The Planning Institute of Australia (PIA) is the peak body representing professionals involved in planning Australian cities, towns and regions. The Institute has around 5,000 members nationally and around 1,200 members in New South Wales. PIA NSW plays key roles in promoting and supporting the planning profession within NSW and advocating key planning and public policy issues. This submission has been prepared on behalf of PIA NSW by Members of the Institute.

The NSW Division of the Planning Institute of Australia (PIA NSW) welcomes the opportunity to comment on the Illawarra Growth Strategy Discussion Paper, exhibited by the NSW Government Department of Planning & Infrastructure. This submission has been prepared by members of the PIA (NSW).

1. Introduction

In concert with an overall growth centre management program, the NSW Government through the Department of Planning and Infrastructure have embarked on identifying the issues confronting economic stimulus and locality advantages for future growth in the region. In this endeavour, the Planning Institute would commend the Department in attempting a holistic approach to identifying the areas for discussion. It must be acknowledged that this is a particularly challenging legislative environment for this undertaking, with both a review of Local Government structure and Planning Legislation undergoing significant change.

In the task to un-pack the issues facing the economic and social growth markers for the region it is heartening to see the broadening of critical influences that underpin growth prosperity. The Discussion Paper has recognised that appreciation of targeted growth goes beyond the traditional planning elements that have been fundamental to previous strategies and we now see in this paper, a broader attempt at understanding some of the growth elements unrecognised in previous plans. Indeed, with less than 40% of land zoned for residential development being optimised for development (as quoted in the paper) there needs to be a greater appreciation of the growth drivers.

However, the paper still relies too heavily on population and housing supply as institutional markers as a basis for future economic positioning. Although population shifts and place preference may indicate confidence in a region, it should not ipso facto reflect a need for complementary housing, jobs, infrastructure, etc, etc. Strategic planning for growth should approach in the converse i.e. provide the economic stimulus in the appropriate location and the support in jobs, housing, etc, will follow.

The Issues Paper explores six main theme areas to raise community response to the future challenges for the region;
- Population growth and housing;
- Employment and economic stimulus;
- Transport and infrastructure needs;
- Reinforcing regional culture and promoting lifestyle;
- Environmental protection and hazard awareness;
- Natural resource recognition and future positioning.

These are standard areas for investigation in any regional analysis and visioning plan, however as a vehicle for generating community discussion these areas will be readily understood and respondents should feel comfortable in structuring a response around these issues.

Throughout the paper, it is reinforced that the Strategy is to be aligned with the State-wide economic enterprise agenda. The Paper states up-front;

“*The new Illawarra Regional Growth Plan will form part of a suite of strategic plans being developed that, when linked to NSW 2021, will ensure a coordinated and community driven approach based on local priorities*”.

Less obvious in the paper is the links to the reforms within the new Planning Bill and the need for the NSW Government to expeditiously address the shortfall in housing starts and building industry activity in general.

### 2. Population growth and housing

It is not news that the Illawarra is experiencing an undersupply of available accommodation in all its forms and there is a need to respond effectively and appropriately to the housing demand. The paper talks in figures of some 31,300 new dwellings by 2031, (subsequently revised to 35,000); this equates to an annual supply provision of over 1500 dwellings per annum. Just on the accumulated region annual approvals this would involve a significant increase and efficiency in local approval and certification, (based on DoP&I building approval data of 4677 over the last 5 years), possibly due in part to financial institution constraints, diminished lot yields through delayed release of green-field developments which have not kept pace with population growth.

Even acknowledging the significant environmental and topographical constraints within the region, there has been recognition of growth zones within the Local Government areas and these have been identified in local and regional plans. Bringing these lands to market in an efficient and co-ordinated demand response has been the challenge. The protracted process of ensuring that all requirements enabling the land release can be in place has been a major constraint.

The Growth Strategy talks about a more coordinated agency and service provision approach to the provision of ‘shovel-ready’ land.

“*Increased lot production to respond to low rates of new dwellings requires zoned lands to be serviced and development ready. It is particularly important to test and ensure that zoned land responds to and reflects market and consumer choice of where people want to live*”.

If you build it they will come, as long as the price is right! At the moment, new allotments are drip fed to the market to maintain high prices and possibly to lower holding costs, i.e. less $’s outlaid on infrastructure waiting on return. In comparison in the early 2000’s, a significant number of lots were made available to the market and as a result prices have remained comparatively lower.
There has definitely been a lag in bringing new land and housing starts to market and in the last five years the supply has been well below demand indicators. Certainly, if local housing activity and dwelling availability is to meet the new Planning Bill Code Assessment and approval regime, both State and local government need to focus on progressing coordinated service delivery in concert with appropriately zoned growth area lands. For example, this could be achieved through LIRS funding or Government grants to subsidize interest rates associated with infrastructure provision.

It will also be an imperative that early decisions in respect to growth areas and in turn housing styles, truly reflect the consumer preference as to where they wish to reside and choice of accommodation style. It is encouraging to note that the paper identifies the need for a more diverse mix of housing that will cater to a larger proportion of single person and childless couple households. If economies in housing costs are to be realised there needs to be a greater diversity in dwelling type to address future population needs, in particular the shift to smaller housing types.

It is also pleasing to see the paper responding to the need for re-development of inner-centre ‘brown-field’ sites. These sites are essential if there is to be greater utilisation of available infrastructure through higher densities and an increase of housing mix around town centres and transport nodes. However, the challenge in these projects is the inflationary effect of development contributions and insufficient government investment. The effective re-development of inner-centre sites can at times be compromised by time inefficiencies in the approval and assessment process.

3. Employment and economic stimulus

Whilst there can be a direct correlation between the development or use, and hence the economic contribution of land in the prosperity of the region, the paper does acknowledge that certain barriers to industry success cannot be resolved by the planning system alone. However, there are key fundamentals in early planning management tools that contribute significantly to greater economic benefits for commercial players:

- Ensuring that industrial, commercial and retail land has relevant connectivity and service utility to infrastructure and existing areas of economic growth;
- Ensuring that the regulatory development environment is attuned to the local economic drivers and appropriate target sectors;
- Ensure that there is certainty and clarity in the regulatory environment to guide and encourage commercial decision making;
- Ensure that there is a whole of government commitment to the defined direction and outcomes.

The paper directly responds to this last point and recognises the at times frustrating practice of inter-agency discourse of commercial proposals:

“the new Illawarra Regional Growth Plan should integrate with other strategies to ensure a consistent approach to job creation across the private and government sectors. The Plan should act as a catalyst and facilitator to delivering the employment outcomes”.

Similarly, there needs to be greater emphasis on reducing the quantum of regulatory processes (red-tape) and multiple agency reference which can unduly impede efficient commercial endeavour.
The paper cites some additional 24,250 new jobs to be created in the next 20 years. If this is the desired direction that the region will be accepting, there is little discussion in the Paper as to where and in what capacity these positions will participate.

Apart from ensuring that the region can make available the necessary land parcels for industrial/commercial land, there is very little vision for the nature or industry preference that will absorb these jobs.

Also of concern, and acknowledged in the paper, is the propensity for industrial/commercial zoned lands areas to erode over time, “sufficient supply of industrial land, particularly larger parcels that are market ready, is a challenge for the Illawarra”. As an outcome of the Growth Strategy there needs to be some guide for local authorities to recognise the industry types that require larger areas and that the identified land is protected from incremental area segmentation.

4. Transport and infrastructure needs

The Paper identifies the need to protect regional infrastructure such as strategic transport corridors including public transport; Port Kembla and its related activities; the Illawarra Regional Airport and the communication infrastructure role of the ICT Centre, to ensure the timely implementation of major projects planned or under construction. However, there are no new infrastructure projects identified, no new public transport or local traffic plan, no emphasis on the need for an integrated approach across local government areas and particularly no indication of a timeline for how existing projects will integrate with other broader State infrastructure initiatives.

Connectivity both within the region, to Sydney and the broader feed-in areas also needs planning for identified funding mechanisms and information on implementation where this particularly will be relevant to growth areas in relation to employment and recreation areas.

It is evident within the paper that the State Government has the view that any regional infrastructure initiatives must be regionally funded, as illustrated by the lease of Port Kembla Port, releasing some $100mil. Apart from one-off road grants there is very little indication of other specific regional projects with identified funding. If the region is truly expected to support the expected job growth of 23,250 jobs by 2031, there is very little stated infrastructure initiatives in the Paper to support this growth.

In the past, the cost of local infrastructure has been largely covered by developer contributions/levies. These levies can have significant effect on the pricing of new land and the inevitable consequences for the first-home-buyer or in regional areas where house prices are generally lower than the metropolitan Sydney.

Although the previous State Government had initiated caps on developer contributions and a top-up fund, local councils are experiencing a cost deficit between the cost of the infrastructure and the money raised from developer levies including some fund injection. This is particularly a problem for Councils in the Illawarra where augmentation of existing infrastructure is likely in addition to the implementation of new area infrastructure.

In the new Government environment there is a need for a comprehensive review of local infrastructure especially focusing on areas like the Illawarra, where the residential population is growing rapidly. This review should look critically at how to better balance the costs between the private sector, local Councils and State Government, especially in regional areas.
The regions are not autonomous governing entities and for the realisation of strategy outcomes there is a need for State Government to collaborate with local councils and the private sector to take a proactive lead towards achieving job targets. It needs to include in the future strategy, economic incentives aimed at attracting investors to contribute to growth and to provide commitment and certainty to infrastructure and transport upgrades.

5. **Reinforcing regional culture and promoting lifestyle**

Creating a socially integrated lifestyle is much more than providing diverse housing options or even strategies for housing affordability. Neighbourhood planning, including the provision of community inter-activity spaces, can go some way to providing a base for communities to develop, but lifestyle and neighbourhood inclusion must come from the local community and local participation. It is a pity that the Paper has devoted most discussion on this issue to housing affordability; certainly a factor, but lifestyle appreciation is a very multifarious state and as the Paper states, planning can only provide some of the necessary elements. Attempting to put mechanisms in place to manage affordability will provide some diversity in community inclusiveness and will assist in housing attainment but it does need to integrate with other community elements, such as meeting and activity spaces, selective commercial and semi-government outlets.

The Illawarra region includes several areas of significant locational disadvantage. Many members of these communities face barriers to social inclusion such as unemployment, lack of skills, low income, poor housing, adequate health provision access and lack of access to transport. Many people experience multiple and complex needs, and intergenerational disadvantage is a significant barrier to full lifestyle participation.

The role of planning strategies is to set measures in place to improve outcomes in these communities by addressing key economic, social and amenity barriers.

Social inclusion and community participation are integral activities in promoting economic growth and job creation in the region. The benefits of such growth should be shared by all members of the community and opportunities created for those in the community who are experiencing dislocation, dis-association and/or disadvantage. Strategies therefore, should:

- Encourage projects that enhance the region’s community infrastructure;
- Seek strategies for increasing employment opportunities, including the inclusion of disadvantaged job seekers in employment growth initiatives;
- Encourage and support innovation through social enterprise and social business opportunities;
- Promote strategies that enhance the liveability of the region for residents, including, but not limited to, enhancing transport, age friendly environments, youth facilities and community facilities;
- Encourage projects that build on community strengths and on the community services infrastructure of the region;
- Ensure all community members have an opportunity to have their voice heard on matters of regional significance.

6. **Environmental protection and hazard awareness**
As technology broadens its capabilities and expands data resources an increased volume of environmental and hazard information will be available for Local Council planning and policy guidelines. This, over time can only assist in better on-ground outcomes for development and growth opportunities. Sustainable management of natural resources and environmental values all add to the diversity of the Illawarra experience. However past practice is littered with a multiplicity of legislation, plans and policy, not to mention well intentioned plethora of agencies all managing individual strategies of varying legislative capacity and weight. The very nature and vagaries of application just contributes to the confusion in development and surety of the investment needed to drive the growth.

A future plan whether State or local, should be clear in its relationship with supporting environmental legislation if they are to be applied in the Illawarra, or indeed throughout the rest of the State. These plans will need to be carefully integrated with the Strategy and should have community support through the whole consultation process.

Plans should also give due consideration to natural hazards such as flooding, erosion, climate change, bushfires and landslip which may impact on future development. This recognition can help to provide certainty to industry if the hazards are clearly identified and managed by Councils and government within a coherent legislative framework. Requiring councils to carry out investigations and deal with issues arising prior to any growth area zonings is sensible, provided that the processes are carried out in a timely manner and the Councils are adequately resourced.

7. Natural resource recognition and future positioning

In terms of land management, the leadership and guidance afforded through good rural economic stewardship by State and local authorities, is by far the greatest contributor to future rural health. The raw economic operation of private businesses and free market influence cannot in itself guarantee or even support long-term satisfaction, provide flexibility for alternative income generation or offer a safety net during times of market downturn. The effects of these influences on businesses can only be managed through publicly funded business transition mechanisms.

The rural agricultural economy is in a process of product diversification and change. This is not new, but what is different is the rate at which this change is manifest at the farm/community interface. This is very evident in the current economic forces facing the dairy industry, which the Paper briefly mentions. However, these influences can be short-lived and/or have such major influence that if the agricultural activity is to survive and adapt it must do so at an unsustainable rate and may struggle to adapt if legislation is structured too stringently or is so complex as to pose unintended restraint to the process of change.

It is important therefore, that proposed legislation or land management policy is not that obdurate that the industry or sector cannot implement the change in an efficient and normative manner. Planning strategies should support the capacity of rural landholders to adapt and change farm activities in a timely manner.

The primary legislative land management tool, such as a local plan and its incorporated zonings, should therefore be an “open” instrument, not try to be too inclusive or pre-emptive of the rural direction.
Both the environmental considerations within the EP&A Act and the considerations within adjunct environmental legislation, provide sufficient review and regulation in terms of proposed land-use evaluation.

It is therefore not necessary that the local plan try to be both gate-keeper and regulator of all land management proposals. If legislative mechanisms are too onerous it can have a negative effect on emerging opportunities which may otherwise have reinforced the rural economy.

The greatest challenge to the future of agriculture is the ever increasing pressures on existing resources. This is particularly evident in terms of agricultural land supply, access to water and the capacity to increase food production (hectare yield). The Paper does acknowledge this, but does little in offering some discussion on a viable way forward. Through the process of strategy and plan review, there needs to be some recognition that consequent management measures are cognizant of these issues and will give landholders the best opportunity to survive and respond.

Agricultural resource land is already under threat from the pressure for urban growth. Therefore, for the Illawarra there is a paradox in the balance between providing housing for the necessary jobs and the future preservation of agricultural resource lands. Continuation and encouragement of present land stewardship through agricultural activity is an important contributor in the mix of preservation measures. Recognition of the role of active agriculture in land management legislation is crucial; however this is not so evident in the current legislative instruments, particularly at a local level.

Agriculture, particularly of an intensive nature, is more analogous to industry and in that regard can be hazardous to both the immediate and surrounding environment. Although conventional farming practices are becoming “greener” there are still offensive practices which could affect neighbouring land uses. In that regard it may well be more beneficial if more regulation were to be considered to control the placement of sensitive land-uses in proximity to agriculture than implementing more control on agriculture itself.

It depends which future imperative the community considers in greater need of present effort; the preservation of a finite food producing resource or ensuring that conventional agricultural practices can meet ever more environmental controls.

8. In summary

_The Illawarra over the next 20 years: A Discussion Paper_ is a good start to bringing together the necessary demographic, economic, environmental and societal issues that will underpin good planning for the Illawarra region. Although many issues have been incorporated which will broaden the community discussion, there are some fundamental issues to ensure constructive feedback.

The following recommendations are submitted for consideration in subsequent planning for the Illawarra:

- Ensure that the regional strategy has integration and complementary outcomes at National, State and local context;
- Ensure that recognition and placement of growth areas have relevance to community and industry needs and preferences for location, accommodation type, service provision and economic development efficiency;
- Ensure that strategies and incentives for growth are not overburdened by regulatory process and multi-agency interaction;
● Ensure that required infrastructure plans are matched by viable funding and have clear timeframes for delivery;
● Ensure that social inclusion and community participation are integral activities in promoting economic growth and job creation in the region;
● Ensure integration of multi-agency environmental legislation and consistency across State and local policy;
● Ensure that the future plan is a true representation of the community aspirations through multi-stakeholder engagement which provides ownership at all levels of government and the community;
● Ensure that the future Illawarra plan emphasises the importance of the Illawarra region in terms of location and facilities at a State and National level;
● Ensure that a future Illawarra plan has clear priorities for the protection and management buffers for the identified agricultural resource lands.
● Develop a governance authority to promote co-ordination and collaboration within the region (similar to the sub-regional planning boards) which will be critical to making the Regional Growth Plan work.

The Institute welcomes ongoing engagement on this issue.

PIA NSW Division
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