



26 February 2021

Minister for Planning and Public Spaces
The Department of Planning, Industry and Environment
320 Pitt Street
Sydney, NSW, 2000

Dear Minister

SUBJECT: DRAFT WESTERN SYDNEY AEROTROPOLIS SPECIAL INFRASTRUCTURE CONTRIBUTIONS PLAN

ISPT Pty Ltd (“ISPT”) has exchanged contracts to acquire 706 – 752 Mamre Road, Kemps Creek (Lot 1 DP 104958) (“Site”) and have appointed Aliro Pty Ltd (“Aliro”) as the Development Manager for the property. ISPT and Aliro congratulate the Department of Planning, Industry and Environment (“Department”) on the progress it has made in the Mamre Road Precinct (“MRP”) with the rezoning in June 2020 and the recent exhibition of the draft Mamre Road Development Control Plan and the draft Western Sydney Aerotropolis Special Infrastructure Contributions Plan (“draft SIC”).

This submission is in response to the draft SIC that is currently on exhibition. ISPT and Aliro strongly support the proposed draft SIC and acknowledge this contributions plan is required to enable the delivery of key infrastructure within the MRP and broader Western Sydney Aerotropolis. Following review of the documents on exhibition, ISPT and Aliro make the following comments in relation to the draft SIC and the MRP.

- 1. The forecast contributions received from MRP developers, must be immediately invested to deliver the critical infrastructure required in the MRP, either by the Government, or delivered by Developers as Works-in-kind.**

The Special Contributions Area currently comprises six precincts including the MRP, with the addition of a further four precincts following rezoning. Within the MRP, development consent has been provided for the construction and operation of eight warehouses comprising 162,355 square meters of floor space (68.4 hectares of NDA), 104,539 square meters (17.4 hectares of NDA) under assessment and Environmental Impact Statements in progress for a further 160,124 square meters (25 hectares of NDA). This does not contemplate the further circa 264,870 square metres of warehousing on the Site (42.6 hectares of NDA) as well of the balance of the precinct held by institutional investors and privates. This aggressive development of the precinct following rezoning is in response to the critical shortage of serviced employment land in Western Sydney to meet the strong demand across the logistics and warehousing sector.

MRP developers, are the early movers of the Western Sydney Aerotropolis and will be required to pay the Special Infrastructure Contributions as they commence development of an initial 427,018 square meters of Warehousing facilities in the next 12 months. Is it essential that these contributions in addition to those forecast to be received in the medium and long term are invested in the critical infrastructure urgently required in the MRP to deliver the Southern Link Road and the widening of Mamre Road from James Erskine Drive, Erskine Park to Abbots Road, Kemps Creek.

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To expedite the delivery of this critical infrastructure, the NSW Government should partner with developers to deliver the Southern Link Road and Mamre Road upgrade as Works' in Kind, and forward fund this infrastructure to activate the precinct and generate critically needed employment. Critical road infrastructure has successfully been delivered and forward funded by developers on behalf of State Government agencies in Truganina, Victoria which has enabled zoned employment land to be unlocked and the delivery job-creating development within the precinct.

As acknowledged by the NSW Government, the MRP is an essential employment area for Western Sydney, and without the required infrastructure, there is a risk on the availability of employment land and a loss of job creation opportunities in the short to medium term within the Western Sydney Aerotropolis.

2. Prior to determination, consultation is required with Penrith City Council to ensure total developer contributions are economically viable.

ISPT and Aliro acknowledge the proposed SIC rate for Industrial Developments is in line with the existing WSEA SIC rate and supports the proposed rate as it will allow for the delivery of key infrastructure required within the MRP. ISPT and Aliro thank the government on the discounts available up until June 2023.

The proposed s7.11 Contribution rate proposed by Penrith City Council ("PCC") in the Mamre Road Precinct Development Contributions Plan places an excessive financial burden on industrial developers in the precinct and potentially makes employment-generating development unfeasible at current market conditions.

The SIC Feasibility Analysis prepared by Atlas Urban Economics on behalf of the Department acknowledges that low density developments such as Industrial Developments do not have the capacity to pay the SIC and the proposed local s7.12 contributions at the current rate (6.5% of the cost of development) proposed by PCC for the initial precincts in Aerotropolis (excluding MRP).

However, this analysis was not undertaken for the MRP and does not consider the proposed s.7.11 contribution rate for the MRP which is equivalent to circa 16% of the cost of development (assuming a 0.55:1 FSR and \$800psm cost of development).

The analysis undertaken also assumed a notional FSR of 0.7:1 and 0.8:1 for Warehousing and General development respectively, however under the current Draft Development Control Plan for the MRP this FSR is unattainable due to requirements including the 40% tree canopy coverage target and the stormwater retention measures required to limit runoff to 1.9ML/ha/year. A lower FSR range of 0.5:1 to 0.6:1 should be adopted for this feasibility. Under a lower FSR and the applicable s.7.11, the analysis would exacerbate the true inability of developers within the MRP precinct to pay both the SIC and PCC contributions.

ISPT and Aliro request the Department work collaboratively with PCC to review the submissions made to PCC in response to the Mamre Road Precinct Development Contributions Plan and identify solutions to reduce the proposed s.7.11 contributions to ensure the combined State and Local contributions do not prohibit employment generating development within the MRP.

3. The Cumberland Plain Conservation Plan ("CPCP") should be finalised and released to provide certainty to developers on total contributions payable.

The draft CPCP was on exhibition from 26 August till 2 November 2020. The CPCP certifies land for development, removing the need for developers to complete their own Biodiversity Development

Assessment Report and pay biodiversity offsets directly. Offsets for Bio-certified land under the CPCP are captured by the proposed SIC. Whilst the CPCP is still in draft and the biodiversity certification is not conferred, developers within the MRP who receive development consent are required to pay Biodiversity Offsets directly and pay 72% of the proposed SIC contributions. ISPT and Aliro request that the Department finalise the CPCP to provide developers with certainty on the total contributions payable.

Should you wish to discuss any aspect of this submission, please contact Ben Keen at bkeen@ispt.com.au or Andrew Needham at aneedham@aliro.com.au . Aliro and ISPT would be happy to meet with the Department to discuss this.

Yours sincerely

