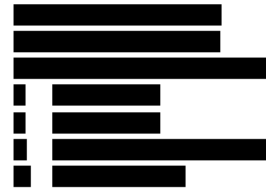


Peter Achterstraat
 NSW Productivity Commissioner
 NSW Treasury
 GPO Box 5469
 SYDNEY NSW 2001



Via email: ProductivityFeedback@treasury.nsw.gov.au

18 September 2020

Dear Mr Achterstraat,

Re: Continuing the Productivity Conversation Green Paper

Thank you for providing NSW Ports with the opportunity to comment on the Productivity Commission Green Paper: *Continuing the productivity conversation* (the Green Paper).

NSW Ports is responsible for managing the port and freight assets of Port Botany, Port Kembla, the Cooks River Intermodal Terminal and the Enfield Intermodal Logistics Centre. These assets, along with the efficient movement of freight to and from these assets, are critical to the future economic growth, liveability, productivity and sustainability of New South Wales.

NSW Ports has reviewed the Green Paper and provides the below specific comments on the draft recommendations.

RECOMMENDATION	COMMENT
Forward-looking regulation supports innovation and competition	
<p>Draft recommendation 4.1: Extend the operation of temporary COVID-19 regulatory changes for 12 months while we evaluate their success. Keep them in place where we see a net public benefit.</p>	<p>The NSW Government responded to the onset of COVID-19 with temporary regulatory changes to offer greater flexibility.</p> <p>NSW Ports has long advocated for a flexible supply chain throughout the system for imports, distribution and exports.</p> <p>The ability for Ports, warehouses, intermodals, and receipt locations to operate for the purpose of receiving deliveries 24/7 provides resilience across the supply chain and allows retailers and distributors to quickly respond to spikes in demand for products.</p> <p>Of significance from a supply chain perspective, was the response from the NSW Government that overrode local government restrictions to help supermarkets and pharmacies restock 24 hours a day.</p>


RECOMMENDATION	COMMENT
	<p>Flexible, outcomes-focused regulation will speed up the recovery from COVID-19 but will also lead to a more efficient and productive supply chain in the future.</p> <p>As such, NSW Ports supports the permanent application of this decision in order to provide improvements throughout the entire supply chain and believes it should be broadened to all retailing and warehousing / distribution to provide greater productivity benefits.</p>
<p>Draft recommendation 4.12: Have the Independent Pricing and Regulatory Tribunal review the NSW Rail Access undertaking, including its interaction with the national rail access regime.</p>	<p>Increasing the movement of containers by rail to and from Port Botany will assist the Port to maximise its throughput capacity and will provide safety and environmental benefits through reducing road congestion. In this way, forecast container growth can be accommodated in a cost-effective, efficient and sustainable manner.</p> <p>NSW Ports supports any steps taken to streamline the NSW access frameworks and the national access framework to improve access or cost effectiveness for users of the rail networks across the State. Measures implemented through a standard framework should increase the competitiveness of rail transport as an alternative to road transport.</p> <p>Any changes to the metropolitan rail framework in NSW needs to consider that port shuttle freight requires a different pricing arrangement to interstate / regional freight rail, as port shuttle rail requires rapid turnaround and shorter trains in order to be efficient whereas interstate / regional rail requires long and heavy trains to be efficient.</p>
<p>Planning for the housing we want and the jobs we need</p>	
<p>Draft recommendation 7.3: Rationalise existing business and industrial zones in the Standard Instrument LEP to reduce the number of zones.</p>	<p>NSW Ports supports any simplifications that can be found in the land zoning system in NSW, however, is concerned that a merging of business zones with industrial zones as suggested would produce land use conflict and impact on port-related and freight uses. NSW Ports would oppose any changes to the land zoning system in NSW that diminish the protection of industrial uses from more sensitive uses and that would impact on the productive use of the land for port related freight and logistics uses.</p> <p>Page 241 of the Green Paper provides the below as an example:</p> <p><i>“B5 (Business Development), B6 (Enterprise Corridor), B7 (Business Park) and IN1 (General Industrial): there is potential to merge uses within these zones into a single zone that allows a mix of business, light industrial, creative industrial, and retail activities”</i></p> <p>The implications of such a change require more careful consideration. IN1 (General Industrial) is generally used for areas that serve the supply chain. The images below show the IN1 (General Industrial) zone as it applies around Port Botany, the Chullora Intermodal and Enfield Intermodal Logistics Centre, and Moorebank Intermodal precincts.</p>



Figure 1 - IN1 Zone around Port Botany



Figure 2 - IN1 Zone around Chullora and Enfield Intermodal Terminals

RECOMMENDATION	COMMENT
	 <p data-bbox="730 1093 1225 1122">Figure 3 - IN1 Zone around Moorebank Intermodal</p> <p data-bbox="523 1144 1422 1328">Merging these zones with the Business Zones as proposed would permit uses such as centre-based child care facilities and respite day care centres resulting in land use conflict and specialised retail premises and business premises which would result in a fragmentation of lot sizes in to smaller retail premises, putting further pressure on large lots in areas where they provide productivity benefits.</p> <p data-bbox="523 1350 1422 1615">Any proposal to make changes to the zoning system in NSW should be a wholesale review of existing zones and with a consideration to whether existing zones are achieving their purpose. For example, there may be benefits realised in better defining industrial land use zones and having a specific zone for freight and logistics uses (also encompassing working waterfront elements). This would then allow for complementary light industrial and heavy industrial zones whilst ensuring incompatible uses did not encroach in these areas.</p>
<p data-bbox="164 1659 501 1839">Broaden the range of permissible activities to ensure prescriptions are reserved for genuinely incompatible land uses.</p>	<p data-bbox="523 1659 1398 1805">NSW Ports supports the need to protect industrial lands from incompatible land uses. As per comments above, the ramifications of broadening the permissible activities need to be carefully considered, with a focus on ensuring the productive use of land particularly land that is used for freight and logistics purposes.</p>
<p data-bbox="164 1883 464 2063">Expand application of the complying development assessment pathway to the newly consolidated employment zones.</p>	<p data-bbox="523 1883 1422 2063">NSW Ports supports the expansion of the complying development assessment pathway for all employment zones – not just newly consolidated zones. The current regime is limited, particularly for the purposes of changes to warehouses or distribution centres. An expansion of the complying development provisions in employment lands should be done through an expansion of the specified</p>

RECOMMENDATION	COMMENT
	<p>development under Parts 5 and 5A (Commercial and Industrial Alterations Code and Commercial and Industrial (New Buildings and Additions) Code) of the <i>State Environmental Planning Policy (Exempt and Complying Development Codes) 2008</i>.</p> <p>NSW Ports and our tenants at the Enfield Intermodal Logistics Centre and the Cooks River Intermodal Terminal rely on workable and efficient complying development provisions to respond to changing needs in the supply chain that require physical changes to sites and structure.</p> <p>In 2018 a simple housekeeping amendment was proposed to Clause 5A.4 that would have allowed additions or external alterations to an existing warehouse or distribution centre to be carried out under the Commercial and Industrial Code. NSW Ports provided a submission on 3 July 2018 supporting this amendment; however, it was never progressed. This simple amendment would have been an effective change to the complying development provisions in NSW.</p>
<p>Draft recommendation 7.5</p> <p>Better manage the retain-and-manage category of industrial and urban services lands in Greater Sydney to optimise employment and productivity outcomes.</p>	<p>NSW Ports strongly supports the 'retain-and-manage' policy of the Greater Sydney Commission.</p> <p>For ports and intermodal terminals to be productive and efficient, they need supporting industrial lands in the surrounding areas. Further, there needs to be industrial lands around the City in order to facilitate imports and the timely and efficient distribution of goods to citizens.</p> <p>The Department of Planning responded to this issue initially in 2013 by including and protecting industrial land around Port Botany and Port Kembla within <i>State Environmental Planning Policy (Three Ports) 2013</i> in order to prevent rezoning by Councils.</p> <p>Since that time, the Greater Sydney Commission introduced the <i>Greater Sydney Region Plan</i> which supported the freight supply chain through appropriate policy positions, particularly the retain-and-manage policy. The protection of existing industrial land is vital to the ongoing growth of Sydney and in order to cater for forecast trade growth and the demands of consumers – as such, NSW Ports commends the Greater Sydney Commission for this stance.</p> <p>The Green Paper quotes the submission of the Urban Taskforce regarding this issue. The Urban Taskforce supports "(the) <i>site-by-site approach to the proposed rezoning of industrial land to higher order uses such as residential and mixed-use development</i>". This policy implemented by Councils over decades has led to a severe lack of industrial land in the Eastern City and does not produce improvements to productivity – conversely, it makes it more difficult to distribute freight throughout Sydney due to the relocation of the majority of industrial land to the Western Parkland City.</p> <p>Further, "higher order uses" should not be determined by an organisation representing property developers and equity financiers but should consider the service and economic benefit that land provides on the advice of the Greater</p>

RECOMMENDATION	COMMENT
	<p>Sydney Commission and based on years of industrial land losses in the Eastern Harbour City.</p> <p>NSW Ports seeks that the Productivity Commission remove this recommendation, which is strongly opposed by NSW Ports, and that the Greater Sydney Commission policy be retained by Government.</p>

NSW Ports would welcome the opportunity to discuss this submission in further detail with the Productivity Commission. If you would like to discuss this submission further, please contact me on [REDACTED]

Yours sincerely,

[REDACTED]

[REDACTED]

[REDACTED]