

# Chapter 3

## The Sydney Metropolitan Strategy: Implementation Challenges

Patrick Fensham

**Abstract** The New South Wales (NSW) Labour Government released the Metropolitan Strategy for metropolitan Sydney in December 2005 (entitled *City of Cities: A Plan for Sydney's Future*). This was the first comprehensive strategy for accommodating Sydney's growth and development since 1994. The strategy was reviewed in 2010 and a new version (entitled *Metropolitan Plan for Sydney 2036*) released. With a new (conservative) coalition government elected in 2011 a further strategy (entitled *A Plan for Growing Sydney*) was released in 2014. This paper provides an overview of the successive strategies, which have had consistent elements. There has been a particular focus on creating stronger employment centres in suburban Sydney to 'balance out' the strong growth of central Sydney, thereby reducing commuting time and congestion while providing employment and other activities closer to where people live. The paper also examines the implementation arrangements and the extent to which they have succeeded. The implementation of the plan has been hampered by several factors. The State Government is responsible for metropolitan planning and for setting regional development strategies, but lacks the fiscal resources to implement the plan. The Sydney metropolitan region stretches 65 km east to west and 40 km north to south and includes over 40 local governments. There is no metropolitan level of governance, which means there is no 'independent' champion of metropolitan planning aims. Since local governments also face tax constraints, they tend to focus on meeting local needs rather than metropolitan ones.

A proposed Greater Sydney Commission holds the promise of more effective implementation of metropolitan planning aims, though weaknesses in infrastructure funding arrangements and ensuring 'whole-of-government' support, are enduring.

**Keywords** Regional planning • Regional planning processes • Intergovernmental relations • Sydney, Australia

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## Introduction

The last 10 years has seen a revival of metropolitan planning for Sydney with three plans or strategies released by the New South Wales (NSW) Government in that time. The first of these was released by the Labour State Government in December 2005 entitled *City of Cities: A Plan for Sydney's Future*. This was the first comprehensive strategy for accommodating Sydney's growth and development since 1994. A key aim of the 25-year strategy was to encourage growth in nominated suburban centres, to create residential and employment concentrations in locations other than central Sydney and thereby reduce commuting time to the city while providing employment and other activities closer to where people live. The strategy was reviewed in 2010 and a new version (entitled *Metropolitan Plan for Sydney 2036*) released. A Liberal-National coalition (conservative) government replaced a long-standing Labor administration in NSW in March 2011. In December 2014 this new government released its own document entitled 'A Plan for Growing Sydney' with a 15 to 20 year time horizon.

This paper provides an overview of the key elements of these strategies (mostly consistent between the 2005, 2010 and 2014 versions) and in particular examines the implementation arrangements and the extent to which these are succeeding or failing.

This paper contains eight sections. The first is an overview of the roles and responsibilities of the levels of government in New South Wales in relation to metropolitan strategic planning. The second is a discussion of the problems and challenges facing the Sydney metropolitan region. The third is a discussion of the key elements of Sydney's recent metropolitan plans or strategies. This is followed by a discussion of the implied and important distinction between the state and local levels of strategic interest. It then summarises the most recently proposed implementation framework and discusses how this 'rates' against suggested 'ideal' implementation elements. It concludes with an evaluation of the problems facing metropolitan governance in Sydney, and in Australia in general, and looks at how these have influenced the fulfilment of recent Sydney metropolitan planning strategies.

## Australian Metropolitan Strategic Planning at a Glance

Before addressing some of the details in Sydney's Metropolitan Strategy, released in December 2005, an overview of some of the basic and key elements about metropolitan planning responsibilities in Australia is necessary.

Australia has a federal system of government with six states (in order of population size from biggest to smallest, New South Wales, Victoria, Queensland,

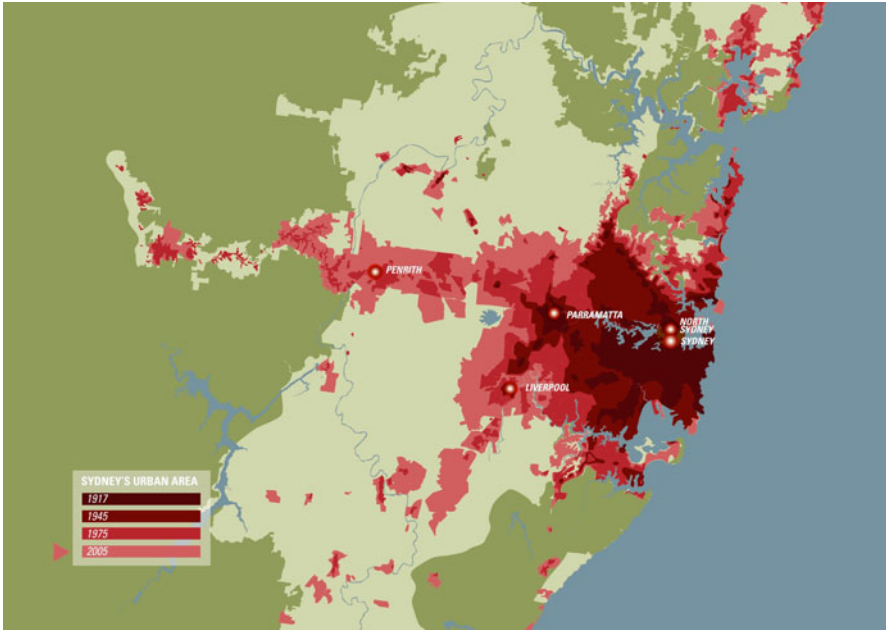
Western Australia, South Australia and Tasmania), and two territories (the Australian Capital Territory which contains the capital Canberra and the Northern Territory), which have a limited form of self-government. Relevant points regarding metropolitan planning include the fact that the states prepare the strategic planning frameworks for their major metropolitan areas and regions and approve local planning and development control ordinances which theoretically should be consistent with the state frameworks. The states have the key infrastructure responsibilities, for example, main roads, public transport, education, health and policing. By contrast, local councils are comparatively weak compared to many countries, but have control over most local-level developments (though the state retains control over some designated projects). Moreover, local government is generally 'fragmented', though this is more so in some city areas than others. For example, in the Sydney metropolitan area (well over four million people), there are over 40 local councils, while in the metropolitan area of Brisbane (around 1.5 million people) there are only three large councils. Despite fragmentation in New South Wales and other states, there is no metropolitan level of government. State governments have the key metropolitan governance and strategic planning responsibilities in cities within their jurisdiction but also have rural and regional responsibilities. By contrast, the federal (national) government has the principal taxing power and control over defence, immigration and macroeconomic policy (with an independent reserve bank setting interest rates) but has few direct powers related to urban planning and development.

Within Australia, about three-quarters of tax revenue goes to the federal government. About one-fifth goes to the states, and the rest goes to local governments. However, own-source revenues as a percentage of own-purpose outlays are 142 % for the Commonwealth, 50 % for the states and 80 % for local governments. This is often referred to as 'vertical fiscal imbalance'. Local governments rely on the state and federal government for funding to carry out many of their responsibilities, and state governments rely on federal government support. In New South Wales, local governments are also financially constrained because they have limited powers of taxation (Worthington and Dollery 2000). The main sources of locally based revenue are taxes on property (or municipal rates); fees and fines (referring to user charges imposed for services rendered and fines associated with regulatory functions); net operating surplus of public trading enterprises (normally utilities); grants from the Commonwealth or respective state government; and interest received from council investments. Under state law, property rates in NSW are 'pegged'. This means that they generally cannot be raised beyond an amount set by the state government, typically related to the rate of inflation (Dollery and Wijeweera 2010). As a consequence, it has been argued that councils are constrained in providing local services, they cannot address infrastructure backlogs, and they have to impose higher service fees and charges to make up for budget shortfalls (e.g. Jopson 2010).

## Sydney's Growth and Development Challenges

Sydney is in the state of New South Wales and is the largest city in Australia – 4.1 million people at the time of the 2005 Strategy (and 4.3 million in 2010), anticipated to rise to 5.9 million by 2031. The city has grown strongly in the recent era of globalisation – it is Australia's global city and home to international financial headquarters and most of the advanced business services jobs in Australia (though in recent years both Brisbane and Melbourne have been growing at comparable rates in net population terms). The historic heart and settlement of Sydney (1788) was on its eastern edge. The Central Business District (CBD) is on Port Jackson at Circular Quay where there was freshwater. The higher-density areas of the city are around this historic core. Although lower-density growth has proceeded to the north and south, growth has been mainly to the west, typified by detached housing in post-war car-based suburbs. As a result, the metropolitan area is now 65 km from east to west and around 40 km from north to south (see the development of Sydney, outlined in Fig. 3.1).

Sydney's regional problems are characteristic of many larger cities where urban growth has spread beyond local boundaries. Although the city and its neighbouring jurisdictions are subordinate to the State Government, the State Government has limited ability to compel local governments to cooperate and address a regional vision.



**Fig. 3.1** Sydney's urban development over time (Source: NSW Government – Department of Planning 2005)



Fig. 3.2 Press view on Sydney's development (Source: Goodsir and Dick 2005)

It lacks the spending power to implement regional plans on its own, although it can stimulate development through investment in infrastructure and through the work of state agencies, particularly UrbanGrowth NSW, formerly Landcom, which is the state corporation tasked with developing land for housing. Founded in the 1970s, Landcom was originally meant to help provide affordable housing for the Sydney region, developing property on the urban fringe. However, from 2002 it operated as a for-profit development corporation, managing the redevelopment of state-owned land, both brownfield and greenfield. As UrbanGrowth NSW it is now mainly focused on leading renewal projects in infill areas, including preparing and wholesaling public land for development.

The 2005 Strategy had to consider four key development challenges (Fig. 3.2 indicates attention in the printed media to the crucial issues). The first was building on Sydney's role as a global city and building on the strengths that have attracted high-value jobs, but spreading the benefits to and creating more jobs in the western part of the metropolitan area while sustaining the high-growth east. The second was

to provide housing for 40,000–50,000 people per year and meet a diverse range of needs as households get smaller and older on average (providing for around 600,000–700,000 homes in the 25-year planning period). The third was to contain or control the urban footprint to protect valuable rural and agricultural lands (constrained by geography to a certain extent anyway), and the fourth was to promote the sustainable development of the metropolitan region by reducing car dependence and congestion, reducing per capita water and energy use, reducing waste and planning for climate change.

The 2010 Strategy highlighted the same or similar challenges. By 2014, with the change to a more conservative government, the development challenges that are highlighted in the metropolitan plan are similar, with even more people per year to accommodate, but there is much less explicit reference to social and environmental challenges, though there are limited actions included which address these issues.

## **Metropolitan Strategy Themes at a Glance**

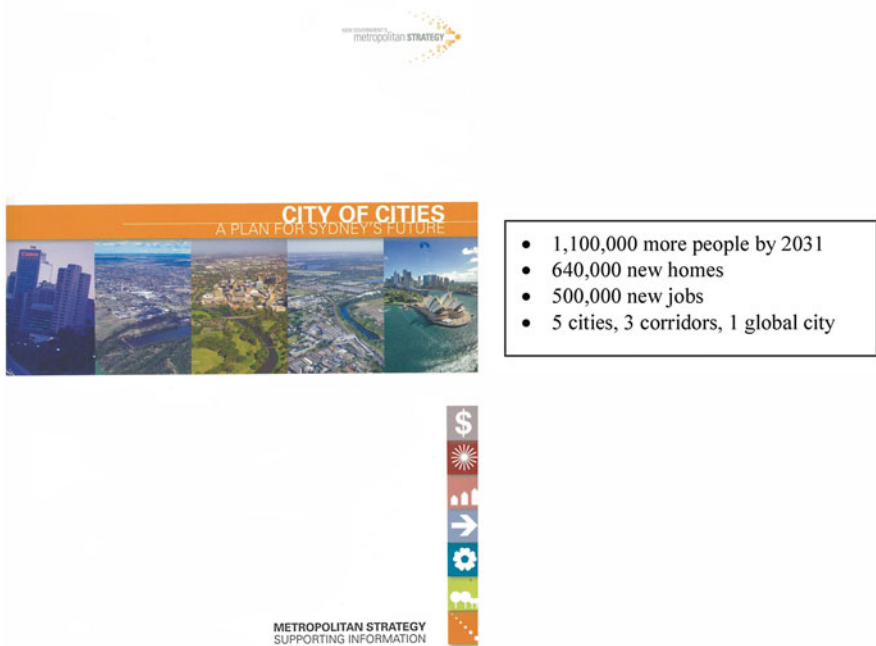
The 2005 Metropolitan Strategy contained eight key elements or themes. The first was creating stronger cities within the metropolitan area. Sydney and North Sydney, branded ‘Global Sydney’, were to remain the core of the region, but were to be complemented by the so-called regional cities, creating a multcentred city (Parramatta, Liverpool, Penrith and Gosford).

The second was the creation of a strong ‘Global Economic Corridor’ between North Sydney, the Sydney Central Business District, and the Airport. It was hoped that this would lead to the creation of 150,000 more jobs in Global Sydney, major centres, specialised centres and employment precincts, including Macquarie Park, Chatswood, St Leonards, Green Square, Randwick education and health precincts, Sydney Airport and Port Botany.

The third element was to create more jobs in Western Sydney. The aim was to accommodate almost 240,000 more jobs, including ‘higher-order’ jobs in regional cities and specialised centres and in employment precincts with access to the Orbital Motorway Network.

The fourth element, related to the previous three, was containing Sydney’s urban footprint and limiting sprawl. This was to be done by ensuring that any new release of land met strict sustainability criteria and that green and rural areas were protected.

The last four elements are also related to sustainability. The fifth was encouraging transit-oriented development by creating major centres for jobs, service and residential locations which would be related to transit and have higher population densities. Element six, providing fair access to housing, jobs, services and open space, aimed at giving suburban towns, villages and neighbourhoods a public transport focus and developing new and diverse housing in existing areas. The seventh element was the creation of what is called connected centres through improvements in the public transport network, providing improved access to the Global Economic



**Fig. 3.3** City of Cities: A Plan for Sydney’s Future – front cover and main parameters (Source: NSW Government – Department of Planning 2005)

Corridor and investing in the rail network and strategic bus corridors to provide faster and direct public transport linking suburban centres and nodes.

The eighth element was to create stronger regions. Jobs were to be linked with housing growth and improved communications and transport in the Greater Metropolitan Region including the Central Coast, Illawarra and Lower Hunter.

The 2010 *Metropolitan Plan* contains these or similar elements, though with a more resolved transport plan and less emphasis on connections to the regions. The basic parameters also shifted over the five years between documents. Figures 3.3, 3.4 and 3.5 show the covers and key parameters for the 2005, 2010 and 2014 documents.

The 2014 plan is not as clear in describing its key elements. It contains 22 directions across four high-level goals. Summarising these directions suggests that the main elements are:

- Growing a more internationally competitive Sydney CBD as part of an ‘expanded’ Global Economic Corridor extending to Parramatta and along the North West Rail Link corridor to Norwest and Rouse Hill
- Growing Greater Parramatta as Sydney’s second CBD
- Growing other strategic centres (including Penrith, Liverpool and Campbelltown-Macarthur as regional city centres)

- Transforming the productivity of Western Sydney through growth and investment
- Delivering well-planned greenfield precincts and housing
- Accelerating urban renewal across Sydney at train stations, providing homes closer to jobs
- Enhancing capacity at Sydney’s gateways – Port Botany and Sydney Airport and at the proposed new Sydney second airport at Badgerys Creek
- Promoting Sydney’s arts and culture, tourism and entertainment industries
- Creating a network of linked green spaces
- Protecting the natural environment and biodiversity

### State and Local Levels of Interest

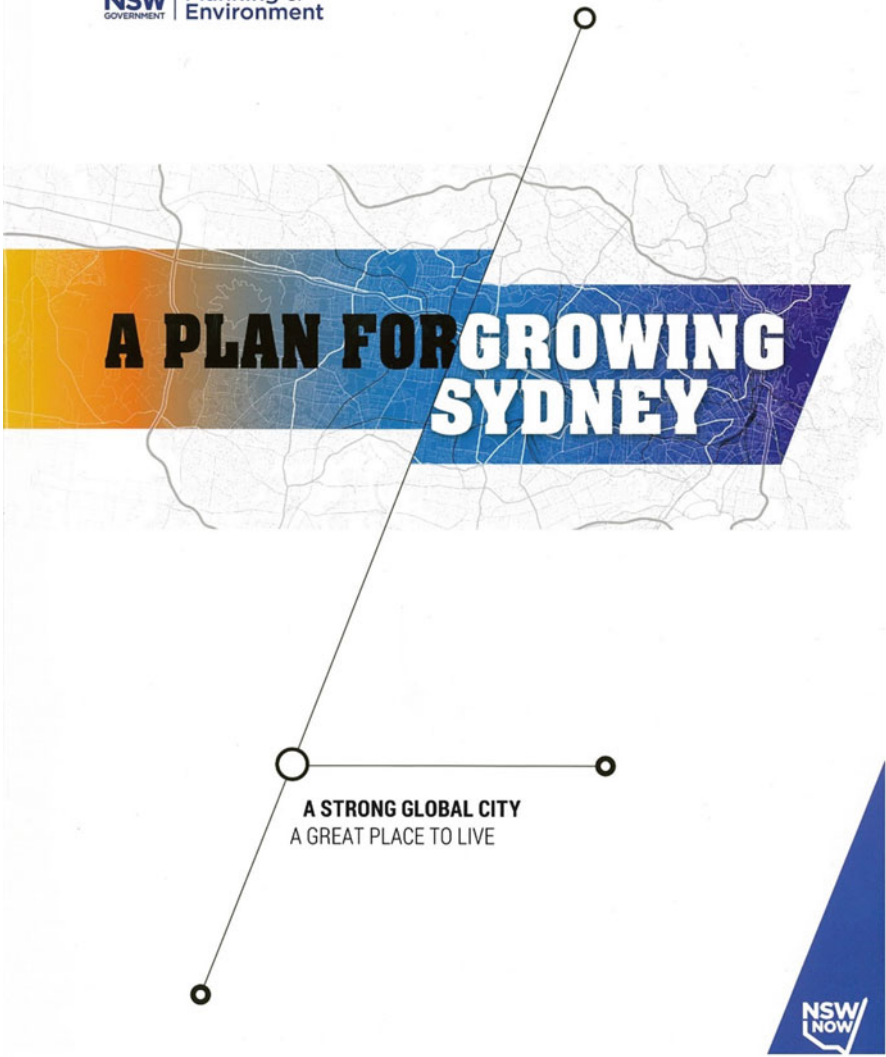
The key map from the 2005 Metropolitan Strategy in Fig. 3.5 made a statement about the strategic elements from the State Government’s perspective. This can be compared to the 2014 map (see Fig. 3.5b) which has fewer elements, potentially indicating less state level ambition, or perhaps greater realism about the extent of state level influence. Other places and elements not on the maps ‘make up’



**Fig. 3.4** (a) Metropolitan Plan for Sydney 2036 – front cover and main parameters (Source: NSW Government – Department of Planning 2005). (b) A plan for growing Sydney – front cover and main parameters (Source: NSW Government – Department of Planning and Environment 2014)



b

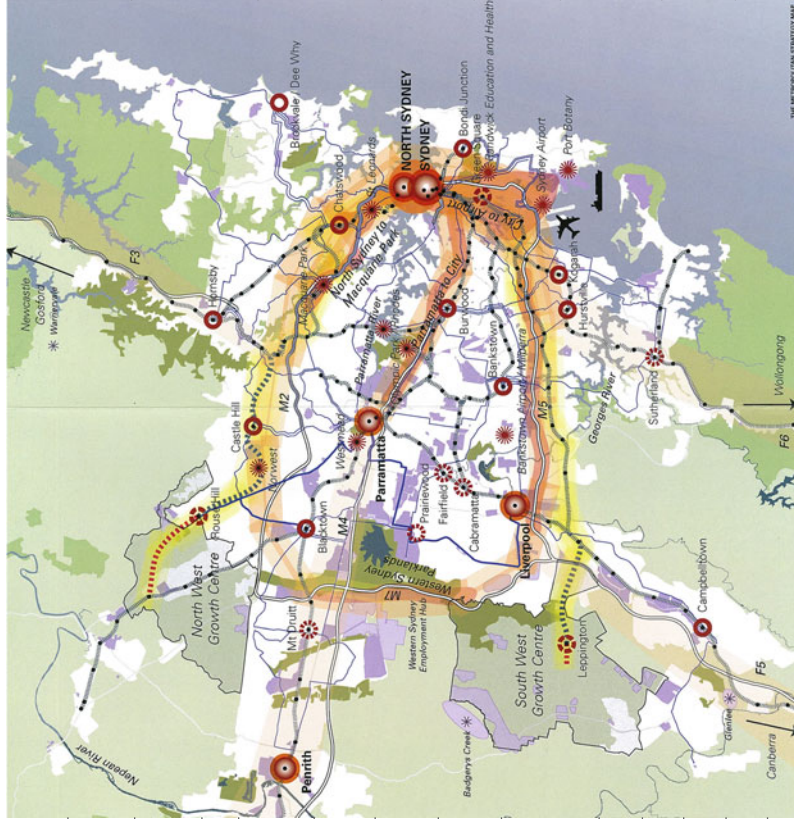


1.6 million more people by 2031  
664,000 new homes  
689,000 new jobs  
2 CBDs (Sydney/North Sydney and Greater Parramatta), 3 Regional City Centres and 22 other strategic centres

Fig. 3.4 (continued)

1,100,000 more people  
 640,000 new homes  
 500,000 new jobs  
 25 year plan  
 5 cities  
 3 corridors  
 1 global city

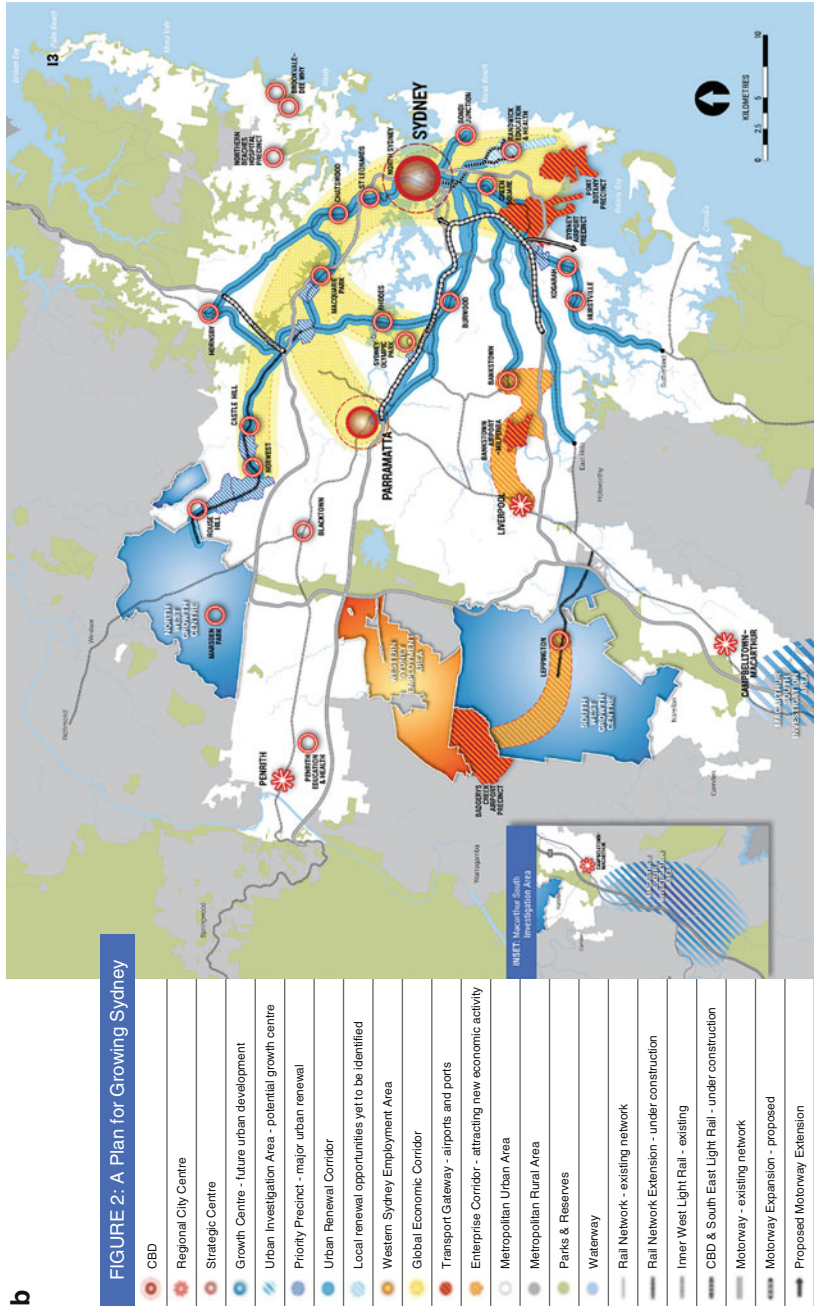
**a**



<b>GROWTH CENTRE</b> North West and South West land release areas.	<b>REGIONAL LINK</b> Better connected and stronger regions linked to Sydney.	<b>CORRIDOR</b> Areas around transport routes that connect centres, containing related activities. Corridor types: Economic, Renewal, Enterprise	<b>RAIL NETWORK AND STATION</b>	<b>ORBITAL MOTORWAY NETWORK</b> The motorway and freeway system including the Eastern Distributor, M7, M5, M4 and M2.	<b>NEW NW-CBD-SW RAIL LINK (POSSIBLE EXTENSION)</b> Links the major new growth and employment areas of the city.	<b>BUS TRANSITWAY</b> Bus based rapid transit system providing fast, efficient bus services.	<b>STRATEGIC BUS CORRIDOR</b> New direct and frequent bus services linking larger centres across Sydney.	<b>EMPLOYMENT LANDS (PLANNED)</b> Contain various employment activities such as factories, warehouses, high tech manufacturing, transport logistics or major storage operations with some associated offices. These places are vital to our economy and ability to service the city.	<b>POTENTIAL EMPLOYMENT LAND FOR INVESTIGATION</b>	<b>REGIONAL/STATE PARK</b>	<b>NATIONAL PARK</b>	<b>RURAL AND RESOURCE LAND</b>	<b>EXISTING URBAN AREA</b>
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<b>GLOBAL SYDNEY</b> Main focus for national and international business, professional services, specialised shops and tourism. It is also the main focus of government administration for the Sydney region with national significance.	<b>GLOBAL ECONOMIC CORRIDOR</b> The corridors of concentrated jobs and activities in centres from the City of Sydney to the Airport and Port Botany will remain the powerhouse of Australia's economy.	<b>REGIONAL CITY</b> Parramatta, Liverpool and Penrith will provide for more lifestyle and work opportunities close to the growing parts of Sydney.	<b>SPECIALISED CENTRE</b> Places such as hospitals, universities and major research and business centres that perform vital economic and employment roles across Sydney.	<b>MAJOR CENTRE</b> The major shopping and business centre for the district, usually with council offices, taller office and residential buildings, a large shopping mall and central community facilities.	<b>PLANNED MAJOR CENTRE</b> These places are currently being planned to become major centres.	<b>POTENTIAL MAJOR CENTRE</b> These places may grow to take on the role of major centres in future.
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THE METROPOLITAN ENTERPRISE MAP



**Fig. 3.5** (a) 2005 The strategy map (Source: NSW Government – Department of Planning 2005). (b) The 2014 plan map (Source: NSW Government – Department of Planning and Environment 2014)

the city, but, consistent with the ‘subsidiarity principle’, these may be viewed as being principally of local interest. This principle is based on the idea that policy-making and service delivery should be allocated to the ‘smallest’ or lowest appropriate level of authority. In 2005, the strategic elements of state government interest included:

- strategic centres (regional cities, major centres, specialised centres)
- key transport infrastructure including the existing and proposed railway network, and the strategic bus corridors, and the orbital motorway network
- renewal and economic development corridors including the planned major economic corridors along the M7 and M5 motorways, between Parramatta and the City, and development of the ‘global economic corridor’ encompassing North Sydney to Macquarie Park and the City to the Airport
- areas of focus for land use planning including the major existing and planned employment land areas, planned new release areas (North West and South West Growth Centres) and the major rural and resource lands framing the city and
- the links to regional centres

The map does not show the hundreds of smaller centres – the so-called towns, large villages, villages and neighbourhoods that were also to accommodate future residential development and local-level retailing in particular. These are of ‘local government interest’.

The 2014 map highlights the strategic centres and gateways, new release areas, rail extensions and (expanded) Global Economic Corridor, consistent with the ideas in the 2005 strategy. Two enterprise corridors have replaced the more numerous renewal and economic corridors that followed motorways in the 2005 strategy map, while some small priority precincts and inner area rail corridors are now highlighted for housing renewal, and the new South-East inner city light rail is included. The Macarthur South area is highlighted for investigation as a new release area. The Western Sydney Employment Area is highlighted in 2014, while back in 2005 all industrial areas were highlighted indicating their perceived significance at that time.

## **Ideal Elements for a Successful Metropolitan Strategy**

Having a plan or a strategy for metropolitan development is only part of the story. Many other drivers of success have to be managed. From the perspective of Mark Spiller (2006), these drivers, or key implementation elements, include the following (see also Fig. 3.6).

*Appropriate Land Use Regulation Based on the Metropolitan Strategic Framework*  
Strategic settings need to be resolved and translated into land use regulations, and there needs to be a clear process to achieve this. This will be particularly important in relation to the objectives for housing mix and affordability. There may be a proactive role for planning instruments to address this issue.

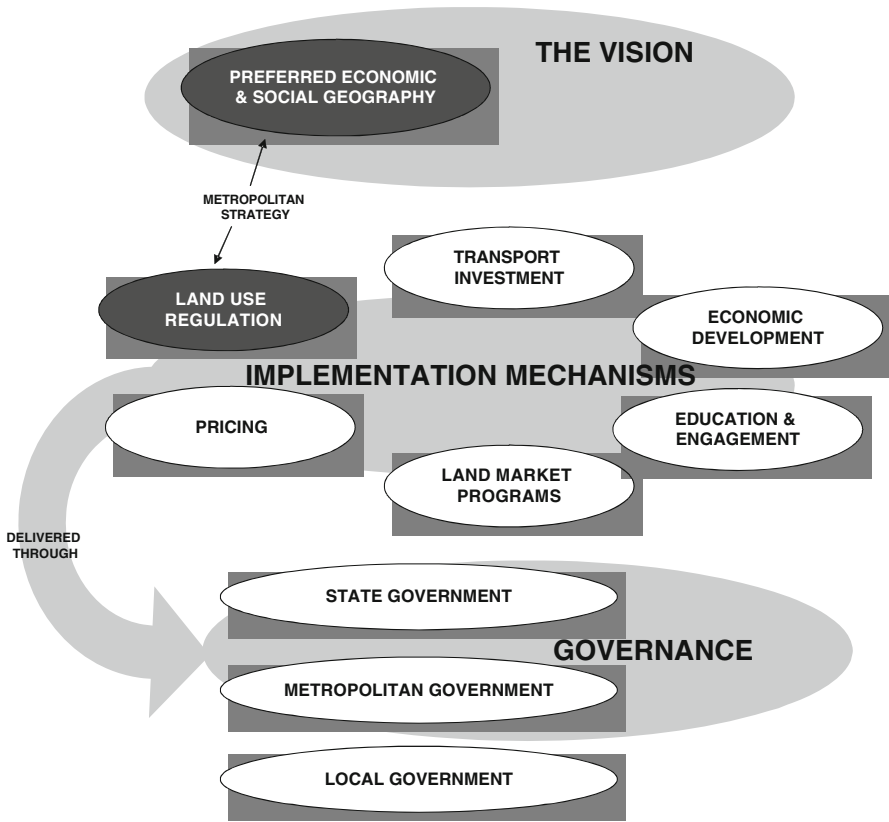


Fig. 3.6 Required elements for metropolitan strategy implementation (Source: Spiller 2006)

*Pricing* New pricing policies are needed for infrastructure, mechanised travel and energy and natural resource use. Australia’s metropolitan areas have largely been built on the back of cheap land, cheap water, cheap petrol, cheap energy, unpriced road access and subsidised infrastructure. It is of little wonder that these cities perform poorly in world terms against environmental indicators (while performing strongly against quality of life indicators).

The types of pricing policies required include the introduction of electronic road tolling, not just for a few projects but for the whole network of arterial roads, geared to recovering the cost of congestion and other externalities. The revenues generated should be ploughed back into public transport. In addition, the pricing should include full up-front cost recovery for roads, water supply, sewerage, storm water management, rail extensions and other private benefit infrastructure in greenfield areas and infill areas alike, where these costs are locationally differentiated.

*Investment in Public Transport* Adequate investment in *public transport systems* is vital to realising the visions in Australia’s metropolitan plans. Sydney in particular has recently suffered from underinvestment in public transport. While its extensive

established network enables it to outperform other Australian cities in terms of public transport mode share, congestion pressures and growth mean there are likely to be diminishing returns without new investment.

While the current NSW Government has accelerated some public transport improvements and investment, building on the previous government's plans, it is unlikely that significant shifts in modes share toward public transport will be achieved in the short to medium term. To achieve the significant shift required a significantly expanded programme of investment will be necessary. This will also require innovation in investment procurement and infrastructure funding. Like many cities around the world, there is a need to look at land value capture strategies to help pay for improved public transport and other social infrastructure. At present, private landowners often enjoy significant windfalls as a result of public investment in rail lines and the like.

*Measures to Address Land Market Failures* To achieve major transformation, particularly in the 'strategic centres', the government needs to be prepared to intervene to overcome land market failures and constraints like fragmented property ownership, contamination or lack of innovation in the private developer sector.

*Education and Community Engagement* Community resistance to new or more intense development is strong. This affects local politics. There is an inbuilt bias against change and against future generations of residents. There is an important role for education and marketing programmes and much more sophisticated community engagement to help further shift public behaviour and preferences.

*Economic Development Strategies* Ambitious metropolitan strategies usually aim for shifts in the economic geography of the city, that is to say, the distribution of economic activities within the city region. Supported by major infrastructure investments, this can only be achieved if there are sound economic development strategies and policies in place to complement or underpin the preferred settlement pattern.

*Metropolitan Governance* As well as having these various implementation mechanisms tuned to the vision, good policy requires that *governance arrangements* support the implementation process, by mediating the inevitable political tensions between local community interests and regional community interests. Spiller has suggested that in Australia these tensions will only be resolved by establishing Metropolitan Commissions. A 'strong arm' state government level Minister is not sufficient because long-term strategic prescriptions need to be embraced by both sides of politics and by local communities, which is impossible if the Minister is setting himself/herself up as the political champion.

A Metropolitan Commission, advocated by Spiller (2006), would be a sphere of governance covering the metropolitan community of interest, separately mandated by the Parliament and independently funded – possibly through some form of property rate surcharge. There would be an element of democratic representation in this Commission. It could involve one delegate from each constituent local council (or group of councils) plus a list of appointed members responsible to the Parliament of

the day. What the Commission could do is put some space between the Minister at State level and the formulation and implementation of metropolitan strategy. When politically pressed on the strategy, the Government could reasonably claim the protection of non-interference in the due process of a legitimately constituted quasi-autonomous planning body. For their part, councils would be relieved of the task of reconciling what are sometimes irreconcilable differences between local and metropolitan interests.

Spiller (2006) also argues that the Commonwealth or federal government needs to be involved in supporting state metropolitan strategies and the work of the proposed commissions, by providing incentive payments to the states for improvements in metropolitan performance congestion, sustainability and so on. This makes economic sense. Spiller argues that for every \$3 in GDP growth, \$1 goes in taxes, and two thirds of these taxes flow to the Commonwealth. So the biggest fiscal winners from implementing these plans would be the Commonwealth. Successive federal governments have missed the opportunity to simultaneously take Australia to a new level of competitiveness, make a positive contribution to the environment and fill up the coffers for social investment.

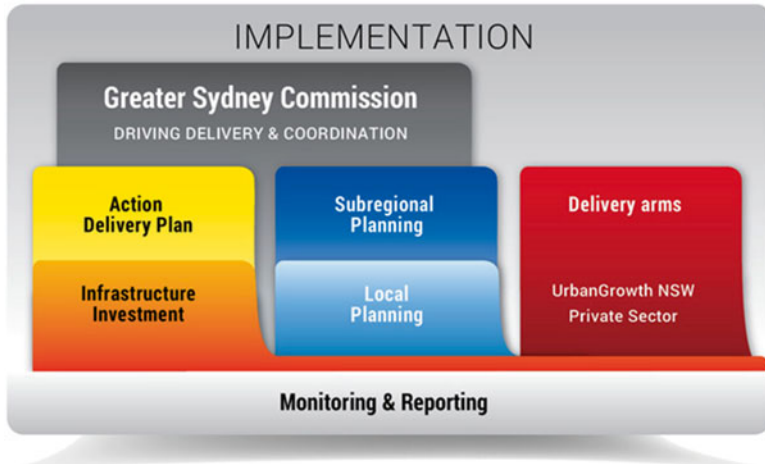
## **Sydney's Metropolitan Strategy Rated Against the Implementation Elements**

Both the 2005 and 2010 documents outlined the way in which the strategy was intended to 'influence' key government functions in three areas:

1. Spatial planning – by informing planning and the preparation of plans and instruments at the subregional and local levels
2. State involvement in strategic places – using special purpose or land development agencies in areas and centres of state or strategic interest
3. State investment priorities – in the state infrastructure strategy, in asset management, in funding and pricing and in project delivery

The use of the term 'influence' may be significant in these documents. It might be expected that a whole-of-government adopted strategy would be expected to 'direct' or at least 'guide', implying that the strategy would be a key reference across government. Despite or perhaps because of their comprehensive scope, these metropolitan plans appear to be still viewed with suspicion outside of the planning agency and to be utilised with discretion.

The 2014 plan highlights similar delivery and implementation elements with the key and important addition of a proposed Greater Sydney Commission 'tasked with the responsibility to drive the implementation of the Plan' (NSW Government 2014, p.18). As mentioned, UrbanGrowth NSW is included as a government agency to deliver major urban renewal projects. Though the graphic summarising the delivery framework includes 'infrastructure investment', there is no framework nor any



**Fig. 3.7** A plan for growing Sydney delivery framework

further discussion on a related programme of investment or funding (see Fig. 3.7). Other government policy documents, notably the NSW Long-Term Transport Master Plan (NSW Government 2012) and State Infrastructure Strategy (Infrastructure NSW 2014), provide more coverage of investment and funding initiatives.

Table 3.1 below provides an assessment of how Sydney's recent Metropolitan Plans line up against the 'ideal elements'. There has been sufficient time to judge the performance of the 2005 Strategy but also to consider whether the 2014 Plan addresses any observed gaps or weaknesses.

In the 'pass' category is land use regulation, where processes of subregional planning and assistance with LEP (Local Environmental Plan) reviews have been established, though caveats are noted in the table. Draft subregional plans were prepared to reflect the 2005 Metropolitan Strategy, but were never finalised. The current government has committed to subregional planning again and this has revised hope in more effective strategic land use planning. A key issue is whether the housing and employment development capacity or potential provided via revised LEPs is actually able to be developed feasibly now or in the life of the plan.

Some progress has been made in implementing some key plan elements, but more needs to be done in several areas. The first is *State investment to support the strategy*. Failures to invest in public transport were a principal reason for the Labour government's downfall, though the 2010 Plan was much stronger than the 2005 Strategy in this area. Nevertheless, underinvestment in public transport has been a factor in poor rates of new housing supply and a lack of basic underpinning for core strategy objectives aiming to address agglomeration, sustainability and reduced congestion. While there are signs of improvement in transport investment, and land



**Table 3.1** Assessment of Sydney's metropolitan strategy implementation elements

Implementation mechanisms	Comment	Pass ✓, some progress ~ or fail x
Land use regulation	LEPs to conform with subregional plans geared to Metro objectives – funding for LEPs <sup>a</sup> with the prospect of the feasibility of development potential provided in local plans as a threshold test. Councils at least conscious of the need for local plans to accommodate target growth – though state tests and sanctions for non-performance are still weak.	✓
Pricing	No reference in the transport section of the 2005 Plan; passing reference in an implementation objective (G4) but no further detail. Nothing explicit in the 2010 or 2014 Plans. There have been tentative moves to price access to the CBD by time of day with higher peak hour charges on the Sydney Harbour Bridge and toll roads are an ad hoc user pays system.	x
Investment in public transport	Principally backlog investment in rail, e.g., the North West Rail Link serves many already developed catchments; 'sibling' document NSW Long-Term Transport Master Plan sets out a comprehensive transport agenda, though this emerged prior to the 2014 metropolitan Plan for Growing Sydney; few of the priority transport projects are truly transformative, though the Parramatta light rail has been elevated above others by the government; no explicit value capture or other funding arrangements. Increasing though incomplete recognition of state-level elements in state infrastructure strategy (e.g. future investment in cultural facilities in Parramatta) but need commitment to a greater share of ongoing state investment in strategic centres.	~
Land market failures	2005 Strategy gives Landcom (the government land developer) an 'urban renewal' role, but no clear mandate to assemble or package sites. Landcom now effectively dismantled. State-level Sydney Metropolitan Development Authority (SMDA) established with the 2010 Plan as renewal authority but with very limited geographic coverage (Redfern-Waterloo and Granville) and impact. UrbanGrowth NSW formed (merger of Landcom and SMDA) to redevelop government-owned land and undertake planning in some limited development corridors. A difficulty will be influencing infrastructure particularly transport agencies. Challenge of land assembly and effective facilitation in centres without government land holdings are still to be addressed.	~
Education and engagement	No systematic communications or engagement on the elements and merits of the plan.	x
Economic development strategies	Strong feature of the 2005 Strategy documentation in particular, including integrated thinking re-housing and employment. Modest follow-up work in practice and few significant commitments in the 2010 and 2014 Plans particularly at the place level.	x
Metropolitan governance	Ultimately ineffective Metropolitan Strategy CEO group established via the 2005 Strategy, not retained in 2010. Greater Sydney Commission proposed in 2014 plan. Needs to be a genuine granting of independent implementation power with state and local interests represented to be a success.	x

Source: Author

<sup>a</sup>Local Environmental Plan

use integration, there is scope for a much stronger alignment of state investment with the metropolitan strategy – consistent with the idea of ‘infrastructure investment’ identified as a key implementation component.

Secondly, *land market failures* are becoming more common, as the readily developed older industrial sites in the established areas of the city become contested between employment or residential uses, and in shorter supply, and greenfield land becomes more expensive to develop. The need for a more coordinated and interventionist approach in infill areas has finally been acknowledged with the establishment of UrbanGrowth NSW which is focussed on key renewal sites. It has initial though limited funding to seed development through site preparation, planning and wholesaling. The previous Labour government established a Growth Centres Commission to address the aspects of market failure hampering the delivery of greenfield development at the time of the 2005 Plan, but it was abolished and absorbed within the state planning department prior to the release of the 2010 Plan. The withdrawal of Landcom from greenfield land development is another potential problem, though a positive property cycle can underpin a more healthy housing supply performance.

‘Failures’, on this assessment, are recorded for the following:

*Policies of road and transportation pricing* are missing from the successive strategies.

Through iterations of reform to the mechanisms for the funding of fringe urban development, an unfortunate and ad hoc system has emerged. In relation to road and transport pricing, modest changes such as peak hour premium tolling on the Sydney Harbour Bridge are no substitute for a more considered and comprehensive approach. Nevertheless, the politics of road user charges are a minefield for state governments. Interestingly, and at a distance, federal-level advice has been stronger in advocating for road user charges.

*Education and engagement* on the merits of intensification and redevelopment is required, as development gets increasingly stymied and bogged down by what can sometimes amount to ‘knee jerk’ local community resistance.

*Economic development* is supported in both the 2005 and 2010 documents, but there has been modest follow-up activity – particularly in relation to the polycentric city agenda. The 2014 Plan does highlight continued work on Industry Action Plans, but there is less commitment to place specific economic development and coordinated investment activity. More needs to be done to support the development of the strategic centres identified in the strategy, particularly the regional cities of Parramatta, Liverpool and Penrith (and, in the 2014 Plan, Campbelltown-Macarthur in the outer south west). For Parramatta, a positive property market has assisted the achievement of some strategic development objectives, with stronger office and residential development. As mentioned, the new government has committed to investigating a light rail network for Parramatta, including funding early works.

*Governance* remains the ultimate ‘Achilles heel’ for the metropolitan strategy. Notwithstanding the clarity of the implementation rhetoric outlined in the strategy (spatial planning, state involvement in strategic places and state investment priorities),

the tensions between state and local interests, between current and future communities and between innovation and inertia are not able to be resolved without governance reform that establishes a robust representative agent for a metropolitan-wide constituency.

The new strategy and new government has committed to the establishment of a Greater Sydney Commission (GSC). Its form, composition and ultimate powers have yet to be defined but it holds the promise of a much more coherent implementation platform for the metropolitan strategy

## **Additional Reforms**

The recent metropolitan strategies provide a clear framework for the growth and development of metropolitan Sydney. In general they propose a shift to a more poly-centric urban form and contained outward expansion though the 2014 Plan is less explicit on this aim and includes a number of initiative for strengthening the central city. While the plans are strong, the implementation progress has been weak – with key elements not addressed. There is not the space here for a detailed discussion on the reforms required to address the implementation gaps. But it is worth highlighting projects and reforms that would address two areas of particular weakness. These are a public transport investment programme in support of the urban structure implied by the plan and also a coherent programme of governance reform that elevates the role of metropolitan strategy in decision making.

### ***Public Transport Investment: Linking Regional Cities to and Networking the Global Centre***

In the area of public transport, the government has largely been scrambling to address backlog. Even the extensions to the rail network to service the north-west sector (construction well underway) and to the south-west sector (recently completed) are really only bringing the system and service up to the standard expected of a reliable, functioning metropolitan network.

The investment in strategic bus corridors including the ‘metro’ buses responds to changed travel behaviour and needs and has provided some much needed cross-regional transport options linking centres. Implementation on this is now lagging and in any case will not provide the high-capacity and high-frequency corridors that were originally implied. A proposed Parramatta focused light rail system is an exciting initiative, and a further harbor crossing as part of a plan to convert part of the network to a European metro-style system is bold (and expensive). Nevertheless, neither will radically transform intra-metropolitan connectivity or linkages.

What the strategy lacks are proactive public transport initiatives that support the key land use planning and employment objectives. In particular, more attention needs to be given to the services in, and relationships between, the regional cities, the specialised centres and Global Sydney, with its concentration of skilled workers and advanced business services jobs. Better access to these jobs and services is critical for the accelerated development of these suburban business centres.

In England, the centres within the orbit of London – such as Reading, Stevenage and Watford – connected by fast rail to the city, have enjoyed significant growth over the last 20 years. These centres have grown as residential hubs but also as significant employment centres in their own right – trading on good access to central London’s advanced jobs pool. These growing centres are all no more than 30 min away from central London and are playing the ‘regional city’ role expected of Parramatta, Penrith, Liverpool, Campbelltown, Gosford, Wollongong and Newcastle in Sydney’s greater metropolitan region.

Within London (and other global cities), the underground rail system ‘networks’ a multiplicity of centres and nodes and sustains a dense core of businesses and activities. While further debate is required as to the desirability and feasibility of improved fast rail connections between strategic centres in metropolitan Sydney, the following connections should be considered for investigation:

- A Liverpool ‘Y’ link connecting Liverpool to the East Hills line and the airport and CBD
- Links between Bankstown, Bankstown Airport/Milperra and Liverpool
- A fast rail service between Penrith and Parramatta and onto the CBD (the ‘western express’ upgrades proposed in the 2010 Plan were consistent with this but are no longer supported in the 2014 plan)

In the longer term, an outer urban rail loop connecting the proposed second Sydney airport with the North West and South West Rail Lines.

In terms of better networking centres in an expanded global core, consideration should be given to:

- The development of an ‘inner’ loop service connecting Greater Parramatta and Sydney Olympic Park (where there is significant renewal potential) with the Sydney CBD and then using the proposed new harbour tunnel and existing link on the north shore between Chatswood and Epping, connecting back to Parramatta with a new link from Epping. This would connect many thousands of jobs at key universities and health precincts.
- Additional rapid bus services connecting outer areas such as the Northern Beaches with the Global Economic Corridor.

## *Coherent Governance Reforms*

Coordination and enforcement, both formal and informal, are needed for metropolitan plans to succeed. This should embrace not just local governments within the region but state agencies within the region as well as quasi-governmental organisations responsible for delivering services in the area. Even a Metropolitan Commission as recommended by Spiller and now proposed by the NSW Government is probably not enough to meet the planning and development needs of the Sydney metropolitan region. The evidence from the recent metropolitan strategies and plans in Sydney is that they are not key reference documents across government. There is a need to breakdown the 'silo' mentality and approach that hampers the whole-of-government action. At the moment, agencies forward their bids (Total Asset Management Plans) to the Treasury without particular reference to the Government's strategic agenda. The central agencies 'play king' without being accountable to relevant strategies. However, several reforms, among others related to place-based renewal (not discussed here), are required. For the strategy to work, the Metropolitan Strategy needs to be viewed as a key reference at the central (i.e. state) agency (Treasury and Premier's Department) level to complement the work of a Metropolitan Planning Commission which should be established to advise on implementation, make detailed policy in relation to topics and places of state significance and assess developments of state significance.

While local-level forward infrastructure planning exists, for a plan to succeed, there is a need for a long-term, infrastructure programme consistent with the metropolitan strategy (with at least 10 years of funding). The current government is now proposing to fund major infrastructure via a sale of state electricity assets rather than systematically locking in a funding stream. Planning has been separate from infrastructure development. Agency and cross-agency planning and infrastructure and asset bids should be consistent with the Metropolitan Strategy. There is a role for the Metropolitan Planning Commission in assessing and setting priorities.

The success of the plan is also contingent on the creation of meaningful targets and deadlines for the implementation of policies. Among these is the creation of comprehensive, consistent, place-based housing and job targets/projections for use across the government and within local government. This should be based on sub-regional planning undertaken with local councils on the future role and development of all the centres which might accommodate future population and jobs. This includes large villages, villages and neighbourhoods, as well as the 'strategic' centres. The new subregional planning arrangements, to be led by the Greater Sydney Commission, provide some promise of meaningful reform in this regard.

Another need, related to the previous paragraph, is to develop key performance indicators for the whole of government that reflect the Metropolitan Strategy aspirations (e.g. an increased share of expenditure to strategic centres nominated in the Metropolitan Strategy). This would allow not just policymakers but the general public to measure investments and developments against the plan targets.

Finally, local council LEPs (local government development control frameworks) should be quantitatively assessed against the Metropolitan Strategy targets, including an assessment of the capacity and potential provided in the LEPs.

Again with the experience of recent failure, there is some prospect of a better alignment between the metropolitan plan and local plans with regard to housing aims, given the development of better capacity measurement and feasibility tools.

## Conclusion

Australia is a federal system with three basic levels of government: the federal or national level, the state level and the local level. Local governments are 'creatures of the state' which can reorganise them or restructure them at will. However, the State Government tends to respect local government boundaries. People identify with local authorities, and this makes administrative reorganisation politically difficult though the current government has established a local government amalgamation and reform agenda. Most councils, unsurprisingly, are resistant to any change.

From 1945 to 1964, the Cumberland County Council operated as a form of metropolitan government for the Sydney region. The county council was abolished by the State Government because it opposed the state development plans for the Sydney region. It was replaced by a succession of state bodies, in a manner similar to the replacement of the Greater London Council by Mrs Thatcher in the 1980s. New South Wales also has regional organisations which bring together local governments, called Regional Organisations of Councils. There are four ROCS covering metropolitan Sydney. These manage a limited range of regional issues which embrace several local authorities and are based on inter-municipal agreements. However, the ROC are not regional governments. They have a relatively weak advisory and advocacy role, although they do manage some brokering of shared service agreements.

As a result of vertical fiscal imbalance, the Sydney metropolitan plan (indeed, all state governments given their significant service responsibilities) is underfunded. The state lacks the resources to undertake large projects which require substantial capital investment and lacks the ability to foster plan implementation by withholding money from councils for non-compliance. The winding down of Landcom, originally established to provide for more coordinated development and innovation in new release areas, leaves a gap in the implementation architecture for the metropolitan plan. The establishment of an apparently well-resourced UrbanGrowth NSW to focus on urban renewal at least provides the promise of a stronger performance in housing supply in the established areas of the metropolitan area.

In Australia and in New South Wales in particular, the state governments have most of the relevant cities shaping powers so local government shouldn't be 'blamed' for failing to implement regional or metropolitan strategies. Until now there has been no effective metropolitan-wide organisation in Sydney with even limited

democratic and financial legitimacy (or at least an effective ‘compact’), and there has not been a region-wide forum in which governments can exchange views and debate policy. Moreover, intergovernmental relations make long-term planning complicated.

The current NSW Government appears to have learned some of the lessons of recent history when it comes to metropolitan planning and implementation. It has attempted to better integrate transport and infrastructure investment with metropolitan strategic land use planning, though there is still a long way to go with the transport agencies in particular still typically leading the agenda. Notwithstanding new investment in rail extensions to growth areas and an exciting initiative for a Parramatta light rail system – some 15 km from the Sydney city centre – there is still a lack of transformative infrastructure investment which would achieve the long-held metropolitan planning aims to ‘rebalance’ the metropolitan area to provide more opportunities for the growing Western Sydney population (now more than two million in a city of well over five million).

Recent governance reform has been both promising and disappointing. The urban renewal agency UrbanGrowth NSW is bringing a more coordinated and proactive focus to redeveloping precincts in the established areas of Sydney, but it is focussing on areas of surplus government-owned land rather than necessarily where intervention would support planning aims. At the same time, Landcom is being wound down, and its important role in innovative new release housing initiatives will be lost, with no replacement agency suggested.

The proposal for a Greater Sydney Commission represents a positive breakthrough. For too long metropolitan planning has been bogged down in politics and short-sighted actions, by both state and local governments. The new metropolitan wide commission, though yet to be established and have its membership, powers and resources confirmed, will hopefully represent a turning point for Sydney.

The great roadblock though remains the financial capacity of state governments to invest in forward infrastructure programmes to deliver against long-term planning aims. On the one hand, they (NSW included) have been too timid in innovations where they do have powers such as value capture (or betterment) taxation, notwithstanding demonstrable windfall gains made by landowners and developers following rezoning and infrastructure investment decisions. On the other hand, federal-state financial relations are antiquated and work against state autonomy in addressing the problems and achieving the aims included in recent metropolitan strategies and plans.

Governance reforms which integrate planning and infrastructure investment decisions at the heart of NSW Government decision making, led by an independent metropolitan commission, innovation in infrastructure funding and an ambitious agenda of federal-state financial relations are required to improve prospects for delivering what has otherwise been a robust and mostly consistent set of directions for Sydney in recent metropolitan plans and strategies.

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