

Draft Eastern District Plan

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THE GPT GROUP
SUBMISSION TO DRAFT
GREATER SYDNEY
REGION PLAN AND
REVISED DRAFT
DISTRICT PLANS

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1. INTRODUCTION

1.1. SUBMISSION PURPOSE

The GPT Group (GPT) is a listed property group. GPT is an active owner and manager of a \$11.1 billion diversified portfolio of high quality Australian retail, office and logistics property assets and a Funds Management platform with \$10.4 billion of property assets under management.

GPT has a keen interest in the regulatory and policy framework impacting its assets, including strategic and statutory planning. GPT has long favoured a proactive and cooperative approach to working with all levels of Government to achieve the highest quality outcomes for all stakeholders. This is evidenced in GPT's delivery of highly successful, city-shaping projects in locations as diverse as Rouse Hill, Charlestown, Macarthur and Wollongong.

GPT has appointed Urbis to assist in developing a response to certain draft strategic plans. This submission comprises an update to the previous GPT submission made in relation to the 2016 exhibition of the draft District Plans, and relates to:

- *Draft Greater Sydney Region Plan (Region Plan);*
- *Revised Draft District Plans (District Plans) specifically the: Revised Draft Eastern City District Plan (Eastern City Plan), Revised Draft Central City District Plan (Central City Plan), and Revised Draft Western City District Plan (Western City Plan).*

GPT appreciates the opportunity to provide further written input into this process and would welcome the opportunity to meet to discuss.

1.2. SUBMISSION OUTLINE

The submission is grouped into six categories:

- overarching concepts;
- infrastructure and governance;
- centres policy;
- funding and value capture;
- employment and urban services land; and
- location specific issues.

As identified in previous submissions, GPT is highly supportive of the Government's initiatives to support a productive, liveable and sustainable Sydney. The strategic plan-making framework of Metropolitan, District and Local plans has the potential to provide a robust and transparent structure to inform investment decisions. GPT therefore applauds the Greater Sydney Commission (GSC) for the strategic, evidence based thinking behind the revised Plans.

We note that a number of the concerns raised by GPT have been addressed in the revised draft Plans, and we have acknowledged this where relevant throughout the submission. We also identify concerns which have not been addressed, or new concerns which arise from amendments to the draft Plans.

1.3. ABOUT GPT

GPT owns and manages some of Australia's most iconic real estate assets, including the MLC Centre and Australia Square in Sydney, Melbourne Central and Highpoint Shopping Centre in Melbourne and One One One Eagle Street in Brisbane. GPT also owns and manages the celebrated Rouse Hill Town Centre in North West Sydney, key landholdings at Sydney Olympic Park, and many other assets in NSW. Listed on the Australian Securities Exchange (ASX) since 1971, GPT is today one of Australia's largest diversified listed property groups, one of the top 50 listed stocks on the ASX by market capitalisation. GPT assets that are within the Greater Metropolitan Sydney are mapped in **Figure 1**.

Retail Portfolio

GPT is one of the largest owners, managers and developers of retail assets in Australia. GPT's retail investments of \$5.3 billion include a portfolio of assets held on the Group's balance sheet and an investment in the GPT Wholesale Shopping Centre Fund, giving GPT exposure to 13 high quality shopping centres.

Office Portfolio

GPT's office portfolio is the highest quality of an Australian REIT and includes a number of iconic assets in Eastern Seaboard locations. GPT's office investment of \$4.3 billion consists of a portfolio of assets held on the Group's balance sheet and an investment in the GPT Wholesale Office Fund, giving GPT exposure to 23 Premium and A-Grade office buildings.

Logistics Portfolio

GPT's logistics portfolio consists of 24 high quality logistics and business park assets located across Australia's Eastern Seaboard. The portfolio includes assets held on the Group's balance sheet and an investment in the GPT Metro Office Fund.

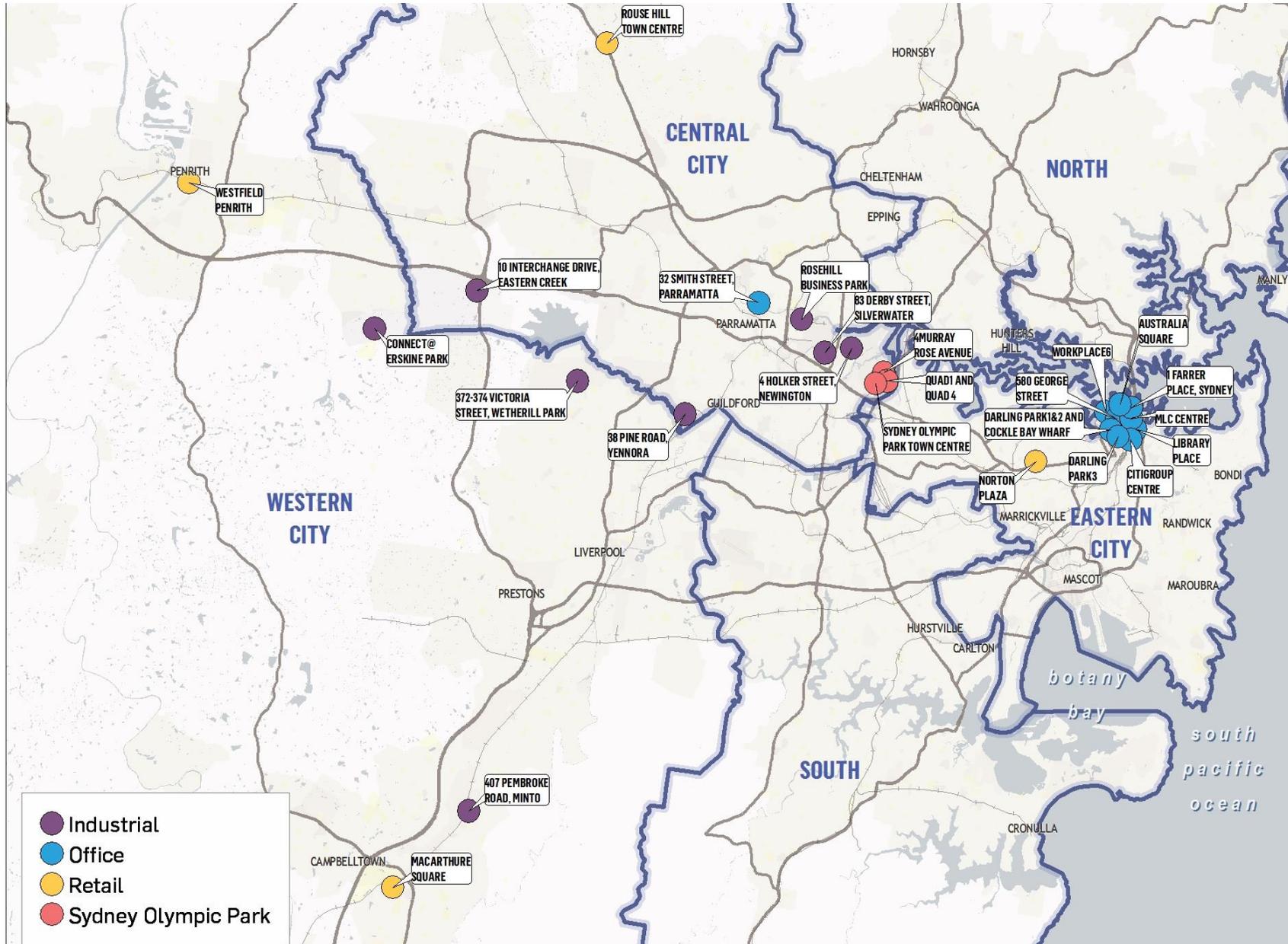
1.4. WHICH DISTRICT PLAN

The following table identifies which Revised Draft District Plans are relevant to each section of the report. It also identifies where the Region Plan is relevant to each section.

Table 1 – Relevant Revised Draft District Plan Table

Section / Subsection Heading	Region Plan	Eastern City	Central City	Western City
Overarching Concepts	✓	✓	✓	✓
Infrastructure and Governance	✓	✓	✓	✓
Centres	✓	✓	✓	✓
Funding and Value Capture	✓	✓	✓	✓
Employment and Urban Services Land	✓	✓	✓	✓
Location Specific Issues				
Harbour CBD		✓		
Parramatta CBD			✓	
Sydney Olympic Park			✓	
Camellia			✓	
Rouse Hill			✓	
Western Parkland City				✓
Eastern Creek			✓	
Yennora			✓	

Figure 1 – GPT Assets in the Sydney Metropolitan Region by Asset Class



2. OVERARCHING CONCEPTS

2.1. ACHIEVING THE 30-MINUTE CITY

By changing the way in which Sydney is conceptualised into a 'Metropolis of Three Cities' with 'Dual CBDs' and a 'City Cluster' the goal is that most residents in Sydney will have access jobs and services within 30 minutes using public transport. GPT is fully aware and supportive of the need to plan for and provide highly accessible communities.

While this is a laudable goal, it needs to be recognised that the future of work and employment is changing. A risk of trying to disperse jobs across Sydney to have 'jobs closer to home' is that people rarely change their housing and jobs at the same time, potentially resulting in increased commute times for large proportions of people who make housing decisions based on more than just proximity to employment.

For this reason, the concept of a '30-minute city' needs to apply to different levels of connectivity. It needs to be conceptualised as both a local concept, District concept and Metropolitan concept.

Well-connected Strategic Centres will continue to play an important role for employment, investment and business activity. The draft Region Plan identifies the need for enhanced public transport access to these centres as part of the 30-minute city. This is something that needs to be supported and realised in order to maintain Sydney's position as a world-class global city.

Over and above this, the key '30-minute city' that needs to be realised is access between the Western City and Eastern City via the Central City. This link has been acknowledged in the Plans as a key trunk city-city corridor, and the timely delivery of Sydney Metro west critical to achieving this.

2.2. PLACE BASED PLANNING

The GSC's decision to embrace place-based planning is a key evolution in the role of strategic planning and how it is envisaged for Sydney.

Clarity is sought around how a place-based planning methodology will be implemented and achieved in practice, noting that place-based planning is inherently bespoke and location specific.

GPT is supportive of place-based planning in Collaboration Areas, and see the value in this approach helping to deliver innovative approaches to change over time, particularly in relation to matters such as shared parking and infrastructure provision.

2.3. HOUSING AND JOBS TARGETS

We note that none of the jobs and dwelling targets have been revised in the most recent iterations of the District Plans. We seek clarity as to whether or not the projected +725,000 dwellings and +817,000 jobs will be sufficient to cater for the forecast +2.71 million residents by 2036 whilst maintaining quality of life (i.e. some level of housing affordability and enough FTE jobs).

2.4. ENGAGEMENT

We are pleased to see that many of GPT's suggestions and concerns have been addressed in the most recent Plans.

As previously stated, GPT is keen to engage with the GSC and Government in order to further develop policy, engage with further required studies where relevant and advise on value capture and other key matters. This extends to GPT's willingness to engage with reviews of industrial land especially in GPOP, with a specific focus on Camellia and Silverwater, where the protection of industrial activities is identified as the intended approach going forward.

3. INFRASTRUCTURE AND GOVERNANCE

3.1. TRANSPORT INFRASTRUCTURE

GPT is strongly supportive of the GSC's decision to integrate strategic land use, transport and infrastructure planning. The Region Plan the first strategic plan for the city that has integrated land use and infrastructure planning. It is also the first strategic plan that commits to a continued place-based planning framework that incorporates social and economic infrastructure planning with land use planning. This seismic shift in the way in which strategic planning shapes our city is laudable and should be highly commended.

The decision to continue with the establishment of Collaboration Areas indicates commitment to planning land use and infrastructure together and should be commended and fully supported.

The integration of transport and land use planning represents the 'gold standard' of strategic plan making in a complex and fast growing City like Sydney. The ability to undertake meaningful integrated land use planning is limited, however when fundamental transport decisions and commitments remain in question as they do in Sydney. Timely decisions and funding commitments must be made for the adequate provision of these most fundamental building blocks of a liveable, productive City.

Successful and timely commitment and delivery of Infrastructure will be critical for the delivery of The Region Plan and District Plans '*Direction 1 - A city supported by infrastructure*'. In order to achieve this direction the Government needs to commit to the following:

- Route and station details, funding mechanisms and timing for announced projects, specifically Sydney Metro West.
- The release of structure plans and proposed charges / value sharing models for areas in transition to more accurately shape landholder expectations and ensure that all forms of infrastructure are delivered.
- A program of corridor protection to ensure delivery of future transport infrastructure isn't cost-prohibitive.

Early identification, protection and acquisition of required land for infrastructure corridor is critical to future proof the viability of infrastructure projects and ensure they can be delivered. When releasing the preferred alignments for future transport corridors, we encourage the concurrent implementation of measures necessary to protect these corridors.

While the Plans identify that freight will be supported with the development of the Outer Sydney Orbital (to Western Sydney Airport (WSA)) and upgrades to the Southern Sydney Freight Line, these objectives are listed only for investigation over the next 10 years. These transport corridors need be protected to reduce the cost of future delivery, and realistically their delivery needs to be commenced within the next 10 years in order to support the development of the Western Parkland City.

3.2. SYDNEY METRO WEST

It is critical to the viability of the Central City, the Western City, and more broadly the ongoing status of Sydney as a global city, that the Sydney Metro West is delivered as a matter of priority. Sydney Metro West will deliver faster business-to-business links and provide easier and quicker connections for a skilled workforce as well as students and visitors.

GPT supports the establishment of a rapid, sub-20-minute connection between the East and Central Cities, and the strategic decisions around the location of stations should reinforce this objective. Other complementary public transport options can provide "on surface" connectivity within the corridor by connecting with stations along Sydney Metro West to maximise patronage without detriment to operating speeds realised along the corridor.

A maximum of 4 stations could be provided between the Sydney and Parramatta CBDs. Stations should be located to optimise and support city building objectives and opportunities, by considering the broader land use planning for the precinct the station is located in. The facilitation of urban renewal over increasing servicing of existing established communities should be prioritised. They should be located to connect multiple modes of transport to serve as transport interchanges; thus, increasing the resilience and permeability of the transport network through integration of new services with existing modes.

Forward planning should optimise station locations having regard to a range of strategic concerns rather than focusing on an individual landholder's willingness to pay. This enables the integration between the transport initiatives, built form objectives (housing, employment, retail), required community infrastructure (schools, open spaces, health services, libraries, other community facilities) and environmental outcomes.

To ensure Parramatta's position as the "true" Central City, the timely provision of a high-speed connection between the Eastern and Central Cities is critical. This link will also serve to realise the viability of key precincts along the corridor such as Sydney Olympic Park and the Bays Precinct. It will be the critical driver for housing, employment and services providers to invest along and throughout the corridor. With the projected uplift in population across the District, the importance of the timely delivery of both the Parramatta Light Rail and Sydney Metro West cannot be underestimated. Consolidation of the corridor will also facilitate the shift of gravity in Sydney to 2056 toward the west, and pave the way for stronger links to the emerging Western City.

Timeliness is critical. A number of major road corridors converge on Greater Parramatta, reflecting its role as the core of the Central River City. These corridors entangle local, cross-regional and freight flows and cause congestion. Additionally, the T1 Western Line Heavy Rail is at 130% capacity and currently cannot meet existing and projected future demand. If Sydney is to remain as a globally competitive city, then this needs to be alleviated as a matter of urgency.

Poor amenity and transport accessibility across the Central City District, as a result of existing road and rail congestion is impacting negatively on quality of life and the productivity of the city. Sydney Metro West's transformative potential to alleviate pressure on the existing transport network needs to be seized. Further, the delivery of the proposed second stage of Sydney Metro West being the connection from WSA to Parramatta will be needed to support the viability of the Western City and the realisation of the '30-minute city' objective. Sydney Metro West has been identified as the key trunk (city-city) corridor linking the Western, Central and Eastern Cities, however there is no guarantee of delivery timeframes, funding mechanisms or route.

3.3. SOCIAL AND COMMUNITY INFRASTRUCTURE

The GSC should be commended for attempting to integrate the planning of all forms of economic and social infrastructure, including schools, tertiary institutions, hospitals, recreation and cultural facilities, and essential services, such as fire, police and ambulance stations with land use planning. While the Plan identifies in general terms where various forms of social infrastructure will be required, it makes no commitments as to when, where and the scale of such provisions. Timely decisions and funding commitments must be made for the adequate provision of these most fundamental building blocks of a liveable, productive City.

3.4. GROWTH INFRASTRUCTURE COMPACTS

GPT supports the establishment of 'Growth Infrastructure Compacts' (GIC) to facilitate cooperation between government, business and the community to realise jobs and housing growth targets. 'Growth Infrastructure Compacts' are considered to be a preferential iteration of 'Collaboration Areas', as the former acknowledges the importance of including business and the community in the cooperative process.

Sydney Olympic Park and the broader GPOP (Greater Parramatta and Olympic Park precinct) is a prime example of a precinct that requires powerful collaboration between public and private stakeholders to achieve the desired outcomes. GPT seeks clarity as to how the GIC will work on a smaller scale, and wishes to understand how the GSC envisages these relationships will function in practice. In addition, the mechanism of agreeing to and funding key outcomes requires clarification. Specifically, how the GSC will ensure that the following are achieved:

- Development and levies support infrastructure funding while not making development unviable;
- Focussing new development in the most cost-effective locations based on existing and future transport capacity;
- Understanding cumulative development costs including State and local contributions in different markets;
- Providing for greater collaboration with the private sector; and
- Testing and implementing new delivery models to improve services.

Finally, consideration should be given to statutory reforms which will empower the GSC to implement meaningful change through the Growth Infrastructure Compact process.

4. CENTRES

4.1. CENTRES POLICY

For several decades, Sydney's planning policies have focussed retail and high-density employment within identified centres. The policy of agglomerating these uses in centres, typically based around transport nodes, has proven to be highly successful.

The policy – typically referred to as a 'centres policy', facilitates the more efficient and effective utilisation of road and public transport infrastructure, and reduces private vehicle movements by facilitating multi-purpose trips.

The policy also provides investment certainty, encouraging high levels of investment – by both private and public sector – into hard and soft infrastructure and services to support each centre. Investment certainty for the private sector means willingness to invest in the development of billions of dollars-worth of education, retail, entertainment, commercial and community-focussed development to serve the community. This creates productive, liveable and sustainable communities.

Centres policy recognises that out of centre development – on land well outside identified centres - undermines, and runs counter to, each of the benefits outlined above.

As outlined in previous submissions, a strong centres policy needs to be continually and consistently reinforced to ensure the efficient allocation of resources for the benefit of the broader public. Proposals to remove barriers which prevent ad-hoc, opportunistic proposals on cheap highway or industrial land, poorly serviced by public transport, is inconsistent with the public interest.

The draft Region Plan aims to take a flexible view of centres, enabling their role to evolve in the future and seeking to create opportunities for the development of new centres to accommodate required retail and office floor space. While the draft District Plans reinforce a strong focus on centres and prioritise retail and employment floorspace in centres, the plans identify many circumstances where the establishment of significant new retail floorspace and new Strategic Centres may be appropriate, including:

- growing existing centres;
- new supermarket-based local centres;
- new retail centres within business parks;
- new strategic centres in new release areas;
- new strategic centres in Urban Renewal Areas;
- new centres as part of 'mixed use development';
- new strategic centres at transport interchanges; and
- most concerningly, developing retail in industrial locations in "exceptional circumstances", for example where there are existing retail uses.

GPT recognises that as the city grows there will be a need to deliver new centres, retail and office precincts. However, the above list runs counter to a strong centres policy. The approach of encouraging unchecked retail development just about anywhere – in any commercial, business or industrial zone – provides an environment with no investment certainty. It discourages high levels of public and private investment and encourages opportunistic, car-based retail rollout on cheap land.

Given the above, and more flexible definition of Strategic centres (that is, encompassing small centres with low job targets), this could open the door for the establishment of out of centre development.

The GSC is urged to review the guidance around retail and centres policy in the Plans, to avoid weakening the considerable and wide-ranging benefits associated with a strong centres policy.

4.2. CLASSIFICATION OF CENTRES

We note that a range of changes have been proposed to the classification of centres. Regular changes to the approach to centres classification, and the reclassification of individual centres, within each successive draft

and final metropolitan and subregional/district strategy over the past decade has resulted in an uncertain policy environment.

GPT is generally supportive of the approach taken in the 2017 draft District Plans, however some concerns remain.

The centres hierarchy has been simplified and all centres which were 'demoted' in 2016 are 'restored' in 2017. GPT supports this particularly in relation to Campbelltown-Macarthur, Penrith and Rouse Hill.

In relation to Strategic Centres, the definition of Strategic Centre has been broadened so that each of the centres differs markedly in scale and opportunities to provide jobs and services. For example, only a few have major commercial precincts. The definition now includes reference to residential being part of the centre, which is supported, and positively, the commentary around ensuring that office development remains viable in commercial cores is retained.

However, concern is raised that the re-classification of District Centres (2016) to Strategic Centres (2017) has resulted in the elevation of many previously local centres (2014) becoming Strategic Centres. This has the potential to dilute investment and undermine the centres hierarchy. For example, centres that had been **local** centres in 2014 such as Richmond-Windsor are now **Strategic** Centres, and are in the same classification as significant Strategic Centres such as Sydney Olympic Park.

The continuation and reinforcement of a robust centres policy is vital. We note that some statements in the Plans continue leave the door open to significant erosion of the policy through cumulative decisions by individual Councils. The detail of policy goals for individual Strategic Centres should be included in District Plans as per 2016 Plans, rather than being delegated to Councils, to ensure that a strong centres hierarchy is not undermined by competing interests at a local level.

4.3. CONNECTING CENTRES

Centres have different propositions and roles. Something they all share, however, is the fact that connectivity is key to their strength. A hierarchy of public transport networks – from truly rapid metros connecting the 'three Cities', to fine grained local transport – should connect centres to leverage the benefits arising from dense, mixed used centres.

5. FUNDING AND VALUE CAPTURE

While the Region Plan and District Plans provide greater clarity as to the GSC's position on value capture mechanisms to fund and deliver infrastructure across Greater Sydney. This is not an endorsed Government position and no detail is provided of the Government's intent in this regard, perpetuating considerable uncertainty for the private sector.

Value capture seeks to recover some of the value that public infrastructure generates for private landowners. The GSC posits that planning for infrastructure needs to *'Carefully balance requirements to fund infrastructure without burdening private development unreasonably, by better understanding the cumulative impacts of developer contributions in different markets across Greater Sydney – This relies on industry and governments being certain of cumulative development costs.'* The GSC further outlines the following key concerns when identifying opportunities for value capture:

- Explore and, where appropriate, trial opportunities to share value created by the planning process and infrastructure investment (such as rail) to assist funding infrastructure
- Increase collaboration with the private sector to finance infrastructure
- Better leverage capacity and the efficiency of existing infrastructure
- Investigate the potential of further user charging to support infrastructure delivery
- Explore and implement new delivery models to improve services to the community.

While GPT supports the consideration of the cumulative impact of all contributions, fees and charges, there is a pressing need for Government to prepare guidance to address the cumulative impacts of development contributions on development feasibility and delivery across Greater Sydney. Decisions around value capture should be anchored in best practice principles that balance the need for short term capital recovery, with long term alternative capital recovery mechanisms.

GPT recognises the strong drive to reduce the cost to government when investing in infrastructure. Current thinking within government appears to understand value capture solely as a short-term capital recovery strategy, derived from collecting funds from land owners in the immediate vicinity of a piece of infrastructure.

GPT is of the view that this current understanding of value capture, while it is the prevailing governmental perspective on value capture (see Federal 'Smart Cities Plan') is short-sighted and impacts on the successful delivery of quality outcomes. In addition to impacting project viability, this approach raises the cost of development on prime sites, thus generating an unintended outcome of making marginal sites more attractive for development at the expense of better located sites.

GPT encourages the NSW Government to review its thinking around value capture, and view it as a long-term idea that focuses on supporting transport and infrastructure outcomes at a metropolitan level rather than solely through a land uplift framework.

Reducing congestion through provision of new public transport infrastructure, has been demonstrated to have significant, metro-wide direct and indirect economic benefits. Further, reduced congestion and rapid transit connections will increase Sydney's global appeal and competitiveness.

By thinking about value capture or return on investment (ROI) from a long-term perspective, ROI can instead be achieved by government through increased future tax revenue collected over the entire Sydney metropolitan catchment. As the city continues its path to become what the draft Plans says will be "the most liveable city in the world"; it will continue to attract new investment in jobs and housing. As a result, total tax revenue will increase. This alternative framework for conceptualising ROI for infrastructure spending, would allow the best possible transport outcomes to be delivered to Greater Sydney rather than those that have the largest immediate/short term opportunity for value capture.

GPT encourages the NSW Government to adopt an approach to value capture that balances the need for short term capital recovery, with long term alternative capital recovery mechanisms.

6. EMPLOYMENT AND URBAN SERVICES LAND

The logistics sector is a key element in the industrial land supply equation. It is increasingly a dominant land use within industrial lands as our economy continues to move away from manufacturing toward a service driven economy. It is encouraging that this is reflected throughout the Plans.

6.1. LAND USE CONFLICTS

As new land is released, and urban industrial lands are progressively rezoned, careful consideration needs to be given to minimising land use conflict. The Plans correctly identify that incompatible land uses should be buffered, and conflicts between truck and passenger car movement carefully avoided. There is no clear direction however around how this will be achieved.

As such, while GPT supports a degree of flexibility in zoning provisions to facilitate and support innovation and technological change, it is equally important to maintain traditional land use separation theory that buffers residential uses from significant industrial, freight and logistics precincts.

While it is accepted that new developments should be expected to implement measures to reduce amenity impacts, the viability of existing or likely future operations should not be constrained by incompatible land use decisions. There is a strong need to provide appropriate buffers to existing and future industrial uses to avoid this.

6.2. TECHNOLOGY

The GSC should be congratulated for including commentary in the District Plans around the impact of future technologies on logistics and demand for industrial lands. As technology revolutionises every aspect of our lives, the way in which logistics/industrial lands operate will necessarily evolve and change as well. It is a positive step that this has been recognised, and we urge the GSC to commit to concrete actions to facilitate and encourage the potential for future technologies to transform the way in which the logistics sectors operate and how demand for industrial lands works.

GPT's Logistics team are keen to engage with the GSC on industrial lands, with a particular focus on the impacts of future technologies on the sector and wider economy. GPT believes that it is important for strategic planning to consider and provide capacity for technological change to facilitate the evolution of land uses within industrial, freight and logistics precincts.

6.3. INFRASTRUCTURE

As previously stated, major new industrial land release must be supported by a timely and certain rollout of infrastructure. This roll-out needs to be forward-funded and coordinated, rather than being left to individual fragmented landholders to deliver in a piecemeal manner. To facilitate this, local and State government need to work together with service providers. Significant infrastructure investment has been identified for the Western City District including:

- Dedicated freight connection from Port Botany to Western City;
- North-south connections between Sydney, Newcastle and Wollongong, particularly as the role of Port Kembla is elevated over the next 40 years; and
- Protection of existing and future intermodal terminals and freight corridors to maximise operational efficiencies.

Particularly in the case of the Western City District, the lack of certainty around rail transport infrastructure, freeway routes and intermodal strategies has the potential to limit the significant economic upside available from the WSA. While significant infrastructure investment has been announced the lack of funding and timing certainty is concerning.

7. LOCATION SPECIFIC ISSUES

7.1. HARBOUR CBD

GPT support the draft District Plan's overarching priorities and objectives for the Eastern City District and the and its specific focus on office growth in an expanded Central Sydney, now termed the 'Harbour CBD.' The Harbour CBD is envisaged as more than the Central Sydney Core to include North Sydney CBD, Barangaroo, Darling Harbour, Pyrmont, The Bays Precinct, Camperdown-Ultimo, Central to Eveleigh and parts of Surry Hills and Sydney East. This is a positive shift.

While a polycentric city is important for facilitating a '30-minute city' it is not the panacea for the Sydney CBD's lack of commercial floor space. For Sydney to be a global leader it needs a strong CBD commercial core to drive growth and benefit from the agglomeration of skills necessary for a city to remain globally competitive.

It also needs a rapid transit connection between the future Western and Eastern City via the Central City. If this is not achieved Sydney's ability to compete on a global stage will be jeopardised.

Cost of Business

To drive growth, GPT believes that it is critical to lower the cost of business in the Harbour CBD to remain competitive in a global market. The Sydney CBD office market is already experiencing supply side issues which are serving to drive up commercial rents. While this may appear to be good news for incumbent landlords such as GPT, it is not in the broader interest of firms looking to locate within the Sydney CBD. The constriction of office supply is expected to worsen as number of commercial buildings are taken offline for residential redevelopment, combined with the State Governments acquisition of a further 16 commercial buildings within the CBD to facilitate the construction of the Sydney Metro.

This is a known issue for both local and State government, and poses a threat to the future competitiveness of Sydney on the global stage. Sydney is geographically isolated, and unlike cities such as Singapore we are neither an aeronautical transport hub, nor a 'launch pad' into neighbouring emerging markets. If the cost of business in Sydney increases to the point of being prohibitive, Sydney will risk its place as a competitive global city. This is not a problem that will only effect CBD landowners, but the entire Australian economy as high-skilled jobs are moved off-shore, draining Australia of talent.

Draft Central Sydney Planning Strategy

Through the draft Central Sydney Planning Strategy, the City of Sydney Council aims to unlock 2.9 million square metres of commercial office space. However, this requires consolidation and redevelopment of already highly-developed blocks to an unrealistic extent. Further, development yield and feasibility will be hampered by way of restrictive new controls on solar access, setbacks, tapering of buildings, feasibility and land use mix restrictions. This is coupled with the need for an uncertain Planning Proposal process to unlock higher FSRs, along with proposals for new cost imposts through value capture, housing and public art levies on top of current Section 61 and Heritage Floor Space purchase payments (and the cost of the latter continues to spiral out of control). Given these factors, the actual delivery of floorspace is likely to be below the theoretical targets. This may be insufficient to relieve supply side constraints affecting the market.

There has been no progress on the draft Central Sydney Planning Strategy since it was announced eighteen months ago and is still yet to go on public exhibition. It has no statutory weight. Furthermore, due to the fact that the draft Central Sydney Planning Strategy is still yet to go on exhibition, there has been no mechanism to protect the commercial core from erosion by residential development. As such, concerns around the sufficient supply of commercial office space are intensified.

Role of State Government

The City of Sydney cannot be held solely responsible for alleviating supply side constraints to the global Sydney commercial office market. Fortunately, the district planning process provides the GSC with the opportunity to provide strategic guidance on the need for the provision of adequate commercial office floorspace into the future. The State Government must act decisively to plan for – and support through new infrastructure – the provision of considerable amounts of new commercial floor space both within and at the edges of, Central Sydney. While it is encouraging that the Harbour CBD has been expanded to include the Bays Precinct, North Sydney and Surry Hills there is no concrete framework to enable development in these areas to occur to alleviate supply side pressures.

7.2. PARRAMATTA CBD

GPT shares the GSC's view of the vital role that Parramatta will play as the hub of the 'Central City'. This is evidenced by GPT's acquisition of a key landholding in the Parramatta CBD (32 Smith and 93-95 Phillip Street), on which a 28,000sqm (GFA) A-Grade office building is to be developed.

For greater certainty in investment decisions in Parramatta, it is critical that the State Government work with Parramatta Council to finalise the *Parramatta CBD Planning Strategy* as a matter of urgency.

In addition to this, the State Government must commit to key decisions around light rail, metro rail, and road upgrades. The Government must also work with the private sector to discuss and agree infrastructure funding mechanisms, and lock these in so that development investment decisions can be made.

To support these key decisions around transport infrastructure upgrades, long term thinking needs to occur around the corridor protection for Metro linking the Central and Eastern Cities, as well as linking the Central City to the future Western City at Western Sydney Airport. This Metro line will serve as a central spine for the wider city upon which Parramatta's position as the heart of Sydney will be dependant.

7.3. SYDNEY OLYMPIC PARK

Sydney Olympic Park has maintained its status in the draft Central City District Plan as a Strategic Centre, which (along with Norwest) has the largest proportion of knowledge-intensive jobs in the Central City District. Over the next 20 years, Sydney Olympic Park will continue to grow as a vibrant centre with increased economic activity, improved infrastructure and enhanced public domain.

Sydney Olympic Park requires a total transport solution, including walking and cycling connections, integrated with land use planning. Parramatta Light Rail Stage 2 and Sydney Metro West would significantly increase accessibility and contribute to achieving the job targets. The inclusion of a Sydney Metro West station at the Sydney Olympic Park 'Lifestyle Super Precinct' is critical to creating an economic artery between Parramatta, the heart of the Central City and the established Eastern City.

Sydney Olympic Park's jobs and dwelling targets have not been revised since the previous Plans and is expected to accommodate an additional 15,396 homes and 22,000 jobs by 2036. It is intended to accommodate a substantial town centre with 100,000sqm of floor space. It will serve as a key multi-modal transport interchange between light rail, heavy rail, metro rail, and "on surface" transport modes including active transport and buses. The provision of a Metro station at Sydney Olympic Park will enable specialisation and differentiation of economic activity to occur along the corridor; while also unlocking the development potential of residential, employment and retail land uses that are currently unrealised in Sydney Olympic Park.

GPT recognises and exalts Sydney Olympic Park's historic and existing role as Sydney's world-class sporting and event venue, however also acknowledges the need for the precinct to evolve into a sustainable mixed-use precinct of high accessibility and amenity. It is encouraging to see the Plans identify the value in using health and education uses to activate Sydney Olympic Park. The opportunity to attract public and private sports, health and physical education and tertiary education facilities as anchor tenants to activate Sydney Olympic Park in a meaningful way needs to be seized. This activation is unlikely to happen without Government-led initiatives and support which will be crucial to the successful introduction and integration of uses such as tertiary education, including student accommodation, and arts and cultural destinations.

For Sydney Olympic Park to transform into a vibrant mixed-use precinct, there needs to be clear strategy articulated in the District Plan, supported by comprehensive plans such as attracting cultural lynchpin tenancies that will facilitate the realisation of the aspirations and vision for Sydney Olympic Park. The Government must work with key stakeholders to steer the transformation of Sydney Olympic Park from a precinct that is activated only in event mode, to a true 18/7 mixed use economy.

Public Transport: Sydney Metro West and Parramatta Light Rail

GPT recognises the transformational role that Sydney Metro West will play in connecting the Eastern, Central and Western Cities. Delivery of this line must be fast tracked through a direct funding commitment by the State and Federal Governments. Collecting funds through a piecemeal value capture model will delay the project to a 10-15 year time horizon, while the costs of congestion to the economy continue to build.

In order to achieve genuinely rapid transit to the Central and Western Cities, GPT endorses the concept that metro stations between Parramatta and the Sydney CBD be strictly limited, due to the impact of additional stops on the efficacy and value of the line by increasing commute times. An increased commute time between

the Central and Eastern City's will serve to undermine the poly-centricity of the city, impact on Parramatta's role as a Metropolitan City Centre, and adversely impact Sydney's position as a global leader.

The Parramatta Light Rail is essential to link and work in conjunction with the Sydney Metro West to effectively service the population through an efficient and reliable multi-modal transport system. Key Light Rail / Sydney Metro West interchanges would be at Parramatta and Sydney Olympic Park, allowing people the flexibility of modal variety between traditional passenger rail, light rail and metro rail. Sydney Olympic Park will also serve as a key active transport interchange, reflecting its designation as a 'Lifestyle Super Precinct' and its heritage as a sporting hub.

Infrastructure Funding

While it is encouraging that GPOP will pilot the GIC model for coordinated infrastructure delivery, clarity is sought around what infrastructure the GIC will fund and how much will be levied in order to provide investment certainty to ensure future private sector investment in Sydney Olympic Park.

Further information is required regarding when the Special Infrastructure Contribution (SIC) levy for the Proposed Greater Parramatta Special Contribution Area will be implemented. The lack of clarity around what infrastructure the SIC will be expected to fund and how much will be levied, threatens to dissuade, or at least defer future private sector investment in Sydney Olympic Park. These mechanisms could have significant implications for project viability and need to be resolved in parallel with, and not in isolation of, the District Plans.

Timing is Critical

It is critical for the future development potential and viability of Sydney Olympic Park that the above issues are tackled as a matter of priority. The current lack of amenity and transport accessibility within Sydney Olympic Park has already resulted in key tenants choosing to relocate to other areas of the city, notably Commonwealth Bank. This makes it challenging to retain and grow employment and satisfy Strategic Centre targets.

7.4. CAMELLIA

Industrial Land Protection

The draft Central City District Plan identifies that work is needed to review all industrial land in the district to confirm protection or transition to higher order uses (such as business parks), and prepare appropriate controls to maximise business and employment outcomes, considering the changing nature of industries in the area.

The Plan explicitly states that in "...GPOP, specifically Camellia and Silverwater, the protection of industrial activities will be a starting objective". GPT is supportive of the protection of industrial activities in areas where it is needed, such as Silverwater and parts of the Camellia peninsula. However, we seek clarity as to how the above statement reconciles with the GPOP vision for the transformation of the Camellia-Carlingford corridor into a 'Next Generation Living' Precinct.

Contamination

Camellia, typical of many Central City industrial precincts has substantial contamination issues. Given the level of contamination and the fragmented landholdings, it is unrealistic to anticipate that clean-up will occur the necessary extent without Government intervention and coordination. We seek clarity around how the Government plans to deliver a 'Next Generation Living' Precinct at Camellia, considering the contamination issues and considerable cost impost that places on land development.

Transport

There is a need for a total transport solution that meets the requirements of the new Camellia town centre, while also ensuring that neighbouring fuel operations can safely coexist.

In relation to public transport, Stage 2 of the Parramatta Light Rail project will provide essential connectivity to the precinct and support a major mixed-use precinct. If Stage 2 is rerouted as proposed to north of the Parramatta River, then consideration should be given to relocating the stabling yard and maintenance facility at Camellia. A spur line with no amenity for the community is not a positive urban design outcome and is not aligned with the provision of city building outcomes. Alternative sites could be identified in the industrial area south of Rosehill Racecourse and adjacent to the existing Clyde to Carlingford rail line.

GPT urges the Government to consider placing a Sydney Metro West station at Camellia to create a transport interchange with the Parramatta Light Rail project and to serve as a catalyst for redevelopment.

In relation to road transport, a key to unlocking Camellia's potential as a mixed-use precinct would appear to be the construction of road infrastructure that will separate industrial and residential uses to minimise land use conflicts.

Industrial Demand Remains High

The demand for industrial and logistics facilities in Camellia is currently high. The warehousing and logistics sector is a key element in the industrial land supply equation. It is increasingly a dominant land use within industrial lands as our economy continues to move away from manufacturing towards a services-driven economy.

Landowners need an economic incentive to change a land use. If this economic incentive is eroded through onerous levies, then development becomes problematic and not financially feasible. In the case of Camellia, as previously noted the market demand for infrastructure/logistics facilities within the locality is currently robust. To support landowners in changing land uses in this location, the Government needs to be cognisant of not eroding the economic incentive to do so.

Land Use Conflicts

As new land is released, and urban industrial lands are progressively rezoned, careful consideration needs to be given to minimising land use conflict. Incompatible land uses should be buffered, and conflicts between truck and passenger car movement carefully avoided. This is of particular importance within Camellia, and GPT is supportive of the Department's recognition of this.

GPT is cautiously encouraging of the Department's stance that further detailed planning of Camellia should not be progressed until such a time as the transport conflicts and issues have been resolved. However, as a key land holder within Camellia, GPT seeks clarity and a firm commitment from Government around the timeframe for transport planning resolutions for Camellia.

While GPT supports a degree of flexibility in zoning provisions to facilitate and support innovation and technological change, it is equally important to maintain traditional land use separation theory that buffers residential uses from significant industrial, freight and logistics precincts.

7.5. ROUSE HILL

For a number of decades, Rouse Hill has been identified in strategic and statutory planning instruments as the Regional Centre for the North-West sector, however the draft West Central District Plan (2016) proposed to reclassify Rouse Hill from Strategic Centre to District Centre. The importance of Rouse Hill as a Strategic Centre has been acknowledged in the draft Central City District Plan with it being restored to its historic status as a Strategic Centre.

Rouse Hill comprises a major retail, residential and community hub, and has further capacity for significant employment, housing and retail growth. GPT therefore seeks to ensure that Rouse Hill's role is recognised and supported, and feels that Rouse Hill should maintain a higher order classification in the centres hierarchy.

Under the new hierarchy this is no longer possible as there is no distinction between Strategic and District Centres. This has meant that many centres that were previously local centres in 2014 such as Richmond-Windsor are now Strategic Centres of arguably equivalent importance to Rouse Hill. This appears to be solely due to nomenclature changes in the 2014, 2016 and 2017 plans. This has the potential to dilute investment and undermine the centres hierarchy.

7.6. WESTERN PARKLAND CITY

Western City Cluster

The previous plans were concerning in that they elevated the Western Sydney Airport and the Aerotropolis as the heart of the "Western City", at the apparent cost of previous Government commitments to support Penrith, Liverpool and Campbelltown-Macarthur as the Regional Cities for the west and south west. GPT is encouraged to see that the importance of Penrith, Liverpool and Campbelltown-Macarthur has been recognised in the new Plans with their status being identified as Metropolitan City Clusters.

Greater connectivity within the Western Parkland City should be supported by investing heavily in the public transport and road networks. Key to this is diversifying connections within the west to allow for polycentric development rather than the current linear development patterns to occur. Linkages should reflect both the

existing and planned settlement patterns of the City, ensuring equitable access throughout the precinct. The establishment of a north-south rail connection is critical to the success of the Western Parkland City.

Care should be taken to ensure that growth and development is viewed holistically and shared across the Western District to ensure that jobs aren't relocated from existing centres to support the aerotropolis, but instead new jobs are generated.

While GPT acknowledges the need to establish new centres in the district to accommodate population growth in release and renewal areas, we recommend that the process of choosing new centre locations is robust in order to encourage investment certainty and support the success of existing and planned centres. Such a framework should discourage opportunistic and speculative rezonings and development proposals.

Greater Penrith

As the co-owner of Westfield Penrith, GPT is concerned to ensure that a focus on the Aerotropolis will not come at a considerable cost to Penrith. Greater Penrith provides the opportunity for jobs growth including in the key knowledge sectors of education and healthcare. Greater Penrith's status as a Collaboration Area is an acknowledgement of the key role that it will play in the success of the Western City. GPT is eager to engage on this and support the aims of the Collaboration Area.

GPT supports the Plan's intent to enhance access to public transport, and take steps to plan for road upgrades (widening Mulgoa Road). However, more work needs to be done to address congestion in and around the Centre, as well as on rail links throughout and to the Western City.

Campbelltown-Macarthur

As the co-owner of Macarthur Square, GPT is concerned to ensure that a focus on the Aerotropolis will not come at a considerable cost to Campbelltown-Macarthur. Campbelltown-Macarthur's catchment will experience significant growth, extending toward planned greenfield development in Menangle Park, Mount Gilead and Wilton. The Centre's classification as a Metropolitan City Cluster is recognition of its importance to the region and Greater Sydney.

Campbelltown-Macarthur's newly announced status as a Collaboration Area is an acknowledgement of the key role that it will play in the success of the Western City, and is supported by GPT.

GPT supports the Plan's intent to enhance access to public transport. However, more work needs to be done to address congestion in and around the Centre, as well as on rail links throughout and to the Western City. GPT would like to see finer grained transport connections between Macarthur and Campbelltown to promote and reinforce greater activity within the two hubs.

GPT is also supportive of improved road and public transport connections to the Greater Macarthur Release Area to ensure that future residents experience a high level of amenity and connectivity to services in the Western City and Greater Sydney.

Eastern Creek

As recognised in the draft Central City District Plan, Eastern Creek is one of the most important industrial precincts in Greater Sydney. In recognition of the critical role that it plays in not only Sydney but more broadly, to NSW's gross domestic product, Eastern Creek and the broader Western Sydney Employment Area demands an improved road transport network. To this end, more certainty and clarity is required around the future routes and timeframes of the proposed M9 and M12 motorways.

Action 53.f. of the Plan identifies that improving the road connectivity from Villawood to Eastern Creek, via Yennora, Smithfield and Wetherill Park to improve business-to-business and supply chain connectivity along this industrial corridor is a priority, however the responsibility for this is attributed to 'Councils and other planning authorities, State agencies and State-owned corporations' which in effect serves to apportion the responsibility to no-one. There is a real and pressing need for certainty around the future routes and timeframes of M9 and M12, to support the Central City's industrial capacity.

7.7. YENNORA

Consideration should be given to the long-term future of Yennora. GPT encourages the GSC to develop a long-term strategy and vision to 2056, to guide the eventual metamorphosis of industrial land at Yennora to accommodate additional or alternative uses.

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