

# **SUBMISSION ON MAMRE ROAD PRECINCT REZONING**

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PREPARED FOR DEXUS

**URBIS**

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# 1. INTRODUCTION

This submission has been prepared by Urbis for Dexus in response to the Department of Planning, Industry and Environment's (Department) release of the Mamre Road Precinct. Dexus welcomes the opportunity to comment on the proposed rezoning and commends the Department of the release of the exhibition package as another step forward in the planning and delivery of industrial land and contributing to the supply shortage.

For ease of reference, this submission has been divided into the following key sections:

- **Mamre Road Precinct:** Overview of the Mamre Road Precinct with focus on Dexus' interest in unlocking land within the precinct;
- **Comments and recommendations on Exhibition Package:** Summary of comments and recommendation on the proposed rezoning that are integral to the successful delivery of industrial land in Western Sydney.

## 1.1. ABOUT DEXUS

Dexus is committed to be a participant for the response of industrial land shortfall and through this participation support the success of Mamre Road Precinct through the delivery of a timely rezoning.

Dexus is an Australian Real Estate Investment Trust managing a high quality Australian property portfolio valued at \$31.8 billion. Dexus invests only in Australia and directly owns \$15.6 billion of office and industrial property. The Mamre Road Precinct provides an opportunity to meet the short, medium and long term needs of industrial land supply in Western Sydney.

Dexus has a strong commitment to Western Sydney having developed or are in the process of developing over 46 hectares of high quality employment precincts including:

- Quarry Industrial Estate, 2-6 Basalt Road Graystones
- 51 Eastern Creek Drive, Eastern Creek;
- 4 Inglis Road, Ingleburn;
- Regents Park Estate, 391 Park Road, Regents Park; and
- Kings Park Industrial Estate, Vardys Road, Marayong.
- 62 Ferndell Street, South Granville

Dexus is keen to play a role and participate in the growth, development and success of Mamre Road Precinct, particularly facilitating the timely delivery of industrial land to meet current market demand. Dexus looks forward to working closely with the NSW Government to deliver on the Mamre Road Precinct vision.

Dexus welcomes the opportunity to contribute further to the planning of Mamre Road Precinct and welcomes further collaboration and dialogue to ensure the timely success of this precinct.

## 2. MAMRE ROAD PRECINCT

### 2.1. PRECINCT LOCATION

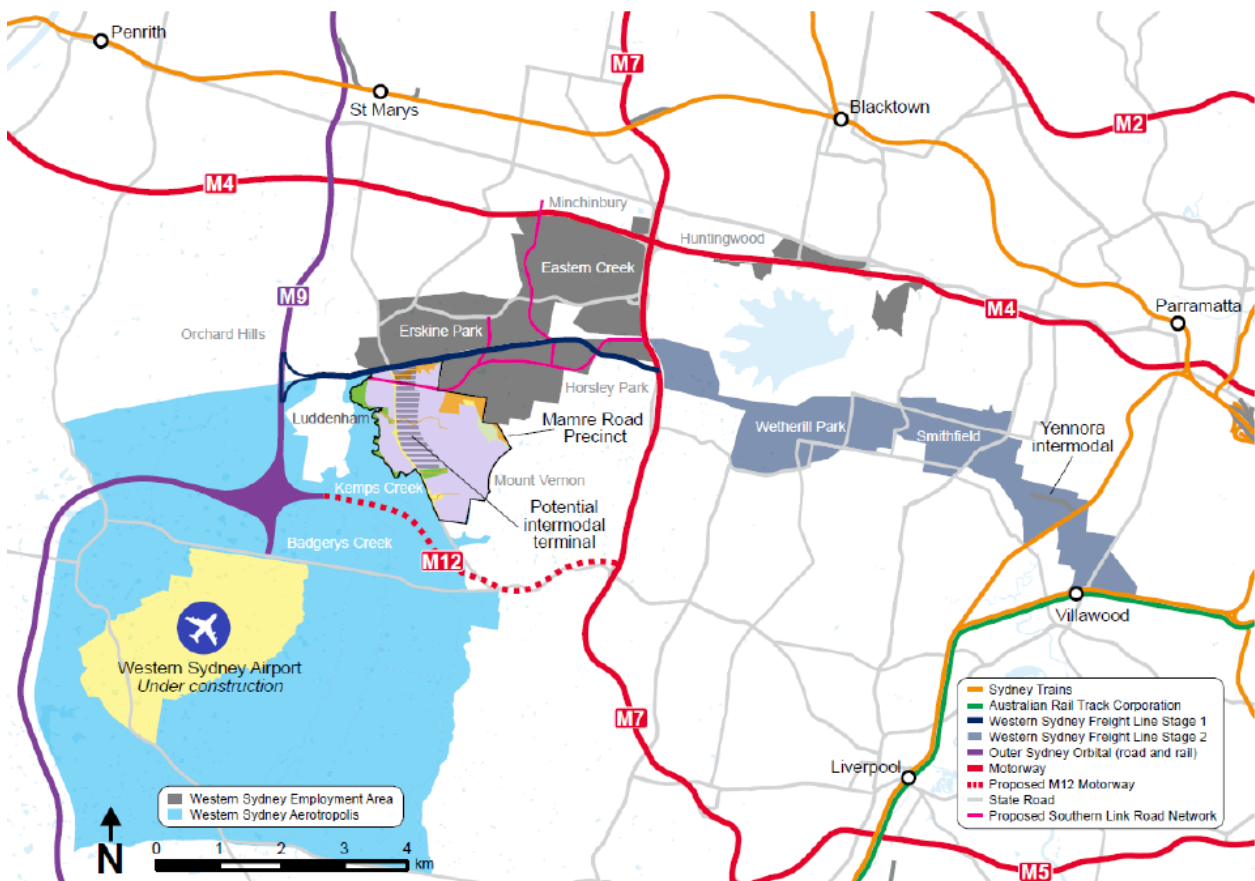
Mamre Road Precinct is located within the Western Sydney Employment Area (WSEA), approximately 40km west of the Sydney CBD and 12km south-east of the Penrith CBD. It is also located within the Western Sydney Aerotropolis, approximately 6km from the future Western Sydney International (Nancy-Bird Walton) Airport.

The precinct covers an area of approximately 972 hectares (ha). The precinct is located within the Penrith Local Government Area (LGA). It is partially located in Kemps Creek and Mount Vernon suburbs. The precinct is directly south of the established Erskine Park Industrial Area, which forms part of the WSEA. Large lot rural residential borders the precinct to the east, South Creek forms its western boundary and Rossmore Precinct within the Western Sydney Aerotropolis borders the southern edge.

The precinct is currently used for rural residential purposes. It is zoned predominately RU2 Rural Landscape under the *Penrith Local Environmental Plan 2010*. Under the existing site zoning development for the purposes of industrial warehouses would be prohibited.

Mamre Road forms the central spine of the precinct running north-south. It connects the precinct to the M4 Motorway to the north and Elizabeth Drive to the south. Bakers lane stems off Mamre Road and connects Aldington Road and Abbots Road to the east.

Figure 1 – Context Map



Source: Transport for NSW

#### 2.1.1. About the Bakers Lane site

Bakers Lane is located in the Mamre Road Precinct. Its address is 706-752 Mamre Road, Kemps Creek, also referred to as Lot 1 in DP 104958. It is a single allotment comprising of a total area of 52.3 hectares. The site borders Bakers Lane to the north, rural residential to the south and east, and Mamre Road to the

west. Mamre Road provides direct access to the M4 Motorway to the north and Elizabeth Drive to the south.

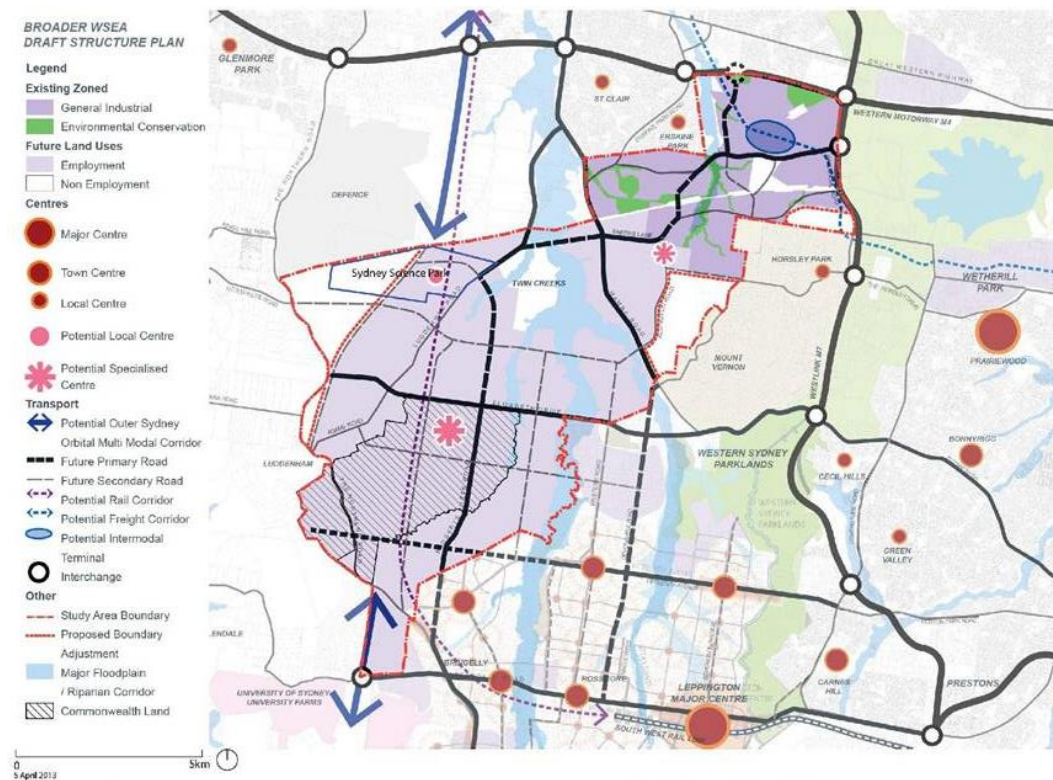
The vision for the site is to create a world class employment precinct through delivering industrial and warehouses. Through the development of these uses, appropriate design for future roads and road upgrades will be considered and incorporated in the final design.

## 2.2. PLANNING BACKGROUND

The Mamre Road Precinct has a history of being designated as future employment land since 2014 when the NSW Government announced a proposal to expand the Western Sydney Employment Area (WSEA) to dedicate a further 4,574 ha of employment. This proposal amended the WSEA SEPP Land Application map to expand the boundary south to Elizabeth Drive and west to the planned Western Sydney Airport. This expansion of designated employment land is referred to as the Broader WSEA.

The Broader WSEA’s draft Structure Plan divided the Broader WSEA into six (6) precincts: Aldington Road, South Creek, Luddenham Road West, Adams Road, Commonwealth Land and the South West Growth Centre Industrial. The present Mamre Road Precinct and part South Creek Precinct was originally within the broader WSEA’s Aldington Road Precinct and South Creek Precinct (refer to **Figure 2** below). These precincts were adjacent to the existing WSEA zoned land and identified 493 ha for employment uses and 377 ha for non-employment. Its proximity to the existing employment areas made it the next logical extension.

Figure 2 – Broader WSEA Structure Plan



Source: Department of Planning, Industry and Environment

In 2018, the NSW Government announced the Western Sydney Aerotropolis, which included parts of the broader WSEA including Mamre Road Precinct. The release of the Stage 1 Land Use and Infrastructure Implementation Plan (Stage 1 LUIIP) provided preliminary guidance by the NSW Government on the Aerotropolis, including the first rezoning phase: Aerotropolis Core, Northern Gateway and South Creek.

Detail on sequencing and delivery of the remaining precincts, including Mamre Road, was deferred to the Stage 2 LUIIP. Following the exhibition of the Stage 1 LUIIP, the NSW Government released a 'What we heard' report. This report acknowledged:

- the need identified by industry for Mamre Road Precinct to be an initial precinct to address the pipeline supply shortfall of zoned and serviceable industrial land;

- that rezoning of employment lands should be expedited; and
- the Precinct should be retained within the Western Sydney Employment Area.

As a response to the ‘What we heard’ report, the NSW Government announced the exhibition of Mamre Road Precinct on 20 November 2019 with the intent to rezone the land. The exhibition package included the following:

- Mamre Road Precinct Structure Plan;
- Mamre Road Precinct Discussion Paper outlining an explanation of intended effects in the proposed rezoning; and
- Proposed SEPP Maps.

The exhibition confirms the WSEA SEPP as the primary environmental planning instrument (EPI) governing land use and development on the site. However, the application of the strategic documents and infrastructure funding mechanisms for the Western Sydney Aerotropolis will continue to apply.

### **2.2.1. Comment on the History of Mamre Road Precinct**

Dexus commends the NSW Government for its acknowledgement of Mamre Road Precinct as an essential employment area for Western Sydney. The expedited planning and rezoning of the precinct is supported and Dexus believes the choice to rezone land under the WSEA SEPP is appropriate.

Historically, the NSW Government has prepared and delivered strategic planning pathways for employment land in Western Sydney. The NSW Government’s long held intention that the land contained within the Broader WSEA, including Mamre Road Precinct, be zoned eventually for industrial purposes has set expectations and informed investment decisions for landowners and developers. Significant land purchases have been made on the basis that long term and consistent strategic planning policy pointed towards land in this precinct being zoned eventually for employment purposes. Outside of the current exhibition period, there has been limited dialogue between NSW Government and the private sector about how current and future markets and land supply can meet the strategic vision of the Western Parkland City and respond to the shortage of industrial land to meet required land supply for Greater Sydney.

In order to see Mamre Road Precinct delivered in a timely manner, there needs to be a continued commitment by the NSW Government, and services delivery authorities, to continue cooperative, productive discussions with landowners to ensure that the intended industrial and employment uses within the Precinct can be delivered in a practical and timely manner. Previous examples of such cooperative delivery in the Western Sydney Growth Centres include Marsden Park Industrial Precinct and the Oran Park Precinct. The Landowner Group asks that the NSW Government work with landowners and developers to ensure Mamre Road Precinct is delivered in a timely manner responding to market needs and contributing to the overall vision of the Western Parkland City.



## 2.3. INDUSTRIAL LAND SUPPLY IN WESTERN SYDNEY

Planning for the Mamre Road Precinct needs to align with the broader land use needs of the WSEA and the Western Parkland City. The prompt exhibition of Mamre Road Precinct Rezoning Package is the NSW Government's response to the industrial land supply shortage in Western Sydney. Based on a take up of between 200 and 250 hectares per year, there is only about 2 to 3 years of industrial land supply available in the Greater Sydney market.

**Table 1** presents the supply of industrial land within the WSEA before and after the proposed Mamre Road Precinct rezoning, based on the Department's Economic Lands Development Monitor (ELDM). Dexus commends the NSW Government for recognising the limited land supply within the WSEA, with an estimated 6 years of industrial land supply currently available for development. The Department also notes that there could be less than 5 years of land supply if landowners decide not to develop.

The addition of 780 hectares of industrial zoned, undeveloped and developable land within the Mamre Road Precinct is expected to add around 8 years to the industrial land supply within the WSEA. The scale and timing of this precinct rezoning is crucial to serving the short-medium term demand for freight and logistics space close to the Western Sydney Airport and key transport corridors along the M4 and M7 Motorways.

Table 1 – Effect of Mamre Road Precinct Rezoning on Supply of Industrial Land in the WSEA

	Pre-Rezoning	Post-Rezoning	Rezoning Effect
WSEA total zoned and undeveloped land	1,058 ha	1,838 ha	+780 ha
WSEA developable zoned and undeveloped land	625 ha	1,405 ha	+780 ha
WSEA industrial take up rate (2008-17)	45.5 ha p.a.	45.5 ha p.a.	n/a
<b>Implied years of remaining supply</b>	<b>13.7 years</b>	<b>30.9 years</b>	<b>+17.1 years</b>
WSEA industrial take up rate (2018-19)	100 ha p.a.	100 ha p.a.	n/a
<b>Implied years of remaining supply</b>	<b>6.3 years</b>	<b>14.1 years</b>	<b>+7.8 years</b>

Source: NSW DPIE Economic Lands Development Monitor; Urbis

### 3. COMMENTS AND RECOMMENDATIONS ON THE EXHIBITION OF MAMRE ROAD PRECINCT

Dexus welcomes the opportunity to comment on the exhibition of Mamre Road Precinct and commends the Department on its release. It is the right step in responding to the demand for industrial land in Western Sydney.

Dexus has a number of concerns with the exhibition package that require clarification or reconsideration prior to finalisation of Mamre Road Precinct. These issues are integral to the successful and timely delivery of industrial land within Western Sydney.

#### 3.1. RELATIONSHIP BETWEEN MAMRE ROAD PRECINCT AND THE WESTERN SYDNEY AEROTROPOLIS

The exhibition of Mamre Road Precinct brings forward the rezoning under the WSEA SEPP. This differs from the original strategic planning guidance outlined under the *Western Sydney Aerotropolis: Stage 1 Land Use and Infrastructure Implementation Plan* (Stage 1 LUIP), which deferred consideration of the remaining precincts until the release Stage 2 LUIP and rezoning of the initial precincts.

Since the announcement of the Mamre Road Precinct exhibition, the NSW Government has released the Western Sydney Aerotropolis Plan (December 2019), which supersedes the Stage 1 LUIP. In this strategic document, Mamre Road Precinct is identified as an initial precinct for the Western Sydney Aerotropolis delivered via an amendment to the WSEA SEPP.

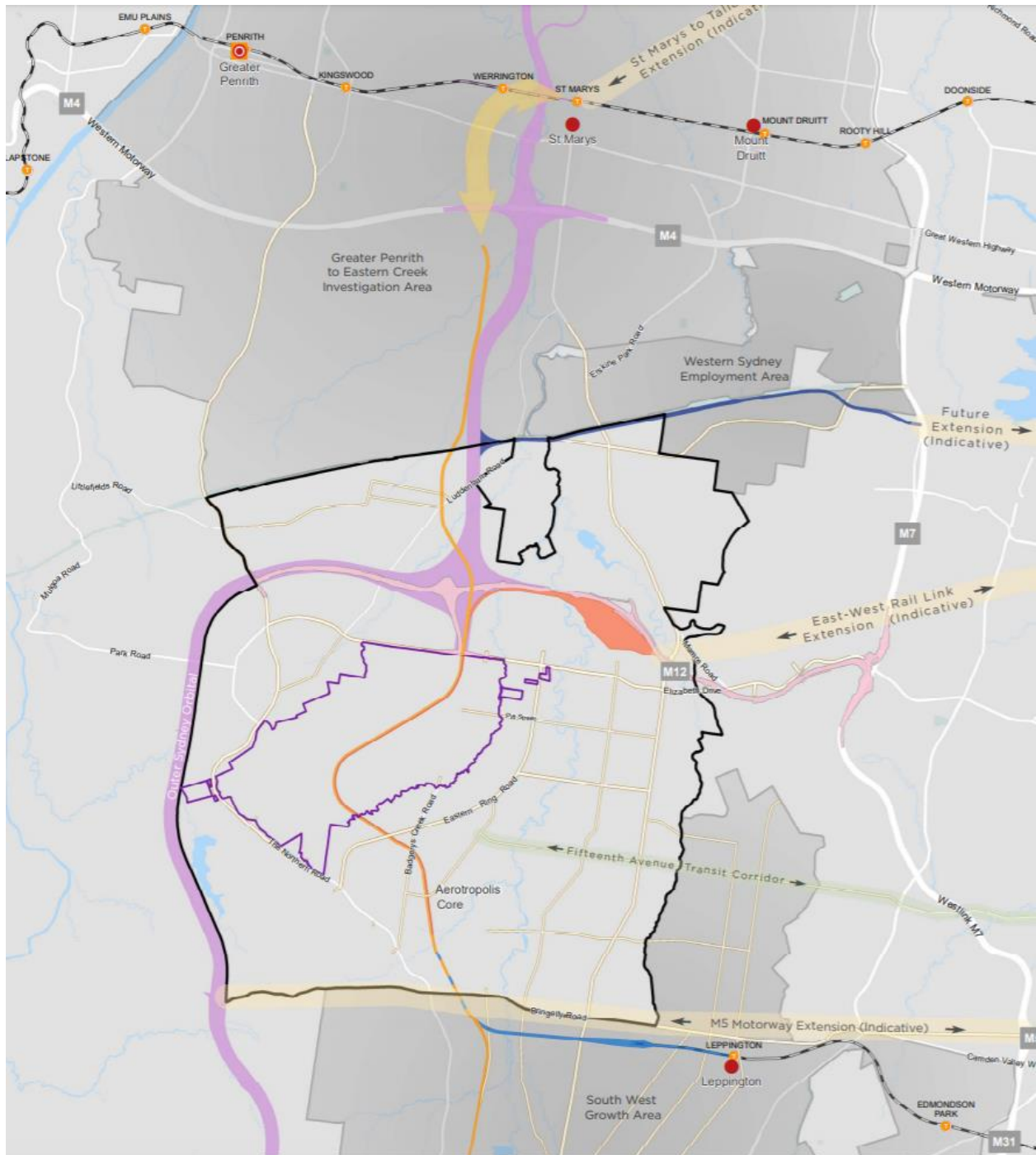
Dexus commends the NSW Government's response to the feedback received from the Stage 1 LUIP exhibition, and its recognition of the industrial land supply shortfall. The WSEA SEPP has a record of delivering high quality employment land in a streamlined process. This environmental planning instrument (EPI) is the appropriate statutory instrument to deliver industrial land supply within the Mamre Road Precinct.

While the WSEA SEPP's application to Mamre Road Precinct is transparent, the strategic application of the Western Sydney Aerotropolis to the precinct is unclear. The Discussion Paper notes the Western Sydney Aerotropolis will still apply to Mamre Road Precinct. This includes application of the Western Sydney Aerotropolis Plan, Special Infrastructure Contributions, Place-based Infrastructure Compact and a Section 7.11 Contribution Plan. These inputs are critical in understanding the future vision of the area and need to be explained in greater detail.

There is a need to exhibit the Special Infrastructure Contributions, Place-based Infrastructure Compact and Section 7.11 Contribution as a matter of urgency. These inputs are critical for the assessment of development feasibility.

The Western Sydney Aerotropolis Plan mapped proposed transport corridors (refer to **Figure 4** below). While the Western Sydney Freight Line frames the northern end of the Mamre Road Precinct, the proposed Intermodal Terminal is not specifically identified by the Western Sydney Aerotropolis Plan as being located within Mamre Road Precinct. It is unclear why the exhibition package of Mamre Road Precinct, including the Structure Plan does not align with the Western Sydney Aerotropolis Plan and associated mapping. The document confirms there is a need for an intermodal terminal but does not specify where it should be located within the Western Sydney Aerotropolis. This suggests that an alternative location for the Intermodal Terminal could be accommodated. The lack of specificity for the Intermodal Terminal's location should also be reflected in the Mamre Road Precinct Exhibition Package until a clear location and delivery mechanisms have been determined.

Figure 3 – Proposed Transport Corridors



**Proposed Transport Corridors**  
Western Sydney Aerotropolis

- |  |   |   |
|--|---|---|
| Western Sydney Aerotropolis                              | M12 Motorway Corridor                             | Sydney Metro Greater West   |
| Western Sydney International (Nancy-Bird Walton) Airport | Outer Sydney Orbital Corridor                     | Tunnel Connection to T1 (Subject to further investigation)          |
| Metropolitan Cluster                                     | Potential South West Rail Link Extension Corridor | North South Rail Line Corridor                                      |
| Strategic Centre   | Potential Western Sydney Freight Line Corridor    | Potential East-West Rail Link, Stabling and Critical Infrastructure |
| Key Network Upgrades                                     |   |   |



Source: NSW Government/ Planning Partnership

**3.1.1. Recommendations**

- 1. Exhibit the Infrastructure Contribution mechanisms for Mamre Road Precinct as a matter of urgency to allow landowners to understand the complete picture of the proposed costs of developing in the Precinct.**

2. **The Structure Plan for Mamre Road Precinct should align with the strategic transport direction set out in the Western Sydney Aerotropolis Plan. While the plan discusses the need for an Intermodal Terminal, it does not specify where it should be located and identifies a series of investigations needed to confirm the site.**

### **3.2. STATE ENVIRONMENTAL PLANNING POLICY (WESTERN SYDNEY EMPLOYMENT AREA) 2009**

The exhibition of Mamre Road Precinct confirms the WSEA SEPP will be the primary environmental planning instrument through which land rezoning and future development will be realised. This is the appropriate planning instrument to facilitate timely delivery of employment lands within Western Sydney. However, Dexus recognises there is divergence between the current written and mapped instruments and Mamre Road Precinct exhibition, including:

- Introduction of new zones: RE1 Public Recreation and RE2 Private Recreation;
- Identification of SP2 Drainage on Land Zoning Map and Land Application Map;
- Insertion of new clause – Development of land within or adjacent to transport corridor requiring a consent authority to obtain concurrence of TfNSW land affected by the overlay hatching on the Land Zoning Map;
- Insertion of new clause – Development in areas subject to aircraft noise – Sets out additional matters for a consent authority to consider before it grants development consent on land affected by the ANEC/ANEF contour of 20 or greater
- Insertion of new clause – Development to satisfy any requirements set out in Clause 6(1) of *State Environmental Planning Policy No 55 – Remediation of Land*
- Insertion of new clause – Require development to be serviced by a water recycling plan, when available.
- Insertion of new clause – Ensure earthworks will not have a detrimental impact on environmental functions and processes, neighbouring uses, cultural or heritage items or features of surrounding land
- Insertion of new clause – Require development to address stormwater and management requirements
- Insertion of new clause – Require consent authorities to consider the cumulative and local impact of development on the whole flood plain within the Probable Maximum Flood (PMF) and 1: 100 ARI flood events.

The introduction of these new land use zones and clauses is excessive. The purpose of the WSEA SEPP is to provide a simplified process to encourage the delivery of employment in Western Sydney. The policy has been operating successfully in its current form since 2009. The WSEA SEPP should not introduce new land use zones. The identification of drainage, public and private recreation areas should be identified at the development application stage within the IN1 zone, when detail on non-developable area and basin requirements are known. The identification of these land uses on the Structure Plan and Zoning Map are premature, particularly as the technical studies underpinning this have not been completed or made public.

There are significant proposed changes to the WSEA SEPP's written instrument. The need for the clauses is not warranted. There are current Policies, Section 9.1 Directions and local government controls through a Development Control Plan which require the compliance and similar outcomes during the development application stage, such as:

- Ministerial Direction 3.5 Development near regulated airports and defence airfield
- Ministerial Direction 4.3 Flood Prone Land
- Ministerial Direction 7.8 Implementation of Western Sydney Aerotropolis Interim Land Use and Infrastructure Implementation Plan
- *State Environmental Planning Policy No 55 – Remediation of Land*

The introduction of these clauses seems to be a duplication and overcomplicates the planning process. It is recommended for the WSEA SEPP to maintain its simplicity and for technical detail, such as drainage basins, should be refined at the DA stage.

### 3.2.1. Recommendations

3. **Dexus supports the use of the WSEA SEPP as the primary environmental planning instrument for the precinct.**
4. **It is requested to keep the WSEA SEPP be retained in its current operating capacity. The addition of new land uses and clauses into the SEPP is excessive and duplicates current Policies, Ministerial Directions and local planning controls which still apply to the Precinct and must be addressed through the development application phase.**

## 3.3. INTERMODAL TERMINAL

The NSW Freight and Ports Plan 2018 – 2023 highlights the need to identify, protect and provide access to future intermodal terminals in Western Sydney. The plan forecasts the Greater Sydney region freight volumes will increase from 194 to 288 million tonnes per annum between 2016 and 2036 – being a rough 50% increase, driven mostly by growth in general manufacturing.

TfNSW identified an urgent need to plan and protect intermodal terminal capacity to serve Western Sydney, identifying that by 2031, the broader WSEA will be a key destination for cargo arriving at Port Botany.

While an indicative location has been identified on the Structure Plan, the final location of the Intermodal Terminal is subject to a potential NSW Government business case. The exhibition package does not provide an indicative date as to when this business case will be finalised.

The Discussion Paper's rationale in support of the identified Intermodal Terminal is reliant on its proximity and efficient connection to the Western Sydney Freight Line, Outer Sydney Orbital, and M4 and M7 Motorways. In addition, the indicative location is relatively flood free and protected from incompatible land uses.

There are several concerns regarding the identification of an intermodal terminal within Mamre Road Precinct. These are outlined in the following sections.

### 3.3.1. Impact on Industrial Land and Jobs

The placement of an Intermodal Terminal within the Mamre Road Precinct, primarily on land identified for industrial zoning, will significantly reduce the Precinct's positive effect in addressing the shortage in industrial land supply in the Western Sydney Employment Area and the Western Parkland City.

Spatial analysis of the proposed structure plan for the Mamre Road Precinct finds that the proposed Intermodal Terminal will occupy approximately 173.1 hectares of land within the Precinct, including an estimated **153.3 hectares of industrial zoned land**. **Table 2** shows the impact of this reduction on industrial land supply across the region, finding that the proposed Intermodal Terminal would cause a reduction of between **1.5 and 3.4 years of industrial land supply**.

Table 2 – Effect of Proposed Intermodal Terminal (IMT) on Supply of Industrial Land in the WSEA

	Post-Rezoning	Including IMT	IMT Effect
WSEA total zoned and undeveloped land	1,838 ha	1,685 ha	-153 ha
WSEA developable zoned and undeveloped land	1,405 ha	1,252 ha	-153 ha
WSEA industrial take up rate (2008-17)	45.5 ha p.a.	45.5 ha p.a.	n/a
<b>Implied years of remaining supply</b>	<b>30.9 years</b>	<b>27.5 years</b>	<b>-3.4 years</b>
WSEA industrial take up rate (2018-19)	100 ha p.a.	100 ha p.a.	n/a
<b>Implied years of remaining supply</b>	<b>14.1 years</b>	<b>12.5 years</b>	<b>-1.5 years</b>

Source: NSW DPIE Economic Development Land Monitor; Urbis

The 153 hectares of land proposed as an intermodal terminal also reflects lost job potential within the Mamre Road Precinct, due to the lower job density associated with intermodal terminal operations.

**Table 3** shows that of the 17,000 jobs planned for the Mamre Road Precinct by the Department, around 103 of these are expected to be within the Intermodal Terminal. This estimate is based on the estimated number of jobs required for the Moorebank Intermodal Terminal operations and site management. The remaining 16,897 jobs are expected to be spread across the other industrial zoned land.

Table 3 – Mamre Road Precinct Industrial Jobs

	Jobs	Source
Expected Total Mamre Road Precinct Jobs	17,000 jobs	NSW DPIE Precinct Objective
Estimated Intermodal Terminal Jobs	103 jobs	Moorebank Intermodal Terminal estimate
Estimated Mamre Road Industrial Land Jobs	16,897 jobs	

Source: NSW DPIE Economic Development Land Monitor; Deloitte; Urbis

**Table 4** shows the lost employment potential as a result of the proposed Intermodal Terminal in the Mamre Road Precinct. Based on the Department's planned jobs for the precinct, the 627 hectares of industrial zoned land (excluding the Intermodal Terminal) is expected to accommodate one job per 371 square metres of land. Applying this job density to the 371 hectares of land planned for the intermodal terminal indicates a job potential of 4,133 jobs if this land were instead used for industrial land uses. Therefore, the proposed intermodal terminal represents a **net potential loss of 4,030 jobs within the Mamre Road Precinct.**

Table 4 – Effect of Proposed Intermodal Terminal on Mamre Road Precinct Jobs

Mamre Road Precinct Excluding the Intermodal Terminal	Industrial Zoned Land	627 ha
	Planned Jobs	16,897 jobs
	Expected Industrial Land Job Density	371 sq.m per job
Proposed Intermodal Terminal Site	Industrial Zoned Land	153.3 ha
	Potential Industrial Land Job Density	371 sq.m per job
	Potential Industrial Jobs (A)	4,133 jobs
	Estimated Intermodal Terminal Jobs (B)	103 jobs
<b>Total Net Job Loss (A - B)</b>		<b>4,030 jobs</b>

Source: NSW DPIE Economic Development Land Monitor; Urbis

### 3.3.2. Future demand for an Intermodal Terminal

Preliminary analysis shows with the expansion of Moorebank Intermodal Terminal to 1.7 million and Stage 1 St Marys, there will be a total Intermodal capacity of approximately 4.3 million TEU by 2041. There will be even greater capacity if the balance of St Marys is developed before 2041. The Moorebank Environmental Impact Assessment project of 13.6 TEU at Port Botany by 2040 would need a total of 3.8 TEU of rail freight capacity within Sydney, given the 28% freight rail target set by the NSW Government. In addition, there will be 0.36 million TEU of interstate freight in Sydney. The projected capacity of 4.3 million TEU by 2040 is sufficient to meet the expected freight demand of 4.2 million TEU, indicating no further need for an additional Intermodal Terminal capacity in the year 2030.

Having regard to the above, it is Dexus' view that the identification of the Intermodal Terminal is premature. Further work involving industry and the NSW Government needs to occur in order to ensure any future Intermodal Terminal is sited in the most suitable location. Its location within Mamre Road Precinct will present significant economic impacts.

### 3.3.3. Assurance Review of the Intermodal Terminal

The NSW Government needs to provide assurance to the landowners within the precinct on the Intermodal Terminal prior to adopting statutory controls which directly impact the delivery of future employment lands. The NSW Government needs to respond to the following:

- Dexus consultation to date suggests there is not an immediate market need for an Intermodal Terminal in Western Sydney Aerotropolis. The need for this asset extends beyond 30 years, and requires interest from an Intermodal operator.
- The delivery of the Intermodal Terminal is dependent on the delivery of the Western Sydney Freight Line. The eastern section of this corridor traverses extremely fragmented urban areas to connect to the existing freight rail network. The NSW Government needs to confirm if the business case for the Western Sydney Freight Line will financially stack up, as government will be required to compulsorily acquire a

significant amount of land estimated at around \$3 billion. The NSW Government needs to confirm the Western Sydney Freight Line will be a feasible project and identify a delivery plan prior to identification of an Intermodal Terminal.

- If an Intermodal Terminal is an important infrastructure asset for Western Sydney, it should have been identified in the Western Sydney Freight Line corridor announcement in 2018. Its identification during the Mamre Road Precinct exhibition is perceived as an afterthought.
- The ultimate location of the Intermodal Terminal needs to factor in existing conditions, such as topography.
- The NSW Government needs to seriously consider the probability of this site being developed as an intermodal terminal. Its delivery is dependent on the construction and operation of the Western Sydney Freight Line and interest and land acquisition by a private intermodal operator. Acquisition of sequential allotments in fragmented ownership will present complications in the consolidation of the Intermodal site by a private operator.
- The NSW Government needs to confirm the legality of the concurrence requirement by TfNSW if the land for the Intermodal Terminal is not proposed to be compulsorily acquired, but is intended to be privately owned and operated.
- The NSW Government needs to advise if alternate locations were considered and provide an analysis as to why Mamre Road Precinct is the preferred site for this significant piece of infrastructure.
- The current market operations in WSEA and prospective tenants in Mamre Road Precinct are not requiring an Intermodal Terminal for their operations in the short, medium and long term. The assurance of obtaining long term lease agreements or tenure is a critical determinant in justifying investment by tenants in expensive optimising technologies for their warehouses. Without this certainty, investment decisions can be jeopardised.
- The cross hatching overlay as it applies to the identified Intermodal Terminal land is oversized. Reserving land for 1,500m long interstate trains is not feasible. These trains are rarely used in Intermodal Terminals operations today in NSW. As such the NSW Government needs to rethink the intended layout design for the Intermodal Terminal in this location and extent of the overlay hatching in the Precinct.

Dexus asks the NSW Government to work with the landowners on an alternative solution.

### **3.3.4. Delivery of an Intermodal Terminal in Mamre Road Precinct**

There is a serious practical question as to how a private intermodal operator will acquire the land for the Intermodal Terminal, particularly if a key landowner does not want to sell. Issues with land acquisition resulting from the fragmented landholding in the location of the proposed Intermodal Terminal needs to be recognised.

The total area of the cross hatched land is 173.13 hectares (ha). The width of the reservation seems to assume the accommodation of both the rail spur and warehouses immediately adjacent which will be operationally linked to the container handling process and will need to be on the same pad level as the rail line. This will require levelling of the entirety of the Intermodal Terminal and warehousing area prior to the construction of the warehouse buildings. The amount of cut and fill required is orders of magnitude greater than the levelling required for a benched solution which works with the topography of the land to allow construction of warehouses over a number of levels.

To ensure that the land is not sterilised for both the rail and related warehouse development means that it is effectively impossible to have an interim use within the cross hatched area. TfNSW has suggested that the Intermodal Terminal will be needed within ten to fifteen years. This short period also means that it would be uneconomic to build interim warehouses as the economic life of these structures is at least 20 years. Further, key customers would not be willing to invest in high technology product handling fitouts with the prospect of demolition occurring in the medium term.

The expectation of the Department that landowners to work out a compromise land use within the cross hatched area which does not sterilise the Intermodal Terminal is not realistic. This constraint makes an interim economic development, within the TfNSW predicted timeframes, impossible.

In these circumstances, the only reasonable outcome would be for Transport for NSW to acquire the land.

To sterilise the land for fifteen years in the hope that a private Stevedoring company may choose to buy the land at an unspecified point in the future is not realistic. All other transport corridors identified in planning instruments, e.g. Growth Centres SEPP, are for government sponsored projects where clear, statutory based land acquisition process can be followed.

The restriction on economic use of land based on a future possibility that a private Intermodal operator may one day decide to purchase land, without any present-day evidence to support this premise, is not reasonable. This is particularly so, given the Moorebank and St Marys facilities are very likely to satisfy Intermodal demand for the region to beyond 2040. The end result is prime employment land being sterilised for thirty years, which is completely at odds with the NSW Government's intention to release and rezone land at a time of critical industrial land shortage. The cross hatched area is the exact location of the likely first phase of development which benefits from Mamre Road access and proximity to existing services within the WSEA. The Industry Briefing session for Mamre Road Precinct suggested that land acquisition by the NSW Government is not an option which is being explored. It is understood that, being a private sector proposal, it may not be possible for the NSW Government to become a land acquisition authority.

### **3.3.5. Technical considerations**

The NSW Government's rationale to locate the Intermodal Terminal with Mamre Road Precinct is based on its proximity in relation to the existing WSEA. There has been limited information on technical inputs and existing conditions which play a factor in locating a significant infrastructure item, such as an Intermodal Terminal.

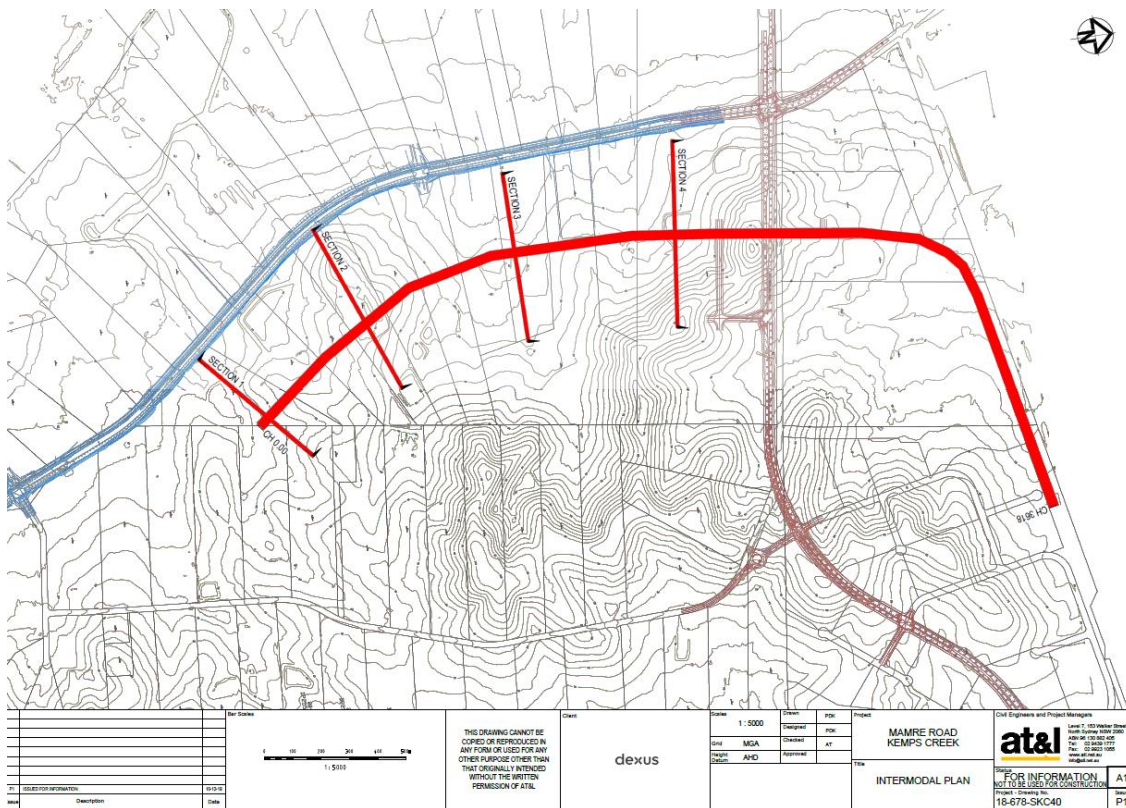
There has been limited communication from the NSW Government on the analysis of the existing topographic conditions within the Precinct in relation to quantifying the amount of cut and fill required. The Western Sydney Freight Line and the Intermodal rail spur will need to be delivered at a very level gradient. Diesel freight trains operating at 650m or 1,500m in length are not able to tolerate steep gradients. In order to achieve this, substantial cut and fill will be required to allow the rail line to be positioned at the correct level. In addition, the related building platforms for the functionally related sheds will need to be positioned at the same level.

It is recognised that the Dexus site will need benching to allow warehouses to be constructed. The proposed Intermodal Terminal will however require significant orders of more fill to meet the requirements of an Intermodal Terminal. The implication is that this massive cut and fill exercise will need to happen at the beginning of the Dexus development program in order to allow some compatible development to occur.

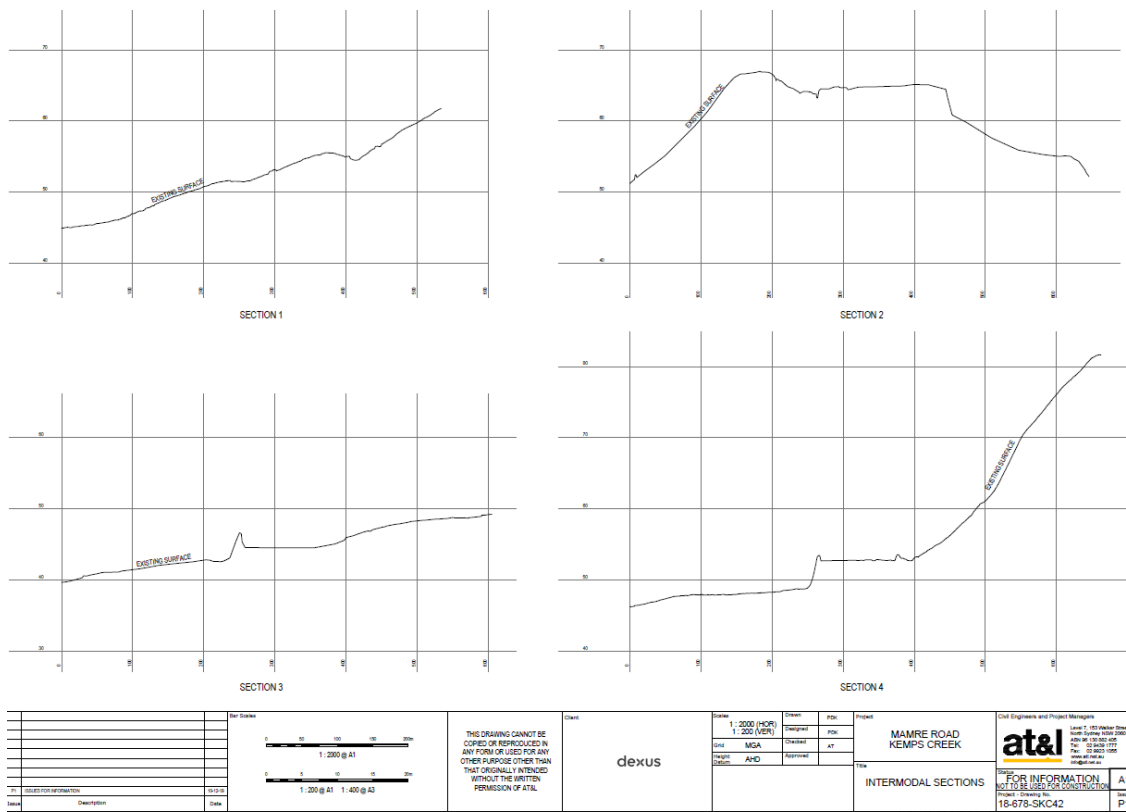
Given these circumstance, and the lack of evidence that alternative sites are not available, this submission seeks the immediate removal of the cross hatching for an Intermodal Terminal from the exhibition package.



Figure 4 – Preliminary engineering diagrams



Picture 1 – Intermodal Plan



Picture 2 – Intermodal Sections

Source: AT&L

There is a need for an urgent, collaborative design process which genuinely explores the final design levels and the cut and fill needs of an Intermodal Terminal.

### **3.3.6. End user needs**

Dexus is not in the container handling business. Dexus customers are not seeking container handling services. The use of a cross hatching restriction which implies demolition or the need to vacate a premise within ten to fifteen years will not be acceptable to Dexus end users. This effectively precludes interim uses of the site. To impose such an economic impact on Dexus for an infrastructure project which has no business case is unreasonable.

If required, Dexus can provide testimonials from potential Mamre Road customers confirming that the cross hatching creates an unreasonable business risk which will preclude development from proceeding.

### **3.3.7. Recommendations**

- 5. Dexus asks the NSW Government to review the cumulative supply of current and proposed Intermodal operations. Preliminary analysis identifies that there may be a need for a Western Sydney Intermodal Terminal, beyond 2040.**
- 6. Technical investigations need to confirm Mamre Road Precinct as an appropriate site for an Intermodal Terminal prior to identification on a Structure Plan and Land Zoning Map. Specifically, the very challenging topography needs to be clearly understood in terms of the amount of cut and fill required, the resultant impact on landform and roads and the extent and height of retaining walls.**
- 7. The NSW Government needs to respond to the following points prior to rezoning and have sufficient evidence to support the Intermodal Terminal:**
  - **Dexus consultation to date suggests there is not an immediate market need for an Intermodal Terminal in Western Sydney Aerotropolis. The need for this asset extends beyond 30 years, and requires interest from an Intermodal operator.**
  - **If an Intermodal Terminal is an important infrastructure asset for Western Sydney, it should have been identified in the Western Sydney Freight Line corridor announcement in 2018. Its identification during the Mamre Road Precinct exhibition is perceived as an afterthought.**
  - **The ultimate location of the Intermodal Terminal needs to factor in existing conditions, such as topography.**
  - **The NSW Government needs to seriously consider the probability of this site being developed as an Intermodal Terminal. Its delivery is dependent on the construction and operation of the Western Sydney Freight Line and interest and land acquisition by a private intermodal operator. Acquisition of sequential allotments in fragmented ownership will present complications in the consolidation of the Intermodal site by a private operator.**
  - **The NSW Government needs to confirm the legality of the concurrence requirement by TfNSW if the land for the Intermodal Terminal is not proposed to be compulsorily acquired, but is intended to be privately owned and operated.**
  - **The NSW Government needs to advise if alternate locations were considered and provide an analysis as to why Mamre Road Precinct is the preferred site for this significant piece of infrastructure.**
  - **The current market operations in WSEA and prospective tenants in Mamre Road Precinct are not requiring an Intermodal Terminal for their operations in the short, medium and long term. The assurance of obtaining long term lease agreements or tenure is a critical determinant in justifying investment by tenants in expensive optimising technologies for their warehouses. Without this certainty, investment decisions can be jeopardised.**
  - **The cross hatching overlay as it applies to the identified Intermodal Terminal land is oversized. Reserving land for 1,500m long interstate trains is not feasible. These trains are rarely used in Intermodal Terminals operations today in NSW. As such the NSW Government needs to rethink the intended layout design for the Intermodal Terminal in this location and extent of the overlay hatching in the Precinct.**

8. **An Intermodal Terminal should not be identified on Mamre Road Precinct until NSW Government can demonstrate to the public it is the most appropriate location for this use. There are more appropriate alternative locations in the Western Sydney Aerotropolis.**

### **3.4. SOUTHERN LINK ROAD**

The Southern Link Road is a future link from Wallgrove Road to Mamre Road, connecting the Precinct to the existing zoned WSEA. RMS is undertaking a concept design for this road which includes an environmental and constraints analysis.

Landowner briefings suggested the possibility of grade separation with Mamre Road as well as the Intermodal Rail line. These have major design and land take implications. The land take on Dexus' land may in fact be greater than that currently shown on the Land Reservation Map.

The concept design should be expedited as soon as possible to establish the land reservation requirements. This will allow landowners to incorporate the road into future development options, streamlines delivery of employment lands and it will also eliminate the need for the overlay hatching requiring concurrence from TfNSW or RMS.

#### **3.4.1. Recommendations**

9. **A concept design for Southern Link Road, including intersection treatment with Mamre Road, should be expedited to establish the land reservation requirements and remove the need for concurrence to TfNSW.**

## 4. CONCLUSION

Dexus supports the exhibition of the Mamre Road Precinct. The response to the critical shortage in appropriately zoned and serviced employment land is timely and welcomed. The successful delivery of employment land in the Mamre Road Precinct is dependent on the NSW Government's consideration of the comments and recommendations contained within this submission prior to the finalisation of the rezoning package.

The imposition of an Intermodal Terminal has been proposed by the NSW Government without any apparent design work or a business case. Early engineering investigations by Dexus have suggested extensive amount of civil works would be required to design a final rail level and allow the remaining land to be developed. The amount of cut and fill for an Intermodal Terminal is significantly greater than what would be required for standard benched warehouses.

The NSW Government needs to consider the implications on investment in industrial supply in the short, medium and long term. Investors are wanting long term investments (building life expectancies of 50 years +). An Intermodal Terminal restriction over the site will result in investors not providing capital to facilitate the development. In addition, it has implications to Dexus' customers seeking to locate in Mamre Road Precinct. Dexus has a wide range of clients including 3PL Logistics, Food, Pharmaceuticals, E-Commerce and Last mile operators. There has been very limited (if any) interest from existing customers wanting new facilities in close proximity to an Intermodal Terminal. Customers are also investing large amount of capital into these facilities with state-of-the art automation. With the certainty of long-term leases, this investment will be unachievable.

The remaining 35% of the 52 hectare Dexus site which is not affected by the Intermodal cross hatching is completely linked to the whole site, and would not be able to progress independently with economic uses.

Dexus seeks the removal of the Intermodal Terminal cross hatching from the Mamre Road Precinct. Even if a Business Case can be proven, the implementation relies on a future Stevedore to assemble multiple sites at an indeterminate date, which Dexus suggests will be beyond 2040. In these circumstances, if an Intermodal site does need to be reserved, the only reasonable option is for the NSW Government to become the relevant acquisition authority.

### 4.1. NEXT STEPS

The rezoning of this Precinct is critical to release Industrial land supply in Greater Sydney. Therefore, Dexus supports further consultation through workshops prior to the finalisation of the planning package. Dexus holds significant concerns about a number of issues raised in the exhibition package, and these are reflected in the recommendations made in this submission. Dexus seeks careful consideration of these issues prior to finalisation of the plan.

In order to respond to the shortfall in industrially zoned land, it is requested that the NSW Government finalises the rezoning of the Mamre Road Precinct by Q1 2020 subject to the technical workshops and refinements to the planning package to address the issues raised in this submission. Mamre Road Precinct is integral to the timely delivery of employment land in Western Sydney. By working with Dexus, the NSW Government has an opportunity to deliver a high quality employment precinct contributing to the Western Parkland City vision.



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