

26 July 2022

Renee Ingram
Head of Western Sydney Development
Sydney Water
Level 13, 1 Smith Street
Parramatta NSW 2150

CC: Catherine Van Laeren by email: catherine.vanlaeren@planning.nsw.gov.au

By email: renee.ingram@sydneywater.com.au

Dear Renee,

RE: Drainage Management for Aerotropolis and Mamre Road Precincts

The Urban Development Institute of Australia NSW (UDIA) is the peak industry body representing the leading participants in urban development in NSW. Our more than 450 member companies span all facets of the industry from developers, consultants, local government, and state agencies. UDIA advocates for the creation of Liveable, Affordable and Connected Smart Cities.

UDIA welcomes this opportunity to comment on the *Drainage Management for Aerotropolis and Mamre Road Precincts Draft*, which has been released by Sydney Water for public comment.

UDIA appreciates the work done by Sydney Water to develop a framework to better manage the drainage network at the Aerotropolis and Mamre Road precincts. We understand that drainage management is an important planning vision for this key growth area, however, there are significant unresolved matters that need to be addressed before this framework can be fully embraced.

One issue is the overall funding mechanism under the Development Service Plan (DSP) proposal as compared to other contributions that are yet to be resolved in the Productivity Commissions reform package 2021, in particular, local contributions and their impact on development feasibilities. We are also concerned about the timely assessment of future development proposals, especially since the framework is still largely conceptual and the proposed water and wastewater infrastructure solutions are long term.

To address our principal concerns, UDIA offers the following eight recommendations, and our submission provides supporting commentary. Sydney water should:

1. Work with NSW Department of Planning and Environment on release of all final developer charges emanating from the review into infrastructure contributions based on a “capacity to pay assessment”.
2. Prepare a detailed program to clearly identify the water and wastewater infrastructure needed over 5, 10 and 20-year timeframes.
3. Establish a mechanism to allow developer contributions to be offset as Works in Kind that lead to the development of the drainage network.

4. Review standards and operational procedures to encourage innovation by the development industry as part of the process to deliver water and wastewater infrastructure in the Aerotropolis and Mamre Road precincts.
5. Develop a framework that allows proposed development in the Aerotropolis and Mamre Road precincts to proceed in advance of delivery of major water and wastewater infrastructure.
6. Undertake an annual review of the land acquisition needed for future infrastructure to better match land size requirements and to lessen DSP charges resulting from rising land prices in the key precincts.
7. Continue to engage with industry on key issues relating to infrastructure delivery and assessment of development proposals.
8. Respond to UDIA specific concerns raised in Attachment No.2 in relation to the 16 principles contained in the Drainage Management for Aerotropolis and Mamre Road.

Recommendation 1 – Work with NSW Department of Planning and Environment on release of all final developer charges emanating from the review into infrastructure contributions based on a “capacity to pay assessment”

UDIA is concerned that with no final deadline for the implementation of the Infrastructure Contributions Reform Package and its proposed developer charges covering the Regional Infrastructure Contribution, it is difficult to determine final project feasibilities to inform future investment in the Aerotropolis and Mamre Road precincts. This is compounded due to no final local contributions plan for the key precincts, which is currently set at 6.5% of total development cost.

We are also concerned that there could be four developer charge types relating to water, wastewater, recycled water, and stormwater within a Declared Stormwater Drainage Area (DSDA).

Certainty is critical here and UDIA needs confirmation of the DSP charge for all future development types (commercial, industrial, and residential), as well as a broader overview of the total charges for the Aerotropolis and Mamre Road precincts.

Sydney Water should work with NSW Department of Planning and Environment to jointly assess all proposed charges emanating from the Infrastructure Contributions Reform Package based on a “capacity to pay assessment”. This should occur before a final DSP charge is implemented to better inform project feasibilities needed to deliver the housing, jobs, and investment for the Western Parkland City.

Recommendation 2 - Prepare a detailed program to clearly identify the water and wastewater infrastructure needed over 5, 10 and 20-year timeframes.

With no detailed program for the delivery of regional water and wastewater infrastructure in the Aerotropolis and Mamre Road precincts, the industry remains concerned that key projects will remain undelivered with no accountability for the DSP funds contributed.

Sydney Water should prepare a detailed program for a 20-year duration broken down into 5 and 10-year timeframes to align infrastructure needed to deliver the drainage management framework for the Aerotropolis and Mamre Road precincts.

This will ensure greater accountability and industry confidence in Sydney Water, who must match the accumulated DSP funds to infrastructure listed in an infrastructure servicing plan for a Declared Drainage

Stormwater Area It will also provide a nexus between the DSP and future infrastructure to be provided and prioritised as required.

Recommendation 4 - Establish a mechanism to allow developer contributions to be offset as Works in Kind that lead to the development of the drainage network.

UDIA supports the development of mechanisms to allow DSP contributions to be offset as Works in Kind delivery models, especially those presented in the Sydney Water document *Proposed Drainage Management and Delivery by Asset 2022*. This would allow a quicker delivery of water and wastewater infrastructure by the industry matched to the staging of a development proposal. However, Sydney Water should also consider a broader application of potential water and wastewater infrastructure works that could be delivered as Works in Kind and as an offset against a DSP charge.

In 2021, UDIA provided an Offset Credits policy paper to inform the review of the Infrastructure Contributions Reform Package (**Refer to Attachment No.2**). This paper recommended a formalised offset credit system to improve delivery timeframes and lessen costs of growth infrastructure to support development.

We believe that Sydney Water, in consultation with the development industry, should develop a simple and transparent offset credit system to support the delivery of regional water and wastewater infrastructure at the key precincts.

Recommendation 5 - Review standards and operational procedures to encourage innovation by the development industry as part of the process to deliver water and wastewater infrastructure in the Aerotropolis and Mamre Road precincts.

In accordance with Principle 15 and with a view to lessen DSP costs overall, Sydney Water should adopt an approach to maximise the opportunity for innovation unique to the Aerotropolis and Mamre Road precincts, through streamlined standards and operational requirements for Sydney Water infrastructure.

This approach could yield considerable time and cost savings for the delivery of water and wastewater infrastructure to support growth and investment, particularly when a situation emerges where a development proposal is in advance of a proposed Sydney Water infrastructure project.

Strict application of overly onerous/restrictive standards and operational requirements by Sydney Water will not encourage innovation and will lead to potential time delays during the development application stage.

Recommendation 6 - Develop a framework that allows proposed development in the Aerotropolis and Mamre Road precincts to proceed in advance of delivery of major water and wastewater infrastructure.

Similar to the approach applied in the *Sydney Water Growth Servicing Plan 2020 – 2025*, we support options to accelerate development in the Aerotropolis and Mamre Road precincts, especially if Sydney Water is:

- ahead of any its current planning timeframes for the key precincts; and
- on land where Sydney Water has high-level direction but no immediate plans to deliver infrastructure.

This approach, which has been successfully applied in the Mamre Road Precinct at the Aspect Industrial Estate, would prevent delays during the development application stage and generate greater confidence in Sydney Water's willingness to collaborate with developers on the sequencing and timing of development.

Recommendation 7 - Undertake an annual review of the land acquisition needed for future infrastructure to better match land size requirements and to lessen DSP charges resulting from rising land prices in the key precincts.

In reference to *State Environmental Planning Policy (Precinct - Western Parklands City) 2021* (the WPC SEPP) and the Land Reservation Acquisition Map for the Aerotropolis and the SEPP (Industry and Employment) 2021, which applies to Mamre Road, it shows the land that Sydney Water, as the relevant acquisition authority, must acquire to deliver the planned stormwater infrastructure in each precinct.

UDIA is concerned that the land acquisition requirements could be excessive for the relevant infrastructure, resulting in higher DSP charges, especially since it is based on a conceptual drainage management framework that has little design development.

Land acquisition contributes up to 50% of total project costs for both regional and local service infrastructure and Sydney Water should commit to an annual review of land acquisition requirements, with a view to lessen the land uptake and DSP costings resulting from rising land prices in the key precincts, particularly as design development occurs.

Recommendation 8- Continue to engage with industry on key issues relating to infrastructure delivery and assessment of development proposals.

Industry collaboration is critical to achieving a robust drainage framework. Without this collaboration there are often problems during the development application stage, as differing views on water and wastewater solutions to achieve better waterway quality and quantity targets tend to emerge. This results in time delays and additional costs needed to justify workable solutions to a consent or concurrence authority.

The implementation of the *Drainage Management for Aerotropolis and Mamre Road Precincts* provides an opportunity to combine the shared knowledge of land and urban development from both government and industry, working together on cost effective solutions.

This approach will only help Sydney Water and broader Government to achieve their goals to better manage the drainage network at the Aerotropolis and Mamre Road precincts. It will also help reduce delays and associated costs during the development application stage.

Recommendation 9 - Respond to UDIA specific concerns raised in Attachment No.2 in relation to the 16 principles contained in the Drainage Management for Aerotropolis and Mamre Road.

Our specific concerns with the 16 key principles are presented in **Attachment No.2**, and we request that Sydney Water addresses these as they relate to each principle.

Conclusion

Thank you again for the opportunity to make a submission on the *Drainage Management for Aerotropolis and Mamre Road Precincts*.

UDIA considers that our key issues with the *Drainage Management for Aerotropolis and Mamre Road Precincts*, which includes the overall funding mechanism under the Development Service Plan (DSP) proposal and the timely delivery of water and wastewater infrastructure to support growth, which is largely conceptual, can be addressed through the implementation of our recommendations.

This should also occur through active and inclusive engagement of the development industry, which will be largely responsible for delivering the investment and jobs at the Aerotropolis and Mamre Road precincts.

Should you have any further questions or to arrange a meeting, please contact David White, GWS and South Regional Manager on 0415 914 612 or email dwhite@udiansw.com.au

Kind Regards,

A handwritten signature in black ink, appearing to read 'Steve Mann', with a stylized, cursive script.

Steve Mann
Chief Executive
UDIA NSW