUMBER OF ZONES.

- **Broaden the range of permissible activities to ensure prescriptions are reserved for genuinely incompatible land uses.**
- **Expand application of the complying development assessment pathway to the newly consolidated employment zones.**

CN supports a review of the current business and industrial zones and notes the following for the proposed groupings:

1. B1 Neighbourhood Centre and B2 Local Centre: CN has an established centres hierarchy⁵ in its LSPS and acknowledges that many of the overlapping objectives between each zone. There is scope to distinguish differences between each centre in the LSPS, local character statements and different development standards.
2. B5 Business Development, B6 Enterprise Corridor, B7 Business Park and IN1 General Industrial: Further details are required regarding the merging of the IN1 zone with IN2 zone and how this relates to this proposed group.
3. IN1 General Industrial and IN2 Light Industrial: As above. Further clarification is required to understand if the intention is to merge these two zones with the business zones listed above.

DRAFT RECOMMENDATION 7.6

- **Continue to implement measures to reduce red tape and complexity in the planning system. Bring NSW approval assessment times into line with other jurisdictions' times by the end of 2023.**

As noted previously, the planning system clearly articulates the expectations for development throughout the strategic planning framework. There is no analysis of the number of non-compliant or incomplete DAs lodged and their impact on assessment times. Assessment times are taken on face value and compared against completely different jurisdictions. The comparison between jurisdictions is a false equivalence and does not acknowledge the differences between each State's strategic framework or the outcomes produced by each system.

The Green Paper also overlooks the success of the planning system in delivering approvals. For example, "there is an abundance of approved and ready to develop greenfield and infill sites in Sydney, with 190,000⁶ dwellings in the pipeline in the next five years"⁷, which represents an 8% increase over the previous five years. This highlights that there may not be an issue with the assessment times, rather, there are possible constraints on commencements and construction activity.

Complying development has been introduced to provide a fast track assessment and applies to straight forward development including dwellings, businesses and industry. CN supports a fast track assessment for complying development and has set up its own fast track team to

⁵ '[Commercial Centres Hierarchy](#)', NLSPS, 2020

⁶ '[Sydney Housing Supply Forecast](#)', NSW DPIE, 2020

⁷ '[Don't blame the planning system for a supply shortage and rising house prices](#)', Fifth Estate, Tim Sneesby, 2020

reduce assessment times. However, the types of development that cannot be assessed as complying development requires a more considered assessment and the longer assessment times may not be due to “red tape” but ensuring acceptable outcomes.

The proposal to introduce deemed approval needs to have strict checks implemented. Deemed approval should only be triggered for compliant non-major DAs that have been formally lodged with sufficient documentation. The conditions outlined in Clause 64 of the *Queensland Planning Act 2016* do not account for the scale and impact of development beyond variations to height, floor space ratio and building envelope variations. Other factors could form valid reasons for refusal particularly for major DAs and include integrated development, traffic generating development, development on zone boundaries and in nominated growth areas with character overlays.

DRAFT RECOMMENDATION 7.7

- **Develop a consistent approach to measuring benefits to community welfare from the provision of open and green space to help inform government business cases involving development.**
- **Develop better options for taking into account green infrastructure and public space in strategic land use planning.**

CN acknowledges that quality open space is a form of social infrastructure and notes its positive effect on the wellbeing of the community. Advocating for an expansion of the local green and blue grids forms part of the feedback provided to proponents for planning proposals in urban release areas. Actively promoting a more efficient and measurable use open space is supported.

DRAFT RECOMMENDATION 7.8

- **Progress reforms to the infrastructure contributions system after the Productivity Commissioner’s current review, to deliver a principles-based, transparent and certain system.**

CN has provided a submission on the Productivity Commission relating to the infrastructure contributions system and welcomes future opportunities to provide input into those reforms as they progress.

We would be happy to elaborate on our submission. Should you have any questions, please contact [REDACTED]

Yours faithfully

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