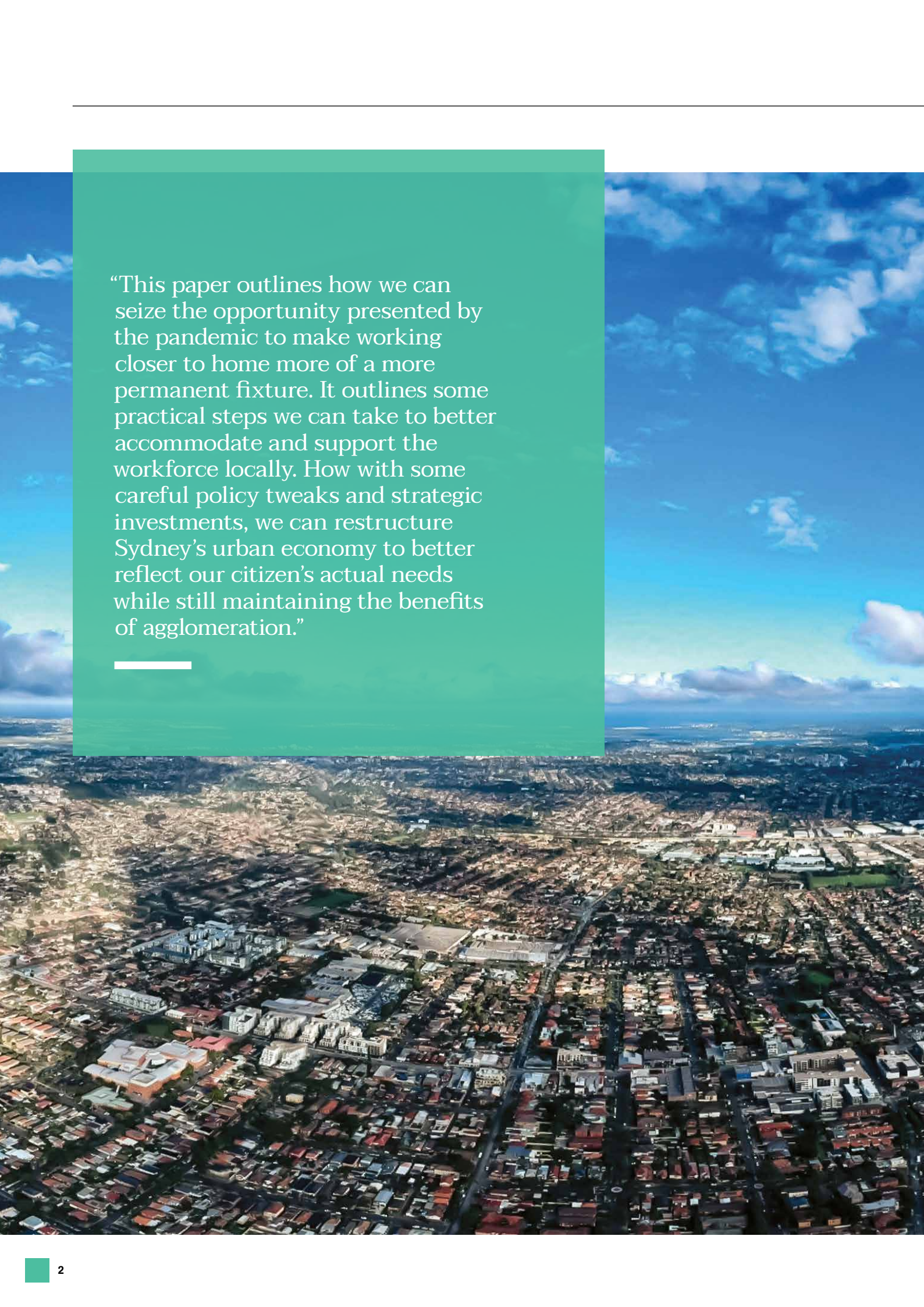




**BUSINESS
WESTERN
SYDNEY**


Closer to Home

—
Unlocking the hybrid
workplace in
Western Sydney

An aerial photograph of a city, likely Sydney, showing a dense urban landscape with numerous buildings, roads, and green spaces. The city is viewed from a high angle, looking down towards the horizon. A large, semi-transparent green rectangular box is overlaid on the left side of the image, containing white text. The sky is blue with scattered white clouds.

“This paper outlines how we can seize the opportunity presented by the pandemic to make working closer to home more of a more permanent fixture. It outlines some practical steps we can take to better accommodate and support the workforce locally. How with some careful policy tweaks and strategic investments, we can restructure Sydney’s urban economy to better reflect our citizen’s actual needs while still maintaining the benefits of agglomeration.”

—



Cities have a remarkable ability to respond to existential threats. The Great Fire of London started in a bakery in Pudding Lane in 1666 and destroyed almost 90% of the houses and effectively gutted the City. The cholera outbreaks in 1800s New York killed thousands of the City's poor migrant citizens.

It is true that these cities got back on their feet strongly and quickly, but they also rebuilt differently. In London some streets were widened and houses were rebuilt in brick and stone. In New York the Metropolitan Board of Health was established and one of the world's largest public works projects, the sewage system, was built. The question with the current pandemic is how can we rebuild better?

It is a truism that Sydney is one of the world's most liveable cities. Yet we should acknowledge that our City has one fundamental flaw, which means not everything about our Emerald city is perfect. We have developed a wonderful jobs machine in the Harbour City and a relentless housing machine in the City's West. Our constrained Sydney CBD is small, dense and outrageously expensive in terms of office rents. And the jobs-housing imbalance has led to long commutes and unaffordable housing. If we do not act, we will lose our talented citizens to Melbourne or Brisbane.

What if the radically changed work habits that we have developed during the pandemic could continue, even when a vaccine allows us to resume life as normal? Could this be the opportunity to revive our tired city centres in Western Sydney and finally create the 30-minute or even the 15-minute City?

We believe that with the right policies, we can create jobs closer to home and improve both productivity and quality of life.

This paper outlines how we can seize the opportunity presented by the pandemic, to make working closer to home more of a more permanent fixture. It outlines some practical steps we can take to better accommodate and support the workforce locally. How with some careful policy tweaks and strategic investments, we can restructure Sydney's urban economy to better reflect our citizen's actual needs while still maintaining the benefits of agglomeration.

Importantly this paper outlines how we can address some of the long unresolved problems that have undermined Sydney's social, environmental, and economic performance. How we can reduce much of our City's productivity and lifestyle destroying congestion by building a 15-minute metropolis. And finally, how we can tackle the issue of housing affordability and create a more inclusive urban economy.



DAVID BORGER

Executive Director
Business Western Sydney

CONTENTS

Executive Summary	5
A tale of two cities: the geography of jobs in Sydney	7
– Disparity of distance	8
– Pivot to the hybrid week	9
– What's holding us back?	10
Business and the new way of work	14
Calculating the benefits to Western Sydney	15
City Centre renewal	16
A grand partnership: building a hybrid economy, BID by BID	18
Local Government: rolling out the red carpet... not red tape	20
Creating balanced retail	21
London Calling: how a balanced City can boost rich and poor alike	22
Recommendations	23
References	24



Executive Summary

Just over a year ago in March 2020, the Federal and State Government made the difficult decision to shut down many parts of the economy to prevent the spread of COVID-19. This shutdown ended one of the longest periods of continuous economic expansion, not only in our history but of any nation in the world. For a staggering 29 years, Australia's economy grew by an average of 3.2% pa. Even more impressively, Sydney's economy has expanded continuously since 1980 at a rate mostly higher than the national average.

Sydney's four-decade-long growth came through service industries – like finance, education and tourism. These sectors have grown relatively faster than traditional Australian industries, like agriculture, manufacturing, and mining. Being more jobs intensive, these service industries have been the main generator of new employment. Services now comprise more than 70% of Greater Sydney's economy and employ eight in every ten Sydneysiders.

For over 40 years, these service industries have increasingly 'clustered' in our CBD. Or they have grown around nodes such as the health and education precincts at Camperdown, St Leonards and Randwick or the media and IT hubs of Pyrmont, North Sydney and Macquarie Park.

This "clustering", what economists call agglomeration, is a key driver of both our urban productivity and economic growth. It's why cities like Sydney have been so successful in attracting talent. It's why Sydney grew faster and for longer than the nation.

Unfortunately, most of this agglomeration has been occurring in centres in the Eastern City, aggravating Sydney's long-held structural imbalance between where people work and where they live. In the decade to 2018, half of all new jobs in NSW were created within just two kilometres of Sydney's CBD (Grattan Institute, 2018). During the same period, most of the new housing was built in outer suburban areas.

At the same time as the services industry has boomed in Sydney's east, industry sectors which Western Sydney once had a competitive advantage in, such as manufacturing, have declined. People in Western Sydney are still gaining employment; it is just that they increasingly have to leave the region to do so.

This imbalance is one of the greatest challenges in planning Sydney. Resolving it lies at the heart of successive metropolitan planning strategies. Governments over the decades have pledged to fix it.

"Every day a staggering 200,000 people leave Western Sydney just to go to work, and this number is growing."

Responding to Western Sydney's job deficit has been the principal objective of Business Western Sydney since its founding eight years ago.

The COVID pandemic response offers a real opportunity to reverse this situation. Workers and employers have now experienced what working closer to home can deliver for work-life balance, productivity, and the economy. The 2020 NSW Innovation and Productivity Council report delves into many of these issues too.

WHY A DIVIDED SYDNEY FAILS US ALL?

A divided city undermines our urban productivity. It costs a fortune to move so many people back and forth across the Sydney basin. The billions spent on WestConnex and Sydney Metro are just the latest iteration of this. Even with this massive investment, we are struggling to meet demand, and the capacity of our city's transport corridors are stretched to breaking point. Too many of us are stuck sitting in traffic or sweltering on an overcrowded train or bus. Western Sydney is Australia's capital of the long commute.

This congestion impacts all parts of our economy. Those for whom mobility is essential – essential workers, tradies, logistics, freight – are stuck in the same traffic that commuters are. Our city's vital supply chains, the movement of goods and services, are being strangled by congestion. This is a serious and costly drag on economic activity.

It's not just our economy which suffers, it also costs the individual. Losing an hour or two each day to commuting is expensive. Wear and tear on your car, fuel, OPAL fares, tolls, all a cost. This burden is falling heaviest on families in Sydney's West. There is also a terrible cost in lost time - time with family, friends, community, or even time at work! Our unbalanced metropolis is not as productive as it could be, because too many of us are sitting in traffic.

This imbalance is also distorting our housing market and undermining affordability. As people try and avoid a long commute, they have sought housing closer to the employment centres or proximate to transport nodes like train stations. This drives up demand in certain neighbourhoods which gets reflected in house prices, displacing poorer families to less accessible neighbourhoods, stratifying our City spatially. It's not only housing which becomes expensive. The clustering of so many

workers in just a few precincts has driven commercial rents through the roof. The Sydney CBD now has one of the most expensive office markets in the world.

Perhaps the greatest economic cost is the discouragement of talented people out of the workforce. When confronted with the cost-benefits analysis of an hour plus commute for a job in the east or no job at all, too many choose the latter. Nothing demonstrates this more clearly than in the female participation rate. Families in Western Sydney are often presented with a diabolic choice, one that families in other parts of Sydney are less likely to face. Can both parents commute to work and be sure at least one of them can get home in time to get the kids from childcare?

When faced with this uncertainty, an increasing number of women choose to either take a less well paying or part-time job closer to home or to leave the workforce altogether. Academics call this a "spatial leash". Apart from the personal cost for the families involved, this "leash" is a dreadful waste of human potential and is grossly unfair.

There are significant environmental and pollution impacts through excessive travel. Our citizen's health, both mental and physical, is suffering. Social cohesiveness is undermined, and the list goes on. Each year some 27,000 Sydneysiders give up and leave Sydney for good seeking a better life in regional cities or with competitor capital cities; Brisbane and Melbourne. It need not be like this.



A tale of two cities: the geography of jobs in Sydney

By most metrics, Greater Sydney is an outstanding success. Our metropolis is regularly listed as one of the most liveable cities globally, and we have long been a major driver of Australia's wealth, contributing almost 25% to our nation's GDP. Our beaches and harbour, icons like the Harbour Bridge and Opera House, are the images we portray to an envious world in a sparkle of fireworks.

However scratch a little below the surface or step a few kilometres inland from the glistening beaches and harbour, and a different Sydney emerges. Our housing market is one the world's least affordable, with many Sydneysiders locked out of homeownership. For all our City's wealth, it is not fairly shared, with Sydney being the most unequal region in Australia. Our City's roads seem to be in a perpetual traffic jam and our trains and buses overcrowded. Sydney has the longest average commute time of any Australian city, sitting at 71.1 minutes (HILDA, 2020). There are many knock-on effects of such a large commute, including the reduction of workforce participation rates across Sydney. South-West Sydney now has the lowest female participation in Australia.

While every City can list good and bad things about them, in Sydney's case most of our urban challenges are principally caused by the same thing - the unfair spatial distribution of employment across the metropolis. Greater Western Sydney, where almost half of us live, has only 33% of the jobs meaning some 200,000 people a day must endure a long and costly commute (O'Neill, 2020). Without intervention, this will grow to more than 400,000 in just a few years (O'Neill, 2020).

The pandemic has temporarily reduced this divide as many of us were forced to work from home to stay safe. This has meant that for the first time in years, the structural imbalance which has undermined urban life and civic society has, at least temporarily, ended. Nearly half of the 200,000 people who leave Western Sydney each day are now working local.



Figure 1, shows how many workers had to leave their Western Sydney local government area just to get to work before the COVID pandemic. Some LGAs saw between 10 to 20% of their workforce commuting to the Sydney CBD daily. Places like Cumberland saw up to three-quarters (76%) of workers travel to other parts of Sydney for their job. Even Parramatta, with its expanding CBD had over two-thirds (71%) of workers travel elsewhere. Keeping these workers in their local area during COVID has resulted in more temporary local employment growth since the pandemic started, than is projected over the next ten years! For all its challenges, there is a new, pandemic induced, economic structure that will benefit Western Sydney.

	Total workers	Workers who travelled to their job		
		Within LGA	Elsewhere in Sydney	Sydney CBD
Canterbury-Bankstown	130537	30%	69%	20%
Parramatta	102360	28%	71%	18%
Cumberland	82615	24%	76%	15%
The Hills Shire	76912	32%	67%	13%
Campbelltown	65736	36%	63%	11%
Blacktown	145124	32%	67%	11%
Liverpool	79792	32%	67%	10%
Fairfield	68503	32%	68%	10%
Camden	37883	31%	67%	7%
Blue Mountains	33947	45%	53%	7%
Penrith	89869	41%	59%	7%
Wollondilly	22208	29%	63%	4%
Hawkesbury	30117	47%	52%	3%

FIGURE 1: The breakdown of location of place of employment for residents of these Western Sydney Councils. This highlights the number of workers who must routinely leave their local areas and head East for work. (Source: 2016 Census of Population and Housing)

Disparity of distance

Analysis both for this report and in the past has shown the dramatic difference that gender has on distance commuted. Women will travel less than men for work, often sacrificing years of training and education for jobs *closer to home* to better support a young family. It affects their ability to progress, earn and grow in a prosperous career. We can see this data reflected in the figure below and is typical of commuting across Western Sydney. Gender roles in relation to work are perpetuated by commuting, with consequences for how individuals can be part of their family and the local community when long commutes curtail time away from work. We have a real chance to recoup women’s lost productivity gains and increase community connections.

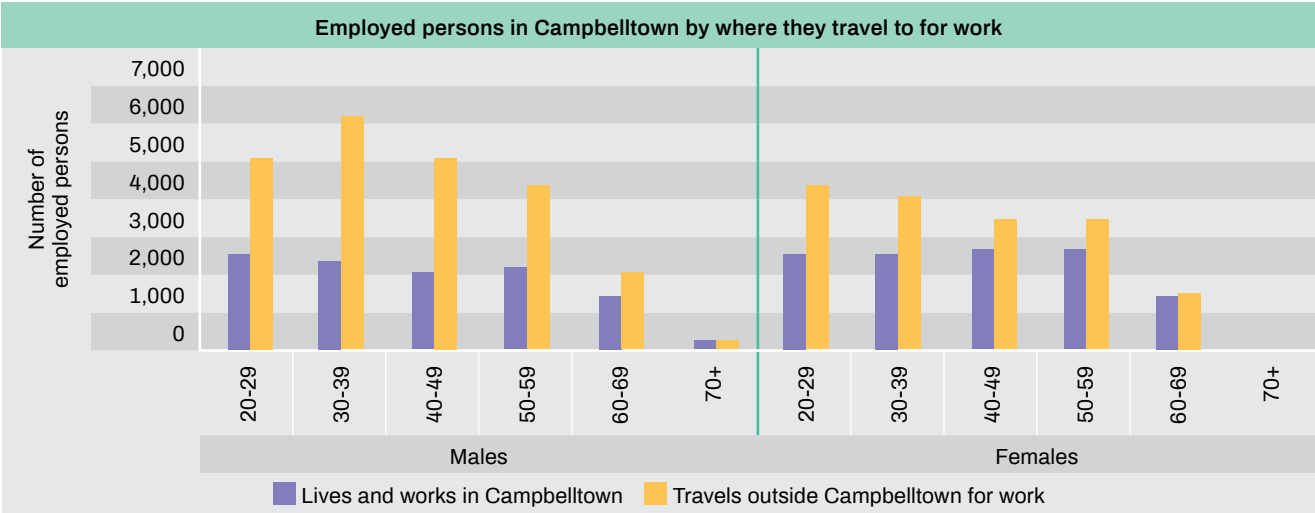


FIGURE 2: The number of employed persons by age, gender and whether their work or is in the LGA or not. This highlights the difference in distance travelled by gender and age. (Source: 2016 Census of Population and Housing)

There are also significant costs in driving these massive distances. Figure 3 shows basic commuting costs for those who drive to work from Western Sydney councils, excluding tolls and parking which would see even higher costs. There's also the untold human cost of the time wasted commuting. Low participation by women, who are highly qualified, means we see many people giving up high paying knowledge jobs in the hopes of being closer to home and family.



FIGURE 3: Estimated cost of commuting excluding tolls and parking. Notes: Calculated based on journey-to-work data and average commute distances. (Source: Estimates prepared by Astrolabe Group based on 2016 Census of Population and Housing data and costs estimates from www.racv.com.au)

Realistically many of us cannot work from home forever. Many of us miss the company of colleagues, proximity to the boss, and the new ideas we get from our networks. Video streaming is great, but it can't replicate the benefits of proximity when we need to talk to people. Without some intervention, when the pandemic is over, many, if not most, will be forced back into the daily commute to resume face to face interactions.

Pivot to the hybrid week

As companies and government agencies have adapted to the realities of the pandemic, there has been a lot of experimentation occurring. Different strategies have been trialled, such as staggered start times, split shifts, remote working, satellite offices and so on. Companies are also having to rethink management and HR practices because 'presenteeism' is no longer a proxy for output or productivity. New technologies and IT platforms have been fast tracked so we can stay productive, while also staying safe.

While each organisation is finding their own way towards a 'new normal', there are some common trends and issues on which most agree. Firstly, this is

not just a temporary disruption, after which we all snapback from. This is going to take time, and we may never return to the old business as usual. The 'old normal' wasn't that flash anyway.

Secondly, employees have discovered a new level of autonomy, one which they will be loath to give up. Working from home, while not perfect, suits a lot of people, where the commute to a distant office does not. Also, those for whom working remotely is not an option are liking the reduced congestion on our roads and the availability of a seat on public transport.

What's holding us back?

Much of our existing infrastructure is no longer fit-for-purpose. Many companies are questioning the eye-watering cost of paying for so much space in a high-rise CBD office building. They might still need a presence in the CBD, but do they need all 15 floors? Similarly, the radial transport network in which all roads (buses, trains, and ferries) lead to the CBD is no longer suitable for our more distributed workforce. New corridors and local transport options are now more critical. Things like the second stage of the Parramatta Light Rail, Liverpool's FAST corridor and the all-important West Metro. These projects will help to reinforce the new localism and deliver a 15-Minute City.

Finally, while working from home has proven easy for many, it is not without problems. Our IT and telecommunications system are not always secure and reliable. During the peak of the pandemic, we saw unprecedented demands on bandwidth, demanding more speed and more usage as people were at home all day, with multiple people using devices at the same time. The peaks that were once exclusive to the evenings have been spread out. As a result, NBN Co has decided to bring forward its next planned phase of network investment that will deliver higher speed broadband services and greater capacity to millions of customers living and working in premises across Australia. By 2023, NBN Co is suggesting that 75% of homes and businesses in the fixed-line network will have access to speed of close to 1 Gbps. This expansion in connectivity from the home or local town centre will only reinforce the opportunity to lock in the new localism.

Business Western Sydney canvassed the leading organisations of Western Sydney and found some interesting insights that expand upon the findings of the NSW Innovation and Productivity Council report. Our new flexible working arrangements will remain even when the pandemic passes. However, there will be a need for some physical presence and connection between employees and employers as well as employee to employee. For some, this will be a mix of working from home with one or two days in the principal place of work.

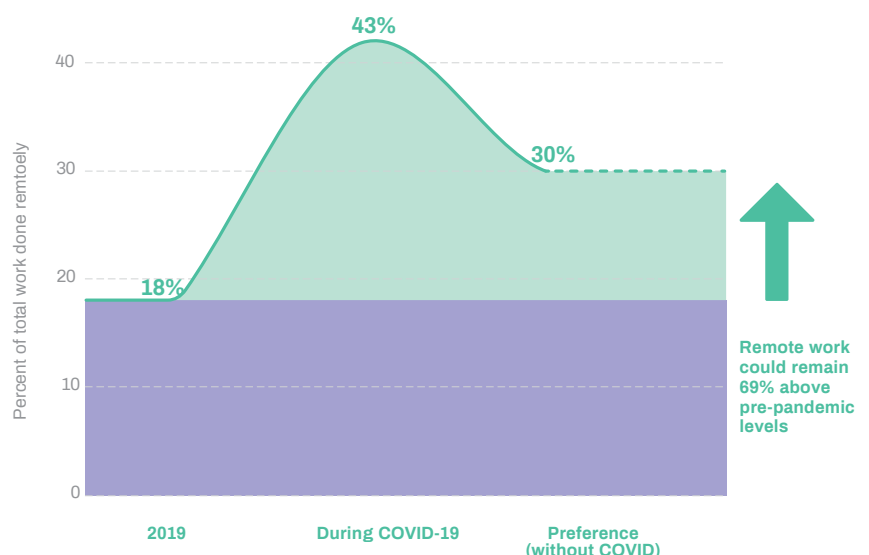


FIGURE 4: Remote work will drop but is likely to stay above pre-pandemic levels. (Source: NSW Remote Working Insights report. IPC Remote Working Survey 2020; IPC analysis)

The NSW Remote Working Insights report (Figure 4) suggests remote working will continue after we have a successful vaccine for COVID-19.

But for most, there was a consensus that there needed to be a third option available for employees: a ‘touch down’ space. A small office near to where their employees live so they can access the necessary hardware and software of working life, but without the long commute. A place in one of the main City Centres like Parramatta, Blacktown, Liverpool, Penrith, or Campbelltown. Somewhere *Closer to Home*, maybe just a few stops on a train or bus or even a short bike ride or walk. Somewhere they can access a smartboard or meeting room, a secure VPN or even just a printer. Somewhere they can have a genuine team meeting. With access to a ‘touch down’ space, employees might still work one or two days a week from home, they might work one or two days in their nearest town centre, and they might still do one or two days in the Sydney or Parramatta CBDs. They could structure their working week to suit both themselves, their families, and their employer. They could choose any combination of the above, and whichever was for them...just right.

The NSW Remote Working Insights report also highlighted how people are using their recouped time, with many reporting more personal time per week, with more time spent caring for children/parents, and a little more time spent working too. These time savings result in some significant productivity gains. They also offer an opportunity to increase participation from women, who are under-represented in higher paying jobs. This would improve local productivity and improve the long-term economic outcomes from greater wealth generation and contributions to superannuation.

“With access to a ‘touch down’ space, employees might still work one or two days a week from home, they might work one or two days in their nearest town centre, and they might still do one or two days in the Sydney or Parramatta CBDs.”



CO-WORKING IN CAMPBELLTOWN

Few areas demonstrate Sydney's structural economic imbalance in employment better than Campbelltown. Every day some 42,000 people (62%) leave the LGA for work. For every resident of Campbelltown there is only 0.75 jobs locally. This compares to 1.39 jobs per worker in Parramatta and 4.39 in Sydney City. These 42,000 people have an average 25km, one-hour commute, each way, every day. That's a massive daily disruption for people and significant economic loss from the region.

Even before the pandemic, Campbelltown Council was exploring ways for more of their residents to work locally. Their research shows almost 12,000 people would work locally if there was suitable space available. Even if just half this number worked just two days a week in a co-working space in the Campbelltown CBD, that would translate to an extra 2,400 jobs. That represents a significant boost to the local economy and would boost town centre activation. It would reduce congestion and crowding on our transport networks and boost productivity and participation in the local community.

A feasibility study for a co-working facility for Campbelltown has been finalised and town centres are being made more attractive places to work. Now is the time to establish co-working spaces closer to where people live with support across all levels of government and the private sector.



“Research shows almost 12,000 people would work locally if there was suitable space available.”

There are many benefits of the hybrid working model. Remote workers are much more productive. Not all the time and money saved from commuting is spent on family and leisure. A lot of it is invested in work. As John Quiggin from the University of Queensland points out *“If working from home eliminated an hour commuting,..., the result would be equivalent to a 13% increase in productivity (assuming a 28-hour working week)”* (John Quiggin, 2020).

Even if only 50% worked at, or near home, this would represent a productivity surge of over 6%. If sustained, this would mean a massive and unprecedented boost, which alone would be enough to offset all the economic costs of the pandemic induced downturn in a few years.

State Government agencies tell us they are looking at creating ‘touch down’ offices for their staff in regional centres where they have existing, under-utilised, public buildings. This is a model that will benefit Western Sydney and support implementation of the Greater Sydney Region Plan priorities for jobs growth outside the Eastern City. Most town centres have plenty of suitable space which can accommodate the thousands of public servants currently working at their kitchen tables in Western Sydney.

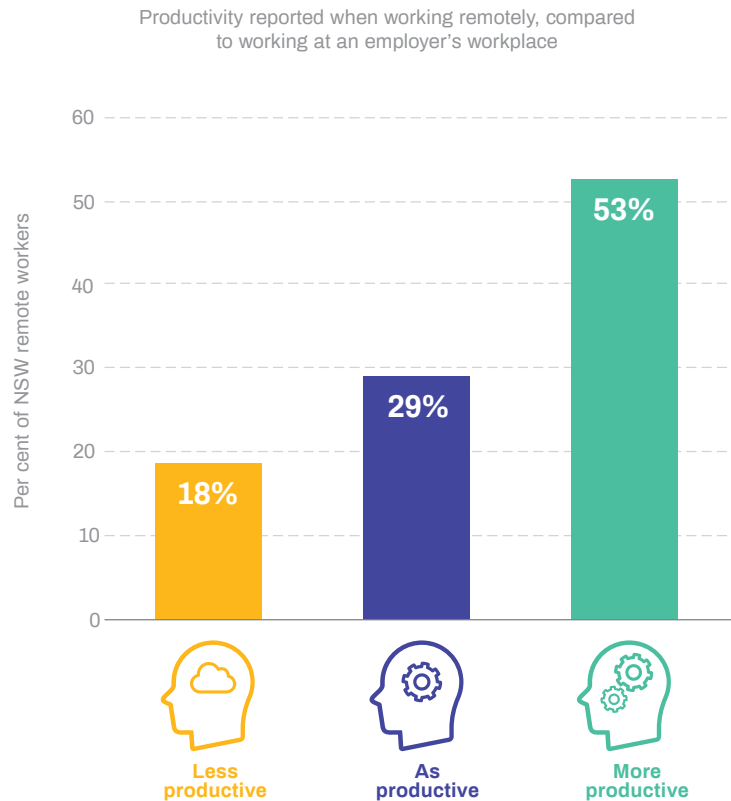


FIGURE 5: Most workers report higher productivity when working remotely. (Source: NSW Remote Working Insights report. IPC Remote Working Survey 2020; IPC analysis).



RECOMMENDATION

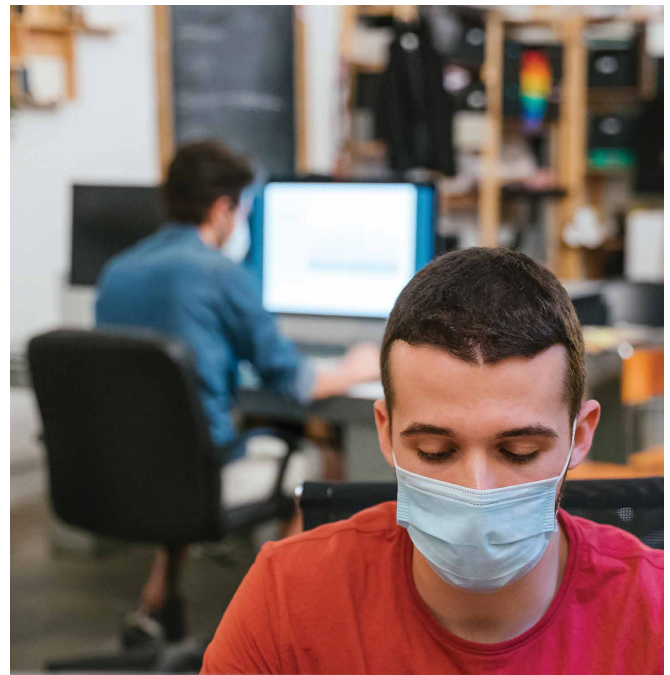
The State Government continue to pilot and expand hubs across Sydney that can house both public and private sector. These hubs need to be in the metropolitan clusters including Campbelltown, Liverpool, Penrith, Blacktown, Bankstown, Olympic Park and Parramatta. This will ensure that a large portion of the workforce is able to work within 15 minutes from home.

Business and the new way of work

What's true for Government, is also true for the private sector. Most companies have sent their workforce home and many companies are saying this will remain the case even when the pandemic is over. With many organisations reporting both increased productivity and happier employees, why would they ever want to revert to the old way of doing business? Many CEOs are also questioning the cost of having a large CBD office and see considerable bottom-line savings in having a distributed workforce.

But for all the benefits, most companies will still need to provide some physical office presence for their employees and a means of providing alternatives for those employees for whom working from home is not optimal. This need not be a major investment. In many cases the needs of local employees could be accommodated in a co-working space or co-located with other organisations. Western Sydney hubs will be cheaper than accommodating them in the CBD.

Here we urge our industry partners to take a lead from organisations such as Deloitte (and others) and invest in regional offices and 'touch down' spaces in areas closer to where people live. Employees still need



training, networking opportunities, and the chance to catch up with colleagues. It just doesn't have to be in an expensive glass tower in Sydney's east.



RECOMMENDATION

Private companies consider how they structure their organisations and invest in a more distributed workforce with satellite offices and co-working spaces in Western Sydney closer to where their employees live.

Calculating the benefits to Western Sydney

Being able to access employment and services a short 15-minute distance from home is the principal goal of the Metropolitan Sydney Region Plan and the hybrid working week is a short cut to achieving it. Perhaps the most significant benefit arising from the hybrid working week is the retention of private spending in Western Sydney. In most suburban centres, main streets are reporting a significant boost to trade as locals are now spending their day (and their money) in the local community. The Greater Sydney Commission recently highlighted a 12% increase in spending in local centres as a direct benefit of the 'lock-down' (Greater Sydney Commission, 2020). This extra demand offers an opportunity to drive much needed town-centre renewal and investment in our local communities.

A \$35M investment by the State Government in working hubs could unlock the potential for 2,500 staff Members in these Metropolitan centres and serve as an important trial to seeing how we can secure the hybrid working week. Though the 2,500 staff only represent a small number of the total staff that would likely want to use the space, it serves as a strong start, allowing us to learn from it. The benefits would be maximised by co-locating a private workforce of equal size.

The benefits continue. Without the need to commute, air pollution is reduced and carbon emissions slashed. With proximity to the CBD being less of a premium, alternative housing markets can be developed increasing overall supply and improving housing affordability. Without so much time spent in traffic we can have more time to focus on our mental and physical well-being. Communicable diseases like COVID-19 have scared us, but it is the non-communicable diseases like obesity, diabetes, and heart disease, which remain the most lethal threat in Western Sydney.

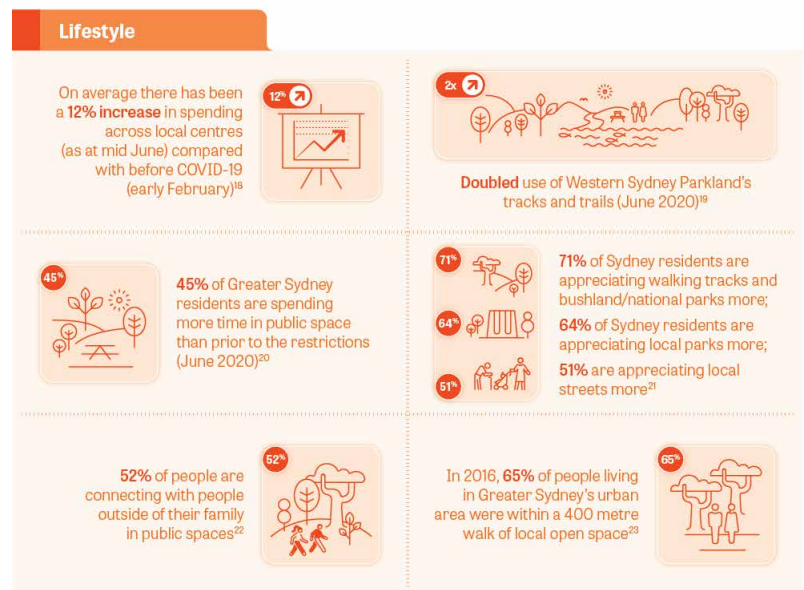


FIGURE 6: Lifestyle impacts of COVID-19 as per City Shaping impacts of COVID-19- Towards a resilient Sydney, Greater Sydney Commission report.

Location	Workers	SQM	Capacity	Estimated cost
Blacktown	7,480	5000	500	\$4,178,571
Campbelltown	3152	5000	500	\$3,928,571
Canterbury-Bankstown	9449	5000	500	\$4,403,571
Liverpool	3565	5000	500	\$4,178,571
Penrith	2732	5000	500	\$4,178,571
				\$20,867,857

FIGURE 7: Shows the approximate costs of the Government occupying a facility that could be provided to public servants in key metropolitan centres. The costs have been calculated using 1 person per 10 sqm occupancy, market rental rates, outgoings and fitout costs for these regions.



RECOMMENDATION

Employers, both public and private, need to invest in the necessary infrastructure needed to support the hybrid working week, including suburban located, “touch down” offices and co-working spaces so people can work closer to home. This includes \$35M to establish touch down spaces in 5 key metropolitan centres.

City centre renewal

While the suburban and regional town centres of Western Sydney can accommodate more of our local workforce, there are some missing ingredients that are needed to make working from home or locally more permanent.

The *High Streets* grant for revitalisation announcement by the NSW State Government is welcome but requires far more investment to have a significant impact on amenity across Western Sydney (Stokes, 2020). For all their attributes, many of our regional and suburban centres need to improve their amenity. These centres have good transit, but too many are overwhelmed by cars, with large, above-ground parking stations, congested roads, and poor conditions for walking. They often lack active street frontages, retail diversity, wide footpaths, and shade-providing trees that make great places. Economic activity is often time-limited to day time leaving our centres deserted with dismal night-time economies. Adjacent urban parks need better street furniture, lighting and bike paths creating attractive destinations for workers.

In short, if we are to capitalise on the opportunity the pandemic has presented us, we need to renew our town centres to make them more attractive for companies and individuals to invest in. They need to be a good place to work in and linger in after work. To be more interesting, safer, and nice, centres throughout Sydney diverse food and drink offerings, entertainment and live performance, better landscaping including trees and walkable precincts.

Renewing Western Sydney's town centres will take both time and money. But more importantly, it will take coordination of the different tiers of Government to deliver the necessary infrastructure to support the goldilocks, hybrid, just right, economy and renew our town centres. Business Western Sydney is calling for the establishment of a **\$1 Billion Western Sydney Renewal Fund funded** with matching finance from Commonwealth, State and Local Governments and supplemented by a special rate levy on commercial properties. This fund would enable a five-year urban renewal programme to enable in excess of 100,000 people to work closer to home and generate more than \$450 million economic activity in Western Sydney's local economies. The benefits for NSW and Australia more broadly are far reaching.



FIGURE 8: Campbelltown City Centre with the South-West Justice precinct.

“Western Sydney University’s recent vertical campus developments have - with our industry and educational partners - transformed our region’s precincts and growth centres. Intensifying the decentralisation of government services and jobs into those hubs would be an exceptional complement to the critically important momentum we’ve already achieved.”

Professor Barney Glover AO,
Vice-Chancellor and President



This is a considerable ask, but one which the Chamber believes will more than pay for itself. If all workers who currently travel from Western Sydney to the Sydney CBD worked locally, we would see a much more equitable distribution of spending (Figure 9). Moreover, reducing commutes would increase productivity delivering excellent returns on investment for local work hubs.

Reducing the pressure on the CBD would see our city’s transport network beee less crowded and more reliable. It’s easier for the industry to move goods and services around when they don’t have to compete with commuters. In renewing our town centres, we can make the hybrid working week a permanent reality for hundreds of thousands of our people. That is money well spent.

	Total workers	Workers in CBD	Economic Activity in LGA
Canterbury-Bankstown	130,537	25,642	\$98,465,280
Parramatta	102,360	18,887	\$72,526,080
Blacktown	145,124	15,296	\$58,736,640
Cumberland	82,615	12,375	\$47,520,000
The Hills Shire	76,912	9,928	\$38,123,520
Liverpool	79,792	8,289	\$31,829,760
Campbelltown	65,736	7,465	\$28,665,600
Fairfield	68,503	6,657	\$25,562,880
Penrith	89,869	5,946	\$22,832,640
Camden	37,883	2,690	\$10,329,600
Blue Mountains	33,947	2,314	\$8,885,760
Hawkesbury	30,117	1,053	\$4,043,520
Wollondilly	22,208	920	\$3,532,800
		117,462	\$451,054,080

FIGURE 9: Highlights the number of workers in each LGA, how many workers are lost to the Sydney CBD every day and the economic activity that would be brought to the local area if each worker worked 2 days a week from a local hub. If these workers were to work from local hubs 40% of the time, we could see more than \$450 million flowing back to the Western Sydney suburbs, a massive boost to our urban economy is experiencing a boost to productivity. Average retail spend is \$230 per week <https://insideretail.com.au/news/office-workers-big-spenders-201407>



RECOMMENDATION

Establish a \$1 Billion Western Sydney Renewal Fund combining resources from Commonwealth, State and Local Governments and industry to drive town centre renewal.

A grand partnership: building a hybrid economy

Across the world, cities are increasingly relying on local businesses and companies to drive town centre renewal. Cities like New York, Hamburg, Montreal, and Edinburgh have encouraged the development of local Business Improvement Districts (BIDs) which bring the skills and resources of local businesses to curate local centres and drive civic improvement. More importantly, they can attract and complement resources from other levels of Government to improve urban amenity.

A Business Improvement District model is designed to tax local businesses while allowing them anywhere from partial to full autonomy on how the money is spent to enhance the local amenity of the area, attracting further investment and customers. The various models all allow inputs from the community. Business Western Sydney supports the BID model because it leverages the ideas and innovation of the private sector in partnership with local priorities, recognising business' financial contribution via rates, land, and company taxes. The BID model gives private companies a mechanism to be involved in decision-making.

While NSW does not have a history of BIDs, councils do have the power to levy special-purpose rates to design and construction strong local amenity. Councils such as Parramatta and Liverpool have limited schemes in their main streets. But there are significant bureaucratic barriers which make establishing them costly and time-consuming and limits innovation and the testing of new ideas. The IPART process requires significant capital investment for councils, and where the process is specific to a small

business zone, the costs can outweigh any potential economic benefit. If we are going to build the hybrid working week economy, these need to be streamlined.

Business Western Sydney believes establishing a BID in each of the main centres of Western Sydney would provide the basis for a grand partnership between Commonwealth, State and Local Governments to deliver the necessary civic improvements. Where they do exist, they should be reviewed and potentially expanded to maximise their benefits. Each tier of Government would agree to commit resources and develop an agreed economic strategy to support touch down spaces and urban renewal. Business and landowner input could be facilitated through a local BID, with monies raised matched by each tier of Government and directed towards local civic improvements and business attraction.

"The Local Government Act does not readily permit business improvement districts (BIDS). Having visited successful BIDS in the US, I am keen to foster innovation which would allow us to understand how BIDS could work in the Australian context and those changes which would be required to establish them."

Kerry Robinson OAM – Chief Executive Officer Blacktown City Council.



RECOMMENDATION

The State Government should conduct a review into Business Improvement Districts and the regulation surrounding them. For Councils to succeed, they must have streamlined frameworks that allow them to flourish. This will ensure that each city centre can accommodate the hybrid economy and maintain these strong working hubs that are more attractive places to work. We need each tier of Government to join with local businesses to coordinate investments in place making and renewal.

The State Government remove the time-consuming bureaucratic hurdles which prevent the local businesses and landowners from establishing Business Improvement Districts in NSW.

PARRAMATTA AND CITY CENTRE RENEWAL

Perhaps the biggest obstacle to building the 'goldilocks' economy is resolving a vexed, 'chicken and egg' dilemma. It's hard to renew our city centres without the activation of having a lot of people living, working, and playing in them bring. Resolving this dilemma requires strategic investments from both public and private sectors and needs both industry and Government leadership. It's not easy, but we've already done this once in Western Sydney and we can do it again.

In 2000, while Sydney was basking in the afterglow of the Olympics and a decades long boom, Parramatta CBD was languishing. Unable to attract the jobs of the Eastern City and losing jobs to new centres like Norwest and Macquarie Park, Parramatta was the epitome of decline in a metropolis which was otherwise thriving. It was losing employment, had a poor reputation, and local amenity was deteriorating. Its future looked grim. But over the next few years, a series of unrelated decisions from different entities and enterprises sent Parramatta down a vastly different path.

Sydney Water (2009), keen to realise the capital asset of its Sydney CBD building, decided to sell and build a new office on cheaper land in Parramatta. The Attorney Generals Department (2010), faced with the eye-watering office rents in the law precincts of Sydney's CBD, decided to develop a new Justice Precinct to house their workforce and associated legal and judicial services. The Western Sydney University (WSU), (2014) struggling to attract students to its less accessible, out of centre, campuses, invested in a new building near transport hoping better access would help them compete with their better located eastern universities. Deloitte, having had a small presence in Parramatta for over 20 years, became the anchor tenant in a new building

right next to Parramatta Station, helping signal that Parramatta was open for commercial businesses too.

While unrelated, these relatively small strategic investments were a catalyst for the revival of Parramatta's CBD. Every new worker generates demand for local services which in turn generates more employment and attracts new businesses to the precinct. Within a decade, Parramatta's economic momentum was attracting more government agencies, universities, and businesses. Lawyers, who laughed at the idea of working in Parramatta, now throng its busy courts. WSU has now been joined by other universities. There has been significant investment by the NSW Government, with the relocation of many government offices, building the Parramatta Light Rail Stage 1, Sydney Metro West and Powerhouse Parramatta Museum. Deloitte is now being joined by their competitors playing catch-up. Parramatta has now restored its reputation as a place to do business and invest. The multitude of cranes which currently dot its skyline stand testimony to this.



Local Government: rolling out the red carpet... not tape

If Western Sydney is to quickly capitalise on the opportunities presented by the pandemic, we need our Local Councils to be agile and responsive. We need to ensure that planning and land-use regulations support and don't prevent, hundreds if not thousands of people from working locally. We can't let red tape tie us up now.

We also need our Councils to quickly invest in the necessary services and amenities these employees will need. That will encourage them to stay when the pandemic is over. Things like childcare, more walkable streets, and after-hours activations such as street markets. We need them to ensure that other industries and services which may want to serve these workers can set up seamlessly and quickly.

Small bars, and cafes, footway licensing to support al fresco dining, and so on.

We need to invest in local 'boosterism' and marketing to encourage a reconceptualisation of how our city centres are currently viewed. Even locals see many of our city centres as drab, boring and soulless. A place to get groceries, but not much else. This must change. Our workforce has suddenly found new freedom. They can work from anywhere - their bedroom, kitchen table, a local café, anywhere they choose. If they are going to choose to work in our centres, we need to offer a compelling case. Our Western Sydney city centres suddenly have a competitive advantage over the CBD; we need to promote this before we lose it.



RECOMMENDATION

Local Government needs to ensure that each of their city centres have the services and amenities to accommodate a significant increase in local employment. We need to ensure our planning and land use controls encourage agglomeration and provide a competitive and compelling option for employees to want to work in them.

Creating balanced retail

Another potential benefit of the hybrid working week is to address the chronic lack of high streets across Western Sydney. Through poor planning over several decades much of Western Sydney is now a retail desert. Too much of Western Sydney has been zoned as residential only, leaving whole neighbourhoods with nowhere for locals to shop, get a coffee or meet friends. Groceries and other necessities are only available from a distant Shopping Centre and accessible only by car. Even neighbourhoods with relatively high density living – townhouses and walk-up apartment buildings – lack any commercial or retail activity. It shouldn't take a litre of petrol to buy a litre of milk!

High streets are the critical ingredient that create walkable neighbourhoods. Neighbourhood retailing does more than provide convenience for the community and stimulate the economy. Local shops are the place where neighbours meet and are particularly important for elderly residents. They are the places that give a suburb its identity and life. Eastern Sydney is dotted with enticing urban villages that the locals love and fight vehemently to protect. We need these in Western Sydney.

Over the last 30 years, many neighbourhoods in Western Sydney have been rezoned for medium density housing but with no thought to providing local activation or to cater for local community need. With hundreds of thousands of people now working from home the problems these 'retail deserts' cause has been exacerbated.

When planning for new residential neighbourhoods more care needs to be taken to ensure at least part of the precinct is zoned to allow mixed use and shop-top housing. Existing medium density precincts should be revisited, and consideration given to enabling neighbourhood retail to occur.

To progress this issue government should work in partnership with the private sector to identify neighbourhoods across Western Sydney that have the capacity to sustain new neighbourhood retail shopping.

"We know our centres play a significant role within their communities to support ongoing and future employment. Vicinity's portfolio of large, well-located sites with development potential is well placed to accommodate the expansion of Melbourne and Sydney without disrupting the liveability of our much-loved suburbs."

Carolyn Viney, Chief Development Officer, Vicinity Centres



RECOMMENDATION

That local Government introduce changes to their LEPs and LSPSs to encourage small strong retail distribution. The Chamber will explore a retail study to understand the planning shortfalls and cold spots in Western Sydney that can be addressed.

London Calling: how a balanced City can boost rich and poor alike

In arguing for a rethink in current planning we are not arguing for a redistribution of wealth or to just move jobs from one place to another. This is not the tired West vs. East debate, but the firm belief that a rebalanced Sydney will improve everyone. As we outlined earlier the current imbalance is undermining the whole City's productivity making all of us poorer.

What we are asking of our civic leaders is to adopt a post welfare approach to underperforming or unequal areas, in much the same way cities around the world have done. London provides a good model.

One of the legacies of the 2012 Olympics was to end more than a century of social and economic neglect of the London's East End. This didn't happen by accident but was the result of a policy of Convergence. Convergence is the process of closing the gap in performance and prospects between the wealthiest and poorest communities and in so doing bringing benefits for all. It involves creating a virtuous circle of investment and growth to tap into under-used resources and release their potential for growth.

It required commitment and action in a range of spheres by an alliance of partners over several years. It offers the prize of a game-changing improvement in social and economic circumstances which in turn led to long term growth, creating a balanced, productive, and sustainable economy in which all can share prosperity.¹ In short, it's about growing the economic pie rather than cutting it differently.

London had the goal of achieving convergence between the East End and the rest of the City written into the London Plan. More importantly it has established the Growth Boroughs Partnership, to pool investment and resources from each tier of Government to support the Plan. The focus of this partnership is on transport improvements, town centre renewal and developing successful neighbourhoods.

GOAL	CONVERGENCE		
	Within 20 years the communities who host the 2012 Games will have the same social and economic changes as their neighbours across London		
THEMES FOR ACTION	Creating wealth and reducing poverty	Supporting healthier lifestyles	Developing successful neighbourhoods
2015-18 FOCUS	Employment, skills and transport		
UNDERLYING PRINCIPLE	To reduce the inequality gap in outcomes between disadvantaged groups and social classes with the average for London		

FIGURE 10: Convergence framework.²

Achieving Convergence in Sydney will be no easy task, but the London model is worth considering. Sydney's next Metropolitan Strategy, due next year, should make explicit the goal of removing the gap between Western and Eastern Sydney. More importantly, we need a new Western Sydney partnership to provide a governance and coordinating body to pool resources and direct investment in city centre renewal.



RECOMMENDATION

Include an explicit goal in the next Metropolitan Strategy of levelling up Sydney and removing the gap in social and economic outcomes between East and Western Sydney.

1. Convergence framework. <http://www.growthboroughs.com/convergence>

2. Convergence Annual Report 2015-201 <https://static1.squarespace.com/static/50b4ab77e4b0214dc1f631e9/t/58977d7b29687f9f4cbd575/1486323077253/Convergence+Annual+Report+15-16+fin.pdf>

CONCLUSION: RECOMMENDATIONS

1. The State Government continue to pilot and expand hubs across Sydney. These hubs need to be in the metropolitan clusters including Campbelltown, Liverpool, Penrith, Blacktown, Bankstown, Olympic Park and Parramatta. This will ensure that a large portion of the workforce is able to work within 15 minutes from home.
2. Private companies should consider how they structure their organisations and invest in a more distributed workforce with satellite offices and co-working spaces in regional centres closer to where their employees live.
3. Employers, both public and private, need to invest in the necessary infrastructure needed to support the hybrid working week, including regionally located, “touch down” offices and co-working spaces so employee can spend more time working closer to home.
4. Establish a \$1 Billion Western Sydney Renewal Fund combining resources from Commonwealth, State and Local Governments and industry to drive town centre renewal.
5. The State Government should conduct a review into Business Improvement Districts and the regulation surrounding them. If we are to see Council's succeed, we must ensure that they have streamlined frameworks that allow them to flourish. This will ensure that each city centre can accommodate the hybrid economy and maintain these strong working hubs that are more attractive places to work. We need each tier of Government to join with local businesses to coordinate investments in place making and renewal. The State Government remove red tape which prevents the local businesses and landowners from establishing Business Improvement Districts in NSW.
6. Local Government needs to ensure that each of their city centres have the services and amenities to accommodate a significant increase in local employment. We need to ensure our planning and land use controls encourage agglomeration and provide a competitive and compelling option for employees to want to work in them.
7. That local Government introduce changes to their LEP's and LSPS's to encourage small strong retail distribution. The Chamber will explore a retail study to understand the planning shortfalls and cold spots in Western Sydney that can be addressed.
8. Include an explicit goal in the next Metropolitan Strategy of levelling up Sydney and removing the gap in social and economic outcomes between East and Western Sydney.

References

- **Grattan Institute. 2018.** *Remarkably adaptive: Australian cities in a time of growth.* Sydney : Grattan Instittue, 2018.
- **Greater Sydney Commission. 2020.** *City-shaping impacts of COVID-19.* Sydney : s.n., 2020.
- **HILDA. 2020.** *HILDA Statistical Reports.* Melbourne : s.n., 2020.
- **idcommunity. 2016.** Greater Sydney Industry sector of employment. [Online] 2016. <https://profile.id.com.au/australia/industries?WebID=250>.
- **John Quiggin. 2020.** Has coronavirus and working from home given us the biggest productivity increase of the century? *ABC News.* [Online] September 7, 2020. <https://www.abc.net.au/news/2020-09-07/working-from-home-coronavirus-big-productivity-increase/12628764>.
- **O'Neill, Phillip. 2020.** *Where are the jobs? Part 2: The Geography of Western Sydney's jobs defecit.* s.l. : Centre for Western Sydney , 2020.
- **O'Neill, Phillip. 2020.** *Where are the jobs? Part 3: Western Sydney workers in 2036.* s.l. : Centre for Western Sydney, 2020.
- **Stokes, Rob. 2020.** Grants to revitalise your high street. *Grants to revitalise your high street.* 2020.

