

REPORT ON PROCEEDINGS BEFORE

COMMITTEE ON ENVIRONMENT AND PLANNING

LAND RELEASE AND HOUSING SUPPLY IN NEW SOUTH WALES

**At Committee Room 3, Campbelltown Civic Centre, Campbelltown on Monday, 26
March 2018**

The Committee met at 10:10 am

PRESENT

Mr Jai Rowell (Chair)
Mr Anoulack Chanthivong
Mr Jamie Parker
Mr Mark Taylor

The CHAIR: I declare today's public hearing open. We are going to hear from the three great councils of Macarthur. We are very pleased to be meeting in Campbelltown today to hear evidence for our inquiry into land release and housing supply in New South Wales. Campbelltown, Camden and Wollondilly are at the forefront of land release and housing supply. In the Macarthur region our plans and commitments must give effect to the hopes and dreams of real people on the ground; it is where we finally see the outcomes of all of our hard work and know whether we got it right.

This is our second public hearing in this inquiry. On 5 March we heard valuable evidence from the Greater Sydney Commission, six local councils, the Grattan Institute and major stakeholders in property development and community housing. Today we will hear from the three Macarthur councils, the Planning Institute of Australia, the Housing Industry Association, Urban Taskforce Australia and the New South Wales Government. I thank all the witnesses appearing today for taking the time to attend and to give us the benefit of their experience and expertise in land release and housing supply.

NICOLE MAGURREN, Director, Planning and Environment, Camden Council, sworn and examined

TINA CHAPPELL, Manager, Strategic Planning, Camden Council, affirmed and examined

FLETCHER RAYNER, Executive Manager, Urban Release and Engagement, Campbelltown City Council, affirmed and examined

CHRIS STEWART, Director, Planning, Wollondilly Shire Council, affirmed and examined

The CHAIR: Thank you very much for appearing before the Committee today. Does anyone have any questions about the processes, or any questions relating to other matters?

Mr STEWART: Just one question. I think there was an opportunity to table some documents. I have a few that I would like to circulate for the benefit of the Committee.

The CHAIR: Thank you. Would each of the various councils like to make an opening statement? Who would like to go first?

Ms MAGURREN: I am the Director of Planning and Environment at Camden Council. With me today is Tina Chappell. Tina is the Manager of Strategic Planning. In strategic planning Tina has worked a lot on the release areas, both as a planner and now as the manager of that section, so she is probably able to give a bit more detail of examples as we get into the questions. Mr Chair, as you said first-up, I acknowledge that Camden, Wollondilly and Campbelltown councils work closely together. We work administratively and at council level we work closely, particularly around the areas of release and we have some quite unique issues.

Just by way of introduction, in Camden we feel we are in the heart of the land release area. Last year I think there were about 2,200 new homes occupied in the Camden LGA. That, to us, means about 2,200 new bin services every week get delivered in Camden. In relation to the value of development we were determining, last year we determined around \$1 billion. The big thing about that is we are still a relatively small council and a relatively small population—around 80,000 in our population base. We are really growing very quickly. The week before Christmas we had 125 new families move into Camden in one week. That is quite staggering if you consider each household having, say, three people per household, and a big job for our waste drivers.

In the terms of reference for the Committee and in our submission, the main points that we wanted to raise, at least at a high level, are in relation to our experience. We have been involved with the precinct work for some time—since council has been part of the south-west priority growth areas. Back around 2006 and 2007 with our earlier experience with the Oran Park and Turner Road precincts, at that time in our involvement in the preparation of that we worked closely with what was then the Growth Centres Commission. That, as I understand it, was part of the Department of Planning but it was a separate authority. What we found in working with that commission is that it was a dedicated commission to the growth centres. We found it was good just to have a commission or an authority we could work with that was purely dedicated to the growth centres work.

We also found that there was more autonomy in their decision-making when issues arose at either local or State agencies. We found that often with State agencies, during the course of doing the precinct work there is lots of liaison back and forth; issues arise and at the end of the day someone needs to make a decision. We found you can go round in circles in terms of time frames—when things arise they get parked and deferred. Our experience with the commission was that it was good to have a central agency having responsibility and having some decision-making power when it came to the issue of the precinct work and particularly with the State agencies. I am talking about the utility authorities and the other services that need to be provided throughout the area.

The first recommendation of the council was that we would recommend some form of central agency dedicated to the growth centres work. Equally on that matter, having clear delineation of responsibilities, we find in the precinct work that local matters should be left to the local authority and State matters left to the State authority, and in that are things such as planning the local road network and things like open space. I guess because council has more experience operationally on what works in those areas, we think it should be clear that council is responsible for those issues.

The other thing we wanted to talk about specifically was our experience and to make it clear that it is a very different experience when you are dealing with a precinct when there is a single or limited land owner. Our experience with Oran Park is where we are dealing effectively with one or two families that own that whole precinct, and they are able to fund a lot of the detail work and the delivery of a lot of the servicing after land is rezoned as opposed to the issues that we confront in areas such as Leppington where we have fragmented land ownership. I appreciate and thank the Committee for coming out to Camden last year and going on a site

inspection and you saw some of that. Up at Leppington, where we have got, say, some 300-odd land owners, it is a very different experience in coordination, in the precinct planning work and in the extent of detail that is required. We would suggest that the extent of information that is needed in fragmented areas is a lot more than in areas where there are only one or two land owners, because in areas where there are one or two land owners a lot of the detail can be resolved at the DA stage as opposed to in the fragmented areas.

We are still experiencing that at Leppington. We have scattered development applications still. I think there has been one residential flat development approved up there. Here we are a few years after the land has been released and we still do not have any traction; we still just have a train station there. Mind you, it is a very popular train station which I know the community appreciates. In regard to development around that centre we are now looking, with the Department of Planning, at reviewing the controls for Leppington and really seeing what else we can do to get some traction up at Leppington. We would like to highlight the issue of the difference between, and the distinction between, the fragmented land areas and areas such as Oran Park where we have got only one or two.

The other thing of course—this relates again to the fragmented areas—is the delivery of infrastructure. The current system as it is set up is such that the section 94 contributions are paid after the development is determined. There is no funding mechanism available for councils to fund the delivery of infrastructure beforehand. In areas such as Leppington, where we do not have any development on the ground, the only way for council to fund it would be to forward fund the delivery of that infrastructure. That is an issue that would be well placed to be looked at. In summary, those were the major issues that we thought we would highlight today.

Mr RAYNER: My name is Fletcher Rayner. I am the Executive Manager, Urban Release and Engagement for Campbelltown Council. I will briefly cover off some of the key issues that were in council's submission last year. The first being, I guess, the whole of government approach to land release planning and what most would regard as a fragmented approach in government institutions and the coordination between them. Quite often local government is left trying to broker the deals between agencies when that responsibility might be better coordinated at a State level. We referred to the role of the Greater Sydney Commission in the past and I certainly concur that it had an effective role.

Mr JAMIE PARKER: The growth commission, do you mean?

Mr RAYNER: The Growth Centres Commission. They were effective at the time. To some degree the Greater Sydney Commission was constituted to perform that role but it has probably been more focused on district planning at this time. That is a key issue that Campbelltown has seen as a hindrance to effective and efficient land release planning. The other issue that is common to most of the Macarthur councils is the issue of resourcing and staffing. We find it difficult to attract the staff to this council in particular. I am sure that is common to the region. That introduces pressures in regard to having appropriately qualified staff and appropriate numbers of staff to process rezoning applications and development applications quickly, which puts pressure on the process: particularly at the end of construction certificate approvals and then releases which are at the stage where developers have committed to contracts with buyers.

Any delays in that process can significantly impact the process. Quite often developers seek ways to finance councils to speed up the process. We have rejected those requests on the balance of probity but certainly there is a need for greater resourcing of local government in the growth areas to support the efficient release of applications and rezoning. Another issue that is most important is we are very good at house farming and rapid release of housing, but what is not well done is providing for local employment in these areas. I support the 30 minute city concept, but that mantra typically has not been a focus of planning in our release areas. Greater support of government is needed to support those outcomes. Matters such as decentralisation and location of government offices in land release areas could seed and support local jobs as an important issue.

I just briefly touch on land fragmentation as well. I concur with the comments before about the issue. The issue primarily relates to the delivery of infrastructure as was touched on before, as opposed to working with a single developer where they have the ability to forward fund and deliver infrastructure at the time housing is released. Where you have fragmented land holdings councils are normally saddled with the responsibility of collecting infrastructure contributions. That generally means that council is behind the eight ball in how it can deliver facilities, which tends to come many years after people have moved into the community. That is an issue of concern for most residents and a more coordinated approach from State Government to support councils in their delivery of infrastructure would be well regarded.

Finally, the delays with regard to land release can often be put down to the role of agencies from delivery of major transport infrastructure works but also water supply. Quite often it is the experience that areas are rezoned but cannot be developed until many years later until the water services are brought into an area. For whatever reason Sydney Water is not engaging earlier in the process. Whilst I understand it does have its

delivery planning mechanisms, a better way of coordinating them earlier in the process would certainly help speed up land supply. That is my submission.

Mr STEWART: Just for the benefit of the rest of the Committee—obviously the Chair is familiar with Wollondilly—we are currently experiencing growth of about 1.8 per cent, which is fairly robust for a shire like Wollondilly. We are also dealing with 40-odd planning proposals, so lots of development on lots of different fronts. We are probably in the top three or four councils in dealing with the number of planning proposals. We also have a priority precinct in Wilton New Town, which was declared last year. It is a town which has potential for 16,000 lots and a population of 50,000 people. I have just provided some handouts and I will speak to them. One of those is an extract from our community strategic plan. It is a two or three page document and it provides council's vision for the shire. It recognises Wilton New Town and also talks about how we would like to see the rest of the shire develop.

Council sees the benefit of a new town and the services it will bring such as health, education, jobs and hopefully public transportation. For the rest of the shire there is real desire to maintain a rural atmosphere and a rural lifestyle. The second document is the issues paper—what we call the State issues paper—and a document that council has developed. It is an advocacy document that highlights the issues we are facing on a shire-wide basis, if you like. Finally, there is the "Wilton New Town, A GREAT Town or NO Town at All"—a document that council developed and released in 2017. It just highlights what we are seeking to achieve at Wilton New Town. We would like to have a great town which people will enjoy living in and have the benefits of great public transportation, opportunity for local employment and obviously enjoy the local environment that we have.

In our submission we are big fans of the process that the Greater Sydney Commission went through when it developed its district plans. It seconded a number of staff from various councils, and we offered up two staff. We really enjoyed that process; we liked to be involved. We are very pleased with the outcomes. What is in the district plan reflects our vision for this trial, which is fantastic. In regard to the Department of Planning and Environment, we see that that model could be adopted moving forward. We would appreciate the opportunity to be at the table when we are developing new plans, particularly when planning something like Wilton new town. We think that by seconding council staff there will be a better appreciation of local issues.

By seconding staff from other State agencies, that would provide a much more holistic approach to dealing with some of the critical infrastructure issues. We see the role for the Department of Planning and Environment as to de-risk the project—when I say that, I mean to resolve the key infrastructure issues, so work between the agencies and get the best result for a new town. In regard to precinct planning, rezoning, section 94 work and development control plans [DCP] work, we think that is best left to councils. We think we are best placed, because we have been doing that sort of work for a long time. We believe that that should be our role, so the role of the Department of Planning and Environment would obviously be the higher level structure planning and the de-risking, but leave the rest of it to the local council to work through.

The CHAIR: Has anything in the past six months caused any of the councils to change any of the information they provided in their submissions?

Ms MAGURREN: No.

Mr RAYNER: No.

Mr STEWART: No.

The CHAIR: Camden has touched on the fact that there could be a central agency and Wollondilly has also touched on this. I know from being on the Campbelltown City Council years ago that there has been an issue about the interaction between the agencies and council, particularly when it comes to potential rezonings. Would you all recommend this? Does the Greater Sydney Commission fulfil that role? Is there anything in the city deals that suggests that, or should the Committee be looking at recommendations to strengthen such a body?

Mr RAYNER: I think the city deals are weighing towards potentially a governance structure that might bring us all together. There is not much detail in that at this stage for us to hang our hats on what it might be. The main point that we were making was that the Greater Sydney Commission, as it stood many years ago, fulfilled a purpose, and refocusing of the existing agencies to fulfil this function would be welcome.

The CHAIR: Is that the same for Camden?

Ms MAGURREN: I would agree with that. Under the city deals there is a planning partnership coming up, but that involves all the councils as well. I think there is some opportunity in there to work together, and that would include growth. Certainly, we would support the establishment of an agency that would be dedicated to the precinct.

The CHAIR: Do you think that should be separate to the Growth Centres Commission or should the commission be given more bark?

Ms MAGUREN: It may well be part of the Greater Sydney Commission, but in my experience to date it has been focused on the district planning. I have not seen it so far operating at that level. There is certainly some strategic work in the district plans, but when it comes down to the lease of land for housing there is a fair amount of operational and technical information that needs to be assessed. It would need to be adequately resourced to be able to do that.

The CHAIR: Does Wollondilly have the same view?

Mr STEWART: Yes.

The CHAIR: I will give other members an opportunity to ask more questions because I know the ins and outs of most of the councils. You all touched on what we could potentially do at a State Government level, but this Committee is looking into potential recommendations. As you can see the Committee is made up of members from Labor, the Liberals and The Greens and we have the common aim of finding the most effective and efficient planning system to deliver adequate and suitable housing. There are two prongs to that and one is what the State can do better and the other is the policy settings that local councils can do to improve the system. If you were helping this Committee to write recommendations for this report, what would be the standout recommendations you would submit to us?

Mr STEWART: I would reiterate what I was suggesting earlier, more integration and involvement of the local planners in the planning, particularly for a new town. There is a fair bit of goodwill with the council and the Greater Sydney Commission. We appreciate the work of the Greater Sydney Commission and the vision it has, but we seem to have two masters.

The CHAIR: You do not need to be diplomatic; this is like the United Nations.

Mr STEWART: There seems to be a bit of a disconnect at the State Government level. We think that critical issues for Wilton have not been adequately addressed by the Department of Planning and Environment. Moving forward, all we really need to do is agree on a set of milestones for when we will see the delivery of certain infrastructure. We understand there has to be critical mass for certain infrastructure, but all that is required is some sort of workable agreement.

Mr RAYNER: I think we touched on the need for the Greater Sydney Commission, or perhaps a similar agency, to be empowered a bit more to coordinate and make decisions on behalf of government for land release. There also needs to be greater clarity around the planning pathways for land release and major development. Currently, there are a few different pathways that developers can go through: council rezoning proposals, priority precinct applications and then there are reviews through the pre-gateway review process. A streamlining of the pathways for rezonings of land release would be of assistance. Also in relation to delivery of infrastructure, there needs to be less of a reliance on developers funding upfront major infrastructure when many of the deficiencies exist and the principle of developers paying for what growth they generate is appropriate. But we have agencies that are trying to extract the maximum amount out of developers and are asking them to pay for existing deficiencies when upgrading infrastructure. A combination of a greater power for agencies and perhaps a greater focus on funding for release of major infrastructure would assist.

Ms CHAPPELL: I reiterate what Mr Rayner said about the infrastructure; it is such a huge issue. In the Leppington precinct we have 9,000 lots available for release pretty much that have been through the planning process and not one lot has yet been released because of infrastructure servicing. That is a huge issue in terms of Camden's release and it will continue to be in our fragmented areas. The other thing from my perspective, having been involved in the day-to-day operational precinct planning work, is the constant changing of the goal posts. To give you an example—a precinct that we are currently working on today, when we started working on that it had very different criteria around what was to be achieved on the site. The landowners are very frustrated, as are council officers, that the goal posts have been moved and work that was done 12 months ago is now being revisited and redone. That was a little bit about not having the strategic context in place upfront and then, with things happening from a district plan perspective retrospectively, going back and changing what was wanted to be achieved on site. To a certain extent we understand that.

It takes two years to do a precinct planning process so the political environment and the planning environment does change. But in terms of slowing up land release, we are very much in the same place we are today as we were 12 months ago. So I think it is really important that we have clear goals upfront about what is to be achieved, also who achieves those goals and, as Mr Rayner was saying, how the process is actually undertaken. There are a number of different ways a piece of land can come to market with rezoning and that needs to be clarified in terms of the best way, as opposed to just inventing new ways every time a landowner

wants to release their land. A really important part of getting land release right is having a streamlined, clear process where everyone knows their roles and functions upfront.

The CHAIR: I appreciate that all of those answers were targeted improvements for the State Government. Indeed, that is ultimately why we are here, but everyone on this panel has been a councillor before today. Are there any other suggestions that councils as a whole could make about the council framework? Is there something that you would like this Committee to recommend to the Government to make clearer provisions for councils? If the answer is no, that is fine. I just want to make sure that we cover both sides of the equation.

Mr RAYNER: I have nothing else to add.

Ms CHAPPELL: It is probably only around the infrastructure and the upfront funding. Councils would be able to be of greater assistance if we were able to do upfront design works in particular. So maybe looking at better funding models to enable council to be ahead of that would probably be the only thing I would say.

Mr JAMIE PARKER: The Committee has heard similar evidence from other councils about sequencing coordination, funding, jobs, environment and those types of issues. I want to ask two questions. The New South Wales Government's submission says that everything is fine and under control. It has developed all these new things that it will be implementing and it will resolve them. The submission talks specifically about the Government's housing delivery team, which seeks to identify and resolve post-rezoning blockages; the Office of Housing Coordination, which is about accelerating rezoning, infrastructure delivery and infrastructure contributions; and an accelerated rezoning team, which apparently accelerates rezoning in Greater Sydney and regional New South Wales. Have any of your councils had any engagement with either the housing delivery team, the Office of Housing Coordination or the accelerated rezoning team?

Mr STEWART: I can speak to that. We have had the benefit of the acceleration team. They have assisted council with post-determination matters. The process we went through consisted of identifying matters that could be advanced in terms of reports to council, but we just did not have the resources to get it there as quickly as we would have liked. So they assisted with the preparation of the reports. The one in particular at Station Street Menangle, they dealt with the development control plan [DCP] matter. I believe it was also to do with a voluntary planning agreement [VPA]. I think while the assistance was appreciated, there was a little bit of scepticism when it got to the council meeting as to who had prepared the report. That one had a background where the actual joint regional panel was the determining authority or the planning authority for that particular matter. It was appreciate but maybe it could have been handled just a little bit better in terms of de-risking the report when it got to council.

Mr JAMIE PARKER: Did the other councils have any involvement?

Mr RAYNER: Yes, Campbelltown. We currently have involvement with the rezoning team similar to Wollondilly. We are currently going through a process, it has not been completed. Our observation of the team is that they seem to be fairly engaged with us in progressing the matter, but I have not necessarily seen them to have any greater ability to resolve agency issues than perhaps council. They are certainly trying, but we have not seen a result there at this stage and as we are yet to present matters to council, we will back the Government for finalisation. I probably acknowledge the issue that Wollondilly had in terms of the perception of the process, but from what I can see at this stage, it has been well resourced and it is a welcome resource for councils to use.

Mr JAMIE PARKER: So you have not been involved in the housing delivery team, which is supposed to be resolving post-rezoning blockages?

Mr RAYNER: Not at this stage. We have not experienced those blockages with our zoned lands to any great extent, certainly not from proponents that are pushing.

Mr JAMIE PARKER: Maybe it is more Camden. Has Camden council had any engagement?

Ms CHAPPELL: In terms of the re-zoning acceleration team we have had some interaction with them. We only have about 300 lots and planning proposals. Most of our land delivery comes out of the growth areas. That is not done through a planning proposal process; it is a separate process. There has not been a lot of engagement in terms of that. In terms of the housing delivery team and unblocking the development application [DA] process, we have engaged with them but I do not know that we have significant issues. Our real issue in terms of that was around State authority responses, in particular energy company responses. So we have engaged them around that but, as Mr Rayner said, I do not think they had any more success than we have in trying to resolve those blockages.

Mr JAMIE PARKER: That goes to a lot of the evidence this Committee has heard about getting everyone at the same table and making commitments to strategic investments in the right sequence. My second question relates to something that is relevant in this area—namely, habitat management issues and habitat protection such as the koala colony along Appin Road and those types of issues. My experience is that councils are champions for their local communities, especially for koala habitat and things like that, but they often find challenges in managing that with government and with proponents or applicants for particular sites. Can you tell the Committee a little bit about your experience in that area when it comes to the delivery of new housing? What has been your experience in working with particular agencies when it comes to habitat management and conservation? We are obviously in koala country so can you tell the Committee about that issue as well?

Ms CHAPPELL: I think for Camden we are probably a bit unique in that most of our land release in the growth centres is covered by biocertification, which removes the need for your traditional testing of fauna and flora species and environmental protection. So we are a little bit unique in that. Outside of the growth areas we have been engaged with the Office of Environment and Heritage [OEH] on a number of issues. We are actually one of the first councils to biocertify an individual site as part of a rezoning process. I find them to be slow but at the end of the day they are doing a job. They hold those values very dearly—

Mr JAMIE PARKER: That is the OEH?

Ms CHAPPELL: Yes, the OEH. They hold those values very dearly and it is their job to do that. I think the process we went through with the Emerald Hills development, which was the first biocertified piece of land as part of that process, worked very well. That site is quite advanced in terms of its land release now. I think that is probably a good example of that.

Mr JAMIE PARKER: Campbelltown and Wollondilly?

Mr RAYNER: For Campbelltown koala habitat is an important matter for our community and our council. I guess there are a couple of issues in relation to the council being able to pursue and implement a koala plan of management for many, many years. I think from a bureaucratic and administrative point of view we have found it very difficult to implement that through the guidance of State governments and for whatever reasons we have not been able to resolve that. That issue is playing out into numerous inefficiencies.

The CHAIR: Is Campbelltown part of the koala preservation strategy? Wollondilly is.

Mr RAYNER: I could not say. I have only been here for a few months. However, I do know that we have submitted our plan of management a number of times and we keep getting back new information that we need to address when we have used expert advice to prepare our plan to the best of our ability. That is generating a lot of inefficiencies with smaller applications—mum and dad applicants needing to prepare their own plans of management at extreme cost just to get approvals for modifications, fences and pools, etc., which do not even affect vegetation. That is a big issue. In relation to Appin Road, we are currently engaging with the Department of Planning and Environment, Roads and Maritime Services and the Office of Environment and Heritage about that very issue.

It is a wicked problem in terms of how we facilitate koala habitat in our urban release areas, with south Campbelltown being a unique issue. That has got a way to play out, but I think that certification that is widely applied in the south-west growth centre will be an important strategy for Campbelltown, and south Campbelltown in particular, to help address that issue. The council has funded its own research in this area to assist Government in knowing where our koalas are located in the habitat. Importantly, we are finding that the koala populations are experiencing rejuvenation in the local area, which is a positive thing, and any planning that we do should support that.

The CHAIR: I encourage Campbelltown to get in contact with the Government about the koala strategy because there is some funding that has been announced. But we can take that offline. Mr Stewart, do you have anything to add about koalas?

Mr STEWART: I want to speak to biodiversity in general. My understanding is that the Department of Planning and Environment looked at the rezoning proposals for south-western Sydney and tried to recognise or calculate the number of biodiversity credits required for the offsetting of vegetation loss and compare that to the bio bank sites that we have. There is a significant deficiency, which is a problem. I think that we could assist with that issue. We have a number of community groups in Wollondilly and one in particular, the National Parks Association of NSW, thinks that quite a lot of our Crown land in our gorges and the like would benefit from being classified as some sort of reserve or park. I think that there could be an opportunity for the State Government to address that deficiency by looking at those sort of measures. We also have a number of large sites that have environmental lands within their actual development site, and most developers want to divest that land to council. We have a land dedication policy that requires the developers to pay a maintenance contribution

to take on that land, but that process triggers a voluntary planning agreement process that can be time consuming at the rezoning stage.

Mr MARK TAYLOR: On the issue of employment land and how it fits into the puzzle, some of the more urban councils talked about the pressure to convert employment land into residential land. Do you have that problem or do you have the reverse problem in that you have employment land sitting out there that is not incentivised to develop on?

Mr RAYNER: I think Campbelltown does have that issue. We have the Glenlee employment area, which, from my understanding, is not serviced by water. That area will struggle to get off the ground until there is support there. I think it comes down to the economic feasibility of industrial development. It is probably the hardest push of all the development types to get off the ground. Government intervention is required to make it viable. The other issue is that, quite often, employment land is placed in the least suitable location and is heavily impacted or environmentally restricted land. It is often the worse land that is identified and that in itself can generate issues in the feasibility of development and actually getting outcomes to provide local jobs.

Ms CHAPPELL: I support what Mr Rayner is saying. I think the push we have had has been to have employment lands, and more specifically industrial-type employment lands, rezoned to be either higher-density employment land or residential land. We probably have had a bit more of a push towards the "smart jobs" in our town centres, which is great, but it has come at a cost to some of our industrial land.

Mr ANOULACK CHANTHIVONG: Thank you very much for coming today. There seems to be a number of persistent issues raised throughout all of the submissions. One of the issues is the lack of human resources and the ability to get quality staff or a quantity of staff at local councils. Mr Rayner, you made some comments about some financial assistance that you were offered by industry. Can you elaborate on that and what that involved?

Mr RAYNER: Obviously, councils are under pressure to release development applications [DAs] and other applications efficiently throughout the process, but our restriction is often our staff numbers, either through budgeting reasons or the ability to recruit. We often have requests to either contract those services out or for an external group to directly fund a resource within council. Our concern with that is the probity issues associated with it, and we have not gone down that route. But what we are finding is that developers in particular are looking to fast-track their construction certificate and land release phases as quickly as possible, and the council is finding that our ability to meet our customer expectations—we cannot align the two. For that reason, I guess, there are perceived delays in the process, purely from a human resourcing view.

Mr ANOULACK CHANTHIVONG: Was industry saying, "We could assist with the approval process to spend things up and meet the expectations"? I gather from what I am hearing that industry would pay for a private certifier to assess that to assist council.

Mr RAYNER: That is correct, but the efficiency of that process is pretty flawed. A key element to good release and planning is local knowledge, the retention of knowledge and ensuring that the local council has ownership of that. If an external certifier steps in to do approvals, quite often there are a lot of things that get missed along the way, which can cause problems later on. I am a big advocate for having those resources within the council. Certainly, there is a need for Government to think about how that is resourced. Councils are restricted in their revenue-raising ability through rate capping etc. Perhaps redirection of existing funding sources, such as the planning reform fund, to certain councils—

The CHAIR: Mr Stewart, would you like to elaborate on Mr Chanthivong's question? I know that it is an issue that Wollondilly has been looking with Wilton Junction.

Mr STEWART: We are under similar resource pressures. Wollondilly Shire Council is currently partnering with the Department of Planning and Environment and the Ethics Centre to look at this issue. The Ethics Centre is developing a framework or some guidelines that the council might want to consider if it resolves to develop a policy and go down this path. Essentially, it is looking at the resourcing issues. We are contemplating having a Wilton Junction specialist team, and funding from the developers would allow us to attract and retain quality staff. It has nothing to do with individual applications; it is more about how we make sure that we are appropriately resourced. That project is ongoing. I would suggest, while I have the opportunity, that the private certification process has been around for some time now—somewhere between 15 and 20 years. It is quite well entrenched. I question whether councils should be made to provide private certification functions within their organisations.

The point I make is that for inner-western Sydney, there are thousands of private certifiers running around certifying construction certificates, issuing construction certifications and monitoring construction. I question whether they need to have their own in-house builder surveyors providing that function. If resources

are finite and budgets are limited, surely those councils would be better off concentrating on crunching out rezonings and development applications, and leave the certification to the private industry. For a shire like ours, it could be something that we still want to be involved in. More remote councils in New South Wales that probably do not have a certifier within 300 or 400 kilometres would probably want to continue that service. So my suggestion would be that the State Government think about the role of council in providing that service. I would suggest that they make it optional, and leave it to the council to decide how they best allocate their budgets and resources.

Mr ANOULACK CHANTHIVONG: I have a second question. I am sure there are two problems felt by MACROC councils concerning employment areas. As you know part of the solution to easing the congestion has been about local employment so that people do not have to go. You mentioned that the Glenlee employment area has not been in the best location, given its restricted nature. What has each of the councils done to attract a level of employment in the local area? Should that play a role in determining the chain of urban release if those things are not going to be confirmed or guaranteed in the process?

Mr RAYNER: Employment and supply is an interesting issue. I guess there are limited levers that council can pull on to attract groups. I think the biggest issue is ensuring that strategic planning makes appropriate provision for the lands. Certainly, through the release of the South West Growth Area, through the lead of the State Government, there was focus on delivery of those types of employment lands through that process. We are now finding, through rezoning applications outside the State-led process, that developers are less likely to offer up employment land, other than retail centres, for rezoning. I think a stronger framework around ensuring that type of land is provided to achieve the objectives of the 30 minute city and what the district and regional plans for Sydney say, would assist. In addition to that, I did touch on decentralisation and partnering of local government and the State Government about locating key agencies. Obviously they cannot occur everywhere, but in key locations that would certainly support seed growth in these areas.

Mr ANOULACK CHANTHIVONG: I suppose that was part of what one could almost say were planning mistakes of the past where we had a lot of residential movement first and then employment. Some would say the construction has not necessarily followed or kept up the pace. That has obviously had an impact on the ability of the local areas. Given that point—that we have not had any sorts of commitments around employment and infrastructure in the local area—does that make any urban land release and revitalisation a bit more difficult? Do we see a repeated problem—a planning problem again—in the local area?

Mr RAYNER: It is planning for the future, because the issue would not necessarily present itself as a major problem before 20 or 30 years down the track, when we have fully developed suburbs without sufficient land for a vehicle repair station, tile warehouse or concrete batching plant—all the things that are required to service those local communities. It is a whole-of-government approach in ensuring that they are provided but, equally, that they are serviced when zoned for.

The CHAIR: I note the time is 11 o'clock. I just have one or two quick questions that the Committee would like to ask, to get some quick information for our inquiry. Many submissions talk about the need for housing affordability across the State. How does each council define housing affordability? How is it measured? What changes are required to deliver those targets—particularly at the rezoning level? How is affordability and economic viability reconciled between council processes? That is a long question but it is something that this Committee would like to get some information on.

Ms CHAPPELL: That is the million-dollar question. If we could achieve housing affordability and still achieve land supply we would have cracked the nut. What does the housing affordability issue mean to Camden? I do not know that we have a focus, specifically, on housing affordability. Unlike our neighbour, Campbelltown, we do not have a lot of social housing in the Camden local government area. Housing affordability, from our perspective, is market driven and supply driven as opposed to what people might traditionally see as affordable housing, which is social housing. The key market that we probably need to address in the south west as much as anything is worker accommodation—not specifically social housing, but just low-income worker housing.

I think that that is where the market needs to focus and where it needs to be delivered. I have experience working in the department of housing, and I think the only way that we will achieve affordable housing is for it to be a mandated requirement. If it is up to a developer to choose to deliver or not to deliver it is very unlikely that it is ever going to be delivered. That probably does not sit well in financial viability but in delivery of the housing product, that is the only way it will be achieved.

Mr RAYNER: Housing affordability can be seen in the traditional sense that if you are spending more than 30 per cent of your income then that is a red flag in the ability to pay, but the environment of record low interest rates has driven housing to record prices. I have been to numerous forums where that is attributed to

99 per cent of the problem—all the other elements around processing times and delivery of infrastructure being the other 1 per cent.

Referring to what this council would stand for, it is really about having a diversity of housing product that provides for the different price points where people enter into the market. In relation to affordable housing, moving away from the large estates that we have had in the past, this council is engaging in projects with Government and government agencies in the renewal of old housing estates and moving to a more salt-and-pepper approach to how that is provided. I support the comments about key workers and supplying housing through that forum. We have numerous non-government agencies involved in delivery of that form of housing through the Affordable Housing State Environmental Planning Policy, which is generally supported. Moving forward, I think the key in providing feasibility and affordability is about diversity of housing product and providing those different entry points.

Mr STEWART: I agree. I think that having a range of housing choice or typology is critically important. Obviously having smaller lots has to come into the mix as well. Our council is open to the idea of having smaller lots in existing towns and villages. I think it would rather see that than eroding the surrounding rural areas.

Mr JAMIE PARKER: What is the average lot size at the moment?

Mr STEWART: I do not have an average, but—

Mr JAMIE PARKER: A ballpark figure?

Mr STEWART: It would be 700 or 800.

Ms CHAPPELL: Probably 375.

Mr STEWART: Our range would be quite large.

Mr JAMIE PARKER: I live on 110 in Rozelle, and it is plenty.

The CHAIR: Where do you put your car?

Mr JAMIE PARKER: On the street, like everyone else.

Mr STEWART: In Wilton New Town they were a bit concerned about having no minimum lot size. I think there is a tipping point. If you have too much density you get to the point where, if not planned properly, you have real social issues—you may achieve affordability but the social outcomes could be quite detrimental.

The CHAIR: Thank you very much. We have run out of time and I know that there are many other burning questions we would like to ask. If we submit further questions, is each council prepared to submit some answers in writing, which would form part of the evidence and be published?

Ms MAGURREN: Yes.

Ms CHAPPELL: Yes.

Mr RAYNER: Yes.

Mr STEWART: Yes.

The CHAIR: Thank you. As a retiring member of Parliament who has had to deal with the three councils and has been a councillor on one of them and has very much had involvement with Wollondilly and Camden over the years, I would like to say how professional the planning staff are in each of the three council areas. And you have had some big challenges, whether it is Camden going from a rural area to Oran Park and all of those growth areas to where Wollondilly is just going through that journey now to Wilton Junction and, obviously, Campbelltown. Everyone thinks Campbelltown is finished in its growth but it is not.

You have places like Menangle Park and Campbelltown South and a lot of challenges which the three different council areas match up and of which they share. That will be interesting over the next 10 to 20 years as well. I thank each and every one of those councils and all of your staff for the hard work you have done over the years—it has really shaped the area and we thank you for that. Thank you very much for appearing before us today. We have had some great insights.

(The witnesses withdrew)

(Short adjournment)

JOHN OATLEY BROCKHOFF, Principal Policy Officer, Planning Institute of Australia, sworn and examined

JENNY RUDOLPH, President, Planning Institute of Australia, sworn and examined

The CHAIR: I welcome our next witnesses from the Planning Institute of Australia. Thank you very much for appearing before us today. I note for Committee members that we were talking about Wilton Junction earlier on, and Ms Rudolph has been very much a part of that journey in different forms. It was very interesting to hear some of the council's views when we were talking about that. Before we start, are there any questions about the process or the information you have been given today?

Mr BROCKHOFF: No.

Ms RUDOLPH: No.

The CHAIR: Would you like to make an opening statement before we go to questions?

Ms RUDOLPH: Thank you for giving us this opportunity to address you. We have prepared a short introduction on some of the issues, which is primarily from our submission. We will go through those and expand on a couple of key issues. Then, between Mr Brockhoff and I, we will describe those and conclude with what we believe are the critical issues. If you were going to ask me what are the priorities for the next year or 18 months—

The CHAIR: That is my first question.

Ms RUDOLPH: —I was going to conclude with that. We thought we would just take a little time, if that is suitable to you.

The CHAIR: Absolutely. Take as much time as you like.

Ms RUDOLPH: Just to confirm: The Planning Institute of Australia [PIA] supports the recent improvements in the planning system, the process and governance that have resulted and are resulting in planning outcomes for livability, ecological sustainable development, economically efficient equitable cities and protection of our natural and built heritage. Such improvements result in efficient land release, in our view, and housing supply while balancing these with important social, environmental and economic outcomes. PIA NSW and planners acknowledge that planning is only one component of improving land release and housing supply, but it does play a critical role. We also acknowledge at this stage that there is a shortage of experienced planners in New South Wales. We understand that the universities have increased their enrolments over the past two years, but with the shortage it does mean we need to be more clever and more efficient in what we do in the planning process. Together with the planning system changes we hope that this can make a difference. As I said, Mr Brockhoff and I will briefly go over some of our critical elements.

The planning reforms that came into effect in November 2018 with the Environmental Planning and Assessment Act, the recent release of the Greater Sydney Regional Plan and the District Plans in March 2018, the transport plan and the infrastructure plan, the Western Sydney City Deal announcement as well as the regional plans across New South Wales are supported by PIA and its members. For the first time we can see that there is a strategic integrated planning framework. But we know that with all of these documents there are a lot of actions to be undertaken as a result of policy, and this is where we think a lot of those actions need to be undertaken pretty damn quick in order that we can get land releases and housing affordability can occur. That, for us, is a critical element and one of our priorities.

While land supply increases are important to respond to population growth and our changing demography, increasing supply, in our view, is not a panacea to housing affordability. Establishing an orderly planning process with a strategic framework is a critical role. It enables infrastructure planning, a contributions funding regime—which Mr Brockhoff will go through in a minute—and land-use changes to be integrated and to be seen together. This improves certainty for governments, councils and developers; reduces costs to the public and to the housing consumer; and improves the living and working environment of our growing precincts and their communities. We think this is an important first step. They also bring a more orderly process of integrated strategic planning and infrastructure delivery that can be achieved by government and industry together—both local and State governments. But important for us is the reintroduction of the department's Metropolitan Development Program, which I will come to in a second.

Housing supply is currently a success, as talked about across New South Wales. The affordability pressures facing the housing market arise, we believe, from demand-side factors, including interest rates and tax settings, which we, as planners, do not really have any influence over.

The results are the result of higher population growth and demand of migration. Tax setting does play a crucial role. It influences the demand for property market, and hence the demand for approvals and the supply side as well. The taxation setting in Australia makes investing in dwellings a very attractive option. The recent jump in approvals and completion in Sydney has much to do with the operation of housing being an asset class in which housing prices are underpinning development feasibility to a much greater extent than the recent planning changes in the system. The returns on housing investment that are available in Sydney are also attracting a strong inflow of capital and investment both locally and from investors overseas. These are important roles for the Commonwealth to understand and to better appreciate the implications on migration, taxation, monetary policy and infrastructure investment on our spacial patterns. I am sure you would have seen the ABC program, and the Planning Institute of Australia [PIA] nationally is really pushing for a debate and policy positions on the national settlement strategy as well as a national population debate and impacts on growth.

Planning is critical to providing clarity and confidence for investment markets so they are able to deliver orderly and well-designed developments. Growth should be accompanied by improvements in liveability of a district. Planning for housing supplies should not be considered in isolation of other planning outcomes. Planning should be proactive in shaping the community's partnerships or the compacts enabling housing supply together with the land uses, the appropriate funding, the investment infrastructure and the services to deliver a good planning outcome. I will spend a couple of seconds talking about the metropolitan development program. As planners we feel this should be reintroduced and it should be one of the priorities. We used to have a good understanding of the supply and demand factors that were happening with employment land and housing land across Sydney in particular.

We think that the metropolitan development program [MDP] should be brought back so it can be monitored, it can be managed and we can have a five-year rolling supply of land. We believe this is critical because it takes that long to get a rezoning at the moment, unless we are actually going to streamline the rezoning process. The MDP picked up on land that was starting to be investigated, that was rezoned already, that had the development applications and it used to go to Sydney Water for the connection to services. At the moment Sydney Water, in our view, is operating on its own, because that is the only bit of information it has. It also operates off its own infrastructure strategy. We believe that all of those together is actually not a good outcome for land release or housing in Sydney or New South Wales. We think that the metropolitan development program should also be put in place for our regional areas.

Secondly, I want to explain that as part of the monitoring and management that the Department of Planning should also focus on distinct opportunities and areas, on greenfield land releases, urban renewal precincts, as well as the infill, the missing middle, and concentrate on each of those to be able to get the necessary housing diversity, the necessary housing affordability, and the necessary land supply that we need. We believe that the rezonings are taking far too long. Some kind of restructure or reorganisation is needed, particularly with the shortage of planners, in order to be able to efficiently release that land.

The Department of Planning or the Greater Sydney Commission should provide guidelines and assistance for housing character studies as well. We believe this should not just be undertaken by councils, but they should inform the housing strategies. Those housing strategies are critical in order to give certainty of where the demand is, where the supply is happening, the types of housing and where those land releases should occur. We believe that those guidelines are important for housing supply. I will hand over to Mr Brockhoff to discuss a couple of key issues.

Mr BROCKHOFF: Thanks very much, Ms Rudolph. Thank you, Chair. I will just touch on each of the terms of reference briefly, drawing from our submission. The terms of reference a) ii. state:

- a) The resources and support needed within the Department of Planning and Environment for:
 - ii. The coordination and funding of enabling infrastructure

The PIA found, and our members have fed back through to us, the timing and sequencing of rezoning, infrastructure provision, and the delivery of infrastructure must be integrated into an integrated growth plan to achieve the timely supply of the range of housing stock needed to meet the land use outcomes that our district plans and our local plans set for us. A critical part of this is making the development contribution obligations known at the time the structure plans and land release package is becoming available for comment. Local and State infrastructure, including any affordable housing contribution imposts, need to be known upfront to be effective so the development industry can do its feasibility work on that basis.

I have seen lots of examples of early announcements of opportunities for land release without the contributions regime being down pat, and we believe that is an enormous inefficiency in the system and one that if done better can improve the process for the community in terms of managing the expectations about what

infrastructure is likely to support the living conditions for that development and also for the development industry to see that their feasibility calculations can be on a firm footing. I will not go into detail but there is substantial material in our submission that talks about how that can be got right.

The other issue around infrastructure contributions relates to the incentives in the planning system for councils to update and re-engage with their local environmental plan. There are not sufficient incentives in the system for councils to regularly update their local environmental plans [LEPs] and their contributions plans. In fact, there might be some perverse incentives for councils to sit on their LEP and use the opportunity of new planning proposals coming through to negotiate a voluntary planning agreement and achieve some contributions for local infrastructure through that means. That is not an efficient process.

Negotiating planning agreements demands a lot of councils and of the development industry and it also sidelines the community to some extent. They do not always see as clearly what is on offer, what is being discussed as would be the case through a transparent contributions plan that is on council's books. Sometimes while a contributions regime is not being updated, an LEP is not updated, there is a temptation for councils to look to achieve more through a planning agreement than they might through an outdated contributions plan. That reliance on a voluntary planning agreement process can chew up scarce resources of planners, chew up time and create a process that does not provide the certainty that all parties would appreciate.

That issue around contributions, the timing, and having the contribution imposts known at the same time announcements around land release are made, and the issue around improving the incentives for councils to work through their contributions plans rather than overly relying on them—there are always issues where you need flexibility in a planning agreement in certain circumstances, but it should not be the go-to system. It should be an opportunity rather than a go-to system. On the planning industry, the feedback from our members is to improve the incentives to have good contributions plans and keep your local environmental plans up to date.

It is important that the infrastructure integration role of the Greater Sydney Commission be maintained and strengthened. We have an infrastructure delivery committee of the Greater Sydney Commission, and we would like that to have the power to take the lead in infrastructure prioritisation as it relates to growth infrastructure. We have not really seen that occurring yet, but it is an essential item and something that we as an industry raised as a success factor in the further success of the district plans delivery.

The CHAIR: If I may interrupt your opening statement, do you see that as the way forward, as opposed to creating a separate agency to deal with infrastructure? Should the Greater Sydney Commission be given more bark or should its role be strengthened?

Ms RUDOLPH: PIA and its members are fully supportive of the Greater Sydney Commission and having it implement. It has coordinated what we believe is a good outcome at the moment, with transport and infrastructure and land use and everything. It has set up the committee.

The CHAIR: It should have a more direct role.

Ms RUDOLPH: Yes, it should have a more direct role in coordination and implementation.

Mr JAMIE PARKER: Could I ask what that means? At the moment we have the priority infrastructure list that comes out of the draft plans when they develop those lists. In your submission you say that it should not be just a stakeholder but a conduit. So we are clear, what would that mean? Would it mean that the Greater Sydney Commission had to ensure that those targets were hit?

Mr BROCKHOFF: At the moment the Greater Sydney Commission does not have a particular say in the budget process. It chairs an infrastructure delivery committee, and that is pretty much where its role stops. It does not have any effect on how prioritisation occurs through the budget process. In our submissions we have recommended that it should be charged with facilitating and directing programs and budgetary allocations of other State agencies where they relate to growth infrastructure to ensure that that infrastructure is aligned and that services implementation occurs at the rate, location and scale of planned development.

Mr JAMIE PARKER: That would certainly make it happen, if it controlled other people's budgets.

Ms RUDOLPH: Yes.

The CHAIR: We may let Mr Brockhoff continue his opening statement.

Mr BROCKHOFF: That was a point we were making in any case. At the moment the GSC has a fairly weak coordination role in that chair's role of the committee. To get genuine integration there needs to be a more powerful driver behind implementing these integrated growth plans. The next term of reference is around delivery mechanisms for the rezoning of land through to construction. Legislation, existing practice and resourcing all influence the time and costs required to deliver land and convert it to housing. The most common

causes of delays and extended time frames are the process of the rezoning and planning scheme amendment processes, structure planning and overcoming community concerns addressing objections raised in relation to the subdivision applications. In some cases there is a need for a stronger role for Landcom as an early developer to guide the process and to act as a first practitioner and, where appropriate, provide the precedent planning decisions that assist other developers and ensure that major lead-in infrastructure is in place.

There is a need for wide application of best practice in assessment and attempts by more councils to streamline processes. We have some detail on that in our broader submission. A critical view is also the development control plans are recognising a level of detail in rezoning is going to be backed up by DCPs. Also, we are seeing a lot of detail in development applications since the building applications have been rolled into the DA. We have frontloaded a lot of time and detail into our development application process. There is always room for rolling reform on how we can do best practice development applications, and not roll unnecessary detail into DAs where that is a process that can be dealt with through a simpler step.

Ms RUDOLPH: We also suggested that through the planning reforms process, but we were unsuccessful in getting that through the planning reforms process.

Mr BROCKHOFF: Term of reference C is the complementary roles of State authorities, local councils and utilities. We have made it a fully empowered referrals hub with incentives to make rapid and considered decisions. However, this hub must have the capability and authority to safely manage risks of making timely and responsible decisions on behalf of the New South Wales Government, where it can manage these risks. It should be empowered to enable the issuing of general terms of approvals, even for bushfire protection. This is the key to making these approvals hubs successful. We have dealt with that in detail in our Environmental Planning and Assessment Act submission and in this one.

Ms RUDOLPH: Just one note: The biggest issue that was raised from PIA member councils and private practitioners is that the agency hub and the resources of agency are slowing down and it does not matter if it is a rezoning process or a development application process. We think that getting this hub coordinated and integrated will, hopefully, fast-track and speed up the process.

Mr BROCKHOFF: I have a few points on that. Other considerations for improving the State agency referral system could be a applying binding time frames with limited stop-the-clock provisions to decisions made by those referral bodies; treating the failure of an agency to meet a referral time limit as a deemed approval from the referral agency as currently adopted by Queensland and the Australian Capital Territory [ACT]—

Mr JAMIE PARKER: That is a hard call.

Mr BROCKHOFF: —having clear and concise pro forma development approval conditions and model conditions to be used by referral bodies that have been mutually agreed by the planning authorities; and having memoranda of understanding between referral bodies and planning authorities regarding what advice will be provided to referral bodies, how that advice will be dealt with by planning authorities and how conditions will be included in DA approvals. We also note at this point that there are some confusing and complicated biodiversity elements now and in the transition phases of many councils with the delay of the Biodiversity Act.

Lastly, I touch on term of reference D, the different characteristics of Greater Sydney and non-metro New South Wales. There are differences and planning should reflect those nuances across New South Wales. Non-metro New South Wales is less constrained in the number and amount of sites for redevelopment, particularly in regional centres. This ensures that there is typically sufficient and competitive supply of greenfield areas coming to market to meet the relatively lower levels of demand. But there are also typically fewer hurdles to affordable housing supply in the regions, because the price of land is relatively low, although there are still infrastructure blockages in some areas preventing more timely supply. However, it does not mean that the rezoning or the DA happens any faster.

Until the last five years or so a lack of development viability has limited the delivery of large-scale infill away from major centres such as Newcastle and Wollongong. But the most recent property boom has spread that wave a bit further. Since 2013 prices have seen a spillover from the Sydney market to major regional centres. We have also seen a change in household preferences in some regional centres spilling into a stronger apartment market in those centres. In particular, Newcastle has mooted 3,000 apartments in the pipeline for the city centre, with 1,200 in the West End. That is a 75 per cent increase in housing supply in these areas once delivered.

Similar to Sydney, the rapid increase in dwelling delivery in the regions is being driven by changing market conditions, rather than by changes to planning controls. This reflects the fact that housing supply is

heavily driven by market forces, rather than planning laws. Regional Plans, notably for the Hunter suite of plans, have made significant improvements by including an implementation plan, a special infrastructure contribution and related governance arrangements and structures. However, there is obviously more to be done in regions to ensure that housing and jobs growth proceeds along with orderly supply.

Ms RUDOLPH: In conclusion, as I said in my opening, we believe that the following priority areas should be focused on for the next year or 18 months: the timely coordination of infrastructure with land use, rezoning and the old section 94s, the section 7.11s; quickly develop the local housing strategies, which will give certainty about where land and housing should be, and included in that have all councils as State Environment Planning Policy [SEPP] 70 councils or have affordable housing across the board so that not each council is dealing with it, negotiating it and talking through it, which is making a lot of delays in the system; resurrect the metropolitan development program [MP]; fast track the agencies hub because it is delaying the processes in a lot of our councils; implement the planning reforms—the development control plans [DCPs] and the local contribution plans—as anticipated but do it a bit more quickly; and review the standard instrument local environmental plan [LEP] because we think that would also assist in the planning process. Thank you.

The CHAIR: That was a very detailed opening statement. In fact, I think you have answered the 20 questions I had for you. My first question was going to be what recommendations would you ask this Committee to make to the Government but tick, tick, tick, you have done that. You also talked about the shortage of planners. From my experience on councils in south-west Sydney there is a lack of planners. Would seconding council planners to the commission or the department help or would it deprive councils of resources? Are there any other mechanisms or ways that we can fast-track planners? What can we do to address some of those issues?

Ms RUDOLPH: I think the secondment of council planners to the Greater Sydney Commission [GSC] was good because you are expanding and improving strategic planning. They are getting the experiences that councils have not had for a really long time. That was a really good move, but by taking the planners away from councils you are providing a shortage in councils. PIA New South Wales gets calls regularly. Only last week I got a call from councils that deal with the city deal. They said, "We need planners. We have got the money but how can we get going?" Our national has now said, "We think that planners should become a skills shortage again. We will need to get planners from overseas." It is not just in New South Wales, they have got shortages across the country. That is why we think a skills shortage should be recognised by the Commonwealth Government as critical. Over the past two years planners in the universities in Sydney have increased. So we have two years to wait but the planners who come out I think need more training. I do not think shortening the training is—

The CHAIR: That was not my view but I wanted to hear your thoughts about it.

Ms RUDOLPH: The course is good and they have obviously been accredited up here.

The CHAIR: Is that a four-year degree?

Ms RUDOLPH: It is four years, yes. I do not think you can shorten it. They need all of that experience and more to come out as experienced planners or with more planners. It is a matter of either stealing from Western Australia and Queensland where the economy is not as booming as it is in New South Wales. Broadly speaking, our view is getting the skills shortage recognised.

Mr MARK TAYLOR: A few people have mentioned the word "livability" and measuring it. What is your commentary around that?

Mr BROCKHOFF: I think at the highest level livability is usually mentioned in the context of the social licence to accept development. If there is growth happening, either as infill growth or in greenfield areas, the new community and the existing community has an expectation that with accepting that growth there is going to be an improvement in living conditions and often the word "livability" is used. I guess it is reflected as part of the bargain. The bargain is being met in regard to livability, the availability of services and the availability of necessary local and regional infrastructure to meet a range of community expectations, both for the future community and the existing community.

Livability differs; there is no one definition. In greenfields it might be the availability of sporting fields, roads, commuter parking, community facilities, services for young people, and in the inner and middle ring it might be really sophisticated public domain improvements around high-rise developments and really good access to public transport. I guess what makes great livability in different areas differs. I did a piece of work for a previous consulting firm where we mapped livability. The client was the Southern Sydney Regional Organisation of Councils. We found that livability differed depending on the needs of new versus existing and

inner versus outer communities. It was all part of a compact agreement. What was the community prepared to accept as part of the bargain of accommodating that growth?

Mr JAMIE PARKER: I thought your submission was great, in particular the statistics about population growth comparatives to other global cities and the delivery of new housing numbers as a proportion of total population. That was really interesting. I had not seen those before. The Committee has been told, and we will no doubt hear it again from Urban Taskforce Australia this afternoon when it appears before the Committee, that the Government has got to stop imposing money on developers and that any charge on a developer is bad for supply. In your submission you talk about that issue but could you expand on it? As planners who are experts in the field why have you come to the conclusion that those costs—whether it is value capture, value share or contributions—are not heavily affecting the price of properties and therefore potential affordability issues?

Ms RUDOLPH: I am not sure that we are exactly saying that it is not affecting it. I think what we are saying is—

Mr JAMIE PARKER: It is not the number one factor?

Ms RUDOLPH: The communities need the facilities and the resources. They need the open space, they need the sidewalks, they need the stormwater. The councils can provide so much of it but at the same time the developers also need to provide it for the growth of the city and the community. Our view is not that there should not be one, but there should be one that is applicable and appropriate to that particular area and that it should be known and should stay the same for a couple of years. So that the developers know what it is, the communities know what they are getting and the councils can also understand what is being delivered for the community.

Mr JAMIE PARKER: So I do not misquote you, your submission states "the impact of planning costs and affordability is low".

Ms RUDOLPH: Okay.

Mr BROCKHOFF: Can I just add to that? The Planning Institute does not shy away from value capture and the importance of contributions. There are demands created by development that are addressed through a range of contributions to provide services and infrastructure. They do have a cost. They do impact on feasibility. The development industry and property owners need to take a careful position based on what those costs are going to be. Those costs need to be transparent. They need to be worked through and be orderly and logically set out. The earlier they are announced and the more clearly they are justified the better able the development industry is able to build them into their feasibility. It is just a matter of managing the impacts for property owners to ensure that supply keeps online, for the development industry to ensure that viability is maintained, and for the community to ensure that their risks are managed because they have a stake in ensuring that development occurs in a way that does not impact their community to an unacceptable level, and that there are a range of amenities provided that offset that development and address the long-term needs of those communities.

Mr ANOULACK CHANTHIVONG: Thank you very much for coming. I agree with Mr Parker that your submission was quite detailed. Given the time, I want to pick up on some of the points you made on page 8 of your submission about social licence, the sense of enhanced community resistance and how there is no Government commitment to support the extra increase in population through the urban release or housing. Should we have a delay in the urban release until we get all that infrastructure? Would releasing housing create more resistance, given the environment that you are operating in?

Mr BROCKHOFF: We have said very clearly that you should not make arbitrary announcements about the release of land without working through what is necessary to support that land. That should not delay the process; it just means cleverer planning—better more orderly planning. We can do that through a whole range of things, such as what is in our submission around a better metropolitan development plan, more orderly infrastructure planning, and not getting ourselves into a position where we are forced to chase our tails and make off-the-cuff announcements about release without working through what the whole bargain is.

Mr ANOULACK CHANTHIVONG: The main point I got from your recommendations was about delay, whether it is in the process, approval, or commitment to Government. How do we overcome that sort of delay, other than through more resources and so forth, and bring the community along? We are talking about a social licence, which is essentially your liveability argument. At the moment, the feeling across Sydney is that the social licence is starting to fade away quite substantially, and that makes any planning proposal quite difficult to implement and bring the people along with.

Ms RUDOLPH: What we understand from councils and planners is that if you are going to bring the communities along with you, you need to provide the associated infrastructure—the social infrastructure, the necessary stormwater infrastructure and the road infrastructure. If you can demonstrate that you can provide those integrated services then—I am not saying that the community will not like the change—it is a better change for the city to accommodate the growth. That is very much a strong point that the Planning Institute of Australia [PIA] has. It is not that we do not want the growth; we do not want to necessarily change communities where you cannot accommodate the growth. You need to bring the communities along so that they can understand that our city is changing. There is growth, no matter whether we want it or not.

Mr ANOULACK CHANTHIVONG: Communities' past experiences have not been that sort of experience, hence, as time progresses, people become even more cynical and say, "Well, we have seen this on pretty pictures, great drawings and great plans, but it never eventuates." The defence mechanisms of the populace become harder; not softer. We cannot get that until we make those sorts of commitments from all levels prior to the extra population and growth. Once that happens, people will be more accommodating to that. Until then, people's natural position is, "Well, no, we are not going to accept this because we know what it is like to live in communities where we are not serviced and not well integrated."

Ms RUDOLPH: Yes, I agree.

Mr BROCKHOFF: The Greater Sydney Commission has talked about growth infrastructure compacts, and I guess that is touching on the point that you are making. The Greater Sydney Commission understands that there is a bargain there between the existing and future communities appreciating the needs of those places and wanting to see provisions in place to ensure that the infrastructure and services are there for those who live there. The Greater Sydney Commission has called it a growth infrastructure compact—we will wait and see how that pans out. But the commission does respect that there is a bargain being undertaken. Whether that is a relevant approach for other places remains to be seen.

But we do believe, as planners, that the bargain exists. We do need to work towards that and understand the needs of growth, what the costs will be, how those costs are directed, what the list of infrastructure and services to be delivered must be, and have orderly processes to work those through. Even at a macro scale, we are setting out the Sydney deals. At a precinct scale, we might see it in the future with growth infrastructure compacts. At a small scale, all good councils and planners have that discussion with their community and anticipate what the future community's needs might be. They understand development feasibility and have a discussion with the developer proponents about what can be accepted.

Mr ANOULACK CHANTHIVONG: At the moment, they are not getting that message—they are not getting a bargain. People feel that they are getting a raw bargain. Whilst everybody—industry and Government—agrees on infrastructure, we always disagree on who should pay for it, and that always becomes a debate. Of course, the end result is that people have to use existing infrastructure and resources for double the population. That becomes a very unpleasant experience.

The CHAIR: I do note the time. I thank the witnesses for coming in.

Ms RUDOLPH: Sorry, were the opening addresses too long?

The CHAIR: No. They were perfect because it streamlined our thinking. Like some of the other members, I compliment you on the quality of your submission. It really highlighted and answered a number of questions that we, as a committee, wanted to address. You certainly hit the target on all of those. We may wish to send some additional questions in writing, which would form part of your evidence and would be published. Are you happy to answer any questions that we may have?

Ms RUDOLPH: Definitely.

The CHAIR: Thank you very much. Your submission was great.

(The witnesses withdrew)

DAVID BARE, Executive Director, Housing Industry Association, sworn and examined

TROY LOVEDAY, Assistant Director, Planning Residential Development, Housing Industry Association, sworn and examined

Mr BARE: Thank you for inviting the Housing Industry Association [HIA] to attend today's hearing. The availability of land for new homes and the construction of an adequate number of new homes each year directly affects housing affordability in New South Wales. Supporting housing supply is an important matter for New South Wales and our members. The Housing Industry Association has more than 9,000 members in New South Wales who construct and renovate homes across regional New South Wales and the central business district. HIA members deliver more than 85 per cent of all new residential dwellings in New South Wales. From that perspective, we like to say that we represent those who are delivering on the ground. When making our submission to the committee in September last year, we noted the broad scope of the terms of reference for the inquiry and we kept our focus on the issues predominantly to do with housing supply, as it is a significant factor affecting housing affordability.

We noted the complexity of the planning system here in New South Wales and the red tape associated with gaining planning approvals to build a new house, townhouse, apartment or to undertake renovations. Any initiatives that remove the layers of complexity that delay and add cost to the construction of a new home or renovation projects will be well received by the housing industry. HIA will always support fewer planning controls and approval requirements for straightforward housing developments, including more use of complying development to ensure one house only requires one approval. The completion of the simplified housing code last year is an example of government responding to industry concerns.

A positive development has been the review of complying development in greenfield areas. Introducing a new housing code for these areas makes sense. We supported the draft placed on public exhibition and the benefit it will bring—that is, faster housing approvals. We are eager to see it proceed. The legislative changes recently implemented that require new local planning panels to be established has also been a positive step and has the potential to take much of the politics out of planning decisions for more complex types of housing developments. Local councils need to be focused on strategic planning and ensuring that they create the right policy settings to achieve an adequate supply of housing for their communities. The new district plans developed by the Greater Sydney Commission are also expected to help ensure that councils are assigned housing targets to accommodate future population growth.

This is an important fundamental in guiding local councils to understand the number of new homes that need to be delivered in their local areas, and they need to be held accountable to those targets. Of course, infrastructure is a key factor in the delivery of new housing, and we have seen changes to local development contributions—section 94—and the phasing-in of new special infrastructure contributions [SICs] to collect funds for community infrastructure, which are of grave concern to us. These changes, along with the introduction of new affordable housing schemes under SEPP 70 and biodiversity offset schemes, will put much more pressure on housing affordability by adding up-front taxes to all new homes. There needs to be someone in government with oversight of these proposals to ensure they do not impact negatively on housing affordability and that they do not seek to place the burden of paying for community infrastructure on just a small number of households.

We welcomed the Premier elevating housing affordability to one of her Premier's priorities. The housing affordability package released last June is starting to make some inroads, particularly the aspects concerning support for first home buyers. However, I caution that we are not seeing that necessarily deliver new product for first home buyers; it is mainly focused on the existing market. The Treasurer's announcement last month to establish a productivity commission in New South Wales to lead a reform agenda in four core areas, including housing affordability, is also a positive and the Housing Industry Association looks forward to the implementation of this announcement and engaging with the new commission on potential reforms and red-tape reduction opportunities that support housing affordability and supply.

Vital to improving the supply of serviced land and enabling faster housing approvals is better coordination of government policy. In the past 12 months we have seen implementation of several policies driven by the environment portfolio, rather than planning—such as changes to the Building Sustainability Index [BASIX] and new biodiversity laws that have been developed without full consideration of their impact on housing affordability. Future policy changes must be required to undertake a public process of cost-benefit analysis before legislation or regulations are finalised. Often much of the detail for new legislation is left to regulations which are not drafted until several months after a bill has passed Parliament. Better coordination of regulations with legislation would give stakeholders greater understanding of the impacts and costs. Recent

examples of poor implementation and a lack of regulatory transparency include the changes to the biodiversity conservation laws and the strata reforms. Thank you again for inviting us to attend today. We would be pleased to answer any questions you may have.

The CHAIR: Mr Loveday, do you have anything?

Mr LOVEDAY: No.

The CHAIR: One of the issues we have been looking at today, and in previous Committee hearings—I think you touched on it—is the role of better coordination between agencies, particularly in rezonings. Would you support the Greater Sydney Commission [GSC] having greater power over that or having a new entity all together, or do you have some other suggestion for the Committee?

Mr BARE: I certainly have not thought about the GSC having that role.

The CHAIR: We have heard different views.

Mr BARE: My default would probably be to raise it to the office of Premier and Cabinet, if there was going to be some oversight. In our industry, certainty and consistency are what drive a product in the housing sector. We find that there are many agencies and groups within government departments that all seem to want to achieve the same thing but are not really working together. I guess that is what you are alluding to. That lack of coordination creates enormous uncertainty for our industry. So we would certainly support a practical way of achieving that. Whether that is to set up yet another agency, I am not so sure.

From my perspective, there is a gap between the responsibility to achieve something and the authority to deliver it. Like many other groups you have probably heard from during this inquiry, we have many meetings where we listen to people from one department or another, who talk about their role in housing affordability and supply, but very rarely do they seem to have the authority to act outside their boundaries. So in principle, yes, we would certainly support an overarching—

The CHAIR: This Committee is looking into ensuring that we have effective and efficient planning systems—certainly for communities, councils versus developers and other stakeholders—to provide suitable development whilst protecting the environment and getting that whole balance right. You have touched on some of the challenges. You have touched on some of the solutions. If you were to make recommendations to us that we may include as part of our recommendations, what would those insights be?

Mr BARE: To pick up from where we were, it always struck me, after many years of working for large multinational companies, that if you have an issue to solve you put in place a project team that tries to identify the barriers to delivery. There are a number of entities. I am still uncertain as to what authority the Office of Housing Coordination has. Over the past five years, when I have been involved in this, we have had a range of red tape reviews on how we can streamline. Certainly many of our members have been involved. Those reviews have tended to result in very little outcome, as well, in streamlining the processes.

I think the focus needs to be very practical and on the ground, identifying and prioritising areas within development stuff that we really need to focus on in order to deliver. There is a lack of transparency and, indeed, a lack of information on the land supply side, in the status of land at any given point. Bringing back some of the reporting that occurred through the metropolitan development program would be very helpful to prioritise infrastructure deployment. In some way—I said this in the opening statement—someone has to have some responsibility and authority to coordinate these agencies. I worry about it being a big bureaucratic agency.

Mr LOVEDAY: We have had discussions with various government agencies, and everyone tends to operate within silos. One arm is not aware of what the other is doing, and we have to go and repeat ourselves to different groups.

The CHAIR: It is a common theme that we are getting in our evidence.

Mr ANOULACK CHANTHIVONG: I was just reading through your submission, particularly your comments about the contributions. We have had comments, all day, about livability aspects. If we do not have those contributions from the land owners or the purchasers, how do we create that sense of livability when we have urban land releases?

Mr BARE: Our position on this has been fairly clear for a long time in the sense that you are putting all of that cost ultimately onto a small part and an emerging part or new entrants to your community, and that in and of itself is, in our view, unfair. Those costs need to be more equitably shared across the community. Secondly, I think there needs to be some much deeper thought going into how we might fund this kind of infrastructure in the future. We cannot keep ratcheting it up. We have gone from section 94 levies that are now becoming uncapped—there has been lots of discussion. I am sure you have heard this many times already but

there are lots of people working trying to determine where those section 94 levies will go and there has been the introduction of the special infrastructure contributions in various areas. These are just additional costs.

I did work some years ago, and it was supported by the recent Reserve Bank of Australia [RBA] report, that showed that 43 per cent of a house and land package in Western Sydney was made up of government charges and taxes at all three levels of government. So if you want to start looking at affordability there are some ripe areas within that. When you say livability, I think it is about how we find ways to fund that infrastructure. We cannot keep doing it, particularly in Sydney.

Mr ANOULACK CHANTHIVONG: Originally the cap on section 94s was \$20,000 back in 2009 and the idea is to reduce the cost. But that has not eventuated because other market forces come into play to determine the value of property in general. I suppose the debate we need to have is: How do we ensure that any cost changes that are made, whether it is a reduction, then leads to a flow on? Just because we reduce it or we effectively have no section 94 does not mean that the 0.5 per cent or the 0.1 per cent of land value will flow on to the end consumer. I think that is a valid argument to make, is it not?

Mr BARE: It is interesting. If you look at land supply in New South Wales we are averaging about 1,100 lot sales per quarter. I think the figure is 2,800 lot sales per quarter in Melbourne. In Brisbane over the past four quarters it is averaging around 2,000 lots per quarter. So we are well under in lot sales in Sydney, and yet it is the largest market by some measure. So there is an issue here. I think there are other elements, potentially the lack of competition in the delivery of land ever since Landcom left the market, and there are obviously some questions about what Landcom's role was at that point in time.

I think it was Glenn Stevens' report that identified that there was probably not enough competition in the market, particularly in Sydney, to help drive down those prices and deliver land at a more consistent rate. I think that is the critical thing. We have to have land supply that matches the kind of delivery—back to my theme, I suppose, around certainty and consistency. That is what keeps the market going. Having uncapped section 94 levies and so forth is only putting uncertainty in the developer market and the building market, and that is never a good thing.

Mr ANOULACK CHANTHIVONG: You mentioned the point about competition in land supply, and that is part of a good, well-functioning and efficient market. My concern has always been that under the current Environmental Planning and Assessment Act you have up to five years and that what is called "significant work" is being done. How do we narrow that timeline down such that once a land is approved it comes onto the market as soon as possible, and to restrict the definition of what is significant work? We want to talk about efficiency of market competition. Surely that is something the HIA would be in favour of—to ensure that once approval is made supply comes onto the market as soon as possible.

Mr BARE: Certainly bring supply onto the market as soon as possible is definitely something we would support and we do support. It has to have the appropriate infrastructure, however.

Mr ANOULACK CHANTHIVONG: Undoubtedly.

Mr BARE: So from that perspective we have to make sure that we are prioritising delivery of that infrastructure, to deliver land at a rate that will go to match the kind of housing supply that we want. But the Premier's priority was to deliver 61,000 homes across New South Wales year on year until 2021. Our current forecast would see that falling below that figure by 2019. So we are clearly not achieving that. That is why I think a coordinated effort into the delivery of infrastructure to land and having the authority to drive that in priority precincts—and I do not mean that in the term that is used currently within planning, but in areas that are prioritised—by whatever delivery group we may have, or authority within the Government, is critical.

Mr MARK TAYLOR: I suppose one of the inferences the member for Macquarie Fields is heading towards is that there is a belief that some form of land banking is going on where approvals are being obtained and then development is not taking place. Have you got any feelings around that or do you believe it is caused by other reasons?

Mr LOVEDAY: We have not heard any of our members telling us that developers are sitting on land waiting for prices to reach a certain level before they develop or they act on an approval. In fact, I think most members are telling us it is the delays of getting an approval which are holding them up. In our submission we refer to—I think it is page 8—some of the delays in getting subdivision approval from local government areas in the greenfield parts of Sydney. There are averages of 137, 172, and 215 days for some councils. It is those delays. I think most developers, once they get a rezoning or once the rezoning comes through then obviously they get the subdivision to create the new housing lots. I do not think they sit and wait; I think most of them have finance on the land, so they are keen to act straightaway.

Mr BARE: It would seem to be contrary to the requirement for them to turn a profit. To carry that finance for that length of time would not seem to make a lot of sense.

Mr JAMIE PARKER: It is a really interesting submission. The submission is formed in several categories. One thing that every person here agrees on is certainty to ensure the feasibility not only of projects but also of community expectations and all those types of things. I think the development industry is in the same space as a lot of people in the community. It says, "Yes you can build it", or, "No you can't build it. Don't build it; build three times more." It is stressful for people who are in situations where they do not know the outcomes. That is one of the things that I am sure we will work hard at trying to improve. One of the other big issues is about funding. That is a big challenge because the issue of value capture has been raised a lot. Obviously this inquiry is not just about new land releases; it is also about housing supply. One of the challenges we have in convincing people in the community about density relates to value capture.

They look at property owners, developers, who make massive windfall profits—hundreds of millions just from rezonings. I had one in my area, 6,000 square metres. The council said it makes about \$70-odd million just from the rezoning and the council has no value capture opportunity. I guess the challenge is in the more marginal areas. If you have a land release on the outskirts of Sydney, \$20,000 makes a big difference but in other areas where big development is being delivered we have this windfall and value capture issue. The HIA has not really talked about its position on value capture. There are some issues about affordable housing—the 5 per cent to 10 per cent in the Greater Sydney Commission plan which we know has now been adopted. But does the Housing Industry Association [HIA] have a position on value capture and whether that is a viable method to fund some of the infrastructure in order to service the demands from new populations?

Mr BARE: The HIA is a national organisation and, indeed, only last week we were talking about this at our policy meeting in Melbourne. We do not, to be honest, have a set policy, an agreed policy nationally on value capture. We do have concerns, however, that whilst understanding what value capture means and how people are discussing it the concern is that it will only become an additional cost, and that concerns us from an affordability perspective. To us value capture would need to deliver considerable benefits and to some degree at the expense of other measures, such as section 94 contributions. It cannot be seen as an additional tax.

Mr JAMIE PARKER: That is all I wanted to ask as it was not addressed in the submission.

The CHAIR: I have another question. A lot of what we have been talking about is how we can improve or strengthen State processes. What about policy settings for councils? I think you might have touched on it diplomatically. Is there anything you would like to tell us?

Mr BARE: From our perspective, critical in our sector is to see increased compliant development. That has been quite a strong theme in the term of this Government. We have seen that increase. That is very important for what we see as quite simple housing development and building—whether it is a renovation or whether it is a new home. Secondly, we are waiting now on a couple of key planks to this, I suppose. One would cover what is called the missing middle, which is the medium density code. Again, that will free up and deliver considerable benefit in delivering medium density, which is one of the critical points to the affordability argument at the moment and the challenge that we face. Maybe even more so is the greenfield code that we mentioned. We have been waiting on that for some time. We believe it is ready to go; it just has not been announced. That will help to speed up and streamline approval processes for greenfield sites.

Mr LOVEDAY: A lot of members talk to us and they do a lot of work across a number of councils. The lack of certainty or lack of consistency between different local governments is something that they talk to us about. Some of the processes involving council offices are quite inconsistent regarding lodgement of applications and the treatment of applications through the assessment process. Some of the things that were recently announced by the Government—the standard development control plan—will be a good outcome in that it will be doing the same for development control plans that the standard local environmental plan [LEP] did for standardisation. The more certainty there is regarding the process in a development application the better. I know there is a lot of concern that members raised with us regarding the experience of council planners and the lack of experienced planners in a lot of councils leads to further delays. If there is anything that the Committee can do about giving councils better resources to hire better planners it would be something we would support.

Mr JAMIE PARKER: It is hard to find them; that is the problem. There is such a huge demand.

Mr BARE: It makes you think whether or not a centralised approval process might be smarter rather than having more and more resources. As you say it would seem to be difficult to find these sorts of skills and resources so why not have something akin to bitcode where you can go to where the resources are. If one council is completely loaded you can go to another area or another place. I have always liked the idea. I am not

saying necessarily it is a policy of HIA, but some sort of central approval agency that you can go to that has access to the various local government plans and controls and can assess against them.

The CHAIR: Are there any other questions?

Mr JAMIE PARKER: There are detailed submissions; it is all in there.

The CHAIR: Thank you for appearing before us today. We may wish to send you some additional questions in writing, the replies of which would form part of your evidence and be published. Are you happy to answer any additional questions we may have in writing?

Mr BARE: Absolutely.

(The witnesses withdrew)

(Luncheon adjournment)

CHRISTOPHER RICHARD JOHNSON, Chief Executive Officer, Urban Taskforce Australia, affirmed and examined

The CHAIR: Thank you for coming today. The Committee is looking into land release and housing supply. Do you wish to make an opening statement?

Mr JOHNSON: I do. I will summarise fairly quickly the submission that we made.

The CHAIR: Take as much time as you like.

Mr JOHNSON: I will pick the key points. It was responding to the questions set up as part of this whole thing. We have begun by saying we think there are insufficient resources in the Department of Planning and Environment and, indeed, in local councils, to be able to handle the planning system. I think it is fair to say that the whole housing supply industry is running at a fairly strong rate at the moment which means that a lot of planners have been sucked into the private sector and out of the government sector. It seems to us that a culture has been developing within government and councils that is a bit anti-development and that is slowing down the processes. I think also over the past decade has come the arrival of much bigger scale projects—big suburban developments out in these areas or big infill renewal projects in the inner city.

I think the scale of these projects has tested councils and their skill base in being able to handle them. That has led to a long time taken to get projects through. Added to that is the swing to planning proposals rather than full development applications because a lot of local environmental plans are not up to date with where district plans and other government plans have got to. As a result of that, I will mention one project out in Epping. About 2½ years ago there was a shift from Hornsby council to Parramatta council—a rethink about proposals. The developer who owns that site is still waiting for things to be resolved yet its holding costs, I understand, are about \$485,000 a month. If you multiply that over a delay of two years it is a lot of money that can only go back onto the cost of housing.

There is an efficiency, in our opinion, in the time taken to process projects. We have suggested in our second dot point a process occurring in Victoria and in other places where some funding can be allocated to the council by a developer to get a fast-track approach. They do not choose whoever assesses it but the private sector planners can be brought in to supplement a council to get processes to happen faster. It seems to me we need to look at some of these processes because of the enormous holding costs that are being held up by a resource supply issue. That was the first point that we raised. We did talk about a Victorian case study and gave a link to that example. The second concern is uncapping, and you may have heard from others about the local infrastructure contributions under section 94, which I think has been renamed recently.

Some years ago they brought in a cap of \$20,000 for brownfield and \$30,000 for greenfield areas on the contributions that councils could contribute or could get from a developer per lot. The Government has announced that this will be phased out over a three-year period incrementally and then it will be opened up to whatever occurs. We are very worried that the whole logic of why this was brought in originally was not to protect councils or even to influence developers, but to keep housing costs at a reasonable level. If instead of \$30,000 we end up with our developers paying \$130,000, for instance, that extra \$100,000 will go onto the cost of housing. We see a big problem with the process. I am on various committees that have been involved in discussions about this. I must admit that I do not have strong confidence that the Government understands the implication of what is rolling out here.

While some may argue that it is three years down the track that it will occur, the problem is that it is now destabilising quite a lot of people looking at projects as to what they have to account for in those contributions as the projects roll on. I am aware of a number of projects that have been put on hold waiting for this to be resolved. I think there is a fairly fundamental problem in this regard and there is equally a problem with the Independent Pricing and Regulatory Tribunal [IPART], the body that assesses the contribution levels from councils. I think there is a flaw in the governance and decision-making process—that is, a council puts up its bid for infrastructure costs and divides it by the number of homes in an area to come out with a figure per lot. A recent study, which was done by IPART of Box Hill, which comes under the Hills Shire Council area, ranged from something like \$110,000 down to about \$50,000 before the caps are then applied.

It was very interesting that the ones at a very high level had very low densities; the ones with a lower amount of money per lot were quite high densities. But in the process, nowhere does IPART or anyone else talk about the density equation. It says fundamentally, "Let us reduce it by about 10 per cent or 15 per cent." If you historically look at what IPART has done that is what has happened. It means that you end up with very high figures. I have asked IPART who looks at the question of density, because it could well be that if you had more lots to share that cost, it would be a lower burden for home lots. But IPART says that is not its job; it is up to the

council to get a number and put it in. I think there is a fundamental flaw in the decision-making process about, first, the measurement of the cost of contributions and then how they are allocated across the lots in a density equation. That needs to be rectified in some regard.

We are quite concerned about where that could end up. The worst result would be a whole slowdown in housing supply for some years and then another government down the track having to come in, as has previously occurred, and reapply some caps to enable housing supply to continue on a basis that the costs are going to be reasonable. That is a fairly important issue in that regard. We also talked about the special infrastructure contributions [SICs], and some of these are starting to roll out, but this is another level of funding that has to be taken on board by the developer as to what is included and how that is being measured. It seems that there are a number of sections of government and local government that are looking seriously at how to help with these things.

But when you add up all of these—and each council is looking at affordable housing policies and suggesting 5, 10, 15 per cent should be allocated back to the council—the SIC, the section 84 contribution, the affordable housing contribution—the Minister for Transport said he wants \$20,000 per apartment along the light rail corridors around Parramatta. Each of them is probably well meaning, but add them all up and the extra costs to the cost of a home gets far too high. Hence we have one of the most expensive housing systems in the world. Demographia, the group that measures this around the world, indicates a 12.2 multiplier of household income is the number of years it takes to get an average house. That is only exceeded by Hong Kong at 18 and then Vancouver at 10 and, amazingly, Auckland at about 9.5. This is a big problem and governments are helping to increase the costs and therefore make housing less affordable as a result of that process.

We need to be looking at that holistically. I am not sure who looks at these multiple groups of people adding extra costs on behalf of the consumer—that is, the purchaser of the house. It could be the housing coordinator in the Department of Planning and Environment, Amanda Chadwick, but I have had discussions with her and she does not seem to feel that is exactly her role. I think it is getting a bit out of control in that regard. There are some interesting issues about the rezoning of land, particularly for greenfield development, and there is a supply problem that a number of people have mentioned in recent times.

The Urban Development Institute of Australia [UDIA] has produced a big document on this recently and put out figures indicating the big jump in land prices from \$500 to \$1,000 a square metre over recent years, from 2015 to 2017. The UDIA says this is a supply-led problem. There is a need to get the balance right between greenfield land and brownfield land. The current figures are something like 70 per cent for higher density approvals, relative to 30 per cent for lower density. I do not think that is going to change dramatically over time, but the Government needs to keep an eye on greenfield land to ensure it develops in a reasonable fashion.

Another big problem is the complementary roles of State authorities, particularly when projects are referred to them. This includes Roads and Maritime Services [RMS], a crucial group in this whole exercise, and the transport agencies and others. We mention Queensland in our submission, where they have set up an organisation called the State Assessment and Referral Agency [SARA], which is a one-stop shop for any referral by an applicant to sort out a project that requires responses from different agencies. We have strongly pushed the New South Wales Government to have something like this.

I will give a little account of one of our members, who found they had to get an easement because there was a train line under their site in the city. They waited 18 months to get something to happen. I eventually tracked down to a backroom office in Burwood two gentlemen who were meant to assess this. There were no windows in their office; I think they are considered the lowest of the low in the whole structure of State Rail. They were delighted to see a real person and wanted to talk for hours. But the problem is they are not high enough in the organisation to get a quick approval for an authority. Even though the easement was not going to go ahead it had been held up for 18 months for no real reason.

A single agency focused on outcomes is needed. The groups of people in the State agencies are dispersed and generally put lower down in the system because they are not about traffic or roads or trains and keeping those running. They are about some secondary issue, and that needs to be looked at. We have put up a proposal to Transport saying there could be a transport and roads focus for this to have a single agency that helps to untangle referrals across roads and transport as a way forward. Something is needed to get a better system happening. We also raised an issue about the different characteristics of Greater Sydney and non-metropolitan. In our opinion, the non-metropolitan areas do not have fundamental problems with planning. Most of the more rural and coastal councils are quite happy to get development and are very supportive of it, so there is less bureaucracy happening in that regard.

My final point has just emerged in recent research we have been doing. A lot of DAs have to go through a development control plan, a DCP, that sets out criteria. We have now looked at about 20 councils across Sydney, and there is a plethora of reports required in each of these DCPs. But we have found that if you add them up—archaeological reports, heritage reports, traffic reports, acid sulphate soil reports and everything else you can think of—a total of 82 reports are needed if you go across all councils. Most councils, for a single house, require at least 25 reports as part of the application to get an approval. I think it is through risk-averse planners feeling that, in case they get it wrong, it is better to get an independent report done to give them confidence. But the cost of those is exorbitant, and our culture has become too risk averse in relation to those issues. All it is doing is ultimately adding to the cost of housing. I will finish there.

The CHAIR: Thank you. You have answered my questions relating to some sort of central agency or the Greater Sydney Commission [GSC] or how you do that, particularly to coordinate not just Roads and Maritime Services but all of the various agencies. I would imagine that would be something that Urban Taskforce Australia would support?

Mr JOHNSON: We think it is very important. That is why we refer to the State Assessment and Referral Agency [SARA]. It is interesting to go onto the SARA website. They have got key performance indicators [KPIs] and turnaround dates. They transparently show when an application came in and within 30 days the percentage rate that they resolve and get them back out again. None of the current agencies have got anything like those sorts of KPIs, performance measures or even a culture that is project managed or about performance. So I think something is needed to change that.

The CHAIR: You touched on those 80-something reports and potentially which councils you would go through. What alternative solution would you suggest?

Mr JOHNSON: Clearly you do need to get detailed information on projects but for a single house, which often is a complying development anyway, the amount of reports required has just got out of control. I think there needs to be some sort of regulatory impact statement about what is just happening here. The Treasurer has talked about setting up a New South Wales productivity commission. Maybe that is the sort of group that should balance the degree of regulation with the impact it has on quality of end product. My worry is the regulation is increasing the price of housing by delays, time and cost of reports.

I think the whole consulting industry is rubbing its hands and thinking, "This is great. We are getting more and more work out of this." I think the whole move to strategic planning is increasing, which is a good thing that the GSC has brought in. This will feed more consultants, particularly also the community participation plans and there is now a whole group of consultants moving into that sort of area as well. I worry that the planning system has become a feeding ground for consultancy rather than an efficient process to help make housing affordable.

The CHAIR: Apart from the recommendations you have already highlighted, what other recommendations would you suggest the Committee should consider including in its report to the Government?

Mr JOHNSON: There is a very important one. When Glenn Stevens was the Governor of the Reserve Bank he produced a report for the Government about housing affordability. I think it was a very well argued report. I noticed in today's paper the Treasurer referred to this report as justification for the First Home Owner Grant. In fact, if you read Glenn Stevens' words he disagreed with that. He said that it would add to the cost of housing. Anyway people will use information as they will. But the big issue he raised was a lack of advocacy for the fundamental change our city is going through.

What he said—and I think it was quite well argued—was there were three groups that are fundamentally impacted by planning policies about future densities and development. One group is those who are sitting on property they feel very comfortable with and do not want to change it. The second group is those who see a financial gain out of being part of change and will move in those regards. The third group is the new people coming in, which are critical. Today in the *Sydney Morning Herald* there is an article looking at the immigration numbers in New South Wales over the past year—I think the target is 85,000, we are up to 114,000 or something.

Clearly the number of people coming is greater and greater, but the local council does not represent them. The council often breaks down to ward councillors who represent those constituents, the existing people, the existing groups. I think parliamentarians will also represent very much their existing groups who are often worried about change and do not want change to occur. Glenn Stevens argued that there needs to be a much stronger advocacy in the system somehow for that third group—that is, the new group who are coming in. At times I have said to various Ministers for Planning that their job is to represent that group—it is now as big as a normal electorate.

If you look at it over a few years we end up shooting the messenger. We end up being blamed for increasing densities, towers or whatever it is to solve this problem. In my opinion the development industry is unfairly being targeted as part of the problem, whereas we are part of the solution. Currently I think there is a bit of tension. I have mentioned a bit about this to the member for Macquarie Fields as well and he has put out a bit of a flyer sort of raising some issues in this regard. I think it is very important that the political world, both State and local, understands the importance of growth, not just letting it be exploited as a bit of a negative issue.

The CHAIR: Today we are in the Macarthur and both Mr Chanthivong and I were once on this council. Indeed, everyone around this table has been a councillor before today so we all understand the State and the Federal implications of this. In this region—whether it be Campbelltown South or Menangle Park, or the growth spurt in Camden, or Wilton New Town in Wollondilly, which will potentially happen in the future but, as I understand it, has not yet been announced—the peri-urban councils are also having a lot of growth placed on them. And I understand this is happening in the north as well. Infrastructure is obviously key because there has been a lack of it over many years. But is the system doing enough? Are we focusing our attention on the city or should we be doing more to have better transportation links and jobs further afield in places like Goulburn? Is that part of the solution as well?

Mr JOHNSON: That is a good question. I think there is a balance required. I was at the session that Campbelltown took to Parliament a few weeks ago, with images of fundamentally a 20-storey city outside here—quite different to what is here now. I think it was bouncing off the aerotropolis, the airport sort of issue as a generator of jobs. I think there has been a strange communication issue quite frankly about the three cities of Sydney because I do not really think the airport is going to be a city in the normal sense. You are not going to get 20-storey or 30-storey residential towers and things.

It will be a 24-hour airport with planes going all day and all night. I think its role will be to generate activity in the other centres around the airport itself like Campbelltown, Penrith, Liverpool, et cetera. I think a bit of competitive spirit in that regard is a good thing. I think that is really what is behind the Campbelltown push to move into a new scale of development and try to get things going. The nub, of course, is ultimately where jobs are. The Grattan Institute recently brought down an interesting report about the growth of our major cities.

It said that the top order jobs will almost always be in the central business district [CBD] of the city—that is, in banking, finance, information technology, computers and those sorts of areas. That is why the inner ring of 5, 10 or 15 kilometres—where Mr Parker's electorate is—is a very ideal area for those sorts of knowledge workers to live. We need to accept that, but then there is also a series of satellites where jobs need to occur. The 30-minute city has been talked about quite a lot. I think that is an important thing to encourage. Using the big drivers—and it was raised at this session the other day—of health, education and universities as stimulators of jobs are a crucial part of what can occur here. There are also other layers that will need to come through to push legal services, such as Marsdens Law Group, which is a good example of that.

I personally do not think that the jobs in the CBD of Sydney are going to sort of collapse somehow and all move somewhere else. In fact, I think it would be bad for Australia if that did happen, because those jobs are competing with Singapore, Shanghai, and major places like that. It is important to keep that energy happening. Outside of Goulburn and places, there has been some discussion in the media recently about these sorts of issues. It has always been hard. There was Bathurst-Orange and Albury-Wodonga back in the Whitlam Government days that never really got anywhere. I remember going down to both places to plan schools and all sorts of things when I was a young architect, but none of it really eventuated. There have been comparisons with America—which has 10 times the population—on how to get a network of cities. I suspect that as a culture, we are much more connected to the edge of the continent, and, therefore, the areas that are more likely to work are Wollongong, Newcastle, Coffs Harbour, Tweed Heads and Bega etc.

Canberra's economy is going pretty well at the moment and its housing supply is particularly robust right now. There is obviously an energy there that has reached critical mass. I think there is a connection between the two, and maybe Goulburn is a potential as part of that, along with the Southern Highlands. Infrastructure—I think you touched on infrastructure earlier on—is a chicken and egg issue, in that we cannot put the infrastructure into solid nowhere and hope that a whole lot of people are going to go there. In a way, a development needs to build up enough critical mass to say, "Right, this is where we do need to now connect."

A good example of that is Norwest. All the planners thought it was terrible to develop a whole business centre and things in Norwest, but now railway is going through it. One could argue that that was a bit of foresight, to some extent. I think we do need to encourage those major cities. I was the government architect in New South Wales for 10 years and James Barnet, one of the earlier Government architects from 1862 to 1890, built the port houses in Goulburn, Bathurst, Newcastle and the major cities, and the railways went out to those

areas. There is a history of that connection, which we need to keep encouraging. I do not, however, think it is going to be a giant issue to save the day.

Mr MARK TAYLOR: Mr Johnson, you talked about advocating the benefits and necessity of density and basically told Government to pick up its game—I assume that was your inference. Are there any other tools that go towards the message of density? For example, long-term future plans help people come to terms with the idea that density is on the way.

Mr JOHNSON: There are a number of aspects to this. I was recently involved in a video program that linked London and Sydney to have a dialogue. Greater London's density is something like 5,000 people per square kilometre; ours is 410. This is shown on a map in the document that Transport for NSW brought out the weekend before last. If we aspire to be a city like New York or Hong Kong, New York's density is 11,000, London's is 5,000 and we are 400. It is an issue of where we get to as a global city. Both those cities—New York and London—currently have a population of about 8 million, which is the number Sydney is expected to get to by 2036. It is a 40-year period; not 20. The advocacy of how that works is going to be crucial.

The line I have taken quite a bit is that we need to maximise our density around railway stations—in walking distance to railway stations. If we undercook that, it is going to have to go somewhere else. I have argued fairly strongly that within a walking distance of about 400 to 500 metres of a railway station—and there are a lot of railway stations on the network—we do need significant density. But it needs to be about a new form of lifestyle. We have just done a detailed survey from the 2016 census about people living in apartments. In Sydney, 30 per cent of households are now in apartments. Interestingly, 20 per cent of those are actually families, which is not what you would expect, but it is the case. Another 8 per cent are single-parent families. The nature of that living—and this is coming to your point, Mr Taylor—is that if we position density apartment living as just for single people or something like that, it is not going to attract most people. If, however, it has the same diversity of other types of housing, such as families, older people and younger people, etc., I think it can fulfil an important role.

We from the industry have been trying to build up a story around this. Another bit from the census is education level. We looked at those who had a base degree and a second degree. In houses, 40 per cent of people have that; in apartments, it is 54 per cent. Again, there is probably an expectation of the reverse. There are some very interesting issues about how we legitimise people living in a more urban fashion as part of this. I mentioned the walking distance to railway stations, but there are other areas that are probably more the six-storey or eight-storey type developments, which fit within the canopy of trees and things in the Australian-New South Wales context. That is a model we need to encourage more.

An interesting issue was raised in *Domain* in the *Sydney Morning Herald* about the average cost of a house in Sydney and the average cost of an apartment. The average cost of a house is something like \$1.1 million or \$1.2 million and an apartment is about \$700,000. It is \$400,000 cheaper, on average, to have an apartment than to have a house. That is partly what is driving a lot of people, including families, to move into apartment living. It is just that the price threshold has got to such a point that it is a very difficult issue for people to handle. What we have to do is legitimise all of that through childcare centres, parks, playgrounds, and a whole lot of things that make that sort of living good. The sharing economy that is coming into play with Airbnb and Uber is also a key part of it.

There is a very interesting Australian author called Rachel Botsman who has written a book about cooperative consumption versus hyperconsumption. Her thesis is that post the global financial crisis, a lot of people have decided that they do not necessarily need a bigger and bigger house with three cars, two boats, a swimming pool, a home theatre and everything else, and that if they get access to those things, it is just as good. Shared living where someone gets access to a swimming pool, theatre, coffee shops and a whole lot of facilities is, for a lot of younger people in particular, becoming another way of life. I think advocacy about this as a social plus not a congestion negative—which is the way it is being portrayed a lot in the media—is quite important to make work.

I do not think the low-rise version of Sydney can spread forever. Even in areas out here, one of our members, Tony Perich from Oran Park, is now putting up proposals for 18-storey apartments even in Oran Park. We have 20-storey proposals here in the city of Campbelltown. It is not as though it is just a CBD issue versus the low-rise city. I think it is about mixing up those developments with the lower-rise suburbia. To finish on that, I think the best way to communicate that, in many ways, is to protect the suburban house living style. The best way to protect that is to stop the spread of medium density across all of it. We protect that by getting the other densities in more urban, walkable communities around public transport.

Mr JAMIE PARKER: I am glad the electorate of Balmain is pretty close to that 5,000 people per square kilometre.

Mr JOHNSON: Good.

Mr JAMIE PARKER: Balmain has been doing some heavy lifting, in its way. Thank you very much for the submission. I think it is really interesting. One of the things that I think is pretty clear—we will be talking to the department of planning about this—is the real lack of key performance indicators, targets and transparency, whether it is with SICs or the development processes. The Committee would have heard me talk about this issue in particular, where an item goes to the planning panel, gets approved, and then it takes seven months for the Department of Planning and Environment to tick off the approval from the independent panel.

Mr JOHNSON: It was rejected—not approved.

Mr JAMIE PARKER: Well, it took seven months to tick off the decision of the independent panel. For everyone involved—the applicant or the residents or the council—it is a very long period of time. If they do have a different decision you would think it could be made in a couple of months. That goes to my question. A few people have raised—we have heard it in the Committee hearings—this issue of how we fund councils that are really under pressure when it comes to delivering reports and information. There is a lack of good quality staff and a lot of people are out in the consulting world because they can make more money there. You might recall that a former Labor Government introduced a policy—then withdrew it—which allowed applicants—

The CHAIR: Which one?

Mr JAMIE PARKER: It was not meant to be a political statement. It was just a timing reference. The policy was to allow applicants to have two streams. One stream was the subsidised stream, where you could pay the normal fees and charges and have the development assessed. Under the other stream you could pay the council a consulting cost, where the council would have a bunch of people—independent consultants who would write the report—but the applicant would bear the cost of that. In other words, there was a full cost stream and then there was the subsidised or general council stream.

Obviously, the full cost stream would be a lot faster. It still required all the consent processes of the councils. That was withdrawn. We have heard from councils saying that they like to keep the expertise in house. What does the development industry think of that? Would it much rather bulk up the councils and get funding support, as you have mentioned, from the State or other areas to have councils develop the expertise, or do you think this kind of out-of-house approach is something that the development industry would favour?

Mr JOHNSON: There are two approaches. We have approached that a number of times because projects have got bigger and bigger, the council skill base is missing, in many areas, to be able to handle these really big projects—200 to 5,000 apartments. They are big projects and big housing developments. We have suggested that there should be district planning offices established in the five districts.

Mr JAMIE PARKER: Would that be managed by the Greater Sydney Commission?

Mr JOHNSON: It could be. They would take the key planning staff who were expert on big scale projects into a centre of excellence. You would have key performance indicators about that centre of excellence and you would have a top quality planner in there and the skill base to understand big projects. Also, the leverage back to Government agencies would be lifted dramatically by having just five—originally six in our proposal—of these around Sydney.

If something like this happened, I think it could give a much better focus on those big projects. The Government at the moment measures DAs and planning proposals by each individual applicant. They talk about 90 per cent or so getting approved in a quick period of time. The problem is that the other 10 per cent—or even the other 3 per cent of the 10 per cent—of the DA is probably 60 per cent of the actual housing. So the big projects, where all the housing numbers actually are, are missed in the individual DA assessment process, because they are just counted as a single DA. I think those projects could be given expert focus by people who really understood.

A good example of this is the 11 councils in the Hunter, which have come together to get a single legal office. Originally they all had their own legal offices—11 of them. They now have one with a much better skills base and more information flow to all the councils. It is a better focus for it. The same can happen for big scale planning projects—greenfields and big developments in that regard. The leverage, then, back to Government agencies, is really improved, because you can relate to Government agencies at a much more significant level. Instead of having 35 councils—or whatever the number is—trying to do this, you would have five expert planning groups.

That is one part of it. The second part is your suggestion about some sort of independent assessment speeded up by funding. I mentioned that one of our members is forking out, or losing, \$480,000 a month,

through delays. To spend a fraction of that to speed up planning approvals would be totally in their interests. They do not want to use that to guarantee a result or anything. It would have to be some process where councils or government had a list of private sector planners who could assess that—with a declared lack of conflict of interest with any particular project—and then, independently, on behalf of the assessment agency, get a speedy return. Quite frankly, it is not in any of our interests to have long, slow planning processes. It just adds to the cost of development and, ultimately, to the cost of housing.

Mr ANOULACK CHANTHIVONG: You may have mentioned Oran Park. The landowner was trying to put up an 18-storey development application.

Mr JOHNSON: Correct.

Mr ANOULACK CHANTHIVONG: That is happening outside the Sydney metro. Are you able to cite some successful, supply-side urban developments as great examples that we could use. The modus operandi seems to be: build it and they will come. I think that is almost reminiscent of supply-side economics, which, as we have seen, does not work. From a development perspective, if that is the model we are going towards, what are the examples where it has worked—where it has been built, and everything else has come with it: infrastructure, jobs, connectivity and lifestyle? Can you cite that sort of example?

Mr JOHNSON: I think there are quite a few examples, but I just want to go back to your "build it and they will come" issue. The reality is that anyone who is developing an apartment block that is 18-storeys high will not get funded by the banks unless they have sold 70 per cent of it. It is not a matter of putting the thing up and then hoping someone comes. You will not even start unless you have at least 70 per cent—the banks sometimes want even more—to commit to that project. So I think this is a highly democratic process. The development will not start unless enough people out there want to be committed to that project sufficiently that 70 to 80 per cent of it is pre-sold. The system has checks and balances in it from that point of view. It would be bad, obviously, if someone built it and it was empty because no-one wanted to use it.

Mr ANOULACK CHANTHIVONG: I understand that financial side, but I am talking about "build it and they will come" in terms of the surrounding parts of a development—that is the employment centres, the connectivity, and the public infrastructure and support. I am talking more about that rather than the sales of the development involved.

Mr JOHNSON: Okay, but the point I wanted to make was that, even in Oran Park, there will be a number of people who will prefer to live in that lifestyle—maybe older people and maybe younger people who do not want to mow lawns and have gardens and those sorts of things and are happy to live in this sort of way. It is similar to other more central urban areas. So I think that that is part of the mix. Most communities these days will need a mix of building and house types. In terms of the infrastructure that comes with these developments, obviously that is a big ask. On that particular project the developer had to bring up, at the beginning, all the sewerage, electricity supply, roads, parks and schools. The schools were brought in at quite an early stage—a Catholic school—and in other areas there. I know the site fairly well. The balance of how you build all those up is a critical issue. Obviously they would love to have a rail line. I think it is now highly likely that they will get a railway line. That is partially why, on the basis of getting a railway station, you can now go taller to get more density happening around it.

All of these things are chicken and egg. To think that you will put the railway line out somewhere in the middle of a paddock and put a station there and then start the process of people building is, I think, fairly naive. People have talked about a very fast train through paddocks in outback areas and western parts of the State. That somehow they will sell paddocks off to create a city is, I think, highly unlikely to actually occur. So I think the tension of how you get enough happening to demonstrate this is heading in a good manner—long-term planning, as the Government has just brought out with their 2057 Transport Plan and the Infrastructure NSW plan to put out their proposals and the rail network. My feeling is that the most important initiative for development of metropolitan areas out to the fringes is to do with rail.

The submissions I have made to the Federal Government have always been to put as much money as you can into rail networks, particularly metro rail in urban areas, and then substantiate where density and development actually occurs. So I cannot give you an easy answer. There are clearly a number that work quite well, but the ones I am going to think of are probably closer in to the city. Obviously, Central Park, which is right next to Central railway station, will have to be 30 storeys and of density—university students and a whole lot of things. As you move a bit further out you will get different types of development. I think the North Parramatta development that UrbanGrowth is looking at has got good potential to get a similar sort of balance. Mirvac at Harold Park, closer in, is also close to facilities—a light rail station right on there, shopping, jobs nearby and things.

What is interesting, just to complete the comment here, is that we are seeing the emergence of bigger scale developers who are wanting to produce a community not just a few buildings—your big players, like Stocklands, like Mirvac, like even Meriton, Lend Lease and others. Frasers, for instance, are doing a very big interesting project at Ivanhoe up in the Macquarie Fields area, which includes social housing, affordable housing, schools, a high-rise school, parks and health facilities all in one development. I think this is a good way forward—that sites are big enough to generate the combination of facilities that are needed.

If you go back to only an individual developer doing a single building, someone else has to manage that whole process, and that inevitably becomes the council or the Government to make that work. So I think it is a positive issue to get these bigger-scale community-type developments—Communities Plus is the program the Government is running on the housing estates at the moment. But that is where my comment about having a similar scale of approval authority to handle those big projects needs to come in to help them.

Mr ANOULACK CHANTHIVONG: With some examples you cited in North Parramatta and Glebe, I think the advantage that those estates have is with increased densities because they already have existing employment markets. I note your comment earlier that Sydney city is an international city competing with the rest of the world and a decentralisation of that jobs concentration is not in the nation's interests. I suppose out here in urban metro it is going to be hard to develop that concentration of industries in a similar vein so, hence, on very much a supply side, urban development does impact on people's lifestyle because inevitably you are going to have to go out to their place of employment. I see it every day because my office is right across from the train station; I see people leaving the local area to go to their jobs. I am just concerned that having a greater push for the supply side, particularly on the metro, without having access to those existing employment concentrations can have a longer-term adverse effect on people's lifestyles.

Mr JOHNSON: There is no doubt that that can be a product. I think, however, Parramatta is now getting quite a few jobs. NAB is moving major facilities and the big building that was going to be all apartments is now going to be commercial space and jobs. Previously it had been seen as a government sort of jobs centre, the taxation office, police, education and others, but now it is getting real-world jobs, and I think that is a good case study. My feeling is that what we have got to do is first take Parramatta as the first evolution from the traditional city into a new version of the city and then transfer that a bit further out as well. Whether it will actually be around the airport as an aerotropolis or whether it will be Liverpool, Campbelltown, Penrith is another matter.

Mr ANOULACK CHANTHIVONG: Of course what happened with Parramatta is that industry went out there first with the decentralisation of employment and then the densification happened around, which I think is a great example of the way to do it if we are going to spread development out into suburbia.

Mr JOHNSON: I think so, but my reading is that the workers want a bit of a cosmopolitan lifestyle; so they want Eat Street in Parramatta, they want coffee shops, they want even some quality restaurants and a bar at the top of buildings and things like that, which is now starting to come. Therefore, I think it has reached a tipping point where Parramatta is now becoming a good cosmopolitan mixed-use centre, and that is good. I think in a similar way that can occur in other places. In an interesting way, Norwest, which was fundamentally about jobs initially, now can get a whole lot more people living in there and it can potentially pick up some of that mixed-use development and the characteristics there.

Mr ANOULACK CHANTHIVONG: Liveability and cosmopolitan is essentially what we are trying to aim for in any sort of development. How does a capped levy system produce that public benefit in a rising property market?

Mr JOHNSON: The rising property market is fundamentally the price of land. There was a very interesting paper put out by the Reserve Bank recently of researchers from the Reserve Bank looking at the impact of restrictive legislation and restrictive zoning. In their opinion, restrictive zoning across Sydney had raised the price of the average house by \$485,000 and the average apartment by \$300,000. This is Reserve Bank experts. What they were saying is if there are no regulations at all, or no zapping at all—which is a bit of chaos I suspect—if you at least take half that amount or even a quarter of that amount, the zoning system is having a big impact on the cost of housing.

So I think the rising cost is very much to do with land rather than the actual cost of building. Their report indicated—and so did the Grattan Institute's report—that the cost of a house is not dramatically different. The size of the house, though, is, and I think there is a fundamental issue here that we as a culture need to be careful of. Two researchers from the University of Melbourne did research into the average house size in 1950 and in 2015 and found that per person it had gone up three times, from 30 square metres per person to 90 square metres per person, and, in fact, on a schedule of cities around the world it was number one. So there is an issue here: Are we living beyond our means?

It is fabulous to get bigger and bigger houses. What has happened over the last 40, 50 years is houses have got bigger and bigger and bigger but the number of people per house has gone down. So the average size per person is at 90 square metres; I think London and the UK it is something like 35 square metres per person. It is a fabulous thing that in such an affluent country we can do it, but it is partly contributing to the unaffordability of our housing, and this where I think there needs to be a sharing across a different lifestyle with smaller places—you share and get access to a whole lot of facilities and still have a really good lifestyle.

Mr ANOULACK CHANTHIVONG: Part of John Daley's report, which I have read, talks about levying of existing infrastructure in the inner and middle rings up to 10 to 35, which is essentially the border because then you do not have to outlay public investment. I think there has been a disproportionate sharing of density and development within our inner-city ring. How does the industry advocate for changes in those inner-city and middle-ring suburbs to pay their fair share in actually containing that level of growth? I think that was part of John's argument in his paper that the community resistance in those and inner and middle rings is actually quite entrenched, hence the push out to the outer areas. The committee heard from John in Parliament House and he said that is a third-rate option to continue to push it out; rather, we should be concentrating on the inner and middle ring. How does the Urban Taskforce and other industry groups push that barrow of actually increasing the level of density in those inner middle rings?

The CHAIR: That was a very quick question.

Mr JOHNSON: We are very much market based, of course. If we believe that people want to live in a certain location, we will do that. I think though to answer your question in a more holistic manner, there is a swing towards a more sharing apartment-type living in denser areas compared to living in a big house, with all the facilities you want right next to you. So this other one only works if those other facilities are close by within walking distance—the coffee shops, shared gymnasiums, swimming pools and whatever else it might be. You can even see that retail people like Woolworths are now producing small satellite stores, not just big drive-in supermarkets to handle the walkable community that relates to this.

So this is the chicken and egg that I have mentioned a few times. To get this happening in other areas further out from the city—and Blacktown is a good example; I have been to Blacktown many times but it does not have that cosmopolitan environment right now where you have got Eat Street of Parramatta and those sorts of facilities—it will not work economically until you have got enough people being there. So there is a chicken and egg that we have got to nurture to try to bring in that style. I have often said to some of my members, like Mirvac, the first thing you should do is to develop the Mirvac coffee brand. If your developments are all about a particular type of coffee, you are selling that cosmopolitan lifestyle. If you look at a lot of their ads you can hardly see the buildings. It is all these people drinking coffee, walking, having a good time and all those sorts of things. The difficulty is how you build up that lifestyle. That is why I say bigger-scale developments that are whole precinct wide can start doing that. They can start delivering the quality of life on that precinct, rather than wait for someone else to do it.

I think the planning system, in my opinion, should encourage that because it is the best way to start getting the density in those places with a lifestyle, and with the characteristics. I mentioned 20 per cent being families and apartments. If there is child care on your precinct you just take the kids down, do not cross a road, drop them off and come back at the end of the day and pick them up again. That is an incredible plus as opposed to a suburban community where you have got to drive off somewhere and find places and things like that. So I think these lifestyle issues come with bigger scale development. So hence my feeling that we need to encourage those bigger-scale developments, that means bigger sites which could well be industrial sites often that are big enough to be able to develop. But it also then leads to my suggestion about a bigger-scale approval body and planning bodies to help facilitate those larger-scale projects. I do not just mean inner city; I mean out here as well.

The CHAIR: The Committee has valued your time. The Committee may wish to send you some additional questions in writing and your replies will be part of your evidence and be made public. Is that acceptable?

Mr JOHNSON: I am happy to do that. I must say I enjoyed the discussion.

(The witness withdrew)

TIM RAIMOND, Executive Director, Future Transport, Transport for NSW, sworn and examined

BRETT WHITWORTH, Executive Director, Strategic Planning and Programs, Department of Planning and Environment, affirmed and examined

PAUL MULLEY, Manager, Growth Planning and Development, Sydney Water, affirmed and examined

The CHAIR: Thank you for joining us today. Would any or all of you like to make an opening statement?

Mr WHITWORTH: Yes. I thank you for the opportunity to appear today. I also acknowledge the Aboriginal elders past and present, and any Aboriginal and Torres Strait Islander people in the room. I am here on behalf of the Department of Planning and Environment. I am lucky to have representatives from Sydney Water and Transport for NSW with me. My specific role within the Department of Planning and Environment is to manage land release teams focused on the growth areas of Western Sydney and the acquisition of land by the department for infrastructure and open space through the Sydney Region Development Fund, as well as the coordination of regional planning outside the Greater Sydney area.

The New South Wales Government provided a submission in November 2017, and it reflects some of the structural and legislative elements associated with land release planning and delivery. However, the dynamic nature of government is such that while the submission is not out of date, it does not reflect some of the recent activity of government and the Greater Sydney Commission, as well as councils, on issues such as regional and district planning, infrastructure planning and the coordination and collaboration across governments. I particularly want to draw the Committee's attention to a number of key documents and strategies.

Firstly, there is the new Sydney Region Plan "A Metropolis of Three Cities", which emphasises Sydney as a metropolis of three 30-minute cities. In the east and central area cities this is very much about transport networks that convey people to jobs but in the west the challenge is to bring good jobs within 30 minutes of the population. Achieving the 30-minute city in the west requires collaboration and coordination on a host of issues, particularly transport, which my colleague Tim Raimond will discuss. However, crucially it requires a partnership approach. The recently announced Western Sydney City Deal provides the basis of this through things such as the Western Sydney Planning Partnership and the elements of collaboration that exist within the district plans.

Finally, in a regional sense, we are starting to see the collaborative approach discussed in documents like the Greater Newcastle Metropolitan Plan, which was released for public consultation over the holiday period. Submissions closed on that at the beginning of March. I have also had the benefit of reading the evidence of witnesses to date, as well reviewing the summaries of submissions to the Committee. What strikes me very clearly is the complexity of land release and housing issues, not necessarily because of process or jurisdictional issues—although certainly these are issues that are there. The complexity arises from the fundamental differences in perspectives and expectations from the development industry, from communities, from government agencies and from councils.

I am not surprised, therefore, that the issue of coordination keeps coming up. Our submission as government identifies these issues as well, with some sense of the actions that we are already taking. I think that I have seen a sense of where the Committee has been heading in terms of the idea of, "Is there an opportunity to create a more collaborative body, a greater bureaucracy or something that will compel greater coordination?" What I counsel is that perhaps we should be looking at what we have been doing to date and the work particularly in the field of strategic planning—both strategic planning at the region and the district level—and the very close relationship you can see between the Greater Sydney Commission's plans and Transport's plans and how that can be brought down into a more detailed level.

It is that joined-up strategic planning approach that we can use to inform, educate and advise communities, government, industry and infrastructure providers on the priorities and expected outcomes. What we are looking for at the end of the day is stronger and more liveable communities, and working together is probably the only way, given the conflicting issues, that we can achieve that. As I said, it requires cooperation, collaboration and coordination. This is a role that the department is happy to help facilitate and play a role within, but we also need to work with others and draw on the advice, the input and the expertise of others as well.

Mr RAIMOND: I am also happy to say something. I have been leading the Future Transport Strategy alongside the Greater Sydney Commission. In the last year, year and a half, there has been a fantastic degree of collaboration through that process. We have had our teams collocated to co-design a future strategy for Sydney

that is both transport and land use. I think that has been a great example of how we can progress going forward. One of the things we have also been working with the Greater Sydney Commission on is the idea of a growth infrastructure compact—the idea of looking at a broader area of Sydney.

In this case, we are piloting it in the Greater Parramatta and Olympic Park precinct, having a look at that broader area and working out how we sequence development in that broader area so that we get the best outcomes and the most efficient use of infrastructure. That, again, has been a very collaborative process that is hopefully something that we can roll out to other parts of Sydney. We are looking at doing that around Western Sydney airport next. What has been great about that exercise is that it has had buy-in from all the stakeholders up-front, including local government.

The city deals were another thing in Western Sydney that had buy-in up-front from local government. From a Transport perspective, that is the way we see we need to work going forward. We have learnt through the Future Transport process that we do not have all the answers, that local communities are often better placed and industry often has better ideas and we need to involve them all at the forefront of our planning processes. That is all I would like to say from a Transport perspective at this time.

Mr MULLEY: At Sydney Water we are very supportive of growth and we are currently developing regional master plans for Eastern Sydney, Western Sydney and the Illawarra. We recognise that there are going to be significant challenges in some of those areas, particularly Western Sydney, where we have to consider the health of South Creek and increasing daytime temperatures which will create stresses on our water system. These will require some fairly innovative and different servicing approaches to what we have previously tried. This will only be possible through strong collaboration with our key stakeholders.

The CHAIR: I will commence questions. Mr Whitworth, I think you have a flavour of some of the comments and the direction of the Committee. Making some general observations from witnesses, from experience and other people who have not appeared today, the word "collaboration" was mentioned by everybody. In terms of major rezonings, before they get to government divisions, the hardest thing, from what I understand, is getting all the various agencies together—not so much the Department of Planning as such but the various agencies—to commit to a meaningful dialogue to allow the Department of Planning to have better information to be able to assess and move forward with some of those applications. How do we get around that? That is where the frustration of this Committee and stakeholders has been.

In my electorate—and the member for Macquarie Fields will agree from when he was on council—what would have taken two or three years can now take more than a decade. I think of Sydney Water and I get some of the challenges. Once Sydney Water are in the room their projects are good but getting them to the table is very hard, from what I understand. Mr Raimond, you mentioned the city deals and I would like to get more information. As to council buy-in, it is probably more the mayors who represent individual views. Some of those councillors are now learning what the city deals are. I am not criticising the city deals, but I do not know that there is full collaboration with the communities or members of Parliament. We could use that model and improve on it is the gist I have got. I will leave it there for the moment. I would like general comments from everybody.

Mr WHITWORTH: I am happy to start. One of the challenges that you find from an agency perspective is, "Where are they going to start looking at rezoning and development? Which rezoning is more important than the other rezoning?" I will not hold Mr Mulley to this, but 80 per cent of Sydney Water's capital budget is going to the 15 per cent of land release areas. If I asked Roads and Maritime Services and if I asked Transport and if I asked Education, I would get a similar response. Their question to the planners—and I say "the planners" in a more generic term whether it is Greater Sydney Commission or the department or even council planners—their questions inevitably are: Which area do you want us to prioritise? Which area is more important? I suppose that is where we have been arguing strategic planning.

The CHAIR: I can think of one or two potential rezonings that are still in the mix. For example, Transport might come on board in year three, Sydney Water might come on board in year five, Education might come on in the future; there is not necessarily all these agencies at the same time until it is a Premier and Cabinet direction or a Department of Planning focus. I am not here to beat anybody up because I think everyone has their own challenges. We are trying to work out how we better that system so on day one you know for the next 10 years what is going to be happening. It is trying to get the right people in the room at the right time.

Mr WHITWORTH: The answer to that question is better strategic planning. If we talked about a couple of sites, if we talked about the Menangle Park rezoning as an example, that had a very, very long lead time. But Menangle Park at that time sat without a strategic context, people were not clear on its connections back to the highway, to the M5, they were not clear on its connections back into Campbelltown. The work that we have been doing on the Greater Macarthur land use and infrastructure plan is giving that Menangle Park

area, the Mount Gilead area, the Appin and so on a strategic context. When we go and talk to the agencies we are able to say to them it is this number of dwellings and it is over this length of time.

Transport and Roads are able to start seeing what the connections will need to be for them. Sydney Water is able to start saying, "Here is our development front. Here are our capital assets that are under pressure or that have some capacity". Education is able to start saying, "Well, we can see there will be that level of development over that period of time." And they can start to engage in that using things like our infrastructure planning through the special infrastructure contribution scheme. That is why the work of the department in a land release sense is very much building the land use and infrastructure plans for growth in Sydney: the Greater Macarthur area, the Wilton area, the south-west, the north-west, Ingleside, the airport, and a newer area called the Greater Penrith to Eastern Creek. Those are the areas where we will be seeing the land release occur essentially within the Sydney basin.

The CHAIR: You expect better collaboration and more people around the table sooner?

Mr WHITWORTH: Yes, because there is a vision of what those development areas will be. There is a sense of the broadscale footprint of the development and understanding of the environmental issues, and then people can actually start to say: This is how we need the road network and the transport network to be planned. This is how we can start prioritising that against other areas. This is where we bring the concept of the infrastructure prioritisation through strategic business cases into the equation as well where the infrastructure providers are able to go to Treasury and say: We have development fronts here, here, and here. These are the priorities based on our infrastructure assessment and our business case assessment of that process.

The CHAIR: You are talking about clearly identifiable projects that are likely to happen in the next decade or so. What about those that you can see on the horizon that are not a priority on day one? I am not singling out any particular project, but there were a number of them in the Macarthur development plan 30 years ago which, I am sure at some point, will get a green light. It may be another 10 or 20 years; I do not know the time frames. How do the newer projects that are not on the schedule get enough people around the table that have some sort of authority to say: Go away for 20 years or come back now? That has been my experience with at least one of the projects you have mentioned.

Mr WHITWORTH: That is what I see from those land use and infrastructure employment implementation programs. They are not five-year or 10-year plans. They are 30-year, 40-year and in some cases 50-year plans. We are in the Campbelltown area, we can talk about the Greater Macarthur plan. If we start looking at areas around Appin and west Appin, the question is if they were to develop, there is a logical sequence of development and that suggests a logical progression of infrastructure through the area by understanding that the infrastructure agencies are able to start costing that into their processes, and it also gives proponents the opportunity to say: We want to go ahead earlier. There is a very clear understanding of how much it is going to cost.

The CHAIR: Absolutely.

Mr RAIMOND: If I can say something from a transport perspective to add to that, the way Transport has organised itself on a modal basis or a network basis has not been overly helpful for true integrated planning with the land use planners, who are very much place focused, so one of the things that we are doing in Transport as a result of the collaboration of the Future Transport Strategy and so on is to develop place-based teams. We will still have a network interest in our road and rail networks, but through matrix ways of working those resources it will be put into places, so we will be able to engage at the same level of place that the Department of Planning and Environment and the GSC do, so we can have a more sensible conversation than maybe we have had in the past.

Mr MULLEY: To reiterate for us, of course, a logical sequence for a release program is beneficial. The further out we can get visibility of where and when land is going to be released, it allows us to align our capital program, and then identify where we might have to partner within industry to deliver assets ahead of that program.

The CHAIR: What I am hearing is a common theme. It was what it was and things are going to get better.

Mr JAMIE PARKER: It is still with the last committee 30 years ago.

The CHAIR: It must have been a better government than today.

Mr MARK TAYLOR: Do your organisations suffer from a lack of qualified or experienced planners?

Mr WHITWORTH: I would not say suffer from. Can I turn it around and say this is a very significant challenge for us, and it is a very significant challenge for councils, for government agencies? We were talking about it earlier. We are working very hard to minimise the vacancies that we have, but the market is very hot at the moment in respect of that demand for expertise. There is a demand for planners and we are paying a premium for planners. We are looking at options as to how we can bring younger planners in, and how we can get diversity in things like secondments from councils and so on. I also know from my council colleagues that they are very much in the same situation, and the challenge we have is not to poach from each other but to try to work together.

I think that is why the Western Sydney Planning Partnership that was announced as part of the city deal is such a useful enterprise, because it is starting to say we know that we have a shortage of planners in Western Sydney. One of the responses to that is can we make our planning resources go further rather than having someone who is in Campbelltown who is just working on Campbelltown issues? Can they work on issues that go across the Western Sydney area? In respect of a development assessment process, can you share some of those resources as the need and the demand arises? I am not saying that is what the planning partnership is going to do, but I can see the opportunity for it to evolve to that point over time.

Mr RAIMOND: In Transport, we have a similar issue. There is so much transport development going on, so many big projects, and the big projects tend to offer our planners more money than we can offer them, so that is where they go. That is a live issue. Similarly, we are looking at graduate programs and trying to beef up what we can do at the bottom level, because we are losing a lot of middle level people to the big projects, unfortunately.

Mr MULLEY: Similarly, we are competing with all of the transport projects.

Mr JAMIE PARKER: Thank you for coming along. I have a question for Transport, one for Water, and one for Planning. Everyone has said the same thing, that the weakness around coordination of agencies is a major impediment and there is a lack of clarity on who can call an agency to account. We have heard the story about the place with 9,000 rezoned lots that has no water. Obviously something was wrong with the development of that project and Sydney Water did not have the capacity to deliver when the project was being developed. My first question to Planning is, we have seen that the Greater Sydney Commission has been allocated some tasks on this with its priority infrastructure list and then Planning is saying it has some work to do.

What we have heard is that there needs to be another organisation with overarching authority, maybe under Premier and Cabinet or a separate institution, or we give specific powers to the Greater Sydney Commission, or we do something with the Department of Planning and Environment so it can either control people's budgets or it compels people in some way to bring them together. Theoretically we have been doing strategic planning for a long time, but the agencies are not coming to the table and doing it effectively. That is what we are hearing. Maybe that is an overhang. First, what is Planning's sense of whether or not that is required? Does it have the capacity to bring other agencies to the table or is there resistance to that?

Mr WHITWORTH: I think we have the capacity to bring other agencies to the table. Do we have the capacity to compel them? No. Do we need the capacity to compel them? I do not think we do. We need a more strategic approach. Before working in Sydney in the executive director role I was the regional director for the southern region. I know you took some testimony from the Wollongong council, and West Dapto is near and dear to me because I was the person who helped rezone it. It became very clear to me early on that rezoning West Dapto was as much about building momentum as it was about going through the statutory steps, and we organised a project coordination group with the Department of Premier and Cabinet, with council, with the department, we invited Sydney Water along as needed, we invited Education and we invited Landcom to provide us with assistance.

We realised that we needed to redo a lot of the transport work. We realised that there were opportunities through strategic investment in the Housing Acceleration Fund to provide for upgrades of sewage pumping stations, and that is how you got the nucleus of the beginning of the West Dapto new release area at Brooks Reach. All of that was done not by someone calling the shots but by people being in a room together and talking and understanding the issue. We talk a lot about coordination and collaboration because we are dealing with problems that are not necessarily shared—my problem is not necessarily the next person's problem and they see the problem in a slightly different way. I am saying that classic collaboration is about resolving problems because not everyone sees the issue in the same way. Often you do not know what the answer is because you do not know what the problem is, and you can only work out the problem by coming together in a room and talking.

What we lack is the strategic framework. If we go back five years, we had a regional metropolitan plan that transport had not been connected into. We did not have not regional plans that covered the State. Fast-forward to today, we now have regional plans that cover the entire State. We have a transport plan and a regional plan for Sydney that are enmeshed in many ways. We are now able to talk about the strategic opportunities. I can talk with some confidence about what I think the rezonings will be across the Sydney metropolitan basin from a land release perspective in 30 or 40 years time with some authority, because we are starting to see the bigger picture and how it all fits together.

Mr JAMIE PARKER: Should we set those key performance indicators now and hold you accountable to them?

Mr WHITWORTH: What I am saying is that we want to make sure that the State agencies continue to talk. It would be a shame if we got to this point of collaboration and cooperation and then we went back to going our separate ways. If you are looking for a magic wand to say what needs to happen, it is making sure that agencies continue to talk and have the internal authority to say, "We need to get together and resolve issues." It is as much in a regional sense as in a metropolitan sense.

Mr JAMIE PARKER: As a Committee making recommendations to government, what do you think would help to facilitate this engagement and collaboration to help us to deliver new housing supply and new land releases to improve the process? What should we be aware of in drawing up our recommendations?

Mr RAIMOND: It is probably best to step back for a moment and think about this. One of the main challenges for Transport and other utilities that operate on a network in this space is that when you grow one part of the network, it can have significant consequences somewhere else. That is the trouble with running a network. So just investigating the impact of growth on the transport network is a difficult exercise. It takes network modelling and behavioural modelling, and those take time. With the rapid growth that we have had and the Department of Planning and Environment needing to try to respond to that growth by releasing land on lots of fronts, it has been very difficult for Transport to keep up with that.

As Mr Whitworth said, the fact that we now have some strategic documents that talk about the three cities and how we are going to develop them is great news. We have a bit of a forward view as to where development is likely to happen, and we can start to get ahead of the game with our network and behavioural modelling. It really does give us an opportunity to plan the space better than we have. It is not due to resistance from Transport; it is just the sheer amount and complexity of work that is created by the growth we have experienced, and it has been very difficult to keep up.

Mr MULLEY: Similarly in Water, the investigation and analysis is a really complex task. It takes time to do it well and to make sure that you deliver the most efficient ongoing option. It is therefore really important for us to have visibility, and extended visibility, of the growth program so that we can undertake the planning at regional and subregional levels as well as at local levels. I agree with Mr Whitworth that we are coming together, and as long as it is formalised and there is an expectation that each of the parties within those conversations participates and works together—

Mr JAMIE PARKER: Should that be by memorandums of understanding [MOUs]? Are there currently MOU arrangements or is it informal? Do written documents talk about response times or anything like that?

Mr WHITWORTH: It is a mix. We are talking to Education about an MOU in terms of how we relate to them from a planning perspective. We can talk about that, but I do not know whether an MOU would be—

Mr JAMIE PARKER: I am wondering what the mechanism is at the moment. Does someone pick up the phone to say, "We need to talk about this"?

Mr WHITWORTH: Quite often. Mr Raimond and I have probably talked about three or four different things in the foyer downstairs while we were waiting, and Mr Mulley and I talked about a couple of things as well. It is very much that approach. I know that there is a request to bring back the metropolitan development program that people saw as formalising that, but what you are seeing in the work we have with the housing forecast is that there is a lot of process going on behind the scenes as the department puts together its housing forecast.

Mr JAMIE PARKER: Would you support the metropolitan development plan coming back with its mechanisms for the pipeline of supply and those sorts of things?

Mr WHITWORTH: It is not that I do not support it, but I think that the housing forecast models that we have are quite sophisticated and are starting to blend together data that we are getting from Sydney Water,

from Transport, from Education. The development industry is waiting to see that going live, and we are still working towards that. The Urban Development Program involved getting people together in rooms very much like this with the council on one side, the developers on the other side and Sydney Water in the middle, opposite Planning. There would be a conversation but it would be ad hoc. Now we are starting to get quite sophisticated data coming out of Transport in terms of all the Opal data and connecting that to population forecasts. We are also getting Sydney Water's connection rates and its capacity. This sophisticated data can give us housing forecasts that we believe are much more accurate than the estimates we used to make with the Urban Development Program.

The CHAIR: Mr Whitworth, you said that your ability to forecast what will happen in the next 30 or 40 years has improved, and I tend to agree with that. Today the Government has announced the Outer Sydney Orbital with a number of other—

Mr WHITWORTH: A number of other transport corridors, yes.

The CHAIR: Obviously, the orbital is in this region and it is the example I will use. The Badgerys Creek airport is another major infrastructure decision by the Federal Government in this region. I think of places that will be affected by the Outer Sydney Orbital and they fall into many electorates, yet some local councillors have sent a message to the market that there is no development in their areas. I do not expect you to name individual projects, but has that work been assessed for road links and transportation even though councils have sent negative signals? Are those conversations happening at some level?

Mr WHITWORTH: Yes, absolutely they have. Looking at the transport corridors, they form the spine of the Western City District Plan. They also relate to the metropolitan rural area, which was announced in the region plan. So what the Outer Sydney Orbital is effectively doing is defining a hard edge to Sydney's boundary, particularly in the westward expansion. We are also working very closely with Transport to make sure that the corridors are reflected in our land use and infrastructure implementation plans. I have talked about the Greater Penrith to Eastern Creek growth area investigation that we are conducting, and that is partly because you have got the intersection point of the north-south rail line and a couple of the freight corridors as well as the Outer Sydney Orbital. It all comes through there and intersects with the T1 line. That makes it an interesting area from a Planning perspective, requiring a lot of coordination and understanding of what the development potentials might be, but how you can then link that back into the delivery of the infrastructure as well.

The CHAIR: So generally, not just in my electorate or that of Chris Patterson but right across the network that goes up to the north, what signals need to be sent to council, to the market, to the current residents and to all the relevant stakeholders that there could be a potential change to time frames and things like that?

Mr WHITWORTH: It is very much the updating of our land use and infrastructure plans. The two quite significant missing pieces are the Greater Macarthur land use and infrastructure plan, which we are quite close to finalising, and the land use and infrastructure plan around the airport, which is quite an important piece of the puzzle as well. Again, we are very close to finalising that. We have had to review, update and do a few iterations to respond to the district plan and even the city deal.

The CHAIR: And there will be more consultation?

Mr WHITWORTH: There will be more consultation as part of those. I understand from Transport's perspective that they have got people out knocking on doors saying, "This is the corridor."

The CHAIR: Today?

Mr WHITWORTH: Today, tomorrow. Then there will be a number of drop-in sessions. Planning and Transport will be at those sessions.

Mr JAMIE PARKER: Is that for the motorway?

Mr WHITWORTH: For the motorway, for the railway corridors, for the freight lines.

Mr ANOULACK CHANTHIVONG: Today a number of industry groups have appeared before the Committee and—maybe for the lack of a better word—complained about the special infrastructure contribution [SIC] charges in section 94 and their contributions towards planners. What are your thoughts on the current regime and whether it needs to change? And if it does, in what way?

Mr WHITWORTH: That is very much a Planning question, although I am more than happy to have my colleagues buy-in as well. There is a fundamental perspective that we need to take value from the development that gets created in order to fund the infrastructure where it is generating a demand, but there is also a fine line. Do we take all of the value and therefore the development is no longer feasible, or do we ensure that we are providing liveable communities and make sure that the infrastructure is there? If you charge too

much then you do not get any development and in some cases existing communities that need that transformative element are going to be denied.

I think one of the difficulties that we have is understanding that feasibility perspective. We have got three special infrastructure contributions at the moment, so these are the infrastructure contributions for State items. We have got one that applies to the North West Growth Area and the South West Growth Area and one that applies to the Warnervale Town Centre and the Wyong Employment Zone—why those two is maybe an accident of history. We have got a further 23 under development in Sydney and another three under development in regional areas. What we are trying to do with those special infrastructure contributions is get more of a definition around the infrastructure needed for individual areas—the South West alone or the Greater Macarthur alone, or some of the urban renewal areas—for example, East Rhodes is out on exhibition. That also gives us the ability to better understand the feasibility.

In looking at the feasibility, we are also looking at the combination of both local infrastructure contribution charges and State infrastructure contribution charges. The industry groups probably would have raised with the Committee the concern about the uncertainty over what the State items are and what the local items are. That arises because we have moved from a cap, or upon infrastructure contributions of \$30,000 for greenfield areas. It was not really a cap. It was a cap on how much the developers paid but the State Government was still giving those councils, through the Local Infrastructure Growth Scheme, a top-up in terms of the infrastructure they needed—Blacktown council was getting a top-up, Camden Council was getting a top-up. It was becoming unwieldy and uncosted. The Treasury was saying, "We do not know how much this is going to be going forward into the future."

What we have ended up with is the \$30,000 now as a threshold point. If a council is proposing to levy more than \$30,000 then it needs to go to the Independent Pricing and Regulatory Tribunal for a peer review of the project assurance assessment of its infrastructure contribution plans. This is no different to what is happening for State agencies. So if Transport wants to start building a particular piece of infrastructure it needs to go through a project assurance process set out through Infrastructure NSW and designed by Treasury. We are starting to get to the point where we are saying to councils, "This is a very congested space. It is a fought-over area. We want to make sure that your infrastructure contributions planning has that project assurance that we need."

I cannot forecast what the infrastructure contribution plans will be in five years time, particularly in terms of those council infrastructure schemes, but what we are also seeing is developers starting to lock in to a price that they are willing to pay through the voluntary planning agreement process. That is actually forcing the development industry to say, "In looking at the development of this area, what is the infrastructure that we need to provide to make it a liveable and interesting area that we can, most importantly, sell housing from?" That may be part of the answer to that issue. Again, it is not one for which there is a magic bullet. If you pull too much money from developers then you do not get the development. If you do not take enough for the infrastructure, you do not get a quality development. You do not achieve that liveability that is very important.

Mr RAIMOND: I would agree with pretty much everything Mr Whitworth said. One of the things that would be useful in the space perhaps is transparency so that it is clear to the community and everybody what the costs are, what the benefits are, what the windfall gains are to developers and how much they are being asked to contribute, and then the size of the infrastructure investment that is required to actually support that development. I think it would surprise people that often modest developments can push a bit of regional infrastructure over the line and cause a massive infrastructure cost.

That is kind of why I am a fan of the growth infrastructure compact idea. It really is having that broader look at an area trying to come up with the transparent costs and benefits and, in effect, allow you as the Government to make that judgement about how is it best to sequence development. Hopefully, by having a greenfield and a brownfield example, which we are going to have through the growth infrastructure compact for the Greater Parramatta and Olympic Peninsula and for around the airport, we will see the costs and benefits associated with putting growth in a greenfield site versus an established area as well. So a bit of transparency around those I think would just help the debate on this.

Mr ANOULACK CHANTHIVONG: It is not surprising that industry would say, "This is too high and not in the interests of our members". In terms of connecting south-west Sydney, Wilton and Greater Macarthur, is there an adequate amount of public funding currently or in the forward estimates, and also the potential SIC charges, to connect those communities with existing infrastructure?

The CHAIR: Surely you would have to wait until the budget?

Mr ANOULACK CHANTHIVONG: We can always get freebies, can we not?

Mr WHITWORTH: That is a difficult question to answer. What I can say to you is that the Wilton and the Greater Macarthur areas are being predicated on the development of a special infrastructure contribution rate that is at no cost to government or that defined level of infrastructure.

Mr ANOULACK CHANTHIVONG: What is that defined level?

Mr WHITWORTH: It really is the infrastructure needed to activate that development. This is where you start getting into the economic theory. Are we paying for the capital costs to build a new school through special infrastructure contributions? Those students would need to be educated somewhere. The thing that makes the development area create a cost is that land needs to be acquired for a school and that is put into the infrastructure contribution. If putting a development in an area requires the upgrade of roads specifically related to that development then that is a special infrastructure contribution. Levying for things such as electrification is not something that we had looked at as part of the special infrastructure contributions. It is something that gets looked at more in terms of the growth in the population—the service demand in the area—as well.

Mr RAIMOND: I agree with Brett. I think that is one of the more challenging spaces. When a development brings on the need for electrification earlier than we might have planned that is a challenge.

The CHAIR: Undoubtedly. Today there was an announcement of future rail links, connecting the indicative tunnel, I understand it. As we all know, I think, that can be prohibitively expensive from a capital expenditure and an operating expenditure perspective. I just wonder how we fund that—through a co-contribution or by whatever method they want to use—and whether that has been thought of and whether those models are in place to ensure that that does happen.

Mr WHITWORTH: I would like Tim Raimond to help me out with this, but when you are talking about the rail and the provision of stations, that is probably more in the area of value sharing and value capture. The provision of a railway station will create value for the Government. It will also create a significant cost for the transport providers. The question is how you get a share in the provision of that railway station—whether the proponents are willing to build it and whether there is a question of moving a railway station along a continuum of the railway line. The railway lines tend to be quite fixed, but is it possible to move the railway station? That would cause some problems for planners, because we like to attach centres to railway stations. That would give you the opportunity to start talking about value sharing and value capture.

Mr RAIMOND: To follow on from that, we are getting more and more experience with the development of Sydney Metro around how we do that with developers. Underground stations are \$500 million a pop. We are getting developers who are quite interested in being a part of that. For the north-south rail, which we have talked about, we have a Federal Government co-contribution on the table, as well, which makes it a bit easier to deliver. So we are looking at every creative source of revenue we can to make sure that we can deliver.

Mr ANOULACK CHANTHIVONG: I suppose, in one sense, the fact that value capture, or how you want to define it, is being discussed, really indicates that the current SIC charges or the current fiscal pipeline is inadequate to support that rail infrastructure, is it not?

Mr WHITWORTH: Respectfully, I do not agree with that, because the concept of a SIC is about collecting money from the developer for the provision of infrastructure that is needed for that development. Value capture is about saying, "We could have that development there or there or there. Who is willing to facilitate that by entering into arrangements with the Government?" The planning legislation says that if you create a development that has an impact on infrastructure you can levy a contribution to recover that cost, whereas value capture is a much more nuanced approach about planning, economic and infrastructure that is needed.

Mr ANOULACK CHANTHIVONG: How do we value capture for an estate that has already been built? For example, the indicative tunnel would go through Oran Park out to Macarthur. Those areas have already been built and their contributions have already been collected. So how do we get that value capture from an estate that has already been developed?

The CHAIR: You may want to take that question on notice as well.

Mr WHITWORTH: I think that there are assumptions that are being made that the development is not going to be reconsidered and that the people may not look at what other options exist. We are happy to take on notice the commentary about value capture—

Mr ANOULACK CHANTHIVONG: Sure.

Mr JAMIE PARKER: They are doing that in the Parramatta Road Urban Transformation Program. That is a developed area that is already there. The transformation plan has a range of contributions that

developers have to make whenever there is any type of redevelopment—the cost per unit and so on. I think there are models for it. I do not think it is the best in the world, but it is something that UrbanGrowth NSW cobbled together to try to make something work to be a bit more strategic. Maybe that type of approach is part of the solution.

Mr ANOULACK CHANTHIVONG: I am happy to wait for your answer if you want to take that on notice.

The CHAIR: I want to move on to some other questions that the Committee wanted to get some insight into. The Urban Taskforce has called for planning as a bulwark against density being politically contentious. The task force has called for greater advocacy and support of medium- to high-density apartment living. Do you agree that greater advocacy is required? Who should be responsible for advocating in favour of higher-density living? Do you want to take that on notice?

Mr WHITWORTH: I think that there is a narrative about Sydney's growth and about the growth of New South Wales. If you look at a metropolis of the three cities and future transport, you start to see that narrative evolve. Density done well, in the right locations, supports good transport and improved liveability. Explaining how those things come together and explaining how we can protect local character as density increases, and how we can manage the tree canopy—if not, improve it—and how we can improve the cooling of the city are all things that we need to be able to do and to explain to the community as we do our precinct planning. Whether there is a broader narrative that the Government should take up—or industry, academia or councils should take up—I am not sure. I am not certain which is the right agency.

The CHAIR: That is fine. I think Mr Chanthivong was touching on one of the other questions. Treasury and the Department of Premier and Cabinet have been cited by some witnesses for their role in land use and infrastructure planning in the world of new collaboration and things like that. How do those agencies fit into the current model of interagency consultation and coordination?

Mr WHITWORTH: We have a number of senior officer groups where we talk about the various high-level plans that are being prepared. The Department of Premier and Cabinet, and Treasury are members of those groups. They understand that process. You will also find that a number of the higher-level plans go through a Cabinet process as well, where Premier and Cabinet, and Treasury have input. Tim raised the Growth Infrastructure Compact, which has been identified in the Sydney region plan as a pilot for the Greater Parramatta to Olympic Park precinct [GPOP]. That is an attempt to bring those central agencies into the fold in terms of that infrastructure plan.

Mr ANOULACK CHANTHIVONG: Is there a GIC for south-west Sydney.

Mr WHITWORTH: Not at this point, because there is a pilot project for a growth infrastructure compact for Greater Parramatta to Olympic Park precinct. The Western Sydney city deal does talk about a potential additional pilot for the western city in terms of a growth infrastructure compact with them.

Mr JAMIE PARKER: We also had some great submissions about affordable housing and the character of housing. I think that is something that you can see in the submissions. I think everyone on the Committee thinks that it is really critical to make sure that we are not just making high-rise, million-dollar studio apartments but are actually delivering key worker housing. I know that is something that you are considering. We had some discussion about SARA, the group in Queensland—a State Government project—where they have a very visible, transparent set of KPIs, which they apply to agencies and the department of planning. It sets out this is how long it has taken to engage, respond and so on. There are very clear processes identified. Here we talk about applications—how many applications are approved in that time.

The CHAIR: Or rejected—assessed.

Mr JAMIE PARKER: Or rejected—assessed. Even though we do not always agree with the Urban Taskforce, they said it might be the 5 per cent that is delivering 70 per cent of the new housing, and that might be the 5 per cent that takes 800 days. The same with other agencies, whether it is Water or Transport—these are the kinds of KPIs we send off to groups. Do you think there is a place where we can get better transparency? One of the things that is challenging for us and also for stakeholders in the sector is to see what is happening at each stage in these projects in some way that is measurable, to get a sense of time frames and try to bring it together. Is it your sense that there are any opportunities to improve that, to help agencies see what you are doing, help the public see what is happening and help stakeholders to better understand the process?

Mr WHITWORTH: Yes, there is. The Department of Planning and Environment has been working on a project for the electronic lodgement of development applications.

Mr JAMIE PARKER: I think we asked some questions about that, did we not?

Mr WHITWORTH: ePlanning. It has been quite a difficult road. But one of the bases of that program is the creation of an electronic referral mechanism as well so that we are able to start collecting data on the referral process: which agencies are receiving referrals, how long are they taking with the referral time frames and what other sorts of issues they are dealing with.

Mr JAMIE PARKER: I think we asked a follow-up question in writing about that. It was either to the Department of Planning or to the Greater Sydney Commission. It will be interesting—maybe we can write you a letter and ask you some questions just to follow up about when you think that is going to be implemented.

Mr WHITWORTH: The recent changes to the planning legislation also give it some teeth that if an agency does not respond in a certain period of time the secretary of planning is able to step into their shoes. It is a little bit like integrated development processes.

Mr JAMIE PARKER: We just cannot see that at the moment?

Mr WHITWORTH: Yes.

Mr ANOULACK CHANTHIVONG: John Daley from the Grattan Institute spoke about development, particularly in the inner city and middle rings, to leverage off existing public infrastructure and also in connection with the jobs market given the service-based economy, particularly in Sydney. What are the things that Planning and Environment are doing to incentivise or create greater density in those inner city and middle rings so that we can spread the proportion of development in those areas, instead of coming out here and then Mr Raimond would have to find a couple of billion dollars to connect them?

Mr WHITWORTH: It is interesting that people talk about the extent of development within the Sydney Basin and think that there is a lot of greenfield. In actual fact, I think greenfield is about 20 per cent of the number of dwellings that are constructed across the Sydney Basin. The vast majority of new homes are being created within existing urban areas and also in particular corridors. The work that the department is undertaking with its planned precincts program is about matching that development capacity to improve transport infrastructure. We have a number of planned precincts in places along the north-west metro line, as an example, the Sydenham to Bankstown area. We have recently done work on the Macquarie Fields to Macarthur and we are still doing work on Glenfield, the Greater Parramatta to Olympic Park precinct. These are all areas where we are looking at understanding the local character of an area, understanding the environmental values, how do we look at creating increased opportunity housing, working with councils in particular?

It is a difficult exercise and when we create a corridor strategy there is a tendency for people to say, "You are going to upzone the whole corridor" when in actual fact what we want to do is more work on what makes sense from one point to the next point. If you look at the Sydenham to Bankstown corridor, for example, everyone is thinking that we are going to rezone around every single station all at once. But, in actual fact, our focus has been on Canterbury, on Campsie, on Bankstown and we have been looking at that Marrickville area but also looking at that with a very strong weather eye to what the trade-off is in terms of jobs and the character of that area.

That is our challenge: How do we work with councils? How do we work with community? How do we say to them, "We appreciate the character of your area is this and we want to make more houses but we also want you to see that the area is still the same and that there are greater opportunities for green space and open space". That is why our planned precincts program is very much built around building local character statements, preparing green plans that identify opportunities for more open space, better environmental connections as well as the opportunities for better density and better designed development around railway stations.

Mr ANOULACK CHANTHIVONG: I think what you say is very true in terms of liveability and character. How does it then match with the inconsistencies across the developments of particular precincts around Sydney? I will give you an example. In Wollstonecraft, which is reasonably close to North Sydney and Sydney, the capped limit is 11.5 metres, and Ingleburn in my electorate is uncapped under your proposed plans. How does that inconsistency match with what you are saying about protecting the suburb's and area's character and liveability and suburban feel?

Mr WHITWORTH: Firstly, the precinct plan that we put out is not setting the height limits; it is setting a guide to the council for when it comes along and does its planning for the area, what the height limit could be. We had a lot of conversations with Campbelltown council about how those height limits should be set; they wanted some degree of flexibility to understand how you can have the urban design change and respond. I think if you talk about an area like Wollstonecraft with an 11-metre height limit but then you look at the development on the ground there, it is quite dense development. As we start looking at the places where the Sydney Metro will come through, we will be talking about different levels of density in those areas as well that

are quite significant. That is the work that goes to why there are difficulties getting hold of planners, because they are busy producing precinct plans around future metro stations at the moment.

I think that we are going to see an opportunity to remake the city around transport, but we need to make sure that we are protecting character or understanding character. That is why it cannot be done just by the State Government going in and rezoning everything. It has got to be done as a partnership, and the strategic planning that we are doing at a precinct level has got to be matched with the planning that Transport is doing, that Sydney Water is doing, that Education is doing, and we have got to be bringing council into that loop as well. That is where you can start managing that, getting a greater level of consistency in terms of that.

Mr ANOULACK CHANTHIVONG: Undoubtedly there are some inconsistencies. Wollstonecraft was just an example, and I think if you look at Jannali and Como, which also have train stations available, their height limits are also around the mid to late teens. Whilst you work with that, I think when you have inconsistencies between particular areas, at least you can see that somehow one suburban character is more important than another, and that does not seem to be a sense of equity in the whole planning system across the Sydney Metro.

Mr WHITWORTH: I prefer not to comment on that because that is a value judgement that you are making, and you have every right to make that. All I can say is that our focus is on understanding. If we are identifying those stations where there is increased potential to provide rapid transit services to the community and if we are going to put increased development around them, we need to understand what the character is, we need to protect the open space, we need to look at bolstering that and boosting that open space and we need to look at how we can increase opportunity for jobs. As Mr Raimond commented before, as you push in one part of the transport network there are flow-on effects in other parts of the transport network.

The CHAIR: With that said, we might leave it there—although I am sure the agencies would love to stay here for another couple of hours. Thank you very much each and every one of you for appearing before the Committee. If we have additional questions, would you be willing to provide answers, which will form part of the evidence and be published?

Mr WHITWORTH: Certainly.

The CHAIR: I declare the meeting closed.

(The witnesses withdrew)

The Committee adjourned at 15:35