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 ESR

26 February 2021

[REDACTED]
Attn: Infrastructure and Place Team
Department of Planning, Industry and Environment
Locked Bag 5022
Parramatta, NSW 2124

Dear [REDACTED],

RE: SUBMISSION ON THE DRAFT WESTERN SYDNEY AEROTROPOLIS SPECIAL INFRASTRUCTURE CONTRIBUTION

This submission has been prepared by Urbis Pty Ltd (Urbis) on behalf of the Mamre Road Precinct Landowners Group (LOG) in response to the draft Western Sydney Aerotropolis Special Infrastructure Contribution (SIC).

The LOG welcomes the opportunity to comment on the exhibition package and seeks a continued partnership with Department of Planning, Industry and Environment to deliver the Mamre Road Precinct and is appreciative of the efforts to prepare this draft SIC to facilitate resolution of the contribution framework concurrent with the exhibition and finalisation of the Mamre Road Precinct Development Control Plan (DCP).

The LOG is committed to be an active participant in response to the industrial land shortfall. Through this participation, the LOG supports the progress of Mamre Road Precinct through the delivery of a timely rezoning. The LOG members have a substantial track record of developing, investing, and managing high quality industrial property portfolios across Australia. Each member has a strong commitment to Western Sydney, having developed many high-quality employment precincts in the Western Sydney Employment Area (WSEA) and the Sydney metropolitan area more broadly.

The LOG includes seven members. The LOG does not speak for the entire precinct, rather it represents major institutional investors who have made a strategic decision to locate in Mamre Road Precinct with a combined land holding of nearly 50% of the developable lands. The track record of each individual member and the strategic location of their sites provides the opportunity to facilitate a quick delivery response to the employment lands shortfall, once the planning controls and contribution regimes for the precinct are finalised as the land is progressively serviced.

The LOG understands the requirements of infrastructure delivery across Western Sydney and the demand it places on State and local government agencies to facilitate the timely delivery to unlock land for urban development. The use of a SIC to levy funds for infrastructure delivery is understood, however, both State and local governments need to holistically look at the cumulative effects of multiple contributions and how they affect feasible development outcomes.

The draft SIC itemises the State and regional infrastructure required to support the future development in the Western Sydney Aerotropolis including Mamre Road Precinct, and contributions that will be required from developers to meet the cost of that infrastructure. State and regional infrastructure identified in the draft SIC includes:

- Transport - \$1.027.1 million
- Open Space - \$599.9 million
- Health - \$5.6 million



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- Education - \$210.8 million
- Justice - \$21.4 million
- Emergency - \$47.8 million
- Community - \$20.7 million
- Biodiversity Offset - \$350.5 million
- Planning and delivery - \$16.5 million

Based on the identified State and regional needs above, the draft Plan proposes the following rates to be levied under this Plan.

Table 1 Western Sydney Aerotropolis SIC Rates

Zone	NDA charge (per hectare of net developable area)	Station Precinct charge (% of the cost carrying out development)
Agribusiness zone	\$200,000	N/A
Enterprise zone	\$200,000	1%
Mixed Use Zone	\$500,000	2%
Mamre Road Precinct – Industrial zone	\$200,000	N/A

Source: Department of Planning, Industry and Environment

The proposed contribution rate of \$200,000 of NDA is supported for Mamre Road Precinct. However, the cumulative impact of all contribution rates must be considered and coordinated across the State and local levels. It is appreciated that the NSW Government engaged Atlas Urban Economics to prepare a Feasibility Study to understand the cumulative impacts associated with multiple levies. However, the NSW Government must consider the study's conclusion which states:

"If the proposed Section 7.11 rate of \$700,000/ha NDA were to apply, the capacity for development to pay a SIC would be adversely affected. (page 5, page 46)."

The NSW Government must work with Penrith City Council and the Greater Sydney Commission to resolve a cumulative contribution framework to ensure it does not significantly impact local landowners and developers. From the LOG's review of both the proposed Section 7.11 Contribution Plan and the SIC, the implementation of both contribution plans will have a significant impact on development feasibility.

Infrastructure Assumptions

The draft SIC identifies a list of infrastructure to be levied including:

- Mamre Road Upgrade including Footpaths and Cycleways
- Southern Link Road Upgrade including Footpaths and Cycleways
- Public Transport Facilities such as Bus Depots
- Rapid Bus Corridor
- Bicycle network within the green grid
- Biodiversity Offset – Cumberland Plain Conservation Plan



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The LOG supports the infrastructure items identified in the SIC pertaining to Mamre Road Precinct. In particular, it is integral to work with the LOG in ensuring critical road infrastructure such as Mamre Road and Southern Link Road are delivered in a timely manner. As one of the first movers across the Aerotropolis, an upgraded road network to support warehouse and distribution centre uses is essential to attract investment in this region. The LOG is committed to working with the DPIE to deliver this road infrastructure to support Mamre Road Precinct and the broader Aerotropolis.

Contributions toward the Cumberland Plain Conservation Plan

The draft Cumberland Plain Conservation Plan (CPCP) is a strategic conservation plan which intends to biodiversity certify developable land under the *Biodiversity Conservation Act 2016*. The CPCP was on public exhibition from 26 August 2020 – 2 November 2020. In order to ensure this strategic conservation plan is delivered, the draft SIC allocates significant funds to offset the impacts on biodiversity values of the clearing of native vegetation and the loss of habitat on strategic biodiversity certified land within the Western Sydney Aerotropolis SIC area.

The LOG supports Clause 13 Reduction in contribution rate if biodiversity certification is not conferred. A contribution requirement toward a draft policy should not be implemented until the CPCP is executed. The LOG appreciates the DPIE recognising this intricacy and allowance for a clause which captures the intricate timing toward the implementation of the CPCP.

Reduction of rate for first 2 years

The draft SIC proposes a reduction of rate for the first two years stating:

If a special infrastructure contribution for SIC development is made as a monetary contribution:

- (a) *at any time before 1 July 2022 – the amount that would otherwise be payable is reduced by one half, and*
- (b) *at any time between 1 July 2022 and 30 June 2023 – the amount that would otherwise be payable is reduced by one quarter.*

The LOG supports the reduction of rate for the first 2 years, as it encourages investment within the Aerotropolis in the immediate term. However, the clause should not require the entire contribution to be paid via a monetary contribution to receive the reduction. There must be a combination of monetary contributions and works-in-kind to ensure the timely delivery of infrastructure to support the first mover developments across the Aerotropolis. Therefore, the monetary contribution requirement threshold to access this clause must be the minimum 36% requirement as noted in Clause 9, Control 3a in the draft SIC determination.

Further, where a works-in-kind contribution is agreed during the COVID-19 2-year reduction period, full offset for the costs of those works must be attributed. That is, for example, where a \$1 million road is to be provided in kind, the full \$1 million must contribute to the reduced contribution total, rather than 50% or 75% of that works-in-kind cost outlay.

Contribution Rate

The LOG seeks confirmation, based on the above, that the contribution rates per Net Developable Hectare are as set out below:

Scenario 1 – Strategic biodiversity certification is conferred on the land:

Should biodiversity certification be conferred, then a contribution of \$100,000 would be required, if paid any time up to 1 July 2022 (clause 39). Under clause 9 (3), 36% of the contribution calculated in accordance with Division 2 of Part 2, is to be made as a monetary contribution, that is 36% of \$200,000 per hectare of NDA is to be made as a monetary contribution (\$72,000 per hectare of NDA). Accordingly, \$72,000 is required to be made as a monetary contribution (if the NDA is 1 hectare) irrespective of when the contribution is made, and whether the amount of the contribution payable is reduced under clause 39.



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Should biodiversity certification not be conferred, 28% (reduction of 72%) of the \$200,000 per hectare of NDA contribution would be required to be made – resulting in a payment of \$56,000 (if the NDA was 1 hectare). If paid at any time up to 1 July 2022, a 50% discount would apply, resulting in a payment of \$28,000.

The LOG also seeks confirmation that 100% of this scenario 2 contribution can be provided as works in kind as the requirements of clause 9(3) would not be invoked.

Timeframe for execution

The *State Environmental Planning Policy (Western Sydney Employment Area) 2009* (WSEA SEPP) requires satisfactory arrangements for the provision of regional transport infrastructure and services. It is understood the Aerotropolis SIC will act as the mechanism to meet the satisfactory arrangements requirement. In order to provide a seamless transition, DPIE needs to consider the interim arrangements to ensure development applications progress while the SIC is under consideration. Therefore, it is recommended for the DPIE to commit to working off the draft SIC as the foundation to execute planning agreements to facilitate the timely delivery of development. The prolonged negotiations in relation to State planning agreements should not occur given the significant amount of work undertaken by the DPIE.

We look forward to working with DPIE to address key issues raised in this submission. In summary, the LOG requests the following recommendations to be addressed prior to finalisation.

1. The proposed contribution rate of \$200,000 of NDA is supported for Mamre Road Precinct. However, the cumulative impact of all contribution rates must be considered and coordinated across the State and local levels. The NSW Government must work with Penrith City Council and the Greater Sydney Commission to resolving a cumulative contribution framework to ensure it does not significantly impact local landowners and developers. From the LOG's review of both the proposed Section 7.11 Contribution Plan and the SIC, the implementation of both contribution plans will have a significant impact on development feasibility.
2. The LOG supports the infrastructure items identified in the SIC pertaining to Mamre Road Precinct. In particular, it is integral to work with the LOG in ensuring critical road infrastructure such as Mamre Road and Southern Link Road are delivered in a timely manner.
3. The LOG supports Clause 13 Reduction in contribution rate if biodiversity certification not conferred. A contribution requirement toward a draft policy should not be implemented until the CPCP is executed. The LOG appreciates the DPIE recognising this intricacy and allowance for a clause which captures the intricate timing toward the implementation of the CPCP.
4. The LOG supports the reduction of rate for the first 2 years, as it encourages investment within the Aerotropolis in the immediate term. However, the monetary contribution requirement threshold to access this clause must be the minimum 36% requirement as noted in Clause 9, Control 3a in the draft SIC determination
5. The LOG interprets that the minimum monetary contribution requirement under clause 9(3) is not invoked if the land is not biodiversity certified when development consent is granted. Thereby the total reduced contribution (in accordance with clause 13 and clause 9) can be provided as works-in-kind.
6. In lieu of the finalisation, DPIE must commit to working off the draft SIC as the foundation to execute planning agreements to facilitate the timely delivery of development. The prolonged negotiations in relation to State planning agreements should not occur given the significant amount of work undertaken by the DPIE.
7. Commitments regarding timeframes for delivery of the infrastructure identified for the Mamre Road Precinct must be clearly communicated to ensure economic activity is committed and incentivised, as investment is dependent on market confidence that this infrastructure will be delivered. Further these timeframes must occur soon based on funding works from borrowings, to avoid loss of investment in the Mamre Road Precinct with investment occurring elsewhere eg interstate where infrastructure exists.



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If you have any questions, please don't hesitate to contact us.

Regards,

The Mamre Road Precinct Landowners Group



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