

**REPORT OF PROCEEDINGS BEFORE**

**COMMITTEE ON TRANSPORT AND INFRASTRUCTURE**

**INQUIRY INTO THE UTILISATION OF RAIL CORRIDORS**

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**At Sydney on Monday 28 May 2012**

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**The Committee met at 10.00 a.m.**

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**PRESENT**

Mr C. Casuscelli (Chair)

Mr T. F. Owen

Mr P. L. Toole

**CHAIR:** I declare the hearing open. This public hearing is being conducted as part of the Committee on Transport and Infrastructure's inquiry into the utilisation of rail corridors and adjacent land.

**ROY WAKELIN-KING,** Chief Executive Officer, Sydney Metropolitan Development Authority, sworn and examined:

**CHAIR:** I welcome Roy Wakelin-King, who is the chief executive of the Sydney Metropolitan Development Authority, and thank him for appearing before the Committee to give evidence. Can you please confirm that you have been issued with a copy of the inquiry's terms of reference and the relevant Legislative Assembly standing orders relating to the examination of witnesses?

**Mr WAKELIN-KING:** Yes, I have.

**CHAIR:** I draw your attention to the fact that your evidence is given under parliamentary privilege and you are generally protected from legal or administrative action that might otherwise result in relation to the information that you provide. I should also point out that any deliberate misleading of the Committee may constitute a contempt of the Parliament and an offence under the Parliamentary Evidence Act 1901. Roy, would you like to make a brief opening statement?

**Mr WAKELIN-KING:** Just very quickly, Chair. First of all, thank you for the opportunity to appear before the Committee. Secondly, I hope that the information I will be able to provide will provide assistance to the Committee in terms of its findings and its deliberations. The Sydney Metropolitan Development Authority was established under the Growth Centres Act 1974. We are responsible for urban renewal in designated precincts. The precincts that we are currently responsible for are the Redfern-Waterloo area and the Granville area of Sydney.

Our primary focus is to work in those precincts to bring about urban renewal and positive development to those precincts. In doing so, we work with a number of key stakeholders, principally the Department of Planning and Infrastructure and Transport for NSW, a wide-ranging group of other stakeholders, including State and local government as well as also the private development sector and, very importantly, the communities within which we are doing that work. I look forward to hopefully making a contribution to your work.

**CHAIR:** The Committee understands that your focus actually has been on Redfern-Waterloo and the Granville areas per se. Can you give us an update on what is actually happening in those areas—the prime focus of your organisation, given the development of those two areas, please?

**Mr WAKELIN-KING:** Certainly, Chair. Firstly I will start with Redfern-Waterloo. The Sydney Metropolitan Development Authority took responsibility for the former Redfern-Waterloo Authority, which was established in 2005. We have been continuing the work that that authority has been doing. Principally that involves the renewal of the area through an integrated plan, which is known as the Redfern-Waterloo Plan. It consists of three components: The built environment, human services, and enterprise and employment. In the built environment area, we have been looking at eight strategic sites ranging from North Everleigh, Australian Technology Park, the area of Everleigh and the Redfern town centre which is also known as The Block, in a key part of that area. We have also picked up some former sites that were owned by the State—the New South Wales Health Department, the former Rachel Forster Hospital—as well as also the former Redfern Public School, which has been redeveloped into the National Centre of the Indigenous Excellence.

Our work also involves, or did involve formerly in the Redfern-Waterloo Authority, some human service and enterprise-related activity, such as employment programs, and also bringing about reform in the human service delivery sector through collaboration and cooperation with key agencies in that area. The Sydney Metropolitan and Development Authority [SMDA] has taken a slightly high-level view. We are now focusing more on planning and development. In particular we are looking at the development opportunities around the social housing precincts within the Redfern-Waterloo area. We have a plan that is currently being developed. It already has been out on one round of public exhibition and hopefully will be exhibited subject to approval later this year for further consultation purposes. That is looking at renewing the social housing precincts, of which there are approximately 4,500 dwellings within the Redfern-Waterloo area. One of our major activities is looking at bringing about renewal into that area—potentially increased densification and a social sustainable mix of dwellings and housing typology. That will be a major development that will occur over the next 10 to 20 years in Redfern-Waterloo.

Moving to Granville—for the Granville precinct, our focus primarily has been on the auto alley precinct, which is Church Street and south of the Parramatta central business district [CBD]. The basis of that focus has been that the changing nature of the car retail industry that has resulted in underutilisation of land in the auto alley area. As I speak, we currently have on exhibition a draft urban renewal strategy for the auto alley area. That has been developed in collaboration and partnership with the two local government authorities involved in that area, the Parramatta City Council and the Holroyd City Council. That plan will be on exhibition at the next couple of weeks and then we will be taking into consideration any feedback we get from that plan and further developing the urban renewal plan, which we hope to take to the Department of Planning and Infrastructure on or around the middle of this year.

In that plan we are looking at the effective utilisation of that land as well as, obviously, opportunities for increased development and residential opportunity. There is a strong connection in all that we do in the Sydney Metropolitan Development Authority, both Redfern-Waterloo and Granville, about its connections not only to the renewal of the area for which we are responsible, but connections to transport. A particular focus is obviously working with the Transport for NSW organisation to look at those opportunities where we can improve transport-orientated development next to rail, or adjacent to or close to rail corridors, which is part of this work.

**CHAIR:** What I am hearing is you take a very top level view about the precincts from different perspectives. How much work do you do in identifying transit-orientated development opportunities, that is, say, between 300 and 400 metres of a railway station? Let us take Redfern and Granville. Do you examine the opportunities for building structures or the infrastructure that makes use of the public transport infrastructure at those locations? Do you get involved in identifying the opportunities as well as priorities in the development of that space?

**Mr WAKELIN-KING:** We certainly focus on the opportunity and the connection with public transport. One of the key factors for our existence is to look at the opportunities for transport-oriented development, to address some of the challenges that are well-publicised in growth in the Sydney metropolitan area and beyond and, in particular, addressing challenges of congestion, population growth, climate change, et cetera, to bring about positive development and to make a positive contribution to those outcomes.

For example, in Redfern-Waterloo a number of the developments we have been focused on for our planning work has been around includes north Eveleigh, which is a site close to Redfern station. We have looked at development and planning opportunities there and the former Redfern-

Waterloo Authority acted as a proponent to prepare a concept plan for that site which is for the effective utilisation of that site. On the other side of the tracks, for example, you have the Australian Technology Park, an important commercial centre for the development of the Redfern-Waterloo area. Its close proximity to Redfern station is critical to the effective operation of that park and also it is a major attraction for employers going to that park. There is still a significant amount of land to be developed at the Australian Technology Park.

More broadly, we look at the residential opportunities and the connections to public transport. In Redfern-Waterloo, because of its proximity to the central business district and dealing with opportunities for congestion, the opportunities for walking to and from public transport are key factors in the plans we consider. As mentioned earlier, that is also what we are looking at with the Auto Alley renewal plan. The connections in particular to Parramatta station and Harris Park station will be important considerations in the development of that plan.

**Mr TIM OWEN:** I note that Planning has pretty much identified three key urban design areas—Redfern-Waterloo, Granville and the Newcastle central business district. The Department of Planning and Infrastructure basically has taken the Newcastle central business district renewal. I would have thought you would have had some interesting process to move through. I am trying to get a sense of why that was removed. Forget the name for a second; it would have made a lot of sense for one authority to look at all three key areas, I would have thought. Do you have any sense as to why that happened?

**Mr WAKELIN-KING:** I think the principal focus for us was to maintain our focus in the Sydney metropolitan area. That is not to say we do not work with the Department of Planning and Infrastructure on the activities it is doing in the Newcastle central business district. Obviously there are a lot of parallels and similar principles that need to be applied and adopted. A lot of reasons why renewal is required are consistent. But I think the key focus was for us to focus on the metropolitan area. The challenges of housing supply are quite critical in the metropolitan area so they wanted our authority be to be focused on that area. We do, as I indicated, share a lot of information and consult closely with the Department of Planning and Infrastructure. In fact, we get an understanding of what it is doing in Newcastle.

**CHAIR:** When you look at these opportunities around the areas—at the moment we are limited only to Redfern and Granville—does your capability extend to conducting a sophisticated analysis of value capture associated with the development of these areas?

**Mr WAKELIN-KING:** We have looked at issues such as value capture but we need to be conscious that we do that within the existing policy context about the funding of future development. Clearly, through increased opportunities there will be value created and as value returns to both State and local government and through a number of revenue streams. But value capture for us as an organisation is something we have not explicitly explored although we are aware there are models for value capture that could be considered in the future. But that is not the primary focus of what we do.

**CHAIR:** If I were looking at Granville and some parcels of land were owned by the State Government and some were owned by local government, and you also have the air space over the rail corridor and some adjacent land could be owned by any other State agency. Who identifies the opportunity in putting together a proposal or master plan that optimises the value of that space to benefit the community? Does someone look at that higher level and say, "We have to bring all this together because we have a good idea what to do with this"? Is that a role that your organisation has?

**Mr WAKELIN-KING:** It is a role that we play. We play it in the context of the precincts for which we are responsible. One of the key things we analyse when we are studying a precinct is that we look, for example, at surplus government land. Therefore we need—and I made the point in my opening remarks about our authority working with our State and local government authorities—to look at those opportunities through surplus government land as an example. In preparing our plans we need to take into consideration the availability of those lands for potential future development and, hence, we want to work closely with those landowners to see whether those opportunities can be realised. Consistent with the work we have done, both at the Redfern-Waterloo Authority and potentially into the future as the Sydney Metropolitan Development Authority, either we can act as a proponent preparing master plans or concept plans, which is what we did, as described with the North Eveleigh site, or we can take a slightly higher level view where we develop or make recommendations to the department for the adjusting of planning controls, which then enables the private development industry to move in to realise the opportunity.

The strategic sites chosen for the Redfern-Waterloo Authority, by way of example, were largely land that was surplus to the State. What we then looked at were the opportunities to bring about economic and social investment in the area to help bring about the renewal of Redfern-Waterloo. That is what has practically happened. I mentioned the National Centre of Indigenous Excellence that was established at the site of the former Redfern Public School, which was surplus to requirements; and the community health centre on Redfern Street, which was formerly a courthouse and police station that was surplus to requirements and is now a community health centre. The other end of that example is the Redfern town centre, the area bounded by Gibbons Street and Regent Street, we have adjusted the planning controls and the private sector has come in, done the land assembly, acquired the sites and has started the development for those sites.

So the Redfern RSL site is now in its fit-out stage and, I understand, will be due for completion at the end of this year, early next year. We have not actually gone in there, other than adjusted the planning controls and the development industry has responded to that because it has become more feasible; it has seen and realised the opportunity. To come back to the core of your question, in looking at our precincts and the opportunities for development we look at all surplus State lands and discuss with those agencies whether there is that opportunity to realise the future planning for those surplus government lands.

**CHAIR:** At the moment you are driven by the fact that someone has identified surplus land, but many government agencies now will tell anyone who wants to do something today that in 25, 30, 40 or 50 years "we may do something with that bit of land, therefore it is not surplus to requirement." Does your organisation push the envelope or essentially are you dictated by government agencies making their own determinations whether that land is surplus?

**Mr WAKELIN-KING:** In working with government agencies we understand their needs. A good example I think to hopefully draw this out and illustrate this is looking at what we did at south Eveleigh. South Eveleigh was a site adjacent to Australian Technology Park. It was originally contemplated that that site would be available for development, so we zoned it for mixed-use development I think up to 12 storeys. Subsequent to that, RailCorp identified the need to retain that for future rail operational use into the foreseeable future. It is a rail maintenance facility. Its proximity to the Macdonaldtown stabling yards and also its maintenance and training facilities are important to the operation of the rail network. We have maintained a flexible approach in how we deal with that. I do not think it is a case of being dictated to. Clearly, we need to understand the requirements of the State agencies now and into the future for their land use requirements as we develop our plans.

We might zone a land for a particular use or increase the heights and densities in those particular areas, but the decision to actually realise that opportunity may be a future decision for that State agency where we are talking about land use. The process is what I would describe as consultative and where appropriate in collaboration as we have done with Health, Education and Rail. It depends on the stage and the cycle and the life of that asset in the precinct. In giving consideration to future precincts, availability of surplus State land is a key criteria, which clearly you need to have a look at because that may give rise to potential development opportunities, particularly where they are within close proximity to public transport and particularly rail corridors. Does that help?

**CHAIR:** Yes, it does.

**Mr TIM OWEN:** It sort of answered my question because I wanted to get a sense of your relationship with a particular department. It is a strong consultative approach. You do not feel that you get dead-ended anywhere?

**Mr WAKELIN-KING:** No, I do not think we get dead-ended anywhere. The key thing of what we do is that from a starting disposition, not only with State agencies, but all agencies we deal with—local government is also a key organisation or stakeholder in this respect—from the outset we take a collaborative approach. We are trying to look for the win-win, the opportunity. A good example would be with Parramatta City Council and the Granville town centre. It is looking for what opportunities may be realised in the longer term. It has landholdings there and we have had discussions with the council about that. We have not formed a view on that. That is still early stage, but there are those opportunities. I do not think I can recall that we have ever been dictated to by a particular agency. Clearly, we have to work within their constraints and we respect those constraints. But on the whole, my experience to date has been one where it has been largely collaborative and consultative.

**Mr TIM OWEN:** Do you have a remit that allows you to talk to the private sector? Do you work with the private sector even with financiers or developers? Can you bring a holistic view—for example, here might be a couple of opportunities from a private sector perspective and here might be some options for a financing approach? I suppose it comes down to the size of your staff, but do you have a remit that allows you to look across the piece?

**Mr WAKELIN-KING:** Absolutely. Obviously, in all our engagements with the private sector there needs to be the bounds of appropriateness. Clearly, we are dealing with value with opportunities and investment. So from a probity perspective, a core value we have is clearly that we need to be beyond reproach in that respect. Having said that, we deal with the development industry associations in consulting with them particularly around deliverability. It is one thing to prepare a plan; it is another to see if the plan is going to be realised.

**Mr TIM OWEN:** Is it going to be developed.

**Mr WAKELIN-KING:** Yes, is it going to be realised. For example, where we take a plan into the public arena for consultation purposes, we then work proactively with a number of stakeholders. But, in this context, with the property development associations we look to work through them as representative of the development industry to brief them on what the proposal is about and, importantly, to get feedback from them as to whether it is deliverable. That is something we will do and will continue to do. We also do it, of course, with our partners at Landcom. Obviously, being the Government's developer, for want of a better term, it has a lot of experience in development and

delivery. So we have the opportunity to engage with them as well. We are doing that as we speak on a number of projects for which we are responsible. The key is that the plan has to be deliverable at the end of the day and you cannot do that effectively without some form of market sounding. The key issue is that that market sounding has to be transparent and appropriate.

**CHAIR:** Has SMDA been involved in the delivery of any air space developments?

**Mr WAKELIN-KING:** Not at this stage. We certainly have been discussing with Transport for NSW and RailCorp the potential opportunities around Redfern station, but that will be fairly lengthy. "Lengthy" is probably not the right term; that will be a complex process because it is a very critical part of the rail infrastructure. There are a lot of challenges around that. We have worked with them in terms of the RWA and SMDA on that opportunity. In terms of Harris Park and Parramatta stations, although Parramatta station has been the subject of recent development, relatively speaking, we would also look to engage with them on those opportunities, noting once again that it has to be feasible and meet their constraints as well.

**CHAIR:** If I had a vision for 300 metres up from Granville railway station a transit-oriented development that comprised some socially affordable housing, some commercial mixed use, a long day care centre, a better bus-rail interchange and perhaps some commuter car parking requiring me to go above the height limitations and I am utilising some adjacent land as well, who champions that vision?

**Mr WAKELIN-KING:** In the context of Granville and Granville station—

**CHAIR:** I only chose that because that is an area you are responsible for.

**Mr WAKELIN-KING:** Yes, being in the precinct for which we are responsible, I need to refer to my earlier remarks about how we are focussed on Auto Alley. I am not saying that we have dismissed the rest of Granville, but in that example we would take an active interest to look at its viability and feasibility. We would need to look at it also in the context of its affordability as to who will deliver that infrastructure, and to see whether it is a realistic option and possibility; and clearly, in the Granville rail station opportunities, to look at better improvement of connection between the rail and bus transport. Obviously, in looking at the surplus land around that area, I refer to my earlier comments about the Parramatta City Council because it owns some land in that area as well. We would look to work in a collaborative fashion if we were to form a view around that particular part of the precinct as a real opportunity for renewal.

**CHAIR:** Once you identify the opportunity what is the next step?

**Mr WAKELIN-KING:** From our perspective, we would undertake an urban renewal study and prepare a plan, if we felt that that was realistic and feasible. We would then take that to the Department of Planning and Infrastructure. In preparing that plan we need to go, obviously, through a series of processes and consult with, obviously in this context, Transport for NSW, RailCorp, Parramatta City Council and a range of other stakeholders. Once we get to that stage, similar to what we are doing with Auto Alley at the moment, we go out on a non-statutory exhibition and get community and broader stakeholder feedback. Subject to approval of the board we would then take it to the Department of Planning and Infrastructure in accordance with the urban renewal SEPP to see whether the plan could be—

**CHAIR:** That sounds bureaucratic and time consuming. Let us go back. Who sells the proposition to the people who are going to supply the funding? Who champions it? Who generates

the interest within the development and investment community? It seems to me that an opportunity is identified, we go through the bureaucratic process and put on exhibitions, but something is missing. It is the excitement that is generated by people with money saying, "This is a good thing and we want to get behind it", and who pressures the Government to come up with a reasonable outcome at the end of the process. What are your views on that?

**Mr WAKELIN-KING:** The term "bureaucratic process"—

**CHAIR:** —I used that term loosely.

**Mr TIM OWEN:** He uses it in a good way.

**CHAIR:** We know we have to have bureaucratic processes.

**Mr WAKELIN-KING:** Respectfully Chair, the key is that that process is critical to building, if you like, the ability to champion the outcome. Although I acknowledge that it can take a bit of time, if sufficient rigor, study, analysis and engagement have been undertaken throughout that process, once that plan has been approved it enables, in the context of the Sydney Metropolitan Development Authority [SMDA], formerly the Redfern Waterloo Authority, it then to become a champion of the renewal of that area. That is not necessarily to say that you are going to go out there and actively commercialise and promote the plan, but the plan is there. Clearly we want the plan to be delivered because the plan has been created for the purpose of enabling an outcome, which in our case may mean a number of outcomes—housing supply, renewal of the area, economic investment and social improvement. We become champions of the plan.

The reason why I focus on Redfern and Waterloo is that we have spent more time there. That is not to diminish our focus on Granville because we think there is great opportunity in the Granville and the Auto Alley area. We have become champions for the renewal of the Redfern-Waterloo area. Where those plans would involve development near, on or around transport corridors, we would become champions for that purpose and we would then work actively with all the agencies involved to see that plan realised. There is no point in having a plan and it not being realised. North Eveleigh is a case in point, notwithstanding that the site is under review as a consequence of the transport master plan on foot. The intent of the Redfern Waterloo Authority was to take that site to the market. By default we became the champion because we were seeking to take that site into the marketplace. We were seeking for the market to respond and develop the site and for the proceeds of that sale and land to go back to the State for the purposes of reinvesting in the Redfern-Waterloo area. It is our work, subject to the master plan process, which will make an important contribution to the renewal of the area. By default we become the champions of the plan. The rigor in the process, frustrating at times I acknowledge, is fundamentally important to creating the foundation of the deliverability of that plan.

**CHAIR:** If there is one thing that you would like to see addressed to make the effectiveness of your organisation greater than it is today, given the outcomes that need to be produced, what would it be?

**Mr TIM OWEN:** Anything?

**Mr WAKELIN-KING:** The key thing for the Sydney Metropolitan Development Authority is we are a relatively new organisation. Historically we were focused on Redfern and Waterloo as the Redfern Waterloo Authority [RWA]. There is a process on foot. But in that context the resolution of North Eveleigh will be a significant catalyst for change in that area. It is land surplus to requirement.



That would be one thing at a micro level where we would look to see a key change for that area. In a broader sense, although the SMDA is relatively new, the key thing is our continued collaboration with our State agency colleagues and recognition by those colleagues—being a new agency we are building our capacity and our capabilities—to take a leadership role in those precincts for which we have responsibility. Once you get that credibility and recognition with a range of stakeholders, particularly State Government but also local government, that is a capacity value adding process to the organisation. That only comes with time, experience and deliverability of the plans for which you have been responsible.

**CHAIR:** Let me highlight a problem you might have an answer for. In my electorate there are two areas crying out for attention. One is around the Ashfield railway station and the other one is Strathfield railway station. Strathfield railway station is the second largest railway station in New South Wales. Let me give you an example. At Ashfield there is very little community car parking. The bus-rail interchange at Ashfield railway station is mediocre at best. In the past few months I have become aware that there are parcels of land owned by Roads and Maritime Services [RMS] and local government right next to the rail corridor. There is other adjacent land next to the rail corridor owned by RailCorp. RMS is doing what it is paid to do; which is to maximise the value of its investment and where there is surplus to requirements sell it off and get money for that land. Local government wants to build more parks. It has land between the Roads and Maritime Services land that it wants to put a park on.

No-one has considered all the issues that need to be addressed from the community perspective: commuter car parking, bus-rail interchange, affordable housing and long day care centres. There is an opportunity going begging there. Consolidation of the adjacent land owned by Roads and Maritime Services, local government and RailCorp would provide an opportunity that may come once in a generation to Ashfield. Why is it that I am the only person who sees the opportunity? Local government, Roads and Maritime Services and RailCorp do not see the opportunity. I do not know any government agency that does see the opportunity. I can say the same thing for Strathfield. There is a major development going on in Strathfield right now sitting between three major railway stations and no-one sees the potential for transit-oriented development. My question is: Do you have an opinion on how we can address that problem? Think of the Ashfield opportunity replicating itself 135 times throughout the Sydney metropolitan area.

**Mr WAKELIN-KING:** Looking into that issue, and having looked into the submissions and transcripts of previous witnesses, I think a theme has emerged that I would support from a personal perspective—a strategic approach to identifying those opportunities and identifying those challenges, in particular, in transport corridors and development adjacent to or over transport corridors that needs to be adopted. In principle everybody is supporting that. In relation to rail corridors I know it has been attempted previously but that was a number of years ago when the problems I spoke about earlier of congestion and population growth were not as acute as they are today. The opportunity exists for a strategic approach to be revisited. You could then look for and identify areas such as those you have described as being a potential opportunity and a value-adding component to the renewal of a particular area.

The issue is: How do you take that strategic approach, who leads it, and then who implements it? From our perspective, as has been identified when they selected the two precincts for the Sydney Metropolitan Development Authority, we clearly have a role to play in that. When a precinct is identified, as I indicated, we would look at all the opportunities that you have just described and see whether those opportunities could be (a) integrated and (b) realised; and in doing so, we would be able to engage across a range of stakeholders—land owners, and particularly where they were State or local government agencies.

**CHAIR:** When you say "we", who are you talking about?

**Mr WAKELIN-KING:** We being the Sydney Metropolitan Development Authority. If it was a declared precinct, we would have the ability to do that, we would have the capability to do that and, importantly, that is part of our approach in what we do in looking at the precinct and looking at those opportunities. Now, whether it is an opportunity or not I cannot say because I do not know enough about the specifics; but, if the area is a declared precinct then we would clearly have a role in looking at that and seeing whether that is in fact an opportunity that can be converted into a plan that would be realisable.

**Mr TIM OWEN:** That is exactly the problem that we have in Newcastle. The person who is pushing it is one. That one person is engaging people to do design work—not engaging them in a financial sense but in a voluntary sense—bringing this to the table and bringing it all together. I find that is just not the way to do this in government. I know Planning is responsible, but I do not have a sense of how we are bringing it together and looking at that constructively.

**Mr WAKELIN-KING:** From my observations and from experience, I think the opportunity is being presented through some of the structural reforms in the transport area, the focus on planning, and the vehicle through which the Sydney Metropolitan Development Authority has been created to look at precincts. Filtering down from the strategic view, we have an increased capacity to look at it in a strategic sense, and then being able to deliver it through to the operational sense. Ultimately the people who have to deliver this at the end of the day is the private sector, by and large, and so they have got to form a view that it is sufficiently viable for them to take the significant risk that there would be to undertake those sorts of developments.

**CHAIR:** Let me be cheeky. If I wanted half a dozen of these projects to happen concurrently, say there are 135 transport nodes potentially, and let us say only half of them make the cut in terms of all the variables that come into play to make it viable or not, and I believe that we should have half a dozen of these things going concurrently, what would it mean for your organisation if it now had to have a look at the opportunities that I have just described?

**Mr WAKELIN-KING:** If there were half a dozen areas, by default that would mean there would be half a dozen precincts that would have to be declared, and that would enable us to exercise our powers and functions. From our perspective, it would just mean that we would need to be sufficiently resourced and structured to respond to those requirements. So if we have got in this case six precincts, we would need to undertake the processes that I described earlier to look at those opportunities and those plans, and to undertake that work. Without wanting to grossly oversimplify it, it is a function of resources and capability to respond to that task. So, through your strategic analysis, if there were half a dozen top-priority areas that government would want to see identified and delivered upon, then it would just be a case of ensuring that the resources are in place to actually respond to that need. Now, whether it is all our organisation, or our organisation and others, that would be a matter for government; and in the context of how we are tasked to look at precincts, it is really through the urban renewal State Environmental Planning Policy and the Growth Centres Act. But it would be a function of resources and capability, and obviously we would play a role in that.

**Mr PAUL TOOLE:** I know you have the Director General of Planning and the Director General of Transport sitting on the board, so that is fairly important. But when you look at those opportunities you have also got council's local environment plans and you have State planning instruments and State planning controls, the urban State Environmental Planning Policy and so on.

When you look at and identify those opportunities, on occasions do you actually make recommendations that are outside some of those controls—say, that agencies need to look at spot rezonings to allow things to happen which should happen, but where certain instruments would be stopping that from occurring at all?

**Mr WAKELIN-KING:** We can do. We can make those recommendations if we feel that they are appropriate and warranted to realise the objectives of the plan. Ultimately, we would take that to the Director General of Planning. A key principle that we take is that if there can be an adjustment through the local environment plans, and councils are willing to do that, that would be a preferred outcome because that means there is close cooperation and collaboration as a reflection of that. But if it needs to be a State significant approach, obviously that is a matter that would need to be deferred through the director general to the Minister and ultimately through that State significant process. But we can make those recommendations if we feel that is warranted.

**Mr PAUL TOOLE:** That is good. I just did not want there to be an impediment, when it comes to looking at opportunities, because you have to stick within the existing local environment plans and controls that restrict certain things occurring.

**Mr WAKELIN-KING:** We do not determine those outcomes, but we can certainly make a recommendation, which is in effect what we did with Redfern Waterloo Authority in particular, and what we may do, depending on how the process goes, with Auto Alley. But at the moment we have good engagement with our local government colleagues. So we would make those recommendations that we feel are appropriate to realise the outcomes that we are seeking.

**CHAIR:** We have run out of time. Thanks for appearing before the Committee today. The Committee will wish to send you some additional, written questions. Replies to those will form part of the evidence, and those will be made public. Would you be happy to provide a written reply to further questions?

**Mr WAKELIN-KING:** Absolutely.

**CHAIR:** I appreciate that.

**(The witness withdrew)**

**BRENDAN LYON**, Chief Executive Officer, Infrastructure Partnerships Australia, and

**ADRIAN DWYER**, Director, Policy, Infrastructure Partnerships Australia, affirmed and examined:

**CHAIR:** I would like to welcome Mr Brendan Lyon and Mr Adrian Dwyer from Infrastructure Partnerships Australia. Thank you very much for making your time available for us. Can you please confirm that you have been issued with a copy of the inquiry's terms of reference and the relevant Legislative Assembly standings orders relating to the examination of witnesses?

**Mr LYON:** Yes, we can confirm that.

**Mr DWYER:** Yes.

**CHAIR:** I draw your attention to the fact that your evidence is given under parliamentary privilege and you are generally protected from legal or administrative action that might otherwise result in relation to the information that you provide this morning. I also point out that any deliberate misleading of the Committee may constitute a contempt of the Parliament and an offence under the Parliamentary Evidence Act 1901. Would you like to make a brief opening statement, starting with Mr Lyon?

**Mr LYON:** Thank you. In opening I would like to thank the Chair and the Committee for undertaking this inquiry. I think it is a very important issue that New South Wales really needs to start to grapple with. As the Committee is probably aware, Infrastructure Partnerships Australia is a public and private sector peak body for infrastructure in Australia. We really aim to maximise the efficiency of investment in—and operation of—infrastructure across the country. I do not think it will surprise any member of the Committee when I say that this State's infrastructure challenge is the most significant, most substantial and most costly in the nation. Urban and freight congestion are literally stripping billions from the State's economy each year, and the inefficiencies posed by the State-owned electricity transmission and distribution networks are eroding the competitiveness of the business, putting additional pressures on households and in turn placing substantial costs onto the taxpayer.

The reason that New South Wales has fallen behind on its infrastructure investment task is reasonably straightforward. The State has not managed its finances well in the past decade and it has little capacity to be able to invest in new infrastructure. For that reason I would particularly like to commend the Committee for this inquiry because it represents a timely opportunity to look at new mechanisms that could be used to drive returns to taxpayers from their existing investment in rail infrastructure, thereby creating a revenue stream to fund part of the infrastructure backlog.

Taxpayer investment in the rail sector has created a very valuable asset, both in terms of the railway land and in terms of lands surrounding rail infrastructure. My opening statement will focus on the opportunities that exist to better realise the value of the New South Wales rail estate and use its high patronage station precincts to assist in funding the redevelopment of rail stations, and also the opportunities that exist to better capture a fair share of the uplift in property values that occurs when new rail corridors are developed, again in turn helping to fund the delivery of that rail infrastructure. To date this value has been left largely untapped in New South Wales. But now in light of a constrained balance sheet, and the backlog of key productivity boosting infrastructure projects, it is critical that the value is leveraged and directed towards the funding of gaps in the State's infrastructure networks.

Broadly the submission we made to the inquiry outlined the key policy mechanisms that can be used to capture value created by the construction of new or renewed rail infrastructure. From an analysis of global best practice we found that these policies can be broadly defined into two groups: firstly taxation mechanisms and, secondly, land use policies. Governments can utilise existing or new taxation schemes to capture the value uplift of land proximate to new rail infrastructure. When a new piece of transport infrastructure is built the property owners in the precinct surrounding the corridor are likely to experience additional benefits far beyond those delivered to the wider community. Most commonly these benefits are accrued through an increase in property and land values. Our submission discussed two taxation-based value capture mechanisms: tax increment financing, which enables government to utilise revenue from existing property taxation streams as a financing mechanism for infrastructure investment; and benefit assessment districts which see a new geographically limited tax levied to generate an additional stream of funding for infrastructure projects.

Alternatively in situations where governments own land or can buy land at pre-infrastructure prices, they can sell, lease or grant development rights for land that is located near or above rail infrastructure, capitalising on the land's increased value resulting from its proximity to rail infrastructure. These land use policies, collectively identified under the umbrella of joint development, involve a partnership between the public and private sector in which the public sector becomes involved in property development in an effort to recapture some of the value that is created by its initial investment. The potential application of value capture mechanisms in New South Wales represents an important opportunity.

Our submission also identified an important opportunity for the use of value capture policies to assist in funding the renovation of key stations along the city circle loop in Sydney's central business district [CBD]. One of the major operational challenges facing transport planners in this State is the capacity and utility of the CBD rail stations. Outdated design, the use of stairs rather than escalators and other considerations mean that the CBD stations are not able to quickly move people on and off platforms, increasing the dwell time of trains and slowing the network. But Redfern, Central, Town Hall, Martin Place and Circular Quay stations are key interchange nodes, all of which experience extremely high patronage levels.

Many of these stations are in a poor condition and have not experienced substantial renovation for many decades. Land parcels around, above and below these stations, often owned by government, are under-utilised with small cafes and tin-shed newsagents found on the outskirts of the stations' precincts. Where retail development has occurred it has been peripheral and piecemeal, failing to capitalise fully on the commercial opportunities presented by the high station patronage. This high level of patronage means that the station concourse, airspace and adjacent subterranean land—if planned for, designed and delivered in a suitable way—is potentially a very valuable commercial real estate holding for the government. For example, the renovation of each of these five stations could be bundled with commercial and other development opportunities under a series of public-private partnerships. Using the private sector in this way would maximise innovation in monetising the value of these precincts, reducing the cost to government of renovating these key station precincts.

Of course, using most of these models would rely on the existence of an enabling policy and regulatory framework to leverage governments' strategic planning capabilities and to provide investment certainty for the private sector. Under existing government structures in New South Wales, the implementation of value capture policies would likely fall under the jurisdiction of several different departments and agencies, with each of these organisations having a different operational focus. We therefore recommend that this Committee consider the designation of a lead authority

with the capacity to both consider, plan, trial and implement these kinds of policies and specific projects. Such an authority would best be charged with developing a strategic plan aligned to statewide transport priorities and would be equipped with suitable planning and implementation powers to work with the public and private sectors to structure joint development opportunities and implement value capture methodologies.

Beyond leveraging the value from the State's rail infrastructure, the dedicated body should also be responsible for encouraging and implementing transport orientated development in the precincts surrounding major transport stations. Transit orientated development involves the establishment of medium to high density urban communities focused around transit stations. This would have substantial benefits for New South Wales, including in reducing the \$5.4 billion cost that congestion will impart on the State's economy this year.

It is self-evident that any decisions made on this topic should be done in the context of long-term demand projections so that decisions made today do not close off future options. The New South Wales Government and Transport for NSW are currently in the process of conducting a comprehensive restructure of the New South Wales railways. It is conceivable in my mind that in five years time the New South Wales rail network will be partially or fully run by a private operator or operators, in line with global best practice. The inquiry should consider how the development of airspace and land along rail corridors would occur in the context of these sorts of changes. For example, the leasing and development rights for real estate at stations could be conceivably bundled into a private sector operating contract, with the upside used to lower the subsidy for public transport operations. Alternatively, development opportunities could be let outside of the operating contract, or it could be a mixture of the two.

What is needed is a clear-minded view about the future shape of the rail sector, allowing for informed decisions to be made about the best opportunities to maximise revenues to taxpayers and fund the transport backlog. With Sydney projected to house more than 7.5 million people by the middle of the century, there is no doubt in my mind that metro style, high capacity and timetable-free operations are the future of rail services in New South Wales. But the metrofication of the CityRail network is conservatively estimated to cost more than \$20 billion. And that is before you consider the new rail infrastructure corridors that are needed. This inquiry is therefore right to consider how the State can be much more strategic in the way it leverages returns from its existing assets, with every dollar earned able to be deployed to modernising transport infrastructure. My colleague Adrian Dwyer and I look forward to any question the Committee might have.

**Mr TIM OWEN:** Firstly, I enjoyed reading your submission. Well done. It was very good.

**Mr LYON:** Thank you.

**Mr TIM OWEN:** Tell me a little bit more about the agency you are postulating with regards to a lead agency and a little more fidelity about the powers you would see them having in the context of trying to bring these disparate agencies together.

**Mr LYON:** When you are looking at the sorts of things that we have recommended in the submission to the inquiry, when you are looking at trying to bring together parcels of land, structure it up so that you can begin to develop a joint development type proposal or a precinct around Ashfield or anything else, one of the challenges that you often face is the non-contiguous ownership of the land surrounding the station. You often have a mixture of State agencies, private landholders, commercial landholders and so forth. The reason that an agency that is sort of missioned to undertake these kinds of projects would work well is because it would bring together and have the

ability to bring together those disparate landholders, have a precinct-wide strategy and begin to package it up into the sort of shape it would need for private development.

In terms of the broader question of value capture methodologies and so forth, it needs a lot of development. In part you are talking about imparting new taxes on to specific districts; something that has not been done in New South Wales before. It would need to be carefully considered in terms of the equity outcomes that are sought by government, the funding opportunities and so forth. That is why we think a dedicated agency that is purely focused on these outcomes would provide the best advice to government about implementation. It would be able to work with the Department of Treasury, with Finance, with Transport and others and come together with a whole-of-government approach to how these sorts of options might be implemented.

**Mr TIM OWEN:** You could argue that the previous speaker from the Sydney Metropolitan Development Authority [SMDA] was saying that essentially they are that in microcosm now. What is your view?

**Mr LYON:** It could be them. It could conceivably be Infrastructure NSW. It could conceivably be a division within the Treasury. We have no particular view about where it should sit, other than it should be focused on these outcomes. I think if you put it into a broader department, it needs to be a very clearly distinct agency or team that within that department so that it has a clear focus on those outcomes and those outcomes alone. But we are agnostic about where it sits within government.

**Mr DWYER:** I think we would argue that the skills and powers exist across government. They are just disparate as they currently stand. It is about bringing those together and having a strategy to do this.

**Mr TIM OWEN:** I do not think you will get any argument out of any of us.

**Mr PAUL TOOLE:** No.

**Mr LYON:** And we are very unlikely to have any arguments out of the public sector, either, except where it is located within government.

**CHAIR:** Can you explain the front end of the process. Are you are looking at the funding, the championing of the cause, consolidation of parcels of land and you need to define the opportunity per se. How far do we keep going down that road to actual delivery of the outcomes? Where do you see this particular authority stopping and handing over to somebody else?

**Mr LYON:** I think that the model that is used in Victoria is probably the most pertinent in terms of Places Victoria, which is I think what it is called now.

**Mr DWYER:** Yes.

**Mr LYON:** It was VicUrban. In terms of developing these things up to the point where they are economic for the private sector to undertake, I think it would be a retrograde step for the State to become a property developer and take development risk on projects. I think where government should be focusing is on setting the parameters of the opportunity, defining the project and then putting it out to market for delivery, and transferring those risks away from the taxpayer.

**CHAIR:** Is Victoria a jurisdiction where they are actually using these two forms of arrangements?

**Mr LYON:** They are not using these mechanisms per se, but they have a development agency that is quite a reasonable consideration for New South Wales, I think.

**Mr TIM OWEN:** Why have we not done it?

**Mr LYON:** You have had a number of different agencies. I mean, the answer is because we have not been particularly focused on it. The reform of budget has not been a huge priority in New South Wales for the last 10 or 15 years, so opportunities to better leverage the rail estate have not been considered at a political level to the depth that they are being considered now. New South Wales is now in a situation where the public is demanding a much better outcome in terms of infrastructure.

**Mr TIM OWEN:** Yes.

**Mr LYON:** There is very insubstantial capacity in the State's budget to be able to fund, with sustainable headroom of a couple of billion dollars only. That means that these sorts of opportunities will now be pursued, I presume, with vigour because it will increase the capacity to be able to deliver the outcomes the public expect. One of the other reasons they have not been considered is because there are people who are losers out of the process.

**CHAIR:** Yes.

**Mr LYON:** You are imposing, in terms of benefit assessment districts and so forth, a new taxation measure on people and that is always unpopular. But at the same time I think the appetite for improved property values, if you structure it well so that you are sharing a proportion of the uplift and particularly if you structure it so that it is captured on realisation of that benefit, will enable you to get around those issues. I think people will accept that delivering new infrastructure that improves the value of their property involves a fair share to be taken by the taxpayer.

**CHAIR:** In terms of this authority, when they package the opportunity per se and they look at the funding mechanisms that are required to support it, once they build an idea that this is viable, how much detail do they need to supply back to the marketplace to convince investors, for example, that the risks are acceptable in terms of the viability of the project? Are we talking about a proposal that says, "This is the area we are looking at developing. These are the sorts of community outcomes that we require in terms of infrastructure and services and the like. These are the limitations by which you are essentially constrained." Do you go to the market and say, "Here you go. You tell us what you can actually do.", or does the market require more than just that?

**Mr LYON:** I think government is always better to specify the outcomes they are seeking and the limitations that exist and then leave it to the private sector to innovate within those frameworks. I do not think you want government master planning these precincts. I think you want government specifying what the outcomes are clearly that they are seeking and then asking the private sector to come back with smart options about how costs can be lowered to taxpayers and how those benefits can be better met.

**Mr TIM OWEN:** I know you are looking at Adrian. Adrian, do you want to add anything to that before I ask?



**Mr DWYER:** No.

**Mr TIM OWEN:** You mentioned Victoria. Who is doing this would do relatively well, not only here but overseas?

**Mr LYON:** I think Adrian would be better placed to answer that.

**Mr DWYER:** In the United States, particularly with benefit assessment districts and tax increment financing, they are leaders in this space.

**Mr TIM OWEN:** Yes.

**Mr DWYER:** Of course, the Holy Grail is Hong Kong, but there are a number of key differences between Hong Kong and here. But certainly there are examples in the United States—in Portland, in Arlington, in Washington and in Cleveland—where they have used these mechanisms to fund a portion of the infrastructure. Washington is a good example. There is a benefit assessment district that has funded 16 per cent of phase one of their metro project. That is a \$5 billion project, so 16 per cent is a big number in real terms.

**Mr TIM OWEN:** Yes.

**Mr DWYER:** There are leaders in this and it has worked in those jurisdictions as well.

**Mr TIM OWEN:** What about in Australia? Is any other State Government looking at that in Australia at all? Have any of your counterpart agencies got any traction in Queensland, Western Australia or Victoria?

**Mr LYON:** Queensland has attempted some transport-oriented developments in the past, but not with the same level of ambition that we are talking about in the submissions we have made to the inquiry today. Victoria has done a number of limited ones and so has New South Wales in terms of some of the stations on the North Shore. But again, it has been piecemeal and has not been part of a uniting strategy. This has been talked about in New South Wales and in fact across Australia for a good couple of decades, but because it requires drawing lines on maps and because it requires making difficult decisions that might be unpopular at the outset, there has been a reluctance to move to the next step, which is trial and implementation. But I think when you look at the fiscal pressures are facing New South Wales and you look at the level of demand and expectation from the public for the outcomes, I think it is a good time to begin articulating what some of the options are going to be. I think the public accept that if we keep doing the same things, we are going to get the same results.

**Mr TIM OWEN:** Yes.

**CHAIR:** Will somebody explain to me what value capture is? It made eminent sense to me in terms of being able to build a case for investment.

**Mr LYON:** Yes.

**CHAIR:** What is your understanding about the New South Wales Government agencies' understanding of the concept and utilising it in terms of building cases for infrastructure development?

**Mr DWYER:** Well, I think there is an awareness in the New South Wales Government agencies of the concepts. The issue has been that there has been no one agency that it has been their primary function to look at these mechanisms. So if you take RailCorp, Treasury, Planning and local councils, each has another primary function so this will always be a secondary concern to them. That has been the issue in bringing these sorts of mechanisms to bear on transport infrastructure.

**Mr LYON:** It is where mission confusion becomes a problem because if you are a rail operator you focus primarily on the delivery of rail services. If you are a road authority you are focused primarily on the delivery of road services. If you are the Treasury, you are focused principally on managing this State's finances. That is why we were saying earlier that if you do move down the path of an authority, agency or team, it needs to be singularly focused on this issue so that has a very clear mission, which is to structure up these types of opportunities to work across government, to trial and then implement them.

**Mr PAUL TOOLE:** I presume that is why you picked the bundling of the five central business district [CBD] stations—so you are not getting that is piecemeal approach. The biggest impact would be to hit those five in one go so you have network efficiencies and moving of passengers.

**Mr LYON:** Yes, and an almost immediate improvement of the customer experience for a lot of the commuters who are coming into the central business district. But when you look at the central business district rail stations, they are a problem. You have got stairs all over the place. It takes a long time to move people on and off the platforms. The amenity of those stations and the design of those stations is not world leading in terms of the aesthetics, but they are very expensive and very complex to fix. By doing a public-private partnership, I think it is unlikely you would cover the cost.

I think taxpayers would still need to make a contribution, but what you would be doing is opening up the innovation to lower that cost. You would be saying to the private sector, "Here is the opportunity. What do you think the upside is going to be in terms of retail, commercial or other development opportunities? How do you internalise that into your bid?" You then have them competing on cost and quality to come back to the public sector and say, "Well, here's how we can move this many people off the station. Here is what we can do in terms of the retail, and here's what it is going to cost us."

**Mr PAUL TOOLE:** Who has some of the state-of-the-art designs when it comes to those stations?

**Mr LYON:** I think Victoria is a very good example, with Southern Cross station. That was done as a public-private partnership—not so successful for the private proponent but extremely successful for the public sector in its design, its integration with the transport network, and the rest of the project is quite amazing. I commend it to you to look at. We would be happy to send back some information on it. Ultimately, the focus has to be on the utility of the stations and their core functions but those complementary development opportunities mean you could substantially lower the cost by decreasing the cost to taxpayers.

**CHAIR:** I think you stated in your submission that the TIF and BAD mechanisms—you have to change that acronym as it does not sit well with me—would be collected—

**Mr LYON:** They are also known as SAD.

**CHAIR:** You noted they would be collected at the local government level?

**Mr LYON:** Could be.

**CHAIR:** We are talking about a rather dramatic change to the land tax system per se. Am I being overly dramatic in saying this is a major reform that would be required to the existing tax arrangements for New South Wales or has someone been able to do it in a simpler way than what I am imagining?

**Mr LYON:** We believe the State should be collecting it, not local government. We just used that as a case study. Obviously the institutional arrangements in other jurisdictions are different to Australia's structure. But we would be of the view that the revenue should be collected and then invested by the State.

**Mr TIM OWEN:** A big change, though?

**Mr LYON:** It is a substantial change but this issue of ultimate user pays is really where the focus needs to be. The States cannot print money to be able to fund the levels of infrastructure.

**Mr TIM OWEN:** That is the problem we have. We do not have the ability like the Federal Government.

**Mr LYON:** Yes. And I think that members of the public are reasonably mature in their understanding of that issue. We need to start specifying and spelling out what the opportunities are and what the options are. That is where, in committee hearings like this, organisations like Infrastructure NSW, Infrastructure Australia, and so on, have an important role to play because they can begin to ventilate the options.

**Mr TIM OWEN:** Have you discussed this with the Federal Government at an Infrastructure Australia level? If the States were to look at this approach I believe they would be more inclined financially to support the process when there was a plan. The problem is we just have not had a plan and it has been extremely difficult to get Infrastructure Australia on board. Is that your belief?

**Mr LYON:** Yes. I think Infrastructure Australia has been very clear in all its reports and statements about its support for user pays mechanisms and for increasing the capacity to fund infrastructure projects. I have not had discussions with it on the specific issue but certainly it is very focused. The finance working group of Infrastructure Australia will report shortly and I understand that submissions were made to that group also along these lines. It is really looking at how you begin to monetise some of the benefits that taxpayers have provided through expansions of the rail estate.

**CHAIR:** When we were speaking about the notional authority that these extended powers would have, what is the closest equivalent in other States? Is there any other authority in Australia that has similar powers?

**Mr LYON:** Victoria has recently started the Public Transport Development Authority.

**Mr DWYER:** It trades under Public Transport Victoria now. It is a recent name change.

**Mr LYON:** That organisation is still being formed so it is unclear as to how far it will go down this path. Probably the closest equivalent would be Partnerships Victoria and the commercial division within the Victorian Treasury. That gives substantial focus to funding and financial mechanisms for infrastructure in its broadest sense but obviously transport is a large component of its considerations.

**CHAIR:** Is that the only place in all of Australia?

**Mr LYON:** Every treasury in the country has a division. In wandering further along the curve in considering opportunities and options, I think the Victorian Treasury is the one to consider. No authority other than the Vic Urban places and Victorian Treasury have really driven further in private finance, private funding and opportunities to leverage public assets.

**CHAIR:** Let us say that this new authority was looking specifically at the championing of the cause of infrastructure development around major transport nodes per se. Should it sit within Transport for NSW or should it sit outside? Do you have a view on where it should be?

**Mr LYON:** It does not really matter in a sense because you can come up with a perfect structure but structures are always polluted by having humans in them. I think the accountability and interface issues are real ones. Either it would need to be situated within Transport for NSW or within Treasury. Either way it would have to have a component and perhaps an internal board comprised from across the transport agencies to avoid any interface risk issues. You need to have everyone brought into the ultimate mission. I think transport agencies will ultimately be supportive because it is talking about how you can find the projects that they know need to be delivered. But whether it sits within Treasury or within Transport does not really matter as long as you have an institutional degree of collaboration or cooperation involvement across those agencies.

**CHAIR:** Finally, what is the appetite at the moment in the marketplace for people to invest \$200 million or \$300 million on major developments over railway stations?

**Mr LYON:** Over railway stations is a different one. If you are talking about aboveground rail corridors it is quite difficult. I understand the private sector has had a look at a number of different locations over time but found the construction cost of building over large rail quite difficult. Nonetheless, I think recent experience has shown that where you have a well-structured project that makes economic sense there is no problem in either equity or debt being sought for those projects. The largest public-private partnership in the world has closed in Australia since the new global financial crisis. There is a huge degree of interest in and appetite from foreign and Australian investors in well-structured projects here. I do not think there has been a better time to be bringing forward projects in relation to capital markets being interested. Obviously there will be some difficulties with the depth of debt markets this year but they are really global symptoms. There is no lack of appetite to take on project risk and there is no lack of expertise to get these sorts of things done well.

**(The witnesses withdrew)**

**(Short adjournment)**

**MICK OWENS**, General Manager, Urban Development Landcom, sworn and examined:

**CHAIR:** Thank you for appearing today before the Committee to give evidence. Can you confirm that you have been issued with a copy of the inquiry's terms of reference and the relevant Legislative Assembly standing orders relating to the examination of witnesses?

**Mr OWENS:** Yes I have.

**CHAIR:** I draw your attention to the fact that your evidence is given under parliamentary privilege and you are generally protected from legal or administrative action that might otherwise result in relation to the information that you provide. I point out also that any deliberate misleading of the Committee may constitute a contempt of the Parliament and an offence under the Parliamentary Evidence Act 1901. Would you like to make a brief opening statement?

**Mr OWENS:** Just a brief one. Landcom was invited to attend this hearing. We did not make a submission, but Carolyn invited us to come along. Just a little about Landcom: we undertake major residential developments around Sydney in both greenfield and brownfield sites. We are a State-owned corporation owned by the State Government. Really, our objective is to implement government urban objectives in a practical and commercial way. As part of our developments we do a lot of coordination of infrastructure. Part of it is transport infrastructure; residential infrastructure; essential services—water, sewer and electricity; and community infrastructure—parks, cycleways and other local road infrastructure. We actually pull a lot of things together. When you look at what happens around transport nodes, all those things come together at those points. For this hearing, we have dealt with a lot of railway stations.

Some of our major projects include Green Square where we are coordinating development. Our role at Wollri Creek is almost finished, but we were instrumental in getting that development happening. Rouse Hill Regional Centre I was personally involved in setting up. That is the regional centre of the north-west sector growth centre, and allowing for a future North West Rail Link which, hopefully, will now come, and also the transitway to coincide there. We also are working on Edmondson Park. A recent acquisition through Defence lands has meant that the south-west rail line has been able to go ahead and we will be doing the development around Edmondson Park. We have been active also around Macarthur Station with our Park Central projects, Macarthur Gardens, and now with the University of Western Sydney. We are working now on the north Penrith project dealing with all the interfaces to do with the Penrith railway station. That is quite an exciting project.

I have been with Landcom for about 20 years, and mostly have looked after just about every greenfield development for Landcom. I do not have that much experience with the urban renewal site but I can answer questions on that to try to help with the hearing. With a lot of our developments we will do the original planning, implement design, resolve conflict issues—there are always conflict issues when you talk about complex projects like these—and then implement them. Along the way we will always try to create development opportunities for the private sector. Our role really is to be a catalyst for the private industry. We pride ourselves on that.

That is a little about us and I guess why we are here. Some of the things I would like the hearing to consider are certainly about the important role rail corridors play in the new growth centres in the north-west and south-west sectors. We see that we will have a big role to play maybe around the north-west rail line and around the transport nodes and what will happen through there. We have already done Rouse Hill Regional Centre and we have an ongoing role with that with Lend Lease and GPT. We may also have a role around Leppington railway station. That is the current

terminal for the south-west rail line. What would be important is what happens after that. Extension of the south-west rail line is important for the future growth for the next 20 or 30 years for the remainder of the south-west sector.

If I look back and think about missed opportunities for the north-west sector with the rail corridor not being defined early enough, some of the missed opportunities and the additional cost of the north-west rail now because it was not done early enough, I would hope this would be considered further for the south-west. From Landcom's point of view, or my point of view, the interfaces around the railway stations are really important. Getting to the levels of the railway station is important. If you want economic development and development activity to happen around that, you want the railway stations to be above or below ground, preferably below ground, at the transport nodes themselves. They can be at grade and it would be the cheap alternative as you get away from the transport nodes, but at the node itself it is important that it does not cause a divide to the centre itself. We have across numerous times and that is such an important issue. If you really want to get great coordination one of the things that we should be considering in the new areas is land acquisitions. A lot of these areas are fragmented around transport nodes. When you are talking about major regional stations you need to do more land acquisition to ensure there is future land use coordination around the stations. That is my opening statement.

**Mr TIM OWEN:** As the Government's developer give us a sense of the challenges about air space and land adjacent if we are at level in a lot of areas. As a developer you know what the value uptake is for private developers as well. Can you give us a feel of the key challenges in maximising the return on investment of air space as well as adjacent land?

**Mr OWENS:** The real value is in getting the economic development around the stations. Trying to capture land value, levies or even trying to get value on the air space rights is quite small in the overall scheme of things. The danger is if the Government asks for too much money in the beginning it can be a deterrent for development to happen later. There is a fine balance there. There is a potential from value capture but to encourage the development industry that value capture must be done at the back end of the development process. Doing it too early is a financial disincentive for the development. Connections to the stations are important for development. Just because you have a railway station does not mean it makes development viable.

My own personal experience includes the developments up and down the south-west area and looking at the old railway line from Liverpool down through to Campbelltown where you have the villages of Minto, Ingleburn and Leumeah. They were vibrant village centres but the connections across those stations were with boom gates and other things. As more development happened, the number of trains increased, the boom gates had to go and the rail lines themselves became divides which caused the villages to start to die. Leumeah is haphazard and all over the place. Trying to encourage those things is quite difficult. You need strong government leadership to encourage things around stations. Putting a planning control in and hoping that the development will follow does not always happen. There is always a missing piece of infrastructure or key ingredient that will make the development happen. It is not the private sector's responsibility if somebody is not there to make it happen. It is not every station but you pick those ones that you think are going to be the right ones to encourage development and focus hard on those and introduce government leadership to bring others along.

**CHAIR:** You said something that piques my interest. You said if you do the value capture exercise too early it is a disincentive to an investor and should be done later on. That flies in the face of my understanding of building the case for something. We do not want to pursue a development

that has limited value. If the value-capture exercise says it should not go ahead you strike out that development and move on. What is your perspective?

**Mr OWENS:** The temptation is to say if the Government invests in major transport infrastructure that could increase the value of the land surrounding it. Therefore, let us capture that through a levy or some other way, which is a sound way to do it. It is the timing of when you ask for it that is the real issue. If you are asking the private industry to pay it early and some of those projects are long term—

**CHAIR:** You are talking about the timing of the actual levy?

**Mr OWENS:** That is right.

**CHAIR:** I misconstrued it.

**Mr OWENS:** I probably did not explain it properly.

**CHAIR:** I thought you were going to give me a reason not to go down a certain path.

**Mr OWENS:** You need to ask whether there is value capture and if you ask for too much money that is a disincentive for any development to happen. If you look at the special infrastructure contributions happening in the north-west and south-west area you will find that those levies were previously too high and it killed off development. Now it is at the right level there will be good encouragement of development. It is an opportunity for the Government to capture some of that value and reinvest it into necessary infrastructure. It is exactly the same process around transport nodes.

**CHAIR:** How does Landcom select sites or identify opportunities to begin with?

**Mr OWENS:** It is a mixture of strategy and opportunity. Whilst we are owned by the Government and are pursuing government objectives we are run like a commercial enterprise, a State-owned corporation. Any investment we make has to give a commercial return back to the Government. The reason for that is to ensure a fair playing field with the development industry. We can be used as an example for the industry to follow.

**CHAIR:** Commercial return, as in dollar commercial, or are we talking value in kind and community benefit?

**Mr TIM OWEN:** Both.

**Mr OWENS:** You are right, it is both. We do have to achieve a dollar return. If there was something of State significance where we thought we would not get a commercial return we need permission from Treasury or the State to do it. There is recognition that there are much wider community benefits that outweigh the dollar return. We might have saved the State some money somewhere else by doing it.

**CHAIR:** That is secondary at this stage? What if there is an opportunity to convince the local area this is worthwhile and the community benefit is a better bus-rail interchange or a long day care centre as opposed to some hard and fast commercial return to Government. Is that the sort of stuff you look at as well?

**Mr OWENS:** Yes, that is our whole reason for doing it. It has to come from that social objective in the first place.

**Mr TIM OWEN:** Some of these can be catalytic sorts of developments. Government steps in with its developer to do something, and private goes, "This is a reasonable thing to leverage off."

**Mr OWENS:** If I could use the Rouse Hill Regional Centre as an example, because that was one of my own projects: Landcom's investment in the Rouse Hill Regional Centre was \$50 million; but it created a \$1 billion project.

**Mr TIM OWEN:** Correct.

**Mr OWENS:** Lend Lease and GPT invested \$500 million, and now it has a billion dollar value. So, for such a quite small investment, we have this huge spinoff. When you think about pulling together transport, the rail corridors and schools, we have a mixed-use development that I do not think would have been made unless we were involved. I think if you asked senior people within Lend Lease and GPT, they would say the role that we played helped make that centre a much better place. You would not have had the library in the middle of the town; we resolved that with the local council. We sorted out a lot of the local council issues. But we did not impose things and allowed private industry to come up with their own ideas, and responded to those. So it was a very good partnership for that sort of thing. So, whilst we invested \$50 million, our return on that \$50 million is still about 10 per cent per annum back to the government. So, yes, we get a commercial return; but the role that we played was very much a major catalyst for the area.

**Mr TIM OWEN:** That probably leads to my next question. Do you have any input into strategic land use planning in that context, or is it said to Landcom to get on and do that, or do you just look at it? How does that work?

**Mr OWENS:** I guess we would respond to the strategic direction. So the Department of Planning would say, "This is the direction in which the growth of Sydney should be." We take those objectives and ask how we actually implement them. We are really about delivery and implementation. That is the distinction between us and Planning. We look at it and understand the objective sought to be achieved, but if we think that is not going to work commercially, or that the implementation needs to be slightly different, we will provide that advice back. It is through a planning process that we would do that. Then it becomes an iterative process; all these things are quite iterative. When you are talking about complex land uses, you cannot just say: There is a plan; implement it. You have to start with an understanding of the issues; then you have secondary issues that come out of that; and then you say, "Well, how do all these things fit together?" or, "This doesn't quite work; let's go back and re-adjust." Having that sort of framework is really important to get these nodes to work properly.

**Mr TIM OWEN:** I suppose the next question is around rail interchanges, or transport nodes and land adjacent. We are getting a sense, from previous organisations that we have spoken to, that there really is not any cogent oversight of the real opportunities that exist. From the perspective of a developer, which clearly you are, do you have that same sense: that we are picking them a bit piecemeal as the opportunity pops up?

**Mr OWENS:** Yes, I would have to say that. Yes, that would be true.

**CHAIR:** Would it be impractical or just silly to suggest that an organisation like Landcom have visibility of a development opportunity that may be scaled between a total of say \$50 million and



\$100 million? I will give you an example. In my electorate there are a couple of opportunities right now that it seems nobody is aware of, other than myself. One of those could be around Ashfield railway station, or around Strathfield railway station, where each of the multiple government agencies is going off and doing its own thing: so Roads and Maritime Services is selling land, council wants to build a park, and RailCorp quite frankly is totally disinterested about the whole lot; and I am sitting back there saying, "Hang on, folks; we could actually do with more commuter car parking, a better bus-rail interchange, a long day care centre and a community facility"—if we allowed development over air space, going up an extra two or three levels above the current local environment plan. Is that too small a scale for Landcom to have visibility over?

**Mr OWENS:** No.

**CHAIR:** How do you actually get visibility of those? At the moment, no-one is looking at these things—other than the State member of Parliament. I am sure Tim Owen has a similar example.

**Mr TIM OWEN:** We have just spoken about it being out of the zone.

**Mr OWENS:** I guess the success of our organisation is that we are quite focused on the projects that we are involved in, so we get on and deliver those. If we tried to do everything, I suppose we would not achieve anything. I think it is a matter of picking areas in which you think it is the right thing to do, and setting up some sort of development agency or some sort of control group that goes around those areas, and pulling those things together. You are quite right: State Rail's job is to get the trains to work properly. State Rail does not have the land use planning experience to actually understand what is happening around that. That is not their fault at all; it is just that you need somebody to have that wider view around that. It is just really about picking those stations that you think have those opportunities.

**Mr TIM OWEN:** The thing is that there is no process in place now to do that, in my view.

**Mr OWENS:** No; and it is not a development agency on its own either. If you did set something like that, it has got to have somebody, particularly from the rail side, as a single point of contact. Our interactions with Rail is that sometimes you have to go to one group for construction issues, another group for approvals, and another group for operational issues or something else. If you had a culture of wanting this to happen, you need a single point of contact within that group that can coordinate those groups. And you need another body to actually pull together all these other issues around it, say the local councils or those responsible for the essential services that have to happen. Somebody has to coordinate that. To understand the commercial drivers of the private industry and pull all those together, you need somebody like that.

**CHAIR:** How much transport expertise does Landcom currently have in dealing with the transport interface? If you look at a major transport node like a railway station, a surrounding area of up to about 300 metres must have certain zone and planning elements to facilitate pedestrian flow, traffic management, safety, amenity and all those sorts of matters. The interface between the wider community and the transport node is quite sophisticated in terms of bringing it all together. From where does Landcom get its expertise to allow the development of that first 300 metres around a major railway station when you are looking at transit-oriented developments?

**Mr OWENS:** It comes from many years of experience. The people who work within Landcom have come from a mixture of property-related professional backgrounds; they might be engineering, or planning, or urban design people. But that is not really why we engage them; they are really managers of developments and they understand the financials, the feasibilities and all those things

that go with it. So we have to be a bit of a jack of all trades; we have to understand at a global level the drivers from an urban design point of view; we have to understand the environmental outcomes, probably not so much around railway stations; but certain flora and fauna issues, storm water control, water quality controls, what are the key drivers for bulk services. We touch on all those things. We also develop social plans, how to get schools going, how to get all those happening. We pride ourselves in working with the local community and working those things up, so that both from the top level and the bottom level they come together. So we tend to be a bit of a jack of all trades to bring those together. So we are not specific experts, but we are higher experts to make it happen, and then we judge who are the right people to help us deliver projects.

**CHAIR:** Why do you think we do not have right now half a dozen of these transit-orientated developments happening on Sydney's transport network? In your view, what is actually holding that up? What are the issues? I am Italian: I like to build; I like laying bricks and hitting nails and so on. We do not see enough of that happening around here for some reason.

**Mr PAUL TOOLE:** And concreting as well?

**CHAIR:** And concrete laying as well.

**Mr OWENS:** I think it needs strong willingness to get on and do that. But it also takes some investment from the State as well. You can't just think: Maybe if we do something, private industry will come on board. I think it requires a fair bit of leadership from government regarding seed funding; it might be the first \$50 million to \$100 million. That is something that you need to get your head around to make that happen. That is probably where it has fallen down in the past: the temptation has been to think that Sydney is such an economic powerhouse it will look after itself. I think now is the time to say that we need to re-invest back into these things. I think that is half the reason why things have not happened.

**CHAIR:** Does Landcom have an exposure to all of the property disposal processes throughout the other agencies in government? That is, if someone wants to go and get rid of some land tomorrow are you aware if this is actually going to happen and will you be able to provide advice whether it is appropriate or inappropriate given your greater view of things?

**Mr OWENS:** I think there are going to be some changes to that. I cannot say too much about that because it will be considered before Cabinet very soon on that very matter.

**CHAIR:** You cannot give us a hint?

**Mr OWENS:** I think it may be today.

**CHAIR:** Can you explain the relationship between Landcom and the Department of Planning and Infrastructure?

**Mr OWENS:** It is a State agency, it is an agency of Landcom so it is of the government; it gets its budget directly from the State; it does not have any agenda to invest or build things; its role is to plan and look at the strategic planning for Sydney and give directions as to what should happen. Our role is to be an implementer; we will look for places that we should be going into. We cannot be everything and everywhere but we will look for places that will help facilitate those plans and planning put in place. We are very much a deliverer and we procure contractors; we do all those things to make physical works happen, but we also work with the private industry and work on joint

ventures and do those sorts of things. So the leverage that we could do with our own investments and then bring in the private industry can be quite big.

**CHAIR:** In my mind—I am a simple Italian—there seems to be an overlap between the Sydney Metropolitan Development Authority and what it is doing for specific precincts and what you are doing more broadly. Am I misreading that?

**Mr OWENS:** No, you are not. Again, that is a consideration before Cabinet right now.

**Mr PAUL TOOLE:** There are obviously key challenges in relation to looking at airspace and adjacent areas for rail corridors, et cetera. You mentioned that with RailCorp you have got to go to various agencies and all that as well. I presume that is in the Department of Planning as well. You said another one was the Government having to invest a substantial amount as well. Are there any other key challenges that you see?

**Mr OWENS:** I think if you address those ones, and I think there are moves afoot for change. With the establishment of Transport NSW to be that interface it seems like a good move. I think it is really about encouraging that culture, encouraging those to happen and if there is a direction from ministerial levels to say that "we expect these agencies to pull these together" I think that is a powerful message. At the moment it is "if an opportunity comes along we will consider it", which is a bit of a different attitude to being a bit more proactive.

**Mr TIM OWEN:** We discussed before where, for instance, Landcom may be doing some catalytic development work. Does government say to you, "Tell us, Mick, if we commit X through you guys, this is the sort of scale that we can see in terms of a private government sort of development". So, for instance, exactly as you said, "If we commit \$50 million to \$100 million, we believe there will be an uptake of half a million or above", do they ask you those sorts of questions or do you provide that advice to government in the context of it?

**Mr OWENS:** I think there are two ways; it can happen either way. I think with most of the ones we have done it has been instigated by us. We respond to what we think the government wants to do and then we look for those opportunities and feed that back up. If you look at Green Square as typical of that, I cannot remember the exact figures but somewhere between \$100 million to \$200 million worth of enabling infrastructure, and that will allow then other developments to happen beyond us. We are going to do the development; we have invested land for the first 20 to 30 per cent and then we have joint-ventured that with Mirvac and Leightons, but we think that there is going to be a huge flow-on effect that will happen from that and they will create \$1 billion to \$2 billion worth of subsequent investment.

**Mr TIM OWEN:** And you provide that advice to government to say, "Hey guys, here is what we think the uptake will be"?

**Mr OWENS:** Some of it is actually done as a commercial solution. The one at Green Square is something that we provided as an investment solution knowing how the private industry would respond. But if something was asked by the State, yes, we would certainly take that on board.

**CHAIR:** Ultimately you are responsible for determining the commercial viability of a project?

**Mr OWENS:** Yes, we are ultimately responsible for that, and that is our charter—how we have been set up. We report to a board that has been established by the State and the board reports directly to the Treasurer and the Special Minister of State from a financial responsibility, from a

return point of view, and report directly to the planning Minister for what things should we be doing, and we get that feedback from the planning Minister for the sorts of things we should be involved in. If there was a project of State significance that meant that we could not get a commercial return then we would have to get a direction from the State to say yes we should go ahead and do that, but recognising that we would not get the commercial return that we expected to get.

**CHAIR:** If nothing changes and Tim and I have got a bee in our bonnet about an opportunity that is going missing in our electorate, what capacity is there for me to come to Landcom and say, "Landcom, there is an opportunity that I have identified in my electorate. I am ready for this to progress because I have got a whole bunch of stakeholders beating a path to my door", what capability is there within Landcom to deal with it and do at least some preliminary stuff and then say, "No, this is being done, and these are the reasons why it is done", or, "This has got legs, we just need to do further investigation on it". What capacity within your organisation is there for dealing with that?

**Mr OWENS:** We do deal with those things quite regularly about some feasibility, that people make suggestions to us and we make assessments. Just exactly what are the communication protocols for that I am not quite sure; maybe it should come through our planning Minister.

**Mr TIM OWEN:** We just did one in Newcastle along those lines. We came to you guys and said, "Hey, I think there is a real opportunity here. Partner with these people, have a look, see what you can do".

**CHAIR:** Any outcome?

**Mr TIM OWEN:** I do not know yet.

**Mr OWENS:** Funny enough, the reason why my managing director could not be here today is because we have a Landcom board meeting and it is discussing that very thing.

**Mr TIM OWEN:** The way we did it was we just went informally to Landcom.

**Mr OWENS:** But somebody highlighted that and for something like the revitalisation of Newcastle central business district it is exactly the sort of thing we should be doing. Your question about yes, do a high-level assessment first before you spend millions of dollars on doing something, you go through a sieve process and say, "Has this got some sort of chance of happening? Give the reasons back if it is does not. Yes, let us go to the next level of planning and if it means doing something quite special we will continue on to do it".

**Mr TIM OWEN:** I get a sense there is not a formal process for a local member of Parliament, he can go through the Department of Planning and Infrastructure or whatever.

**Mr OWENS:** No, not yet.

**CHAIR:** The reason why I asked the question is because at the moment I have got local government beating a path to my door, saying, "Charles, we have identified an opportunity". Lane Cove Council is one of them where they have got two major developers coming up saying, "We want to develop almost concurrently on two adjacent sites separated by the railway line", so they have now come up with this great idea, saying, "If we are able to align the development and utilise the airspace over the railway line this is the additional benefit". But it seems to be stuck in no-man's land

at the moment and that is what is bugging them because they cannot go out to investors at the moment; they have got a beautiful concept but the next stage in the process is, "We are a little bit unsure about how do we engage government in this sort of stuff?" It is great seeing local government being proactive for a change and coming up with these great ideas, and part of the inquiry here is to identify why is it local government, if they are championing the cause, cannot seem to get its concept into a process that ensures an outcome rather than just feeling its way through a whole bunch of government departments, which is what I am hearing at the moment.

**CHAIR:** Thank you very much for your time. We did not go through all the questions but we would like to give some of those questions back to you in writing and get your response to those, if that is okay.

**Mr OWENS:** Just one other thing.

**CHAIR:** Sorry, I should have asked.

**Mr OWENS:** You were asking for examples around the country or what I would say that you could use as an example. Subiaco over in Western Australia is a fantastic example of great development and land use planning that has happened around a railway station.

**CHAIR:** Is that a greenfield or brownfield site?

**Mr OWENS:** At that time it was a brownfield. I think it was an old industrial area that they completely redid. But they set up a new rail line, did a cut and cover, got the levels done really well. There was great coordination between the equivalent of the rail agency with a specific land development agency that was set up. They have done a fantastic mixed-use development around that rail corridor. They did not build over the top of it, but how it works around—

**Mr TIM OWEN:** The land adjacent was well done.

**Mr OWENS:** It was extremely well done. Personally I think it is one of the best developments in Australia.

**CHAIR:** Thank you. We appreciate that.

**(The witness withdrew.)**

**NORMAN WING JOHNSTON**, Principal, Johnston Enterprises, and

**ROBERT CLIVE SENIOR**, Director, Certain Planning, sworn and examined:

**CHAIR:** I welcome Mr Norman Johnston and Mr Robert Senior. I thank them very much for appearing before the Committee to give evidence. Can you please confirm that you have been issued with a copy of the inquiry's terms of reference and the relevant Legislative Assembly standing orders relating to the examination of witnesses?

**Mr SENIOR:** Yes.

**Mr JOHNSTON:** Yes, I have.

**CHAIR:** I draw your attention to the fact that your evidence is given under parliamentary privilege and you are generally protected from legal or administrative action that might otherwise result in relation to the information you provide. I should also point out that any deliberate misleading of the Committee may constitute a contempt of the Parliament and an offence under the Parliamentary Evidence Act 1901. I understand that you would like to table a document to support your opening statement. Is that correct?

**Mr SENIOR:** Yes, correct.

**CHAIR:** Would you like to be considered as part of your formal evidence to the Committee and be made public?

**Mr SENIOR:** Yes.

**Document tabled.**

**CHAIR:** Would you like to make an opening statement?

**Mr SENIOR:** Yes. I hold degrees of masters in planning and land economics. I specialise in property-related projects, particularly with a focus on increasing utilisation and minimisation of waste. I have had a long-term interest and desire in the broad subject of quality. One of the precursors of demonstrated quality is waste minimisation. When you do have waste or forgone opportunity, you have to ask ourselves, "Are we on a quality path?" Applying that sort of approach in terms of assets, you can quite readily identify potentially lazy assets and that then triggers and shifts towards: To what extent is the rail corridor at optimum utilisation? That was really the basis of the question that was put to the Committee, based on the public inquiry. I would just like to make one other point. I know time is short. If time does permit, towards the end I would be very happy to make a few comments about the Transport Administration Act as it is written.

**CHAIR:** We probably will not have time today.

**Mr SENIOR:** That is fine. We will pick up on that. Other comments will be how to structure for the risk of derailment in terms of physical construction, the treatment of station areas over the actual station development versus either side—there are a few challenges but opportunities there—and I would like to share with you what I see as an indicative policy palette that the Committee could well consider in formulating its position to go to government.

**CHAIR:** Good. Thank you very much. Your submission was quite informative—thank you very much for that—but I do not profess to understand all the nuances that it contained. I would like to start the interview by asking you to explain very briefly what mechanisms government can use to best capture value resulting from rail corridor developments, but in particular we are talking about brownfield development here. We do not necessarily want to highlight greenfields because there are lots and lots of opportunities and lots and lots of people know about those, even though we are very poor at executing the exploitation of those opportunities. I would like you to address the current situation in the Sydney metropolitan area where we have a significant rail network and the opportunity that it contains.

**Mr JOHNSTON:** I will go through about how you would do that. First, from my point of view—and I will just go through them in order—it is a portfolio approach and a policy-led approach. It is an approach from the top down. You do not really want to try this initiative if it is just going to be token or individual-led. This is a portfolio-wide approach. In that portfolio-wide approach, the corridors, the stations and the land around it, the TOD, which is usually the transit-oriented development area, is usually about 400 metres from the station. If you think of it in that way and include even major roads, the first issue is the creation of the asset, the defining of the leasehold or freehold interest in the land, and that gets you your equity. The next is the creation of the airspace development rights through zoning and floor space ratio [FSR] standards for that asset. So you create your equity in your holding and then you create your zoning parameters and development standards around your equity.

Then you could have what is called development assessment zones. In America, which they have quite readily, that is an assessment district. In that assessment district, you held a value capture principle. That is where the development rights assigning to the private sector component of the land are actually captured back by some percentage agreement from the State. I have a couple of examples of those here that we can discuss later. Then that goes to increments in rates and taxes associated with that, and then, if you want to be a bit more entrepreneurial, you can bond those increments into an upfront capital payment, if you understand what that means.

By bonding those increments in upfront capital payments—and I have a couple of examples from the United States where they yielded around the \$224 million infrastructure bond upfront by incrementing those payments.

You would then have the open market sale of the freehold or leasehold asset. You have the joint venture arrangements you can enter into if you wish. You have stamp duty contributions for consolidated revenue and you have the uplifts on the transit rail. You have to consider patronage uplifts as well, because that happens as well. If you want to understand how you go about generating value, it is quite straightforward but it is a complex set of financial arrangements that most single—discipline departments would not necessarily have the skills, capabilities or understanding to bring together because it is an infrastructure funding mechanism as well.

**CHAIR:** Does the capability that you have just described of "understanding the process" exist in Treasury today?

**Mr JOHNSTON:** I think Treasury has subsumed asset policy and public-private partnership policy over the past decade or so and it also understands the idea of gross area of bonds which are the result of tax increment financing. I have no problem with Treasury understanding the concept we are talking about but Treasury is a budget cost centre which is responsible for allocating money every year and, as a budget cost centre, it is not necessarily oriented towards revenue generation. This requires a paradigm perspective in relation to the revenue generation and a business model

that outlines that that is part of the process. If you do not take this on as a business model whereby you are looking at the revenue of the project as well as the expenditure of the project from the costing point of view—which we do in New South Wales quite regularly—you will not have the right paradigm to achieve the policy.

**CHAIR:** How do we go about the paradigm shift? Do we establish a new authority or what are we talking about here?

**Mr JOHNSTON:** That is one of your questions further on but I am happy to address it now. Can I just run through this first? They are only pictures so I did not put anything in writing. I just reviewed every association's major paper on infrastructure and development in New South Wales in the last bit of time and I captured this on the way through the process. All that says is everything that has been promised over the years and has not been delivered, that is the time cost of money. I did a review of the Epping to Castle Hill rail line. I was asked to review it by the Government at the time. It was not that expensive. But right now the further extension of that line is \$2.2 billion—the total. Look what it was at the time; it was not that much money. What I am saying is the longer you hold off major infrastructure spending the time cost and value of money to the ratepayer and to the public become enormous because these are big infrastructure spends. It becomes an intergenerational issue and that is why you have to think about revenue flows and cash flows that become intergenerational, like bonding arrangements.

I worked in the Middle East for a couple of years. You can look at that and it looks pretty spectacular. A lot of times when I was in the Middle East I was mistaken for an engineer—which is pretty hard to do, really. The point I am making here is really a little special on how they crafted that engineering structure. Underneath that water are massive engineering solutions, led in many cases by Australians. Australians at that level of competency were imported to Dubai on a regular basis to do it. You cannot tell me that we do not have the engineers and everything in this country that will deliver the complex structures that are necessary. We can do this in Dubai and overseas, and it is a marvel. Go and look at the special.

**Mr TIM OWEN:** Engineering is not the issue; it is the commitment by government.

**Mr JOHNSTON:** Yes, that is a bit of it. In our own country, Federation Square, brownfield, complex, a two-hectare plot, is it?

**Mr SENIOR:** It is 2.5 hectares.

**Mr JOHNSTON:** It is 2.5 hectares. That is done for social reasons, it is a community-led development not necessarily a revenue-led development, but it is a big footprint. Victoria Station, Australia. Milton Queensland. There is one in South Perth as well which is similar. These are concrete enabling structures which are quite contemporary and quite modern in their character. The Shard and London Bridge above rail, Federation Square, Melbourne, which I have just shown, Cannon Place in London, Euston Station in London, London Bridge Station, and I did not even bother with Hong Kong. All I am saying to you is this has been around a long time. It is not that hard and we have the engineering skills, capabilities and thrust to do this in this country. It is about will but it is also about policy and the application of policy at the highest levels of the government not only to look at a project from its cost and estimation principles but also to look at that project from its revenue generating principles.

In China they do it constantly. The Hong Kong line is looked at first as an opportunity and a business proposition. It is looked at second as an expense proposition. I can give you several



examples now of the United States as a value-capture centre of operations which produces very good papers and webinars that outline how you can get into a relationship with the government on a range of these skill sets. I go from the very commercial model in Hong Kong to the application of these principles quite professionally in the United States of America, to us who unfortunately are still looking at matters from a cost estimation—an engineering and construction viewpoint.

**Mr TIM OWEN:** Upfront?

**Mr JOHNSTON:** Upfront, yes. It is how you set that paradigm in place. If they are going to say to me, "We might do one around here and we might do one over there", I would say, "Good luck. Have a good time." That is not what I am on about and I do not think that is what Mr Senior is on about either. What we are on about is a total paradigm shift to look at the business model from an engineering costs assessment—which we are good at, there is no doubt we are good at that—to a revenue business model as well that drives income and capacity out of that. I have numerous examples I can quote to you where it is done overseas, not only in Hong Kong but also in the United States and London.

**Mr SENIOR:** Can I just add to that? If the Committee is interested we are in a position to provide some additional information on value capture as a mechanism, and particularly appropriate for things like the new nodes to be provided with the North West Rail Link as it proceeds. But that is really up to the Committee.

**CHAIR:** This value capture, if I digress out of the air space and look at other infrastructure projects like the M4 East or major roads, is the notion of value capture not part of the analysis and consideration of those sorts of infrastructure projects, right now, today?

**Mr JOHNSTON:** Not really, in the fullest sense. No, it is not, because you do not have enabling legislation in place to allow you to do it for a start. You have the legislation; it is sitting dormant in your Cabinet papers or wherever you have them sitting. Value capture is a tax policy. So it has to be implemented as a tax. People have to understand it first. You can ask me about community consultation later because it is a relevant issue but people have to understand why you do that. Value capture is about setting assessment districts and knowing upfront, and the parties knowing upfront, that within 400 metres of that assessment district the Government is likely to capture back some of the wealth generated by that particular infrastructure investment. Not long ago, England, in one of London's key towns, bought a parcel of land for £100,000, quoted here in one of my documents. They sold it when the train went ahead—the station was established a few years later—for £2.6 million. It is well known in the literature and quite well established—and we can give you plenty of precedent—that when you put transport nodes in you readily increase the value quotient in that area, not by ones and twos but by quite large multiples. It is an exponential increase.

What happens in Australia at present is that, unfortunately, you get people gaining that wealth as individuals and not putting that wealth back into the individual communities or the individual infrastructure. While some might think that is terrific, that wealth is only there by power of instrument of government. Do you understand that? That is very important to understand. The power of instrument of government, the investment of government in major infrastructure causes wealth right around an area and that wealth is presented in multiples of 100, not ones and twos, and it is quite reasonable for the State to consider getting a 20 per cent to 25 per cent increase back from that wealth.

In this New South Wales infrastructure white paper that I was doing for Minister Tripodi and Minister Keneally—I gave a presentation in 2009—I think I said then that development levies, which is your normal contribution tax, are the worst form of tax policy around. The Henry tax review recommended to this State back then, through the Independent Pricing and Regulatory Tribunal in 2009, that the use of value-capture principles and the release of area planning is more in line with tax reform recommendations outlined in the Independent Pricing and Regulatory Tribunal and the New South Wales tax review, which I think was the Henry review. We have been considering it for some time but I do not see it on your legislative list.

**Mr TIM OWEN:** I do not know whether it is even being considered.

**Mr JOHNSTON:** I do not think it is.

**CHAIR:** Norm, you estimate the value of air corridor space in the greater metropolitan area as more than \$2.2 billion. What does that figure actually represent?

**Mr JOHNSTON:** Mr Senior did the calculation, but I am happy to follow up.

**Mr SENIOR:** In the submission where you make reference to page 8, it shows an overview as to how that figure was arrived at. The means by which it was derived comes back to attachment F, which is part of the submission as well. It shows the construct and it is based on indicatives without evidence of formal research—for example, approximately 250 stations in the greater metropolitan region, including the Hunter and the Illawarra.

**CHAIR:** I read that bit and actually understand the assumptions you use for doing it. Is that \$2.2 billion a once-off chunk of money or does it represent an ongoing revenue opportunity?

**Mr SENIOR:** No, that would represent an indicative of just 15 per cent of the rail network. That 15 per cent is a strike figure. It has to be proven up. It could be more, it could be less, it does not matter, but the purpose of putting that in there and, in my view conservative and becomes the enabler to prove up the construct as to how you arrive with all the various inputs. I have to say, that \$2.2 billion needs to take into account enabling costs in order to make it happen. They are listed. I think I have it shown as page 8 of the submission response to the infrastructure finance reform issues paper. I do not know whether you need to go through it all. It is actually a page of what is seen as the likely activities in order to make the FSR metre-squared air space available to the market. So it is a gross figure.

**Mr JOHNSTON:** Parramatta City Council commissioned my company to do a redevelopment potential for each TOD—transit-oriented development—on the Parramatta to Epping rail line as well as doing some assessments with Sinclair Knight Merz on that matter. I engaged Mr Senior's firm to help my firm do that and we established that along that corridor you can increase the development around the 400 metre nodes without touching some of the very key other properties there by ratios of anywhere between 0.5 and 3:1. Let us just take 3:1 because that is not an unreasonable thing having regard to our need for more residential units. In the existing rail area capture nodes we got something like 1.8 million square metres of increased space around those nodes because there are about five nodes. Bob knows them: Carlingford, Telopea, Dundas, plus there is a potential for east and north Parramatta as well. If you accept the \$350,000 per square metre, which I am happy to go into later and I think Mr Senior is happy to go into later, that is \$600 million. You will not get all of that because there is private sector and I told you about the capture provisions. But that is just an easy estimate of the project.

Some of the criticisms I have read about in this inquiry so far is that this is only small increment considerations of that. Some capture of \$600 million is not a small increment consideration of a project that is worth \$2.2 billion. You are well up there. In addition, I quote from the Victoria Transport Policy Institute's policy paper done by Thomas Gihring Ph.D. in February 2009 for the USA and its transit oriented value capture webinars: "Annual ... rent accruing to ... property owners in the district ... over a 15-year period amounts to ... \$436.5 million." As a fairness principle, they took 20 per cent. When they deducted that for regular property taxes, it captured residual infrastructure capability spend of \$244 million that could then be put as a bond and paid for back over that 20-year period.

What I am saying to you is that there is a whole bunch of ways to capture revenue apart from getting a bit of land and putting a plate down and selling it. That is one way. But it has been going overseas for some time now and this is a US example in a webinar: 6 per cent interest 15-year term bond for \$244 million payable back at \$15.9 million a year. It becomes an incentive tax to development because you get incentivised to develop because if you do not develop your rates get apportioned at the new higher FSR consideration. Do you understand what I am saying?

**CHAIR:** Yes.

**Mr JOHNSTON:** This has been going for some time and that is just one example. They have a simulation model for various valuation taxes. While you do not have to apply value-captured tax to every piece of infrastructure, you could apply it on a couple of pilots and see what happens. I know the Premier does not have PERL as a priority at the moment, but we would love to do a business case for the premier just to see whether we could capture through this type of process to show how that would be fundable by that policy context at some percentage. If the percentage was reasonable, we would like to think the Premier may in fact change his priorities for that infrastructure asset. The densification of that line at Parramatta at the moment is not high; it is very low. You have some very strategic assets because it goes into your global economic corridor.

**Mr TIM OWEN:** It is worth noting.

**Mr JOHNSTON:** Good.

**CHAIR:** I am frustrated, as is my deputy chair, and Paul to a lesser extent because he comes from the bush, because as a local member of Parliament I get to see opportunities for development over this air space and adjacent land. To me they are almost like no-brainers. I am sure Mr Owen shares that view. I am frustrated because I do not see half a dozen of these projects underway as we speak. I have read your submission. It is quite apparent to me that you have a wealth of knowledge in this area. Why do we not have half a dozen of these things happening as we speak? What are the major issues?

**Mr JOHNSTON:** Because you do this.

**CHAIR:** Do not point at the document; I want you to explain it to me.

**Mr JOHNSTON:** No. You do this. You get one development like Chatswood as a Government and you prepare this exceptionally good planning document which says, "Development near rail corridors and busy roads—interim guidelines" in 2008. It is a 70-odd page document. It goes into everything that the RTA or RailCorp or its current vernacular say: electrolysis and vibration and all that. It is a very well-researched and presented document. It is excellent. How many have been done?

**Mr SENIOR:** Again, not wanting to be disparaging, but it is clear that knowledge, which is what Norm outlined, without energy is like a tyre without air. It is really about the incentive, the focus, and as Norm alluded to before, not just government being skilled at receiving money allocated through state-based taxes or the GST from the Federal Government and then divvying it up for expenditure but, in addition to that, it is about the opportunity for wealth creation—when I say "wealth creation" or benefit, not just financial but social and environmental as well, in the triple bottom line sense.

**CHAIR:** Norm, what is missing?

**Mr JOHNSTON:** Several things. One is policy and willingness at Cabinet level to actually enact changing legislation that helps implement these things. It is not a silo-led mentality to the development function because this is not a silo-led issue. This is an across whole-of-government issue. I am experienced. I have been around and whole-of-government is not an easy task for some people to comprehend. It took me a while when I first copped a whole-of-government project. You have to work across disciplines, silos and bureaucrats. It is not easy but it can be done, and quite successfully. Within those silos and disciplines there are some extremely smart and competent people. You do not have the vehicle, you do not have the policy, you do not have the will and you do not have an enabling fund and hypothecated revenue stream to make it happen. What you have is a series of disciplines that enact a series of tasks that are driven down by the Westminster system as your task.

You do them reasonably well, but you will not ever get your current model in with how you do it and what you are preaching. You will not get any change. If you understand change management you will know that unless you start from the top you will not get change. This is not quite incremental change; it is almost transformative change as paradigm thinking. If you say to your colleagues in Government, "We are going to take a business model approach to the next train line and we want revenue generation", the multiple disciplines running in this place now would return with a bunch of different views. Les Wielinga might say, "Yes" because he is forward thinker. And others may say there are safety issues or it is too hard. You must have a vehicle that the Government will put money and hypothecated revenues behind to say, "This is what we want to do and this is how we want to do it and you have 12 months to set the business model in place." That vehicle has to have enough enabling legislation and power to override some of those conflicting views. Not override those views without consideration and professional thought, which we can get—you bring in independent views—but you have to have enough overriding capacity to do that. If you do not have that it will get bitten away and it will produce nothing. If you do that there are plenty of examples worldwide where this revenue generation model, in line with a construction generation model, works beneficially for the State.

**CHAIR:** Referring to the management of the end-to-end process, I am trying to get an idea of who should be championing this. Once government says, "We agree with the concept we discussed", who takes it from that point and says, "I am now charged with making it happen?" What does the beast look like and where does it sit?

**Mr JOHNSTON:** I think there is a gestation period and timing. Over time that vehicle should sit with transport administration, as with all modern decrees such as the United States transit authority or the Hong Kong MTR. It sits together. In this interim period you are going to have to have it seated independently, probably with Premier and Cabinet, because it is whole of government. For the first period you will have to seat it independently to enable it to have the sufficient legislative and bureaucratic empowerment to enable matters to move forward without too

much constraint. The vehicle needs to be an authority with a board and chairman and hypothecated funding associated with a series of tasks. It is not unusual; you can have any one of them. The problem you have is you do not have capability for major development and contract and you do not have finance capability well spread across government; in fact you limit them. In transport administration I was surprised that the master plan stated, "We will explore public-private partnerships [PPP] as a potential source." We are the second highest world user of PPPs behind England. We have been using them for ages. We have to fix a few things up, such as patronage risk, but the infrastructure working group [IWG] in Canberra is doing a damn good job with that. You do not interface with that. All you have to do is interface with Canberra. You do not do that well at all, with respect.

You will not get the right funding and application because you have a transit-oriented group talking and thinking about a financial model and you have the infrastructure working group in Canberra saying, "We are doing fabulous work on superannuation models and patronage risk." They are producing very good thought-through material. Those groups have to interface. There is another paper I am about to give to your Government, as a result of another issue I am dealing with, which states you have to have two things: an implementation committee or authority, which is a vehicle, and a working intergovernmental committee at local government and Federal Government level to help you interface and deliver these models. You do not have either and unless you have both you will not make it work.

**Mr SENIOR:** If I could add to that. You are asking the question in your mind and seeing the challenge as to who should be the entity to look at the prospect of undertaking this opportunity. In my opening statement I made mention that I would like to speak briefly about a policy pallet. It is expressed diagrammatically on one page and has a series of notes.

**CHAIR:** We have that in front of us.

**Mr SENIOR:** It might be that a decision about who is best to make the delivery actually occurs a little way down the stream when you pull in all the respective agencies. If you have a team understanding across the board that hammers out the initiative relating to X as it already exists with a bit of modification, or Y which is brand new, there are a lot of issues to take account of. It may be that certain enabling information is needed to formulate what that organisation should be and when it should be created.

**Mr TIM OWEN:** It comes back to what we have raised with previous speakers: Is there a central organisation or authority that needs to be set up to get some policy process drafted for government? No-one is doing it at the moment because we are all up to our behinds in alligators.

**Mr JOHNSTON:** I am sure you are and I can understand that because you have a lot of things to do as an incoming Government. You have a mandate to do a great deal of work. The perception of the public at the moment—I am a professional in this area—is that it is not getting done. One of the reasons it is not getting done is that you do not have revenue from the infrastructure; you are not getting the GST revenues that are necessary and you do not have a pipeline of projects. If there is no pipeline of projects, there is no pipeline of capabilities and there is no line-up of private sector firms to come into the State and put in the infrastructure that is needed, from their point of view, to start investing in the State. This is only one example. This is just one example of where, if you change your business model and approach, you might get a different outcome. You will probably have to do that with a number of things. You certainly need to do something. While the electorate will give you a certain time to adjust and transition as a new Government it will not be forever.

**Mr TIM OWEN:** Are you getting any traction with Treasury?

**Mr JOHNSTON:** I do not deal with Treasury.

**Mr TIM OWEN:** Who have you postulated this idea to? Let us get away from transport. In the broad you are talking about a paradigm change for a bunch of things. Let us concentrate on infrastructure for a moment. You say, "I am about to give another paper to your Government." Where are those papers going?

**Mr JOHNSTON:** That is a reasonable request. I am finishing some infrastructure mapping work on that paper and that paper will be going to the Premier and it has the recommendations I have outlined to you. I probably should not do it because I am doing it for a major association and it is funded by this Government. The whole committee has adopted the recommendations. We have 10 there and the committee has accepted them and what I have said. What I have said is done with a major national accounting firm. I have put gross regional product [GRP] parameters behind those as well. Those recommendations will not be too much different to what I am saying to you now. That committee has adopted the recommendations, which is interesting because it is a mixed committee. I think some of the parameters of what you are doing in this administration are fine, such as Infrastructure NSW, which is fabulous. They have a limited set of capabilities and a limited set of people to do it and still need funds. You cannot throw every problem you have at Infrastructure NSW.

**Mr TIM OWEN:** You need money.

**Mr JOHNSTON:** Not only money; you dissipate the skills. It was not quite working out at Darling Harbour doing the new auditorium; a billion dollar spend. I did some work on that. You then gave it to Infrastructure NSW. If you keep doing that the poor buggers will not have a chance to do what they are mandated to do, which is infrastructure. You need a vehicle. It is not Robinson Crusoe, or maybe it is. I am out in your industry and I am telling you that you need another vehicle with capabilities. When we went into administration under the Carr Government—I came in under the Liberal administration but I was carried through into the Labor administration—we set up a division of major projects in this State. I had a team of four or five major project directors from the private sector whom I administered through Cabinet and delivered major projects. My résumé of major projects is there. You do not have any vehicle like that, with respect. They were whole-of-government complex tasks. You have to look at your structures in government and what you expect to deliver. While I totally support Infrastructure NSW and the skills and capabilities you have there, you cannot expect them to do everything.

**CHAIR:** Some people in government—I do not think anyone from Treasury—say, "We are already doing this stuff, and nothing you are talking about is new." How do you answer them?

**Mr JOHNSTON:** I meant to start with, "Nothing I have said is new"; but you are not doing it. You have not been doing it as I or Mr Senior have described it. This is a portfolio led policy approach which looks at a business model to deliver revenue generation as well as the cost process in major infrastructure investments. Where are you doing that without a token approach? We will put some there on that development and get the private sector to give us some idea what to do around that station. You are not driving the private sector; the private sector is driving you on an incremental basis. You have no enabling legislation in place to capture value. You are putting the value on the asset as a government and the people will run away with that value and you will not get anything.

**Mr SENIOR:** Referring to air space development, what Mr Johnston has described has been in place for a long time, starting off with Hurstville, Kogarah, North Sydney, St Leonards and Chatswood. In each and every case, from the information I have gathered, they were actually kicked off as a result of private sector initiative. Yet it is the State that owns the corridor, and it is the State that has the ability to integrate and to create. But it is not about creating; it is about maintaining a posture of managing expenditure, as Mr Johnston alluded to before, and that is part of the paradigm shift. It is working out a way to create the incentive to enable that gear shift.

**CHAIR:** Do you have a view on the current situation in terms of private sector perceived risk with some of these developments? Is there an appetite for this stuff out there, as you see it?

**Mr JOHNSTON:** Yes, there is risk, and it is a commercial risk. I want Mr Senior to address on that, because it is a technical engineering type of risk. There is a lot of commercial risk because it is the time value of money; access to the rail corridors, if you have to have access; and construction nearby. I think I have mentioned once before how you would try to manage those risks—by actually setting up templates and the like, as I said, in the rail and enclosing structure if you want to do it over rail; or, in adjoining lands management, vibration, and all that. This planning document that I waved to you before actually addresses a large number of those issues. So you actually have addressed them professionally in a 73-page document. You have done quite a good job. There is no problem with the job you have done; it is a good job. Those are all issues that you deal with.

More recently, I would like to wave another document at you: the Rhode Island Row, Washington DC document "Making Joint Venture Development Work: the Federal, Transit Agency and Business Perspective", America, February 2012. It is a Federal Transit Agency and American Public Transport Association webinar document. This shows you quite nicely over the period the number of risks you take when you take on major developments. Now, I have done major developments all my life, so I actually know how complex and difficult they are. Unless you have done them, you do not know how complex they are. This document actually outlines the complexities. The first thing is that you are going to have a lot of risks and problem issues associated with them. Do you understand alliance contracting?

**CHAIR:** Yes.

**Mr JOHNSTON:** So you might enter more of an alliance contracting procurement model; and you might have a project delivery procurement model. So you can have all sorts of models: master development agreements, public-private partnerships, alliances, and all that. An alliance is a more flexible one in the short term, if it is a complex one. If it is a straightforward one, it is a project delivery agreement. If it is like this one here, which I have quoted here, it is a joint venture, because it is well removed. But these documents, with legal people, all very nicely outline the problems and so on that are there. So I cannot come into this place and honestly say to you there are not going to be issues and problems, and bonding arrangements, and cessation issues—train and new line, and vibration and electrolysis. There are all these issues. But once you do two or three there will not be anywhere near the issues there are now.

**Mr TIM OWEN:** What I am getting is that we just do not understand how to go about this in terms of the model that we are using to generate revenue longer-term in this process; we are going about it the wrong way, thinking, "How much is this going to cost us?" or that we cannot see any benefit in it.

**Mr JOHNSTON:** That is right. You are being very traditional about it; you are not being worldly. Unfortunately, you have got to go round the world to be worldly.

**CHAIR:** Don't raise that subject!

**Mr JOHNSTON:** I have read how far you can travel, and it is not very far. I think you can go to other States. Well, there are a few in other States that you can go and have a look at. But you have to be a professional who has actually been there and seen it; they do not worry quite as much because they have seen complex things done overseas in very complex environments. As I said, this Rhode Island Row project is much more complex than ours; it has much higher patronage levels; it has a much greater volume of work than we deal with. They can do it, and they realise the problems, and they identify the pitfalls—those are actually in the document. All we have got to do, with respect, is follow it. We will learn from those things. You do not re-invent the wheel.

**Mr TIM OWEN:** I agree.

**CHAIR:** Is there a role for local government in these?

**Mr JOHNSTON:** Mr Senior made a very good point about having to get community involvement in this. I make another point: the Queensland government, in its planning instrument, has transit-oriented developments. That actually sits within the South East Queensland regional plan. Do you understand what that means? So you set your metropolitan planning strategy, you set your subregional plans, and you set your local government plans. What they are doing is flagging in these high-level strategic documents that you are going to have transit-oriented developments. That is why, Mr Chair, I invite you to go to Queensland and consider some of these things. We have that, sort of, in our metropolitan plan—but it is not as definitive as is in this document, and not as definitive as in Rhode Island and other places, where they actually put it down in that perspective. So that is your planning regime.

If you have it more definitive, your community understand where you are coming from. If you just go to a development and say to your community, "Look, this development is 12 storeys high, and we're going to put it right next to the rail station, and you are going to see this 12-storey high thing," they are going to have their normal reaction, the nimby sort of reaction. However, if you go to them and say, "We're going to produce sustainability for you; we're going to reduce the carbon footprint; we're going to take this much carbon out of the atmosphere; we're going to actually provide this many car parking spaces; we're going to actually provide so many childcare centres; we're actually going to increase the patronage on this line by this much; and we're actually going to provide more shopping and retail facilities and functions for you," if you communicate that at a local level, I am sure you are going to find that the local people are going to accept things much more.

What I am saying to you is that that comes from your high-level strategic documents down. Now, why you can't then go and do development. There is another side to this; it is about Treasury and funding and financing and all that—about whole of government planning, vehicle for implementation, funding and financing. There are a lot of issues with this that have to be addressed across government to make it work, and community consultation is one of those.

**Mr SENIOR:** If I could add to that. We do have in place now instruments that actually address the sort of complexity that Mr Johnston was alluding to, and it is only fairly recent: State Significant Infrastructure and State Environmental Planning Policy. The submission to the infrastructure finance reform review made the point as to what the criteria are for State Significant Infrastructure and the extent to which it is appropriate for air space development. In each and every case, it triggers a green tick. So, in terms of the vehicle to deliver, it is within the realm of the State. You raised the point, Mr Chairman, regarding local government. In local government areas the State will be the



approving authority, and naturally they will get involved in the consultation that Mr Johnston alluded to before. Basically, you are telling the community of the what, why, where, when and how—so that the community gets a full understanding, and hopefully achieves buy-in on an agreement. That is the first step.

The second step of the two is really letting the community know that they are entitled to put forward their objections in writing and thereby demonstrate, in measurable terms, that they will be as individuals injuriously affected. Unless that criterion is met, submissions or objections do not have merit. It is raising the standard. We do not want random noise, a lot of barking or a huge number of petitions. We want an informed response to demonstrate. Normally, people will be injuriously affected with development, particularly if it elevated, as a combination of overload of traffic, which denies them access onto the road locally; and, secondly, the issue of solar access, whereby they lose between the winter solstice 9.00 a.m. to 3.00 p.m. more than three hours of sunlight. But those sorts of issues would be addressed upfront, and such criteria would be a precursor in identifying appropriate sites in the first place.

**CHAIR:** One of the difficulties that I have sitting next to investors at functions—one of the very few perks we have as a politician—is that they say to me that one of the biggest issues for them to not invest in one of these projects is the inordinate time of engagement in consultation with the local community. It makes the risk bigger than it has to be. My question is: around major railway stations it is not as if people do not know what the safety and amenity and the traffic congestion issues are—people would have been bitching about it to local government for the last 28 years but no-one has addressed it—would it be a practical suggestion that given that we know these things are around major railway stations that we do not have to have engagement in consultative processes that stretch over two years, for example, around a major transport node? Is that a fair call?

**Mr SENIOR:** That is a good question, and in order for the State to take the lead, hypothetically you select the particular node because it satisfies a number of criteria. Let us say you ascribe to 12 storeys as a tower, and that is factoring in things like solar access and traffic loading, the State then with that envelope is able to give approval and even get involved in the consultation and then, post that, that site is procedurally ready to go to the market, because one thing the development industry absolutely hates is uncertainty. So what the State is doing is building in that certainty at the front end so that when the market comes in under competitive tension and wants to buy it on a floor space ratio metre square basis, that is the best deal for the government, there is no delay in approvals, there is no delay in consultation.

**CHAIR:** The current LEPs template that we are putting out there, is that an impediment to what we are trying to achieve?

**Mr JOHNSTON:** I have worked with the department for a few years now and I actually like the common template issues and the need to produce LEPs that are consistent across the State, and you have SDI, which allows this development to proceed under part 4.1, which is an amendment to part 3A. So planning does have the vehicles. What you probably do not have in this is an issue above planning so what you need is a couple of new definitions within the common user template; you need from policy down the fact that these are in the subregional plans; you might need templates and guidelines in place such as the 2008 guidelines or whatever and they might say that 12 storeys is the template. So there are some additional points that are needed. It is not a problem with the existing; it is about how you change it. Bob might say this as well, but you have quite a good time at the moment because you are reforming legislation. So it is an ideal time to look at this, and, remember, that legislation—I was around at the time—was enacted in 1979, so it is about time for a review.

**Mr SENIOR:** Just to put it briefly another way: If hypothetically an audit was undertaken for just a particular corridor, the findings would demonstrate that, in theory, it is of interest and it can proceed, logically, the finding should be reflected in the State Plan. The State Plan then cascades to inform the subregional strategies or the particular strategy where it is appropriate, where that corridor is, and that subregional strategy in turn rightfully, openly and clearly informing the relevant LEPs at the local government level. So it is discovering information, making adjustment to the plan and it cascades down to let people know.

**CHAIR:** What you are proposing, if I understand you correctly, is that you define a transit-oriented development precinct around a railway station?

**Mr JOHNSTON:** Absolutely. That is exactly what you do.

**Mr SENIOR:** I might just say—it may not be appropriate now but maybe in another question that you might have—that one of the impediments to airspace is the issue of access, because to get access for the enabling you have really got to stop the rail system. If you are stopping the rail system there has got to be the provision of alternative transport, normally in the form of bussing, and there is the financial loading for that bussing. One measure to ameliorate that burden, both time and cost, is to pick a particular corridor, identify potentially between three and five sites that could be progressed concurrently, so you get a share in the burden of the outlay for the same passengers on that corridor. Each site is developing concurrently rather than consecutively, which means you get much more time. But that is an orchestration thing and a coordination thing that would have to be taken as a lead by the government itself.

**CHAIR:** There was a thought at one stage—and, Norm, you spoke about this earlier but I just want to finish it off—someone has got to be responsible for identifying what exists in terms of public transport capacity of some of these transport nodes and what is planned to exist in the next 10, 15, 20 years and, based on that information, declare an area in terms of its current capability and in the future and let us say that that area is called the transport-oriented development precinct, once that is done do you see a handover? Once it has been identified by the transport authority do you see a handover of that precinct to an organisation that you were alluding to earlier and they are responsible for championing the cause, the investment, the mechanisms for making it happen and final delivery of the outcomes?

**Mr JOHNSTON:** Absolutely, you have to because it is a skill set transfer and a capabilities transfer. Not only that, you have to have control over the asset if you are going to treat with it or deal with it, and you enter into other skill sets of that negotiation of contract, and the top skill sets do not match with these skill sets and you have to have commercial skill sets, as Landcom enjoy, to treat with a major contract. But these are a little bit more complex than the normal one.

I might just say as well that if you look at your population projections under the current Metropolitan Plan—I know it is being reviewed at the moment—you have 400,000 in eastern Sydney and two million in western Sydney. The scenario that Mr Senior put forward in the calculation of the \$2 billion comes up with about 1,980 units a year through this airspace vehicle. If you look at that quotient as what the airspace model could deliver within this State or what is needed to 2036, the percentage is 9.1. So all we are saying is this corridor, airspace, transport-oriented developments and the like need to now contribute 9.1 per cent of the total dwelling unit yield in western Sydney and eastern Sydney until 2036, and you cannot tell me that that is not achievable.

**CHAIR:** Certainly some of my residents are telling me that it is achievable because otherwise they are going to be building more apartments next to them. So I am having a hard time saying to them that we cannot do it.

**Mr TIM OWEN:** It has been very good information. I just have to assimilate it in my brain a little bit. But pragmatically I look at it and think we do not understand the appropriate funding mechanisms well enough broadly across the Government and, secondly, we just do not have the structure in place to actually move this forward. I look at lower Hunter strategies and upper Hunter strategies; we are doing all these strategies but there is no talk at all about what we have been talking about today. Sure, it is Newcastle, it is not Sydney, which did not have the demographic challenges that Sydney has nor the transport challenges; we do not even think about transport in the process.

**Mr JOHNSTON:** And that is my paradigm shift issue.

**Mr SENIOR:** It is a challenge.

**CHAIR:** Are you aware of anything that the Feds are doing that might have a bearing on the outcome of this committee?

**Mr JOHNSTON:** Rob has put a couple of papers to the Federal Government and he has had a number of reasonably positive responses from I think the head of Infrastructure Australia. Their Infrastructure Working Group is looking at a few key issues that, with respect, probably are not directly related to this, but I think they are applying some of these issues through the Major Cities Unit to look at opportunities. For example, I chaired an infrastructure conference in Queensland not long ago and I was listening to the speakers and I was quite enamoured by the speakers because they were doing things that we were not doing; I was just listening. But they are looking at a number of these initiatives and starting to be more holistic in their approach to the issue, for example, this revenue generation and this opportunistic approach to infrastructure investment.

While it is not coming through definitively yet, the grass roots of it are starting to build, and if we had a bit more of the United States experience that is about this level or the Hong Kong experience, which has been going since the year 2000, then I think that could only assist those in the Major Cities Unit work, the COAG work that is being done and then how that dials down into what is best practice for the States. You might recently have seen the COAG survey of how the States are performing across Australia. I do not know if you get information like that.

**Mr TIM OWEN:** Yes, we do. We are coming last.

**Mr JOHNSTON:** New South Wales—there was some room for improvement

**CHAIR:** Gentlemen, thank you very much for your time. There are a number of other questions that I would like a bit more detail on. Do you mind if we send them to you?

**Mr SENIOR:** For follow-up in writing?

**CHAIR:** Yes, for follow-up later on. I thank you for your time today; I know that it is valuable. We are grateful for your expertise.

**(The witnesses withdrew)**

**(Luncheon adjournment)**

**PAUL TOSI**, General Manager, Campbelltown City Council,

**JOHN HELY**, Director City Works, Campbelltown City Council, and

**JEFFREY LAWRENCE**, Director Planning and Environment, Campbelltown City Council, sworn and examined:

**CHAIR:** Thank you very much for appearing before the Committee today to give evidence. Can you please confirm that have been issued with a copy of the inquiry's terms of reference and the Legislative Assembly standing orders relating to the examination of witnesses?

**Mr HELY:** I have, Mr Chairman.

**Mr TOSI:** I have, Mr Chairman.

**Mr LAWRENCE:** Yes, Mr Chairman.

**CHAIR:** Gentlemen, I draw your attention to the fact that your evidence is given under parliamentary privilege and you are generally protected from legal or administrative action that might otherwise result in relation to the information that you provide here today. I also point out that any deliberate misleading of the Committee may constitute a contempt of the Parliament and an offence under the Parliamentary Evidence Act 1901. Would all of you or any one of you like to make a brief opening statement?

**Mr TOSI:** That will be me, Mr Chairman. My role is the general manager of Campbelltown council. On behalf of the mayor, Councillor Anoulack Chanthivong, and the councillors we welcome this opportunity to speak to the Committee today. Jeff Lawrence on my right is the director of planning and environment. John Hely on my left is the director of our city works operation. Somewhere behind me is John Milicic who is our property manager. John is the person, with Jeff's people, who probably have the carriage of most of the stuff that we deal with in this matter that the Committee is looking into.

I suppose what I would like to say is that we like to be considered as a constructive organisation and we welcome this opportunity to talk to the Committee today. Any comments we make are on the basis that we want to be constructive about the issues that you are looking at. We are delighted to see that the Government has set up this inquiry to take into consideration the rail corridor and the future of the rail corridor in metropolitan Sydney I suppose I mean in broad terms, but particularly in the west and, where we are, the south-west. It is good, I think, from our perspective that there is more and more focus on rail. It is an issue for our people moving around in the south-west where there is an enormous amount of growth. You have referred to our local member in the most positive of terms just recently.

**Mr TIM OWEN:** Did we mean to do that?

**CHAIR:** It was purely accidental, I can assure you.

**Mr PAUL TOOLE:** Mr Tosi is getting that on the record.

**Mr TOSI:** Yes, and the others you named. I will not go through the others. But I think that it is really good. We have issues in the south-west of Sydney that particularly relate to growth. You are all aware of the south-west growth centre. You are all aware of the spur line which is now being built off Glenfield railway station. The train service is just critically important to our population in the way they move around. One of our big buzz phrases these days is connectivity and how people are connected to the rest of the city.

Having said that, on the other side of the coin both again within the rail corridor we have got the Southern Sydney Freight Line which has come at us like a bolt out of the blue, I suppose. That is not so much because it was not announced but it has been a project that has been dragging on for some time now and it has significant impacts on our community and on the way we do things. There is a lot of construction work, a lot of dislocation and all that sort of thing.

The last thing I think I would like to say is that Campbelltown has seven electrified railway stations in our local government area. That is a good number. When I found out that it was seven I have never stopped talking about it because I think it is a pretty good number for one local government area. As this growth and these things have settled on us we have started to focus on our railway stations and seeing those as a driver for our economic development and a driver for the regionalisation of our city. Correctly managed at both the government level and the local government level and at the stakeholder level, agencies or whoever, these railway stations can be a great boon to us and the development that flows from them.

At the moment the Government, started by the previous Government, it does not matter about which government because governments have got to focus on these issues—there is massive investment going on at Glenfield railway station at the moment. Only recently we put the council in a bus and we took them up to show them, because you can talk about the North West Rail Link and sky trains but we have got them at Glenfield now. The way the line is going to come over the Southern Sydney Freight Line, there is going to be enormous development. There will be trains 30 or 40 metres in the air just to get them around that particular junction. What I think Glenfield will turn into is one of the busiest and most heavily invested bus-rail interchanges in western Sydney, particularly in south-western Sydney. It will be bigger than Liverpool. Along with those sort of comments we have what we pitched our submission to, which no doubt you have all seen. We pitched our submission to particular instances that probably would highlight some of the issues that we see with regard to what this Committee is looking into. With those few opening remarks, I would ask my colleagues if they want to add anything to that on behalf of us.

**Mr HELY:** No. I think that is a good summary, Paul.

**CHAIR:** A good start?

**Mr HELY:** Yes.

**CHAIR:** We have lots of questions. I think we can divide the questions into your experience so far, relative to what has been proposed at Glenfield. I am actually quite excited by the statement that there are lots of things happening around Glenfield. I would like to explore the context of how those things are happening, such as: Is there sufficient planning interns of utilisation of airspace and the broader issues associated with that? Before we get to that, can we have a look at the immediate history in terms of what has been done in the area up until now that has involved development of either the airspace or adjacent land next to the rail corridor? We have a couple of examples that I would like to quickly explore. I do not wish to spend too much time on it.

**Mr TOSI:** Okay.

**CHAIR:** You are dealing with RailCorp over the Leumeah pedestrian bridge in 1999.

**Mr TOSI:** Yes.

**CHAIR:** Can you quickly summarise for the Committee what it was, what issues you were dealing with and what the outcome was?

**Mr TOSI:** Yes. When Michael Knight and Craig Knowles were both local members—one at Campbelltown and one in Macquarie Fields, which I would not have to explain to members of the Committee—we were leading up to the Olympics and Michael was the Minister for the Olympics at that time. A proposal came forward because the Government was looking for training venues and various facilities. A proposal came forward to upgrade our local football field, which was then called Orana Park, into a much better facility. The Government offered us money, dollar for dollar. They put in \$10 million and we put in \$10 million, and we developed a very good facility. I know you take minutes, but I am very delighted to say that the West Magpies were successful yesterday in one of their four home games that they play in Campbelltown each week, and we would like to see a lot more of that, Mr Chairman. But it is a very good facility. It contains not only a football field but also an athletics track which is an internationally rated athletics track. That does a lot of work with our Little Athletics and our regional carnivals and schools and all that sort of thing.

As part of that proposal, the arena is right on the main Southern Rail Line at Leumeah railway station—I mean, it is a great location—on the other side of the railway line, where the old Macarthur Development Board owned a significant area of land, we were able to gain long-term access to that site for car parking. Since then, John and his people have built approximately 1,500 car parking spaces there, which can double as car parking for the facility and also for commuter parking right at the Leumeah railway station. Part of the development application condition was a pedestrian bridge to link the 1,500 spaces into the football field or into the facility. We took developer contributions, which we still hold to this day, to fund that a pedestrian bridge and we can fund the whole thing. The rest of it has become a bit of a saga in that it has been bogged down in a lot of—I do not like to use the word "bureaucracy"—but I think it has been bogged down in a lot of engineering detail and a lot of hurdles along the way of us trying to get access.

We are happy to build the bridge. We understand that that then impacts on a very important rail line, which is the Main Southern Railway and serious commuter trips into the city. Track possessions and those sorts of things, which I did not even know about until we got into this—John knew a bit about it from his engineering days when we eliminated all our level crossings going back into the nineties—but these track possessions are (a) very limited; (b) very difficult to get access to when you get them; and (c) very expensive. What happened to us is that from 1999 to this date we have not built the bridge. The Southern Sydney Freight Line came along in 2005 and blew all our preplanning out the window with RailCorp because the Australian Rail Track Corporation [ARTC]—and some people may have spoken to members of the Committee about the Australian Rail Track Corporation—came from a different background and a different level. It has a totally different view again, and it has just caused quite a difficult situation for us. As late as today, coming in, in our car today, John was telling me that the Australian Rail Track Corporation now has decided to put some communications networks below ground, right where we are putting one of our foundations. That is just how this has gone on all the time. John might like to add to that.

**Mr TIM OWEN:** I suppose that neatly leads to how your ability to engage with these particular government agencies has been. I think you have probably reflected it in your body

language to date. I suppose what we are mulling over is an opportunity to think: Should there be an appropriate authority that looks at and has prime carried of how we manage transport interchanges and how we manage the orientated type of stuff, such as adjacent land? At the moment it seems so desperate that it is extremely difficult for anybody to get a straight approach to this.

**Mr TOSI:** Absolutely. You do not mind if my colleagues interrupt from time to time?

**CHAIR:** No—interrupt, sure.

**Mr TIM OWEN:** No.

**Mr TOSI:** Let me say this to you, Mr Chairman and members of the Committee: The biggest thing I have learned out of this is that everything revolves around RailCorp. That is not a criticism; that is how the system operates. It is very engineering defined. Again, that is not a criticism; that is just how it operates. What I would have thought, and what we think, is that approvals are one thing, engineering design and detail are another thing. You just need somebody to say, "Yes, you can build that. That's a good idea because that's going to link those 1,500 car spaces with that. That's going to work really well. We say that is a good idea, whether it is the Department of Planning or whoever it might be, or the Department of Infrastructure. That is one tick. Mr Hely and his people say to them, "How do you want us to build it—with one column, two columns or three columns or whatever?" We think that would be a really good solution. RailCorp and the people I have spoken with about that, at the most senior levels, have really tried hard to help us but every time somebody changes something or moved something we go back to square one. We have spent a lot of money on this, on reserving track positions. Anyway, we are still in there punching.

**Mr TIM OWEN:** Is that reflected in this multi-interchange? Where is that at—Glenfield?

**Mr TOSI:** At Glenfield.

**Mr TIM OWEN:** Does that play a part in the construct of where that is now going?

**Mr TOSI:** There have been a couple of issues for us at Glenfield. One of those has been the spur line from Glenfield which will now run out to Leppington and Bringelly. The same sort of thing: there was to be a substation constructor to service that line, which was entirely appropriately. The decision was taken, certainly not at an elected level but at an agency level that this substation would be built in the road reservation of Railway Parade which runs alongside the railway line. When I got that information I went to the head of the Transport Infrastructure Development Corporation, who is a person I know. In an exchange of emails and verbal conversations I said, "This is a great idea but it is pretty short term to put it in a road reservation because Glenfield is going to be so busy one day that the road will have to be widened. It does not appear to me to be a good community outcome." We went through all that process. Suffice to say the substation is now where it was intended to be built, on the road reservation.

When Glenfield cranks up to what it is supposed to be and is dealing with, I do not know, 3,000, 4,000 people an hour and there are buses going up and down and all that sort of thing, we will either have to move our road, which is a cost to the community—I am not saying we will have to pay for it or Government will have to but someone is going to have to pay for it—when we could have put it on the other side of the railway line in the V where the main line is going out to Leppington, even if we had to build it up a little bit to get it out of the flood liable. In a \$1.6 billion job, putting a bit of fill down and spending another million or two is not really going to hurt you.

**Mr TIM OWEN:** I suppose the key to the issue is, in your opinion, this lack of a strategic agency that looks broadly across the—

**Mr TOSI:** Absolutely. Pardon me interrupting, it is a favourite saying of mine, government is government. It does not matter where they are or what they do, we should be looking for the best community outcome at the end of the day and whatever that is, saving the money or having to spend that bit of extra money to preserve the long-term benefit of the whole thing. We would have thought there needs to be a more strategic view of these major projects, and we are facing a large number of them.

**CHAIR:** I think I have read you right, but I just want some clarification. Mr Lawrence, do you want to add something before I ask the question?

**Mr LAWRENCE:** All I would like to say is given what Mr Tosi says, it is the need to integrate both policy planning and strategic planning with all other government agencies and stakeholders, including local businesses in terms of the future opportunities that rail hubs and corridors give you for economic development. The Department of Planning is quite clearly indicating its metropolitan strategy. It wants to drive growth around railway stations. To fully realise that opportunity to accommodate growth there has to be a commitment for the sake of certainty if for nothing else to really ensure that all these authorities act in a complementary way to achieve the outcome and the benefits that could come from this cooperation. The issues of duplication, of being obsessed with detail, thwart that certainty and that longer-term opportunity to realise a better strategic outcome yet alone an opportunity for income stream back to the rail authorities and the Government per se. The private sector is, certainly, and we are, looking for greater certainty, not just now but into the future.

**Mr HELY:** RailCorp is very focused on this activity. The Australian Rail Track Corporation was very focused on its activities. We find the same with Road and Maritime Services, it is focused on its activities. As you indicated, there does not appear to be a body that can stand back and see how all those three particular agencies along with the Department of Planning fit in to have a strategic plan for an area. Our road space is taken over by rail space, pushed by Australian Rail Track Corporation space. We seem to be at the end of that food chain in what we have to work with. There is that need to be able to stand back and say, "This is a good plan for this area and we can work much better with it." That is certainty for an integrated development.

**Mr PAUL TOOLE:** Obviously if there is an agency that considers those issues, how then would local government be involved if there was a single agency? How would you see that role? We have had different issues over the years where local councils have been taken out of decision-making and decisions made by State governments and all that. How do you see local government's role with an agency when it comes to rail corridors?

**Mr HELY:** I think we have a seat at the table but it may be for a regional situation so that the body you spoke about may oversee the whole of the metropolitan area. But when you work in the south-west you might have the three Macarthur councils for instance at that table for those issues. So, it would be a seat at the table when we have an activity involving our area, which is very active at the moment. We work well within our regional organisation of councils area, with Roads and Maritime Services or other groups.

**CHAIR:** If we were to look at this exciting Glenfield development, without looking at the detail—I am going to try to second-guess what it may be—by your comment it is being built as a transport node. It has some bus-rail interchange capability. It looks essentially at the issue of public



transport from the commuter's perspective. How much input does council have in aligning the development of the commercial centre or the adjacent area around that transport node in getting a better or more optimum amount from the community perspective? What are some of the impediments?

**Mr LAWRENCE:** I would say going back probably four or five years ago the council entered into a joint project with the Transport Infrastructure Development Corporation to do a futuristic master plan for the centre. The Department of Planning sat to the side of that process but was supportive of the process. At the end of the day that plan has not gone a lot further, not through lack of interest but there has not been a willingness to go forward on either party's side because there was a lot of doubt as to what was being built back then. Other than the opportunity to comment on the environmental impact statements associated with a station upgrade, I do not know there has been too much coming together of the parties in the strategic planning of the centre. However, the Department of Planning has recognised this recently with us and is encouraging us to revisit the old master plan again—something we will be wanting to do in conjunction with Transport for NSW and RailCorp particularly.

**Mr TOSI:** It also got interfered with by the controversial discussion over the Hurlstone Agricultural College, which goes back maybe two years or a bit longer. That is right adjacent on the western side of the line to the Glenfield station. I cannot speak on behalf of the elected people, but I know they think there are two sides to the story. With the Government investing as much money as it is into something like the Glenfield development and the other railway stations that we have got going as far as Macarthur, which is the last one on the line, and the Macarthur Square and the Campbelltown upgrade, which will be coming in the next couple of years, and the money they have spent on Lumeah, it is incumbent upon us to stick up our hand. This is what Mr Lawrence is saying, that we need to get very serious about how we are going to deal with Glenfield because Glenfield railway station is a significant building. It is a four-level building with all the bells and whistles inside the rail corridor but very little has happened outside, including the street that runs next to it. That will still be a two-lane street dealing with all these buses and cars and "kiss and rides" and all those engineering terms that Mr Hely is far more familiar with than I am. It is going to be an issue for us, and we really need to get onto it.

**CHAIR:** Local government is beating a path to my door coming up with all these wonderful development proposals across some more significant railway stations in the metropolitan area. It has a vision for its commercial centre, especially the area up to 300 or 400 metres from a railway station. Its comment to me is that regardless of whether there is a vision, it is difficult to engage the process of government to accommodate some proposals. For example, if tomorrow your elected officials came to you—dare I say, even Bryan—and said, "Everyone's beating a path to my door. We need a community facility off X and I think it would be a wonderful opportunity to incorporate it into the design and redevelopment of the railway station" is there scope within the current process to accommodate that in some way or do you think it would just be a waste of time given where things stand?

**Mr TOSI:** I think it would be very difficult.

**Mr LAWRENCE:** It would be difficult. I venture a view to suggest that a facilitatory agency to pull that together. Something of the ilk of the Department of Planning and Infrastructure, particularly if they are key centres that have a regional, subregional or metropolitan significance, is the agency probably best placed to pull all of those various interests together because there are better relationships, and a better understanding of processes, planning and integration—much better than our understanding of those processes. If they have a regional or key type of significance,

that would be the agency I would encourage to take a lead role in brokering all that integration between the various stakeholders and RailCorp.

**Mr TOSI:** I say "very difficult" but if I went to RailCorp, indeed, if I went to the RMS and said, "Look, I've got a great idea that we're going to factor this community facility into your development" I do not think there would be a lot of support for it, for their appropriate reasons. I think there is an opportunity for the local government areas that come knocking on your door. It is like the substation I told you about before. It is frustrating at all levels, but it is just a bit frustrating that in that case we just could not get past the post so to speak. The railway line will work beautifully, but we will live with that and have to go back and revisit it one day, and that seems to me to be just a bit of a disappointment.

**CHAIR:** How much influence did you have when Glenfield railway station was originally upgraded? Did local government have much influence or was it, "This is what you will get" and end of story?

**Mr HELY:** We were more following advice. It was going to be 70 metres to the north than where it is now. Then it has moved somewhere else. So we were more just keeping up with information.

**Mr TOSI:** Initially they were going to move the whole rail station back towards Liverpool.

**CHAIR:** Was there any dialogue, "Here's an opportunity"?

**Mr TOSI:** "Yes, what do you think?"

**CHAIR:** No?

**Mr TOSI:** No. Not really. Not "What do you think?" "Here's what you're going to get." "Oh, we don't like that." "We're going to move the station 70 metres north." "Oh, no, now we're going to go back there because it's not going work up there." We came to this inquiry to be constructive. I understand how those things happen because it happens with us as well or people looking at us do. I understand how those things happen. The decked car park at Glenfield is a fairly close example. It has 700 spaces. The last Government built it. It does not matter which Government. This was going to last for five to 10 years. It was full within three months and has been full ever since. Parking is just a nightmare around the thing. Cars park within a mile radius of Glenfield railway station. I get letters every week about cars parked in people's driveways and all that sort of thing. None of that is going to go away. When the new facility is built we are still going to have to deal with people parking in other people's driveways because that is what we have and that is how we are going to have to cope. We will always be fighting a bit of a rearguard.

**CHAIR:** In respect to local government influencing the process in which we currently find ourselves, I will present a view and then I want you to shoot me down in flames. Around a major railway station, let us call it a major transport node, the interface between the transport node and the rest of the community can be quite complex. Pedestrian flows, traffic management arrangements, access, safety amenity, all those things come into it. It has to be built in such a way that the public transport capability is exploited, but it has also to integrate the transport node back into the community. Some would suggest that the expertise for doing that does not necessarily reside in local government. What is your view?

**Mr TOSI:** My immediate reaction is patchy. You all know the local government industry; it is an industry I like to describe as horses for courses. Some councils are used to dealing with growth and big issues or used to dealing with the bigger issues. We like to think that we are one of those. I do not know that we would have the expertise completely to answer the question.

**Mr LAWRENCE:** I would not undersell the expertise of local government. I think the expertise is there. I would like to say—it goes back a little to what happened with the Glenfield station upgrade—that we are always being asked to react or respond as opposed to progress or contribute. It is almost like the decision has been taken before we find out. But if perhaps we were provided the opportunity to be consulted about the way the outcome might most efficiently be achieved, I think there could be some surprises in the rail authorities.

**CHAIR:** That is a fair call. John, did you want to add anything?

**Mr HELY:** I think at the concept stage. Certainly when it gets down to detail and the geometry, we probably would not have that expertise, but at concept stage, having that roundtable or workshop about what is in the community and what is the future planning, whether RailCorp is the prime mover but understands the community, there is more opportunity at that concept stage in developing the way council sees that local area developing. One can actually influence the other far more, but very much at the concept stage. Then there is that increased ownership rather than a package that arrives that goes through the presentation to council almost as though it is going through the tick a box. It is more information and we tend to be on the peripheral of that. Certainly at the concept stage and as Jeff said, I would not undersell council.

**Mr TOSI:** The point you make, Mr Chairman, is a cracker in that that is what Glenfield is. It has gone from being a little suburban railway station to one that will deal with the south-west growth centre with trains coming from Leppington, Bringelly and across. It is going to deal with all our trains going up and down, and they are putting in the new running times and all that. If you catch the right train, you can go from Glenfield to the city in 30 minutes. If you catch the right train from outside my office window now, which is at Campbelltown railway station, you can go from Campbelltown to the city in 50 minutes. Those seven electrified lines and the investment that government is putting into that rail line is exactly what you have just said: there will have to be more consideration given to the impact on the surrounding area. Glenfield is a town of little fibro and brick veneer cottages and you can spit to them from the railway station. It will be an enormous impact. I took the council down there earlier this year just to say, "Have a look at this because this is what we are going to have to deal with as a council as this comes down the railway line." As I said before, we are going to have to stick up our hands because it will be incumbent upon the council to make decisions to deal with the investment. It is public money and public investment. We will have to have the right frame of mind to it. But what you describe is Glenfield railway station.

**CHAIR:** You did your master plan some time ago. Are you reviewing it now with the aim of re-presenting it to the authorities and State Government saying, "This is our stated aim"?

**Mr TOSI:** Absolutely.

**Mr LAWRENCE:** Absolutely, and probably with a view to, dare I say, enhancing some of the densities and the development capability in the centre. Since our original look at this probably five years ago now there is real recognition of the opportunity that can stem from this level of public investment in that transport hub. We originally were looking at a small expansion of the footprint of the centre and probably going to four, maybe five storeys. My look at it now is that I think we should be looking at six or seven-type storeys, that type of scenario and maybe a widening even of the

footprint of the centre. I think there is real opportunity. If anything, by not having progressed, it might have actually created an opportunity for a better town centre outcome.

**Mr TOSI:** I think that is true. That is a good point.

**Mr TIM OWEN:** The issue will be how much notice is taken of the master plan. Without an authority that will be the issue.

**Mr TOSI:** That goes back to what you are talking about—having one agency that takes notice of those master plans and, like John says, sitting at the table and working your way through it.

**CHAIR:** Do you believe council would be supportive of a process that said, "Around these railway stations there is a defined area identified by someone from Transport for NSW called a transit orientated development precinct that we see as possessing substantial public transport capabilities and there are broad principles about exploiting the opportunity that public transport provides as well as integrating back into the community?" What do you think should happen within that envelope? Tell us how we could optimise the development to produce the benefit to communities, such as a long day care centre funded by a mechanism within the development itself. Is your master plan also looking at the potential for taking the railway line and instead of making it a divider in the community overcoming some of the difficulties of having railway lines through commercial centres? Are you looking at those issues?

**Mr LAWRENCE:** Yes, we are. By actually now realising, from our local council point of view, the height of that existing station at Glenfield and where the concourse is makes us think about linkages to either side of the town centre to give a better connection. By achieving that we open up a huge opportunity on the Hurlstone Park side of the railway line as well which historically might have been a mitigating factor to the progression of the plan. That is the essence of the opportunity afforded by the level of investment going into rail hubs that we need to look at in the future. I would say rather than the councils being asked, "What do you think is the potential for all this investment in dwelling numbers or employment numbers?" they should recognise the Government's metropolitan strategy in regional or subregional planning processes which are called targets at the moment. But if you look at the footprints of those centres and the capacities of those centres to accommodate growth, you see that councils have the wherewithal to assist whichever authority, the Department of Planning and Infrastructure or Transport for NSW, to come to grips with that in aligning to some degree investment in public infrastructure in and around the rail hub to match what the Government would expect in dwelling numbers and employment numbers in those centres. I think that is a really important point.

**CHAIR:** Am I correct that what I am hearing from you is that envelope constraints are negotiable? Let us look at the local environmental plan [LEP] templates at the moment and at building heights. If an investor came to council and said, "We hear you are doing this. If you are prepared to allow a couple of storeys we could give you a few hundred commuter car spots or a long day care centre", what would be your council's view? Or do you believe that local environmental plans are set in concrete?

**Mr LAWRENCE:** In relation to where local government and local environmental plans are heading in the future I do not think they will be cast in concrete. They need to be fluid and responsive to changing economic circumstances. The councils and State will look towards certainty as to what is the bottom line outcome we can expect. If there are measurable benefits and you want to vary from the default position I think our council would be fairly and squarely prepared to look at what benefits to the community could flow from that type of situation.

**Mr TOSI:** I would agree with that.

**CHAIR:** Did you want to make any other comments in relation to our discussion up to now?

**Mr TOSI:** What goes through my mind as we talk about this is that many years ago I was sitting in my office frustrated with what was going on and I rang a mate and said, "I cannot get past this agency." He said to me, "Tos, never underestimate your influence." He was not talk talking about me; he was talking about how you deal with agencies. From our perspective the government agencies that we deal with, based on this conversation over the past 40 minutes, are the key departments one would expect in a growth area such as ours—planning, Landcom, housing and Roads and Maritime Services in recent times—and our relationships with them have always been good. That is not to say we do not have our frustrations and debates but we try to work constructively with the agencies. You cannot beat city hall. We are dealing with the Government and we have to deal with it the best we can. That is how we have always played it and still do to this day.

**CHAIR:** Has your council had any recent initiatives where you have gone out and identified State-owned land or local government land and looked at the rail corridor and seen an opportunity that could have progressed and initiated from council instead of waiting for a government agent to come to you?

**Mr HELY:** Campbelltown railway station does come into that. We are the major landholder on the west side. We secured government funding for \$5.7 million to put a connecting link road to the station to improve access to the station. That land now will be able to be considered for employment zoning, housing or a mixture. It has opened up the area. It is our land. We secured the government funding. We have nearly finished the connecting road. It was an interest free loan. That opens up the whole area and potentially will be the catalyst for the west side of Campbelltown station which is exposed to the growth areas in the west.

**Mr TOSI:** Our market does not sit where the inner city councils sit with development over the railway line. You can still buy a three-bedroom house for under \$300,000.

**CHAIR:** I thought those days were gone.

**Mr TOSI:** Not completely; it is a funny market. For someone to develop two-bedroom apartments on the railway station and sell them for \$380,000, we are not there yet. Going back to what you said about the planning and master planning, and those sorts of things, the opportunity is there. There are seven railway stations and it is a line that will only get better at getting people into the city and out and increasing connectivity. That is why we thought we would stick our hands up to talk to the Committee because there is great potential there.

**Mr PAUL TOOLE:** It sounds so easy. I am sure the elected councillors never get in the way of them.

**Mr TOSI:** That is not right at all. We happen to be here on the basis that we work very hard to have a strong working relationship between the elected people and the staff and it works most of the time.

**Mr PAUL TOOLE:** I make that comment having had 18 years in local government.

**Mr TOSI:** I will not ask where.

**Mr PAUL TOOLE:** Bathurst; Dave Sherley.

**CHAIR:** There are questions we did not get to and I would like to send those to you and get a response.

**Mr TOSI:** Yes.

**(The witnesses withdrew)**

**PATRICIA FORSYTHE**, Executive Director, Sydney Business Chamber, sworn and examined:

**CHAIR:** I would like to welcome the Hon. Patricia Forsythe to this Committee hearing this afternoon. Thank you for making your time available. We are grateful; we know how busy you must be. Can you confirm that you have been issued with a copy of the inquiry's terms of reference and the relevant Legislative Assembly standing orders relating to the examination of witnesses?

**The Hon. PATRICIA FORSYTHE:** I can.

**CHAIR:** I would like to remind you that your evidence is given under parliamentary privilege, and that you are generally protected from legal or administrative action that might otherwise result in relation to the information you provide. I should also point out that any deliberate misleading of the Committee may constitute a contempt of the Parliament and an offence under the Parliamentary Evidence Act 1901. Would you like to make a brief opening statement?

**The Hon. PATRICIA FORSYTHE:** Thank you, Mr Chairman, very briefly because you have the submission from the Sydney Business Chamber. I want to make a couple of points. I note that this is an inquiry that has been self-referred by the Committee; and I congratulate the Committee on examining the issues. There are some tough issues embedded in the terms of reference. I have read comments of witnesses who appeared at a previous day's hearing, and I know that as local members you take your role as local members very seriously. But behind this inquiry are some of the tough issues facing Sydney in particular. If we are to meet growth targets in the Sydney Metropolitan Strategy to 2031, another 1.3 million people, we are going to need some tough decisions around density of housing, location of housing, and the future growth of Sydney in particular.

What is needed at this time, perhaps more than at any other time in the past, is strong leadership. That leadership needs to come from members of Parliament and Ministers. The business community, and the Sydney Business Chamber, which is focused on the growth of Sydney as a global city, look to the Committee to examine the issues and provide advice on that leadership. That means taking the community on the journey—on the journey to understand why what we have done in the past may not sustain us into the future; and why large, detached houses and large blocks will not provide for an efficient city that will be affordable and one in which we can provide adequate infrastructure. So this Committee has opened the door on some of those issues.

The second matter goes to a point that I made in our submission. I would like to come back to it because it is not at the core of your terms of reference, but goes to the land adjacent to many of the rail corridors. Inevitably, as you put in infrastructure you get development. Many of the oldest areas are those along our rail lines. If you take a journey along any of our rail line you will see many two- and three-storey walk-up flats adjacent. They were suitable in the 30s, 40s, 50s and into the 60s; they will not sustain the sort of density of development that we need into the future. Under the current New South Wales strata title legislation 100 per cent of the owners need to agree before you can do anything in the strata scheme. That is not the situation in every other State. If we are going to increase the densities in some of those areas, we have to take a serious look at that issue. I know I am not alone in saying that. One needs only take a train from Central to Parramatta, for example, to see suburb after suburb that is close to railway stations, on the rail line, ideal for transit-oriented development; where, at best, you may have four or six families living on relatively big blocks of land. Logic would say, particularly if you can consolidate two or three of these, you will have to look at high developments and denser outcomes. That is not something that will be done easily. It requires some tough political decisions.

**Mr TIM OWEN:** Could you talk a little bit about private sector investment in the context that you mentioned? That is just one issue. Is it fair to say there is not the policy or legislative coverage to give certainty to private development to attract private investment for transit-oriented development type develops? That has been extremely difficult in the past. Give me your cut on it.

**The Hon. PATRICIA FORSYTHE:** Private sector development in the current climate is difficult; accessing credit is difficult; and it is more difficult when the task ahead is uncertain, where there is not clarity about development of the project, and where the return on the investment is at best marginal. Converting a small area into just a few blocks more will not get the sort of return needed. However, there is no doubt that transit-oriented development, done well, is in everybody's interests. There is no reason why banks and other credit providers would not be interested in that type of development.

**Mr TIM OWEN:** What do you reckon is missing in terms of the way government approaches this, and the way it has approached it in the past? Could I have a sense of hat from the Sydney Business Chamber's side?

**The Hon. PATRICIA FORSYTHE:** Part of it has been the lack of clear message. We have changed our metropolitan strategy so many times in recent years, and we have so many different local government areas, that it is our view that the 41 councils that make up the Sydney basin is many too many. We think that the metropolitan strategy is on the right track. It has identified likely growth, likely dwelling numbers and the likely jobs needed to sustain all of that. What has not been clear, when you take it down to the local environment plan level, is how many councils will meet their job targets and their dwelling targets. With so many small councils, that is much more difficult.

There has been something of a lack of clear signals and different views from different councils, giving the message that Sydney is a difficult place in which to undertake development. People contrast with Victoria in particular, and Western Australia even more so. Western Australia's plan around their city has been in place for a lot longer time, and with a lot more certainty. In Victoria, there seems to be a more regional approach, because theirs are larger councils. So I think part of it has to go to our view about local government reform. But, more particularly, we have been slow at understanding the real benefits of transit-oriented development. It is not something that has been absolutely at the core of our planning and transport development until recent years.

But now, of course, it is the first objective of the metropolitan strategy, and that is proper integrated transport and urban planning, or planning in general, and they have to come together; you cannot have one without the other. We know the difficulty when you now retrofit existing areas with, for example, a new railway line. So that the type of density that you have got to give you the return on your transport link is not necessarily at optimal level and there will be some real challenges, I think, as we look at some of the developed areas on the North West rail line. It is easy where you are moving into greenfield sites, you can plan your density, you can create your new mixed development, you can do a number of things. Where your premium stops in existing suburbs, that may not immediately give you the optimal return that we might want for the sort of investment in the infrastructure.

**Mr PAUL TOOLE:** You would have read the submissions where some groups or individuals have suggested that we have a single agency to look at rail corridor development. What do you think about that and what powers do you think the agency or the authority should have?

**The Hon. PATRICIA FORSYTHE:** I think that is the ideal, but I think you have got to work in the reality. Certainly I think a Sydney metropolitan development authority is important. Depending



on what part of Sydney you might be there are many different agencies that all have a concurrence. One of the problems is the number of agencies that have a concurrence over development, which slows things down with all the will in the world, and with the sort of powers—I think we have got to work in the reality, the political reality. If we were starting from scratch we would certainly have a much tighter transport planning single integrated agency—one that oversees the land development and is quite separate from the running of rail services or things like that. The actual running of the service is quite different from the planning of the infrastructure. So it is that planning of the infrastructure that should be seen as a whole.

**CHAIR:** In terms of local businesses around a brownfield development site, there have been articles in the newspaper about the central business district and the five stations that could be up for massive upgrades and that sort of stuff, what do you think are the major issues that we would have to deal with in terms of local businesses and getting them on board with this massive redevelopment around an existing transport node like a central business district railway station, for example?

**The Hon. PATRICIA FORSYTHE:** At the end of the day local businesses may lose out in the short term but what we are talking about is demand in terms of vibrant new business hubs. I think at the core of some of the proposals put to you is creating new vibrant business hubs and mixed development, and there is no doubt that there are some very good best practice examples in a number of places. One need only look at St Leonards, which is finally constructed, and Chatswood to see where you have increased the throughput of people—people resident there, people working there—and people now do not have a need to use a car to access both their work and where they live. They are significant developments but they have probably got a little bit further to go.

We certainly support the call for private sector engagement in terms of the station hubs in the central business district. As they stand at the moment they are, particularly at underground level, uninviting and not conducive to major development and yet I think the private sector working on some of these—public-private partnerships or whatever—is definitely a way of getting a better outcome.

**CHAIR:** Have you identified any genuine interest from the private sector to that as opposed to just peak bodies coming together and saying this is a great idea?

**The Hon. PATRICIA FORSYTHE:** There has been a recent proposal for not so much underground but close to Wynyard station there is a new building there that has been through the part 3A process. That involves a commitment to opening up some of the area into Wynyard and I think there is certainly interest in the private sector in that development. It came from the private sector; it is a redevelopment of an existing building but part of that goes to the access to the rail and I think there is strong interest in that one.

The most important thing at the moment from the point of view of our companies involved with infrastructure is a certain pipeline of activity. That, if you ask them at the moment, is what they want probably more than almost anything else, so that in terms of the plant that they have, in terms of the employees that they bring in, that it is a seamless movement from one project to the next. The problem for Sydney over the last few years is that there has been a lot of stop/start—a couple of big projects, but you really want to know where the next project is coming from, and certainly some opportunities, we hope, exist working with the Government and transport to take some of those sorts of projects further.

**CHAIR:** You have got a longer history than I have so I will ask you a slightly political question. You spoke about how we require some strong leadership from government, and I do not think there

would be any of us who would not agree with you—in fact, we vehemently agree with you. What are some of those demonstrations of leadership from government do you think the private sector would be expecting to see that says to them, "Hey guys, we are open for business"?

**The Hon. PATRICIA FORSYTHE:** There is no doubt that to achieve the growth in Sydney, to achieve the sort of numbers our strategy is talking about, change will have to come in the community. The density in many of our existing suburbs will need to change, particularly as we talk about the middle-ring suburbs, suburbs from where you can commute reasonably—you are still within a 30-minute commute to the central business district or other workplaces. Some of those suburbs will require an increase in density; so infill, as we talk about, development. That means communities changing. That does require a better articulation to people that the average household has declined in many of those suburbs with older people. If we are going to achieve global city status and keep growing and be an important city we have got to address some of the issues that impact, and congestion is one of them.

To deal with congestion we have to look at more people living and working within a 30-minute radius, which is one of the goals of the strategy, and more people accessing public transport, and that also, of course, we develop better cross-regional transport links. But one of those key areas has to do with the density of our housing, and the most logical place where you will see an increase in density ought to be on your transport lines—principally rail but road as well. Road has a part to play in that, particularly along your key bus corridors. Inevitably, the requirement for change means that in some communities there is a resistance and probably we need to do better in selling good design. Maybe as a whole we have not been accepting, and the private sector has to take a role in this as well. Helping people understand that unit development, high-density living, offset by good access to open space and a focus on community facilities in local areas will be different from the past but it will not be worse than the past. I think that is the type of message.

Also, helping people to understand we have an ageing population and we really have to get the message out about being prepared to move from houses into units and a better return. Houses and families are still very logical—they go together, but we are seeing a decline in our household size and we are not matching it with a growth in the number of smaller dwellings.

**Mr TIM OWEN:** Articulating that, though, is the issue.

**CHAIR:** The message does not start with our little inquiry here; there is a broader message from government that says we just need to deal with this. But the broader message is there is an issue and there is a problem and it is not just government that owns it; we all own it and as a community we need to sort it out. What I am picking up from you is that we are not doing a very good job of that at the moment.

**The Hon. PATRICIA FORSYTHE:** It is not a short-term issue; it has been going on for a very long time. I can tell you that in my first speech in Parliament, which is now more than 20 years ago, I made medium density, urban consolidation, one of the issues that we needed to think about as a community. Sydney is one of those cities where maybe it was the luxury of the land and there was land to build on, but we certainly spread out. But in terms of making optimum use of our rail corridors we really do have to think particularly around our rail stations, but it applies around bus stops and things as well, that we cannot have everybody on the road driving. We have to challenge congestion and to get more people to use public transport they are going to need to live closer. One follows the other. So maybe it is about talking about good design, talking about communities from a different perspective. It is just like high density around shopping centres as well. The shopping centres ideally are on the transport nodes, which is not typically where they have been in some of

the areas. But it is about helping communities to understand that we really do need to change. And rail lines, rail corridors, are very much part of helping that change because they bring with them the advantage of the transport network.

**Mr TIM OWEN:** When we read your submission the Business Chamber recommended an audit of RailCorp land. I think that is probably a topical subject. I know that sort of process mulls along, then it goes off the burner, then it goes on the burner. At some point you have to say right, it is about what land is owned by government where and let us have some rationalisation of this process. Thoughts? You have got a lot more experience than we have.

**The Hon. PATRICIA FORSYTHE:** I do not know where we are at with some of those audits but it makes sense. You only need to take rail out of Central to see just how much land is owned by RailCorp. We have got challenges in Sydney. We have got challenges with student housing. We have got challenges with what we call our key worker housing. It may well be as we move forward, is all the land needed? The reason it is owned by the rail is because it is on the rail corridor, it is contiguous with rail lines.

**Mr TIM OWEN:** But I am sure in your political past this has been attempted a number of times and it sort of falls on fallow ground. Any ideas about how you just move that forward? When you talk to the RailCorp guys in broad terms they say we may need that, or it might be useful, or it is in part of our long-term 30 year plan but the 30 years never arrives.

**The Hon. PATRICIA FORSYTHE:** I think you have nailed it. I think they are the issues. Of course you do not want to give up something that is going to be needed for the future, but an audit might reveal that there is certainly some land available. It may well be that we are getting a better return because the fact is a lot of the land is probably absolutely underutilised. What we are trying to do, why would you look at development sites in rail corridors and rail land? Because one of the key issues when we talk about integrated planning, land use and transport, is because there is a connection. And the connection with the rail lines is of course that it is the point by which we move people. So if adjacent to those rail lines is vacant land then it is an underutilisation of potential development sites. I do not want wish to take from RailCorp or Transport for NSW land which for the future they may need for development. But the fact is, the sort of line you have given is a line that can be given at any point in time. We do need from time to time to take an audit, just see where we are at, because I think we could find some useful need for some of it.

You have only got to look around the Redfern-Waterloo area just to see the change in use and dynamics in that area. I know there is some student housing, the universities are looking at that area. That is ideal. If we are going to meet the needs of this in terms of the number of international students, the number of students that are accessing our universities, for example, then providing them with adequate housing is going to be one of our challenges. Our cost of land in Sydney is, as we know, very high. We are an expensive city. Being able to provide for the needs of a broad cross-section of people, all of whom cannot afford to buy the highly expensive housing stock, we have to find other ways of meeting some of that need. That may well be the sort of partnerships that could come out of working with our transport authorities and other agencies as well.

**Mr TIM OWEN:** It is interesting that no developer has put any submissions in to this inquiry. That is an interesting construct in itself, is it not? It is probably a fair and reasonable commentary on what they have thought to date.

**The Hon. PATRICIA FORSYTHE:** Yet I can say as I said that the importance of a pipeline of major infrastructure projects is certainly something that we are looking to see. We are excited by the

fact that the Government is moving on with projects, the north west and south west rail, there is talk around light rail, there is talk about some other projects. To be able to sort of meet the broader needs I think we have got to be focused on those infrastructure projects, but they will open the doors for other development as well. I do not think you need to have developers in the room to suggest that they will be intensely interested in where transport is going.

**CHAIR:** Is there a role for the chambers of business in this process that you have described?

**The Hon. PATRICIA FORSYTHE:** As you know, we are often in the public policy debate articulating the position of our members. In the case of the Sydney Business Chamber it is large corporations. Many of them are involved in infrastructure or take a close interest in the actions of government. Perhaps because we are not elected in that sense, although we represent our members, we do not mind from time to time taking an unpopular position if it is about articulating what we think is the right public policy and putting it out for broader discussion. We at the chamber have broad shoulders. We are able to cop the odd bit of criticism.

And we occasionally are brave. We have long argued on local government reform for the Sydney basin. We know that that incurs the wrath of people from time to time. But, on the other hand, when local government reform and planning reform are on the agenda we certainly see that that is a role that we take. Good public policy is in the interests of business, it is in the interests of government, it is in the interest of communities broadly. We hope that we help government to reach conclusions about good public policy.

**CHAIR:** I just thought of this question as you were talking. A thought just crossed my mind. In New South Wales today would our society tolerate significant development on top of railway stations where there was no car parking provisions at all? You would offer an apartment for \$100,000 less than the equivalent unit that comes with two car spaces. Do you think we are at the stage where we could actually do that as a practical thing to try to influence and shape how people live in our city today?

**The Hon. PATRICIA FORSYTHE:** The concept of course of building above or very close to rail lines is that people do not need a car because they have got access to public transport. I think that is why we are starting to see the rise of these little car rental—I do not necessarily want to use the name, but the cars that you can rent on the short term and they have some access to parking that is not available to everybody. That may well be the way of the future. Ideally you can have it all—maybe you can have it all, but the fact is you cannot be above rail line where the scarcity of it necessarily assumes you have got a car space as well. The challenge then is that you are offering services that meet the needs of the community. That is frequent services, on time, and that ultimately we have got that cross-section of lines intersecting usually with a bus. So you have got a bus-rail interchange that enables people to go to many different suburbs—it is not all about the central business district—and can do it reliably on public transport.

**CHAIR:** Could we lead that or do we have to wait—

**Mr TIM OWEN:** Just look at every major city around the world. London, Berlin, Copenhagen, Paris, everybody lives without cars, or a huge number of people.

**CHAIR:** But the question is: What came first? Was it shaping of the way that we live, or was there capability there that was actually utilised? The issue that people raise here is that until we get them the 15-minute rail service on the station that they are sitting on top of, I need at least one car space, either in the building or in adjacent areas. I am wondering if we can start shaping that, rather

than waiting for it, by saying, "This building it is offered only to those who can use of the existing capabilities." Is that too far away?

**The Hon. PATRICIA FORSYTHE:** In European cities, where you do have much higher density as a norm—and that is not necessarily speaking of 20-story buildings—but if every part of the street and every street is seven floors, or whatever the Paris level is, it is a sort of normal policy that most people do not have a car, or they certainly do not have two cars, and they are more than happy to let them park them on the street or right on the corners, and all sorts of strange things like that. It is a given that they did not start with a car and then work out about the transport.

We are trying to change the nature of our community. Most people started from having a car. I think that is the theme that we here about today—helping them to change. The cost of land close to the city is such that to get the sort of return for developers to build, we have to go up, and in the longer term there will not be the number of car spaces that we have been used to. That will come over time, which is why providing some options with short-term car rental is maybe part of the future.

**CHAIR:** Are there any more questions?

**Mr TIM OWEN:** No. That was good, Patricia, as expected. Thank you very much.

**The Hon. PATRICIA FORSYTHE:** That is all right.

**CHAIR:** Patricia, thank you very much for your time. There may be some follow-up questions we would like to send to you, if it is okay with you.

**The Hon. PATRICIA FORSYTHE:** Sure.

**CHAIR:** We will get that back from you. On behalf of the Committee, I thank you for the time you made available to us this afternoon.

**The Hon. PATRICIA FORSYTHE:** Thank you.

**(The witness withdrew)**

**DAVID STUART-WATT**, New South Wales Regional Director, Parsons Brinckerhoff, affirmed and examined:

**CHAIR:** I welcome David Stuart-Watt, who is the regional director in New South Wales of Parsons Brinckerhoff, and thank him for attending the hearing. Can I confirm that you have been issued with a copy of the inquiry's terms of reference and the relevant Legislative Assembly standing orders relating to the examination of witnesses?

**Mr STUART-WATT:** I have, yes.

**CHAIR:** I draw your attention to the fact that your evidence this afternoon is given under parliamentary privilege and you are generally protected from legal or administrative action that might otherwise result in relation to the information you provide here this afternoon. I should also point out that any deliberate misleading of the Committee may constitute a contempt of the Parliament and an offence under the Parliamentary Evidence Act of 1901. Ladies and gentlemen, David is here on the basis of doing a presentation for us. I thought it would be the best way of making sure that we get the most of the time that David has available to us. At the end I am sure there will be an opportunity to ask some questions.

**Mr STUART-WATT:** I will try to go through this quickly. I am happy for a copy of the presentation to be made available to all members of the Committee. Basically, one of the things that I was going to talk about today is the power of transit-oriented development in transforming Sydney's basic rail network, but integrated transit network in the main.

**Mr STUART-WATT:** There looks to be a lot, but I will try to skip through it. I just want to talk a little bit about creating value, the principles of transit-oriented development, and give a couple of examples in Australia that my company is working on.

**CHAIR:** Excellent.

**Mr STUART-WATT:** I thought I would just show you or just grab a few railway stations around Sydney because a lot of people say that doing proper transit development around current railway stations is basically not an option in Sydney because they are all built out. We see that there are plenty of good examples in Sydney where you could make some decisions. What do we mean by transit-oriented development? In our company it is about special places. It is not just about railway stations. It is about creating a sense of place, and this is what we do all around the world.

Why transit-oriented development? As I said, it is about creating place; villages; improving public transport use; also improving housing choices, particularly in places like Sydney where affordable housing becomes a key issue; reducing car dependency and sprawl; and also creating economic vitality. The important thing, though, is that it has to be linked to a broader strategy, and I am sure members of the Committee understand this. It needs to be linked to Sydney's greater metropolitan plan. It has got to be part of the community's vision for growth, though. Unless you take the community with you, it gets very difficult. I am sure most members of the Legislative Assembly will understand some of the issues we have seen in Sydney, particularly northern Sydney, over the last couple of years where the community got offside with development that was taking place. It is the basis to gain greater and broader support for success. It is more than just rail and bus. As I said, it is about place, and building partnerships with community is essential if you want to do something radical.

We have six principles that we follow: Essentially, medium to higher-density; a mix of uses, meaning retail, office and residential; it is all about being compact and pedestrian-oriented; talking about a centre and making sure you create a centre as part of any kind of development, even if it is around an existing railway station; manage the parking, and in Sydney we are used to jamming parking all around and along railway stations; but then, more importantly, the final one is public leadership, which I guess is what this Committee is all about. I will just go through those quickly. Regarding medium to high density, it has got to be greater than the community average, otherwise you are not going to get the outcomes you are looking for. Creating that too far away from railway stations, transit is an issue, but if you do create higher density at transits, at around 9 to 25 units per acre then you are really starting to support your rail network in terms of extra use. It is important wherever you can, if retail and office are part of the plan, to get them on or around or very close to railway stations. We are talking about minimum density rather than maximum density, so talk about what minimum density you need for success. That is important.

**CHAIR:** David, could you just go back one slide, please? Where you say, "To support transit on average ...", you cite some figures. Can you explain those figures for us, please?

**Mr STUART-WATT:** Basically, if you are building a new railway station or a new light tram station, they are the kinds of densities you are looking for. If you are building a transit way in Sydney you are really looking for those kinds of densities to support that new development. If you are looking at rail, particularly heavy rail, you are looking at up to 25 dwelling units per acre as a minimum to support that kind of development, and higher if you can get them.

**CHAIR:** Dwelling units means what?

**Mr STUART-WATT:** It means a family unit, whatever it be, a three-bedroom apartment or whatever. I talk about mix of uses. It is important if you are going to create a sense of place to have a mix of uses. It does not matter if it is not all on the ground floor, a lot of people say it has to be on ground floor, vertical or horizontal but it is often the most difficult element we find around the world. This is the biggest issue, but it creates more success if you have that mix of development. The important thing is it then creates more walking, more ridership of your rail or bus or whatever it is and reduces car usage. The important thing is if you can prohibit car-oriented uses closest to the railway station, closest to your transit, and make it more pedestrian use.

We talk about pedestrians, compact, pedestrian-oriented, so you have to have smaller block sizes for five-minute walking, so none of these very long block sizes so people do not tend to want to walk. Orientating buildings to footpaths so you cannot have the back of house to streets and footpaths that we have around Sydney. Calming streets and making sure you have active street edges with wider foot paths so you end up with a proper sense of place.

This is a rule of thumb that we use so basically as it gets close to a railway station you want to see more office, commercial-type use than residential use. Of course, that depends on the station you are talking about in a place like Sydney, and as you go further away from railway stations the residential use becomes the dominant use if you like. It is very difficult to get commercial uses more than 800 metres from a railway station.

A centre can be a railway station but it has to be an active centre and it has to be defined. Often our railway stations in Sydney are not centres. The shopping centres associated with railway stations are away from the stations so you do not have that connection between the transit, the rail and the centre. If you are going to do something as part of a development you have to create a centre. It has to be quality, it has to be a sense of place as I was talking about and it has to be

compact and dense if people are going to use it. The 18 hours of activity is critical if people are going to use the centre and it becomes a safe place because there is activity there all the time. As you know, a lot of our railway stations are just empty beyond the core hours.

Parking is always a sensitive issue, particularly in places like Sydney where we have been used to having high amounts of parking close to key railway stations, yet they are probably the locations you want to create a transit-oriented development and therefore push the parking further away. People will walk a reasonable distance if they are park and riding. They do not always expect to park on the railway station, and in the end they may move.

Our experience around the world is that transit-oriented developments create less traffic. We have found that TOD residents are twice as likely not to own a car and five times more likely to commute by rail or bus, or whatever the transit is, they are often up to 40 per cent more likely to boost rail and transit passengers around a transit-oriented development station. They behave differently, so if you think of a single family vs multi-family, vs TOD multi-family in other ways like our normal urban suburbia, you look at daily car trips and see they are very high and in Sydney they can be even higher. Immediately you have multifamily, medium density, it drops your car trips down but once they are around a transit stop, once you have a proper transit-oriented development at a centre, you can get those car trips down dramatically compared to normal suburbia in places like Sydney. These figures come from America where their car focus is far more than it is in Australia, so it has a big impact.

The final one I want to get across because I know you guys are in this mould is about public leadership. In our view it is absolutely critical for success. Unless you have leadership from a group like yours, from your government like this, from the centre it is much more difficult to succeed. We see where you align political will and the objectives of what you are trying to achieve, you gain far more outcome for success. Capital and investment budgets need to be aligned. There has to be a focus on implementation. These things often take years and sometimes decades to be developed to their full potential and to be successful. You have to nurture progressive developers; those developers prepared to do things differently and prepared to partner with you, you need to develop them.

I mentioned place not a project. Here are a few shots from some of our projects around the world. It is surprising how much of a difference it can make if you provide the centre and sense of place for people and how much more successful your development can be. It is more than a parcel and more than a project. If you try to start focusing on things like districts and what your plan is going to do, so you may be focusing in this Committee of developing around a railway station. It is a matter of how far you look to create a sense of district and place broader than the small environment you may be looking at initially. So, overall long-term you are creating a real sense of place.

Of course, it needs to be linked to a broader strategy and obviously the city of Sydney strategy so you can lift the bar much higher in the broader area over time. This happens a lot in the United States and we have done a lot of work for American governments on this. A lot of TODs, as they call them in America, are transit adjacent developments, in other words, they have developed an area that happened to be available in public ownership near the railway station and they call it a transit oriented development. Sometimes in between that development and the railway station there is a big commuter car park and some arterial road and it is never quite as successful if it is just adjacent or nearby rather than integrated with the transit or rail itself. So, it is important to have proper integration and connection.



I am sure you have seen plenty of examples around the world so I just wanted to share a few that we are aware of. Those cities, those locations, we consider, have a lot of elements of best practice. So, if you are looking for international experience our suggestion is those cities have done some incredibly good things. That is not a suggestion for an overseas itinerary. If you look at the common themes, you see the long-term vision and planning. You have to be thinking about this as long-term commitment: delivery in your commitment, not just committees meeting but commitment in that delivery and dialogue and shared ownership not just with your stakeholders but with the community. That is critical.

Portland is one of those examples, and the one thing it did was focus to achieve 20 fewer transit car miles a day for its development. That was one of its targets and, therefore, a target in reduced travel time and reduced congestion cost. It set some of these targets up-front. It built a new light rail. You can see that it does not look like a massive transit-oriented development because it created this sense of green space in the middle of the development, which is quite unique.

There has been some work done in Australia. The plans for the cross river rail project in Brisbane, which has not been built yet, were developed with transit-oriented development for every railway station. A lot of good work was put into that project. With the mayor becoming Premier I can imagine this thing could get up at some stage. I will talk a little more about Maroochydore later. Cottesloe in Perth was a development around a railway station. They did some interesting things. Moreton Bay rail again is another area of planning in Brisbane. We actually gave some advice to the previous Government and Landcom about policy and we also did an example tied around Penrith for them around three years ago.

**Mr TIM OWEN:** How did that go, apart from being delivered?

**Mr STUART-WATT:** It was not built, no. Just to remind you, there was a cross river rail in Brisbane. It is a current project that has not yet been approved. The good thing is that they did a major focus on what development could take place and, ironically, what value could be captured to contribute towards the rail scheme. A lot of work was done and there are some good examples in that, if you are interested. Maroochydore is a great project where they are looking at really focussing on it as a town and regional centre for Queensland. We have looked at a number of transit-oriented development type options for them but, more importantly, we have looked at the rail options that go with it. At the bottom you will see that the council has purchased a golf course and some other land either side. You can see the golf course in the middle. It can get the rail built but also focus on the development that is going to happen around that rail extension into Maroochydore and create a new sense of place for Maroochydore. It has gone ahead and purchased the land it required for the future. It was a clever decision.

In Perth this was another interesting one. This probably looks like a lot of railway stations in Sydney. They looked at the strip of land the Government owns. On this side of that railway station that bluey-green strip was actually too narrow for development. They made a decision to raise the rail slightly because of batters and everything else and create more room to make a viable development opportunity. They thought a little bit outside the square. We assisted them with some engineering and place making but, basically, they created the opportunity around that railway station because they knew what they wanted to achieve. Sometimes you have to make those kinds of decisions.

Moreton Bay rail is another example in Queensland where they are looking at station area planning associated with an extension to the existing rail area. There are a couple of examples there but they are good ones worth looking at. It is interesting when you look at the market around the

world and even our real estate market here, there is a lot of focus about green development and infill. A lot of tenants are now demanding five- and six-star rated buildings and proper access to transit. We are seeing that in Sydney now—a lot of TOD residents in the Sydney CBD with a lot of empty nesters and young urban professionals. They do not all want to be in the CBD of Sydney. So if they can get close to the CBD near rail or some kind of transit, they will be focussed. The other thing is that a lot of higher incomes as well as low-income housing can be specifically built in. A lot of higher incomes are going into these developments if they are done right.

Overall from our experience, what residents want in these areas are well-designed communities, not just buildings; easy access to the centre—that walking thing; high quality—quality rail, quality transit service; pedestrian friendly; and when I say good price value, they are prepared to pay quite high prices if they get all of those services. They see that as the value rather than low price. They want the "American thing": ability to walk for a pint of milk. In the States they use two special financing techniques that are not available but have been looked at here a couple of times in Australia. Tax incremental financing you may have heard of and assessment districts. I thought I would just let you know how they go in the States.

Basically, tax incremental financing is that they capture the growth in property tax revenue. Here it goes in the main to local government, but some to State Government. The States capture some of that uplift in value. They also do value capture and uplift in land value and then they look at sort of rundown areas, station infrastructure, environmental clean-up in the area and bring together disparate land groups—sometimes an agency does that—for development. A lot of it is administered by the city or a State agency or a development authority. Development authorities in the States are often set up for these things. Assessment districts are where you have a conglomeration of ownership and a few property owners. You can then talk to those owners about contribution basically, future development and really work together with a few small owners to focus on the future. Again, the single jurisdiction issue is that you either create a development authority or a State like New South Wales takes over the development. That is very popular in the States as well.

The final thing is that one experience from Europe and the States is that often these addresses are very sought after if they are done well. You get away from a sort of an exit-ramp economy as they call it in America where you get off the freeway and go into your local suburb, small centre, and you end up with something that is a bit more global looking. It is well planned and you feel like you are part of a global village. Instead of the trip on the rail, bus or whatever becoming a mundane journey, people want to actually get on to go to these places. If you have enough of them on your network, people are taking trips to go to these desirable locations and that has been the experience.

The other thing they do a lot in the States and Europe is this concept of joint development. I am sure you have looked at this. Public land that is in the area that can be transit agency led or development agency led, focussing on the ground space and air rights. In the States we have a number of examples of air right development around existing railway stations. I will give you a few examples. You are probably aware of a couple. Ballston in Arlington is a major PB example, but there is a lot of stuff there. Union Station in Los Angeles has been focussed on. Grand American Plaza in San Diego is another classic one. There are a lot of traditional major rail heads and stations and historic precincts where they have done a lot of these kinds of developments. It has been done around that kind of area. This is another in Washington. One of the things the Washington area transit authority did was a whole lot of aggressive land purchasing. So with an extension of a rail network and around existing rail areas a lot of aggressive land purchasing was done to, if you like, aggregate the land and make sure they could bring the development together. Also where there were extensions to transit or rail to help pay for that extension.

Some conclusions: it is important that the principles in planning and rail development policy are linked; that there is a framework for agency collaboration because you do not want a situation where you come out with a policy or program and then some of your State agencies and maybe councils are not supportive of what you are doing. You do not get cooperation, particularly with government land ownership. It is important to bring all that together. In Australia it is not as easy as in the States, but there is an opportunity to look at finance and funding structures. There is nothing wrong with capturing value; we do it a little with developer contributions here, but there is nothing wrong with a development authority capturing value. It has been done in the past in Australia.

Focus on priority corridors and station areas. I am sure that is what you have been looking at. Then provide government and developer certainty. If you want those progressive developers to come in, you have to provide certainty for them and the fact that you are actually going to proceed. Leadership is critical. We have seen it around the world: if you want community engagement and the community to go with you, there needs to be clear leadership. Often it has been said to me that there are very few stations around Sydney where there are examples of potential to be turned into a proper transit-oriented development, so I just picked a few. This is Campbelltown railway station. If anyone has been to Campbelltown, it is surrounded by parking and vacant land and some industrial uses, and the council chambers are nice and close, which is good. But there is a massive opportunity for a transit-oriented development type scheme at Campbelltown with a lot of land in public ownership.

We have looked at Penrith in the past. Again some of the land on the north side of Penrith has been developed. But there is a lot of opportunity in Penrith and given this is a nominated subregional centre it seems a shame not to focus on Penrith railway station. Liverpool is another nominated subregional centre. The one thing that has not been focussed on is the railway station. All the development is at the other end of the town. And yet there is a lot of government ownership around the railway station and there is a massive bus station built out there on government land. Again, there is lots of opportunity to aggregate and make a decision. Even if you are focusing around a railway station and you are thinking about air rights over a railway station it is important to then decide how it connects with existing development. Strathfield is a classic example—you have Raw Square. Whatever you do at a railway station like that you need to make sure you connect it back into existing development and it is seen to be connected and you create a centre.

Developments like St Peters have a whole mass of development to the right of St Peters railway station and yet people have to walk down the road, cross the busy Princes Highway and come up out of the station on to a busy road. There is an opportunity there to do something well and connect the railway station and get people off the surface streets. This is another classic example: We have a major school on what is probably one of Sydney's busiest arterial roads. All the access is off the arterial roads so you have hundreds of school kids pouring out of the station onto a six-lane arterial road in the morning, with car parks either side and government ownership. There is an opportunity to do something completely different to provide not only a decent development but proper access for things like the shopping centre and the school. I have put a few extra slides in as a checklist. That is something the Committee can look at at another stage. I am happy to answer any questions. I hope that helps. I am happy to provide some more examples from our international experience if you want them.

**CHAIR:** In keeping with the candour in which you offer advice and the significant experience you have, if you cut to the chase in Sydney we have been told time and again about the opportunities that have existed for some time, but we do not seem to be doing anything. What is the problem in New South Wales?

**Mr TIM OWEN:** Be up front and honest.

**Mr STUART-WATT:** I mentioned the issue of leadership. In some respects where we have had a focused development authority with a vision for the future, blessing from the Parliament and good leadership at the top, then Sydney has achieved. We have had vision in the past with some of our metropolitan plans and when we developed the North Shore railway line; North Sydney, St Leonards, Chatswood. There has been a vision and it was driven forward. The whole Macarthur area from the 60s and 70s, the development authority set up a vision for the future with parliamentary support, a Minister leading and a development authority with a 30-year plan—not five years. You don't get as much in five years. You need a 30-year plan to develop Campbelltown. The Sydney rail network lacks the leadership and lacks a focused development authority. There are too many agencies involved we need one group to lead the process, backing from the Parliament, backing from the cabinet, because it carries across a series of Ministers, and a long term vision—provide that leadership. It has to be a 20 to 30-year plan otherwise you are scratching around the edges.

**CHAIR:** Do you think the transport master plan process which is currently underway, goes in any way towards putting surety around outcomes in terms of transit-oriented development or do you think it is more of the same?

**Mr STUART-WATT:** I am not close enough to make that sort of comment. From what has come out so far it is a transport master plan. It is about transport, which is what they have been tasked to do and they will probably do a good job on that. The issue is what is it we are trying to achieve in terms of community, development and a sense of place; it is more than just transport.

**Mr TIM OWEN:** Clearly they are trying to get linkages between Infrastructure NSW's 20-year infrastructure plan and the transport plan to see how we bring that together. Whether transit-oriented development features large in there, I do not know. I can say that Infrastructure NSW is thinking along those lines. I do not think there is that level of fidelity in the process.

**Mr STUART-WATT:** It is easy to run a transport, infrastructure or a planning line. Sometimes you have to bring that together and say: that is our long term vision for transport; this is where we are going to invest our infrastructure; this is our planning master plan for Sydney; now let us develop a long term implementation plan for something like Sydney's rail network.

**CHAIR:** Is there a Government agency that if we beefed-up its capability in terms of power and resources could undertake the task you have alluded to or does it require a blank slate?

**Mr STUART-WATT:** The issue is that the agencies have got a role and they are all busy. Even when we looked at the development of Redfern-Waterloo the planning agency at the time made the recommendation to set up a development authority for Redfern-Waterloo and Redfern-Waterloo has been relatively successful in attracting investment, development and accelerating development in the area. The planning department alone could not do that kind of development leadership and their current role as a planning department. It is too big a role in its own right. The transport department has to do its transport leadership and the infrastructure department has to do its infrastructure leadership. If you are focused on this kind of development then my view is a special purpose vehicle or a development authority with the focus to bring them all together has been successful in Sydney.

**CHAIR:** Do you see that special purpose vehicle going from the beginning of the process in terms of identifying specific opportunities, then winning over the investment community, doing the

conceptual master planning and saying this is the outcome we want? Is that the process that this authority would look at or some component of that?

**Mr STUART-WATT:** The important thing is that the government is going to have a 20-year strategy for Sydney. You have a 20-year planning and infrastructure strategy. That is the high level. It is the next level down where a development authority, with the blessing of Transport, Planning and Infrastructure, will say what is right for development? What development are we going to do around rail, transit, whatever it is going to be, to support the overall plan and how are we going to take our stakeholders and community with us? The good thing about Sydney is it is a very large network. An authority or a vehicle, whatever you decide to set up, is going to need to focus, decide what the priority is and get the stakeholders and community along. You will need stakeholder and development advice because if the private sector does not support your plan it is not going to happen. You need to bring private money and private sector investment with you. If you have that long-term vision and some master plans to show them what you have got in mind you are more likely to bring them on board.

**Mr TIM OWEN:** In your experience around the world, mixed use developments of that nature are commercially viable?

**Mr STUART-WATT:** The ones we have been involved in are definitely commercially viable. There has to be a lot of government facilitation and often it may mean government aggregation of land as well. It is important. You have to make sure there is proper connection to the rail. This idea of developing next to the rail and asking people to walk across King Georges Road or Parramatta Road is nowhere near as attractive and they do not get the same value out of that. They end up discounting their commercial units, or whatever, because it is not as attractive.

**CHAIR:** You made a statement in your presentation to the effect of nurturing development. Could you elaborate on what you meant by that?

**Mr STUART-WATT:** I did not mean collusion or helping them in their business but the issue is you have to have them with you. There are developers who will say to you, "We build flats or apartments, give us a block of land and we will build a set of apartments." There are others out there that want to be part of something bigger. The development of the old Toothy's brewery on Broadway is an example where the developer, architects and planners have said we are going to create something special, a sense of place, so people want to come here, so we can get a slight premium for our units but people want to live here and they do everything there. It is a mixed use type site. They are the kind of developers you want to nurture to support your plan. As it becomes more successful you will bring the rest with you.

**CHAIR:** In terms of universal opportunities that are out there, previous submissions have identified up to 135 individual sites that could be looked at in terms of providing benefit to the community. Do you think there are enough common development issues in each one of these individual footprints such that the more you do, the cheaper it is; or is each one of these locations so unique that you need to treat them almost on their own merits?

**Mr STUART-WATT:** Our view is that you have got to be a little bit careful: if you have 135 parcels of land spread right across Sydney and you want to develop them quickly, that is one plan. The other plan is to say what you want to achieve as an outcome of development around your railway, decide what the long-term vision is, and how you are going to do that as a priority. Maybe you would then say: we can then develop these parcels of land as part of a future, overall

development. Otherwise, you could end up with a series of apartments, an odd office tower and a few shopping centres.

**Mr TIM OWEN:** Just a hotchpotch.

**Mr STUART-WATT:** Just a hotchpotch, so that Sydney does not look any different from the way it is now. Then people will say, "Well, what did you actually create? What did you achieve that was different from the past?" Chairman, I guess it depends on what you are trying to achieve. I showed you those couple of railway examples. There are all sorts of things you can do. Think of Cottesloe in Perth. They could have just developed the couple of plots of land that are available on one side of the railway station; but they thought: no, wait a minute; we want to create a sense of place here; we want a holistic development, so we are going to change the infrastructure and plan a proper development over a period of time. In the end they got a far better outcome.

**CHAIR:** What is your view about local government influence in the process that you have just described? When you have this development authority in place, it could go off charging madly ahead. What is the role of local government in that process?

**Mr STUART-WATT:** It has got to be a partner. If you see council as a stakeholders and part of the community, it has got to be a partnership. If you are talking about giving some good examples, and one of your first few examples is that you jackbooted the council, kick them out of the scheme and demonstrated that they are not needed, it is probably not going to be a good example. It is then be hard to go round and sell that to the next community that you want to go to; and the council will probably be out there protesting, or whatever.

**CHAIR:** Do you see any opportunity for truncating the planning and approval processes around these sorts of developments, given that local government has been exposed to the issues that have had to be dealt with for the past 30-odd years but have been powerless to do anything about that? Is there any opportunity to remove risk to investment, in terms of saying: it will not take three years to get an approval for this; we will cut it down to six months, nine months or a year? Is there opportunity to do that, given the unique nature of the development itself?

**Mr STUART-WATT:** I think it is essential. Once you have developed a plan for a precinct, or whatever it is that you are planning as your high priority, you develop the plan, get the overall local environment plan or whatever it is you have agreed to do, and then your stakeholders and industry guarantee that approvals will be facilitated for proposals that fit within the envelope of your plan. If someone comes in with a development that is 10 storeys higher than your envelope: well, sorry, go somewhere else. But once it fits within the envelope, there should be a fast-track approval process, because you want to attract industry and you want to attract investment. Otherwise, they will go to one of the other portions of land available somewhere else and put up their development.

**CHAIR:** Can an analysis supporting that envelope have considered the commercial viability of projects within that envelope?

**Mr STUART-WATT:** It needs to, absolutely needs to. Connectivity is critical as part of that process.

**CHAIR:** Thank you very much for your time this afternoon; we are very grateful for that. There may be some additional questions referred to you for additional follow-up. If you could answer those, that would be fantastic. And the presentation would be very handy.

**Mr STUART-WATT:** I think it has been saved. I have two things that you may want. We took the South Australian Government on an international tour a few years ago, because it had proposed a major transit-oriented development in South Australia. A few lessons were learnt out of that. I am not sure whether you would want those?

**CHAIR:** Absolutely.

**Mr STUART-WATT:** And there is the presentation. I will give those to you.

**CHAIR:** Thank you.

**Documents tabled.**

**(The witness withdrew)**

**(The Committee adjourned at 4.15 p.m.)**