Author name: G. Macdonald

Date of submission: Friday, 18 October 2024

Your submission for this review:
Dear IPART, Industry supports the IPART process regarding review of the Mamre Road Stormwater scheme. We thank you for your time to date in thoroughly considering this very important matter which will have impact on the NSW economy. The attached submission outlines the Mamre Road Precinct Landowners Group (MLOG) concerns on IPARTs draft Mamre Road Stormwater Scheme Report and seeks to provide further detail to inform IPARTs consideration and final recommendations to the NSW Government. Importantly the MLOG have requested a revised draft IPART report to be prepared and released prior to its finalisation. We feel it pertinent to note that the Mamre Road Precinct rezoning was announced on 22 May 2020 as part of Tranche two of the NSW Government priority projects which sought to inject investment into the NSW economy and keep people in jobs during the Covid-19 pandemic. This rezoning also goes part way to responding to the critical supply constraints of industrial land within NSW. However, the draft IPART report recommendations if unchanged will result in long-term social and economic consequences for the Mamre Road Precinct including business seeking to occupy in other locations and ultimately NSW consumers. It will significantly hinder the viability of the Precinct and send a market signal worsening the uncertainty for the Aerotropolis, noting the draft Aerotropolis stormwater scheme has not been published and present guidance is stormwater costs within the Aerotropolis will be greater than the Mamre Road Precinct. We wish to make it clear that MLOG support the NSW Government's Western Parkland City vision in which we are participants in delivering and appreciate the difficult balance between environmental controls and economic viability. We are concerned that there is a current imbalance which will undermine the viability of development within the Mamre Road Precinct, will continue to result in business migrating to other states, result in loss of jobs and contribute towards rising cost of living for residents of NSW. MLOG and our expert consultants believe there is a simple, quick solution to rebalancing environmental controls with economic realities whilst maintaining adherence to agreed performance objectives. We remain committed to work collaboratively as part of a technical working group for the benefit of all parties, where there is transparency and a collective objective to benefit the needs of the broader community. Please advise should IPART seek greater detail or discussions to inform final recommendations and we look forward to hearing from you We have sent an email with additional attachments. Please consider these and respond that they have been received to the email. We're unable to attach through the portal.

18 October 2024

Independent Pricing and Regulatory Tribunal NSW (IPART)
Level 15, 2-24 Rawson Place
Sydney NSW 2000

CC: Scott Chapman, Director, IPART

Dear IPART,

RE: Response to IPART Draft Report, *Mamre Road Stormwater Scheme (Sep 2024).*

The Mamre Road Precinct Landowners Group (MLOG) are submitting our concerns on IPART's draft Mamre Road Stormwater Scheme Report, specifically in relation to an incomplete consideration of matters included within the original IPART terms of reference for the review, stormwater management targets (Section 2) and impact of stormwater charges (Section 6). This letter also provides additional information to IPART for consideration as discussed within online meetings held Thursday 3rd October 2024 between IPART, PCA, UDIA, several MLOG members and professional consultants and Wednesday 16th October 2024 between IPART, IPART's expert consultant HARC and several MLOG members.

Executive Summary

Industry recognises the need to adopt new controls to support the vision of the Western Parkland City, including a new approach to how water is managed in the Wianamatta-South Creek Precinct. We support the objectives of the Aerotropolis, which is to create a thriving economic centre in Western Sydney with the ability to create 200,000 new jobs. To achieve this vision, there is a need to overhaul typical development controls to protect the blue-green grid, support economic productivity, and provide for appropriate infrastructure that support not only tomorrow but the next 100+ years.

We support the need for an integrated water management approach and are seeking to work with government to identify the best solution that achieves environmental outcomes while balancing the objective to provide state-of-the-art warehouses to support the NSW economy.

We believe there is a solution that can balance these objectives, which is more cost-effective and in accordance with original NSW Government objectives for linking controls to tipping point flows for individual watercourses. We have requested this process since the exhibition of the draft DCP for the Precinct. We believe a public-private collaboration will enable this to be achieved.

Industry supports the IPART process regarding review of the Mamre Road Stormwater scheme. However, the draft report recommendations if unchanged will result in long-term consequences for landowners, operators and ultimately NSW consumers. It will significantly hinder the viability of the Mamre Road Precinct and send a market signal worsening the

uncertainty for the Aerotropolis, noting the draft Aerotropolis stormwater scheme has not been published and present guidance is stormwater costs within the Aerotropolis will be greater than the Mamre Road Precinct.

On this basis, we respectfully request the following:

i. IPART to consider the critical demand for industrial land in Sydney and the NSW Government's growth priorities for Western Sydney and in doing so, update the advice in its draft report where required.
ii. IPART to undertake a transparent technical peer review of the data and modelling regarding the stormwater management targets
iii. Prior to finalising its final report, IPART to investigate why the Western Sydney International Airport (WSI) is seeking to depart from the proposed waterway health targets. In addition, IPART to determine whether any allocation of costs to WSI should be considered given the proposed departure from the Aerotropolis targets
iv. In terms of the stormwater charges, IPART to undertake a qualified and technical review of the economic viability of the Scheme Plan for development, looking at all practical market conditions, development inputs and modelling to inform the IPART report and recommendation on DSP charge
v. IPART to reconsider the Wianamatta-South Creek waterway health controls and the originating data that informed the targets for this waterway catchment. While stormwater management has been consulted on at State level, it has not been directly addressed in relation to the Mamre Road Precinct. Industry should be afforded an opportunity to review technical modelling data that was used to establish the targets.
vi. A technical working group be formed to include MLOG representatives and expert consultants to review the originating data which has informed the waterway health targets for the Mamre Road Precinct and broader Aerotropolis.

In addition, we understand the significance of stormwater charges and the commercial considerations that need to be applied to ensure Government and industry can arrive at a reasonable outcome. However, stormwater schemes need to be feasible and modelled on current and future economic conditions.

The MLOG respectfully provides the following recommendations, which will allow development to proceed with certainty and allow both the NSW Government and Industry to properly qualify the targets before finalising any DSP:

SWC DSP Threshold	Description
$400,000 - $500,000/Ha Net Developable Land (bonding amount)	Paid by developers to Sydney Water prior to release of Section 73 certificate / Occupancy certificate
$500,000/Ha - $800,000 Net Developable Land	Contributed by tenants / asset owners as part of quarterly or yearly Sydney Water rates notices based on a 100-year scheme life cycle operational costing.
> $800,000/Ha Net Developable Land	Any and all costs in addition to $800,000/Ha of Net developable land solely by NSW Government via any reasonable measures.

Following discussions with IPART, we feel it pertinent to include all key supporting information to assist IPART in informing its independent review and recommendation. We have provided further information in the remainder of this submission.

Sincerely,

Mamre Road Precinct Landowners Group

General - Mamre Road Precinct rezoning and NSW Government signal to Industry

On 28 April 2020, the NSW Government announced a new Planning System Acceleration Program – to redirect resources within the department to accelerate the assessment and determination of projects that inject investment into the NSW economy and keep people in jobs during the COVID-19 pandemic.

Six tranches of projects were announced between April and October 2020, with the accelerated determination of 101 major projects and planning proposals.

The then NSW Department of Planning and Environment (DPE) advised that to be considered,

> *"**projects must be** in the system, be able to demonstrate public benefit through new public open spaces or affordable housing, demonstrate an ability to create jobs both during construction and once complete, and **able to** commence construction within six months if it's a DA, or **proceed to the DA phase within six months if it's a rezoning**."*
>
> [**Our Emphasis**]

The DPE Mamre Road Precinct rezoning was announced on 22 May 2020 as part of Tranche two of the priority projects. As part of this announcement, the NSW Government stated:

> *"The Mamre Road project alone creates opportunities for more than 5,250 jobs and it will happen sooner because the NSW Government has re-allocated planning resources to assess these projects faster."*

The NSW DPE advised that the Mamre Road Precinct would be rezoned under the existing Western Sydney Employment Area State Environmental Planning Policy (WSEA SEPP) (now Industry and Employment SEPP).

The Mamre Road Precinct was rezoned on 11 June 2020. As part of the announcement, the then NSW Government stated:

> *"The first industrial estates for the Mamre Road Precinct are expected to be occupied from mid-2021"*

It was this information released from the NSW Government which sent a clear market signal to Industry that Mamre Road Precinct was ready for investment and progressing to development applications within six months of rezoning and occupancy in mid-2021. At this time there were no key barriers to progressing to development applications within the Mamre Road Precinct. A local 7.12 contribution plan applied to the land, site specific DCPs were permissible under the WSEA SEPP with recent examples adopted at directly adjoining industrial estates and satisfactory arrangements existed for regional infrastructure provisioning.

It must be noted that at time of rezoning there was no mention by the NSW Government of a fundamental new way of considering stormwater as part of the Mamre Road Precinct rezoning. Given the fast-tracked rezoning as extension to the existing adjoining Western Sydney Employment Area and guidance from the NSW Government of expectations of projects proceeding to development applications within six months and occupancy in mid-

2021, Industry were guided by government to adopt consistent of controls with the adjoining Western Sydney Employment Area and purchased land within the Precinct on this basis.

Timeline post rezoning

Following discussions with IPART, we feel it pertinent to include timeline of key events and messaging from the NSW Government and state-owned corporation Sydney Water regarding these fundamental new ways of considering stormwater within greenfield developments in Western Sydney along with cost guidance for compliance relative to the timing of rezoning of the Mamre Road Precinct and adoption of the waterway health targets and objectives within the Mamre Road Precinct DCP.

This below provides a brief overview of the key documentation made available to industry regarding waterway health performance criteria, targets and forecast costs to comply as advised to industry relative to the rezoning of the Mamre Road Precinct and adoption of the waterway health targets and objectives within the Mamre Road Precinct DCP.

Table 1 – Key Waterway Health consultation documentation and advice on costs to industry

No	Key Document / Milestone	Timing	Comments
1	Mamre road Precinct rezoned for employment uses	Rezoned June 2020	Rezoned under the Western Sydney Employment Area SEPP to respond to critical industrial land shortages in Sydney.
2	Sydney Water Mamre Road Precinct Flood, Riparian Corridor and Integrated Water Cycle Management	Exhibited 10 November 2020 as part of draft Mamre Road Precinct DCP	Prior to its release, development applications within the Mamre Road Precinct had been lodged and exhibited utilising site specific DCPs consistent with that adopted in adjoining Western Sydney Employment Area. The exhibited DCP presented a range of on lot WSUD measures that can achieve the water quantity reduction objectives for a notional (order of magnitude) cost of **$120,000 / Ha of developable land.** WSUD measures were noted to not detract from estate developable area. No costing was provided for a regional scheme however the draft DCP allowed for developers to comply either on an estate level or regional level. Refer Section 7.4 of Sydney Water Integrated Water Cycle Management Strategy released as part of the Mamre Road Precinct DCP.
3	Mamre Road Precinct Development Control Plan	Adopted November 2021	As DCP finalisation was noted by the then DPE as required prior to approving any developments within the Mamre Road Precinct, MLOG provided written in-principle support to finalise DCP based on an understanding of forecast costs to comply of c$120,000/Ha of developable land based on the Sydney Water document released as part of the DCP exhibition (refer item 2). Released 18 months post rezoning of the Mamre Road Precinct the DCP was produced without any context regarding origins, basis for requirements or implications for waterway health controls or guidance to industry on how to model these fundamental new ways of stormwater management. This is the baseline order of cost which MLOG considered as part of Mamre Road Precinct DCP exhibition and therefore upon which conditional support was provided for the finalisation of the Mamre Road Precinct DCP. This support was qualified on the basis that there was insufficient information available to industry regarding the waterway health performance criteria or origins of the targets and objectives during the exhibition period of the Mamre Road Precinct DCP together with an in-principle understanding that development would be capable of being progressed in the absence of a regional scheme without having to rely on interim measures.
4	NSW DPE Performance Criteria for protecting and improving the blue grid in the Wianamatta – South Creek Catchment	February 2022	Released to industry 3 months post adoption of the Mamre Road Precinct DCP and 21 months post rezoning. This document was released to industry without consultation.
5	NSW DPE Review of water sensitive urban design	April 2022	5 months post adoption of the Mamre Road Precinct DCP and nearly 2 years post rezoning.

	strategies for Wianamatta – South Creek		Presented a regional treatment and reticulated reuse system with total forecast cost of **$287,000 / Ha of developable land.** A copy of this report is appended to this letter to ensure IPART may review.
6	NSW DPE Wianamatta – South Creek stormwater management targets	September 2022	10 months post adoption of the Mamre Road Precinct DCP and more than 2 years post rezoning, this document was released without consultation with industry.
7	NSW DPE Technical guidance for achieving Wianamatta – South Creek stormwater management targets	September 2022	10 months post adoption of the Mamre Road Precinct DCP and more than 2 years post rezoning, this document was released without consultation with industry. Until release of this documentation, NSW consultants were unable to adequately assess / model the impacts of the proposed stormwater targets. Industry remained uninformed.
8	Sydney Water developer consultation pack 2023 providing advice to Mamre Road Precinct LOG for DSP costs for Stormwater and recycled water	May 2023	19 months post adoption of the Mamre Road Precinct DCP and nearly 3 years post rezoning of the Mamre Road Precinct. Advised MLOG of forecast stormwater DSP charges for a regional scheme of **$1,154,321 / Ha of developable land**.

Incomplete consideration of matters included within the terms of reference:

The terms of reference for IPART's review of Sydney Water's Stormwater Scheme in Mamre Road Precinct, as executed by the Premier of NSW and Minister for Water, included a requirement for IPART to consider the following as part of preparing its advice:

> *3) The critical demand for industrial land in Sydney and the NSW Governments growth priorities for Western Sydney.*

In review of the draft IPART report, there does not appear to be consideration of this matter. As a result, the MLOG views the draft report as incomplete. Therefore, we request IPART to address this item and update the draft report. It needs to be reissued for public review prior to the final recommendation.

Risk-based framework:

In 2017, the then NSW Department of Planning (DoP) released the policy titled *Risk-based Framework for Considering Waterway Health Outcomes in Strategic Land-Use Planning Decisions* (Risk-based framework).

As part of the release of the proposed Wianamatta-South Creek stormwater management targets, the DoP informed Industry that the targets were determined in accordance with the Risk-based framework and its steps would now be followed to design a scheme which would be verified by a feasibility assessment (refer to Step 4 in the Risk-based framework). Industry supported this process as it offered checks and balances to ensure the scheme would be viable, while supporting the environmental objectives for the catchment.

The DoP report titled *Review of water sensitive urban design strategies for Wianamatta South Creek* concluded that a regional treatment and reticulated reuse system would cost in the order of $287,000 per hectare of developable land. This report stated the following:

> *The overall findings of this work demonstrates that financially viable solutions to achieve the stormwater targets can be developed if a trunk drainage manager is established.* ***The findings form Step 4 of the NSW***

> ***Government Risk-Based Framework (Dela-Cruz et al., 2017)*** *and will assist decisions on institutional arrangements for development and delivery of water infrastructure in the Wianamatta-South Creek catchment.*
>
> **[Our Emphasis]**

While the draft IPART report acknowledged earlier stormwater contribution pricing indicators released by the NSW Government of $287,000 per hectare for a regional treatment and reticulated reuse system were misleading, the report has failed to investigate and identify three key factors.

1. Why Sydney Water's estimate to comply at an estate level of $120,000 per hectare is significantly lower than the current proposed DSP cost;
2. Why is the NSW Government's earlier assessment of $287,000 per hectare significantly lower than the current proposed DSP cost; and
3. Is the NSW Government required to reassess Step 4 of the Risk Based Framework as the proposed new charges are three times the cost of the previous guidance by NSW Government at $287,000 per hectare.

Industry relies on guidance from the NSW Government and Authorities such as Sydney Water on investment decisions. It was this published information from DoP and Sydney Water which Industry relied upon for continued investment throughout the Mamre Road Precinct.

The draft IPART's report's omission of a detailed reflection on the responsibility of NSW Government for sending misleading market signals is particularly troubling. The NSW Government chose to exhibit Mamre Road Precinct in 2019 and rezone it to industrial in June 2020. NSW Government's rezoning announcement stated this Precinct would create 5,200 construction jobs and 17,000 ongoing jobs and was fast-tracked rezoned in direct response to the critical industrial land supply crisis in NSW (2-4 years remaining at the time of rezoning). The responsibility of NSW Government and its communication on Mamre Road Precinct's stormwater management to Industry must be assessed by IPART and form part of its independent review. We request this to be addressed in the revised IPART report.

Stormwater management targets:

The MLOG have procured preeminent experts to review and advise on the proposed stormwater targets since their inclusion in the draft Development Control Plan for the Precinct. We have provided significant documentation to NSW Government, including Department of Planning, Housing and Infrastructure (DPHI), Biodiversity, Conservation and Science (BCS) and Sydney Water, outlining concerns regarding the validity of the originating data and methods used to inform the controls since 2020. While we can provide further detailed information to IPART, we have listed examples highlighting concerns on the stormwater management targets which have not yet been adequately addressed by the NSW Government since 2020 and has again failed to be addressed in the draft IPART report. These are appended to the back of this submission (Appendix A).

Further, we understand the IPART review has not completed a technical peer review of the data and modelling that informed the targets. It has only undertaken a desktop review. Given the scale of the proposed DSP charge, how can IPART confirm the targets are adequate without undertaking appropriate due diligence? A detailed review must be completed by qualified stormwater professionals and its process must be transparent to Industry. While this DSP is assessed in isolation to Mamre Road Precinct by IPART, the scale of the scheme across the Aerotropolis is c$8 billion. Decisions on significant infrastructure on this scale should not be rushed, and thorough assessments are required prior to implementation.

IPART and NSW Government must consider the Melbourne Water approach of determining controls commensurate with the corresponding watercourse which appears appropriate and in stark contrast to the blanket approach undertaken for the Aerotropolis and Mamre Road Precinct. Melbourne Water achieves the same environmental objectives without significant infrastructure charges to developers in greenfield, industrial areas.

Finally, we note Western Sydney International Airport (WSI), which forms part of this catchment, has released a public notice regarding the stormwater targets.

> "*Under the AEPR* [Commonwealth Airports (Environment Protection) Regulations 1997]*, WSI intends to apply for an appropriate local water quality standard for the nearby creek systems based on this* [its] *preexisting water quality*".

The MLOG seek IPART to investigate as to why the WSI is seeking to depart from the proposed waterway health targets prior to finalisation of their report. Further whether any allocation of costs to WSI should be considered given the proposed departure from the Aerotropolis targets. For further information please refer https://westernsydney.com.au/waterstandards.

Impact of stormwater charges:

Industry maintains the affordability for the proposed stormwater charge remains at $500,000 per hectare. This threshold is 1.7 times greater than the $287,000 per hectare issued by DoP in April 2022. The current DPHI engaged an expert consultant, SGS Economics, to peer review MLOG's expert consultant, Atlas Economics, feasibility review. SGS Economics concluded in their August 2023 report that the proposed stormwater contributions could not exceed $300,000/Ha. This was also supported Atlas Economics and based upon confirmed market inputs.

IPART has stated affordability of $850,000 per hectare and up to $1.3M per hectare is supportable on the assumption of untenable discounts on land values to preserve project viability. IPART state the following within their draft report:

> *"In practice, the land purchase price would adjust to reflect developer infrastructure contributions for stormwater and other statutory fees. If this adjustment is accurate, then development remains feasible in all scenarios.*
>
> *Developers who purchased land before knowing what the final costs have incurred a sunk cost. Moving forward, they would need to focus on actual costs and avoid letting past investments cloud future decisions".*

In this way, IPART propose that a market land rate cannot be assumed within feasibility modelling and that IPART "*consider that land purchase costs would adjust to reflect any changes to these types of developer charges".*

However, information provided to MLOG by Sydney Water indicate that land acquisition makes up approximately 34% of the total stormwater DSP charge and that Sydney Water have assumed a market land rate for IN1 developable land of $650/m2 (FY23) indexed at CPI + 4% to inform DSP charges. Further it is understood that the Land Tax component of the DSP is based on actual market rate land values.

We find IPART's assumption incompatible with the economic realities for the Mamre Road Precinct. The regional stormwater pricing for the Mamre Road Precinct was communicated

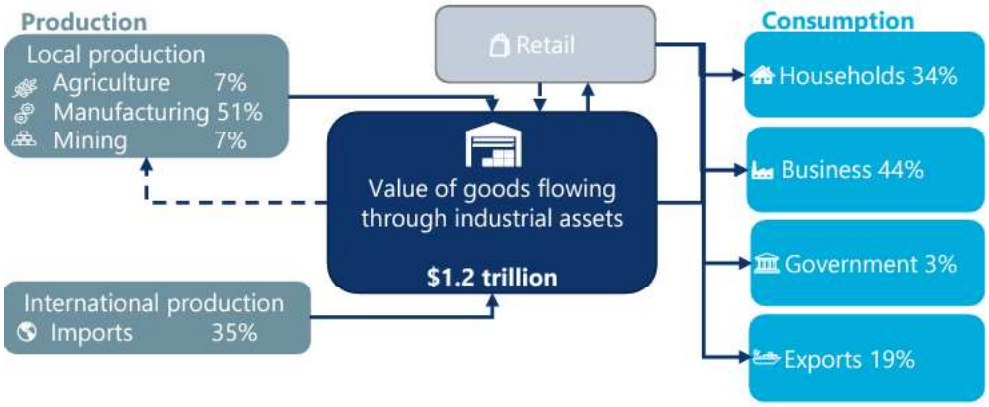
four (4) years post rezoning of the precinct and 3 times greater than the forecast provided by DoP in April 2022 which informed Step 4 of the Risk-based Framework feasibility review. IPART's statement will delay further investment within Mamre Road Precinct and the broader Aerotropolis. It will also impact residents seeking to relocate outside of this Precinct as land transactions will come to a halt.

The IPART report requires a qualified and technical review of the economic viability of the Scheme Plan for development. It cannot make statements about flexibility of land values, when 80% of the Mamre Road Precinct has been acquired prior to Sydney Water communication on proposed DSP charge for stormwater. A full economic analysis by an expert economist is required, looking at all practical market conditions, development inputs and modelling to inform the revised IPART report and recommendation on DSP charge.

Other matters to be considered:

The February 2024 report by Oxford Economics titled *'The value of goods through Australia's Industrial Assets'*, substantiates the broader economic implications of increased stormwater charges. With approximately 34% of the $1.2 trillion (FY22) of goods flowing through industrial assets being household consumables, any additional costs above project feasibility will necessitate higher industrial rents, directly impairing the attractiveness of investment within NSW and further worsening the affordability within NSW for occupiers relative to Brisbane and Melbourne. This will inevitably inflate costs for household consumables, worsening the current cost of living crisis and continue to drive occupiers to relocate to other states.

Figure 1: Value of Goods flowing through industrial assets



Source: Oxford Economics, 2024

Industry, along with expert consultants, remain very concerned regarding the validity of the Wianamatta-South Creek waterway health controls. We have not been afforded the opportunity to input on this process and question the originating data that informed the targets for this waterway catchment. While stormwater management has been consulted on at State level, it has not been directly addressed in relation to the Mamre Road Precinct.

The IPART review and report must question why Industry has not been allowed an opportunity to review technical modelling data that was used to establish the targets, despite multiple requests. Industry supports Wianamatta South Creek environmental objectives but believe collaboration between public and private sectors will produce the best stormwater solution. We have been requesting this forum to be set up since the inception of the stormwater targets.

While it may cause a delay to development within the Mamre Road Precinct and the broader Aerotropolis, in the absence of an affordable scheme contribution and in consideration of validity concerns, Industry requests a technical working group is formed, to include MLOG representatives and expert consultants to review the originating data which has informed the waterway health targets for the Mamre Road Precinct and broader Aerotropolis. MLOG are willing to fund this process. It should be noted a draft Terms of Reference for a technical working group was provided to Industry by DPHI in December 2023. However, we understand this technical working group was cancelled without explanation at the request of the BCS.

Conclusion:

On behalf of the MLOG, UDIA and PCA, we would like to thank IPART for conducting this review into the Mamre Road stormwater scheme and emphasise that industry is focused on working with all interested stakeholders to support a timely resolution to this matter.

We understand the significance of stormwater charges and the commercial considerations that need to be applied to ensure Government and industry can arrive at a reasonable outcome, however stormwater schemes need to be feasible and modelled on current and future economic conditions, to ensure investment into the Western Sydney Aerotropolis is not stifled.

We collectively urge IPART to perform a detailed and transparent feasibility analysis of the proposed charges, considering all pertinent development costs, before finalising any charges. This step is essential for the restoration of investor confidence and safeguarding of principled development practices at the Precinct, and across our state.

In addition, we request IPART recommend a detailed and comprehensive peer review of the waterway health targets by an established industry expert, allowing both industry and government comfort that the new and more stringent targets have been established correctly, especially considering the quantum of these proposed charges, being c$8 billion across the wider Aerotropolis.

Prior to the NSW Government completing a transparent review of the waterway health targets in line with the *Risk Based Framework*, the MLOG reiterate the following recommendations, which will allow development to proceed with certainty and allow both NSW Government and Industry to properly qualify the targets before finalising any DSP:

SWC DSP Threshold	**Description**
$400,000 - $500,000/Ha Net Developable Land (bonding amount)	Paid by developers to Sydney Water prior to release of Section 73 certificate / Occupancy certificate
$500,000/Ha - $800,000 Net Developable Land	Contributed by tenants / asset owners as part of quarterly or yearly Sydney Water rates notices based on a 100-year scheme life cycle operational costing.
> $800,000/Ha Net Developable Land	Any and all costs in addition to $800,000/Ha of Net developable land solely by NSW Government via any reasonable measures.

Appendices:

A) **Technical considerations on stormwater targets**
B) **May 2020 – Priority projects tranche 2 - Premier press release**
C) **Jun 2020 – Rezoning - Premier press release**
D) **Apr 2023 - MLOG Letter - Request for access to data**
E) **May 2023 - MLOG Letter - Melbourne Water Example**
F) **Jun 2023 - MLOG Letter - Concerns regarding costs timing and validity of data**
G) **Oct 2023 - MLOG consultant scope to collaboratively review targets**
H) **Dec 2023 - MLOG Letter - request for access to data**
I) **Oct 2024 – MLOG Presentation to IPART**
J) **Atlas Economics – Sydney's Housing Crisis and the Industrial Sector**

APPENDIX A TECHNICAL CONSIDERATIONS ON STORMWATER TARGETS

Targets, Melbourne water approach: It appears a blanket assignment of water quantity targets has been applied across the Aerotropolis with a Mean Annual Runoff Volume (MARV) of 2ML/HA/Yr and associated flow percentile targets regardless of the corresponding catchment stream order. Industry has investigated the process and rationale in which Melbourne Water undertook to determine an appropriate and feasible approach to waterway health as outlined within the "*Melbourne Healthy Waterways Strategy 2018*" which seeks to protect and improve waterways similar to the objectives for the Wianamatta-South CreekKey points from the Melbourne Water approach are provided below.

- Over 630 individuals representing over 220 organisations via 23 workshops partnered to shape the Melbourne Water 2018 Healthy Waterways Strategy from project inception to formal consultation on the draft in July 2018.
- The overall catchment was divided into 5 major waterway catchments.
- Each of the 5 major waterway catchment was divided into numerous sub-catchments (69 sub-catchments in total), featuring varying physical, environmental and socio-economic characteristics and conditions.
- Each sub-catchment was categorised as either a 'priority' catchment or an 'other' catchment depending on the level of degradation and ecological value of the receiving watercourse. Catchments identified as 'priority' catchments were generally at the upstream end of watercourses and had experienced little, if any, impacts from urbanisation. Whereas 'other' catchments were those that had experienced scouring impacts as the result of urbanisation and could therefore cater for larger flows within their banks before being impacted by stormwater discharges. Each sub-catchment was assigned water quantity targets corresponding to their receiving waterway.
- Water Quantity reduction targets were generally as follows:
    - Priority catchments:
        - 68% reduction in MARV (which would yield an approx. MARV of 2ML/HA/Year for the Aerotropolis)
    - Other catchments:
        - 26%-27% reduction in MARV (which would yield an approx. MARV of 4ML/HA/Year for the Aerotropolis)
- Water Quality targets for all catchments remained as per documented and widely accepted industry best practise being:
    - Drainage contributions for the Melbourne Water sub-catchments were defined generally between $20-$30/m2. Some catchments as low as $10/m2.

Departure from flow objectives: The NSW DPE Performance criteria for protecting and improving the blue grid in the Wianamatta-South Creek Catchment concluded that '*…it is practicable adopt the flow related objectives represented by tipping point flows'.* The document advises that DPE-EES agreed and supported methods for deriving objectives and recommended that the flow ecology relationship focus on a tipping point. Also that independent external reviewers (academia) agreed and supported the methods for deriving objectives. These flow related objectives are shown below within Figure 2.

Figure 2 – Ambient stream flows to protect waterway and water dependent ecosystems in the Wianamatta-South Creek catchment

Flow related objectives		
	Current* (apply to 1st and 2nd order streams)	**Tipping point** (apply to ≥3rd order streams)
Median daily flow volume (L/ha/day)	71.8 ± 22.0	1,095.0 ± 157.3
Mean daily flow volume (L/ha/day)	2,351.1 ± 604.6	5,542.2 ± 320.9
High spell (L/ha/day) >90th percentile daily flow volume	2,048.4 ± 739.2	10,091.7 ± 769.7
Freshes (L/ha/day) ≥ 75th and <90th percentile daily flow volume	327.1 to 2,048.4	2,642.9 to 10,091.7
Cease to flow (proportion of time/y)	0.34 ± 0.05	0.03 ± 0.01
Cease to flow – duration (days/y)	39.2 ± 8	3.9 ± 1.2
Baseflow index	0.13 ± 0.02	0.30 ± 0.02

Source: Table 6, The NSW DPE Performance criteria for protecting and improving the blue grid in the Wianamatta-South Creek Catchment

Key elements we wish to draw IPART attention to from the above, are the ranges for the tipping points for the Mean Annual Runoff Volume (MARV) and 90th percentile flows for a 1st and 2nd order watercourse, or for a ≥3rd order watercourse as follows:

Control	Flow objective 1st and 2nd order watercourse	Flow objective **tipping point** ≥3rd order watercourse:
MARV (ML/Ha/Year)	0.63 – 1.08	1.91 – 2.14
90th percentile daily flow volume (L/Ha/Day)	1,309.2 – 2,787.6	9,322 – 10,861.4

The NSW DPE Wianamatta-South Creek stormwater management targets which has informed the controls (authored by external consultants Design Flow Consulting Pty Ltd and Alluvium Consulting Australia) states:

> *"The specific numerical criterion selected for **each flow related objective was based on a 'tipping point'** or threshold before the waterways, riparian corridors and groundwater dependent ecosystems are significantly impacted by stormwater discharges".*
>
> **[Our Emphasis]**

However, the targets provided within this document depart from original NSW DPE performance objectives to related flow targets to tipping point flows of corresponding watercourse in that a blended target was adopted. The document states:

> *"2 options for stormwater flow targets are provided based on feedback from stakeholders at the time of this study. Option 1 uses the mean annual runoff volume (MARV) for the 3rd order streams, and accompanying percentiles for the 1st and 2nd order streams."*

As shown in Figure 3 below and stated within the document, the adopted targets seek to utilise a blend of Mean Annual Runoff Volumes (MARV) of 2ML/Ha / Year for 3rd order streams (although less than the tipping point range tipping point of 2.14ML/Ha/year whilst adopting 90th percentile flow targets apparently associated with 1st and 2nd order streams.

Figure 3: blended approach to controls

Table 10 Operational phase stormwater quantity (flow) targets Option 1 – MARV

Parameter	Target	Flow objectives for 1st & 2nd order streams
Mean annual runoff volume (MARV)	≤2 ML/ha/y at the point of discharge to the local waterway	1.90–2.14 ML/ha/y[1]
90%ile flow	1,000–5,000 L/ha/day at the point of discharge to the local waterway	1,309–2,788 L/ha/day
50%ile flow	5–100 L/ha/day at the point of discharge to the local waterway	50–94 L/ha/day
10%ile flow	0 L/ha/day at the point of discharge to the local waterway	2–39% cease to flow[2]

Table 11 Operational phase stormwater quantity (flow) targets Option 2 – flow percentiles

Parameter	Target	Flow objectives for 1st & 2nd order streams
95%ile flow	3,000–15,000 L/ha/day at the point of discharge to the local waterway	–
90%ile flow	1,000–5,000 L/ha/day at the point of discharge to the local waterway	1,309–2,788 L/ha/day
75%ile flow	100–1,000 L/ha/day at the point of discharge to the local waterway	327–2,048 L/ha/day
50%ile flow	5–100 L/ha/day at the point of discharge to the local waterway	50–94 L/ha/day
Cease to flow	Cease to flow to be between 10% and 30% of the time	2–39%[2]

[1] denotes flow objective for ≥3rd order streams

[2] denotes low range cease to flow for 1st and 2nd order streams, and high range cease to flow for ≥3rd order streams

Source: Table 10, NSW DPE Wianamatta-South Creek stormwater management targets

We are concerned that The NSW DPE Performance criteria for protecting and improving the blue grid in the Wianamatta-South Creek Catchment agreed and supported methods for deriving objectives and recommended that the flow ecology focus on a tipping point for the corresponding watercourse. Whereas the NSW DPE Wianamatta-South Creek stormwater management targets (authored by external consultants Design Flow Consulting Pty Ltd and Alluvium Consulting Australia) has finalised the targets based on a MARV for 3rd order watercourse and the flow percentiles for a 1st order watercourse. Please see below table for comparison of adopted controls to 1st, 2nd and 3rd order tipping point objectives.

Control	Flow objective 1st and 2nd order watercourse	Flow objective **tipping point** ≥3rd order watercourse:	Adopted controls
MARV (ML/Ha/Year)	0.63 – 1.08	1.91 – 2.14	2.0
90th percentile daily flow volume (L/Ha/Day)	1,309.2 – 2,787.6	9,322 – 10,861.4	1,000 – 5,000

Our concerns are generally as follows:

- A blanket assignment of controls have been adopted across the entire Aerotropolis regardless of stream order / watercourse size. This is a stark contrast to the approach undertaken by Melbourne Water.
- The adopted MARV appears twice the tipping point for of a 1st order watercourse and less than the tipping point for a ≥3rd order watercourse. Whereas the original NSW DPE performance criteria agreed "*it is practicable adopt the flow related objectives represented by tipping point flows"*
- The adopted 90th percentile daily flow volume is near twice the tipping point of a 1st order watercourse and less than half the tipping point for a ≥3rd order watercourse. Whereas the original NSW DPE performance criteria agreed "*it is practicable adopt the flow related objectives represented by tipping point flows"*

Water Quality: As outlined within *NSW DPE Performance criteria for protecting and improving the blue grid in Wianamatta – South Creek*; from a total of 108 monitoring sites, only four (4) sites were determined viable for assessment of water quality of which only two (2) were located within Wianamatta-South Creek with differences between the water quality measurements of up to 425% for TN (1.72mg/L to 9.04mg/L) and 1.72mg/L was adopted as TN target, 107% for TP (0.14 – 0.29mg/L) and 0.14mg/L was adopted as TP target.

Water Quality (Reference site): As outlined within *NSW DPE Performance criteria for protecting and improving the blue grid in Wianamatta – South Creek* the 'referential' site is; "*located in a 2nd order stream in a part of the Wianamatta-South Creek catchment that has inherently different soil and lithology characteristics compared to the broader catchment, especially the Western Sydney Aerotropolis area*". MLOG question the appropriateness of this as a reference site as it does not reflect the broader catchment profiles.

Water Quantity (MARV): MLOG remained concerned of the blanket assignment of water quantity targets which has been applied across the Aerotropolis with a MARV for a 3rd order watercourse of 2ML/HA/Yr and accompanying flow percentile targets from a 1st order watercourse. ````

Water Quantity (Flow percentiles): The *NSW DPE Performance Criteria for protecting and improving the blue grid in the Wianamatta – South Creek Catchment* (February 2022) stated it is practical to adopt the flow related objectives represented by 'tipping point' flows. The *NSW DPE Wianamatta – South Creek stormwater management targets* (September 2022) outlined the flow objectives / tipping point flows for ≥3rd order watercourses. However, the stormwater targets adopted water quantity flow percentiles targets for 1st and 2nd order streams targets. The MLOG previously requested clarification and justification from the then DPE regarding the adoption of water quantity flow targets which do not align with 'tipping

point' flows. We have been asking this question since 2020 and to date have not received a response. Specifically, the 90th percentile flow target which is significantly lower than the advised tipping point flows for ≥3rd order watercourses. We understand this control is the primary driver for Sydney Water's scheme design and resultant land acquisition requirements, which results in a higher DSP charge.

Gladys Berejiklian
Premier of NSW

Rob Stokes
Minister for Planning and Public Spaces

MEDIA RELEASE

Friday, 22 May 2020

***Images available for download:** https://bit.ly/2LMRO4g

MORE PLANNING PROJECTS TO PROPEL FUTURE OF NSW

NSW will lead Australia to economic recovery, with the NSW Government today announcing another 24 priority projects, including a new retail centre, industrial precincts, three new schools and the relocated Sydney Fish Markets, that could inject more than $5.37 billion into the State's economy.

The second tranche of projects released today will have their planning assessments fast-tracked and finalised through the Planning System Acceleration Program, which is boosting the State's economy and creating opportunities for thousands of new jobs in response to the COVID-19 pandemic.

The Program includes 11 rezonings that will unlock major commercial, industrial and residential development across the State to propel NSW's economic rebound, with a determination to be made on every project in the tranche within four weeks.

Premier Gladys Berejiklian said the second batch of projects could provide more than 15,000 jobs, more than 3,600 new homes and enhance NSW's status as this country's economic powerhouse.

"NSW is streets – and roads and homes and hospitals and schools – ahead of every other State in providing new jobs, economic growth, infrastructure and services for our people," Ms Berejiklian said.

"This health crisis only sharpens our focus and energy as we bring forward the NSW Government's unprecedented infrastructure spend and create an environment where private and government investment combine to help us rebound from the pandemic together."

The second tranche of shovel-ready projects includes eight suggested by the private sector, including a specialised retail centre at Eastern Creek, a waste recycling facility in Girraween, new public open space in St Peters and an expansion of the Cumberland State Forest.

Planning and Public Spaces Minister Rob Stokes said projects such as the $2.6 billion Mamre Road industrial precinct, including new environmental lands and open space,

will transform NSW.

“The Mamre Road project alone creates opportunities for more than 5,250 jobs and it will happen sooner because the NSW Government has re-allocated planning resources to assess these projects faster,” Mr Stokes said.

“Our first tranche of 24 projects delivered more than 10,000 jobs and $7.7 billion in economic benefit to our State but it's important to recognise these are just the projects we've prioritised.

“During the same period we also approved – through our normal process – 42 projects worth $2.4 billion, creating opportunities for more than 4,600 jobs and 399 new homes.

“We’re creating great places to live, work and play while also showing the world that NSW is ready to not only recover but thrive,” Mr Stokes said.

To be considered for a fast-tracked assessment through the Planning System Acceleration Program, a development application (DA) or rezoning must already be in the system, deliver a public benefit, demonstrate an ability to create jobs during construction and once complete, be able to commence construction within six months (for a State Significant Development application or State Significant Infrastructure application) or allow a DA to be lodged within six months (for a rezoning).

Decisions will be made on the projects by 18 June 2020. For more information visit: www.planning.nsw.gov.au/fast-tracked-assessments

Gladys Berejiklian
Premier of NSW
Rob Stokes
Minister for Planning and Public Spaces
Stuart Ayres
Minister for Jobs, Investment, Tourism and Western Sydney

MEDIA RELEASE

Editors' Note: Images available: https://bit.ly/3h6d2Zw

Thursday, 11 June 2020

HUGE NEW JOBS PRECINCT UNLOCKED IN WESTERN SYDNEY

Plans for a major industrial precinct on the doorstep of the new Western Sydney Airport have been approved today by the NSW Government, paving the way for a significant boost to jobs and investment in the region.

Approval of the $2.6 billion Mamre Road Precinct, one of 12 key precincts in the Western Sydney Aerotropolis, will unlock 850 hectares of new industrial land and see the creation of new public spaces and conservation areas.

Premier Gladys Berejiklian said the green light for the Precinct is a significant step forward in securing Western Sydney's future as a global hub for logistics and advanced manufacturing.

"We're getting on with the job of building a new city around the airport well before the first plane takes off," Ms Berejikilian said.

"This land release will provide opportunities for international and domestic businesses to invest in Western Sydney, enabling major warehousing, logistics, manufacturing and circular economy operations to be established.

"It will also bring a huge jobs boost to the region, creating opportunities for more than 5,200 jobs during the construction phase alone."

Planning and Public Spaces Minister Rob Stokes said the Mamre Road Precinct will also include 50 hectares of open space, including new cycling and walking paths that will open up previously inaccessible land to the public. A further 70 hectares of conservation land, including the Cumberland Plain Woodland, will also be protected within the Precinct.

"Not only does this rezoning secure much-needed productive industrial land, it also safeguards critical environmental areas and provides some fantastic new public spaces for the future residents of the Western Parkland City," Mr Stokes said.

Minister for Jobs, Investment, Tourism and Western Sydney Stuart Ayres said the rezoning is another milestone in the transformation of the Western Parkland City into a thriving hub, with new jobs, homes, infrastructure and open spaces.

“We already have interested businesses from the transport and logistics, pharmaceutical and data storage industries ready to move into the precinct and capitalise on its future connections to local, regional and overseas markets,” Mr Ayres said.

The first industrial estates for the Mamre Road Precinct are expected to be occupied from mid-2021.

The Mamre Road Precinct was one of 24 projects included in Tranche 2 of the NSW Government’s Planning System Acceleration Program that is fast-tracking planning assessments to keep people in jobs and the economy moving during the COVID-19 crisis. To date, the program has created opportunities for more than 16,400 direct jobs and almost $11 billion worth of economic investment across NSW.

For more information visit: www.planning.nsw.gov.au/mamreroad

21 April 2023

Catherine Van Laeren
Executive Director
Department of Planning and Environment
4 Parramatta Square
Parramatta, NSW 2150

Chris Gould
Head of City Growth and Development
Sydney Water
Level 13, 1 Smith Street
Parramatta, NSW 2150

Mamre Road Precinct Stormwater - Landowners Group and Government (DPE and Sydney Water) Feasibility and Design Workshops

Dear Catherine and Chris,

The Mamre Road Landowners Group (LOG) appreciates the opportunity to participate in a detailed workshop process with the Department of Planning and Environment (DPE) and Sydney Water (SW), working through the proposed Mamre Road Precinct DSP charge and the transparent, collaborative nature of discussions to date.

As you are aware, the LOG intends to work with Government and utilise all its resources to investigate viable cost saving initiatives in an effort to reduce the DSP charge towards an economically viable rate, ensuring industrial business remains competitive in NSW

As discussed in our meeting on the 14th April, the LOG requests the following information be provided by Sydney Water, allowing this investigation to take place

1. Full copy of Sydney Water MUSIC model that forms the basis for calculating infrastructure required for the Precinct Scheme
2. All civil / stormwater consultant reports completed to support the Precinct Scheme, including any ecological reports
3. Schedule of areas and total catchment of the Mamre Road Precinct including:
    a. Pond and wetland reference numbers with corresponding areas
    b. NDA calculation and assumptions
    c. Trunk drainage assumptions
4. Any CAD & PDF files used for pond and wetland design
5. Detailed breakdown of all budget headings, total catchments and Mamre precinct including assumptions for:
    a. Land,
    b. Sydney Water Infrastructure
    c. OPEX
    d. Recycled Water Infrastructure
    e. Land Tax
    f. Escalation assumptions for all cost items

6. Timing for the Precinct Scheme to be approved and completed, including details of when the matter would e referred to IPART
7. Third party engineering reports including flood modelling

The provision of this information will allow the LOG to provide meaningful assistance in resolving this critical issue and demonstrate the willingness of Government to work with industry to combat the affordability crisis in NSW.

We look forward to your prompt response and continued engagement

Regards,

Signed on behalf of the Mamre Road Precinct Land Owners Group, including Altis, Mirvac, Frasers, ISPT,Aliro, Dexus, Fife Capital, Stockland, ESR, GPT and Gibb Group.

12 May 2023

Catherine Van Laeren
Executive Director
Department of Planning and Environment
4 Parramatta Square
Parramatta, NSW 2150

Mamre Road Precinct Stormwater - Melbourne Water Overview

Dear Catherine,

The Mamre Road Landowners Group (LOG) appreciates the opportunity to participate in a detailed workshop process with the Department of Planning and Environment (DPE) and Sydney Water, with the objective to investigate solutions to ensure the viability of waterway health controls and associated infrastructure contributions within the Mamre Road Precinct.

The LOG has investigated the process and rationale in which Melbourne Water undertook to determine an appropriate and feasible approach to waterway health as outlined within the "*Melbourne Healthy Waterways Strategy 2018*" which seeks to protect and improve waterways similar to the objectives for the Wianamatta-South Creek. Key points from the Melbourne Water approach and LOG comments for consideration are provided below.

- Over 630 individuals representing over 220 organisations via 23 workshops partnered to shape the Melbourne Water 2018 Healthy Waterways Strategy from project inception to formal consultation on the draft in July 2018.

- The overall catchment was divided into **5 major waterway catchments.**

- Each of the 5 major waterway catchment was divided into numerous sub-catchments (**69 sub-catchments in total**), featuring varying physical, environmental and socio-economic characteristics and conditions.

- **Each sub-catchment was categorised** as either a '*priority'* catchment or an '*other'* catchment depending on the level of degradation and ecological value of the receiving watercourse. Catchments identified as '*priority'* catchments were generally at the upstream end of watercourses and had experienced little, if any, impacts from urbanisation. Whereas '*other'* catchments were those that had experienced scouring impacts as the result of urbanisation and could therefore cater for larger flows within their banks before being impacted by stormwater discharges. **Each sub-catchment was assigned water quantity targets corresponding to their receiving waterway.**

- Water Quantity reduction targets were generally as follows:
  - *Priority* catchments:
    - 68% reduction in MARV (which would yield an approx. MARV of 2ML/HA/Year for the Aerotropolis)
  - *Other* catchments:
    - 26%-27% reduction in MARV (which would yield an approx. MARV of 4ML/HA/Year for the Aerotropolis)

- Water Quality targets for **all** catchments remained as per documented and widely accepted industry best practise being:
  - 45% total nitrogen (TN)
  - 60% total phosphorus (TP)
  - 80% total suspended solids (TSS).

- As shown within the below link, drainage contributions for the Melbourne Water sub-catchments were defined generally between $20-$30/m2. Some catchments as low as $10/m2.
  https://www.melbournewater.com.au/building-and-works/developer-guides-and-resources/drainage-schemes-and-contribution-rates/calculate

LOG Comment #1 – Blanket Approach vs Catchment Categorisation:

It appears a blanket assignment of water quantity targets has been applied across the Aerotropolis with a MARV of 2ML/HA/Yr and associated flow percentile targets regardless of stream order. We note the *NSW DPE Wianamatta-South Creek stormwater management targets* states that to achieve flow related objectives it is necessary to reduce MARV to approximately 1.5ML/Ha/Yr to 2.5ML/Ha/Yr. It has still not yet been made clear to industry how these values are derived nor why an apparent arbitrary adoption of a MARV of 2ML/Ha/Yr has been adopted throughout the entire Aerotropolis regardless of stream order. For context a MARV requirement of 2ML/Ha/yr to that of 2.5ML/Ha/Yr has significant implications on interim / permanent infrastructure requirements and therefore drives costs associated with a potential Sydney Water regional scheme and associated DSPs. With reference to the Melbourne Water example, an application of a MARV of 2ML/Ha/Yr across the entire Aerotropolis would indicate the entirety of the Aerotropolis has been defined as a '*Priority'* catchment regardless of the corresponding receiving waterway and level of historic degradation of the receiving waterway from urbanisation.

We question whether an assignment of a MARV of 2ML/Ha/Yr along with flow percentile targets associated with 1st and 2nd order watercourses is appropriate for application across the entire Aerotropolis regardless of stream order, ecological value or level of historic degradation. We request that the studies are extended to determine an appropriate categorisation process for key sub-catchments and therefore determine appropriate corresponding water quantity targets. We understand the primary flow gauging station within the Aerotropolis used to inform the Mamre Road Precinct waterway health requirements was located within Wianamatta-South Creek south of Elizabeth Drive. We question the applicability of this data to inform Mamre Road Precinct baseline flow requirements noting both Kemps Creek and Badgerys Creek catchments (and associated flows) connect into South Creek within the Mamre Road Precinct. South Creek is a ≥3rd order stream and all flow targets (MARV and flow percentiles) should be reflective of this.

LOG Comment #2 – Water Quality Targets Unchanged:

Melbourne Water did not change the water quality targets for the new stormwater strategy. The quality targets adopted by Melbourne Water are what industry would regard as Business as Usual (BAU) and best practise throughout Sydney and NSW.

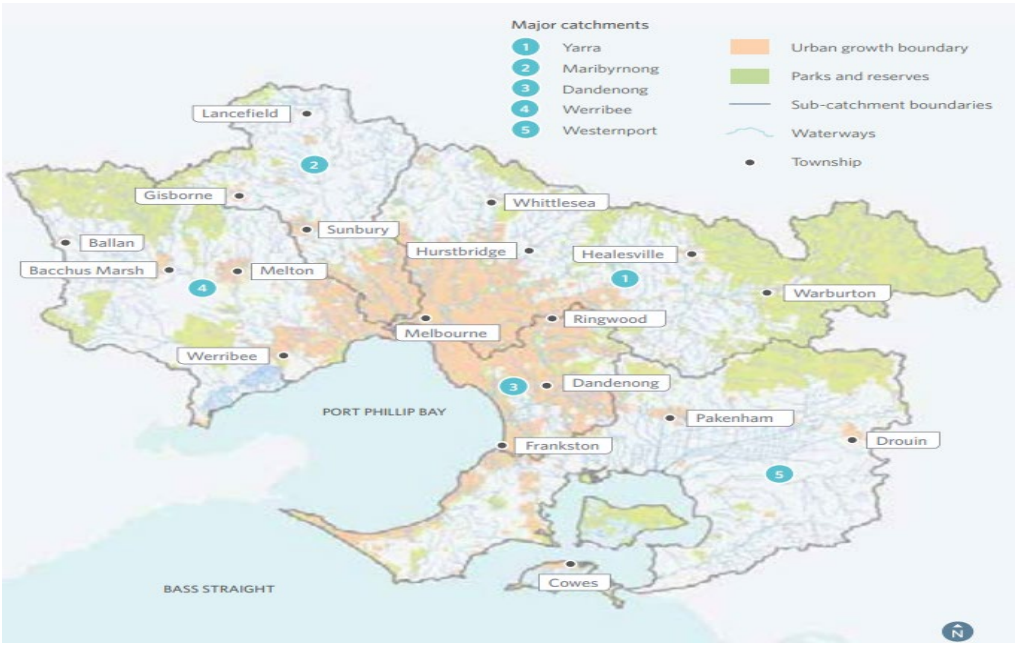
The LOG question the reliability of the data which we understand has informed the new ambient water quality objectives throughout the Aerotropolis. As discussed within *NSW DPE Performance criteria for protecting and improving the blue grid in Wianamatta – South Creek;* from a total of 108 monitoring sites, only four (4) sites were determined viable for assessment of water quality of which only two (2) were located within Wianamatta-South Creek with differences between the water quality measurements of up to 425% for TN (1.72mg/L to 9.04mg/L) and 1.72mg/L was adopted as TN target, 107% for TP (0.14 – 0.29mg/L) and 0.14mg/L was adopted as TP target. Also monitoring of water quality at one of the references sites is noted to be limited to over long periods of drought, with very little or no stream flow.

The *DPE NSW Wianamatta-South Creek stormwater management targets* report notes that water quality objectives were "…*derived from an extensive database of field monitoring data using a referential approach…".* However as stated above the *DPE NSW Performance criteria for protecting and improving the blue grid in Wianamatta-South Creek* notes that the water quality objectives were derived from one (1) single monitoring site and that the 'referential' site is "*located in a 2nd order stream in a part of the Wianamatta-South Creek catchment that has inherently different soil and lithology characteristics compared to the broader catchment, especially the Western Sydney Aerotropolis area."*

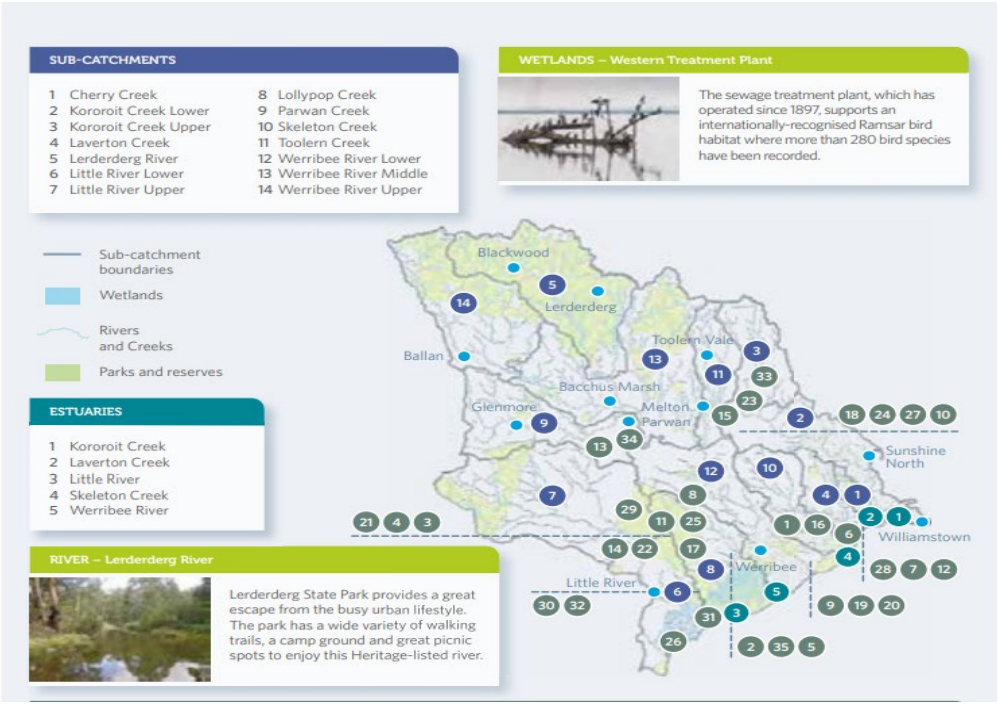
As part of the studies to determine water quality objectives it is understood that consultation occurred with state and local governments, and leading stormwater industry practitioners on the water quality objectives prior to their release in the draft Aerotropolis Precinct Plan. As stated within the *NSW DPE Performance criteria for protecting and improving the blue grid in Wianamatta – South Creek* "*Many raised issues with the ability to achieve the objectives, especially given that the Wianamatta-South Creek catchment will never be in pre-European or undisturbed state."*

The LOG reiterates the above concerns regarding the validity of the ambient water quality results, the applicability of the referential site and ability for industry to achieve the water quality objectives and requests that the water quality targets for the Aerotropolis are reverted back to industry best practise requirements.

The below figures identify the 5 key catchments and further sub-catchments identified by Melbourne Water as described above.



As example, the below image shows the further breakdown of the key Werribee catchment into numerous sub-catchments.



As example, the below image shows the further breakdown of the key Westernport catchment into numerous sub-catchments.

Link to Melbourne Waterways Strategy 2018.

https://www.melbournewater.com.au/media/6976/download

Conclusion and Takeouts

- The LOG requests that DPE and EH&G consider adopting an appropriate MARV target for Wianamatta-South Creek (both MARV and flow percentile targets for ≥3rd order streams), aligned to its existing natural features, condition and degradation.
- The approach to water quality should be explored with EHG to understand why the targets were changed and whether these new controls are required, considering the changes to water quantity and discharge controls adopted.
- A collaborative meeting with EHG is necessary to talk through the Melbourne Water experience and provide clarity to industry as to how and why the waterway health targets have been determined.

We look forward to your prompt response and continued engagement

Regards,

[redacted]

Signed on behalf of the Mamre Road Precinct Land Owners Group, including Altis, Mirvac, Frasers, ISPT,Aliro, Dexus, Fife Capital, Stockland, ESR, GPT and Gibb Group.

15 June 2023

Department of Planning and Environment

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Tracey Macdonald
Director Water and Wetlands and Coastal Science Branch
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Mamre Road Precinct – Response and queries to DPE presentation provided 9 June 2023

Dear Catherine & Tracey,

This letter is provided to Department of Planning and Environment (DPE) following discussions held within waterway health workshop between members of DPE, EHG, Sydney Water, Penrith City Council, Design Flow and the Mamre Road Precinct Landowners Group (LOG) on 9 June 2023.

The LOG reiterates that the current forecast DSP charge by Sydney Water of **$1,154,231/ Ha of developable land** for a regional stormwater treatment scheme (reuse recycled water DSP is separate and additional) to meet waterway health objectives is not feasible for development. The LOG does not support this levy as currently proposed by Sydney Water. To assist with understanding the LOG's position, an economic analysis will be issued shortly advising the impact of the proposed DSP charges and industry's capacity to pay.

This letter provides a brief overview of the key documentation made available to industry regarding waterway health performance criteria, targets and forecast costs to comply as advised to industry relative to the rezoning of the Mamre Road Precinct and adoption of the waterway health targets and objectives within the Mamre Road Precinct DCP. With the continued delayed and staged release of information and forecast costs by the NSW Government and Sydney Water to industry, the LOG has been unable to provide informed consideration against the viability of the waterway health controls within the Mamre Road Precinct DCP or a potential regional stormwater treatment and reuse scheme. This uncertainty has significantly impacted the viability of the Mamre Road Precinct and broader Aerotropolis, continues to impact the progression of the Mamre Road Precinct to deliver much needed jobs and investment in Western Sydney and respond to the unprecedented industrial land supply shortages.

We also highlight LOG concerns in relation to the appropriateness of the adopted waterway health targets and data monitoring utilised to inform the waterway health targets with particular reference to the process undertaken in Melbourne by Melbourne Water. In the absence of a feasible regional stormwater treatment and reuse scheme and associated DSP, the LOG requests a complete review of the waterway health targets and the validity of the data utilised to inform the waterway health targets.

Waterway Health – DSP charges / cost to comply

As outlined within Table 1 below, the initial advice released in November 2020 by Sydney Water as part of the exhibition of the Mamre Road Precinct DCP estimated the cost of required on-lot measures to comply with the waterway health targets and objectives was **$120,000/Ha of developable land** (caveated as a notional order of magnitude). No costing was provided for a regional scheme. This is the baseline order of cost which industry considered as part of Mamre Road Precinct DCP exhibition and therefore upon which conditional support was provided for the finalisation of the Mamre Road Precinct DCP. This support was qualified on the basis that there was insufficient information available to industry regarding the waterway health performance criteria or origins of the targets and objectives during the exhibition period of the Mamre Road Precinct DCP together with an in-principle understanding that development would be capable of being progressed in the absence of a regional scheme without having to rely on interim measures. As outlined within Table 1 below, the relevant information provided to industry was released some three (3) to ten (10) months after the adoption of the Mamre Road Precinct DCP.

The *NSW DPE Review of water sensitive urban design strategies for Wianamatta – South Creek* released in April 2022 provided an estimate of the costs for a regional treatment and reuse scheme of **$287,000/Ha of developable land**. It is understood that this forecast cost for a regional treatment and reuse scheme was used to inform stage 4 of the NSW Government's *Risk-Based Framework considering waterway health outcomes in strategic land-use planning decisions* and to support the NSW Government's announcement on 25 March 2022 of the appointment of Sydney Water as the trunk drainage authority for stormwater in the Western Sydney Aerotropolis, including the Mamre Road Precinct.

As advised by Sydney Water to LOG in May 2023, the forecast stormwater DSP for a regional treatment scheme (reuse recycled water DSP excluded from this estimate) is **$1,154,231/ Ha of developable land**. The LOG asserts that these costs are far in excess of the indicative cost advised by Sydney Water to industry in November 2020 or as part of NSW Government's assessment of feasibility for a regional scheme in April 2022 which coincided with announcement of Sydney Water as the trunk drainage authority for stormwater in the Western Sydney Aerotropolis. This DSP released nineteen (19) months after the

adoption of the Mamre Road Precinct DCP presents a massive affordability challenge and places all development within the Mamre Road Precinct at risk.

In this regard, should a regional stormwater treatment and reuse scheme be the desired outcome, the LOG urgently seeks NSW Government support to find a pathway to ensuring either:

1) Sydney Water DSP for a regional stormwater treatment and reuse scheme is an affordable cost;
   or
2) change the waterway health controls to support delivery of the Mamre Road Precinct and the broader Aerotropolis.

Table 1 below provides a brief overview of the key documentation provided to industry regarding waterway health performance criteria, targets and forecast costs to comply as advised to industry relative to the rezoning of the Mamre Road Precinct and adoption of the waterway health targets and objectives within the Mamre Road Precinct DCP.

Table 1 – Key Waterway Health consultation documentation and advice on costs to industry

No	Key Document / Milestone	Adopted / Released to Industry	Comments
1	Mamre road Precinct rezoned for employment uses	Rezoned June 2020	Rezoned under the Western Sydney Employment Area SEPP to respond to critical industrial land shortages in Sydney.
2	Sydney Water Mamre Road Precinct Flood, Riparian Corridor and Integrated Water Cycle Management	Exhibited 10 November 2020 as part of draft Mamre Road Precinct DCP	**Presented a range of on lot WSUD measures that can achieve the water quantity reduction objectives for a notional (order of magnitude) cost of $120,000 / Ha of developable land.** No costing was provided for a regional scheme.
3	Mamre Road Precinct Development Control Plan	Adopted November 2021	18 months post rezoning of the Mamre Road Precinct
4	NSW DPE Performance Criteria for protecting and improving the blue grid in the Wianamatta – South Creek Catchment	February 2022	3 months post adoption of the Mamre Road Precinct DCP
5	NSW DPE Review of water sensitive urban design strategies for Wianamatta – South Creek	April 2022	5 months post adoption of the Mamre Road Precinct DCP **Presented a regional treatment and reticulated reuse system with total forecast cost of $287,000 / Ha of developable land.**
6	NSW DPE Wianamatta – South Creek stormwater management targets	September 2022	10 months post adoption of the Mamre Road Precinct DCP
7	NSW DPE Technical guidance for achieving Wianamatta – South Creek stormwater management targets	September 2022	10 months post adoption of the Mamre Road Precinct DCP
8	Sydney Water developer consultation pack 2023 providing advice to Mamre Road Precinct LOG for DSP costs for Stormwater and recycled water	May 2023	19 months post adoption of the Mamre Road Precinct DCP **Advised LOG of forecast stormwater DSP charges for a regional scheme of $1,154,321 / Ha of developable land.** • 302% higher than the forecast costs for both stormwater and recycled water in item 4 above; and • 862% higher than the original forecasts by Sydney Water for WSUD measures capable of demonstrating compliance within item 2 above. It is acknowledged that a regional scheme was not costed within item 2.

Waterway Health – Controls

As discussed within the workshop on 9 June 2023, the LOG raise the following concerns in relation to the adopted waterway health targets and data monitoring utilised to inform the waterway health controls and request consideration and response from DPE.

Table 2 – Key Waterway Health controls for review

No	Topic	Comments
1	Water Quality	Within presentation 09 June 2023, DPE presented a data driven approach was utilised to develop objectives and targets. With ~63,000 data points obtained from 108 monitoring stations. **LOG Comment:** As outlined within LOG letter to DPE dated 12 May 2023, the LOG question the reliability of the data which we understand has informed the new ambient water quality objectives throughout the Aerotropolis. As outlined within *NSW DPE Performance criteria for protecting and improving the blue grid in Wianamatta – South Creek*; • from a total of 108 monitoring sites, only four (4) sites were determined viable for assessment of water quality of which only two (2) were located within Wianamatta-South Creek with differences between the water quality measurements of up to 425% for TN (1.72mg/L to 9.04mg/L) and 1.72mg/L was adopted as TN target, 107% for TP (0.14 – 0.29mg/L) and 0.14mg/L was adopted as TP target. • Also monitoring of water quality at one of the references sites is noted to be limited to over long periods of drought, with very little or no stream flow. The LOG request clarification and justification from DPE regarding the reliance on the water quality data from a single monitoring station within Wianamatta – South Creek to determine new water quality targets which are a step change to that widely adopted as industry best practise.
2	Water Quality – Referential Site	Within presentation 09 June 2023, DPE advised that a referential site was also utilised to assist in determining water quality targets. **LOG Comment:** As outlined within *NSW DPE Performance criteria for protecting and improving the blue grid in Wianamatta – South Creek* 'referential' site is .."*located in a 2nd order stream in a part of the Wianamatta-South Creek catchment that has inherently different soil and lithology characteristics compared to the broader catchment, especially the Western Sydney Aerotropolis area*". The LOG request clarification of the validity of the 'referential site' utilised to assist determine new water quality targets which are a step change to that widely adopted as industry best practise.
3	Water Quantity – MARV	**LOG Comment:** We appreciate DPE's presentation on Water Quantity was not provided due to time constraints. In anticipation of a follow up meeting with DPE to provide presentation on Water Quantity, the LOG provide the following comment: It appears a blanket assignment of water quantity targets has been applied across the Aerotropolis with a MARV of 2ML/HA/Yr and associated flow percentile targets regardless of stream order. We note the NSW DPE Wianamatta-South Creek stormwater management targets states that to achieve flow related objectives it is necessary to reduce MARV to approximately 1.5ML/Ha/Yr to 2.5ML/Ha/Yr. It has still not yet been made clear to industry how these values are derived nor why an apparent arbitrary adoption of a MARV of 2ML/Ha/Yr has been adopted throughout the entire Aerotropolis regardless of stream order.
4	Water Quantity – Flow Percentiles	Within presentation 09 June 2023, DPE advised that the 'tipping point' was utilised as reference for determining water quantity flow controls. That the 'tipping point' was the threshold before the waterways and riparian corridors are significantly impacted by stormwater discharges. **LOG Comment:** We appreciate DPE's presentation on Water Quantity was not provided due to time constraints. In anticipation of a follow up meeting with DPE to provide presentation on Water Quantity, the LOG provides the following comment: • The *NSW DPE Performance Criteria for protecting and improving the blue grid in the Wianamatta – South Creek Catchment* (February 2022) stated it is practical to adopt the flow related objectives represented by 'tipping point' flows. • The *NSW DPE Wianamatta – South Creek stormwater management targets* (September 2022) outlined the flow objectives / tipping point flows for ≥3rd order watercourses however adopted water quantity flow percentiles targets for 1st and 2nd order streams targets. The LOG request clarification and justification from DPE of the adoption of water quantity flow targets which do not align with 'tipping point' flows. Specifically, the 90th percentile flow target which is significantly lower than the advised tipping point flows for ≥3rd order watercourses.

The LOG caveat that the above comments on the waterway health controls is not exhaustive and refer to the LOG letter regarding the waterway health approach undertaken by Melbourne Water (Appendix A).

Waterway Health – Interim Solution

Concurrent to DPE review of the waterway health controls and finalisation of a viable regional scheme, the LOG requests DPE response to the interim analysis completed by AT&L (refer Appendix B) as provided to DPE on 30 May 2023 which would allow up to 4,780 hectares within the Wianamatta-South Creek catchment and 257 hectares within the Ropes Creek catchment of new development to be delivered upstream of the Warragamba pipelines in advance of a regional scheme without exceeding the current MRP DCP water quantity (flow) MARV Target, ≥90-percentile flow objectives for ≥3rd order streams as adopted by NSW DPE or the 75th, 50th & 10th percentile targets.

It should be noted that any interim on-lot requirements (or land sterilisation) to comply with the waterway health controls in advance of a regional scheme further impacts industries capacity to pay any DSP charges. Acceptance of the AT&L interim solution is critical to allowing development to progress without the need for significant abortive costs or sterilisation of land.

Conclusion

Mamre Road Precinct has the ability to alleviate the current market trends in relation to critical industrial land supply shortages within Sydney and the LOG remains committed to working with Government on delivery of this precinct. Conversely the continued uncertainty regarding feasible stormwater contributions is creating a very real risk of impacting certainty for occupiers in Western Sydney.

In this regard, we respectively seek the NSW Government support to find a pathway to ensuring either:

1) Sydney Water DSP for a regional stormwater treatment and reuse scheme is an affordable cost;
   or
2) change the waterway health controls to support delivery of the Mamre Road Precinct and the broader Aerotropolis.

In the meantime, it is critical for the NSW Government to accept the interim solution as identified by the LOG (refer appendix B) to allow development to progress without the need for significant abortive costs or sterilisation of land.

We look forward to your response and discussing this matter further.

Regards,

Mamre Road Precinct Land Owners Group, including Altis, Mirvac, Frasers, ISPT, Aliro, Dexus, Fife Capital, Stockland, ESR, GPT and Gibb Group.

Appendices:

A) LOG letter dated 12 May 2023 – Melbourne Water overview
B) AT&L letter dated 30 May 2023 – Interim solution

at&l

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SUSTAINABLE CERTIFICATION
ISO 9001
ISO 45001
ISO 14001

26 October 2023

Mamre Road Landowners Group
sent via email

Your Ref:

Our Ref: SOW001-01-20-747 MRP Stormwater Working Group.docx

Attention: [redacted]

Dear all,

RE: **MAMRE ROAD PRECINCT**
GOVERNMENT AND INDUSTRY WORKING GROUP FOR STORMWATER MANAGEMENT

Further to recent discussions and meetings, AT&L and J Wyndham Prince (JWP) have prepared the following proposed scope of work as the basis for the start of the **Mamre Road Precinct – Government and Industry Working Group for Stormwater Management**. AT&L and JWP are pleased to continue providing professional services to the Mamre Road LOG in relation to the planning and design of water management measures that will service development in the Mamre Road Precinct. We look forward to engaging with NSW DPE, Design Flow and other experts in waterway health and stormwater management to deliver a viable way forward for the provision of stormwater management measures in the MRP.

1. Scope of Work

The overall outcome that AT&L, JWP and the Mamre Road LOG are striving to achieve through collaboration is:

Clear direction from NSW Department of Planning and Environment that development in the Mamre Road Precinct can proceed in advance of Sydney Water's planned regional stormwater management scheme without the need to sterilise IN1 zoned land or deliver interim abortive stormwater management measures. Fundamental to this intended outcome is the need to satisfy the objectives for waterway health in the Wianamatta-South Creek catchment. We expect that this process may result in application of interim stormwater management targets that differs from the ultimate stormwater targets that apply in the Wianamatta-South Creek catchment, and that these interim target would apply prior to delivery of the regional stormwater scheme by Sydney Water.

To arrive at this outcome, AT&L and JWP have worked together to suggest six intended objectives, as well as specific actions to achieve these objectives. The list presented below is a draft for discussion and will be subject to amendment and agreement at the first working group meeting with NSW DPE. This list outlines the core objectives to be explored in a cooperative and collaborative way by the working group participants and is not intended to be exhaustive, but is limited to six major items at this stage to meet the stated outcome as soon as possible.

Intention	Actions (led by AT&L and JWP)
1. Provide DPE with a clearer picture of the expected progression of development in the MRP	Prepare a series of plans (either CAD drawings or GIS maps) showing the projected rate of development of individual lots within the MRP. These plans will be developed based on the progress of construction works to date, as well as the status of DAs / SSDAs and our understanding of delivery programmes for various landowners and developers within the MRP.
2. Assess potential waterway health impacts without abortive interim stormwater management measures in place	Using a similar methodology to that outlined in the NSW Government document titled *Wianamatta-South Creek stormwater management targets*, undertake an assessment of Erosion Potential Index (EPI) for the sections of Kemps Creek, Wianamatta-South Creek (and its unnamed tributary north of Bakers Lane) and Ropes Creek. The EPI assessment would utilise: a. the calibrated MUSIC model developed by DesignFlow that is referred to in the W-SC stormwater management targets document b. local hydraulic models (1D HEC-RAS) of the major creeks – focus on Kemps / South Creek and Ropes Creek immediately adjacent to the MRP. c. local assessment of sediment size within Kemps / South Creek and Ropes Creek to confirm it is consistent with the values adopted more broadly for the Western Sydney Aerotropolis Precincts Based on the EPI assessment, determine: d. The extent of the MRP that could be developed without regional stormwater management measures (but with equivalent to "BAU" water quality and quantity management measures) before unacceptable impacts within the major creeks occur (i.e., an EPI of 1.1 or greater). e. The point in time at which development in the MRP would result in unacceptable impacts within the major creeks (i.e., when would an EPI of 1.1 be reached based on projected development programmes).
3. Review / verify stream routing impacts on stormwater targets	To clarify how the stormwater flow targets that have been established for development scale projects across the Western Sydney Aerotropolis Precincts help to achieve the "Tipping Point" stormwater objectives applicable to 3rd Order and greater streams, we will review and provide advice on the assessment undertaken by DesignFlow as documented in the W-SC stormwater management target document. We request that DPE provide the following further clarification and information: a) Specific details of the assessment undertaken to confirm that the stream routing results in a hydrology that "generally replicated" the calibrated sites and ≥ 3rd Order streams. (i.e. expanding on the discussion provided in Section 6.6 of the Wianamatta -South Creek Stormwater Management Targets report (DPE 2022) b) A copy of the final MUSIC model that supported this assessment for review.

Intention	Actions (led by AT&L and JWP)
4. Ascertain the existing condition of the major waterways adjacent to the MRP	With the assistance of an expert in urban stream ecology and geomorphology – and using the Rapid Riparian Assessment (RRA) methodology as described in *Performance criteria for protecting and improving the blue grid in the Wianamatta–South Creek catchment* (NSW DPE, 2022) – undertake an assessment of Kemps Creek, Wianamatta-South Creek (and its unnamed tributary north of Bakers Lane) and Ropes Creek. We recommend this be undertaken at (minimum) 12-month intervals to identify significant changes in key metrics as development proceeds within the MRP. Subject to discussion with DPE, DesignFlow and others, we propose to undertake this assessment at eight (8) locations: ▪ Five (5) along Kemps Creek and Wianamatta-South Creek. ▪ One (1) along the unnamed tributary of Wianamatta-South Creek north of Bakers Lane. ▪ Two (2) along Ropes Creek.
5. Investigate the potential to utilise existing water storages within the MRP (including the 'tadpole' on Kemps Creek) as a means of stormwater management to contribute to the waterway health objectives.	Acknowledging the numerous farm dams within the MRP and their potential to partially contribute to waterway health objectives, we propose to: ▪ Map the locations of existing farm dams (excluding dams that have recently been removed or that will be removed as development progresses). ▪ Develop strategies to use water from the farm dams for irrigation of adjacent land (subject to assessment of salinity and sodicity). This will consider existing land use and ownership, with a focus on land owned by the LOG. ▪ Prepare water balances (using MUSIC) to estimate the capacity of irrigation from farm dams to meet the stormwater management targets set out in the Mamre Road Precinct DCP.
6. Explore the potential to apply innovation to interim stormwater management in the MRP	Following initial discussions with researchers at The University of Adelaide, AT&L and JWP will explore the potential to apply real-time control technology to stormwater storages within the MRP.

2. Working Group

As recently discussed between the Mamre Road LOG and NSW DPE, a working group will be formed with representatives from:

- NSW Department of Planning and Environment
- Design Flow (consultant engaged by DPE and EHG)
- Mamre Road Land Owners Group – led by Russell Hogan (Mirvac), Grace Macdonald (ESR) and Stephen O'Connor (Barings)
- Consulting engineers for the LOG – led by Peter Mehl (JWP) and Tim Michel (AT&L).

- Other experts as required (e.g., stream ecologist / geomorphologist, geotechnical / environmental consultant for soil sampling and testing)

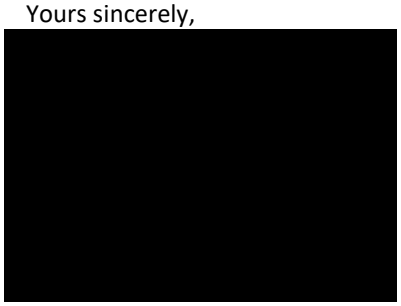
We suggest that regular meetings be scheduled (generally weekly, no less frequent than fortnightly) to discuss progress against the intended outcomes, share ideas and information, and agree upon timeframes and allocation of tasks amongst the working group participants.

We propose that the first working group meeting be held no later than Friday 3rd November. We also suggest that a notional end date for the working group be set Friday 2nd February 2024 (allowing around 2½ months of working time to arrive at the intended outcome).

*****

Should you have any questions, please don't hesitate to contact the undersigned.

Yours sincerely,



Kiersten Fishburn
Secretary
Department of Planning and Environment
4 Parramatta Square
Parramatta NSW 2150

By Email: [redacted]

Dear Kiersten,

Mamre Road Regional Stormwater Interim Measures and Request for Information

Firstly, thank you for the commitment to work with industry on finding an appropriate solution to the current industrial land shortage and affordability issues being faced within NSW.

As you are aware, one of the critical issues within the Mamre Road precinct is the ability to fully develop land prior to a regional stormwater solution, which under the current waterway health controls is not possible and government has identified up to 40% of sites will be sterilised for an unknown period of time.

The Mamre Road Precinct Land Owners Group (MLOG) is involved in a working group with the Department of Planning (DPE) to specifically look at interim development solutions and has put forth to government an integrated engineering scope to identify an appropriate set of interim development controls

A key part of this scope is to review technical stormwater and ecological modelling completed by government to set the waterway health targets, which we have been told cannot be released to industry.

MLOG is writing to you for assistance in releasing this information to allow progress in solving this critical issue and to allow investment to continue in Western Sydney. The information we are seeking is provided below;

- The calibrated model developed by DesignFlow that is referred to in *Wianamatta - South Creek stormwater management targets* .
- Details of the assessment undertaken by DesignFlow to confirm the stream routing results in a hydrology that replicated the calibration sites and >= 3rd order streams.
- Any soil sampling and testing data along Kemps Creek, Wianamatta - South Creek and Ropes Creek that would inform the assessment of Erosion Potential Index.
- Any details of the Rapid Riparian Assessments for the sections of Kemps Creek, Wianamatta - South Creek and Ropes Creek adjacent to the MRP.

- Any other information Design Flow believes is necessary that is directly related to completing the scope items

MLOG is committed to continue working with NSW Government to resolve these critical matters for Mamre Road Precinct and Wianammata-South Creek and appreciates your input.

Regards,

Signed on behalf of the Mamre Road Precinct Land Owners Group, including Altis, Mirvac, Frasers, ISPT,Aliro, Dexus, Fife Capital, Stockland, ESR, GPT and Gibb Group.

MELBOURNE WATER APPROACH

Over 630 individuals representing over 220 organisations via 23 workshops partnered to shape the Melbourne Water 2018 Healthy Waterways Strategy from project inception to formal consultation on the draft in July 2018.

The overall catchment was divided into **5 major waterway catchments.**

Each of the 5 major waterway catchment was divided into numerous sub-catchments (**69 sub-catchments in total**), featuring varying physical, environmental and socio-economic characteristics and conditions.

Each sub-catchment was categorised as either a '*priority'* catchment or an '*other'* catchment depending on the level of degradation and ecological value of the receiving watercourse. Catchments identified as '*priority'* catchments were generally at the upstream end of watercourses and had experienced little, if any, impacts from urbanisation. Whereas '*other'* catchments were those that had experienced scouring impacts as the result of urbanisation and could therefore cater for larger flows within their banks before being impacted by stormwater discharges. **Each sub-catchment was assigned water quantity targets corresponding to their receiving waterway.**

Water Quantity reduction targets were generally as follows:

***Priority* catchments:**

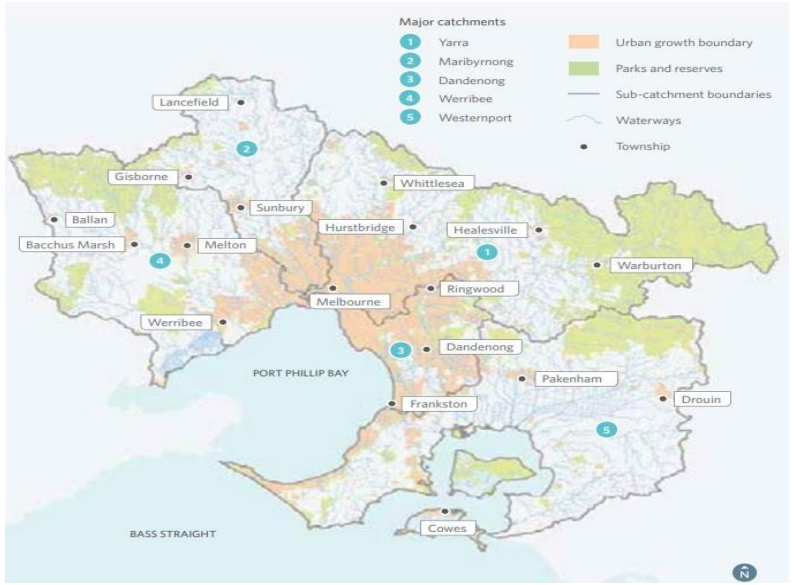
- 68% reduction in MARV (which would yield an approx. MARV of 2ML/HA/Year for the Aerotropolis)

***Other* catchments:**

- 26%-27% reduction in MARV (which would yield an approx. MARV of 4ML/HA/Year for the Aerotropolis)

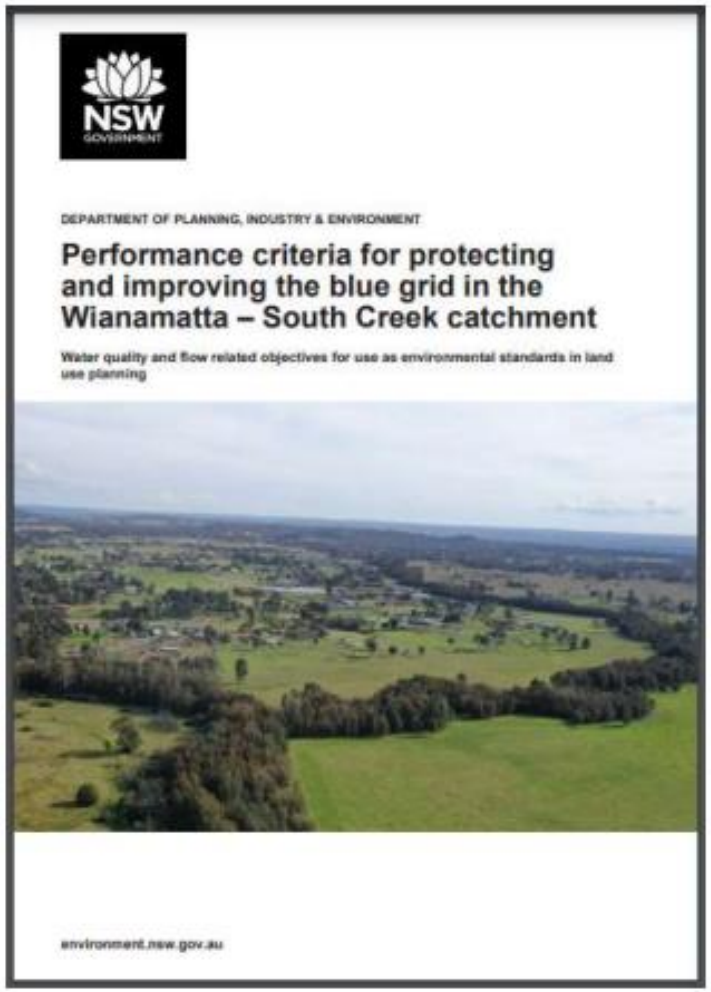
As shown within the below link, drainage contributions for the Melbourne Water sub-catchments were defined generally between $20-$30/m2. Some catchments as low as $10/m2.

https://www.melbournewater.com.au/building-and-works/developer-guides-and-resources/drainage-schemes-andcontribution-rates/calculate



FLOW OBJECTIVES

NSW DPE Performance criteria for protecting and improving the blue grid in the Wianamatta – South Creek Catchment



FLOW OBJECTIVES

NSW DPE Performance criteria for protecting and improving the blue grid in the Wianamatta – South Creek Catchment

Table 5 Ambient stream flows to protect waterway and water dependent ecosystems in the Wianamatta-South Creek catchment

	FLOW RELATED OBJECTIVES
	TIPPING POINT (apply to ≥ 3rd Order Streams)
Median Daily Flow Volume (L/ha/day)	1095.0 ± 157.3
Mean Daily Flow Volume (L/ha/day)	5542.2 ± 320.9
High Spell (L/ha/day) > 90th Percentile Daily Flow Volume	10091.7 ± 769.7
Freshes (L/ha/day) ≥ 75th and < 90th Percentile Daily Flow Volume	2642.9 to 10091.7
Cease to Flow (proportion of time/y)	0.03 ± 0.01
Cease to Flow – Duration (days/y)	3.9 ± 1.2
Baseflow Index	0.30 ± 0.02

"The second objective is recommended as the post development flows that should be achieved for larger perennial waterways in the Wianamatta-South Creek catchment such as ≥ 3rd Order Streams.

....it is practicable to adopt the flow related objectives represented by tipping point flows

FLOW OBJECTIVES

NSW DPE Performance criteria for protecting and improving the blue grid in the Wianamatta – South Creek Catchment

Subject Matter Experts	Feedback
DPE-EES	*Agreed and supported methods for deriving objectives – **recommended that the flow ecology relationship focus on a tipping point***
Independent External Reviewer (Academia)	*Agreed and supported the methods for deriving objectives.*

FLOW OBJECTIVES

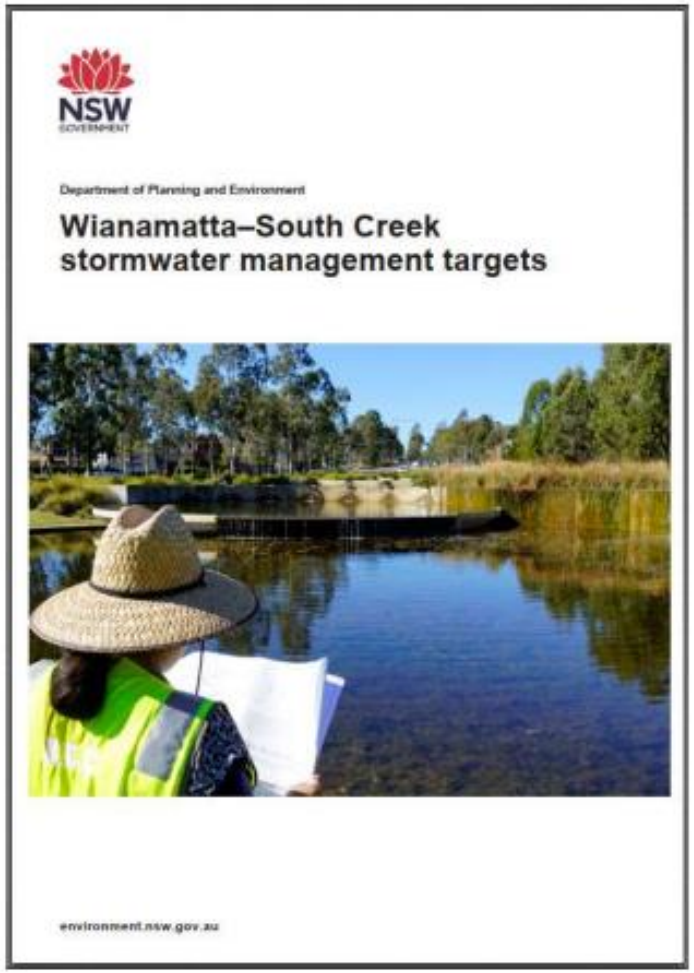
MRP DCP

Flow-related objectives for waterways and water dependent ecosystems

	3rd order streams or greater
Daily Flows (L/Ha)	
Median Daily Flow Volume (L/ha)	1095.0 ± 157.3
Mean Daily Flow Volume (L/ha)	5542.2 ± 320.9
High Spells (L/Ha)	
≥ 90th Percentile Daily Flow Volume	10091.7 ± 769.7
Frequency (number per year)	19.2 ± 1.0
Average Duration (days per year)	2.2 ± 0.2
Freshwater Flows (L/Ha)	
≥ 75th and ≤ 90th Percentile Daily Flow Volume	2642.9 to 10091.7
Frequency (number per year)	24.6 ± 0.7
Average Duration (days per year)	2.5 ± 0.1
Cease to Flow	
Proportion of Time per Year	0.03 ± 0.007
Duration (days per year)	6 ± 1.1

FLOW TARGETS

NSW DPE Wianamatta – South Creek stormwater management targets



- *The specific numerical criterion selected for each flow related objective was based on a 'tipping point' or threshold before the waterways, riparian corridors and groundwater dependent ecosystems are significantly impacted by stormwater discharges.*
- *The stormwater management targets that apply at the development scale generally relate to sizes of drainage areas above the 1st and 2nd order streams or smaller.*
- [Flow Options] *use the mean annual runoff volume (MARV) for the 3rd order streams, and accompanying percentiles for the 1st and 2nd order streams.*

FLOW TARGETS

NSW DPE Wianamatta – South Creek stormwater management targets

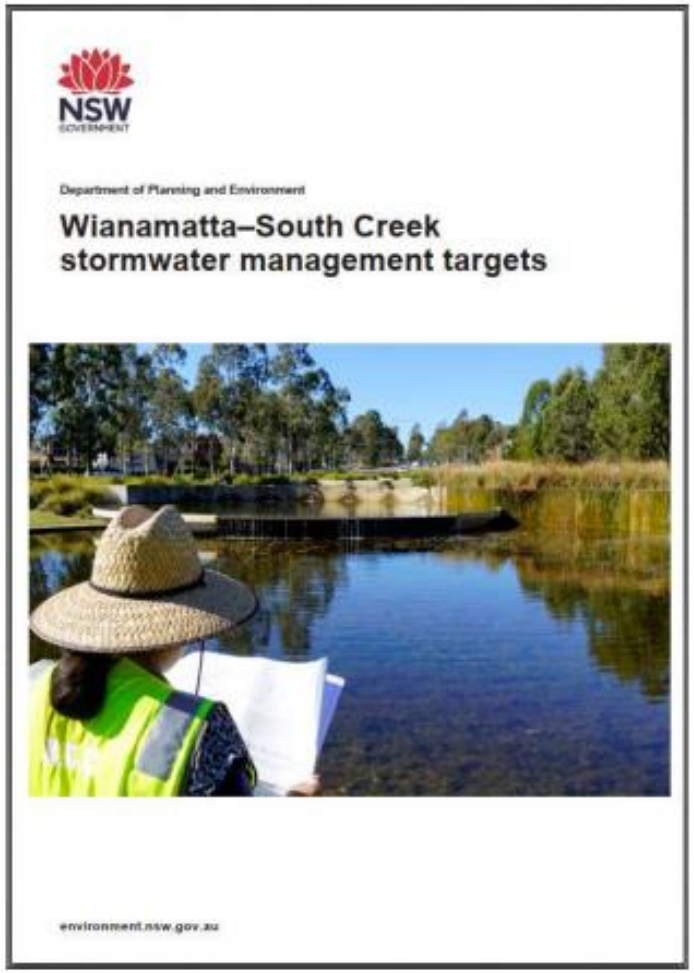


Table 2 Ambient stream flows to protect waterways and water dependent ecosystems in the Wianamatta–South Creek catchment

Flow related objectives	1st and 2nd order streams (Current)	≥3rd order streams (Tipping point)
Median daily flow volume (L/ha/day)	71.8 ± 22.0	1,095.0 ± 157.3
Mean daily flow volume (L/ha/day)	2,351.1 ± 604.6	5,542.2 ± 320.9
High spell (L/ha/day) >90th percentile daily flow volume	2,048.4 ± 739.2	10,091.7 ± 769.7
Freshes (L/ha/day) ≥75th and <90th percentile daily flow volume	327.1 to 2,048.4	2,642.9 to 10,091.7
Cease to flow (proportion of time/y)	0.34 ± 0.05	0.03 ± 0.01
Cease to flow – duration (days/y)	39.2 ± 8	3.9 ± 1.2
Baseflow index	0.13 ± 0.02	0.30 ± 0.02

FLOW TARGETS

NSW DPE Wianamatta – South Creek stormwater management targets

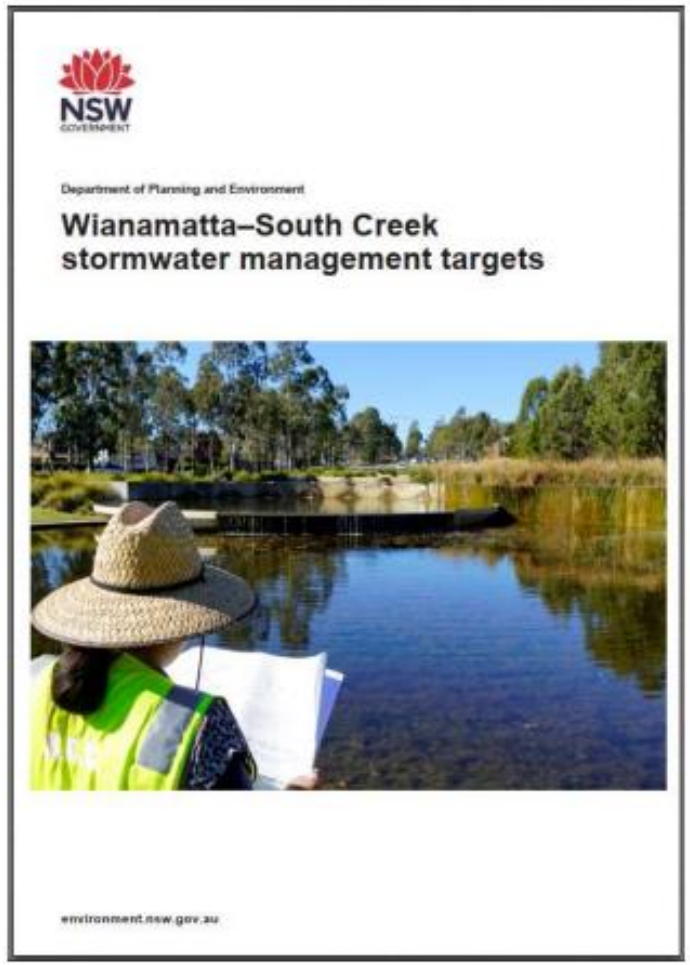


Table 10 Operational phase stormwater quantity (flow) targets Option 1 – MARV

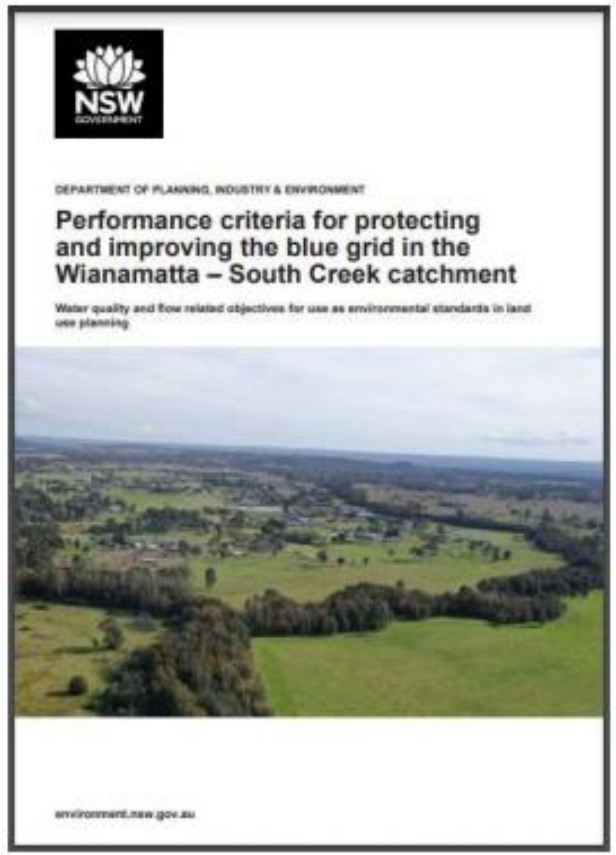
Parameter	Target	Flow objectives for 1st & 2nd order streams
Mean annual runoff volume (MARV)	≤2 ML/ha/y at the point of discharge to the local waterway	1.90–2.14 ML/ha/y[1]
90%ile flow	1,000–5,000 L/ha/day at the point of discharge to the local waterway	1,309–2,788 L/ha/day
50%ile flow	5–100 L/ha/day at the point of discharge to the local waterway	50–94 L/ha/day
10%ile flow	0 L/ha/day at the point of discharge to the local waterway	2–39% cease to flow[2]

Flow Objective for ≥3rd Order streams:

10,091 +/- 769.7
or
9,321.3 – 10,860.7 L/Ha/day

FLOW PERFORMANCE CRITERIA Vs TARGETS

NSW DPE Performance criteria for protecting and improving the blue grid in the Wianamatta – South Creek Catchment

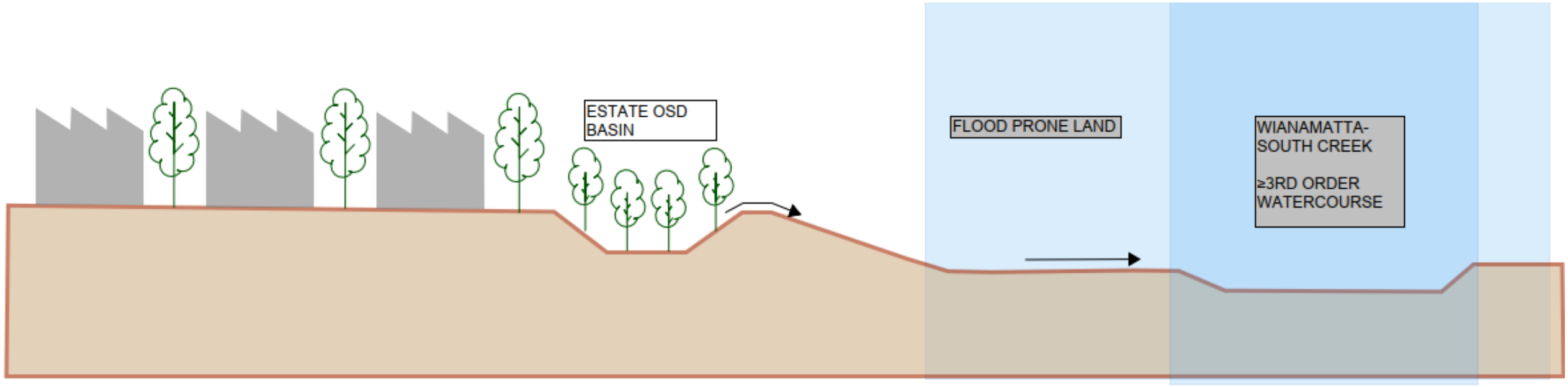


DPE-EES

Agreed and supported methods for deriving objectives – recommended that the flow ecology relationship focus on a tipping point

NSW DPE Wianamatta – South Creek stormwater management targets

- South Creek is a ≥3rd order stream
- *Targets were set based of use the mean annual runoff volume (MARV) for the 3rd order streams, and accompanying percentiles for the 1st and 2nd order streams.*



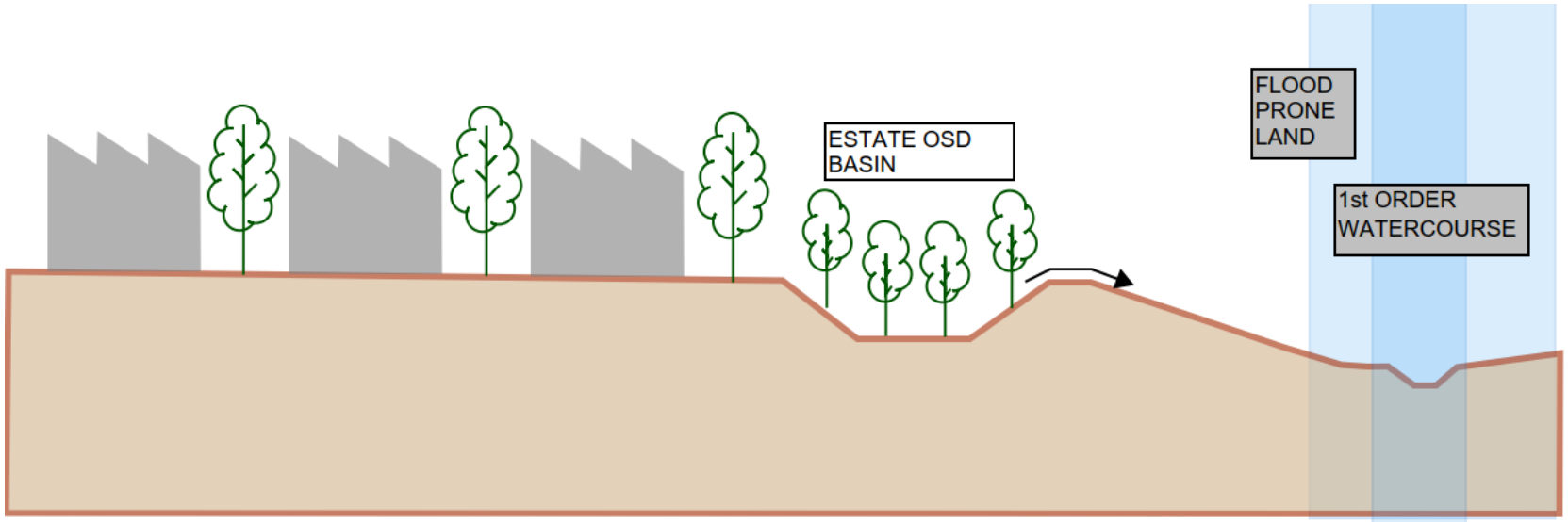


Table 5 Operational phase stormwater quantity (flow) targets Option 1 – MARV

Parameter	Target
Mean annual runoff volume (MARV)	≤2 ML/ha/y at the point of discharge to the local waterway
90%ile flow	1,000–5,000 L/ha/day at the point of discharge to the local waterway
50%ile flow	5–100 L/ha/day at the point of discharge to the local waterway
10%ile flow	0 L/ha/day at the point of discharge to the local waterway

Table 6 Operational phase stormwater quantity (flow) targets Option 2 – flow percentiles

Parameter	Target
95%ile flow	3,000–15,000 L/ha/day at the point of discharge to the local waterway
90%ile flow	1,000–5,000 L/ha/day at the point of discharge to the local waterway
75%ile flow	100–1,000 L/ha/day at the point of discharge to the local waterway
50%ile flow	5–100 L/ha/day at the point of discharge to the local waterway
Cease to flow	Cease to flow to be between 10% and 30% of the time

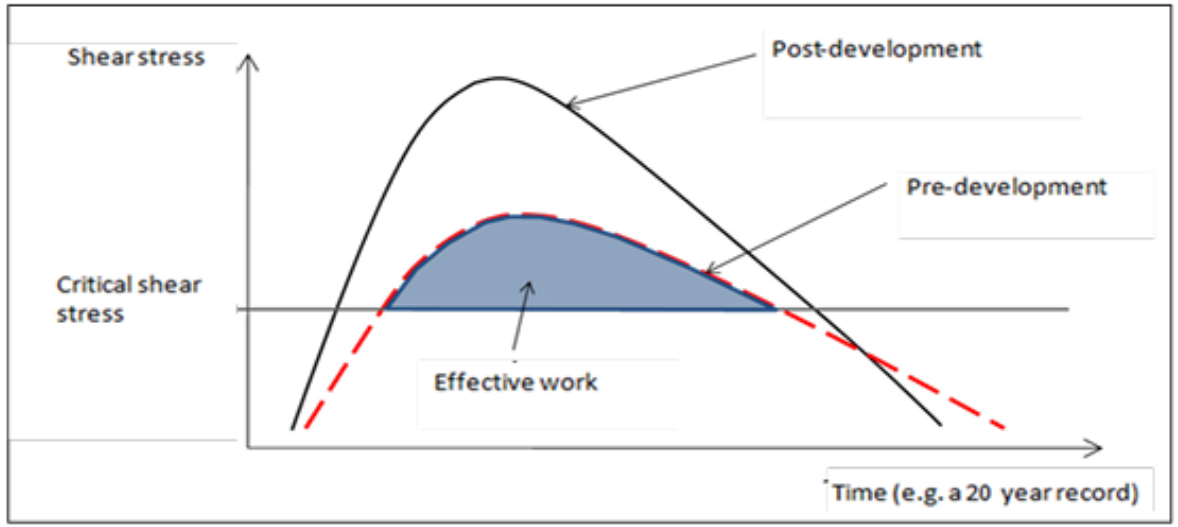


Figure 7 Difference in effective work for pre- and post-development scenarios

The area under the shear stress curve above the critical shear stress threshold is defined as the *erosion potential* for that flow scenario. The ratio between post- and pre-development erosion potential is the erosion potential index:

$$EPI = \frac{EP_{post-development}}{EP_{pre-development}}$$

Where:

EPI is the erosion potential index

$EP_{post\text{-}development}$ is erosion potential under post-development conditions

$EP_{pre\text{-}development}$ is erosion potential under pre-development conditions.

An EPI equal to one indicates there is no increase in effective work and there is unlikely to be a major change in channel trajectory resulting from the proposed development.

The EPI approach is most effectively applied to stream systems where a known threshold in the EPI has been defined, above which unacceptable channel change will occur.

Water Quality: As outlined within *NSW DPE Performance criteria for protecting and improving the blue grid in Wianamatta – South Creek*; from a total of 108 monitoring sites, only four (4) sites were determined viable for assessment of water quality of which only two (2) were located within Wianamatta-South Creek with differences between the water quality measurements of up to 425% for TN (1.72mg/L to 9.04mg/L) and 1.72mg/L was adopted as TN target, 107% for TP (0.14 – 0.29mg/L) and 0.14mg/L was adopted as TP target.

Water Quality (Reference site): As outlined within *NSW DPE Performance criteria for protecting and improving the blue grid in Wianamatta – South Creek* the 'referential' site is; "*located in a 2nd order stream in a part of the Wianamatta-South Creek catchment that has inherently different soil and lithology characteristics compared to the broader catchment, especially the Western Sydney Aerotropolis area*". MLOG question the appropriateness of this as a reference site as it does not reflect the broader catchment profiles.

Water Quantity (MARV): It appears a blanket assignment of water quantity targets has been applied across the Aerotropolis with a MARV of 2ML/HA/Yr and associated flow percentile targets regardless of stream order. We note the *NSW DPE Wianamatta-South Creek stormwater management targets* states that to achieve flow related objectives it is necessary to reduce MARV to approximately 1.5ML/Ha/Yr to 2.5ML/Ha/Yr. It has still not yet been made clear to industry how these values are derived nor why an apparent arbitrary adoption of a MARV of 2ML/Ha/Yr has been adopted throughout the entire Aerotropolis regardless of stream order rather than adopting a similar approach to Melbourne Water.

Water Quantity (Flow percentiles): The *NSW DPE Performance Criteria for protecting and improving the blue grid in the Wianamatta – South Creek Catchment* (February 2022) stated it is practical to adopt the flow related objectives represented by 'tipping point' flows. The *NSW DPE Wianamatta – South Creek stormwater management targets* (September 2022) outlined the flow objectives / tipping point flows for ≥3rd order watercourses. However, the stormwater targets adopted water quantity flow percentiles targets for 1st and 2nd order streams targets. The MLOG previously requested clarification and justification from the then DPE regarding the adoption of water quantity flow targets which do not align with 'tipping point' flows. We have been asking this question since 2020 and to date have not received a response. Specifically, the 90th percentile flow target which is significantly lower than the advised tipping point flows for ≥3rd order watercourses. We understand this control is the primary driver for Sydney Water's scheme design and resultant land acquisition requirements, which results in a higher DSP charge.

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The Housing Crisis and the Industrial Sector

SYDNEY'S CAPACITY TO RESPOND

June 2024

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ANALYSIS. INSIGHTS. OUTCOMES.

Infosys™ Portland

The housing crisis in NSW is well documented and well known

Housing affordability and availability are currently at their lowest levels in decades. Homelessness NSW estimates there is a shortfall of more than 200,000 social and affordable homes in the state, with almost 60,000 households waiting for social housing.

NATIONAL HOUSING ACCORD

National Housing Accord to deliver **1.2 million homes** from 2024 to 2029

NSW's share is **357,700 dwellings**, equivalent to 75,000 dwellings per annum

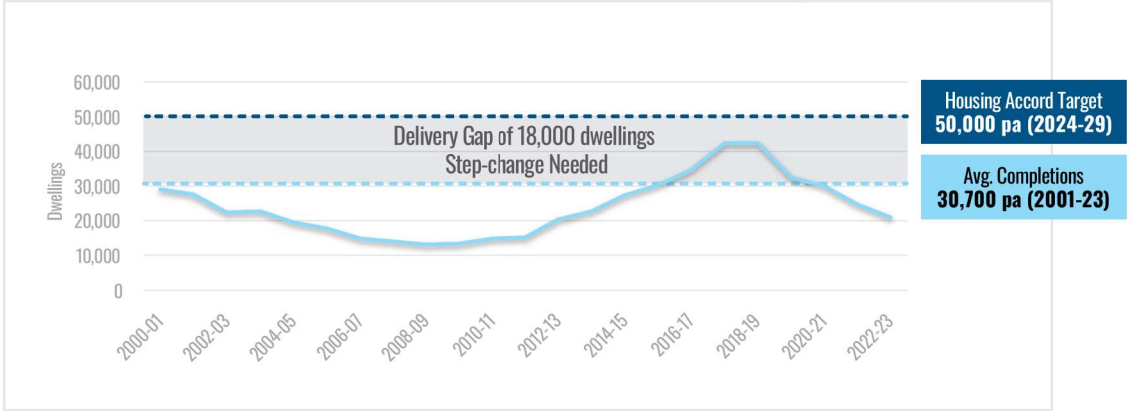
For Greater Sydney, **the target is equivalent to 50,000 dwellings** per annum over the five-year period

This Study estimates the quantum of additional industrial land which will be required to deliver the Housing Accord targets. The Study considers the capacity of construction supply chains in Greater Sydney to deliver the housing targets and achieve the Government's objective of improving housing affordability.

THE TASK OF 50,000 DWELLINGS PER ANNUM

Figure 1 shows the Housing Accord targets against historical dwelling production in Sydney.

FIGURE 1: APPROVALS v DWELLING COMPLETIONS- GREATER SYDNEY (FY2001 TO FY2023)



Source: ABS (2024), DPHI (2024)

The completion of 50,000 dwellings sustained over a five-year period is a significant step-change for Sydney. **The building industry has never come close to delivering 50,000 homes a year in Greater Sydney,** only averaging 30,700 homes over the last two decades. Even during the housing boom in 2017-18, completions peaked at 42,000 dwellings a year and that level of completions was not sustained.

It is evident a step-change in construction capacity is needed to deliver the targets of the Housing Accord.

What 50,000 per annum looks like

Assuming an average 2 bedroom dwelling, **50,000 dwellings** per annum would require:

- **50,000** kitchens
- **100,000** toilets and showers
- **150,000** sinks and taps
- **3.75 million** floor tiles
- Timber, steel, bricks, concrete, cement

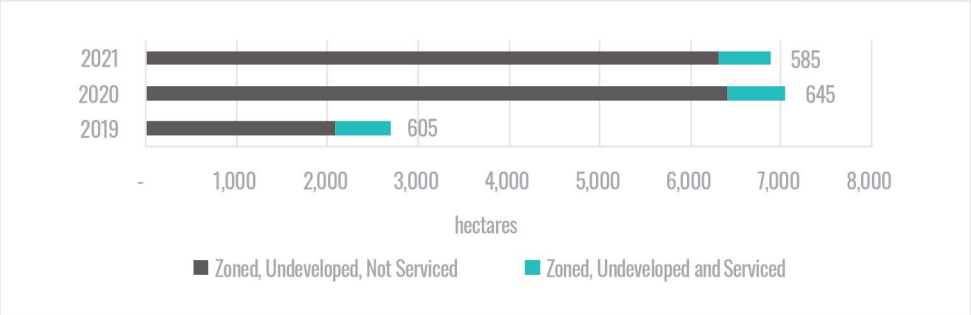
The building and construction supply chain **needs Industrial and Logistics space** to meet the logistical requirements of imports, domestic supply and distribution.

Can Sydney Respond to the Housing Crisis?

LACK OF SERVICED INDUSTRIAL LAND SUPPLY

As at January 2022, there was almost **7,000 hectares of undeveloped zoned land.** However, more than 90% was not serviced, having a lack of roads and utility services. Of the land supply that is serviced, much of it is either too small or not available to the general market.

FIGURE 2: UNDEVELOPED ZONED AND SERVICED LAND - GREATER SYDNEY (JANUARY 2022)



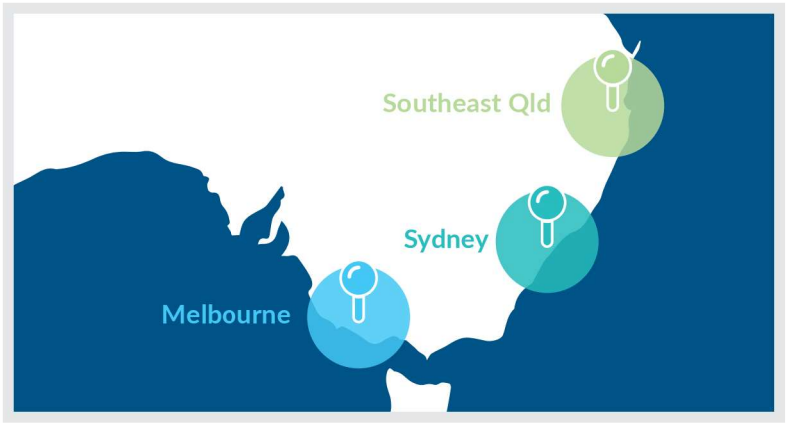
Source: DPHI (2022)

Greater Sydney has at best, **about one year of remaining** industrial land supply.

Sydney has a **housing crisis**

Sydney also has an **industrial lands crisis**

Atlas research finds **Greater Sydney has about one year of serviced industrial land left**



COMPARISON WITH MELBOURNE AND SOUTHEAST QUEENSLAND

In stark contrast to Sydney, Melbourne has about **11.5 years** and South East Queensland (SEQ) about **13.5 years** of remaining land supply. Governments in VIC and QLD have strategic land supply policies that require **15 years** of forward land supply.

REMAINING LAND SUPPLY - SYDNEY, MELBOURNE & SOUTH EAST QLD

A comparison of remaining land supply against strategic supply policy

Source: DPHI (2022), DTP (2023), DSDILGP (2021), Atlas

The acute shortage of industrial land in Sydney has serious consequences for the cost of doing business and the cost-of-living.

Beyond compromising Sydney's ability to supply the industrial and logistics floorspace needed to support housing construction capacity, it undermines Sydney's ability to be competitive and provide for employment.

The Strategic Land Supply Policy is borne out in the numbers

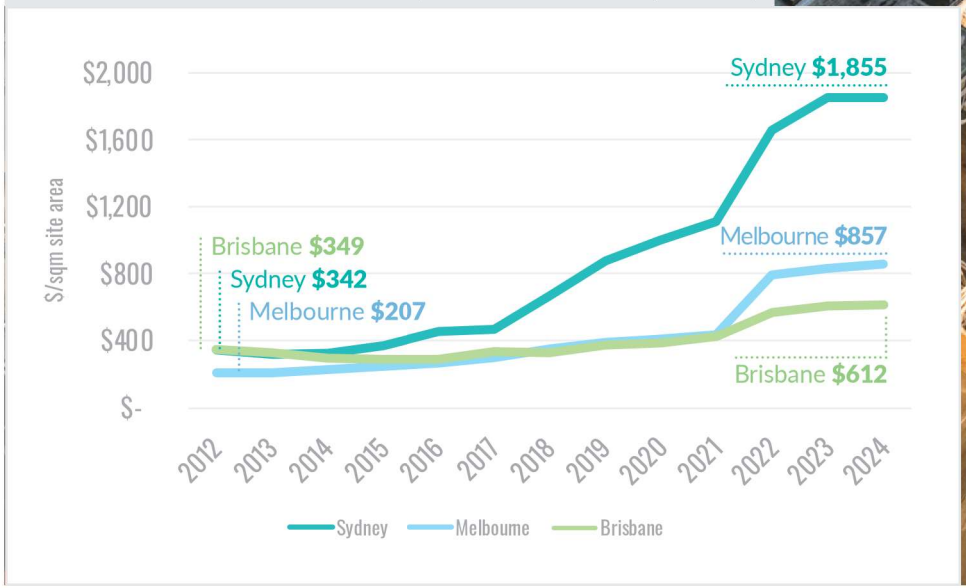
Victoria and **Queensland** have **strategic land supply policies** that are given statutory weight. Both state planning frameworks require **15 years of land supply** that is zoned and serviced, or capable of being serviced.

VIC and QLD have **strategic land supply policy requirements** that are embedded in legislation

There is **detailed monitoring** of industrial land consumption and classification of take-up by sector

VIC and QLD have **land supply pressures**, but none like Sydney

FIGURE 3: INDUSTRIAL LAND VALUES - SYDNEY, MELBOURNE & BRISBANE (2012-2024)



Source: Cushman and Wakefield

The legislative policy requirement to have **15 years of rolling land supply** ensures there is adequate availability of land. It keeps land values under control. The same principle applies to residential land. **NSW's just-in-time approach** to the **release/servicing of land** requires **reform**.

It is evident from **Figure 3** that industrial land values in Sydney **began to run away as far as a decade ago**. Runaway land values means a higher cost of development and higher economic rents.

Consequences of the acute Industrial Land Shortage

ANAEMIC TAKE-UP OF INDUSTRIAL LAND

The take-up (development of land) is a reflection of market demand. Since 2010, Sydney's annual take-up of industrial land has been 30%-60% Melbourne's take-up.

Figure 4 shows that over the 2019-2022 period, the take-up of land in Sydney has been well below Melbourne's and even below SEQ's, a region with 3.9 million people compared to Sydney's 5.1 million people in 2022.

ANNUAL TAKE-UP OF LAND - SYDNEY, MELBOURNE & SOUTH EAST QLD (2019-2022)

*data for Sydney and SEQ not available for 2022
Source: DPHI (2022), DTP (2023), DSDILGP (2021), Atlas

The anaemic take-up of industrial land in Sydney is symptomatic of a supply constrained situation, a problem more than a decade in the making. This has resulted in a cumulative deficit of 1,700 hectares.

SIGNIFICANTLY HIGHER RENTS AND VALUES

A cumulative deficit of industrial land supply for more than a decade has meant rapidly escalating prices of the limited land supply that was available.

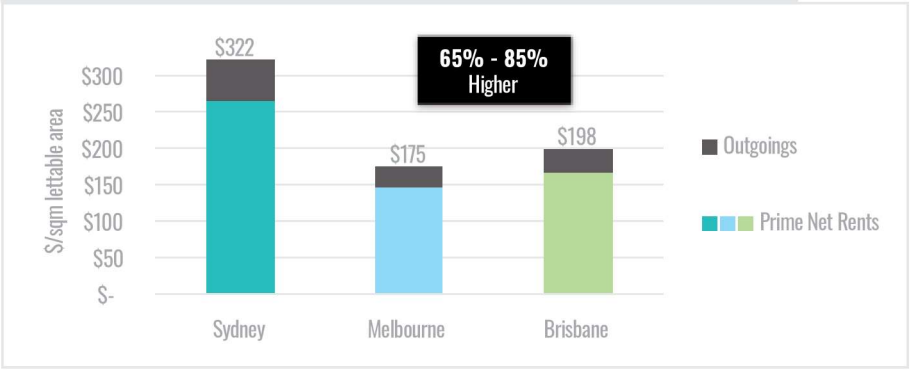
FIGURE 5: LAND VALUES - SYDNEY, MELBOURNE & BRISBANE (2024)

Source: Cushman and Wakefield (2024)

Figure 5 shows a comparison of land values. In 2024, land values in Sydney are more than double Melbourne's and treble Brisbane's. This naturally means much higher rents must be charged for development to be feasible.

In 2024, businesses in Sydney are paying rents that are 85% higher than Melbourne's and 65% higher than Brisbane's. **This is a serious affordability problem for businesses.**

FIGURE 6: PRIME NET RENTS AND OUTGOINGS - SYDNEY, MELBOURNE & BRISBANE (2024)



Source: Cushman and Wakefield (2024)

The significant gap between the prices of Sydney and peer capital cities highlights the industrial land supply crisis in Sydney.

Business perspectives

BUSINESSES ARE LEAVING

The Study interviewed some of the largest businesses within the building and construction supply chain. These businesses manufacture and/or supply critical materials including steel, cement, timber, wall panels, etc.

The shortage of industrial land in Sydney is well-known in the industry and the Greater Sydney region has long been seen as too expensive to allow for local expansion, even though this would be the preference of the companies. Engagement showed that the construction industry is running at warehouse utilisation levels (85%-90%). Some businesses' Sydney facilities are at full capacity.

Faced with a shortage of industrial property options in Sydney, many businesses have had to find alternate solutions. This has often resulted in relocation or expanding operations in regional areas, while others elect to supply the Sydney market from Melbourne. **These strategies have cost implications** - the additional transport from regional areas into Sydney increases the price of materials, resulting in increased residential building costs and also increased carbon emissions.

Once a business signs a long lease outside of NSW, that business is **not likely coming back.**

> Our warehousing operates at 85%-90% capacity, and manufacturing is at 100%. Ideally, we would like to stay in Sydney and use the existing network to meet demand. However, the high property costs in Sydney make this unfeasible. **We've been shifted our capacity to our regional site and have increased prices to offset the additional transport costs.**
>
> **General Manager, Australian manufacturer of structural products**

> **We have put a line through Sydney as an option to expand manufacturing capacity.** We have been evaluating new manufacturing capacity in Australia and cannot justify new manufacturing capacity in Sydney due to the property costs and the uncertainty.
>
> **Head of Property, Large building products manufacturer and distributor**

> We do not have plans to increase capacity in NSW. **We see Melbourne as having significant advantages over Sydney for warehouse locations with better access to the port and lower costs.** We will focus on leveraging our Victorian sites for any growth.
>
> **Regional CEO, Global manufacturer and distributor**

EXPENSIVE AND NO ROOM TO GROW

With one year of serviced industrial land supply remaining, there is no room for business investment, growth and further employment. With near zero vacancy there is no space available and businesses are forced to pay prices much higher than Melbourne and Brisbane.

Demand from residential construction to meet the Housing Accord targets will place additional demands on industrial land supply that is already constrained. This will naturally result in even greater upward pressure on rents and prices.

Sydney has no capacity to respond to the Housing Crisis

FLOOD OF SUPPLY NEEDED

Master Builders Australia (MBA) produces a five-year industry forecast across residential and non-residential construction and infrastructure. For NSW, these forecasts show how industry activity can ramp-up to meet the National Housing Accord targets.

Using the MBA forecasts, the increased delivery of housing would require about 280-380 hectares of serviced industrial land. **In reality though,** even if 280-380 hectares of serviced industrial land were to become available, the high prices for land would likely remain. A much greater amount of land is therefore required to not only provide capacity but to **re-set prices.**

The release of **2,000 hectares of serviced land is needed** to act as a pressure valve release for demand that has not been met for more than a decade.

That would provide the **headroom capacity** for broader industries, as well as ~300 hectares to support residential construction (to meet the National Housing Accord targets).

This level of a supply would provide for a **re-setting of the current high prices** and **enable take-up of land by the construction sector** (and others) at affordable prices.

Sydney's strategic location on the East Coast of Australia positions it well as a servicing base for the three most populous states of NSW, Victoria and Queensland.

The availability of land that is developable and affordable has ramifications not just for the Housing Accord targets but has broader consequences for Sydney's competitiveness and economic prosperity.

ADDITIONAL INPUTS NEEDED

Completion of 50,000 dwellings per annum from 2024-2029 (assuming an average of 2 bedrooms), requires 50,000 kitchens, 100,000 toilets, 150,000 sinks and taps, etc. each year.

Building materials such as timber, steel, bricks, tiles and sanitary ware will be procured from a mix of offshore and local sources, requiring the supply chain to expand its capacity to source, store and distribute.

NO CAPACITY

Since 2010, Sydney has lagged Melbourne's ability to respond to market demand, resulting in a cumulative deficit of 1,700 hectares. Currently, there is at best, one year of serviced industrial land remaining.

Existing serviced stocks in Sydney are all but exhausted. **In contrast**, Melbourne and SEQ can both draw on stocks of more than 10 years supply of industrial land to meet their Housing Accord targets.

Even if the construction supply chain expanded capacity (at regional and Melbourne sites), it would lead to higher costs and longer lead-times. It would perversely thwart the Government's objective of housing supply to improve housing affordability.

What is needed?

DEVELOP A 15-YEAR STRATEGIC LAND SUPPLY POLICY

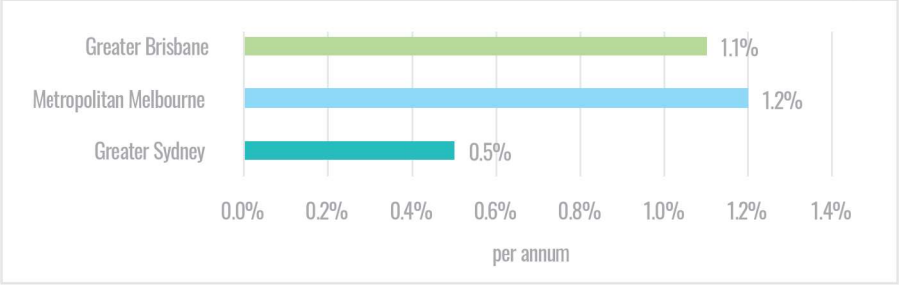
Victoria and Queensland both have strategic land supply policies that are given statutory weight. The VIC and QLD state planning frameworks require 15 years of land that is zoned and serviced, or capable of being serviced.

NSW would benefit from implementing a strategic land supply policy for all land uses. This would ensure a healthy and viable supply of land. This is essential to temper land value movements - which have occurred at runaway proportions in Sydney.

The industrial sector is valuable. During 2020-21, the industrial sector contributed an estimated $70 billion (18%) to the Greater Sydney economy. Despite this, Sydney's constrained land supply has 'held back' investment and growth of the industrial sector.

Figure 7 shows the comparatively low industrial employment growth that occurred in Sydney compared to Melbourne and Brisbane over the 2016-2021 period.

FIGURE 7: INDUSTRIAL EMPLOYMENT GROWTH - SYDNEY, MELBOURNE & BRISBANE (2016-2021)



Source: ABS (2022)

INTEGRATE LAND USE AND INFRASTRUCTURE PLANNING

It is imperative for Sydney that land use planning is integrated with infrastructure planning. There is little point in rezoning land if that land has no reasonable prospect of being serviced by road and utility infrastructure.

The Victorian PSP (precinct structure plan) process recognises this - it embeds a collaborative process between key stakeholders (developers, referral authorities and decision makers) to resolve key planning challenges early. The Victorian Planning Authority leads preparation of the PSP in close partnership with the associated council and relevant agencies. Land is not rezoned unless it is developable and infrastructure funding arrangements are in place.

The effectiveness of the integration of land use and infrastructure planning in the Victorian PSP process can be observed in the relative pricing of dwellings in greenfield areas. **In Sydney, a typical house and land package in a greenfield area is $1,000,000 while in Melbourne, a typical house and land package in a similar greenfield area is $650,000.**

The coordinated and orderly release of land in Victoria and its 15-year strategic land supply policy has meant that land value movements have been more tempered. In contrast, Sydney's land values have experienced increases of epic proportions.

Immediate quick wins

As the Government scrambles to ease the housing crisis and increase the supply of housing in NSW, **any increase in housing supply** should be supported by an urgent increase in serviced industrial land.

As at January 2022, Sydney had 6,900 hectares of zoned industrial land. **Only 8% of that land was serviced, with much of that land is either too small (<5ha) or not available to the general market.**

There is a concentration of large lots (>5ha) in precincts that are zoned, but not serviced.

These are:

- Mamre Road (800ha)
- Northern Gateway (1,000ha)
- Agribusiness (870ha)
- Aerotropolis Core (465ha)
- Badgerys Creek (180ha)

which are **all in the Western Sydney Aerotropolis.**

MAMRE ROAD PRECINCT

The **Mamre Road Precinct was rezoned in 2020**. It has significant institutional investment and tenant interest, however it is **not serviced**.

There is **no clear path** for the delivery of road and water infrastructure.

Sydney Water seeks to levy a Development Service Plan (DSP) charge of $800,000 per hectare. Sydney Water also requires development to provide for on-site water storage in the interim, until a regional stormwater system is delivered. This exacerbates the financial impost on development, with 60% of a site's area unable to be developed for a period of time.

The **cumulative impact** of:

- Proposed DSP charge **($800,000/ha)**
- **Additional cost** associated with the interim on-site water storage requirement
- **Loss** of developable area

results in development that **is not feasible**.

In 2019 when progressing the rezoning of the Mamre Road Precinct, the NSW Department of Planning, Housing and Infrastructure identified **"4-5 years of industrial remaining"**. Since then, there has been **no large-scale servicing of industrial land**. Further, the COVID-19 pandemic has turbo-charged demand for industrial land as consumers turn to e-commerce platforms.

The **low stock levels** of serviced industrial land supply have now been **depleted**. This has been met with **near zero vacancy** and **skyrocketing land values and rents**. This has severely affected Sydney's national competitiveness and added to the **cost of living**.

The Mamre Road Precinct is therefore an important part of the immediate solution to easing **Sydney's chronic capacity issue** of having **less than one year's supply** of land remaining.

Immediate quick wins

There are immediate interventions that can unlock development in the Mamre Road Precinct. Focusing on this precinct makes sense as it is the only precinct where development planning is advanced and there is significant investment capital and tenant interest in play.

Unlock a flood of serviced land supply of 2,000 hectares to support the construction supply chain, but also to re-set price levels. If supply is 'capped', rents and prices will still be at elevated levels which businesses cannot afford.

Administrative amendment of Special Infrastructure Contributions (SIC) allocation to biodiversity (currently 72%) to enable SIC payments from first mover developers to deliver enabling infrastructure. Once delivered, the allocation from future SIC payments to biodiversity can be re-adjusted as needed. At present, only 28% from SIC payments can be offset against works-in-kind (e.g. delivery of roads), with 72% to be paid in cash for biodiversity.

Fast track delivery of critical roads Mamre Road and fund Southern Link Road
Even though NSW Government has matched funding by the Federal Government for Elizabeth Drive and Mamre Road (between Erskine Park and Kemps Creek), the unlocking of development in the Mamre Road Precinct requires a fast-track delivery not only of these funded roads, but also of Southern Link Road (which is not funded).

The delivery of road upgrades in 5+ years is not an option. Serviced industrial land must be unlocked to stem the shift of investment out of Sydney AND deliver the step-change in building construction volumes needed to overcome the housing crisis.

Solutions that allow funds to be reallocated and delivery of the infrastructure to be accelerated are critical to support the step-change needed in the construction supply chain capacity.

Economic evaluation of new (step-change) water targets
Evaluate the DSP charges in an economic appraisal (including a cost benefit analysis). Atlas is not aware of any cost benefit analysis (CBA) completed to weigh up the costs and benefits of the desired stormwater target outcomes. If there is an economic case (i.e. benefits exceed costs), the CBA must also consider the distributional impacts of the stormwater targets.

There is a disproportionate cost burden from the DSP charges and the loss of developable land (60% of site area). The adverse impact on the feasibility of development has been found to be severe, not capable of remedy even when construction cost escalations 'settle'.

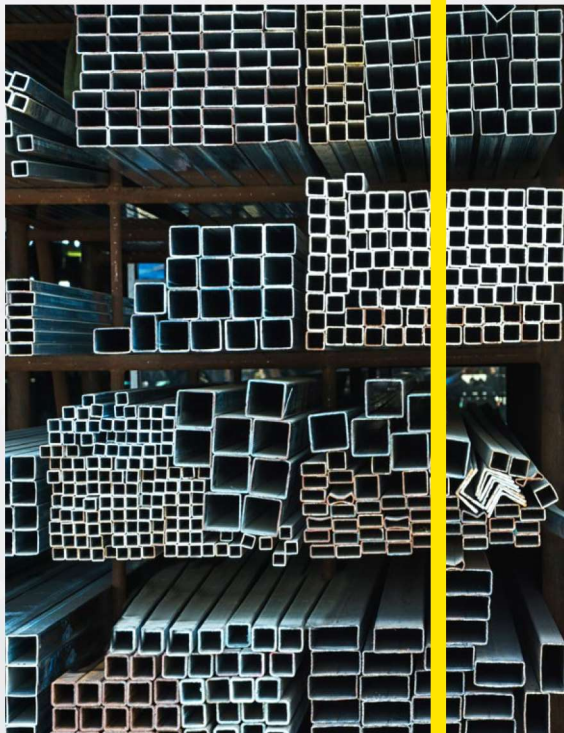
Public policy must have regard to how cost and benefit is distributed. In the case of the desired stormwater targets, the issue is 'who should pay for the targeted benefits?' If development cannot afford the cost and if broader societal net benefits are targeted, it would be appropriate for that cost to be borne by Government.

If Government does not have the capacity or appetite to bear the cost, alternate stormwater targets should be developed - targets that are affordable and capable of being delivered.

Unlock the backlog of planning applications and enable greater flexibility in planning controls

Provide an urgent, immediate coordination role to streamline infrastructure delivery and development

Once **implemented**, these **interventions** would set the scene for **delivery of lands** in the Western Sydney Aerotropolis.



Sydney's national competitiveness is at stake

Without large-scale unlocking of serviced industrial land, the twin objectives of housing supply and housing affordability of the Housing Accord will not be met.

The construction supply chain will be increasingly serviced from outside Sydney, leading to higher construction costs in conjunction with longer lead times and carbon emissions. Additional truck movements from outside Sydney will have cost implications for road maintenance. The higher transport costs will be passed on and housing will be less affordable.

If allowed to continue, the **industrial lands crisis in Sydney** will continue to:

- **Stymie employment and skills growth** in the industrial sector
- **Drive up land values and rents**, and cumulatively impact the cost of doing business and cost-of-living
- **Hinder business growth** and shift investment away from Sydney
- **Increase the environmental cost** through greater trucking movements from regional and interstate locations

Sydney has no capacity to respond to the Housing Accord targets in a timely or cost-effective manner.

Reform is needed on how NSW plans, releases and services land. A **just-in-time approach** is not working. It does not acknowledge that a rolling land supply and buffer is needed for a healthy market to function. **A lack of service land supply** inevitably drives up the values of the limited supply of land that is serviced.

Immediate interventions are needed at the Mamre Road Precinct to urgently unlock zoned land as longer-term strategies are also pursued but that take time to bear dividend.

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