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Australia's property industry

Creating for Generations

Catherine Van Laeren,
Acting Executive Director Western Sydney and Aerotropolis,
Department of Planning, Industry and Environment
Lodged via the NSW Planning Portal

Dear Ms Van Laeran,

The Property Council welcomes the opportunity to provide comment on the Mamre Road Precinct Rezoning Discussion Paper and supporting documents.

As Australia's peak representative of the property and construction industry, the Property Council's members include investors, owners, managers and developers of property across all asset classes. We are pleased to provide the following comments for your consideration.

The Property Council supports the decision to expedite the rezoning of the Mamre Road Precinct as there is strong market demand for additional industrial land.

Through our industrial committee we have been working closely with the Department of Planning, Industry and the Environment on the release and rezoning of the Mamre Road Precinct over the past two years and welcome its release.

It did come as a surprise for the Committee, many who are landowners in the precinct, that plans for an intermodal were included in the Structure Plan released. While acknowledging the need for confidentiality on some decisions, the lack of consultation on the placement of the intermodal, particularly with affected landowners, is not ideal.

In this regard, post release of the key documents we have sought clarity on the process, freight modelling and planning that has taken place to date to understand the reasoning behind its placement. We have welcomed the engagement from both Transport for NSW (TfNSW) and the Department of Planning, Industry and the Environment (DPIE) and look forward to taking place in workshops in the new year to understand these details further.

Market Context

The Western City as outlined by the Greater Sydney Commission's District and Region Plans has a critical undersupply of serviced industrial land. While there is a warranted focus on the planning and development of the Western Sydney Aerotropolis (WSA), a current lack of supply of zoned and serviced industrial land has the capacity to undermine the economic future of the region and harm Sydney's national and international competitiveness.

The Western City is a unique market in that much of the available land supply is privately owned and only released periodically. On available figures and based on a take up of 200 – 250 hectares per year, there is about 2 – 3 years of industrial land supply available in the Sydney market – a worrying position for Australia’s largest city.

Demand is growing with more floorspace needed to support population growth, consumption and structural trends such as Ecommerce. If the Ecommerce sector grows on a similar trajectory to what it has in the US, a likely scenario based on past performance, we may see ecommerce account for 10 per cent of all retail sales by 2024. CBRE estimate based on overseas examples that Ecommerce typically requires 3 times the industrial space that traditional bricks and mortar retailing requires.

Retail trade and transport, postal and warehousing currently make up 59 per cent of total floorspace take up across Australia’s cities. A growing population and a stable and growing economy will only see this trend continue and increase demand for commercial and industrial buildings.

Releasing the Mamre Road Precinct for development will alleviate pressure on land supply in western Sydney, encourage investment and contribute toward the job target of 200,000 jobs established under the Western Sydney City Deal.

The highly advanced businesses to be located within the Aerotropolis will rely on supporting and surrounding ancillary industrial facilities to provide key products and services to allow them to function efficiently.

New investment in the Mamre Road Precinct will align with the Greater Sydney Commission’s Western City District Plan including encouraging a 30-minute city and growing jobs.

The potential outcomes of not releasing and rezoning enough serviced, industrial land includes:

- **Fewer jobs** created to contribute to the 200,000-job target under the western Sydney City Deal
- **Worsening affordability** as land values have increased up to 100 per cent in the last 3 years,
- **A lack of competitive advantage** as large investors and tenants look to other east coast States to invest as they are more affordable. In recent history, Ceva, National Tiles, Woolworths, Coles, and Asahi have all chosen to either move or prioritise interstate investment. This is at a significant cost to local jobs and economic growth in Western Sydney.

In the attached submission, the Property Council makes comment on specific parts of the discussion paper and seek:

1. Adoption of the 1-in-100 chance per year as the standard for flooding in the precinct. This is consistent with the NSW Floodplain Development Manual 2005 and the approach taken by the Department in surrounding precincts.
2. An open and transparent discussion on the placement of the intermodal, the need to interrogate alternative sites and the need to understand investment opportunities, the feasibility of interim uses and potential investment opportunity costs.
3. That the State Infrastructure Contribution for the Western Sydney Employment Area apply to the Mamre Road Precinct while the Department is working with the Greater Sydney Commission on a Growth Infrastructure Compact (GIC) for the Aerotropolis and related SIC in order to provide certainty for industry and consistency across the SEPP.

4. The permissible uses for the new RE1 and RE2 to align with the Penrith Local Environment Plan to better align council asset planning.

Should you have any questions, please feel free to contact William Power, NSW Deputy Executive Director on 0429 210 982.

Yours sincerely,



Jane Fitzgerald
NSW Executive Director
Property Council of Australia

1. Precinct context

The Property Council is broadly supportive of the content in this portion of the discussion paper.

Western Sydney needs a good supply of productive industrial land to support local job growth, economic growth and provide support to the operations of the new airport.

Demand for industrial floorspace in Sydney is growing with more needed to support population growth, consumption and structural trends such as Ecommerce.

The Property Council and its members have strongly advocated for the release of the Mamre Road Precinct ahead of broader master planning efforts for the Western Sydney Aerotropolis so that the increasing demand for employment land in Western Sydney can be met.

2. Planning approach

This portion of the discussion paper identifies the key outcomes sought from the rezoning in addition to the Mamre Road Precinct Structure Plan.

The Property Council is supportive of the vision, and our feedback on the structure plan is provided further within this submission.

3. Key issues and outcomes

3.1 Industrial zoning

The Property Council supports the application of the IN1 General Industrial Zone as currently defined in the Western Sydney Employment Area SEPP to the Mamre Road Precinct.

3.2 Precinct boundary amendments

The Property Council understands the discussion paper seeks to stretch the boundaries of the Western Sydney Employment Area SEPP to incorporate the Mamre Road Precinct and this is broadly supported. Ideally, the boundaries of the WSEA SEPP should incorporate the entire boundaries of the Mamre Road Precinct as defined by the Western Sydney Aerotropolis LUIP Stage 1.

3.3 Traffic and transport infrastructure

Road Infrastructure

The Property Council is supportive of plans to upgrade Mamre Road and deliver a Southern Link Road and looks forward to industry stakeholder engagement as these plans reach exhibition stage.

Future roads

The Property Council understands there will be a need for additional roads to cater to increased freight movements across Western Sydney and supports the early identification of the need to design future roads to accommodate heavy vehicles. The funding of infrastructure upgrades will need to be finalised at the time of rezoning to as to provide certainty for industry on potential cost imposts.

Western Sydney Freight Line

The Property Council notes the draft identification of a corridor for the Western Sydney Freight Line running in parallel to the existing Sydney Water pipeline, which was exhibited in 2018. Care should be taken to ensure this future corridor, which is yet to be adopted by government, does not impede

the need to bring forward the supply of industrial land in the Mamre Road Precinct. The placement of the proposed intermodal is heavily reliant on the Western Sydney Freight Line's current alignment, so the confirmation of this corridor is important for the planning of the Mamre Road Precinct.

Western Sydney intermodal terminal

The Property Council notes the structure plan identifies land for an intermodal facility at the centre of viable industrial land spanning 21 of the 75 lots within the precinct.

As the potential for an intermodal at this location hasn't been raised in any substantial manner previously, landowners have concerns about the potential of an intermodal to defer the future provision of industrial land to the market.

The Property Council acknowledges the significant strategic work that has gone into planning for Sydney's transport future. This includes *Future Transport 2056* and the *NSW Freight and Ports Plan 2018 – 2023*, both documents of which the Property Council contributed to. We also accept the growing demands of freight across Sydney with a 48 per cent increase in freight according to TfNSW figures.

The Property Council supports the efficient movement of freight around our city and the need to plan for further growth, particularly before areas become developed. However, the placement of the intermodal does have the potential to quarantine highly developable land that can contribute to the productivity and job growth of the area and attract world class tenants.

We have sought clarity on the process, freight modelling and planning that has taken place to date to understand the reasoning behind its placement and how industry can work with the Government to get the best possible outcome for the region and Sydney more widely.

The Property Council looks forward to working with Transport for NSW and the Department of Planning, Industry and the Environment further on this important element of the precinct.

Cycle networks

The Property Council raises no objection to the concept of forward planning for cycle networks in Western Sydney.

3.4 Biodiversity and riparian corridors

The Property Council understands the significance of the South Creek-Wianamatta as part of the blue-green grid planned for the Western Parkland City. The creation of setbacks and flood planning levels would best align with the recently released controls for the Western Sydney Aerotropolis SEPP discussion paper.

3.5 Interface with neighbouring residential development

The Property Council understands the need to minimise conflict with nearby residential land uses and recognises the boundaries to the precinct create distance between the industrial aspect of the precinct and the Mount Vernon residential area.

3.6 Existing schools and aged care facility

The Property Council agrees with the suggestion in the discussion paper that the existing private schools and aged care facility are not naturally suited to the future context of the employment area. The Department of Planning should give consideration outside of this discussion paper to areas outside the SEPP to meet the schooling needs of Western Sydney's future population.

3.7 Utilities and servicing

The Property Council raises no objection to the comments in the discussion paper regarding utilities and servicing, and notes the role expediting this precinct will have in enabling the extension of the electricity network to service development across Western Sydney.

Much of the Mamre Road precinct can connect to existing infrastructure; water, wastewater, power, telecommunications and gas services. This can allow construction to commence within 6 months following rezoning with facilities operational within 18 months of rezoning.

3.8 Indigenous and non-indigenous Heritage

The Property Council raises no objection to the comments in the discussion paper regarding items on Indigenous and non-Indigenous heritage.

3.9 Contributions towards state and local infrastructure

The Property Council does not support the use of a satisfactory arrangement clause (SAC) while the Department is working with the Greater Sydney Commission on a Growth Infrastructure Compact (GIC) for the Aerotropolis and related Special Infrastructure Contribution (SIC).

A SAC undermines certainty and transparency in investment and there is no oversight as to how these funds are invested, measurement of outcomes or nexus in the community. Voluntary Planning Agreements, in this context, are in fact not 'voluntary' but are required as there is not a contributions plan in place or in this case, a SIC.

A reasonable SIC that is in place at the time of rezoning is the best course of action with a list of required infrastructure and oversight as to how the funds are invested and by what timeline.

Our preferred course of action would be to adopt the State Infrastructure Contribution for the Western Sydney Employment Area SEPP for the Mamre Road Precinct as this is the most logical course of action for new land being incorporated into an existing SEPP.

3.10 Other precinct matters

This portion of the discussion paper addresses land contamination, earthworks, noise, vibration, water quality and flooding.

The issue of floodplain controls is discussed further in this submission, and the Property Council supports the 1-in-100 chance per year flood level as the basis for floodplain development in accordance with the NSW Government's Floodplain Development Manual.

With respect to the Probable Maximum Flood level, the NSW Government Floodplain Development Manual (2005) describes the PMF as a tool for "emergency response planning to address the safety of people" rather than development assessment. This is the way it should be treated.

We are concerned that the PMF continues to be an issue and a barrier to development in the area.

The PMF has not been and should not be, a determinant of development, particularly for development of non-residential land. A PMF event is extremely rare and we do not believe it is socially or economically justifiable to adopt as a limiting criterion for development.

We must not limit development that could provide investment, local jobs and better productivity for the regions based on a flood event that will happen at a maximum once every 100,000 years.

4. Proposed Amendments to WSEA SEPP

Part 1: Preliminary

This section seeks to amend the WSEA boundary to incorporate the Mamre Road precinct. The Property Council supports this move.

Part 2: Permitted or prohibited development

This section seeks to include new recreation zones into the WSEA SEPP, namely RE1 Public Recreation and RE2 Private Recreation.

The property Council believes the permitted uses within these zones should align with the *Penrith Local Environment Plan 2010* rather than the Standard Instrument. The Penrith LEP provides for an expanded range of permitted uses and the alignment with the LEP will assist in simplifying the master planning for local parkland within this precinct and across the Penrith LGA.

Part 5: Principal Development Standards

This section proposes to amend Clause 26 which governs “development on or in vicinity of proposed transport infrastructure routes” and seeks to require referral to the relevant agency responsible for each portion of transport infrastructure.

In considering this change it is important to be mindful of the overarching intent of amending the SEPP: to accelerate the release of industrial land in Western Sydney. As 49 of the 74 lots within the precinct either border onto or are located within new or potentially upgraded transport routes identified in the discussion paper, there is a strong risk that prolonged agency referrals could further stagnate the release of this land.

There needs to be a very clear presumption that the inclusion of land within the “Transport Infrastructure Investigation Area” won’t prohibit development for IN1 General Industrial purposes prior to the government making an investment decision regarding future intermodal sites.

Part 6: Miscellaneous

This section updates the provisions around land acquisition and land use zoning amendments to the SP2 Infrastructure Zones.

Should the SP2 zone ever incorporate the proposed intermodal area, care should be taken to ensure warehousing and distribution uses are permitted on the intermodal site because these uses tend to be ancillary to the operation of an intermodal facility. Such an amendment should be drafted with the express purpose of ensuring the business case for an intermodal, supporting a rail line which is yet-to-be funded, does not halt the unlocking of significant portions of the Mamre Road Precinct.

New clause – Development of land within or adjacent to transport corridor

In considering this change it is important to be mindful of the overarching intent of amending the SEPP: to accelerate the release of industrial land in Western Sydney. As 49 of the 74 lots within the precinct either border onto or are located within new or potentially upgraded transport routes identified in the discussion paper, there is a strong risk that prolonged agency referrals could further stagnate the release of this land.

New clause – Development in areas subject to aircraft noise

This section includes additional matters for consideration where land is affected by an ANEF/ANEC noise contour of 20 or greater, including limitations on the permissibility of less compatible uses, such as childcare.

In principle, the Property Council supports planning controls to protect the viability of 24-hour operations at the Western Sydney Airport site.

New clauses – contamination, recycled water, earthworks, waterway health

The Property Council raises no objection to these provisions.

New clause – flooding

As stated above, The Property Council supports the 1 in 100 chance per year level as the flood control for this precinct and the PMF must retain its traditional role supporting “emergency response planning to address the safety of people” (NSW Government Floodplain Development Manual 2005).

This approach is consistent with Penrith City Council’s South Creek Floodplain Risk Management Plan (September 2019) and South Creek Floodplain Risk Management Study (August 2019).

We are concerned that the PMF continues to be a barrier to development in the area. The PMF has not been and should not be a determinant of development, particularly for development of non-residential land. A PMF event is extremely rare and we do not believe it is socially or economically justifiable to adopt as a limiting criterion for development.

We must not limit development that could provide investment, local jobs and better productivity for the region based on a flood event that will happen at a maximum once every 100,000 years.

The Property Council acknowledges the government inter-agency working group that has been established to assess the impact of earthworks, potential development scenarios and the blue/green grid on flooding in the South Creek catchment. This investigation has introduced significant uncertainty into the development process for proponents whose land is affected and has lacked transparency and any consultation. We look forward to the investigation’s conclusions in mid-2020.

Savings provisions

As a general principle, the Property Council is supportive of saving and transition clauses applying to development applications within the SEPP. These clauses should apply clearly and consistently across the entire WSEA SEPP.