

14 December 2022

The Department of Planning and Environment
Locked Bag 5022
PARRAMATTA NSW 2124

Electronic submission

To whom it may concern

Re GPEC Strategic Framework

Urban Taskforce welcomes the release of the Greater Penrith to Eastern Creek (GPEC) Strategic Framework.

The framework allows for early examination of the challenges and opportunities of the corridor, identifying urban growth areas, key priorities, and importantly the infrastructure required to support such growth.

Urban Taskforce supports the decision to strengthen this upfront planning document with a Ministerial Direction.

It is important to ensure the objectives, actions and outcomes contained within the framework are clear and set a clear direction for the future of the corridor. This will ensure the 'vision' of the framework is reflected in subsequent planning exercises.

Urban Taskforce supports the general thrust of the framework. Identifying the corridor to support residential development close to transport and employment is one of the clear recommendations coming out of the NSW Productivity Commission's 2021 White Paper, *Rebooting the Economy*.

The recent NSW Flood Inquiry acknowledged that in the midst of a housing crisis, the Government needed to look at strategies to house a growing Sydney in areas that were not prone to high levels of flood risk in particular, recommendation 23 stated:

“investigate whether trading mechanisms for development rights, renegotiation with developers with existing rights, or uplift value capture to fund buy-outs could reduce existing and anticipated development in areas of greatest flood risks, with an initial focus on the Northern Rivers region and the Hawkesbury-Nepean.

In doing so, Government should:

— ensure that tradeable rights facilitate the construction of additional homes in line with regional plans, in particular the

Government's six cities vision developed by the Greater Cities Commission

— fund voluntary property purchases in identified locations through the issuing of tradeable development rights”¹

The Six Cities Region Discussion Paper reinforces these new paradigms facing Sydney, calling for:

“a significant change in the approach to both strategic planning and delivery ...to mobilise all levels of government and all departments of state government, and to harness the capabilities of non-government sectors, including the private-for-profit sector...”²

As an industry group representing Australia's most prominent developers and equity financiers, Urban Taskforce can confirm that the private-for-profit sector has been willing to work with the State Government to help solve the housing supply and affordability crisis.

The GPEC Framework is to be supported for setting the scene for residential, employment and the infrastructure required to deliver on the strategy.

Urban taskforce makes the following comments in relation to the Strategic Framework.

Clarity of the Framework

Whilst recognising the scope and ambition of the GPEC Strategic Framework, Urban Taskforce believes that large number of actions (115) distract from the central thrust of the framework. Key actions should be distilled and clarified, with options to cascade from them a series of lower order actions and priorities. should be accompanied by a hierarchy of actions

Headline actions will help in the communication of the Framework to the wide range of stakeholders.

Recommendation 1: that DPE clarify the number of central actions that will guide the GPEC and retain focus on key objectives

Need for co-ordinated delivery

Many of the actions have multiple leads with various combinations of Council, DPE, Transport for NSW and proponents. There is a risk that delivery of priority actions will be compromised if there is no clear initiative lead or if

¹ O’Kane, M. and Fuller, M., 2022 *Flood Inquiry: Summary Report*, p. 33

² GCC, *Six Cities Discussion Paper*, p.65

each agencies internal priorities conflict with the GPEC deliverables. This was to be a role played by the GSC (now GCC).

Recommendation 2: that the Government ensure a co-ordinated approach to the delivery of actions identified in the Framework

Infrastructure funding

Whilst welcoming the extensive articulation of the infrastructure required to deliver on many aspects of the Framework, the Urban Taskforce urges greater attention on the funding mechanisms for infrastructure and how Government allocates taxpayer funded infrastructure.

These matters go the heart of the successful implementation of the framework, and the earlier the budgetary and financial underpinnings of the framework is finalised, the better the chance of success.

Urban Taskforce strongly recommends that Infrastructure contributions should be all pooled into one fund and then distributed to the agency, councils or developer who can most efficiently procure the infrastructure at hand. This will stop waste and save time. As great is the need for a single coordinating authority for the implementation of the framework, so too a single group/agency overseeing the financial substructure of GPEC.

Recommendation 3 - that Infrastructure contributions should be pooled into one fund and then distributed to the agency, councils or developer who can most efficiently procure the relevant infrastructure

To maximise outcomes from infrastructure investment – existing and planned - the Framework needs to be strategic in terms of identifying the lands that will produce the lowest cost to infrastructure servicing and access if those lands can produce enough housing supply for the first five years of demand.

If insufficient land is identified through that process, then the Government should call an expression of interest of landowners and developers who are ready and able to produce homes within a five-year period.

Through such a process the landowners and developers will be identified, and then the cost the infrastructure required and understand any shortfalls of funding within the 5 years, upon which a developer can enter into a VPA to fast-track development.

Recommendation 4 - that the Government oversee a process to identify lands that will produce the lowest cost for infrastructure servicing and access

Correlation between business case underpinning original budget commitment for large transport infrastructure and expected development outcomes

The Sydney metro west project commits significant amounts of public money – with many estimates suggesting the project could cost up to \$30 billion.

The NSW Productivity Commission's White Paper also recommended that the Government needs to public justify infrastructure spending.³ Besides public transport considerations, there needs to be consideration given much earlier in the decision-making process on large, expensive infrastructure projects like Sydney metro west.

A significant Government decision on major transport infrastructure like metro lines and stations would be accompanied by a detailed business case, which would have included specific outcomes/benefits, including anticipated residential development adjacent to or on top of transport infrastructure. The anticipated benefits that underpinned the business case should be carried over into the subsequent developmental outcomes associated with any transport

Delays between allocating funds to infrastructure and development gives rise to community opposition at later stages of the project. This is currently evident in the proposed developments around the Marrickville and Dulwich Hill metro stations on the Sydenham to Bankstown corridor. This was compounded when the NSW Government handed back planning control to Council over the associated development around the new metro stations. Now opposition is so entrenched that Inner West council has postponed any decision on its LEP which proposed greater heights and densities around these transport projects. A similar tendency can be detected in the conservative residential proposals attached to the Government metro precinct proposals at the Bays Precinct and Cherrybrook.

To have public exhibitions on zoning, densities and heights well after the decision to allocate funding for large public infrastructure projects risks the under delivery of public goods such as new housing, commercial space as well as other social infrastructure that would help justify these projects in the first place. There needs to be much stronger correlation between the decision to fund a particular infrastructure project and the development that will ensue on completion of the project.

³ NSW Productivity Commission, White Paper 2021, *Rebooting the Economy*, p. 311

Besides creating greater certainty and transparency around Government decision making, it will also help ensure maximising outcomes from any such decision. The rivers of gold from the initial rounds of asset recycling cannot be assumed or expected to continue, and it is critical that the Government in the future maximise the public return on these mega projects.

Governments need to be transparent with the community in explaining the expectations around suburbs and localities that will benefit from the NSW taxpayers allocated significant amounts of funding towards such projects.

Recommendation 5: in order to establish stronger correlation between decisions to fund infrastructure projects and the expected development outcomes which underpin the business case justification for the funding of the project, the NSW Government should lock in those development expectations, as per those included in the business case, at the time of the original funding decision

Affordable housing

Along with a supply crisis, Sydney is gripped by an affordability crisis. Urban Taskforce believes that additional supply will place downward pressure on housing and supports initiatives to provide affordable housing with commensurate incentives for the private sector.

Key Finding 6 of the Chapter notes the need for affordable target, and in principle Urban Taskforce has no issue with one affordable housing. The issue is how to realise this. It is clear that the status quo approach of local councils applying affordable housing levies on development is not working, hence one of the reasons we have an affordability crisis.

This approach is strongly opposed by the Urban Taskforce, as it effectively represents a tax on new residents in favour of existing residents. In the worst cases, it effectively destroys the feasibility of private development and no housing ensues.

Urban Taskforces note that alternative strategies exist that may deliver even more affordable housing, and points to the recent interest by both the Federal Government and the large industry super funds in delivering more affordable and key worker housing.

Key findings in terms of Built Form and Land Use refer to social and culturally diverse housing and embrace the young and culturally diverse communities. An effective strategy and delivery mechanism for affordable housing, which does not rely on ineffective and perverse local government levies on new residents, will be central to achieving objectives around these demographic groups.

Recommendation 6: that the framework note the perverse outcomes of affordable housing levies and ensures that no such levies are placed on private development either without commensurate incentives such as FSR bonuses, or alternative strategies to be explored in conjunction with the Federal Government

St Mary's and Orchard Hills

Reflecting earlier comments, there is a need for the framework to ensure expectations around development at St Marys and Orchard Hills is centred around maximising returns and broader community benefit from two large transport infrastructure projects.

There needs to be flexibility in the zoning, heights and densities around these station precincts to allow the market to consider market demand and respond.

Recommendation 7 – that the NSW Government allocation flexibility in the approach to heights and densities for development within 800 metres of the proposed St Marys and Orchard Hills Metro precincts to allow the market to respond to future demand

Transport planning

The actions under direction 4.1 transport planning, are predominantly limited to the exploration of options and opportunities. This should be strengthened to delivery of public transport plans for key precincts within GPEC.

Recommendation 8: that DPE, Transport for NSW, Councils and proponents work collaboratively with clear accountability to achieve a clear set of objectives and plans for key precincts within the GPEC.

GPEC - the broader context

Given the location of GPEC, the framework makes minimal reference to connectivity with Western Sydney Airport, the Aerotropolis and Bradfield City. The opportunities to be connected globally and how that can be leveraged within GPEC should be captured in this framework.

The importance of the east west link between Penrith, Werrington and St Mary's should also have higher prominence in the framework

Recommendation 9: that the strategic location of the GPEC, particularly in relation to the new airport the Aerotropolis, and Bradfield City, be given greater prominence

Education and research

Our education and research institutions and capabilities will play a prominent role as key pillars in the transformation and growth of Western Sydney. This needs to be central in the Strategic Framework for the corridor. The Strategic Framework should elevate the role of education and research, particularly when referring to the Quarter Penrith, including Western Sydney University and TAFE NSW and our respective investments and partnerships in education and research with Nepean/Blue Mountains Local Health District and the Primary Health Network.

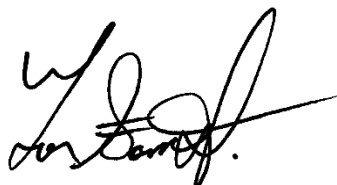
Recommendation 10: that the framework elevates the role of the education and research sectors, particularly in relation to Quarter Penrith

Conclusion

The need for coordination, funding strategies for infrastructure, and optimising the potential of the key transported oriented centres of St Marys and Orchard Hills will only help ensure the implementation of the key actions contained within the framework. The Recommendations in this submission reflect the concerns of our members. I trust that they will each be given due consideration and implemented accordingly.

Should you wish to discuss this matter further, please call our Head of Policy, Planning and Research, Stephen Fenn on 9238 3969 or via email stephen@urbantaskforce.com.au

Yours sincerely



Tom Forrest
Chief Executive Officer