

133 Darley Road
RANDWICK NSW 2031

29 October 2013

The Hon Joe Hockey, MP, Member for North Sydney
Federal Treasurer
joe@joehockey.com
Level 6, 100 Mount St
NORTH SYDNEY NSW 2060

Dear Minister Hockey

AIR SPACE DEVELOPMENT

Background

The Commonwealth has announced initiatives to fix project paralysis and stimulate a productive economy without further debt. Air Space Development (ASD) above transport corridors is recognised as a financially responsible initiative to deliver transport oriented infrastructure and particularly for stimulating growth in the housing sector to build a stronger more productive and diverse economy. Such an approach has already been shared with Infrastructure Australia as part of a Submission to the State Government in 2010 regarding the NSW State Government Metropolitan Strategy Review. A copy of Infrastructure Australia response is provided, **Attachment A**.

The scale of current State owned underutilised assets, which could be employed to generate revenue is substantial. There should be a way of unlocking these assets which does not rely on public sector action.

Purpose

The purpose of this correspondence is to:

- alert you to the prevailing inertia within a State Government in addressing ASD type productivity improvement initiatives, and
- identify an opportunity for the Commonwealth to support State Governments to enhance the productivity of existing lazy assets at appropriate locations.

Issues

A group of highly qualified planners, lawyers, architects, executive managers and transport engineers, with both private and public sector experience recently proposed a new way of doing Government business in NSW to capture the benefits of ASD. The range of benefits, both direct and indirect included:

- facilitating sustainable urban renewal and development,
- encouraging public transport use and improving local community connectivity,
- creating unscheduled revenues for reallocation to other infrastructure projects, and
- improving housing productivity.

Bureaucratic bungling and delay has frustrated this group's efforts since December 2012. An unsolicited proposal to develop TfNSW space above the light rail stabling facilities at Rozelle which would have paid for the stabling facilities and provided much needed housing stock, was rejected in March 2013.

The Proposal was consistent with the State Government's Guidelines on Unsolicited Proposals and utilised the short window of opportunity prior to the Light Rail infrastructure construction. Irrespective of the scale of derived benefits foregone in not proceeding, **Attachment B** refers, the State Government rejected the proposal on the grounds of 'no land ownership'. This is an absurd argument. How can any developer own NSW Transport Corridor land? Even to begin with the argument is flawed by the Crown Casino proposal at Barrangaroo, which is a development proposed on Crown Land.

Subsequently, the group identified a number of sites for similar financially responsible development in NSW and took these to TfNSW for consideration. There was a delay in finding any group which perceived it had responsibility for this activity. When a contact was made and a meeting arranged the group was informed on the day that the contact person had been replaced. The group then met another set of bureaucrats who were 25mins late, had no idea of any work being developed for planning policies associated with ASD and had little interest. They promised to look into the issues but failed to provide any substance after the meeting.

At the same time TfNSW has announced a massive ASD over the Central Railway Station and Everleigh area and currently TfNSW Planning Division is reorganising. No-one appears to be developing any planning policies for this significant and economically beneficial development. This will be a problem considering the extreme complexity of the site, not only because of the highest intensity of passenger rail traffic movements in the NSW Rail network generated in the location.

The issues outlined above are NSW centric, but, the benefits of ASD can be replicated in other jurisdictions nationally. If the Federal Coalition wants to see construction as a huge part of its aim to increase economic growth in its first term ASD provides a way of encouraging private funding to assist in developing infrastructure. Development adjacent to transport nodes, over transport infrastructure including bus and rail depots, will improve the quality and productivity of transport as well as adding to the quantity and quality of housing stock. It will add to the vision of 'Cranes over the cities' and encourage economic growth.

Conclusions

There is a large area of underutilised State owned land assets particularly in ASD and many urban policy objectives can be attained through the application of ASD.

ASD provides an opportunity to formulate policy that reflects a gear shift to initiate national objective outcomes.

Current public service attitudes are frustrating the development of initiatives which propose acquiring community and economic benefits associated with ASD. These initiatives will greatly enhance the productivity of the Australian economy and add to the vision of 'cranes over the cities'.

Recommendation

That you arrange for someone who cares to discuss these issues with our group.

The group can make available other relevant information as listed at **Attachment C**, and would appreciate the opportunity to assist develop this significant productivity enhancement opportunity.

Yours sincerely,


Robert Senior


John Hopman

Attachments:

- A. Response from Infrastructure Australia Regarding Air Space Development Proposal Jul 10
- B. ASD Proposal for Rozelle – Assured Benefits Foregone in Not Proceeding
- C. Additional Related Information for Background and Context



Australian Government
Infrastructure Australia

Mr Robert Senior
Director, Certain Planning
PO Box 1144
Haymarket SYDNEY 2000

RS 9/7/10

Dear Mr Senior

Thank you for your correspondence dated 2nd June 2010 to the Hon. Anthony Albanese, Minister for Infrastructure, Transport, Regional Development and Local Government enclosing a copy of your submission to the NSW Metropolitan Strategy Review. As your correspondence relates to improved integration of land use and transport infrastructure, the Minister has referred your submission to my office for consideration.

Your submission to the Metropolitan Strategy Review focuses on the merits of air space development within the rail network and how such development could contribute to a range of positive land use, transport, and fiscal outcomes.

My office, including the Major Cities Unit which is collocated with Infrastructure Australia, shares your views about the need to obtain maximum benefits from land and infrastructure assets. There is clearly much scope for air space development above rail assets, particularly at key stations and interchanges, and I commend you for presenting a strong case for such development in your submission to the NSW Minister for Planning, Infrastructure and Lands.

Infrastructure Australia is also exploring how the Australian Governments' investments in infrastructure may leverage greater urban development outcomes, such as those you describe.

Thank you for your contribution to the NSW debate. It is also of relevance in other States and Territories.

Yours sincerely,

Michael Deegan
Infrastructure Coordinator

**ROZELLE AIR SPACE DEVELOPMENT PROPOSAL
ASSURED BENEFITS FOREGONE IN NOT PROCEEDING**

1. The creation of unscheduled revenue from an existing State owned lazy asset to the tune of \$135 m.
2. Reflects many of the objectives within the NSW State Plan 2010.
3. Development will more than pay for Light Rail stabling facilities.
4. Enclosed working environment for stabling and maintenance.
5. Security lighting will have no environmental impact.
6. Reduction with noise emission from the stabling operations.
7. Enhances the uplift in Light Rail patronage.
8. Incorporates operator car spaces with consequential reduction in private car ownership thus reducing traffic volume, road traffic congestion and emissions.
9. Enables the basis for Trial with the planning and delivery of Transit Oriented Development (TOD) focused Air Space Development elsewhere within the State owned transport network.
10. A sizeable uplift in the provision of residential housing through urban renewal within a TOD precinct.
11. Provides the basis for triggering the rationalisation of existing high value public housing within the sub region and follow on opportunity to divest relevant housing stock to secure greater in lieu community dwelling numbers.
12. Demonstrates the enhancement of social justice, access and equity for public betterment.
13. Permits the activation of further Community Housing Providers.
14. Enable a substantial reduction in the waiting time band for existing public housing applicants.
15. Encourages property developers back into the market and construction industry stimulus.
16. Provides the platform for the delivery of a first multi story structure with an environmentally sustainable Cross Laminated Timber application.
17. Provides the platform for the provision of a Metro first transit oriented long day care centre.
18. Permits the application of further innovative eco-friendly initiatives including for example Trigen.

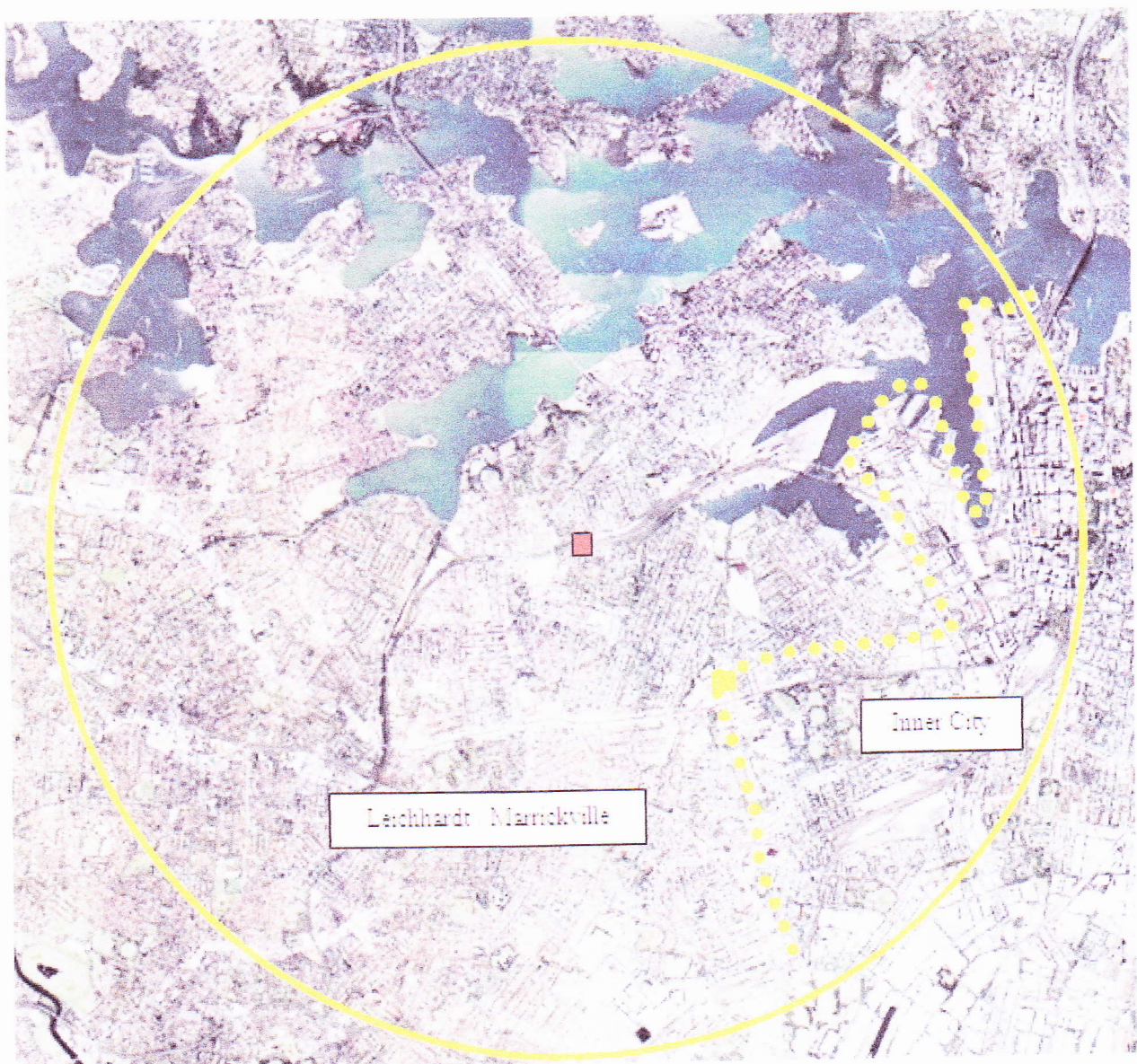
Additional to the above range of benefits, some related metrics are listed for context:

- Subject to an agreed development envelope at Rozelle, an indicative 7 storeys structure would yield in the vicinity of 900 residential units plus commercial and social (day care, medical) facilities at no cost to government with an indicative \$140,000 per unit land value.
- This size of yield represents some 10% of the existing Public/Community housing within a 5 km radius of the Rozelle site.
- A current non TOD inner Metro 3 ha site (6km from the CBD) is being purchased at a cost to government of \$100m to deliver some 1,000 units at \$100,000 per unit land value.
- A current non TOD inner West 1 ha site (9km from the CBD) recently purchased for \$25.4m by government is to deliver some 300 units or \$85,000 per unit land value.

THE TAKEAWAY MESSAGE

Assured Benefits Foregone - in the event of Status Quo

In the event that the window of opportunity is not pursued, each of the assured 18 above listed benefits will be lost representing *a substantial opportunity cost to both the Government and the community.*



5km radius from proposed Rozelle Site

ADDITIONAL RELATED INFORMATION FOR BACKGROUND AND CONTEXT

The additional information offered, that can be readily provided, is listed below:

- a copy of the formal Submission relating to:
 - ✓ to the NSW State Government regarding ASD applicable to the Metro Strategy Review - May 2010,
 - ✓ in Response to the Productivity Commission Performance Benchmarking of Planning and Zoning Systems within States and Territories – Mar 2011, and
 - ✓ of the Unsolicited Proposal for ASD at Rozelle Dec 12 and including the derived metrics for assessing the residual land value / unscheduled revenue to the State Government,
- the limited ASD presence within the existing Sydney Metro Area Rail Network,
- the extent of potential future ASD sites within the Sydney Metro Rail Network,
- the Public Inquiry Report into ASD of Nov 12 by the NSW Legislative Assembly for Transport and Infrastructure,
- the elaboration of difficulties experienced in recent dealings with relevant State Agencies regarding ASD policy and the proposed Central / Redfern project.

Our Group would further be most willing to discuss a range of initiatives that would foster jurisdictional incentives and accountabilities for which the Commonwealth could readily invoke to enhance focus, initiatives and energy for the ASD productivity improvement initiatives.



The Hon. **Joe Hockey** MP
Treasurer
Member for North Sydney



12 NOV 2013

Mr John Hopman
Director, Hopman Consulting Services
133 Darley Rd
RANDWICK NSW 2031

Dear Mr Hopman

Thank you for your recent correspondence to the Hon. Joe Hockey MP outlining your concerns regarding air space development.

The Treasurer has asked me to respond on his behalf to advise that he has referred your concern to the Minister for Infrastructure and Regional Development, the Hon. Warren Truss MP, who has portfolio responsibilities for these matters.

The Treasurer has asked Minister Truss to respond directly to you regarding this issue.

Yours sincerely

Ingrid Jansons
Electorate Officer



Office of the Hon Warren Truss MP

Deputy Prime Minister

Minister for Infrastructure and Regional Development

Leader of The Nationals

Member for Wide Bay

13 DEC 2013

Reference: 05481-2013

Mr Robert Senior and Mr John Hopman
133 Darley Road
RANDWICK NSW 2031

Dear Mr Senior and Mr Hopman

Thank you for your letter dated 29 October 2013 to the Treasurer, the Hon Joe Hockey MP, regarding development of air space above transport corridors. As the matters raised fall within the portfolio responsibility of the Deputy Prime Minister and Minister for Infrastructure and Regional Development, the Hon Warren Truss MP, your letter has been forwarded to him for consideration. The Deputy Prime Minister has asked me to reply on his behalf.

The Australian Government is aware of the potential value of developing the air space above transport corridors. As you have noted, these corridors are generally the responsibility of state and territory governments. However, as part of its commitment to driving more investment in infrastructure, the Government has asked the Productivity Commission to conduct an inquiry into ways to encourage private financing and funding for major infrastructure projects. This inquiry, due to report in May 2014, will include examination of the issues and costs associated with the creation of revenue streams to attract private sector finance. I would urge you and your group to put your ideas forward in a submission to the inquiry. More information about the inquiry can be found on the Commission's website at <http://pc.gov.au/projects/inquiry/infrastructure>.

Thank you again for taking the time to write and bring your concerns to the attention of the Australian Government.

Yours sincerely

David L. Whitrow
Chief of Staff