

17 October 2008

The Director,
General Purpose Standing Committee No. 4
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Sir/Madam

Re: Inquiry into the North-West Sydney Sector Transport

The Urban Taskforce is an industry organisation representing Australia's most prominent property developers and equity financiers. Our membership also includes key infrastructure providers, economists, planners, architects and lawyers concerned with sustainable property development.

We are pleased that the Parliament is seeking the advice of industry and community stakeholders on the important issue of transport to the North-West Sector of Sydney. The Urban Taskforce strongly supports government investment into transport infrastructure. This infrastructure is essential to the sustainability of our cities and communities. Without appropriate transport our opportunity to create connected, viable centres and corridors will be limited.

Investment into major transport infrastructure including, but not limited to the North-West Metro (or a comparable project), M2 Motorway and other associated road upgrades must proceed if the North-West Sector is to properly accommodate expected population growth.

Significant investment into major infrastructure on the scale suggested will not only address many of the social and environmental challenges faced in the North-Western areas of Sydney. Substantive NSW Government investment will also inspire confidence and further encourage private sector investment in urban development projects.

If the Government is to invest in public transport it must ensure that plans and policies at the state and local level are in place to attract and retain viable levels of patronage. Patronage for public transport does not rely entirely upon the quality of the infrastructure. The type of urban development that is permitted in the vicinity of the transport nodes also influences patronage. The Urban Taskforce is of the firm belief that compact, mixed-use development permitted by flexible statutory State and local environment plans will be critical to the success of any transport project.

State and local planning authorities need to consult to ensure an integration of land use and transport planning. Existing local planning regulations must be reviewed and amended to ensure that future development will provide the necessary population necessities to make public transport viable.

Public transport is suitable for moving large numbers of people into particular hubs, but lacks the flexibility to deal with a whole range of journeys whose start and end points are not within an area of high residential or employment density. For example, weekend trips to parks, home

of friends, and workplaces in decentralised locations are more likely to require high quality road transport than public transport. For this reason, any transport strategy that only involves investment in public transport, at the expense of road transport, will not be successful.

Sourcing funding for major infrastructure will always be challenging. However governments, local and state, cannot continue to rely upon taxes imposed on the property development industry as a means of filling the funding void. Alternatives must be explored including the use of funds raised via the federal Carbon Pollution Reduction Scheme.

1. Essential transport infrastructure for the North-West Sector

Rail

The North-West Sector will accommodate a significant proportion of Sydney's population growth, and the provision of efficient transport solutions is essential. If population predictions are correct, in addition to the existing residential development, approximately 160,000 new homes will be needed in the northwest growth area of Sydney to accommodate predicted population growth. Such growth cannot properly occur without the provision of vital transport infrastructure.

The key transport requirements to support population growth are the provision of a fast, frequent and reliable transit link into the Sydney central business district. An integrated bus network fulfilling the transport needs across the region would complement any inter-region transport solution.

At this time, NSW Government's preferred position on the provision of rail to the Northwest continues to be the North West Metro/MetroLink project. The Urban Taskforce is of the view that if this project proceeds, there will be strong social and economic benefits to the community. The opportunity to create viable mixed-use centres connected by rapid mass transit will give rise to a dramatic change in Sydney's geography.

Road

The transport solutions desired cannot be delivered without upgrading the road network. Even with the provision of a fast and reliable train service roads will continue to provide a vital component to the transport network. New or upgraded roads can deliver environmental benefits associated with reduced congestion and the potential to provide improved, rapid bus services.

The NSW Government's plan to support an upgrade of the M2 motorway and to complete other necessary road upgrades, and the planned metro service, is a sign that road and rail improvements are being co-ordinated.

If the North-Western sector is to provide 160,000 new homes and 100,000 jobs, matching road and capacity is a must. Upgrades to the M2 could include the:

- widening of the eastbound carriageway from two lanes to three lanes between Windsor Road and Pennant Hills Road and Beecroft Road and Christie Road;
- widening of the westbound carriageway from two lanes to three lanes between Beecroft Road and Pennant Hills Road;
- provision of a "park and ride" bus interchange at Herring Road and a new eastbound bus lane between Herring Road and Delhi Road;
- provision of new west-facing on and off ramps at Windsor Road;
- provision of new east-facing on and off ramps at Herring Road;
- provision of permanent cycleway facilities that bypass the Norfolk Road Tunnel; and
- conversion to fully cashless tolling.

Other than the obvious benefits to the travelling public, the NorthWest Metro and M2 projects will provide one of the most significant ingredients for the creation of lively, sustainable and functioning communities. Furthermore, provided we get the urban planning right, the potential for those living in suburban areas of growth to be connected to employment and other opportunities through the use of rapid, high quality transport will be a first for NSW.

2. Making transport infrastructure efficient and successful

The North West Metro is estimated to be a \$12 billion investment into major infrastructure and while indicative costs for the M2 upgrades have not yet been made public, it is likely to be very large. Such significant investment by the State and private sector partners into transport means that it is in everyone's interest to support the use and ultimate success of this infrastructure.

Making public transport successful

Experience with the Liverpool to Parramatta Bus Transit Way has shown that merely investing and building infrastructure does not in anyway guarantee acceptable levels of patronage. The NSW Government invested \$346 million into the project and since opening in February 2003, has been continually plagued with poor patronage.

It is essential that major investment into public transport occur, however, governments (state and local) must be conscious of the fact that the ability to attract and retain viable levels of patronage does not simply depend not only on the quality of the infrastructure provided. Success also dependant on the land uses in the vicinity of transport nodes. Land use will have the most dramatic influence on patronage and ultimately a project's success.

It is now well understood that "land use patterns have a significant influence on how well public transport services can be delivered and utilised".¹ By introducing more land use flexibility in the vicinity of new transport infrastructure, the infrastructure itself benefits in terms of patronage, and therefore viability. Development in the vicinity of transport nodes depends on private investment for its construction and in this regard, land use controls must recognise market realities if there is any likelihood of encouraging beneficial development.²

It's crucial that State environmental planning policies and local environment plans be amended to ensure that, at each new transit node, all the land uses that are necessary for viable, attractive and desirable hubs/centres are permissible. Fundamentally, plans need to permit diversity. Successful places will permit a mix of uses, including jobs, retail and hospitality services, apartments, town houses and other attractions all coexisting within a definable location.³ Transit routes are also an opportunity to identify renewal corridors under the Metropolitan Strategy – where compact residential communities, commercial and retail development can be located.

The importance of density and land use mix to the success of a centre is paramount. If the insufficient residential and/or employment capacity exists, transit nodes will not attract enough passengers.⁴ Moreover, without an appropriate mix of complementary permissible

¹ Alford, G., 2006, Integrating Public Transport and Land use Planning – Perspectives from Victoria. *Australian Planner*, Vol. 43, No. 3, pp. 6-7.

² Freestone, R., 2008, Better Planning and Research for Mixed-Use Developments. *Australian Planner*, Vol. 45, No. 1, pp. 14-15.

³ Newman, P., 2004, *Metropolitan Strategy*. Paper presented at the Sydney Futures Forum. Sydney 19 May, 2004.

⁴ Pushkarev and Zupan 1977, in Cervero, R., Ferrell, C., and Murphy, S. 2002, Transit-Oriented development and Joint Development in the United States: A Literature Review. Transit Cooperative Research Program. Research results digest. October 2002—Number 52 [http://onlinepubs.trb.org/Onlinepubs/tcrp/tcrp_rrd_52.pdf, accessed 7 April, 2008]

land uses, people will be less inclined to use the public transport services, as their ability to access a variety of destinations will be limited.⁵

Research consistently shows that density has a significant impact on the use of public transport. For instance it was found that every 10-percent increase in population density was associated with about a 6-percent increase in boardings at transit stations.⁶ Furthermore, most urban services cannot be provided unless there are a certain number of people that can make them viable.⁷

The extra dwellings, made possible by new compact pedestrian-friendly neighbourhoods, will also help the State Government meet its dwelling targets set under the Metropolitan Strategy.

Developing vibrant mixed use centres supported by a transit node requires a local government willing to be innovative in encouraging and responding to development opportunities.⁸ By nature, local government is closely tied to local issues, which on occasion makes it difficult for this level of government to look at the bigger, regional picture. If implementation is going to be left to local councils to do by themselves, there will be much less achieved as projects are generally watered down by local reactions.⁹

Essentially the NSW Government must ensure that their strategic aims for centres supporting, and supported by, the new public transport services are implemented via a clear statutory planning mechanism that requires appropriate density and land use mix in appropriate locations. This could be achieved in consultation with local councils, but should not be left entirely to local government to implement, as invariably, if it is just left to local government the regional perspectives are lost.¹⁰

Continued role for roads

The development of residential areas and centres that are dense, compact, with a mix of uses, supported by high quality public transport such as the proposed metro system will encourage some to travel less by the private motor car. In fact, some may even choose to do without a car altogether. However, it can't be assumed that building better neighbourhoods with a railway station at the core will encourage all people out of their cars.

Private motorcars continue to be a necessity in Australia and it is unrealistic to think that just because you have access to improved public transport that you will not need or want a

⁵ Cervero, R., Ferrell, C., and Murphy, S. 2002, Transit-Oriented development and Joint Development in the United States: A Literature Review. Transit Cooperative Research Program. Research results digest. October 2002—Number 52 [http://onlinepubs.trb.org/Onlinepubs/tcrp/tcrp_rrd_52.pdf, accessed 7 April, 2008]

⁶ Parsons, Brinckerhoff, Quade and Douglas et al. 1995 in Cervero, R., Ferrell, C., and Murphy, S. 2002, Transit-Oriented development and Joint Development in the United States: A Literature Review. Transit Cooperative Research Program. Research results digest. October 2002—Number 52 [http://onlinepubs.trb.org/Onlinepubs/tcrp/tcrp_rrd_52.pdf, accessed 7 April, 2008]

⁷ Newman, P., 2005., Transit Oriented Development: An Australian Overview. Paper presented at the Transit Oriented Development Conference. Fremantle, Western Australia 5-8 July 2005. [<http://www.patrec.org/conferences/TODJuly2005/papers/Newman%20paper%20REV.pdf>, accessed 7 April, 2008]

⁸ Ker, I., 2005, Common Sense and Opportunism in Transit Oriented Development (or 'life is what happens to you while you're busy making other plans'). Paper presented at the Transit Oriented Development Conference. Fremantle, Western Australia 5-8 July 2005. [<http://www.patrec.org/conferences/TODJuly2005/papers/Ker.I.pdf>, accessed 7 April, 2008]

⁹ Newman, P., 2005., Transit Oriented Development: An Australian Overview. Paper presented at the Transit Oriented Development Conference. Fremantle, Western Australia 5-8 July 2005. [<http://www.patrec.org/conferences/TODJuly2005/papers/Newman%20paper%20REV.pdf>, accessed 7 April, 2008]

¹⁰ Newman, P., 2006, Transport greenhouse gas and Australian Suburbs: What Planners can do. *Australian Planner*, Vol. 43, No. 2, pp. 6-7.

car. Government must consider the car, roads and all other forms of transport, particularly the means to improve their integration. Sensible land use and transport planning allows for all modes of transport (cars, transit, walking and cycling) and plans must consider and integrate these.¹¹

Roads provide flexible public and private transport options. A growing proportion of all travel activity is regional and cross regional, while the existing and proposed rail system is predominantly radial (towards the CBD). The introduction of cross-regional direct bus services rely upon efficient, high capacity road corridors. The benefits of continuing to provide road infrastructure include the ability to spread the transport load across a rail and road system. It is also acknowledged that road based public transport is a lower cost but effective technology that can provide greater service coverage for all North-Western Sector residents.

3. Sources of funding

We were alarmed at media reports suggesting that the government was considering new property or developer levies to help fund the North West Metro.

Those that argue for levies are mistaken if they believe that either the developer or original land holder ultimately bears the costs of new or increased developer charges.

Capital is very mobile. It flows to wherever it gets the best return. A local developer will not be able to secure equity for a NSW development if he/she cannot offer the rate of return that is available for investments of a similar risk profile in other states or countries.

In order to ensure that a market rate of return is still achieved, a developer will either reduce the amount of money he or she pays for undeveloped land, or increase the price paid by the home buyer.

It is not often possible, in practice, to pay less for undeveloped land for several important reasons.

Many developers have already acquired the land and factored in all the charges known about at the time of purchase – in these cases it is too late to adjust the price paid to landowners for new or increased charges, yet the development cannot proceed unless the necessary rate of return can be earned.

There is also a natural floor to land price, below which the owners of undeveloped land will not accept. This floor does, in part, reflect the opportunity cost for other uses of the land – such as rural lifestyle blocks (in greenfield) or low density housing (in brownfield). The floor is also driven by the long-held expectations of those land holders. Even though those expectations may not be realisable in the short term, these land holders are very patient, hold minimal debt and often originally acquired the land at very low prices. They tend to have no difficulty in waiting for prices to rise to the level consistent with their expectations. These land owners enjoy disproportionate market power because appropriately zoned land (both in greenfield and brownfield areas) tends to be drip fed by the planning system into the market.

This generally means there is only one party left who must pay for an increased developer charge – the home buyer. However, often the home buyer cannot afford a new or increased levy - that's because there is a ceiling on the price that home buyers are able to pay, i.e. their borrowing capacity. The maximum amount that home buyers are able to borrow is in turn based on their income. Without increases in income, home buyers are unable to pay more for new homes. As result, any project which cannot be delivered at a

¹¹ Mackay, M., 2005, Don't think Transit-oriented development, think transport-oriented development. Paper presented at the Transit Oriented Development Conference. Fremantle, Western Australia 5-8 July 2005. [<http://www.patrec.org/conferences/TODJuly2005/papers/Mackay.M.pdf>, accessed 7 April, 2008]

price home buyers currently can afford simply doesn't get built. An increase in costs from a new developer charge can't be passed onto a home buyer until home buyers' borrowing capacity increases enough to pay for the levy.

That's why, in part, the supply of new houses in Sydney has almost completely dried up. State and local infrastructure levies of \$70,000 - \$90,000 in the growth centres cannot be afforded by anyone – land owners, developers or home buyers. So the homes simply don't get built and no money is actually raised.

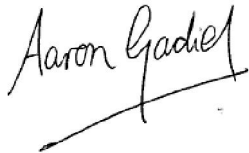
We hope that the government does not make the same mistake in relation to housing in the vicinity of the North West rail link.

The Urban Taskforce asks that the General Purpose Standing Committee No. 4 carefully consider the contents of this correspondence when investigating the transportation challenges facing the North West of Sydney.

Thank you for providing us with the opportunity to offer our comments and should you require any further clarification of the content of this correspondence, please feel free to contact me.

Yours sincerely

Urban Taskforce Australia

A handwritten signature in black ink that reads "Aaron Gadiel". The signature is fluid and cursive, with a long horizontal stroke extending from the bottom of the name.

Aaron Gadiel
Chief Executive Officer