The changing political economy of the compact city and higher density urban renewal in Sydney

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CITYFUTUREs

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Introduction

This paper is concerned with the construction and operation of policies to encourage higher density urban renewal in Sydney during this century, while recognising their antecedents in the last two decades of the Twentieth Century.

The discussion is placed within the context of the radical changes reshaping Australian cities since 1980. These include globalisation and the opening up of Australia's economy to the world; the floating of the dollar; advances in information technology and use; changing social circumstances including rising standards of living and diversified household structures; and changes in the urban economy leading to more centralisation of employment in the central city. These changes were discussed by Paul Kelly in the early 1990s, who described the 1980s as the end of the stable circumstances attending the long boom and the associated policy certainties of 'The Australian Settlement' (Kelly 1992).

These changes were accompanied and facilitated by important economic reforms and associated changes in the delivery, organisation and regulation of public services and infrastructure. The National Competition Policy encouraged economic efficiency and improved competitiveness through privatisation, outsourcing and changes in the funding, provision and operation of these services. These reforms shifted the balance of public and private involvement in the building and functioning of cities, placing much more reliance on private enterprise and changing the roles and relationships of governments and developers. It has been described as 'splintering urbanism' (Graham & Marvin 2001) to reflect the decentralisation and privatisation involved.

Amidst these changes a new political economy for the compact city began to emerge and is still evolving. Central to this new logic is a focus on urban consolidation, higher density development and redevelopment, better place-making, new urbanism and sustainability. The Federal Labor Government's Building Better Cities program of 1991 expressed these principles as defining 'best practice'.

In 2000, Gleeson and Low's landmark studies examined these currents of neoliberalism and their actual and potential impact on cities (Gleeson & Low 2000). As they anticipated, the orthodoxy of the compact city has dominated plans and policies of metropolitan growth and change since 2000, and has been reinforced by lessons learned from the 2008 Global Financial Crisis (**GFC**) and increasing attention to the seriousness of climate change.

As a preliminary comment it should be noted that in New South Wales both Labor and Coalition state governments have been involved in reconfiguring the powers, connections, influence and relationships of state and local governments with developers and the property industry in the building and operation of Australian cities. This has involved a shift in focus from use value towards exchange value in renewal projects, the strengthening of the executive power of state governments and greater interaction with powerful lobbying groups and corporations.

It is against this background that the elements of urban renewal policy are outlined in this paper, under the following composite groupings: metropolitan strategy, infrastructure and funding; development corporations; and use and reform of the planning system. The key elements discussed in this paper are also outlined visually in the chart in Appendix 1. The paper ends with a commentary on the outcomes and consequences of urban renewal policy.

A brief history of high density urban renewal policy

The evolution of higher density renewal policy in New South Wales might be described as at first reactive, then passive, and then vigorously proactive. While both Labor and Coalition governments have advocated urban renewal, the methods and mechanisms employed to bring this about have been different. The end result is that the overall policy remains messy and opportunistic, as well as systemic and complex. In order to understand this complexity, it helps to begin with a brief overview of the policy's historical roots, before turning to examine recent developments in more detail.

The origins of this evolution can be traced back to the post-war period of last century, with the introduction of strata title being accompanied by the beginnings of a discussion about urban consolidation. Although it took place in the comfortable circumstances of the long boom, the enactment of Strata Title legislation in 1961 was reactive, driven largely by the efforts of a single property developer (Clark 2002). In the late 1950s there was increasing pressure from developers, conveyancing lawyers, banks, owners and tenants for legislation to enable freehold title for flats and apartments. The NSW government proved laggardly in this respect and the draft legislation was instead prepared by lawyers engaged by G. Dusseldorp of Lend Lease Corporation (Thompson 1986). The *Conveyancing (Strata Titles) Act* became law on 1st July 1961, giving conclusive Torrens title to individual attached dwellings which could be sold, leased or mortgaged in the usual way. This contributed to an explosion of flat building in the 1960s and 1970s (Cardew 1980; Troy *et al.* 2015), mainly in the form of three story blocks - often colloquially known as 'six-packs' (i.e. of beer). This change raised the density of suburban development and was accompanied by widespread re-zoning to accommodate this medium-density residential stock.

The first urban consolidation policies were introduced in 1980 and 1981, allowing the erection of two dwellings on a single block of land in most residential zones, subject to certain conditions (Searle 2007). The urban consolidation discussion then returned to the forefront in the 1990s. A more engaged approach was apparent this time around, with the *State Environmental Planning Policy 53 Metropolitan Residential Development* of 1997 marking an early attempt to increase residential densities. It required local councils to have a residential development strategy to bring about urban consolidation. Most areas achieved this requirement in the early 2000s. But there was strong opposition, especially from north shore councils (most notably Ku-ring-gai), and the policy was repealed shortly after the Coalition took office in 2011 for the first time since 1995.

In the meantime, however, the compact city had become the orthodoxy of similar metropolitan strategies for Melbourne, Sydney, Adelaide, Brisbane and Perth, prepared by state Labor governments between 2002-2010 (Bunker 2014). The first was *Melbourne 2030,* released in 2002. This genre was replicated by Sydney's *City of Cities* in 2005, followed by another strategy with similar provisions in 2010. The election of a Coalition state government in 2011 led to another metropolitan strategy in 2014, accompanied by much more forceful use of development corporations and delivery authorities to bring about renewal. The more vigorous adoption of compact city policy was also apparent in the recent efforts to reform the planning legislation and allow fast-tracked planning approvals for certain kinds of high density development.

While this shift from reactive to positive engagement has been broadly observable over the past half-century, a closer look at the policy changes over this period reveal a far more complex picture. For example, while the *City of Cities* plan largely followed the lead set by *Melbourne 2030*, it also reacted in part to the promptings of the Property Council and contained many of its proposals. To provide more insight into this complexity, it is useful to examine the elements that have contributed to the evolution and practice of high density urban renewal policy in three categories: (1) metropolitan strategy, infrastructure and funding; (2) development corporations; and (3) use and reform of the planning system.

Metropolitan strategies, infrastructure and funding

While metropolitan strategies set out the vision for a city's future development, it is often in infrastructure plans and funding allocations that the tough decisions get made about how to translate this vision into practice. It therefore makes sense to consider these three elements concurrently, to see how they interact.

Metropolitan strategies of 2005, 2010 and 2014: general provisions and subsequent policies

A comprehensive metropolitan strategy, *City of Citie*s, was released by the Department of Planning NSW in 2005 (**the 2005 Plan**), espousing the compact city. Various observers noted that the plan responded to strong lobbying by developers (Searle 2006; Bunker 2007), as well as pressure by the media and public opinion. The Property Council of Australia's populist publication of 2004, *Metro Strategy: A Property Industry Perspective*, was not only a major driver in the preparation of a metropolitan strategy, but the 2005 Plan contained many of its proposals. It has quite specific employment and population targets for 2031 in its subregions, centres and corridors. It also proposed that 70 per cent of the increases in the dwelling stock in that period should be built within the existing urban area by infill and redevelopment, with the other 30 per cent in greenfields growth. The Sydney metropolitan strategy map in the 2005 Plan is shown at Figure 1.
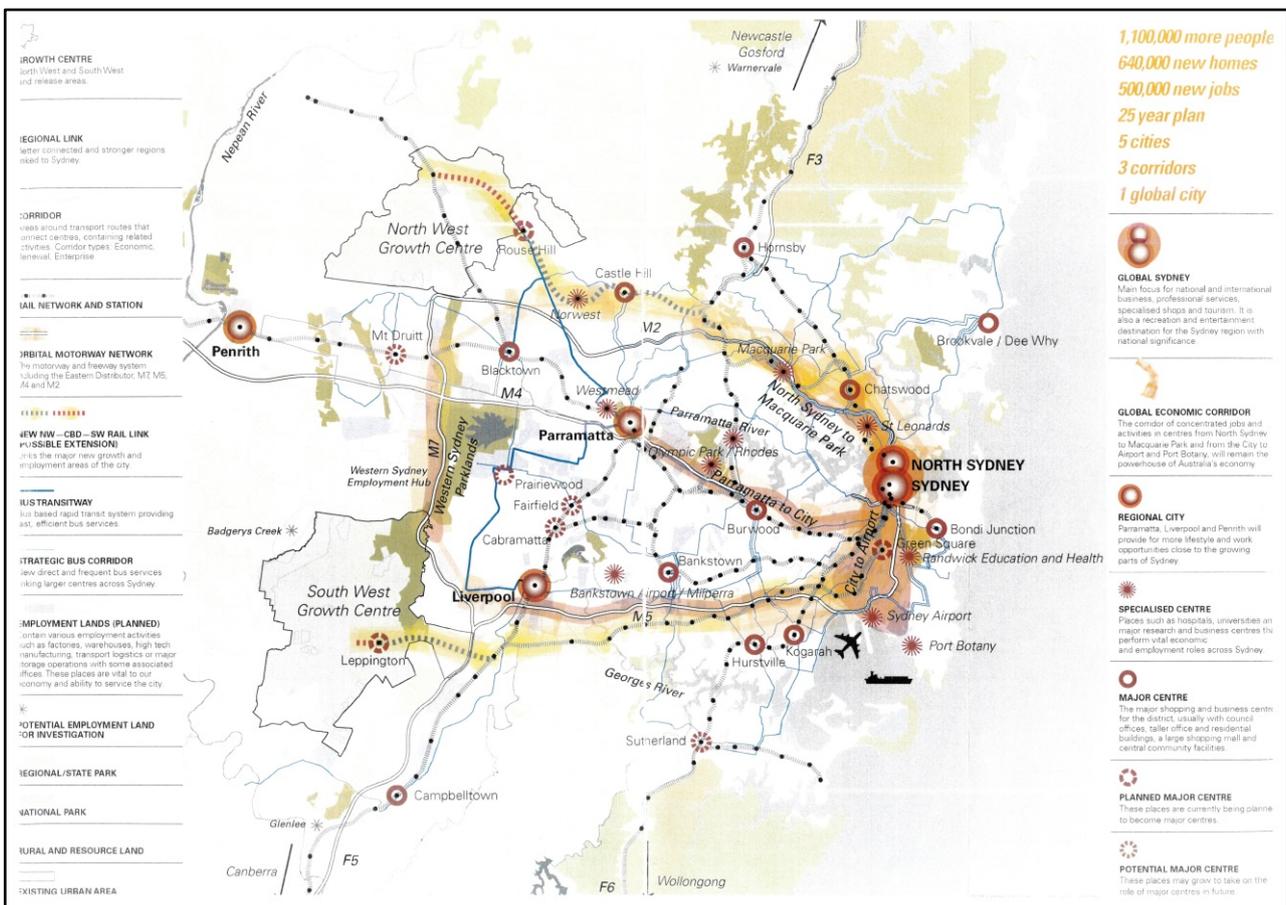
Figure 1: Metropolitan Strategy Map from the 2005 Plan

The 2005 Plan was applied at a local level by subregional strategies which *inter alia* developed housing targets for additional dwellings by 2031 by local government area. These represented the allocation of subregional totals. They were informed by METRIX, an internet-based electronic model which examined the feasibility of locating these additional dwellings in centres as opposed to areas outside them.

Growth following the 2005 Plan was disrupted by the GFC, the difficulties in redeveloping brownfields sites and the shortage of greenfields areas ready for development. An updated metropolitan strategy was released by the Department of Planning NSW in December 2010, called the *Metropolitan Plan for Sydney 2036* (**the 2010 Plan**). It took much the same approach, aiming to "[l]ocate at least 70% of new homes in existing suburbs and up to 30% in greenfields areas" (p. 7). The 2010 Plan was partnered by and integrated with a *Metropolitan Transport Plan: Connecting the City of Cities* (NSW Government 2010). The metropolitan strategy map for the short-lived 2010 Plan is shown at Figure 2.
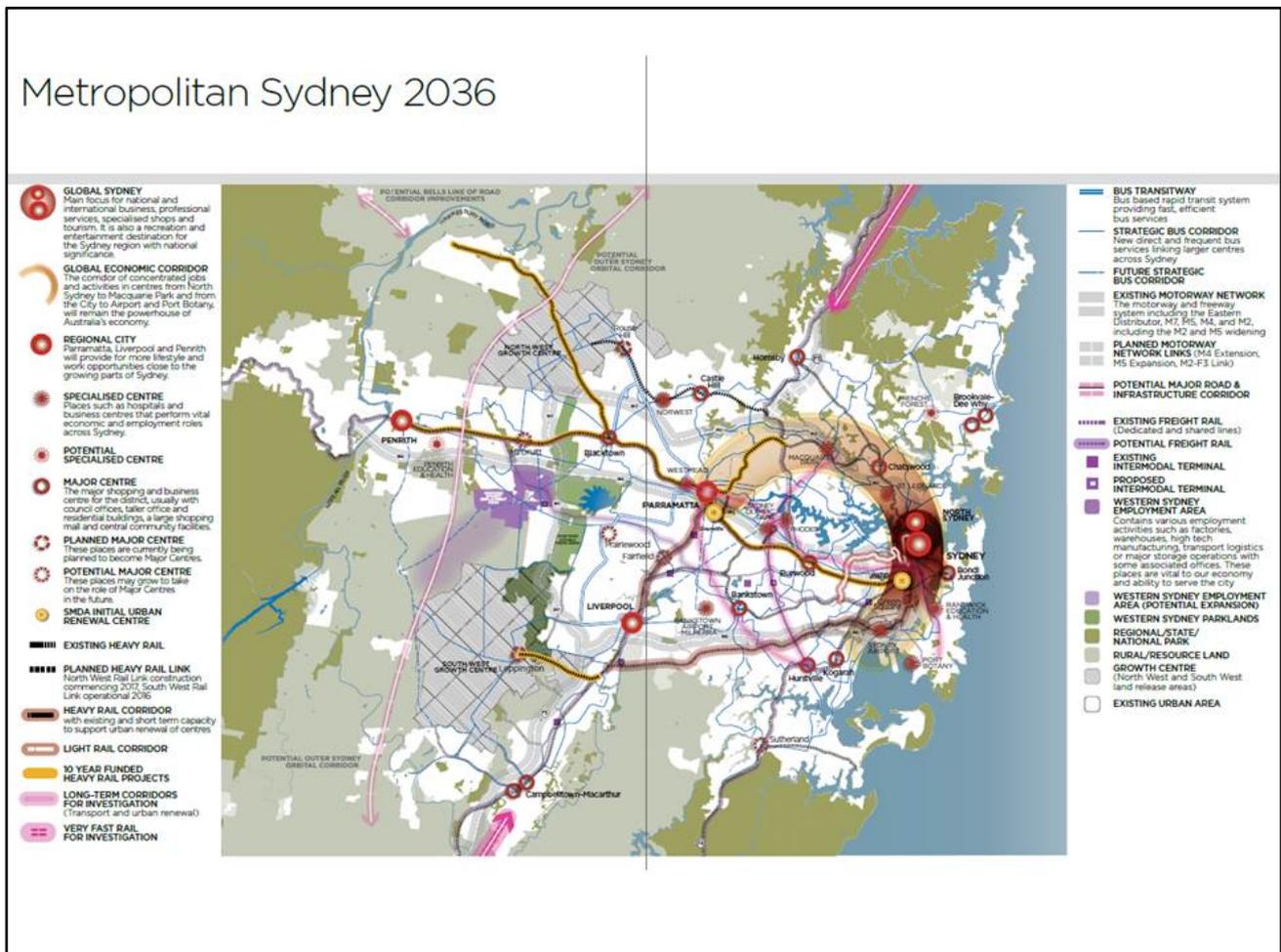
Figure 2: Metropolitan Strategy Map from the 2010 Plan

The 2005 and 2010 Plans provide the policy base for Sydney's growth and change from 2005 to 2014, until the introduction of a new metropolitan strategy in 2014. The corridors and centres shown are where urban renewal would be the dominant process in bringing about the required number of additional dwellings specified for the various sub-regions. Development corporation activity is also largely contained within those areas.

In 2009 the Property Council of Australia published *The Urban Renewal Lifeline* advocating a number of measures to facilitate urban renewal. These included a state level Urban Renewal Commission for "site amalgamation, infrastructure planning and provision, broad master planning and community education" (p. 8). It also advocated the preparation of a State Environmental Planning Policy to underpin urban renewal. The *State Environmental Planning Policy (Urban Renewal) 2010* (**Urban Renewal SEPP**) was authorised in the same month as the 2010 Plan was released. Its provisions applied to land in potential urban renewal precincts. In the Urban Renewal SEPP these were identified as Redfern-Waterloo, Granville and Newcastle. Other potential precincts could be identified against criteria specified in the SEPP, which also contains provisions for processing development applications in each.

However, a change from Labor to a Coalition government in 2011 led to a new suite of plans. The new metropolitan strategy *A Plan for Growing Sydney* was released by the Department of Planning & Environment NSW in 2014 (**the 2014 Plan**). It is accompanied by the *NSW Long Term Transport Master Plan* (NSW Government, Transport for NSW 2012a) and the later *Rebuilding NSW - Strategic Infrastructure Plan 2014* (NSW Government 2014). Its metropolitan strategy map is shown at Figure 3.
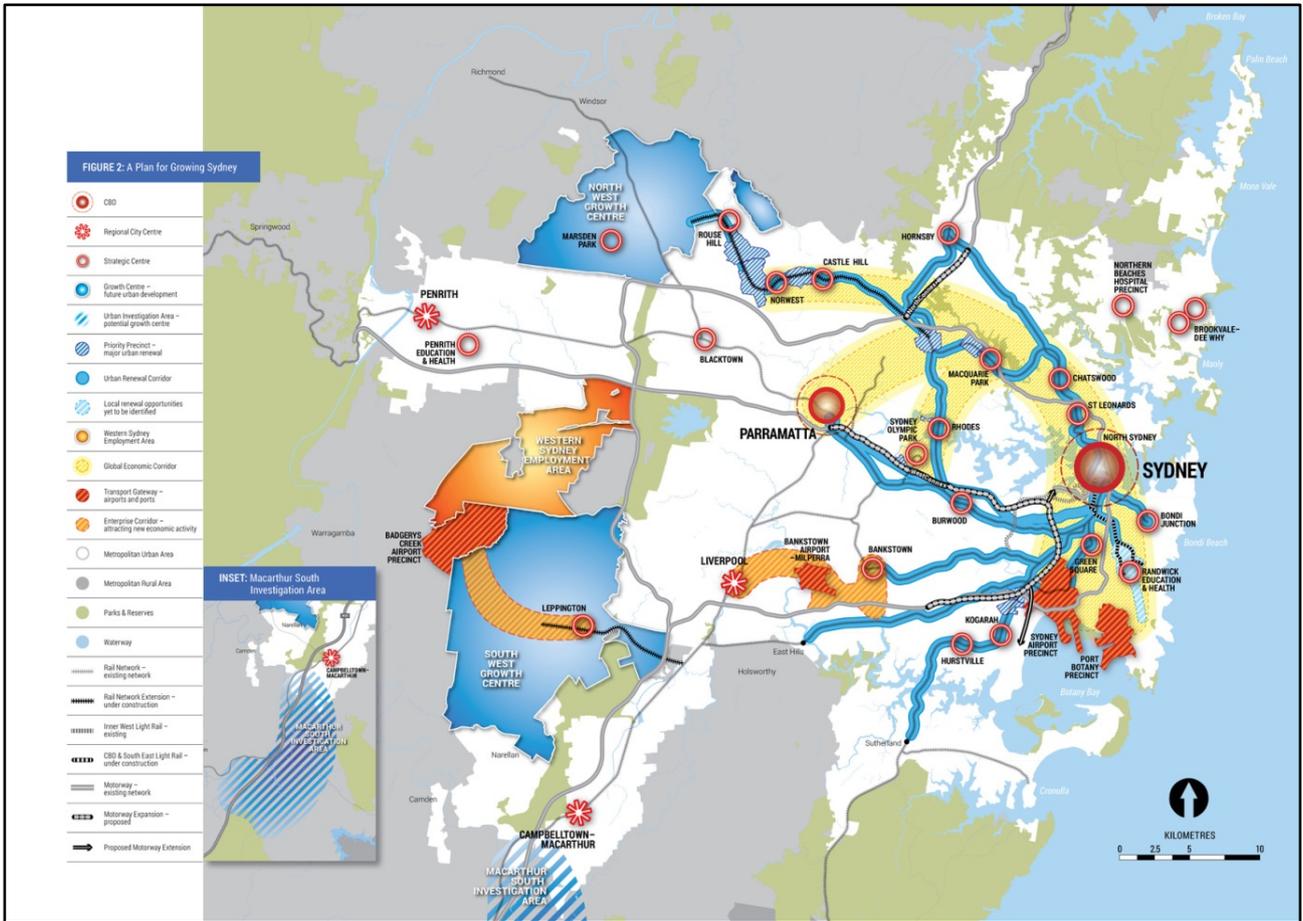
Figure 3: Metropolitan Strategy Map from the 2014 Plan

There are significant differences in the 2014 Plan from the previous plans. First, it is for the shorter time period of 17 years, as against the 26 year aspirations of the 2005 Plan. Following a pre-election promise by the Coalition to consider a 50/50 split of future growth between greenfields and infill/renewal, it does not contain a target for either, but concedes that some aspects of the housing market are outside government control and the plan will focus on development that is feasible.

While long term household, population and jobs targets for 2031 are still in the 2014 Plan, it offers a more pragmatic perspective than the visionary nature of the long-term prognoses contained in the earlier plans:

> This requires a big change in how governments work together and how they work with the market, developers and planners (p.62)
>
> …and…
>
> The private sector will only develop housing on rezoned sites where there is sufficient consumer demand for it, at a price that provides a return to the developer (p. 66).

Accordingly, the plan identifies areas with potential additional housing capacity, but then uses an Urban Feasibility Model to test the feasibility of development options for each subregion. It proposes setting five year housing targets with local councils to maximise the opportunities for growing housing supply in that period. This is a shift in approach from the longer-term sub-regional housing targets set under the 2005 and 2010 Plans.

Given there have been three metropolitan strategies in ten years, can anything be gleaned from them about how the provisions of the 2005 Plan have worked out or been modified? There is little in the later plans about how the targets of the 2005 Plan have fared, although there is a Property Council publication of 2014 called *Missing the Mark*, which as its title suggests, analyses how housing construction in the intervening years has fallen short of the ambitions of the 2005 Plan.

Table 1 (below) shows the additional dwelling targets for each sub-region as derived from the 2005 Plan (p.18) and 2010 Plan (p.115). The targets cannot be exactly compared as they are for slightly different time periods, but they infer the same conclusion as the Property Council publication, and in some cases show a wide variation among the subregions in the additional housing targets set for 2031 and 2036 respectively in the two plans. The final column shows further variation again in the dwelling projection figures released in 2013 (Department of Planning 2013a), which appear to have been used to calculate the required housing figure of 664,000 cited in the 2014 Plan (p.65). It is important to note, however, that the 2013 data is identified as projections, not targets, and is therefore also not directly comparable with the targets set in the 2005 and 2010 Plans.

Subregion	2005 Plan: 2004-2031 Targets	2010 Plan: 2006-2036 Targets	2013 Data: 2011-2031 Projections[1]
Central	55,000	61,000	53,700
East	20,000	23,000	32,650
South	35,000	58,000	76,500
Inner West	30,000	35,000	34,650
Lower North Shore	30,000	44,000	48,300
North	21,000	29,000	30,650
North East	17,300	29,000	26,250
West Central	95,500	96,000	102,550
North West	140,000	169,000	150,500
South West	155,000	155,000	108,550
Total	**598,800**	**699,000**	**664,300**

Table 1: Additional dwelling targets by sub-region in 2005 & 2010 Plans; dwelling projections by sub-region in 2013 Data

Table 2 (below) attempts further exploration of this issue by local government areas. The six sub-regions used to structure this table are the new ones adopted in the 2014 Plan, and which appear to be the same as the six Districts to be represented on the new Greater Sydney Commission. The first column lists the local government targets derived in the sub-regional plans developed from the 2005 Plan (reorganised to fit within the six new sub-regions). The third column outlines the 2013 dwelling projections by LGA. As discussed above, however, the dwelling projections are not targets and:

> do not necessarily reflect policy positions and may well differ from policy targets expressed in the Planning and Environment's Metropolitan and Regional Strategies. These dwelling projections

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[1] These projections were released by LGA; they have been aggregated here in line with the sub-regional structure used in the 2005 and 2010 Plans. The original data is available at: http://www.planning.nsw.gov.au/projections.

provide an estimate of the net underlying requirement for dwellings implied by the population projections and assumed future living requirements (Department of Planning & Environment 2014b, n.p.)

Hence there can be no direct comparison between the first and third columns as the first is a plan target for 27 years from 2004 to 2031, and the second contains projections for twenty years from 2011 to 2031. However, a more meaningful analysis can be achieved by comparing these two sets of figures on an annualised basis, thereby removing the complication of different timeframes. While still an imperfect comparison, the juxtaposition of these two sets of housing figures raises the same spectres of shortfall of recent dwelling construction in terms of *targets*, and wide variation in small areas on the effort required to achieve present *projections* of additional dwelling needs by 2031. More importantly it highlights the need for more adequate explanation of what targets, projections and forecasts mean and how they relate one to another in parallel and preceding planning documents.

Sydney Metro LGAs	2005 Plan housing targets (2004 to 2031)	Annualised target	2013 dwelling projections (2011 to 2031)	Annualised projection	Difference b/w 2005 and 2013 annualised targets/projections
Central					
Ashfield	2,000	74.1	4,100	205	177%
Botany Bay	6,500	240.7	6,300	315	31%
Burwood	7,700	285.2	5,150	257.5	-10%
Canada Bay	10,000	370.4	13,900	695	88%
Leichhardt	2,000	74.1	5,950	297.5	302%
Marrickville	4,150	153.7	9,800	490	219%
Randwick	8,400	311.1	15,150	757.5	143%
Strathfield	8,300	307.4	5,550	277.5	-10%
Sydney	55,000	2037.0	53,700	2685	32%
Waverley	2,200	81.5	5,850	292.5	259%
Woollahra	2,900	107.4	5,350	267.5	149%
Central Total	**109,150**	**4042.6**	**130,800**	**6540**	**62%**
South					
Canterbury	7,100	263.0	15,150	757.5	188%
Hurstville	4,100	151.9	9,300	465	206%
Kogarah	2,550	94.4	7,350	367.5	289%
Rockdale	7,000	259.3	13,500	675	160%
Sutherland Shire	10,100	374.1	21,400	1070	186%
South Total	**30,850**	**1142.6**	**66,700**	**3335**	**192%**
South West					
Camden	10,274	380.5	38,450	1922.5	405%
Campbelltown	24,653	913.1	25,950	1297.5	42%
Fairfield	24,000	888.9	18,350	917.5	3%
Liverpool	13,328	493.6	38,150	1907.5	286%
Wollondilly	5,230	193.7	6,000	300	55%
SW Growth Centre[2]	100,000	3703.7	0	0	-100%
South West Total	**177,485**	**6,573.5**	**126,900**	**6345**	**-3%**

[2] The SW and NW Growth Centre targets are no longer listed separately from the relevant LGAs in the 2013 Data.

Sydney Metro LGAs	2005 Plan housing targets (2004 to 2031)	Annualised target	2013 dwelling projections (2011 to 2031)	Annualised projection	Difference b/w 2005 and 2013 annualised targets/projections
West					
Blue Mountains	7,000	259	10,300	515	99%
Hawkesbury	5,000	185	7,950	397.5	115%
Penrith	25,000	926	32,700	1635	77%
West Total	**37,000**	**1,370**	**50,950**	**2547.5**	**86%**
West Central					
Auburn	17,000	629.6	19,550	977.5	55%
Bankstown	22,000	814.8	19,550	977.5	20%
Blacktown	21,500	796.3	61,750	3087.5	288%
Holroyd	11,500	425.9	12,850	642.5	51%
Parramatta	21,000	777.8	32,250	1612.5	107%
The Hills Shire	21,500	796.3	37,800	1890	137%
NW Growth Centre	60,000	2,222.2	0	0	-100%
West Central Total	**174,500**	**6,463.0**	**183,750**	**9187.5**	**42%**
North					
Hornsby	11,000	407.4	17,050	852.5	109%
Hunters Hill	1,200	44.4	1,800	90	103%
Ku-ring-gai	10,000	370.4	13,600	680	84%
Lane Cove	3,900	144.4	4,950	247.5	71%
Manly	2,400	88.9	4,750	237.5	167%
Mosman	600	22.2	3,150	157.5	609%
North Sydney	5,500	203.7	10,850	542.5	166%
Pittwater	4,600	170.4	8,100	405	138%
Ryde	12,000	444.4	18,900	945	113%
Warringah	10,300	381.5	13,400	670	76%
Willoughby	6,800	251.9	8,650	432.5	72%
North Total	**68,300**	**2529.6**	**105,200**	**5260**	**108%**
Total	**597,285**[3]	**22121.7**	**664,300**	**33215**	**50%**

Table 2: Additional dwelling targets in the 2005 Plan and projections made in 2013 by LGA, both to 2031

Against this conceptual background, there is more attention to renewal in the 2014 Plan through the designation of ten Priority Precincts to revitalise existing centres, with government delivering the necessary infrastructure. It also promises to use UrbanGrowthNSW, the new development corporation established in 2013, to identify and implement new urban transformation projects. These include Urban Activation Precincts, of which a number have been implemented. The relationship of urban renewal, priority and urban activation precincts is not clear, although all seem to use the provisions of the Urban Renewal SEPP.

One of the issues emerging from the Plans was the difference between ambitions and outcomes, and this divide focussed more attention on how the Plans might be implemented (Fensham 2015) and given more currency. One frequent suggestion has been to establish a special purpose government authority with powers to flesh out, adjust and implement the Plan. The idea was picked up in the 2014 Plan, which

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[3] It should be noted that the discrepancy between this figure and the total of 598,800 in Table 1 is the result of slight variations between different 2005 Plan documents; for example, the target cited in the 2005 Plan for the South West region is 55,000, but the additional housing proposed in the sub-regional strategy across the four LGAs totals 53,485 (see page 74 of the draft sub-regional strategy for details).

promised a "new approach to delivery with the establishment of the Greater Sydney Commission – a dedicated new body with responsibility to drive delivery of the Plan" (p. 5). Little detail was provided, but it would be an independent entity which would "work with councils and state agencies to ensure that growth is aligned with infrastructure and delivered in the right places at the right time" (p. 18). The government is now in the process of setting up the Commission.

Metropolitan strategies: centres and corridors

All the strategies in this compact city genre identified centres and corridors as places for higher density renewal. The 2005 Plan did this in considerable detail. It listed Global Sydney, 4 regional cities, 9 specialised centres, 12 major centres, 3 planned major centres and 5 potential major centres. For each it gave the number of jobs in 2001 and targets for 2031. It also identified corridors linking major centres and classified them as economic, renewal or enterprise.

The methods of implementing these proposals included the preparation of a state infrastructure strategy, and the requirement that local councils prepare new comprehensive Local Environmental Plans which reflected Ministerial Directions. Landcom, an existing development corporation which had been principally involved in greenfields development, was to have its responsibilities extended into urban renewal. It would partner any development corporation established over an urban renewal growth centre in site acquisition, assembly, planning, funding, financing and infrastructure delivery.

The 2010 Plan contained a section on growing and renewing centres and retained the basic classification of centres from the 2005 Plan. However, rather than establishing growth targets for the centres, it says that "the Department of Planning, Transport NSW and councils will identify centres that will grow and change over time to provide additional housing employment and services" (p. 65), meaning major urban renewal of such centres. The 2010 Plan was rather more diffident about the three types of corridors proposed in the 2005 Plan. For renewal corridors, it proposed a stronger focus on centres within or along such corridors.

The current 2014 Plan abandons the stiff articulation of a hierarchy of centres. It identifies two CBDs – Sydney/North Sydney and Parramatta. There are three regional centres at Penrith, Liverpool and Campbelltown/Macarthur. Twenty-two 'strategic centres' are listed for which job targets are to be developed. Another 4 localities are listed as 'transport gateways'. It has a separate section on expanding the Global Economic Corridor from Macquarie Park through the central city to Port Botany and Sydney Airport, which includes a number of these strategic centres and transport gateways. Likewise there is a separate section on growing greater Parramatta as Sydney's second CBD.

There is a section in the 2014 Plan on urban renewal, which it states should be concentrated in transport corridors and around strategic centres. It identifies a number of corridors as having significant urban renewal potential. Higher density housing should be built around 'job-rich' centres and corridors. Where the associated *Long Term Transport Master Plan 2012* and *Rebuilding NSW - State Infrastructure Strategy 2014* deliver improved transport links and augmented infrastructure, the potential for growth and urban renewal is seen as significant and 'transformational', highlighting the importance of integrating public transport planning with urban renewal strategies. Unfortunately, there has been limited success on this front to date, as the next section will outline briefly.

Infrastructure

Given the importance of good public transport in supporting medium- and high-density urban renewal, the record in planning this is poor. Medium and long-term planning has been dislocated by changes of government and Premier, and by the 2008 GFC.

The 2005 Plan listed four plans as 'the work so far' (pp. 12-13). They were Planning Reform, a Metropolitan Water Plan, Western Sydney Parklands, and Managing Sydney's Growth Centres. The Plan is not partnered by a transport strategy, and as mentioned, its implementation also required the preparation of an infrastructure strategy. This was issued in May 2006 as a rolling 10 year plan for infrastructure projects to

support service delivery (NSW Treasury 2006). The infrastructure strategy used base maps from the 2005 Plan, including Global Sydney and the hierarchy of centres, together with the North West and South West Growth Centres.

It was followed in November 2006 by an *Urban Transport Statement* (NSW Ministry of Transport 2006). However these potentially fruitful partnerships between the plans were disrupted by the GFC, which prompted the government to release a Mini Budget in November 2008 that reprioritised projects and made significant changes to the government's capital program. Public transport spending was both cut and redirected to include an ill-fated and abortive 'CBD Metro' proposal (NSW Treasury 2008, p.18).

Similar disruptions have continued under the current government, although since Mike Baird replaced Barry O'Farrell as Premier in April 2014 there seems to have been more coordination and purpose in transport and infrastructure planning. O'Farrell opposed a second Sydney airport at Badgery's Creek and the privatisation of part of the electricity distribution system, both of which have since been adopted by Baird. Baird has been aided in this by the election of a federal Coalition government in September 2013, which has proceeded with planning and funding for the second Sydney airport and associated new road systems. It also terminated funding support for public transport, focusing instead on major road development (including the WestConnex project in Sydney). This policy has recently been reversed by Malcolm Turnbull, however, who replaced Tony Abbott as Prime Minister in September 2015.

One of the first acts of the newly elected Coalition state government in 2011 was the appointment of Infrastructure NSW to prepare and submit a 20 year State Infrastructure Strategy. This was released in October 2012, one month after the *Draft NSW Long Term Transport Master Plan*. The *State Infrastructure Strategy* (Infrastructure NSW 2012) considered that buses "will remain the most appropriate public transport mode for most of Sydney over the next two decades" (p. 94). It refers to a 2012 publication, *Sydney's Rail Future* (NSW Government, Transport for NSW 2012b), which proposed a rapid transit service connecting existing lines north and south of the harbour through a new harbour tunnel and a new line through central Sydney. The *State Infrastructure Strategy* recommended instead that such a rapid transit service use the Harbour Bridge, by reconfiguring the existing network including improved signalling and upgrades of the congested Wynyard and Town Hall stations.

The final *NSW Long Term Transport Master Plan* of December 2012 retains the proposals for the rapid transit service through a second harbour tunnel in *Sydney's Rail Future*, but in rather subdued language. No costing or funding is outlined in the 2012 Transport Plan. Critically, the emphasis on transport funding in the State Infrastructure Strategy was on major road projects, and the construction of an underground bus transit system in the CBD, a proposal that was absent in the transport master plan. This funding emphasis on road projects raised an important question about how public transport would actually be delivered.

The Transport Plan has a short section on urban renewal and basically lists the centres from the 2010 Plan with the main rail lines added. Its main concern, however, is with strategic rail corridors joining centres. It identifies six constrained strategic corridors, of which four join outlying areas to central Sydney (one of these is Sydney airport). It proposes "three tiers of service with the implementation of high capacity rapid transit being added to the current two-tier arrangement of suburban and intercity railways" (p. 127). This higher level of service joining centres along corridors to central Sydney will presumably help higher density residential redevelopment, much as WestConnex is expected to achieve along the Parramatta Rd corridor.

Section 17(3) of the *Infrastructure NSW Act* of 2011 provides that the Premier can instruct Infrastructure NSW to update and revise the Infrastructure Strategy having regard to any state strategic priorities. When Mike Baird became Premier in April 2014 he instructed Infrastructure NSW to update the Infrastructure Strategy to provide for a rapid transit rail service between Bankstown and the North West Rail Link via a new harbour crossing. It was also to allocate $20 billion for infrastructure spending from the estimated proceeds of the partial sale of the state's electricity poles and wires.

A *2014 State Infrastructure Strategy Update* (Infrastructure NSW 2014) was released in November. It adopts the Sydney Rapid Transit proposal and recommends the final business case be completed by early 2016. It

allocates $7 billion to the proposal, with another $1.9 billion assigned to other urban public transport projects. Urban roads, including WestConnex, get $2.4 billion, while regional transport has $4.1 billion. So of the $20 billion allocated under the *Infrastructure Strategy Update*, $15.4 billion is for transport. However, this infrastructure spending is conditional on receipt of the estimated proceeds from the poles and wires sale.

In previous Plans, areas planned for higher density have not adequately considered the public transport service levels and accessibility required to support them. It is therefore somewhat of a reversal of previous practice that the recent transport and infrastructure strategies provide funding, priorities and projects without first identifying the higher density renewal processes they may stimulate in critical areas. Interestingly, however, the *Infrastructure Strategy Update* does contain population density maps for Sydney, both in 2011 and as envisaged in 2031 (reproduced in Appendix 2). Since the Update's release, UrbanGrowth NSW has also become involved in a number of 'urban activation' precincts based on rail corridors.

Budget Provisions

The actual funding to provide the infrastructure to support the 2005 Plan was contained in the budget allocations following the 2006 *Infrastructure Strategy* and *Urban Transport Statement*. As noted above, these were disrupted both by the GFC and the part emasculation, part reorientation of the transport strategy.

The 2015-2016 budget of 23 June 2015 adopts the distribution of the $20 billion of funds recommended under the *2014 Infrastructure Strategy Update* for forward planning (NSW Treasury 2015). However as these funds are yet to be realised, the bulk of the public transport funding for 2015-2016 is directed to projects already announced or under way, such as the north west rail line. Of these, those which might promote urban renewal include $37 million to upgrade the Western rail line.

While the ambitious plans to develop a high capacity rapid transit service do not have priority, there is a commitment to this in the form of a new train line from Chatswood. This will run through a new harbour tunnel to the city centre and on to Sydenham and the Bankstown line. The government's commitment to this long-term project includes new stations in the city centre, including one at Barangaroo. The budget does contain funds for forward planning for this line, and the Premier made a very public appearance shortly after the budget in a boat on the harbour which was conducting preliminary drilling and sampling operations to determine the proposed tunnel's precise location. The government's commitment to this project can also be inferred from the previous Minister of Transport's promotion to Treasurer in a Cabinet reshuffle earlier in 2015, after which she presented her first budget with an endorsement of the rapid rail transit proposals.

The WestConnex motorway received $1.7 billion in funding in the 2015-2016 budget, where its total cost was estimated at $15.4 billion. Part of the total cost is to be provided by the federal government and some private funding. As noted, the construction of this motorway is assumed to promote higher density urban renewal, particularly along the Parramatta Road section.

Summary

The planning landscape of metropolitan Sydney has shifted considerably over the past decade, from the brittle certainty of Labor's 2005 Plan to the market-driven pragmatism of the Coalition's 2014 Plan, with its increased focus on urban renewal and processes to define areas deemed to have substantial urban renewal potential. This shift is apparent in a number of important changes: the 2014 Plan is partnered by new strategies for state infrastructure and transport; it has a shorter time horizon; and while still containing long-term population and employment targets, it concentrates on developing five year housing targets with local councils, informed by an Urban Feasibility Model to test the viability of different projects. Perhaps more importantly, under the Urban Renewal SEPP the powers of the Department of Planning are to be used to promote urban renewal, and the priority/urban activation precincts so defined also attract the support of the recently established development corporation, UrbanGrowth NSW.

The 2005 Plan reflected the path dependency of metropolitan plans established in the long boom, which had long term horizons and controlled growth and change through the mechanisms of coordinating infrastructure

provision with the zoning of land for simple uses (Bunker 2012). In the new context of partly privatised development provision, however, coupled with the ambition to guide growth into the existing urban area instead of greenfields expansion, there has been a gradual change in the metropolitan planning process.

While the 2010 Plan largely repeated the 2005 Plan's visionary or aspirational approach, the 2014 Plan took a more market-oriented and pragmatic approach. It remains to be seen how successful this strategy is in shaping the future, but it does attempt to be less prescriptive, espouses both greenfields and brownfields expansion, and seeks to establish short-term, realistic targets for housing development with local authorities, as well as job targets for strategic centres.

Transport has been the Achilles heel of compact city policy. Higher density is assumed to lead to increased use of public transport and *vice versa.* However, the relationship also depends very much on the level of public transport services provided, the location in the metropolitan area, and the kind of community living in that locality.

But the association and integration of transport policy with the strategic direction of growth and change has been fitful. This is illustrated in the history of the metropolitan strategies and their association with transport and infrastructure plans, capital works programs and state budgets. Despite the ambitions of the current government to more effectively link these instruments, this relationship is sensitive not only to economic and budgetary circumstances, but to changes of government at both state and federal level, and of Premier and Prime minister. There are some signs, however, of attempts to ensure each plan and corresponding resource allocation is shaped in a way that it is more flexible in its adaptation to these dynamics.

Development Corporations

While there are earlier examples of urban development corporations in Sydney, such as the Sydney Cove Redevelopment Authority of the late 1960s and the Darling Harbour Authority of 1984, the foundational legislation governing the establishment and operation of urban development corporations in designated areas comes from the federal *Growth Centres (Development Corporations) Act* of 1974 (**Growth Centres Act**). The Act was passed in response to the Whitlam Government's programs for funding growth centres, and provided wide powers for state corporations to acquire, improve, develop and dispose of land and its improvements. The first of these were the Bathurst-Orange and Albury-Wodonga Development Corporations, established in 1976 to provide affordable fully-serviced land in regional locations. The intention was to provide a vehicle to assist in the delivery of a population decentralisation programme, a key part of the government's policy on managing population and urban growth.

In Sydney the Growth Centres Act was used to establish development corporations and delivery authorities to bring about urban renewal. These included the City West Development Corporation (**CWDC**) in Pyrmont-Ultimo in 1992, whose functions were taken over in 1999 by another corporation, the Sydney Harbour Foreshore Authority. The South Sydney Development Corporation was established to redevelop Green Square in 1996 and dissolved in 2005, while the successor Redfern-Waterloo Authority was established in 2004 and dissolved in 2012. It became commonplace for these corporations to be folded into a newer bigger corporation, as occurred in 2010 with the establishment of the Sydney Metropolitan Development Authority by the then Labor government, with responsibility for the Redfern-Waterloo area and a Granville precinct. The Barangaroo Delivery Authority was founded in 2009 under a separate piece of legislation, with broadly similar powers to previous development corporations. This process was continued by the new state Coalition government with the creation of UrbanGrowth NSW under the *Growth Centres (Development Corporations) Amendment (UrbanGrowth NSW Development) Order 2013*. UrbanGrowth NSW integrates and reforms the previous state land corporation Landcom and the Sydney Metropolitan Development Agency, and is a significant participant in the state's urban renewal efforts. Its objectives and current projects will be outlined in more detail below, as will the activities of CWDC. As explained below, the development corporations constituted under the Growth Centres Act were given considerable powers to both develop and implement spatial plans. In particular, compulsory purchase powers, which are normally limited to acquiring land for public purpose such as roads, railways, hospitals and schools, were extended to allow these agencies to acquire land that could then be on sold private developers.

Pyrmont-Ultimo

Since 1986, when Council-owned land in Pyrmont was sold to the State Housing Commission, plans had developed for the comprehensive redevelopment of Pyrmont-Ultimo. In 1992 the Commonwealth committed $117 million to this under a Better Cities Agreement and established the CWDC. The process of redevelopment under the CWDC has been analysed and reviewed by other authors (Troy 2013, Hillier & Searle 1995, Searle 2005a, Searle & Byrne 2002, Sant & Jackson 1991).

The mandate given to CWDC was for "the sale of surplus government land and stimulation of private sector development" (Department of Planning NSW 1992, n.p.). It had significant land assembly, development and sale powers. The CWDC comprised an appointed group of professionals of varying backgrounds, managed by a board. While tasked with delivering a plan of development by the Department of Planning, it had a fair degree of autonomy and the boundaries between planning and development responsibilities became blurred.

It is important to recognise the influence of major developers in the redevelopment process. Lend Lease were able to extract considerable concessions for their up-market apartments at Jacksons Landing on the river front. Meriton constructed a large number of apartments in Ultimo which were criticised for their poor design and construction, and in turn defended as providing affordable housing. However in more considered vein and after some agitation, an affordable housing strategy was developed by City West Housing Pty Ltd (**CWH**) established by CWDC with seed funding of $50 million from the Better Cities Program and developer contributions. CWH became an effective vehicle for affordable housing and its operations were extended to

Green Square in 1998 and later throughout the City Of Sydney. Its 2013 Annual Report recorded 547 affordable dwellings provided, with another 200 expected in the next 18 months. CWH worked in partnership with UrbanGrowth NSW to provide 81 affordable dwellings in the North Eveleigh development. The main source of its operations income is from developers' contributions – $15.2 million of $23.5 million.

The Pyrmont-Ultimo experience also led to two instruments of state-wide importance in the regulation of development. One was the *State Environmental Planning Policy 65 – Design Quality of Residential Flat Development* of 2002 (**SEPP 65**). SEPP 65 seeks to ensure that new apartments are built to acceptable and recognised liveability and sustainability standards, but has been criticised by the development industry as being too prescriptive. The government introduced new rules in June 2015 which largely keep existing standards for home size, light and ventilation, while the controversial requirements for car space provision have been relaxed slightly. The changes do not go as far as a previous draft, however, which would have allowed developers to build apartments near rail stations without any off-street parking.

The other instrument was BASIX, an online tool for assessing new building or redevelopment against water and energy use, greenhouse gas emissions and insulation criteria. The genesis of BASIX was a list of requirements prepared by CWH as minimum standards for all their apartments. A BASIX clearance is required for every development over $50,000 in New South Wales.

UrbanGrowth NSW

When UrbanGrowth NSW was established in 2013, its Chairman promised that the new corporation would withdraw from retailing land in competition with the property industry. Its primary objective was described as "enabling a thriving private sector development industry to deliver homes, workplaces, facilities and places needed for NSW citizens to enjoy a high quality of life" (NSW Government, Premier & Cabinet 2013). It retained compulsory acquisition powers and was given strong enabling powers for the Minister of Planning or the Premier to intervene, to ensure coordination of state agencies and other public sector bodies in the corporation's projects.

It is of interest that under Section 6 of the Growth Centres Act (as amended), corporations can be governed by a Board of Directors or by the Chief Executive Officer. Rather than observe the previous practice of development corporations being governed by a Board of Directors, the enlarged UrbanGrowth NSW is directed by the CEO, subject to the control and direction of the Minister.

Since its establishment, UrbanGrowth NSW has expanded its role in partnership with local government and developers, now engaging in 'Major Urban Transformation Projects' such as:

- Central to Eveleigh Urban Transformation and Transport Program;
- Green Square Town Centre;
- Newcastle;
- Sydney Metro North West Urban Transformation Program;
- Parramatta North Urban Transformation Program;
- Parramatta Road Urban Transformation Program; and
- The Bays Precinct (UrbanGrowth NSW 2015).

UrbanGrowth NSW also engages in 'wholesale projects' providing housing supply opportunities. These include the Lachlan's Line project at Macquarie Park, where in partnership with Ryde Council it proposes to build 3000 apartments in The North Ryde Activation Project, as well as the Peninsula-Wentworth Point Project, involving 2300 apartments planned with Auburn Council.

It should be noted that not all of these projects fall under the Growth Centres Act, which would limit the powers available to UrbanGrowth NSW to implement their plans. This is in part a legacy of the different origins of the preceding organisations (Landcom and SMDA). While there are barriers to extending the spatial remit of the Growth Centres Act, the extent to which these powers will be used remains unclear.

Summary

The history of development corporations in New South Wales is a long one with conflicting intentions. Landcom was initially established to acquire, service and market low-priced land on the fringes of Sydney for suburban expansion. Its role as part of the land commission programme was to intervene and exercise control over land speculation as one of the driving forces shaping urban Australia at the time (Sandercock 1975). However it wasn't long before Landcom became directly engaged in speculative activity itself, as consecutive treasuries saw it as a source of revenue for state budgets. Landcom eventually became involved in redevelopments like Green Square and in developing commercial and industrial land property. This was regularised in 2002 with the corporatisation of Landcom as a state-owned statutory corporation, subsequently identified as a major agency in urban renewal in the 2005 Plan.

Development corporations first established under the Growth Centres Act aimed to aid in the economic development of regional areas as part of a federal population decentralisation programme, rather than to facilitate urban renewal. Subsequently, this organisation type was redirected to assist in reversing the decline of residential populations in inner areas of Sydney, and to stimulate private investment in land. In particular, the establishment of the CWDC in 1992 to develop Pyrmont-Ultimo marked a major turning point in urban renewal efforts in Sydney.

The last consolidation occurred in 2013 with UrbanGrowth NSW absorbing Landcom and the Sydney Metropolitan Development Agency, which had been the latest corporation to act in Redfern, Waterloo, Eveleigh and Granville. The establishment of some of these successor corporations represents attempts to re-energise renewal efforts by bringing new personnel, new ideas and new processes into play. UrbanGrowth NSW illustrates these impressions and has a much extended role in partnership with local councils and with the Department of Planning & Environment in operating new policy instruments such as the Urban Renewal SEPP. The formation of UrbanGrowth NSW thus appears to mark an expansion of activity in urban renewal, particularly in comprehensively developing the area from Central Station to the old Eveleigh railway workshops, in transforming Granville including its 'Auto Alley' and in renovating Parramatta as Sydney's second CBD. This is an important part of the 2014 Plan and western Sydney has also figured prominently in 2015-2016 budget spending. A recent newspaper report about revitalised stations surrounded by higher density renewal along the South-West rail-line has suggested these are new policy initiatives aimed at redeveloping underutilised land close to public transport corridors, as an extension of the previous focus on inner Sydney (*Sydney Morning Herald,* 27 July 2015, p. 3).

Development corporations operate outside the usual provisions of the environment and planning system (Searle 2005b), and have overriding and special enabling powers. This has sometimes provoked strong opposition from councils and community groups. Their role is to revitalise run-down areas with redundant uses, bringing new investment, businesses and residents through high density redevelopment. The locations where they operate are also important ones in contributing to the growth of the urban economy.

The scorecard of development corporations in achieving the goal of comprehensive renewal and urban transformation has been somewhat mixed, with the history of Pyrmont-Ultimo offering a telling example. The plan was meant to revitalise a run-down area with many redundant uses and failing infrastructure. In its reliance on private enterprise, developers were able to use land previously used for public housing and extract concessions and carry out development that was problematic both for up-market apartments and basic housing. It was only strong pressure for affordable housing and funding from the federal government that led to the establishment of the CWDC and the provision of some affordable housing. It was also only public concern and pressure that led to more suitable open space provision than that provided in the plan.

On the other hand the Pyrmont-Ultimo redevelopment has attracted new business uses. Furthermore, the experience in its redevelopment for higher-density housing has led to SEPP 65 setting standards for the construction of apartments, as well as BASIX regulating more sustainable use of energy and water in new and renovated dwellings.

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Use of and Reforms of the Planning System

Reforms to the planning system to bring more certainty, clarity and quicker results to development assessment and decision-making are frequent. Developers find frustration in dealing with the complexity of different jurisdictions applying different processes and definitions. There is also constant pressure both from developers and from within government to reform the process, and a fear on the part of governments that investment may be discouraged as a result of 'red tape' in the system (Department of Planning 2013b). This issue is particularly relevant to higher density urban renewal, given both its comparative complexity compared with greenfields development and the importance the state government places on it.

In a review of thirty years of environmental planning in NSW, Gurran (2011, p.143) describes the last decade as:

> a tumultuous time of change, in many ways stripping back some of the more progressive environmental policies of the 1990s to facilitate development in the wider context of neoliberalism and national regulatory reform.

The primary piece of legislation governing land planning is the *Environmental Planning and Assessment Act* of 1979 (**the 1979 Act**). This Act has been subject to repeated reform efforts over the past three decades – some successful, some aborted – which speak to the complexity and controversy associated with introducing and implementing compact city policies in NSW.

Planning reforms

Important reforms were brought about by the *Environmental Planning and Assessment (Infrastructure and other Planning Reform) Act* of 2005, the then Minister commenting that there was no doubt it dramatically improved the climate in which to do business in NSW. Part 3A made the Minister of Planning the approval authority for projects meeting certain criteria defined in a special *State Environmental Planning Policy (Major Development)* of 2005 and deemed to be of state significance. These definitions included residential developments of more than $100 million in capital value. The Minister's decisions were not bound by the environmental assessment requirements of Parts 4 and 5 of the 1979 Act, and if any approval contravened existing planning controls they were later amended to comply. The 2005 Act also introduced provisions to standardise environmental planning instruments. In 2006 the Standard Instrument was gazetted as a result, providing a template for Local Environmental Plans which mandated the use of standardised definitions, zones and key provisions.

In 2006 the *Environmental Planning and Assessment Amendment Act* empowered the Minister to appoint planning assessment panels to exercise the planning functions of councils if deemed necessary or if the council agreed. In 2008 the *Environmental Planning and Assessment Amendment Act* established a Planning Assessment Commission to decide upon Part 3A projects delegated by the Minister.

The exercise of Part 3A powers by the Minister caused great controversy. Under the provisions 138 applications were made in 2009-2010, of which 125 were approved: 66 determined by the Minister, 16 by the Planning Assessment Commission and the remainder by the Department of Planning (Gurran 2011, p.188). The Coalition promised to repeal Part 3A and did so after its election to government in 2011.

The incoming government launched its own major proposal for reform, in an exhaustive process starting with a Green Paper for discussion in July 2012, followed by a White Paper setting out proposals in April 2013. It was supported by the Planning Institute of Australia (NSW Division). A key change involved the introduction of a process to ensure adequate consultation in the preparation of a long-term strategy for local areas, but to subsequently remove the right to object to development applications deemed to comply with that approved strategy. This provided a streamlined fast track process called 'code assessable development', which estimates suggested would have raised development application approval rates under the codes to about 80 per cent (Thomas 2013). There was strong opposition from citizens and community groups, especially about the proposals for complying and code development for apartments.

Provision was made in the 2014 budget for $20.9 million to implement the proposed new planning system. The *Planning Bill 2013* and *Planning Administration Bill 2013* passed the lower house of the NSW Parliament in October 2013 and were sent to the upper house for concurrence. The upper house passed the Bill but made 51 amendments, including removing the code assessable development track. This occurred on 28 November, the second-last day of sitting before the long summer recess, effectively stalling the reforms.

On 23 April 2014 Mike Baird was sworn in as the new Premier, with Pru Goward as the new Planning Minister. The decision was made not to proceed with the legislation, and the bills lapsed. Another new Planning Minister, Rob Stokes, was appointed in April 2015 after the state election. Stokes has recently stated that he is looking to revive the proposed legislative changes, subject to amendments that are yet to be announced. The Property Council has meanwhile continued its long campaign for the planning system to be reformed to provide certainty, speed and simplicity.

Planning Gain Measures

Planning gain measures (or bonuses on normal controls) can be negotiated under *The Environmental Planning and Assessment Amendment (Development Contributions) Act* 2005*.* This established a regulatory framework for voluntary planning agreements between local councils and developers. Under these arrangements, any value uplift resulting from upzonings or liberalised development controls can be shared by local councils and developers through the provision of an agreed component of affordable housing. For example, a higher floor space ratio than normal could be granted for a development that included a specified number of affordable housing units.

There are only one or two councils that have used these so-called 'density bonuses'. These include site specific mechanisms used in the City of Sydney, mainly for affordable housing. These could also be viewed more as a value-sharing mechanism.

Local Environmental Plans

Reflecting long-standing practice in local planning, local environment plans apply zoning measures to shape growth and change by specifying the acceptable uses for land in each zone, as well as the intensity of development. Accordingly one of the main measures for implementing the 2005 Plan is to ensure "that the outcomes of local plans reflect the spatial structure and housing and employment land targets for their subregion" (p. 256). Action G1.2.1 on the same page specifies that the Minister of Planning will issue directions to enforce this, which has been achieved by issuing Direction 7.1 under section 117(2) of the 1979 Act. The section also enables the Minister to issue directions on how policy issues are to be addressed in local environmental plans, and a number of these have since been handed down.

Action G1.2.2 of the 2005 Plan specifies that the Department of Planning will finalise a template for local environmental plans that will provide standardised zones and common development standards. As has been noted previously, this was later done and was called the 'Standard Instrument'. The application of these provisions is best examined at a local level, and is therefore outside the scope of this paper.

Strata renewal reforms

Running in parallel with the planning legislation reform efforts has been an ongoing attempt to reform strata legislation to facilitate urban renewal. The current legislation requires all strata owners to agree for a scheme to be terminated. This is a barrier to redeveloping older schemes to higher densities, for which there is increasing market demand. The Property Council of Australia has been campaigning for over a decade for this to be changed to allow termination where 75 per cent of owners agree. The NSW parliament recently passed legislation to enable this change, which is due to come into effect in July 2016.

Summary

Strains exist in the planning and development system at large, between the drive for new investment and development by the private sector and government on the one hand, and the controls that local councils and communities wish to exercise on the other. There is a continuing tension between developers who want certainty and speed in decision-making, and local communities who wish to exercise third party objections about both the substance and detail of many development applications.

Reforms to make the planning, development assessment and decision-making process more transparent, certain and timely have been introduced several times in New South Wales. One change has been the introduction of the Standard Instrument, the template of standardised zones and common definition of development standards. The use of the Standard Instrument in enabling upzoning to accommodate the ambitions of the Plans makes the planning system's role in assessing and controlling development crucial.

Planning assessment panels have been introduced to exercise the planning and development control functions of councils and are believed to operate in about a quarter of them. The *Planning Bill 2013* provided for extensive consultation in the preparation of a long-term strategic plan for councils, but then legislated fast tracked code assessable development complying with the zones and standards of the strategy. This was particularly relevant for urban renewal, in that higher density development such as apartments and flats would fall into this complying category.

There was much opposition to this possibility, including vigorous lobbying against it by voters in the seats of the north shore, forming a Liberal heartland. The provision was deleted by the upper house. While it remains to be seen whether the reforms can be passed on a second attempt, the response from community members on both sides of politics highlights the ongoing challenges of putting compact city policies into practice.

Commentary on Higher Density Urban Renewal Policy

In order to analyse the changing political economy driving the design and operation of higher density urban renewal policy, this short review considers three key themes: the move from use to exchange value and its impacts; the strengthening of the executive power of the state government; and the interaction of government with lobbying groups, corporations and citizenry.

The shift from use value towards exchange value and its impacts

The drive to redevelop existing urban areas to higher densities displaces existing uses and activities. Together with the use of unimproved capital value in valuing and rating land, upzoning to promote renewal ensures that both potential and completed renewal areas command high prices.

Consequently the issue of affordable housing in such renewed areas inexorably arises. Housing affordability is shaped by a number of factors, including the well-documented disparity in income growth between high and low income earners in recent years. But house prices have risen much more in areas which have been redeveloped to higher densities or have the potential to do so. Ensuring affordable housing in renewal areas is therefore particularly important, especially for residents who may have been displaced in the process.

A number of measures have tried to address the issue of the affordability of housing in higher density renewal. As has been seen, the lack of affordable housing was an issue in the Pyrmont-Ultimo renewal, ultimately leading to City West Housing being established. The subsequent extension of CWH's operations to Green Square and the City of Sydney has facilitated the provision of a number of affordable units. Providing more affordable housing is now a key component in the City of Sydney's housing strategy, including the use of Planning Agreements. In addition, the *State Environmental Planning Policy (Affordable Rental Housing)* was introduced in 2009, with the aim of increasing the supply and diversity of affordable and rental housing. Essentially it empowers councils to specify a proportion of affordable housing in a proposed development, or to collect developer contributions in lieu where affordable housing is likely to be removed.

Despite these well-meant efforts, the changing pattern of land values and property prices in Sydney has negatively affected the distribution of socio-spatial disadvantage, creating new geographies of under-privilege. Recent research by City Futures team members has investigated these issues over the period from 1981 to 2011 (Randolph & Tice 2014; Pawson & Herath 2015), finding that disadvantaged areas have increased, become more concentrated, and shown a marked change in their location. The previous concentrations in the inner suburbs in the 1980s have been displaced to middle and outer suburbs, reducing their access to areas with reasonable employment possibilities and excellent services. As Randolph and Tice (2014) noted, these trends were closely associated with the widening gap between the richest and poorest households in the city.

There are several reasons for this changing geography, but the vigorous prosecution of the compact city and the introduction of higher density urban renewal policies are important contributors.

Strengthening of the executive power of the state government

In general ministers have assumed and exercised more power over development proposals in order to attract investment, new business and jobs. The most sinister example is the granting of mining exploration licences in the previous Labor state government, which the Independent Commission Against Corruption later found involved corrupt conduct by a senior minister. Meanwhile, legitimate increases in executive power have occurred under both Labor and Coalition governments. In 2005 the Labor government inserted Section 3A into the 1979 Act to enable the Minister to determine major projects outside the normal planning process. While there was no evidence of corruption in the exercise of this provision, its widespread use caused outrage and led to its partial repeal in 2011.

The amended legislation still retains the concept of State Significant Development. But there are narrower criteria for its definition, and Ministerial determination powers are delegated to the Planning Assessment

Commission and departmental officers. Applicable environmental planning instruments must again be considered in the assessment process. Many development proposals of more than $10 million still require the concurrence or approval of the Minister, as demonstrated in Appendix 3, which shows the miscellany of plans, policies, authorities and decision-making processes governing development in the City of Sydney.

For example, the Barangaroo Delivery Authority was established in 2009 to oversee a fascinating arena where different planning and development proposals have competed over time, and the original concepts have been drastically altered by the interplay of government and corporate interests (*The Guardian Australia, 30 September 2015,* online). Indications of such wrangling can be seen in the recent announcement of a Barangaroo station under the rapid transit train proposal, which arrived belatedly at the time of the June 2015 state budget.

This shift towards greater executive power is also evident in the way both Labor and Coalition governments have increased the use of development corporations, together with strengthened supervision of their operations by the appropriate minister. As has been seen, UrbanGrowth NSW does not have a board of directors and the CEO is directly responsible to the Minister of Planning. It also has powers to call on the Minister, or the Premier if necessary, to bring essential cooperation and collaboration among state agencies. Likewise, Infrastructure NSW is also subject to direction by the Premier concerning state strategic priorities, and has recently updated its original Infrastructure Strategy to take account of such directions.

The influence of powerful lobbying groups and corporations

The state government is always quite properly engaged in discussions and negotiations with developers about major projects. In the drive for economic development and investment, together with the strengthening of the executive powers of governments, such understandings can be crucial in bringing about agreement concerning specialised developments. The history of Barangaroo is a clear example of this.

To safeguard the integrity of such processes, members of parliament are forbidden from accepting donations from property developers. The current government suffered some embarrassment when it emerged that several Liberal members of parliament had done so, forcing the resignation of a senior minister. At the local level, controversy arose in August 2015 about local councillors partaking in planning decisions in which they had an interest. The *Sydney Morning Herald* ran an editorial titled 'Developer influence on councils requires restraint' (25 August 2015, p. 14), supporting the Minister for Local Government's decision to change the legislation to prevent councillors from voting on matters in which they hold a pecuniary interest.

Individual discussions with developers are difficult for the public to decipher. More prominent in the public eye are developer bodies such as the Property Council of Australia and the Urban Taskforce. It has already been noted how influential the Property Council of Australia was in bringing about the 2005 Plan, including many of its provisions. It has continued to comment and advocate on urban matters in both populist and technical publications. For example, it has monitored the targets for additional dwellings set in the 2005 and 2010 Plans in its *Missing the Mark* report, published in 2014. In 2009 it released a publication on urban renewal which advocated the preparation of an Environmental Planning Policy; such a policy was introduced a year later. While this may be the Property Council anticipating what it knows is in the wind, it still betokens a close relationship between the formation of government policy and the Council's agenda.

In similar vein the Urban Taskforce was established in 1999 when a number of property developers and equity property financiers decided their specialist interests needed a representational body. Its advocacy of these interests is strong, involving seminars, lunches and dinners where ministers, MPs, government officials and industry leaders are invited to discuss issues with Taskforce members. It does not support any political party, and has adopted a strict code of conduct.

These organisations show the development of specialist associations in the broad spectrum of the development industry and the strength of their influence. Yet while these strong representations of sectional interests can be influential, the normal democratic processes can also continue to work. This was

exemplified in the rejection of the *Planning Bill 2013*, in part because of the fierce opposition of constituents to the complying provisions for higher density development in the legislation.

Conclusion

Many of the policies developed to bring a more compact form to Sydney have been opportunistic, particularly those concerned with the formulation and operation of measures to encourage higher density urban renewal. Where they have tried to be long-term or systemic they have suffered in their implementation from a lack of realism about urban conditions or a lack of consistency of political commitment. Progress has been patchy, and aspiration often compromised in outcome.

In the new political economy of the compact city this reflects the changing currents, dynamics and interaction of ideology, methodology, and impact upon local communities. The configurations and connections of power have changed and continue to morph and evolve. These dynamics are now entering a new phase, with three initiatives occurring in a few days in mid-September 2015. The first was the scrapping of the previous Premier's portmanteau state action plan, with 321 performance measures reduced to 30 grouped in 12 state priorities. The priority areas included building infrastructure (comprising the major public transport and road construction projects in the state budget) and faster housing approvals to help increase housing supply. One performance measure was to halve the time taken to assess planning applications for state significant development. An implementation unit is to be established in the Department of Premier and Cabinet.

The second initiative was to announce the structure and role of the Greater Sydney Commission, for which legislation has recently been passed by the NSW Parliament. The Commission is to consist of 13 members comprising a Chair, Economic, Environmental and Social Commissioners, 6 District Commissioners nominated by councils, and the heads of the departments of Planning, Transport and Treasury. Its responsibilities include developing and overseeing the city's housing and jobs targets, conducting regular reviews of council LEPs, and acting as the decision maker on rezoning proposals currently undertaken by the Minister. Advertisements have already appeared for the commissioners who are not appointed. This body is a new player in the field of state governance, and it will be fascinating to see how it functions.

The third initiative was the election by the Liberal Party on 14 September of Malcolm Turnbull as Party Leader, making him Prime Minister of Australia instead of Tony Abbott. His new ministry includes a Minister for Cities and the Built Environment. The Prime Minister has gone out of his way to identify the cities as the major engines of economic growth, innovation and change and to stress the importance of urban connectivity, liveability and 'greenness'.

Looking further into the future, there is also the question of how the push towards bigger amalgamated local councils might affect the implementation of compact city policies. It will take time to see how these new players and approaches play out. While all of these recent initiatives suggest a new push towards more strategic implementation of higher density urban renewal policies, the impediments to implementation remain significant, as the underlying political economy of the compact city will undoubtedly continue to evolve.

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Appendix 1: Timeline of main themes and events in urban renewal policy

|	Premier	Planning Minister	Planning Reforms	Key Budget Changes	Infrastructure & Transport Strategies	Strategic Plans	Creation of Development Corporations	
LABOR	Morris Iemma	Frank Sartor	EP&A Amendment (Infrastructure & Other Planning Reform) Act / State Planning Policy (Major Development)			City of Cities		2005
			EP&A Amendment Act	Allocations for 2005 Plan	Infrastructure Strategy / Urban Transport Statement			2006
	☆ Election							2007
	Nathan Rees	Kristina Keneally	EP&A Amendment Act	GFC Mini Budget				2008
		Tony Kelly	SEPP (Affordable Rental Housing)				Barangaroo Delivery Authority	2009
	Kristina Keneally				Metro Transport Plan: Connecting the City of Cities	Metro Plan for Sydney 2036	Sydney Metro Development Authority	2010
	☆ Election							
COALITION	Barry O'Farrell	Brad Hazzard	EP&A Amendment (Part 3A Repeal) Act					2011
			Green Paper on Planning Reform		Long Term Transport-Master Plan / Sydney's Rail Future / State Infrastructure Strategy		UrbanGrowth NSW	2012
			White Paper on Planning Reform / Planning Bill & Planning Admin Bill					2013
	Mike Baird	Pru Goward	Planning reform bills lapse		Rebuilding NSW: State Infrastructure Strategy / State Infrastructure Strategy Update	Plan for Growing Sydney		2014
	☆ Election	Rob Stokes		$20B as per *SISU 2014*				2015

Appendix 2: Forecast population density change in the Sydney metropolitan area 2011-2031
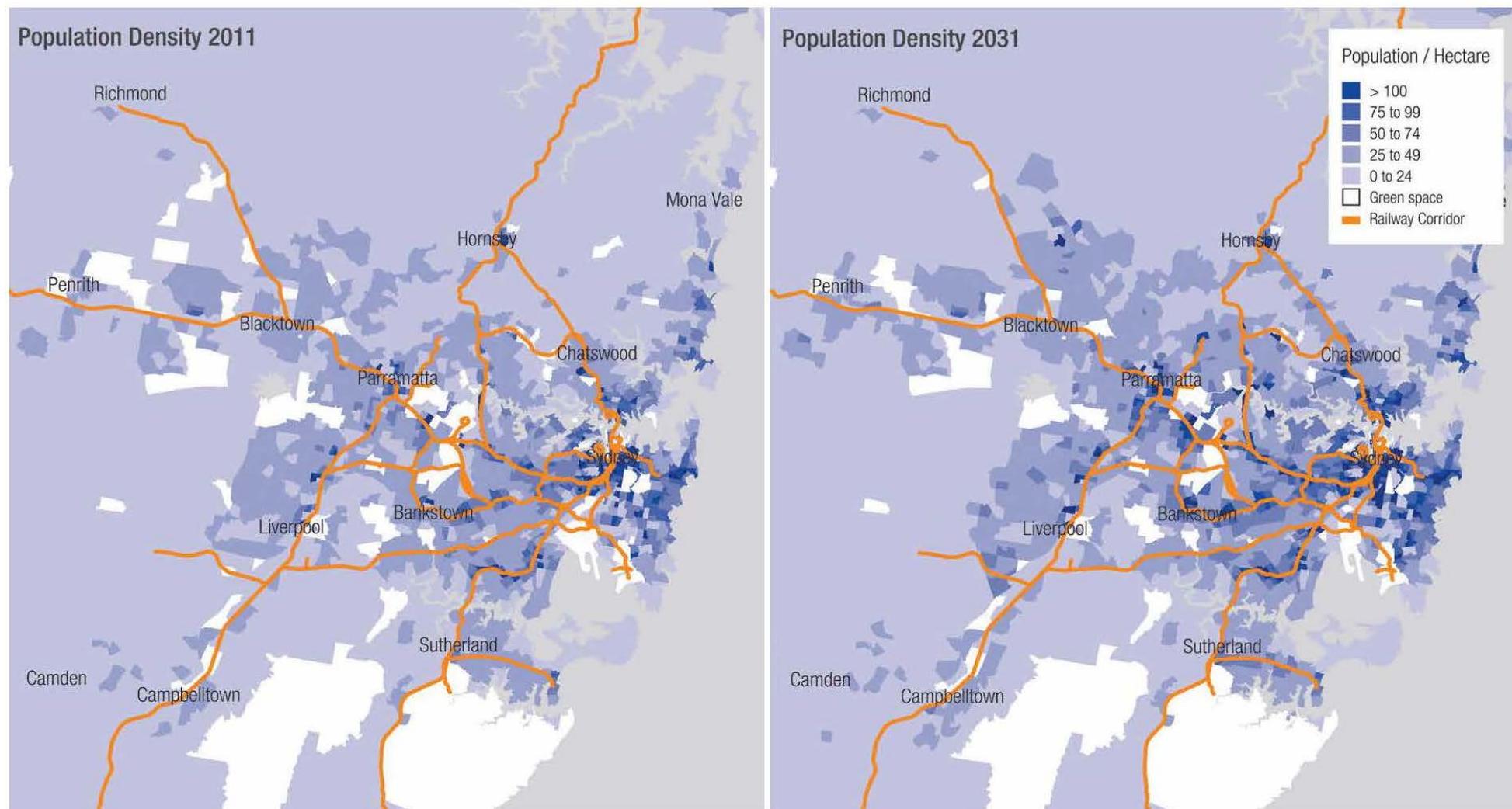
Source: 2014 Infrastructure Strategy Update (Infrastructure NSW 2014, p.29)

Appendix 3: Planning controls map – City of Sydney
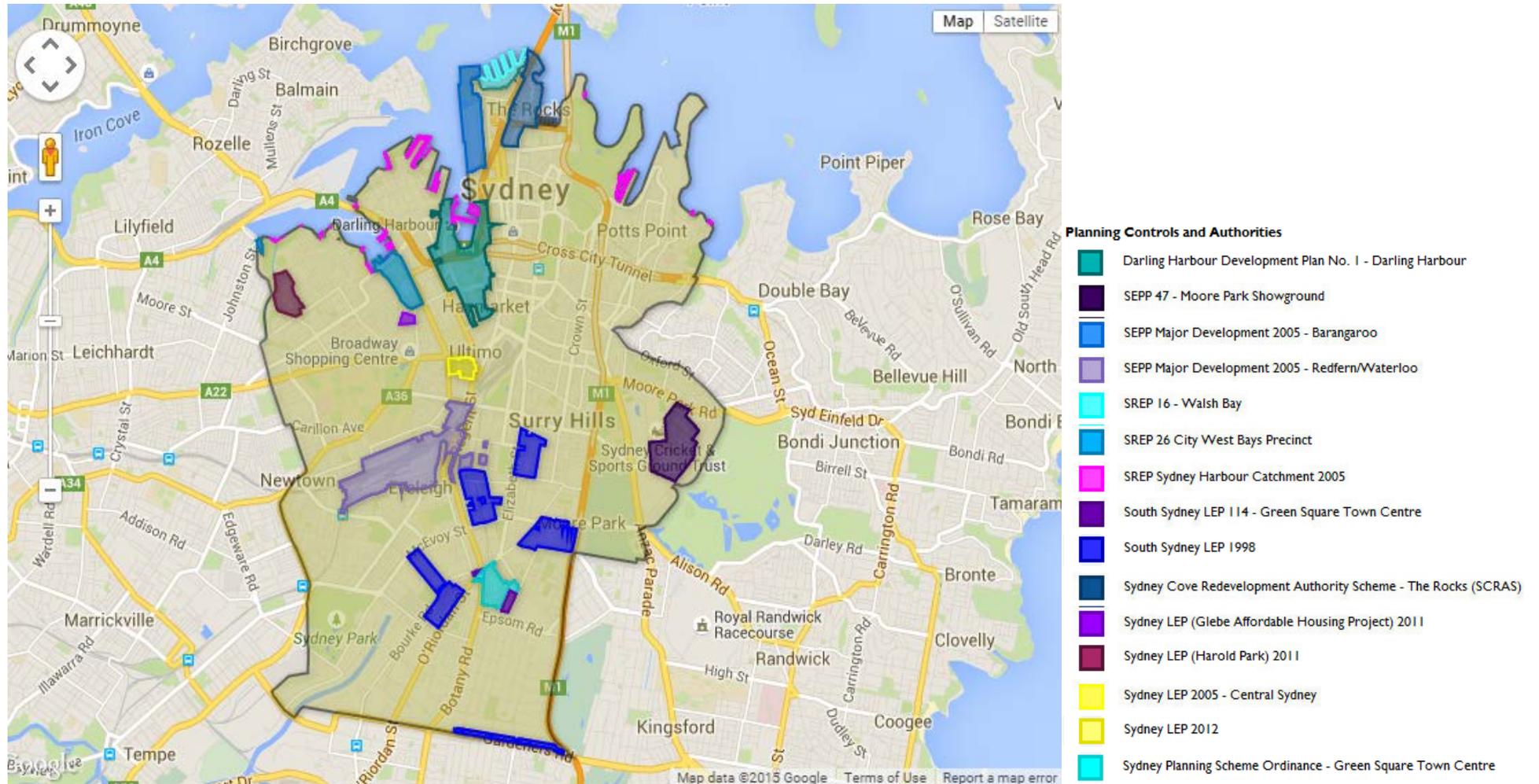
Source: City of Sydney (2015), *Planning controls map.* Available at: http://www.cityofsydney.nsw.gov.au/development/planning-controls/planning-controls-map