Statewide Policy for Industrial Lands

A Submission to the NSW Department of Planning, Housing and Infrastructure

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Table of Contents

1. Introduction and National Supply Chain Context

The Australian Logistics Council (ALC) represents Australia's largest end-to-end supply chain operators. A safe, efficient, and sustainable freight and logistics system is fundamental to national productivity, international competitiveness, and economic resilience. Industrial land is a critical enabler of freight consolidation, distribution, warehousing, and last-mile delivery. Constraints on industrial land availability directly increase logistics costs, reduce network reliability, exacerbate congestion, elevate emissions, and weaken the competitiveness of Australia's freight gateways.

Independent market analysis demonstrates that industrial land supply in Sydney is highly constrained. CBRE's 2025 Sydney industrial land report estimates that only 4 per cent (approximately 564 ha) of zoned industrial land is serviced and undeveloped, with Western Sydney anticipated to face limited short-term availability[1]. Projected shortfalls of tens to hundreds of hectares by 2030 will materially constrain freight network expansion if current trends persist. Nationally, Australia's industrial vacancy rate remained tight at approximately 2.8 per cent in 2025[2], reflecting structural supply pressures that limit expansion, increase rents, and deter investment in freight- enabling infrastructure.

The total freight task in New South Wales (NSW) is forecast to increase from approximately 455 million tonnes in 2021 to around 609 million tonnes by 2061[3]. Transport for NSW forecasts show continued metropolitan and regional supply chain expansion. In parallel, the NSW Productivity and Equality Commission's *Review of Housing Supply Challenges and Policy options for New South Wales*[4] highlights that industrial land scarcity is already contributing to higher construction input costs and intensifying competition between land uses. The Commission also notes a potential policy shift from the long-standing "Retain and Manage" approach toward a weaker "Review and Manage" framework. Without explicit freight-informed protections, this shift risks undermining planning certainty for capital-intensive, freight-dependent operations.

Industrial land policy in NSW must therefore strike a deliberate balance between housing, infrastructure, and freight objectives. While ALC supports the development of a statewide industrial land policy, the current draft contains material gaps which, if unaddressed, risk compromising metropolitan and regional supply chain efficiency, resilience, and decarbonisation outcomes.

2. Strategic Importance of Industrial Land within Freight Networks

Industrial precincts provide the essential platform for modern freight and logistics operations, enabling consolidation, container handling, intermodal transfer, inventory buffering, and last-mile distribution. Precincts adjacent to major freight gateways—including Port Botany, Port Kembla, Port of Newcastle, and intermodal terminals such as Moorebank, Enfield, and Yennora—are critical to sustaining operational throughput, supporting efficient modal interchange, and maintaining supply chain resilience. Collectively, these precincts underpin NSW's function as a national freight hub, with impacts extending into regional and interstate networks.

The effectiveness of these precincts is intricately linked to freight rail connectivity. Direct rail access reduces road dependence for linehaul movements, alleviates congestion, lowers emissions, and improves reliability. Industrial lands surrounding ports and intermodal facilities—including bulk and non-containerised sites—provide the operational capacity required to support modal shift through staging, storage, and landside transfer activities. Planning frameworks should recognise these areas as integrated logistics ecosystems, whose performance depends on coordinated land use, transport access, and infrastructure protection, rather than treating them as discrete parcels defined primarily by cadastral or administrative boundaries.

3. Key Strategic Risks in the Draft Policy

3.1 LAST-MILE NETWORK VULNERABILITY

While the draft policy appropriately safeguards major hubs such as Moorebank and the Aerotropolis, it provides insufficient protection for smaller inner-urban industrial sites that perform critical last-mile logistics functions. These sites — typically located within 20–25 minutes of Sydney's CBD — support express freight, perishables distribution, construction inputs, health logistics and other time-sensitive supply chains. Their strategic value is demonstrated by persistent occupier demand, even at elevated rents.

[1] https://www.cbre.com/insights/reports/sydney-industrial-and-logistics-land-supply-2025

[2] https://www.cbre.com/insights/reports/australia-s-industrial-logistics-vacancy-report-1h25

[3] https://www.soe.epa.nsw.gov.au/all-themes/people-and-industry/transport-2024

[4] https://www.nsw.gov.au/sites/default/files/noindex/2025-09/nsw-pec-report-review-of-housing-supply-challenges-and-policy-options-for-nsw.pdf

Rezoning or incremental erosion of these precincts would:

- Increase delivery distances and heavy vehicle kilometres travelled.
- Raise metropolitan logistics costs.
- Intensify congestion on arterial networks.
- Increase urban freight emissions.
- Reduce responsiveness during supply chain disruptions.

The draft policy does not sufficiently distinguish between genuinely surplus industrial land and strategically essential last-mile assets embedded within the metropolitan freight network.

3.2 INFRASTRUCTURE READINESS AND THE DELIVERY GAP

Industrial land protection without infrastructure readiness limits functional capacity. Industry experience consistently demonstrates that zoning designation alone does not deliver operational outcomes. Across metropolitan precincts, development and investment are constrained by delays in delivery of:

- High-capacity electricity required for fleet electrification and automation.
- Water and sewerage infrastructure adequate for logistics operations.
- High-capacity digital connectivity.
- Arterial road access designed to accommodate heavy vehicle movements without conflict.

These infrastructure gaps increase capital risk, slow technology adoption, and delay decarbonisation pathways. They also reduce the effective supply of developable industrial land, even where zoning protections exist.

The draft policy does not sufficiently link industrial land categorisation with infrastructure sequencing. Without explicit coordination, industrial designation risks remaining theoretical rather than development ready.

3.3 REVERSE SENSITIVITY AND OPERATIONAL CURTAILMENT

Strategic freight precincts require 24/7 operations to align with port windows, warehouse shift patterns and just-in-time distribution requirements. Residential encroachment into industrial areas has increasingly resulted in curfews and operational restrictions in other jurisdictions. These outcomes:

- Constrain night-time freight activity.
- Concentrate truck movements into peak periods.
- Increase congestion and supply chain friction.
- Reduce operational throughput.
- Undermine investment certainty.

The draft policy does not provide enforceable industrial interface protections sufficient to prevent reverse sensitivity impacts from incrementally constraining lawful freight operations.

Absent statutory clarity, planning decisions risk gradually weakening metropolitan freight performance.

3.4 LOCAL GOVERNMENT INTERPRETATION AND EMPLOYMENT ZONE FRICTION

The draft policy's definitions of "Employment Zones" and industrial categories remain broadly framed. This creates interpretive discretion at the local government level, resulting in inconsistent application.

In practice, councils have exercised discretion to favour office or retail development within broadly defined employment zones over freight-intensive uses. This contributes to:

- Fragmentation of industrial precincts.
- Escalating rents for logistics occupiers.
- Traffic conflict between incompatible land uses.
- Displacement of freight activity to less efficient locations.

A statewide industrial land policy must provide clearer functional criteria to guide local interpretation and preserve freight-critical land, recognising that sensitive land uses are often incompatible with industrial activities, particularly freight-related operations.

3.5 PORT CATCHMENTS AND FUNCTIONAL FREIGHT GEOGRAPHY

The draft categorisation methodology does not adequately recognise the functional relationship between State significant freight infrastructure and the surrounding industrial lands necessary for operational efficiency.

Ports and intermodal terminals function as integrated logistics environments supported by interconnected industrial precincts — not as isolated leasehold parcels defined by cadastral boundaries.

PORT BOTANY

Industrial lands surrounding Port Botany accommodate container staging, fuel storage, warehousing, maintenance, freight consolidation, customs processing, and landside logistics. While some of these activities occur outside formal port lease areas, they form part of the operational footprint necessary for gateway efficiency.

The split categorisation of the Ampol Banksmeadow Oil Terminal illustrates the structural issue. The facility operates as an integrated fuel import, storage and distribution asset directly supporting port operations, yet its division across separate Employment Land Development Monitor identifiers reflects a classification approach centred on administrative boundaries rather than operational integration.

This methodology risks fragmenting planning protections across precincts that function as unified logistics systems.

Failure to recognise port catchments may result in:

- Reduced landside efficiency.
- Increased heavy vehicle trip distances.
- Constraints on fuel security and bulk freight handling.
- Reduced freight rail utilisation.
- Higher metropolitan logistics costs.

Industrial land protection should therefore reflect functional economic geography via precincts rather than land ownership boundaries.

3.6 METROPOLITAN INTERMODAL AND RAIL FREIGHT NETWORK RECOGNITION

The draft mapping does not fully recognise the operational footprint of Sydney's metropolitan intermodal and rail freight network. Intermodal terminals enable freight transfer between rail and road, reduce metropolitan heavy vehicle movements, support port efficiency, and underpin emissions reduction through modal shift.

Several operational container intermodal facilities appear absent from State significant categorisation:

- Minto Intermodal Terminal
- Yennora Intermodal Terminal
- St Marys Intermodal Terminal

These facilities form part of the metropolitan container logistics network supporting port throughput at Port Botany.

In addition, non-container rail-linked bulk facilities play a critical role in construction supply chains:

- Cement Australia Rail Facility Clyde
- SADA Rail Bulk Materials Facility Glenlee

Rail delivery of construction materials significantly complements road freight. For example, cement clinker transported from Port Kembla to metropolitan facilities via rail avoids thousands of heavy vehicles trips each year, supporting efficiency, congestion management, and emissions reduction. The apparent omission or downgrading of operational rail facilities suggests that categorisation may prioritise ownership scale over functional network contribution. Risks include:

- Reduced planning certainty for freight rail investment.
- Encroachment of incompatible uses near rail terminals.
- Constraints on modal shift growth.
- Increased long-distance road freight.

- Higher supply chain costs.

Given forecast freight growth across New South Wales, protecting the full metropolitan intermodal ecosystem is essential.

4. Addressing Policy, Infrastructure, Workforce and Regulatory Challenges

The risks identified above require coordinated policy responses that align land classification, infrastructure sequencing, regulatory protection, and workforce access.

4.1 CLASSIFICATION BASED ON FREIGHT FUNCTION

ALC supports a functionally based classification framework recognising freight connectivity, economic contribution, and supply chain integration. Classification should extend beyond administrative boundaries and reflect operational role within the freight network. Lands supporting ports, intermodal terminals, strategic freight corridors and last-mile logistics should be designated State or Regionally significant unless a comprehensive freight impact assessment demonstrates no net loss of network capacity, performance, or connectivity. Freight infrastructure catchments should be explicitly recognised. Industrial lands demonstrating operational integration with ports, rail corridors and freight routes should be categorised according to system by precincts rather than cadastral proximity.

Recognition should include both containerised and non-container intermodal facilities and extend to surrounding operational precincts necessary for expansion capacity and modal efficiency.

4.2 DEVELOPMENT-READY INFRASTRUCTURE PLANNING

To address the infrastructure delivery gap, industrial precincts identified under the Employment Land Development Program should include formal Utility and Access Master Plans guaranteeing:

- High-voltage electricity capacity.
- Water and sewerage services scaled to industrial demand.
- High-capacity digital connectivity.
- Arterial heavy-vehicle access.

State agencies should coordinate infrastructure sequencing alongside land release to ensure operational readiness.

4.3 INDUSTRIAL INTERFACE BUFFER ZONES AND REGULATORY ALIGNMENT

The policy should incorporate enforceable Industrial Interface Buffer Zones around strategic freight precincts, supported by alignment between planning instruments and environmental regulations, including noise criteria.

This would protect lawful 24/7 logistics operations and reduce reverse sensitivity risk.

4.4 STREAMLINED PATHWAYS FOR PRODUCTIVITY UPGRADES

Expansion of complying development pathways should allow automation upgrades, mezzanine expansions and material handling improvements without full development applications. Reducing approval timelines would support technology adoption and productivity growth within existing industrial footprints.

4.5 RECOGNITION OF URBAN LOGISTICS AND MICRO-FULFILMENT

The policy should explicitly recognise micro-fulfilment centres and urban logistics facilities as permitted uses within relevant zones. Adaptive reuse of underutilised retail or commercial space can support evolving distribution models without compromising freight-critical land.

4.6 STRATEGIC MIXED-USE FLEXIBILITY

Where small infill sites are demonstrably unsuitable for modern freight use due to scale or access constraints, a streamlined pathway for high-quality mixed-use redevelopment should be available, provided broader freight network integrity is maintained.

4.7 WORKFORCE ACCESSIBILITY INTEGRATION

State significant industrial precincts should incorporate public and active transport planning to improve workforce accessibility. Integration with local employment and training strategies would strengthen labour supply resilience and reduce turnover in major freight precincts.

4.8 DATA-DRIVEN INDUSTRIAL LAND PLANNING

Industrial land planning should be supported by enhanced multi-modal data integration incorporating freight volumes, trip generation, infrastructure readiness and workforce accessibility metrics.

Improved data capability will support evidence-based decision-making aligned with forecast freight growth and long-term network performance.

4.9 GEOSPATIAL AND LAND USE OPTIMISATION

Industry evidence indicates that the most effective industrial land planning occurs at the intersection of land use policy and geospatial optimisation. Integrating spatial analysis of freight networks, industrial precinct capacity, and land availability can support more precise identification of sites suitable for State or Regionally significant categorisation. Investment in applied research and modelling would enable NSW to proactively identify bottlenecks, forecast operational constraints, and guide both infrastructure sequencing and industrial land release decisions, improving network efficiency and long-term supply chain resilience.

5.Sydney Fuel Terminals: Operational Interconnections and Industrial Dependencies

Sydney relies on three key fuel import terminals—Port Botany, Kurnell, and Gore Cove—each handling approximately one-third of the State's fuel supply. These terminals operate as integrated logistics ecosystems with dependencies on surrounding industrial lands, transport corridors, and warehousing infrastructure:

- **Port Botany**: Container and bulk fuel handling rely on adjacent industrial lands for landside transfer, tank storage, and maintenance. Fragmented policy classification risks operational inefficiencies and increased heavy vehicle trips through metropolitan roads.
- **Kurnell Terminal (ELDM ID GS338)**: Receives imported refined fuel and distributes it to metropolitan depots. Surrounding industrial land supports storage, blending, and transfer to tankers. Encroachment would reduce supply reliability and increase operational costs.
- **Gore Cove**: Functions as storage and strategic backup, integrating with road and pipeline networks. Adequate industrial land buffers maintain operational resilience and rapid distribution during demand spikes or emergencies.

Protecting surrounding industrial land is essential to fuel security, heavy-vehicle decarbonisation, and overall supply chain resilience.

6. Policy Priorities and Recommendation

6.1 FREIGHT CATCHMENT & INDUSTRIAL LAND CATEGORISATION

1. **Freight Catchment Framework:** Introduce a framework ensuring industrial lands functionally connected to ports, intermodal terminals, and strategic freight corridors are automatically considered for State significant categorisation where they:
    - Directly support port or intermodal operations.
    - Accommodate freight handling, fuel storage, logistics, or distribution activities linked to gateway infrastructure.
    - Provide essential landside interface functions enabling freight throughput.
    - Demonstrate operational dependency through freight connectivity and access patterns.
2. **Functional Connectivity-Based Categorisation:** Categorisation should reflect supply chain function and connectivity rather than cadastral ownership boundaries.

6.2 OPERATIONAL FREIGHT INFRASTRUCTURE ASSESSMENT

3. **Network-Based Assessment:** All operational intermodal terminals and rail freight handling facilities should be evaluated for State significant categorisation based on functional contribution rather than ownership or site boundaries.
4. **Assessment Criteria for State Significance:** Demonstrated freight rail connectivity; contribution to port supply chains; reduction of metropolitan heavy vehicle movements; role in construction or bulk commodity supply chains; capacity to enable future freight rail growth.

5. **Recognition of Rail Facilities:** Both container and bulk rail handling facilities should be recognised as critical components of NSW's freight infrastructure system.

6.3 INDUSTRIAL LAND POLICY PRIORITIES

6. **Functional Protection of Industrial Lands:** Protect industrial lands critical to freight, logistics, ports, intermodal terminals, and last-mile networks.
7. **Mandatory Development-Ready Infrastructure:** Embed infrastructure planning in ELDP precincts with NSW Government delivery of essential utilities.
8. **Industrial Interface Buffer Zones:** Implement regulatory safeguards that protect 24/7 freight operations.
9. **Expanded SEPP (Codes) Pathways:** Enable rapid technology and capacity upgrades across industrial precincts.
10. **Urban Logistics Recognition:** Formally recognise micro-fulfilment and urban logistics as permitted land uses.
11. **Strategic Mixed-Use Flexibility:** Allow mixed-use development for sites unsuitable for freight functions to ensure land productivity.
12. **Integrated Workforce Access Planning:** Include public and active transport planning in industrial precinct master plans.
13. **Freight-Integrated Data Framework**: Develop a robust data system to support evidence-based planning and operational decision-making.
14. **Freight-Linked Automatic Classification:** Industrial land directly supporting ports, intermodal terminals, freight rail corridors, or strategic freight routes should automatically qualify as State or Regionally Significant Industrial Land.
15. **Planning Stability Safeguards:** Industrial land categorisation reviews should align with regional strategic planning cycles rather than occur at short, fixed intervals, maintaining investment certainty for long-life logistics infrastructure.

7. Conclusion

NSW's industrial land base is a strategic enabler of national freight competitiveness, productivity, emissions reduction, and economic resilience. Strengthening the draft Statewide Policy for Industrial Lands with functional classification, infrastructure readiness requirements, operational protections, workforce connectivity planning and evidence-based data frameworks will deliver improved supply chain performance and support NSW's broader economic objectives.

ALC welcomes ongoing engagement with the NSW Government to refine and implement a policy framework that is freight-responsive, future-ready and aligned with national supply chain needs.