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From: system@acelo.com on behalf of Lino Caccavo <[REDACTED]>
Sent: Tuesday, 13 November 2018 4:30 PM
To: [REDACTED]
Subject: Submission Details for company AMP Capital (org_comments)
Attachments: 294813_2018-11-09 Aerotropolis Submission.pdf

Follow Up Flag: Follow up
Flag Status: Completed

Confidentiality Requested: no

Submitted by a Planner: no

Disclosable Political Donation:

Agreed to false or misleading information statements:

Name: Lino Caccavo
Organisation: AMP Capital (Director, Real Estate Government Policy and Stakeholder Strategy)
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Content:
Please see attached.

IP Address: - [REDACTED]
Submission: Online Submission from company AMP Capital (org_comments)
https://majorprojects.acelo.com/?action=view_activity&id=294813

Submission for Job: #9552
https://majorprojects.acelo.com/?action=view_job&id=9552

Site: #0
https://majorprojects.acelo.com/?action=view_site&id=0

5th November 2018

Director, Aerotropolis Activation
Department of Planning NSW
GPO Box 39
Sydney NSW 2001.
e submission:

Dear Sir / Madam,

Submission to the Aerotropolis Stage One Land Use and Infrastructure Implementation Plan

AMP Capital congratulates the NSW Department of Planning for releasing its Stage 1 Land Use and Infrastructure Implementation Plan (LUIIP). We are optimistic for the long-term economic outlook for the region and hold the view that the region's sustainable development must deliver exceptional social and environmental outcomes for greater Sydney. This will require coordinated decision making across three layers of government, and their various agencies, to establish the conditions to create certainty that encourages timely investment

AMP Capital is supportive of the Western Sydney Aerotropolis and the opportunities it will bring for the NSW economy and the Greater Sydney basin. AMP Capital is uniquely placed to both invest in and to create and manage real property assets as well as investment in utilities, transport, social and community infrastructure.

About AMP Capital

AMP Capital is a leading institutional investment house and its major shareholder is the ASX listed AMP, which has been helping Australians plan for and own their futures for over 165 years.

Our home strength in Australia and New Zealand has enabled us to grow internationally, and today we have operations established in Dubai, China, Hong Kong, India, Ireland, Japan, Luxembourg, the United Kingdom and the United States. We also collaborate with a network of global investment partners, leveraging our shared capabilities to provide greater access to new investment opportunities and therefore our clients trust us to invest over A\$189B¹ in funds under management on their behalf, across a range of single sector and diversified funds. Our businesses, focussed on real estate and infrastructure, are keen to participate in the investment opportunities that the Aerotropolis will bring.

With a heritage in real estate investment spanning over 50 years including developing the Southern Hemisphere's (and Australia's) first skyscraper in Sydney in 1962, AMP Capital Real Estate is one of the most experienced real estate managers with more than \$27 billion² in assets under management on behalf of institutional and retail investors. Its purpose is to shape a better future by creating exceptional real estate experiences that deliver sustainable returns for our investors, support our tenant customers in their success and add value to the lives of the millions of people and communities who either shop, work or experience our managed places each day.

AMP Capital Infrastructure has been investing in this asset class since 1988. Its focus is on thematic investment in assets across a range of sectors including energy, transport, utilities, airports, seaports, communications infrastructure, social infrastructure and aged care. We have interest in over 140 infrastructure equity and debt investments globally, giving us a combined portfolio of almost A\$18 billion, as at 30 June 2018. Australian examples include Melbourne Airport, western Sydney electricity distribution network Endeavour Energy, Reliance Rail, the Royal North Shore Hospital Public Private Partnership as well as Opal aged care facilities.

¹ As at 30th June 2018

² As at 30th June 2018

More information on the scale and breadth of investment as well as the capacities and investment expertise of AMP Capital can be found on our website: www.ampcapital.com.

AMP Capital's investment ethos in Real Estate and Infrastructure focuses our team on planning and policy matters and it is in that spirit that we offer the following general comments, observations and recommendations in respect of the Aerotropolis LUIIP.

1. The creation Aerotropolis precinct should be founded on the principles of sustainable development supported by the whole of government.
2. Discipline and rigour are required to ensure both land release and development is sequenced with infrastructure to incentivise private sector investment
3. Out of sequence development is only approved based on a favourable, robust, contestable and independently prepared Net Community Benefit Test.
4. Funding and provisioning of infrastructure is fair, coordinated by all levels of government and incentivises developers to efficiently utilise land.
5. Proposed planning and development controls based upon "probable maximum flood" levels rather than traditionally recognised 1:100-year levels may limit the economically feasible yield of employment land.

1. Sustainable development supported by the whole of government.

The Commonwealth, the NSW Government and the eight councils surrounding the Aerotropolis have come together to support a 'city deal' for the airport precinct strongly desire the great economic opportunities that will flow from the Aerotropolis and new airport. They also recognise that it will be through the creation of healthy environments and providing the right social infrastructure that will sustain and grow the communities of western Sydney and indeed the greater Sydney basin.

Sustainable development outcomes, where social, environmental and economic outcomes are balanced against each other, can only be achieved in collaboration and coordination with all government agencies. In this regard we welcome and support the establishment of the Western Sydney Aerotropolis Development Authority. At the highest of levels, it will be critically important for the Authority and the private development sector to make decisions and undertake development underpinned by three important principles:

- a. Efficiency: doing more with less;
- b. Effectiveness: doing more of the right things as well as reducing friction points; and
- c. Equity: ensuring that economic contributions and benefits are equally shared by the community.

Whilst it is clear the LUIIP is an 'intent' document, it must be recognised that sustainable development will not be a guaranteed outcome without clear long-term vision/aspiration as well as a strategic plan that gives the vision effect. Planning and placemaking policies and regulations must be in 'lock step' with the strategic plan yet be agile enough to ensure flexible approaches and innovation is encouraged as every opportunity for sustainable development is identified, unlocked and leveraged.

2. Land release and development sequencing

The NSW Government and the Commonwealth has a 'once off' opportunity to create a brand-new airport and all associated infrastructure in western Sydney. The effective and efficient growth of the Aerotropolis will come through 'aligned' government policies and processes that deliver certainty to investors, developers and place-makers.

In order to secure long term positive environmental, social and economic benefits resulting from the creation of the airport and the Aerotropolis it sustains, it is essential that a master plan for the region is established, based on essential infrastructure, that is developed with the private sector and is equally owned and respected by the Department of Planning, the greater Sydney Commission, local councils and the various Agencies of NSW Government including the RMS, EPA, Health, Environment and Heritage, Education, etc.

In this way it can be possible to allow for the release of employment lands in the region that could help alleviate the existing shortage for large warehousing facilities in Western Sydney. Of itself, this will be critical to the long-term operation of the Western Sydney Airport as will be the planning for the land releases for the communities that will be sustained by the new Aerotropolis economy.

3. Out of Sequence Development

AMP Capital recognises that there will be opportunities for out of sequence development for certain locations within the region. Whilst we accept that Councils have a significant role to play in this regard, it is often investors that have firsthand experience with the demand for these facilities and how they can be effectively developed.

It is our view that development of this nature can be supported and approved if:

- a. It is consistent with the agile strategic intent (vision) for the Aerotropolis and the surrounding regions; and
- b. It is subject to, and passes, a robust, contestable and independently modelled Net Community Benefit Test (NCBT).

Accordingly, it is our view that the NCBT³ would be required to appraise both the opportunities and the impacts of a specific out of sequence development on the community, as follows:

- Existing and future supply and demand for the specific out of sequence development proposed based upon agreed regional growth forecasts;
- The accessibility of the proposed out of sequence development to communities;
- The potential for innovation and the contribution of the innovation to the economy of the Aerotropolis;
- The social, environmental and economic impacts and implications of specific proposals to the viability and vitality of existing facilities;
- An agreed and understood template and standard method (between Government and its agencies as well as the business sectors) against which the net social, economic and environmental benefits are consistently calculated, assessed, measured and reported;
- that the NCBT is prepared by an appropriately qualified independent expert; and
- that the NCBTs are contestable.

This approach would then ensure that broader regional objectives are met through the out of sequence development and that such approvals would not unfairly impact or burden 'in sequence' development and ensure that that the provisioning and funding of infrastructure is fair.

4. Infrastructure charges and developer contributions.

Whilst the level of State Infrastructure Charges (SICs) are unknown at this stage, it is critically important to recognise that these charges are part of a 'suite' of development charges that will be levied on development initiatives in the area, which will also include Section 7.11s (formerly S94s), Voluntary planning Agreement (VPA's that may not be aligned to regional infrastructure) as well as the possibility for unspecified 'value sharing' mechanisms and affordable housing contributions in addition to the above.

These fees and charges place significant pressure on development feasibility. Accordingly, we see a need for development contributions to be levied in a synchronised and coordinated way to ensure that both the community and the developer benefit from the provision of infrastructure, in the way we can demonstrate for Melbourne Airport.

With over 20 years involvement in the development of the Melbourne Airport precinct, AMP Capital has gained a significant amount of knowledge of the economic contributions the Airport has made to Melbourne, Victoria and the nation. For example, in the 2016 financial year Melbourne Airport generated to more than \$20B per annum in economic activity across Australia, including more than \$17B Victoria. The airport directly supports over 20,600 full-time equivalent (FTE) jobs and approximately 150,000 indirect jobs in Victoria. In total, this is equivalent to around 7% of all jobs in the state⁴.

Accordingly, it is then our view that SICs need to incentivise the efficient and effective utilisation of land, and not be used as a 'blunt instrument' that would serve to discourage innovation and effective utilisation of scarce land resources and we welcome the opportunity to work with the Department of Planning to explore innovative ways of maximising private sector investment in the provision of infrastructure in the region more broadly.

³ AMP Capital Real Estate first proposed this approach to the Greater Sydney Commission's District plans (where they contemplated 'out of centre' retail premises development)

⁴ Melbourne-Airport-Master-Plan-2018-Preliminary-Draft

5. Development controls reflect established industry practice.

AMP Capital recognises the importance of the South Creek Green corridor proposed by the LUIP and the social and environmental connections it will provide.

Notwithstanding this, the proposed adoption of the PMF flood levels to limit development will have a substantial impact on the availability of land that would be most ideally suited to employment lands (eg large and relatively flat land areas). In turn that concentrates land with those characteristics away from south creek and closer to and/or within the control of the western Sydney Airport itself, which may result in unintended consequences.

As the high demand for employment land in western Sydney intensifies, this will result in higher land costs. In turn, this will make it more viable for industry/business to locate outside the Sydney basin (eg, Melbourne/Brisbane) with consequential negative impacts on jobs growth, diversity of employment, GDP as well as establishment of the industries around the airport to sustain its aviation and technology as well as agribusiness objectives.

The adoption of the recognised 1:100-year flood levels will alleviate these pressures and allow western Sydney employment lands to remain competitive as measured against its national peers.

We look forward to discussing the issues raised in this submission further. Should you require additional information please do not hesitate to contact me on [REDACTED]

Yours sincerely

[REDACTED]
Lino Caccavo
Director Real Estate Government Policy and Stakeholder Strategy
[REDACTED]
[REDACTED]