

Impact of Cross Border Development at West Belconnen

Executive Summary of Key Reports

Net Fiscal Impact of Cross Border Development at West Belconnen (2014)

Deloitte Access Economics

Deloitte Access Economics compared the net fiscal cost to the ACT Government of a conventional cross border development (e.g. South Jerrabomberra, Sutton) (\$3,789pa/resident or \$126,052/dwelling (NPV)) to the proposed development on the peninsula at Parkwood (\$2,126pa/resident or \$67,266/dwelling (NPV)). The overall net fiscal cost of the West Belconnen/Parkwood cross border development is \$18,332/dwelling (NPV).

For Parkwood the report indicates that while the ACT Government's expenditure on services and infrastructure is relatively greater than for a conventional cross border development, the additional spend is more than offset by the consequential higher revenues available to the ACT Government.

The additional revenues are available in the form of municipal rates recovery from Yass Valley Shire Council, additional own source revenue raised by the ACT Government from cross border (NSW) residents, additional GST grants from the Commonwealth Government and/or reimbursement from the NSW Government.

The report indicates that the ACT Government could be made indifferent between the ACT and NSW land components of the development if Riverview were to meet the estimated net fiscal costs to the ACT Government of \$18,000 per cross border development (approximately \$85 million). The NSW Government would also be out of pocket in NPV terms by around \$8,000 per cross border dwelling (approximately \$38 million).

Treatment of Parkwood by the Grants Commission (2014)

Alan Morris (Former Chairman Commonwealth Grants Commission)

Mr Morris has advised that based on the methodology utilised by the Grants Commission and the location of the Parkwood peninsula, "it would be reasonable to assume that the Commission would assess the proportion of residents to be added to the ACT population for state type services as one hundred per cent, and the ACT would be compensated and funded accordingly".

Economic Benefits from the West Belconnen Development (2014)

Urbis

Urbis's study identified that the inclusion of NSW residents within the West Belconnen development will result in significant economic benefits to both the ACT community and the economy as a whole.

- An additional \$436 million (\$2013) in retail spending capacity
- An increase in the labour force of 8,000 workers representing 4 per cent of the 2011 ACT labour force
- Creation and support of approximately 6,000 direct and indirect jobs
- Existing infrastructure will be utilised at closer to capacity and the fixed costs can be spread across a larger population base resulting in a more efficient and economic use of the infrastructure.

MacroPlan

The MacroPlan report focussed on the economic benefits to the Territory over a cumulative 30-year assessment period. The assessment was based on 3 scenarios.

- Scenario 1: the Base case – 2,800 dwellings in the ACT and a population of 6,800 people.
- Scenario 2: the project case – 8,000 dwellings (4,500 in the ACT and 3,500 in NSW) and a population of nearly 20,000 (10,800 in the ACT and 8,800 in NSW).
- Scenario 3: the synergy case – 9,500 dwellings (6,000 in the ACT and 3,500 in NSW) and a population of 23,000 (14,500 in ACT and 8,800 in NSW).

The results of the analysis are summarised below.

	Scenario 1 – Base Case	Scenario 2 – Project Case	Scenario 3 – Synergy Case	Additional Benefit on Scenario 1
Expenditure Impacts (NPV at 7%)				
Construction Expenditure	\$504 million	\$1.0 billion	\$1.1 billion	\$523-598 million
Maintenance Expenditure	\$233 million	\$443 million	\$458 million	\$210-224 million
Resident Expenditure	\$1.1 billion	\$1.9 billion	\$2.0 billion	\$794-870 million
Total Expenditure	\$1.9 billion	\$3.4 billion	\$3.6 billion	\$1.5-\$1.7 billion
Equivalent Percentage Share of ACT Economy	+7.5%	+13.7%	+14.3%	+6.2-6.8%
Employment Impacts (per annum)				
Direct Employment	1,058 jobs	1,890 jobs	1,984 jobs	832-926 jobs
Indirect Employment	1,300 jobs	2,185 jobs	2,270 jobs	885-970 jobs
Total Employment	2,359 jobs	4,076 jobs	4,254 jobs	1,717-1,896 jobs

The report recognises that while some residents will be within NSW, their expenditure and employment will be captured within the ACT given their proximity to ACT services and infrastructure.

Australian Capital Territory and New South Wales Memorandum of Understanding for Regional Collaboration (December 2011).

Signed by the First Ministers, the MoU seeks to optimise regional outcomes and service delivery to the people of the ACT and surrounding South East NSW region. Closer collaboration would allow for a regional approach in the areas of health, education, transport, emergency services, justice, tourism, planning and economic development. The Governments considered that enhanced engagement will have a range of benefits including:

- Enabling cooperative leadership and management of strategic growth issues in key population centres throughout the ACT-South East NSW Region;
- Encouraging productive, effective and collaborative approaches to addressing cross-border and regional issues; and
- Recognising the mutual interdependencies in service delivery, economic development and resource management

Three priority actions in the first instance related to the setting of

- Strategic Regional Direction and Priorities (economic development related)
- Landuse Planning and Infrastructure
- Integrated Service Planning, initially focussing on the health and education sectors

Heads of Agreement in respect of Blocks 1605 and 1606 Division of Belconnen and lots 1-3 and 7 DP 771051 Parish of Weetangera, Shire of Yass Valley (May 2013)

ACT Government, Corkhill Bros Pty Ltd and Reid and Stevens PTY Ltd

The parties have agreed to develop the Land (i.e. the ACT land) in accordance with the Project Objectives (i.e. the projects vision statement) and for that purpose, enter into a number of agreements to facilitate the development of the Land including the Development Management Deed, the Facilitation Deed, the Project Management Deed and the Marketing Deed.

The parties agree that the above mentioned deeds will be drafted in accordance with the terms set out in the Heads of Agreement. The Territory acknowledges that Corkhill will incorporate a range of special purpose vehicles for this purpose and to that end, references in the Heads of Agreement will be deemed to include related entities of Corkhill as appropriate.

“The Territory will provide as part of the development of the Land, infrastructure and services to permit the development of the NSW Land” (i.e. lots 1-3 and 7 DP 771051).

The following costs are not Project Costs and Corkhill will not be entitled to lodge a claim in relation to them – costs directly or indirectly resulting from any works or infrastructure required for cross border development. To the extent that any infrastructure required for the development of the Land needs to be upgraded or built to higher specifications to meet the anticipated requirements of the development of the NSW Land by Reid and Stevens, the Territory will only pay the costs of the infrastructure necessary for the development of the Land.

West Belconnen Urban Release NSW position paper (incorporating the service delivery for the West Belconnen Community report). (2013)

KnightFrank and Elton Consulting

The purpose of the Position Paper was to describe and provide commentary on the strategic setting and specific issues arising in relation to the location of the proposed West Belconnen urban release on and adjacent to the NSW/ACT border. The Position Paper provides the strategic context for considering the planning proposal for the rezoning of land at West Belconnen in NSW. The position paper, consistent with the master plan, aims for the entire development site to be planned as a single harmonious community irrespective of jurisdictional boundaries.

The paper highlights that this is an opportunity to develop and promote a model of development adjacent to the border that can practically function as one community. It provides an opportunity for innovation and leadership on how to plan and provide for such future urban releases within the Yass Valley Local Government Area (LGA) (and other border LGAs).

In order to describe and demonstrate the extent to which West Belconnen has strategic merit, the Position Paper addresses the key aspects of the relevant NSW Planning Strategy and details what municipal and state services required in order to sustain a viable community adjacent to the border, specifically. This part of the paper includes a review of what services are required; to what standard; when required and; how they would be funded both in terms of capital and recurrent costs. It also details potential governance arrangements noting the unique circumstances of West Belconnen in terms of its physical location.

West Molonglo Urban Development Project: Discussion Paper on Infrastructure & Servicing Issues Under ACT & NSW Planning Legislation (June 2008)

Lindsay Taylor Lawyers

This paper discusses a suitable regulatory planning framework within which infrastructure, facilities and services can be provided within the ACT and NSW in an integrated and co-ordinated manner in connection with the proposed Development.

The particular focus of this paper is whether the Planning and Development Act (ACT) and the Environmental Planning and Assessment Act (NSW) or other relevant legislation prevents the LDA (and, where relevant, the ACT Planning and Land Authority) from entering into arrangements for the cross-border provision of infrastructure, facilities and services to meet the Development.

Dr Taylor concluded that there are no impediments, from either the ACT or NSW side, to entering into the necessary inter-government arrangements to facilitate service provision and other activities. Dr Taylor recommends the use of a Planning Agreement between the developer and the relevant regulatory bodies in the ACT and NSW so that infrastructure, facilities and services can be provided in an integrated and coordinated manner.

Cross border issues can be resolved through political and financial arrangements and are independent of the planning merit of the proposal. Due to the ACT Governments involvement in the project, the cross border issues should be able to be resolved promptly.

Advice regarding alteration of the ACT / New South Wales border (2012)

Professor George Williams UNSW Faculty of Law

Advice was sought from Professor Williams, an expert in Constitutional law on whether it is possible as a matter of constitutional law for the border of the Australian Capital Territory to be altered to take in land that currently falls within the State of New South Wales.

Professor Williams advised that the Australian Constitution does provide a mechanism by which this can occur. It was drafted with the express purpose of allowing border changes of this kind. Moreover, the Constitution provides a streamlined path by which States can surrender land to form part of a Commonwealth territory. Unlike the case of a transfer of land between States, such a surrender does not require a referendum of the people of the affected State.

A missed opportunity? The failed expansion of the ACT in the 1960s and 1970s. (2014)

ANZSOG

This study aimed to understand the proposed realignment of the Act border and cross border development in the Y-Plan in the 1960s and 1970s during the NDC period; intergovernmental attempts to realign the ACT border during the Whitlam Government; the reason these attempts failed and recent planning and development trends in the ACT and its surrounding region.

During the 1960s and 1970s Authorities within the ACT advocated large scale border expansion as the best way to ensure the efficient and long term growth of Canberra's urban area. The drivers included rapid population growth, subsequent forecasts for sustained population growth and plans for where the additional residents would be housed. Leading factors in the border expansion not taking place were political changes, a lack of intergovernmental coordination and concerns over infrastructure costs.

Planning and development trends that have emerged during and since the border expansion scenario have influenced and altered the pattern of development in the ACT and surrounds making a large scale border expansion difficult if not impossible in today's context. There may however be opportunities for small scale incursions of Canberra's urban areas, and possibly the border, into NSW in the future.