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Mr Josh Murray
Secretary, Transport for NSW
To: Freight@transport.nsw.gov.au

Freight Policy Reform: Consultation Paper

Dear Mr Murray,

The Property Council of Australia welcomes the opportunity to provide a submission to the *Freight Policy Reform: Consultation Paper*(Paper) and *Heavy Vehicle Access Policy*(Policy).

Our members are the nation's major investors, owners, managers, and developers of properties of all asset classes. They create landmark projects, environments, and communities where people can live, work, shop, and play. The property industry shapes the future of our cities and has a deep long-term interest in seeing them prosper as productive, sustainable, and safe places.

As one of the principal advocates for freight policy reform, the Property Council is passionate about ensuring the program is well-calibrated to deliver on its objective to identify short, medium and long-term actions for the Government to support a resilient freight sector that supports supply chains and the industrial sector as whole.

Our recommendations on the Paper and the Policy are provided below.

Industrial Lands

Industrial lands are required within urban areas for evolving urban services like dark stores, local consolidation centres and re-charging of battery powered delivery vehicles, to support e-commerce, food delivery and 'last mile' logistics.

The freight and logistics supply chain requires large parcels of land for warehouses, depots and logistics services, located close to end users to minimise transport distances.

Sydney's industrial vacancy rate reached 0.2 per cent in 2023. The scarcity of industrial land in Greater Sydney is causing significant challenges for businesses and industry, including:

- Higher rents for Sydney businesses compared to other capital cities, including Brisbane and Melbourne.
- Few suitable sites available for businesses to locate their warehouses and distribution centres.
- Available sites moving further and further west, away from the most populated parts of Sydney, which increases traffic, delivery times and emissions.

To ensure Greater Sydney's supply chain network remains workable for future generations, planning policies must recognise the need to unlock new land, and protect existing lands where these sites continue to have strategic merit.

Without adequate strategic planning policy, industry and businesses risk having their operations constrained due to urban encroachment through caps and curfews.

Unless the short supply of industrial land is addressed, Sydney's businesses and communities will continue to be impacted by:

- Fewer job opportunities as businesses consider more affordable states where there is greater industrial land availability.
- Longer wait times for goods to be delivered and increased cost of goods for consumers as higher transport and operating costs are incurred by businesses.
- Increased congestion on roads and higher emissions as trucks transport goods over longer distances.
- Lower safety, amenity and sustainability outcomes through the optimisation of land use and transport modes to meet NSW's growing freight needs.

Freight policy must be linked with land use policy across NSW. The policy position around industrial lands must:

- Retain existing industrial land (where these sites continue to have merit) and expand supply through rezoning and servicing of additional land.
- Optimise the use of existing industrial lands to grow freight handling and logistics capacity within existing scarce land by improving the planning approvals process, improving design standards of residential developments in urban areas, and creating buffer zones to minimise impacts on communities.
- Freight rail should be recognised for the benefits it provides for safety, sustainability and efficiency, and its role in the overall freight task supported through planning and government land use decisions. Proposed intermodal and freight lines should be protected and programmed for industry investment certainty.

Mamre Road Precinct

The Mamre Road Precinct was rezoned by the NSW Government in June 2020 in response to an identified demand for industrial land in Western Sydney, and market conditions indicating a lack of supply leading to deteriorating affordability for occupiers and significant risk of losing investment and employment opportunities to other States as a result.

The rezoning triggered a signal to the market that the Precinct was ready for investment and development, with 10 institutional developers purchasing land in anticipation of delivering warehouse and logistics facilities to support demand for industrial land.

The ability to develop within the newly zoned Precinct was initially delayed due to the need for the NSW Government to complete the accompanying planning frameworks, which included the Development Control Plan (finalised in November 2021), Aerotropolis Special Infrastructure Contribution (finalised March 2022) and Section 7.11 Contribution Plan (finalised April 2022).

As a result of the above planning frameworks, the Precinct is now governed by a complex series of planning controls and is subject to the highest combined local and State infrastructure contribution requirements in the State.

The first development approval obtained under the new framework was achieved in May 2022. Since then, only five development consents have been granted in the Precinct and these approvals reflect only partial delivery of these estates. Numerous development applications are currently under assessment by the NSW Department of Planning, Housing and Infrastructure and Penrith City Council. However, these have stalled due to a lack of infrastructure funding and delivery within the Precinct (including regional roads, stormwater, sewer, and electrical infrastructure) as well as the strict interpretation of planning controls affecting viability of development outcomes.

The two primary issues continue to prevent development in the Mamre Road Precinct include:

Sydney Water regional stormwater scheme

On 25 March 2022, the NSW Government announced the appointment of Sydney Water as the trunk drainage authority for stormwater in the Western Sydney Aerotropolis, including the Mamre Road Precinct. Sydney Water is responsible for delivering, managing, and maintaining the regional stormwater network along with the drinking water, wastewater, and recycled water networks.

To pay for the regional stormwater network Sydney Water is proposing to levy landowners via a Developer Servicing Plan (DSP), currently at \$800,000 per hectare of net development area. These new costs, when considered cumulatively with local and state contributions, make development unfeasible at the present time.

Until such time as the regional stormwater network is delivered, the capacity to develop the Precinct is limited. Sydney Water estimate the network will be delivered by 2030.

Road network

Significant upgrades are required to Aldington Road, Abbotts Road, and Mamre Road, as well as construction of the Southern Link Road to service development within the Mamre Road Precinct.

Due to a lack of infrastructure funding from Penrith Council and the State Government, developers in the Precinct are required to forward fund and complete the required road network. The upgrade to Aldington Road and Abbotts Road is to be completed by Frasers, Stockland/Fife, and ESR (known as LOG-E) in the order of \$80M. Partial upgrades to Mamre Road to be completed by Mirvac, Frasers/Aware, and LOG-E. Partial construction of the Southern Link Road is proposed by LOG-North (Gibb Group, Dexu, Aliro and GPT).

To prevent this situation from occurring again, we recommend:

- Developing a 15-year land supply buffer policy – Sydney needs to develop a 15-year land supply buffer policy and move away from its current ‘just in-time’ land supply approach. The preparation of this policy should align with the forthcoming Employment Lands Urban Development Program (UDP).
- Department of Planning, Housing and Infrastructure (DPHI) coordination to unlock industrial lands – Greater coordination between NSW Government agencies (led by DPHI) is required to unlock existing industrial lands and can help develop an industrial land pipeline.
- Confirmed funding for critical and enabling infrastructure and a clear delivery timeline – Funding gaps and delivery timelines for critical enabling infrastructure needs to be resolved, including resolving existing SIC backlogs and policy constraints which prevent

developers forward funding and delivery infrastructure on behalf of Government. Specifically, this includes lifting the capacity for developers to commit more of their Special Infrastructure Contribution (or Housing and Productivity Contribution) liabilities for the purposes of delivering roads.

- Ensure planning controls for industrial lands are flexible and fit for purpose – Planning controls for industrial lands need to be flexible and fit for purpose. There is scope to amend current Precinct Plans in the Western Sydney Aerotropolis and planning controls for the Mamre Road Precincts to better enable large format industrial development.

Supporting the Efficient Movement of Freight

Keeping supply chain costs as low as possible relies on optimising the use of existing infrastructure and investments by the private and public sector. An optimised supply chain also makes best use of the competitive advantages of a mix of transport modes, such that freight rail and road transport can be used collaboratively to achieve cost, sustainability, safety and efficiency outcomes.

Building collaborative networks also allows for resilience to accommodate network failures (maintenance, outages, localised flooding, bushfire etc). Collaborative and resilient networks rely on the right policy and procedural settings, including adequate incentivisation and parity of pricing to avoid distorting the modal choices.

Optimising existing supply chains, before investing in new ones, makes the most sense for government and private sector investment. Significant capital is being invested by industrial land developers in Western Sydney and connections between Port Botany and these precincts need to be enhanced. Given the lead time for new infrastructure, and the scale of private and public funding required to best integrate new infrastructure in supply chains, greater certainty of the program and planning of major new rail, road and intermodal facilities is required, particular in Western Sydney.

The construction of the Western Sydney Freight Line with a new intermodal terminal at Mamre Road would allow for most newly developed industrial lands to be located within a short distance of rail facilities. It would provide for a dedicated rail link between Port Botany and the Aerotropolis and ultimately could reduce congestion on the wider road network.

The drivers for the Maldon-Dombarton Rail Line have changed significantly since the original proposal. Port Kembla is identified as the next container port for NSW and already handles a large volume of products that can be handled by rail (cement, coal, mineral concentrates, grain). The future population of Western Sydney is also significantly higher than forecasts of the 1980s, increasing the demand for consumer products and catalysing the development of the Western Sydney Airport. The Illawarra region will play a significant role in supporting the importation and production of essential goods for Western Sydney, and this rail line will ensure these goods are able to be transported by rail rather than thousands of trucks per year.

Heavy Vehicle Access Policy

Overall, we generally support the Heavy Vehicle Access Policy (HVAP) and note that it covers freight across the whole state, not just within urban/developed areas. However, many of the recommendations appear 'ad hoc', and do not support our members and their partners to invest in and redesign their supply chains to make best use of the emerging networks.

Greater certainty in the delivery of land use outcomes and improved connections would allow industry to best leverage the opportunities, and deliver clear economic, environmental and social advantages to NSW communities.

Our recommendations in relation to Pillar 1 are provided below.

- Improve North South Connections – we note that this is a very broad geography included in the policy and though there are specific roads mentioned in an Appendix, there is ambiguity as to when these connections to locations might be upgraded and achieved.
- Improve East- West Connections - we recommend TfNSW to investigate whether there are any other strategic centres that need to be considered to improved connectivity across existing or emerging freight hubs in Greater Sydney.
- Improve first and last-mile access – Appendix only mentions Western Sydney Airport precinct and Wagga Wagga Special Activation Precinct as a priority for improved first/last mile access, but there is no discussion as to when and if this will be delivered and if there are any other precincts that could benefit from improved access.
- The appendix includes the following caveat: *"Appendix A is not intended to be an exhaustive list of the NSW road network but rather focuses on strategic routes strengthening north-south and east-west connections and improving first and last-mile access. The proposed PBS network outlines Transport's vision for access which will be progressively implemented as future networks are designed and upgraded."* We believe this doesn't read as a firm strategy for delivery, rather a wish list that might get implemented when possible and recommend TfNSW provide an action plan for delivery.

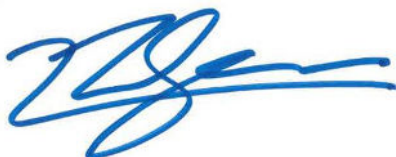
With respect to the remainder of the pillars we note they relate to technical vehicle and engineering design standards, allowing the transport industry to innovate and enable more efficient vehicle designs and types. We recommend TfNSW confirm the process and timing for adopting larger vehicles in more developed or urban areas. It would also be beneficial to provide a clearer framework to allow for future proofing of road geometry upgrades (where warranted) and avoid land inefficiency/wastage where future proofing is not needed.

Conclusion

The Property Council appreciates the opportunity to provide a submission in response to this Paper and again reiterate our request for the NSW Government urgently establish a Ministerial Advisory Panel on Industrial Land Supply and Activation to address the industrial land supply crisis we currently face.

If you have any questions about this submission or the Ministerial Advisory Panel, please contact Michelle Guido at mguido@propertycouncil.com.au.

Yours sincerely,



Ross Grove
Western Sydney Regional Director
Property Council of Australia