

# PART NINE

# FUTURE USE OF THE COMMONWEALTH-OWNED BADGERYS CREEK SITE



## Key points

- The Steering Committee's assessment is that the Badgerys Creek site, acquired by the Commonwealth for an airport, remains the best site for the development of a supplementary airport within the Sydney basin.
  - There is a strong ratio of benefits to costs, and land acquisition and planning controls have already occurred.
  - The site's location adjacent to the residential growth areas of South West Sydney, and to the key transport corridors of the M7 motorway and the future Outer Sydney Orbital corridor, as well as its proximity to the Western Sydney Employment Area (WSEA), means it remains the location best placed to meet Sydney's spatial demand growth for aviation services at a relatively unconstrained site.
  - The Committee notes the site will be some 10 kilometres from the Leppington terminus for the South West Rail Link now being constructed. The site would provide the economic development node and accelerated employment attraction which South West Sydney requires and which, on current planning, will not be provided in the region.
- The site is not currently zoned for urban development and not part of any planned land release strategy of the NSW Government and is not considered by NSW agencies as being required to meet current planned land supply requirements for residential and employment lands for the next 25 years.
- The Steering Committee notes the views expressed by governments that the site is no longer viable for an airport development. Should governments re-affirm that policy position, then the Committee finds the Australian and NSW governments should now settle an agreement for the land to be part of an orderly land release in the medium term as part of the South West Growth Centre development.
- The single ownership and title to the site means it has significant potential for future development as an economic employment zone. The site has the potential to be brought to the market and significantly increase the supply of employment lands, affordable housing and community amenity facilities in the locality. The strategic planning of the site for future land release will provide an important capacity to control the release of future residential land and employment land into the Sydney market to meet employment and residential growth requirements.

The release of the total available Commonwealth-owned Badgerys Creek site into the market in the short term, such as within the next 10 years, would be expected to have an adverse impact on the current NSW Government land supply and infrastructure investment strategy.

- The urban development of the site will require considerable investment in transport access, both road and public transport, and investment in utilities, including significant extensions for services such as water and sewerage. Timing and cost of the provision of this infrastructure will determine the ability to bring the site into the market within the short to medium term.
- The site could be retained and 'land banked' by the Australian Government to optimise its potential and impact on meeting Sydney's land release needs in the future.

- The Steering Committee considers the best primary use of the site, based on current NSW planning for the South West Growth Centre, would be for economic employment activities, with a majority (for example at least 60 per cent) of the available site being planned for manufacturing and distribution/logistics-based employment uses and non-residential land use (including town centre/retail).
- If the site is not to be used for an airport, planning controls which were implemented on surrounding lands to address the potential impact of aircraft noise could be removed.

In 1986, following an extensive site selection process, the Australian Government announced that a location at Badgerys Creek, west of Sydney's CBD, had been chosen as the site for a second major airport for Sydney. A site of approximately 1,700 hectares was subsequently acquired between 1986 and 1991. Since that time urban growth has continued in the areas surrounding the site. However, analysis conducted as part of this Joint Study indicates that the Badgerys Creek location remains the best greenfield site for the development of an airport within the Sydney basin.

Key reasons for this result include:

- strong transport links following the development of the M7, planning for the future Outer Sydney Orbital Road and the extension of the South West Rail Link to Leppington;
- land acquisition has already occurred, with accompanying costs and social impacts addressed;
- planning restrictions on properties around the site have limited, to some extent, the effects of urban growth;
- the site is well located to serve the aviation needs of the growing population of Western Sydney; and
- the establishment of an airport at the site would provide employment, directly and through flow-on impacts, which will be required in the west, and particularly the south west, of Sydney.

The Steering Committee recognises, however, the development which has occurred in the locality since the acquisition of the site and the community concerns regarding adverse effects of aircraft operations. The Committee also recognises that in the *National Aviation Policy White Paper – Flight to Path to the Future* released in December 2009, the Australian Government set out the position that urban growth in the area had made use of the site for an airport no longer an option.

Should governments re-affirm that policy position, alternative development of the site still presents major opportunities for the economic development of Western Sydney, particularly in providing employment nodes.

On current policy settings, adequate residential and employment land has already been identified in NSW planning documents to accommodate demand to at least 2036 without access to the Commonwealth-owned Badgerys Creek site. In that context, the planning for the site needs to be viewed from the perspective of its long-term potential, with additional consideration of possible interim uses.<sup>195</sup>

<sup>195</sup> Further information can be found in Technical Paper D1.

## 9.1 Background

The site at Badgerys Creek is located approximately 50 kilometres west of the Sydney CBD in the Liverpool Local Government Area (LGA). The site covers an area of approximately 1,700 hectares.

The land was originally acquired by the Commonwealth as the site for a major airport. This involved the acquisition of properties at the site under the Commonwealth *Lands Acquisition Act 1989*. Many of these were acquired as voluntary purchases at fair value.

The site has now been consolidated into a single title. In August 2008, the total consolidated single title site was gazetted Zone SP1 Special Activities (Commonwealth Activities) under the Liverpool Local Environment Plan 2008, and that zoning remains in place.

Since the acquisition of the site, the Commonwealth has negotiated approximately 250 short term commercial (including grazing, horse agistment, a winery, shop, piggery, duck farm and market gardens) and residential rural leases over the site. The bulk of the properties on the site are rural residential, on lots of around two hectares or greater. The duration of the leases was originally between one and three years to provide flexibility for decisions to proceed with development on the site. Since June 2007, some commercial leases with slightly longer terms have been entered into (five years with options of five year extensions).

Built structures on the leases are generally houses and other outbuildings, many constructed in the 1950–1980 period in keeping with the building regulations of that time. A number are in relatively poor condition, while those that have been let have been kept to minimum lettable standard, in keeping with the general requirements of the *NSW Residential Tenancies Act 2010*.

From a surface transport corridor perspective, the site is located 10 kilometres west of the M7, 10 kilometres south of the M4 motorways and adjacent to the proposed future Outer Sydney Orbital road/rail corridor. The site is also located 10 kilometres north-west of the to-be-developed Leppington Station on the future South West Rail Link.<sup>196</sup>

While any road and rail network requirements for Badgerys Creek will depend upon the land uses proposed for this site, the site is essentially a greenfield site with current access and utilities consistent with its current rural land use. For example, existing water and sewerage infrastructure is located a significant distance from the site, so any development of the site for residential purposes would require a considerable investment in additional infrastructure.

The current roads and public transport linkages are also unsuitable for high-volume traffic, and substantial upgrading would be required to provide ready access to all areas of the site.

Approximately 20 per cent of the site (some 354 hectares) is now considered environmentally sensitive because of ecologically endangered communities, sites of Aboriginal significance and a riparian corridor running along Badgerys Creek. Taking away these sensitive areas leaves approximately 1,400 hectares of land capable of supporting urban development of some form, if it were not to be used as an airport.

Recent valuation of the site suggests its potential value, if it were to be sold immediately and under its current zoning, would be in the order of \$50 million to \$180 million. A lack of infrastructure devalues the site and is an impediment to its development. Any development of the site would require extensive planning, rezoning and the provision of utilities and access services infrastructure.

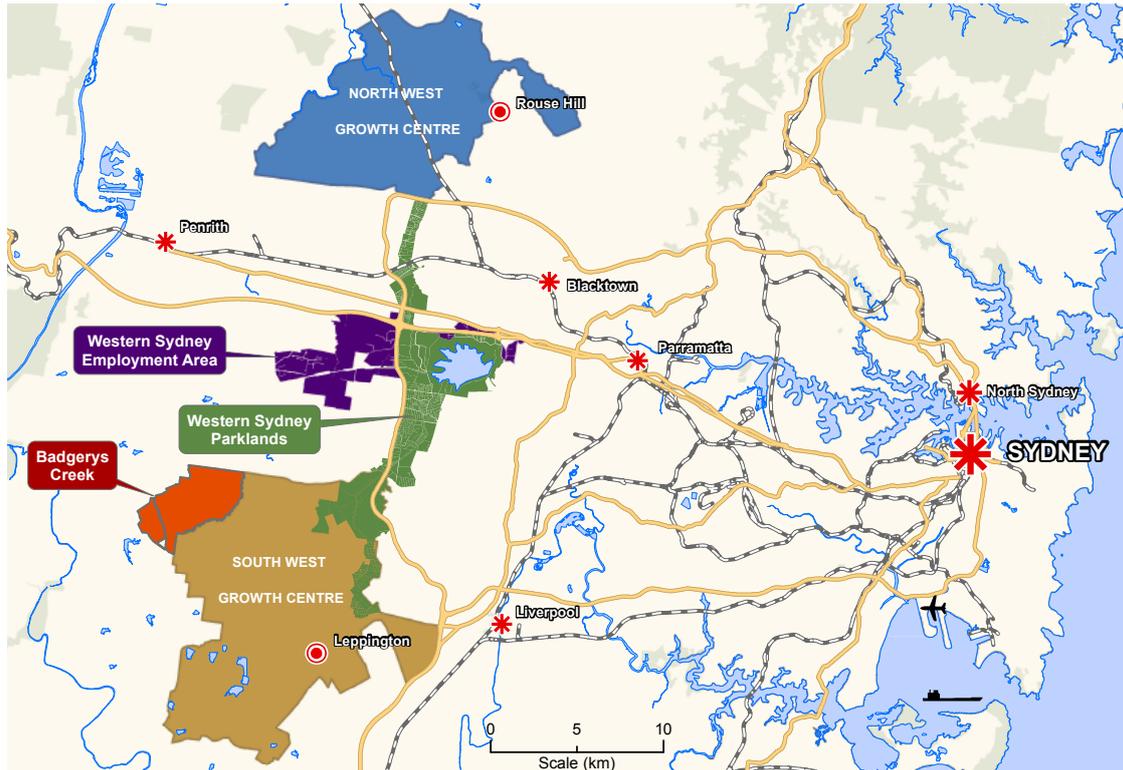
The site sits adjacent to the north-western boundary of the South West Growth Centre and at the far western edge of the WSEA.

<sup>196</sup> The South West Rail Link is currently under construction and is due for completion in 2016.

As outlined in Part Two of this Report, the South West Growth Centre covers approximately 17,000 hectares and is expected to provide up to 110,000 new dwellings, a new major centre providing up to 13,000 jobs, seven town centres in addition to a number of neighbourhood centres and other employment land. Land to accommodate almost 20,000 new dwellings and 9,000 jobs has already been rezoned. Planning is well advanced to provide a further 20,000 dwellings and construct the proposed major centre in Leppington. The WSEA, including potential expansion areas, covers 110 square kilometres, an area equivalent to the entire east subregion of Sydney running from Sydney Harbour to Botany Bay.

The location of the site within metropolitan Sydney is highlighted in Figure 142.

**Figure 142** Commonwealth-owned site at Badgerys Creek



Source: Australian Department of Infrastructure and Transport.

## 9.2 Potential uses of the Commonwealth-owned Badgerys Creek site

### Housing options

#### Expected demand for housing land

Current forecasts indicate the population of the Sydney metropolitan area is expected to grow by approximately two million people by 2036. This is projected to require 770,000 additional dwellings and 760,000 more jobs.

Greenfield development will continue to play a significant role in meeting Sydney's needs for additional dwellings, as will infill or brownfield development. The settings adopted in the current NSW Metropolitan Plan are that at least 70 per cent of the 770,000 dwellings required over the period to 2036 should be located in established areas. These settings are now under review.

The greenfield housing targets for metropolitan Sydney equate to 175,000 dwellings (excluding housing releases on the Central Coast). More than adequate capacity has already been identified and committed in metropolitan Sydney to meet those targets, with 230,000 potential dwellings already provided. They consist of:

- 125,000 dwellings in existing release areas (those listed on the NSW Metropolitan Development Program, including 69,000 in the precincts of the growth centres that have already been released); and
- 105,000 dwellings in precincts in the growth centres that have been identified but are yet to be released.

Existing release areas outside the growth centres have been released, rezoned and under development for significantly longer than the growth centre precincts. It is, therefore, expected those areas will be built out before the full potential of the growth centres is utilised.

Of the 105,000 as yet unreleased lots in the identified growth centres, it is estimated only another 50,000 dwellings will be required by 2036 (in addition to releases outside of the growth centres and precincts already released within the growth centres).

### Opportunities for redevelopment for housing

It is estimated 80 per cent of the site would be suitable for housing development. Assuming an average gross or neighbourhood density of 15 dwellings per hectare and subject to detailed mapping of constraints and precinct planning, the site could possibly accommodate up to 20,000 dwellings. At an average occupancy rate of 2.3 people per dwelling, this would result in accommodation for approximately 46,000 residents.

However, this is only likely to be achieved with the provision of a new major centre located on a rail extension into the site from Leppington.

On current planning, demand for residential use seems unlikely before the take-up of supply in the South West Growth Centre, which is not expected until after 2040. Should the current policy settings change, so that the percentage of additional dwellings in greenfield locations is increased from 30 per cent to a figure closer to 50 per cent, an additional 154,000 dwellings would be required in Sydney over the life of the NSW Metropolitan Plan. In that case, demand for additional greenfield sites, such as the Badgerys Creek site, would be accelerated.

## Employment options

### Expected demand for employment land

The total number of jobs located in land identified as employment lands in Sydney (land zoned for industrial or related uses) is approximately 470,000 at present, which represents a little over 20 per cent of all jobs across metropolitan Sydney. About 57 per cent of these 470,000 jobs are located in employment lands in Western Sydney. One of the objectives of the NSW Metropolitan Plan is for half of Sydney's future jobs growth to be accommodated in Western Sydney.

The NSW Metropolitan Plan identifies 8,500 hectares of new employment lands will be required over the 30 years to 2036, based on an annual take-up in the range of 275 to 300 hectares per year. A take-up rate of 300 hectares per year would represent a high growth scenario – data for the last three years shows take-up rates of 264 hectares in 2008, 205 hectares in 2009 and 110 hectares in 2010 (preliminary estimate).

As at January 2010, Sydney had around 4,480 hectares of zoned and undeveloped (or relatively undeveloped) employment land, with a further 3,540 hectares of land that has been identified, but not yet zoned, for employment land in the future. This primarily comprises the land identified in the structure plans for the North West Growth Centre and South West Growth Centre.

This combination of the zoned developable land with the identified potential future land totals just over 8,000 hectares. On the high-growth scenario of a 300-hectare-per-year take-up rate, this represents over 26 years of supply. If the land directly available for development were reduced to 7,000 hectares in recognition of the need to reserve some of the 8,000 hectares to provide for roads, drainage and other infrastructure and conservation protection, this would still represent 23 years of supply.

## Opportunities for redevelopment for employment

If the current review of the policy settings should lead to an expansion of the target for greenfield development, this would require an expansion into new areas. In that context, the development of the site for employment purposes could also become commercially feasible sooner. In particular, there is an opportunity for the site to be used to promote self-containment for employment in Western Sydney and the South West subregion. The site could also be used to accommodate large floor plates for extensive industrial and semi-industrial uses.

This possibility has, irrespective of the expected supply take-up rates, become more likely due to the increased demand for accessible employment lands close to WSEA following the uptake of Erskine Park and other employment land at the M4/M7 freight hub, as well as any possible construction of the Outer Sydney Orbital motorway, providing an improved link between the regional cities of Liverpool and Penrith.

Key constraints, however, include the requirement for investment in infrastructure. Any industrial development, for example, could not be serviced by the existing transport network. Investment requirements are likely to be approximately \$1 billion depending on rail linkages to the site, which should be considered given the proximity of the new South West Rail Link.

## Opportunities for redevelopment as an agribusiness park

The site currently accommodates some agricultural uses and has good land capability for additional agricultural activities because of its favourable conditions and location. Given the minimal infrastructure investment to maintain such industry, increased agribusiness is a potential use in the short term. However, the site will be under-utilised if limited to agribusiness in the long term.

## Options matrix

A broad summary of the key options and issues is set out in Table 62. It is important that steps are taken to resolve an agreed strategy on the future of the Badgerys Creek site. The current arrangements are not viable on an ongoing basis and would lead to the under-utilisation of a valuable piece of land and the continued rundown of the existing properties. There is no incentive under the current arrangements for tenants to invest in anything beyond minimal maintenance.

**Table 62** Option comparison matrix (medium- to long-term use options)

Criteria	Residential only	Employment only	Mixed use-growth centre extension
Site capability	80 per cent of site potential.	80 per cent of site potential.	80 per cent of site potential.
Strategic alignment	Not consistent with NSW Metropolitan Plan. Long-term possibility to extend the South West Growth Centre subject to demand.	Broadly consistent with the NSW Metropolitan Plan but in short and medium term would represent an oversupply.	Not consistent with NSW Metropolitan Plan. Long-term possibility to extend the South West Growth Centre subject to demand.
Demand	Beyond 20 years.	Beyond 20 years.	Beyond 20 years.
Infrastructure scheduling	Able to be scheduled as extension to South West Growth Centre.	Able to be scheduled following rezoning of more accessible lands.	Able to be scheduled as extension to the South West Growth Centre.
Infrastructure costs <sup>1</sup>	Approx.\$1 billion. This includes approximately \$300 million for regional roads, \$700 million for utilities, minor social infrastructure upgrades and no rail upgrade.	Over \$1 billion. This includes approximately \$300 million for regional roads, \$700 million for utilities, significant infrastructure upgrades and uncosted rail link from Leppington.	Over \$1 billion. This includes approximately \$300 million for regional roads, \$700 million for utilities, significant infrastructure upgrades and uncosted rail link from Leppington.
Transport accessibility	Road and bus network derived from the South West Growth Centre requires capacity improvements. Outer Sydney Orbital corridor linking key centres of Liverpool and Penrith has potential to serve the site. Rail-potential for a passenger rail link to Leppington.	Access to motorway network is critical – such as improved links to M7 and connection with Outer Sydney Orbital. Improved access to any Western Freight Line Intermodal Terminal in the vicinity of WSEA is critical.	Road and bus network derived from the South West Growth Centre. Needs capacity improvements. Outer Sydney Orbital corridor has potential to serve the site. Rail-potential for a passenger rail link to Leppington.

*Note 1: Further modelling required. More detail on costings can be found in Technical Paper D1.*

*Source: NSW Department of Planning and Infrastructure.*

Given the time frames and the current planning of the adjacent areas, the best use of the site is for a majority of the land (at least 60 per cent) to be as employment lands with agribusiness in the short term and more manufacturing/industrial in the medium to longer term.

However, any decision on the development of another major airport in the west or south-west will have a fundamental impact on the planning, staging and delivery of development and infrastructure across this area and more widely. Another airport will also influence the timing of release of the land for urban development and associated investment by government and the private sector.

Should a decision on another airport be made, the necessary adjustments to local and regional planning to accommodate implications would need to be made.

## Off-airport planning controls

There are a number of local and state government development restrictions in place on properties in areas around the site. These restrictions reflect the Commonwealth's intended use for the site as a potential future airport and hence the anticipated exposure of residents in those areas to levels of aircraft noise. The restrictions were aimed to prevent developments which would expose residents to levels of aircraft noise in excess of acceptable levels. Consistent with the approach adopted at other major airport sites in Australia (and to a large extent overseas as

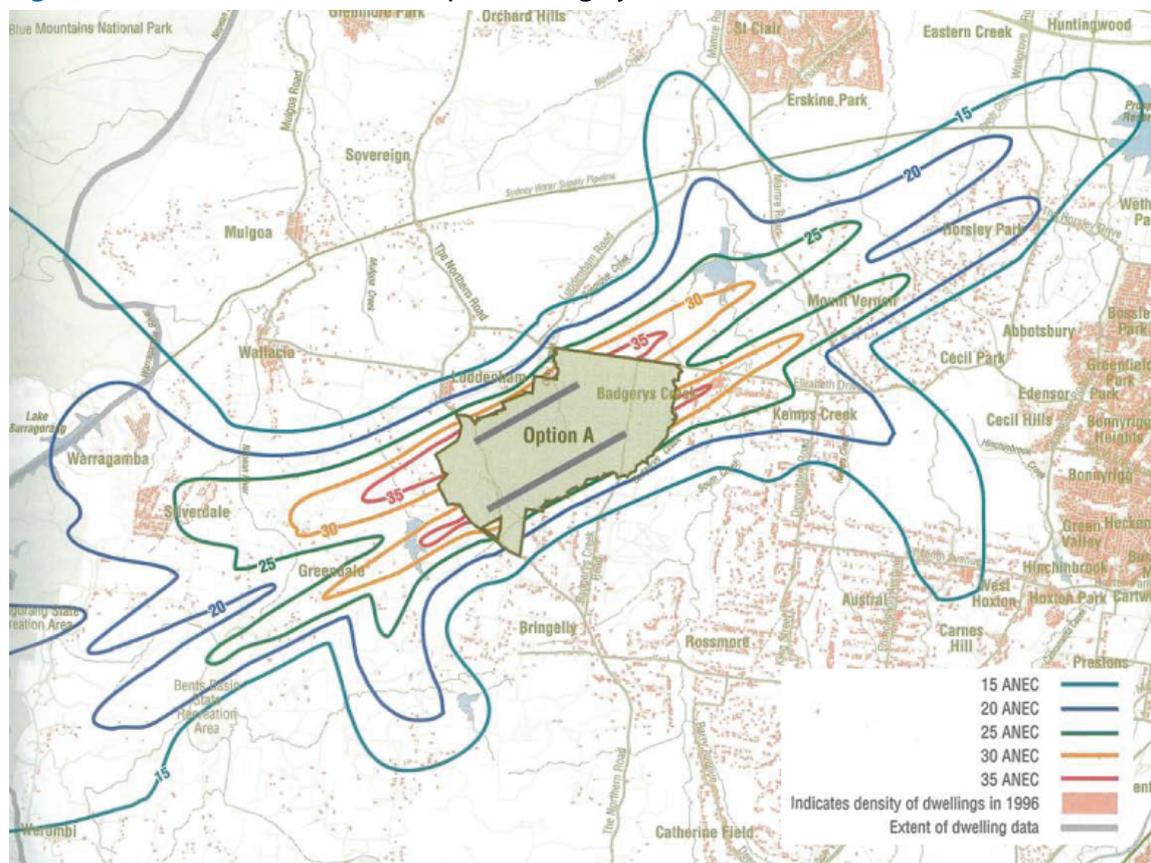
well), the ANEF/ANEC system was used to identify the noise affected areas, with the ANEF/ANEC 20 contour used as the indicator of the community standard.

The restrictions limit the development of new residential properties in the ANEC 20 contour and require noise reduction attenuation on extensions of existing homes in the ANEC 20 contour.

The NSW Government has kept these zoning restrictions in place under Ministerial Directions 117(2) of the *NSW Environment Planning and Assessment Act 1979* (EPA Act).

The off-airport planning controls under the EPA Act, together with the notification on s149 certificates on each parcel of land within the affected areas, ensure any potential purchaser of land within the ANEC zone is aware of the anticipated exposure of the property to aircraft noise and the limitations applying to development. The surrounding councils are also required to ensure there is no incompatible development that could hinder the potential for development of an airport on the site. Figure 143 shows the modelled ANEC contours for a 30 million passenger airport. It is expected that, with quieter aircraft than envisaged in 1985, the contours would have actually reduced.

**Figure 143** Noise contours for an airport at Badgerys Creek



Source: Department of Aviation, *Sydney Second Airport Site Selection Programme Draft Environmental Impact Statement*, prepared by Kinhill Stearns, 1985