

29 March 2019

2190139

Ms Carolyn McNally
Secretary
Department of Planning and Environment
320 Pitt Street
SYDNEY NSW 2000

Attention: Catherine Van Laeren, Bruce Coleman

Dear Ms McNally,

RE: Draft Greater Macarthur 2040: Interim Plan for Greater Macarthur Growth area and the Draft Greater Macarthur Special Infrastructure Contributions

Ethos Urban, on behalf of Gilead Landowners Group (GLG), welcomes the opportunity to provide comments to the Department of Planning and Environment (the Department) on the draft Greater Macarthur Special Infrastructure Contributions (draft SIC) and the draft Greater Macarthur 2040: Interim Plan for Greater Macarthur Growth Area, released for public comment (the Interim Plan).

The key issue to bring to your attention is the lack of detailed information released to the public to underpin the Interim Plan and draft SIC. This submission contains a high-level summary of issues of concern to GLG. We have only recently, following a meeting with DPE on 27 February, been provided with sufficiently detailed information, particularly in relation to transport modelling, cost estimates and apportionment of infrastructure items as proposed in the draft Greater Macarthur SIC. That information requires more in-depth review and analysis, and we intend to make a later, more detailed submission as a result of that analysis.

1.0 Draft Greater Macarthur 2040: Interim Plan for Greater Macarthur Growth Area

Urban Development Zone

- The GLG strongly supports the Interim Plan's proposed use of an Urban Development Zone (UDZ) under the Growth Centres SEPP. This approach is consistent with the zoning regime in the North Wilton Priority Growth Area and as proposed within the Western Sydney Aerotropolis. The UDZ will provide flexibility in design, confer development rights and apply to an entire precinct. However, development could only occur once a precinct plan had been prepared.
- It is recommended that the UDZ for Greater Macarthur adopts objectives similar to those that apply to the North Wilton Priority Growth Area, i.e.:
 - To manage the transition of land from non-urban uses to urban uses.
 - To encourage the development of well-planned and well-serviced new urban communities in accordance with the structure plans.
 - To ensure a range of uses, and uses located in a way, that are consistent with the strategic planning for the Precinct.
 - To safeguard land used for non-urban purposes from development that could prejudice the use of the land for future urban purposes.
 - To ensure that land adjacent to environmental conservation areas is developed in a way that enhances biodiversity outcomes for the Precinct.
- It is recommended that the UDZ should simply delineate land that is suitable for development. Other zones (such as Environmental Conservation) should only be used for areas that are highly constrained.

Priority Precincts

- The Interim Plan identifies that dwellings are expected within the Menangle Park and Gilead precincts in 2019, with these areas identified as priority precincts. At this stage, only part of the GLG land is identified as being within the Gilead precinct, with the remainder of the land being within the West Appin precinct.
- It is requested that the entirety of the GLG land be considered for priority rezoning to allow development to commence promptly and to coordinate with the range of infrastructure works (i.e. wastewater and potable water) proposed across the GLG land which connects the Gilead precinct to the West Appin precinct.

Infrastructure – Sydney Water

- Sydney Water is recognised as the primary utility supplier for potable water and wastewater within the growth area however they have not been confirmed as the identified provider. Land owners need to understand who will be responsible for water provision to ensure that the servicing strategy can be prepared and finalised. This will enable forward planning and development of infrastructure.

Bushfire

- “Planning for Bushfire Protection 2018” manual is still in draft form; however, it provides the most appropriate guide to bushfire planning for residential rezoning on bushfire prone land. The manual recommends that an indicative development layout is provided to enable an assessment of the suitability of the land for development. Consequently, asset protection zones (APZs) would be prepared based on the indicative layout which would identify perimeter road locations and minimise the need to impose APZs on developable land. It must be made clear that bushfire will not become a constraint to development. The Gilead Landowners Group has already prepared a masterplan for their land holdings that incorporates appropriate assessment of bushfire risk and APZs and is a reasonable solution in relation to managing bushfire risk.
- The Interim Plan does not provide enough clarity with regard to bushfire planning, APZs or performance criteria. The Biodiversity Study supporting the Interim Plan states that APZs should not be located on the proposed conservation lands. The Interim Plan appears to support this however identifies only ‘high biodiversity constrained lands’ – not conservation lands. The assessment framework indicates that the urban development footprint will be further refined through the removal of non-compliant areas with asset protection zones, and the revisiting of densities in bushfire risk areas.

Nepean River Access

- The Greater Sydney Region Plan and Western City District Plan both identify the importance of re-establishing the Green and Blue Grids, being the connectivity of environmental lands for recreation, conservation and water management along river corridors. The Interim Plan indicates that land around the Nepean River will be set aside for conservation, with limited public access for nature-based recreation. Public access to the Nepean River for recreation is critical. The Nepean River is a natural asset that should be enjoyed and appreciated by residents and visitors, as well as serving important environmental and ecological functions.
- The Interim Plan presents a significant opportunity to make the Nepean River a key focal point of the Growth Area. This will serve to enhance the environmental aspect and values through the area, while contributing to the objectives of the Green and Blue Grids. There is still a need to conserve koala habitat while preserving and maintaining ecological connectivity between both river networks. Notwithstanding, the Georges River also presents an opportunity to increase recreational assets for the community.

Biodiversity Assessment

- The Greater Macarthur 2040 Interim Plan states that biodiversity will be addressed via strategic conservation planning. DPE has commenced a Strategic Biodiversity Certification Assessment (SBCA) and Cumberland Plain Conservation Plan (CPCP) that will address biodiversity impacts and environmental offsets across the Macarthur Growth Areas.
- These reports are not yet publicly available for review, however, the Greater Macarthur 2040 report, draft Structure Plan and draft LUIS identify “environmental conservation lands’ (Figure 2 and Figure 6), that will be

required to meet conservation outcomes and an Open Space/Conservation contribution of \$173M to meet these commitments. It is understood that the identified urban and conservation areas may be revised/amended following completion of the SBCA and CPCP.

- Given the above, it is not clear in the documents released to date, how the biodiversity certification contribution has been calculated and whether it considers the proportional impacts to biodiversity in different zones/precincts, or whether there is a fixed contribution regardless of the extent of biodiversity values impacted by different land holders/precincts. Nor is it clear to what extent areas of biodiversity values avoided/retained on these lands' holdings contribute to the biodiversity certification contribution.
- Without this information it is difficult to comment on the appropriateness or otherwise of the proposed biodiversity certification contribution. It is suggested that the SBCA and CPCP address this issue and that if significant areas of land are identified for conservation outcomes, that this be taken into consideration in the certification contribution. Any conservation lands within the Gilead Landholders Group not be counted towards targets in the Cumberland Plain Conservation Plan unless agreed to by the land holders and appropriate reductions in biocertification contributions are made, and that unless otherwise agreed to, the conservation lands within the Gilead Landholder Group landholdings not be constrained and be available for the land holders to use to meet other offset obligations, if/as required (i.e. by registering a Biodiversity Stewardship Agreement).

Koala Protection Corridor

- The Greater Macarthur Plan identifies Primary north-south (along Appin Rd and Nepean Rivers) and east-west (along Ousedale Creek) Koala habitat corridors that are considered critical to protect and enhance the local Koala population. The plan also identifies some 260 ha of cleared land to the east of Appin Rd that is proposed to be revegetated to increase Koala habitat.
- These primary corridors and the protection are supported, however, the proposal to revegetate cleared areas east of Appin Rd requires further consideration given existing rural housing in the area and the existing ability to construct dwellings on this rural land. It is suggested that any Koala road kill mitigation fencing and habitat protection works be focused on the area to the east of existing housing.
- Further consideration to inform a well-managed and buffered urban interface between the identified Koala habitat is considered to result in a better outcome for both Koalas and people.

2.0 Draft Special Infrastructure Contributions

Contribution rates proposed in the draft SIC

- Whilst it is understood that the Greater Macarthur area can benefit immensely from additional infrastructure it has previously been deprived of, the rate of the proposed draft SIC between \$39,710 and \$43,985 per dwelling is significantly higher than other SICs. This rate is more than double the current SIC for South West and North West Growth Areas (\$14,000-15,000).
- We understand that the principle of no additional cost to government underpins the release, rezoning and development of land in the Greater Macarthur Growth Area, and that this principle results in different arrangements for the sharing of costs between government and the private sector in Greater Macarthur, when compared to other Growth Areas.
- However, we remain concerned at the degree to which infrastructure costs, particularly for regional transport links, have been apportioned between development in Greater Macarthur and demand generated by underlying growth or to address backlogs in infrastructure funding and delivery. Key examples include Spring Farm Parkway and Appin Road, which service other growth areas and have broader transport network benefits for Metropolitan Sydney that extend well beyond Greater Macarthur Growth Area.
- The SIC charge is proposed to move from a per hectare to a per dwelling rate. While it is understood that this change was intended to improve simplicity of the SIC and enable funding of infrastructure that reflects development densities, the proposed approach could also introduce a disincentive for medium or higher density development.

- We suggest that a base rate, per hectare, could be supplemented by an additional rate per dwelling, where densities are higher than that which underpins the base rate (say 15-18 dwellings per hectare). The supplementary rate should also vary with dwelling size, so that smaller dwellings, which will deliver much needed housing diversity are not unfairly contributing to infrastructure costs.

Cumulative impact of the draft SIC and other development levies and charges

- If the proposed draft SIC is made, its commencement is likely to occur at a time when the current cap on local contributions (Section 7.11) will be lifted to \$45,000 per dwelling, and beyond when the contributions cap is removed entirely. This is likely to result in total infrastructure contributions in Greater Macarthur more than double the rates proposed in the draft SIC.
- The feasibility analysis undertaken on behalf of DPE assumes a local infrastructure contribution rate of \$20,000 per dwelling, which grossly under-estimates the probable real cost. We know from significant experience that local infrastructure contributions in greenfield release areas (for low density detached dwellings) are more accurately in the order of \$50-80,000 per dwelling/lot. The feasibility analysis is therefore fundamentally flawed in relation to the assumed cost of local infrastructure levies.
- While further review of the feasibility analysis is required, we are also concerned that the assumptions which underpin the value of developable land (and therefore the assumed raw land values) are under-estimated. The capacity of developers to pay for infrastructure contributions without significant impacts on development feasibility are therefore highly generalised and may distort the feasibility analysis results.

The actual cost and scope of regional infrastructure

- More than 78% of the funds collected by the draft SIC will be allocated towards road infrastructure, including intersections and bridges. We have now received a modelling note by Jacobs which provides some additional clarity in relation to the proposed transport network however require more time to review this and draw conclusions.
- We understand that the transport infrastructure costs are based on strategic estimates that rely on established government methodologies for infrastructure costing, and which include significant contingencies. While we appreciate that in the early stages of project planning contingencies are required to manage financial risks, these contingencies may be inflating the attributed cost of some infrastructure items, leading to contribution rates being higher than is necessary.
- The Department has also provided more information in relation to the proposed apportionment of costs for regional road connections, including how costs are proposed to be split between the North, Central and South contributions areas.
- Further analysis of this apportionment and the Jacobs modelling note is required to enable us to provide a detailed response to this issue. However, from a preliminary review of additional information supplied by DPE, we are particularly concerned at the proposed apportionment of some key transport links:
 - Spring Farm Parkway East private sector contributions are split evenly between the North, Central and South contributions areas, while Link Road A is entirely attributed to the Central contributions area.
 - This outcome is in our view illogical and does not accurately represent how these regional connections will be utilised by future residents of the Growth Area.
 - Link Road A should not be entirely apportioned to the Central contributions area, particularly when this area is making an equal contribution to Spring Farm Parkway. The same approach to apportioning costs that has been applied to Spring Farm Parkway should also apply to Link Road A, recognising that it is highly likely that some residents of the North contributions area will use Link Road A, as it will provide the most direct connection to the Hume Motorway.
 - Similarly, Road R5, the Gilead South Sub-arterial, will be an attractive route for residents of the South contributions area to access the Hume Motorway if travelling north to metropolitan Sydney destinations. This road is apportioned 100% to the Central contributions area.

- The Central contributions area should not make any contribution to Spring Farm Parkway west of the Hume Highway. The main aim of the road network should be to move traffic from the Growth Area directly to the Motorway network, and not to encourage traffic from Greater Macarthur to travel through Menangle Park, Elderslie and Spring Farm release areas.
- A more nuanced approach to the apportionment of costs for key infrastructure links is required. The apportionment should provide for the staged delivery of infrastructure and enable land owners to accelerate rezoning proposals and make a fair and reasonable contribution to the infrastructure required to service additional demand from their development. The current approach to apportionment of costs appears to pre-determine a development sequence and sequence of infrastructure delivery that quarantines costs for some infrastructure items to a specific development precinct, while sharing other costs. This approach has in our view led to artificial inflation of the infrastructure costs for the Central contributions area. As discussed above, the approach to cost apportionment appears to be inconsistent, and has resulted in uneven or inequitable distribution of costs for some of the major transport links between the North, Central and South contributions areas.
- Travel demand management is another critical issue. Planning for the transport network outlined in the Interim Plan and draft SIC is based on current knowledge of modal split, the provision and attractiveness of public transport, and journey to work behaviour and travel patterns. The SIC needs to make allowance for the long-term development program in Greater Macarthur, and the likelihood that travel behaviour will change (potentially in unforeseen ways and beyond recognition) over a 50 year plus period. Forecasting the needs of the transport network over such a long period is impossible, and our view is that the SIC should set a sunrise period for the planned infrastructure, with any transport infrastructure required beyond 30 years from now subject to separate consideration, and excluded from the SIC. There are precedents under other contributions regimes to plan for a maximum 30-year horizon.
- It is also our view that there should be mechanisms to enable the private sector to contribute to, and receive credit for, other forms of transport that would reduce the need to build more roads. A transport infrastructure (rather than roads only) component for the SIC, which includes public transport infrastructure and roads, would provide flexibility for the private sector to propose funding and delivery of a broader range of transport infrastructure, potentially leading to more cost-effective and environmentally sustainable transport outcomes for Greater Macarthur, and a mechanism for the private sector to deliver (and obtain credit for) a broader range of elements of the Greater Sydney transport network.

3.0 Conclusion

Ethos Urban on behalf of Gilead Landowners Group, supports the creation of the draft SIC and Interim Plan and looks forward to working with the Department to improve the Greater Macarthur SIC and Interim Plan to equitably fund and deliver the infrastructure that Greater Macarthur deserves. To reiterate, this submission is a high-level summary of key issues, and we will make a more comprehensive submission once we have reviewed additional information supplied by the Department following our recent meeting.

Please contact Paul Robilliard, Director using the details below should you wish to discuss the contents of this letter further.

Yours sincerely,



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