



An Australian Government Initiative



ILLAWARRA

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Via online submission to: records@wollongong.nsw.gov.au

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Dear Sir,

Wollongong Industrial Lands Review – Submission from RDA Illawarra

Regional Development Australia (RDA) – Illawarra welcomes the opportunity to comment on the *Wollongong Industrial Lands Review Draft 2023*.

RDA Illawarra is committed to economic expansion and job creation in the region that will create a resilient, inclusive, vibrant and diverse economy. To achieve this we collaborate widely with organisations having more expertise in property and land-use planning (e.g. Property Council, UDIA, Cardo/Stantec), commission independent research into topics of regional importance and use this evidence to inform all levels of government about economic development issues and opportunities.

Background

The Illawarra is a region undergoing a major industrial transition. As shown in Figure 1, sectors in which the region previously specialised are in decline or face significant competition from other areas in the State; these include Mining and Manufacturing. The mining industry is in decline due to external market forces and the impending exhaustion of current leases. Manufacturing – whilst still a large source of employment – is no longer a specialised sector for the region, but it has a strong base and opportunity for future growth.

The Accommodation and Food sector has still not recovered from the ravages of COVID, and it is under ongoing pressure as more people work from home and abandon the central business district (CBD) office. Reduced discretionary spending caused by the current cycle of high interest rates is also having a negative impact.

The ‘engine’ industries of the Illawarra now include Health Care and Social Assistance; Education & Training; Public Administration & Safety followed by Retail Trade and Construction – all of which are major employment sectors.

The emerging industries are in Transport, Postal and Warehousing; Information Technology; and Professional and Scientific workers. The significant demand in freight and logistics has been driven by e-commerce, and there is increasing demand for ‘just-in-time’ deliveries to reduce the amount of storage space required in more expensive CBD locations. This places further demand on the small amount of locally-available industrial land – especially larger blocks that are needed for distribution centres. This issue was highlighted with the Greater Cities Commission (GCC) in 2021 and was urged to protect industrial land in

Greater Sydney. At that time RDA Illawarra recommended a consistent approach to industrial land across the entire Six Cities region.

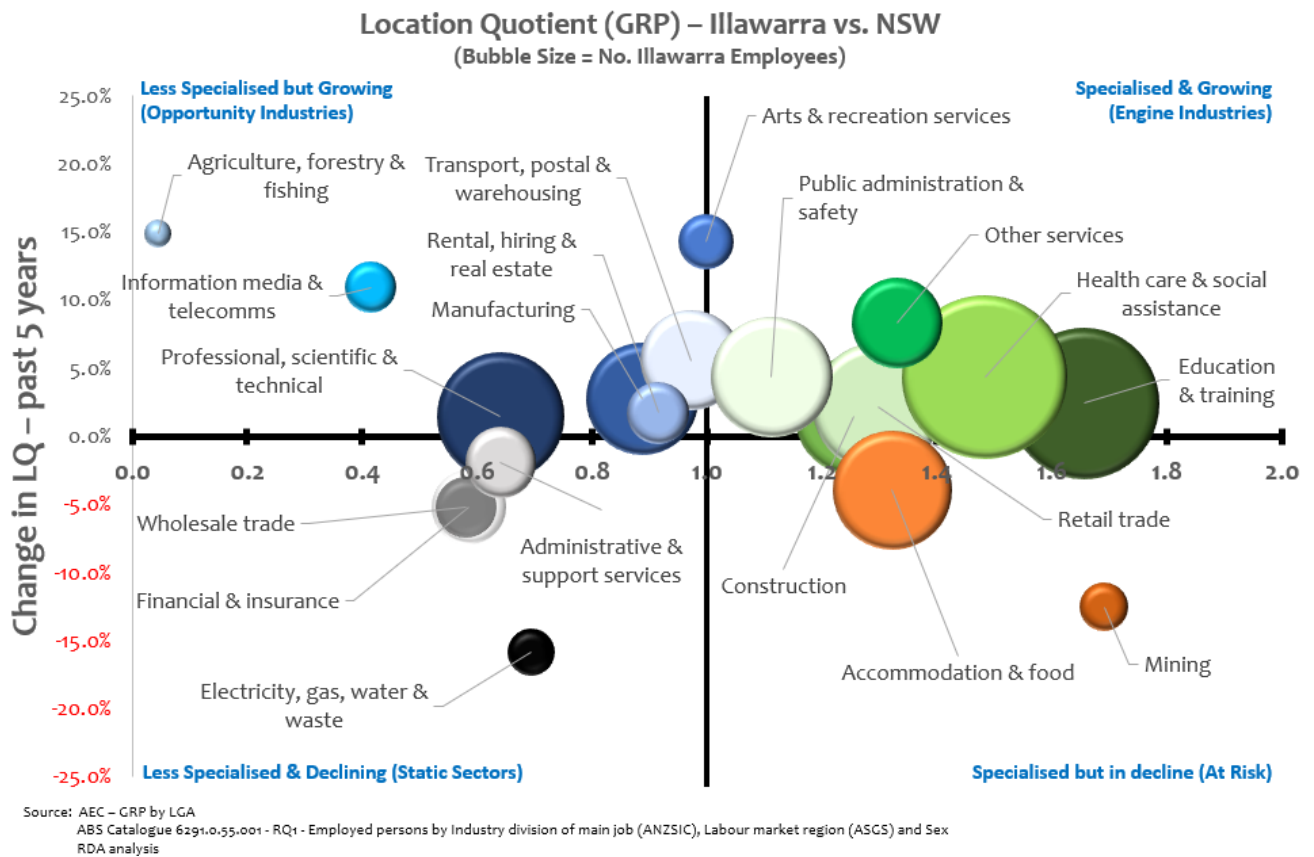


Figure 1: Location Quotient Quad-Chart for the Illawarra indicates which sectors are specialised, (i.e. generate a higher proportion of Gross Regional Product compared to NSW) and growing (Engine Industries), which are growing but less specialised (Opportunity Industries) and those that are specialised but in decline (At Risk Industries).

As new manufacturing and maintenance opportunities emerge with the drive towards a more sustainable future (e.g. wind power generation, hydrogen production, battery manufacture) there will be an increased need for more highly skilled professionals across several sectors – a trend already evident in the region. Attracting and retaining these skilled professionals in industrial areas will require suitable amenities; this includes food, childcare, public transport and high-speed internet.

Current planning regulations appear to put the Illawarra at a disadvantage compared with other regions, especially regarding floor-space ratio (FSR) and height. Increased flexibility is required if ‘highest and best’ outcomes are to be delivered for remaining industrial land.

The *Illawarra-Shoalhaven Regional Plan 2041* provides a land-use plan for the broader area, with the objectives being to develop a region that is:

- ▶ Productive and Innovative
- ▶ Sustainable and resilient
- ▶ Smart, connected and accessible, and
- ▶ Values people and places.

However, there is no specific, overall ‘Master Plan’ for the industrial lands at - and surrounding - the Port of Port Kembla. Whilst landowners and tenants such as BlueScope and NSW Ports Pty. Ltd. are developing plans for their own land, an overall plan for the Industrial Precinct is lacking. The danger here is that piecemeal approval of smaller projects will utilise land that could have future use in major, transformative activities – including wind power, container handling, defence or tourism.

Similarly, it is vital that future freight corridors and buffer zones are retained without encroachment and that existing freight corridors are made useable by larger and taller loads.

Against this background, RDA Illawarra believes that there is an opportunity for Wollongong Council to create an enhanced vision for its industrial lands and set a standard for others to follow.

Focus Areas

Overall, RDA Illawarra supports the findings and recommendations of the *Wollongong Industrial Lands Review Draft 2023* where they will streamline planning and control; protect existing industrial land, freight corridors and buffer zones; deliver a suitable level of amenity for those who work there and deliver highest and best use of the available land - now and with future developments.

RDA Illawarra feels that the management and development of industrial lands is best managed through a collaborative, collegiate 'Master Planning' approach coordinated by one agency.

RDA Illawarra makes the following submissions:

1. Create a Master Plan for Port lands and surrounding industrial lands
2. Promote 'Highest and Best' use of existing and developing industrial land
3. Advocate for better direct road and rail access from Illawarra to Western Sydney
4. Encourage larger lot size development for freight and logistics as well as manufacturing
5. Normalise planning controls with LGAs in the Six Cities region
6. Increase amenity and flexibility in industrial land use
7. Collaborate with other agencies to accelerate delivery of basic services (water, sewerage, power) as well as public transport and high-speed internet to industrial land
8. Protect industrial lands, freight corridors and buffer zones from residential encroachment
9. Develop plans with other agencies to improve road access to current and emerging industrial land.

1. Create a Master Plan for Port lands and surrounding industrial lands.

Several agencies and organisations are developing plans for landholdings at or around Port Kembla. BlueScope is nearing the completion of planning for one of three non-operational sites it owns within the area covered by the *State Environmental Planning Policy (Transport and Infrastructure) 2021* [SEPP].

NSW Ports Pty. Ltd. has developed a high-level concept plan for the eventual use of Port Kembla as a container terminal – also on land under the SEPP. This plan also includes an intermediate use of the area to construct or assemble offshore wind towers, which could be beneficial to the region.

The NSW Department of Planning and Environment (DPE) has developed a *Precinct Profile* and a *Precinct Plan* that commented:

“Masterplan collaboration with BlueScope and Ports NSW will be a key success factor when it comes to future growth.”

Port Kembla Regionally Significant Employment Precinct Profile, January 2022

RDA Illawarra feels that the completion of a Master Plan for all industrial land in the Wollongong LGA is critical to maximising the opportunities for the region. This planning will require collaboration from all current landowners as well as those with land available in the future, i.e. mining lands. Further, it could encompass planning for all three ports in NSW, along with industrial land in Western Sydney. Given the size of this task, it would need to be completed by NSW DPE, with input from local councils. There is potential that an Urban Development Program (UDP) for the Illawarra Shoalhaven – or the Six Cities - could have carriage of this planning and the delivery of the required infrastructure.

2. Promote ‘Highest and Best’ use of existing and developing industrial land

The scarcity of industrial land in the region – especially in larger lot sizes – requires that highest and best use of the available land. RDA Illawarra believes that better future use could be made of existing industrial land – particularly at Kembla Grange. Increasingly, the use of industrial land as a storage area for imported vehicles will be eroded by higher and better value uses, which will require changes to existing storage solutions and supply chains.

Whilst Planning Principles 1 and 2 indicate the importance of industrial land, its retention for ‘highest and best’ economic use should be formally recognised.

3. Advocate for better direct road and rail access from Illawarra to Western Sydney

Connectivity between industrial areas will be critical in the future, and especially as Port Kembla is developed into NSW’s second container port.

The need for “transport connectivity” and “critical enabling infrastructure” are identified in Planning Principles 5 and 6 respectively, and various transport opportunities are covered in the Draft Review, RDA Illawarra believes that further emphasis is needed on this critical planning area.

4. Encourage larger lot size development for freight, logistics and manufacturing

Larger lots of industrial land (serviced or un-serviced) are increasingly rare and expensive. Demand for larger lots will increase for use as distribution centres due to demands of e-commerce. According to the Property Council, there are few serviceable large lots available in Western Sydney, and developers are being forced to move further afield.

Whilst challenging, agglomeration of smaller lots could provide a solution in existing industrial lands if the commercial and planning outcomes are favourable to owners and developers.

Development of future industrial lands at Kembla Grange and further south to Yallah and Marshall Mount should make allowance for larger lot sizes to attract investors to the region.

5. Normalise planning controls with LGAs in the Six Cities region

The region increasingly competes with adjacent LGAs for development of industrial land. Key drivers for final investment decisions include maximising the use of the available land, flexibility of use and the local planning approval environment (speed and ease). This Draft Review states that:

“Although there are some commonalities, industrial DCP chapters vary widely in their breadth and level of detail for different controls...”

Wollongong Industrial Lands Review Draft 2023

RDA Illawarra would like to see a consistent approach to Development Control Plans across all local government areas in the Six Cities region. Within the context of the Draft Review, this would require alteration of planning controls for FSR and height, which are inconsistent. Similarly, more flexibility is recommended in land use within industrial areas to accommodate increased amenity for workers.

6. Increase amenity and flexibility in industrial land use

As shown in Figure 1, the region is beginning to attract more Professional and Technical skills to the region. Increasingly, these skilled occupations will be required to work permanently at sites and offices on industrial land, rather than in the CBD.

If we are to attract and retain these highly skilled workers, they will require and expect a higher level of amenity close to their workplace; this will include food offerings as well as recreation. The inclusion of nearby childcare facilities could also encourage more women back into the workplace. Recent analysis by RDA Illawarra indicates that if participation rates were equal for men and women (i.e. more women participate in the workforce) the Illawarra would have an additional 6,900 workers – without building any additional dwellings.

Unless local planning guidelines allow a greater range of services to co-exist in industrial areas, the region will lose skilled workers to regions that will provide a greater degree of amenity.

7. Collaborate with other agencies to accelerate delivery of basic services (water, sewerage, power) as well as public transport and high-speed internet to industrial land

Delivery of more serviced industrial land is critical to the region, and it is disappointing that this is delayed by lack of basic services.

In addition to water, sewerage and power, Council is asked to consider prioritising public transport services to industrial lands and the inclusion of high-speed (fibre to the premises – FTTP) internet.

An effective public transport system can deliver economic, environmental and social benefits to the region through reducing car ownership and usage. The concept of a ‘30-Minute City’ should not stop with commutes to the CBD or local shopping centre but extend throughout industrial lands. This is a key part of the improved amenity that will aid the region in attracting and retaining skilled talent.

Similarly, the increasing reliance on digital technology should not be overlooked and – with it - the need for a high-speed, reliable network.

RDA Illawarra suggests that public transport services and high-speed internet connection are explicitly included in planning for existing and future industrial land development.

8. Protect industrial lands, freight corridors and buffer zones from residential encroachment

RDA Illawarra remains concerned that the use and availability of industrial lands is being eroded by the approval of residential development adjacent to an existing industrial-zoned area. Once a ‘critical mass’ of residential homes have been built and occupied, it is increasingly difficult for developers, owners and the Council to ignore the pressure from homeowners to re-zone industrial land or instigate significant constraints on its development.

Whilst RDA Illawarra commends the sentiment of Planning Principle 1 of this Draft Review, protecting industrial lands includes protecting their continued and future use for industrial purposes. Encroachment of pockets of residential development need better controls, education and developer/resident engagement. Appropriate buffers between industry and residential housing must be regulated and maintained to allow coexistence of 24/7 industrial operations with residential development.

9. Develop plans with other agencies to improve road access to current and emerging industrial land

Access to existing and future industrial land needs to be included in planning requirements. There have been several cases, including one quite recently, where investors have overlooked establishing operations in the region due to poor access – specifically due to bridge clearance.

With wind tower diameters increasing from 4.5 to 5.5 metres in the short term and to 6.5 metres in the longer term, the bridge heights over the Princes Highway to Mount Ousley (5.0m to 5.4m) will be exceeded. Use of Corrimal Street for wind towers exceeding the bridge height limits will be required.

NSW Ports 40-year Master Plan

This would entail wind turbine components more than six metres in diameter being transported down one of Wollongong's busiest streets.

Similarly, the ability of Port Kembla to efficiently handle larger volumes of freight – including containers - depends on the road and rail networks that provide access to the port and surrounding industrial lands.

Critical road intersections including Tom Thumb Road and Springhill Road will need to be modified and widened to facilitate larger cargoes delivered using Higher Productivity Vehicles (HPVs).

NSW Ports Pty. Ltd. indicates that container operations will start at Port Kembla in the mid-2040s. Meanwhile, the port could be home to a proposed wind turbine assembly facility, following the recent announcement of public consultation preceding declaration of the Illawarra Offshore Wind Zone.

These developments in load size and volume dictate that access to industrial lands will need serious consideration and should be explicit in their planning and development.

Summary

Several of the key themes identified in this submission are discussed or noted in the Draft Industrial Lands review.

RDA Illawarra has highlighted issues that we believe are pertinent to the planning, protection, development and flexible use of industrial lands in the region; some of which may be beyond the control of Council. However, they will need to be addressed if Wollongong is to make highest and best use of the existing and available industrial land.

RDA Illawarra would welcome further discussion of these issues. Please contact me at alex@rdailawarra.com.au or on 02 4258 3610 if you require further clarification or require more information.

Yours faithfully,



Alex Spillett,
Policy Manager, RDA Illawarra