



18 December 2019

The Greater Sydney Commission
PO Box 252
PARRAMATTA NSW 2150

Email: engagement@gsc.nsw.gov.au

Dear Sir or Madam

Re: Submission on *A City Supported by Infrastructure and GPOP – Our true centre: the connected unifying heart*

Thank you for the opportunity to make a submission on the Greater Sydney Commission's draft papers (the Papers):

- *A City Supported by Infrastructure, Place-based Infrastructure Compact Pilot*
- *GPOP - Our true centre: the connected unifying heart, Place-based Infrastructure Compact Pilot*

The Southern Sydney Regional Organisation of Councils Inc (SSROC) is an association of eleven local councils in the area south of Sydney Harbour, covering central, inner west, eastern and southern Sydney. SSROC provides a forum for the exchange of ideas between our member councils, and an interface between governments, other councils and key bodies on issues of common interest. Together, our member councils cover a population of about 1.7 million, one third of the population of Sydney.

SSROC welcomes the opportunity to provide comment on the Papers to help identify ways the NSW Government and its local government partners can support the continued growth occurring in the Greater Sydney, especially for those LGAs currently undergoing very rapid population growth driving transformations of their communities and places.

Over the next planning period up to 2036, the population the South and Eastern City Districts is set to grow by around 530,000 people and 241,000 new homes¹. This rapid, high growth strategy will add significantly more people than the entire population currently

¹ Greater Sydney Region Plan, March 2018, and District Plans

living in Canberra. However, it is to be all delivered within the relatively short 20-year planning period, with around 16 years still remaining. The local communities and local councils navigating this rapid transformation require the assurance of an adequately funded infrastructure investment strategy to support and underpin this growth and densification.

Notably the scale of planned growth within the SSROC region exceeds the growth of the Central District (207,500 homes by 2036) used as the basis for the pilot GOP pilot.

Local governments are major deliverers of services in NSW and have a key role to play in the infrastructure discussion.

Academic research highlights that 'Local governments are the least well-funded tier of government within the Australian federation (Brown, 2006).' 'In 2016–17, total taxation revenue in Australia stood at \$488.5 billion of which only \$17.4 billion (3.6%) accrued to local government' (ABS, 2018)².

In addition, over the past three decades local governments have felt the impact of cost-shifting as the national and state governments have transferred some of their responsibilities to local government. Commonly these transfers have taken place without the reallocation of resources, effectively creating an unfunded mandate for local action that can represent a significant cost on local communities (House of Representatives, Hawker Inquiry, 2003)³.

In this fiscally constrained service delivery environment, greater efficiency and effectiveness continue to be key drivers. Local councils and advocacy bodies such as SSROC welcome opportunities to contribute to the discussion to improve infrastructure planning and delivery.

General Comments

SSROC welcomes Australia's 'first model for place-based growth and infrastructure alignment'. We appreciate the opportunity to provide feedback on the GOP pilot to suggest ways to improve the model and make it better.

The new *Placed-based Infrastructure Compact* (PIC) developed for consultation by the Greater Sydney Commission offers the prospect of a ground-breaking approach that can bring the main elements and all stakeholders together to put infrastructure in place to achieve better planning and the effective use of scarce resources as Sydney grows.

Critically, this submission looks to define social and economic infrastructure very broadly as anything that supports local communities and businesses to be productive and thrive. A very broad approach is consistent with the holistic aspirations of the PIC. Infrastructure

² Economic and Labour Relations Review · October 2019

Alan Morris et al *Australian local governments and affordable housing: Challenges and possibilities*
https://opus.lib.uts.edu.au/bitstream/10453/136444/3/Aust%20LGs%20and%20affordable%20housing%20JAAJAM%2020190913_190913.pdf

³ Ibid

necessarily extends from services requiring recurrent expenditure to capital investment and activities that combine the two.

Infrastructure therefore needs to encompass: the environment, water and waste management; cultural infrastructure; education; health; housing (including affordable housing); justice; and transport and recognise that they are now delivered and financed through a diverse range of mechanisms by government and non-government stakeholders.

SSROC believes our cities, along with the other regional areas, require a special focus in this discussion. Sydney as an established global city has unique productivity, population and economic growth challenges. These place-based challenges now need a specific focus to tailor responses and embed the benefits of good growth.

The proposed model potentially offers an array of benefits:

- By better aligning growth with infrastructure and services, government – state and local – can afford to deliver quality outcomes for people and the environment.
- Growth is sequenced in a logical way.
- Infrastructure is provided when it is needed.
- Great places are created to support the needs of residents, workers and visitors.
- Business opportunities for all involved in making cities are maximised. Better coordinated strategic planning can support a precinct's social and economic development by enabling councils, community organisations, businesses and industries to best utilise local strengths and endowments.

Cities for Us Summit

A number of the planning and infrastructure related recommendations in the PIC echo those previously made previously at the *Cities for Us Summit* held in July 2018⁴.

Cities for Us Summit advocated strongly for better placed-based planning. The *Summit* was hosted by SSROC and Shelter NSW with support from the Committee for Sydney and the Planning Institute Australia. It was delivered in collaboration with UNSW City Futures with sponsorship from Mirvac, SGCH and City West Housing.

A key recommendation of the Communique from the *Summit* proposed moving to a Growth Infrastructure Compact by District and key precincts. It envisioned the Compact operating between the Greater Sydney Commission, Infrastructure NSW, the (former) Department of Planning and Environment and Sydney councils to make sure local community infrastructure kept pace with growth.

Accordingly, SSROC welcomes and supports the development of the PIC model including the scenario testing, the six-step method, and the proposed sequencing plan.

⁴ Cities for US Summit, Communique 25 July 2018 <https://ssroc.nsw.gov.au/wp-content/uploads/2018/09/Cities-for-Us-Summit-Communique-1.pdf>

The PIC aspires to provide a holistic approach to the infrastructure and services that are needed in a place before it can grow. The model should therefore include the full range of infrastructure that should be prioritised to create attractive, liveable, and sustainable places.

To this end the draft model appears to have left out two important and notable strands of essential community infrastructure: waste management and affordable rental housing provision. These should be added to the core model arrangements.

Local councils should be clearly elevated to a PIC Partner alongside the government agencies and utility providers. Infrastructure delivered by non-government for-profit and not-for-profit providers should also be incorporated and engaged within the model framework.

The sequencing plans for precincts should always be developed in conjunction with local councils. These plans could be made in conjunction with, and implemented through, councils' local strategic planning statements.

Given the limitations on Government funding, it will be crucial include value capture as one of the model's potential funding sources and make provision for this mechanism within the model in the future. Once sector infrastructure and strategic capital costs are identified under the assessment of scenarios (the step 2) is completed, the testing of the funding sources should look at value capture as part of the funding mix and what this means as a percentage of land use uplift.

This way value capture arrangements can be announced when the future development potential is announced.

In relation to GPOP, SSROC supports the sequencing of the *Proposed Actions* and the sequencing of Phase 2 to follow Phase 1, so as to allow for the coordination of GPOP infrastructure and new development with the roll-out of Sydney Metro West.

SSROC notes that while the greater part of the GPOP lies in the City of Parramatta Council and Cumberland Council areas, some of the GPOP area includes a portion of Canada Bay. Specifically, the Parramatta Road Corridor Urban Transformation Strategy (PRCUTS) Homebush Precinct, which is within the GPOP Homebush-North Strathfield Phase 2 Precinct, is substantially within the Canada Bay LGA.

Accordingly, SSROC requests that the City of Canada Bay Council be also invited and included as a partner in the GPOP PIC, noting that the boundaries of the GPOP encompass a portion of the Canada Bay LGA.

Subject to Canada Bay Council's agreement, it is also requested that Section 6.2 and Figure 26 be amended to acknowledge Canada Bay Council as a partner in the GPOP PIC. This amendment will help to demonstrate that the Commission is willing to engage closely with Council as a key stakeholder and further consult Council for their feedback about the GPOP and the PIC pilot.

Detailed comments on the PIC model

This part of the submission focuses on the Commission's questions canvassed in the Papers principally around the PIC model.

The new PIC model

Commission Question: How well do you feel you understand the model?

The PIC model developed in the pilot has three interrelated components.

1. A collaborative approach across State agencies, utility providers and local councils
2. A six-step method integrating land use, infrastructure and economic evaluation
3. A digital and data tool providing analytics and insights that are important in keeping the PIC dynamic and up-to date.

Significantly the model offers the opportunity to better align long-term growth with the timely delivery of infrastructure and services. This is a very complex and ambitious planning task that involves managing competing needs, the 'allocation' of finite resources and coordinating multiple independent stakeholders. A major challenge is that model's heavy dependency on key input assumptions about Sydney's future population growth. The planning task requires a very serious investment of time and commitment to plan, align activities and expenditure, evaluate and the re-adjustment of plans to changing circumstances.

The model is also a creature of its context: the development of the strategic planning reform process and the governance, policy and funding arrangements operating in the period 2016-2019. Many of the conditions and circumstances at the inception of the pilot have changed and some of the many elements will not be replicated again as they have been overtaken by subsequent reforms and market developments.

The work commenced in 2016 with the then Minister for Planning asking the Commission to develop a list of city-shaping game changers. Accordingly, the model's inception pre-dates:

- the development of the local councils' LSPS (long term strategic intent and directions agreed with communities);
- the extension of SEPP 70 Affordable Housing to all LGAs;
- COAG's decision to promote the circular economy;
- the appointment of the Minister for Planning and Public Spaces;
- the Government's recent decision to super-charge development of growth precincts;
- major transport infrastructure investments;
- commitments to communities about consultation on the views and priorities; and
- the introduction of a NSW Building Commissioner and related building industry reform agenda that will impact directly on private residential development.

If subsequent policy reforms and changes to infrastructure priorities are not incorporated, the model will quickly become short-sighted and despite its comprehensive aspirations will embed shortcomings.

A very dynamic and evolving model is therefore required to address the inevitable policy changes and to accommodate new evidence so the PIC can maintain its holistic remit and strategic currency over time. Recommendations from the model will need to be retested through a process of continuous engagement with the community and stakeholders and checked against emerging priorities for Greater Sydney.

A flexible approach to the scale of a planning area is also required to enable the model's use (or partial use) in regional and sub-regional transformational contexts, to guide:

- city-shaping infrastructure (such as the Western Sydney City Deal)
- transit-oriented growth corridors
- major new growth precincts.

A flexible model should support the Government's new approach to precinct pathways⁵. It will require a diversity of devolved governance and shared leadership approaches which effectively engage a broader range of stakeholders involved in infrastructure planning and provision:

- collaborative state and council led transformations (including state led-planned precincts)
- council-led urban transformations.

The *Cities for Us Summit* communiqué made recommendations along similar lines for delivering local renewal. The communiqué recommended piloting local renewal agencies in neighbourhoods undergoing intensive redevelopment that is not currently led by a state agency. These council-led pilots would endeavour to deliver place-sensitive models supported by strong community engagement. Potentially local renewal agencies could be regarded as PICs for smaller or lower priority precincts.

An accessible, more transparent model is required for continuous improvement. This can help spread the benefits of aligned infrastructure planning and coordination to the main contributors' own internal operating and resource allocation frameworks: within Government agencies, local councils and utility providers.

An accountable model is needed to give outsiders confidence and build public trust in the results especially when large amounts of the input information are commercial-in-confidence and often politically sensitive. SSROC recommends that an independent audit should accompany the PIC reports to provide assurance and some protection from inevitable criticisms.

Commission Question: How could we improve the model? For example, is there anything we missed?

The PIC aspires to provide a holistic approach to the infrastructure and services that are needed in a place before it can grow.

⁵ NSW Department of Planning Infrastructure and Environment, *A new approach to precincts* 2019
<https://www.planning.nsw.gov.au/Plans-for-your-area/A-new-approach-to-precincts>

The model has potentially omitted two important and notable strands of essential community infrastructure: waste management and affordable rental housing provision. Their absence, or at best being on the margins, underappreciates their role and contribution to making more liveable and productive communities, and critically for the model, excludes the assessment of their long-term costs and benefits.

Inclusion of waste and recycling infrastructure

Waste management is an essential service and should be planned for accordingly⁶. SSROC strongly recommends that the PIC should take into account the need for waste infrastructure and services. Reforms to the management of council waste disposal and reuse to make lasting shifts in practice are needed to embed an efficient and sustainable circular economy. This needs to include from the design of new buildings and precincts to accommodate adequate and up-to-date waste collection services within the site to industrial-scale infrastructure for waste processing and resource recovery facilities with adequate buffer zones between them and residential areas.

Where facilities cannot be located in densely populated areas, then provision must be made for transfer stations, where collection vehicles can transfer and potentially sort waste for onward movement.

Preferably, onward movement should be by train to avoid road congestion. Strategic land use planning would therefore also need to take into account the movement of waste as freight and consider moving freight from a regional hub and returning with waste material destined for a resource recovery facility at that same regional hub.

Inclusion of social and affordable housing as infrastructure

There is a strong case for housing as part of a country's essential infrastructure, not as separate or in opposition to investment in transport or energy. Stable housing forms a critical foundation for children, teenagers and adults to develop and improve preschool, primary secondary and tertiary educational performance.

The case for treating affordable rental housing as infrastructure is even clearer. For low-income households in metropolitan areas across Australia, the situation in 2019 remains untenable. Sydney remains critically unaffordable to significant proportions of the renting population, especially very low and low-income households. While Sydney remains the third least affordable metropolitan region in Australia in part because of its higher median

⁶ COAG Meeting Communiqué, 9 August 2019

COAG leaders agreed Australia should establish a timetable to ban the export of waste plastic, paper, glass and tyres, while building Australia's capacity to generate high value recycled commodities and associated demand. They tasked Environment Ministers to advise on a proposed timetable and response strategy following consultation with industry and other stakeholders. Leaders agreed the strategy must seek to reduce waste, especially plastics, decrease the amount of waste going to landfill and maximise the capability of our waste management and recycling sector to collect, recycle, reuse, convert and recover waste.

<https://www.coag.gov.au/meeting-outcomes/coag-meeting-communique-09-august-2019>

gross income, for those on fixed incomes it remains the most unaffordable city in Australia.⁷

The housing affordability problem is also affecting key and essential workers' ability to locate near their place of work threatening the viability of the key services they provide to our city. *Key Worker Housing Affordability in Sydney* report found that in the ten years leading up to 2016, key areas in Sydney lost between 10 and 20 percent of teachers, nurses, police and emergency service workers to outer and regional areas⁸. Attracting and retaining skilled key and essential workers is critical part of building a modern and evolving economy.

Recent research shows Australia's higher-income families are exploiting the supply of cheap homes in the rental market, leaving low and very low-income households with an endemic shortage of housing. A new AHURI study, *The supply of affordable private rental housing in Australian cities*⁹ has found that while the private rental sector is growing strongly – by more than twice the rate of household growth – greater overall supply has not translated into increased supply for lower income households, who face increasing shortages.

This research also highlights alarming affordability challenges in Sydney – Australia's largest rental market. For the first time in this series of research projects, in Sydney in 2016 there was an absolute shortfall of dwellings affordable to low-income households. This contrasts with other Australian cities, where there were enough affordable dwellings for these households, even if there might have been a shortage of availability due to households with higher incomes renting them.

The research showed this problem was intensifying across Australia but was felt the most acutely in Sydney, the country's least-affordable housing market. It recommends a customised policy response to boost affordable rental supply for low-income households in Sydney so they can continue to work in jobs necessary for the effective running of an international city such as Sydney.

The housing needs of 40% of Sydney's current and future population (those households on very low and low incomes) are too important to ignore.

The Paper notes as part of the findings for the GPOP that:

‘With respect to affordable housing, the PIC Pilot found that most precincts in GPOP have potential to support the implementation of the Region Plan's Objective 11: ‘Housing is more diverse and affordable’. The Region Plan recommends

⁷Rental Affordability Index, SGS November 2019

https://www.sgsep.com.au/assets/main/Projects/SGS-Economics-and-Planning_RAI-Nov-19.pdf

⁸ Sydney University 2018, *Key Worker Housing Affordability in Sydney* report

<https://sydney.edu.au/news-opinion/news/2018/02/05/emergency-and-key-services-at-risk-due-to-property-market-boom.html>

⁹ AHURI Hulse et al *The supply of affordable private rental housing in Australian cities: shorter and longer term changes* December 2019 https://www.ahuri.edu.au/_data/assets/pdf_file/0024/53619/AHURI-Final-Report-323-The-supply-of-affordable-private-rental-housing-in-Australian-cities-short-term-and-longer-term-changes.pdf

Affordable Rental Housing Targets as a mechanism to deliver more affordable housing for very low to low-income households and notes that within Greater Sydney targets of generally between five and 10 per cent of new residential floor space are viable. It was found to be feasible for all precincts with residential uses to achieve some level of affordable rental housing, in addition to local, state and regional infrastructure. This will ensure that communities do not forgo local amenities and services¹⁰.

As affordable rental housing is a form of social and community infrastructure that requires government investment to be produced, it is too important to leave outside of the PIC proper. That would risk sidelining affordable housing and it becoming residual after other infrastructure priorities and investment plans are determined.

Plans for urban growth occurring without the social and economic infrastructure needed to support the population growth, is often a recipe for planning failure and lower productivity. This failure is experienced in: the absence of community support; poor planning; traffic congestion; and lower quality of life and liveability for communities. It also results in more expensive rectification costs paid for by taxpayers and ratepayers when missing infrastructure has to be retrofitted to local government areas that underwent rapid growth. Accordingly, SSROC strongly recommends that the PIC should incorporate the benefits of affordable housing its scenario analysis.

A lack of community and business support for development can quickly materialise if the economic and social costs of underinvestment are borne disproportionately by residents and sections of the business community. If unaddressed it can help entrench inequality within under resourced parts of Sydney.

The Communique from the *Cities for Us Summit* recommended strategically extending SEPP 70 to all Sydney councils to consistently and more fairly meet Sydney's pressing housing problem of housing unaffordability. In March 2019, the NSW Government extended SEPP 70 to all NSW Councils enabling them to opt to establish a local contribution scheme in designated growth precincts and provided a guideline to assist councils with this task.

A strategic approach should help to integrate affordable housing as essential infrastructure within the PIC model reflecting that many Sydney councils have flagged their intention to operate an affordable housing contribution scheme in their Local Strategic Planning Statements.

Coordinating rezoning announcements and decisions about infrastructure contributions to optimise outcomes for communities

Some further work on the PIC is probably needed to develop the process to coordinate budget approval processes with planning proposals. The 6-step PIC process indicates a joint implementation through the land use planning system and cross-agency budget process, but it is not clear what happens if one part is not approved. If the PIC does not

¹⁰Greater Sydney Commission, A City Supported by Infrastructure November 2019, page 36 https://gsc-public-1.s3.amazonaws.com/s3fs-public/gpop_pic_-_a_city_supported_by_infrastructure_web.pdf

receive approval through the budget process, but the land is rezoned then this may create an infrastructure funding shortfall. On the other hand, if the PIC is approved via the cross-agency budget process but the local authority does not up-zone an area (e.g. Independent Planning Commission and St Leonards recently) then there is a risk of creating stranded infrastructure.

The Region Plan and the PIC indicate that new development should fund infrastructure “without being unreasonably burdened to the extent that it becomes unviable”. Importantly, if Government announces the land use intentions too early then developers may pay too much for land and complain they cannot pay Special Infrastructure Contributions (SICs). Similarly, if the land use intentions are announced too early then it may severely limit the possibility for value capture.

Commission Question: How could this model be used to help other places?

The productivity improvement and good growth challenge is how to scale up and rollout the Compact (PIC) and related funding to address the infrastructure needs of the 50 new precincts¹¹ that are set to undergo re-zonings and rapid growth as announced by the Planning Minister for Greater Metropolitan Sydney.

A key question for local government is how to achieve the benefits more widely and best turn the model into a framework that can be replicable at a range of spatial scales. The current model is tied to a high-level strategic infrastructure business case that will necessarily be Cabinet-in-confidence.

A roll-out of the PIC to other precincts needs to include established urban areas undergoing rapid densification as a priority. It is envisaged that this could then result in a set of Place-based Infrastructure Compacts (containing infrastructure priorities with a sequencing plan linked to funding) across Sydney. Attachment 1 sets out a potential schema for considering different levels of engagement with the PIC based on the scale and speed of the development process.

SSROC recommends that a pathway is established so that a local council, or group of councils, can instigate a discussion with the Government about the potential applicability of the PIC to a high-growth transformation they are managing.

It will be inequitable if some communities undergoing rapid growth are left with seemingly intractable problems of congestion and overcrowding, coupled with inequitable access to services, jobs and other opportunities while others receive a comprehensive response that meet good growth criteria.

A process would be needed to assess which places and priorities meet assistance thresholds to receive planning support, how much Government support they get and for what suite of infrastructure. Assistance should not depend on where the growth is occurring but rather objective criteria of scale, existing infrastructure bottlenecks, intensity and timing of place-based transformations all assessed on a non-partisan basis.

¹¹ Department of Planning Infrastructure and Environment, A new approach to precincts <https://www.planning.nsw.gov.au/Plans-for-your-area/A-new-approach-to-precincts>

In recognition that this would pose a major funding challenge, a transition will probably be required. As an interim step, the adoption of a Government policy and common methodology for: assessing infrastructure needs and gaps for places undergoing rapid growth; the preparation of cost benefit analysis; and ensuring transparent linkages to the planning system would be a very welcome initiative. A pilot of a Local Renewal Agency could also test a council-led collaborative approach.

This inclusive approach to planning infrastructure would help to build community trust, minimise red tape, avoid wasteful duplication of council planning and assessment effort, reduce project delays, provide more certainty for developers, help avoid escalating congestion and poor servicing of growing populations.

Many areas in Greater Sydney are experiencing significant transformation and would benefit from place-based growth and infrastructure alignment methods in the PIC. These places have been identified in the Greater Sydney Region Plan albeit with some further refinements as new transport infrastructure routes are now announced.

A broader process should provide an early insight of where growth can be most cost-effectively supported by the provision of infrastructure.

In essence a collaborative model that looks holistically at a place to identify the most cost-effective sequencing for growth aligned with the provision of infrastructure is essentially replicable. [See earlier discussion about the differentiated precinct pathways in this submission].

For replicability at smaller scales, there should be an easier, and straightforward approval path that enables individual agencies to routinely develop infrastructure plans that respond to accepted place-based growth priorities contained in the Greater Sydney District Plans. Such a shift will help to get away from a silo mentality and support agencies to develop new more nimble accountability and approval processes that integrate with capital budget development and project prioritisation.

The challenge for government agencies is as much about organisational culture as finance. It requires fostering collaboration, reconsidering priorities from a bigger perspective of community benefit and productivity and taking a wider perspective to better harness the available resources through collaboration.

The development of the PIC provides a valuable opportunity to adopt a shared methodology used by the PIC for developing integrated infrastructure investment plans together with a common language defined for this work. This positive development will improve understanding and reduce highly unproductive repetition between councils and agencies. A robust framework could operate in conjunction with a stronger place-based approach to planning that can be applied across the board from the local to the regional scales.

A sound methodology has much to offer communities, strategic leadership, local councils and government agencies.

Another potential off-shoot of this approach is the adoption of a standard way or methodology for agencies to look at and measure the need for investment in future infrastructure that has acceptance across State-line agencies and utilities as well as Treasury.

The broader adoption of a PIC framework could assist local councils to make more robust business cases for funding linked to an infrastructure compact between state government and individual councils to support planned population growth and new transformational urban places.

Commission Question: How can community and industry better participate?

Sydney “needs additional public infrastructure – and private business equipment and structures and housing – accommodate the needs of every extra person (born locally as well as immigrant) if average living standards aren’t to fall.¹²”.

Infrastructure contributions paid by developers to state and local governments are often not applied on a consistent basis. Contributions liabilities are often unclear, which can adversely affect decisions by property owners and developers.

On the other hand, increasingly infrastructure and services are being delivered by the private sector and not-for-profit service providers to meet future demands and to share the cost of provision and delivery. Sometimes this is through public private partnerships, contracting and or commissioning. Understanding a sequenced approach to precinct planning will be critical to their investment strategies and assessing obligations to make infrastructure contributions.

The privatisation of infrastructure, outsourcing of its management, asset recycling programs, market design, long-term leasing, and extensive use of subcontracting pose particular challenges to a holistic approach to developing place-based infrastructure investment planning aligned to growth.

Accordingly, an infrastructure investment plan needs to find ways of involving the non-government sector in planning and testing the potential funding and financing implications of major elements that are often driven by market forces. Examples include transport services (e.g. ferries, buses, light rail, cargo facilities, tollways, airports), utilities (desalination plants, electricity and gas distribution, waste management) and social services (homelessness services, out of home care, affordable and social housing management). The planning challenge is to do this planning ahead of asset sales, contracting and commissioning and opportunities for market testing.

While Government contracting and regulating bodies should provide advice about future plans, it will be important to find avenues for consulting, and testing assumptions about

¹² Sydney Morning Herald, 27 November 2019, Ross Gittins, *High Immigration is changing the Aussie way of life* <https://www.smh.com.au/business/the-economy/high-immigration-is-changing-the-aussie-way-of-life-20191126-p53e5e.html>

non-government provision and costs to government in growing the private and community sectors that deliver community infrastructure.

Similar to government agencies, private infrastructure providers may need to make adjustments to their internal data collection and decision-making frameworks to respond to place based thinking and to identify place-based service gaps and needs.

One of the planning challenges comes from service information about supply and demand being held by numerous service providers who treat it as commercial-in-confidence. The capacity to collect and aggregate this data to gain robust a place-based picture is often very constrained.

Due to these limitations, some infrastructure industry planning may need to be undertaken by a government or local government body as a proxy for these private and not for profit stakeholders.

Key findings for GPOP

Commission Question: What findings from GPOP do you agree with?

Finding 1

“The GPOP pilot showed that the ‘Transformative’ Scenario 3 and ‘Visionary’ Scenario 4 for GPOP delivered the greatest liveability, productivity and sustainability benefits, and these outweighed the costs.”

The conclusion that these scenarios delivered around **double**¹³ the net benefits of the ‘Incremental’ Scenario 2 suggests the potential importance of more widely applying the model to other places in Sydney undergoing rapid growth.

Trialling the model in other settings (apart from GPOP and the Western Parkland City) could usefully explore whether these results are replicable and whether the necessary ingredients (such as the ability to grow industry and jobs sub-regionally) could be present for this to occur in smaller, more confined locations like new transit corridors.

Less spectacular place-based developments should not become the poor cousin of landmark city-making developments, lacking in infrastructure investment nor devoid of cross agency collaboration. They also require a measured and proportionate response that delivers government growth aligned investment. This will ensure the benefits of good growth are more evenly spread and community fears of traffic congestion and overcrowding in schools and public amenities like parks are seriously addressed and do not gain momentum.

The Paper highlights that the value of liveability was assumed to improve by providing better access to jobs, and that this would be reflected in people’s willingness to pay for housing to be close to where they can work. As higher house prices and rents are directly embedded in the model, it is vitally important to consider and incorporate the social and

¹³ GSC PIC Paper page 34

affordable housing provision as critical infrastructure in the model to reduce inequities and mitigate impacts for low income earning households.

Finding 2: Taking a holistic approach to places

SSROC agrees with the proposition that “great places need a wide range of social, economic and environmental infrastructure such as trees, parks, schools and health facilities”. Previously in this submission the omission of two important types of essential community infrastructure: waste management and affordable rental housing provision was noted. A holistic approach needs to include both to ensure both are included and adequately planned for.

Local Strategic Planning Statements (LSPSs) will soon set out 20-year visions for the local government areas’ land-uses, special character and values that are to be preserved, as well as how change will be managed into the future.

This creates a number of challenges for integration of infrastructure planning as a number of places will extend across more than one local government area. The LSPS importantly is designed around the spatial response to long-term housing growth targets derived from GSC District Plans. It is critically important however, that the LSPS as the local expression of communities’ future directions is not sidelined but rather plays a central role in the application of the PIC and the selection of the preferred growth scenario.

Finding 3: Better decision-making with early insights

The scale of necessary infrastructure requires a clear understanding of costs, and of who should be contributing to them, in order to guide better decisions and achieve the most effective use of resources.

The PIC Pilot considered the fundamental question of who should pay for and/or contribute to the infrastructure identified under the scenarios. Given the PIC Pilot found that at least 50 per cent (and up to 76 per cent) of costs would have to be funded by the NSW Government, local government needs to understand the full extent of the State Government’s and their own expected contribution and its timing before land-use decisions are made.

SSROC supports gaining a better understanding of the cumulative impacts of local and state contributions and the capacity of developers to make contributions across the place being planned. A revised version of the PIC should aim to look comprehensively at state, regional and local infrastructure requirements and related contributions.

SSROC also favours the Government exploring new ways not just to partner with the private and not-for-profit sectors to deliver services and infrastructure but also to plan for it. This recognises that new infrastructure is now almost always delivered by the private sector. Increasingly, services are provided by the private and not-for-profit sectors.

As an important first step in their engagement, the PIC outputs should give private and not-for-profit providers better and more predictable information to plan and deliver their services.

Finding 4: Understanding the varying costs for precincts

“The cost of delivering new homes and jobs varies across the 26 precincts in GPOP, owing to differing local conditions and levels of existing infrastructure.”

SSROC supports adopting a consistent method for apportioning the capital costs of infrastructure and utilities to an area as this will offer many benefits. Infrastructure and utilities often serve varying catchments and users outside an area being planned. Therefore, a consistent approach to costs will help all parties involved in estimating need for the specific area being planned, as well as current landholders, to accept the results.

In the GPOP, the PIC found the cost of accommodating a new resident or job varied from under \$50,000 in some precincts, to more than \$100,000 in others.

SSROC supports the notion that this information should be publicly available to help guide planning to support successful places and communities where there is adequate infrastructure.

As there will always be competition for the finite government resources to provide infrastructure, private developers will need to acknowledge this ‘good growth’ constraint, unless they are collectively willing to make substantially higher infrastructure contributions to close the precinct cost differential to accelerate the timing of their developments.

Finding 5: Moving to a more orderly sequenced approach

“If all recent and proposed land use changes in GPOP were to happen in the near term, it would not be possible to fund all of the necessary infrastructure at the same time. Growth must be sequenced to meet market demand, but it must not outpace the NSW Government’s capacity to fund services and infrastructure.”

The Paper notes that the key findings of the PIC Pilot confirm that “the most effective way of aligning growth with the provision of infrastructure is through a **high-level sequencing plan** leading to more orderly development”¹⁴.

SSROC acknowledges the following benefits for:

- places to be well-planned, with a coordinated approach to funding and delivering services and infrastructure aimed at enhancing liveability, productivity and sustainability for local communities
- more targeted investment in services and infrastructure to maximise utilisation by communities while avoiding ad hoc demands that are unlikely to be met in a timely way
- market demand to be met in a number of strategically selected precincts rather than trying to facilitate growth everywhere.

The strategic position of the sequencing plan has the potential to drive the other planning processes. Sequencing of the delivery of infrastructure should inform the timing of councils planning proposals as well as government agency infrastructure pipelines.

¹⁴ GSC GPOP-Our True Centre page 44

At best, this will guide and inform decisions about how to implement the strategic intent of Local Strategic Planning Statements for the benefit of existing and new community members. It should inform the orderly updating of Councils' Local Environmental Plans and the related timing of land use re-zonings to take best advantage of the investment in both public and private infrastructure.

However, if the sequencing plan is not well aligned with existing plans, at worst, the sequencing plan could drive changes that were unacceptable to local councils and communities. Potentially the process could in effect override the intent in the adopted LSPS and impose changes never envisaged or endorsed by the local community and other stakeholders.

SSROC therefore recommends that if there are major misalignments between the LSPSs and sequencing plans, and if the infrastructure plan is to take precedence to meet State priorities, then a revision of the LSPS(s) is undertaken by council(s) and then widely consulted upon.

The cross-cutting issue of social and economic infrastructure is a key priority for all local councils to enable them to fulfil their mandate to serve and support their residents and visitors more effectively and efficiently. Typically, this will require the State Government agencies, utilities and the private sector other not for profit partners and stakeholders to work and deliver on common goals.

Commission Question: Do you understand why we need to sequence development in GPOP?

"As it is not possible for government to fund all the necessary infrastructure at the same time, growth must be sequenced to meet market demand while not outpacing the combined capacity of NSW Government funding and developers' contributions to pay for services and infrastructure"¹⁵. It seeks to show where new jobs and housing could most cost effectively be delivered to provide the most benefits for people and business.

A long term, integrated strategic approach to infrastructure contributions can help to fix the uncertainty of developer contributions. The PIC model and pilot show that this should include the sequencing of development with infrastructure investment. The place-based sequencing needs to go beyond the timing of planning decisions to include announcing contribution requirements ahead of rezoning and the announcement of infrastructure plans.

¹⁵ Greater Sydney Commission A City Supported by Infrastructure, Place-based Infrastructure Compact Pilot draft report November 2019, page 9

Commission Question: Have we missed anything?

Future Governance

The PIC model has been developed in collaboration with more than 20 NSW Government agencies and utility providers. It represents the benefit of a process with strong, patient and fit-for-purpose governance.

The future success of the PIC will very much depend on getting the governance of the process right and maintaining an effective governance framework over time.

The development phase of a PIC will be assisted by the presence of a trusted broker for all the stakeholders: Government; councils; and utilities; as well as communities, to plan, agree and align their priorities. The Greater Sydney Commission with a comprehensive long-term vision for all of Sydney is well placed to perform or oversee this consultative planning role.

The funding and investment phase will be assisted by a NSW Government agency like Infrastructure NSW. It has a core role to robustly assess and fund infrastructure and the authority and mechanisms to secure long-term funding commitments from and through NSW Treasury, the Commonwealth and the non-government sector. This role should be complemented by independent auditing of the process.

Resourcing the governance arrangements will be critical to the model's ongoing success and use in replicable situations, even with the development of new tools, a language and process shared between the participants, and prequalified experts and consultants.

Local councils should be clearly elevated to a PIC Partner alongside the government agencies and utility providers.

Non-government for-profit and not-for-profit providers delivering infrastructure within the PIC should also be engaged within the governance framework.

Realising the PIC proposals

Commission Question: How do we make sure the proposals from Place-based Infrastructure Compact are delivered?

In general terms, SSROC agrees with the implementation schema proposed in the Discussion Paper:

- Amendments to strategic and statutory plans
- Finalisation of business cases for State Agencies capital investment plans and NSW government budget
- Keeping the PIC up to date
- Monitoring and reporting on performance indicators.

A number of important caveats have been flagged already in this submission.

It is important that the aligning of decisions impacting strategic and statutory plans be developed in conjunction with local councils to ensure one consistent long-term vision for a place. The sequencing of precincts should be implemented through, or made in conjunction with, councils' local strategic planning statements.

Commission Question: What level of transparency should there be around infrastructure planning and delivery in places undergoing significant change and growth?

A high level of transparency is desirable around infrastructure planning and delivery. However, special care needs to be taken to avoid triggering land speculation and potential corruption risks.

Getting the best out of the model requires a strong commitment to transparency by the PIC partners to help overcome its potential misuse to justify predetermined political decisions that are not linked to evidence.

Care is needed to align decision-making about growth plans so that communities and developers have clarity about what will happen and when.

The timing of PIC related announcements is also important to mitigate land price speculation. As the NSW Productivity Discussion Paper *Kickstarting the productivity conversation* notes¹⁶ land is often the most significant expense in delivering new infrastructure.

Governments can provide infrastructure at lower costs by:

- securing the necessary land before projects are announced and or strategic plans are executed (thereby pre-empting the increase in land values) and,
- applying infrastructure contributions to land with a project service catchment, thereby moderating increases in land values while also helping to fund the project.

Value capture for the purpose of infrastructure, such as developer contributions to affordable rental housing, will be much more effective if affordable rental housing schemes are in place ahead of, or at the same time as, the announcement of land re-zonings.

Commission Question: How can we keep you up to date with delivering the PIC proposals?

SSROC supports the proposal to review the PIC, in collaboration with local Government Partners, every five years:

- as land use plans are updated and development occurs;
- at a point where new city shaping infrastructure decisions are made; and
- if market conditions change dramatically or new community preferences are made.

¹⁶ NSW Productivity Commission Discussion Paper, page 82

The review process needs to maintain the long-term funding commitments to ensure trust and confidence in the process. It also needs to be strongly aligned and coordinated with local council land use planning updates of LSPs and LEPs.

Conclusion

As SSROC member councils form a large part of the *Metropolis of Three Cities* in Greater Sydney, they have a direct interest in supporting and advocating for these transformational shifts and investment in infrastructure to achieve better place-based planning.

As part of developing the NSW planning reform agenda, we look forward to the further development of the *Place-based Infrastructure Compact*. We need to scale up this planning response to help meet the growth challenge facing Sydney.

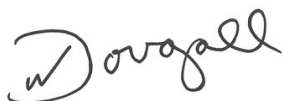
SSROC trusts that the consultation process offers a genuine opportunity for local councils to work closely with the NSW Government to ensure our communities have the infrastructure they need as they grow. SSROC endorses the proposed sequencing plan but one that is preferably led or at least closely coordinated with local council planning decisions.

SSROC suggests that the PIC methodology could have wider application for other areas/precincts undergoing rapid growth. This should make it easier for councils to get consistent engagement and investment from government agencies.

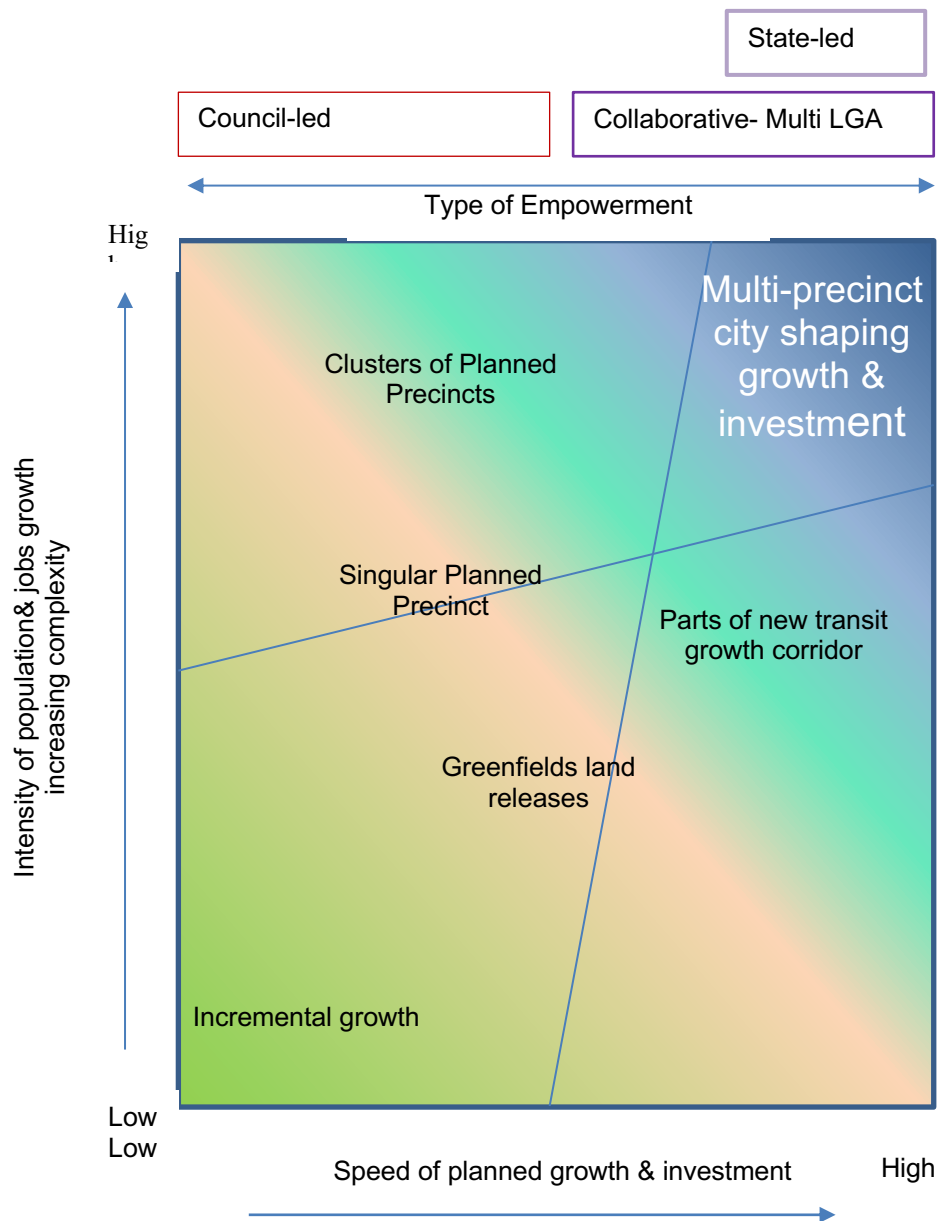
In order to make this submission within the timeframe for receiving comments, it has not been possible for it to be reviewed by councils or to be endorsed by the SSROC. I will contact you further if any issues arise as it is reviewed. If you have any queries please do not hesitate to contact me or Helen Sloan SSROC's Program Manager or Mark Nutting, SSROC's Strategic Planning Manager on 8396 3800.

Again, thank you for the opportunity to comment on the Discussion Papers and we are keen to participate in any further stages of developing the PIC, in particular discussions about its impact on, and collaborative engagement with, local councils.




Yours faithfully



Namoi Dougall
General Manager
Southern Sydney Regional Organisation of Council



Draft schema for informing contextual uses of the Place-based Infrastructure Compact

-  Use full model
-  New collaborative version - instigated by councils or State Government
-  Use definitions, methodology and tools to assess and plan infrastructure