

EGROW 01

**Draft Western Sydney Aerotropolis Joint
Contributions Plan 2020**

Strategic Direction	Generating Opportunity Meet the challenges of Liverpool's growing population
File Ref	230146.2020
Report By	Shaun Beckley - Manager, Infrastructure Planning
Approved By	David Smith - Acting Director City Economy and Growth

EXECUTIVE SUMMARY

On 13 September 2020, the NSW Government gazetted the *Western Sydney Aerotropolis State Environmental Planning Policy (SEPP)* which came into effect on 1 October 2020. This SEPP rezoned the initial precincts in the Aerotropolis surrounding Western Sydney (Nancy Bird Walton). Airport, which is currently under construction.

To support future development in the Aerotropolis, the Western Sydney Planning Partnership is preparing precinct plans for the initial precincts, being the Aerotropolis Core, Agribusiness, Badgerys Creek and Wianamatta-South Creek. It is expected that draft precinct plans will be publicly exhibited later in 2020. In addition, Penrith and Liverpool City Councils have prepared a Joint s7.12 Contributions Plan to ensure an appropriate funding mechanism is in place to support the delivery of local infrastructure as the Aerotropolis develops.

Supporting changes to *Environmental Planning & Assessment Regulation*, resulting from the gazettal of the Western Sydney Aerotropolis SEPP, means that a development application in the Aerotropolis cannot be approved until such a time as a contributions plan is in place.

The draft Aerotropolis Contributions Plan was developed using land use and built form assumptions based on the *Western Sydney Aerotropolis Plan*. Existing areas similar in form and function to those anticipated in the Aerotropolis were benchmarked to identify an appropriate level of infrastructure servicing. This enabled calculation of the total cost of local infrastructure for the Aerotropolis of \$2.5bn across the Penrith and Liverpool LGAs.

The capital investment value was then estimated using costing data from Cordell Connect, the industry benchmark, resulting in a cost of development in the initial precincts of \$39bn. Using these industry accepted costings, a percentage rate levy of 6.5% was identified to ensure sufficient contributions from future development is provided to meet the cost to Council of providing local infrastructure. This rate will ensure that there will be minimal cost to ratepayers in the provision of local infrastructure for the Aerotropolis.

As the rate is greater than 1%, the s7.12 Plan is subject to the approval of the Minister for Planning and Public Spaces.

It is recommended that Council publicly exhibits the draft contributions plan for community and industry feedback. A consequential amendment is also required to the existing *Liverpool Contributions Plan 2009* to remove land within the Aerotropolis from this Plan and to ensure alignment with the draft Aerotropolis Contributions Plan.

RECOMMENDATION

That Council:

1. Exhibits the draft *Joint Aerotropolis Contributions Plan 2020* and background report for a minimum of 28 days in accordance with the provisions of the *Environmental Planning and Assessment Act 1979* and *Environmental Planning and Assessment Regulation 2000*.
2. Delegates to the Acting Chief Executive Officer authority to finalise the Aerotropolis Contributions Plan if no submissions in opposition are received.
3. Exhibits draft Amendment 2 to the *Liverpool Contributions Plan 2009* for a minimum 28 days in accordance with the provisions of the *Environmental Planning and Assessment Act 1979* and *Environmental Planning and Assessment Regulation 2000*.
4. Delegates to the Acting Chief Executive Officer authority to finalise Amendment 2 to the *Liverpool Contributions Plan 2009*.

REPORT

Background

In December 2019, the Department of Planning, Industry and Environment (DPIE) released for comment the Draft Western Sydney Aerotropolis Plan (WSAP). The WSAP detailed the vision and planning approach for the Aerotropolis, including the provision of state and some local infrastructure to service the area.

The WSAP presents a once in a lifetime opportunity to transform the landscape of the Western Parkland City through city shaping infrastructure, such as the Western Sydney (Nancy Bird Walton Airport) and the north-south rail link. There is a global opportunity for economic investment to create thriving aviation-based business and residential communities.

The scale, scope and importance of this area requires a planning approach not previously seen before. This includes mechanisms for the delivery of local and regional infrastructure funding. Infrastructure to support the Aerotropolis is vital to its success and the Western City more generally.

Council has been proactive in the preparation of a contributions framework to support the Aerotropolis, in conjunction with Penrith City Council. This plan will ensure infrastructure delivery better aligns with development assessment, prevents unnecessary delays to development approvals due to a lack of infrastructure planning and provides Council with a strong understanding of our baseline infrastructure needs to be able to effectively negotiate planning agreements (if required).

The planning package for the Aerotropolis, comprising a State Environmental Planning Policy (SEPP), first stage Development Control Plan (DCP) and Environmental Planning & Assessment Regulation amendment, came into effect on 1 October 2020. As such, it is important for both Penrith and Liverpool City Councils to plan for the local infrastructure needs of this new community and minimise potential delays in the development process.

The Regulation has specific provisions in relation to contributions plans for the Aerotropolis, mandating that development applications within the Western Sydney Aerotropolis are not to be determined unless a contributions plan is in force. The Regulation, however, notes that a contributions plan is not required if the development is of a minor nature or the applicant has entered into a Planning Agreement (VPA) with Council for works that would be subject to a contributions plan.

Planning in the Aerotropolis

The Aerotropolis SEPP represents the first step of the planning framework to deliver the vision of the WSAP. The SEPP implements the WSAP and guides development within the Aerotropolis, through zoning, strategic objectives and planning controls.

The SEPP defines and zones initial precincts within the Aerotropolis. The primary zonings of these precincts are:

Table 1: Land use in the initial precincts

Precinct	Land Use Zone	Future Land Uses
Northern Gateway	Enterprise Mixed Use Environment and Recreation	Employment, business, professional services, Environmental & cultural protection, conservation, recreation

Precinct	Land Use Zone	Future Land Uses
Agribusiness	Agribusiness Zone Environment and Recreation	Agribusiness related land uses including food production, supply chain industries and processing. Environmental & cultural protection, conservation, recreation
Wianamatta - South Creek	Environment and Recreation	Environmental & cultural protection, conservation, recreation
Badgerys Creek	Enterprise Environment and Recreation	Employment, business, professional services, Environmental & cultural protection, conservation, recreation
Aerotropolis Core	Enterprise Mixed Use	Employment, business, professional services, Residential accommodation Environmental & cultural protection, conservation, recreation

Infrastructure funding in the Aerotropolis

The WSAP details two mechanisms that will enable the funding of infrastructure in the Aerotropolis:

- Special Infrastructure Contributions (SIC) - State development contributions.
- Local Infrastructure Contributions - s7.11 or s7.12 contributions.

A SIC is being prepared by DPIE and will be informed by the Place-based Infrastructure Compact (PIC) currently being finalised by the Greater Sydney Commission (GSC). The PIC will identify infrastructure and services needed to support growth and will estimate the costs of this infrastructure, with the SIC to be the mechanism to obtain funding. Given the scope of infrastructure included in the PIC, it is likely that the SIC will include a portion of the total cost. This differs from local infrastructure as Council is seeking the cost of infrastructure is met completely by local infrastructure contributions. It is likely that the SIC will be on exhibition in October 2020.

Penrith and Liverpool Councils are responsible for the identification and planning for local infrastructure needs in the area and the preparation of contributions plans to collect funds to deliver this infrastructure. A key consideration of both Councils in undertaking this work is to ensure there is an infrastructure framework for the precinct and an informed position on the cost of local infrastructure to provide an understanding of the cumulative impact of contributions.

Council has been working closely with both the GSC and DPIE in relation to the local infrastructure framework. Attempts have been made to ensure that all the necessary infrastructure is identified in only one plan (i.e. no double dipping) and no infrastructure is omitted. At the time of drafting this report, there was limited information regarding the SIC. Once the SIC is exhibited, further information will be provided to Council.

Two specific areas within the Aerotropolis, the Mamre Road precinct and Sydney Science Park, (both in the Penrith LGA) are not included in the Draft Aerotropolis Contributions Plan. The Mamre Road precinct and associated rezoning was completed prior to the Aerotropolis SEPP. Penrith Council has been able to develop additional controls based on the more advanced planning framework and has prepared a separate contributions plan for the area using the same land use assumptions, costs and deliverables as the draft Aerotropolis Contributions Plan.

The Sydney Science Park is currently subject to a Voluntary Planning Agreement (VPA) with Penrith City Council. This VPA includes the provision of a range of local infrastructure including roads, drainage, open space and community facility/library. The VPA includes a provision that s7.11/s7.12 cannot be applied. If the opportunity presents, Penrith will seek to amend the VPA to factor in work undertaken as a part of preparing the Draft Aerotropolis Contributions Plan. The draft Contributions Plan does not include the provision of any local infrastructure within the Sydney Science Park precinct.

Council's existing *Liverpool Contributions Plan 2009* currently applies to the Aerotropolis, however given the intention to implement a specific contributions plan for the Aerotropolis, it is proposed that this plan be amended to no longer apply to land in the Aerotropolis. The necessary amendments to CP 2009 are discussed further in this report.

Coordinated approach between Councils

Liverpool City Council has worked closely with Penrith City Council to prepare an infrastructure needs assessment and a contributions plan for the Aerotropolis to ensure a singular approach to local infrastructure planning and delivery.

A unified approach between councils has enabled a strong understanding of the needs of future residents and workers, and strength in discussing our needs with other stakeholders. It will also enable a consistent approach for infrastructure delivery, which will create efficiencies during the development process.

As there is progress towards infrastructure delivery, Liverpool and Penrith councils will formalise management arrangements to ensure an efficient and coordinated delivery process.

Proposed Contributions Framework

A joint Section 7.12 Plan (Attachment 1) has been prepared for the Aerotropolis and will be administered by both Penrith and Liverpool City Councils.

A Section 7.12 plan is a fixed levy plan based on the cost of development. It is a flexible plan that does not require an established nexus between development and the infrastructure to be delivered. As the precinct plans and development control plan have not been finalised and final locations of infrastructure have not been determined, a s7.12 plan is appropriate to facilitate development and obtain the necessary funding to deliver local infrastructure.

Plan preparation

The preparation of a local infrastructure contributions framework for the Aerotropolis focused on the following elements:

- Needs assessment of future local and regional infrastructure to support the objectives of the area;
- Recommendations on necessary local and regional infrastructure for the area;
- Advice and justification on a levy percentage that would be necessary to apply in order to deliver the required infrastructure; and
- Preparation of a Section 7.12 Contributions Plan, including suitable arrangements for a cross LGA boundary Plan.

Background work to inform the draft contributions plan was prepared ahead of the making of the SEPP and exhibition of the Precinct Plans in order to ensure that Council would be able to support new development with local infrastructure as soon as possible. In order to do so, a range of informed assumptions and benchmarking has been undertaken to determine future infrastructure needs. The six-step process of how this was undertaken is detailed below. This process is explained in much greater detail in the Background Report included as Attachment 2.

Table 2: Plan preparation assumptions

Process	Methodology
1. Land Use Assumptions	<ul style="list-style-type: none"> • The <i>WSAP</i> was used to determine land use zoning extents for the initial precincts. • Further refinements were undertaken when Mamre Road Precinct update to the WSEA SEPP was gazetted. • Development typologies for each zone were established to determine the construction profiles in each zone and required building, pavement, public roads and landscaped areas. • Assumptions on constrained land were applied.
2. Population + Employment Forecasts	<ul style="list-style-type: none"> • Population forecasts were taken from <i>WSAP</i> • Projects were used to determine the approximate number of dwellings for the precinct and the density of the dwellings.

Process	Methodology
	<ul style="list-style-type: none"> • Employment numbers from the WSAP were used to cross check the development typology assumptions in each precinct.
3. Baseline Assessment of existing Infrastructure	<ul style="list-style-type: none"> • A baseline analysis of existing road, stormwater drainage and social infrastructure was undertaken. • Assumptions were made as to the classification of future infrastructure as local (delivered by the plan) or State (delivered by SIC or otherwise)
4. Identification and Assessment of infrastructure required	<ul style="list-style-type: none"> • Benchmarking was used to determine the quantum of collector roads, stormwater facilities and social infrastructure, including land. • Existing development sites, industry best practice, Western Sydney Street Design Guidelines and Council policy to determine rates and extents
5. Cost identification	<ul style="list-style-type: none"> • Costs were identified using industry contractor rates, IPART assessments, and similar demonstrated developments. • Capital investment value of future development at the Aerotropolis is established.
6. Percentage calculation	<ul style="list-style-type: none"> • Using the established costs of future development and future infrastructure works, a percentage rate was established.

A detailed breakdown of the infrastructure to be delivered is provided in table 3 below.

Table 3: Overview of infrastructure to be delivered

Type	Deliverables
Roads	<ul style="list-style-type: none"> • 105,254m collector roads (designed to comply with new Western Sydney Street Design Guidelines)
Stormwater	<ul style="list-style-type: none"> • 1,636,707m³ stormwater detention • 909,285m² water quality
Open space and recreation	<ul style="list-style-type: none"> • 11 local parks (0.5ha) • 5 District parks (5ha) • 1 Citywide park (20ha) • 2 district sportsgrounds (10ha)

	<ul style="list-style-type: none"> • 6 multipurpose outdoor courts • 12 play spaces • Outdoor fitness stations • Youth precinct • 6 water play • Indoor leisure centre including: 50m pool, learn to swim pool, 25m pool, indoor courts, change facilities, toddler pool, youth area, picnic area, meeting rooms (3,000m²)
Social	<ul style="list-style-type: none"> • District multi-purpose community hub including library, community hall, meeting space, cultural production facility, community kitchen, recording studio spaces, office space, childcare centre and public space (minimum 2,000m²) Childcare centres

It is noted that as further planning work is completed by the WSPP, the specific location of the infrastructure detailed above will be identified, facilitating delivery.

Using this quantum of infrastructure, costs were determined for land and works. The industry benchmark, Cordell Consult, was used to determine the cost of the infrastructure works. The cost of land was provided by the Western Sydney Planning Partnership (WSPP) and aligns directly with the land costs to be included in the SIC. The cost to deliver the infrastructure enabled Council to determine what percentage levy would be required for the plan. Specific costs by infrastructure type are provided below.

Table 4: Breakdown of cost per type of infrastructure

Infrastructure	Cost
Roads & Stormwater	\$726,846,560
Social, open space & rec	\$203,161,243
Land	\$1,624,098,812
Plan administration (0.2%)	\$1,860,016
Total	\$2,555,966,631

Finally, the land use assumptions were used to inform the development costs for the purpose of calculating the capital investment value of development within the initial precincts. The total cost of development of the initial precincts is expected to be \$39bn.

This process has identified a need for a 6.5% levy on the capital investment value (cost of works) to deliver the local infrastructure needed for the Aerotropolis. This ensures minimal cost to ratepayers in the provision of local infrastructure in the Aerotropolis.

There are several areas in NSW that have a rate greater than the standard 1% levy. The locations listed below, focus on renewal in existing urban areas:

- Burwood Town Centre – 4%
- Gosford City Centre – 4%
- Parramatta City Centre – 3%
- Liverpool City Centre – 3%
- Newcastle City Centre – 3%
- Chatswood CBD – 3%
- Kingsford and Kensington Town Centres – 2.5%

The above areas differ significantly from the Aerotropolis, as the Aerotropolis is a greenfield site with very limited to no infrastructure. Specifically, the draft Aerotropolis Contributions Plan is seeking to deliver sufficient local infrastructure to support 86,000-102,000 new jobs and 28,000-34,000 new dwellings across 6,522ha of land in the initial precincts. All this infrastructure is required within a greenfield setting with minimal infrastructure that can be used to support future growth.

The proposed rate was converted to a contribution rate per net developable hectare to provide a comparison against other similar local contributions plans in Western Sydney focusing on industrial and employment areas. The summary table below identifies that the total cost per hectare is reasonable in comparison to other precincts.

Table 5: Contribution rate comparison

Area	LGA	Contribution rate (\$/ha)
Draft Aerotropolis Contributions Plan	Penrith and Liverpool	\$703,008
Box Hill Industrial	The Hills	\$540,000 - \$960,00
Marsden Park Industrial	Blacktown	\$589,000 - \$905,000
Eastern Creek Stage 3	Blacktown	\$219,000 or \$385,000

Council's current contributions plan for Edmondson Park is a s7.11 plan that collects approximately \$50,000 per dwelling. If the same contributions plan were a s.712 percentage-based plan, it would have an equivalent rate of approximately 8%.

The draft contributions plan is a mechanism to fund necessary infrastructure to support growth and development. The provision of infrastructure in accordance with this plan will generate future costs for council in maintenance and asset depreciation.

The fundamental principle of a contributions plan is to obtain funds to deliver infrastructure based on an increase in development. The contributions plan identifies a need for infrastructure based on the anticipated growth; costs the infrastructure and then determines the payment mechanism.

The growth that generates the need for infrastructure also generates additional income for council through an increase in the number of rateable properties and a corresponding increase in the value of those rateable properties. A portion of this additional income generated by growth and development in the Aerotropolis will be used to fund the maintenance of infrastructure provided under this plan, similar in approach to other growth areas like Austral and Edmondson Park.

Engagement with DPIE and WSPP

Penrith and Liverpool Councils have engaged with both DPIE and the WSPP throughout the preparation of the background report and contributions plan. The Councils have liaised with consultants working on behalf of the WSPP on feasibility testing within the Aerotropolis in order to understand land values.

A draft copy of the background report and contribution plan has been provided to DPIE for early comment. Feedback received from DPIE has been incorporated in the final documents. It is hoped that this early engagement will lead to a more accelerated final approval process of the plan by the Minister for Planning and Public Spaces.

Both Councils will continue to work with DPIE and WSPP to coordinate and refine the delivery of local infrastructure in the Aerotropolis, particularly in relation to the integration of the SIC and local contributions.

Plan making process

As the draft Aerotropolis Contributions Plan seeks a higher levy rate than 1%, both councils will need to seek Ministerial approval in order to make the draft Aerotropolis Contributions Plan. Discussions have commenced with DPIE to determine the process and timeframes to make the plan. DPIE has advised the plans will require endorsement and exhibition by Council, prior to the Minister's consideration for a high levy rate.

The request of the Minister to make the Plan will only happen following exhibition and further consideration of the Plan by Council.

If Council does not resolve to exhibit the draft Contributions Plan, there is the potential that the planning for local infrastructure will be undertaken by another body or the Minister will

direct Council to prepare a contributions plan. Either approach will likely delay the development process in the Aerotropolis.

Amendment to *Liverpool Contributions Plan 2009*

In conjunction with the commencement of the planning package to support the Aerotropolis, an amendment was made to the *Environmental Planning and Assessment Regulation 2000* that stated:

“a development application in relation to land shown on the land application map under State Environmental Planning Policy (Western Sydney Aerotropolis) 2020 must not be determined by the consent authority unless a contributions plan has been approved for the land to which the application relates.”

CP 2009 currently applies to land within the Aerotropolis. As the existing contributions plan was not designed to deliver infrastructure required for the Aerotropolis, CP 2009 must be amended to excise land within the Aerotropolis from the Plan. This approach will ensure that all relevant DAs approved in the Aerotropolis will contribute to the delivery of the necessary infrastructure to support development across the precincts.

It is proposed that CP 2009 is amended as detailed below.

Table 5: Amendments to CP 2009

Change	Comment
Part 2.9 – Rural areas map	Map updated to exclude land within the Aerotropolis.
Part 3.2 – Applies to – excluding the land under the Aerotropolis SEPP and all other existing Contributions Plans	Key change to exclude the land subject to the Aerotropolis SEPP. This change ensures clarity in relation to the applicability of CP 2009 to land within the Aerotropolis. Housekeeping amendment made to exclude all other Contributions Plans to clarify relationship between plans.
Part 3.4 – Table of amendments	Consequential change to ensure table of amendments is up to date.
Part 6 – Established Areas	Liverpool Contributions Plan 2018 – Established Areas replaced Part 6 of CP 2009. This is a housekeeping amendment to ensure clarity of relationship between CP 2009 and CP 2018.

A tracked changes version of draft *Liverpool Contributions Plan 2009* is included as Attachment 3 and will be used for public exhibition purposes to ensure clarity over the proposed change.

Exhibition

Given the confluence of Aerotropolis related exhibitions, both Penrith and Liverpool City Councils will seek to align exhibition of the draft Aerotropolis Contributions Plan with the Precinct Plans being developed by the WSPP and the SIC which is being developed by DPIE. This will enable full consideration of the impacts of these changes by the community and stakeholders. The goal is to ensure that the community can understand the full range of infrastructure that is required to support the Aerotropolis and make informed comments on the SIC, the precincts plans and the draft Aerotropolis Contributions Plan.

The *draft Aerotropolis Contributions Plan 2020*, Background Report and *Liverpool Contributions Plan 2009 – Amendment No.2* will be placed on exhibition for a minimum period of 28 days in accordance with the provisions of the *Environmental Planning and Assessment Act 1979* and Regulation.

Conclusion

Both Penrith City Council and Liverpool City Council has worked collaboratively to ensure that a robust contributions plan can be delivered in a timely manner to support the future growth and development of the Aerotropolis.

The needs assessment has determined that a fixed rate levy of 6.5% is necessary to deliver this infrastructure.

Penrith and Liverpool Councils will continue to work jointly, in consultation with DPIE to deliver a contributions plan to meet the local infrastructure needs of the Aerotropolis.

CONSIDERATIONS

<p>Economic</p>	<p>Deliver and maintain a range of transport related infrastructure such as footpaths, bus shelters and bikeways.</p> <p>Deliver a high quality local road system including provision and maintenance of infrastructure and management of traffic issues.</p>
<p>Environment</p>	<p>Manage the environmental health of waterways.</p>
<p>Social</p>	<p>Utilise the Western Sydney City Deal agreement to provide connectivity across the LGA through infrastructure and social initiatives.</p>

Civic Leadership	Implementation and Governance of the Western Sydney City Deal agreement.
Legislative	<i>Environmental Planning and Assessment Act 1979</i> <i>Environmental Planning and Assessment Regulation 2000</i>
Risk	<p>The risk is deemed to be High.</p> <p>The proposed contributions plan seeks to minimise the financial risk to both Council and ratepayers in relation to the provision of local infrastructure within the Aerotropolis.</p> <p>If the Contributions Plan is not supported, the risk to Council is considered outside Council's risk appetite.</p>

ATTACHMENTS

1. Draft Aerotropolis Contributions Plan 2020 (Under separate cover)
2. Aerotropolis Local Infrastructure Analysis - Background Report (Under separate cover)
3. Draft Liverpool Contributions Plan 2009 Amendment No.2 (Under separate cover)