



SOLVING SYDNEY'S GROWTH DILEMMA

NOVEMBER 2011



PARRAMATTA

FUTURE
GENERATION



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Contents

1	Executive summary	1
1.1	Objectives & project overview	1
1.2	Our approach	1
1.3	Outcomes and conclusions	1
<hr/>		
2	Introduction	2
2.1	Background	2
2.2	Scope of work	2
2.3	Sections of report	3
<hr/>		
3	The Problem: Growing Pains in Sydney	4
3.1	Population and Workforce	4
3.2	Economy and Transport Infrastructure	6
3.3	Social infrastructure and cohesion	9
3.4	Urban density and housing affordability	11
3.5	Conclusion	12
<hr/>		
4	Options: Recalibrating Sydney to Make it Work	13
4.1	Option 1: Single CBD	13
4.2	Option 2: City of Centres	14
4.3	Option 3: A second CBD	15
4.4	Polycentric Cities and Regions around the World	16
4.5	Australian Governments at a crossroad: policy direction	19
<hr/>		
5	Parramatta is part of the solution	22
5.1	Population and Workforce	22
5.2	Geographical location and ability to grow	23
5.3	Economic clusters	24
5.4	Social infrastructure	24
5.5	Transport Infrastructure	25
5.6	Conclusion	26
<hr/>		
6	Next Steps: Unlocking Sydney's Growth Potential	27
6.1	A Taskforce to Tackle Sydney's Challenges	27
6.2	Addressing capacity constraints	28
<hr/>		
7	Source list	29

1 Executive Summary

1.1 Objectives & project overview

A vigorous policy debate is underway in Australia on the sustainability of future population growth. At the centre of this debate is the productivity and capacity of Australia's largest city, Sydney.

This report is a preliminary analysis of the complex sustainability challenges facing Sydney and its infrastructure networks due to economic and population growth, and of the potential approaches to reshaping Sydney's infrastructure networks to encourage a more sustainable city.

Solving Sydney's Growth Dilemma is intended to place the economic development of Sydney and the infrastructure, planning and governance measures required to support it, at the forefront of a national productivity agenda. The report does not prescribe specific recommendations for infrastructure policy or spending, but does propose a process for change that supports effective government interventions.

1.2 Our approach

Ernst & Young conducted a wide-ranging desktop review of publicly available information that is relevant to the issue. A full list of sources that have been used to undertake this analysis can be found within the References section of the report.

1.3 Outcomes and conclusions

This report finds that:

- > A combination of government policies and market forces has shaped Sydney into the metropolis it is today.
- > Sydney is experiencing 'growing pains', including congestion, long commute times and high costs of living. Some of these symptoms are more acute in Greater Western Sydney.
- > Sydney's infrastructure network is designed to move goods and services to and from the CBD. This mono-centric design hinders effective clusters of economic activity from developing in wider Sydney, leading to less optimal outcomes in employment, social infrastructure, and economic wellbeing.
- > There is an opportunity to recalibrate Sydney to make it work more effectively. The development of Greater Western Sydney will support the sustainable growth of Sydney as a whole, and makes Greater Western Sydney part of the solution, not part of the problem.

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- > Sydney needs a circuit breaker in the way governments plan and invest in Sydney, to better coordinate policies and investments that affect Sydney's population, employment self-sufficiency, employment land, and infrastructure development.
 - > A circuit breaker that better coordinates government policy settings and investments in Greater Western Sydney will drive its productivity, competitiveness and social cohesiveness into the future.

2 Introduction

2.1 Background

Congestion in Sydney and the capacity of its urban infrastructure to effectively meet the demands of growth have become a matter of passionate debate in Australia.

The debate is Sydney's 'growth dilemma', whereby unplanned and rapid growth in population and economic activity has had adverse impacts on the liveability and productivity of Australia's global city.

Against this backdrop, new forecasts of population growth and an ensuing debate about the sustainability of Australia's population have lent urgency to this set of complex challenges.

This report takes a first principles approach to:

- > Identifying the policy problems that Sydney faces and their impacts on Greater Western Sydney, and providing a snapshot of potential market and public policy failures and their true economic costs.
- > Evaluating possible approaches for tackling Sydney's 'growth dilemma' head-on, and directions in current government policy.
- > Considering opportunities for a circuit breaker – a way forward for policy makers to address these problems in a collaborative, methodical and deliberate way.

This report is not a funding bid, nor is it a policy proposal. It is intended to focus policy-makers in Australia at all levels of government on where investment and planning efforts are best targeted, and to suggest a way forward to tackling Sydney's growth dilemma.

2.2 Scope of work

On the 2nd June 2011 the Parramatta City Council issued a Request for Tender ('RFT') for a brief report summarising the argument for why formal Commonwealth, State and Local Government collaboration is required to recalibrate Sydney to ensure it handles forecast growth and pressures into the future.

This report by Ernst & Young brings together existing material to present a factual narrative of the challenges facing Sydney, and why Greater Western Sydney requires additional government planning and investment to help unlock the full economic potential of Greater Western Sydney.

In order to complete this report, Ernst & Young has conducted a desktop review of publicly available information that is relevant to the issue. No original work or research was undertaken by Ernst & Young in the preparation of this report. Ernst & Young cannot verify the accuracy, reliability, or completeness of the information provided to us.

2.3 Sections of report

This report has been divided into the following 4 sections:

- > Problem Definition seeks to understand the future growth of Sydney, and the particular challenges that the city will consequently face in the future.
- > Options Assessments considers the range of policy responses – maintaining a single CBD for Sydney, developing a ‘city of centres’ across Sydney, or encouraging a ‘Second City’ in Sydney – and considers how effective second CBDs have been overseas.
- > Parramatta as part of a solution looks at the comparative advantages that Parramatta has to be part of a planned solution for growth in Sydney and Greater Western Sydney, whether as part of a ‘city of centres’ or ‘second CBD’ approach.
- > Next Steps recommends a governance approach that would enable governments to tackle Sydney’s growth dilemma in a coordinated, more integrated way.

3 The Problem: Growing Pains in Sydney

Sydney is Australia's global city, ranking 26th among the world's major cities for City Gross Domestic Product.¹ It generates around 25 per cent Australia's gross domestic product (GDP), and houses 20.5 per cent of its population, indicating that Sydney is a major driver of employment and economic activity for the national economy.

However, measures of liveability and productivity in Australia's global city point to declining performance and increasing pressure on key social and economic infrastructure.

The 2010 Commonwealth Intergenerational Report forecasts that Australia's population will grow to 35 million by 2050. This has heightened concern around existing capacity constraints in Sydney, and the consequences this has on national productivity.

This chapter sets out how these challenges impact on Greater Western Sydney, and on the liveability and cohesion of Sydney overall. It identifies the policy challenges facing Sydney, and establishes a base of empirical evidence relating to Sydney's population, transport infrastructure and productivity, social infrastructure and cohesion, affordability and land use and urban density.

3.1 Population and Workforce

Sydney is projected to grow significantly in coming decades, from 4.3 million in 2006 to 6 million in 2036, and to 7 million people by 2050 according to the Intergenerational Report.

Factors such as the rate of growth, its geographic concentration, and the ageing population will have meaningful impacts on the wellbeing of Sydney residents, with implications for urban planning, infrastructure investment and the international standing of Sydney as Australia's premier city. The concentration of forecast growth in Sydney's west is an important signal to Australian policy-makers about where the impacts of growth will be felt more acutely.

The NSW Bureau of Transport Statistics forecasts that by 2036, just under half of Sydney's population will reside in Greater Western Sydney.

1 Pricewaterhouse Coopers 2007, Cities of Opportunity, quoted in Australian Government, State of Australian Cities 2010.

	2006	2011	2016	2021	2026	2031	2036
Sydney	4.3m	4.6m	4.8m	5.1m	5.4m	5.7m	6m
Greater Western Sydney	1.85m	1.99m	2.17m	2.3m	2.5m	2.7m	2.9m
Proportion of residents in Greater Western Sydney (%)	43.3	43.6	45	45.9	47.2	48.2	49
Proportion of residents in the CBD and Inner Sydney (%)	13.4	13.6	13.4	13.1	12.8	12.6	12.4
Proportion of residents in Northern Sydney (%)	18.7	18.4	18	17.5	17.0	16.6	16.3
Proportion of residents in the Inner West and other areas (%)	31.1	30.6	29.8	28.8	27.9	27	26.3

Table 1: Population by region in Sydney over time

Source: Bureau of Transport Statistics (2010)

An ageing Australian population will place strain on the future Australian workforce, and impact on Governments' capacity to fund large scale infrastructure and social services. In Sydney, the proportion of residents over the age of 55 will increase from 22.1 per cent in 2006 to 28.1 per cent in 2036. This means that Governments will need to more actively promote workforce participation, particularly amongst older Australians and the underemployed, and address skills and supply shortages.

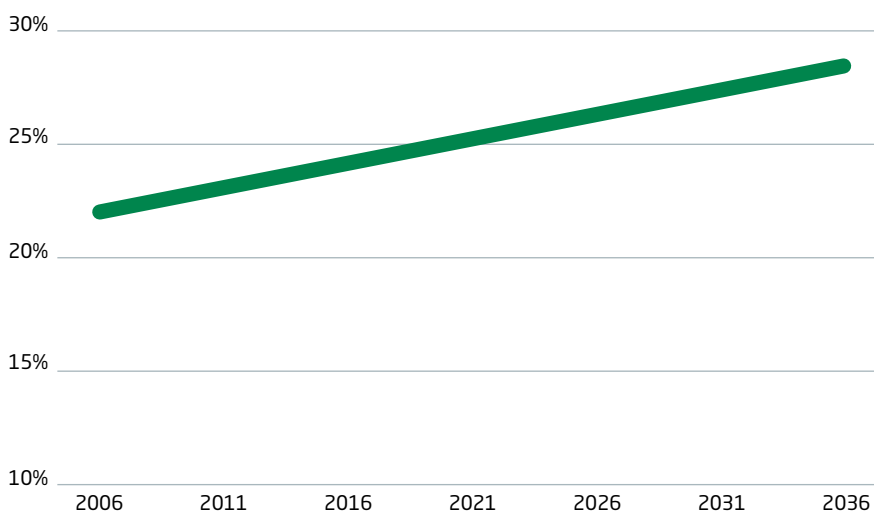


Figure 1: Percentage of residents over 55 years of age

Source: NSW Department of Planning (2010)

Labour Market

By 2036, there will be more than 3.8 million people of working age living in Sydney, and approximately 2.9 million jobs. Assuming the average level of workforce participation in Sydney remains steady, there would be only 2.3 million people in Sydney in employment. This represents a workforce shortfall of more than 20 per cent.

The spatial distribution of jobs is an important measure of how efficiently a labour market is functioning, and an insight for policymakers around how equitably economic opportunity is distributed across a city.

In Sydney, the percentage of jobs located in Greater Western Sydney will grow from 34.5 per cent to 38 per cent by 2036, but self sufficiency in the region will decline as the ratio of jobs to residents in Greater Western Sydney falls to 37 per cent by 2036.

Table 2: Employment by region in Sydney over time

Source: Bureau of Transport Statistics (2010)

	2006	2011	2016	2021	2026	2031	2036
<i>Sydney</i>	<i>2.1m</i>	<i>2.2m</i>	<i>2.3m</i>	<i>2.5m</i>	<i>2.6m</i>	<i>2.7m</i>	<i>2.9m</i>
<i>Greater Western Sydney</i>	<i>722</i>	<i>773</i>	<i>828</i>	<i>913</i>	<i>968</i>	<i>1,000</i>	<i>1,100</i>
<i>Proportion of jobs in GWS (%)</i>	<i>34.5</i>	<i>35</i>	<i>35.4</i>	<i>36.2</i>	<i>36.8</i>	<i>37.5</i>	<i>38.1</i>
<i>Ratio of jobs to residents in GWS (employment self-sufficiency %)</i>	<i>38.9</i>	<i>38.9</i>	<i>38.2</i>	<i>39</i>	<i>38</i>	<i>37.4</i>	<i>37.1</i>

Labour markets in Greater Western Sydney have long failed to provide both the range and number of jobs for the size and composition of the region's population. While the majority of Greater Western Sydney residents would prefer to work in Greater Western Sydney,² projections show the region is not on track to meet growing demand for local jobs.³

Arguably, this implies a degree of either market or regulatory failure, with costs to Greater Western Sydney residents in the form of longer commute times, costs to businesses, and costs to Sydney overall due to congestion and environmental degradation.

An efficient labour market provides people with efficient access to employment opportunities and business' access to labour. Ease of access to employment opportunities, both in terms of time and cost, creates incentives and disincentives for workforce participation and flexibility in the labour market.

Equally, an effective regulatory environment would ensure that Greater Western Sydney can compete to attract businesses by offering more serviced, well located industrial and business park land at costs below competing regions in inner Sydney.

3.2 Economy and Transport Infrastructure

While Sydney is ranked 14 of 35 major global cities by the comprehensive Global Power City Index, it ranks poorly for accessibility factors such as transport infrastructure.

Given Sydney's strategic importance to the Australian economy, its continuing productivity and growth is a key goal for policymakers.

As Sydney has grown, increases in economic activity across its regions have led to more intensive use of its road and rail networks. The resulting congestion has had impacts on the city's productivity, impairing the efficient movement of people, goods and services.

This in turn puts pressure on governments to fund costly investments in transport infrastructure to alleviate this congestion. The Federal Government for example has recognised that much of Sydney's public infrastructure that was built in the 1950s and 1960s needs to be renewed, replaced or better utilised.⁴

Productivity

Physical infrastructure plays a key role in determining what types of economic activity develop and how quickly. OECD research indicates that investment in physical infrastructure has the greatest potential to boost long-term output over other types of investment.⁵ Similarly, the Productivity Commission estimates that improved efficiency in transport and energy infrastructure would produce up to a 2 per cent increase in GDP.⁶

² Beard 2011, Who Works Where and How Do They Get There?, WESTIR Occasional Paper no.6.

³ UWS Urban Research Centre 2008, North-West and West-Central Sydney Employment Strategies, Report for Western Regional Organisation of Councils and Projects Partners, p.3

⁴ Ibid

⁵ OECD 2009a, Economic Policy Reforms: Going for Growth, Organisation for Economic Co-operation and Development, Paris.

⁶ AECOM 2010, East Coast High Capacity Infrastructure Corridors, Report for IPA, p.16

Transport infrastructure is a key enabler of economic development. The term 'agglomeration' describes the productivity premium that cities like Sydney accrue due to their ability to develop clusters of concentrated activity and innovation. Economic agglomerations are those wider economic benefits to firms and individuals who benefit from more efficient resource use, such as labour market pooling, the sharing of knowledge and technology, and industry specialisation. It is an advantage of time savings and proximity that is evident in Australia, where 53 per cent of national economic activity is occurring in its three biggest cities – Sydney, Melbourne, and Brisbane.

Improvements to transport can therefore lift productivity and support increased effective density by reducing transport times and congestion. These productivity benefits are evident in Sydney's services industry, as in other cities around the world.⁷

Nonetheless, these wider benefits vary and exhibit diminishing returns due to factors like congestion and industry traits. ABS data shows a decline in Australian capital cities' relative performance over time whereby capital cities between 1976-2009 demonstrated a 0.212 per cent growth premium, which declined from 2000-2009 to 0.049 per cent.⁸

Careful consideration is required around the right infrastructure and policy settings that foster industry density and specialisation in Sydney's West. Greater Western Sydney centres may be better positioned to accommodate service sector agglomeration. For example, some high value added industries are developing around infrastructure such as Westmead Hospital, Macquarie University and major freight corridors.

Commute Times

The Bureau of Infrastructure, Transport and Regional Economics calculates that the avoidable costs of road congestion to Australia could reach \$20 billion a year by 2020, equal to 1 per cent of GDP, and \$7.8 billion each year in Sydney alone.⁹

The following maps show that the vast majority of residents in Greater Western Sydney cannot reach their workplaces within 30 minutes through public or private transportation. In Sydney's West, an estimated 80 per cent of residents experience traffic congestion while travelling to work, and some 30 per cent travel to the CBD to work.¹⁰

5 OECD 2009a, *Economic Policy Reforms: Going for Growth*, Organisation for Economic Co-operation and Development, Paris.

6 AECOM 2010, *East Coast High Capacity Infrastructure Corridors*, Report for IPA, p.16

7 Graham 2006, *Investigating the Link between Productivity and Agglomeration for UK Industries*, Imperial College.

8 Australian Government 2010, *State of Australian Cities 2010*.

9 Bureau of Transport and Regional Economics 2007, *Estimating urban traffic and congestion cost trends for Australian cities*, Working Paper no. 71, BTRE, Canberra.

10 Latera Economics 2010, *Getting Western Sydney Going: Financing the infrastructure needs of Western Sydney*, Report for WSROC, p.9

Figure 2: Percentage of total jobs within a 30 minute car trip

Source: Metropolitan Transport Plan (2010)

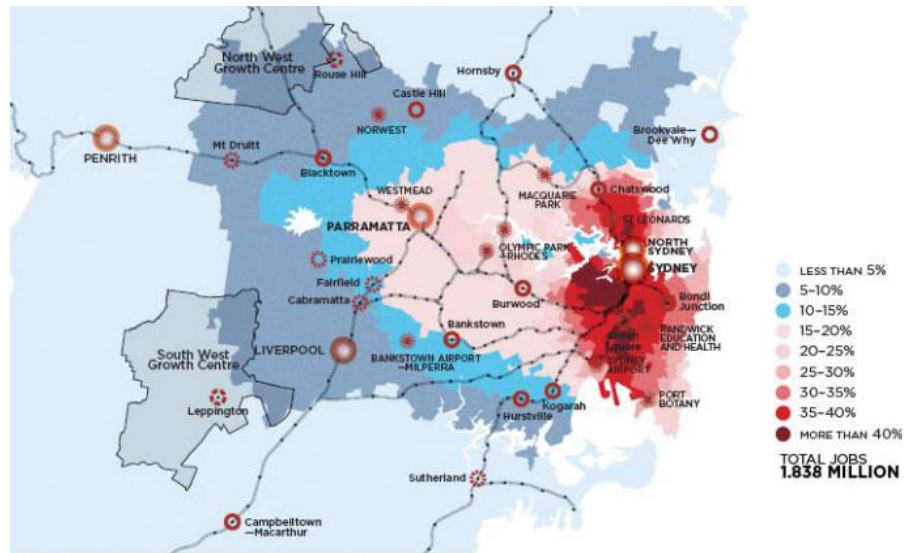
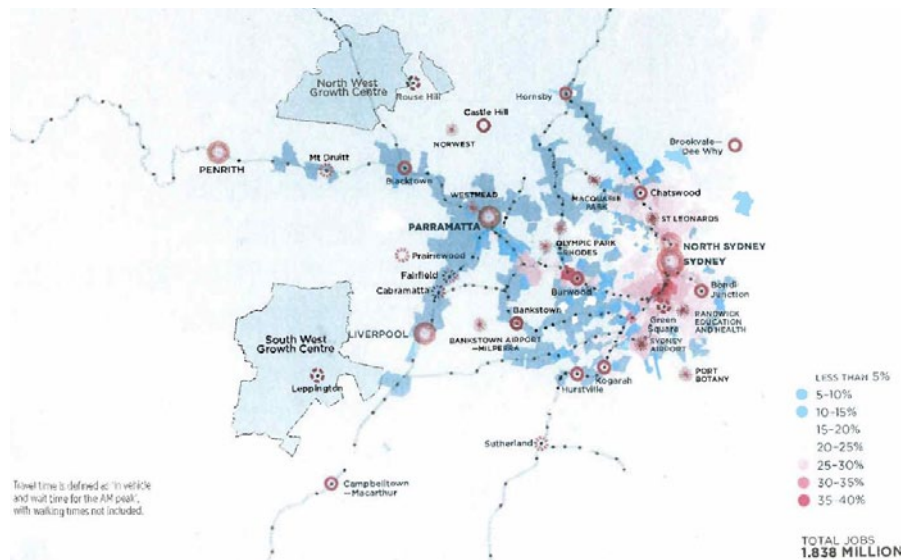


Figure 3: Percentage of total jobs within a 30 minute Public Transport trip

Source: Metropolitan Transport Plan (2010)



3.2.1 Moving away from the mono-centric public transport network

Sydney's design is 'mono-centric', where the CBD is the epicentre of employment, essential services, cultural facilities, government and business decision making in the region.

Historically, this mono-centric development had a basis in sound planning. As economic agglomerations developed and delivered productivity benefits, transport planning focused predominantly on moving people from the residential surrounding suburbs into the economic centre, with transport between other points in Sydney given a lower priority.¹¹

However, international experience over the 20th century particularly in the United States shows the limitations of a mono-centric approach as cities increase in size and as modern communication costs decrease. As a result, diseconomies of agglomeration emerge as land costs increase and congestion blunts potential productivity gains. Beyond a certain level of concentration, price and other economic signals tend to encourage decentralisation.¹²

11 SKM 2011, Strategic Rail Advice for Parramatta City Council, p.6

12 Ibid

In the case of Sydney, its unique geography exacerbates these diseconomies, and is poorly suited to a mono-centric network with heavy usage. Its CBD is located on the eastern fringe and the requirement to provide special transport infrastructure over the harbour from the North Shore provides a natural bottleneck, limiting the capacity of the infrastructure network as a whole.

Residential development in Greater Sydney, including the North West and South West growth centres, has placed further pressure on the network, with growing numbers commuting longer distances for employment and services.¹³

The NSW Metropolitan Strategy 2036 re-oriented planning towards a 'poly-centric' approach, emphasising multiple focal points for the transport network with the aim that Sydney residents would spend less than one hour a day travelling to and from centres of employment, services or education.¹⁴

This approach encourages activity clusters to develop within Greater Sydney. In theory, this would enable increased traffic flows across the network during peak periods, increasing the capacity of the network and reducing congestion, and reducing commute times for residents in the outer suburbs. It would also require a concerted approach to economic development in centres like Parramatta, Blacktown, Liverpool, and others

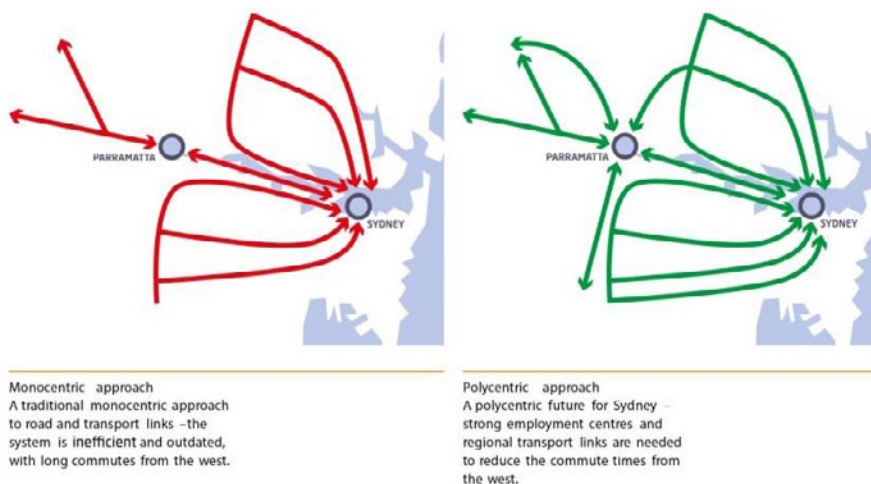


Figure 4: Mono-centric and polycentric networks

Source: Parramatta City Council, A sustainable model for rail development in Sydney

3.3 Social infrastructure and cohesion

Access to education and employment affects levels of workforce participation with flow on effects for household income and social cohesion over generations. Broadly speaking, social cohesion refers to the degree to which participants in social systems feel committed to the system and the wellbeing of other participants.

The geography of Sydney is a factor in terms of socioeconomic disadvantage, with communities in the West and periphery of Sydney being disadvantaged relative to the average population.

The VAMPIRE (Vulnerability Assessment for Mortgage, Petroleum and Inflation Risks and Expenses) index assesses the distributional impacts of rising oil prices, inflation, and interest rates,¹⁵ identifying relative socio-economic stress in Sydney's suburbs. A 2006 study demonstrated a strong degree of vulnerability

13 Brown 2010, Parramatta - Sydney's next CBD: A proposal to Stimulate, Manage and Govern Growth in Greater Western Sydney, p.2

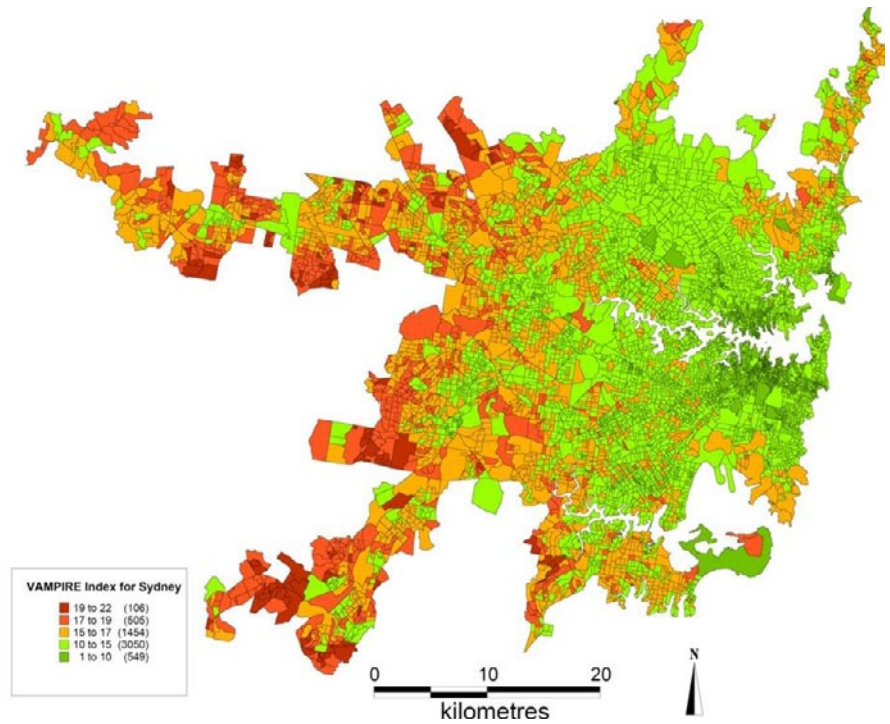
14 NSW Government 2010, NSW Metropolitan Strategy 2036

15 The Vampire Index uses ABS Census data, and ranks areas by their vulnerability to cost increases in order to identify the areas of greater risk

in the west of Sydney, especially on the urban fringe, through high mortgages repayments and commuting costs.

Figure 5: VAMPIRE Index

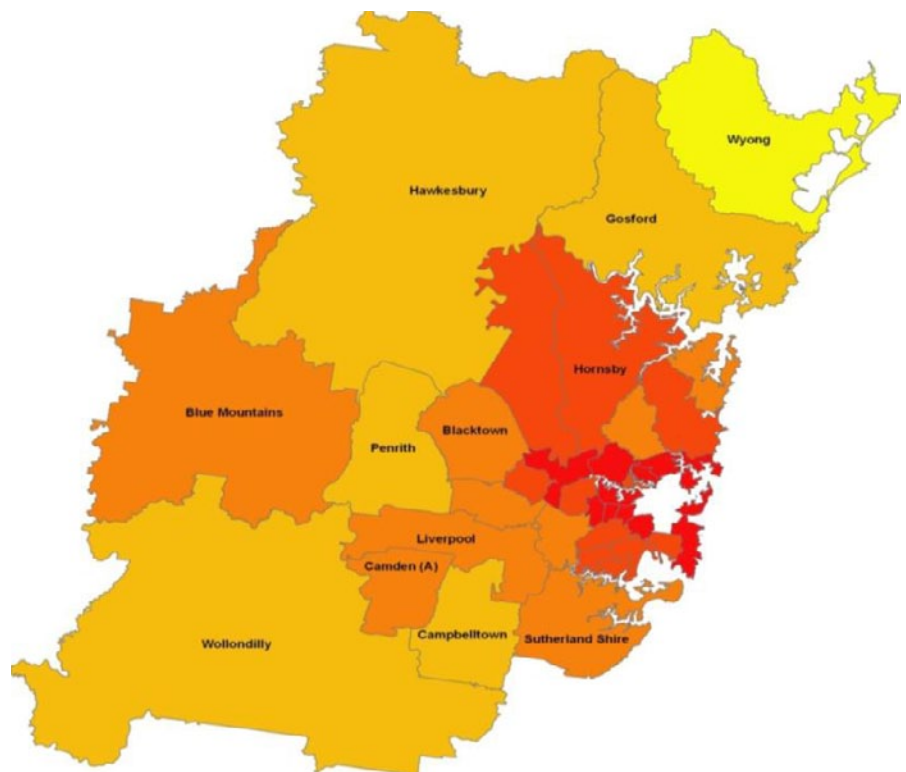
Source: Dodson & Sipe (2006)



Education outcomes are also lower in Greater Western Sydney. The 2006 ABS census reported that 40 per cent of Greater Western Sydney residents have completed year 12 or equivalent, compared with 50 per cent across Sydney as a whole.¹⁶ Likewise, the percentage of people with university qualifications is higher in the east of Sydney than in Greater Western Sydney.

Figure 6: Percentage of population holding a university qualification

Source: Australian Bureau of Statistics, 2006 Census Data



16 ABS 2006 Census Data

3.4 Urban density and housing affordability

Urban Density and Land Use

Australia is a highly urbanised country, with around 65 per cent of its population living in its capital cities. Even so, Sydney has around 2100 people per square kilometre, meaning that it ranks 113th out of the world's largest 125 cities in terms of urban density.¹⁷

Sydney has spread considerably over time due to factors like the availability of land in outer suburbs, lifestyle choices, and a desire to own low density and large living spaces.¹⁸ However, this growth in greenfield areas has associated challenges around access to employment centres, services, and infrastructure. In recent times, around 61 per cent of Sydney's new housing development has been concentrated in existing brownfield areas.¹⁹

A key challenge for policymakers is identifying and promoting optimal levels of residential and commercial density in Sydney. Governments need to weigh the different costs and benefits of greenfield versus brownfield developments.

Greenfield developments are mostly in undeveloped outer suburbs and have high associated infrastructure and development costs. Brownfield redevelopments on the other hand tend to increase density in existing areas, and have comparatively cheaper marginal costs from connecting to existing utility networks. While one study estimated that infrastructure costs in Sydney are \$36,000 per dwelling lower for urban consolidation than Greenfield development, urban infill also can involve substantial costs in the form of infrastructure upgrades and urban renewal.²⁰

Diseconomies of scale can emerge once certain levels of density are reached. These include congestion, higher land prices and inefficient infrastructure and services. International evidence points to the tendency for new clusters of economic activity to form outside of the CBD that seek the benefits of agglomeration without the higher costs of it. Where this occurs, rational economic actors will seek to capitalise on relative advantages between regions.

Affordability

The cost of land and housing affordability in Sydney is a major concern. The Mercer Cost of Living Survey, conducted in March 2011, place Sydney as the 14th most expensive city in the world,²¹ above any other Australian cities.

Affordability issues are fast becoming one of the central issues for the outer residents of Sydney. The property price differential between the inner city and the Western suburbs is a key factor driving settlement patterns and location choices for households and businesses.

In late 2010, average house prices in Greater Western Sydney ranged from \$350,000 to \$400,000, compared with the Sydney-wide average of \$580,000.²² While house prices are lower, residents are paying more in both time and money for travel associated with employment and other pursuits. Likewise, commercial rent for a Sydney CBD B-Grade office space ranged from \$330 to \$400 per square metre, compared with \$260-\$300 per square metre in Parramatta, \$250-\$255 in Macquarie Park, or \$280-\$340 in St Leonards.²³ While this means there is a genuine price signal to businesses to locate their operations in these areas, this needs to be weighed against factors such as demand within the region and the logistics of transporting goods and services to customers and suppliers.

17 <http://www.citymayors.com/statistics/largest-cities-density-125.html>, accessed August 2011.

18 Department of Sustainability, Environment, Water, Population and Communities 2011, Sustainable Australia – Sustainable Communities: A Sustainable Population Strategy for Australia, Commonwealth of Australia, p.34

19 NSW Department of Planning 2010, Metropolitan Plan for Sydney 2036, p.63

20 Centre for International Economics 2010, The Benefits and Costs of Alternative Growth Paths for Sydney, for the Business Council of Australia.

21 Mercer, "Worldwide Cost of Living survey 2011 - City rankings", accessed 12 July 2011, available online: http://www.mercer.com/costoflivingpr#City_rankings

22 <http://www.livingin-australia.com/where-to-live-west-sydney/> and <http://www.livingin-australia.com/australian-house-prices/>

23 Colliers International 2011, Research & Forecast Report: Sydney Metropolitan Office.

Higher mortgage arrears rates are an indicator of cost of living stress, and in New South Wales, these rates reflect relatively weak economic conditions and housing markets in certain areas of the state. In Greater Western Sydney arrears grew from 0.25 per cent in March 2004 to 1.28 per cent in July 2008, where a disproportionately large number of borrowers took out investment housing loans around the peak of the house price cycle.²⁴

The Fitch financial reports show that across Australia, the Western areas of Sydney on average are the most burdened by their mortgages,²⁵ with the performance of mortgages declining the further away they were from Sydney CBD.²⁶

3.5 Conclusion

Sydney faces significant long term challenges as its population and economic activity grows throughout the city. There is evidence emerging of highly variable growth impacts as diseconomies emerge relating to the location of employment and business activity.

A key issue for policy makers will increasingly be to maximise the productivity of Sydney's design and infrastructure networks, to maximise the wider benefits to the community and to business of the city's global comparative advantages.

These issues are increasingly important for governments in the context of constrained public budgets, an ageing population, and the higher costs of constructing major infrastructure in Sydney than elsewhere. A proper approach to planning Sydney and Greater Western Sydney promises to maximise infrastructure budgets, minimise congestion, and ensure the best productivity-driving solutions address the most pressing growth challenges.

24 ABS 2009, 4102.0 Australian Social Trends, March.

25 Urban Research Centre 2010, The Experience of Mortgage Distress in Western Sydney, University of Western Sydney.

26 AAP, "Mortgage stress hits Western Sydney Hard", News.com.au, October 12, 2010, available online: <http://www.news.com.au/money/banking/mortgage-stress-hits-western-sydney-hard/story-e6ffmcr-1225937614998>

4

Options: Recalibrating Sydney to Make it Work

Effective transport and infrastructure in Sydney will ultimately determine the development of Greater Western Sydney such that population and economic activity in the region is sustainable and does not decrease economic wellbeing. Given the sharing of responsibility for infrastructure development and delivery in Australia's federal system, any effective solution requires multiple government jurisdictions to work towards the same objectives.

Australian Governments are at a crossroad as to how to maximise public investments and effort for Sydney, with areas of divergence between government policy settings, and opportunities for convergence around the future of urban planning in Sydney.

Benefits of recalibrating Sydney

There are a number of social and economic benefits that will potentially result from recalibrating the design of Sydney. One of the greatest benefits could be realised by changing the location of businesses in a more efficient manner to be both closer to clients and to the residences of staff. The benefits of minimising the distance between people's homes and workplaces are wide ranging and include:

- > *Time savings*
- > *Productivity*
- > *Environmental*
- > *Foregone/deferred infrastructure expenditure*
- > *Improved quality of life and wellbeing*

This section examines at a conceptual level what options governments have to recalibrate Sydney, with implications for the design of its urban infrastructure networks and investments required in social and economic infrastructure. The three models considered are: maintaining the mono-centric 'Sydney CBD' model, or cultivating one of two polycentric models, a 'City of Centres' approach, or a 'Second CBD'. A review of examples of polycentric regions and second CBDs demonstrate the type of infrastructure networks required to support them.

This section finishes with a stocktake of current government policy settings, with a view to understanding the directions these policies take to recalibrate Sydney.

4.1 Option 1: Single CBD

Maintaining the single CBD model is a 'base case' scenario. Under this option, the mono-centric orientation of the transport network would remain the focus of city infrastructure planning, and the network would resemble a 'hub and spokes' model.

This report's problem identification section above provides measures of the performance of Sydney's mono-centric design, and charts its declining effectiveness over time as growth and congestion build.

A commitment to making this option sustainable for Sydney in the long term would require policy settings that promote urban density closer to the CBD and urban renewal strategies to support social cohesion and liveability in Greater Western Sydney. Fringe development in the North-West and South-West growth centres would risk sub-optimal social and economic outcomes, because access to social and economic infrastructure becomes increasingly limited the further west of Sydney one lives.

Without considerable investments in the capacity of existing networks, congestion and social disadvantage would be at risk of worsening across the urban fringe of Sydney.

For this reason, the literature tends to encourage the development of urban density around existing infrastructure as more efficient at utilising existing networks than greenfield development. The Centre for International Economics identified an optimal ratio of 70 per cent urban renewal to 30 per cent fringe development.²⁷

However, under this option, transport investments would nonetheless be needed to improve efficient transport links from the urban fringe into the CBD with considerable investment in the capacity of the CBD of Sydney. Pressure would also build for better access points to the CBD, such as a second harbour crossing, M4 East and M5 east.

4.2 Option 2: City of Centres

A 'City of Centres' approach attempts to develop a network of economic centres across the city and to direct future growth in and around those centres. This would decentralise economic activity away from the CBD, but develop agglomeration economies at other points in the city that are closer to where individuals live.²⁸

The Metropolitan Plan sought to develop five centres around Sydney, and to direct more than 80 per cent of all new housing into the walking catchment of these and all other centres with good public transport. The model aimed to enable all Sydney residents including those in the western suburbs to live within one hour's travel a day to and from work or education.²⁹

A city of centres approach can work with the grain of existing price signals, encouraging the movement of activity to areas where housing and commercial space is more affordable, and lessening pressure to invest in new capacity on congested infrastructure networks.

However, the Metropolitan Plan noted that achieving well functioning cities across Sydney would require 'concerted' effort.³⁰ For example, the mono-centric

27 Centre for International Economics 2010.

28 Brown & Peterson 2010, "The Macquarie Commission": A proposal to examine, manage and govern sustainable population growth in greater Western Sydney", p.2

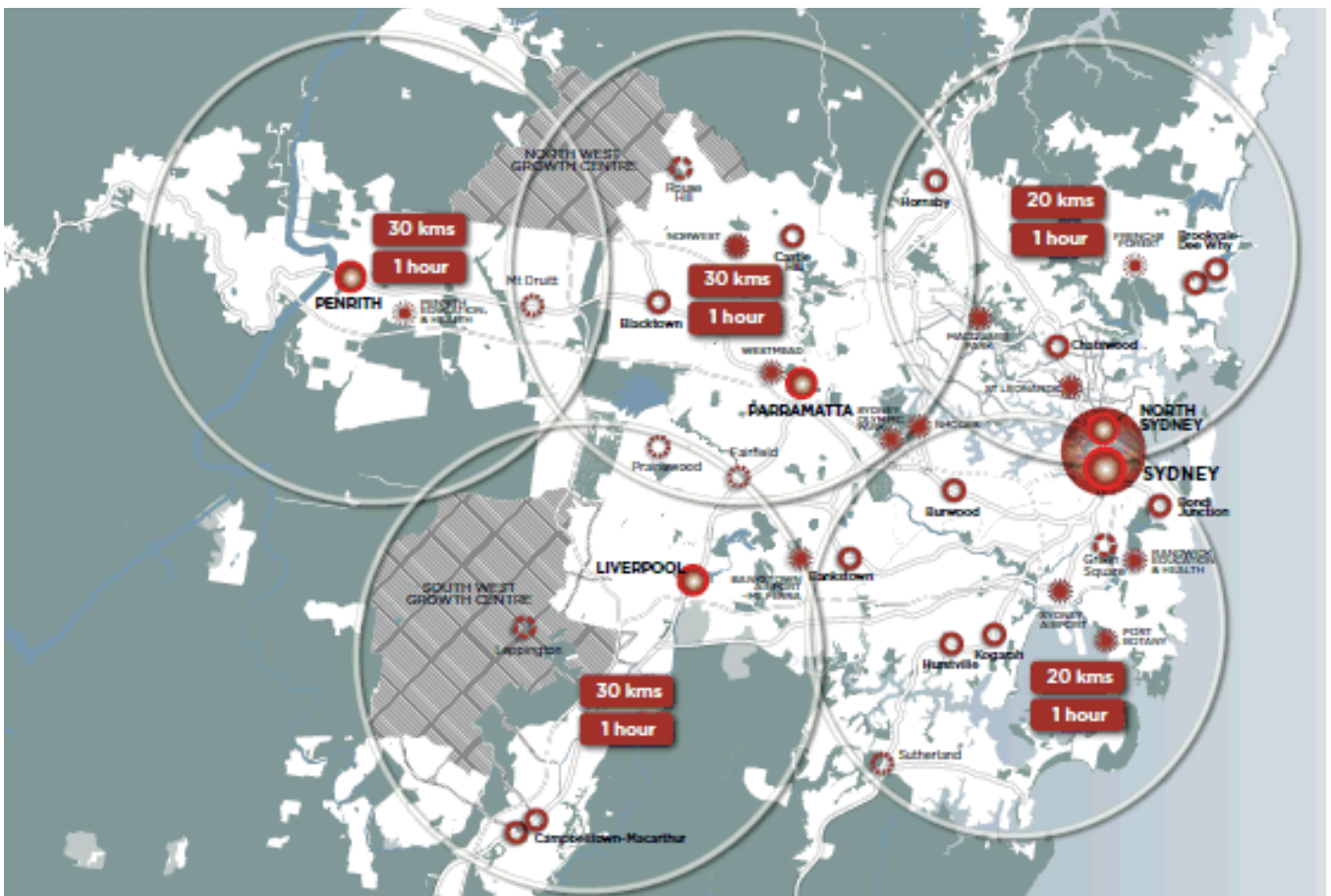
29 NSW Department of Planning, Metropolitan Plan for Sydney 2036, p.60

30 NSW Department of Planning, Metropolitan Plan for Sydney 2036, p.63

31 Centre for International Economics 2010.

transport network is currently inefficient for travel between regional centres and economic self-sufficiency in Greater Western Sydney is a challenge. In addition, economic clusters in those areas are currently industry specific or under-developed.

A polycentric approach would align with current developments and potential investments which would develop radial rail links centred on Sydney's regional cities including the proposed high speed rail and Parramatta–Epping Rail Link. The Suburban Jobs Initiative which seeks to develop job growth centres in outer and suburban areas, and the joint Sydney aviation study, are also important, against expectations that up to 50 per cent of Sydney's expected housing growth to 2036 will occur in greenfield areas in the North West and South West of Sydney.³¹



4.3 Option 3: A second CBD

A second 'CBD' model for Sydney would involve the development of a second centre that drives employment and economic growth over time, and builds concentrations of productivity and innovation in similar ways to Sydney's CBD.

This concept is a variant of the city of centres approach. It does not preclude the development of smaller regional centres, but does focus government effort more intensively on a 'premier regional city'.³²

The benefit of a second CBD is that it provides a focal point for improved connectivity and economic development in Sydney's west that is complementary to the existing CBD, shifting the distribution of activity more evenly, and fostering economic growth.

Figure 7: Sydney basin economic centres

Source: NSW Department of Planning, Metropolitan Strategy Review: Sydney Towards 2036.

32 Ibid, p.32

For example, the second CBD could expect to attract the secondary offices of large companies whose headquarters are in Sydney CBD, and mid-tier companies who would establish their headquarters. These firms would find the affordability and market access of a second CBD attractive, without the usual increased transport costs arising from being located outside the Sydney CBD.

A second city would also provide a growth centre to help support Greater Western Sydney's population in a more sustainable and efficient manner, going some way to tackling spatial disadvantage and congestion and declining productivity growth caused by Sydney's mono-centric transport network. It is likely that this would have flow on benefits to workforce participation and liveability.

However, reorienting the network to support a second destination would require improvements to social infrastructure, a strategic realignment of transport routes, and increased capacity of the network so it can function as a central connecting point for the metropolitan area and relieve congestion in the Sydney CBD.

This can support better utilisation of existing infrastructure, rather than encouraging resource intensive, multi-target strategies to promote economic opportunities in the west of Sydney. In Sydney, Parramatta is most often considered the natural candidate for a second CBD due to its existing concentrations of transport, services and corporate density.

4.4 Polycentric Cities and Regions around the World

There are a number of examples internationally of cities and regions that have been developed through government policy and investment decisions into polycentric cities in an attempt to manage population and economic growth. Cities and regions that have been developed utilising polycentric principles include:

- > Ruhr, Germany
- > Tokyo, Japan
- > Randstad, Netherlands
- > Minneapolis and Saint Paul, USA.

A brief introduction and the competitive advantages that they possess are discussed below.

The Ruhr is an urban area in North Rhine-Westphalia, Germany with an area of 4435 km² and a population of approximately 5 million. The Ruhr is the largest urban agglomeration in Germany, made of several large, formerly industrial cities including:

- > Dortmund
- > Essen
- > Duisburg
- > Bochum

The Ruhr has been developed into a polycentric region through the development of one of the densest motorway networks in all of Europe, with dozens of Autobarns linking the cities of the region.

The Ruhr, which was historically a coal and heavy industrial area has been transformed into higher valued industries including energy, chemicals, logistics and healthcare and higher education with the region generating 143 billion in GDP.³³

Ruhr, Germany



Figure 8: Ruhr, Germany

Source: Daniel Ullrich, Wikimedia Commons

33 http://www.nrwinvest.com/NRW_at_a_glance/Economic_Regions_in_NRW/Ruhr_Metropolitan_Region/index.php

Tokyo, Japan

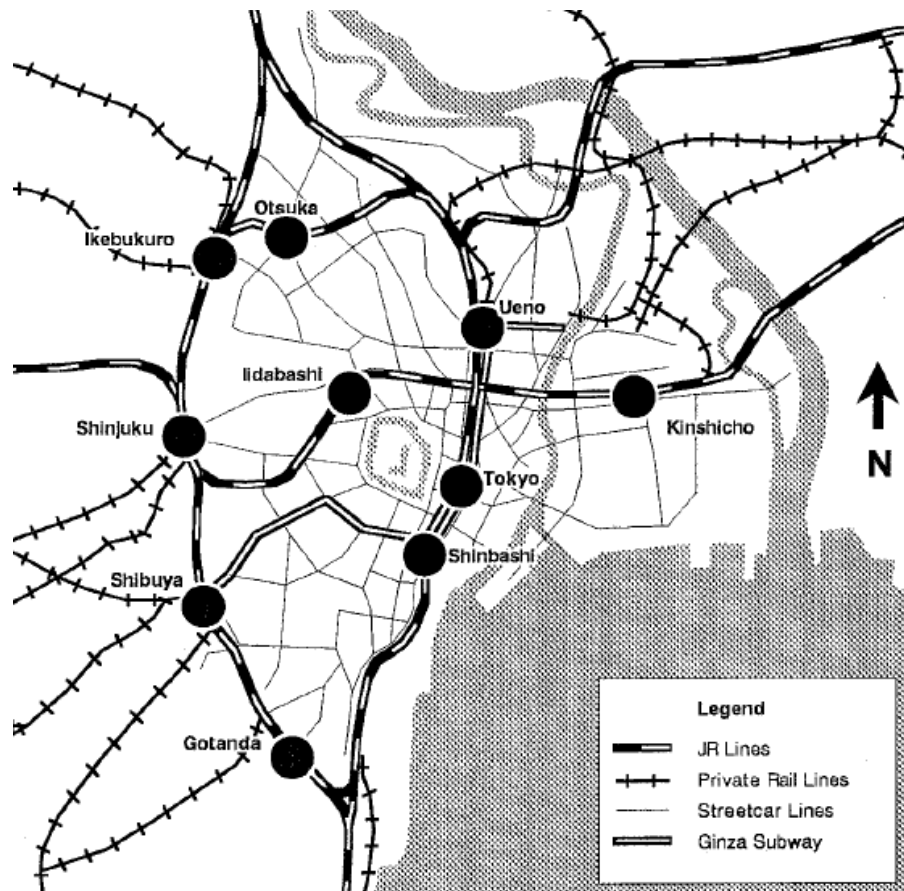
Tokyo has developed a strong set of metropolitan sub-centres, which include Shibuya, Shinjuku and Ikebukuro on the Yamanote, all connected by a loop rail line.

In an attempt to effectively manage the distribution and growth in Tokyo the Japanese government have enacted a number of policies to absorb population growth in the Tokyo Metropolitan Region, including the development of:

- > Satellite cities (Tsukuba, Tama, Kohoku and Chiba)
- > Sub centres (Hachioji, Shin Yokohama and Omiya)
- > Regional employment centres (Chiba's Makuhari Messe, Yokohama's Minato Mirai and the new Tokyo Coastal Subcentre)³⁴

Figure 9: Tokyo

Source: Sorensen (2001)



³⁴ <https://tspace.library.utoronto.ca/bitstream/1807/2756/2/tokyosubcentres.pdf>

The Randstad is a poly-centric urban area in western Netherlands, comprising Amsterdam, Rotterdam, The Hague, Utrecht and several smaller cities.

It is one of the most densely populated areas in the OECD, and has developed into an advanced urban economy with leading sectors such as logistics, horticulture and financial services.

The cities of the modern Randstad have tended to specialise. Haarlem and Leiden are noted for their textile industries. Rotterdam Europort is the world's largest port in volume of goods handled. The Hague is the seat of the national government, and Amsterdam is a financial and cultural centre. The cities are also marketing centres for the flower, cereals, and livestock industries in the surrounding areas.³⁵

The Randstad has one of the lowest unemployment rates in all OECD countries, and it is one of the most attractive metropolitan areas for Foreign Direct Investment.³⁶

Randstad, Netherlands

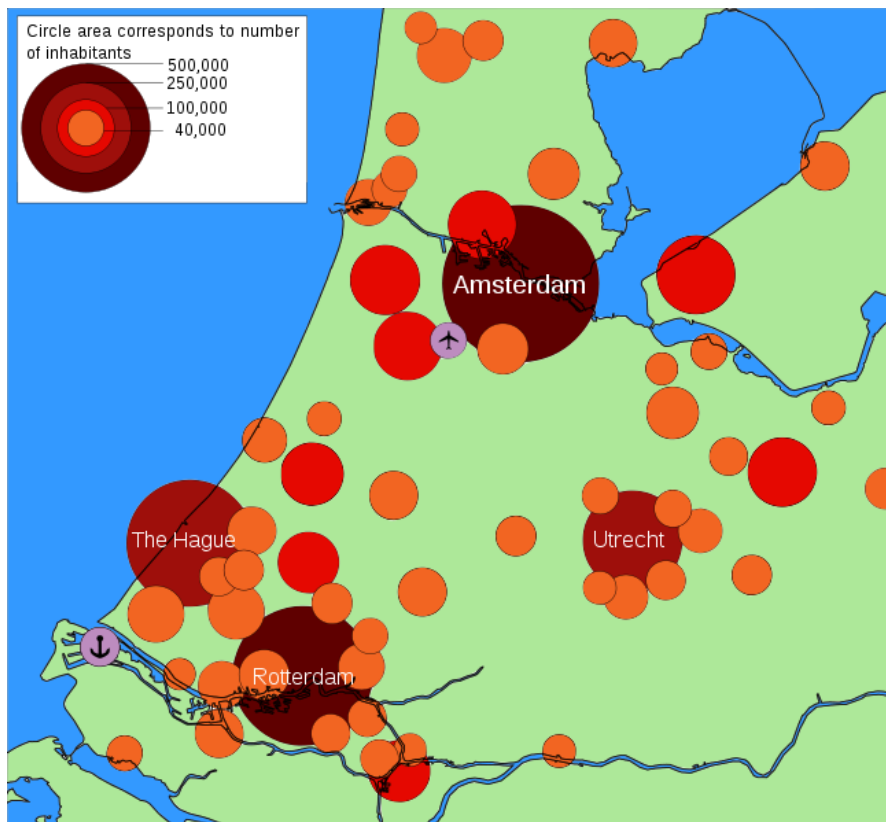


Figure 10: Randstad

Source: Wikimedia Commons

35 <http://www.britannica.com/EBchecked/topic/491085/Randstad>

36 http://www.oecd.org/document/63/0,3746,en_2649_201185_38267583_1_1_1_1,00.html

Minneapolis and Saint Paul, USA

Twin cities are a special case of two cities or urban centres which are founded in close geographic proximity and then grow into each other over time.

The term Twin Cities in the United States refers specifically to the cities Minneapolis and Saint Paul, both of which are in the midwestern state of Minnesota.

These two cities form the core of Minneapolis-Saint Paul, the 16th-largest metropolitan area in the United States, with about 3.5 million residents.

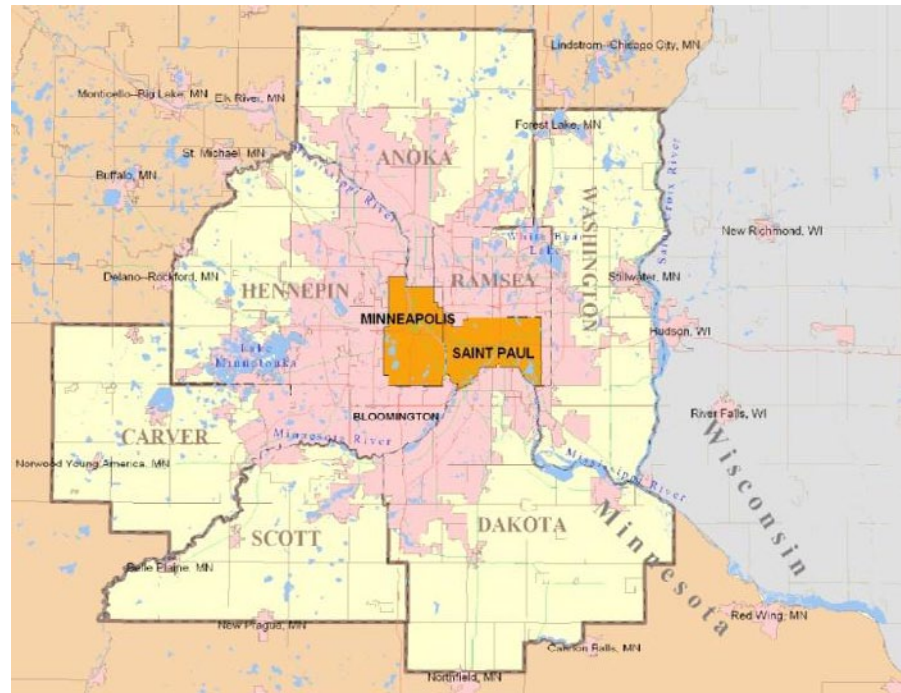
As a business hub of the Upper Midwest, the Twin City is known for its high literacy rate.

The Twin cities are nationally recognised as ranking:

- > among the top four “Best U.S. Cities for Business”³⁷
- > among the top five “most liveable states nationwide”³⁸
- > one of the most logistics friendly areas nationwide³⁹

Figure 11: Minneapolis and Saint Paul

Source: Mapsof, available online: <http://mapsof.net/map/twin-cities-7-metro-map>



While evidence suggests that these regions currently perform well economically and socially compared to their national and international counterparts, there is little research that compares the benefits of developing polycentric cities to what the region would have experienced if these networks were not created.

Research undertaken by Bart Lambregts found that the attempt to promote the polycentric development of Randstand has led to tangible concentrations of knowledge and specialisations and an increase in the productivity of the region as a whole.⁴⁰

37 www.positivelyminnesota.com/Business/Locating_in_Minnesota/Why_Minnesota/Why_the_Twin_Cities.pdf - MarketWatch

38 www.positivelyminnesota.com/Business/Locating_in_Minnesota/Why_Minnesota/Why_the_Twin_Cities.pdf - 2010 Camelot index

39 www.positivelyminnesota.com/Business/Locating_in_Minnesota/Why_Minnesota/Why_the_Twin_Cities.pdf - Expansion Management

40 Lambregts 2009, The Polycentric Metropolis Unpacked, <http://dare.uva.nl/document/128775>

4.5 Australian Governments at a crossroad: policy directions

The Commonwealth and NSW Governments currently have various policies and investment proposals that respond to economic and population growth in Sydney and elsewhere. These include:

- > NSW Urban Density Policy
- > National Urban Policy
- > Sustainable Australia
- > 2011 Skills Package
- > Western Sydney Transport Proposals.

These are discussed in more detail below.

NSW Urban Density Policy

The election of a new NSW Government in March 2011 has brought a policy change towards land use and housing density in NSW. The Government has signalled its intention to review The Metropolitan Plan 2036 and to prioritise infrastructure projects through Infrastructure NSW. However, the Government has stated a shift in planning focus from brownfield to greenfield urban housing development.

The central issue is the proportion of new development in Greenfield areas. The Metropolitan Plan 2036 advocated that 80 per cent of new housing should be within walking catchment of new and existing centres with good public transport, amounting to a 30 per cent share of greenfield development in Sydney's projected expansion.

The new Government favours 50 per cent greenfield development and 50 per cent brownfield development.⁴¹ It is not yet clear if this involves a traditional reliance on Sydney's CBD, or if a multi-focused strategy will be applied.

National Urban Policy

When the Federal Government was elected in 2007 it signalled a revival of Commonwealth interest in city and urban planning. It has since co-funded a range of passenger transport projects in capital and major cities, and released a national urban policy called *Our Cities, Our Future*.⁴²

The national urban policy is a framework for sustainable urban development in Australia's major cities, and details how the Commonwealth intends to tie future Nation Building payments to the delivery of strategic plans. Capital City strategic plans are being developed through the Council of Australian Governments for 1 January 2012.

Sustainable Australia

The Federal Government established a new Sustainable Australia portfolio in 2010, and is establishing a \$100 million Suburban Jobs Initiative to develop employment precincts in outer metropolitan suburbs and support regional planning for future growth and housing supply.

41 Chancellor 2011, "Urban density joins the political debate", *The Sydney Morning Herald*, 29 February 28.

42 Department of Infrastructure and Transport 2011, *Our Cities, Our Future: A national urban policy for a productive, sustainable and liveable future*, Commonwealth of Australia

The Initiative will support local and state government plans to create job opportunities within easy reach of where people live in the outer suburbs of Australian capital cities, including manufacturing hubs and multifunctional developments close to residential areas.

The policy has a strong focus on polycentric city development as a way to ameliorate congestion and reduce the need for travel from the urban fringe into the CBD, working with other governments.

2011 Skills Package

The 2011 Federal Budget allocated \$3 billion over six years for Skilling Australia's Future Workforce, a package that supports skills development and workforce participation and includes:

- > \$558 million for a new National Workforce Development Fund to partner with industry in the provision of up to 130,000 training places
- > \$201 million for apprenticeship training and mentoring
- > \$1.75 billion for the new National Partnership on Vocational Education and Training
- > Extra funding for employment support, including language and literacy, English as a second language and assistance for disadvantaged job seekers.

Digital Connectivity

A significant part of the infrastructure requirement in Greater Western Sydney, and across Sydney broadly, is better connectivity through public transport and roads and digital connectivity.

Digital connectivity promises to alleviate pressure on transport infrastructure and to make polycentric models for Sydney more viable by reducing transport and communication costs.

Access Economics estimated that if 10 per cent of Australian employees were to telework 50 per cent of the time, the total productivity gains would be in the order of \$1.4-\$1.9 billion per year, with flow on savings to road transport infrastructure and reduced maintenance and upgrade costs.⁴³

The Federal Government is rolling out a National Broadband Network in Australia, with construction work on second release sites due to begin in the second quarter of 2011, including in Riverstone in Greater Western Sydney.

Greater Western Sydney Transport Proposals

A number of current and future infrastructure projects have been identified as priorities for Sydney, with differences emerging between governments and government agencies around their development.

Significant investment proposals will require a shared commitment between levels of government to be implemented, and potentially a shared long term view of what Sydney's transport network should look like in the future to support a more sustainable city.

- > North West Rail Link: The new NSW Government made an election commitment to build a new rail link to connect the North West Growth Centre and Hills region to the Sydney CBD through the Northern Line, with detailed costs and route information to be released publicly by late 2011. Estimates of the project cost are around \$8 billion.

⁴³ Access Economics 2010, Impacts of Teleworking under NBN <http://www.accesseconomics.com.au/publicationsreports/getreport.php?report=240&id=310>

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- > Parramatta to Epping Rail Link: This 14 kilometre Link seeks to connect Sydney's rail network between Parramatta and Chatswood. The link would provide a public transport connection between Greater Western Sydney and give Parramatta better access to the northern districts workforce. The project is a Federal Government election commitment, with \$2.1 billion budgeted through the Nation Building Program.⁴⁴
 - > High Speed Rail: The development of a high speed rail network connecting Melbourne, Sydney, and Brisbane has long been a subject for consideration, and becomes more feasible as Australia's population and density grow. The Federal Government commissioned a \$20 million High Speed Rail study, of which Phase 1 was released on 4 August 2011. Phase 1 estimated the cost of the network to be between \$61 billion and \$108 billion, depending on corridors and routes selected. Potential locations to be considered for Sydney's stations include Central station, Eveleigh, Homebush and Parramatta.
 - > Additional Sydney Airport Capacity: A Joint Study on Aviation Capacity for the Sydney Region is underway to assess different options and evaluate investment strategies for boosting airport capacity in Sydney. In the long term, this will have significant implications for the direction of urban and transport planning in Sydney. As part of this work, options to develop Badgerys Creek as a jobs and economic centre will be considered.
 - > Infrastructure NSW was established following the election of a new NSW Government, as a sister body to Infrastructure Australia. It is set to report on the New South Wales' transport needs in the next 12 to 18 months.

Productivity Commission Report on Planning, Zoning and Development Assessments

The Productivity Commission undertook a benchmarking study into planning, zoning and development assessments to improve the impact of Australian planning regulation on business compliance costs, competition and efficiency. The Report was published in May 2011.

44 Joint Media Statement, "Governments sign up for Parramatta to Epping Rail Link", 21 February 2011, available online: http://www.minister.infrastructure.gov.au/aa/releases/2011/February/AA026_2011.htm

5 Parramatta is part of the solution

The effective management of Sydney's growth will need to consider ways to better tap the economic and human potential in Sydney's west, and better develop its capacity to serve the needs of surrounding suburbs.

Importantly, the city of Parramatta has the potential to absorb greater residential and commercial density and to further develop agglomerations of economic activity in Greater Western Sydney that leverage its existing commercial and other infrastructure and exploit its central location in Greater Western Sydney. This is the case regardless of which option in Chapter 4 is applied. Nonetheless, clarity around governments' approach to Sydney will ultimately determine how big a role Parramatta has to play to the future of Greater Western Sydney.

This chapter steps through Parramatta's core indicators. While Parramatta is often given the title of Sydney's de facto 'second CBD', concerted planning and investment in Parramatta by all levels of government, coupled with associated governance reform would promote a more vibrant economic centre that drives growth and wealth in the west and provides Greater Western Sydney with a strong and integrated core.

Developing stronger social and economic infrastructure in Parramatta would alleviate traffic congestion into the CBD, better serve a growing Greater Western Sydney population, address spatial inequity in service outcomes, and improve social cohesion.

While this report does not prescribe specific remedies for Sydney's growth dilemma, it proposes that Greater Western Sydney be seen as central to the solution for Sydney.

5.1 Population and Workforce

Parramatta's residents are on average culturally diverse, young, and highly educated relative to the rest of Sydney. Twenty-two per cent of residents possess a tertiary qualification, and 48 per cent speak a language other than English at home. It is located in Western Sydney, whose population is the fastest growing in Australia.

Other 2006 ABS census data on the Parramatta Local Government Area is below.

Topic	Statistic	LGA proportion %	Sydney average %
Age			
0 - 14 years	28,268	19	19.6
15 - 24 years	21,378	14.6	13.9
25 - 44 years	48,220	32.5	30.5
45 - 74 years	22,514	27.7	30
75+ years	9,299	6.2	6.1
Culture			
Speaks English at home	72,311	52.5	68.6
Does not speak English at home	65,424	47.5	31.3
Education			
Below Year 10	16,574	15.6	10
Year 10/11	29,136	27.4	20.5
Year 12 and/or other ⁴⁵	35,757	34.9	55.5
University degree	24,960	22.2	14.1
Employment			
Participation Rate		57.4	60.7
Unemployment Rate		6.7	5.3

Table 3: Parramatta ABS statistics (2006)

Source: Australian Bureau of Statistics, Census 2006

5.2 Geographical location and ability to grow

Parramatta is located in the centre of the Sydney basin on the boundary between the West and the rest of Sydney.

There is available land surrounding Greater Parramatta that is capable of servicing an increased level of economic activity, provided there is sufficient infrastructure to support it.

An estimated 25 per cent of Parramatta's workers live in the LGA, compared with 60-70 per cent for many competing CBDs.⁴⁶ This indicates that Parramatta could better target the employment needs of its surrounding areas.

The current vacancy rate for office space in Parramatta CBD is 9.6 per cent, indicating it has capacity to expand in the short term.⁴⁷ In the longer term, available land is located not only in the Parramatta CBD, but also in the surrounding regions such as Rydalmere, Camellia and Homebush for business parks and other densification projects.

Planning work to further develop its role as a second CBD or one of a city of centres will require long term work to ensure against impacts on the natural environment, such as on flooding in the Upper Parramatta River catchment.

45 Includes certificates and diplomas, but not university degrees.

46 Lang 2009, State of the City address 2009, p30

47 Property Council of Australia, February 2011, <http://www.propertyoz.com.au/nsw/Article/NewsDetail.aspx?p=16&id=4037>

5.3 Economic clusters

Clusters of economic activity and social infrastructure are already present in Greater Western Sydney, although there remains significant untapped potential.

Greater Western Sydney is already the third largest economy in Australia behind the Sydney CBD and Melbourne. More than 150 of the nation's top 500 companies are located within GWS.⁴⁸

Parramatta is the largest employer in Sydney outside the CBD, with 90,000 workers employed in the commercial sector there, particularly in retail and services.⁴⁹

Westfield Parramatta is the third largest retail space in Australia, with 28 million visitors each year and is currently planning an expansion of the facility.⁵⁰

Westmead hospital is the largest biomedical precinct in the southern hemisphere located 5 minutes from the Parramatta CBD. It is the region's most advanced industry cluster with significant scope to grow in scale and reputation. Its presence in Greater Parramatta presents an opportunity for Greater Parramatta to be at the forefront of medical research, training, and healthcare for the wider Western s suburbs.

Financial services have increasing presence in Parramatta,⁵¹ with offices from major financial and business service firms locating there including Commonwealth Bank and Deloitte.⁵² The strong services industry in Parramatta also suggests it is emerging as a 'professional services centre' that serves the surrounding growth regions.

Parramatta and its surrounding area possess a number of tourism facilities, including internationally recognised hotels, exhibition and convention facilities at Rose Hill, and facilities at Olympic park. While much of this is occurring without intervention by governments, coordination is badly needed to seize emerging opportunities and properly service new business parks and industrial land in nearby areas such as Camellia.

5.4 Social infrastructure

Parramatta is currently a large provider of social services in Greater Western Sydney, particularly in health, education, public services and other cultural facilities.

Westmead Hospital has a \$500 million budget each year to provide a full range of health care services. In the last year, it realised 54,635 ED attendances, 40,232 overnight admissions, 44,902 same day admissions and 4,888 births.⁵³

Parramatta is also home to the University of Western Sydney (UWS), and a large number of private and public, primary and secondary schools. Most notably the renowned Kings School and the Tara Anglican School for Girls, and the highest academic ranked school in Australia – the James Ruse Agricultural High School.⁵⁴

UWS is a major urban university spread over six campuses in Greater Western Sydney, with over 2000 staff and approximately 35,000 students drawn from Australia and around the world.⁵⁵ Courses vary from professional education in vocationally-based disciplines through to critical scholarship in higher degree

48 http://www.uws.edu.au/about_uws/uws

49 http://www.parracity.nsw.gov.au/_data/assets/pdf_file/0015/86100/CEO_Forum_Slideshow.pdf

50 Parramatta City Council, "Parramatta City Council Submission on East Coast Fast Rail Network"

51 Brown & Petersen 2010, Parramatta - Sydney's next CBD: A proposal to Stimulate, Manage and Govern Growth in Greater Western Sydney, p.6

52 UWS Urban Research Centre 2008, North-West and West-Central Sydney Employment Strategies, p.102

53 1/1/2010 – 31/12/2010

54 <http://www.australianstudent.com.au/articles/article/28/>

55 http://www.uws.edu.au/about_uws/uws/vice-chancellors_welcome

programs. The Rydalmere campus is anticipated to double in size over the coming 20 years. It is currently purchasing 27 hectares of adjoining land to be able to provide their educational services to an expected 30,000 university students per year by 2030.

In recent times, the NSW Government has increasingly established public departments and offices in Parramatta⁵⁶ including the Departments of Planning, Community Services, the NSW Office of Water, Housing NSW and the Department of Justice & Attorney General.

There is potential to develop Parramatta as the 'cultural centre' of Greater Western Sydney, building on its arts scene which includes the Riverside Theatre and the Old King's School Arts precinct, and its historical setting which includes the Old Government House. It is the third largest heritage precinct in Australia, behind the Rocks (Sydney Harbour) and Hobart.⁵⁷ In addition, Parramatta Park is on the UNESCO World Heritage Register. This precinct currently holds a number of cultural events such as the Festival of Western Sydney.

Greater Western Sydney also possesses a number of world class sporting facilities including Olympic Park, Parramatta Stadium and Rosehill Racecourse.

5.5 Transport Infrastructure

Parramatta possesses the best existing infrastructure in Greater Western Sydney. Parramatta features the 4th busiest train station in Sydney,⁵⁸ and is well placed as a second focal point for Sydney's transport network.⁵⁹ A well developed bus terminal,⁶⁰ which is at the centre of five bus contract regions, provides good connectivity through the centre of Sydney's rectangular highway network.

There are opportunities on the horizon to re-calibrate Sydney's transport network around regional centres, such as current consideration of a future high speed rail station in Sydney's west. Potentially, planning a high speed rail line through Parramatta would be less costly and deliver wide economic benefits across Greater Western Sydney such as access to fast and convenient East Coast travel options.⁶¹

The level of existing infrastructure suggests that developing Parramatta as part of a polycentric Sydney would be more cost effective than developing other locations in Greater Western Sydney. It would also encourage a more sustainable and productive city, by cutting commute times and lowering the volume of people travelling long distances into the CBD every day.

56 UWS Urban Research Centre, North-West and West-Central Sydney Employment Strategies, p.88

57 Brown, Parramatta - Sydney's next CBD, p.5

58 3 rail services delivering 33 trains in the AM peak and 28,710 passengers every working day

59 http://www.parracity.nsw.gov.au/__data/assets/pdf_file/0015/86100/CEO_Forum_Slideshow.pdf

60 More than 40 bus services to destinations including; Rouse Hill, Sydney, Hornsby, Liverpool, Hurstville and Sutherland

61 Parramatta City Council 2010, Parramatta City Council Submission on East Coast Fast Rail Network.

Productivity Benefits

The Bureau of Transport Statistics' 2006 Journey to Work dataset states that 283,000 residents of GWS travelled outside their region to work, with roughly a third (94,000) travelling to the other side of the city to the CBD, Eastern Suburbs, or North Sydney.

Redirecting employment from the CBD to Parramatta would produce large time savings across the transport network, with improvements to congestion, emissions, and work/life balance in Greater Western Sydney.

If Parramatta increased its share of employment by 20 per cent relative to the CBD, Greater Western Sydney residents would save roughly 22,000 hours of travel a day, the equivalent of \$242 million a year in travel time savings.⁶²

5.6 Conclusion

Therefore, there is untapped potential to develop Parramatta as part of an approach to develop Western Sydney's social resilience and encourage a thriving economic centre in Sydney's west.

In particular, this analysis finds that Parramatta already has important clusters of economic activity and social infrastructure, which significantly reduces the cost overall of developing the western suburbs of Sydney. Nonetheless, further work would be required to examine how Parramatta might better service the employment needs of surrounding suburbs, and grow its infrastructure to service a wider community in the west.

⁶² Ernst & Young calculations based on RTA Economic Analysis Manual, using the standard value for business time of \$30.47 in today's dollars.

6

Next Steps: Unlocking Sydney's Growth Potential

Tackling Sydney's growth dilemma will require concerted action across governments and portfolios, in economic and social infrastructure.

While infrastructure and transport investment are evidently central to tackling these issues sustainably, the first step must be to change and better coordinate the way Sydney is planned.

Sustainable growth will require a long-term strategic realignment of transport networks and social infrastructure. To maximise existing investments, and to ensure that government policies are not working in opposition to each other, a shared vision for Sydney makes practical and economic sense.

This section sets out priorities for governance reform and a starting point for that work.

6.1 A Taskforce to Tackle Sydney's Challenges

A key challenge for Sydney is to improve the governance and planning of its infrastructure. With three levels of government all playing a part in the provision of Sydney's economic and social infrastructure, better coordination would maximise the effectiveness of public policy and investment in Sydney.

This report does not make specific recommendations or bids for policies or funding. Instead, it argues that the first step in helping Sydney and Greater Western Sydney to grow sustainably is to 'join up' infrastructure governance and planning across governments.

Both the Federal and NSW Governments have begun to develop a more rigorous, long term approach to infrastructure planning through the establishment of Infrastructure Australia and Infrastructure NSW. Infrastructure Australia has made cities one of its seven national infrastructure priorities.

This recognises that poor strategic alignment and inefficient planning of infrastructure adversely affects productivity, sustainability, and liveability in Sydney.

A joint State and Commonwealth Government Taskforce which involves Local Government and the business community would be well placed to develop an economic development strategy for Greater Western Sydney that brings together the efforts and investments of governments and takes a long term view of Greater Western Sydney's economic and population potential.

A joint Taskforce, managed by State Government, could examine where growth can be directed in Sydney to maximise economic and social outcomes for the

community, and could address the time-old problem of overlapping jurisdictions that complicate planning and blunt the potential for change in Sydney.⁶³

A starting point for work by the Taskforce would be to examine:

- > What is the economic contribution of Greater Western Sydney, and what strategies would maximise its contribution to the economic and social development of Sydney as a whole?
- > What are the long term trends and aspirations for people in Greater Western Sydney, in terms of housing, social services, skills, employment and economic opportunity, and wellbeing?
- > What are the long term drivers and forecasts of demand for economic and transport infrastructure in Greater Western Sydney, and what are the pinch points that need priority consideration in view of long term trends in the region?
- > What is the optimal density in Greater Western Sydney, and around Parramatta, in terms of economic agglomeration, and environmental and other types of sustainability?
- > What plans are there to invest in the capacity of Greater Western Sydney, and what other solutions are being considered in the pipeline?
- > Are there opportunities for governments and the private sector to partner more effectively to deliver critical infrastructure?
- > What strategies would maximise skills and entrepreneurship in Greater Western Sydney and drive improvements to labour market participation?
- > What are the appropriate governance structures for Greater Western Sydney, and specifically Parramatta and other future growth centres within the region, that balance the greatest social benefit to communities with commercial aspects of organisations?

6.2 Addressing capacity constraints

A key focus for Taskforce should be to develop strategies that lift Greater Western Sydney's productive capacity. Issues that should be addressed when considering this includes:

- > Building up centres so that businesses have the choice to relocate their operations in the most economically and financially prudent location, given the proximity to clients and suppliers, and the cost of infrastructure and land that supports them. This would investigate employment land supply both 'in-centre' and 'out-of centre', and the potential to relocate government departments outside Sydney CBD.
- > Developing the transport and infrastructure links between Greater Western Sydney and the Sydney CBD to efficiently manage the movement of people and goods with the anticipated levels of growth.
- > Encouraging residential densification in Greater Western Sydney to make use of existing and proposed infrastructure connections as an alternative to Greenfield development.
- > Building the social and cultural identity of Greater Western Sydney as a modern, sustainable and vibrant place to live and work.

⁶³ Department of Infrastructure and Transport 2011, *Our Cities, Our Future*, p.72

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