

Peer review: JBA Victoria Road Precinct Employment Strategy

Marrickville Council
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SGS Economics and Planning Pty Ltd
ACN 007 437 729
www.sgsep.com.au
Offices in Canberra, Hobart, Melbourne and Sydney

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1 INTRODUCTION

SGS Economics and Planning were commissioned by Marrickville Council to complete the Marrickville Employment Lands Strategy (MELS) in 2014. Following the completion of the MELS and its endorsement by Council, JBA were commissioned by Danias Holdings (a significant landowner in the Victoria Road part of the Sydenham–Marrickville precinct) to complete a peer review of the MELS and an alternative employment lands strategy. This report represents a response to the JBA peer review and the alternative employment lands strategy.

The report is structured in four parts:

- Key points
- Detailed review of the JBA Strategy
- Response to the JBA peer review
- Conclusions

2 KEY POINTS

2.1 Key points emerging from the review

A number of key points have been identified through the peer review process. These are:

- **JBA have a conflict of interest.** A fundamental issue with the Strategy is that it has been prepared on behalf of Danias Holdings who have significant land holdings in the Victoria Road precinct (which is part of the Sydenham–Marrickville precinct). The landowners stand to directly benefit from rezoning that allows commercial or residential development on the current industrially zoned land. This represents a clear conflict of interest and casts doubt on the independence of the study and whether its findings are in the best interest of the broader community.
- **The JBA Strategy's fundamental principles are weak.** A number of key elements in the JBA Strategy are weak or misleading. Some important elements of employment lands planning are missing altogether.

- **Incomplete strategic framework.** JBA's Strategy purports to be governed by a 'strategic framework'. This, however, simply involves a review of metropolitan and state planning documents. The report lacks any consideration of the Sydenham–Marrickville Industrial Precinct's role as part of a network of industrial lands within the central subregion as identified in *A Plan for Growing Sydney*. The Strategy lacks any LGA-level or subregional planning context and as a result provides a vision that is centred on opportunities within the precinct.

JBA's Strategy suggests that Sydney's strategic planning document, *A Plan for Growing Sydney*, has specific actions and directions that support their evidence base. They stretch broad aspirational statements made in *A Plan for Growing Sydney* to specific directives that apply to the Marrickville area, when in practice the plan does not consider this level of local detail. Additionally, they exclude any reference and ignore clear directives in relation to the application of the *Industrial Lands Strategic Assessment Checklist* (Direction 1.9.2).

- **Lack of quantitative rigour.** Throughout chapters one to four, the JBA Strategy selectively reports data to support zoning away from industrial in the Victoria Road precinct while ignoring other relevant contextual data or indeed other interpretations of the same data. This is concerning, although perhaps an inherent result of the advocacy role of the report. Analysis of 'macro-economic data' in the JBA Strategy is limited to an assessment of the change in job numbers in Sydney LGAs and the change in jobs held by Marrickville residents. These numbers, while providing some useful context, in themselves do not provide the basis for an employment lands study.

JBA focus on just two ANZSIC categories to represent 'industrial' activity – 'Manufacturing' and 'Transport and Logistics'. This is a gross simplification of industrial activity. From previous studies completed across Sydney we know that industrial precincts host businesses in a much broader range of ANZSIC categories. Recent ELDP data confirms this point (see ELDP 2015, p.34). Using this industrial definition, JBA go on to describe the movement of businesses in these categories to larger and cheaper lots in Western Sydney. We do not dispute this, but JBA make no mention of the fact that some large lot industrial uses remain due to ties with the economic hub and/or people they serve. JBA also make no mention of the multitude of smaller lot 'local service' functions that require industrial land from which to operate.

JBA also make no attempt to translate employment by ANZSIC category into industrial land and floorspace needs. An understanding of forecast land and floorspace requirements is an essential component of any employment lands strategy.

- **No quantitative assessment of the scope for rezoning.** The JBA Strategy contains no quantitative analysis of the employment lands market in the subregion, or LGA and precinct level analysis is limited. There is no quantitative analysis of the need for employment land at any level, no calculation of forecast land/ floorspace requirements and no assessment of supply-demand gaps. In short, there is no quantitative basis of the scope for land use change or rezoning in the Victoria Road precinct.
 - **Flawed focus on self-containment.** One of the JBA Strategy's key arguments is based on the need to locate more jobs in Marrickville to suit the changing employment profile of local residents. While job self-containment does form part of the strategic planning equation, it has minimal influence in inner-city areas with high levels of public transport access to the Global Sydney Corridor. The report's suggestion that future employment profiles within the precinct need to align with the skills of residents is flawed and its significance in the Marrickville context is misleading – steering discussion away from the *need* for inner-city industrial lands to service the local economy.
 - **Poor understanding of role and function of industrial lands.** JBA fail to understand that while some industrial activity is 'low value' in terms of return to individual landowners or job numbers on site, it can be very 'high value' in terms of the service it provides to local people and businesses. Industrial land is needed in inner city areas to support inner city function.
- **The final JBA vision and MELS still have some common elements.**
- **Agreement on some industrial rezoning.** We agree with Section 5.1 of the JBA Strategy that the main industrial core is around Fitzroy Street, and we also agree with Section 5.2.1 that it is important to recognise the role of industrial businesses outside of the industrial core in providing necessary services to the local community.
 - **Agreement on some flexibility in the Victoria Road area.** We agree that some creative uses could operate from the industrial areas. However, JBA appear to suggest rezoning all of the IN1 area north of Victoria Road and east of the school for IN2 with 'Creative uses Arts and Recreation and Leisure' as suggested uses. This area includes some of the larger lots that we should protect for industrial use. These larger lots may also be unsuitable for creative businesses as such businesses tend to prefer smaller lots.
- We agree that greater street activation is desirable and that future use along Victoria Road should not compete with the retail main streets in Marrickville and Newtown. The uses proposed by JBA ('Showrooms' and 'Wholesale Retail') are a good fit with 'Enterprise Corridor' zoning. The Princes Highway corridor has been zoned B6 'Enterprise Corridor' and is the most appropriate location for these uses. If we ignore the existence of the Princes Highway corridor, then 'Wholesale food retail with small ancillary retail (to public)' is perhaps the more appropriate of the two uses highlighted for the Victoria Road precinct, but we certainly wouldn't want to see these spread along the full length of Victoria Road as suggested by JBA. This would divide the industrial precinct and cut off the larger lots to the north of Victoria Road from the main industrial precinct – jeopardising their future industrial function.
- **Biggest differences relate to rezoning for residential development.** The JBA Strategy pushes for residential apartments between ANEF 25 and 30. Part 5(a) of Ministerial Direction 3.5: Development Near Licensed Aerodromes made under Section 117(2) of the Environmental Planning and Assessment Act 1979 states that:
- "A planning proposal must not rezone land for residential purposes, nor increase residential densities in areas where the ANEF, as from time to time advised by that Department of the Commonwealth, exceeds 25".

It is noted that Part 7 of this Ministerial direction states that:

“A planning proposal may be inconsistent with the terms of this direction only if the relevant planning authority can satisfy the Director-General of the Department of Planning (or an officer of the Department nominated by the Director-General) that the provisions of the planning proposal that are inconsistent are:

(a) justified by a strategy which:

- (i) gives consideration to the objectives of this direction, and
- (ii) identifies the land which is the subject of the planning proposal (if the planning proposal relates to a particular site or sites), and
- (iii) is approved by the Director-General of the Department of Planning, or

(b) justified by a study prepared in support of the planning proposal which gives consideration to the objective of this direction, or

(c) in accordance with the relevant Regional Strategy or Sub-Regional Strategy prepared by the Department of Planning which gives consideration to the objective of this direction, or

(d) of minor significance.”

It is our understanding that the Department has previously accepted residential development above the 25 ANEF contour as it was consistent with the MUS objective of *encouraging creative industries through live-work zones*. This opens up opportunities along Victoria Road, and the MELS suggests rezoning prospects after taking into account forecast demand and available supply under medium scenarios. Here the MELS scenarios suggest some opportunity for residential in the south-west corner of the Victoria Road precinct but as part of live-work space rather than high rise apartments. The Wicks Park site identified by JBA is also above ANEF 25. In addition, this site is within the main industrial precinct and adjoins the IN1 industrial area. Residential apartment development in this area has the potential to further break up the industrial precinct and create land-use conflicts that threaten the function of the IN1 area.

In terms of medium density residential development, the areas suggested to the north of Victoria road would take up some large of IN1 industry lots and adjoin others. This would be likely to give rise to land use conflicts and again might threaten the main industrial function in this area. Again, any rezoning away from industrial should be supply-demand tested to determine the scope for rezoning.

There is more agreement on the proposed live-work areas although we would not support an extension of live-work into the large lot industrial to the north of Victoria Road. As stated above, the primary use in this area should remain non-residential unless supply-demand tests indicate there is an excess given demand forecasts and analysis of all rezoning prospects indicates this is the most appropriate rezoning location.

2.2 Resulting changes to the MELS

As it stands, neither the JBA Strategy nor '*A Plan for Growing Sydney*' prompt any changes to the 2014 MELS. However, there are some areas where additional supply-demand testing may be useful in order to assess the JBA proposal.

- **Use of the latest BTW employment data.** The BTS released employment data after the preparation of the 2014 MELS. It would be useful to feed this into the demand forecasts and re-run the supply-demand analysis so that rezoning prospects can be assessed in light of the most recent data.
- **Exploration of B7 around Wicks Park.** If supply-demand testing demonstrates that rezoning away from industrial can be supported, the advantage of B7 zoning in this location is that it provides an opportunity to consolidate the proposed B7 zoning for the block at the corner of Sydenham Road and Victoria Road into a small B7 precinct. This would make good use of the park's amenity, however, some larger IN1 lots exist in this location and the potential B7 area backs onto the main industrial precinct. These issues would need to be carefully weighed up after completing a supply-demand assessment for the loss of this industrial land.
- **Exploration of B7 or IN2 along Chalder St.** The advantage of IN2 or B7 in this location is that it offers a buffer between the IN1 land to the north of Victoria Road and the school without pushing into the larger lots and the core of the industrial area in this location. Again, potential would need to be carefully weighed against the results of the supply-demand assessment

3 DETAILED REVIEW OF THE JBA STRATEGY

3.1 Structure and method

In the first paragraph of the structure and method section, the JBA Strategy states that the MELS review is based on 'high-level analysis' that is applied broadly to industrial lands in the LGA. It states that the key weakness of this approach is a failure to consider strategic planning objectives, government and industry actions, and initiatives that will drive change in Sydney. JBA suggest that their strategy has this grounding and an in-depth understanding of key strategic planning and infrastructure directions, because it uses the NSW Government's *State Plan*, *A Plan for Growing Sydney* and *Infrastructure Plans*.

While we agree that it's important for any employment lands strategy to give proper consideration of the strategic planning framework, the JBA Strategy is focussed entirely on the *State Plan* and *A Plan for Growing Sydney*. *A Plan for Growing Sydney* gives very little strategic guidance for employment lands planning in Marrickville – indeed Marrickville's industrial lands are not specifically mentioned in the document. Similarly, there is no mention of Marrickville in the *State Plan*. Although the *State Plan* and *A Plan for Growing Sydney* are of interest, these documents alone certainly should not form the basis of an employment land strategy for Marrickville. Other relevant documents that have been taken into account in the MELS are:

- 2008 Draft South Subregional Strategy
- 2013 Metro Strategy Update
- Leichhardt, Botany and City of Sydney Employment Land Strategies
- 2007 Marrickville Urban Strategy
- 2008 Marrickville Employment Lands Strategy

Ignoring these documents is a significant shortcoming - weakening the strategic framework of the JBA Strategy.

JBA accept that quantitative data is an important, but go on to state that in their opinion it is:

“... a limited, source of knowledge when making planning decisions for employment areas” (p.10, para 3).

To be most effective, JBA suggest that quantitative data must be grounded in a thorough understanding of the strategic planning framework.

JBA are quite right to state that ‘quantitative data’ is important. However, their quantitative analysis is limited to very basic employment and skills profiling. The JBA Strategy contains no quantitative analysis of the employment lands market in the subregion, LGA or precinct. There is no quantitative analysis of the need for employment land at any level, no calculation of forecast land/ floorspace requirements and no assessment of supply-demand gaps. In short, there is no quantitative assessment of the scope for rezoning in their defined Victoria Road precinct.

Their emphasis, then, is on the strategic planning framework and macro-economic data, but as discussed above, by focussing on the *State Plan* and *A Plan for Growing Sydney*, they have missed key documents. As a result, their framework has only partial coverage at best.

JBA go further to suggest that the most important aspect in a local employment study is the ability to:

“... analyse, interpret and translate macroeconomic trends into meaningful information that informs strategic planning decisions at the ground level” (p.10, para 3)

Analysis of ‘macro-economic data’ in the JBA Strategy is limited to an assessment of the change in job numbers in Sydney LGAs and the change in jobs held by Marrickville residents. These numbers, while providing some useful context, in themselves do not provide the basis for an employment lands strategy.

This section states that the Victoria Road planning team have been studying and monitoring development in the precinct over the past two years. The JBA Strategy claims to be drawn from a local knowledge base and has combined this with relevant macro-economics statistics to explain how local forces and broader trends shape employment in the precinct.

As discussed above, the ‘macro-economic’ data used by JBA is limited and selective. Although JBA state that their approach “... bridges the gap between high-level economic forecasting, strategic planning and local business intelligence” their strategy does not consider macro-economic trends and drivers, Sydney’s economic geography or the industrial land market dynamics at any level.

The ‘local knowledge base’ appears to refer to the use of the business survey. This is used primarily to document the employment profile in the precinct and inward and outward movement of firms. This data could be gathered through other independent sources and we have no way of knowing whether the extracts used in the strategy are a fair representation of survey results. The local focus is also to the detriment of proper consideration of the rest of the LGA and the broader subregion.

As it stands, the JBA Strategy appears to be an opportunities analysis for their client’s landholding and surrounding properties rather than a strategic study.

3.2 Strategic framework

Section 1 of the JBA report contains their 'strategic framework' – a review of the NSW *State Plan* and *A Plan for Growing Sydney*. The key points extracted from the *State Plan* are:

Employment

- The *State Plan* aims to grow employment by an average of 1.25% per annum to 2021 and grow business investment by 4% per annum over the same period. This will be achieved through improvements to infrastructure and support for key industries in the State.
- Recognising NSW's role as Australia's gateway to international trade, and the post-Industrial shift to a modern service-sector economy, NSW 2021 seeks to increase the skills-base of the workforce that will support the growth of the knowledge-economy.

Public transport

- NSW 2021 aims to improve utilisation of public transport through improved service and new infrastructure investment, and improve the community's quality of life by ensuring that more employment is accessible by public transport.

Housing

- Delivery of 33,000 new dwellings per annum, with more diverse dwelling typologies to better cater to the community's housing needs.
- Average household sizes have fallen consistently in recent years, driven by changes in the community lifestyle and profile, with more lone-person households and across the state, as well as an ageing population with fewer traditional family households.

The *State Plan* is a high level document that makes no mention of Marrickville. While it provides useful context, it does not add much to a strategic framework for the JBA Strategy.

The key points extracted from *A Plan for Growing Sydney* are:

Infrastructure

- A new international airport at Badgerys Creek, the WestConnex and the delivery of Rapid Transit from Rouse Hill to Bankstown will support economic growth, increase productivity and provide new opportunities for urban renewal.
- Increasing the use of freight rail between Port Botany/Sydney Airport and major freight distribution precincts is a key action of the Plan.
- Westconnex aims to ease congestion on roads by allowing heavy vehicles to bypass surface roads when travelling between the city, major transport gateways and industrial precincts.
- A doubling of the proportion of container freight transported through NSW ports is also targeted by 2021 under the NSW *State Plan* through investments in freight rail infrastructure and new intermodal terminals.

Urban Renewal

- The plan seeks to "accelerate urban renewal across Sydney" by supporting Council-led urban infill projects and capitalising on new transport infrastructure investments.
- The plan notes that urban renewal creates an opportunity to deliver new housing and employment whilst also increasing the amenity of surrounding areas by revitalising run-down and under-utilised land

Housing Supply and Choice

- According to the plan, an extra 1.6 million people will live in Sydney in 2031.
- They will have different family structure, living arrangements, lifestyle choices and housing preferences. This presents a dual challenge: providing more housing and diversifying the overall supply of housing.

- The plan is clear in its strategic intent for new housing to be provided in areas that are close to public transport, services, existing centres, recreational facilities and where they can be supported by existing infrastructure.

Economy and employment

- Sydney drives 70% of NSW's total economic output, and underpins a healthy, vibrant and competitive local economy. Economic productivity is fundamental to meeting the needs of the community and ensuring that community needs for employment, services, infrastructure and lifestyle can continue to be met into the future. Sydney's economy has moved into its post-industrial phase, with strong growth in the financial, professional and other service sector industries, whilst the manufacturing and transport industries now make up less than 15% of Sydney's Gross Regional Product (RDA 2013).
- The plan focuses on supporting Sydney's continued growth as a major service-sector economy and Australia's gateway to international trade. Supporting growth in professional jobs is a major focus, whilst trade-related industries will benefit from infrastructure in planned business precincts in Sydney's west

Industrial Lands

- The plan includes a number of actions to support freight movement, protect transport gateways and manage industrial precincts throughout Sydney
- Important industrial land around Sydney Airport/Port Botany required to support transport gateways is identified as the area from the Princes Highway in Sydenham across to Port Botany. The Sydenham–Marrickville Industrial Precinct to the west of Sydenham Station is outside of the identified area.
- Supporting the growth of planned, serviced and purpose-built industrial precincts in Sydney's west is a key action in the plan, with new motorway and freight rail connections and the designation of two areas, Bankstown–Milperra and the Broader Western Sydney Employment Area, as priority employment growth precincts.
- A review of how the NSW Government assesses the conversion of underutilised industrial to other land uses is envisaged in the plan through an update to the *Industrial Lands Strategic Assessment Checklist*.
- Importantly, the plan predicts situations where planning controls should be updated to support the ongoing evolution of industrial activities into more intensive commercial activities.

A Plan for Growing Sydney does have some very broad references to guide industrial lands planning for Marrickville – e.g. Action 1.5.1 outlines the need to:

- *"Identify strategically located sites that support freight activity and movements around Sydney Airport and Port Botany"*
- *Protect strategically located sites that support the freight network, commencing with areas most affected by aircraft noise"*

However, this is still a high level document and it makes no reference to employment lands in Marrickville.

Taken together, the *State Plan* and *A Plan for Growing Sydney* represent an incomplete policy and strategy framework for an employment lands strategy in Marrickville. Other documents are relevant and should have been included.

3.3 Trends in industrial lands

In Section 2, the JBA Strategy states that for manufacturing to remain relevant it must move up the value chain, and provides Macquarie Park, North Ryde as an example. The JBA Strategy suggests that traditional manufacturing will continue where it can take advantage of proximity to markets, access to infrastructure, and so on. This is said to favour transition to cheaper unconstrained land within metropolitan areas.

JBA fail to understand that some industrial activity might be 'low value' in terms of the return to land owners or even job numbers but is 'high value' in terms of the service it provides to local people and businesses. Industrial land is needed in inner city areas to support the function of strategic centres and the CBD. Across Sydney's industrial zones a significant proportion of activity can be classed as something other than traditional manufacturing.

This section of the report also misses the considerable 'push factors' that have combined with the documented 'pull factors' to drive traditional industries seeking large floorplates to land situated further west. These push factors include the rezoning of industrial lands in inner suburbs – restricting supply and pushing up land values.

Section 2.1.1 shows the forecast change in manufacturing employment across Sydney LGAs out to 2031. Only four are shown to decline and Marrickville is one of these four. Section 2.1.2 then shows the forecast change in transport and logistics employment across Sydney LGAs out to 2031. The text stresses that these firms have been quick to congregate around major infrastructure and purpose-built estates – around the M4/M7 interchange WSEA.

We do not dispute the considerable employment growth forecast for the ANZSIC categories of Manufacturing and Transport and Logistics in Sydney's western LGAs. As JBA note, this is partly driven by major transport infrastructure (the Western Sydney Orbital and proposed intermodal terminals) and gateway infrastructure such as Badgerys Creek Airport, but it is also in response to the massive land release in the NW and SW Growth Centres and the broader WSEA.

JBA fail to acknowledge that industrial land accommodates far more than just the ANZSIC categories of Manufacturing and Transport and Logistics. We would expect some businesses within these categories to seek cheaper land further west, given the nature of the Sydney industrial lands market and the typical land-use character of these employment categories. This does not in any way weaken the need for inner-city industrial lands.

Section 2.1.2 shows the forecast change in total employment for LGAs across Sydney out to 2031. In contrast to the manufacturing and transport data, inner-city areas show strong employment growth. This is used to illustrate the fact that there has been a movement away from inner-city manufacturing employment and growth in the service sector economy.

Again, we do not dispute the forecast growth in the service sector economy. However, the use of this data is selective and somewhat misleading. Simply pulling out Manufacturing, Transport and Logistics from the ANZSIC categories is a very blunt approximation of industrial land needs. Industrial precincts are usually made up of a very broad range of ANZSIC categories. Some of these will be obviously industrial in nature but many others are not. This is because ANZSIC categories reflect *industry categories* not *land use types*, and zoning relates to *land use*. For this reason, SGS has developed a series of matrices to show the relationship between ANZSIC categories and broad land-use categories drawn from a combination of on-foot assessments and ABS/ BTS employment data.

Section 2.2 summarises the inner-city employment driver. Push factors are listed as: cessation of the working harbour around Port Jackson, development of Sydney Orbital, increase of inner-city road congestion, rise of inner city professional services, and demand for housing in inner city areas. Pull factors are listed as: cheap land in western areas, development of motorway network, and business requiring larger sites. Section 2.2 states that these drivers will result in continued decline of industrial business in inner-city LGAs, which will be more than offset by growth in western Sydney.

We agree that there are pull and push factors driving the movement of some traditional industrial (typically large floorspace) uses to Western Sydney. However, this does not mean that inner-city industrial lands are no longer needed. *A Plan for Growing Sydney* clearly articulates the continued need for industrial land to support the Port and Airport. Action 1.5.1 outlines the need to:

- *“Identify strategically located sites that support freight activity and movements around Sydney Airport and Port Botany”*
- *“Protect strategically located sites that support the freight network, commencing with areas most affected by aircraft noise”*

Other trends and drivers impacting on the need for inner-city industrial activity include the rise of urban niche manufacturing/ creative businesses, the growing need for population-serving industry as the inner-city population grows, and dwindling industrial land supply in inner-city areas. The last point is also pertinent given *A Plan for Growing Sydney*’s emphasis on support for the Port and Airport, because many of the industrial areas that have historically provided this support in the South Sydney Employment area and part of Botany have experienced rezoning away from industrial. Marrickville is the natural spill-over area for industries that can no longer find space in the City of Sydney and Botany LGAs. Yet, even if we use the vacancy rate quoted by JBA, the Marrickville-Sydenham precinct has very low vacancies.

As a result of drivers, this section states that many industrial areas have been repurposed in an attempt to remain relevant, by providing business and local support services. These business types offer a better streetscape and provide jobs that are more closely aligned with the skills of the local labour force.

The statement that many industrial areas have been “... repurposed in an attempt to remain relevant” is merely a reflection of the transition of inner-city industrial lands. We agree that many traditional industrial functions have moved out and more population-serving light industry, niche manufacturing and local business support functions have moved in. This process does not mean that inner-city industrial lands are not needed, it just reflects the dynamics of Sydney’s economy and industrial land market.

We would agree that in most instances the streetscape and amenity of industrial areas is of a lower standard than retail strips or civic precincts. While some industrial areas can have good amenity and streetscape (and Marrickville should certainly strive for this), the primary function of these areas is for the operation of the businesses they host. In this sense industrial precincts are not strictly public areas and streetscape and amenity for the public is secondary.

The ‘job self-containment’ argument does not apply in well-connected inner-city areas. While it’s important at a subregional level to align job profiles with skills profiles, this imperative does not apply in an inner-city LGA such as Marrickville that is well served by public transport.

Section 2.3.2 reports on employment in manufacturing for Marrickville residents (drawing on ABS Census data). This data shows dramatic falls in manufacturing employment (down 40% since 2001). This section also reports decline in other sectors such as wholesale trade (down 18% since 2001). Transport and Logistics is reported to have increased by 65% in this period.

This section appears to be reporting a decline in the jobs held by Marrickville residents rather than jobs located in Marrickville. This is an important distinction to make. As written, this section is more of a reflection on the changing profile of Marrickville’s residents and their skills and occupations, than a profile of the Marrickville economy.

As stated above, while matching skills to jobs is important at a whole-of-Sydney or even subregional level, for an inner-city LGA that is well connected by public transport, this is of marginal importance and certainly should not drive the thinking in an LGA-based employment lands strategy.

The section on employment density highlights the contrasting employment densities of Manufacturing and Transport and Logistics. It is suggested that as Manufacturing business has moved out, Transport and Logistics business has moved in – reducing overall employment numbers.

Transport and Logistics is very much the kind of use we would expect to see in an industrial area. The fact that these types of business are low density should not impact on the provision of industrial-zoned land to accommodate them. Storage facilities are needed close to populated areas and are also needed to support businesses in commercial centres and the CBD. There is also often a link with functions in Western Sydney where the Western Sydney land contains the main storage and logistics facility and the inner-city lands accommodate smaller distribution hubs. This pattern of storage land use appears to be growing with increasing on-line retail trade.

A vacancy rate of 4.8% is referenced but JBA suggest that this hides the fact that much of the land is used for low employment density, non-industrial purposes. New emerging uses are listed as wholesale, bulky goods, residential, business storage, cafes, and creative spaces.

The reported vacancy rate of 4.8% is actually very low when compared with other industrial areas across Sydney. The 2014 Employment Lands Development Program reports that the Central subregion had an overall vacancy rate of 3% across all their industrial precincts. This compares to a vacancy rate of 30% across West Central over the same period. Clearly there is demand for land within inner city industrial precincts. Again, this part of the JBA Strategy seems to be suggesting that transport and storage/warehousing uses are not truly industrial or important which is inconsistent with observed industrial land market characteristics.

The JBA Strategy highlights that the MELS records administrative and support services as the second largest user of floorspace in the Sydenham–Marrickville precinct

Again, this demonstrates a misunderstanding of the way that activity described in terms of ANZSIC categories lines with up land use on the ground. In Marrickville's industrial areas 25% of the 'Administrative and Support Services' ANZSIC floorspace is categorised as Freight & Logistics land use, 37% is Local Light Industry, 20% is Light Manufacturing – so around 82% of this ANZSIC category lines up with very typical industrial land uses.

JBA note that the profile of Marrickville's residents has changed dramatically since 1971 while the character of the industrial lands has changed very little. The JBA Strategy suggests that the SGS study only looks at the role of industrial lands while the majority of Marrickville's residents work in business or mixed use zones. The JBA Strategy also highlights the changing origin and destination patterns for Marrickville workers. 75% of the LGAs jobs are held by workers from outside the LGA and 85% of the LGAs resident workers have jobs outside the LGA. This is said to demonstrate a disconnect between the type of employment sought by residents and the jobs available in the LGA.

JBA again come back to the point that the skills profile of residents is different from the employment profile of the industrial lands. As discussed above, this logic is flawed. The destination of Marrickville's resident workers is not really relevant here. A more pertinent issue is the relationship between Marrickville's industrial lands and the needs of business and residents in the LGA and broader subregion. However, there may be some interesting issues in the relationship between activity in business zones and industrial zones.

Section 2.3 summarises the history of the Sydenham–Marrickville precinct. Developed over the course of the 19th Century following World War 2, rapid industrial growth and stricter planning controls saw manufacturing activity concentrate in the Sydenham–Marrickville precinct. The extent of the zoned area has changed little in 60 years.

The precinct is 25 minutes from the Port Botany container terminal and 20 minutes from the Sydney CBD. B-double trucks are prohibited from accessing the Sydenham–Marrickville precinct. This is largely due to the fact that many of the streets are narrow and access by trucks is difficult without impeding other traffic.

The lack of b-double access may well be a problem for some prospective tenants. This may be best explored through a broader industrial lands structure planning exercise that considers improvements to the surrounding road network. For many other industries however, the lack of b-double access does not appear to be a significant problem as evidenced by the low vacancy rates.

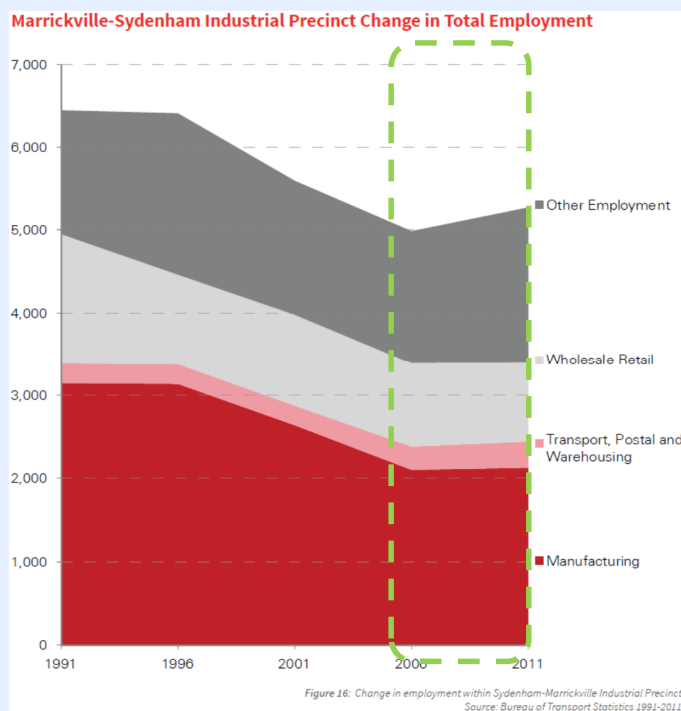
The precinct is characterised as having a fine grained lot pattern - attributable to its residential origins (at least at the fringe) In contrast, the JBA report highlights that industrial users require larger lots. In general the western half of the Sydenham–Marrickville precinct is described as being more fragmented than the east. As well as being less suitable of industrial use, small lots are also more susceptible to residential conversion.

It's not surprising that the precinct has a larger number of small lots as by definition each lot takes up less space. However, JBA do not make reference to the fact that larger lots make up (around 40%) of the Sydenham–Marrickville precinct.

We accept that small lots do not suit some of the heavier industrial functions such as major manufacturing operations or uses that need large open storage areas. However, JBA do not make any reference here to the many uses that need to be in industrial areas and can happily operate from small lots. This includes local service industrial functions such as automotive servicing/ smash repairs, niche 'urban manufacturers' and local trade supplies.

Section 2.4.3 outlines the changing nature of employment in the Sydenham–Marrickville Precinct. Here JBA describe a declining share made up of manufacturing employment and an increasing share made up of other employment. In particular JBA draw attention to the rise of cafes and retail in the Sydenham–Marrickville Precinct.

Again, JBA stake a very simplistic view of industrial lands that is misleading in the context of an industrial land strategy. As previously sated, the declining share of the manufacturing ANZSIC category does not itself reflect a declining need for industrial land.



JBA also do not make any note of the uptick at the end of the timeline in the chart on page 29 (shown above). This shows that in the 2006-2011 period none of the chosen sectors have reported declining employment and every sector except for wholesale has had some growth.

In Section 2.5.2 JBA describe their business survey of ‘Precinct 47’. This is said to be more accurate than an on foot audit. JBA also highlight an ‘auditing error’ for Bourke St Bakery in this section.

We do not dispute the fact that a survey of local business can provide some interesting information. Of course for an LGA-wide employment lands study any survey should cover all employment lands in the LGA – not just a part of one precinct.

The land use audit is aimed at providing detail about the nature of buildings and land use in terms of sqm per ANZSIC and broad land use category (BLC). This kind of information could not accurately be gathered through a survey. The audit data is used primarily to convert ANZSIC categories to BLCs and this is completed for the whole LGA. In this sense an error on a single lot is not of great importance, though of course in terms of precinct profile it is still best to have an accurate picture of land use. In this particular case the Bourke St Bakery operation is their main commercial bakery operation and ‘factory door’ retail. In the audit maps, light industry is quite rightly recorded as the most significant use on site in terms of site area. The data used for forecasting take into account all uses on any given lot – in the case, both the manufacturing and retail functions.

In section 2.5.2 JBA report that the results of the survey show that there are a range of business types in the precinct and distinct presence of food wholesale and limited manufacturing activity. Current job density is 31 jobs/ Ha well below jobs densities for the South Subregion as a whole 58 jobs/ Ha or the City of Sydney at 131 jobs/ Ha. These low densities are said to reflect poor utilisation of land for employment especially given the proximity to the CBD, public transport and key economic infrastructure.

It is no surprise that job density in the precinct is lower than average job density in the South Subregion and the City of Sydney. This narrative ignores the fact that some activity in industrial areas is still required in inner city areas, irrespective of its employment density. In addition, the JBA analysis ignores the fact that some of the 'non-traditional' activity that is occurring in the industrial area can co-exist with industrial activity, is part of the character of Marrickville and may be unable to exist in the LGA if the industrial zoning was changed to allow higher value uses.

JBA highlight a considerable discrepancy 'between the objectives of the IN1 zone and the actual land uses taking place. JBA suggest that "...the businesses operating within the precinct could generally be accommodated within a mixed business precinct"

While current uses are a mixture of traditional industrial and other uses, a change to mixed business use would almost certainly drive away many of the current users of the area. This would be detrimental to the functioning of the LGA (and perhaps also the subregion). Increasing trip generation outside of the LGA in this way (or subregion) would be in direct contravention of *A Plan for Growing Sydney* (and the suite of accompanying local and state level planning policy).

This section states that there is a limited number of true industrial uses but according to JBA's own data the vast majority appear to be appropriate uses for an industrial zone.

- food industries 24%
- textiles 20%
- misc office, display, sales 15%
- manufacturing and industry 10%
- automotive 5%
- construction and building supplies 5%
- creative arts and industries 4%
- TOTAL = 92% (the other 8% is not mentioned in the JBA report)

Aside from the missing 8%, these categories are difficult to interpret in terms of land use as they do not line up with any standard classifications. In any case, taken at face value the only category that appears truly 'non-industrial' is 'misc office, display and sales' and at 15% this is a reasonable share of floorspace in an industrial area.

While JBA's Strategy is said to be based on the objectives of *A Plan for Growing Sydney*, their proposal to align jobs in the precinct with the skill base of Marrickville residents (the inherent issues surrounding the irrelevance of job self-containment notwithstanding), contradicts Action 1.7.1 of the plan. This seeks to concentrate major job creation in Strategic Centres. Marrickville is not identified as a Strategic Centre.

Section 2.5.2 states that non-industrial businesses make the largest contribution to employment of the precinct and identify the following industries:

- Food production, packaging and warehousing
- Textile services
- Live entertainment
- Sheet metal fabrication

In JBA's list the top employer is considered non industrial - food production packaging and services (131 jobs). Although the categories are difficult to interpret in terms of land use, it's reasonable to assume this kind of activity would require an industrial zone. Even if we accept JBA's flawed categorisation of 'non-industrial' contribution to employment, this data does not say anything about the need for these activities in an industrial area. JBA do not consider subregional industrial land market dynamics and the need for Marrickville's industrial lands in that context. They also do not consider the way these businesses provide a necessary service for local people and businesses.

Section 2.5.3 provides a list of businesses that have moved out (manufacturing, transport, building supplies, industrial laundry) and contrasting list of businesses moving in (Masters home improvement store, creative arts studio, motor vehicle storage, medical supplies, café)

The lists of industries moving in and out of the precinct give an interesting snapshot of the change in profile of the industrial area's changing profile. They do not however suggest that the industrial area is experiencing significant decline or is no longer needed. In JBA's selected list of incoming uses, we would expect all of the uses except for the cafés to require an industrial zone from which to operate.

Section 2.5.4 puts forward the case that the precinct has evolved significantly since its beginnings as a core manufacturing and industrial precinct. It also makes the point that new businesses have much lower employment densities.

The fact that the precinct has evolved significantly since its beginnings in the late 19th Century is not disputed, nor is it surprising. Again, this does not suggest that the industrial area is no longer needed. Employment densities are not relevant to understanding the need for industrial zoned land in this location. However, the point about the incoming industries having lower densities seems to contradict the previous discussion where the listed incoming uses would be expected to have higher densities.

3.4 Future shapers

Section 3.1.1 focuses on the conversion of existing Bankstown rail corridor to rapid transit between Sydenham and Bankstown. This includes a train every 4 minutes in peak times which will provide time savings for commuters moving from south Sydney to the CBD. It suggests that Sydenham will be a major interchange and opportunities for renewal around the station should be explored.

This discussion of train service improvement is relevant for the consideration of alternative uses (especially residential) and is not disputed. However, this is also relevant for other precincts in the LGA – particularly the Carrington Road precinct which is closer to the station.

Improved public transport infrastructure also underlines the point previously made that a focus on employment self-containment is not relevant for an inner-city LGA such as Marrickville which is well served by public transport.

Section 3.1.2 focuses on Westconnex. JBA quote the estimated seven minute travel time for travel from Port Botany to Moorebank which they state is the same travel time as from Port Botany to the Sydenham–Marrickville precinct.

The point that demand for airport and port is expected to fall is unsubstantiated and contradicts the identification of both transport hubs as ‘transport gateways’ in *A Plan for Growing Sydney*.

We would argue that travel time savings for Westconnex are overstated (see SGS report to the City of Sydney April 2015). Even if the travel time savings are true, Westconnex is a two-way road would also benefit the Sydenham–Marrickville industrial area in terms of accessibility to Western Sydney’s workforce and other businesses. It would also still not diminish the need for inner city industrial lands to service the needs of local population and other inner city business.

Section 3.1.3 looks at freight connectivity. This section discusses the proposed new intermodal terminals at Enfield, Moorebank and WSEA and argues that these will increase the efficiency of freight movement between port Botany and outer Sydney - by-passing inner city industrial lands.

This suggests a misunderstanding of the role of inner city industrial lands. While logistics and storage businesses will require some inner city industrial land, the function of these uses in inner city areas is usually different to the function of logistics and storage in outer Sydney areas. Inner Sydney storage tends to be either household storage or smaller inner-city distribution depots.

Again here JBA appear to use information selectively – when talking about proposed intermodal terminals the State Plan also identifies the retention of Cooks River intermodal just 2.4km by road from the Sydenham–Marrickville precinct.

Section 3.1.4 discusses Badgerys Creek airport which over time is expected to capture a significant share of Sydney's air freight movements. JBA argue that this will reduce the demand for inner city employment lands associated with Port Botany and Kingsford Smith airport.

Regardless of the development of Badgerys Creek airport, there are no plans to close Kingsford Smith airport. It will continue to drive demand for some industrial land in the subregion. Demand from airport related industries is expected to be strongest in the City of Sydney area but given low levels of supply in this LGA there will probably be some flow on demand in Marrickville.

The timeframe for Badgerys Creek airport becoming fully operational is very long. In terms of freight movements, the majority of freight is 'underbelly freight' carried on commercial flights. As the majority of these are anticipated to continue through KSA, it will still dominate airfreight movement. Airfreight opportunity for Badgerys Creek exists in dedicated freight flights. In any case, Badgerys Creek airport is not likely to be significantly affecting air freight in the short or medium term.

Section 3.2.1 discusses population growth. This section outlines projected population growth and profile for Marrickville based on DPE 2014 numbers. This argues that opportunities to diversify housing stock should be pursued given the changing household profile and population growth.

We agree that the housing reconfiguration will be needed with a growing and changing population. JBA make no attempt to assess the relative merits of housing versus industrial land. Nor do they make any attempt to quantify industrial lands needed to determine how much might be available for other uses. Again this section highlights a blinkered approach where the focus is very much on their client's landholdings and the Victoria Road precinct. There are better residential prospects in the LGA (Carrington Road).

Section 3.2.2 outlines the change in local workforce skills. This section documents the changing profile of occupations held by Marrickville residents. The section points out that between 1996 and 2011 employment in manufacturing fell by half and transport and logistics fell by a third while in the same period employment in professional and technical services rose dramatically.

Again, JBA attempt to draw a link between the employment profile of residents and the job profile in the precincts. The employment profile of Marrickville residents is of marginal relevance at best to the provision of industrial land in Marrickville. The argument that jobs are needed within the LGA to line up with residents skills is misleading. While this argument could be run for broad subregions, this does not apply in a well-connected inner-city LGA. This is a key point for the JBA Strategy which is repeated throughout the document. It is flawed logic and is not appropriate as the basis for an employment lands strategy in Marrickville.

Section 3.3. covers changing business needs. This section suggests that industry originally clustered in the Sydenham-Marrickville precinct because it had an edge of city location offering cheap land. Today edge of city locations with cheap land are further west. Compounding this, modern industrial buildings require larger lots than they did in the past and many inner city industrial lands have been repurposed (as creative spaces, retail, etc.) in an attempt to remain relevant.

This still focusses on the heavier larger industrial uses and does not really explore the need for inner city industrial lands. The comment about lands being repurposed to remain relevant illustrates the transition of industrial areas. The fact that creative uses are emerging in industrial areas is fine and could be encouraged if there is a net benefit. There are some very interesting activities happening in Marrickville's industrial areas and these are part of the character of the LGA. Rezoning from industrial would be likely to push out these uses.

3.5 Future Trajectory

Section 4.1.1 covers impact of competition from other precincts. This section claims that reduced travel times delivered by Westconnex will improve the competitive position of other industrial precincts. This is compounded by Government investment in freight rail. JBA argue that larger scale industrial activity is unlikely to locate in Marrickville in future given these changes. The withdrawal of these traditional industrial businesses will result in vacancies that are filled by low-value, low employment uses such as storage.

This section discusses 'competition' for the attraction of large industrial uses. However, this competition does not really exist. Large floorspace and heavier industrial uses will move to cheaper industrial precincts (as noted by JBA and we agree) unless they need to be in inner-city areas and can adapt to fit the changing character of the land market.

'Lower value' uses replacing traditional industrial use is the opposite of what has been widely acknowledged to be happening in inner city industrial areas, where higher value uses typically edge out traditional industrial activity. Usually the challenge for planners is to protect 'low value' industrial uses from the encroachment 'higher value' competing land uses such as residential development. Nevertheless, even if 'low value uses such as storage' are moving into the precinct, this is very likely because these uses need to be there. Of course in this context 'low value' does not take into account the value to the wider business and residential community. JBA choose to ignore this.

Section 4.1.2 examines land use conflict. Here JBA discusses pressure from residential and retail on the northern and western fringes of the precinct. JBA suggest that this results in land use conflicts and that if left unchecked will place more pressure on industrial businesses.

This section of the JBA Strategy suggests that because existing land uses in the precinct are coming under increasing pressure from other uses they should be rezoned to non-industrial uses to remove land use conflicts. First, no evidence is presented of any operational conflicts. Second, with no analysis of supply-demand interaction, there is no demonstration of the scope for rezoning away from industrial.

Section 4.1.3 discusses conflict within the precinct - particularly for industrial to the west of Victoria Road where land fragmentation and narrow streets are said to make industrial operations difficult. There have been instances of business relocations from this part of the precinct to the 'core' around Fitzroy Street. The approved Masters development is highlighted and it is argued that this will impact on existing industrial users particularly the Danias timber yard.

The fragmented lots west of Victoria Road do make some industrial activity difficult. Lighter industrial uses and creative space are probably more suited to this part of the precinct. We agree that the core of the precinct is around the Fitzroy Street area and the Master development does have the potential to significantly affect existing operations.

Section 4.1.4 argues that uncertainty in the industrial market is resulting in low levels of investment in property leading to poor physical appearance and amenity. At the same time landowners see opportunity for residential development with the constraints on this activity being reduced (flood and aircraft noise)

Of course landowners will always want higher value uses as these by definition will raise the value of their land holding. It is certainly not the place of an employment lands strategy to merely mirror land-owners wishes without proper consideration of broader needs and opportunities. Nevertheless, we would agree that there are opportunities for some flexibility around Victoria Road where constraints and supply-demand interaction allow.

Section 4.1.5 covers community expectations. This section states that the community is increasingly gaining benefits from non-industrial uses (such as cafes, creative uses, direct to public sales and wholesale retail) in the Victoria Road precinct.

We agree that the community is gaining benefits from these uses that JBA class as 'non-industrial'. However, we argue that many of these uses exist in industrial zoned land because of the zoning and the location. Allowing higher value uses would be likely to push out creative uses, direct to public sales, wholesale retail, etc.

Section 4.1.6 describes the physical environment. This section discusses the lack of investment in industrial properties that results in poor building quality and urban amenity.

It is not the primary function of industrial areas to be 'high amenity'. The primary purpose of industrial areas is to serve a need and to exist as properly functioning precincts. Lack of business investment where vacancy rates are low is often a sign of owner (and to a lesser extent operator) uncertainty. A strong strategic planning framework with a clear vision for the continued function of the precinct as an industrial area would be likely to provide this certainty.

Section 4.1.7 discusses the labour force. This explores the gentrification of the workforce and increasing number of people employed in professional and financial services.

Once again, JBA stress the importance of jobs in the LGA being aligned with the skills of residents in the LGA. As discussed above, this logic is flawed and this is not an appropriate basis for a Marrickville employment lands strategy.

Section 4.1.8 covers lost opportunities and suggests that without intervention the western edge of the precinct will continue to fragment locking it up from more urban renewal in the medium term.

Land on the western edge of the precinct is unlikely to become further fragmented. In any case, the answer to stopping further fragmentation is best achieved through development controls and enforcement rather than simply zoning away from industrial.

3.6 Employment Strategy

In Section 5.1, JBA state the objectives of employment strategy. These are listed as:

- Support NSW 2021 and *A Plan for Growing Sydney* by increasing the number of jobs suitable for the local residential workforce of Marrickville to reduce commute times and support non-car travel
- Ensure that there is no net loss in the number or persons employed in the precinct, and support future employment growth
- Facilitate a transition from industrial business uses to modern economy employment that aligns with the skills base of Marrickville residents
- Build on existing business character and strengths of the precinct by supporting home-improvement showrooms, creative uses and food wholesalers
- Avoid employment and business uses that would detract from the retail streets and centres at Marrickville Road, Marrickville Metro and Newtown
- Ensure that new business premises are flexible and allow for a range of business types and uses to be accommodated as the precinct evolves.
- Improve the interface between the precinct and surrounding Residential land uses by reducing land-use conflict
- Support business uses that can improve and activate streetscapes, increase connectivity and support walking and cycling
- Where appropriate, consider the ability to incorporate compatible residential uses as part of mixed-use development

While the objectives for the precinct appear to be reasonable at face value, they reveal the narrow scope of the JBA study. Most worryingly, there are no objectives around ensuring a sufficient supply of industrial land to meet the needs of residents and businesses in the LGA, similarly there is no assessment of subregional role/ function or subregional industrial land need.

Section 5.2.1 - Industrial uses (Industrial core). This suggests that land around Fitzroy Street is more suitable for industrial uses. Larger lot sizes are more conducive for traditional industrial activity

We agree with this.

Section 5.2.1 - Industrial uses (Existing industrial business). Here the report states that it is important to recognise the importance of existing industrial businesses in providing necessary services to the local community.

We agree with this.

Section 5.2.2 highlights an area to the north of Victoria Road as being suitable for creative industries, arts and recreation. JBA suggest that this would include integrated design and light manufacturing, artists' studios, galleries, multi-function creative spaces.

We agree these uses would be ideal in the IN2 areas. However, JBA suggest all of the IN1 area north of Victoria Road and east of the school for IN2 should be explored for creative industries, arts and recreation. This is a large area and includes some of the larger lots that we want to protect for industrial uses. These larger lots would also be likely to be unsuitable for creative businesses as these tend to prefer smaller lots.

Section 5.2.3 Active corridor uses. This section argues that it is essential for development to activate the street without detracting from established retail main streets in Newtown and Marrickville. Two uses highlighted as being suitable are home improvement showrooms and wholesale food retail.

We agree that greater street activation is desirable and that future use along Victoria Road should not compete with the retail main streets in Marrickville and Newtown. The uses proposed by JBA are a good fit with enterprise corridor zoning. The Princes Highway corridor has been zoned enterprise corridor and is the most appropriate location for these uses. If we ignore this, then Wholesale food retail with small ancillary retail (to public) is perhaps the more appropriate of the two uses highlighted but we certainly wouldn't want to see these spread along the full length of the road as suggested by JBA – this would divide the industrial precinct and cut off the larger lots to the north of Victoria Road from the main industrial precinct.

Section 5.2.4 Professional offices and local services. This section argues that home-based and small scale offices comprise a growing need for office space in the LGA. In addition, service office (legal, accounting, etc.) would be appropriate for the corridor.

In principle, some small scale office may be appropriate in the corridor. However, this should not extend through the corridor. As with the point made above, we would seek to avoid dividing the industrial precinct completely. Most importantly, if there is a discussion of zoning away from industrial, there needs to be a proper assessment of supply-demand interaction and the implications of the loss of industrial land. JBA make no attempt to do this in any part of their employment lands strategy. They do not quantify industrial floorspace requirements, nor do they quantify capacity in industrial areas. This work needs to be completed before the scope for any rezoning can be understood. In addition, as discussed earlier, Action 1.7.1 of *A Plan for Growing Sydney* seeks to concentrate major job creation in Strategic Centres. Marrickville is not identified as a Strategic Centre.

Section 5.3.1 Constraints. JBA argue that new aircraft (A380, Boeing 787) are quieter and will reduce impact on urban areas. Aircraft noise is the most significant constraint affecting the Victoria Road precinct. The s117 direction facilitates new housing within the ANEF 25+ contours where an aircraft noise strategy supports this action.

Flood constraints are most significant in the eastern and northern parts of the Sydenham–Marrickville precinct and less of a constraints around the south and west part of the Victoria Road precinct. For this reason JBA suggest that suitable design could overcome any flood constraints in the precinct. Existing residential uses and community uses require sensitive treatment. Design controls and transition to residential uses is required to ensure that legitimate operation of industrial business does give rise to land use conflict.

We agree with most of this section. Nevertheless flood and noise constraints remain, with noise being the most significant impediment. There may be some scope for ‘noisy areas’ where creative spaces such as artist’s studios or recording studios/ rehearsal space also allow ancillary residential accommodation. Of course, to meet demonstrable demand, the primary function should remain as non-residential and GFA caps may be applied. We imagine that these kinds of uses would be consistent with our recommended B7 zone. Any extension to the MELS recommended B7 zone would need supply-demand testing.

Section 5.3.2 Residential overlay. [Residential apartments] States that the south west corner of the Victoria Road precinct is 800m from a train station and 400m from a shopping strip. This block is least constrained by aircraft noise (between ANEF 25 and 30). Land around Wicks Park is similarly suitable and has the amenity of the park. [Med density transition areas] These will provide transition and buffer between neighbouring noisy uses. Recommended for interfaces along Far, Chalder and Chapel St. [Live-work investigation] There may be opportunities to incorporate residential development as part of live-work developments that are compatible with creative uses. This may include dwellings attached to music studios or artists workshops.

This is the area of greatest divergence between SGS and JBA. Part 5(a) of Ministerial Direction 3.5: Development Near Licensed Aerodromes made under Section 117(2) of the Environmental Planning and Assessment Act 1979 states that:

*“A planning proposal **must not rezone land for residential purposes, nor increase residential densities in areas where the ANEF, as from time to time advised by that department of the Commonwealth, exceeds 25**”.*

It is noted that Part 7 of this Direction allows for discretion if minor or justified by a strategy. (See p.3 for Part 7 in full.) It is our understanding that the Department has previously accepted residential development above the 25 ANEF contour as it was consistent with the MUS objective of encouraging creative industries through live-work zones. This opens up opportunities along Victoria Road and rezoning prospects are suggested in the MELS after taking account of forecast demand and available supply under medium scenarios. Here the MELS scenarios suggest some opportunity for residential in the south west corner of the Victoria Road precinct but as part of live-work space rather than apartments. The Wicks Park site identified by JBA is also above ANEF 25. In addition, this site is within the main industrial precinct and adjoins the IN1 industrial area. This has the potential to further break up the industrial precinct and create land-use conflicts that threaten the function of the IN1 area.

There is more agreement on the proposed live-work areas. As stated above the primary use must remain non-residential and the supply-demand tests must be completed.

4 RESPONSE TO THE JBA PEER REVIEW

4.1 Strategic context

“Draws on the Draft South Subregional Strategy and the Marrickville Urban Strategy, both of which have been superseded by *A Plan for Growing Sydney* and do not reflect current State policy for employment lands”.

The MELS was completed before the release of “*A Plan for Growing Sydney*”. However, even if the timing was such that *A Plan for Growing Sydney* could have been reviewed before the MELS was prepared, it would have been of limited use. It does not mention Marrickville in any context given its thematic nature and metro-wide position.

The MELS reviewed a wide range of material to construct the strategy and policy framework. This includes the *State Plan*, *2036 Metropolitan Plan*, *draft South Subregional Strategy*, *s117 Direction*, the *ELDP*, neighbouring ELS reports for the City of Sydney, Leichhardt and Botany, as well as Marrickville material including the *2007 Urban Strategy*, *2008 Employment Land Strategy*, *2011 LEP* and *DCP*. JBA’s reliance on just two high level documents provides a limited strategic framework for their strategy

“Ignores the influence of major transport infrastructure investments in freight and passenger rail, strategic bus corridors, motorways and Badgerys Creek airport on land-use planning for inner-city industrial land”

The MELS takes into account the provision of transport infrastructure. Section 3.2 discusses the Long Term Transport Masterplan, Westconnex and Parramatta Road, plans for Heavy and Light Rail, heavy vehicles and public transport). The full strategy framework is covered in section 3.3 and section 4 covers trends and drivers in detail and, after discussing macro-economic drivers and market dynamics, covers the subregional context.

JBA suggest that the provision of new infrastructure linking Sydney's current and future transport gateways somehow negates the need for inner city employment lands. JBA simplify (and misrepresent) the network relationships between industrial zoned lands and focus on Manufacturing, and Transport & Logistics as the only truly industrial land uses. Not only does this ignore the many other ANZSIC categories that legitimately need to locate on industrial land, it also does not take account of the relationship between ANZSIC categories and land use in industrial areas.

“Does not have regard to the resolutions of Marrickville Council and advice from the NSW Department of Planning & Environment that a range of land use options should be considered for the Victoria Road Precinct, and as a result fails to consider the broader strategic land use planning objectives and opportunities”

We accept that Victoria Road has the potential for a wider range of uses. We have previously stated this in the 2008 Employment Lands Strategy and have re-stated this in the 2014 MELS. The three options that appear in the report are the result of the consideration of a wide range of options. These options have been supply-demand tested and this analysis is summarised in the MELS report (see pages 73-75). The MELS also considers broader subregional dynamics and takes into account the strategies for Botany, City of Sydney and Leichhardt where JBA ignore these.

Most importantly, the MELS independently examined *LGA-wide* demand and supply without the conflict of interest of being commissioned by a major landowner in the Sydenham–Marrickville precinct. All of the scenarios in the MELS recommend some rezoning away from industrial. However, the MELS unashamedly takes a position of caution when discussing the release of industrial lands to other uses and in this sense the supply-demand testing can be viewed as a risk analysis for the release of industrial zoned land for other uses. Caution is important when considering the future of inner-city industrial lands. There is considerable pressure from other uses – especially residential. However, we know that inner-city industrial land supply is limited and dwindling. Once land has been rezoned, there is very little chance of a rezoning back to industrial and a shortage has implications for the functioning of the inner city area.

“Incorrectly states that industrial businesses are expected to relocate from South Sydney and Port Botany. This is inconsistent with the State Government’s strategic planning and infrastructure framework, with *A Plan for Growing Sydney* showing the Sydenham Marrickville Industrial Precinct to be outside of the Port Botany and Sydney Airport transport gateway employment land”

A Plan for Growing Sydney Action 1.5.1 states that The Sydney Airport and Port Botany precincts are tightly constrained and have limited room to expand. The land around both these facilities is important to support and maximise the contribution of these gateways to Sydney's economic activity. Given these capacity constraints we expect some spill-over of activity to Marrickville that is ‘pushed-out’ of the southern Sydney employment lands and to a lesser extent the Botany industrial lands. This spill-over activity would not necessarily be directly linked with port or airport but would be likely to have been pushed out by such uses.

“Would give rise to a range of negative impacts including increased impacts on residential areas and safety impacts from new heavy vehicle movements that have not been assessed”

The assertion that the proposed rezoning would give rise to a range of negative impacts is unsubstantiated. The MELS does not propose any rezoning from non-industrial to industrial. Nor does it propose any rezoning from IN2 light industrial to IN1 general industrial. The rezoning of industrial to residential in the Carrington Road precinct is bordered by existing IN2 light industrial in scenarios 1 and 2 and the entire precinct is rezoned to residential in scenario 3.

4.2 Methodology

“No methodology section is provided in the study, preventing any independent analysis or review of how the study has been undertaken or proper analysis of the report’s findings or assumptions. The lack of a methodology raises serious questions about the robustness of the report, particularly given the heavy reliance on floorspace auditing in the projection of future demand”

Each section of the MELS report provides great detail on how the strategy has been put together. We are open about the method used in the study and have successfully used the same method for employment lands planning across NSW, including studies for: Bankstown, the City of Sydney, Botany, Kogarah, Leichhardt, Lake Macquarie, Port Stephens, Canterbury, Armidale, Holroyd, Hornsby and Ku-ring-gai. In addition we have used the same method for regional strategy reviews in the Hunter, Illawarra and South Coast and on high level employment lands planning for the North West and South West Growth Centres. In 2014 we provided advice to the Department of Planning & Environment on suitable methods for employment lands planning and together devised best practice methods. We are currently working with the Department on employment lands planning for Greater Macarthur, the South West Growth Centre and the Broader WSEA areas and we have been appointed as the technical lead to advise the DPE in their preparation of Sydney's six District Plans – including guidance on appropriate consideration of industrial lands.

There are significant inconsistencies between the employment forecasts made in the MELS and the forecasts released in September 2014 by the NSW State Government’s Bureau of Transport Statistics and. Instead of a decline in industrial uses within the Marrickville area, as per official statistics, the MELS assumptions show an increase in these uses. No methodology or empirical evidence is provided to justify this divergence from official projections

The MELS was prepared before the release of the 2014 BTS projections. It is not unusual or surprising that successive BTS releases differ. We can model the implications of the 2014 BTS projections for the supply demand analysis if required.

“The MELS has not utilised the Bureau of Transport Statistics’ small-area forecasts, resulting in significant discrepancies between the MELS’s projections and the NSW Government projections for employment in the Victoria Road Precinct”

The MELS scope covered the whole of the Marrickville LGA. Precincts are rarely described neatly by Travel Zone boundaries, this gives rise to significant errors if used to project future employment needs. Also using small area data for projections is widely accepted as bad practice as this blinkered approach does not take account of drivers outside of the small area used as a base. As discussed above, SGS methods has been widely applied in ELS work for Sydney LGAs and endorsed by the DPE.

“Using inaccurate estimates of employment and floor space has the potential to multiply errors in forecasting future demand. More accurate data based on a business survey was included in the Victoria Road Planning Proposal, however, this has not been utilised in the preparation of the MELS”

The floorspace audit is used primarily to determine the relationship between ANZSIC categories and land use and is a robust method. The error highlighted by JBA is in fact not an error but an accurate record of land use.

A business survey can provide some useful information but for an employment land strategy it needs to cover all employment land to be useful. A survey such as this is also subject to bias. In a case such as this, where the JBA Strategy has been commissioned by a land-owner in the precinct being surveyed, at the very least the survey should be completed by a third party with full transparency of question asked and answers received. None of these requirements are met.

“There is no discussion of the changing land use and floor space efficiencies for inner-city industrial businesses, particularly in light industries and transport/logistics, and the implications of these changes for forecast demand”

This is true. We have assumed that future use of land (jobs per sqm) will be the same as the current relationship. In industrial areas, mechanisation of industrial operations has tended to lower employment densities – thereby increasing the amount of floorspace required per job. If we applied this trend, we would be forecasting greater industrial floorspace requirements. In contested areas, particularly inner-city areas, there has also been a trend of the intensification of land use – thereby raising employment densities. This would run counter to the mechanisation trend. In mature industrial areas, it could be argued that these trends have already played out.

We would be happy to run a sensitivity analysis on the supply-demand calculations with different assumptions around land and floor-space efficiencies if Council feels this would add to the study

4.3 Absence of context

“The MELS is limited to industrial zones where less than one-third of Marrickville’s workers are employed, and no discussion is provided regarding the professional and service-sector employment that represents the majority of jobs in Marrickville and which is growing rapidly”

We are quite explicit in the MELS that the scope is limited to industrial lands. Our method focusses on the component of employment that is found in industrial lands and forecasts their needs only. The fact that commercial areas are not considered does not impact in any way on the industrial land forecast or affect the robustness of the MELS.

“The MELS focuses on protecting declining industrial businesses, and only limited analysis is provided regarding how professional and creative industry job growth can be promoted to support local job growth and self-containment”

The MELS is focussed on an examination of LGA-wide employment land supply and demand in context. The report is focussed on (i) ensuring that minimum population related industrial needs are met at a local level and (ii) that the role in the Subregion is properly accounted for. Some industrial areas are protected to meet these requirement and other areas are recommended to be rezoned away from industrial.

The JBA drive to cater for professional and creative industries so that the LGA can be more self-contained is misguided. The link between the skills base of the resident population and the job profile in the industrial areas is one of the foundations of the JBA study. The argument that job types are needed within the LGA to line up with residents’ skills is misleading. While this argument could be run for broader subregions, or indeed the Sydney metropolitan area, this does not apply in a well-connected inner-city LGA. This is a key point for the JBA Strategy which is repeated throughout the document. It is flawed logic and is not appropriate as the basis for an employment lands strategy in Marrickville

“There is no discussion of the demand for other land uses, such as office and service-sector employment or residential uses, despite clear imperatives for Marrickville to do more to accommodate employment and residential growth within the LGA”

Our scope was limited to industrial land needs and industrial land supply. No doubt there will be issues in residential and commercial markets too and it would interesting to analyse alongside industrial needs. Relative merits could be assessed through a CBA framework. However, analysis of residential and commercial market analysis alongside industrial is rare – with each components usually conducted separately. However, it is prudent to assess industrial land requirements first as these are the most difficult to provide and once land has been rezoned for other uses such as residential or commercial, the chances of zoning back to industrial are very low.

“No compelling case is made for the retention of industrial land, and no vision is presented for how Marrickville might accommodate growing employment in industries that better suit the skills base of the local residential population”

The MELS recommends rezoning away from industrial in some areas and retention of industrial in others. The amount of land available for rezoning has been calculated based on the development of a series of industrial floorspace demand forecasts which are then compared with existing capacity. These can be thought of as risk profiles for industrially zoned land that are examined alongside the prevailing strategy and policy framework and broader macro-economics trends and drivers in the development of future zoning scenarios.

Here again JBA stress the importance of accommodating industries within the LGA that suits the skills of the resident population. This is one of the defining principles of the JBA Strategy. While this argument could be run for broad subregions, this does not apply in a well-connected inner-city LGA. This point which is repeated throughout the JBA Strategy. It is flawed logic and is not appropriate as the basis for an employment lands strategy in Marrickville

“No consideration is given to the suitability of the existing precinct for industrial uses. There are significant amenity and safety issues associated with the existing interface between industrial uses and the residential and education precincts on the western side of Victoria Road. A key objective of any land use recommendations for Marrickville’s industrial lands should be the reduction in land use conflict”

The Sydenham–Marrickville precinct currently functions as the most significant industrial area in the LGA and one of the most significant industrial precincts in the subregion. Industrial land supply is low across the subregion. In this context and given the role and function of the Sydenham–Marrickville precinct, the focus should first be on the scope for rezoning and once rezoning potential has been determined then alternative uses can be considered. While it’s true that a “...key objective of any land use recommendations for Marrickville’s industrial lands should be the reduction in land use conflict”, first and foremost land use recommendations must properly account for *land use requirements*. JBA make no attempt to calculate land requirements and so the JBA Strategy has no basis for understanding the scope of rezoning potential. As an existing functioning industrial area with subregional importance and low vacancies, amenity issues (while important), are secondary to the role and function of the industrial precinct. In line with this approach, amenity was considered in the MELS proposed zoning of IN2 and B7 in the north and east of the precinct between IN1 and residential uses. There may be further opportunities for IN2 zoning along Chalder Street as a buffer between the existing IN1 use and the school.

4.4 Lack of consultation

“The MELS has been undertaken without consultation with the stakeholders who own land and operate businesses that employ people. As a result, the MELS passed up an opportunity to gather reliable employment data and valuable on-the-ground intelligence about business activity in Marrickville’s industrial lands”

The MELS is a whole of LGA strategic study and maintains a strategic perspective. All necessary information to complete the study within the scope of work has been used in the preparation of the MELS and the findings are not compromised by not completing a business survey.

Interviews with local business operators can provide some useful information for employment lands studies. However, for an LGA-wide strategic study, whole of LGA consultation would be appropriate. JBA have not done this. The kind of information that would be useful from consultation is detail on operational issues within precincts and business expansion or relocation intentions. The JBA survey provides only passing reference to these and instead concentrates on land use and employment information which can be better sourced by other means.

Business surveys are of course open to bias. In this case with the survey being undertaken by the ‘Victoria Road project team’ who have been commissioned by a major landowner in the Victoria Road precinct, survey independence should be carefully scrutinised. A third party survey firm with full transparency of survey questions and answers would be appropriate.

“As a result of the decision not to consult with local businesses, the MELS does not reflect actual local conditions, and this is also reflected by the MELS variance from the small-area forecasts for employment in the Bureau of Transport Statistics data”

As stated above, the MELS uses LGA level BTS data for the demand projections. This is entirely appropriate for an LGA level employment lands strategy.

“The absence of consultation in the drafting of the MELS stands in contrast to the public consultation undertaken by Auburn and City of Sydney Council’s in conducting their recent studies. The decision by Council to retrospectively exhibit this document is greatly appreciated, and feedback provided to Council should inform any future land use recommendations”

As a strategic study, the imperative for public consultation is not as high as it would be for a lower level study. The MELS does not lack any information required for an employment lands strategy. Moreover, comparison to other areas is not appropriate as studies for different LGAs may have different scopes of work.

4.5 Ignores Victoria Road Planning Proposal and local knowledge

“The MELS does not refer to the existing body of work prepared by the Victoria Road Precinct project team. There is a significant body of work that is on the public record and which has been prepared by the expert consultant team advising on the Victoria Road Planning Proposal. This information could have allowed the MELS to make significantly more informed land use recommendations”

The MELS is not lacking in information. The work completed by JBA would add little to the MELS and given the inherent conflict of interest that the JBA team has, the independence of their research is questionable. It would be very difficult for us, as independent consulting firm to use the JBA data as part of MELS as it risks compromising both our independence and the strategic nature of the study.

“There is no discussion of existing constraints, land-use conflict and issues created by the operations of industrial uses in the Victoria Road Precinct, such as heavy vehicle traffic in residential neighbourhoods and near local schools and noise impacts on residential areas”

Not true. Constraints are considered and conflicts are minimised by the buffering of uses - i.e. there are no new IN1 general industrial zones abutting residential zones and similarly, there are no new residential zones proposed that would adjoin IN1 industrial areas. In contrast, the JBA Strategy recommends high density residential apartments around Wicks Park – an area that adjoins the main IN1 industrial precinct. This would be likely to create land use conflict and affect the operation of the IN1 industrial area

“Extensive primary data about employment in the Victoria Road Precinct was collected and attached to the Preliminary Planning Proposal for the Victoria Road Precinct that has not been utilised”

As discussed above, the independence of the JBA Strategy is questionable. SGS prides itself on being a truly independent consulting firm. We do not complete advocacy work. It would be very difficult for us, as independent consulting firm to use the JBA data as part of MELS as it risks compromising both our independence and the strategic nature of the study. The employment data completed by JBA adds nothing to the data already used in the MELS report.

“Changing transport and logistics operations make the use of the narrow streets in the Sydenham–Marrickville area problematic from both a practical and safety perspective. Residential traffic and pedestrian flows, as well as pedestrian and local traffic associated with Marrickville Public School and the increasing number of non-industrial uses in this precinct and surrounds, make this area increasingly unsuitable for heavy vehicle movements”

While we do not dispute that fact that truck movement is problematic on some of the precinct’s streets, the changing nature of precinct suggests a movement away from heavier industrial uses towards a lighter industrial and local service industrial profile. This is repeated throughout the JBA Strategy. This is likely to result in fewer large truck movements, not more. Nevertheless, there may be a case for a broader structure planning exercise for the precinct which brings in consideration of access to main roads and traffic flows. The focus here however would be on facilitating flows through precinct planning, road upgrades, etc. rather than rezoning away from industrial use.

4.6 Planning recommendations made without sufficient evidence base

“The MELS makes recommendations for land use planning within Marrickville with only a limited evidence base and without regard to a wide range planning considerations. Only two overlays are used to determine the suitability of proposed land use changes; flooding and aircraft noise. These are not adequate to establish even high-level planning controls such as land use zones”

As previously noted, given dwindling industrial land supply in the inner city suburbs and the role and function of the Sydenham–Marrickville precinct, the attention should be focussed first on *the scope for rezoning* and once rezoning potential has been determined then the suitability for alternative uses can be examined. The scope for rezoning is comprehensively assessed in the MELS. JBA make no attempt to calculate land requirements and so the JBA Strategy has no basis for understanding the scope of rezoning potential.

After discussion with Council officers, flood and aircraft noise were agreed as the most significant development constraints for residential use. Other attributes (distance from public transport, distance from main street retail, etc.) were also considered based on updated information from the *2007 Marrickville Urban Strategy* and *2008 Employment Lands Strategy*.

The report does not make reference to any of the more detailed technical studies discussing flooding or aircraft noise, as well as urban design, traffic, heritage, ground and soil conditions and the land use survey

As discussed above, given the nature of the subregional and the role and function of the Sydenham–Marrickville precinct the focus should first be on the *scope for rezoning* and once rezoning potential has been determined then alternative uses can be considered. High level constraints have been considered for residential uses as part of the MELS. Beyond this, technical studies would form part of detailed precinct planning.

“Even on a small scale, some of the assumptions about the suitability of ground conditions have been made without any evidence-base or reference to the extensive material provided in the Victoria Road Planning Proposal”

Again, as stated above, appropriate attributes have been considered as part of a strategic assessment after the scope for rezoning has been determined.

4.7 Errors and mis-description

“The MELS makes significant factual errors in its description and assessment of the Victoria Road Planning Proposal, including about the precinct area, the amount of land proposed to be rezoned, the type of uses proposed and the type and quantum of new employment uses suggested”

Reported figures for the Victoria Road proposal total land area are incorrect. However, the only specific reference made to this number is in the following paragraph:

“The rezoning proposal study area covers a very large area, around 416,000 sqm of land area and an estimated 243,000 sqm employment GFA. The loss of this volume of traditional industrial land would be a significant loss for the subregion. In addition, the loss within the LGA would risk inadequately meeting forecast industrial demand.”
SGS 2014. MELS p.66 para 1

This merely makes the point that the proposal covers a large area and the loss of floorspace would be significant for the subregion.

“The MELS relies on broad statements about employment densities contained in the Employment Lands Development Program that indicate job densities in the South Subregion are in the order of 58 jobs/ha, when in fact the detailed land use survey provided with the Victoria Road Planning Proposal (provided to SGS) makes clear that employment densities in this precinct are approximately 31 jobs/ha – significantly lower than the subregional and broader Sydney averages”

There seems to be some confusion on this point. JBA are suggesting that job densities revealed by their survey are lower than job densities reported by the ELDP. Our forecasting has assumed a stable relationship between employment, floorspace and land area requirements within each employment category. If job densities become lower in future then more land will be required per job, not less.

In some sections of the report, JBA suggest that lower density uses are moving in to take up vacant space

“The withdrawal of traditional industrial businesses from the precinct will, without planning changes, result in increased vacancy rates across the precinct. These will be filled by low value business uses such as storage facilities that are non-industrial in nature and make only minimal contribution to employment”
P40. para 3

In other sections, they state that incoming uses include retail, creative spaces, etc. which would have higher densities than traditional manufacturing.

“The floorspace audit contains a number of errors in the categorisation of business premises throughout the Victoria Road Precinct. For example, the Bourke Street Bakery on Mitchell Street is described as a Light Manufacturing business when the predominant use is clearly retail”

First we need to be clear on what the floorspace audit is and how it is used in the study. The audit is an on foot assessment of land use on each lot that has an industrial zone across the whole LGA. It provides a fine grain picture of the way that land is used in each precinct and when combined with employment data by ANZSIC category, it provides a guide to the relationship between employment category (e.g. Manufacturing) and land use category (Office, Light Industry, Urban Services, etc). An error in recording land use on a single lot will not significantly affect the floorspace demand forecast

The specific example raised is the Bourke Street Bakery site. In terms of land use, this site accommodates the main commercial bakehouse function plus a factory door retail function. The commercial bakehouse function makes up the largest share of total land use and so Light Manufacturing is recorded on the maps. In our spreadsheet of course the split between retail and manufacturing is recorded.

Contact us

CANBERRA

Level 6, 39 London Circuit
Canberra ACT 2601
+61 2 6263 5940
sgsact@sgsep.com.au

HOBART

Unit 2, 5 King Street
Bellerive TAS 7018
+61 (0)439 941 934
sgstas@sgsep.com.au

MELBOURNE

Level 5, 171 La Trobe Street
Melbourne VIC 3000
+61 3 8616 0331
sgsvic@sgsep.com.au

SYDNEY

209/50 Holt Street
Surry Hills NSW 2010
+61 2 8307 0121
sgsnsw@sgsep.com.au