

Department of Planning and Infrastructure
Head Office, 22 – 23 Bridge St
Sydney
NSW 2000

26 August 2013

Broader Western Sydney Employment Area (BWSEA) Draft Structure Plan

Thank you for providing the Property Council of Australia with the opportunity to comment on the Broader Western Sydney Employment Area Draft Structure Plan.

The Property Council is the nation's peak representative of the property industry. Our 2,200 members are Australia's major investors, developers and owners of commercial, residential, retail, industrial, retirement living and hotel assets worth over \$320 billion.

The Property Council supports the NSW Government's commitment to delivering the employment lands Western Sydney urgently requires for long-term growth.

Of particular importance to the successful delivery of the BWSEA is the balancing act between short-term employment demand and long-term land use considerations.

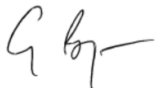
To enable the BWSEA's development as a city shaper for metropolitan Sydney the Structure Plan should be responsive to market forces and incentivise the delivery of critical infrastructure.

The final Structure Plan should reflect coordinated priorities between all relevant State strategies, and be directed by a robust governance and delivery framework with clear timeframes.

Our specific concerns and recommendations on giving effect to strategic planning, establishing the area's competitive edge, and forward planning infrastructure are outlined in detail below.

If you would like to discuss this submission further, please contact me on (02) 9033 1906 or gbyres@propertyoz.com.au, or Amelia Jalland (NSW Senior Policy Advisor) on (02) 9033 1951 or ajalland@propertyoz.com.au.

Yours sincerely,



Glenn Byres
NSW Executive Director
Property Council of Australia

Recommendations

1. Ensure the Structure Plan is front and centre in the broader objectives of the *Metropolitan Strategy for Sydney* and all State strategies impacting the BWSEA.
2. Establish a delivery board to oversee the BWSEA's development, and allocate the statutory weight needed for clear governance and delivery.
3. Formalise a governance and delivery framework including timeframes for the BWSEA's short, medium and long-term success.
4. Commence developing the BWSEA irrespective of the final use of the Commonwealth site to deliver the the *Metropolitan Strategy for Sydney's* immediate growth priorities.
5. Develop two Structure Plans – one with a second airport for Sydney and one without – modeled on employment generation opportunities.
6. Integrate urban amenity in sustainable planning of the BWSEA.
7. Consider residential development where land is incompatible with employment and industrial purposes.
8. Enable development to occur in areas deemed most feasible to set the process in play.
9. Provide a framework identifying priority areas for development based on market intelligence and growth infrastructure plans.
10. Unlock immediate employment generation opportunities in the BWSEA to address existing jobs shortfalls.
11. Develop a sophisticated employment strategy underpinned by regular independent reviews in line with Census data release periods to get choice right for maximum yield.
12. Develop the specialised centres as self-sustaining centres of excellence founded on emerging sectors such as health, education, aged care and professionalisation of manufacturing.
13. Develop an activities centre policy that capitalises the area's full potential to attract a diverse employment base.
14. Include planning for a business park as a long-term option.
15. Establish a robust thirty year transport strategy linked to the Plan.
16. Reserve and protect land for all proposed road and rail corridors to meet the future full capacity of the area, and avoid retrofitting infrastructure.

17. Leverage findings from independent studies commissioned to inform final network decision-making.
18. Confirm the location of major roads and network connection points, and include the Werrington Arterial, and M9 to inform the final Outer Sydney Orbital route.
19. Connect the final rail route to the Western line to deliver an integrated network linking the BWSEA, North West and South West Growth Centres and broader Western Sydney.
20. Plan for a high frequency transit bus network connected to Penrith, Liverpool, Marsden Park, Fairfield and Parramatta.
21. Ensure a coordinated approach between relevant State strategies to get freight planning for the BWSEA right from the beginning.
22. Integrate freight corridor planning with the delivery schedule of the Moorebank and Eastern Creek intermodal sites.
23. Locate one of the two proposed intermodal terminals in the mid-section of the area, connected to broader orbital networks.
24. Establish a heavy rail route from the BWSEA's southern section for connection to Port Kembla.
25. Investigate road network options to better service B-Double movement from Port Botany to the BWSEA.
26. Develop an integrated spatial and land use strategy to bring utilities infrastructure to market.
27. Continue investigating new options for efficient and effective infrastructure delivery including a contestable water market.
28. Develop a corresponding infrastructure delivery strategy that reflects precinct needs.
29. Incentivise the delivery of infrastructure through:
 - recognition that growth is a State priority and infrastructure provision is accounted for equitably in growth infrastructure planning,
 - adopt recommendations by the Property Council and Urban Coalition to introduce innovative financing alternatives such as an Urban Infrastructure Fund offering growth area bonds.

GIVE EFFECT TO STRATEGIC PLANNING

1. Formalise the Plan

Identified as a city shaper for the Sydney metropolitan region¹, the BWSEA should be front and centre in subregional planning.

We recommend a formal governance and delivery framework with clear short, medium and long-term timeframes be established to prevent the BWSEA from experiencing similar delivery barriers to the North West and South West Growth Centres – such as a lack of coordination to deliver objectives, high infrastructure costs, and an inability to overcome land fragmentation.

Contingent upon the delivery of the broader 2013 *Draft Metropolitan Strategy for Sydney*, where the Plan sits within the hierarchy of plans in NSW's new planning system (and associated statutory weighting) necessitates clear articulation to guide its implementation.

The BWSEA falls across multiple local government areas, and whole of government coordination is required to realise the full dividend of support on offer from local councils.

The establishment of a delivery board to oversee the coordination, implementation and ongoing management of the BWSEA is good governance and should be set-up immediately.

Recommendation **Ensure the Structure Plan is front and centre in the broader objectives of the *Metropolitan Strategy for Sydney* and all State strategies impacting the BWSEA.**

Establish a delivery board to oversee the BWSEA's development, and allocate the statutory weight needed for clear governance and delivery.

Formalise a governance and delivery framework including timeframes for the BWSEA's short, medium and long-term success.

2. Develop two Structure Plans – with and without a second airport for Sydney

Future use of the Commonwealth site fundamentally impacts the long-term direction of the BWSEA. The potential development of Badgerys Creek as Western Sydney's airport would not only be a national economic catalyst,² but cement Sydney's global status.

¹ NSW Government, March 2013, *Draft Metropolitan Strategy for Sydney to 2031*

² NSW Business Chamber, August 2013, *Economic Impact of a Western Sydney Airport* (report prepared by Deloitte Access Economics)

Use of the Commonwealth site will ultimately enhance the mix of industry clusters and employment in the area. For example, the proximity of Holland's second airport (Schiphol) to Amsterdam activated the development of a multinational business precinct home to ABN Amro and the ING Group.

Of immediate importance however, the BWSEA is critical to the *Metropolitan Strategy for Sydney's* objective of delivering employment to Western Sydney over the next 20 years.

The stark reality of Western Sydney's employment deficit means that the BWSEA can no longer remain paralysed by decision-making for the Commonwealth site's final use.

Given land surrounding the site has been reserved in anticipation of a Western Sydney airport – with supporting statutory protection in place – development of the area should commence irrespective of an airport.

To facilitate the State's growth, we recommend two structure plans be developed – one with and one without a Western Sydney airport. Each should be modeled on various employment generation scenarios focusing on short, medium and long-term timeframes.

Recommendation **Commence developing the BWSEA irrespective of the final use of the Commonwealth site to deliver the short and medium priorities of the *Metropolitan Strategy for Sydney*.**

Develop two Structure Plans – one with a second airport for Sydney and one without – modeled on employment generation opportunities.

3. Include sustainable place making to deliver urban amenity

In addition to the environmental protection of sensitive areas such as riparian corridors, sustainable urban development is a foundation principle of the *Metropolitan Strategy's* vision for Sydney.

A major attractor of business, planning for sustainable place-making is absent in the Structure Plan.

A best-practice approach to planning for the next generation of urban amenity and essential community infrastructure should be referenced in the Structure Plan.

Recommendation **Integrate urban amenity in sustainable planning of the BWSEA.**

4. Where highest and best-use, co-locate residential housing with employment lands

The BWSEA's overlap with the North West and South West Growth Centres offers increased capacity for employment land, and we support a jobs first approach as a priority of State significance.

However, some areas of the BWSEA are unsuited to industrial and employment purposes. Where this would be the case due to topographical and other natural constraints, residential development should be considered.

Recommendation	Consider residential development where land is incompatible with employment and industrial purposes.
-----------------------	---

ESTABLISH THE AREA'S COMPETITIVE EDGE

5. Embrace market forces to kick-start development

Land release sequencing is critical to realising the BWSEA's development, and enabling market-led development to occur should be the Structure Plan's priority.

We recommend further investigation into market drivers for development of the area is undertaken to inform a market responsive strategy.

Past experience has proven that out of sequence development at no cost to government has failed to deliver the growth NSW needs (see Point 11 for further detail).

The Precinct Acceleration Protocol introduced to fast-track development in the North West and South West Growth Centres has had limited success. Although it was introduced as a policy solution to support out of sequence growth, infrastructure provision remained at no cost to government.

An integrated approach to planning for growth infrastructure and market flexibility would enable 'first mover' development to commence where it is most practical.

A staged process is limited in applicability as:

- some areas north of Elizabeth Drive comprise fragmented land, mountainous topography and flood affected plains that impact large-scale employment and industrial sites (Precinct B is constrained by these limitations),
- the Commonwealth site remains on hold and development is yet to be determined (Precinct F), and land to the west of the site is largely blocked by the Commonwealth site (Precinct E).

Until momentum reaches critical mass where development of the whole area is possible and can be managed through stages, market forces will direct where development is initially viable.

Enabling development to occur where it is economically efficient – with accessibility to infrastructure networks – from the outset will act as a stimulant for surrounding areas to follow suit.

For example, the BWSEA's mid-section contains larger land holdings than other precincts and lower fragmentation, and strong connection points to existing infrastructure networks (Precinct C).

Adopting a market assessment approach would better facilitate investment opportunities for development.

We recommend a framework to identify priority areas for initial growth based on infrastructure connectivity and feasibility of development should be introduced.

Recommendation	Enable development to occur in areas deemed most feasible to set the process in play.
	Provide a framework identifying priority areas for development based on market intelligence and growth infrastructure planning.

6. Address the employment deficit

The Structure Plan's goal to provide 57,000 new jobs by 2046 is not aligned with the 2013 *Draft Metropolitan Strategy for Sydney*'s intention to deliver 50 per cent of new jobs in broader Western Sydney by 2030, and exacerbates the current employment deficit.

Employment lands in Western Sydney is expected to yield the lion's share of Western Sydney's workforce by 2046 without an employment strategy to address the short to medium term shortfall, and a clear catalyst for long-term employment creation critical to the State's economy.

Calculated from population and employment numbers cited in the *Metropolitan Strategy for Sydney*, Western Sydney's shortfall at 95,000 in 2011 is heading toward 338,000 by 2031.

Applying this outlook to a thirty year period from 2011 - 2041, Western Sydney's population at current growth rates would reach 3,400,000 producing a workforce of 1,700,000. This means 894,000 jobs would need to be available by 2041 in Western Sydney.

Of the 50 per cent of new employment to be generated in Western Sydney, if 30 per cent will be in strategic and specialised precincts, and 30 per cent dispersed, the BWSEA – as the largest employment area for Western Sydney – would need to provide for the majority of new employment equating to 358,000 jobs.

The Structure Plan's target of 57,000 jobs in thirty years and an additional 155,000 beyond falls far short of delivering the growth NSW needs. The BWSEA requires immediate release for employment generation to meet urgent growth concerns, and a catalyst in the long-term such as a Western Sydney airport.

A robust employment strategy regularly reviewed in accordance with Census data release periods to address short to medium term jobs demand is vital to the area's success as the lynchpin of the State's economy.

Recommendation	Unlock immediate employment generation opportunities in the BWSEA to address existing jobs shortfalls.
-----------------------	---

Develop a sophisticated employment strategy underpinned by regular independent reviews in line with Census data release periods to get choice right for maximum yield.

7. Establish 'centres of excellence' to realise the area's full capacity

The employment market will follow growth signals and the draw of Sydney's CBD will remain strong until Parramatta fully evolves as a second CBD. Final employment demand will be influenced by the local environment and transit links to the broader region.

To make the BWSEA a location of choice for higher order employment, the proposed specialised centres should be established as centres of excellence based on emerging sectors of employment such as high technology and communications, health, education and aged care.

We recommend the development of an activities centre policy to provide the framework needed to determine the centres' competitive advantage. The centres' final locations should be informed by infrastructure connectivity and accessibility, and separate from the Commonwealth site.

Leverage existing opportunities

Providing a rail orbital linked to broader metropolitan Sydney would alleviate freight pressure from Kingsford Smith, and the Structure Plan should consider how the full dividend of what is on offer can be realised. For example:

- air freight is an emerging priority and the area has the potential to attract secondary high-tech businesses such as just-in-time services ancillary services for the pharmaceutical industry,
- the warehousing infrastructure available in the BWSEA caters for a diversified business mix such as agribusiness logistics.

Plan for a business park

Taking into account the potential catalyst use of the Commonwealth site, it would be timely and appropriate to consider a business park as either one of the two specialised centres or a third option.

In light of Sydney's short and scarce supply of employment lands – approximately three years at full take up rate – the BWSEA should be zoned to meet diverse requirements based on strategically identified future uses including business parks.³

³ Employment Lands Task Force, February 2012, *A report from the Employment Lands Task Force to the Minister for Planning and Infrastructure*

Although it required a thirty year lead time, the Norwest Business Park has proved itself a successful model due to the flexibility of zoning and large land parcels that attracted Cathay Pacific to the area.

Both Norwest and Macquarie Park were forward planned based on long-term employment demand projections in the absence of arterial routes such as the M7, rail connections, or neighbouring urbanised areas.

The BWSEA is at a natural advantage to house a business park given its timeframe for development, existing road routes, planned upgrades and reserved corridors, and catchment capacity for the majority of Western Sydney's workforce over the next thirty years.

Recommendation	Develop the specialised centres as self-sustaining centres of excellence founded on emerging sectors such as health, education, aged care and professionalisation of manufacturing.
	Develop an activities centre policy that capitalises the area's full potential to attract a diverse employment base.
	Include planning for a business park as a long-term option.

FORWARD PLAN A THIRTY YEAR INFRASTRUCTURE SCHEDULE

8. Realise the full capacity of road and rail networks

The BWSEA's ability to service up to 40 per cent of Western Sydney's future workforce is dependent on the capacity of the transport network provided, and its regional connections.

We recommend the development of a thirty year transport strategy which accounts for all options proposed in the Structure Plan, with all corridors immediately reserved and protected. Major network connection points should be finalised to guide land use planning.

It is essential all infrastructure planned is based on the maximum use of the area as retrofitting major networks will be limited as urbanisation occurs. All proposed options for second road and rail corridors should be included in final planning.

Outcomes from transport studies commissioned to inform the development of the Structure Plan should be taken into consideration for final decision-making.

The business case for an integrated network

The Structure Plan's identification of an Outer Sydney Orbital (OSO) provides an integrated road route that reinforces connectivity of the area to existing networks in Western Sydney.

We recommend that the Werrington arterial and M9, and all transit connection points are outlined in the Plan. The area's existing spatial grid will inform the most efficient route for the OSO.

For an improved connection to the North West and South West Growth Centres, the Plan should also include upgrading Elizabeth Drive and its connection to the M7, and transit roads running between the M7 and M9.

In addition to road upgrades, planning for a rail orbital is vital to commuter and freight movement across the region.

We recommend that the final rail route selected is linked to the Western line to deliver an integrated network connecting the BWSEA, the Growth Centres, and broader Western Sydney.

A high frequency bus transit network from the BWSEA to Penrith, Liverpool, Marsden Park, Fairfield and Parramatta should be included network planning also.

An integrated road, rail and bus network with all proposed corridors reserved would:

- set a schedule of infrastructure that can be rolled out to meet population growth as it occurs
- provide the highest level of connectivity for neighbouring transport networks the broader region
- leverage the Erskine Park and Old Wallgrove Rd upgrades underway to reinforce an east-west connection across the existing WSEA, and
- serve proposed intermodal sites for the BWSEA.

Recommendation

Establish a robust thirty year transport strategy linked to the Plan.

Reserve and protect land for all proposed road and rail corridors to meet the future full capacity of the area, and avoid retrofitting infrastructure.

Leverage findings from independent studies commissioned to inform final network decision-making.

Confirm the location of major roads and network connection points, and include the Werrington Arterial, and M9 to inform the final Outer Sydney Orbital route.

Connect the final rail route to the Western line to deliver an integrated network linking the BWSEA, North West and South West Growth Centres and broader Western Sydney.

Plan for a high frequency transit bus network connected to Penrith, Liverpool, Marsden Park, Fairfield and Parramatta.

9. Integrate freight networks with broader metropolitan Sydney

The BWSEA offers a rare chance to forward plan freight networks over the next thirty years. Alignment and prioritisation between NSW's *Freight and Ports Strategy*, *State Infrastructure Strategy*, *Long Term Master Transport Plan*, and *Metropolitan Strategy for Sydney* to inform the Structure Plan is critical to getting this right.

All State strategies and policies impacting the area require synchronisation for the Plan to reflect final priorities.

The following require inclusion in the Structure Plan's freight network planning:

- timing of corridor development requires integration with the delivery schedule of the Moorebank and Eastern Creek intermodal sites
- in line with the eastern route of the Outer Sydney Orbital, we recommend one of the two intermodal sites proposed should be closely located to the BWSEA's mid-section
- to service increasing shipping container volumes, and alleviate congestion on existing freight lines, a heavy rail corridor should be connected from the southern section the BWSEA to Port Kembla (commitment to the completion of the Maldon - Dombarton route is required)
- the Structure Plan should consider further how to expand road options for increasing B-Double movement between Port Botany and the greater WSEA.

Recommendation

Ensure a coordinated approach between relevant State strategies to get freight planning for the BWSEA right from the beginning.

Integrate freight corridor planning with the delivery schedule of the Moorebank and Eastern Creek intermodal sites.

Locate one of the two proposed intermodal terminals in the mid-section of the area, connected to broader orbital networks.

Establish a heavy rail route from the BWSEA's southern section for connection to Port Kembla.

Investigate road network options to better service B-Double movement from Port Botany to the BWSEA.

10. Support options for infrastructure utilities provision

The Structure Plan identifies decentralisation of utilities delivery as a future option, and investigation into a contestable water market should continue.

To deliver the infrastructure BWSEA requires for growth to occur, the Structure Plan should be underpinned by a clear and integrated spatial land use and development strategy facilitating varying modes of delivery.

This approach has proved itself successful. During the early development of the North West Growth Centre, Australand worked closely with the State to roll out sewage infrastructure required to enable residential development.

Delivery of utilities across the BWSEA is achievable, but requires a whole of government approach with coordination across agencies and frameworks – and market intelligence at the table – to establish commercially sensitive modes of delivery and operation.

Recommendation Develop an integrated spatial and land use strategy to bring utilities infrastructure to market.

Continue investigating new options for efficient and effective infrastructure delivery including a contestable water market.

11. Incentivise infrastructure delivery

The successful delivery of the BWSEA hinges upon equitable growth infrastructure plans, and financial structures in place to incentivise market investment.

An infrastructure strategy comprising innovative financing solutions to inform growth infrastructure plans should be established.

The Structure Plan's objective to deliver infrastructure at no cost to government places an insurmountable burden on the private sector, and this perverse approach has resulted in sub-par growth in surrounding areas.

Levies introduced to the existing WSEA and North West and South West Growth Centres have failed to provide the critical infrastructure required for development to occur. Set too high, they only serve to discourage market buy-in and ongoing investment.⁴

Put simply, the Structure Plan fails to show any imagination in resolving infrastructure delivery issues.

Innovative financing solutions such as growth area bonds have attained long-term growth in other countries for over 50 years.

Recommended by the Urban Coalition and Property Council,⁵ an Urban Infrastructure Fund offering credit enhancing investment products such growth area bonds would provide a long-term, intergenerational approach to raising funds, recovering costs, and returning revenue for further investment in infrastructure.

It is time that NSW take the lead as the number one State in innovative infrastructure financing and investment.⁶

⁴Property Council of Australia, 2010, *Employment Lands: Delivering Opportunity and Prosperity*

⁵The Urban Coalition, April 2013, *A New Deal for Urban Australia*

⁶Property Council of Australia, 2009, *Growth Area Bonds: New Solutions for Funding Infrastructure*

Recommendation

Develop a corresponding infrastructure delivery strategy that reflects precinct needs.

Incentivise the delivery of infrastructure through:

- **recognition that growth is a State priority and infrastructure provision is accounted for equitably in growth infrastructure planning,**
- **adopt recommendations by the Property Council and Urban Coalition to introduce innovative financing alternatives such as an Urban Infrastructure Fund offering growth area bonds.**

Property Council of Australia

Property Council of Australia House
Level 1, 11 Barrack Street
Sydney NSW 2000

P: +61 (2) 9033 1900

F: +61 (2) 9033 1966

ABN 13 008 474 422

E: info@propertyoz.com.au

www.propertyoz.com.au