

Ms Clare Gardiner-Barnes
Deputy Secretary, Freight, Strategy and Planning
Transport for NSW
18 Lee Street
Chippendale NSW 2008

15 December 2017

Dear Ms Gardiner-Barnes,

Property Council of Australia NSW Submission on the Future Transport 2056 - Draft Strategy

The Future Transport Strategy 2056 builds on the 2012 Long Term Transport Masterplan and provides welcome detail on key issues that will affect our transport and land planning future.

Issues such as the evolving influence of technology, our growing population and need to integrate multiple transport options across our city are important considerations when planning our future land use.

The Property Council has been a strong supporter of the development of the Future Transport Strategy as transparent, long term transport planning is critical to efficient and equitable land planning.

New transport investment, particularly in Sydney's west and south west, is critical for both the growing population in these areas and the achievement of a 30-minute city, but also for the efficient movement of goods and the productivity of employment land. The consumption of goods will only increase as our city's population increases and so the efficient movement of freight is also critical to the future of our city.

This submission will focus on some key areas of importance for the Property industry:

- Financing – the missing piece of the puzzle
- Corridor protection – the need for prioritisation
- Airport transport connections
- The importance of freight and freight corridors
- Prioritising bike and walking paths in denser, higher development areas.

The Property Council will also have made a submission to the Greater Sydney Commission in response to the Sydney Region plan and the revised District Plans. The concept of the metropolis of three cities is a useful model for conceptualising more equitable growth and investment across Sydney and encourages key priorities such as a 30-minute city with new Strategic Centres.

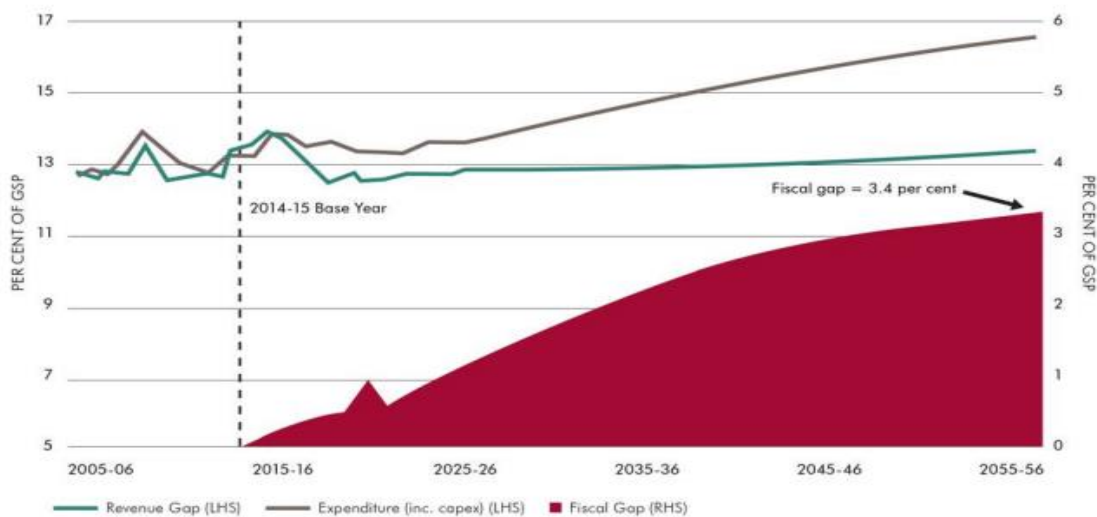
The integration of the concept of the three-city metropolis into the Future Transport Strategy and Infrastructure NSW's State Infrastructure Plan is an important development in the planning of our city.

Financing – the missing piece of the puzzle

We know that Government revenue can only meet a certain percentage of infrastructure expenditure. Currently, the funding gap is met through council rates, section 94 levies for local infrastructure, Voluntary Planning Agreements and Special Infrastructure Contributions in growth areas for larger infrastructure necessitated through population growth and development.

Additional funding for larger rail projects can often be met through public/private partnerships (PPPs), yet there is a growing demand for new infrastructure and Government revenue is constrained and largely reliant on property related stamp duty and a buoyant property market.

NSW Government economic modelling projects that, if current trends continue, overall expenses will grow at 5.3 per cent a year and reach 15.9 per cent of GSP by 2056. Long-term modelling suggests that State Government revenue growth is likely to fall over the next 40 years to 4.7 per cent a year. That is well below the expected growth in services and infrastructure expenditure of 5.3 per cent a year.



Source: Infrastructure Australia, based on NSW Government (2016) NSW Intergenerational Report 2016: Future State NSW 2056, p.12

The concept of value capture has been an important topic during consultation events, yet is not addressed in the released documents.

It is disappointing that the Future Transport Strategy 2056 provides no leadership on the question of infrastructure financing or value capture models. The transparent, consistent, and fair financing of infrastructure is integral to the successful implementation of the strategy and good land planning outcomes.

The term ‘value capture’ has come to encapsulate a plethora of different taxes and infrastructure charges and this has instilled industry uncertainty.

Any model of value capture must be designed within the context of the already extensive federal, state and local taxes that are linked to property values and unimproved land values, including capital gains tax, stamp duty, land tax, council rates and company tax on developer profits.

Similarly, any model must consider development specific charges such as Special Infrastructure Contributions, Section 94 payments, VPA Conditions that exceed Section 94 plans, and new levies being introduced disparately by individual councils. These charges should not endlessly proliferate, and any value capture scheme should subsume all of these approaches and provide one, consistent, cost. The Greater Sydney Commission’s Region Plan acknowledges this:

“The Commission recognises that development needs to support the funding of infrastructure at an appropriate level, but should not be unreasonably burdened to the extent that development becomes unviable.” P 29

“this solution relates to industry and governments being certain of cumulative development costs. The Commission has therefore identified the need for Government to prepare guidance to address the cumulative impacts of development contributions on development feasibility and delivery across Greater Sydney.” p 29

Any value capture model that may be introduced must be directly linked to the delivery of infrastructure and be time restricted as a model such as the cross-rail tunnel in London demonstrates.

Some current examples of value capture are:

- Additional taxes designed to capture the potential uplift in value due to infrastructure investment. These taxes are however based on estimated uplift and as such, lack accuracy. There is also no clear nexus between tax and infrastructure delivery
- A one-off surcharge placed on commercial property and their tenants in a defined area to pay for infrastructure investment. These surcharges rarely consider the myriad of other charges placed on the property owner and are arbitrary in their application
- Charges linked to land use or planning decisions that suppress planning controls and ignore the most efficient use of land
- Tax increment financing, that is used widely in the US, is a bond based approach.

Recommendations

- Record, monitor and make public all development contributions from across Sydney.
- Provide guidance on the model and execution of the value capture models currently being considered.

Corridor protection

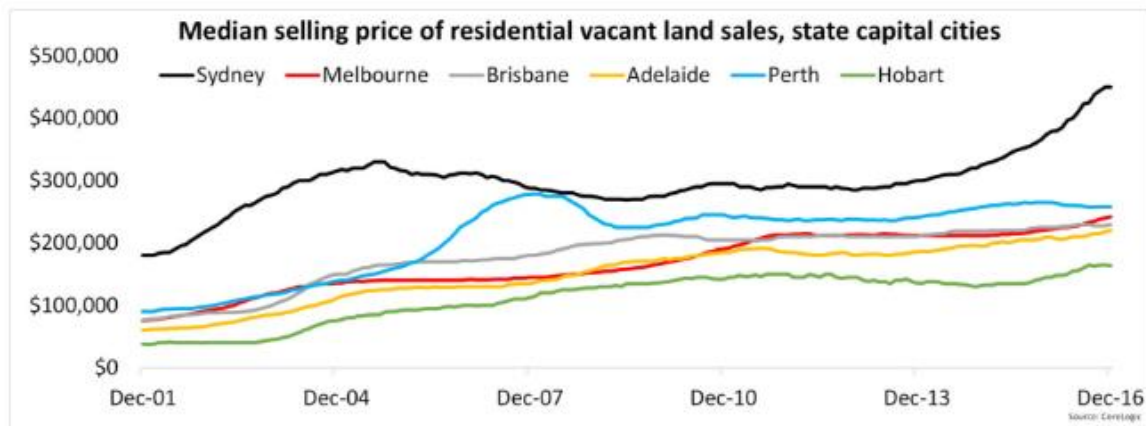
Corridor protection is critical for Sydney's growth.

The benefits of protecting key corridors now include reduced costs, a reduced risk of the corridors being 'built out' and subsequently, a reduced need to tunnel or acquire property.

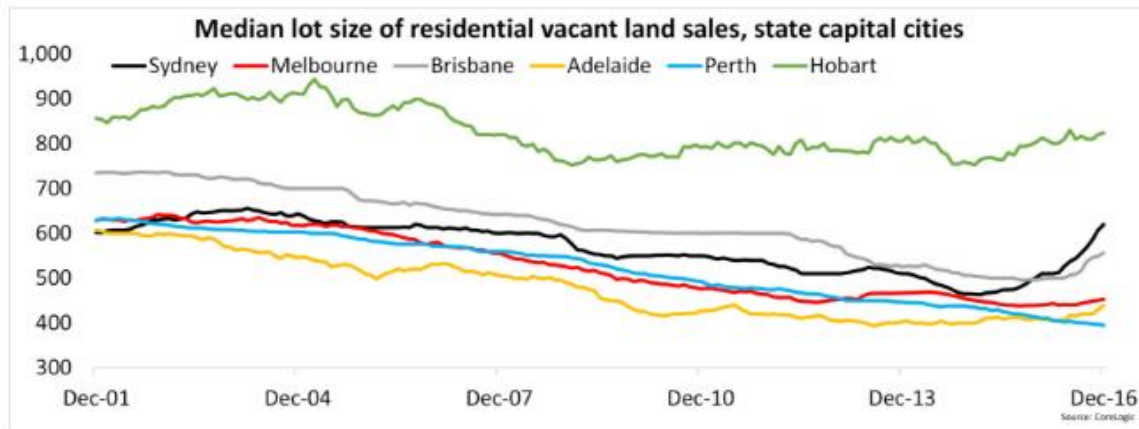
The Productivity Commission's 2014 report on Australia's infrastructure drew attention to weaknesses in corridor protection practices, recommending that 'Australian governments should also consider ways in which land policies can be improved in this area, given the deficiencies in the current planning of land reservation in most jurisdictions in Australia'.

Sydney is experiencing increasing land values. Previous analysis by Infrastructure Australia found that, in the 20 years to 2012, underlying land values in the three east coast capital cities grew around 3% per year faster than the rate of inflation.

Vacant land in Sydney cost \$808/sqm in 2016, considerably more than other states. On a rate/sqm basis, the changes in prices over the past year have been recorded at +3.7% in Sydney, +6.2% in Melbourne, -9.1% in Brisbane, -4.4% in Adelaide, +0.4% in Perth and -13.3% in Hobart.



Land lot size is also trending down with the ultimate effect being that more lots of land need to be purchased for a transport corridor at increasingly greater prices. The economics of purchasing land for transport routes is increasingly making investment unfeasible.



If land is not protected, placing a project in a tunnel can multiply its cost per kilometre by 5-10 times. This increase in land cost subsequently increases the cost that must be paid by the Government, industry and the community

Land that is protected now provides further opportunities to supplement the cost of infrastructure. As land for transport corridors is acquired and protected, the land can be leased on a limited term basis with rent contributing to the overall cost of the future infrastructure. Once the transport route is being constructed, the zoning of the land can be reassessed.

Corridors outlined in the Future Transport Strategy 2056 such as the Outer Sydney Orbital, Western Sydney Freight Line and a potential link to the Illawarra and Port Kembla must be protected now to ensure financial savings and provide certainty to the community and industry.

Key passenger routes, such as a North-South rail link to the airport and to Parramatta or Leppington are already in danger of being infringed upon by development or have been developed. These routes will subsequently be more expensive to deliver.

Effective corridor protection in the future may necessitate more flexible or unique land zoning approaches. Prospective corridor zones may need time reliant zoning with development approved in these zones done so in the understanding that the land will be required to develop a transport corridor after a set period. Industrial land use could be more appropriate in these circumstances as development can be moved or changed more easily than other development.

Recommendations

- Protect key corridors now including the Outer Sydney Orbital, Western Sydney Freight Line and North South Rail link.
- Consider more flexible land zoning approaches to make of protected corridor land in the interim before development begins.

Western Sydney Airport transport connections

It is widely accepted that rail and road connections to the airport are critical to the Airport development. The Outer Sydney Orbital is also critical to transport freight to and from the airport and ports and transfer goods through intermodal terminals to the end user.

More dedicated orbital public transport corridors are critical. As well as providing a competitive alternative to car use for orbital trips these links also help to support the development of secondary centres outside the CBD. In doing so these links consolidate employment and residential growth near these centres.

A North-South rail link is critical to not only the airport but also surrounding land development and construction should begin in the next 0 – 10 years. Currently the strategy states that this route, and the route from Parramatta to the Airport, will be investigated in the next 1 – 10 years.

With the west and south west of Sydney growing in population by nearly 500,000 people in the next 30 years, a rail link is needed to encourage commercial investment and further residential investment.

The route, from Richmond/Windsor in the north west to Campbelltown Macarthur in the south west must be committed to and begin construction by the time the Airport opens in 2026. This investment must be seen not as simply ‘airport infrastructure’ but as future proofing the airport’s infrastructure and surrounding area. There is no guarantee that the airport and surrounding area will produce the growth that is forecast. One way of making success more likely is by locking in infrastructure investment that supports not just the airport but also the surrounding area.

It is more than likely that the productive employment land surrounding the airport will be the key economic driver for Western Sydney during the infancy of the airport and transport infrastructure that supports this land will be the key driver. A commitment of transport infrastructure also provides development and investment certainty to other utility and service providers who must also service the area.

The North-South line will also provide the opportunity for the NSW Government to work with local councils and communities on integrated transport and land use planning and investigate the potential to develop 20-year precinct plans and develop strategically important centres and places.

If we consider the housing targets for Local Government areas in our west and south west over the next five years, Liverpool will have an additional 8,050 dwellings, Camden 11,800, Campbelltown 6,700 and Penrith 6,600. A rail link to our north west and eventually though the airport will provide a key city shaping piece of infrastructure that will promote the growth of the airport, but also communities in the area.



A link from Parramatta to the airport must be investigated and committed to in the next 0 – 15 years, and must link to the West Metro that services Olympic Park and the Bays Precinct. This cross-city trunk service will be the key transport element in ensuring the development in the middle ring of Sydney is serviced by appropriate transport. By linking these areas through a metro to an airport connection, we will activate urban areas in Sydney’s middle ring and service the Sydney Fish Market redevelopment and Bays Precinct development. The Metro is also critical to ensuring Olympic Park continues to develop from purely a sporting precinct, into a commercial and residential hub.

Recommendations

- The North-South Rail link should begin construction in the next 0 – 10 years.
- A link from Parramatta to the Western Sydney Airport must be investigated and committed to in the next 0 – 15 years, and must link to the West Metro that services Olympic Park and the Bays Precinct.

Roads

The M12 motorway will be a key piece of transport infrastructure to future proof the growth surrounding the airport and construction should be brought forward. The Western Sydney Employment area has been lacking key infrastructure for some time (both transport and key trunk infrastructure). Updates to local arterial roads in the area in addition to the M12 will promote further development of employment land and promote more efficient freight movement. In addition, the motorway will also be critical to servicing the Western Sydney Priority Growth Area.

The M9, or Outer Sydney Orbital is also critical and a key driver of development and growth. Roads such as the M7 in Sydney or the Western Ring Road in Victoria demonstrate how investment and development opportunities can be unlocked through key road infrastructure that facilitates increased freight movement. While the completion of the M9 may not be needed for 20 – 30 years, the protection of this corridor now is critical.

Recommendations

- The M12 motorway should begin construction in the next 5 years to promote growth on the land surrounding the Western Sydney Airport.

The importance of freight and freight corridors

The efficient movement of goods from port or airport, through intermodal terminals and to the end user, will become increasingly important as our city grows. The Property Council looks forward to responding to the Ports and Freight Strategy of the Future Transport Strategy 2056 in 2018.

The division between local services, CBD mass transit and cross city trunk services is important to identify the key role of each part of the transport system and improve efficiencies. The amount of freight our city must absorb will only increase. Employment land, logistics and freight will increasingly be integrated with residential and other land uses and we must plan for this carefully.

Key environmental and noise controls must be examined to ensure our cities economic transport can operate as efficiently as possible. The Greater Sydney Region Plan acknowledges this and states buffers are needed to protect the operations of various industries (including concrete batching plants, waste handling facilities, freight activities) and should not be compromised by encroachment from sensitive land uses like residential, which are impacted by noise, light and odours.

It is also important that land is identified and preserved for future port and airport, intermodal and rail infrastructure. Infrastructure Australia estimates that the NSW Government could save \$3.5 billion by protecting the Outer Sydney Orbital now and \$1.5 billion by protecting the Western Sydney Freight Line. Further greenfield development beyond the current priority growth areas is possible, and by protecting these corridors and critical associated land now we can avoid significant future cost and community opposition.

The Western Sydney Freight Line is critical to both alleviate pressure on the current network and promote growth. The protection of this corridor and further guidance on its development is needed to provide certainty to industry.

Logistics

As Sydney's population grows and demand for goods increases, we will see rapid growth in the logistics sector and a growing importance in last mile deliveries. The low supply of serviced employment land adds additional pressure to finding suitable land and developing industrial property to service the logistics sector. The entry into the Australian market by companies such as Amazon also increases the demand for last mile services as does the adoption of on demand delivery from the major supermarkets.

The Future Transport Strategy, as it currently reads, does not include any guidance on how our cities may change or land be developed differently to accommodate increasing prominence of logistics and last mile deliveries. With large supermarkets increasingly growing their on-demand delivery services in addition to online retailers, the impact of this growing trend on congestion, our street design and development needs to be examined.

Strategically planning for the land and key freight and logistics routes is critical for a productive and efficient city. This approach also reduces congestion and ensures productive land is planned for and integrated with other land uses. This will become increasingly important in the inner and middle ring of Sydney. It is also important to ensure warehouse space is available in outer rings with access to freight routes, intermodal terminals, and the new airport.

Aligning utilities

It is a welcome development that the Future Transport Strategy 2056 has been aligned with the Region Plan and District Plans and the State Infrastructure Plan. The next logical step is to also align the strategic plans of major utilities such as water and electricity. This could be done every five years to align with the Australian Energy Regulator making determinations on revenue proposals. Aligning the strategic plans of the major utilities will provide certainty to providers looking to service land in addition to servicing priority land more efficiently.

Recommendations

- Further guidance is required on approaches to address to growing freight and last mile delivery task.
- Critical employment land and freight corridors must be protected and managed to ensure efficiency
- Align the strategies of key utility providers with the Future Transport Strategy, State Infrastructure Plan and Region Plan/District Plans

Prioritising bike paths in denser, higher development areas

Areas that encourage cycling and walking as a form of transport are critical to a healthy, growing city.

As the Future Transport Strategy outlines, lack of access to safe cycling paths is currently a barrier for the 70% of customers who would like to ride more for short trips and would do so if they felt safer and more confident.

In denser, high development areas the development of bike paths and walking routes should be prioritised to increase the use of multi-modal transport options and reduce car use. Investment in bike paths in denser areas will ease the impact of new development on the community.

Bike paths in denser areas will also provide a viable option for travelling to and from train and metro stations, reducing the reliance on cars and parking.

Recommendations

- **Prioritise bike paths in high density and development areas.**

We look forward to discussing the issues in this submission further with you

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