

3.1

Why we need to plan for jobs growth

Why we need to plan for jobs growth

Central Sydney is always changing – in response to internal and external trends, to careful planning and to economic shifts at a macro and micro-level. The Strategy offers a clear and cohesive plan that facilitates economic expansion and jobs growth; augments the City's role in a global city; protects and enhances its public spaces, unique heritage and natural environment; and expands its vibrant social and cultural offerings.

In Section 2, a history of planning strategies was provided that traced a movement from restricted building heights to taller buildings, from a lack of coordination among authorities to more collaboration and shared responsibilities, and from a limited set of approved planning strategies and controls to a stronger urban planning framework. This framework included more extensive and complex development controls that protected amenity, the environment and the public interest. Central Sydney's planning has become stronger and more comprehensive.

Building on the successes and challenges of the past, the purpose of the Strategy is to provide a framework for sustainable growth that benefits all Australians. Sydney is the focal point for much of Australia's economic activity, and the premier centre of society and culture. It is critical that we plan for the places and spaces needed for Central Sydney to flourish.

Our greatest challenge is ensuring longer-term economic and employment growth. The Central Sydney economy produces \$68 billion gross output, compared to Melbourne's city centre at \$39 billion and Parramatta at \$8 billion. The economy needs space to grow. New workers need space. New business services need offices and meeting places. Retail businesses need shopfronts. The infrastructure required to support growth also demands a share of space in Central Sydney. Public spaces, theatres and a range of community facilities all need space.

By 2036, we could see close to 420,000 workers accommodated in Central Sydney (refer to 3_1), concentrated here due to the demand generated by the most significant investment in public transport infrastructure since the 1980s, the Sydney Metro and South East Light Rail projects (refer to 3_2). Central Sydney must be positioned to accommodate this growth.

Space is a finite resource. In Central Sydney, the potential for growth is limited or constrained by the natural environment, existing development, the capacity of infrastructure, heritage considerations, international airport safety obligations and the spatial limitations of streets, lanes and blocks.

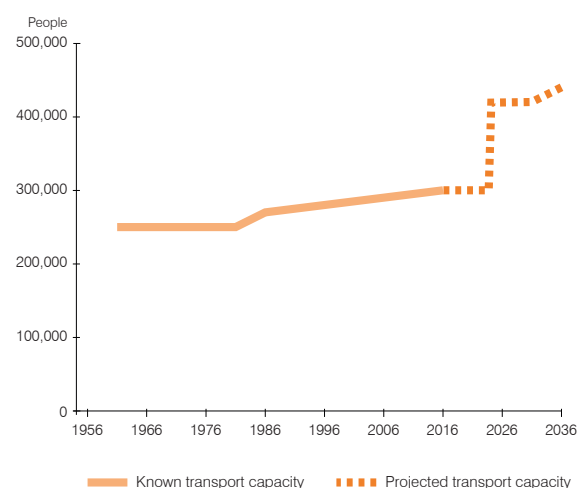
The best cities are mixed-use cities. With the introduction of policies to encourage more residential development, the last 20 years has seen a substantial increase in the number of people living in the centre. This has resulted in a vibrant, lively and productive centre, one that is increasingly attractive for residents, business and visitors alike.

However, this strong demand for residential development has resulted in the displacement of existing employment space and future opportunities for new employment space. This situation represents a direct risk to the Australian economy and must be rebalanced to retain metropolitan Sydney's international competitiveness.

3_1

Transport capacity – peak period

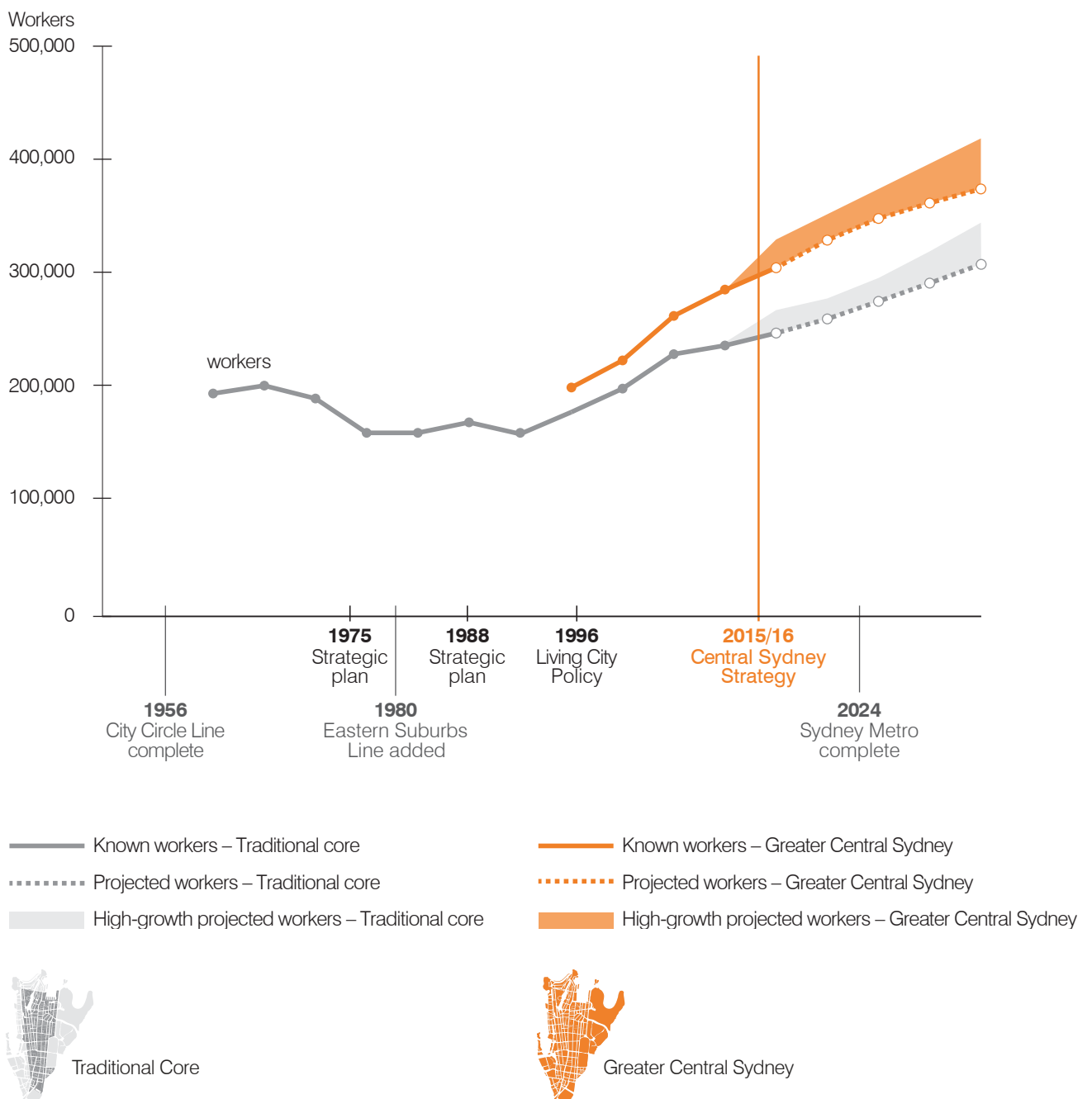
Source: SGS Economics and Planning and City of Sydney, 2015



3.2

Major planning strategy and public transport interventions
Worker population growth

Source: SGS Economics and Planning and City of Sydney, 2015



The rise of residential use

The expansion of residential floor space since the early 1990s represents one of Central Sydney's most successful planning initiatives, and now one of its greatest challenges.

Every planning strategy for Central Sydney since 1971 has sought to arrest the decline in Central Sydney's permanent resident population. From the highs of the 1940s, the lowest documented permanent residential population for Central Sydney was recorded in 1991. It wasn't until 1994 and the publication of the City of Sydney's Living City policy, together with a positive environment at the time for residential investment, before Central Sydney began to see an increase in residential floor area and residents.

Since 1991, residential floor area in Central Sydney has increased on average by 38,000 square metres per year. By 2012, residential floor area represented 10 per cent of Central Sydney's total built floor area. In land area, it represented an even greater proportion.

Since the mid-1990s, the total amount of land available for development in Central Sydney – just 800,000 square metres¹ – has remained largely unchanged except for the growth of residential strata schemes. In 1991, residential strata schemes represented just 2 per cent of Central Sydney's total available land for development. In 2015, built residential strata occupied 24 per cent of Central Sydney's total available land for development. Residential strata projects approved in 2015 represented the largest recorded period of residential strata growth since 1971 and an increase in occupation of Central Sydney's total land available for development from 24 to 28 per cent (refer to 3_3 and 3_4).

Prior to 2015, the lead up to and following the 2000 Olympic games represented the biggest period for residential strata registration in Central Sydney. Sixty schemes were registered between 1998 and 2005, with a large proportion of these relating to approved serviced apartments converted to residential strata dwellings. Given the ability for serviced apartments to easily convert to residential strata dwellings the Strategy treats them one in the same.

Since the mid-1990s, Central Sydney has moved from an urban centre dominated by offices, retailers and hotels to a genuine mixed-use precinct that is open all hours, with major and speciality retail businesses, serviced apartments, and a bigger and more diverse range of hotels, residential towers and wide cultural offerings. This has increased its attractiveness to businesses, residents and visitors.

This more vibrant urban mix is the direct outcome of planning controls that incentivised the development of hotels, serviced apartments and residences over commercial office and retail floor space, which were favoured by the economic conditions of the time. The 1996 Central Sydney LEP awarded Accommodation Floor Space in addition to a base amount of allowable floor space to incentivise these uses. This system survives in today's planning controls.

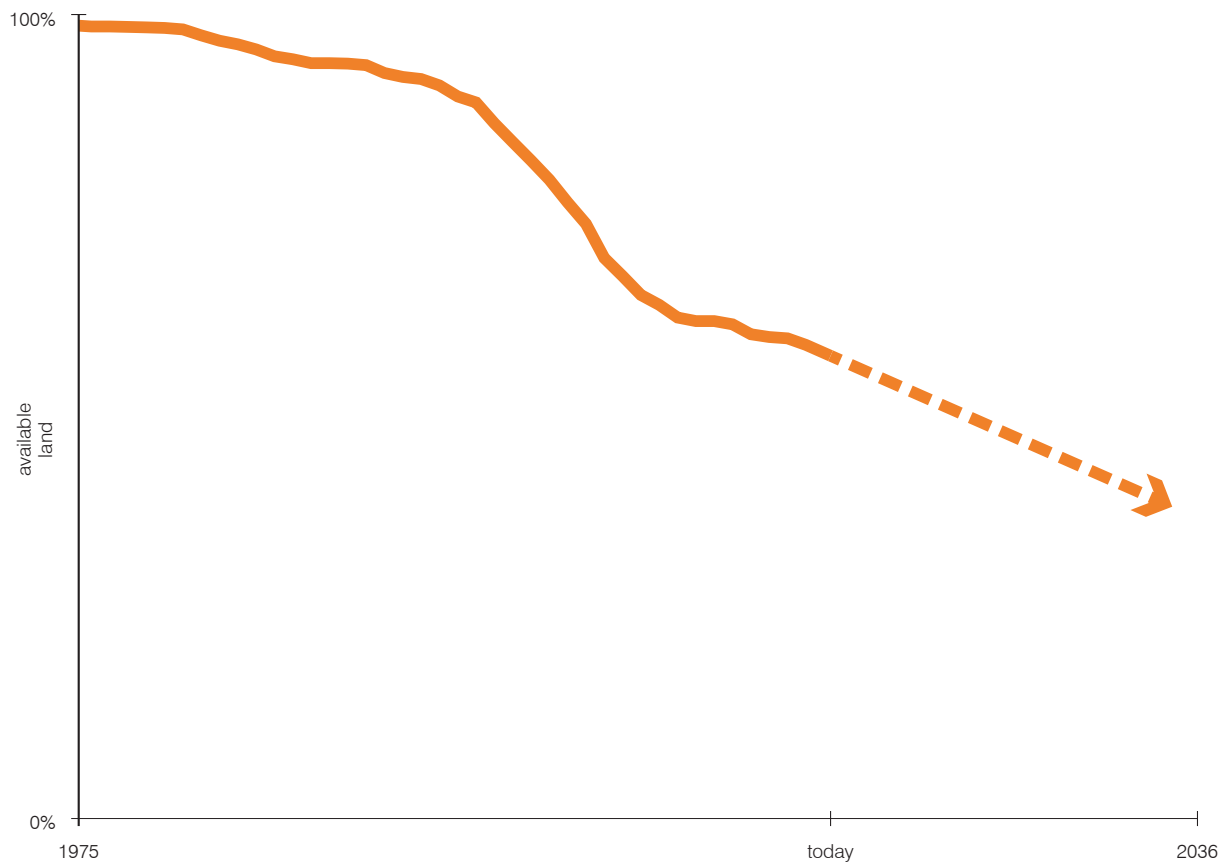
At the time of its introduction, the incentive markedly improved the feasibility of residential development relative to commercial projects. However, since the Global Financial Crisis in 2008, the commercial market has declined relative to the residential market. Residential projects have emerged as the highest value and best use of many sites, particularly for property owners and developers seeking short-term financial returns.

Residential development was once only viable in particular circumstances and areas: the adaptive re-use of heritage warehouses; the conversion of commercial office buildings at the fringe; and sites with perceived poor amenity south of Park Street (with poor access to views and quality public domain, and a lack of a prestigious address). But now, residential developments are moving into the heart of the city to occupy traditionally prime commercial office sites.

¹ Excluding roads, parks, public space, State-significant development sites and heritage items.

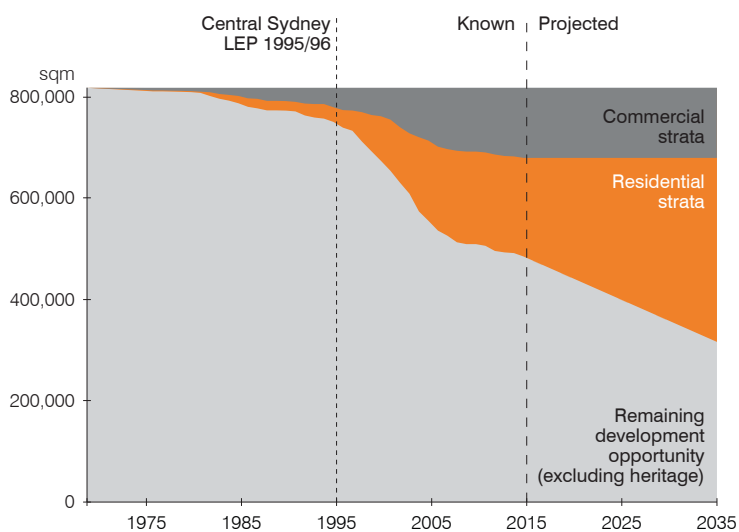
3.3

Decline in total available land in central sydney over time



3.4

Strata growth and total available land in central sydney over time excluding heritage sites



While the results of developments such as Lumière and Macquarie Apartments can revitalise an area, the development of these sites for residential purposes is at the expense of future renewal for economic use and employment growth. Within this context, the high yields of residential floor space and higher prices paid by residential developers is driving the withdrawal of offices from well-located sites that might otherwise provide useful economic floor space. This is leaving few suitable sites for workplace renewal. Based on current trends, if residential strata was to continue to lock up the land available, by 2036 only about one-third of land would be accessible for economic and employment growth.

The current market values residential development two to three times more than other competing uses depending on circumstance, for example the location or size of the site. Central Sydney's B8 Metropolitan Centre zone permits residential uses. Productive floor space for the nation's highest value jobs competes with residential projects for development opportunities. It is expected that this will continue for the foreseeable future, reflecting trends in comparable leading global cities. This would render Australia's most productive and strategically important employment centre unadaptable to global economic shifts. An easily adaptable city can evolve as economies and workplaces evolve, with spaces they require to conduct their business. An easily adaptable city is resilient with the productivity of land ensured overtime.

Over the last four years, 52 per cent of approvals for new development floor space in Central Sydney have been for residential floor space (refer to 3_5), with the remaining 48 per cent for productive uses such as office, retail and visitor accommodation. A flat projection of this trend would result in insufficient space for the target number of workers. Based on a business-as-usual scenario to 2036, between 45 and 64 per cent of the projected jobs growth, up to 85,000 jobs, will not be able to find space to be located in Central Sydney. Intervention is needed to stabilise employment losses, and to increase the amount of employment floor space.

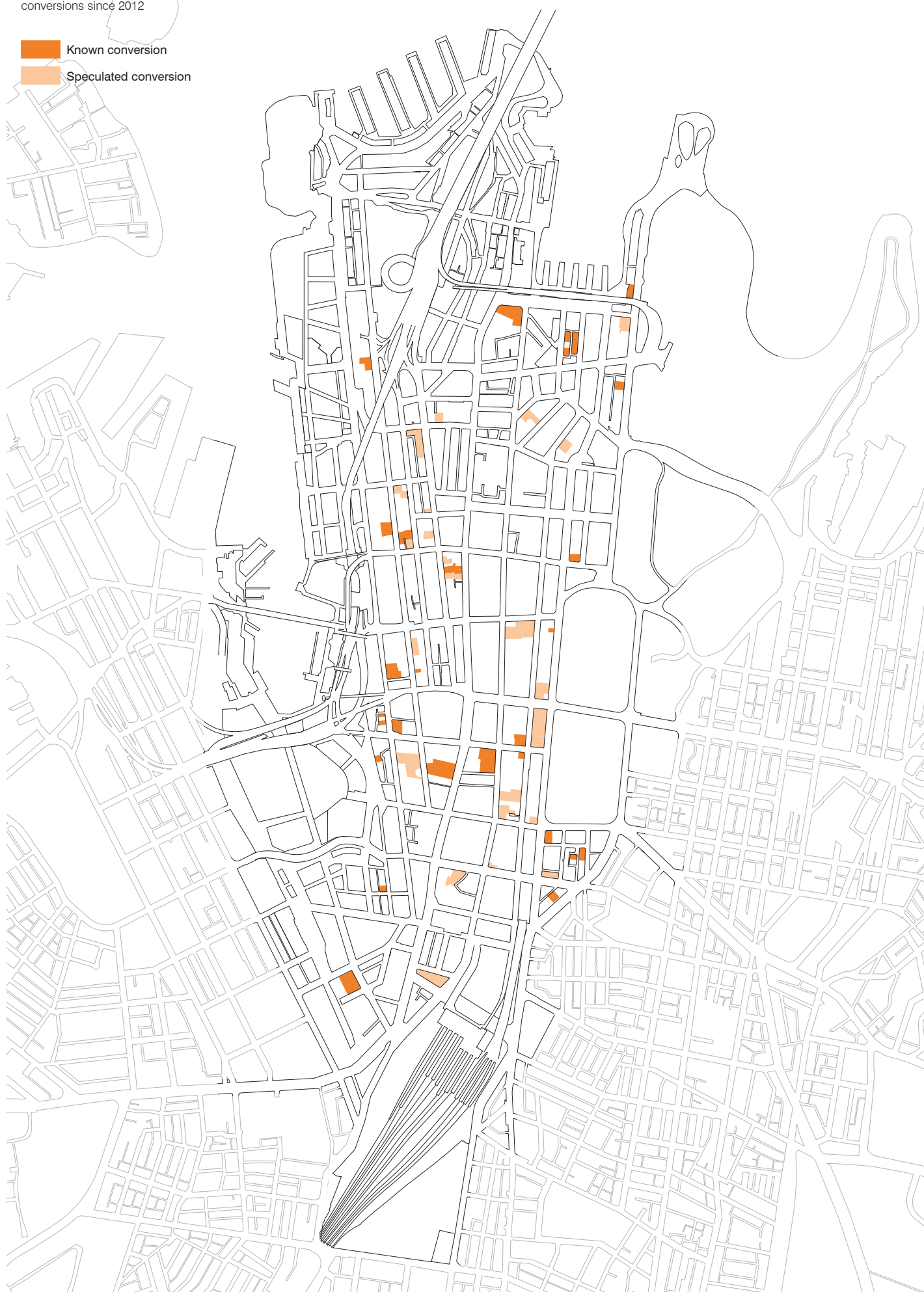
That residential development is pricing out employment also represents significant change to the established character of some of Central Sydney's most important commercial precincts. Agglomeration, or the locating of businesses in particular areas of higher density of economic activity, has many benefits, such as exchange of information, economies of scale, access to an extensive customer base, access to like services and a deeper and more diverse pool of skilled labour. If the benefits of agglomeration are reduced, there is the risk of a reduction of optimum economic capacity and productivity of urban centres. A central business district that fails to manage the growth of residential strata risks becoming primarily residential in character, alienating economic and business growth as well as the ability to compete for investment in jobs and global talent.

For metropolitan Sydney to retain its global city status, and Central Sydney its primacy as Australia's commercial core, space must be secured for jobs growth. Left to market conditions, Central Sydney is at significant risk of becoming predominantly residential. To address this, planning policies and controls require recalibration to ensure commercial development remains competitive and commercial precincts remain predominantly commercial in character. Without the removal of incentives towards non-commercial land uses, the centre will become less economically productive and employment growth will be limited by space constraints.

3.5

Commercial to residential
conversions since 2012

- Known conversion
- Speculated conversion



Ability to grow out and up

Central Sydney has a limited capacity to grow and adapt because of its surrounding natural barriers, heritage and the growth of residential developments. By understanding these barriers, the opportunities for growth become more obvious. Defining a pathway to access these opportunities provides more certainty for industry, and the community can also be informed of expected outcomes. Beyond these opportunities the City, the NSW Government and communities must work together to shape those planned centres in close proximity to Central Sydney that will house the businesses, workers and communities of tomorrow.

Compared globally, Central Sydney's existing City Core is small: the equivalent of one-quarter the size of New York's Central Park. While other Australian and international urban centres like the Melbourne CBD have seemingly unlimited potential to naturally expand outwards, this is prevented by Central Sydney's physical setting.

East and south of Central Sydney are the densely populated 19th century suburbs of Woollahroo, Darlinghurst, Surry Hills, Redfern and Chippendale. The potential for Central Sydney to easily expand into these suburbs is limited as much of them are protected as important heritage conservation areas (refer to 3_7), there are substantial residential strata developments, and the subdivision pattern is already dense.

The ability for Central Sydney to expand westward is limited but not impossible. Ultimo, Pyrmont and Darling Harbour have undergone substantial urban renewal since the 1980s. There are pockets of heritage listings and conservation areas, as well as substantial existing residential strata, especially in Pyrmont. Ultimo could more easily accommodate growth as it has some larger lots with single owners, making them easier to develop. Growth in this area would also align with recent and planned investment in physical infrastructure including the Goods Line to Darling Harbour; the under-construction mixed-use precinct of Haymarket; the convention, exhibition and entertainment precinct of Darling Harbour; and the future South East Light Rail project.

3_6

City of Sydney boundary and City Core precinct at the same scale as Manhattan Island, New York City

Central Sydney

4.25 square kilometres
7 train stations
28 station entries and exits
3 proposed stations

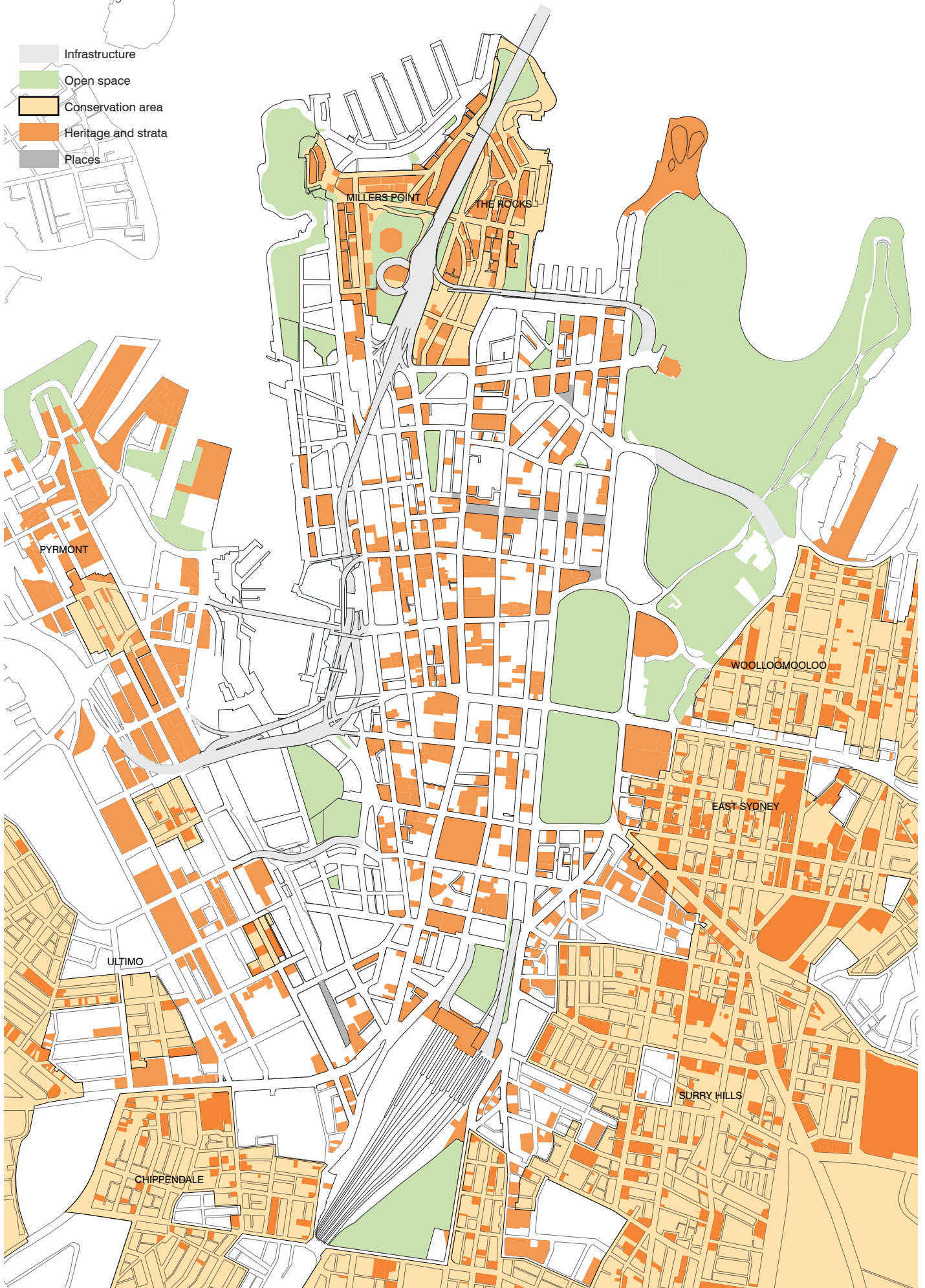
Manhattan Island, NYC

59.1 square kilometres
149 subway stations
747 entries and exits



3.7

Context and Setting: Constraints



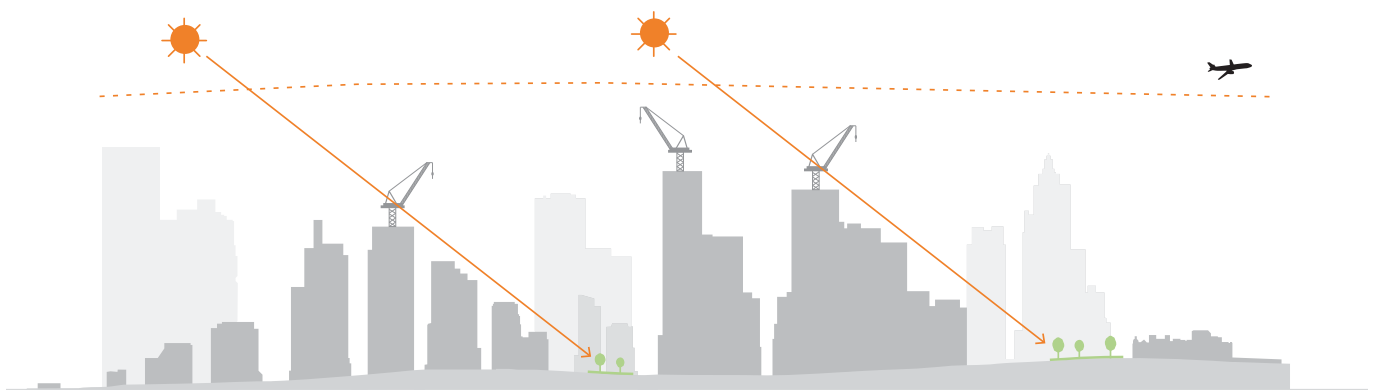
Like a number of global cities, Central Sydney is limited in its ability to grow up due to airspace operational levels imposed by international aeronautical safety obligations. Singapore, London and Tokyo all have airports in close proximity to their CBDs that limit the ability to accommodate tall towers. Despite this, these three cities are examples of global cities that continually rank highly in their economic performance and reputation. In fact, the close proximity of their airports to the CBDs also contribute to their high rankings because of their connectedness and liveability. This same competitive advantage applies to Central Sydney.

Airspace operational levels will continue to shape Central Sydney's skyline. Together with solar access controls and important public views, airspace operational levels will guide where Central Sydney can grow upwards in the future (refer to 3_8). By documenting and illustrating these opportunities, the City can provide certainty about how the skyline will change. With the easier sites – vacant or larger, underdeveloped ones – developed, what is left requires negotiation between various landowners, each seeking to gain an appropriate return on their assets and investment. The more guidance and certainty around expectations and outcomes the City can provide, the easier it is for landowners to discuss what they can achieve together through site amalgamations.

A major influence on the managed introduction of growth is recognising Central Sydney's status as part of a multicentre metropolitan city. The City of Sydney and the NSW Government must consider how existing and planned centres across metropolitan Sydney will grow and cater for jobs growth. Only when employment growth is distributed across metropolitan Sydney's multiple centres, and transport and technological connections between them are optimised, will the significant social, productivity and sustainability benefits of a multicentre city be fully realised (refer to 3_9). A well-connected, multicentre city with efficient flows of capital, trade, ideas and people makes a truly global city that is efficient, accessible, just and attractive.

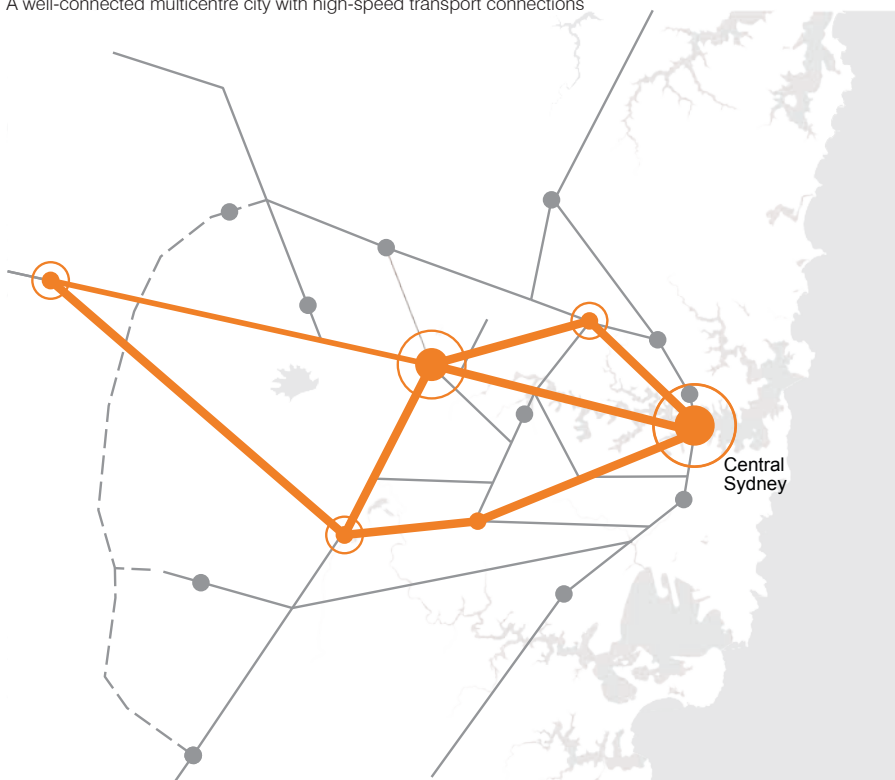
3_8

Airspace operational levels and solar access shaping city form



3_9

A well-connected multicentre city with high-speed transport connections



3.2

What we need to do to plan for growth

What we need to do to plan for growth

Having described why we need to plan for growth, what is it that we need to do? This section references the NSW Government's Plan for Growing Sydney to describe the growth that Central Sydney needs to accommodate. Then, it examines projections of demand and supply, and a gap analysis of employment floor space. This will show that the demand for employment uses cannot be accommodated in the current planning framework.

The Strategy will therefore refocus current planning controls to encourage the growth of employment floor space. The key objective is to accommodate the high-value office jobs that are so important to the Australian economy, while protecting and enhancing Central Sydney's ability to attract capital, visitors, ideas, residents and skilled labour.

Planning for a Growing Sydney

The Plan for Growing Sydney identifies the key challenge for metropolitan Sydney to increase the population by 1.6 million people by 2034 and create 689,000 new jobs by 2031.¹ It recognises the leading role of Central Sydney in ensuring the growth of NSW economy and that the large proportion of projected jobs growth for metropolitan Sydney will need to be accommodated in Central Sydney. The Plan for Growing Sydney prioritises work between the State and the City to:

- Plan for the CBD as a premier location for employment
- Provide capacity for long-term office growth
- Provide capacity for mixed-use development
- Investigate a potential commercial core for long-term employment growth
- Support the land use requirements of the financial services knowledge hub in the CBD
- Investigate opportunities to expand the CBD.

The NSW Government's various transport plans and projects also reinforce deliberate strategies to strengthen the economic role of Central Sydney. Sydney Metro and related transport improvements represent the most significant increase in transport capacity for almost 40 years. These projects will further attract employment-based uses – drawn to the productivity that comes from locations well-served by public transport – and may lead to increased employment projections.

The objectives of the Plan for Growing Sydney cannot be achieved under the current planning controls that incentivise residential development over commercial development.

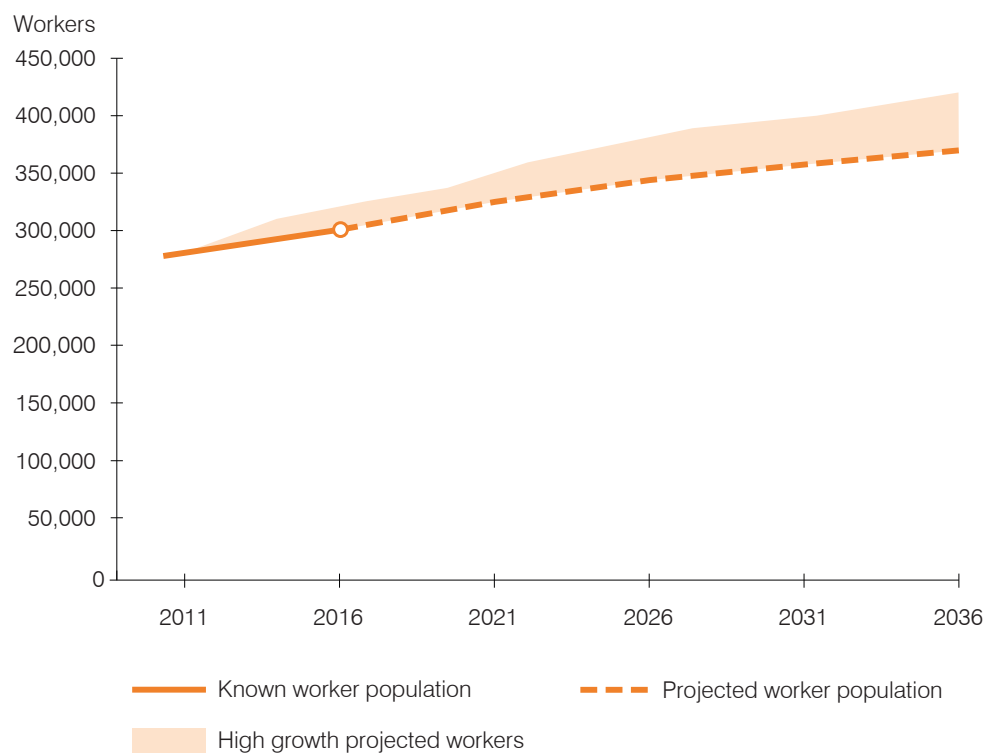
Projecting growth in Central Sydney

Projected growth in the relatively small area of Central Sydney is the most significant in Australia. The City is planning for an additional 19,000 residents, 10,000 dwellings and 133,000 jobs to 2036 – starting from 2012 numbers (refer to 3_10 and 3_11). This is based on Australian Bureau of Statistics census data, state government data sets, including Bureau of Transport Statistics, and the City's floorspace and employment survey which every five years counts all floor area, buildings, sites and business establishments in the City of Sydney. Achieving these ambitious targets will depend on coordinated planning to ensure there is capacity to accommodate this growth.

¹ The Plan for Growing Sydney does not include specific dwelling and employment 'targets' at the level of urban centres. The NSW Department of Planning is currently preparing District Plans for metropolitan Sydney's six districts that are expected to include new targets.

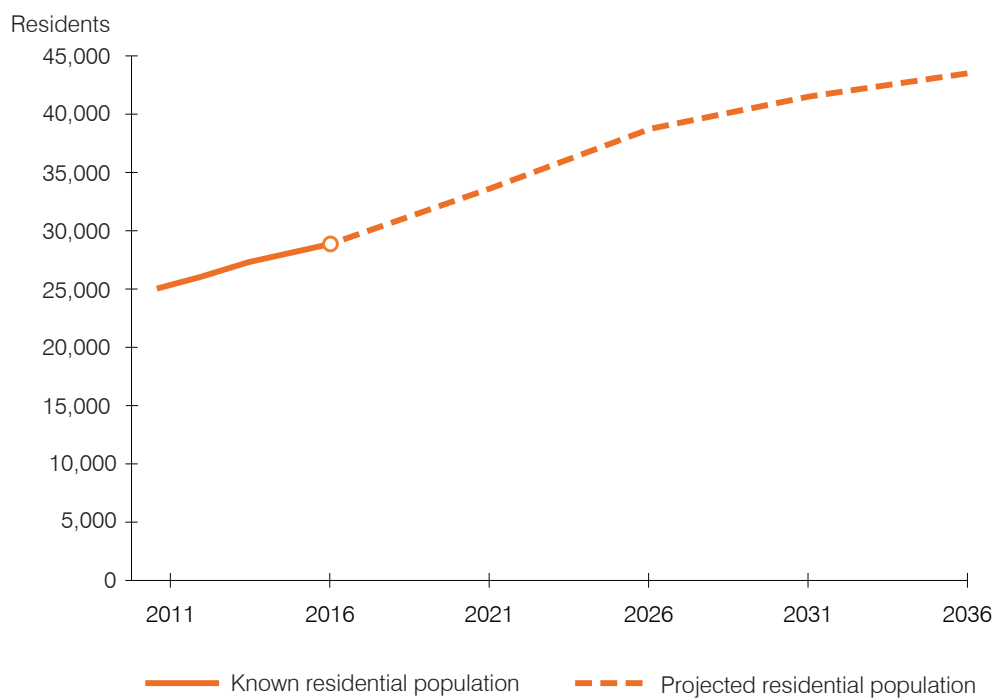
3_10

Central Sydney
workforce forecast
2012–2036



3_11

Central Sydney
resident forecast
2012–2036



NSW Government residential targets

NSW Government targets for residential dwellings will be achieved under the current planning controls and market conditions for the foreseeable future.

When released in 2010, the NSW Government's Metropolitan Plan for Sydney 2036 required an additional 61,000 dwellings above the existing 86,000 in 2006. Between 2006 and 2015, an additional 26,000 dwellings were provided, representing over 42 per cent of the target achieved in just one-third of the delivery period.

Completions are set to increase dramatically over the next few years as major regeneration projects are completed. Based on known applications, an additional 27,000 dwellings are expected (refer to 3_12). This means the City will have achieved about 86 per cent of the target in just 14 years with another 16 years, and sufficient capacity, to complete the remaining 14 per cent.

Residential projections

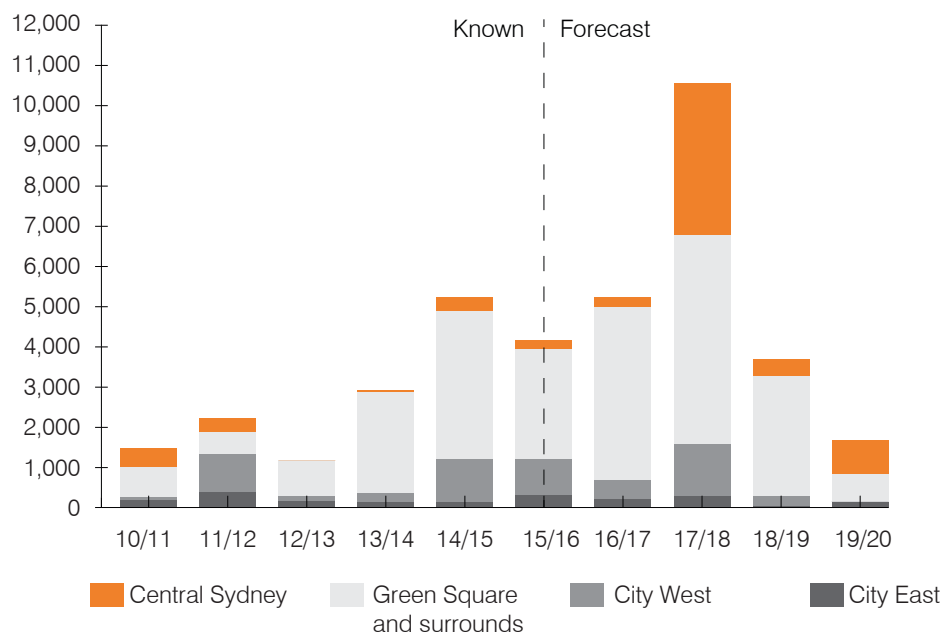
The City of Sydney is the fastest growing local government area in NSW with the residential population projected to increase by close to over 100,000 people to 2036 – from 2011 numbers (refer to 3_12), resulting in an increase of 53 per cent of today's population. In Central Sydney, where the current population will swell from 25,000 to close to 44,000, the growth rate is even higher, at 74 per cent.

By 2036, Central Sydney will have a similar-sized residential population as the suburbs of Pyrmont, Ultimo, Glebe and Harold Park combined. This increased population will significantly change the look and feel of Central Sydney's precincts. The implication of this growth in terms of infrastructure demand is significant.

At 1.9 people per dwelling, new residents will demand a total of 10,000 dwellings to 2036, equating to one million square metres of floor space at 100 square metres per dwelling – the current average for Central Sydney.

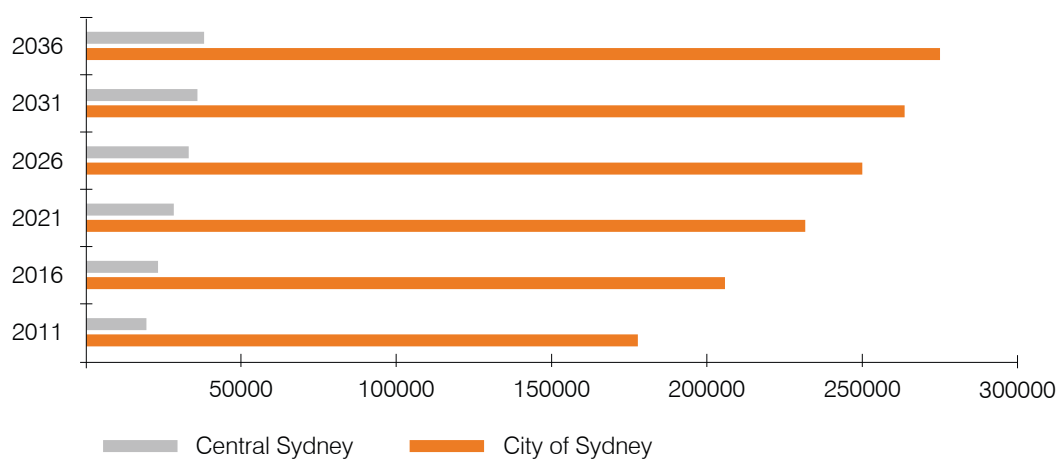
3_12

City of Sydney residential completions and expected completions 2010–2020



3_13

Projected population growth



Employment projections

Based on current trends and transport capacity, the net rise in forecasted jobs for Central Sydney is from approximately 286,000 in 2012 to 375,000 in 2036: approximately 89,000 jobs (refer to 3_14).² This could increase by as much as 50 per cent to 133,000 new jobs, given the high-growth conditions that will be created by drivers of demand including the new light rail and the Sydney Metro.

Industries with over 5,000 workers in Central Sydney that are projected to experience high levels of employment growth include Financial and Insurance Services; Information Media and Telecommunications; Professional, Scientific and Technical Services; Retail; Education; Health; and Arts and Recreation Services.

While projects like Barangaroo and Darling Harbour, most of which will be completed before 2018, are approved to deliver commercial floor space for about 30,000 additional workers, the majority of employment growth is projected in Central Sydney's traditional commercial core north of Park Street. It is likely, however, that south of Park Street, there will be a reduction in worker numbers due to older office buildings being converted to residential development.

Beyond Central Sydney's traditional boundaries, clusters of industry hubs – the creative industry, the growing health and education sectors, and the booming technology sector – are forming at its edges, taking advantage of proximity to big business and access to more affordable office rents and spaces they can better adapt to their needs. Many of these businesses will shape the profile of Central Sydney's future employment with growth.

3_14

Industries with projected high levels of employment growth to 2036
Source: Adapted from BTS employment projections

Industry	Projected jobs growth between 2011 to 2036
Arts & Recreation Services	69%
Health Care & Social Assistance	57%
Financial & Insurance Services	51%
Retail Trade	46%
Professional, Scientific & Technical Services	43%
Rental, Hiring & Real Estate Services	41%
Education & Training	39%
Administrative & Support Services	37%
Accommodation & Food Services	36%
Information Media & Telecommunications	31%
Public Administration & Safety	28%
Transport, Postal & Warehousing	5%

² Projections are supply-constrained demand estimates of outcomes. They look at past trends, current influences and future capacity constraints to estimate how and where the population will grow over time. Employment projections in particular, while reasonably accurate in Central Sydney in the past, are subject to fluctuations in market conditions, government policy and supporting infrastructure. Residential projections can also vary widely given economic conditions, planning controls and government policy.

Employment floor space gap analysis

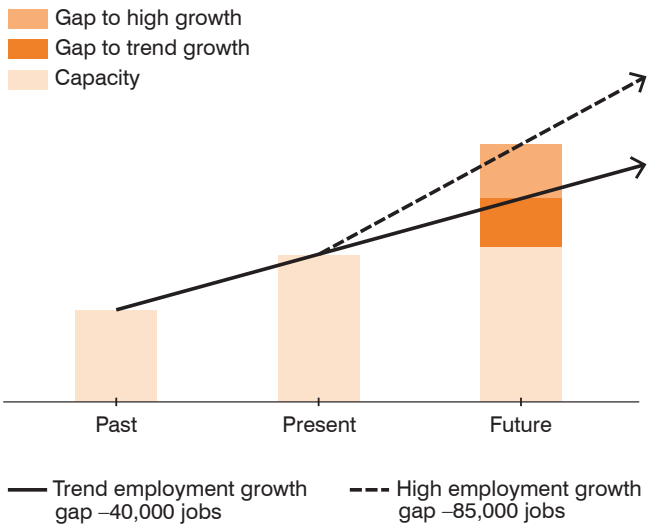
In 2012, Central Sydney had approximately 745,000 square metres of total available floor space capacity under the existing controls. However, given approval trends emerging over the last 10 years, it is highly unlikely that all available floor space capacity will be provided as commercial floor space.

Over the last four years, 52 per cent of new floor space was residential. Therefore, assuming that only 48 per cent of the total available floor space capacity under the existing controls is available for commercial development, and combined with commercial floor space provided in NSW Government-led sites outside of the City of Sydney’s jurisdiction, including Barangaroo, Darling Harbour, Wynyard Place and Central Park, projected capacity under current controls is one million square metres of commercial floor space.

Assuming 20 square metres of floor space is required for each job located in Central Sydney, only 50,000 jobs are likely to be accommodated under current planning controls. This is significantly less than the floor space required to accommodate projected jobs growth.

Without intervention to stabilise employment floor space losses and increase the amount of employment floor space, there will be significant constraints on the number of jobs that can be accommodated. The floor space gap analysis indicates that space for some 40,000 to 85,000 jobs may not be provided under the business-as-usual scenario (refer to 3_15 and 3_16).

3_15
Employment gap analysis to 2036



3_16
Employment gap analysis to 2036

2036 employment target	Additional jobs to 2036	Required floor space (sqm)	Gap (sqm)
Trend growth	+ 89,000 jobs	1.8 million	-0.8 million
High growth	+ 133,000 jobs	2.7 million	-1.7 million

A new planning approach for Central Sydney

The Strategy provides economic opportunities for investment in jobs, and supports public improvements that will make Central Sydney an even more attractive place for business, residents, workers and visitors. It outlines how Central Sydney will grow, and includes objectives and actions to promote its role as the State and nation's economic, cultural and social engine room.

For metropolitan Sydney to retain its global city status, and Central Sydney its primacy as Australia's commercial core, it is critical that economic and employment growth opportunities are protected. It is clear from the gap analysis above that a business-as-usual approach cannot achieve this objective. Without intervention, there will be a shortage in the supply of employment floor space.

Going forward, the planning strategy for Central Sydney must be rebalanced with a long-term focus on economic and employment growth.

New planning approaches and development controls can be used to protect and expand employment floor space. Some 'building up' and 'growing out' is part of the response – but smart planning is needed with growth that is integrated with the planned increases in public transport capacity and delivered with the right mix of commercial, hotel and retail. This growth must also be supported by adequate social and physical infrastructure, without losing the opportunity for further residential development and other activities that support a lively city.

When Central Sydney moves again into a more favourable commercial development cycle, it is important planning controls are in place that facilitate an increase in employment floor space. In the short to medium term, land that is critical to supporting the growing economy must be protected from overwhelming residential demand to ensure access to jobs and services (refer to 3_17).

The Strategy provides a framework for the evolution of the successful planning strategies of the past, one which will deliver on the objectives and aspirations of the NSW Government and the City's vision for a green, global and connected City to 2030 and beyond.



3.3

How we will plan for jobs growth

How we will plan for jobs growth

Now that it has been established why Central Sydney needs to plan for growth, and what needs to be done, the next step is identifying implementation strategies and actions.

This section describes 10 key moves that will facilitate growth. It provides the foundations for the more specific and technical descriptions of the planning controls, actions and provisions of the Strategy provided in Section 4.

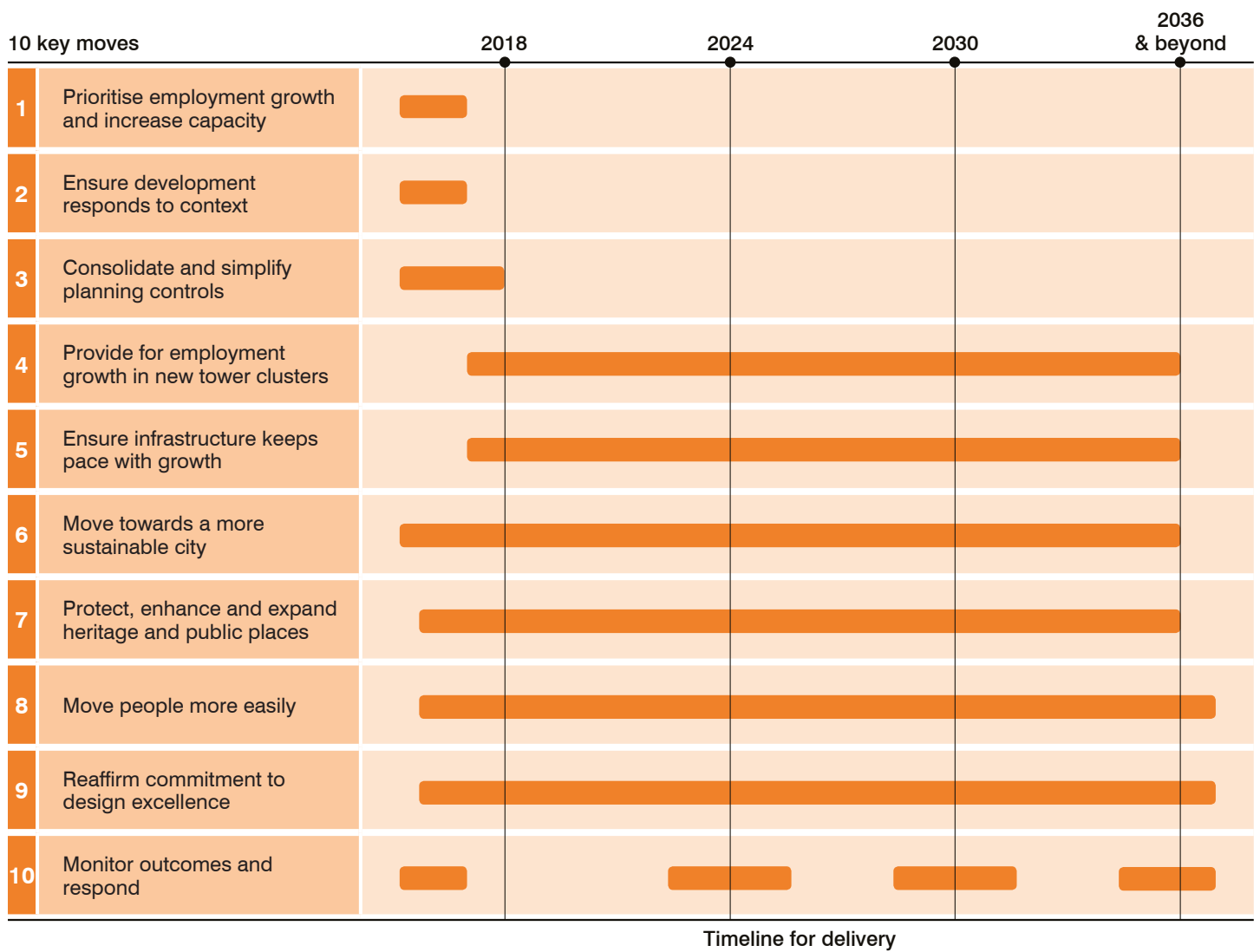
Making change happen

The Strategy identifies what can change now and what will need to change in the future to ensure that as new opportunities arise they can be harnessed and challenges met. The Strategy will facilitate projected growth in Central Sydney to 2036 and beyond with 10 key moves. These moves will be implemented in three stages: immediate and short-term (1 to 2 years), medium-term (2017–2036) and ongoing. Each stage includes review and monitoring processes.

1. **Short-term** – Today to 2018, where changes to the existing planning controls will be made immediately to achieve a greater focus on economic and employment growth and ensure the environment and amenity of the city is protected and where the City will work with the State to streamline the planning controls and governance structures that apply to Central Sydney.
2. **Medium-term** – Today to 2036, where the City will work with industry and the community to provide additional density and height in the right locations, tailored to individual sites that contribute to the increased environmental, cultural and social sustainability of the city. Initially growth will be facilitated through site specific changes to the planning framework in accordance with a guideline. In the medium term the City will work with the NSW Government to overcome barriers to fully implement the strategy without requiring site by site planning amendments

3. **Ongoing** – Where opportunities for growth are shaped by first principle environmental controls of sunlight access, heritage and public views and the City's commitment to improved access and design excellence are at the forefront of decision-making.
4. **Monitoring** – Where monitoring of outcomes, additional research and consultation with government, industry and the community will continue to ensure that the City's planning controls are well calibrated to deliver the planning and land use directions of the City's Sustainable Sydney 2030 and the NSW Government's A Plan for Growing Sydney.

This managed approach to implementation will ensure that as Central Sydney grows, there will be a cohesive vision for and lasting commitment to the aims, key moves and actions of the Strategy.



Key moves

1 Prioritise employment growth and increase employment capacity by implementing genuine mixed-use controls and lifting height limits along the Western Edge

New development controls will limit residential and serviced apartment floor space in large developments to a maximum of 50 per cent. This will provide for a genuine mixed-use outcome, stem the loss of employment floor space and ensure that as the city grows, new employment floor space is provided to accommodate projected jobs growth.

Providing an immediate increase in height controls on the Western Edge will capitalise on the changing form and character of the area and the additional rail infrastructure commitment by the NSW Government.

Within the podiums of towers, the city will see more retail, affordable offices and cultural and creative uses that provide services at street level, allowing for an exchange between the life of the street and life in buildings – and contributing to the public life of the city. In the towers above, residential use will still occur with a buffer provided between these private habitats and the hustle and bustle of street life below. Controls for tower separation and height will drive slimmer towers that have better access to outlook, sunlight and air.

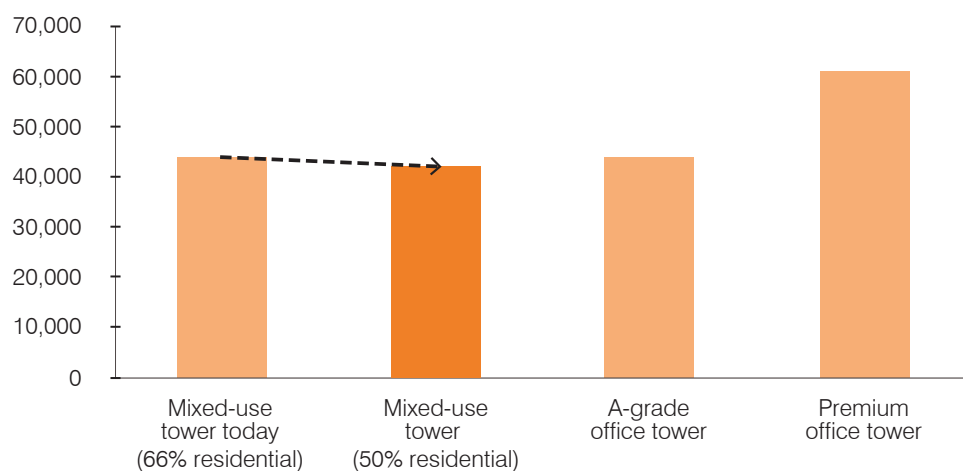
This short-term move will ensure the development of a genuine mixed-use centre and provide a solid foundation for the growth of employment floor space.



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Managing use: City Core

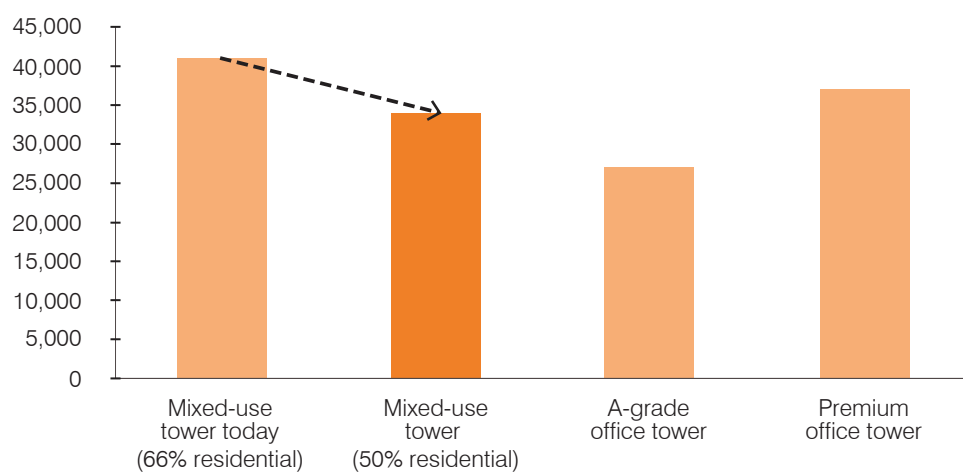
Change in \$ per square metre of site area
with implementation of 50/50 control



3_19

Managing use: Midtown and Western Edge

Change in \$ per square metre of site area
with implementation of 50/50 control



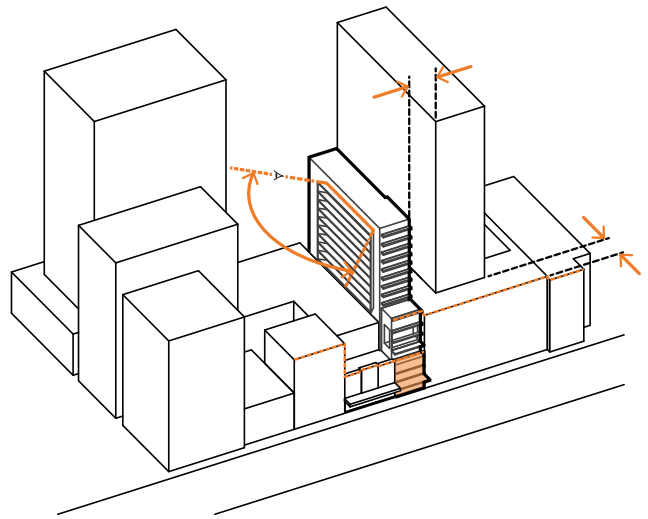
2 Ensure development responds to context by providing minimum setbacks for outlook, daylight and wind

Flexible planning controls for tall buildings mean buildings will better respond to their context. Site-specific considerations, such as adequate building setbacks and outlook, heritage curtilage, wind impacts, sunlight and air movement will determine where a new tower can appropriately be accommodated.

These changes will be implemented in the short term, confirming expectations for tower developments.

3_20

478 George Street, site analysis





3 Consolidate and simplify planning controls by integrating disconnected precincts back into the city, unifying planning functions and streamlining administrative processes

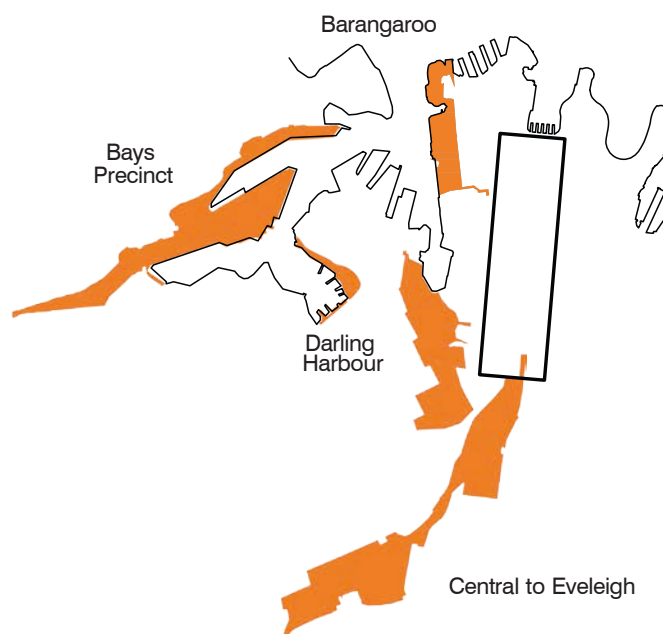
Expanding the geographic boundaries of Central Sydney to include the Rocks, Darling Harbour, areas around Ultimo, the University of Technology Sydney and Central Railway will maximise growth opportunities.

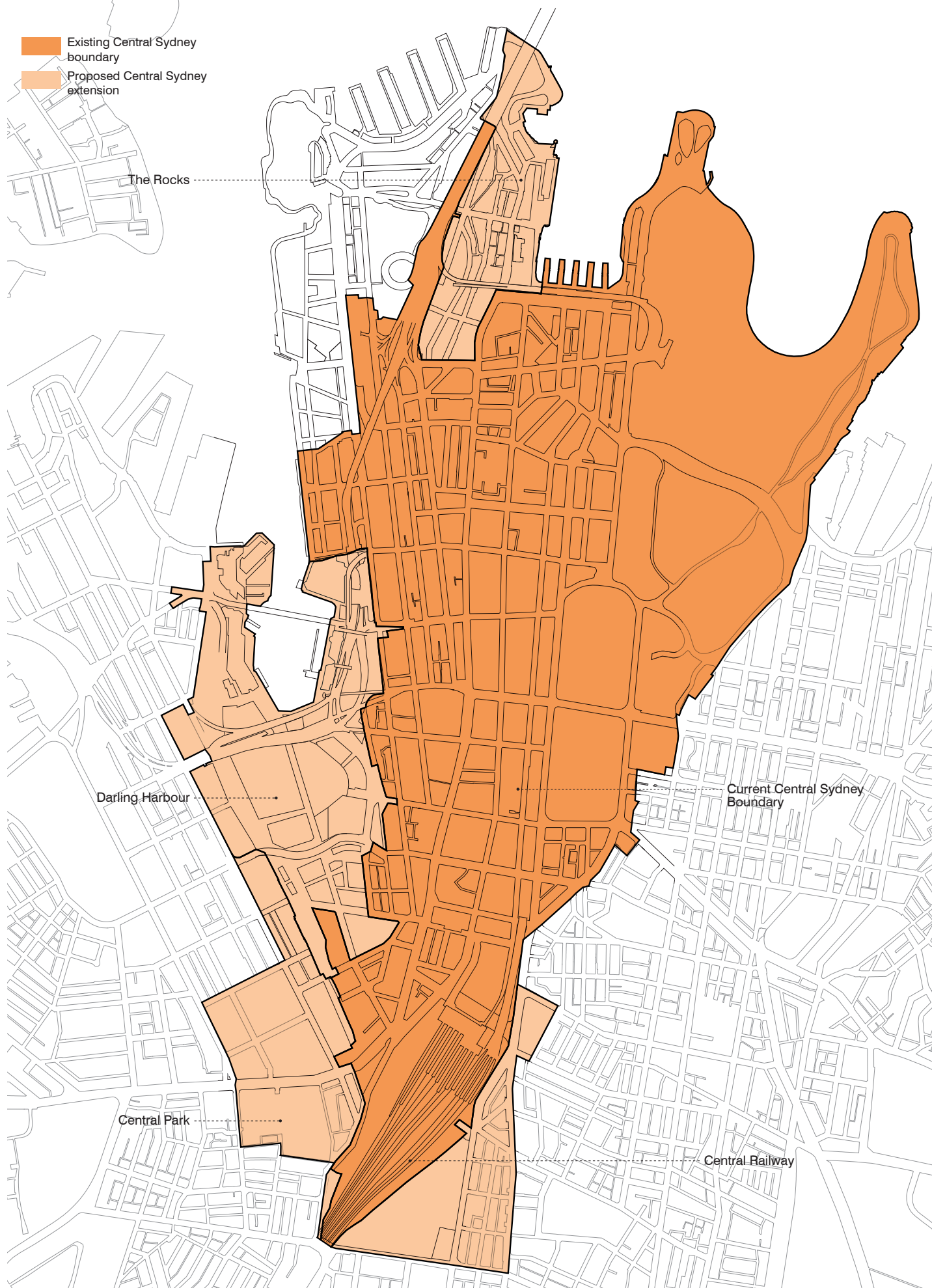
A single consent authority and planning framework for Central Sydney allows for the efficient and streamlined administration of planning functions where currently parts of Sydney are excised by state significant development. It allows the identity of Central Sydney and its precincts to be reflected as a single entity and projects this image globally. It allows Central Sydney to have a single unified strategic plan that responds to the planning and land use philosophies of the City's Sustainable Sydney 2030 program and the NSW Government's A Plan for Growing Sydney.

Consolidation and simplification of the planning controls will happen in the short term. Actions requiring state government partnerships will happen in the medium-term, with expanding boundaries opening up opportunities for an expanded heritage floor space scheme, expanded design excellence, unified data collection and a consistent approach to public domain and open space.

3_22

State-significant development sites





4 Provide for employment growth in new tower clusters

Introducing a new planning pathway for heights and densities above established maximum limits will increase growth opportunities for employment floor space, promote the efficient use of land, and encourage innovative design. It will also unlock opportunities for the delivery of cultural, social and essential infrastructure and improved public spaces commensurate with growth.

These opportunities are focused in those areas of Central Sydney less constrained by sun access planes. As opportunities are taken up over the next 20 years, new tower clusters will form in Central Sydney to 2036 and beyond.



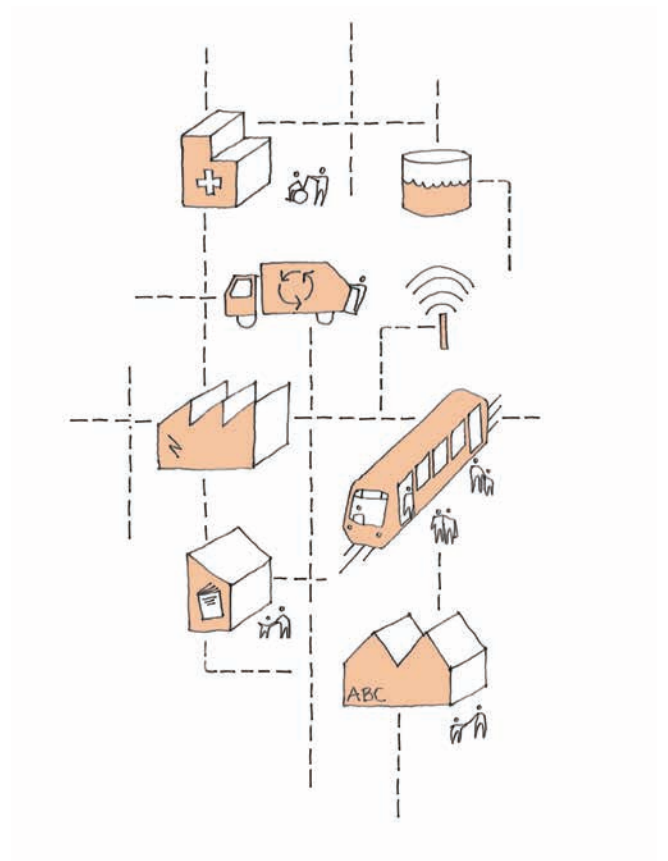


Ensure infrastructure keeps pace with growth to sustain a resilient city with a strong community, economy and high standard of living

With affordable housing provided for in the short term and additional infrastructure addressed on an ongoing basis, the Strategy will balance growth with essential social and physical infrastructure.

The greatest challenge for any global city is the supply, funding and delivery of infrastructure. Doing this well creates and sustains a resilient city with high standards of living.

The Strategy requires the development of an infrastructure plan that identifies current and planned infrastructure and any opportunities to strengthen and prioritise infrastructure provision across both the City of Sydney Council and the NSW Government. This plan will assist in optimising the community benefits of growth, assigning responsibilities to different levels of government to ensure they are best placed to respond to emerging challenges and demands. It will aid in forging private and public agency partnerships to ensure the delivery of infrastructure is provided in an efficient, integrated and timely way across a variety of infrastructure classes including open space, waste, fibre optics, water and water recycling, education, health, and public transport.



3_24

Surry Hills Library



3_25

Central Park open space



3_26

Affordable office space – Darlinghurst



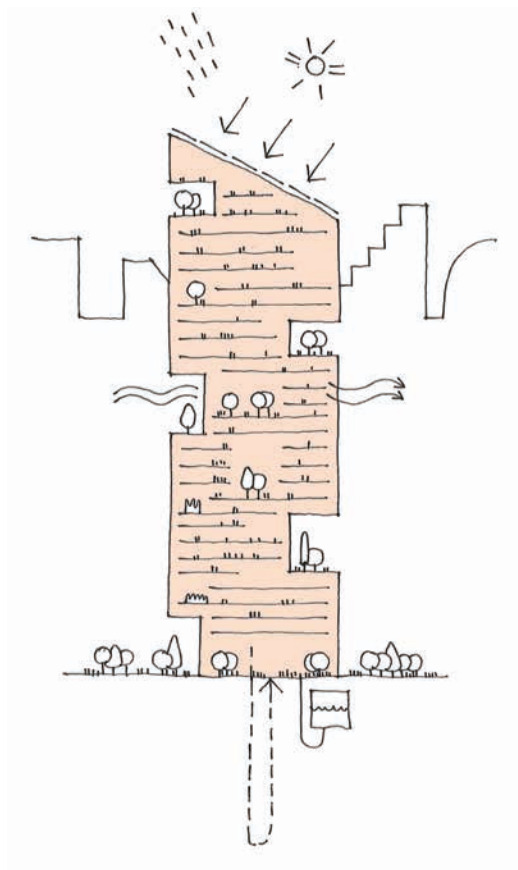
6 Move towards a more sustainable city with planning controls that require best practice energy and water standards and for growth sites to drive zero-net energy outcomes

In support of the City's aim to become Australia's first zero-net energy city, the Strategy includes actions to implement planning controls for minimum energy and water standards for all new developments. It also includes actions to investigate provisions that reward the retention, refurbishment and upgrade of older office buildings to higher water, energy and waste efficiency performance. This will take place over the short to medium term.

Energy efficiency is cost-effective and will make the most significant contribution – almost half – of the City's emissions target.

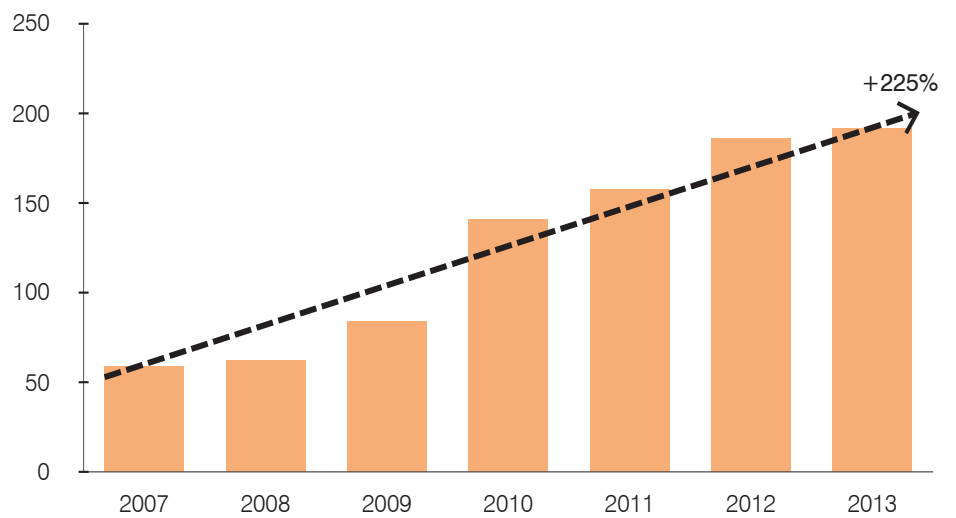
Existing policies such as building codes and energy standards can save one million tonnes of carbon emissions each year by 2030.

New policies and programs can save almost two million tonnes of carbon emissions each year, which would mean annual emissions are 42 per cent below 2006 buildings emissions.



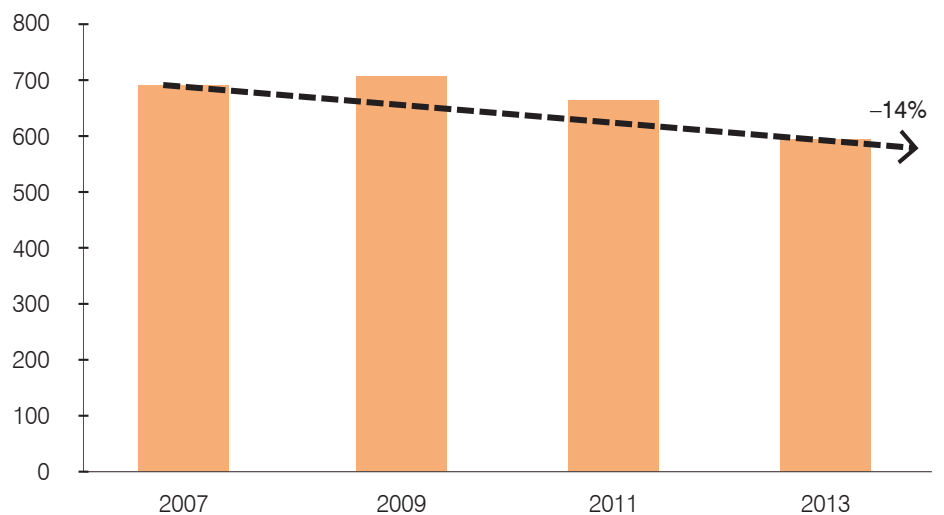
3_27

NABERS-rated buildings, City of Sydney



3_28

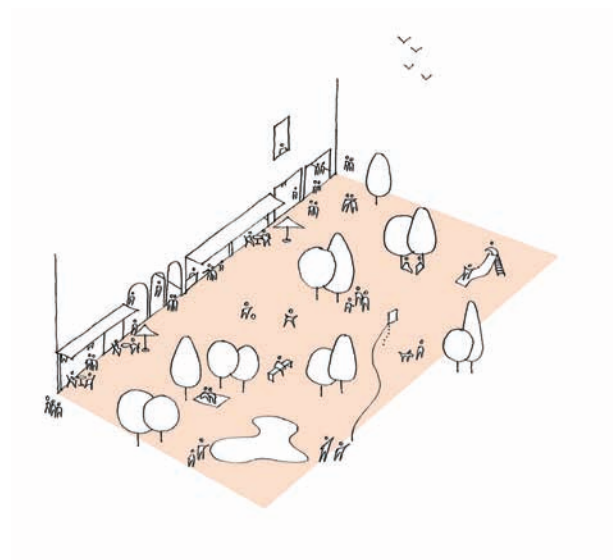
Energy intensity – NABERS-rated buildings,
City of Sydney
megajoules/square metre per annum



7 Protect, enhance and expand Central Sydney's heritage, public places and spaces

Balancing growth with the need to protect and enhance public parks, spaces and views will ensure Sydney remains a beautiful and vibrant city. These public assets are critical to attract visitors, high-value jobs, tourists and residents. It is essential to ensure they receive adequate sunlight, remain safe and are well utilised.

As development occurs, the City will work with landowners to enhance and expand our network of public places and spaces. New roads, pedestrian links, revitalised laneways, event spaces, green spaces, paved meeting places, outdoor dining opportunities and public art will be provided as the city grows.



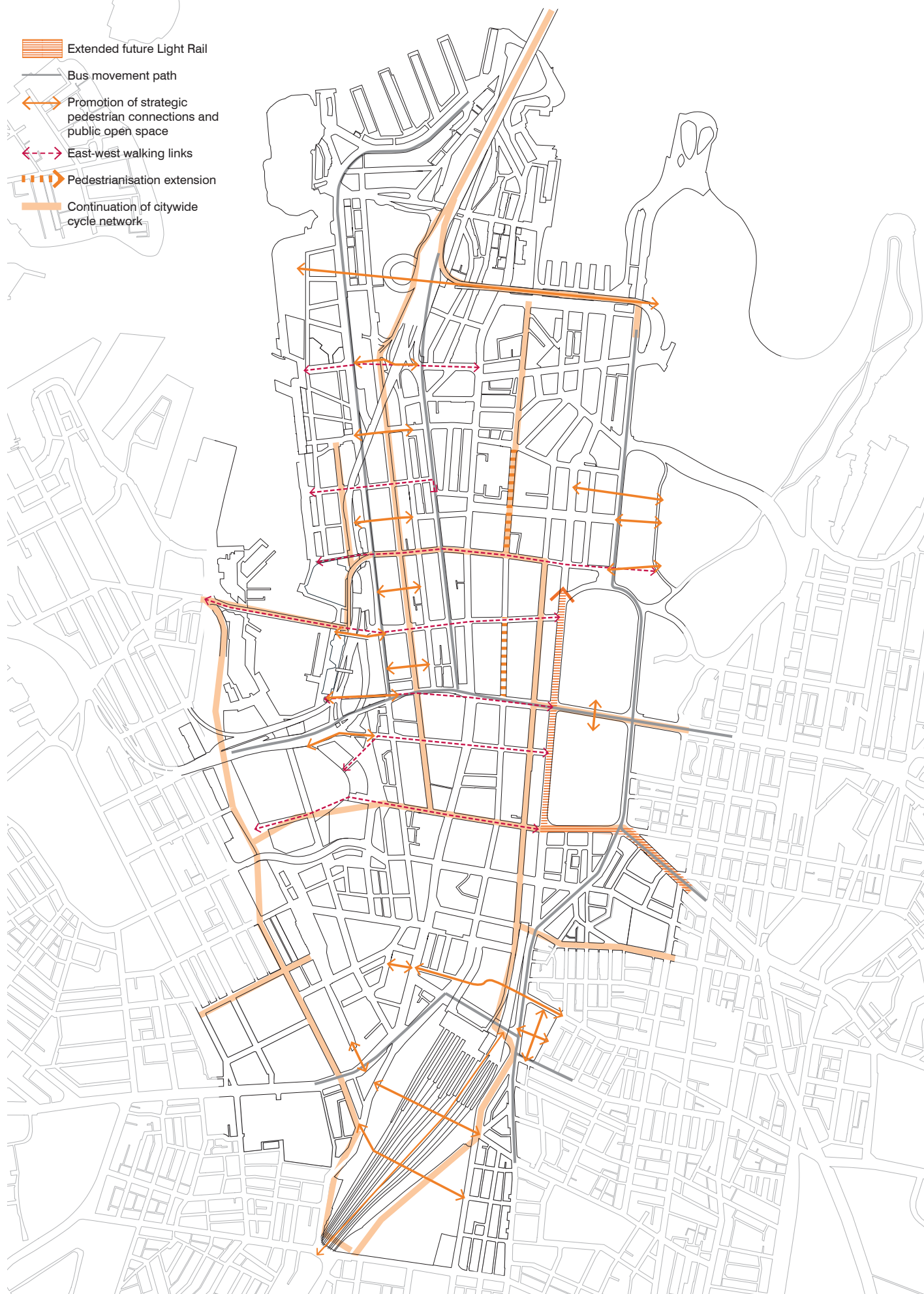


8 Move people more easily by prioritising streets for walking and cycling and expanding the pedestrian and open space network

Prioritising streets for people to walk and cycle, and encouraging public transport, will reduce congestion and redefine our streets as places to enjoy, linger, interact and do business. These actions will help maintain our economic competitiveness, reduce greenhouse gases, and improve the health of the community. And it will make Central Sydney a pleasant place to work, live and visit.

The Strategy will deliver actions in the NSW Government's Sydney City Centre Access Strategy, linking them, as the city grows, with opportunities introduced by the Strategy. The Strategy picks up where other strategies like the City's Walking Strategy and Action Plan leave off. It directly links land use, the challenges of moving people in a growing urban centre and the opportunities created through state, local and private partnerships to resolve complex issues such as freight management, footpath capacity and how to move a growing working population.





9 Reaffirm commitment to design excellence by continuing to work in partnership with community and industry to deliver collaborative, iterative and tailored solutions

High quality building design assures Sydney's status as one of the most beautiful cities in the world.

The Strategy promotes and encourages building design of excellent quality at every scale and level of detail, so people find buildings inspiring, satisfying and comfortable. The quality of a building – including its interface with the street, performance, proportion, finishes and placement in the skyline – all combine to make a building great.

3_31

1 Bligh Street – Green Wall





10 Monitor outcomes and respond to issues that arise to ensure the Strategy's ongoing success

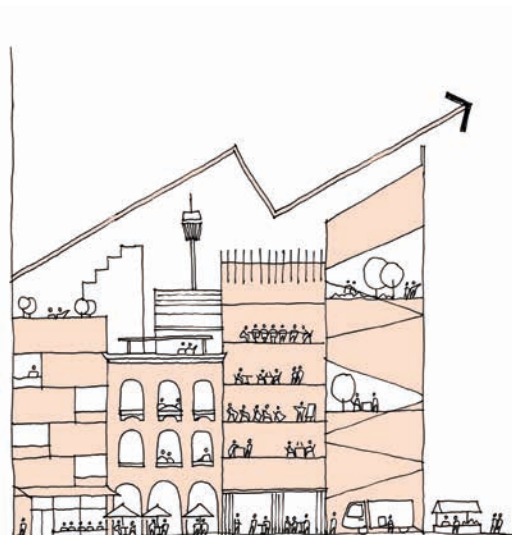
Monitoring the success and impact of these 10 key moves will help identify issues early and take action to address them.

A monitoring program will be developed in the medium term that focuses on the net growth of employment floor space.

Ongoing monitoring will also allow regular reviews of the strategy in line with critical land use and employment surveys, including the City's Floor Space and Employment Survey (FES) and the Australian Bureau of Statistics' Census of Population and Housing (Census). Results of the City's monitoring program, informed by the FES and Census, will inform reviews of this strategy and related controls and guidelines.

Barangaroo will deliver over 300,000 square metres of employment floor space, or close to 6 years' supply of office floor space in the space of 12 months. This flood of supply, rather than attracting new office tenants from overseas, will house existing Central Sydney tenants that have moved from older office building stock. This has left older office buildings, towards the end of their economic life, vacant. Where in the past these buildings would have been upgraded and placed back on the rental market, in the current economic climate they are being sold and redeveloped for residential strata.

The predicted upwards trend for residential investment in Central Sydney is likely to continue, with a decreasing proportion of employment floor space and employment land available in Central Sydney – unless appropriate planning controls and intervention are implemented.





The 10 key moves of the Strategy will be implemented through a variety of mechanisms including planning, projects, advocacy and collaboration. All of this work will be place-led and people focused.

Place-led and people-focused

Central Sydney is in the middle of a renaissance with extraordinary levels of private and public investment in development and infrastructure. The Strategy will build on the opportunities offered by these projects and encourage employment investment beyond the traditional confines north of Park Street. This will complement the pedestrianisation of George Street and its three main squares – a square for celebration at Circular Quay, a civic square opposite Town Hall and a village square at Central Station.

The Strategy also supports the revitalisation of the Midtown and Southern precincts, including Central Sydney's newest precinct, the Central to Everleigh Precinct, youthful and lively, and serving existing education, visitor accommodation and creative uses. It will also serve those emerging and perhaps yet-unknown business models and work-places that are seeking a playful and creative point of difference to the traditional office core.

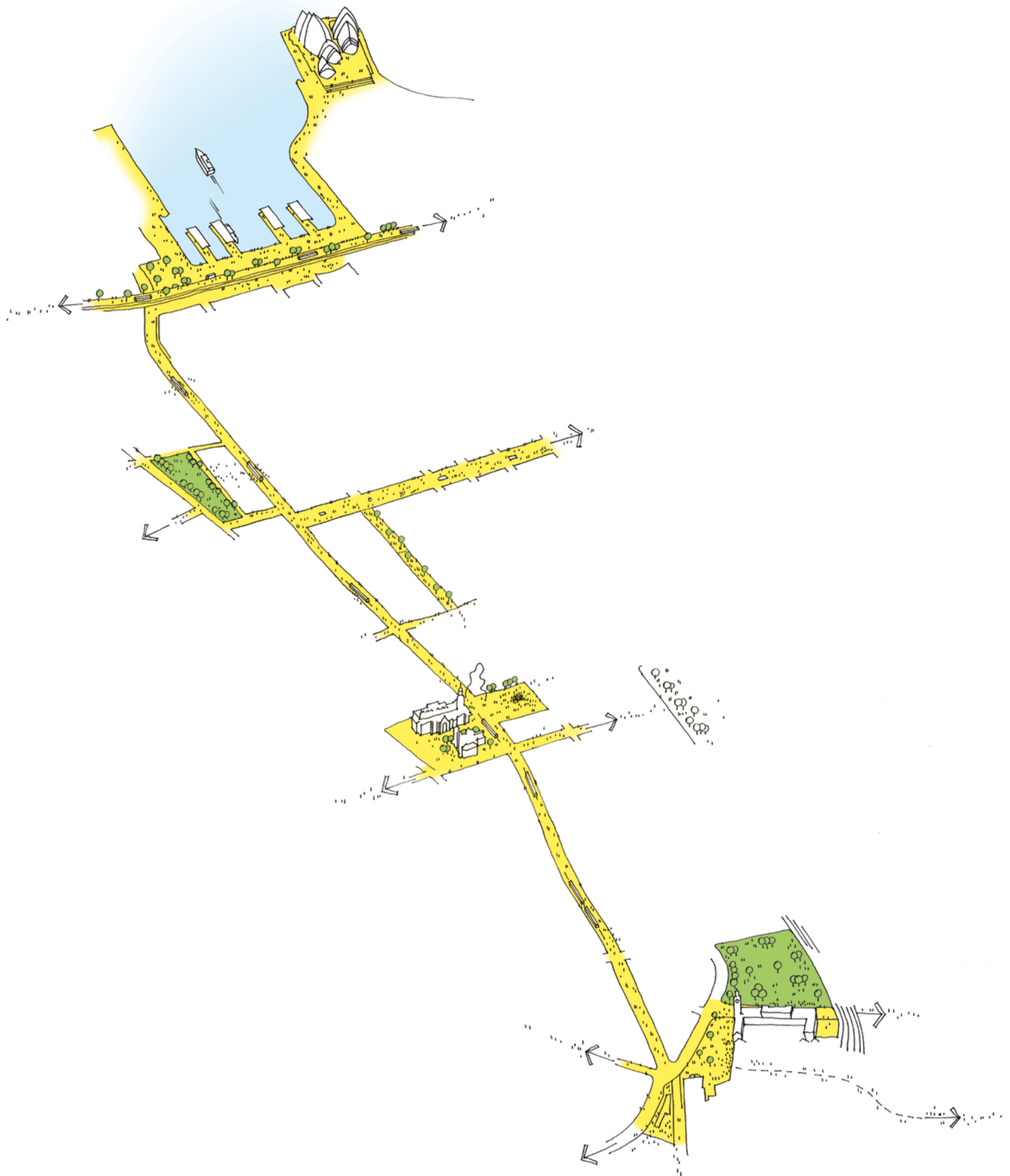
The Strategy recognises that in parts of Central Sydney, commercial development will be challenging, even with substantial increases to density under growth controls. This is due to the perception of parts of the centre, particularly south of Park Street, having a poor image and amenity challenges.

Developments like Liberty Place (occupied by ANZ and Herbert Smith Freehills) and Westpac Place are examples of redevelopment projects that, in partnership with the City, have been game-changing for precincts, increasing their profile and improving market perception.

Renewal of sites in and around Central Sydney has flow-on impacts for surrounding city blocks, increasing their desirability and appeal. This leads to increasing rents and prices which then stimulates their redevelopment and renewal. Catalytic projects drive investment, promote rental growth and increase street appeal.

The Strategy fosters opportunities for catalytic development across Central Sydney. With a place-led and people-focused approach, the Strategy takes its lead from known public domain and public infrastructure improvement programs associated with the Sydney Metro and South East Light Rail projects, identifies growth site opportunities around these projects, and builds on the City's three square public domain strategy for Central Sydney.

The City will work with landowners of growth sites to collectively secure the necessary boost in profile and image that will result in commensurate rises in overall commercial rents. Catalytic projects by both the NSW Government and private sector on sites in and around Central Sydney will be instrumental to improving the amenity of Central Sydney, particularly the redevelopment of space above the train lines at Central Railway Station. This project provides a once-in-a-lifetime opportunity to function as the southern employment gateway to Central Sydney, served by a high-volume, mixed-mode transport interchange, a professional and creative highly skilled workforce, with access to a range of cultural and tourism destinations and the ability to integrate with and extend the existing fine grain street and open space network of surrounding Surry Hills, Chinatown, Ultimo and Chippendale. Delivered in the medium term, the successful development of Central to Eveleigh will deliver flow-on benefits for Central Sydney's Midtown, from Park Street to Eddy Avenue.



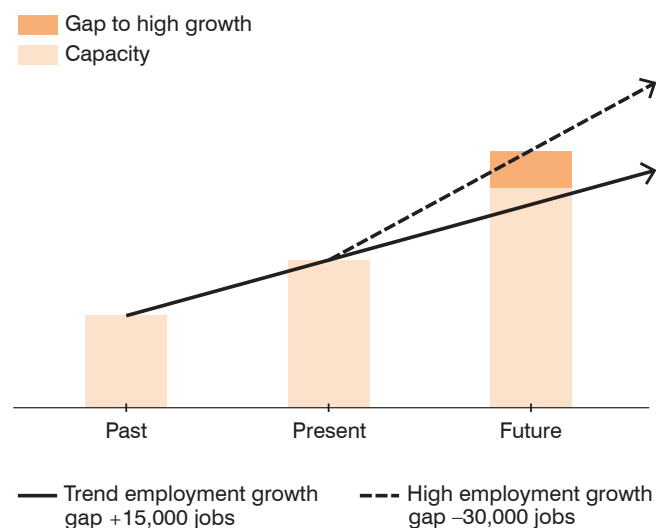
Closing the capacity gap

Earlier in this section, evidence was presented of the constrained pool of employment floor space achievable under current planning controls. The gap analysis showed a shortage of up to 1.7 million square metres of employment floor space to 2036 under a business-as-usual scenario.

The key moves of the Strategy will significantly increase the quantum of employment floor space available. In total, the proposed immediate changes to the Sydney LEP 2012 under key move 1, together with the floor space that is unlocked by identified 'growth opportunities' in key move 4, increases the amount of additional floor space that is available in Central Sydney to over 2.97 million square metres (refer to 3_35 to 3_38).

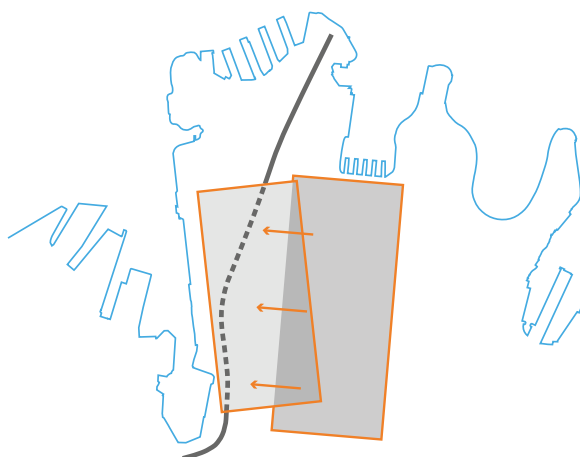
3_35

Employment gap analysis to 2036



3_36

Short to medium-term capacity



1,300,000 square metres
Short to medium-term
Today to 2030

3_37

Opportunity for growth: floor space projections

Capacity projection ('000 sqm)	Land use	City sites	State sites	Total floor space
Total floor space capacity under increased controls in Sydney LEP 2012 (assumes 75% take up and a 50/50 land use split)	Non-residential	295	605	900
	Residential	295	570	900
Total additional strategic floor space capacity achievable (assumes 50% take up and 100% mandated employment)	Non-residential	705	0	705
	Residential	0	0	0
Central to Eveleigh	Non-residential	0	500	500
Total projected floorspace (total floor space capacity under increased controls + likely additional floor space under 'growth controls')	Non-residential	1,000	1,105	2,105
	Residential	295	570	865
				2,970

3_38

Opportunity for growth: gap analysis

Projections	Additional to 2036	Required floor space (sqm)	Projected floor space (sqm)	Gap (sqm)
Constrained employment growth	89,000 jobs	1.8 million	2.1 million	+300,000
High employment growth	133,000 jobs	2.7 million	2.1 million	-600,000 million

A multi-centre city

The Central to Eveleigh and Bays Precinct urban renewal projects are an opportunity to secure the growth potential of Central Sydney. The physical proximity of these projects makes them the natural long-term extensions of Central Sydney, and the future home of metropolitan Sydney's high-value workers and knowledge-intensive industries.

While this strategy includes planning controls that protect and encourage the provision of employment floor space, it remains critical that these planned centres, and other centres within metropolitan Sydney, set aside an appropriate amount of land for employment floor space growth, delivered on a site by site basis. Planning for a high jobs growth scenario for 2036 and beyond, rather than to current trends, is critical to preserve the global status of metropolitan Sydney.

The strategy details planning priorities for Central to Eveleigh Street and the Bays Precinct, including additional public transport linkages, affordable housing, diverse employment floor space, enhanced local connections and improved local infrastructure.

It extends the question of how we plan for the growth of Central Sydney, from what can the City of Sydney do alone, to what can the City, state and communities do in partnership to ensure these precincts develop as a successful extension to Central Sydney, where success is measured through financial, social and environmental sustainability.

At the current average use split of 52 per cent employment to 48 per cent residential floor space, known State-significant projects such as Barangaroo will deliver over 600,000 square metres of additional employment floor space. In a physically constrained growth environment such as Central Sydney, this is significant. It will accommodate one-third of the projected constrained employment growth. This highlights the significant role that sites predominantly managed by NSW Government play in the ability for Central Sydney to accommodate employment growth in the medium term.

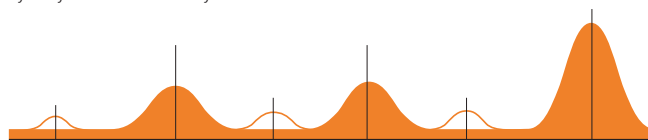
Until now, decision-making around the use split for NSW Government-managed development sites has been site-specific, affected by short-term financial rather than long-term public benefit considerations. This has led to controversial changes in scope, with the proportion of employment floor space reduced on many projects including Central Park (approved employment floor space reduced from 40 per cent in 2007 to 23 per cent in 2015) and Barangaroo (from 75 to 67 per cent).

While some NSW Government-managed developments across metropolitan Sydney may have short-term prospects to satisfy particular hot property markets or meet pressing objectives, a long-term and more holistic view should be adopted for the precincts surrounding Central Sydney.

For the Bays Precinct and Central to Eveleigh, the balanced approach for use adopted by the State in the past is not acceptable. They will need to adopt a stronger employment focus, where a long-term commitment to employment is provided.

3_39

Sydney: a multicentre city



3_40

Melbourne: a concentric city



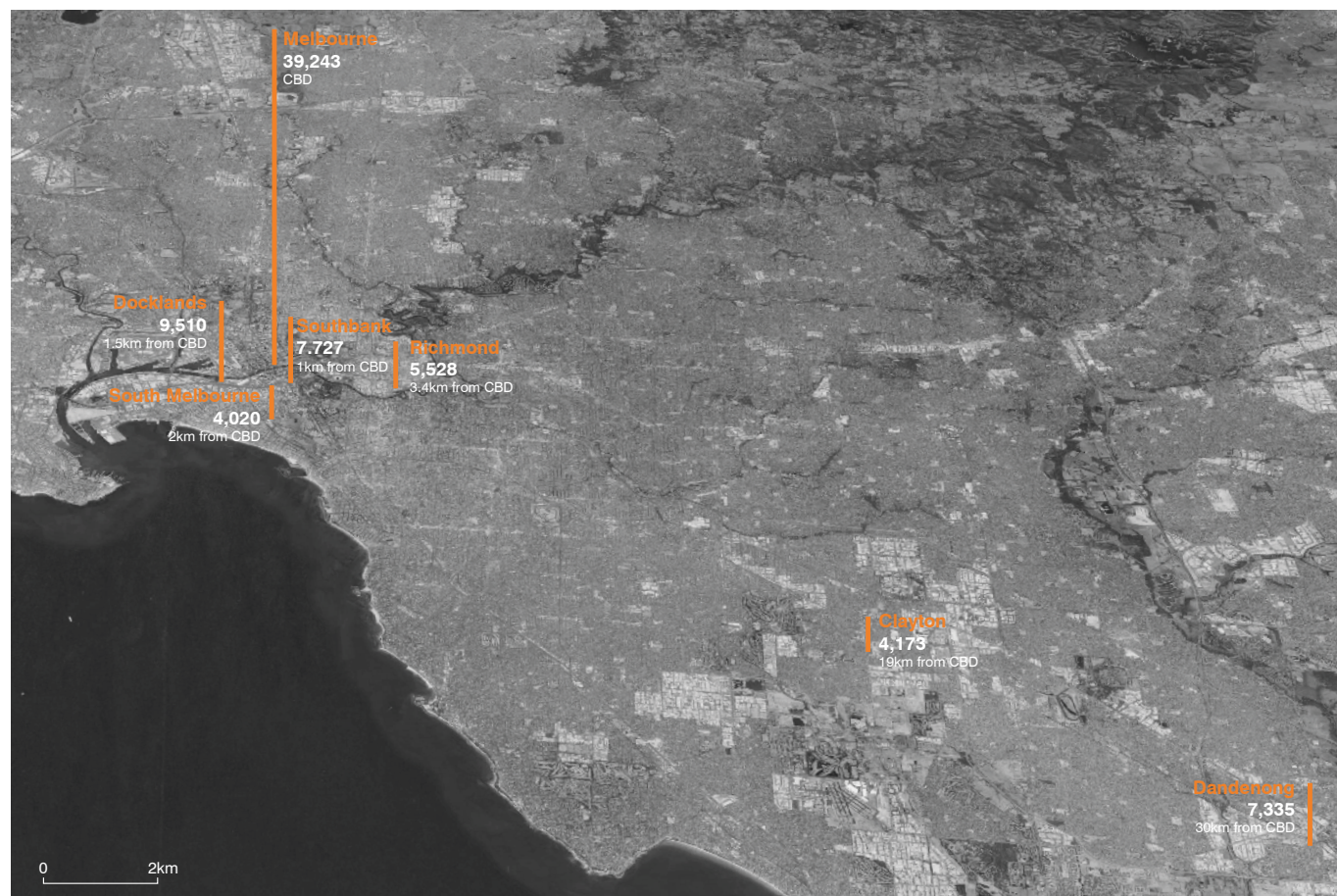
3_41

Metropolitan Sydney's multiple centres: gross output (millions) Source: PricewaterhouseCoopers, 2015, GEM



3_42

Melbourne gross output (millions) Source: PricewaterhouseCoopers, 2015, GEM



Central to Eveleigh

The land between Central railway station and Cleveland Street and onwards to Eveleigh has been identified in Sustainable Sydney 2030 and the State Government's A Plan for Growing Sydney as an opportunity to expand office space in Central Sydney. It was also identified for redevelopment in both the 1971 and the 1988 major strategic plans for Central Sydney.

Fostering job growth based on the existing industry clusters (creative and health and education) will play an important role in the expansion of Central Sydney's economy. Catering to emerging and growing businesses such as the digital, creative and service industries will add adaptability, diversity and flexibility to Central Sydney's economic and employment profile, representing a city that is resilient in the face of changing economic conditions and priorities.

Central to Eveleigh is ideally positioned to cater for this growth with its proximity to existing and growing employment clusters in surrounding suburbs. It is also better positioned to deliver the larger floor plate, lower campus-style buildings such as found in Melbourne's Docklands that are preferred by financial and professional service firms. Central Sydney's existing structure, street and block pattern, and intimate scale are less accommodating.

3_43

Artist's impression of Central railway station looking north

Source: Sustainable Sydney 2030: Idea 2 – Three City Squares.
Concept by Hassell and Hill Thalys Architects, 2008



Priorities for Central to Eveleigh should be:

- **Diverse employment floor space:** Central to Eveleigh has the potential to accommodate approximately 500,000 square metres of floor space, at Central Station, in a form that respects direct solar access to Prince Alfred Park. The floor space potential created equates to approximately 25,000 future jobs.

All of this floor space should be earmarked as employment-related floor space where a diversity of spaces are targeted towards a diverse range of business, both big and small, local and international, and supported by community and cultural infrastructure.

- **Enhanced local connections:** Arguably Australia's best-serviced major urban renewal area in regards to public transport, the existing available capacity of the transport network provided by bus, heavy rail and planned metro and light rail services means that even without additional short-to medium-term investments in public transport, Central to Eveleigh has the unrivalled ability to grow without placing undue pressure on metropolitan Sydney's public transport network.

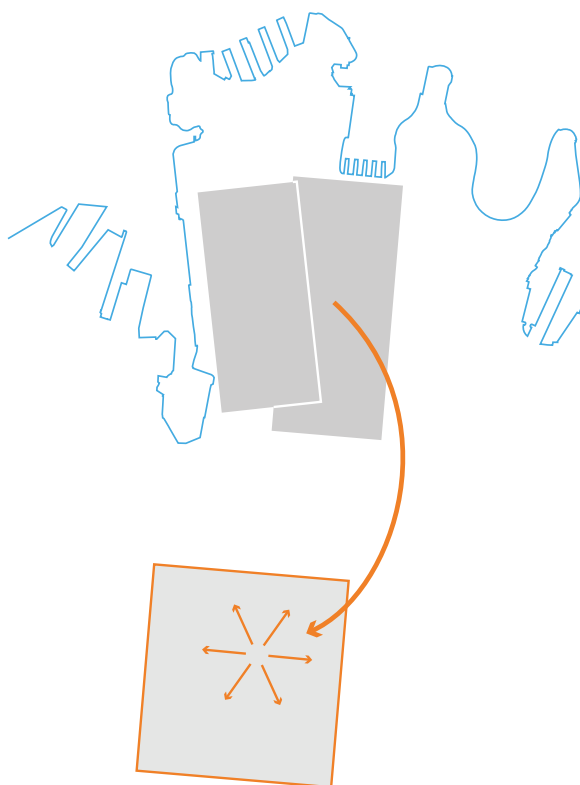
While well serviced by metropolitan connections, it is, however, poorly serviced by local connections and it will be these local connections – the incidental and everyday journeys – that will influence the decision of workers and businesses to locate and invest there.

The urban transformation of Central to Eveleigh should minimise traffic generation and congestion, building on the key attributes of the area by focusing on creating great streets and walkable neighbourhoods. Walking and cycling connections east and west, north and south should be maximised to make the precinct convenient and permeable, connecting seamlessly into the established network of surrounding streets and open spaces.

- **Improved local infrastructure:** Central to Eveleigh presents an opportunity to provide for much-needed local services and infrastructure in the southern part of Central Sydney. Cycleways, green space, and community and creative facilities will support existing businesses, workers, visitors and residents as well as cater for future populations.

3_44

Medium-term capacity



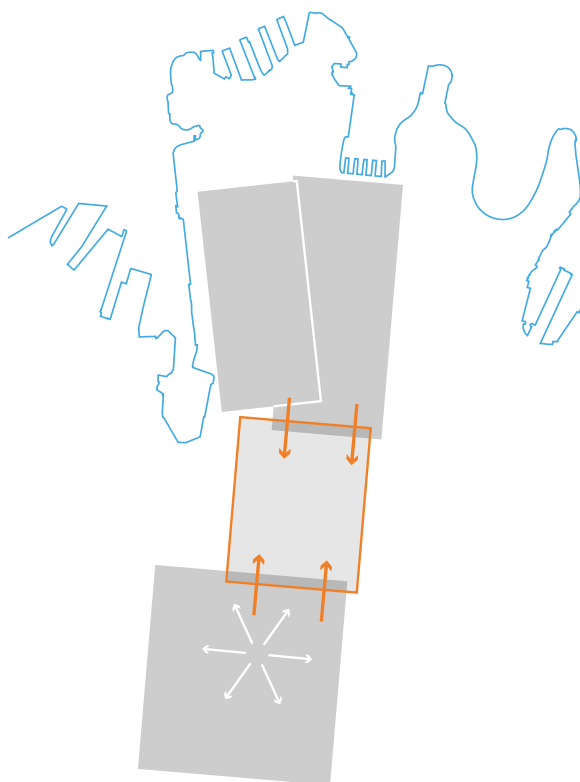
+500,000 square metres

Medium to long-term

2024 to 2036 + beyond

3_45

Medium to long-term capacity



+1,100,000 square metres

Medium to long-term

2024 to 2036 + beyond

The Bays Precinct

The Bays Precinct comprises the waterways and lands surrounding Rozelle Bay, White Bay and Blackwattle Bay. The existing land uses and location of the Bays Precinct offer real potential as a natural extension to Central Sydney. The precinct can become a place where contemporary and future harbour industries and an expanded Central Sydney can coexist. It can be a place where dedicated public transport options could create a vibrant employment hub serviced by the latest in fibre optic and telecommunication technology, affordable accommodation and a reliable electricity supply that is supported by sustainable buildings and technologies. Its harbourside setting lends itself to a distinct environmental and cultural identity that will attract international workers and tourists.

The redevelopment of the Bays Precinct offers an opportunity to assist Central Sydney in meeting its employment projections to 2036 and, more importantly, beyond. With close proximity to an already established digital economy hub in Pyrmont and Ultimo and top academic and health institutions in Camperdown and Ultimo, it can contribute significantly to shaping Central Sydney's future employment profile. It can provide space for education and learning; be a hub for sustainable research and development; and support the expansion of start-ups and creative industries; and accommodate global businesses.

3_46

Artist's impression of the Bays Precinct

Source: City of Sydney submission to Bays Precinct discussion paper and Call for Great Ideas.

Illustration by Tim Throsby, 2015



Priorities for the Bays Precinct should be:

- **Public transport:** The City of Sydney has clear objectives for the future of transport in metropolitan Sydney, based on the vision that public transport will be strongly integrated with land use and development and that local needs will be served by broader transport networks.

While the Bays are geographically well located, they are poorly connected on the larger western side reaches except by road. The Bays Precinct therefore requires an integrated transport plan which considers all opportunities, including a potential future metro rail.

Planning must be undertaken prior to redevelopment of land to ensure that transport solutions are integrated with existing networks. This will ensure the broader network is strengthened while ensuring that the Bays Precinct is adequately serviced. Specific opportunities for the Bays Precinct which link into broader networks include a ferry service extension, light rail network extension and provision for walking and cycling.

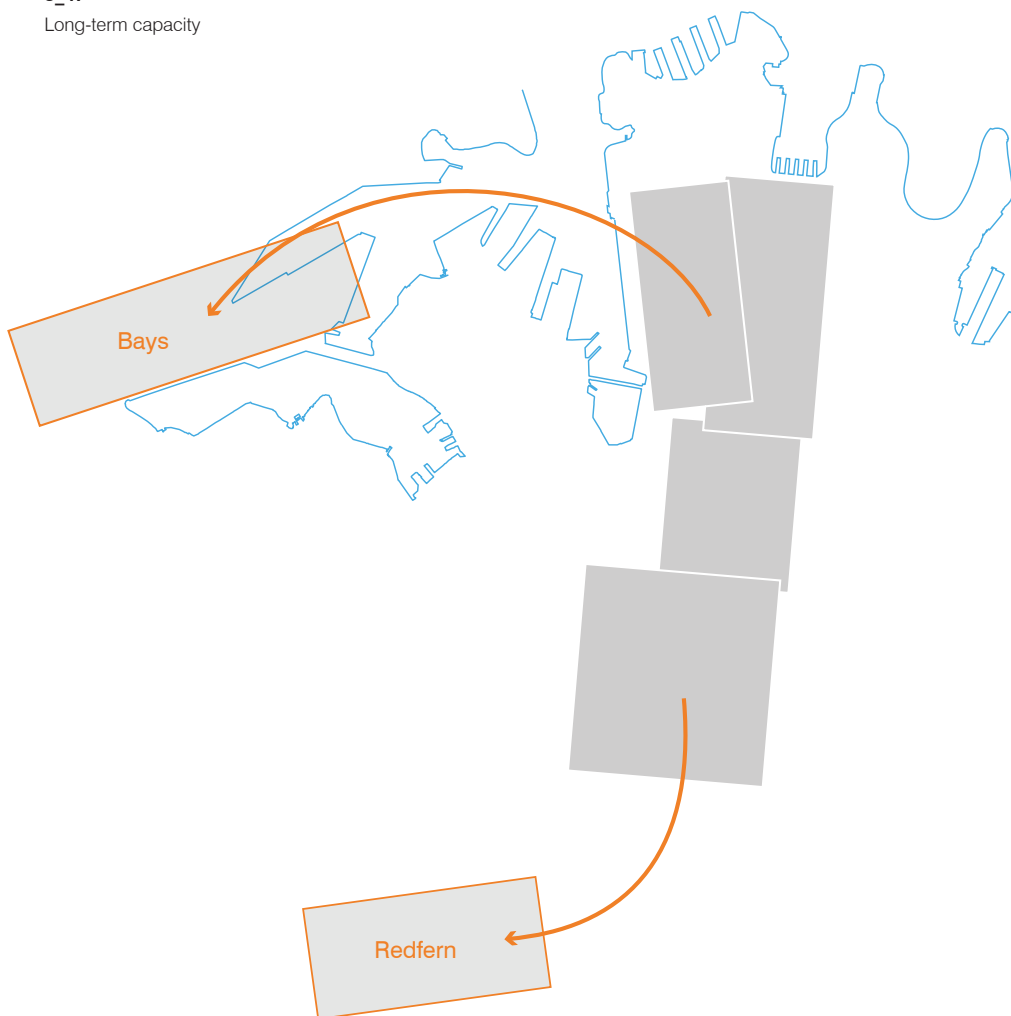
- **Diverse employment floor space:** The Bays Precinct should be overwhelmingly employment-focused. While some residential, at different price points and types, should be provided, it should not be at the expense of long-term jobs growth and creating an extension to Central Sydney.

In accommodating employment, it is important that the NSW Government has a good understanding of the type and diversity of floor space and facilities required by industry. These spaces should be the workplaces of the future.

- **Affordable housing:** Critical to realising the economic potential of the precinct is the provision of housing, including affordable rental housing, within reasonable proximity of new jobs. Without providing housing and transport at the same time as jobs, the full economic potential of the Bays Precinct will not be realised.

3_47

Long-term capacity



+significant employment
floor space

Long-term

2036 + beyond

