



The Committee for
Sydney



ADDING TO THE DIVIDEND, ENDING THE DIVIDE #3

ISSUES PAPER 14 | JANUARY 2017



CONTENTS

OVERVIEW	4
A CITY OF 8M IN 2056: BUSINESS AS USUAL WON'T DO	4
ADDING TO THE SYDNEY DIVIDEND	5
ENDING THE DIVIDE IN A REBALANCED SYDNEY	6
SYDNEY AND THE NEW NATIONAL NARRATIVE ON CITIES	7
PART 1: ADDING TO THE DIVIDEND	8
THE NATIONAL ECONOMIC IMPORTANCE OF SYDNEY	8
SYDNEY'S MOMENTUM CONTINUES	11
SYDNEY STANDS OUT – AND HAS COME A LONG WAY SINCE 2012/13	11
PART 2: ENDING THE DIVIDE	12
WESTERN SYDNEY ON THE MOVE....	12
BUT THE JOBS GAP REMAINS	12
MEASURING SYDNEY'S DIVIDE WITH EFFECTIVE JOB DENSITY	14
GROSS VALUE ADDED	15
LABOUR PRODUCTIVITY	16
INCOME DIVIDE	17
EDUCATION DIVIDE	17
HEALTH DIVIDE	18
KEEP ON KEEPING ON ...	19
PART 3: KEY CITY TRENDS	20
COMPACT SYDNEY AND SPRAWLED SYDNEY	20
THE RE-URBANISATION OF THE ECONOMY AND THE RISE OF INNOVATION DISTRICTS	21
PART 4: A DUAL DEVELOPMENT STRATEGY FOR THE TWO SYDNEYS	22
OUTCOMES TO ADDRESS THE DIVIDE	23
INNOVATION DISTRICTS	23
A MORE WALKABLE SYDNEY IS AN ECONOMIC STRATEGY	23
A MORE WALKABLE SYDNEY IS A HEALTH STRATEGY	24
MODAL SHIFT TO COUNTERACT SPRAWL AND SPATIAL INEQUITY	26
POOR MOBILITY MEANS POOR SOCIAL MOBILITY	27
EXPAND THE RAIL NETWORK	28
INCREASING EFFECTIVE JOB DENSITY	30
THE '30-MINUTE SYDNEY': FROM MOBILITY TO ACCESSIBILITY	30
TOWN-CENTRE RENEWAL AND THE BENEFITS OF 'DENSITY DONE WELL'	32
POLICY INITIATIVES TO REDUCE THE DIVIDE	33
THE VERTICAL FISCAL IMBALANCE	33
LEARNING FROM THE US?	33
ENTER THE CITY DEAL	33
CITY DEALS AND CITY SHAPING INFRASTRUCTURE	34
VALUE CAPTURE, USER CHARGES AND FUNDING 'CITY FOLLOWING' INFRASTRUCTURE	35
CITY GOVERNANCE	36
CONCLUSION	37

TABLE OF FIGURES

FIGURE 1. PERCENTAGE OF AUSTRALIAN JOBS GENERATED IN NSW AND SYDNEY	8
FIGURE 2. SYDNEY'S GDP GROWTH	9
FIGURE 3. SYDNEY'S SHARE OF AUSTRALIAN GDP	9
FIGURE 4. SYDNEY'S GROWTH INDUSTRIES	10
FIGURE 5. LABOUR PRODUCTIVITY	11
FIGURE 6. ACCESS TO KNOWLEDGE JOBS	13
FIGURE 7. NUMBER OF RESIDENTS THAT CAN BE REACHED WITHIN 30-MINUTES BY PUBLIC TRANSPORT	14
FIGURE 8. MAPPING SYDNEY'S EFFECTIVE JOB DENSITY	15
FIGURE 9. MAPPING SYDNEY'S GROSS VALUE ADDED (GVA)	16
FIGURE 10. MAPPING SYDNEY'S LABOUR PRODUCTIVITY	16
FIGURE 11. INCOME BY POSTCODE 2013/14	17
FIGURE 12. AVERAGE NAPLAN YEAR 9 READING SCORE BY SYDNEY LGA	17
FIGURE 13. OCCURRENCE OF HIGH BODY MASS ATTRIBUTABLE DEATHS BY SYDNEY LGA	18
FIGURE 14. OCCURRENCE OF DEATHS ATTRIBUTABLE TO CARDIOVASCULAR DISEASE BY SYDNEY LGA	18
FIGURE 15. AMOUNT OF HOSPITALISATIONS CAUSED BY TYPE II DIABETES BY SYDNEY LGA	19
FIGURE 16. DIFFERENT STREET PATTERNS AFFECT HEALTH OUTCOMES	25
FIGURE 17. URBAN DENSITY VERSUS ROAD SUPPLY	26
FIGURE 18. LAND USE IMPACTS ON TRANSPORT EMISSIONS	28
FIGURE 19. THE COMMITTEE'S VISION FOR AN INTEGRATED WESTERN SYDNEY RAIL NETWORK	29
FIGURE 20. TOTAL LAND AREA BY EFFECTIVE JOB DENSITY (PERCENTILE)	31

OVERVIEW



Image provided by Parramatta City Council

This is the third edition of *'Adding to the Dividend, Ending the Divide'* published by the Committee for Sydney. Two underlying factors inform this series:

Sydney is adding to Australia's dividend.

Sydney's economic contribution to Australian wealth and productivity has increased significantly in the last five years and remains vital to the nation as it shifts from a resources-based growth model to one based on services and centred in cities.

To succeed, Sydney must reduce the divides within our city. At the same time, there are serious challenges of inclusive growth and spatial and intergenerational equity in the Sydney model of development.

Sydney's growth and momentum are integral to the success of the state and its communities. With over 60% of the state's population and 70% of its GDP, Sydney's 'dividend' is not confined to Sydneysiders. What happens here matters to all.

A CITY OF 8M IN 2056: BUSINESS AS USUAL WON'T DO

By 2056 Sydney's population is forecast to reach reach 8 million - the same as London's population today. In that context, the Committee for Sydney asks: what opportunities should we look to exploit and what interventions should we pursue that might help realise not just a bigger Sydney, but a better Sydney? How do we use the wealth coming from growth to invest in the infrastructure, especially public transport, which will better integrate all parts of Sydney? In particular, how do we overcome the great structural divide in Sydney, namely the economic performance of, and community outcomes in, Western Sydney?

'Adding to the Dividend, Ending the Divide' both analyses the current performance of Greater Sydney and suggests practical ways to improve the city's productivity, liveability and equity. Sydney will not stop growing, so the challenge is to ensure a city for all in which growth is inclusive and the benefits are shared both spatially and inter-generationally. A business as usual approach to Sydney will not do.

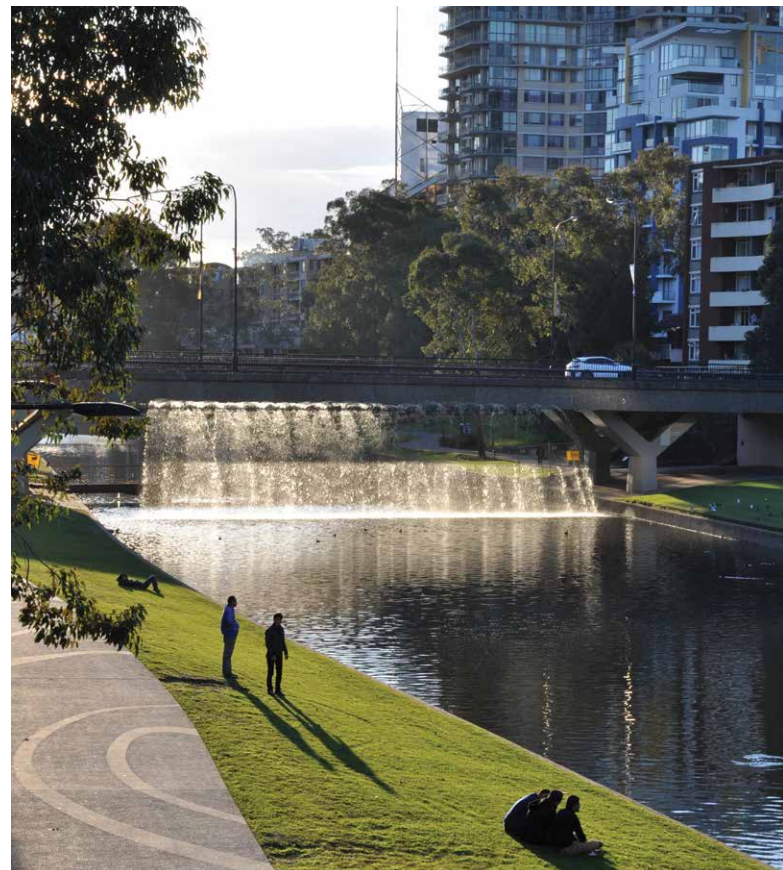
ADDING TO THE SYDNEY DIVIDEND

The 'dividend' is the contribution of Sydney's high productivity to national economic well-being. Adding to this dividend via effective Government policy, investment in urban infrastructure and civic reform is a matter of national importance.

The evidence presented in this Issues Paper shows that Sydney's economic momentum, trending strongly since 2011, increased in the 12 months to the end of 2016, as did its contribution to national wealth. Although some predictions suggested a possible peak of the growth cycle in 2015/16 - with uncertainties in the international economy and a possible reduction in housing production - Sydney has remained on its impressive growth path in terms of GDP, population and housing construction. Although a correction or a slow-down in the next 12 months is possible, Sydney is not predicted to return to the low growth pattern experienced in the first decade of this century. This economic expansion will be matched by a growing population that will see Greater Sydney almost double in number of residents over the next 40-50 years.

While all Australian capital cities are wealth-generators, Sydney remains 'first amongst equals'. It is Australia's number one city in terms of labour productivity and contribution to national GDP¹. As the nation transitions away from resources to a more urban and services-based knowledge economy, Sydney will play an increasingly crucial role as the engine of national success. It is already the national hub of key sectors including financial services, professional and business services, ICT/digital services, media, education and the creative and cultural industries - and continues to be the tourism gateway for the nation.

Sydney's strength in these sectors is increasingly of regional significance, making it a powerful attractor of global talent and investment, and a major hub in the Asia Pacific region. Sydney is regularly ranked in the top 20 cities globally for commercial real estate investment², is ranked 8th globally in terms of its current momentum³ and currently has a high overall benchmarked position in relation to a wide range of key urban performance indicators and comparable global cities. As global cities expert Greg Clark said in a recent report for the Committee: Sydney is "Australia's financial and corporate centre" and, crucially, "the only city in the Southern Hemisphere that combines the business and intellectual prowess of an established global city with world class liveability - the features of a new world city".⁴



1 **Rawnsley, T.** *Sydney Productivity Performance*, 2016, SGS Economics, <https://www.sgsep.com.au/publications/sydneys-productivity-performance>

2 **JLL Australia.** *Investment Intensity Index, March 2016*, 2016, <http://www.jll.com/Research/Investment%20Index%202016%20FINAL.pdf?d263a005-e006-4ae8-a289-fd8735754219>

3 **JLL.** *City Momentum Index 2016*, 2016, <http://www.jll.com/research/165/city-momentum-index-2016>

4 **Committee for Sydney.** *Issues Paper 13: First Amongst Equals? Benchmarking Sydney's Performance*, August 2016, <http://www.sydney.org.au/wp-content/uploads/2015/10/CfS-Issues-Paper-13-First-Amongst-Equals.pdf>

ENDING THE DIVIDE IN A REBALANCED SYDNEY

While we draw attention to Sydney's economic dynamism and contribution, we also highlight the need to understand that the city has problems of affordability and intergenerational equity. Of course, these are the kinds of challenges that attend growth and economic success in most global cities. However, Sydney is now one of the least affordable cities in the world. The average home price in Sydney now exceeds \$1 million, which is 12.2 times the median household income of the city. This ratio has been rising; dwellings in Sydney are becoming less affordable over time as growth in wages slows – it took 9.8 times the median household income to buy a home in 2014 and 6.0 times in 2001⁵. Using another measure, the Rental Affordability Index, many parts of Sydney are not considered affordable for rental properties. For key service workers, such as teachers, nurses and retail workers, to rent anywhere within 15 to 20 kilometres of the jobs-rich Sydney CBD requires more than 50% of their incomes. Similarly, Sydney has almost no affordable renting stock for low-income earners located east of Blacktown⁶. This is a spatial challenge of a city divided East to West in terms of economic productivity and social outcomes. We are pleased that the Greater Sydney Commission has picked up this theme and we will maintain our emphasis on the need to rebalance Sydney and improve outcomes in its less socio-economically advantaged regions as part of the overall strategy to raise the performance and productivity of Greater Sydney as a whole.

Clearly there have been significant investments and policy innovations for Western Sydney since the first 'Adding to the Dividend, Ending the Divide'. But this Paper reinforces the fact that the jobs gap in Western Sydney remains a fundamental challenge. On current trends, most of the new housing in Sydney will be west of Parramatta while most of the jobs growth will be east of it, particularly those higher value jobs in the knowledge and innovation economy⁷. This economic divide must be redressed, along with the different health and educational outcomes between Western and Eastern Sydney.

Of course what we mean by 'Western Sydney' is, in a sense, on the move. The GSC has designated Parramatta as the new 'Central City' of Sydney's metropolitan area and identified its special role for both Western Sydney and Sydney as a whole⁸. While Parramatta has clearly shifted from being the 'next big thing in Sydney' to 'happening now' it is by no means 'done' – nor is its contribution to moving the economic fulcrum of Sydney westward anywhere near fully realised. For the good of the West, this new 'Central City' of Sydney needs to continue to be a focus of policy innovation and investment, until the job is completed.

A London analogy might be relevant here: the growth of Canary Wharf in East London did not prevent development at Stratford or Woolwich in the wider region, and indeed was the basis of further investment and new transport links going eastwards to those places. The additional benefit of the new Western Sydney airport means that over time the Badgerys-Penrith-Blacktown-Parramatta -Liverpool-Campbelltown segment of Sydney will experience economic uplift from an accumulation of significant public and private investments and initiatives – and from more than one direction. There is a critical mass of policies, projects and investments building there.

5 **Janda, M.** *Housing costs in Australia second only to Hong Kong*, ABC Online, 25 January 2016, <http://www.abc.net.au/news/2016-01-25/housing-costs-in-australia-second-only-to-hong-kong/7111490>

6 **ABC.** *40% of households locked out of rental affordability; housing stress worst in Sydney*, 24 November 2015, <http://www.abc.net.au/news/2015-11-24/sydney-rents-most-unaffordable-in-australia/6967664>

7 **O'Neill, P.** *Addressing Western Sydney's jobs slide*, The Centre for Western Sydney, Western Sydney University, 2016, p16.

8 **Greater Sydney Commission.** *Greater Parramatta and the Olympic Peninsula: Our True Centre, the Connected Unifying Heart*, October 2016, greatersydneycommission.nsw.gov.au/-/media/GPOP-Vision-311016.ashx



REAL Festival: Image provided by Penrith City Council

SYDNEY AND THE NEW NATIONAL NARRATIVE ON CITIES

This Paper comes at a time when the contribution of Australian cities to the nation's wealth and well-being is finally being recognised at the federal level. The national discourse is now catching up with the national reality: Australian cities are the economic powerhouses of the nation and our gateway to the global economy. Cities bring together the most competitive enterprises and talent, reinforcing and greatly adding to their value through agglomeration and knowledge spill-overs.

This is why the Prime Minister stressed that although "historically the federal government has had a limited engagement with cities in fact that is where most Australians live. It is where the bulk of our economic growth can be found."⁹

Similarly, we have also welcomed – indeed played a part in creating – the new Greater Sydney Commission. This is a strategically important initiative of the NSW government to provide the kind of cross-governmental coordination that Sydney has historically lacked. Although in its early days, the GSC's integrated approach to infrastructure planning for a growing city is very much on the right path and bodes well for the future. The Committee believes that the GSC

represents the first step on the path to an even stronger and more accountable model of metropolitan governance.

We have also strongly supported – and again played our part in nurturing – the new federal approach to City Deals. This new approach to aligning federal and state governments' policies and investments in our cities represents a real opportunity to ensure Sydney receives the right policy settings, benefits from a collaboration between all levels of government and gets the right investment in infrastructure. They will result in a better link between federal infrastructure investment and agreed city priorities. They also offer the potential for a greatly improved transport infrastructure appraisal process.

So Sydney's dividend continues, but so do its divides. There are some promising opportunities arising – but we must not be complacent. In this report, we review the evidence, analyse some of the key trends shaping Sydney and then recommend some interventions of strategic significance.

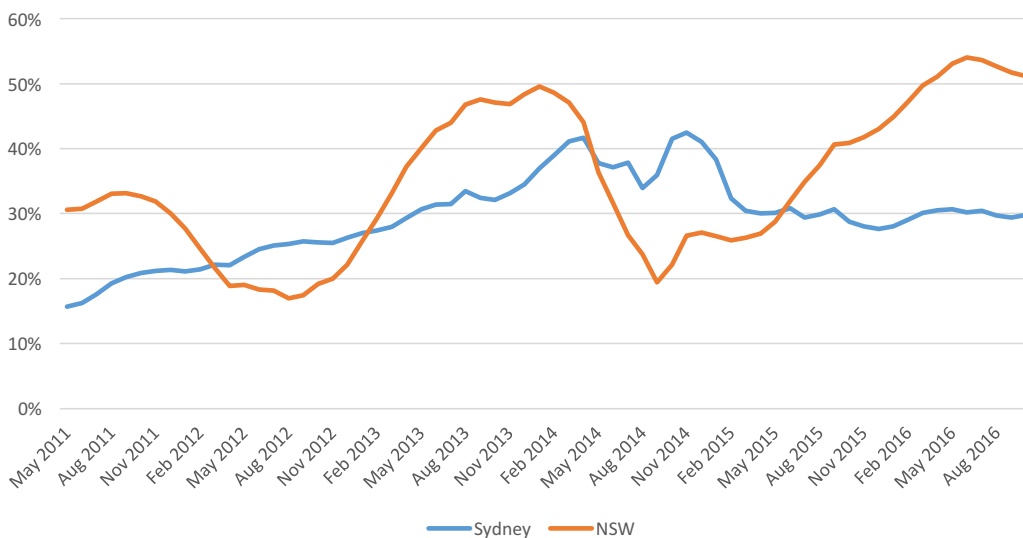
⁹ **Malcolm Turnbull MP**, *Changes to the Ministry*, 20 September 2015, <http://www.malcolmturnbull.com.au/media/Ministry>

PART 1: ADDING TO THE DIVIDEND

Sydney's momentum is now decisively impacting on the national economy. A combination of big infrastructure projects, radically increased housing delivery and fast-growth in forward-looking sectors such as financial services, ICT, health and tertiary education has transformed Sydney's performance and thus its contribution to Australia.

Of all the jobs created in Australia since 2011, around 40% of them were created in NSW and around 30% in Sydney alone. This level of job creation far exceeds Sydney's share of Australia's population. Sydney has added to the national dividend, and then some.

Figure 1. Percentage of Australian jobs generated in NSW and Sydney



Source: ABS Labour Force Survey, 2016 and SGS, 2016

NSW and Sydney have both generated disproportionately large percentages of Australia's jobs growth in the last 5 years - Sydney alone created 30% of all jobs in the country during August 2016

THE NATIONAL ECONOMIC IMPORTANCE OF SYDNEY

Sydney now generates almost a quarter of Australia's Gross Domestic Product (GDP) and is home to much of the economic infrastructure critical to the prosperity of Australia.

As Australia's largest city, Sydney has always made a significant contribution to national growth. Figure 2 shows the long-term GDP growth for Sydney and Australia. It illustrates the high levels of growth that Sydney experienced in the lead up to the 2000 Olympics, the subsequent drop-off in growth immediately thereafter and the sharp but short downturn of the Global Financial Crisis.

In 2014-15, Sydney's GDP rose by over 3 per cent - well above the Australia-wide growth rate of just over 2.3%. However, the latest figures for 2015-16 show that Sydney's GDP growth accelerated to almost 4.5% per annum with the nation overall growing by just under 3%.

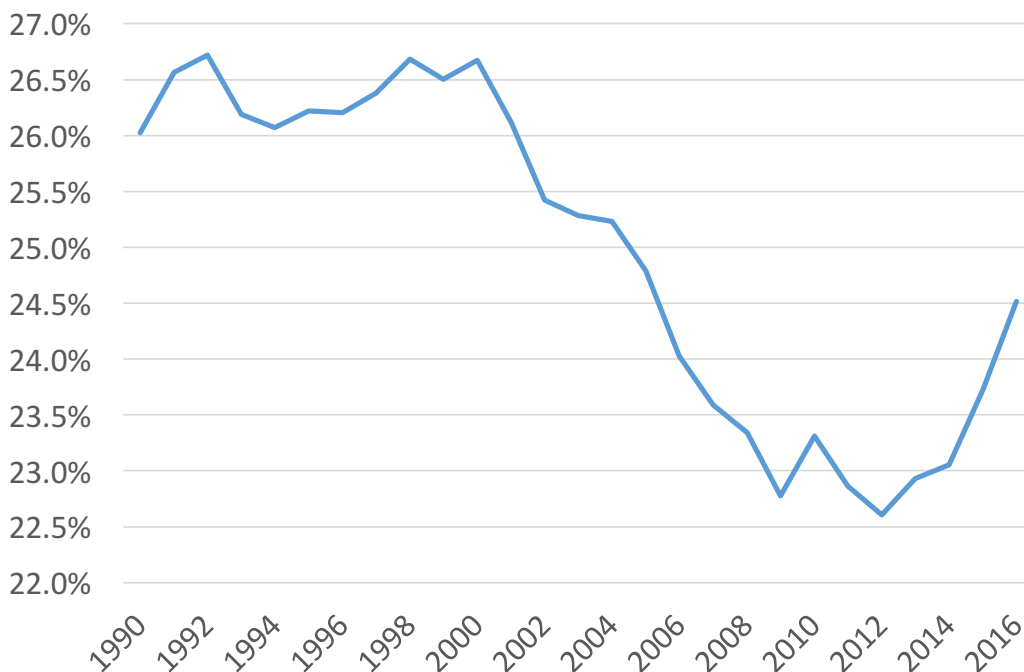
Figure 2. Sydney's GDP growth



Sydney's GDP has been growing faster than Australia's overall growth since 2013, after a post-Olympics slump

During the first decade of the current century, Sydney's share of Australian GDP declined. This is partly because of a post-Olympics slow-down in Sydney but also because other cities' contributions increased - particularly Melbourne's and Perth's - following governance reform, policy innovation, new infrastructure or the mining boom. Sydney's share of GDP hit a low of 22.4% in 2012 before rebounding strongly to 23.8% in 2015 and 24.5% in the current year. In 2017, we may see Sydney contribute a quarter of the nation's wealth.

Figure 3. Sydney's share of Australian GDP



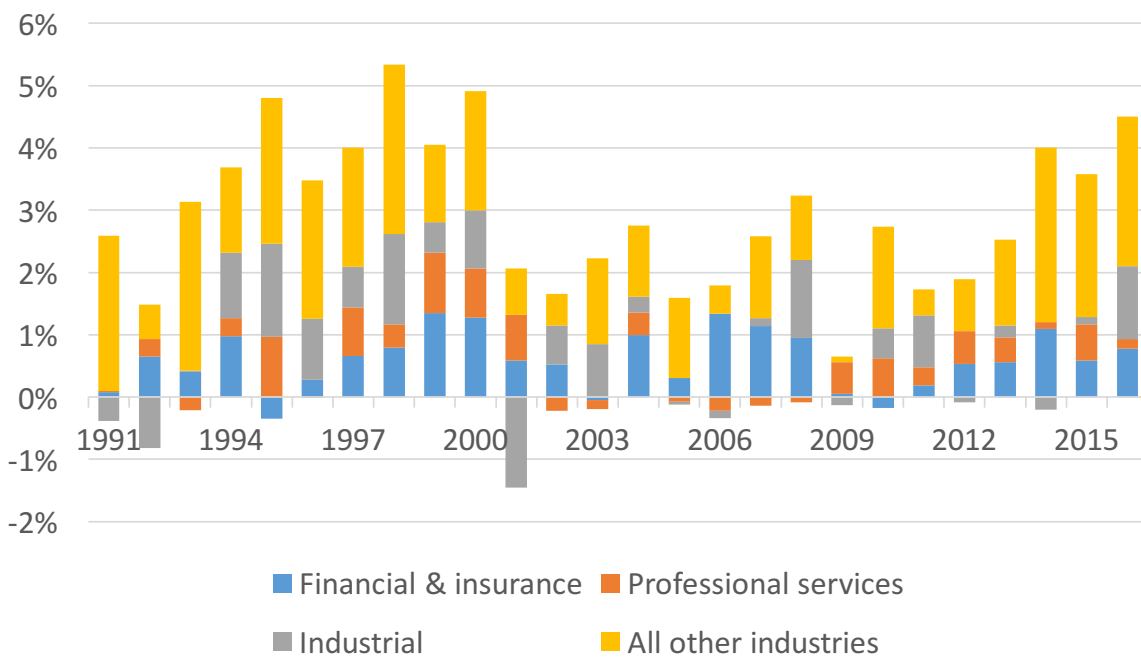
The mining boom and Sydney's own subdued performance had the effect of decreasing the percentage of Australia's GDP that Sydney contributed - now the boom is over, Sydney is again becoming the motor of the national economy

Sydney's strong economic growth in recent years has been fuelled by increasing revenue from Finance and Insurance Services as well as the emerging FinTech sector, for which Sydney is the undisputed Australian capital. The significance of financial services is well illustrated below (Figure 4), with growth in this one sector accounting for a third of total growth in the Sydney economy.

It is interesting to note that the productivity of service jobs in Melbourne has been catching up to those in Sydney. In the 1990s, professional services jobs in Melbourne generated half the income of their Sydney counterparts, but by 2015 this had increased to 80%.

This shift likely reflects the increasing ability of a more affordable central Melbourne to accommodate and retain professional service firms. In central Melbourne, infrastructure investments and major redevelopments through the 2000s substantially increased the footprint and economic capacity of the inner city, as did some innovative policy reform.

Figure 4. Sydney's growth industries



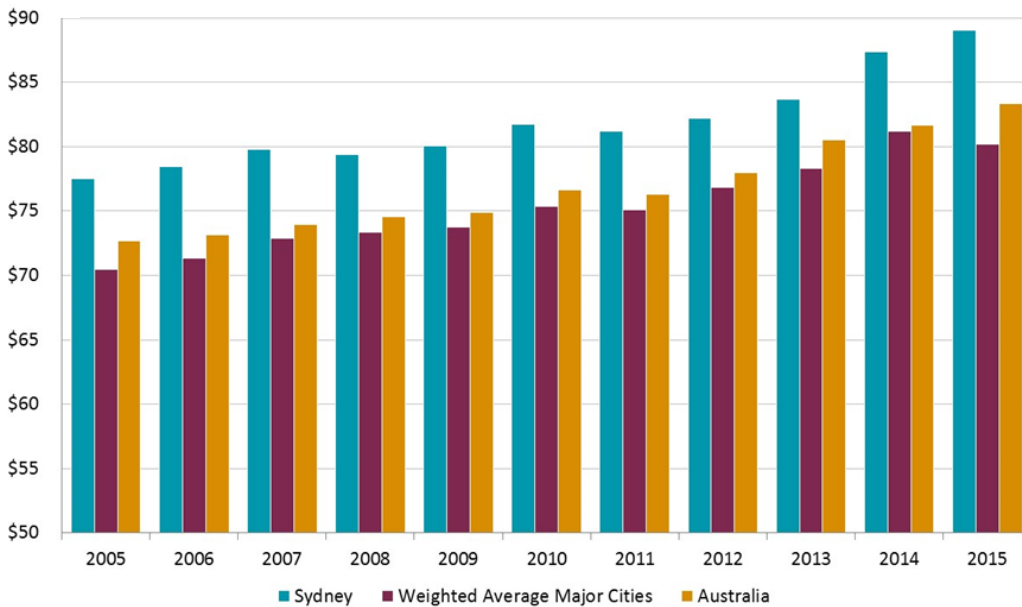
Source: SGS, 2016

One third of total growth in the economy of Sydney has been generated by one industry: Financial services

By contrast, the CBD of Sydney, until Barangaroo came on line, had not seen its capacity increased significantly and service firms may have been crowded out by higher productivity Financial and Insurance firms able to pay the higher rents. Of course, Greater Sydney (unlike Melbourne) has centres outside its CBD, such as Macquarie Park and Parramatta. These centres have seen significant growth in the past decade and it is now also clear that an increasing number of professional services firms are investing in Western Sydney as the offer and connectivity improve. Sydney's more 'polycentric' nature enabled growth which has supplemented that of our relatively constrained CBD.

With a high concentration of Finance and Insurance firms, Sydney is the most productive of the major Australian capital cities (in terms of gross value added per hour worked). On average, almost \$90 of economic output is produced in an hour's work in Sydney, and in recent years the productivity gap between Sydney and other major cities has widened. This not only reflects the industries located in the city, but also their absolute mass, with firms in Sydney realising substantial economies of scale.

Figure 5. Labour Productivity



Source: SGS, 2016

Sydney is the most productive of all major Australian cities, with the gap between the city and the Australian average widening in recent years

SYDNEY'S MOMENTUM CONTINUES

After a decade of sluggish growth that culminated with the shock of the Global Financial Crisis in 2008-09, Sydney has clearly re-emerged as a major driver of Australian economic growth, with strong year on year GDP growth. Sydney's role as Australia's global city, and the flow of capital and people this brings, is allowing it to benefit from a global economic recovery. At the same time, its housing delivery has more than doubled since its low point in 2011/12 – to over 31,000 a year,¹⁰ about the same as London on just over half its population¹¹ – with the market approaching historically high levels of supply with significant employment consequences.

As with all global cities subject to such growth, an increasing proportion of these are investment-driven as private renting rises accordingly alongside serious affordability pressures. So far these pressures have not prevented the nation's (and the world's) talent from locating here, though there is anecdotal evidence to suggest that outmigration is occurring as a result of people being priced out of housing.¹² Both the Federal and State governments need to keep this situation under review and seek to understand what role they each play or could play in alleviating these pressures. In other related advocacy work the Committee has called for more of Sydney's future housing supply to be designed, designated or provided as 'affordable' or sub market rental

– on both public and private land – to enable more key workers to be able to reside at the heart of our city, more potential first time buyers to build up a deposit and greater beneficial mixed-communities outcomes.¹³

SYDNEY STANDS OUT – AND HAS COME A LONG WAY SINCE 2012/13

Sydney's momentum contrasts with other parts of Australia that seek to manage the slow-down in the resources boom and the continued reduction in manufacturing. On current trends, by 2056 Sydney will not only have 8 million inhabitants, it will have a GDP at least 100% larger in nominal terms than today. After all, its GDP has grown by almost 25% in only the 8 years since the GFC.

Sydney has indeed come a long way since the first iteration of *Adding to the Dividend, Ending the Divide*. We are not complacent however, as there is a challenge to ensure that as the current boom tapers off – as it will when the housing market reaches its cyclical peak – that there are projects in place to sustain demand and productivity. It is worth considering that many of the projects likely to be drivers of higher productivity in Sydney are still some years away. It will be at least a decade before Badgerys Creek Airport's stimulus is felt and the Sydney Metro extension under the Harbour won't open till 2024, while the Parramatta Light Rail won't open until 2023. Good planning and identifying the most appropriate program of infrastructure projects can and must enable us to avoid a gap in momentum. They must also help us overcome some of the divides in Sydney that hold back opportunity in Western Sydney and inhibit the performance of the city.

¹⁰ **NSW Department of Planning and Environment**, *Metropolitan Housing Monitor Sydney Region*, 22 December 2016, <http://www.planning.nsw.gov.au/Research-and-Demography/Research/Housing-Monitor-Reports/Metropolitan-Housing-Monitor-Sydney-Region>

¹¹ **Latanauskaitė, L.**, *House Building: December Quarter 2015*, England, UK Department for Communities and Local Government, 2016, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/502930/House_Building_Release_Dec_Qtr_2015.pdf

¹² **Cross, L.** 'Sydney families moving to Brisbane for the kids', Domain, October 2016 <http://www.domain.com.au/news/sydney-families-moving-to-brisbane-for-the-kids-20141031-11esOd/>; **Williams, S.** 'Sydney's priced-out buyers heading to Melbourne', Domain, May 2016, <http://www.domain.com.au/news/sydneys-priced-out-buyers-heading-to-melbourne-20160521-go2o9m/>

¹³ **Committee for Sydney**, *Issues Paper 8: A City for All, five game-changers for affordable housing in Sydney*, 2015, <http://www.sydney.org.au/wp-content/uploads/2015/08/CFS-Issues-Paper-8-A-City-for-All-Five-Game-Changers-for-Affordable-Housing-in-Sydney.pdf>

PART 2: ENDING THE DIVIDE

From its renewal in 2012, the Committee has highlighted Sydney's recovering and significant economic contribution to the wellbeing of the state and the nation. We have advocated for policies and infrastructure that reinforce Sydney's success and maintain its pre-eminence in driving national growth. At the same time, however, we have consistently drawn attention to evidence of a divided Sydney with differing health, education and economic outcomes depending on where you live - and to the advantages that accrue from reducing such city divides.

WESTERN SYDNEY ON THE MOVE....

There has clearly been a decisive shift in awareness of the opportunities and challenges of Western Sydney over the last three to four years. There is greater government focus on Western Sydney and an emerging public policy interest in the spatial divides within Sydney, including by the GSC which has taken up this theme in earnest¹⁴. There is also renewed and healthy competition between the main political parties that aim to show that they have the best commitment to Western Sydney's future and the policies and program of infrastructure that the area needs to thrive. Long may that competition flourish as the transformation of Western Sydney and the re-balancing of Greater Sydney needs long-term bipartisan commitment.

Perhaps most practically, the announcement of the location of Sydney's second airport at Badgerys Creek has already changed the profile of the region for investors and offers a major catalyst for the development of new industries and innovation related sectors in Western Sydney. The commitment to create a new cultural precinct in Parramatta with the relocated Museum of Applied Arts and Sciences at its heart, also reflects the shift in policy and public investment towards the West. Very importantly, the private sector has begun to respond with significant new commercial office investment - such as the Lang Walker developments in Parramatta¹⁵ - and the developing of new capacity in the area by some global companies.

14 **Bleby, M.** *Why the Greater Sydney Commission says the city has to change*, Australian Financial Review Online, 22 November 2016, <http://www.afr.com/real-estate/why-the-greater-sydney-commission-says-the-city-has-to-change-20161122-gsus8v>

15 **Willmot, B.** *Lang Walker to Build Parramatta Towers for NSW Public Servants*, The Australian, 21 December 2016, <http://www.theaustralian.com.au/business/property/lang-walker-to-build-parramatta-tower-for-nsw-public-servants/news-story/Odf316ee0f87395ab7fa984c091c95b6>

BUT THE JOBS GAP REMAINS

Underpinning the current divide within Sydney is the decline of manufacturing, once dominant in Western Sydney, and the rise of the knowledge economy in the East. It remains the case that high value jobs are concentrated east of Parramatta - at Macquarie Park, North Sydney and in the City of Sydney LGA (mostly in the CBD). New centres have been located in or are developing adjacent to the CBD, such as Barangaroo and Ultimo, with a new innovation district set to emerge out of the development of the ATP and an even bigger mixed use innovation focused district mooted for the Bays Precinct. While research shows that Parramatta's GDP grew faster in the last few years than that of the CBD and of North Sydney - though not Macquarie Park¹⁶ - this East Sydney dominance in high value jobs is expected to persist for some time ahead.

Work by Committee for Sydney members Western Sydney University and Deloitte, has recently set out some of the challenges and opportunities in Western Sydney¹⁷. Despite advances, particularly in the growth in the number and proportion of Western Sydney residents with university degrees and the growth in financial and insurance services in Parramatta (the suburb's 3rd largest employment sector), "large concentrations of jobs in high value adding professional services sectors are not emerging at sufficient pace to match the growing number of tertiary qualified Western Sydney residents"¹⁸.

On current projections, between now and 2041, most jobs in Western Sydney will still be in retail, health care, education and manufacturing, with manufacturing continuing to decline in its share of overall employment¹⁹. While logistics is likely to grow following the growth of the new airport, on current trends the overall jobs profile and growth of the region will not. Currently the jobs in Western Sydney increase by 8,000 a year but the number of workers grows by 13,000. This leads to a daily worker outflow from the region which may be over 400,000, and increasing²⁰.

16 **PwC**, *Parramatta 2021, Unlocking the potential of a new economy*, Report for City of Parramatta Council, 2016, http://www.parracity.nsw.gov.au/_data/assets/pdf_file/0011/188984/City_of_Parramatta_2021.pdf

17 **Deloitte**, *Shaping Future Cities, Designing Western Sydney*, 2015, <http://landing.deloitte.com.au/rs/761-IBL-328/images/Shaping%20Future%20Cities%20blueprint%20v2.pdf>

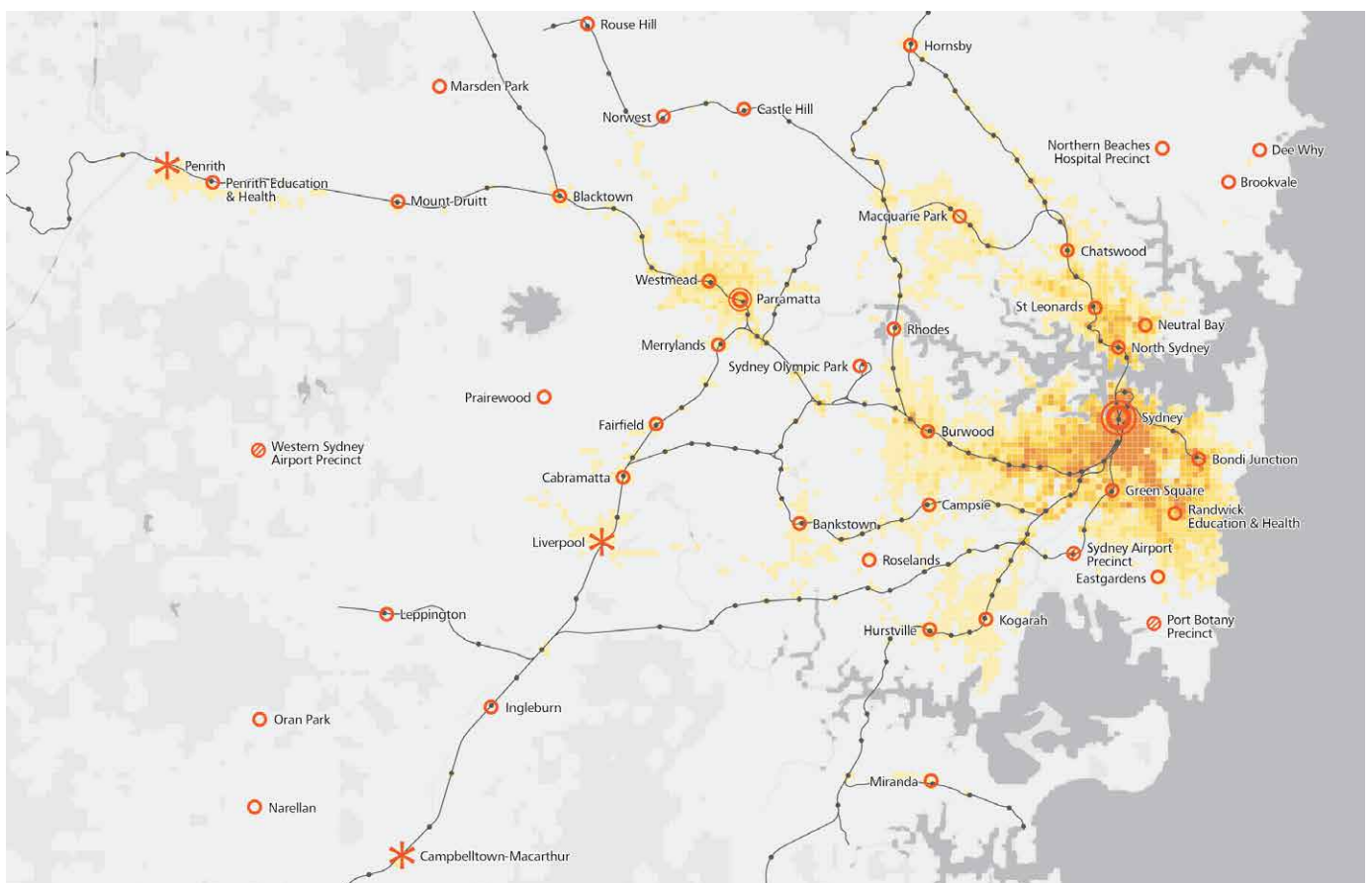
18 **Ibid**, 2015

19 **Montoya, D.** *Western Sydney: an economic profile*, Briefing Paper No. 10/2015, NSW Parliamentary Research Service, 2015.

20 **O'Neill, P.** *Addressing Western Sydney's jobs slide*, The Centre for Western Sydney, Western Sydney University, 2016, p.16.

The challenge is outlined in Figure 6. The opportunity is also clear, as agglomerations of knowledge jobs have begun to form in and around key centres in Western Sydney. These can and must be built on by recognising and addressing not just the jobs-gap but, as we shall see, the public-transport gap experienced by Western Sydney.

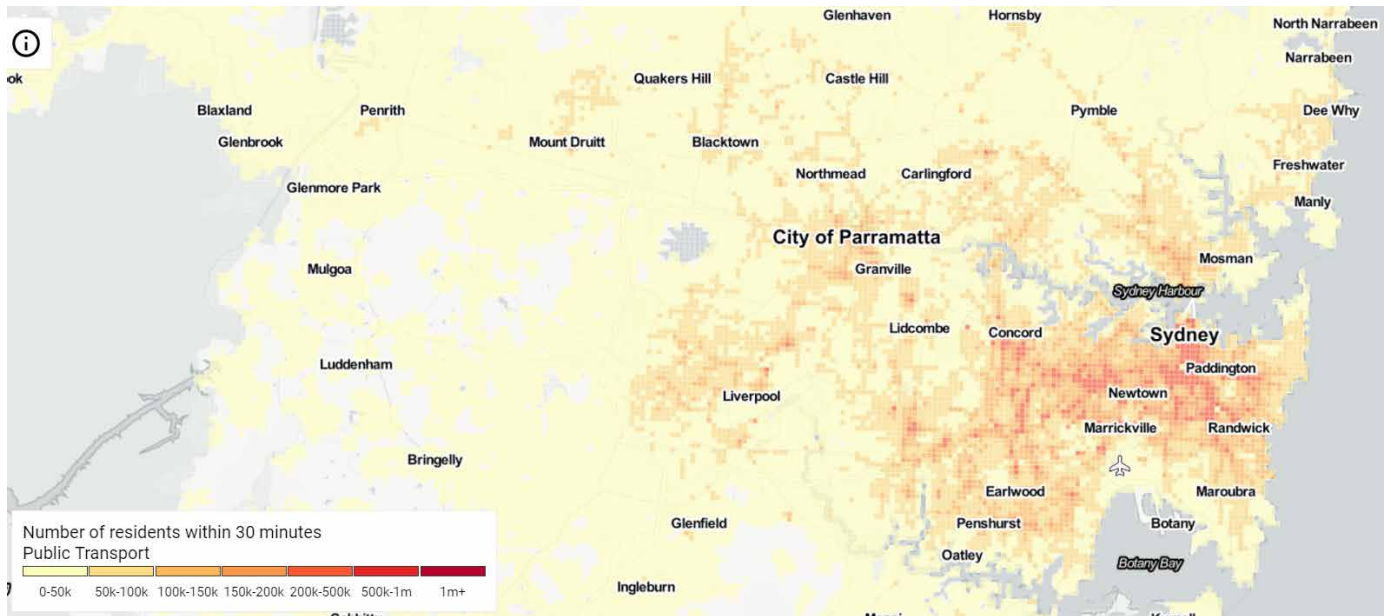
Figure 6. Access to knowledge jobs



Source: Arup 2016

The jobs gap embodies and reinforces the different socio-economic outcomes generated in Western Sydney. This region will need to overcome structural and connectivity divides if there is to be greater spatial equity and improved productivity at the metropolitan level.

Figure 7. Number of residents that can be reached within 30-minutes by public transport



Source: Arup 2016

This map represents the number of residents that are accessible by public transport from each location on the map – a person living in the inner city can reach over 1 million other residents by public transport within half an hour, this number drops the further west a person lives. This figure shows the key transport connectivity differential between the East and West in Sydney that reflects and reinforces this divide.

MEASURING SYDNEY’S DIVIDE WITH EFFECTIVE JOB DENSITY

Effective Job Density (EJD) is an index of the level of employment relative to the time taken to gain access to that employment, adjusted by the current mode split of those workers in their travel to employment. It is a proxy measure of agglomeration economies and for measuring the relative accessibility of certain parts of Sydney with other areas. People within areas of higher EJD can access more jobs and the consequent benefits of agglomeration.

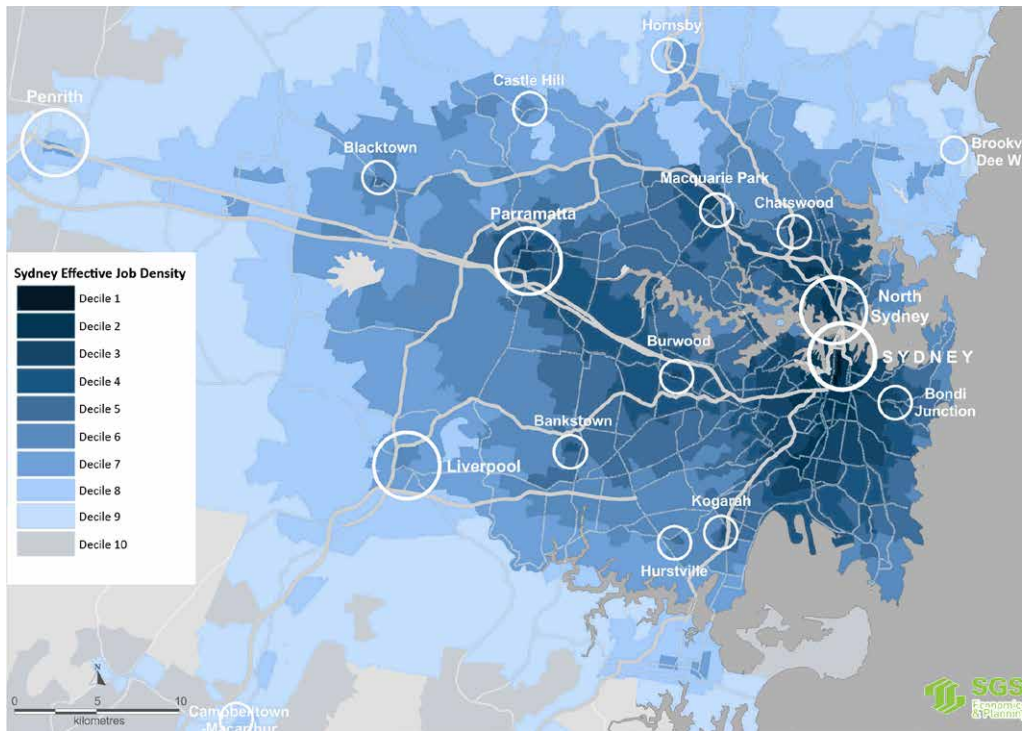
In most cases, a CBD has the highest level of EJD in the whole city, reflecting that CBDs are generally the focal point of the city’s transport network. They are the easiest location for the most number of people in a City to access. With high levels of access per square metre, land values in CBDs are high, making higher density and costlier development feasible. Coupled with supportive planning controls, this results in intense use of CBD land, leading to a higher density of economic activity. Sydney’s CBD follows this

general pattern, although Sydney’s constrained CBD being on the far-east of the Metropolitan area brings a lop-sided spatial focus to Sydney’s EJD quite unlike Melbourne’s more even distribution of EJD on all sides of its larger and more centrally located CBD.

The following Figures and Tables show the areas with the highest Effective Job Density (EJD), Gross Value Added (GVA) and labour-productivity in Sydney. The Sydney CBD is top in all categories, as expected, but other pockets of high performance outside benefit from proximity to, or good connectivity with, the Sydney CBD. Each of the maps and figures graphically illustrate both the dividend and divide in Sydney.

Public policy for Sydney can be summarised in these charts: we have to deepen areas of existing high EJD and extend higher EJD performance to other areas of Sydney west and south of Parramatta. We know we will have succeeded when more areas of Sydney are covered in deep blue.

Figure 8. Mapping Sydney's Effective Job Density



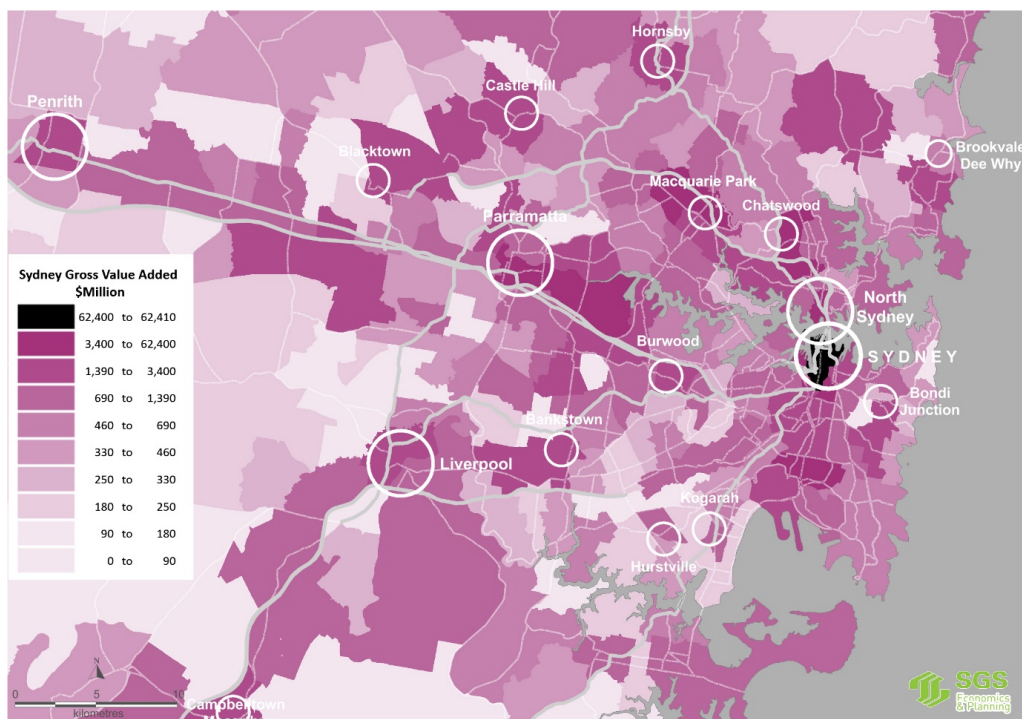
Source: SGS, 2016

EJD is highest in the CBD and North Sydney; Parramatta is above average but the EJD falls off quickly in the surrounding suburbs

GROSS VALUE ADDED

Gross value added is a measure of income generated by business in terms of both profits and wages paid to their workers. In 2010-11, roughly one quarter (\$64 billion) of Greater Sydney's income was generated within the Sydney CBD. Other significant income generating in Greater Sydney are North Sydney (generates 3.5% or \$10 billion), Macquarie Park (2.6% or \$7.3 billion) and Parramatta (2.6% or \$7.2 billion).

Figure 9. Mapping Sydney's Gross Value Added (GVA)



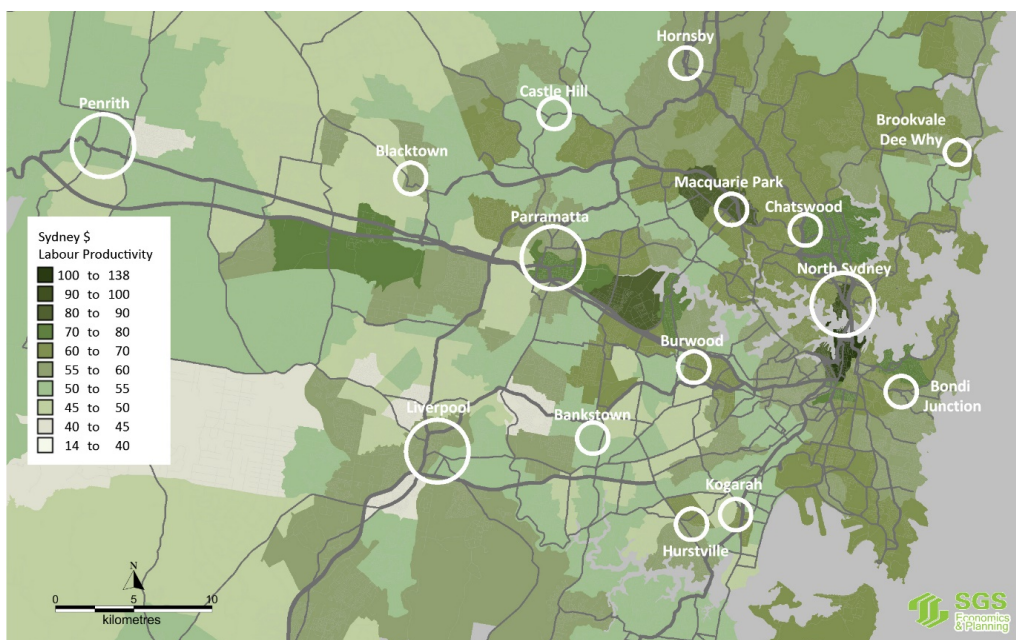
Source: SGS, 2016

One quarter of all Greater Sydney's income was generated in the CBD (2010/11)

LABOUR PRODUCTIVITY

Labour productivity is a measure of Gross Value Added (income) generated for each hour worked. Most locations across Sydney have labour productivity of between \$50-\$60. Labour productivity in the Sydney CBD is \$106 per hour worked. North Sydney (\$92 per hour worked), Macquarie Park (\$82 per hour worked) and Parramatta (\$79 per hour worked) are also highly productive locations.

Figure 10. Mapping Sydney's Labour Productivity



Source: SGS, 2016

Most locations across the city have labour productivity of between \$50-\$60 - the CBD has \$106 per hour worked and Parramatta \$79

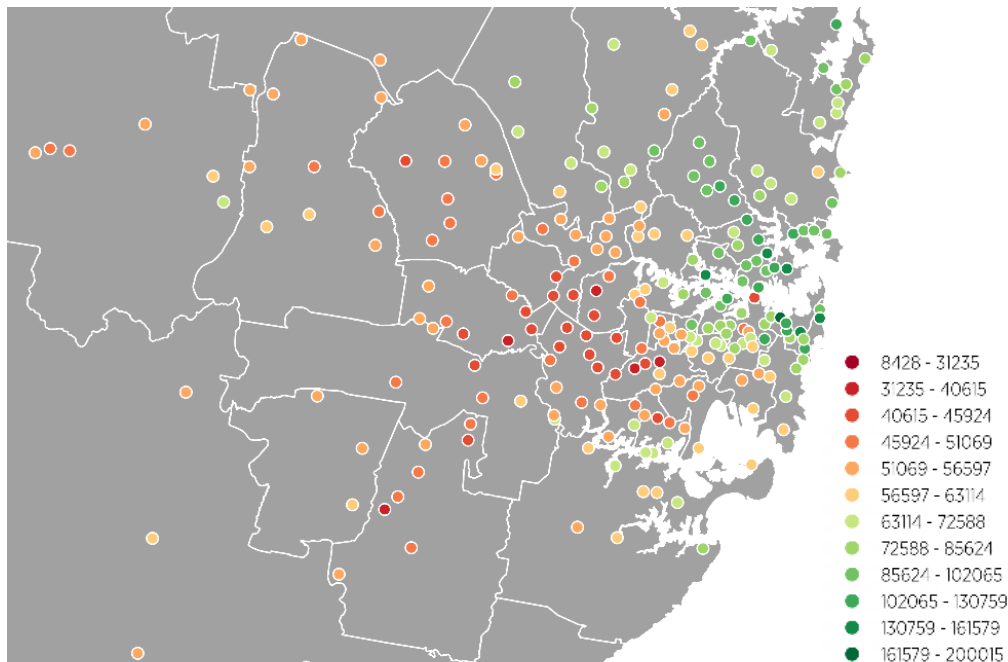
The Sydney CBD is the location with the highest level of access to all jobs but also access to the most productive jobs. Sydney CBD's access to jobs is double that of Parramatta and three times that of Penrith. This means that businesses in the Sydney CBD have more opportunity to connect with potential suppliers and customers, which helps to enhance their productivity. People living in or close to Sydney CBD also have superior access to jobs. Taking a thirty-minute journey during the morning peak, a Sydney CBD resident could access almost one million jobs, while a Parramatta resident can only access half that number.

Taking a thirty-minute journey during the morning peak, a Sydney CBD resident could access almost one million jobs, while a Parramatta resident can only access half that number

INCOME DIVIDE

The average income of Sydney is clearly divided between the Eastern half of the city, where the income is much higher, and the Western half, where the average income is well below the Australian average

Figure 11. Income by postcode 2013/14



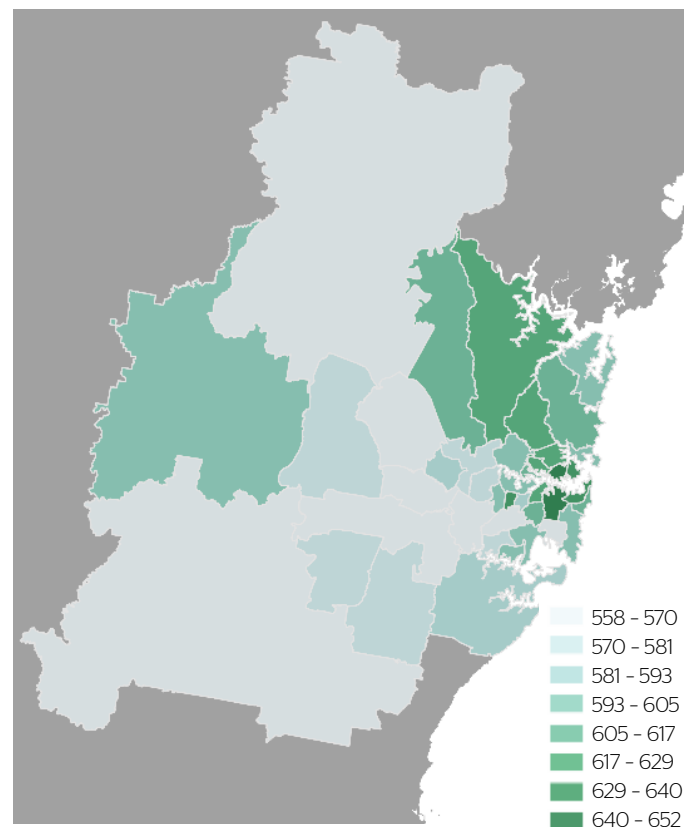
Source: Healthstats NSW and WSU

EDUCATION DIVIDE

Figure 12 illustrates the challenge to bring the entire metropolis up to the same level in terms of positive educational outcomes. Educational gaps are a significant issue, not just in terms of general principles of equity in providing a high level of income to all residents regardless of where they live. The jobs of the future, including those in the FinTech and Innovation industries, require workers with a high-level education, to produce an internationally competitive workforce.

The Committee's view is that we need to focus on the policies, innovations and investments that will on the one hand promote better educational performance at secondary level and on the other create the jobs ecosystem and opportunities across Western Sydney to exploit the skills and knowledge of the increasing number of graduates in the area for the benefit of all of Sydney.

Figure 12. Average NAPLAN year 9 reading score by Sydney LGA



Source: HealthStats NSW and WSU

Western Sydney scores much lower the Eastern and Northern Sydney in reading tests, reflecting the gap in educational outcomes at school age



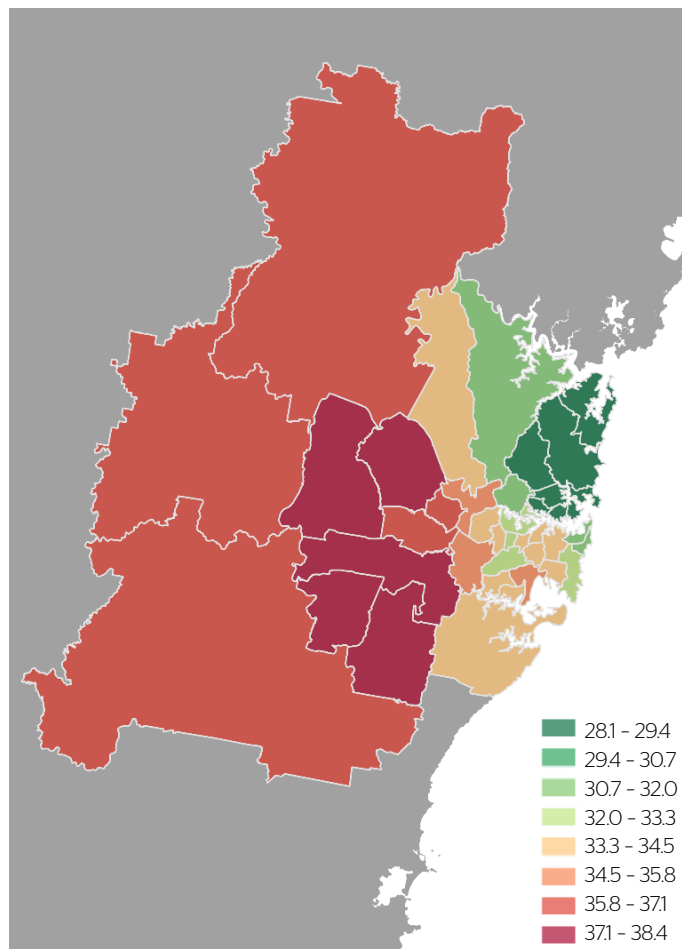
Image provided by Penrith City Council

HEALTH DIVIDE

Western Sydney communities continue to lag in a series of health outcomes such as diabetes, deaths attributable to high body mass, coronary heart disease, circulatory disease and asthma. Although much of this is associated with relative disadvantage, there is another factor at play here. The maps of diabetes, obesity and cardiovascular disease in Sydney overlap closely with maps of low density and poor public transport access.

The key difference between Western Sydney with its comparatively lower density residential development pattern and the more compact Sydney within 10kms of the CBD is the relative access to walkable precincts/town centres and public transport on the one hand, and the reliance on the car for journeys to work or services on the other. This has been recognised in epidemiological and social policy research as critical to health (and indeed economic) outcomes²¹. Western Sydney simply has a more car-oriented urban structure where people walk less, drive more and drive longer than in the compact Sydney closer to the CBD. This has differential health consequences which need addressing urgently. The structure of Sydney is not only dividing us, it's making some communities ill.

Figure 13. Occurrence of high body mass attributable deaths by Sydney LGA

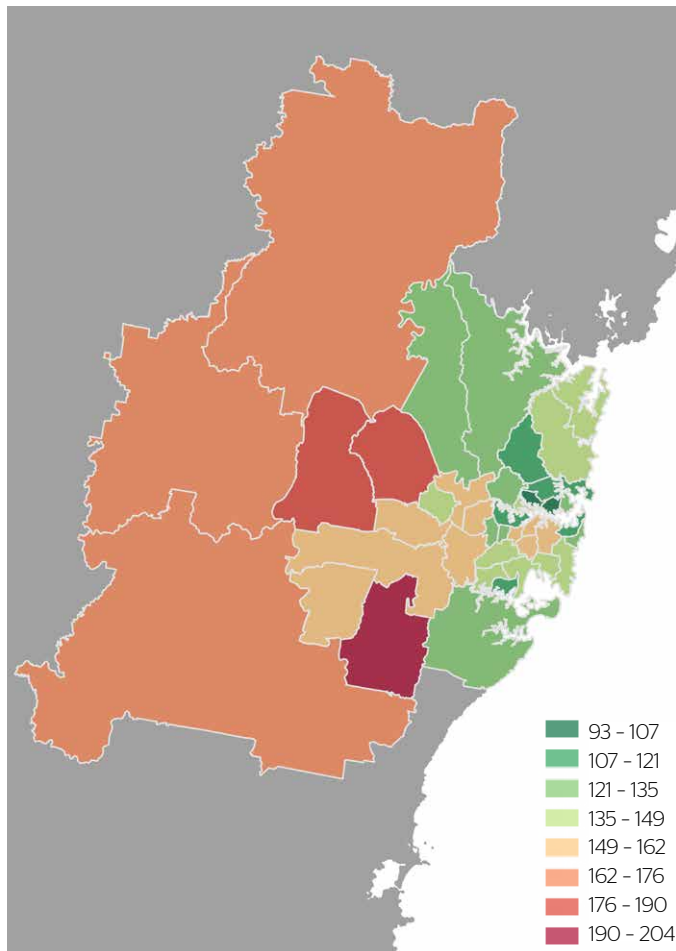


Source: HealthStats NSW and WSU

Higher obesity rates match the map of lower density development, poor access to public transport and the relative physical inactivity of communities due to lack of walkable precincts

21 **Giles-Corti, B. et al.** *City Planning and Population health: a global challenge*, the Lancet, 2016

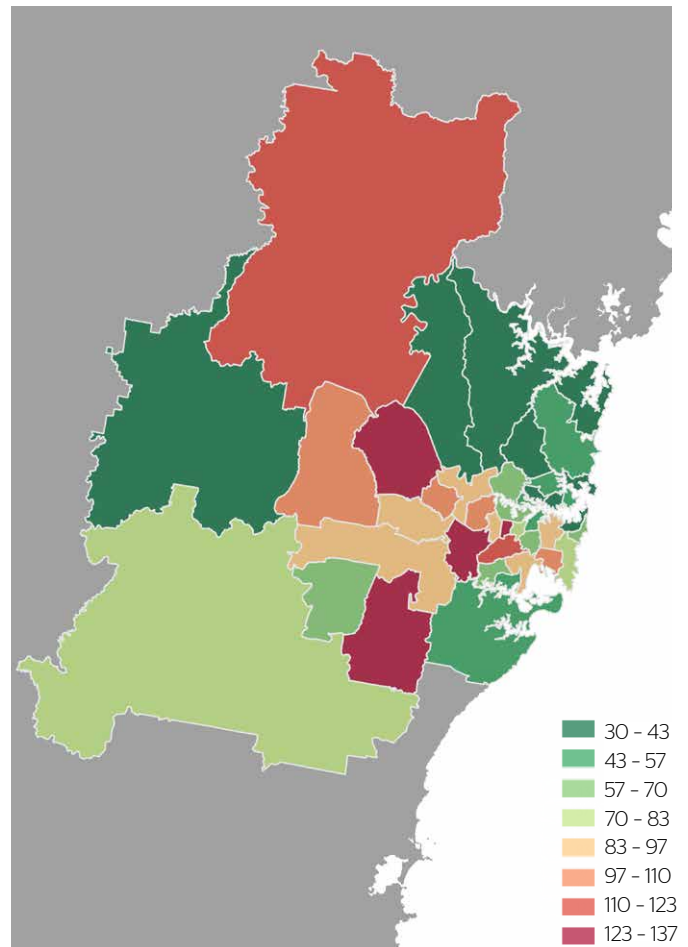
Figure 14. Occurrence of deaths attributable to cardiovascular disease by Sydney LGA



Source: HealthStats NSW and WSU

The difference is stark – deaths caused of cardiovascular disease are almost double in Western Sydney than in many parts of the inner city

Figure 15. Amount of hospitalisations caused by type II diabetes by Sydney LGA



Source: HealthStats and WSU

Once again, differential health outcomes for the West – hospitalisations from diabetes are concentrated in the West

KEEP ON KEEPING ON...

While there is clearly new impetus in Western Sydney the evidence presented shows how much more is needed to be done to reduce the divides. The Committee will continue to campaign on these issues, not because ending the divide is a ‘good thing’ to do or because we care about our fellow citizens – we do care and it is a good thing to do. But we also do it because ending the ‘Divide’ will make the largest single contribution to adding to the ‘Dividend’. Good social policy is good economic policy. And what has to inform and drive both – and the campaign for the long-term shifts required in the balance and performance of the city – is an understanding of some of the key trends shaping Sydney along with many other global cities.

PART 3: KEY CITY TRENDS



COMPACT SYDNEY AND SPRAWLED SYDNEY

While the east-west dynamic in Sydney is core, it is also useful to understand that the key trends shaping the two Sydneys actually reflect shifts going on in cities internationally, which are leading to a densifying compact inner city on the one hand and lower density sprawled city suburbs on the other. In response to this trend there is much discussion in urban planning forums around both the challenge of gentrification and retrofitting suburbia.

Sydney has been experiencing a phenomenon known in the USA as 'The Great Inversion'²². This is a rediscovery of inner city living and walkable precincts by aspirational millennials and downsizing baby-boomers. We know that there are long-term demographic, cultural and economic trends at work globally and these are being reflected in Sydney. We are seeing smaller family sizes with both parents working and with time-hungry people preferring amenity and well-connected locations to size of home and

long commutes. Because of a desire for proximity to jobs, services and lifestyle amenities, there is a growing demand for smaller homes with well-designed shared spaces and good public or active transit access to centres of activity. Indeed, apartments now make up the majority of homes being built in Sydney²³.

There is a greatly strengthened demand to live in inner city districts that are mixed use, walkable to jobs and services, well connected by public transport and have a diversity of housing stock and tenures. This is happening in Sydney and is exacerbating the Sydney divide, with poorer communities being displaced from such desirable but less affordable locations and moving out to the fringes of our city less served by public transport, services and jobs. At the same time, those wanting to move from the city edge closer in are finding it ever more unaffordable.

22 Ehrenhalt, A., *The Great Inversion and the Future of the American City*, New York, Kaopf, 2012

23 MacroBusiness, *Sydney Apartment Construction set to boom*, 3 April 2014, <http://www.macrobusiness.com.au/2014/04/sydney-apartment-construction-set-to-boom/>

THE RE-URBANISATION OF THE ECONOMY AND THE RISE OF INNOVATION DISTRICTS

Reinforcing these trends is the 're-urbanisation' of the economy that has seen businesses following talent away from city fringes back towards city centres. The most notable Sydney example is the move of the Commonwealth Bank from Parramatta and Olympic Park to Redfern. Underpinning the re-urbanisation of the economy has been a relative shift from an economy based on the production and exchange of goods to one that produces and exchanges knowledge²⁴.

This is both a sectoral and a spatial shift with global evidence now of companies, retailers and universities following knowledge workers and to a significant degree, relocating capacity from the suburban edge of cities to more central, amenity-rich areas, well-served by public transport. Put another way, manufacturing's decline and the rise of financial services have different geographies with significant consequences for communities and the 'operational pressures' on Sydney, particularly its transport system.

Worker preferences have shifted from ex-urban compounds and single-use business parks to in-town mixed use environments²⁵. In an economy based on knowledge and innovation it is crucial to be in close contact with (and surrounded by) people of talent. It is also advantageous to be in an environment that encourages speedy learning and knowledge transfer and is not constrained by traditional office hours or confined to offices.

This leads to the current preference by business and talent for more urban locations with active uses outside the work place and locations where work-spaces meld into cafes, bars, restaurants and public spaces open all hours. These are places in which one can easily meet with peers, customers and investors - in a sense, the factories of the knowledge economy - that are also close to where workers live (by walking, cycling or public transport). This contrasts with drivable out-of-town single use workspaces, business parks or university campuses, that no longer attract as much talent or investment. Recognising and embracing this trend, we are seeing universities supplement their ex-urban property portfolios developed in a different era with more town-centre locations and moving whole faculties to them. Some are also attempting to retrofit their single-use science parks with mixes of uses, housing and mass transit connectivity.²⁶

This re-urbanisation is both a sectoral and a spatial shift with global evidence now of companies, retailers and universities following knowledge workers.

24 **Clark, G & Moir, E**, *The Business of Cities*, 2014, gov.uk/government/uploads/system/uploads/attachment_data/file/429139/business-of-cities.pdf
25 **JLL**, *The Melbourne CBD: What is driving centralisation*, 2013, http://www.jll.com.au/australia/enau/research/187/melbourne_cbd_what_is_driving_centralisation
Clark, G & Katz, B, *Forget big suburban campuses, innovative corporations are moving downtown*, Quartz, 2014, <http://qz.com/211970/forget-big-suburbancampuses-innovative-corporations-are-moving-downtown/>

26 **Katz, B., Wagner, T.**, *The Rise of Innovation Districts: A New Geography of Innovation in America*, <https://c24215cec6c97b637db6-9c0895f07c3474f6636f95b6bf3db172.ssl.cf1.rackcdn.com/content/metro-innovation-districts/-/media/programs/metro/images/innovation/innovationdistricts1.pdf>;
Smart Growth America, *Amazing Place, Six Cities Using the New Recipe for Economic Development*, June 2016, <https://smartgrowthamerica.org/resources/amazing-place/>

PART 4: A DUAL DEVELOPMENT STRATEGY FOR THE TWO SYDNEYS



The city trends identified are deep and long term and they explain why some parts of our city are residential and commercial hot spots and why some are actually getting relatively cooler in market terms. The task of public policy for Sydney in this context is complex. On the one hand, public policy must attempt to harness the existing trends towards agglomeration of knowledge jobs and the drift economically to a densifying compact Sydney. On the other, this must be achieved while recognising that such a model, in having its epicentre in and around a relatively small and constrained CBD in the far-east of our city, is causing problems of spatial equity and Metropolitan under performance. So although a single key principle should shape planning and transport policy for Sydney, we need a dual city development strategy. This builds on the success of Global Sydney to the East whilst building better and faster transport connectivity with – and the amenity, mix of uses in and density of – significant centres in Western Sydney.

Underpinning this dual strategy are outcomes we must aim for. They include:

- Fostering the number of innovation districts across Sydney
- More walkable neighbourhoods linked to renewed, mixed use town centres
- A city-wide modal shift towards public transport
- Increasing effective job density as a key objective
- More dense urban settlement across Sydney but particularly close to jobs and rail stations

To achieve these outcomes, we need the following policy initiatives:

- A better way to fund our cities
- An improved process for appraising what infrastructure is needed to sustain the liveability, productivity, growth and equity of the city
- Continuing governance innovation – towards the data-driven and responsive metropolitan city,
- A greater emphasis on inclusive growth with a commitment to affordable housing as a key part of Sydney's growth model.

OUTCOMES TO ADDRESS THE DIVIDE

INNOVATION DISTRICTS

Research by the Brookings Institution shows that in US cities innovation and urbanism are coming together in what are now being called Innovation Districts, with dense networks of knowledge workers and entrepreneurs/start-ups forming in mixed-use urban neighbourhoods or precincts.²⁷ The elements of the innovation district urban environment are set out in the table below.²⁸

Table 1: Comparing traditional innovation spaces and innovation districts

TRADITIONAL INNOVATION SPACES	INNOVATION DISTRICTS
Accessible by car	Accessible by public transport, and walkable
Spatially Isolated	Located in downtown, mid-town or ex-industrial urban areas*
Sprawling corridor or Campus Layout	Physically compact
Predominantly research or commercial space	Mixed use
Often built on green field sites	Built on brownfield sites

Innovation districts are “the ultimate mash-up of entrepreneurs and educational institutions, start-ups and schools, mixed-use development and medical innovations, bike-sharing and bankable investments – all connected by transit, powered by clean energy, wired for digital technology, and fuelled by caffeine”.²⁹ Following this trend many universities in Australian cities are establishing town centre facilities making the most in the market of their location and the vibrant neighbourhoods that attract talent, both teachers and students.

WSU’s new facilities in Parramatta town centre and the University of Wollongong’s initiative in Liverpool are Australian examples of what’s happening globally – but also of what we need to see more of in the key centres of Western Sydney.

A MORE WALKABLE SYDNEY IS AN ECONOMIC STRATEGY

The conventional wisdom used to be that creating a strong economy came first, and that increased population and a higher quality of life would follow. The converse now seems more likely: creating urban places with high amenity, mixed use density and connectivity is the first step to attracting new residents and jobs.

This is the view of the leading US property expert Christopher Leinberger, who has recently researched the walkability and property values of every suburb in every American city. He notes that “all the fancy economic development strategies, such as developing a biomedical cluster, an aerospace cluster, or whatever the current economic development ‘flavour of the month’ might be, do not hold a candle to the power of a great walkable urban place.”³⁰ His research shows that the best economic performance in the modern city is to be found in ‘walkable urban’ precincts dense with knowledge workers. We think this analysis holds water for Sydney too and has important implications for public policy here, both economically and socially.

The Committee believes that public policy needs to ensure more of Sydney develops the benefits of the compact model, to ensure more equal access across Sydney to the clear economic and social benefits of density and what Leinberger calls ‘walkable urbanism’, as contrasted with ‘drivable sub-urbanism’³¹. Western Sydney lacks walkable urban precincts, and in our analysis, redressing this imbalance is not some minor matter of urban design or architectural bias but actually a core part of designing a serious strategy for economic renewal and spatial inclusion.

27 **Katz, B., Wagner, T.**, *The Rise of Innovation Districts: A New Geography of Innovation in America*, May 2014, <https://c24215cec6c97b637db6-9c0895f07c3474f6636f95b6bf3db172.ssl.cf1.rackcdn.com/content/metro-innovation-districts/-/media/programs/metro/images/innovation/innovationdistricts1.pdf>

28 **Centre for London**, *Spaces to Think: Innovation Districts and the Changing Geography of London’s Knowledge Economy*, April 2016, http://www.centreforlondon.org/wp-content/uploads/2016/08/J4234CFL_Innovation_Districts_WEB.pdf

29 **Katz, B., Wagner, T.**, *The Rise of Innovation Districts: A New Geography of Innovation in America*, May 2014, <https://c24215cec6c97b637db6-9c0895f07c3474f6636f95b6bf3db172.ssl.cf1.rackcdn.com/content/metro-innovation-districts/-/media/programs/metro/images/innovation/innovationdistricts1.pdf>

30 **Leinberger, CB.** *The Option of Urbanism: investing in a new American dream*, Washington DC, Island Press, 2008

31 **Leinberger, CB & Rodriguez, M.** *Foot Traffic Ahead - Ranking Walkable Urbanism in America’s Largest Metros*, The George Washington University School of Business, 2016



A MORE WALKABLE SYDNEY IS A HEALTH STRATEGY

The structure of Sydney is not only dividing us, it's making some communities ill. We have seen that the deepening and enhancing of the amenity, density, design, mix of uses and connectivity of our town centres – and improved links with their suburbs – should be seen as a core economic policy. But we also believe it is a core health and equity policy. The amenity benefits of walkable precincts connected by good public transport lead to differential health outcomes. Individuals in such precincts who use public transport more get over three times the amount of physical activity per day of those who don't (estimated at approximately 19 minutes a day versus 6 minutes a day by walking to and from the stations³²). Such 'active transport' unconsciously leads to lowering risks such as heart and vascular diseases, strokes, diabetes, hypertensive diseases, osteoporosis, joint and back-problems, colon and breast cancers and depression. As Jeff Speck notes, "If you live in a more walkable neighborhood, you are 35 percent more likely to be overweight. If you live in a less walkable neighborhood, you are 60 percent more likely to be overweight".³³

Recent academic research in Australia has modelled the impact of urban planning on health, measuring a compact city model against a sprawled one, to assess the impacts of policy changes by governments in 6 cities around the world.³⁴ The results are directly applicable to Sydney and the message is clear: people who live in higher density neighbourhoods tend to walk more, cycle more and use public transport more often. In contrast, suburban sprawl discourages active transport – walking and cycling. The study revealed that a concerted policy effort to encourage compact cities (through major infill densification) results in significant health gains.

Major land-use changes are needed to promote density and diversity of uses to encourage a modal shift to walking, cycling and public transport. Local and State Government should consider policies that encourage active and public transport as a major health and environment policy, not just a transport or planning one.

32 **Victoria Transport Policy Institute**, *Evaluating Public Transit Benefits and Costs*, November 2016, <http://www.vtppi.org/tranben.pdf>

33 **Speck, J**, *The Walkable City - a TED talk*, https://www.ted.com/talks/jeff_speck_the_walkable_city/transcript?language=en

34 **Giles-Corti, B. et al.** *City Planning and Population health: a global challenge*, the Lancet, 2016

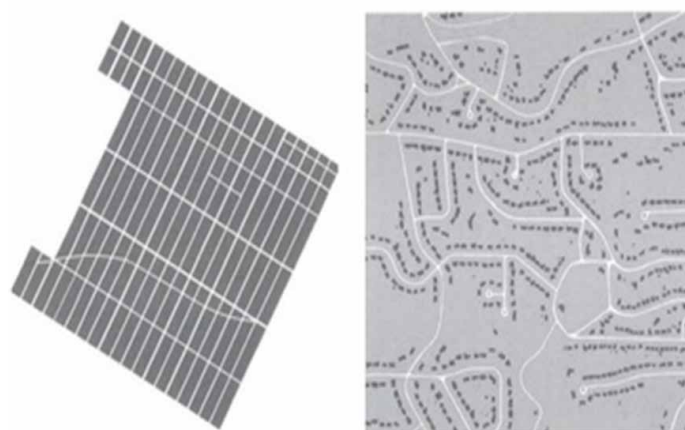
The paper identifies eight integrated regional and local interventions that, when combined, encourage walking, cycling, and public transport use. The main conclusion is that a compact city model in which land-use density and diversity are increased and distances to public transport are reduced results in health gains for all cities (for diabetes, cardiovascular disease, and respiratory disease). The authors stress:

- ‘The findings suggest that government policies need to actively pursue land-use elements – particularly a focus towards compact cities – that support a modal shift towards walking, cycling, and low-emission public transport’.
- ‘Land-use and transport policies that were adopted for good reasons at the time are now having widespread negative effects on health through reduced physical activity’
- ‘Young, low-density, and highly motorised cities, such as those in North America, Australia, and New Zealand, have unhealthy patterns of land use. These cities will need to change density and zoning policies to retrofit established areas and revise regional, transport, and employment-planning and urban-design policies to create more accessible, pedestrian-friendly and cycling-friendly greenfield developments’³⁵

Modelling can be backed up by real-time evaluation. A study of the light rail project in Charlotte in the US found that within a year people who used it were walking 2km a day more than before it had opened and lost on average 5kg. In contrast people who drive an hour a day or more have a 6% higher chance of being obese³⁶. Such benefits are to be found not just in walking to public transport but also via well-designed higher density precincts and streets which encourage walking from home to local services and retail within a ten-minute journey.

Well-designed in this context means avoiding very low density development typified by cul de sacs and car friendly streets with no trees or pavements that inhibit walking and cycling. Precincts with more compact street networks, increased intersection density – and a more traditional grid format (versus the geometric loop street forms characteristic of much development in cities in the US and Australia since the 1960s) have been shown to have lower levels of obesity, diabetes, blood pressure and heart disease³⁷. Designing walkability *into* the sprawled city means promoting health equity *in* Western Sydney.

Figure 16. Different street patterns affect health outcomes



The left form depicts a ‘grid’ pattern, with high walkability and intersection density that has a positive impact on health outcomes and economic activity.³⁸ The right form represents low walkability and very low intersection density. This results in poor health outcomes for residents and little opportunity for economic activity or agglomeration of jobs.

For too many people in sprawled Sydney, getting to a shop, a doctor or a restaurant without a car is too much of a burden; and children can’t walk or cycle to school safely on their own. Choice has been designed out of these areas.

These stark spatial and design differences remind us that the challenge facing our divided city is not simply one of easier access to jobs, but also of easier access to hospitals, schools, parks, retail, sports facilities and those walkable precincts that have become the focus of demand in global cities. Policies which encourage low residential densities and sprawl have been at the heart of the broad inequality of access and poorer outcomes that Western Sydney communities have experienced. And encouraging policies which counteract sprawl – and extend the benefits of density currently enjoyed by the few to the many – must be the core of rebalancing the city. While this objective – ‘density done well’ – is a city-wide one, a dual strategy is required to achieve it in a city of divides.

35 **Giles-Corti, B. et al.** *City Planning and Population health: a global challenge*, the Lancet, 2016

36 **MacDonald, J.M.** et al. ‘The Effect of Light Rail Transit on Body Mass Index and Physical Activity’, *American Journal of Preventive Medicine*, 2010, 39(2): 105-112.

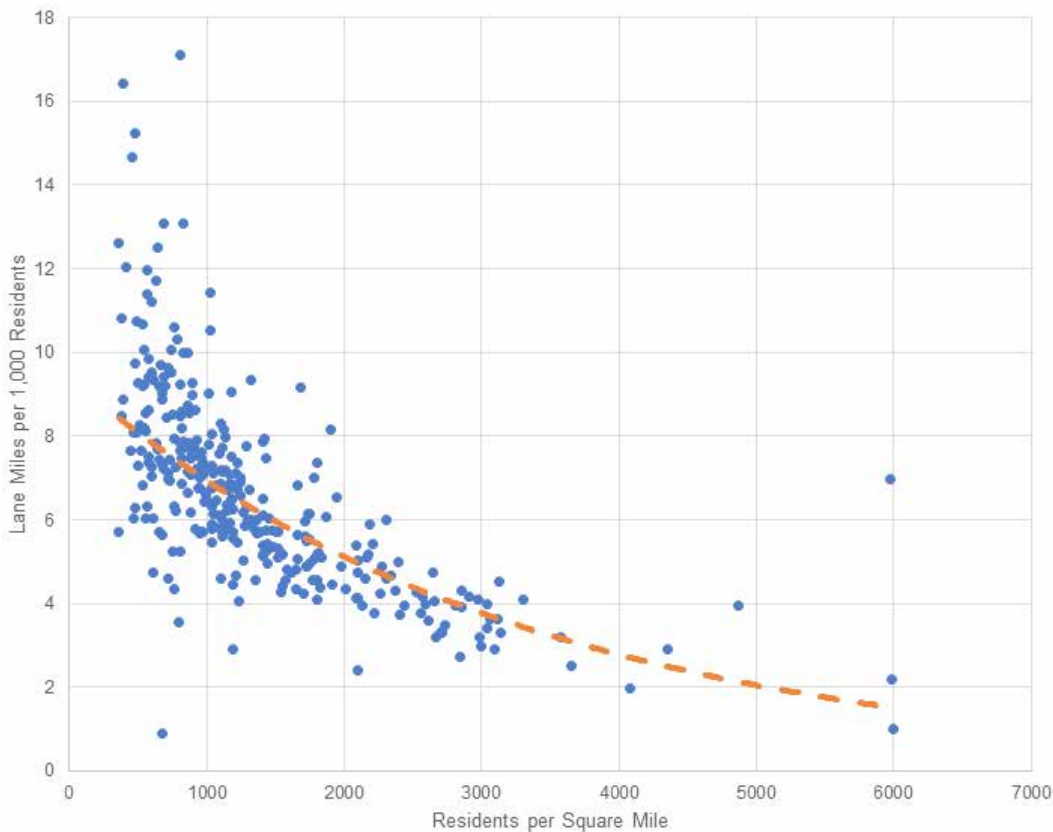
37 **Hamblin, J.** ‘Do we look fat in these suburbs’, *The Atlantic*, August 2014, <http://www.theatlantic.com/health/archive/2014/08/blame-the-city/375888/>

38 **Frank, L.** et al. (2003) *Health and Community Design: The Impact of the Built Environment on Physical Activity*, Island Press, Washington DC.

MODAL SHIFT TO COUNTERACT SPRAWL AND SPATIAL INEQUITY

The Committee is focusing on key structural game-changing interventions in its broader advocacy work. These include resolving the biggest deficit experienced by Western Sydney: access to speedy and efficient public transport connecting peoples' homes with the jobs and services they seek. The Committee is concerned that Sydney's progress – and that of some of its communities – is being held back by a lack of integration between a rapidly growing population in the West and the jobs rich East. Investment in roads cannot provide the integrating dynamic required between West and East, because such investment exacerbates a city's sprawl, as illustrated by the relationship between urban density and road supply in US cities, seen in Figure 17.³⁹

Figure 17. Urban density versus road supply



Source: US Federal Highway Administration⁴⁰

As urban densities decline, per capita roadway increases. Each dot represents a US urban region.

39 **The New Climate Economy**, Analysis of public policies that unintentionally encourage and subsidize urban sprawl, March 2015, <http://static.newclimateeconomy.report/wp-content/uploads/2015/03/public-policies-encourage-sprawl-nce-report.pdf>

40 **US Federal Highway Administration 2014**, Highway Statistics, <http://www.fhwa.dot.gov/policyinformation/statistics/2014/>, Chart HM-72

The Sydney of the future will need to have a greater focus on mass transit. Sydney is struggling to service the mass transit needs of its current 4 million people, let alone the projected 8 million of 2056. As most of these people will live in Western Sydney, the Committee believes that there needs to be a wake-up call in relation to prioritizing mass transit modes. To end the divide we need a decisive modal shift delivering the economic and social benefits to the West, currently enjoyed by communities closer to the Sydney CBD with their vastly superior public transport options.

The Committee does not, on the basis of international evidence, see how greater integration of Sydney and its communities can be achieved without a decisive shift from a car-based transport system to a world class public transport network. Growing a city via a roads-based transport strategy leads to a dispersed model of urban development with lower productivity, less liveability and poorer social mobility⁴¹. Similarly, the Federal Government should introduce a 'cycle to work' scheme based on a UK Government tax exemption initiative to promote healthier journeys to work⁴². The scheme would allow employers to loan cycles and cyclists' safety equipment to employees as a tax-free benefit.



Image provided by Liverpool City Council

POOR MOBILITY MEANS POOR SOCIAL MOBILITY

We are now learning of the social mobility implications of urban form and connectivity. There is increasing evidence of an inverse relationship between sprawl and social mobility. The ongoing Harvard and Berkeley study into inequality in the US shows that social mobility, the degree to which children manage to achieve a higher socio-economic status than their parents, is actually lower in Atlanta than Detroit⁴³. Atlanta's social inequality is very much linked to problems of mobility and accessibility. The city is so spread out and with poor public transport options that job opportunities are literally out of reach for people stranded in the wrong suburbs. This model of urban sprawl is also leading to homogenous communities and residential sorting by income so that poor children no longer attend the same schools as the well-off, leading to poorer educational performance and fewer opportunities.

The Committee thinks it an error to assume such forces are not in play in the Sydney model at this moment. We also believe that such examples reinforce the case for smart growth urban strategies for Sydney, which on the basis of an integration of land use and transport, seek to counteract the sprawl dynamic – something A Plan for Growing Sydney states categorically as not being the best model for Sydney's future⁴⁴. The infrastructure which fits this strategy best is a modern, fast public transport network connecting the key centres of Greater Sydney which will enable higher residential density and EJD.

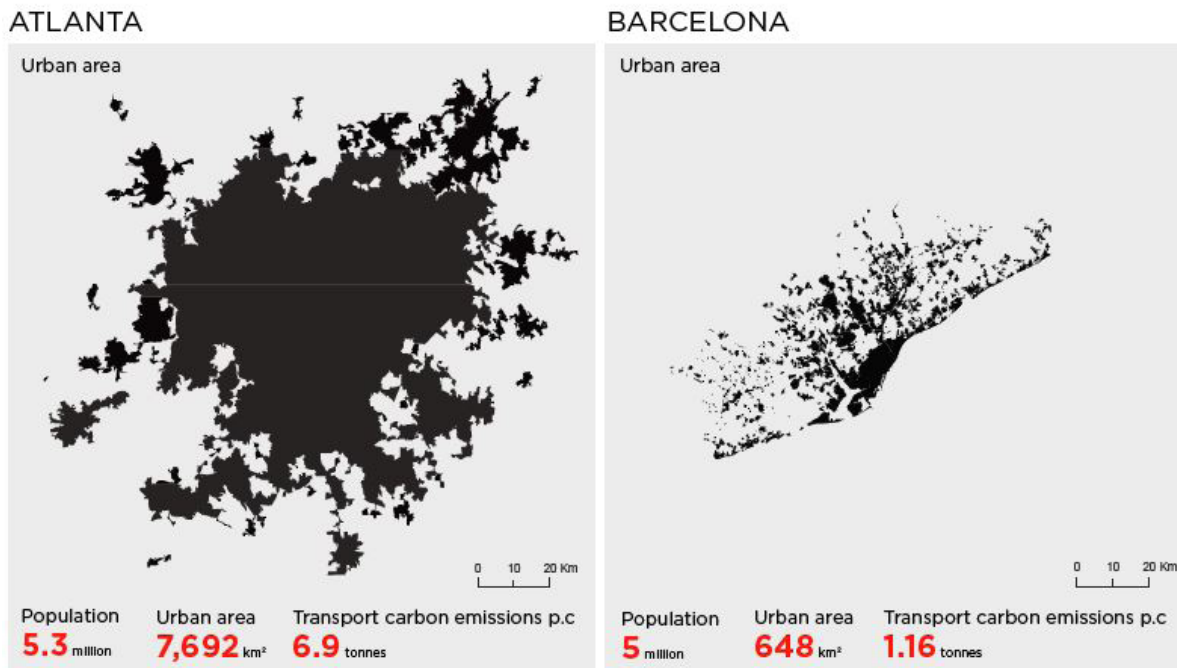
Modal shift is required to make Greater Sydney more productive, liveable, healthier and equitable for more people notwithstanding the other environmental benefits such a shift brings, including lower emissions. Below we compare the emissions of a low-density car-based city and a high-density mass transit based city of a similar population size to Sydney. The difference is striking – and matters in health and socio-economic terms. The difference also symbolizes the key strategic question for Sydney to be answered by public policy. What kind of city you want this to be, a dispersed highly car-based Atlanta type of city or a denser public transport-based Barcelona type of city?

- 41 **The New Climate Economy**, *Analysis of public policies that unintentionally encourage and subsidize urban sprawl*, March 2015, <http://static.newclimateeconomy.report/wp-content/uploads/2015/03/public-policies-encourage-sprawl-nce-report.pdf>; **Krugman, P.** 'Stranded by Sprawl', *The New York Times*, July 2013, <http://www.nytimes.com/2013/07/29/opinion/krugman-stranded-by-sprawl.html>; **Chetty et.al** Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States, 2014 http://www.equality-of-opportunity.org/assets/documents/mobility_geo.pdf
- 42 **UK Department of Transport**, *Cycle to work scheme implementation guidance*, October 2011, <https://www.gov.uk/government/publications/cycle-to-work-scheme-implementation-guidance>

43 **Ibid.** 2013

44 **Department of Planning and Environment**, *A Plan for Growing Sydney*, December 2014, <http://www.planning.nsw.gov.au/-/media/Files/DPE/Plans-and-policies/a-plan-for-growing-sydney-2014-12.ashx>

Figure 18. Land use impacts on Transport Emissions



Source: *New Climate Economy*⁴⁵

More compact development can reduce transport emissions per citizen by an order of magnitude.

EXPAND THE RAIL NETWORK

At the heart of the required modal shift will be enhancing and expanding Sydney's rail network across the city. Rail is the mode that fits the economic future of a city of knowledge jobs agglomerated in a small number of big centres where the task is to get large numbers of workers to those destinations without worsening congestion. But also because no other mode acts as a strategic integrator of a city at a metropolitan level. Light rail is also an important part of the public transport system and can play a significant role in the Sydney of the future, particularly in connecting our key town centres to their suburban hinterlands. But fast rail journeys shrink the physical and indeed mental distances between parts of a city as no other mode can for as large a number of people.

Rail-led regeneration has delivered economic benefits in other cities. For instance, the Crossrail project in London – enabled in part by value capture – is not only providing an additional 10% capacity on the underground network but is forecast to create an anticipated GDP impact of £42bn, a figure that dwarfs its expected construction cost of £14.8bn⁴⁶.

It is also radically improving job access and life-chances for diverse communities in East London and the Thames Gateway, with a myriad of opportunities opening-up for transit oriented developments along the route. This is the kind of city-shaping consequence that only mass transit infrastructure can bring.

Too much of the debate currently seems to be about inviting consultees to support one new alignment or rail line over another. We actually need a new *system* of rail lines across the city that facilitates fast journeys from east to west, north to south and from south-west to northeast.

Yes, the lines in the network may have to be phased in for cost and practicality reasons over the next generation, but in the long run there must be a new pan Sydney rail network for our city of 8 Million. We need to state that strategic ambition now – even if the funding is not yet in place – in our Long Term Transport Master Plan and A Plan for Growing Sydney, so that we get maximum land-use and transport integration and can give the community and businesses of Greater Sydney confidence about the direction of travel for the city.

⁴⁵ **The New Climate Economy**, *Analysis of public policies that unintentionally encourage and subsidize urban sprawl*, March 2015, <http://static.newclimateeconomy.report/wp-content/uploads/2015/03/public-policies-encourage-sprawl-nce-report.pdf>

⁴⁶ **Future of London**, *Crossrail as Catalyst*, 2014, http://www.futureoflondon.org.uk/2014/04/23/crossrail_as_catalyst/

INCREASING EFFECTIVE JOB DENSITY

Increasing EJD across Sydney is critical. We can increase EJD in Sydney in three main ways:

- by improving accessibility to the locations in which high value jobs are currently agglomerated, with faster and convenient mass transit
- by increasing urban density around these jobs by providing more housing choice and supply
- by increasing the number of agglomerations of knowledge jobs and innovation districts and the urban density, transport and mix of uses that support them.

Clearly EJD can be enhanced both by increasing number of homes planned for places with high public transport connectivity (the North Shore for example) and through enhanced public transport connectivity to areas of currently low density (Western Sydney). For several decades the North Shore of Sydney - well connected by rail and other mass transit modes - has had a consistently lower unemployment rate compared to the rest of the City. The relatively low number of homes and population growth identified for the North Shore in A Plan for Growing Sydney, and even the emerging North district plan of the Greater Sydney Commission, looks increasingly anomalous.

At the same time, the very large number of homes mooted for the South-West of Sydney looks ambitious or perhaps premature without a radical shift of infrastructure resources to that corridor with its already congested roads. While we welcome the investment in the southwest rail link and its timing ahead of much mooted development we note that the rail journey from Liverpool - the de facto capital of the southwest region - to the Sydney CBD currently takes almost 60 minutes to cover around 35kms. While we support fast rail links between the new airport and Liverpool, we also need to imagine what can happen to Liverpool and its surrounding district - in terms of residential and job densities and talent and investment attraction - if it were possible to make that Liverpool-Sydney CBD rail trip a 30 minute one, which by international standards it should be.

THE '30-MINUTE SYDNEY': FROM MOBILITY TO ACCESSIBILITY

Much has been made about the concept of a 30 minute city being championed by the Prime Minister. Whether or not any city could set itself a goal of reducing the average morning commute to less than half an hour, the idea is a powerful one to make us think about how to enable as many people as possible to access most of the destinations they want in a reasonable 'time-budget'. It may well be a job in the CBD, but it also means being close to the kid's school, the parents' nursing home, a hospital, beach or supermarket. So in our view, the 30 minute city symbolises the shift we need to see in transportation policy and planning mindset away from *mobility* (moving as many people and goods as possible as fast as we can) and towards *accessibility* (getting where you want to go). Unfortunately, much of our current thinking about transport planning emphasises the reverse. This leads to a focus on traffic-based (vehicle movement) or mobility based (people and goods movement) analysis, with planners tending to overestimate metrics like travel time savings as the overarching objective. These metrics tend to favour automobile transport over other forms of accessibility, including alternative modes, demand management, and more accessible land use.

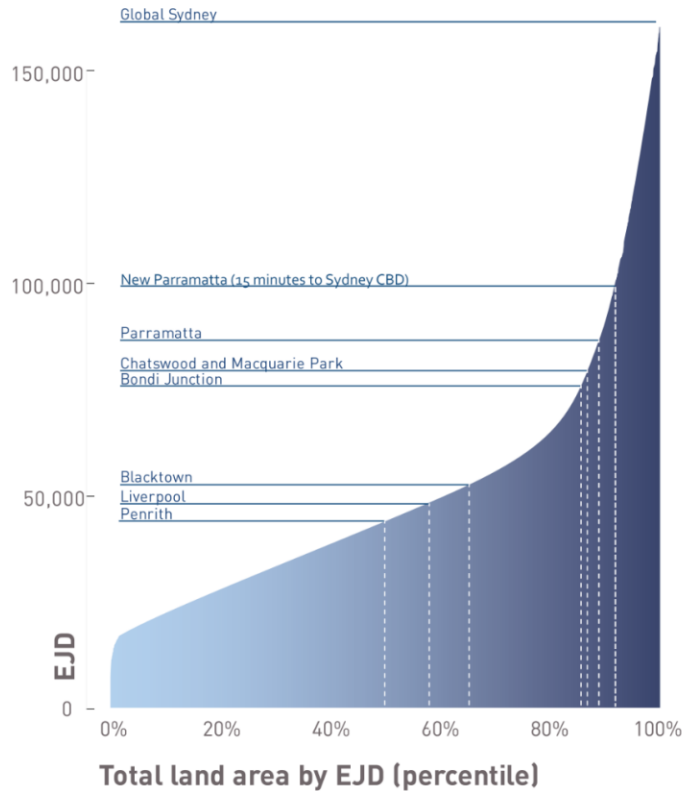
This intellectual confusion is quite understandable when you're sitting a traffic jam. It's natural to think that for want of an extra lane on the road you'll be at work sooner. However, more lanes and more roads are not always the right solution, and as often as not don't solve the problem anyway. Better solutions may involve not moving you more quickly but moving your job closer, maybe to where you live or near your kid's school. Remember the problem is not the traffic jam, the problem is not being able to get where you want to go. A better understanding of accessibility can help identify truly optimal solutions to transport problems.

Parramatta to Sydney in 15 minutes?

Parramatta's intrinsic capacity to be Greater Sydney's second CBD will be fully realised when the journey time from there to the Sydney CBD is reduced from the current 30 minutes to the feasible 15 minutes achievable on the existing line. We share the view taken by Infrastructure NSW in its first 20-year strategy that this is deliverable through upgrading and better coordination of existing infrastructure – and that this should be a focus of the state's public transport program in the medium term. In the long term, Parramatta will need to be linked to the CBD by high-speed rail and, we think, also to the Western Sydney airport. It also needs to connect with its near neighbours, which a light rail network will do, bringing people to new jobs in Parramatta.

Figure 15 illustrates how a 15-minute Parramatta to Sydney CBD service (labelled "New Parramatta") would make a difference to Parramatta effective job density, promoting further jobs clustering in that Central City.

Figure 20. Total land area by Effective Job Density (percentile)



Source: SGS, 2016

A 15-minute public transport service to Parramatta (New Parramatta) would promote more jobs agglomeration in the area and bring EJD levels closer to Sydney CBD



Photo Credit: Flickr user Wim Kantona

TOWN-CENTRE RENEWAL AND THE BENEFITS OF 'DENSITY DONE WELL'

Improving access across the city with transport choice is only part of the solution to rebalancing Sydney. Much of the benefit of agglomeration of EJD can also be addressed by ensuring the benefits of urban density are spread more evenly. High density, mixed-use centres support a greater diversity of services, entertainment and social amenities. People living in and around these centres can increasingly get the things they want nearby, often by walking. They have less need to commute across the city or across town and they have less need to get into the car or even on a bus.

What residents want is often not only less than 30 minutes away, but a short walk. As we have seen, walkable neighbourhoods and centres outperform car dependent centres on almost every economic and social indicator. They are more productive, healthier and environmentally sustainable. Western Sydney should have its share of walkable neighbourhoods, which are currently concentrated in the inner city. The Committee has embarked on developing a strategy and toolkit for improving the walkability of the town centres and suburbs of Western Sydney to improve health and economic outcomes. The Committee will also support the full implementation of the NSW Government Architect-backed Sydney Green Grid which has some key projects in Western Sydney. It should form part of a coherent and comprehensive strategy to improve the walkability and amenity of Western Sydney in order to ensure health benefits from walkable urbanism are more evenly distributed across our Metropolis.

As the Committee's recent paper *'Making Great Places, Density Done Well'* shows, there are many benefits in having well designed and planned higher density neighbourhoods

and town centres. The Committee has always argued – sometimes with elements of the community opposed to growth – that the benefits of density outweigh the costs, and that it is only fair and reasonable that these benefits accrue to parts of Western Sydney as well. There is clearly scope to increase the density of jobs (and people) around transport nodes and in existing town centres in Western Sydney to make the area even more attractive for the higher-end service jobs that it needs and attract both new investment and that talent which is so important in a knowledge economy.

We are beginning to see some of this happening already. Planning authorities are beginning to change their views of their town centres as being for drive-in retail towards being more mixed use, with higher density developments in an around town-centres in Western Sydney in recognition that there is a demand for living in those relatively affordable locations and that in meeting this they will also help create more vibrant and economically successful places. Blacktown City Council is leading a Committee for Sydney research program into re-animating our town centres and Penrith City Council is also a pioneer in this approach in the region. Although it's early days, Penrith is starting to attract more employment, as businesses cluster to service the growing local population or to tap into a ready jobs market. This has fed into Penrith's growth over the past four years which has outstripped Greater Sydney's.

Similarly, in Parramatta, a conscious policy and investment effort from all tiers of Government is finally seeing both strong economic growth and population growth. In the next five years, the City of Parramatta is expecting population growth of over 41,000 residents being matched by over 22,000 jobs⁴⁷. Indeed, Parramatta is forecast to have economic growth of 4.2% per annum for the next five years, much faster than the rest of Sydney. With this kind of growth and increase in urban density and EJD, we would indeed be on a credible path to reducing the 'divide' and increasing the 'dividend'.

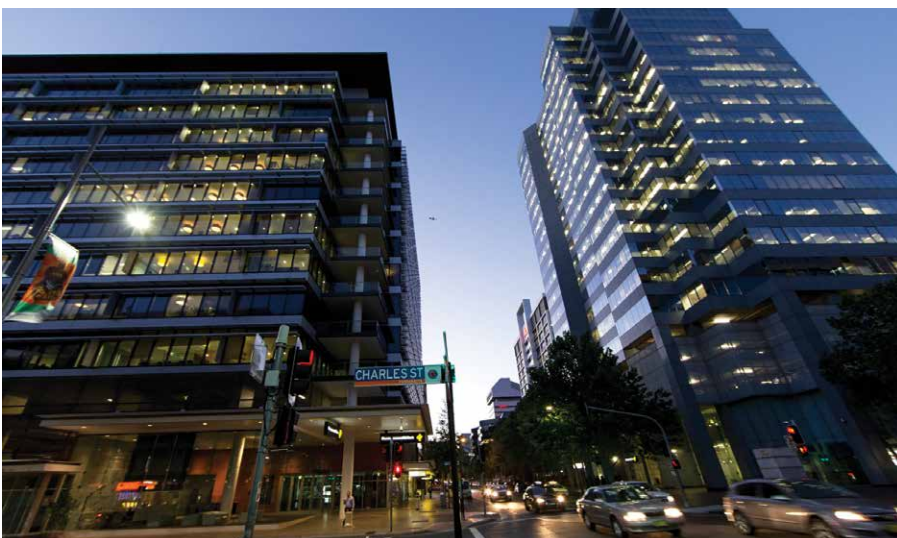


Image provided by Parramatta City Council

⁴⁷ PwC, *Parramatta 2021, Unlocking the potential of a new economy*, Report for City of Parramatta Council, 2016, http://www.parracity.nsw.gov.au/_data/assets/pdf_file/0011/188984/City_of_Parramatta_2021.pdf

POLICY INITIATIVES TO REDUCE THE DIVIDE

THE VERTICAL FISCAL IMBALANCE

Sydney needs continued investment and innovation around access to necessary resources for infrastructure if it is to be able to deliver its full potential in this national role going forward. With around 80% of Sydney's tax-take going to the Commonwealth, the federal government must recognise how important it is to get the right policy settings for Sydney and an effective alignment between tiers of government. For the benefit of the nation, the city must receive the focus and investment it merits. Every iteration of this Paper has raised this issue and it is still to be resolved.

While NSW Government's asset sales offer a short term uplift in infrastructure investment for Sydney and will be necessary to fill funding gaps, a longer-term settlement needs to be found on the issue of vertical fiscal imbalance and the big yet under-funded role that cities play in our Federation's well-being. We need to have an ongoing conversation about how funding operates across government tiers and the role played by our cities as key engines of national economic growth. In this context, we note that the Premier of NSW is on record calling for a national debate about a fairer sharing of the receipts from income tax between federal government and the states, and the national debate on GST remains unresolved.

We agree that some reform is required to ensure cities, the nation's key wealth-generator, have the resources they need to do their jobs for the country.

Short of radical reform of the vertical fiscal imbalance, in the past, programs such as Better Cities indicated how improved alignment between state and federal governments around urban infrastructure could be achieved. The Commonwealth needs to target public investment towards its cities and work with state governments to identify the key urban infrastructure projects of national significance and how, apart from or in addition to federal government grant, they can be funded. The Committee repeats its suggestion that the federal government, when contributing core funding to a major city infrastructure project, should now require state governments to show what value capture approach will be adopted in their applications for funding.

LEARNING FROM THE US?

A lesson on multi-tiered government funding for infrastructure should perhaps be drawn here from the US experience where, although having a similar constitutional complexity, city projects can apply for funding from federal infrastructure programs. US cities also have more fiscal autonomy than Australian cities and the capacity to borrow in the bond market, to raise local taxes from development and to hypothecate a proportion of city sales taxes to infrastructure programs – often via a referendum of residents. As recently as November 2016, residents in tens of US cities voted to fund multi-billion dollar public transport initiatives by hypothecating a small increase to their equivalent of GST⁴⁸. Whatever we do, we need to learn from these approaches in the Australian cities discussion.

ENTER THE CITY DEAL

The Turnbull Government has initiated a partnership with the NSW Government/GSC to create a City Deal for Western Sydney. City Deals have their origins in the UK and are bespoke packages of funding and decision-making powers negotiated between central government and local authorities, as well as other local bodies. Essentially, all tiers of government agree long-term contracts to deliver major infrastructure projects, while setting targets for the resulting job creation, housing construction, emissions reductions and other economic measures. In the years that follow, the various parties share the benefits resulting from higher land values, tax receipts and increased productivity.

The Western Sydney City Deal seeks to stimulate jobs growth in the region and improve transport links with the rest of Sydney. The deal aims to focus on leveraging the Western Sydney Airport and key transport infrastructure investments to achieve housing and employment targets. From the Committee's perspective, the prize overall of the City Deal process is that federal government will better align its investment program with state governments and have a cost-effective focus on those urban infrastructure projects that will lead to enhanced national productivity. While it's still early days, the City Deal model is exactly what the Committee has been calling for in each iteration of this Paper.

48 **Schaper, D**, *Voters Backed Transit Funds. Will Congress OK Trump Infrastructure Plan?*, NPR Online, 23 November 2016, <http://www.npr.org/2016/11/23/503129325/voters-backed-transit-funds-will-congress-ok-trump-infrastructure-plan>

CITY DEALS AND CITY SHAPING INFRASTRUCTURE

The sort of intergovernmental compact the City Deal represents is the perfect model for funding (and leveraging) those large city shaping projects Sydney needs to end the divide. City shaping infrastructure projects are those that fundamentally transform the structure of the city. An early example is the Sydney Harbour Bridge. This project not only provided a landmark for Sydney and something to put on postcards and Facebook posts, it fundamentally realigned the structure of City. It opened up the North Shore and Northern Beaches to development, creating over 100 new suburbs and several new town centres.

A more recent example is the Western Sydney Orbital or M7. This project provided the missing logistics link between Melbourne-Canberra-Newcastle-Brisbane through Western Sydney. It dramatically improved the supply chain of goods across South Eastern Australia and created thousands of jobs in Western Sydney.

Badgerys Creek Airport and rail projects accessing it will similarly reshape Sydney. It will not only reinforce Western Sydney as a logistics hub but will support many of the new service industries and jobs the region needs. It is exactly the sort of city shaping project which should be supported by a Commonwealth/State/Local City deal. It has at its core the objective of overcoming the structural divides in Sydney which have held back the dynamism of Western Sydney while also restricting the performance overall of Greater Sydney.

In stressing city shaping as one of the key criteria of the selection of rail options for Western Sydney in the context of the new airport, the federal government has opened up a new – and we think improved – approach to the infrastructure appraisal process. That process should assess projects from the perspective of what they will do to meet the city's needs, both economic and social. It should be based on the integrated land use and transport strategy for the city – A Plan for Growing Sydney- and appraise projects in terms of how they will contribute to meeting the key objectives of the city strategy; how, for example, they improve or increase its productivity, liveability, inclusivity, housing delivery and other strategic city shaping aims.

The current approach is modally siloed and gives too much weight in the selection criteria to claimed travel time reductions for transport users which have little empirical basis, while giving too little weight to the evidenced impact on land uses, values and densities brought about by transport investment. Rail projects, for example, bring a value uplift to homes near stations and enable higher density development – but neither outcome is properly accounted for in our appraisal process. City Deals offer a revolution in the way we assess and value the impact of infrastructure investment in our cities: long overdue and very welcome.

The traditional 'welfare benefits' metrics on which transport Cost Benefit Analysis is based simply don't provide an adequate guide to which mode we should be selecting and what the priorities should be for our city. City shaping infrastructure projects need to be assessed against wider criteria than just the traditional cost-benefit analysis and requires a change from the traditional and modally siloed approach from our transport agencies.

VALUE CAPTURE, USER CHARGES AND FUNDING 'CITY FOLLOWING' INFRASTRUCTURE

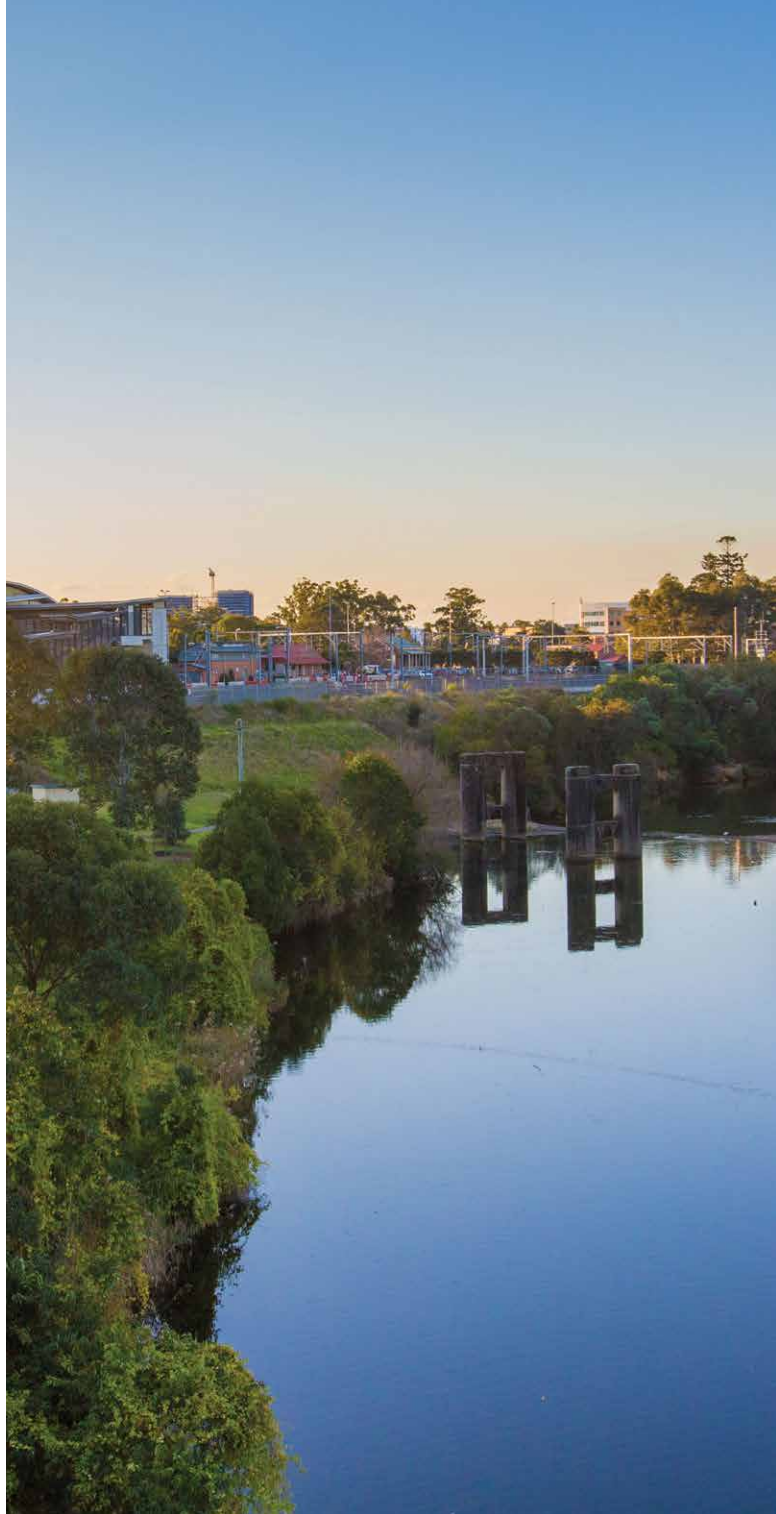
The Committee's Issues Paper *Are we there yet: Value capture and the future of public transport in Sydney*⁴⁹ identified a best practice approach to value capture, concentrating on models that will work for the Australian context. The paper contended that value capture offers the 'best option to solving the funding conundrum' facing public transport infrastructure. However, to get community buy-in, a clear nexus between the additional cost and the provided benefit is central to success⁴⁹.

Since that Paper, value capture has received in principle support from both sides of politics and from each tier of Government. However, there is still a lack of coherent and clear policy direction on how it should be implemented and which model should be adopted. This policy vacuum has meant several projects have commenced without a means to claw back the benefits they engender. This vacuum resulted in a lost opportunity and one that federal and state governments should address. It is widely accepted now, for example, that a value capture approach should have been implemented in relation to the building of the North West Rail Link (now Sydney Metro) as the costs of this massive project were carried by the public sector but the returns were privatised by land owners.

We must avoid similar unearned private uplift to land values around the Western Sydney Airport arising from public intervention as rezoning there provides a real opportunity to introduce value capture with widespread public support. The same can be said of the Sydenham to Bankstown extension of the Metro: we must avoid history repeating itself and the government depriving the community of a significant and justified return.

Value capture or sharing approaches can be applied as a contribution to the cost of the infrastructure itself, or to ensure that appropriate community infrastructure is in place to meet the needs of an expanded population enabled by, for example, a new rail link. There is an array of potential initiatives of this kind to be explored. They are, with road pricing/user charge strategies, variants of a 'beneficiary pays' approach.

⁴⁹ **Committee for Sydney**, *Issues paper 11: Are We There Yet? Value Capture and the Future of Public Transport in Sydney*, December 2015, <http://www.sydney.org.au/issues-paper-11-are-we-there-yet-value-capture-and-the-future-of-publictransport-in-sydney/>



Policy innovation and a politically mature conversation with the community on such approaches is vital as 'business as usual' will not deliver the investment required.

This discussion is needed because it's not just federal funding that Sydney needs; to some extent it needs to tax itself if it is to fund the infrastructure demands of a city of 8 million people. That requires both new funding mechanisms and renewed community involvement.

CITY GOVERNANCE

While the divides that concern us have reflected both international trends and Sydney's challenging topography, a key problem has been the lack of a governance system that enables us to understand, discuss and tackle our strategic challenges or to make fundamental policy choices and trade-offs at a metropolitan city level. London struggled when it didn't have a Greater London Authority or Mayor to deal with its strategic, structural challenges and has performed so much better since it got its self-government back.

City governance and collaboration across the metropolitan area are crucial to city success and management. This is why we have welcomed both local government amalgamations - because bigger city councils are required to shape Sydney and to be a stronger partner for both the private sector and government - and the advent of the Greater Sydney Commission. We are optimistic that the GSC has already brought previously siloed parts of the NSW Government closer together to help promote this kind of integration. The objective of the GSC must be to ensure that the next iteration of key NSW Government documents for Sydney, the Long Term Transport Master Plan and A Plan for Growing Sydney align with each other, and indeed that city planning and place-making objectives drive the selection and prioritisation of infrastructure. This is quite a challenge given the resilience of modal bias and professional silos and the unavoidable fact that the last versions of both documents were testaments to those silos. Integrated planning, transport and infrastructure must be plan-led to achieve the type of city we wish Sydney to be: liveable, productive, unified and, as the Planning Minister for NSW has described, just.⁵⁰

The GSC is important in itself but we also believe it is the start of the journey to even more accountable metropolitan government for Sydney. We strongly support the direction of travel of the GSC towards a data-driven, responsive and truly 'Smart City', and would take it further down that path. And we of course embrace, and have advocated for, the shift towards greater federal involvement in our cities. We want that initiative to become embedded in federal-state relations but also to ensure an appropriate place for local government is provided in the process - given their crucial role as advocates for their places and their communities and because they will bring their assets and powers to the table to leverage more returns from the infrastructure enabled by the City Deal.

Integrated planning, transport and infrastructure must be plan-led to achieve the type of city we wish Sydney to be: liveable, productive, unified and, as the Planning Minister for NSW has described, just.

⁵⁰ Stokes, R., *A Just City*, speech to CEDA November 25th 2016, <https://www.linkedin.com/pulse/just-city-rob-stokes?articleId=7395297636607275982>

CONCLUSION



The first edition of *Adding to the Dividend, Ending the Divide* in 2013 indicated that Sydney had re-emerged as a key driver of national economic growth following a sluggish decade through the 2000s and the Global Financial Crisis of 2008-09, and that momentum clearly continues. On the back of an expanding and increasingly productive Finance and Insurance sector, as well as emerging FinTech and ICT sectors, Sydney's per annum GDP growth rate has far exceeded the Australian average for several years running. Sydney's growth - first amongst equals in relation to other Australian cities who all play key and growing roles in their respective states - has played a critical role in enabling a relatively smooth shift away from a resources based economy.

Supporting this shift has been the historically significant investment in infrastructure in Sydney. The announcement of a second airport in Sydney's West clearly presents many economic development opportunities for the region and for Greater Sydney, supported as it will be - we hope and will campaign for - by a new rail network connecting it both back towards Parramatta and the CBD and to the key Western Sydney centres around it, to its north, south and east.

Reinforcing this economic and infrastructure momentum are positive governance reforms, including an emerging City Deal with the federal government, the establishment of the Greater Sydney Commission and the move towards larger local governments across the city, with more strategic capacity and resources. All of which seem like game-changers to the Committee for Sydney.

We supported the creation of the Greater Sydney Commission as a decisive step towards the kind of governance Greater Sydney needed to deal with its changes, not least that of the structure of Sydney itself. The strategic need was for policies and investments to overcome the divides we saw being entrenched between the two Sydneys. The one within 10kms of the CBD on the city's eastern edge in which were to be found high effective job density, high amenity, high public transport density, higher residential density, higher walkability and thus relatively advantageous socio-economic and health outcomes and the 'other Sydney' with obverse characteristics and relative disadvantage. In a sense, the 30-minute city and the 60-minute one. Essentially we were concerned that one Sydney was compact and enjoying the benefits of density while the other was sprawled with unequal access to those benefits.

And, despite the recognition that the Western Sydney jobs gap is the key issue in the performance and equity of Sydney, the assumption that the gap will survive has informed the NSW Government's current Metropolitan Plan, A Plan for Growing Sydney. That plan essentially expects that the central challenge for Western Sydney – the imbalance of homes over jobs of all kinds – will continue through to the end of its planning horizon in the mid-2030s.

Although non-governmental strategies for the area have recently sought to find ways of filling the Western Sydney jobs gap⁵¹, official strategic planning had more or less put resolving it in the 'too hard' basket with little credible economic or transport thinking to supplement strategic planning aspirations.

However, official thinking is now on the move. There is the NSW Government-backed Jobs NSW initiative currently involved in developing a new economic approach which is seeking to improve economic performance across Sydney. And of course the Greater Sydney Commission is now working to a 'three cities' model of Sydney which it anticipates will in time lead to differential economic and infrastructure planning to identify the needs and opportunities in the respective 'cities'

Whether the Commission has correctly delineated the precise boundaries of the different parts of Sydney, this distinction does speak to a real difference in the performance and needs of the various sub regions of Western Sydney, and we welcome this. The emerging district plans being developed by the Greater Sydney Commission would seem to embody more of an ambition to improve the balance of jobs and homes in the region. But it is not yet clear to what extent that ambition will inform the next iteration of A Plan for Growing Sydney or the Long-Term Transport Masterplan refresh, or lead to cross government policies and investments which will bridge the jobs gap. It is vital that the GSC supports the view that to redress the jobs gap, to overcome the differential spatial outcomes, and to structurally rebalance Sydney requires what the Committee has previously called the public transport revolution the city needs.⁵²

A decisive mode shift towards mass transit is vital for Sydney's future economic development, well-being and integration. Without this shift, Sydney will simply not be able to sustainably (and without worsening congestion) manage the doubling of its population in 40 years. Nor will Sydney's West escape the structural challenges which currently result in its jobs-homes mismatch and poorer health and social outcomes from long commutes, without access to what the East of Sydney takes for granted.

That is, good public and active transport, access to jobs, services and the lifestyle benefits of higher density. The Committee believes that differential access to public transport is the greatest divide in Sydney today – holding back both the performance of Western Sydney but also access to the benefits of higher residential and jobs density enjoyed by the more compact Sydney to the east.

A focus on effective job density as a goal of planning and infrastructure funding, along with associated investment in health and education, will result in a more coherent success for Sydney – requiring each silo of government to work collaboratively with different tiers of government and with different departments within their own tier to succeed – rather than focus on siloed outcomes that do not link with other program and spending. The City Deal for Western Sydney could identify EJD as its core target, pushing all other projects within the program to report on how they achieve this goal.

Along with effective job density, health outcomes provide a useful measure of integrated success. Integrated land and transport planning must take the health outcomes of walkability, density and agglomeration into account in Sydney's strategic planning. As noted in the US, "improving health outcomes often requires work on disparate issues such as improved access to transit, more affordable housing or good education and jobs for more people in our region. For agencies, this means that the integration of health can become a core mission rather than a separate issue, one that provides a fuller measure of their impact."⁵³

This is not only for new areas of investment – we must also renew our existing town centres to create walkable agglomerations of jobs, services and public transport connectivity. Only by retro-fitting our existing centres can we deliver on an accessible 30 minute city.

These outcomes and policy initiatives will not only reduce the divide across Sydney. Such an approach will complement Global Sydney and add significantly to the overall productivity and indeed liveability of Greater Sydney. Making all of its centres play their role is what will make Sydney greater than the sum of its parts, delivering a dividend for NSW and Australia. And make a good city greater for all.

51 **Deloitte**, Shaping Future Cities: Designing Western Sydney, December 2015, <https://www2.deloitte.com/au/en/pages/future-of-cities/articles/designing-western-sydney.html>

52 **Committee for Sydney**, 2016-2017 Priorities, May 2016, <http://www.sydney.org.au/wp-content/uploads/2015/10/CfS-Priorities-2016-17-May-print.pdf>

53 **Regional Plan Association**, State of the Region's Health, <http://library.rpa.org/pdf/RPA-State-of-the-Regions-Health.pdf>



The Committee for
Sydney

This is the third in a series by the Committee for Sydney. Our thanks to SGS Economics & Planning for their work and contributions to this project.

The Committee for Sydney would also like to recognise and thank the following for their contributions:

Western Sydney University

Arup

“The Committee for Sydney provides critical thought leadership for a city we all love; they are pushing the boundaries.”

THE HON. GLADYS BEREJIKLIAN MP

The Committee for Sydney

Level 10
201 Kent Street
Sydney
NSW 2000

sydney.org.au
@Committee4Syd
committee@sydney.org.au
+61 2 9320 9860