

# **METROPOLITAN STRATEGY REVIEW**



**A Submission  
by the  
Penrith Business Alliance**

**May 2010**

***Penrith Regional City - Driving Sydney's Growth***

**Submission to the Metropolitan Strategy Review**

**SYDNEY TOWARDS 2036**

## **What is the Penrith Business Alliance**

The Penrith Business Alliance is a manifestation of Penrith City Council's vision and commitment to building Penrith's status and role as a true Regional City with a strong capacity to meet the city's target to create jobs and to make its fair contribution to achieving the job targets set out in the Metropolitan Strategy. By investing rate payer funds in the Alliance Council has demonstrated that it is serious about economic development and local and regional job creation and willing to engage openly with the private sector and Government in driving the city's economic development agenda to achieve its Regional City jobs target.

The Alliance is an independent corporation led by a board of directors with nine of the fourteen directors representing key industry sectors and small business, two representing the community and the remaining three nominated by Council. The Directors were appointed through a Sydney wide public expression of interest process resulting in the appointment of such high profile people as Paul Brennan, Managing Director of St Marys based company, ASP Plastics and ASP Healthcare, Ken Morrison of NSW Property Council and Andrew Mackenzie of CSR Property Group on the board. The operational relationship between the Alliance and Council is governed by a Deed of Agreement which provides funding on an annual basis to the end of financial year 2014-15.

The Alliance has adopted a strategic plan and a business plan and is currently engaged in a series of strategic projects which are designed to help diversify and restructure the base of the Penrith economy, along with the impetus for private and government investment in businesses that create high order jobs. The Alliance's strategic objective is to:

*"To promote sustainable economic growth for Penrith as a Regional City through innovation, strategic alliances, enterprise development and investment attraction."*

The Alliance was instrumental in preparing a submission (attached) to the Premier's Western Sydney Jobs Summit which highlighted the key challenges we face as a community in building Penrith's economic credentials and in attracting business and public sector investment to create more local jobs. As a result of the submission and in liaison with the Department of Premier and Cabinet and Industry and Investment the Alliance has been successful in building a strong case for the development of the Health and Well Being sector as a major driver for the economic development of Penrith.

In providing the State Government's response to the Jobs Summit the Premier announced at a major regional function in Parramatta that the "Government will work in partnership with the Penrith Business Alliance" to progress the following two initiatives, with the Chairman of the Alliance, Paul Brennan appointed as the Government's contact for the initiatives:

### **Health, Life Science and Community Services**

- *An industry attraction strategy for Life Science companies including skills supply, infrastructure, research and regulatory requirements will be developed and implemented. This will include the development of the Penrith Health and Education Precinct around Nepean Hospital to attract health professionals, health businesses and research facilities; and*

- *Establish a Penrith Health and Well Being Innovation Network of local firms and entrepreneurs to collaborate on growing opportunities in Health and Well Being.*

The Alliance has already commissioned a number of strategic projects which will provide the framework for strengthening Penrith's economic specialisation and functions to help create jobs with a focus on attracting quality jobs in the Penrith CDB. The projects are briefly described below:

- ***A Health and Well-being strategy*** that aims to identify a number of strategic projects (including those announced by the Premier) to position Penrith as a leader in this industry with significant linkages with the manufacturing and business services sectors;
- ***Optimisation Plan for the Penrith CBD*** will provide advice on key actions that will facilitate optimal development of the CBD and identify key potential development sites that will be taken to the market place;
- ***Business Development and Relocation Program*** to attract business investment in a number of key industry sectors, including Transport and Logistics and a services hub, in which Penrith has a strong competitive advantage; and
- An underpinning marketing tool via a ***“Penrith Valley Economic Corridor”*** which encompasses a range of economic assets located in the spatial corridor that extends from the Nepean River, anchored at either end by the Panthers-ING development and the Penrith Lakes and forming a spine through the CDB, the Nepean Hospital precinct, TAFE, the University of Western Sydney and finishing with the St Marys Town Centre.

The Alliance will be seeking the support of the State and Commonwealth Governments and its partners to implement the strategies and projects that will attract development and new business investment in Penrith Regional City. A clear commitment from Government to engage with and empower organisations such as the Alliance to deliver its economic programs to help create and sustain jobs will give credence to the vision for job creation in the Metropolitan Strategy.

In building Penrith's economic capacity and strategies to attract business investment to create jobs we acknowledge that the city is an integral part of a bigger sub-region and region. The Government's acknowledgement and willingness to address a number of regional and sub-regional issues, including infrastructure, which have been identified for example in the work carried out and by Professor Phillip O'Neill (*North West and West Central Sydney Employment Strategies*) will be critical in creating a competitive and efficient business environment that fosters sustained economic activity, new business formations and job creation.

The Government needs to provide a clear commitment to a much stronger approach to the major infrastructure needs for Western Sydney. In particular the lack of any freight focus in the draft Metropolitan Transport Plan is a matter of serious concern and can no longer be ignored if the Western Sydney economy is to grow and compete with other regions in Australia and across the globe. Of significant relevance to the economic geography of the region is the east-west freight rail access route, incorporating an intermodal terminal at Eastern Creek. The current growth rates through Port Botany and the rising freight costs

demand immediate action for this investment to occur. The boost to economic activity and employment in the Penrith region would be significant.

## **Objective of our Submission**

The Alliance fully supports the fundamental directions of the Metro Strategy and its focus on strengthening and growing Sydney's existing centres and its Regional Cities, including Penrith. We support the Government's focus on job creation which is a core objective of the Alliance and its commitment to considering new and innovative governance frameworks that will facilitate urban renewal and economic activity across Sydney.

However, the Alliance believes that the Metropolitan Strategy has failed to give due cognisance to the role of the Regional Cities in strengthening the competitive position of Sydney as a global city and there is little evidence of policy action with regard to supporting the level of development envisioned in the Strategy. The very comprehensive and detailed submission by Penrith City Council addresses the shortcomings and gaps, including the requirement to invest \$4 billion in outstanding and new infrastructure. This needs to be addressed to accommodate growth and deliver services and jobs in Penrith Regional City.

In our submission we make reference to a number of key studies and references which highlight and share the issues and concerns of Council and the Alliance and are unequivocal in their call for action at the regional and sub-regional levels. No doubt such calls will be echoed in numerous submissions from the regions and it is timely for the Government to consider new and innovative strategies to share the burden of responsibility for growth with the Regional Cities.

We propose such a strategy in our submission.

## **What is the research suggesting?**

Extensive research both at the state and regional levels is available to direct future industry policy and employment creation strategies which the Government needs to recognise and implement at the regional and local level partners.

We make brief reference to some of the relevant research documents below:

- **The NSW Economy in 2020 – NSW Business Forum Discussion Paper – Prepared by Access Economics April 2010**

The Report identifies a number of critical factors or "*mega-trends*" that will shape the performance of the state's economy:

- Policy action to meet the challenges of climate change abatement and adaption;
- Demand and competition from emerging economies like China and India;
- The development and implementation of new information technologies; and
- Demographic changes specially ageing and the pace of population growth.

The Report then focuses on the “niche” opportunities associated with the key industry sectors covering professional services; finance and insurance; ICT; infrastructure and construction; transport, logistics and storage; education and scientific research; creative industries; manufacturing; retail services; tourism and events; primary industries and mining; and health and community services.

The Alliance has already identified opportunities for growth in a number of these industry sectors in Penrith particularly health and well-being, transport and logistics, advanced manufacturing, education and construction and is seeking the support of government to develop these sectors to create new employment opportunities.

The Government needs to recognise that organisations such as the Alliance which have strong private sector representation are best placed to support government in delivering on industry development strategies and projects which focus on job creation and diversification of local economies.

- **Penrith Regional City Infrastructure Strategy – Key Messages, Penrith City Council, February 2010**

The Penrith Regional City Infrastructure Strategy has identified higher order existing, emerging and predicted infrastructure required to meet the planned growth of the City.

The Study identifies \$1 billion worth of infrastructure works required to support the existing needs of the City and a further \$3 billion of additional works to support the planned development and growth of a Regional City.

The Study has further established that a comprehensive Structure Plan is required for Western Sydney that details the location, form and phasing of development and identify the infrastructure and funding mechanisms necessary to support expected urban outcomes.

- **Employment Lands – Delivering Opportunity and Prosperity, Property Council, 2010**

In this Report, the Property Council claims that NSW has comprehensively failed to efficiently identify, release or service employment land:

- Land that has been released is not being developed due to missing infrastructure and essential services;
- Development is unaffordable due to excessive and inefficient infrastructure charges;
- There is no certainty about the supply pipeline because future employment lands are being investigated, not released; and
- There is no comprehensive strategy to manage the rapid growth in freight movements across NSW.

The early release of land including the Western Sydney Employment Lands Investigation Area and planning the required infrastructure and services is critical to ensure that the region and indeed the state remains price competitive through better phasing of supply and is able to stop associated development and jobs growth being lost to states such as Queensland and Victoria.

- **North West and West Central Employment Strategies- University of Western Sydney, Urban Research Centre, 2008**

Funded by the Department of Planning this report was commissioned by the Western Sydney Regional Organisation of Councils and the constituent regional Councils and is the most comprehensive report of its kind for the regions.

The report casts serious doubts on the job creation targets set for Western Sydney and concludes that “a continuation of the drift of the last decade-remembering that this was the greatest economic growth and well-being period in Australia – will see Western Sydney fall dramatically short of the Metropolitan Strategy jobs targets.”

The Study proposes a solution through the use of an analytical framework to understand the composition of the regional economy and its key attributes which are described as “territorial competence, infrastructure and urban structure”. Only by addressing these issues can the region generate new employment beyond that created by population induced growth – through a set of specialised competitive industries and new business formations.

The Report identifies the following as the most significant impediments to growth in Western Sydney:

- Insufficient competitive industry clusters;
- Transport bottlenecks;
- Skills shortages;
- Inadequate telecommunications infrastructure;
- Cost pressures on households specially in housing and transportation; and
- Ineffective governance.

- **National Growth Areas Alliance (NGAA)**

Penrith City is a member of the NGAA which represents 25 of Australia’s fastest growing municipalities. They currently house about 3.2 million people and over the next decade NGAA’s population will grow at double the national rate. The municipalities represent 25% of Australia’s metropolitan population.

The NGAA has identified several issues which need to be recognised and addressed if growth areas such as Penrith are to play an integral role in accommodating growth on metropolitan regions.

Some of these issues include high living costs; undersupply of infrastructure and services; and significant disadvantage with regard to access to jobs and services.

The NGAA is seeking a policy framework that will facilitate sharing of responsibility across the three levels of government and include a new deal on funding, coordination and delivery of infrastructure and services.

## What do we seek?

The current ad hoc and incremental approach to development and the inability to recognise and fully articulate the role of Regional Cities and their contributions to strengthening Sydney's global position are key policy impediments to bringing about genuine long term urban transformation and jobs growth that we seek as Regional Cities. There is urgent need for a coordinated policy approach and significant injection of state and commonwealth resources to create vibrant cities with their own economic specialisations that can support a critical mass of businesses and jobs as well as contribute to the global strengthening of Sydney.

Research being conducted by the Alliance has established that the future development of the Penrith CBD is captive to a decision by Government to relocate a number of Departments in the CBD. Key decision makers have ruled out the prospects of commercial asset class driving development in the CBD for at least the next decade and innovative solutions are needed to leverage partnership between Council as a major landholder and the State to explore the creation of a Business Improvement District or the like to inject vibrancy and economic activity into the CBD and to build its reputation as a night time economy.

The Alliance seeks the following directions as part of the Metro Strategy Review process as it will impact on the development of economic activity and jobs growth in Penrith Regional city:

- The reinforcement of Penrith's regional city status based on its future catchment of one million people and a clear articulation of its economic functions based on its strengths in the Health and Well Being, Transport and Logistics and other identified sectors;
- An endorsement of the submission to the Western Sydney Jobs Forum (copy provided) which identifies our economic priorities;
- A clear recognition that the revitalisation of the Penrith CBD and its transformation as a fully functional urban centre that needs to grow to service one million people will not occur without direct intervention by the Government;
- A commitment that in its efforts to revitalise the CBD, the government will relocate a number of relevant departments and agencies which are appropriate and that provide the impetus for the growth of key industry sectors in Penrith;
- A commitment that immediate priority will be given to the planning of the Lakes precinct with the Government taking a clear position on the management regime it will introduce to manage the public domain in the precinct following the hand over by PLDC;
- A strong endorsement of the submission by Penrith City Council and its call for infrastructure and transport and community solutions that are severely impacting on the city's capacity to grow and provide housing, jobs and a full range of community and social services befitting a regional city;

- A commitment to adopt the criteria agreed by COAG in delivering the Metropolitan Plan for Sydney. The failure to provide such commitment will risk losing out on significant infrastructure funding and remove the primary source for funding infrastructure and development needs of Regional Cities;
- The inclusion of Western Sydney Employment Lands Investigation Area [WESLIA] as future employment lands in Western Sydney with plans to establish an enterprise park to attract national and international firms in a range of industries, besides transport and logistics;
- The immediate actioning of the Employment Lands Action Plan of 2007, in particular releasing and funding infrastructure for WSELIA;
- The immediate acquisition of land corridors to ensure early development of transport infrastructure to support the release of new employment lands;
- Support for “magnet” development opportunities in the City (such as the North Penrith Army Lands; Riverlink precinct; the Nepean Hospital precinct; Werrington Enterprise, Living and Learning precinct) which provide significant opportunities for job creation in the city;
- Immediate review and reactivation of the key recommendations of the Penrith City Centre Plan already endorsed by the Department of Planning;
- Support for the planning for the revitalisation of older industrial estates in Penrith such as Dunheved and North St Marys;
- Support for innovative solutions proposed as part of the review process that will share the responsibility of economic development and job creation with the State and Commonwealth governments.

## **What is our Solution?**

The Alliance is conscious of the pressures on Government in delivering its commitments and the aspirational nature of targets which are a hallmark of documents such as the Metropolitan Strategy and create expectations, frustrations and involve significant resources and senior management time in idle lobbying. The Alliance has also provided evidence that action at the local and regional level is essential to devise and implement cost solutions to create economic activity and job opportunities. Organisations such as the Alliance are well placed to partner with Government and other players to deliver such solutions.

We are thus proposing a *shared responsibility* for developing Penrith as Regional City through a solution that seeks dedicated resources and a vehicle for delivering targeted programs that has the support of all three levels of government.

- **Proposed Development Vehicle**

The Alliance proposes that in collaboration with Penrith City Council, the State Government give consideration to the establishment of a Penrith “development authority” to work in partnership with the three levels of government. The Authority would focus on building the capacity of the Penrith CBD or other significant urban redevelopment sites within the City so that it can fulfil its legitimate role as a Regional City.

The Authority will take a leadership role in the planning and facilitation of key development opportunities in the CDB, including the proposed civic space and other “magnet” urban development projects. The Authority will work in partnership with key developers and landowners, including Council, to identify key development opportunities and their feasibilities and structure creative funding packages to secure implementation. It is expected that the Authority’s work and plans will inject greater confidence in the marketplace and trigger new public and private investment and development in the City, in particular the Penrith CBD.

The Alliance further proposes that the Government in partnership with Penrith City Council and the Alliance provides resources to examine a number of models that will best suit the unique attributes and challenges facing Penrith Regional City.

It is proposed that a sum of \$100,000 be set aside for this exercise.

- **Regional Cities Funding**

It is proposed that the State Government establish a stimulus package for the Regional Cities with “seed funding” provided over 10 years to each Regional City. It is not possible at this stage to provide details of the quantum of funds or how the funds will be expended. This would rightfully be an exercise undertaken by the Development Authority and its partners. However the concept of a large enough pool that could seed funding to activate major development projects will provide a strong impetus for significantly greater investment and business activity in the marketplace. The capacity for leverage from the innovative use of such seed funds could be fairly substantial.

In the case of Penrith this funding package will be over and above what Council is seeking (\$4 billion) for outstanding and new infrastructure works. The funding will be used by the Penrith Development Authority to activate key “magnet” urban development projects, revitalisation of the Penrith CBD, and implementing a range of development projects associated with the strengthening of the competitive industry sectors, including health and wellbeing and transport and logistics.



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