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Department of Infrastructure and Regional Development

Western Sydney Airport Submission

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Western Sydney Airport Draft Environmental Impact Statement 2015 and the Western Sydney Draft Airport Plan

This submission is made in relation to the Western Sydney Airport Draft Environmental Impact Statement 2015 (the EIS), and the Western Sydney Draft Airport Plan (the Airport Plan), produced by the Department of Infrastructure and Regional Development. The EIS is a comprehensive study of the environmental, social and economic impact the proposed Western Sydney Airport would have on the airport site and surrounding area. The Airport Plan sets out the Federal Government's strategic vision for the development of the proposed airport for both Stage 1 (the initial development) and the long term.

The Urban Taskforce support the development of the Western Sydney Airport

The Urban Taskforce supports the development of the Western Sydney Airport. The Airport will drive economic activity throughout Western Sydney, and provide jobs, skills and growth to the community. The Airport provides another international gateway for the Sydney Metropolitan Area and will help ensure Sydney retains its status as a key global hub in the Asia-Pacific region.

The EIS is a detailed and complex document covering many issues relating to the development of the airport. The Urban Taskforce submission will focus on the aspects of the EIS that will impact upon property development in and around the airport.

The relationship between land use planning around the airport and aircraft noise is unclear

The EIS references three principal measures of aircraft overflight noise – these being the Australian Noise Exposure Concept (ANEC) contours; the 'Number Above' measures (N70 and N60) and peak noise levels from a single aircraft overflight.

Australian Standard AS2021 uses the ANEC contours as the key mechanism for measuring noise. AS2021 has been the principal standard upon which land use planning decisions have been within NSW for the past 28 years. This standard was recently reviewed and was endorsed as a scientifically rigorous and appropriate mechanism through which to measure noise impacts from airport activity.

However, the Federal Government has repeatedly sought to introduce alternative noise metrics, set out the National Airport Safeguarding Framework (NASF), which endorses the 'Number Above' (N60 and N70) noise metrics. This mechanism of measuring noise has the

potential to sterilise the development of housing on a significant amount of land, including areas within the North West and South West Growth Centres.

The EIS states that all state and territory governments agreed to the implementation of the NASF at a Standing Committee on Transport and Infrastructure meeting in May 2012. It is noted in the meeting minutes there were 'reservations raised from New South Wales on the format of the guideline in measures for managing impacts of aircraft noise.'¹ These reservations have never formally been resolved and to our knowledge there has been no progress made to address these concerns.

It should also be noted that the NSW Minister for Planning at the time, the Hon. Brad Hazzard, MP, was not present at the meeting and there has been no action by NSW Government to formally introduce the NASF guidelines into land use planning. Land use planning in NSW continues to use the AS2021 standard, reflected and endorsed in a Ministerial Minute under Section 117 of the *Environmental Planning & Assessment Act 1979*.

We are very concerned that the Commonwealth is seeking to enforce the NASF upon land around the Western Sydney Airport. The EIS does not clearly clarify which mechanism will be used and when any new mechanism may be introduced. Statements are made throughout the EIS which suggest that the NASF Guideline A will be introduced. For example:

"The Implementation of Guideline A: Measure for Managing Impacts of Aircraft Noise under NASF would be instrument in managing future operational noise impacts for future land use planning and developments around the Airport" (page 448 of the Draft EIS)

This lack of clarity seems to be a deliberate oversight by the Federal Government, in order to maximise financial gain through the privatisation of the operation of the Western Sydney Airport. A key aspect of minimising risk associated with operating the airport is the imposition of controls limiting residential development upon land surrounding the airport to minimise the possibility of complaints impacting upon 24 hour operation of the airport.

There are significant ramifications should the NASF Guidelines be adopted and implemented in strategic planning around the Airport. These include:

- Areas of land in the North West and South West Growth Centres will be affected, which could lead to the NSW government failing to deliver on public commitments to deliver housing (approximately 10,000 dwellings), growth and jobs in western Sydney
- Ongoing uncertainty regarding the use of AS2021 and the NASF Guidelines creates a risky investment environment, which deters developers and investors from the area and will lead on a failure to capitalise on the investment in the airport and surrounding infrastructure.
- Severe financial impacts upon property development, including:
 - Decreased marketability of sites within a 'noise affected area'
 - Reduction in property values due to the impact of being in a 'noise affected area'
 - Increase sale period due to the marketability impacts
 - Reduction in desirability of investment property be tenants and corresponding reduction in rental income
 - Potential for increases costs within renovating existing properties to comply with higher noise attenuation requirements, and

¹ Standing Committee on Transport and Infrastructure, Communique – South Australia, Friday 18 May 2012.

- o Reduction in the underlying land values which will impact upon local council rates and revenue².

The Urban Taskforce has opposed the adoption of the NASF Guidelines commissioned a report in 2012, which outlined the serious detrimental impact the NASF guidelines could have upon development of land around airports throughout Australia (attached). This report was submitted to the Department of Infrastructure and Regional Development, however the federal government has never acknowledged the report and to this date has not considered adopting the evidence, findings or recommendations.

Another item of concern is the proposed establishment of a body to administer a 'Noise Management Plan' for the Airport³, comprising representatives of the airport lessee company, Airservices Australia, Civil Aviation Authority, the Department of Infrastructure and Regional Development, other federal, state and local government agencies, the airline industry and community representatives. The group would specify the objectives of the plan 'identify matters to be considered, establish planning horizons, guide the participation of stakeholders and outline decision making processes for determining preferred actions... The Plan would include land use planning policies and instruments for areas surrounding the airport taking account of predicted noise exposure levels.'

This proposal has significant implications for land use planning around the airport site. The Urban Taskforce is keen to clarify:

- Membership
- Terms of Reference
- Powers
- Governance measure to ensure transparency and accountability in decision making.

Recommendation:

The Urban Taskforce recommends:

- The EIS removes references to the National Airport Safeguarding Framework – Guideline A.
- Federal and NSW Government issue public statements committing to the ongoing future use of AS2021, and confirming that the National Airport Safeguarding Framework – Guideline A – will not be used in guiding land use planning around the Western Sydney Airport, now or in the future.
- Details of the body to be established to administer the Noise Management Plan for the airport be included, including membership, terms of references, powers and governance and accountability mechanisms.

Flexible zoning on the airport site should be extended throughout the Western Sydney Employment Area

The Draft Airport Plan outlines a range of land use zones, including objectives and permissible uses. The Airport Plan uses a flexible approach towards land use planning, to ensure that 'developments to facilitate the provision of goods and services necessary to meet the quality and standards that international, domestic and regional travellers have come to reasonably expect from a world class transport hub are also permissible⁴.' The 'Business Development

² CBRE (March 2021) *Marketing and planning commentary on the proposed application of the 2029 N70=10 Contour aircraft noise level standard on Metropolitan Sydney*

³ Department of Infrastructure and Regional Development (September 2015) *Western Sydney Airport – Environmental Impact Statement – Volume 2, page 72*

⁴ Department of Infrastructure and Regional Development (September 2015) *Western Sydney Draft Airport Plan*

Zones' (BD1 – Business Development and BD2 – Business Development (Reservation)) are both excellent examples of flexible land use zones which will encourage innovation and competition.

Recommendation:

In order to encourage jobs, growth, innovation and competition, and to capitalise on the substantial investment in the Western Sydney Airport and supporting infrastructure, flexible land use zones, such as the 'Business Development Zones' should be introduced to areas in close proximity to the Airport, including the Western Sydney Employment Area.

An airport rail link must be provided by the time the airport is operational

The Federal government has announced that it will undertake a study over the next year to identify the route, timing and funding options of new rail service to the Western Sydney Airport. The Urban Taskforce supports the provision of a rail link to the Airport and notes that the link should be operational by the time the airport opens. We look forward to commenting on the rail options plan when it is released for public comment in 2016.

A Media Release by the Hon. Warren Truss⁵ raises that 'The scoping study (for the rail link) will also consider funding and financing issues, including whether value capture techniques could assist in meeting the funding requirements'.

Value capture levies are complex and often set too high. They discourage investment in housing, lower the overall supply of housing and raise housing prices. The Federal Government report on tax, *Australia's future tax system: Final Report*⁶ (the Henry Tax Review)) concluded that development levies were only justifiable when they reflected the avoidable costs of development. The report explained that 'where infrastructure charges are poorly administered', particularly where they are complex or set too high, 'they can discourage investment in housing, which can lower the overall supply of housing and raise its price.'

The Henry Tax Review also found: 'A particular form of tax used when land is re-zoned for alternative use is a 'betterment tax which attempts to capture some of the increase in land value. Betterment taxes are not infrastructure charges since the objective is to tax economic rent, although sometimes the revenues are hypothecated (that is, earmarked) to infrastructure provision'. The Review also observes that 'in general, infrastructure charges will operate more effectively if they are set to reflect the cost of infrastructure, not to tax the profit of development.'

According to the review, the consequences of a tax on the 'profit' of a development are clear: 'Where the charge exceeds the cost of providing infrastructure, it acts like a tax and can discourage development. This is more likely to occur where the size of the charge is not set relative to the cost of infrastructure but the developer's capacity to pay. In these cases, the charges may attempt to capture part of the increase in value resulting from the provision of infrastructure or from changes in zoning,

The random nature of government imposed levies has created considerable uncertainty. The Review notes that 'where developer charges are set in an ad hoc fashion or are subject to unexpected changes, they can create uncertainty around new developments. If infrastructure charges are increased after a developer has bought land from its original owner, they cannot be factored into the price previously paid for the raw land. In this case, the charge would lower the expected return from the development. In return, general

⁵ The Hon. Warren Truss, MP (November 2015), *Media Release: Federal and NSW Government's joint forces on future rail transport for Western Sydney*, www.minister.infrastructure.gov.au

⁶ Australian Government (2010) *Australia's future tax system: Final Report*. www.taxreview.treasury.gov.au

uncertainty about charging is likely to discourage development activity, which could reduce the overall supply of housing.

Recommendation:

- *The proposed rail link to the Western Sydney Airport is provided at the same time as the airport commences operation*
- *No value capture levies are introduced as part of the proposed rail link to the airport.*

The Urban Taskforce is always willing to work closely with the Government to provide a development industry perspective on this issue. Please feel free to contact me on telephone number 9238 3927 to discuss this further.

Yours sincerely

Urban Taskforce Australia



Chris Johnson AM

Chief Executive Officer

