

Making a metropolis of three cities

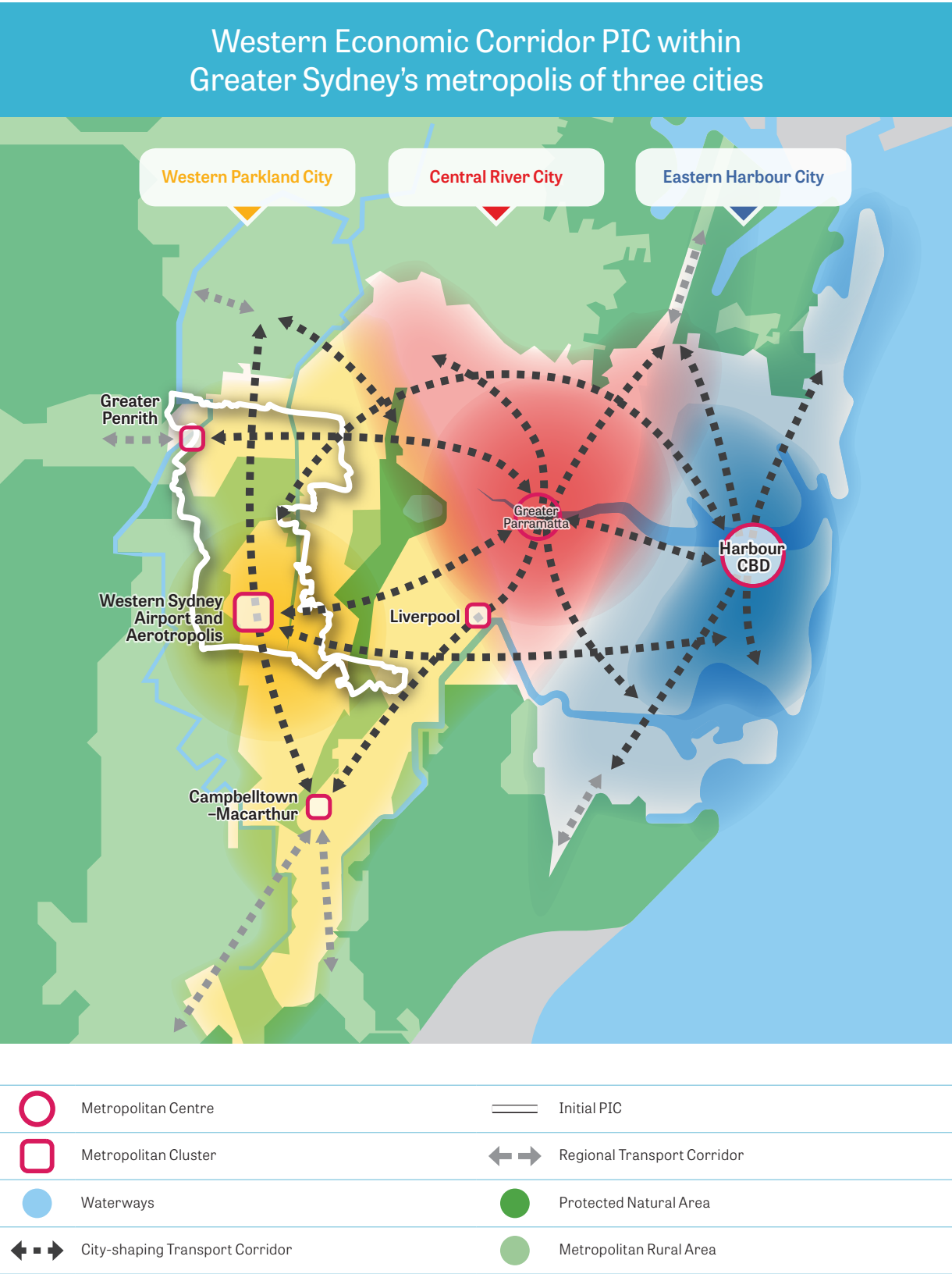
Western Economic Corridor
Draft Place-based Infrastructure Compact



Executive Summary

2020

This document has been prepared as part of the Place-based Infrastructure Compact deliverables and is being submitted to the NSW Cabinet for its consideration.



Executive Summary

Every successful city must have a vision for the future, and then a plan for how to achieve it. Building a city, and better making a city, requires a clear pathway for delivery over time. This needs to be well understood by everyone involved in the city-making process, and the path must be adaptive to the uncertainties of the future.

The Greater Sydney Region Plan – *A Metropolis of Three Cities* sets out a future that would see Greater Sydney flourish over the next 40 years as a more liveable, productive and sustainable metropolis of three cities: the Eastern Harbour City, Central River City and Western Parkland City.

Of these three cities, the Western Parkland City is set to benefit from unprecedented change, with the opening of the Western Sydney International (Nancy-Bird Walton) Airport, the Sydney Metro – Western Sydney Airport in mid 2020s and the creation of a world-class Western Sydney Aerotropolis (Aerotropolis – as the three catalysts for this transformation.

The Western Economic Corridor along the new north-south metro line (*Figure 1*), with the Airport and Aerotropolis at its heart, will support hubs of new industries in the centre of the Western Parkland City, generating new jobs for workers across the city.

The Metropolitan Cluster of Liverpool in the east, Penrith in the west and Campbelltown in the south will continue to be critical locations for retail, commercial, health, justice, education and other services as both Greater Sydney and New South Wales will grow.

Now is the time to set the right course to deliver the most dynamic places in the Western Parkland City, so that the benefits can be realised for all residents and businesses. This means having a clear pathway for aligning growth in jobs and homes, with the timely delivery of all the infrastructure and services needed.

Getting started on making great places that thrive requires upfront investment – like the new Airport, metro, motorway and roads. It will also need water, electricity, gas and smart digital infrastructure. To make great enduring places the area also needs local primary schools, health hubs, clean waterways, emergency services, arts and culture.

The Western Sydney City Deal and the PICs

The Western Sydney City Deal is a shared commitment of the Australian, NSW and local governments to create the Western Parkland City in a way that puts citizens and the community at the heart of decision-making.

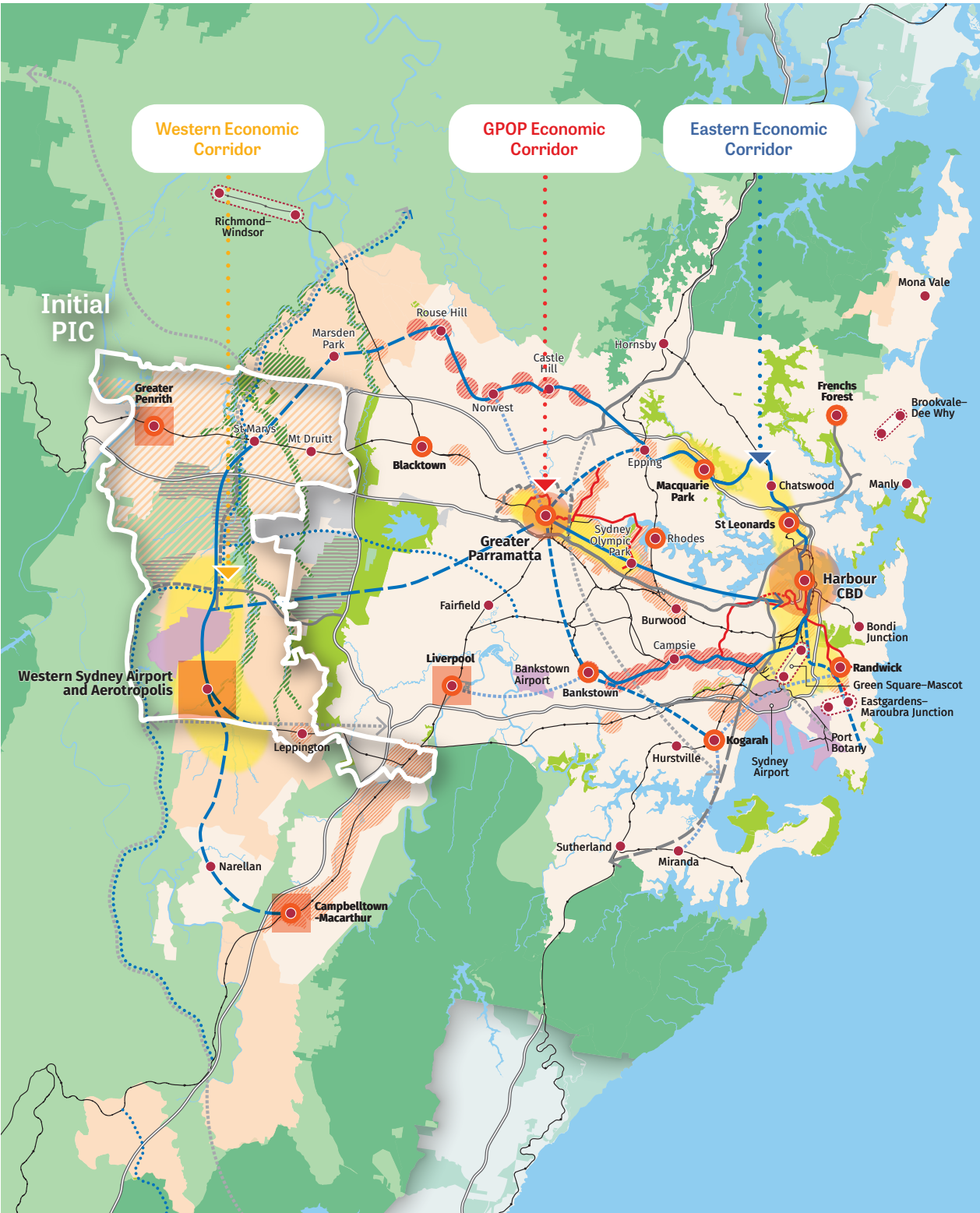
With life changed forever in 2020 - with the reality of extreme climate change, a health pandemic and a seismic shift to digital world – there is an opportunity to closely engage with all stakeholders to find a pathway for an adaptive and resilient Western Parkland City that promotes the wellbeing of all its citizens.

The Western Sydney Place-based Infrastructure Compact (PIC) Program was established in early 2019, as part of the Western Sydney City Deal. The Program uses the Greater Sydney Commission's new PIC model.

A PIC is a highly collaborative model that looks holistically at a place to identify the most effective way of sequencing growth aligned with the provision of infrastructure over time. With so many places to potentially grow in the Western Parkland City, good choices need to be made by decision makers for the community as whole.

The Western Sydney PIC Program, starts with the Western Economic Corridor and surrounds as the initial PIC. This sets out to implement the Greater Sydney Region Plan's direction to rebalance Greater Sydney so that all residents have greater access to jobs, shops and services in a 30-minute city.

Figure 1: Western Economic Corridor



Western Economic Corridor – The place for the initial PIC

The Western Economic Corridor is strategically located in the geographic centre of the Western Parkland City, around 20 kilometres from the existing metropolitan strategic centres of Liverpool, Greater Penrith and Campbelltown-Macarthur, known as the ‘Metropolitan Cluster’.

Consistent with the vision set out in the Greater Sydney Region Plan, these centres would each become a ‘30-minute city’, within a new parkland setting created by a restored Wianamatta-South Creek corridor.

The initial PIC comprises around 35,000 hectares of land spanning from Greater Penrith to Glenfield. This central area of the Western Parkland City – being a rich mixture of urban and rural land – is already home to about 300,000 people and generates around 94,000 jobs.

Beginning near Narellan and flowing 50km north to the Hawkesbury-Nepean river system, Wianamatta, also known as South Creek, has always been an important meeting place and movement corridor for Aboriginal people.

Western Sydney has the largest Aboriginal community across all of Australia. The area is home to around 32,000 Aboriginal people, with almost half living in the initial PIC area. The Aboriginal population is also younger than the general population of Greater Sydney and should share in the growing prosperity of the city.

The draft initial PIC comprises of three areas, known broadly as:

- **Greater Penrith to Eastern Creek** spanning 19,200 hectares north of the Airport, which will support new land releases and urban renewal.
- **Western Sydney Aerotropolis Growth Area** spanning 11,200 hectares surrounding the Airport, will include the development of the Western Economic Corridor around the Airport and the western front of the Western Sydney Employment area.
- **Leppington to Glenfield corridor** spanning 5,200 hectares east of the Aerotropolis which will support new communities anchored around existing rail stations.

COVID-19

The Western Sydney PIC Program continued throughout the general disruption to work practice and workplaces during the COVID-19 pandemic in 2020.

The pandemic will continue to influence land use and infrastructure planning. Inevitably population, housing and job forecasts used in the PIC will be disrupted.

The local, national and global impacts of the pandemic are not yet well understood and the recover effort yet to unfold.

It solidifies the need to plan under scenarios and review progress to help deliver resilient cities and communities that allow people, businesses, places, infrastructure and services to be adaptable to change.

This fundamental disruption will shape the making of Western Parkland City, and is set to benefit from the recovery effort.



Key Note

Applying the PIC model in the Western Parkland City

The collaborative process of the Western Sydney PICs program was founded on setting place outcomes to clearly establish what needs to be achieved for local citizens right across the Western Parkland City.

The **six place outcomes** drive a future Western Parkland City that has

- Connected, diverse and resilient communities
- A strong sense of wellbeing, inclusiveness and accessibility
- Jobs, skills and innovation – for everyone in the city
- Places are well-connected with great transport and digital access

- Scenic, productive and resilient landscapes
- Living Aboriginal culture and contemporary enterprise

These outcomes align with the intent of the 10 Directions of the Greater Sydney Region Plan, the supporting *Western City District Plan* and council local and community planning.

Reflecting the collaborative nature of PICs and building on *The Pulse of Greater Sydney*, **20 indicators** and **26 measures** have been identified to track achievement of these outcomes over time.

Taking a Western Parkland City-wide view, three scenarios were created to consider how the city, with its unique Metropolitan Cluster of Liverpool, Greater Penrith and Campbelltown-Macarthur, could grow and change with the new Airport:

- **Scenario 1 – Growing Parkland City:** A Western Parkland City created under existing planning opportunities without any further rezoning of land to deliver more suburban communities and jobs in centres, with some transport improvements through only infrastructure committed.
- **Scenario 2 – Thriving Aerotropolis:** A Western Parkland City strongly supported by industry and jobs concentrated in a thriving Aerotropolis cluster and better connected to surrounding compact, urban and renewed communities and centres.
- **Scenario 3 – Thriving Metropolitan Cluster:** A Western Parkland City where communities have easy and better access to industry and jobs in thriving employment areas and urban metropolitan cluster of centres; Liverpool, Penrith and Campbelltown, supported by the Aerotropolis.

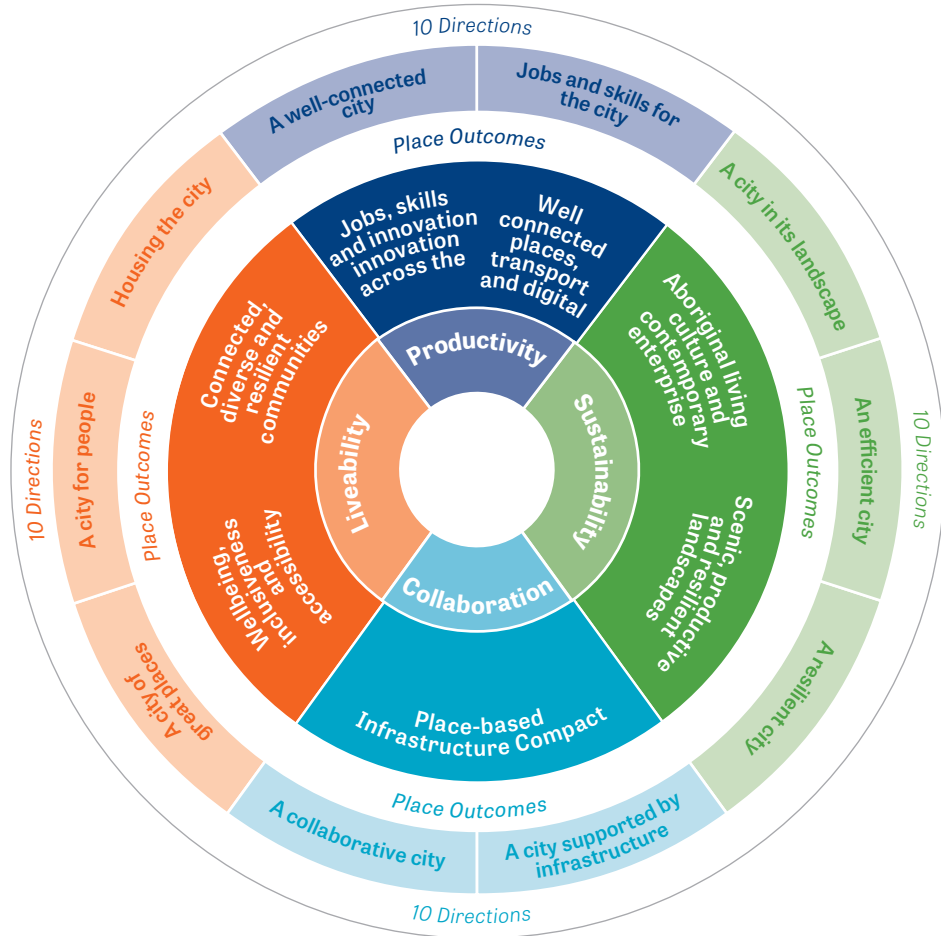
Over an 18-month period, a collaboration of more than 30 partners set out to test the implications of potentially doubling the number of jobs, people and housing across 28 precincts in the initial PIC area over the next 20 years under these scenarios.

All the necessary infrastructure was identified with the relevant agencies, utility providers and, on some aspects, local councils. Costs, as well as the potential source of funding, were estimated for each of the 28 precincts.

Finally, these scenarios were evaluated using a cost-effectiveness and economic analysis with an equity overlay given the impetus to rebalance opportunity across Greater Sydney, to identify a preferred scenario.

Then a sequencing plan informed by a set of principles, including the cost of infrastructure was prepared. Three sequencing options were considered: a maximum, targeted and minimum approached to the supply of land.

Figure 2: Place Outcomes



Finding 1: The scale of the opportunity is globally significant

The initial 35,000 hectare area for the PIC is a significant part of the Western Parkland City, anchored by Greater Penrith and the Western Sydney Aerotropolis.

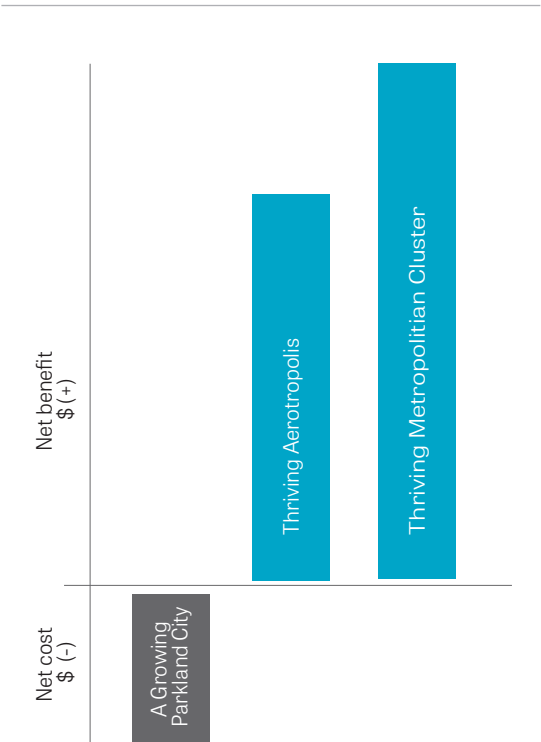
The opportunities for transformation, catalysed by the Airport, over the century ahead will enhance the area's local, national and global attractiveness to investors and visitors.

The future envisaged in this part of the Western Parkland City is one of more knowledge jobs, advanced manufacturing and agribusiness, with higher job densities and more compact urban living in attractive, mixed use centres on, or near, transit and green corridors.

There is already 17,000 hectares of land zoned for urban and employment purposes, some of which is yet to be built on, and a further 6,200 hectares being planned for rezoning in the draft *Western Sydney Aerotropolis Plan*.

The PIC found that not all of the urban and employment land available and being planned for will be needed in the next 15 to 20 years to achieve liveable, productive and sustainable outcomes.

Figure 3: Results of the cost benefits analysis – 40 years



Finding 2: Rebalancing jobs will deliver community benefits and better equity

The PIC found the 'Thriving Aerotropolis' and 'Thriving Metropolitan Cluster' scenarios will provide the greatest liveability, productivity and sustainability benefits. These benefits outweigh costs in today's dollars.

By contrast, the benefits the 'Growing Parkland City' scenario do not outweigh the costs, as the level of growth would not effectively leverage the infrastructure investment underway.

The net benefits for the community under the 'Thriving Aerotropolis' and the 'Thriving Metropolitan Cluster' scenarios is \$3.5 to \$4 billion (Figure 3).

Not leveraging investment already made in the area would result in a net cost of \$1 billion to the community and the lost opportunity to rebalance Greater Sydney and improve equity.

Finding 3: The Western Parkland City vision needs upfront and sustained investment

To double the number of jobs and homes in the initial PIC area requires investment in city *building* and city *making* infrastructure.

The PIC found that a total investment of \$90 to 100 billion in infrastructure and services is needed over 20 years to serve the forecast level of growth and achieve the place outcomes and the aspiration of the Western Parkland City's vision.

Of this, \$60-70 billion has been apportioned to the initial PIC area. The NSW and Australian Governments' have already made an upfront investment of \$20 billion in the infrastructure identified in the PIC.

Road and public transport; water, recycled water and wastewater; and the management of biodiversity, waterways and stormwater account for almost 90 per cent of these costs (Figure 4). The remaining 10 per cent are associated with all the infrastructure and services essential to making great local places.

This infrastructure requires 6,300 hectares of land, beyond what the NSW Government has already acquired. Most of this land is required for waterway management, protecting diversity and managing stormwater consistent with the Parkland City vision (Figure 5).

Figure 4: Capital costs by sector apportioned to initial PIC area, Scenario 2 – 20 years

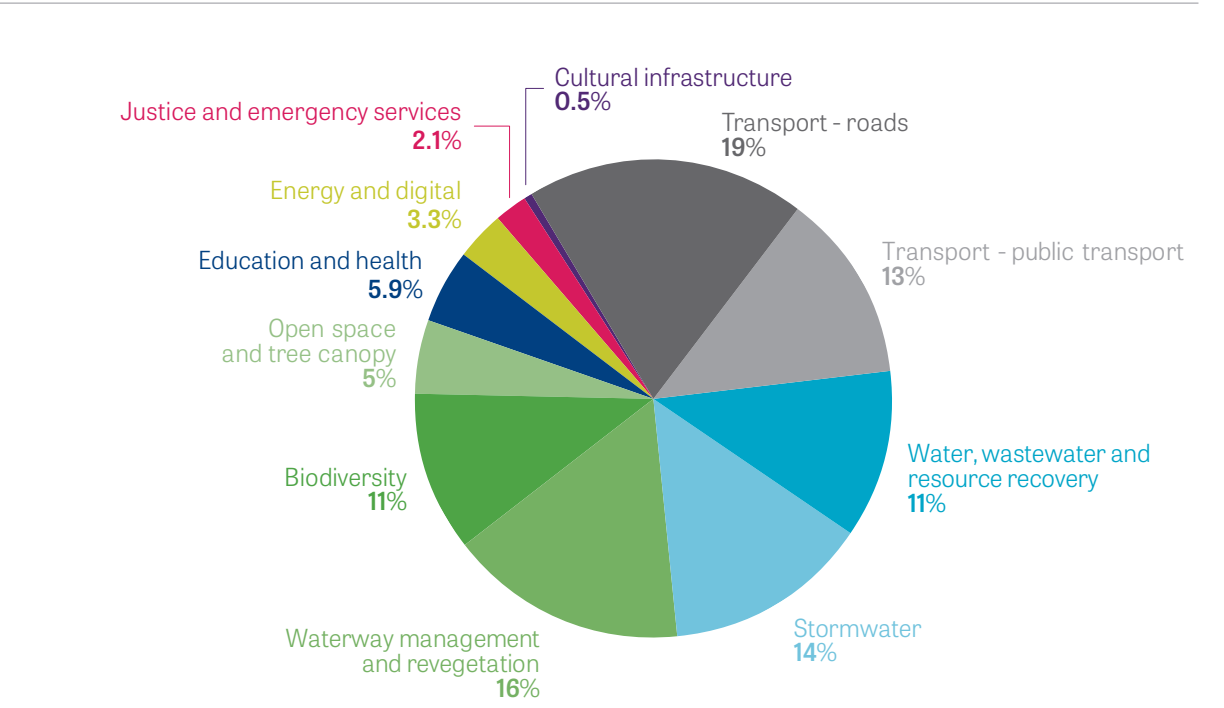
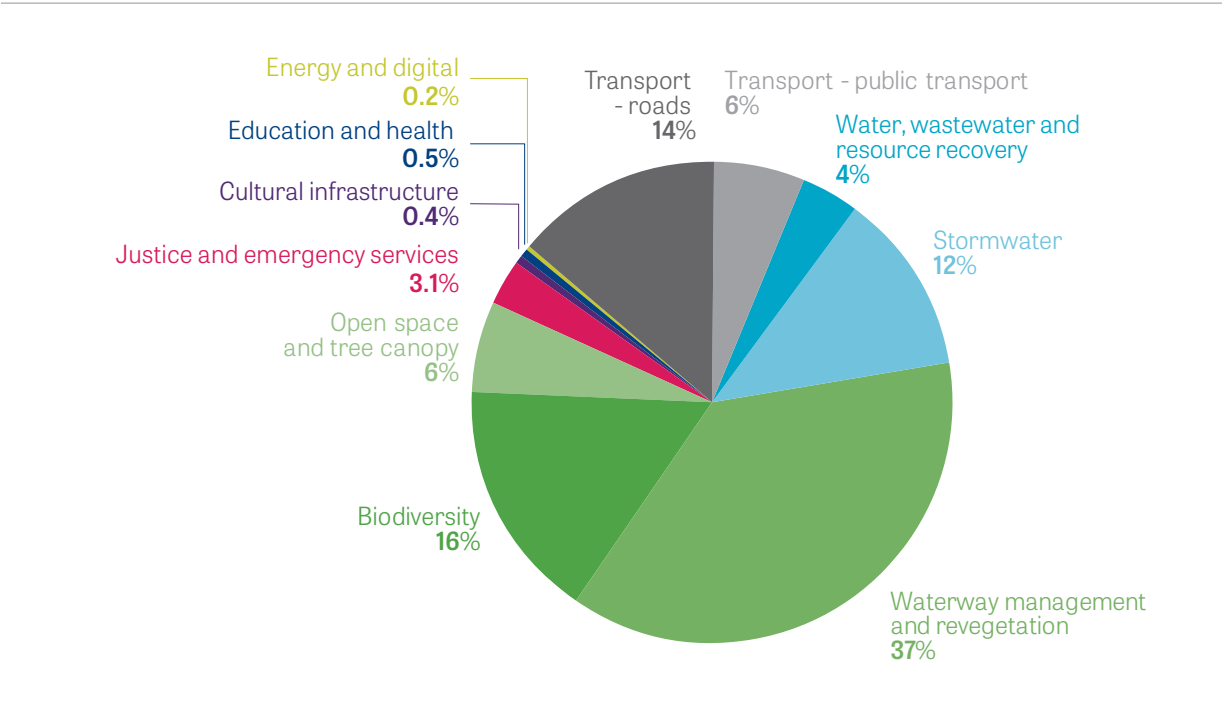


Figure 5: Identified land requirements by sector for the initial PIC area, Scenario 2 – 20 years



Finding 4: Co-funding infrastructure to make great places is key

The scale of necessary infrastructure requires a clear understanding of costs, and who should contribute to them, to guide better decision making. The PIC model considers the fundamental question of who should contribute to infrastructure aligned to growth.

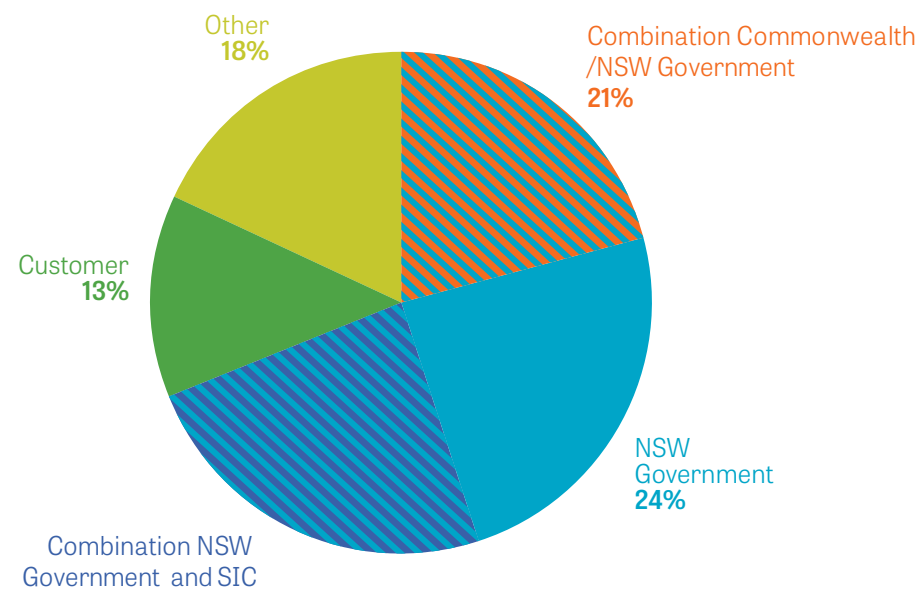
It was found that of the estimated \$60 to 70 billion in capital costs apportioned to the initial PIC areas, 21 per cent would need to be jointly funded by the Australian and NSW Governments (Figure 6).

A further 24 per cent would need to be funded by the NSW Government and around 13 per cent through direct customer charge for utilities such as water, wastewater and utilities.

Around 24 per cent, or around \$15 billion, would need to be funded through a combination of NSW Government and development contributions. A fair and transparent contribution from developers would need to be worked out.

The PIC also found around 18 per cent of costs would need to be funded from other sources such as funding grants, direct developer provision and local contributions to fund lifestyle elements such as regional stormwater management, open space, sporting facilities, walking and cycling networks, and tree canopy.

Figure 6: Identified funding sources for capital costs apportioned to the initial PIC, Scenario 2 – 20 years



Finding 5: Early insights can inform better decision-making on where to focus

The scale of urban and employment land across the city presents many options to the NSW Government, local councils and the community of where to align growth with infrastructure and services.

Overall, the PIC process found that to realise benefits for the community as a whole, the Greater Penrith to Eastern Creek, the Western Sydney Aerotropolis Area and the Leppington to Glenfield Corridor must grow together.

The future role of the precincts in the PIC vary considerably – residential, mixed use and employment (industrial, commercial and agribusiness). This is reflected in the results of the cost-effectiveness and cost-to-benefit analysis used in the PIC model (Figure 7 and 8). For example, the cost of accommodating a new resident or job varied from less than \$50,000 to more than \$400,000

The Greater Penrith to Eastern Creek area is best positioned to deliver new homes – including private, affordable rental and social – and leverage existing infrastructure.

The more cost-intensive Western Sydney Aerotropolis Area and the Leppington to Glenfield Corridor, is uniquely placed to provide high value jobs, skills and training opportunities.

Other precincts suitable for industrial and urban services, while relatively costly on a per job accommodated measure, are essential to the productivity and operation of Greater Sydney.

Figure 6: Cost of accommodating a new resident or job undiscounted, Scenario 2 – 20 years

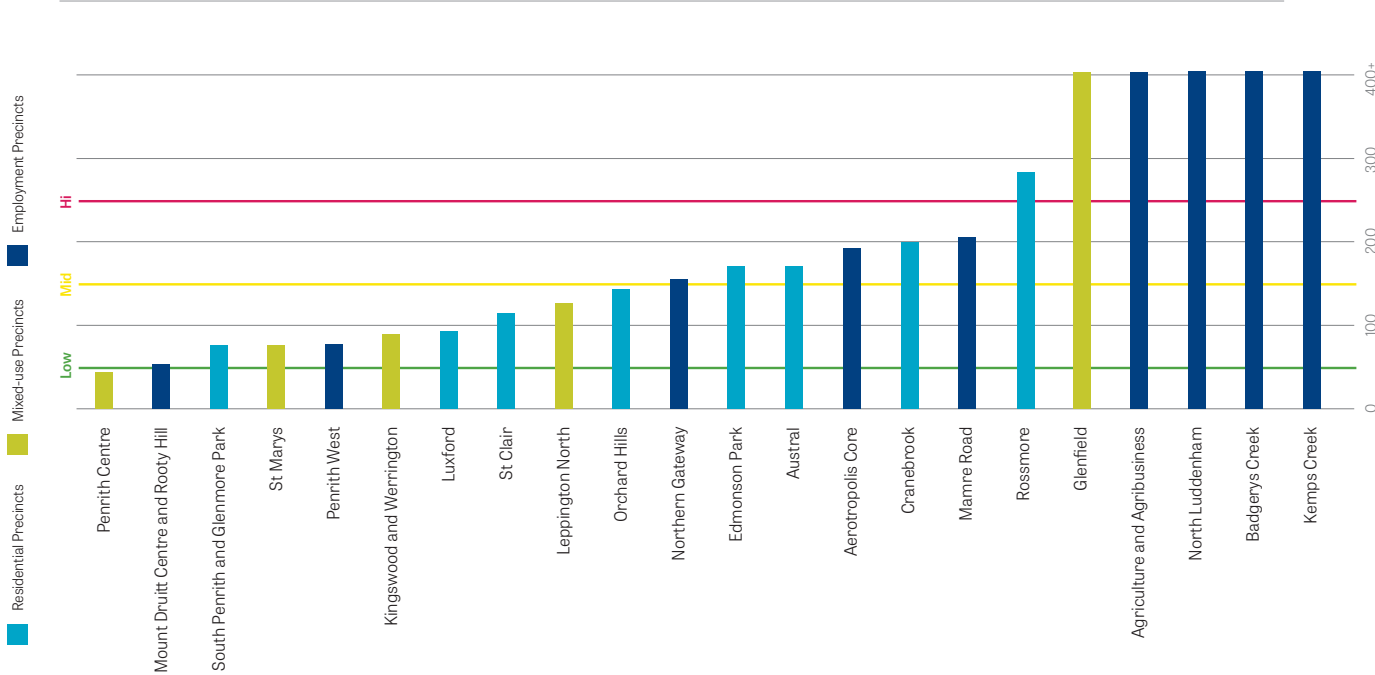
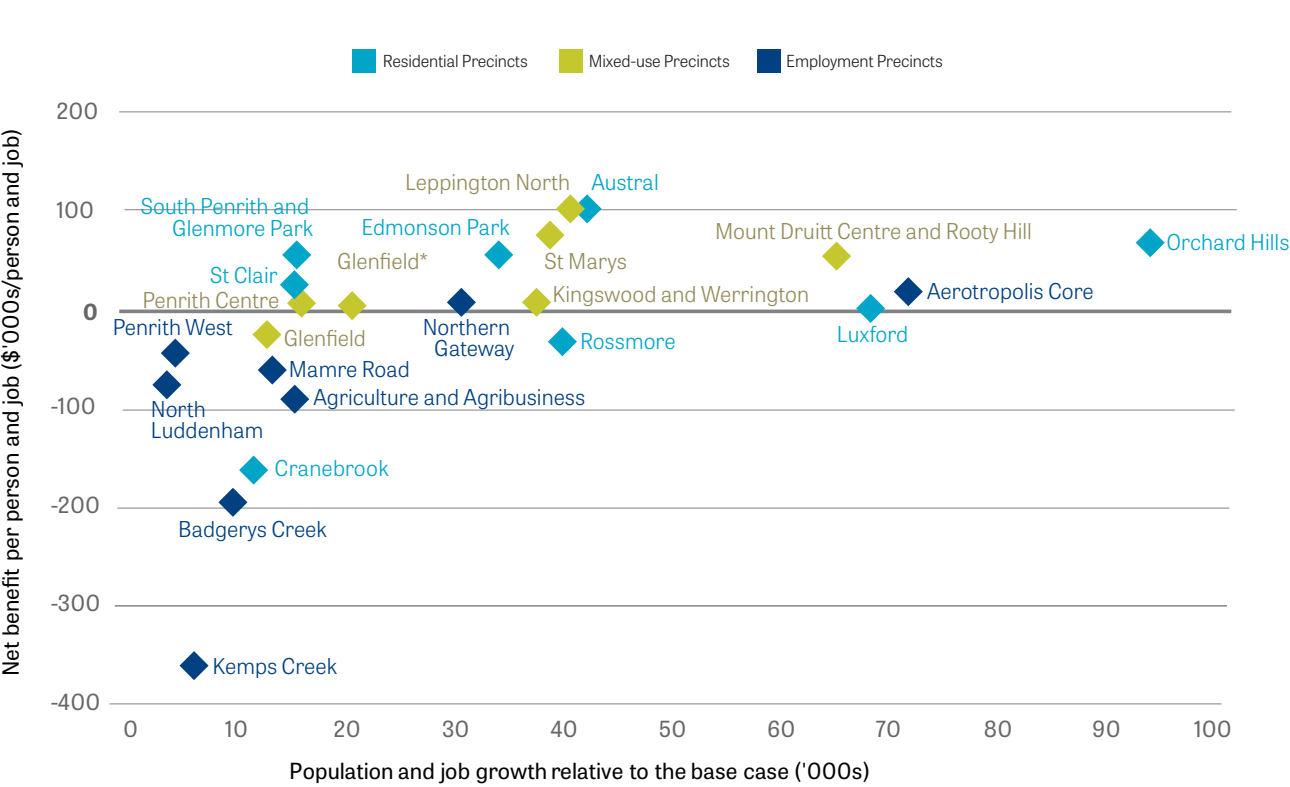


Figure 7: Net benefit of accommodating a new resident or job relative to the base case discounted, Scenario 2 – 40 years



Proposed actions

The collaborative and evidence-based process, and the stakeholder engagement undertaken so far, has informed 10 proposed actions.

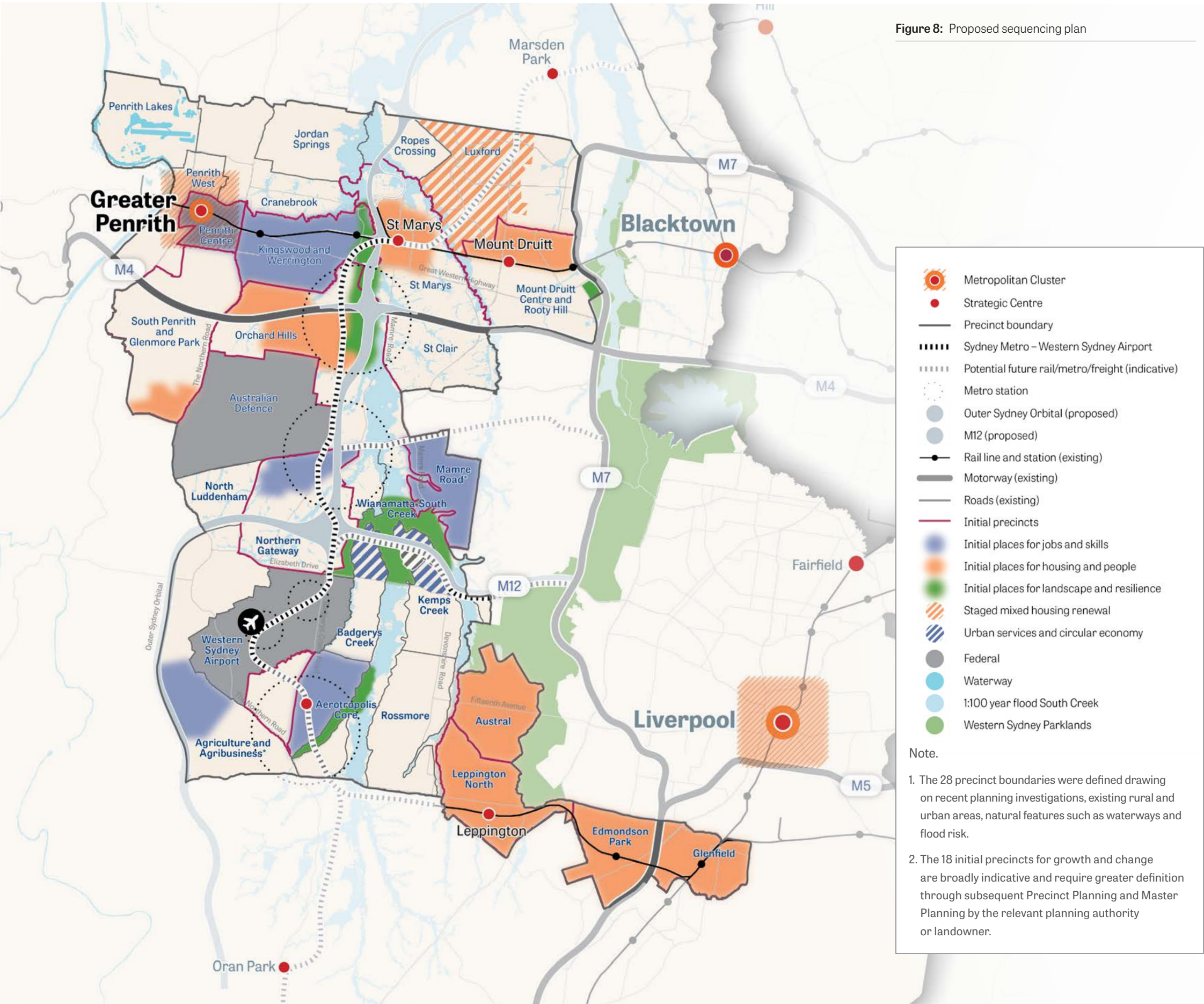
The first five proposed actions put forward an efficient and equitable way of aligning growth with the provision of infrastructure, through a sequencing plan that takes a ‘targeted stimulus’ approach.

This sequencing plan includes the six initial precincts, either in part or full, as identified in the draft Western Sydney Aerotropolis Planning Package exhibited in December 2019.

It targets opportunities most likely to stimulate the Western Economic Corridor and surrounds in a way that delivers on the identified Place Outcomesf.

The sequencing plan is based on these four guiding principles:

- 1. Align with tri-level government policies and directions
- 2. Leverage investment to maximise the use of land for job creation, skills and industry
- 3. Leverage consolidated land holdings in public and private ownership
- 4. Minimise cost of enabling and supporting infrastructure and services



Proposed action 1: Initial places for jobs and skills

The suggested initial places for jobs and skills are areas within:

- **Aerotropolis Core Precinct**
- **Northern Gateway Precinct**
- **Agribusiness Precinct**
- **Mamre Road Precinct**
- **Badgerys Creek and Kemps Creek Precincts**
- **Penrith Centre Precinct**
- **Kingswood and Werrington Precinct**

This is where infrastructure and service investment can stimulate, enable and support new industries and jobs; places for education and training, and vibrant centres with some housing.

These are also places that can accommodate more traditional industrial, warehousing and logistics; and future-focused industries for the emerging agribusiness and circular economy.

Proposed action 2: Initial places for housing and people

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The suggested initial places for housing and people are:

- **Edmondson Park, Austral, Leppington North and Glenfield precincts,**
- **Glenfield, Orchard Hills, St Marys, and South Penrith and Glenmore Park Precincts**
- **Luxford Precinct**

Together these precincts can deliver diversity of new housing for a growing population in the Western Parkland City. This diversity will include all types of new housing - from social housing to private ownership.

These initial places should be inclusive to meet the needs of each unique community, including people across the income, age and diversity spectrum.

Proposed action 3: Initial places for landscape and resilience

The suggested initial places for landscape and resilience are areas within:

- **Wianamatta-South Creek Precinct** (adjacent to Aerotropolis Core, Kemps Creek and Badgerys Creek Precincts)
- **Wianamatta-South Creek in Orchard Hills, Kingswood and Werrington, and St Marys Precincts.**

Prioritising investment in Wianamatta-South Creek will support improved water quality, enhance existing biodiversity and open space through a new whole of water-cycle servicing practices. This will help to deliver the Western Parkland City vision, foster a more resilient city and reduce the impact of extreme heat.

Proposed action 4: Subsequent places for growth and change

Several precincts and areas across the initial PIC offer development potential, yet will retain current zoning until they are needed to accommodate demand for new house and employment. These suggested places include:

- **North Luddenham, Dwyer Road and Rossmore Precincts**
- the northern part of the **Agribusiness Precincts**
- the southern parts of the **Northern Gateway, Badgerys Creek and Kemps Creek Precincts.**

The exact timeline for when these areas will be needed to support growth is not known. Landowners and business must be reasonably informed about timeline to avoid unfairly raising expectations.

This will inform decision-making and ensure that land prices are not artificially inflated based on undue expectations about the timing of development.

Proposed action 5: Out-of-sequence development

Development outside the suggested initial areas in the proposed sequencing plan is discouraged. By allowing development outside these places an additional burden on the NSW Government, utility providers, councils, other service providers and communities, for which they cannot adequately prepare.

Accelerating spending for an area outside the suggested initial places would mean diverting infrastructure and

service spending away from higher priority planned locations. In principle, this is counter to the collaborative and coordination effort of the PIC.

However, it is proposed that should the market seek to pursue a development in a suggested initial area, any proposals are diligently assess leveraging principles of the NSW Government's:

- *Public Private Partnership Guidelines (2017)*
- *Unsolicited Proposals – Guide for Submission and Assessment (2017).*

The **subsequent five proposed actions** put forward ways of coordinating place and infrastructure priorities in high transformation areas like the Western Economic Corridor and surrounds.

These actions build on the platform of the Western Sydney City Deal and rely on the Western Parkland City Authority leading coordination and delivery efforts.

These proposed actions are intended to inform the government decision-making, particularly capital investment plans and budget processes of the NSW Government, and key policy decisions.

Proposed action 6: 'Fit-for-Place' Development Program

This action proposes a program led by the Western Parkland City Authority that would oversee the alignment of growth with the provision of infrastructure across the 'initial places'. It is proposed to involve:

- quarterly two-way dialogue between State agencies, utility providers, local councils, development industry and private and not-for-profit providers for matter relating to the delivery of the initial PIC.
- regular engagement on the development pipeline needing to be serviced with infrastructure in the short to medium term, so there is a shared understand of the priorities.
- reporting on the Place Outcomes for the initial PIC alongside established city-wide reporting through *The Pulse of Greater Sydney* led by the Greater Sydney Commission.

Proposed action 7: Forward public land and property program

This action proposes the Department of Planning Industry and Environment (DPIE) maintain a forward property strategy and acquisition program for the initial PIC area to:

- identify opportunities for transfer of land between NSW Government agencies and co-location of infrastructure and services on existing Government land.
- identifying and prioritising the land needed by NSW Government for future infrastructure, open space and services efficiently and cost-effectively will provide certainty to landowners, State agencies and the community.

Proposed action 8: Shifting to place-based business cases

This action proposes the Western Parkland City Authority leads a shift towards strategic place-based business cases to stimulate public and private investment in the 'initial places', where required.

A place-based approach can address barriers to stimulating growth, such as fragmented land ownership, while optimising, prioritising and align infrastructure and service investment within the fiscal constraints of delivery agencies across the NSW Government.

This means taking the infrastructure needs identified in the PIC and optimising and prioritising investment in line with the sequencing plan and within what the NSW Government can afford.

Proposed action 9: Regional integrated water cycle and stormwater management reform as part of place-making

This action proposes DPIE lead a process to clarify the desired infrastructure requirements, roles and responsibilities, and appropriate funding mechanisms to create the Western Parkland City as a cool, green place with water as its defining structural element.

This should involve an integrated water cycle management and regional stormwater reform that reduces the duplication of effort, costs and inconsistent outcomes as land is developed and places are renewed. This process should involve local councils, the development industry, Sydney Water and relevant State agencies, and determine a way forward to efficiently and effectively manage regional stormwater in the landscape.

Proposed action 10: Renewing and increasing the provision of social and affordable housing as part of place-making

This proposed action aims to increase the provision and improve the quality, location and mix of social and affordable housing with private housing in the initial PIC area where feasible.

This could involve the early provision of social and affordable housing around new Sydney Metro – Western Sydney Airport stations, due to open in the mid-2020s, where residential and mixed use communities will be built, such as in the **Northern Gateway, St Marys and Orchard Hills Precincts**.

Some social housing tenants living in the **Luxford** Precinct, north of Mount Druitt and Rooty Hill, could be supported to relocate into new and well-designed housing located in the nearby suburbs to leverage the benefit of the new metro line, while retaining valuable connections with where they currently live.

This approach could support a diversity of people to benefit sooner from the investment in the Sydney Metro network, and enable them to participate in the growth of jobs, skills and training set to occur in the Aerotropolis.

The alternative would be to defer major housing renewal in the Luxford Precinct until the planned extension of Sydney Metro – Western Sydney Airport from St Marys to Schofields which is not planned to start services until around the late 2030s.

Where to from here?

Feedback on the findings and proposed actions from this initial work on the Western Sydney PIC Program will be incorporated into the Commission’s recommendations to the NSW Government for its consideration and response.

While the work involved in making the Western Economic Corridor and surrounds is immense, it is essential to reshaping Greater Sydney into a metropolis of three cities.

Realising the Western Parkland City requires input, commitment and determination from all levels of government, from the community, from business and from the development industry.

If adopted, the next steps for implementing the initial PIC would involve:

- amendments to the relevant strategic and statutory plans to reflect the proposed sequencing plan outlined in proposed actions 1 to 5, with more detailed planning to include further community consultation
- the Western Parkland City Authority leading the program-based approach outlined in proposed actions 6 to 10 to coordinate place and infrastructure priorities and monitor performance using the outcomes framework established
- the ongoing work of the Greater Sydney Commission, Western Parkland City Authority, Western Sydney Planning Partnership, DPIE and councils to collaboratively develop the planning framework, including state, regional and local contributions, needed to facilitate the making of the metropolis of three cities.





Greater Sydney Commission

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