



Friday 17 October 2024

Carmel Donnelly PSM
Chair
Independent Pricing and Regulatory Tribunal
Email: ipart@ipart.nsw.gov.au

Draft report: Mamre Road Stormwater Scheme

Dear Ms Donnelly,

The Property Council of Australia and Urban Development Institute of Australia (NSW) welcome the opportunity to respond to IPART's Draft Report on the Mamre Road Stormwater Scheme.

Our organisations have a longstanding commitment to advocacy for the land use planning controls, investment in roads and enabling utilities required to address Sydney's chronic shortage of industrial land. As mentioned previously, Sydney has less than one year's supply of zoned and serviced industrial land available - we are in the midst of an industrial land supply crisis - and this crisis is placing pressure on the efficient operation of our supply chain network.

From our discussions across both industry and government, it is clear the intentions and aspirations contained within the proposed Mamre Road Development Control Plan (DCP) will not be achieved until such time as a comprehensive and equitable regional stormwater management solution is delivered across the precinct.

The submission provided by the Mamre Road Landowners Group (MLOG) details how IPART's draft report falls short of providing the peer review of engineering standards and water quality targets that have informed the preparation and costing of the stormwater scheme. Should the revised charges be adopted, it will represent an additional blow to certainty for an industry which has already made significant investment decisions on the prior advice from government that contributions were likely to apply at a rate of circa \$300,000 per hectare.

The only feasibility modelling which has examined the industry's capacity to afford the proposed increased charges is the Atlas Economics modelling commissioned by landowners' group (LOG). To claim feasibility, IPART has sought to make the case that the new charges will be incorporated into the price of future property transactions - this approach overlooks the fact that the developable lots across most of the precinct have already been purchased by property developers on the basis of different cost assumptions.

The Atlas Economics report relies on acquisition costs which were incurred by developers seeking to invest in the precinct in the years following the precinct's rezoning in 2020. Based on these land costs, the modelling confirms that the feasibility point for the stormwater charge sits at \$500,000 per hectare - well short of the NSW Government's interim bonding rate of \$800,000 per hectare and the draft report's proposed rate of \$850,000 per hectare.

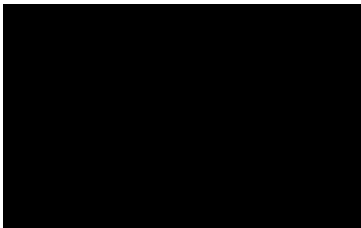
To address the feasibility gap between IPART's revised costs and the feasibility requirements of industry we are proposing the following changes to infrastructure charges:

1. The revision of Sydney Water's land acquisition costs to incorporate the significantly lower post-DSP property prices in the precinct.
2. Minimise the cost and land take of interim stormwater management infrastructure, ahead of the regional scheme being operational in the Mamre Road Precinct.
3. That the final DSP charge only include the capital costs required to build the regional stormwater scheme and that \$260 million in operating costs identified in IPART's draft report be removed from the final price and funded by owners and tenants as part of quarterly or yearly rates notices based on a 100-year scheme life cycle operational costing.
4. That a new cap or bonding rate on stormwater charges be set at \$400,000 to \$500,000/ha of net developable area until the final scheme costs are settled noting the inclusion of a contingency of 34% in the current scheme and the significant opportunities for developer led works and reduced land acquisition costs to significantly reduce the final cost.
5. Should the final DSP charge exceed \$500,000/ha that any additional costs be funded through consolidated revenue or a reduction in Sydney Water's dividend to the NSW Government.

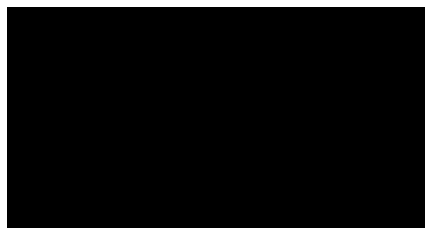
Both UDIA and the Property Council remain committed to working with government stakeholders to deliver solutions for Mamre Road that are efficient and deliver quality environmental outcomes. For further information please contact [REDACTED]

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[REDACTED]
[REDACTED]

Yours sincerely,



Property Council of Australia



Urban Development Institute of Australia (NSW)